

**Navigating across cultures: the experiences of South African  
manufacturing leaders at multinationals**

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## **ABSTRACT**

Studies have shown that the organisational cultures of multinational corporations are influenced by their home country national cultures. Furthermore, subsidiaries of multinationals experience their own organisational cultures, which are influenced by their national cultures. At South African subsidiary manufacturing sites, cross-cultural interplays develop between multinational and South African teams. The purpose of this study was to explore these interplays, through the experiences of South African manufacturing leaders who navigate interactions with their multinational headquartering teams as well as their local factory workforce.

This study was based on constructs of organisational and national culture and was exploratory in nature, following a qualitative method of enquiry through semi-structured interviews. The study found that tensions exist between multinational and South African teams, but due to negative perceptions and biases of South Africa as a whole, and not due to differences in national culture. Furthermore, the study also found that South African manufacturing leaders experience a disconnect and divide from their factory shop floor teams, which results in a challenging environment for effective leadership. However, the tensions between multinational teams, South African leaders and their factory workforce can be overcome through the practices of communication and engagement, trust and autonomy, and local talent growth. An organisational culture framework was developed to guide multinationals and their South African teams in achieving this cross-cultural symbiosis.

This study has contributed to literature by expanding what is known on the extent of influence of national culture on organisational culture at multinationals. The study has also provided business practitioners with a framework for improving cross-cultural interactions at South African factories. Limitations of this study include a lack of gender diversity of participants, and the fact that the study did not consider the voice of the workers at the manufacturing sites.

**Key words:** Multinational corporations (MNCs), national culture, organisational culture, manufacturing

## **PLAGIARISM DECLARATION**

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

5 March 2024

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# 1. CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

## 1.1 Introduction

This first chapter outlines the introduction to the research problem and provides the motivation and need for this study. The chapter begins with a background of the problem, which discusses the state of the manufacturing industry in South Africa, the presence of multinational corporations in the manufacturing industry, and the cultural challenges that exist in this context. The research purpose is then outlined, followed by the scope and delimitations of the study. Finally, the academic and business significance of this study are presented.

## 1.2 Background

### 1.2.1 *The state of manufacturing in South Africa*

South Africa has seen slow and stagnating economic growth in the past several years. Although the country's GDP reached an all-time high in 2022, the economy only grew by 0.3% from its pre-Covid-19 pandemic economic standing (Stats SA, 2023a). The manufacturing sector in South Africa is a key component of the country's economy, with the sector having contributed to 12% of GDP in 2022 (The World Bank, 2023). However, the sector has stagnated in its growth, with a reduction in value added to GDP of -6.8% from its pre-pandemic contribution in 2019 (Stats SA, 2023a). Furthermore, South Africa's export complexity has worsened in the past decade, due to a lack of diversification of exports (Harvard Growth Lab, 2023). Export complexity is driven by manufacturing presence, and South Africa has seen a decline in the use of existing knowledge and skills in the country to produce value-added goods for export (Harvard Growth Lab, 2023).

South Africa's unemployment rate is amongst the highest in the world, measured at 32.9% in the first quarter of 2023 (Stats SA, 2023b). South Africa's declining manufacturing industry has exacerbated the country's unemployment problem, having decreased from employing 2.11 million people in 2008 to only 1.65 million people at present (CEIC, 2023). In 2023 alone, the country has seen over 1200 businesses close, many of which were manufacturers (Mtembu, 2023). Many large-scale international manufacturers have announced increasing cost-pressures, which have forced headcount and labour reductions at their facilities in South Africa

(Dempsey & Mark, 2024; Reuters, 2023). Furthermore, a recent news report on the planned shutdown of a large steel manufacturing facility in the South African province of KwaZulu-Natal is expected to result in 3500 job losses in the facility's area (Banya, 2023). These recent developments are further compounding the manufacturing industry's decline, driving even lower export complexity and high unemployment rates.

South Africa's finance minister, Enoch Godongwana, had stated that improving industrialisation and manufacturing presence in the country is key to stimulating the country's economy (SA News, 2021). Not only does the manufacturing sector have the potential to dramatically improve unemployment rates, but the value-added secondary sector activities have the potential to improve export complexity and safeguard South Africa's economic growth. Therefore, concerted efforts need to be made by both academics and business practitioners to protect and grow South Africa's manufacturing industry in order to stimulate the country's economy for future generations.

### *1.2.2 MNCs in South African manufacturing*

Multinational corporations (MNCs) are firms that produce and sell their products in more than one country to create value (Kordos & Vojtovic, 2016). MNCs have been described as a product of globalisation and international business, stemming from the growth in technological advancements in the 20<sup>th</sup> century (Kordos & Vojtovic, 2016). Although MNCs operate across many countries, they are fundamentally comprised of the parent company and its foreign affiliates and subsidiaries, whereby the parent company is typically located in the country of origin (or home country) of the company (Kordos & Vojtovic, 2016). As a result, the key decisions, control and direction of the company stems from the parent company.

MNCs are able to bring significant benefits to the economy of a host country, such as enabling lower production costs, using established supply chains to import and export materials and products, and creating employment opportunities for locals (Subramaniam, 2020). However, MNCs can also introduce operational challenges into the host country's work environment, through the generation and proliferation of cultural tensions and identity politics between the local and international agents in the company (Vaara et al., 2021). MNCs often rely on the implementation of

headquarters' principles, culture and knowledge to enforce controls in the host country's operations, which can create opportunities as well as challenges for host country employees (Ge et al., 2020).

A significant portion of South Africa's manufacturing industry consists of factories owned by MNCs who are headquartered outside of the continent. These MNCs fall under a wide range of sub-sectors, such as automotive, fast-moving consumer goods, and household appliances (Dun & Bradstreet, 2023). The variety in manufacturing capability created by the presence of MNC manufacturers in the country bodes well for the potential to improve South Africa's exported goods complexity. Therefore, safeguarding the presence of MNC manufacturers in South Africa is a priority for the protection and growth of the country's manufacturing sector.

### *1.2.3 Culture challenges faced by MNCs at South African subsidiaries*

South Africa is a young democracy, with less than 30 years of democratic rule since the elimination of apartheid in 1994. Furthermore, poor political efficacy and a lack of delivery on promises made since the end of apartheid have prevented needed advancements in the country's social infrastructure (Mosala et al., 2017). As a result, South Africa's manufacturing industry is rife with socio-economic challenges and complexities, such as continuous labour unrest (Uys & Holtzhausen, 2016), post-apartheid racial tensions (Mashau, 2018), and poor infrastructure reliability (Rentschler et al., 2019). Furthermore, South African national culture is a backdrop to these challenges, and plays a role in defining the culture of South African factories. South African national culture has been described as emotional, impulsive and loquacious (Turáková, 2018), and also as being masculine, short-term orientated and collectivist in nature (Ju, 2022).

On the other hand, MNCs bring their own culture into play at their host country subsidiaries. MNCs' organisational cultures are influenced by their home country's national culture (Knein, 2020). The national cultures of the MNCs home countries may differ quite significantly to South African culture, thus giving rise to national cross-cultural interplays and possible tensions. High cultural distance is known to negatively affect MNC subsidiary performance (Qin & Wang, 2017). Therefore, the cultural tensions and differences at play at South African MNC subsidiaries may lead

to poor performance and threaten MNC divestment from the country, and result in further strain on the country's economic performance and unemployment rates.

### **1.3 Research purpose**

The main role players that navigate the interplay between MNC culture and local South African culture at MNC manufacturers are the leaders of the manufacturing sites. As plant managers and directors, these leaders communicate directly with the MNC headquarters, through the receiving targets and instructions, and relaying back performance results and challenges. Furthermore, manufacturing leaders must relay these expectations and requirements down to their South African workforce and lead these teams in order to deliver the expected business results. Therefore, to ensure the continued presence and investment of MNC manufacturers in South Africa and to safeguard South Africans' employment and GDP contribution in the manufacturing sector, the experiences of South African manufacturing leaders operating in these contexts need to be explored in order to gain an understanding of how the effects of cross-cultural interplays can be successfully navigated for improved subsidiary manufacturing performance.

### **1.4 Scope and delimitations**

The scope of this research was to investigate the presence of cultural similarities and differences between MNCs host country headquarters, and their South African subsidiary manufacturing sites. This research focused on MNCs who are headquartered outside of the African continent, and who have employed South African leaders to manage their manufacturing sites. This was intentional as it was deemed that MNCs headquartered within the African continent may not exhibit significant cultural differences to South Africa, thus being unable to provide insights on cross-cultural tensions that may exist in other MNC firms. Furthermore, most MNC manufacturers with subsidiaries in South Africa are headquartered outside of the African continent, particularly in Europe, Asia and North America (Dun & Bradstreet, 2023).

The research focused on the experiences of the manufacturing leaders of the MNC subsidiary sites, how they navigate the cross-cultural challenges of being part of

MNCs and simultaneously managing a South African workforce, and what can be done to better integrate the two in order to improve manufacturing performance.

In terms of delimitations, it must be noted that this research did not focus on national culture as a whole, but rather those facets of national culture that influence MNC organisational culture and South African workforce culture. Culture is an expansive and complex concept in any context (Spencer-Oatey, 2012), and cannot be explored in full by one study alone. Therefore, this study drew only on influences and facets of national culture that play a role in organisational performance. Similarly, organisational culture was not focused on in its entirety, but rather only the elements that manufacturing leaders found to be significant in their experiences of the cross-cultural interplays between MNC and South African teams.

## **1.5 Research significance**

### *1.5.1 Academic rationale*

From an academic contribution standpoint, this research aims to add to the body of knowledge concerning national culture, organisational culture, and the interplay between the two. Both national culture and organisational culture have been studied extensively, with many theories and frameworks developed to aid in their understanding. The role of national culture on organisational culture at MNCs has been a topic of many recent studies and academic research, and studies have confirmed that national culture influences how businesses operate (Knein, 2020) and that cultural differences between teams dictates team performances (Tung, 2016).

However, the role of national culture on organisational performance in developing countries has not been extensively studied. Existing frameworks for national culture have been found to not be able to adequately describe the cultural complexities in developing countries (Ju, 2022). Therefore, this study has the potential to shed light on South African national culture and how it manifests in manufacturing organisations and settings, in all its complexities. Furthermore, very little research has been conducted on organisational culture in developing countries in general, and what cultural styles work best for certain settings (Brenyah and Obuobisa-Darko, 2018). For a country like South Africa, which has a rich and complex history as well as significant social and economic disparities amongst its workforce, the type of

organisational cultures that can thrive in this context may not be easily predicted by existing literature. This study will provide guidance in this field for future academic research.

Finally, there is almost no current academic research on manufacturing organisational cultures and what drives and influences the culture of a factory workforce. One of the only studies in this field by Copuš et al. (2019) found that the culture of production workers has lower motivational potential than non-production workers, and that this motivational level decreases with employee tenure length in the organisation. This study indicates the importance of further research being done on culture in manufacturing settings, in order to gain knowledge on how cultures can be improved and sustained in manufacturing settings to improve organisational performances.

In summary, this study may provide guidance for future studies in the fields of both national culture and organisational culture in developing countries such as South Africa, as well as within the manufacturing industry.

### *1.5.2 Business rationale*

Manufacturing leaders in charge of MNC factories are faced with navigating local cultural contexts through the management of blue-collar factory workers, as well as the international cultural elements that dissipate from the MNCs' home country headquarters (Naor et al., 2010). This research aims to develop an understanding of the extent to which this interplay of competing cultural contexts poses challenges for South African manufacturing leaders in effectively managing their production facilities, and how they navigate these challenges. In doing so, the research aims to provide insight to both manufacturing leaders and MNC human resource professionals as to how the presence of MNCs can be better managed in a local context for improved performance and cultural symbiosis. Additionally, the research aims to provide insight into how different MNC organisational cultures can integrate into the South African context, and thus help guide business leaders in understanding how their organisation may operate within the South African environment.

The overarching aim for this research is to derisk further manufacturing divestments and firm closures, by providing guidance as to how culture can be navigated better in the context of MNC manufacturers in South Africa. Furthermore, it is hoped that the findings from this study may encourage other MNCs who do not yet have a footprint in South Africa to consider entering the South African market, with a better understanding of how to succeed in this context.

### **1.6 Layout of report**

This report begins with an introduction to the research problem discussed above, which pertains to the cross-cultural interplays at MNC manufacturing facilities in South Africa. An in-depth literature review is then presented, which covers national and organisational culture theories and frameworks, as well as the cultural influences that affect culture at MNCs, and in South African factories. Following this, the three research questions are presented, with key literature substantiating each one. The methodology is then laid out, which explains in-depth the qualitative nature of this research study and other key methodological considerations. The report then presents the results from the study, grouped as themes pertaining to each research question. The results are then discussed and compared to literature reviewed previously. Finally, the conclusions and recommendations are presented, along with research implications for academics and business practitioners.

### **1.7 Conclusion**

Manufacturing in South Africa is on a decline which poses significant threats to the country's economy from the perspective of dwindling export complexity, as well as increasing unemployment rates. Many of South Africa's manufacturing facilities are owned and run by MNCs who are based outside of the continent. As a result, cultural differences exist between MNCs and the South African subsidiary teams. It is known that these cultural differences, stemming from country national cultures, do have an impact on organisational culture and performance. Therefore, to safeguard South Africa's manufacturing industry, the extent and effect of the cross-cultural interplays as they occur at South African manufacturing subsidiaries need to be studied. This study aims to provide insight into these cross-cultural interplays, and how they can be better navigated for improved manufacturing performance.

## **2. CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter provides an overview of key literature and academic research pertaining to culture, in the context of multinationals and South African manufacturing operations. The chapter begins with an overview of existing culture frameworks and theories, first from a national culture perspective, followed by an organisational culture perspective. The chapter then provides a review of current academic research pertaining to MNCs and the factors that influence the culture of MNC organisations and their subsidiaries. Following this, the chapter provides a review of academic research pertaining to cultural influences at South African factories. Finally, a review of existing research that pertains to multinationals with subsidiaries in South Africa is provided, followed by a brief overview of the gaps in existing literature. The chapter is concluded with a schematic visual representation of the concepts identified in the reviewed literature, which provides a summary of what is known on the topics.

### **2.2 Definition of culture**

Culture has been considered a difficult term to define, due to the vast usage of the term in various contexts (Spencer-Oatey, 2012). According to Hofstede (1994), culture is “the collective programming of the mind which distinguishes the members of one group or category of people from another” (p. 5). Matsumoto (1996) defined culture as “the set of attitudes, values, beliefs, and behaviours shared by a group of people” (p. 16), while Schwartz (1992) stated that “culture consists of the derivatives of experience, more or less organised, learned or created by the individuals of a population, including those images or encodements and their interpretations transmitted from past generations, from contemporaries, or formed by individuals themselves” (p. 324). According to these definitions, culture can be understood as a value system existing in groups and communities of people – this includes firms and business organisations, as well as geographical communities and countries. However, culture has been described in different ways in these differing contexts – frameworks and theories exist that describe and unpack national culture, which pertains to the culture embodied by a country’s residents, while other frameworks and theories have been developed to understand and describe organisational



culture, which pertains to the embodied values and behaviours of business organisations.

In order to grasp the cross-cultural interplays that exist at manufacturing MNC subsidiaries in South Africa, both organisational culture and national culture need to be well understood. This is due to the fact that while MNCs will possess an organisational culture that defines the attitudes, values and way of working of the business organisation, the national culture of the MNC's home country as well as the local South African national culture are also present. Furthermore, the extent of influence of national culture on MNC organisational culture needs to be understood. Therefore, the most prominent and well-known national and organisational culture frameworks and theories are presented in detail below, as a preface to the discussion of MNC and South African factory cultures.

### 2.3 National culture

The culture embodied by a country's residents typically permeates into the way organisations in that country operate. In the case of MNCs, the national culture of the MNC headquarters and the national culture of the MNC subsidiaries differ due to different country contexts, and may lead to differences and tensions in how business is conducted. Therefore, to develop a deeper understanding of the impact of national culture on organisations, literature of several notable national culture frameworks was reviewed. These are discussed in detail below.

#### 2.3.1 Hofstede cultural dimensions framework

One of the most established and well-known frameworks of national culture is Hofstede's (2001) cultural dimensions framework, which describes a country's culture using six dimensions: power distance, uncertainty avoidance, individualism/collectivism, masculinity/femininity, long-term/short-term orientation, and indulgence/restraint. These six dimensions are explained in Table 1 below:

*Table 1: Hofstede's six cultural dimensions (Hofstede, 2001)*

Dimension	Description of dimension in a societal context
Power distance	The acceptance of the unequal distribution of power and respect for established hierarchies
Uncertainty avoidance	The tolerance towards the unknown and ambiguous
Individualism/collectivism	The extent to which societal members are focused on self-gain versus communal harmony and betterment

Masculinity/femininity	The extent to which societal norms are based on competitiveness and assertiveness, versus modesty and caring
Long-term/short-term orientation	Whether emphasis is placed on pragmatism and perseverance, versus tradition and immediate stability
Indulgence/restraint	The extent to which meeting human desires is considered acceptable

Since its inception, the Hofstede (2001) cultural dimensions framework has been developed over the years since into a deeply data-oriented tool that numerically captures every country's standing in terms of the six dimensions. AI-based tools now exist that compare and analyse different country cultures as a way to provide insight into cultural differences and disparities, and thus quantify potential cultural alignments or tensions. Several studies have successfully applied the Hofstede (2001) framework in the context of understanding the cross-cultural interplays of organisational and national cultures. Doetzer (2020) applied the Hofstede (2001) framework to analyse the role of national culture differences on organisations' supply-chain visibility. Through this study, Doetzer (2020) was able to provide country-specific recommendations to improve supply-chain visibility collaboration: for example, for German firms, Doetzer (2020) recommends an emphasis on trust and reduced uncertainty regarding data sharing. This level of national culture understanding to improve organisational elements would be beneficial for MNCs operating in the South African business environment.

Furthermore, in the context of manufacturing, Erthal and Marques (2018) studied the influence of national culture and organisational culture in the implementation of lean manufacturing principles, using the Hofstede (2001) framework. The study found that there are some differences in lean manufacturing culture and Japanese national culture, such as power distance and masculinity, both of which are highly present in Japanese culture (Erthal & Marques, 2018). This study is a great example of the usefulness of the Hofstede (2001) framework in comparing organisational culture to national culture, and assessing the cohesion of the two.

However, these studies approach the understanding and classification of national culture from a strictly numerical perspective and reduce country culture into only consisting of the six elements described by the Hofstede (2001) framework. Therefore, the more nuanced attitudes and belief systems may exist in certain

countries as a result of historical events or current challenges, are disregarded. Furthermore, the Hofstede (2001) framework assigns one cultural analysis to an entire country – in the case of South Africa, this presents an oversimplification, as the country's wide array of languages, race groups and social standings has resulted in a highly multicultural society that differs from place to place. The Hofstede (2001) framework classifies South African culture as having a high masculinity index (63), short-term orientation (34) and high collectivism (65) (Ju, 2022). However, research has shown that different racial and cultural groups within South Africa exhibit differing results on the Hofstede (2001) dimensional scales (Ju, 2022). Ju (2022) showed that, between a sample of Caucasian citizens and African citizens in South Africa, there are significant differences in cultural orientations. Therefore, this poses a concern as to whether a country culture framework such as this can adequately describe national culture, especially in countries where there are historic divisions and racial differences across groups.

This view is supported by Jackson (2011) who found that Hofstede's (2001) framework is inadequate in describing African country cultures, as the developing world requires an understanding of global dependencies, local perceptions, and an unpacking of multiple layers of cultural interfaces. In light of this, Hofstede's (2001) framework should not be used on its own in analysing South African national culture, but rather as a guide coupled with qualitative enquiry to develop a nuanced view of the national cultural interplays and how they affect business organisations.

### 2.3.2 *GLOBE framework*

The Hofstede (2001) cultural dimensions framework was later adapted into the Global Leadership and Organisational Behaviour Effectiveness (GLOBE) framework, which consists of a total of nine dimensions (Bright et al., 2019). The GLOBE framework includes all six dimensions developed by Hofstede (2001), with the adaptation of the individual/collectivism dimension into two separate dimensions, namely institutional collectivism and societal collectivism (Bright et al., 2019). Furthermore, the GLOBE framework adds the dimensions of performance orientation (the extent to which performance and achievement is emphasised culturally) and humane orientation (the extent to which caring and altruism are emphasised culturally) (Bright et al., 2019). The GLOBE framework has been used to categorise countries with similar country characteristics, which has been useful in assessing

how cultural difference affect organisational elements such as leadership style preferences (Bright et al., 2019).

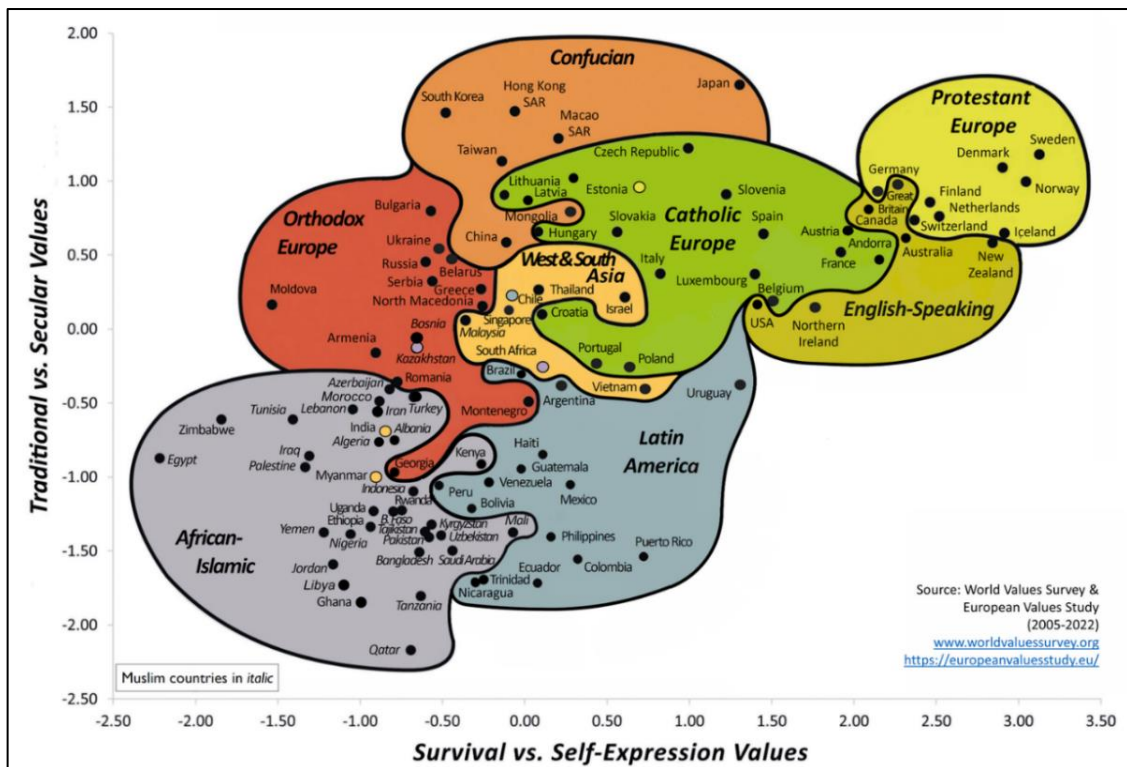
In a study attempting to assess how national culture impacts operations management, Boscari et al. (2018) applied the GLOBE dimensions in a structured literature review of existing published articles dealing with national culture and operations management strategy, execution and improvement. Boscari et al. (2018) found that although national culture influences all three operations management elements, it has the highest impact on operations management improvement. This is a key finding for organisations needing to focus on improving the efficiency and productivity of their manufacturing sites.

Although the GLOBE framework created more layers for understanding national culture, much like the Hofstede (2001) framework it still falls short of grappling with the more nuanced cultural elements present in developing countries, such as South Africa's complex multicultural society.

### *2.3.3 Inglehart cultural values model*

Unlike the preceding cultural frameworks, which aimed to describe national culture through several dimensions, the Inglehart (2006) cultural values model states that there are only two key dimensions that are critical in describing culture and national values of different countries and parts of the world: the traditional/secular-rational values dimension, and the survival/self-expression dimension. According to Inglehart (2006), these two dimensions are related to the extent of modernisation of a country: the processes of economic and technological development drive shifts from traditional agrarian values to rational values typical of urbanised and industrialised society, as well as driving shifts from survivalist mentality into increased emphasis on self-expression and quality of life. This model poses a different take on measuring culture, and opens up more room for developing countries to be assessed against developed countries. The Inglehart (2006) model has been represented on a visual map (Inglehart-Welzel, 2010) which has been revised several times since the model's inception. The current and most recent version of the cultural map is shown in Figure 1 below:

Figure 1: Inglehart-Welzel cultural values map (World Values Survey, 2023)



The cultural map above does not only provide insight on cultural groupings of countries across the globe, but also suggests similarities in cultures based on the two model dimensions of countries that are not typically considered similar. For the purposes of this study, the above model suggests that South Africa (located in the middle yellow piece) is similar in values to orthodox Europe, Latin America, Catholic Europe and Confucian territories. The model shows that South Africa has equally both traditional and secular values, as well as equally both survival and self-expression values. Although the model provides a good basis for comparisons to other national culture values, it is also falls short in describing some of the more specific and unique characteristics of South Africa as a country.

While the Inglehart (2006) model provides a distinct and visual way in which to classify culture across the world, the model has not been applied as extensively in research as the frameworks discussed previously, such as the Hofstede (2001) framework. One example of the use of the Inglehart (2006) model was provided in a study by Lin and Mancik (2020), who investigated the correlation of the Inglehart-Welzel (2010) culture map dimensions with cases of homicide. The study found that, to some extent, the prevalence of homicide is linked to country cultures that are identified to be more traditional in the traditional/secular dimension, but particularly

where the self-expression dimension has grown in that country's value system. This study shows that the Inglehart (2006) model, although not as complex as other models, is able to provide meaningful linkages between culture and human behaviours that significantly affect wellbeing in a society. Despite its usefulness as a simple framework that allows for easy visualisation of how countries compare culturally, the Inglehart (2006) model also runs the risk of oversimplifying cultural contexts and providing inadequate predictions of cross-cultural interplays. In examining the cultural interplays between an MNC and a subsidiary, the Inglehart-Welzel (2010) map may provide some insights, but would be inadequate in providing a complete understanding.

#### 2.3.4 Lewis model of cross-cultural communication

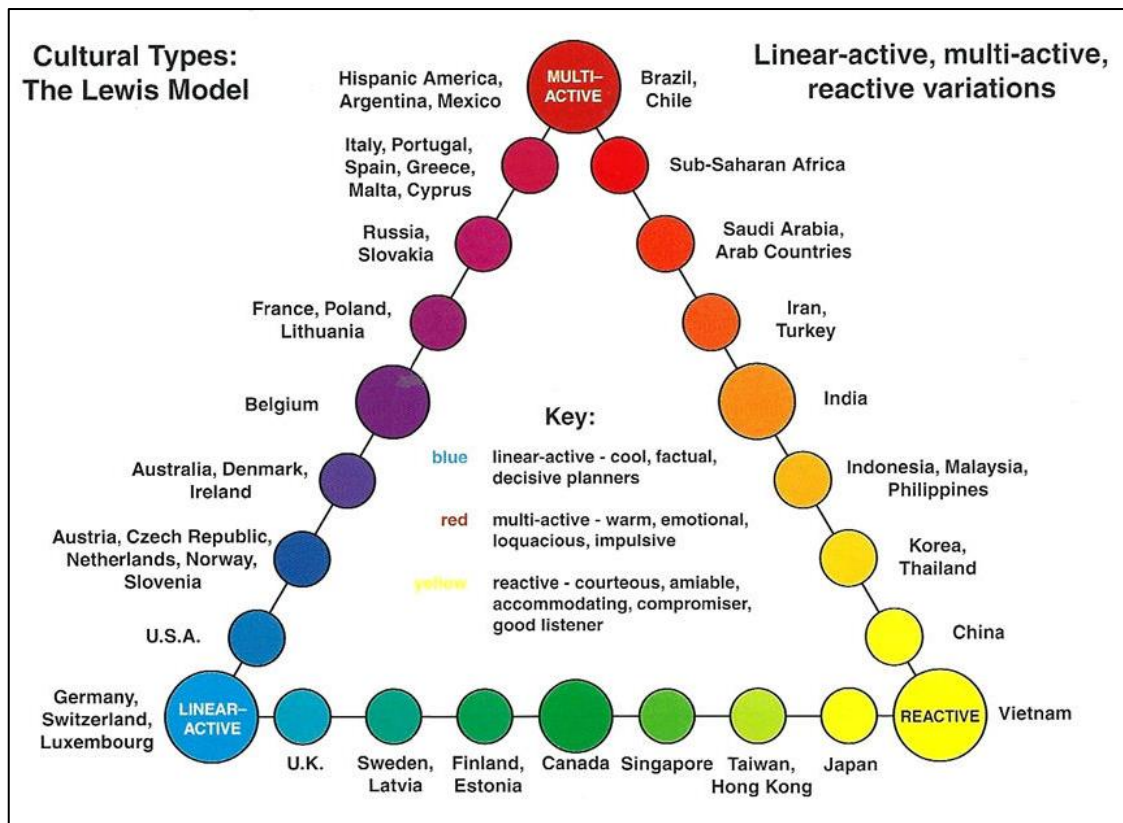
A less well-known framework used to understand country culture differences is the Lewis (2018) model of cross-cultural communication. The Lewis (2018) model postulates that there are three different types of country cultures in terms of how they behave and communicate: linear-active, multi-active, and reactive. These three cultural communication types are expanded in more detail in Table 2 below:

*Table 2: Three types of cultural classification of the Lewis model (Lewis, 2018)*

Culture classification	Description of citizen behaviours
Linear-active	Factual, decisive, organised, cold
Multi-active	Impulsive, emotional, warm
Reactive	Accommodating, amiable, courteous

The Lewis (2018) model recognises that most country cultures are a mixture of at least two of the elements highlighted in the table above. As such, the model is best represented visually, as shown in Figure 2 below:

Figure 2: Lewis model of cultural types (Lewis, 2018)



The Lewis (2018) model contains many of the elements of national culture classification contained in the Hofstede (2001) and GLOBE frameworks, such as indulgence/restraint (classified by extent of impulsiveness in the multi-active zone) and femininity/masculinity (classified by extent of accommodating behaviour in the reactive zone). However, while the Hofstede (2001) and GLOBE frameworks allow for six and nine adjustable dimensions for a country respectively, the Lewis (2018) model is even more restrictive in its classification of a country's culture as it requires a force fitment of a country into the triad of classification zones and does not allow for more in-depth nuances to be taken into account. Based on the Lewis (2018) model schematic shown above, South Africa is classified as mostly multi-active, meaning South Africans behave and communicate in a manner that is considered impulsive, emotional and warm.

There were no notable studies identified which applied the Lewis (2018) model in highly ranked reviewed literature. In a less well-known journal publication, a study by Turáková (2018) applied the Lewis (2018) model in an analysis of corporate culture in Slovakia and China. Turáková (2018) found that both countries exhibited a mixture

of all three Lewis (2018) model classifications, with each country showing a slight predominance towards one of the three classifications. This study showed that although the Lewis (2018) model is visual and easy to use, it seems to miss the complexities of country cultures as it attempts to classify every country culture in a narrow band, while in reality every country has a mixture of all three typologies. However, the Lewis (2018) framework still provides a valuable perspective for the classification of countries in a manner that can easily identify potential cultural clashes and tensions between countries. In particular, the Lewis (2018) model has the potential to be used for studies such as this one, whereby the influences of different national cultures and how they interact through business organisations with a specified local culture (such as South Africa's in this case) needs to be understood. The relative distances between national cultures on the Lewis (2018) model diagram may provide insight on the extent to which differing national cultures may align or misalign, thus affecting organisational performance.

### *2.3.5 Summary and further considerations*

Various frameworks, models and tools exist for the analysis and comparison of country national cultures. The most well-known of these include the Hofstede (2001) and GLOBE framework, the Inglehart (2006) values model, and the Lewis (2018) model of cross-cultural communication. These national culture frameworks and models provide different tools and perspectives for the assessment of country cultures, and provide researchers with an indication of how different countries may align in contexts such as business organisations. However, these frameworks run the risk of creating oversimplifications of deeply nuanced and multi-faceted societies. And while they may hold true in established countries with firm, long-standing national identities, they fall short of providing concrete analyses of more culturally-complex societies, such as developing countries, previously-colonised countries, and multicultural societies. In the case of South Africa, the country falls into all three of these categories. This view is supported by Jackson (2019) who stated that three levels of cross-cultural interaction must be taken into account when analysing the national culture of developing countries: intercontinental interactions between Western and African cultural influences, intercountry interactions across borders, and interethnic interactions between the various differing groups within a country. In terms of this study, while the frameworks discussed above may provide insight into



MNC home country cultures and how they affect organisational culture, a more detailed and complex lens must be applied in unravelling and analysing the local South African cultural context, and how it affects manufacturing operations.

## 2.4 Organisational culture

As stated previously in section 2.1, culture is defined as the values, attitudes and beliefs created by and existing in groupings and communities of people. Organisational culture can thus be defined as the shared beliefs and behaviours of a collective of coordinated people (Serpa, 2016). Business organisations foster their own culture, which are exhibited through the attitudes, behaviours and values of the employees of those organisations. Many frameworks and models have been developed to aid in understanding organisational culture from different perspectives. The most well-known of these are discussed in detail below.

### 2.4.1 Schein's organisational culture model

One of the most well-known frameworks developed for the understanding of organisational culture is the Schein (1990) three-tiered model which breaks down how an organisation's culture can be understood from the observed elements to its deeply ingrained ideas and values. The framework is typically understood with an iceberg metaphor, where the elements of the highest tier of the model are typically observable in the organisation, but the true understanding of the organisation's culture lies below the surface, with the elements of the lower tiers of the model (Matkó & Takács, 2017). The three tiers of Schein's model are described in Table 3 below:

*Table 3: Three tiers of Schein's model of organisational culture (Schein, 1990)*

Tier no.	Tier name	Tier description
1	Artefacts	Visible structures and processes in the organisation
2	Espoused values	The organisation's strategies, goals and philosophies
3	Underlying assumptions	The unconscious beliefs, habits, thoughts and feelings amongst members of the organisation

Schein's model has been applied in many studies of culture and continues to be at the forefront of recent research in the field. A very recent study by Barragan et al. (2023) applied the Schein (1990) model to understand the complexities of how an MNC transfers aspects of their organisational culture to its subsidiaries in different

countries. The study proved that the Schein (1990) model has practical applications and can aid organisational leaders in understanding, adopting or changing organisational culture, especially when doing so in foreign contexts where the underlying assumptions may be a starkly different to those of the MNC. Interestingly, one of the study's key findings is that involvement of both MNC headquarters leadership as well as subsidiary leadership is critical in managing these changes and helping subsidiaries make sense of the proposed cultural artefacts.

In one of the only recent studies of organisational culture in manufacturing using Schein's (1990) model, Zhu et al. (2016) assessed the impact of organisational culture on new product development and product safety performance. In this study, Zhu et al. (2016) identified that the underlying assumption of putting safety first impacted the espoused values of group level safety culture, and was visible in the artifact of Design-for-Safety principles applied in product design. This study serves as a demonstration of how Schein's (1990) model can be applied to unpack how manufacturing culture elements can impact an organisation's performance in achieving specific performance targets.

Schein's (1990) organisational culture model is an effective tool that can serve as a guide to understanding any organisation's culture on a deep and nuanced level. It has been useful in studies that navigate complex cultures, such as Barragan et al.'s (2023) work on MNC foreign subsidiary culture change, and Zhu et al.'s (2016) study in a high-paced manufacturing setting. Schein's (1990) model indicates that culture cannot be classified based on a handful of factors or dimensions, but that each cultural context needs to be understood in layers, starting from visible evidence, and moving down to unconscious beliefs and thoughts embodied by the people of a cultural context.

#### *2.4.2 Competing values framework*

While Schein's (1990) model acts as a tool to decipher why organisations behave the way they do, other organisational models exist that serve to classify different types of organisational culture in order to better understand and predict their behaviours. One such model is the Competing Values framework (CVF). Originally postulated by Quinn and Rohrbaugh (1983) and later redefined by Cameron and Quinn (1999), the Competing Values framework (CVF) postulates that there are four

dominant culture types in organisations, based on the organisation’s key values. These are clan culture, adhocracy culture, hierarchy culture and market culture (Cameron & Quinn, 1999). A description of each organisational culture type is shown in Table 4 below:

*Table 4: CVF culture types and descriptions (Cameron & Quinn, 1999)*

Culture classification	Description
Clan culture	Collaborative and participative approach, focusing on teamwork
Adhocracy culture	Creativity-focused, innovative culture
Hierarchy culture	Emphasis on control and organisation to enable efficiency
Market culture	Competitive approach, with a customer focus

The CVF has been widely used to study the performances of different organisations. For example, Zeb et al. (2020) found that adhocracy culture in organisations has a positive impact on innovation, which in turn promotes performance. This is due to the risk-taking attitudes and freedom to act that is observed in organisations with an adhocracy culture (Zeb et al., 2020). In a study focusing on deviant behaviours in the workplace, Di Stefano et al. (2019) found that adhocracy and clan cultures exhibit lower levels of deviant behaviours. However, it is important to note that there is no one ideal organisational culture, and all cultures have the potential to lead to positive performance. A meta-analytic study of the CVF by Beus et al. (2020) found that there are positive performance associations for each culture (or organisational climate) type, which are supported by job attitudes as a mediator across all.

In terms of assessing changes in organisational culture due to events or crises, the CVF can be applied. Mikušová et al. (2023) applied the CVF model in a research study aimed at understanding how the Covid-19 pandemic affected organisational culture in public high schools. The study showed that there was a distinct shift in cultural preference, as respondents shifted from preferring a hierarchy culture, to a showing a significant increase in preference for adhocracy and market cultures (Mikušová et al., 2023). This research showcased how effective the CVF is in illustrating and classifying easily identifiable cultures, and its potential as a tool to describe organisational culture differences.

Unlike Schein’s model for organisational culture, the CVF aims to classify culture and provide insight on behaviours based on that classification. The CVF’s four

classifications can also lead to interesting insights when considering how an organisation's culture interacts with people from a particular national culture setting. For example, as discussed in section 2.3.1, South Africa's national culture has been described as having a high masculinity index, a short-term orientation and a high collectivism approach (Ju, 2022). Therefore, it may hold true that organisational cultures classified as clan cultures may operate well in a South African setting.

On the other hand, Schein's (1990) model is a tool that can be used to unpack culture on various levels and in granular terms through understanding its components across the three tiers, and without relying on predefined constructs. This viewpoint was confirmed by Turlais and Dubkevics (2017), whose research showed that the Schein (1990) model is best used for theoretical research, while models such as the CVF are best applied for assessments of organisational culture. While both frameworks are useful, it is important to understand when each should be applied, and with what intent. The Schein (1990) model is particularly useful to gain qualitative insights into culture as the layers of the model invites open-ended exploration of cultural expression at various levels rather than predefined characteristics to be tested.

#### 2.4.3 Handy model of organisational culture types

Similarly to the CVF, the Handy (1976) model aims to classify culture into one of four types, but instead of the classification being based on the values of the organisation, it is based on the extent of the presence of two dimensions in the organisation, namely power distribution, and level of cooperation. The four culture types are described in Table 5 below:

*Table 5: Handy model culture types and descriptions (Handy, 1976)*

Culture classification	Description
Power culture	Hierarchal influence, control exercised through key individuals, highly political organisation
Role culture	Bureaucratic organisation, structured around procedures and logical reasoning
Task culture	Project-oriented, with influence dispersed and dependant on expert and charismatic power
Person culture	Focused on the individual and their self-interest

Over and above the model describing four organisational culture types, in his seminal work on this model, Handy (1976) stated that individuals that are part of organisations

also have a personal culture orientation that is often not aligned to the classification of the organisation. For example, an individual who is orientated towards a person-culture, which is often the case, is difficult to manage in any other culture type, as they do not respond well to power and influence of any kind (Handy, 1976). This brings additional dimensions to the concept of culture in organisations, as it makes reference to the culture of individuals, which may in turn be based on the national culture an individual identifies with. The interplay of organisational and national culture is discussed in more detail in section 2.5, but as highlighted by Handy's (1976) model, the role of an individual's interests, values and beliefs has a bearing on organisational culture.

A recent application of Handy's (1976) model was done by Brenyah and Obuobisa-Darko (2018), who studied the relationship between corporate culture and level of engagement in Ghanaian public sector organisations. A quantitative statistical analysis of employee engagement across the four Handy (1976) culture types resulted in the finding that achievement and support cultures drive strong employee engagement in the Ghanaian national cultural context, while power culture has a negative effect on employee engagement. Brenyah and Obuobisa-Darko (2018) also state that very little research has been conducted on corporate organisational culture in developing countries, which is a further motivator for the need for this study on MNC culture in South African manufacturing subsidiaries.

There are some distinct similarities between Handy's (1976) model and the CVF. For example, Handy's (1976) power culture type is nearly identical to the CVF hierarchy culture type. However, Handy's (1976) model focuses more on power and cooperation, while the CVF considers factors such as customer-focus and creativity. Because of this, when attempting to classify organisational culture, a distinction must be made as to whether the culture is being examined from the lens of values or power distribution, in order to make use of the most appropriate model. However, both of these models provide insight into factors that influence and mould organisational culture, namely power distribution, cooperation, hierarchy, control, innovation and competitiveness. This provides a good base for understanding and unpacking MNC cultures, which is covered later on in section 2.6.

#### *2.4.4 Other organisational culture typologies*

Building on the CVF and Handy (1976) models, various similar typologies that can aid in the assessment of organisational culture have been developed over the years. In a study of the impact of Covid-19 on organisational cultures, Mikušová et al. (2023) reviewed the existing literature on organisational culture typologies.

One popular model is the Deal and Kennedy (1983) model of organisational culture, which is also structured around four classifications of culture, but instead of focusing on values or power influence and cooperation, the Deal and Kennedy model classifies organisational culture according to the dimensions of degree of risk taking, and speed of feedback in the organisation (Mikušová et al., 2023). This model is based on the idea that the culture of an organisation is influenced most by the external social and business environment in which the firm operates (Mikušová et al., 2023). On the other hand, the Goffee and Jones (1998) model classifies organisations and their cultures via four types based on the nature of the relationships that are prevalent, through the dimensions of sociability and solidarity (Mikušová et al., 2023). A more complex typology that takes into account for dimensions as opposed to two like previous models is the Bridges Organisational Character Index, which provides an organisational culture assessment through even more lenses, taking into account behavioural characteristics, such as extroversion versus introversion, and sensing versus intuiting (Mikušová et al., 2023).

These models are useful lenses through which organisations can be looked at and their cultures diagnosed. However, all of these models are closely related to the CVF and Handy (1976) typologies, and do not offer any drastically new ways in which to consider organisational culture. What these models and typologies do indicate is that organisational culture is created and influenced by a wide variety of external influences and internal behaviours, including but not limited to power dynamics, individual motivators, approaches to problem-solving, leadership character traits, and market dynamics.

#### *2.4.5 Summary and further considerations*

Many models and frameworks of organisational culture have been developed and unpack, understand and classify the cultures that exist in firms and businesses such as MNCs. The Schein (1990) model provides a framework for gaining a deep

understanding of the elements of organisational culture, through visible artefacts, values and underlying assumptions that exist in an organisation. Other models of culture, such as the competing values framework (Cameron & Quinn, 1999) and the Handy (1976) model, approach organisational culture analysis by aiming to rather classify culture in accordance with certain factors. When considering the literature on organisational culture, the most significant drivers can be regarded as level of collaboration, hierarchy and control, power distribution, degree of risk taking, efficiency, and sociability.

In the context of this study, the frameworks above provide insight into the cultural drivers that may be present in MNCs, as well as indicate a need to unpack the nuances of organisational culture through and reach an understanding of the underlying assumptions and values. However, the literature on how organisational culture is derived indicates that elements of national culture have a strong influencing factor on organisational culture, which in turn affects how organisational culture is received by a subsidiary of an MNC in another geographical and cultural context.

## **2.5 The link between national and organisational culture**

National and organisational culture cannot be looked at as separate constructs, but rather as mutually influencing constructs that need to be unpacked together to be fully understood. Although organisational culture is influenced by a wide array of factors, national culture is a key influencer in an organisation's culture as well. Factors such as a country's individualism versus collectivism, or indulgence versus restraint, are dimensions from Hofstede's (2001) cultural dimensions framework for national culture, but they are also influencing factors in organisational culture models such as clan versus market culture in the CVF.

Several studies have made clear links between organisational and national culture, and how they influence each other. Knein (2020) found that organisational cultural values and national cultural contexts both influence the behaviours of people within organisations, and that certain national culture factors, such as individualism and uncertainty avoidance, can have a strong influence on organisational strategy execution and firm performance.

An older but seminal study by Naor et al. (2010) examined the relationship between national and organisational culture and how that relationship impacts manufacturing

performance. Naor et al. (2010) applied the GLOBE framework dimensions to quantitatively assess organisational culture in relation to manufacturing performance in 189 manufacturing sites across six different countries in Europe, Asia and North America. The study had two main findings. Firstly, Naor et al. (2010) identified that organisational culture in manufacturing sites most significantly differs across the dimensions of power distance, future orientation, and performance orientation. Secondly, the study found that the specific organisational culture of a firm has more of an impact on manufacturing performance than national culture (Naor et al., 2010). This is a significant finding in this line of enquiry, as it indicates that the culture that organisations create can outweigh the country culture that they find themselves in.

The study by Naor et al. (2010) is not only a good example of the interplay between national and organisational culture, but also further poses a line of enquiry around which influence is stronger in affecting organisational performance, and why. In the case of this study, it becomes critical to understand whether MNC national culture, MNC organisational culture, or local South African national culture has the greatest impact on a manufacturing site's performance. It must be noted that Naor et al. (2010) recommend that future studies should take into consideration a wider reach of countries across more continents (such as Africa) as it may be identified that in these areas national culture may play a more dominant role in influencing manufacturing performance.

Finally, Szydło and Grześ-Bukłaho (2020) proposed that firms and entrepreneurs who enter new markets need to gain a deep knowledge of the cultural context of the area or location where they intend to operate, and use that knowledge to shape the organisational culture into an amended, symbiotic version that integrates with the local context. In a study of two firms operating in Poland and the Ukraine, Szydło and Grześ-Bukłaho (2020) applied both the Schein (1990) model and Hofstede (2001) cultural dimensions in order to understand the behaviours of organisational members within the two country settings. The findings from this study showed that national culture is a very significant consideration for an organisation: employees of the Polish enterprise preferred a task-oriented organisational culture which is in line with their national values of individualism and low power distance (Szydło & Grześ-Bukłaho, 2020). On the other hand, employees of the Ukrainian enterprise responded better to a relationship-oriented organisational culture, in line with their national values of respecting hierarchy, uncertainty avoidance and collectivism.



As Szydło and Grześ-Bukłaho (2020) stated, “even if the foreign headquarters of the company take over the ideas and policies typical of the parent company, the employees are to a large extent guided by the values and beliefs dominant in their own culture” (p. 20). Furthermore, the study showed that if cultural alignment between the organisation and local national culture is achieved, employees will feel a sense of control, will be better equipped to anticipate and react to events and changes, and will feel a greater sense of belonging (Szydło & Grześ-Bukłaho, 2020). This key finding affirms the importance of a study such as this one, as MNCs operating in South Africa must be able to understand what drives and influences the values, attitudes and beliefs of locals, in order to understand how to drive organisational performance through cultural alignment and appreciation.

The following sections will expand on what is known regarding multinational corporations and their organisational cultures, followed by a breakdown of the key influences and drivers of South African culture and its presence in industry.

## **2.6 Cultural influences at multinational corporations**

As discussed in section 2.4, organisational cultures are driven by factors such as level of collaboration, hierarchy and control, power distribution, degree of risk taking, efficiency, and sociability. In the case of MNCs, these organisational culture elements are further influenced by national culture as MNCs typically have large footprints across the globe, with employees located at different geographical locations. As a result, MNCs must navigate cross-country and cross-cultural differences with their subsidiaries in order to manage organisational culture and performance. Several constructs and factors that influence organisational culture have been documented in studies of MNCs and their subsidiaries which affect organisational performance and employee engagements. These are discussed in more detail below.

### *2.6.1 Organisational politics and power*

Organisational politics can be understood as “the systematic use of power and influence by a firm’s employees to resolve conflict and attain person or firm goals” (Lampaki & Papadakis, 2018, p. 5). MNCs and their subsidiaries are typically structured with complex reporting and organisational structures as well as varied firm

goals and expectations across the organisation. As a result, organisational politics and power are present at MNCs (Vaara et al., 2021), and the influence of these constructs on organisational culture is key to the understanding of how MNCs operate.

Through a systematic literature review, Vaara et al. (2021) studied the impact of cultural differences at MNCs and their subsidiaries on organisational politics and power struggles. Vaara et al. (2021) found that subsidiary sites of MNCs have three notable constructs at play. Firstly, MNC subsidiaries are sites where identity politics are at play as MNC expatriates compete with local host country agents for influence and dominance. National culture differences create divides and establish different social groups, leading to exclusion, discrimination and stereotyping (Vaara et al., 2021). In particular, it has been noted that stereotyping and biases are sometimes used by leaders in cross-cultural teams to distinguish identities and deem those who are different to them as inferior (Vaara et al., 2021). This feeds organisational politics and influences delegation of authority and resource allocation (Vaara et al., 2021). Vaara et al. (2021) also found that MNC subsidiaries can be harnessed to create new and more nuanced organisational identities for the MNC organisation, which can aid public relations and marketing strategies. Finally, MNC subsidiaries can become agents of broader societal issues and create positive change in their environments through their MNC (Vaara et al., 2021). All three of these constructs are deeply intertwined with the cultural differences between the MNC and subsidiary countries, and show that country cultural differences can have both positive and negative organisational impacts.

It thus follows that the level of power and influence possessed by a subsidiary is linked to the national culture of employees working at MNCs, as national culture differences impact perceptions and identities of teams working in MNC organisations. The influence of national culture on resource management is discussed in more detail below.

### *2.6.2 Resource management*

From a financial standpoint, subsidiaries of MNCs are able to leverage internal equity financing to invest in upgrading their operations, which is particularly beneficial for subsidiaries operating in developing countries that may not have that level of

investment access without the parent company (Nguyen & Rugman, 2015). Levy and Reiche (2017) postulated that cultural capital is a key driver of successful resource management in MNCs, and that the possession of cultural capital can shift between home country and host country agents depending on whether the organisational architecture is hierarchical or network based. The possession of this cultural capital influences access to resources such as jobs, rewards, and opportunities, and is also influenced by the relative social capital possessed by the organisations' employees (Levy & Reiche, 2017). The extent of access to resources affects employees' experiences and subsidiary performances, and thus it becomes important to understand what drives resource provision to subsidiaries and how it influences the organisation's culture.

Over and above financial resources, MNCs and their subsidiaries possess a high level of human resources and talent which can support subsidiaries in knowledge and skills transfer. The diversity that is introduced in human capital movements at MNCs can have both positive and negative influences on employees and organisational performances (Tung, 2016). In order to better analyse the impact of cross-cultural diversity, Tung (2016) explored this phenomenon through three dimensions, namely separation, variety and disparity. Separation refers to geographical or cultural distance between MNCs and subsidiaries, and according to studies reviewed by Tung (2016), greater separation does not necessarily lead to negative organisational performances. A notable consideration here is the construct of inverse resonance, whereby Tung (2016) noted that teams interacting with employees distinctly different from them culturally had a much greater acceptance and integration with them, than with those who were culturally similar. Inverse resonance has most widely been studied and noted in African firms (Tung, 2016), which would yield an interesting perspective if it was found to also hold true in this study.

In a study of 101 foreign-owned subsidiaries in Russia, Fey and Björkman (2017) found that the influence of human resource policies from MNC headquarters in development of subsidiary management skills had a strong positive influence on firm performance. This is partly due to the fact that Russian managers have limited managerial and leadership skills due to the country's communist past (Fey & Björkman, 2017). Therefore, this study highlights the positive influence that MNCs

can have in boosting subsidiary performance through skills transfer and policy implementation.

From a staffing perspective, Ge et al. (2020) found that the cultural distance between the host country and home country affects the extent to which expatriates are deployed, and that an MNC may rely more heavily on local expertise when cultural differences are significant. Considering the findings from the study by Vaara et al. (2021) discussed in section 2.6.1, the cultural distance between two countries may then indicate to what extent identity and power politics is present between expatriates and local agents. In other words, large cultural differences between expatriates and local teams may provide local teams with more organisational power due to their local expertise, which could influence the extent of resourcing provided. The deployment of human resources in the form of expatriates is influenced by cultural distance, and can be both a beneficial and a detrimental aspect of the MNC organisational culture.

### *2.6.3 Agency*

Agency theory describes the manner in which work is delegated from a principal to an agent (Eisenhardt, 1989). MNCs rely on their subsidiaries to execute larger organisational goals on their behalf, however the level of agency exhibited is dependent on various factors. Kostova et al. (2018) noted that tensions that affect performance arise between headquarters and subsidiaries due to the manner in which decision-making is delegated and decentralised. Furthermore, Kostova et al. (2018) found that the agency behaviour of subsidiaries can be described by the extent of rationality and self-interest exhibited by the subsidiary, which are in turn driven by organisational context factors, and social context factors (such as culture, host country institutions, direct effects and distance effects). However, Kostova et al. (2018) does not consider the level of decision-making power that is given to subsidiaries to drive employee agency. In a literature review of subsidiary power through the lens of agency theory and resource dependence theory, Cuervo-Cazurra et al. (2019) identified that decision-making rights can be loaned to subsidiaries from MNC headquarters, giving rise to agency, or they may remain with MNC headquarters, giving rise to resource dependability. Furthermore, it is noted that agency problems arise when the interests of the subsidiary are different to those of the MNC headquarters, and more severe agency challenges lead to increased

control from MNC headquarters (Cuervo-Cazurra et al., 2019). As a result, the level of agency in a MNC is linked to the power dynamics that exist between headquarters and subsidiaries, as well as expatriates and local team members (Cuervo-Cazurra et al., 2019). Cuervo-Cazurra et al. (2019) also postulated that mature subsidiaries that develop and extract local competencies can provide competitive advantages to the MNC. However, trust plays a role in allowing a subsidiary team to operate with this level of independence, which is discussed as a separate construct below.

#### *2.6.4 Trust*

Interpersonal trust within organisations is considered to be the key to effective relationships and social affiliations, and drives the extent of organisational effectiveness (Victor & Hoole, 2017). Trust is thus an important component of organisational culture as it dictates the level of cooperation and commitment of employees to the organisation's values and objectives (Victor & Hoole, 2017).

Cultural barriers and differences have been found to create challenges with regards to trust in multinational teams. In a study of 90 team members across three German corporations, Tenzer et al. (2014) identified that language barriers influenced trust formation between members of multinational teams, by influencing members' perceived trustworthiness. The perceived trustworthiness was driven by challenges such as team members inability to adequately communicate their technical skills due to language differences (Tenzer et al., 2014). In this example, professionals who were unable to communicate effectively in the language of the multinational felt that they were perceived as incompetent. Furthermore, Tenzer et al. (2014) found that misuse of words and misunderstandings due to incorrect usage of terms led to perceived lower dependability and integrity-based trustworthiness.

Over and above language barriers, certain cultural mannerisms and expectations have created challenges in understanding and trust between multinational team members. In a study of the interactions between Japanese expatriate management and Australian team members, Crossman and Noma (2013) found that the ability of Australian teams to act in accordance with the Japanese cultural expectations of obedience and respect was a distinct determinant in the level of trust offered to those team members. However, these behavioural expectations are different to Western

business protocols, thus resulting in confusion, discouragement and misunderstanding within teams (Crossman & Noma, 2013).

As noted by these studies, the level of trust that exists in multinational teams is an influential factor in the organisation's culture, and is in turn influenced by disparities in national culture between employees and teams.

#### *2.6.5 Performance management*

Following on from the construct of agency in MNCs, there are also performance expectations and performance management practices that are placed on subsidiaries from their global MNC parents. These performance management practices not only provide structure, expectations and pressures on subsidiary teams, but also at times clash with the local subsidiary national cultures.

In a study of performance management practices at Brazilian subsidiaries of multinationals, Mellahi et al. (2016) found that performance management practices are not based on local and Brazilian practices, but are rather influenced by global best practices and standardisation. This approach is a typical evolution following subsidiary acquisitions, where local culture-based performance management practices are evolved and changed to follow standardised MNC practices (Mellahi et al., 2016). Taking into account national culture models discussed earlier, these shifts in performance management practices can result in culture clashes between MNC headquarters and local subsidiaries who differ on factors such as those described by the Hofstede (2001) and GLOBE frameworks. In the case of the study by Mellahi et al. (2016), it was found that Brazilian subsidiaries readily welcomed and accepted Western approaches to performance management. This is a notable finding, as Brazilian and Western country cultures are identified as significantly different according to the Lewis (2018) model of cross-cultural communication.

In an older study on the performance of MNC subsidiaries, Venaik et al. (2005) found that there are two ways in which subsidiaries can achieve good performance in line with MNC expectations. Firstly, subsidiaries can achieve good performance results through networking and inter-unit learning practices, such as team-based decision-making practices (Venaik et al., 2005). Secondly, subsidiaries can achieve good performance results by having autonomy and driving innovation (Venaik et al., 2005). The study found that greater autonomy is linked to motivation and can push

subsidiary leaders to identify their own opportunities for improvement and growth (Venaik et al., 2005). For optimal performance, however, a balanced approach of autonomy and networking opportunities is required (Venaik et al., 2005). This is an important consideration when assessing interactions between MNCs and their subsidiaries from a cross-cultural point of view, as the level of autonomy and networking is dependent on organisational politics, resource management, agency and trust, which are all related to both organisational and national cultures of subsidiaries and MNC parents.

#### *2.6.6 MNC national culture values and attitudes*

The constructs influencing organisational culture discussed above have all been found to be influenced by national cultures. Therefore, in order to understand MNC organisational cultures and how they interact with South African subsidiaries, it is important to unpack how differences in MNC national culture values and attitudes affect how members of MNC organisations work together.

Within organisations, values exist in two forms: the personally held values of individuals, and the espoused values of the organisation itself (Kabanoff & Daly, 2002). Personal values of individuals are influenced by the individuals' national culture and community (Schwartz, 2013). The espoused values of an organisation are dependant and informed by the organisation's structure and type. For example, Kabanoff and Daly (2002) describe centralised power structures as leading to more efficiency-based values. The interplay between organisational values as well as the differences in values of cross-cultural teams poses a challenge for successful organisational performance at MNCs and their subsidiaries, and MNCs need to adapt to subsidiary nation-level values (Sagiv, 2011). This is in line with the previously discussed study by Szydło and Grześ-Bukłaho (2020), who identified that employees are predominantly guided by the values and beliefs dominant in their local national cultures.

In a paper examining the socio-cultural factors that impact the performance of MNCs, Masovic (2018) identified several national culture elements that are exhibited as attitudes and values, which may have an impact on the operation of MNCs. These elements are beliefs, attitudes towards time, attitudes towards work and leisure, attitudes towards achievement, attitudes towards change, and the general value

associated with a job (Masovic, 2018). These different attitudes and values differ from country to country, and multinationals need to take these differences into account when operating in a particular country context (Masovic, 2018).

In a study focusing on the cross-cultural differences in the perception of time in multinational teams, Arman and Adair (2011) found that time orientation, punctuality, and pace of life are three time-related attitudes embedded in the values of a national culture, and can impact multinational team effectiveness and performance. Furthermore, according to Arman and Adair (2011), significant differences in the perception of time within multinational teams may lead to conflict, misunderstandings, poor team performance, team member dissatisfaction and poor teamwork and cohesiveness.

Another concept explored in more detail is the attitudes towards work and leisure and the value placed by individuals on a work-life balance. Chandra (2012) studied the differences in work-life balance between eastern and western originating firms, and found that western originating firms (i.e. European or American firms) place a lot more focus and emphasis on a work-life balance for their employees, have fewer working hours and more parental leave than eastern originating firms (i.e. Asian firms). These differences in human resource policies are a result of differences in attitudes and values towards work in different national settings – for example, in many Asian countries, working long hours is viewed as good commitment to the organisation and is expected, whereas it is commonplace for employees in Nordic countries to negotiate reduced and flexible working hours for moderated pay (Chandra, 2012).

Based on the above studies, it is apparent that organisational culture is impacted by individual values and attitudes, which are influenced strongly by national culture and beliefs. Attitudes and values such as towards how much importance should be placed on work versus personal lives, and dedication to punctuality and timekeeping, for example, can create tensions and difficulties in team dynamics if they differ greatly between MNCs and subsidiaries. However, what is less apparent is whether there is any upward influence from the subsidiary's national and local organisational culture onto the organisational culture of the MNC itself, and if the local subsidiary culture can affect and shape the greater organisational culture of an MNC.



### 2.6.7 Summary

Overall, it can be concluded that MNCs are faced with significant complexity in engaging with and executing through their subsidiaries in various global locations. These challenges include organisational politics and power challenges, resource management, agency, trust issues, performance management dynamics, and differences in attitudes and values. The organisational culture of MNCs is complex, and although many elements of MNC organisational culture are reflective of the organisational culture constructs discussed in section 2.4, it is evident that those constructs are impacted by MNCs' national culture values, attitudes, beliefs and behaviours.

Navigating cultural differences and influences may be key to improving MNC subsidiary performance and management but it is clear that its complexity cannot be reduced to a simple set of constructs. Unpacking culture in its complexity, through various perspectives and at a more granular level requires an understanding of the South African culture that impacts the subsidiaries that form part of this study and the manufacturing leaders in these environments.

## 2.7 Cultural influences at South African factories

South Africa has a distinct national culture, influenced deeply, but not exclusively, by its tumultuous history, the diversity of the country's citizens, and the country's socio-economic challenges. As mentioned in section 2.3.1, South African culture has been classified by the Hofstede (2001) framework as having a high masculinity index (63), short-term orientation (34) and high collectivism (65) (Ju, 2022). The Lewis (2018) model discussed in section 2.3.4 describes South African behaviours as warm, emotional and impulsive (Turáková, 2018). These facets of the national culture influence the values, attitudes and behaviours of the country's workforce, and, in turn, influences the culture of the organisation where they are employed. However, South African culture is complex, and varies across different locations and contexts. The cultural context of a blue-collar factory staff complement may differ from the cultural context of office-workers at subsidiaries as well as of the globalised MNC teams. Therefore, in order to understand the cultural interplays at South African MNC subsidiary manufacturing sites, the particular influences that drive and mould factory shop floor culture need to be unpacked and understood.

### 2.7.1 *The legacy of apartheid*

One of the most prevalent and important influences on present day South African culture is the legacy of Apartheid, and the attitudes and values that are prevalent across various race groups as a result of this legacy. In a study of the heritage transformation of South Africa 25 years after the end of Apartheid, Marschall (2019) stated that although the South African government has taken steps in transforming South African heritage to be more inclusive, success has been limited, and the memory of apartheid is still rife. In a systematic review of literature, Dlamini et al. (2021) found that post-apartheid policy changes in living conditions resulted in a loss of belonging for some race groups, while others struggled to find their place in the new South Africa. In a study of decolonialism, Mashau (2018) discussed the issue of rising racial divisions in South Africa, amidst the continued post-apartheid legacies and stereotypes still rife in the country. Based on these studies, it is clear that the effects of apartheid are still being felt and experienced by the people of South Africa and can create feelings of unbelonging and tension between different race groups.

The impact of apartheid has influenced how different race groups interact in the workplace, and the extent of diversity, inclusion and belonging that is created and maintained in organisations. In an older study of culture in multinational organisations with South African subsidiaries, Louw and Jackson (2008) identified that clashes occur between white and black employees, due to differences in leadership style preferences. According to Louw and Jackson (2008), white managers tend to prefer assertive, egalitarian approaches that minimise uncertainty, whereas black managers are more centered around humane orientation and collectivist approaches. Furthermore, as the apartheid legacy has created disparity in racial equity in management and leadership organisations with majority of organisational leaders being white males, these differences in leadership preferences give rise to tensions in the workplace (Louw & Jackson, 2008). Although the study by Louw and Jackson (2008) is over 15 years old, the racial disparities discussed in the study still hold true. According to the Commission for Employment Equity Annual Report published by the Department of Employment and Labour (2023), Africans make up 80% of the economically active population in the country, coloureds make up 9%, Indians make up 3% and whites make up 8%. However, whites occupy 66% of manufacturing sector top management positions, while Africans, coloureds and

Indians occupy 10%, 5% and 14% respectively (with foreign nationals occupying the remainder) (Department of Employment and Labour, 2023). These statistics show that the legacy of apartheid is still in effect in private sector industries, and the workplace tensions identified by Louw and Jackson (2008) are still a current reality in the manufacturing space.

With existing disparities from apartheid still in effect to some extent, as well as with changes to the heritage landscape and shifts in belonging, there is still a lack of integration of different racial groups and subcultures in the country. The feelings of separateness are a breeding ground for bias and mistrust (Hino, 2018), and can thus have a significant impact the country's workforce cohesion and culture.

### *2.7.2 Socio-economic challenges*

As a result of disparities created by the effects and policies of apartheid, as well as due to continued political challenges and instability, South Africans face a wide array of socio-economic challenges in their daily lives, which impacts their attitudes and behaviours. High unemployment rates, unreliable infrastructure and public services, and a lack of stable utility supply are some of the major challenges affecting South Africans (Baker & Phillips, 2019; Joynt, 2019; Mensah, 2024). These factors impact many South Africans' lives, and are thus interlinked with the culture of the country.

Various studies have examined the challenges faced by South Africans in this space. For example, in a review of quality improvements in the South African public healthcare system post-apartheid, Maphumulo and Bhengu (2019) found that the steady decline in healthcare service quality has led the South African public to lose trust in the healthcare system. This decline is linked to unequal distribution of resources between public and private hospitals and shortages of skills due to skilled healthcare professionals leaving the country, which are fundamentally rooted in corruption and poor leadership (Maphumulo & Bhengu, 2019). This lack of a basic human right does not only affect the attitudes and morale of the country's citizens, but also impacts the ability of workers to show up to work as their best, most productive selves.

In another recent study, du Plessis and Mestry (2019) researched the challenges faced by teachers and students in South African rural schools, in response to the problem of poor learner performances reported. According to du Plessis and Mestry

(2019), most rural schools have inadequate access to water, electricity, sanitation and adequate classroom space, which impacts effective teaching and knowledge transfer. The inadequate educational system in turn affects the literacy and skill levels of South African citizens, which affects work opportunities, communication skills and the ability of people to uplift themselves. Similarly to poor healthcare, poor education can affect the attitude and morale of people, which can in turn affect workplace culture.

In terms of infrastructure, public transport is a significant challenge that faces the majority of the South African workforce. A study by Chakwizira et al. (2018) explored the access and transport constraints for public transport commuters in the Gauteng province in South Africa. Chakwizira et al. (2018) found that people taking public transport, by means of trains, buses and informal taxis, experience poor service reliability, crime, and unpredictable non-scheduled transport services. Furthermore, many commuters need to wake up early and travel far every day to their workplaces (Chakwizira et al., 2018). The transportation challenges faced by South African workers are a further difficulty faced that may affect attitudes and workplace culture.

Socio-economic issues such as inadequate educational levels and poor infrastructure in information and communications technology has been found to relate to the slow uptake of new technology in South Africa's manufacturing industry (Maisiri et al., 2021). As a result of these external issues, factories in South Africa have struggled to adopt industry 4.0 practices and technologies, as workers are both resistant to change and have difficulties in adapting to new ways of working (Maisiri et al., 2021). The study by Maisiri et al. (2021) is an example of how external socio-economic factors influence workplace culture at factories, which in turn impacts progress and manufacturing performance.

### *2.7.3 The philosophy of ubuntu*

A cultural construct increasingly being associated with South African culture and inherent values stemming from an Afro-centric perspective is the philosophy of ubuntu. In a theoretical analysis study of the role of indigenous African culture on economic development in South Africa, Mapadimeng (2009) described Ubuntu as a philosophy of life, a practice of humanity, and a survival strategy based on solidarity, conformity, human dignity, compassion and interdependence. In a systematic literature review,

Ewuso and Hall (2019) described Ubuntu as a normative ethical system that is embedded in the culture of indigenous people from southern Africa, which informs behaviours and values of the people of South Africa, and thus heavily influences culture and cultural norms. Through a systematic review, Ewuso and Hall (2019) described ubuntu as a relational ethics system, centered around interdependence, reconciliation, community friendliness, compassion and the unity of the physical and spiritual worlds.

According to Mangaroo-Pillay and Coetzee (2019), ubuntu philosophy as a management style can be described by the following principles:

*Table 6: Principles of ubuntu (Mangaroo-Pillay & Coetzee, 2019)*

Pillar	Section	Principles
1	People centeredness	People-centered work culture Empowerment Transformational leadership Mentorship Shared vision and goals
2	Permeable walls	Openness and honesty
3	Partisanship	Organisational loyalty
4	Progeny	Collective decision-making Sharing power and teamwork
5	Productivity	Continuous employee development Provision of right tools Strong organisational values Employee rewards

The principles highlighted in Table 6 above relate back to the study findings of Louw and Jackson (2008), who identified the leadership style clashes between white and black leaders – the collectivist approach predominantly embodied by black managers takes into account concepts such as collective-decision making and transformational leadership practices. Therefore, embodying ubuntu in leadership practices is more likely to create positive organisational effects in South African industry contexts.

The philosophy of ubuntu has also been compared to other international cultural philosophies, such as those found in Japanese culture. In Mangaroo-Pillay and Coetzee's (2019) systematic review of literature comparing Japanese Lean philosophy to South African ubuntu philosophy, it was found that there are both similarities and differences between the two, but that all of the principles of ubuntu have a similar or equal version in Lean philosophy. For example, Lean states that decisions should be made slowly and by consensus, and ubuntu philosophy affirms

that collective decision making is key (Mangaroo-Pillay & Coetzee, 2019). This strong similarity between the two poses a line of enquiry with regards to the alignment of Japanese and South African cultures, and how this manifests in multinational factories in the South African context. As per Mangaroo-Pillay and Coetzee (2019), the study findings suggest that organisations stemming from Japan but operating in South Africa may enjoy success due to strong cultural alignment. This provides an interesting insight into MNCs operating in South Africa, and indicates that even culturally different societies may integrate well within MNCs if core national values are similar.

The role of ubuntu, as well as African indigenous values as a whole, is a deeply embedded element in South African culture, and must be taken into account by MNC operating in the South African context. In a study of African work orientations, Oppong (2013) found that Africans have particular orientations towards work and their employers based on indigenous values. These orientations include collective decision-making, loyalty, respect towards authority and a focus on group identity as opposed to individualism (Oppong, 2013). While this indicates that South African workers may respond well to organisational culture that maintains these values, not enough is known about the interactions of MNCs from other countries with a South African workforce.

#### *2.7.4 Trade unionism*

The collectivist culture of South Africans, which stems from indigenous morals and values such as those of ubuntu, has meant that there is a high focus on belonging to groups and group-oriented decision making (Oppong, 2013). As a result, membership of trade unions is high in South African manufacturing industries (Visser, 2019) as the high collectivism orientation means that workers are willing to sacrifice individual wants for the betterment of the whole group (Oppong, 2013). The strong influence of trade unions their high membership rates is rooted in South Africa's political history, as trade unions played a key role in driving political resistance and supporting the transition to an inclusive democratic government (Seidman, 2023).

Currently, external factors such as politics and the state of the economy affect and are affected by South African trade unionism. Uys and Holtzhausen (2016) identified the intertwined nature of socio-economic and political factors and unions, in relation

to unions' ability to sway political outcomes, union-led protests and strikes that affect service delivery and work attendance, and difficult negotiations that take place between employers and unions for wage increases in manufacturing settings. Unions have been involved in initiating and exacerbating violence within South African industries, by driving workers towards militancy, violent behaviours and actions (Uys & Holtzhausen, 2016). As such, unions play an important role in the South African manufacturing context by adding a further unique characteristic to South African shop floor organisational culture.

It is evident that trade unions are at the forefront of employment relations. However, there has been very little academic research done in the field of trade unionism and its impact on workforce culture in the South African manufacturing industry. Considering that trade unionism can be a powerful mechanism for directing employees to act in accordance with or against organisational objectives, the role of unions on workforce culture may be a critical component of MNC subsidiary performance. Although the specific role of trade union influence on the shop floor/management interface is outside of the scope of this study, it is acknowledged as a crucial factor that shapes culture in South African manufacturing sites.

#### *2.7.5 Summary*

South Africa's national culture is complex and varied. The culture of South African industries is influenced by the legacy of apartheid, socio-economic factors, ubuntu philosophy, and trade unionism. As a result, manufacturing leaders in South Africa need to navigate tensions that arise from diversity and inequality, the difficulties that employees experience from a socio-economic perspective, indigenous values and morals, and the collectivistic mindset that manifests in strong trade unionism. However, not enough academic research has been done in understanding South African culture and its role in driving manufacturing performance, as well as how MNC interact with that culture. Therefore, this study is important as it may shed light on previously unknown cultural interplays between MNCs and South African workers.

### **2.8 Multinationals with subsidiaries in South Africa**

Very few studies have investigated the role of cross-cultural interplay of MNCs and their South African subsidiaries. One key, but older study in this space was done by

Louw and Jackson (2008), as discussed previously, who found that there are several key steps that leaders in those organisations need to take in order to manage change and culture effectively. These steps include developing an understanding of the external and socio-cultural contextual landscape within the management team, involving all stakeholders in the strategic objectives and execution, engaging stakeholders and ensuring their participation, managing and leveraging multicultural dynamics, and providing training programmes to address diversity and inclusivity (Louw & Jackson, 2008). Furthermore, Louw and Jackson (2008) recommend that employee equity affirmative action for management is vital in developing a better culture, and that leadership styles need to be adapted to create a unique South African multicultural approach, which must take into account ubuntu philosophies such as collectivism and humane leadership, as well as incorporate acknowledgement of cultural diversity through celebration of ceremonies. Through these steps, Louw and Jackson (2008) postulate that leaders at MNC subsidiaries in South Africa will be better equipped to manage change and foster a positive organisational culture. This study provides good insight into the main purpose of this study, which is to improve cross-cultural integration and relations at MNC manufacturers in South Africa to improve factory performances.

## **2.9 Gaps in existing literature**

While there is a significant amount of old and new literature on organisational culture, national culture, and the interplays between the two in various contexts, there seems to be a lack of understanding of specific cultural nuances and influences. The national culture models explored in section 2.3 showcase the variety of ways in which national cultures can be classified and grouped, but there has been little exploration on the details and drivers of those national culture elements. From an organisational culture perspective, it is clear that the models and academic studies indicate that national culture has an influence on organisational culture. However, it is not clear what the relative importance of MNC and subsidiary national cultures are in relation to organisational performance, and which influences are stronger and affect organisational performance more significantly.

In terms of context, while academic studies done in the South African context acknowledge the complexity of South African culture, very little is known about how those cultural elements and influences can be navigated, and how they may manifest



as either positive or negative cultural elements in the workplace for leaders. For example, the philosophy of ubuntu drives a strong collectivist mindset and trade union membership, but whether these factors can drive organisational performance is not clear.

Finally, there has been no notable research done on the cultural interplays and experiences of MNC manufacturers in the South African context. As a result, it is not understood how workplace culture is impacted by factors such as apartheid legacy, socio-economic challenges, ubuntu philosophies and militant trade unionism. It is also not known how manufacturing leaders navigate these factors, and how the impact of both MNC organisational culture and the local South African culture affects factory performances.

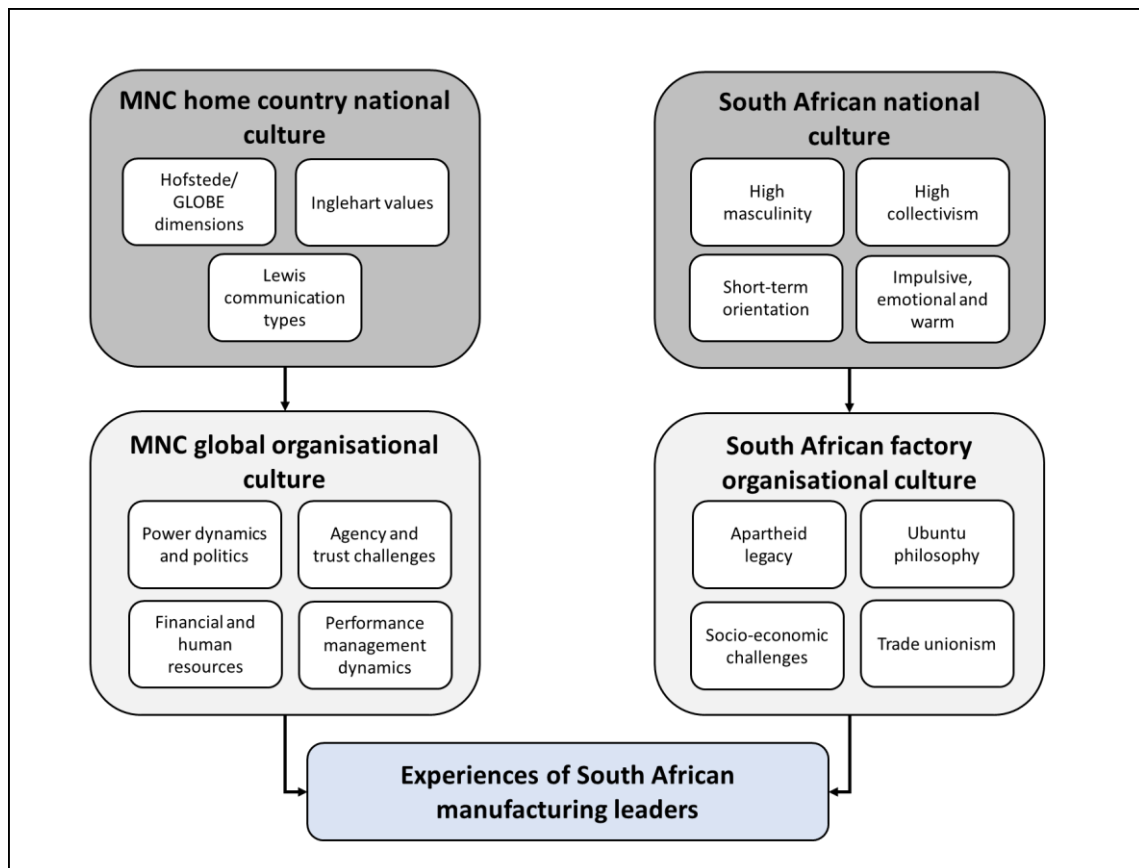
## **2.10 Conclusion**

The reviewed literature covered the concepts of both national and organisational culture, as well as the cultural elements present in multinationals and in South Africa's national culture. A summary of the literature review is represented through the schematic diagram shown in Figure 3 below. The schematic shows the four cultural entities that have emerged from the literature review, and their influencing factors. These are the MNC home country national culture, the MNC organisational culture, South African national culture, and South African factory shop floor organisational culture. These cultural entities form part of the experiences of South African manufacturing leaders.

The MNC home country national culture (which refers to the national culture of where the MNC is headquartered) influences the MNC global organisational culture through dimensions and facets explored by the Hofstede (2001)/GLOBE, Inglehart (2006) and Lewis (2018) models. These models and frameworks outline key national culture components such as power distance, individualism/collectivism, long-term/short-term orientation, traditional versus secular values, hierarchy orientation, and communication styles. Many of these elements have been shown by previous studies to influence MNC organisational cultures. As a result, MNCs exhibit particular phenomena in engagements with their subsidiaries, such as power and politics, resource provisions, agency, trust challenges, and difficult performance management dynamics.

In the case of South African subsidiaries, South African national culture is also an influencing factor in the experiences of South African manufacturing leaders. The reviewed national culture frameworks described South African culture as masculine, short-term oriented, collectivist, impulsive, emotional and warm. These factors influence South African factory shop floor culture, which also is influenced by other factors such as the apartheid legacy, socio-economic challenges, ubuntu philosophy, and trade unionism.

Figure 3: Schematic summary of literature review



As shown by the schematic, South African subsidiaries of MNCs are faced with cultural influences from the MNC organisation, as well as the local South African workforce. Understanding the experiences of manufacturing leaders in these settings is the purpose of this study, in order to gain greater insights into how leaders navigate cross-culturally to achieve South African subsidiary performance.

### **3. CHAPTER 3: RESEARCH QUESTIONS**

#### **3.1 Introduction**

This study aimed to begin building a knowledge base of how South African manufacturing leaders experience and navigate the cultural influences of the MNCs within which they operate, by uncovering facets of cultural interplay from the organisation as well as from the factories themselves. Furthermore, the study intended to shed light on how multinational organisations can integrate better in the South African context where they operate, and thus improve factory performances and long-term viability of their operations in the country. The objectives of this study were collated into three research questions (RQs), which are outlined below.

#### **3.2 Research question 1**

**RQ1: What are the experiences of South African manufacturing leaders in engagements with their MNC parent's organisational culture?**

The first research question aimed to develop an understanding of what manufacturing leaders experience with regards to the greater MNC organisational culture. Literature has shown that organisational culture of MNCs is influenced by the national culture of the MNC headquarters, through the dissemination of national values, attitudes and behaviours (Masovic et al., 2018). Furthermore, MNC and their subsidiaries experience organisational politics and power interplays (Vaara et al., 2021), resourcing provisions (Tung, 2016), agency impacts (Kostova et al., 2018), trust challenges (Tenzer et al., 2014), and performance management dynamics (Mellahi et al., 2016). Many of these organisational culture elements are intricately linked to the MNC national culture influences. The experience of South African MNC subsidiaries in the manufacturing sector with their MNC organisational culture has not been explored in academic literature.

#### **3.3 Research question 2**

**RQ 2: What are the experiences of South African manufacturing leaders in engagements with their factory shop floor in the context of the local South African culture?**

The second research question aimed to develop an understanding of what manufacturing leaders experience with regards to their factory shop floor culture

within the South African national culture context. South Africa's culture has been described with Hofstede's (2001) framework as having a high masculinity index, short-term orientation and high collectivism (Ju, 2022), and by the Lewis (2018) model as impulsive, emotional and warm (Turáková, 2018). In terms of factory shop floor cultural influences, factors such as the apartheid legacy (Louw & Jackson, 2008; Marschall, 2019), socio-economic challenges (du Plessis & Mestry, 2019; Maphumulo & Bhengu, 2019), the indigenous African philosophy of ubuntu (Ewuso & Hall, 2019), and strong trade unionism (Uys & Holtzhausen, 2016) affect South African industries and drive a particular culture within South African workforces. However, there is little known about how manufacturing leaders navigate these cultural impacts challenges, and how the performance of South African factories is affected due to the local South African cultural context.

### **3.4 Research question 3**

#### **RQ 3: What is needed to improve MNC support and integration in the local South Africa cultural context to improve factory performances?**

The third research question aimed to unpack what South African manufacturing leaders believe can be done to improve the cross-cultural integration of their local South African factory shop floor with the greater MNC organisation. According to Naor et al. (2010), the specific organisational cultures of a firm can have a greater impact on manufacturing performance than the national culture of that firm. However, Szydło and Grześ-Bukłaho (2020), stated that employees are predominantly guided by the values and beliefs dominant in their local national cultures. Therefore, it is not clear what manufacturing leaders and MNC organisations should be focusing on to improve cross cultural integration.

An older study by Venaik et al. (2005) found that subsidiaries of MNCs can achieve good performance results through networking and inter-unit learning, as well as through having autonomy to be innovative. However, it is not known how cross-cultural differences can be navigated to create spaces for networking and autonomy, as both of these approaches require the navigation of culturally-influencing factors such as trust, agency and resource management.

According to an older study by Louw and Jackson (2008), employment equity affirmative action for management is vital in developing a better culture at South

African organisations, and that leadership styles need to be adapted to create a unique South African multicultural approach, which must take into account ubuntu philosophies such as collectivism and humane leadership, as well as incorporate acknowledgement of cultural diversity through celebration of ceremonies. However, this does not take into account further cultural complexity that an MNC from another context may bring.

Finally, literature shows that if cultural alignment between the organisation and local national culture is achieved, employees will feel a sense of control, will be better equipped to anticipate and react to events and changes, and will feel a greater sense of belonging (Szydło & Grześ-Bukłaho, 2020). This affirms the importance of this research question, as improving the integration of cultures can potentially yield to a better organisational culture and performance at manufacturing subsidiaries in South Africa.

### **3.5 Conclusion**

Three research questions were developed for this research study. Research question one is centred around developing an understanding of the experiences of South African manufacturing leaders in engagements with their MNC parent's organisational structure. Research question two aimed to develop an understanding of the experiences of South African manufacturing leaders in engagements with their factory shop floor culture. Lastly, research question three was posed to identify how MNC organisations can better integrate cross-culturally with local South African factory teams, to improve factory performances.

## **4. CHAPTER 4: METHODOLOGY**

### **4.1 Introduction**

The following chapter details the methodological approach taken in this research study. The chapter begins with an overview and justification of the choice of methodology within the realm of qualitative research. Following this, facets of the chosen methodology such as population, unit of analysis, sampling, measurement instrument, data gathering and the analysis approach are discussed. Finally, the quality controls and considerations are provided, and limitations of the study are stated.

### **4.2 Choice of methodology**

Exploratory research aims to develop adequate theories according to the findings that are made during the research process (Gelo et al., 2008). Therefore, the purpose of the research design for this study was exploratory due to the limited research done thus far regarding the impact of cross-cultural influences of MNCs in manufacturing (Boscari et al., 2018), and more specifically, in South Africa.

The philosophy of this study was chosen to be interpretivism. Interpretivism considers the impact of social contexts and influences on the studied subject, and thus aims to explore deeper meanings and insights, as opposed to providing definite laws and relationships between variables (Alharahsheh & Pius, 2020). Therefore, considering the complexity of the cross-cultural impact on the manufacturing sector, this research aimed to understand deeper insights of culture in this context and its influences on manufacturing leaders' experiences through an interpretivist philosophy.

The approach selected for this study was inductive. According to Thomas (2006), an inductive approach to the analysis of qualitative data is applied to summarise textual data, establish links between research objectives and the summarised data, and use these links to develop a framework. In the case of this study, findings from the research process were summarised and used to add to the body of knowledge on organisational culture, through the newly explored context of MNC manufacturers in South Africa. Furthermore, Woiceshyn and Daellenbach (2018) stated that inductive research is focused on making empirical observations and forming new concepts

based on them. In this case, the findings from the study were linked back to the reviewed theories and frameworks in literature, however new constructs and concepts were also allowed to emerge through the findings of the research.

The study took on a qualitative theory-building approach due to there being insufficient research done in this field (Kelle, 2006), as discussed in section 2.9. Furthermore, a qualitative approach is used to map out the organising ideas of a construct and determining how these ideas impact an individual's view of the world (McCraken, 1988) This approach aligned with the purpose of this research which was to unpack the impact of cultural differences on individuals and how they respond to them to navigate their roles as manufacturing leaders.

The strategy applied for this study was interpretive phenomenological analysis (IPA). The IPA approach is used to explore how the research participants interpret the world around them through the experiences they have (Smith & Fieldsend, 2021). Furthermore, IPA is appropriate in studying a population that has a probable shared perspective of a phenomenon (Larkin et al., 2019). In this case, the experiences of South African manufacturing leaders and how they interpret cultural differences, benefits and challenges between their MNC and local contexts was studied. The IPA approach has been applied to studies focused on culture; for example, Tallman (2019) applied an IPA approach in a study of how teachers experience collaborative cultures in school settings.

The research strategy employed the method of semi-structured interviews, due to the ability of the semi-structured interview approach to enable reciprocity in conversation between the interviewer and respondent (Kallio, 2016). This interview strategy allowed the respondents of this study to verbally express the phenomenon of cultural interplays and conflicts in the manner that best explains their own experiences. The approach mimicked what was followed by Boscari et al. (2018) in investigating the impact of national culture on supply chain visibility using the Hofstede (2001) framework as a principal theory base. The time horizon for this study was cross-sectional. A cross-sectional time horizon is considered appropriate when studying externally oriented constructs which are strongly rooted in theory (Rindfleisch et al., 2008). In this study, the externally oriented constructs of national culture and organisational culture as they exist currently were focused on, thus

deeming cross-sectional interviewing appropriate. All interviews were done over a period of three months.

### **4.3 Population**

The population of this study was manufacturing leaders that are in charge of managing operations of factories in South Africa and belonging to MNCs. The manufacturing leaders has job titles such as operations manager, general manager, factory director and similar. The defining element of the population was that the leader must have an overall responsibility of a manufacturing facility and its blue-collar staff complement, while still being a member of the organisation's upper management team. This ensured that all respondents had direct insights to MNC organisational culture and local South African culture.

Furthermore, only respondents employed by MNCs whose home country was outside of Africa were interviewed. This ensured that MNCs that originate in South Africa and culturally similar neighbouring countries were excluded, as these MNCs will have organisational culture elements that are very similar to local South African culture and would thus have not provided valuable insights pertaining to the navigation of cultural differences. In terms of industry focus, some manufacturing sub-sectors such as the automotive industry tend to be dominated by MNCs originating from particular parts of the world who adopt common management philosophies and best practices (Ambe & Badenhorst-Weiss, 2011). Therefore, population for this study was not limited to a particular sub-sector of the manufacturing industry, as the inclusion of a variety of industries provided richer and more conclusive insights on the interplay between different MNC cultures and South African national culture.

### **4.4 Unit of analysis**

In research, a unit of analysis is the primary object in the research around which the findings will be postulated (Grunbaum, 2007). The unit of analysis in this study was the individual in the form of the manufacturing leader operating within a MNC in the South African context.



#### **4.5 Sampling method and size**

According to a recent study done on the saturation points in qualitative research by Hennink and Kaiser (2022), when performing interviews for a qualitative study, saturation of data is reached after 9 to 17 samples. On the other hand, McCracken (1988) stated that eight respondents are sufficient when performing a study that involves long interviews. In order to ensure that a sufficient amount of data was collected, coded thematic analysis was conducted throughout the interview process in order to assess whether saturation is reached (Marshall et al., 2013), which guided the number of respondents interviewed. The study ended with 14 interviews, and the detailed coding saturation results are discussed under section 5.4.

The respondents were identified from both the researcher's existing personal network of contacts, and from the network of contacts available to the greater MBA class cohort and faculty. This approach followed a purposive convenience sampling strategy, which is an appropriate sampling strategy for qualitative research (Gelo et al., 2008). Furthermore, as the topic under study requires respondents to potentially offer negative opinions of their organisation, and considering that the respondents occupy upper management and executive-level positions, in order to garner sufficient trust with the respondents it was critical that all respondents either knew the researcher or trusted the researcher's referral contact.

The respondents were identified from a wide array of manufacturing sub-sectors in South Africa, including automotive, fast-moving consumer goods, white goods appliances, and food manufacturing. This variety in samples ensured diversity in findings (Kircher & Charles, 2018), and allowed the findings of the study to be reflective of manufacturing sectors in general in South Africa, rather than focusing on one particular sub-sector. While a small qualitative sample cannot be fully representative of the population, the purpose of qualitative research is to give rich insights into the data within the sample selected.

#### **4.6 Measurement instrument**

Interviews are most commonly used as a measurement instrument in qualitative studies to investigate experiences, beliefs, attitudes, and feelings of respondents (Talmy, 2010). In order to prompt further deeper discussions of the respondent's personal experiences in navigating the challenges of organisational and national

cultures, the interviews were semi-structured, and the questions were open-ended in nature (Labuschagne, 2003). The interviews began with collecting the demographic data of the respondent that may be relevant to the research, namely the respondent's gender, race, and age group. The interviews also collected basic data regarding the organisation that the respondents belong to, such as the home country of the MNC. The MNC home country for each interview was a key data point in enabling an understanding of which national cultures are more prominent in the MNCs' organisational cultures, and whether the ways in which the cultural elements are showcased is in line with the country culture data covered by the various frameworks in section 2.3.

The interview guide consisted of questions targeting main themes, as well as follow up questions and prompts, which were used in cases where respondents had difficulties in understanding the main themes or answering a question with sufficient detail (Kallio et al., 2016). The questions were based on unpacking the respondent's experiences with navigating cultural differences between their MNC's organisational culture and their workforce's national culture elements, and each research question was covered by several interview questions to ensure that the topics were explored in full. The consistency matrix for this study showing the correlation between the research questions and interview questions is included in Appendix 1, and the complete interview guide can be found in Appendix 3.

A pilot interview was conducted to assess the suitability of the interview questions in gaining insight into the research problem (Kallio et al., 2016; Majid et al., 2017). The prompting questions were amended accordingly, before further interviews were conducted (Kallio et al., 2016). Furthermore, the interview questions were tweaked a further three times as the interviews progressed, due to minor adjustments being needed to convey the line of questioning more adequately to the respondent, as many respondents found answering questions about the concept of culture challenging. According to Agee (2009), this reflective and iterative approach to qualitative interview question development is critical in the shaping of a qualitative study.

#### **4.7 Data gathering process**

In total, 14 interviews were conducted during this study. The data was gathered through the recording and transcribing of semi-structured interviews. Respondents

were interviewed face-to-face, as well as through video conferencing where face-to-face meetings were not possible (Mirick & Władkowski, 2019). In order to ensure that video conferencing was adequate in creating a comfortable environment for the respondents to share, the researcher ensured that the camera was always on, that lighting was good to show the researcher's face clearly, that internet connectivity was uninterrupted, and that the interviews were conducted in private, quiet settings with no other people or noise in the background. Furthermore, to ensure the engagement of the respondents, the researcher looked into the camera when asking questions and when not taking notes. These approaches have been identified in methodology literature as being effective in creating a conducive research environment during video conference interviews (Williams et al., 2015).

Before the commencement of each interview, the respondent was given a consent form, and the purpose of the research study as well as how the data will be used was explained. The respondents were informed that any personal identifiers such as their name, their company name will not be used in the research. Furthermore, the respondents were informed that the research aims to improve the way multinational manufacturers operate in South Africa, and that sharing challenges is encouraged. This was a critical step in ensuring that respondents were comfortable with sharing sensitive information, as it was acknowledged that manufacturing leaders may have some concerns about divulging cultural issues within their organisations. The consent form used for this research is included in Appendix 2. Additionally, before each interview commenced, the researcher engaged the respondents in brief informal discussions of their role and company, and shared any similarities and connections with the respondents to create trust, credibility and rapport. This is a recommended practice outlined by Salmons (2014).

Each interview was targeted to be approximately 60 minutes in length, which is in accordance with generally accepted qualitative data gathering methodology (Alase, 2017). The first three interviews were approximately 35 minutes in length, which prompted the researcher to amend the interview questionnaire after each interview to allow for more robust questioning for subsequent interviews. Prompts were added to questions 1 and 4, which pertain to organisational and shop floor culture, respectively. This was done as the first few respondents had some challenges identifying how to describe culture. Following this, interview length improved, with an

average interview length of 43 minutes. The final interview questionnaire used for interviews 4-14 is included in Appendix 3.

#### **4.8 Analysis approach**

The interviews were recorded on either a cellular device or a computer application, with basic notes taken during the interview to assist the researcher with active listening. Following this, each interview was transcribed using an AI-based transcription software, in order for the data to be analysed (Gelo et al, 2008). The transcribed data was analysed through thematic or content analysis to determine which key themes emerged relating to the constructs under investigation (Gelo et al., 2008). In order to facilitate the content analysis of the transcribed data, the software Atlas.ti was used (Woods et al., 2016). The thematic analysis was conducted through the coding of constructs and grouping of codes into themes that emerged from the transcribed data (Thomas, 2006). These were subsequently analysed against theories and constructs surrounding national culture and organisational culture in reviewed literature. The code categories were assessed in terms of the frequency at which they occurred across all interviews, as higher frequency indicated a more common and prevalent construct. Following this, the most relevant and important themes related to the research questions were presented (Thomas, 2006). Snippet from Atlas.ti showing how codes were applied to text and how codes were grouped into themes can be found in Appendix 4.

#### **4.9 Quality controls**

Qualitative research is open to a wide array of data quality concerns due to the inherent biased nature in which data is collected, interpreted and presented by a researcher. Therefore, quality controls must be put into place that target both the reliability of the observations, and the validity of the interpretations (Stiles, 1993).

##### *4.9.1 Reliability*

According to Leung (2015), reliability in qualitative research is dependent on refutational analyses, data comparisons, detailed data use, analyses of any outliers and deviant results, and the use of tables. Therefore, in order to ensure the reliability of the data, the use of the software Atlas.ti as a computer-assisted data analysis and

recording tool ensured that all gathered data was easily analysed and compared. This approach allowed for comparisons between contradicting data sets, which were also analysed and discussed in the body of the report.

Additionally, a data saturation check was done at the completion of 14 interviews, to assess that the data collected encompassed all possible themes that may emerge in this research study. Finally, in analysing the data, codes were analysed according to the number of quotations and the number of respondents that made mention of particular constructs. This enabled the researcher to place more focus on constructs that appeared more frequently in the research, and thus draw conclusions on findings more reliably.

Finally, as discussed previously, in order to gain insight into the research problem across manufacturing MNCs in general and not in a specific sub-sector in the manufacturing industry, respondents from a variety of manufacturing sub-sectors and MNC home country geographies were interviewed. These included the sub-sectors of fast-moving consumer goods, automotive products, foods, steel and chemicals manufacturing, with MNCs from Asia, North America and Europe.

#### *4.9.2 Validity and credibility*

Validity (or credibility) in qualitative research refers to how appropriate the choice of tools, processes and data is to the study (Leung, 2015). According to Patton (1999), credibility in qualitative research depends on three inquiry elements: rigorous techniques and methods for the gathering and analysis of high-quality data, the credibility of the researcher, and the philosophical belief in the value of the research inquiry. In the case of this study, the criteria applied to the sample ensured that an appropriate process was used for the purpose of this study at the outset of the data gathering. The respondents must have had adequate exposure to local and MNC cultural contexts, both from a national and organisational perspective, to ensure the validity of the collected data. This was ensured by the sample criteria, which required respondents to occupy a certain management level in their organisations, as well as the criteria that the MNCs had to originate from a country outside of Africa. This was specified in order to identify national culture interplays with cultures that were significantly different from South Africa's. Furthermore, the time in role for each respondent was also captured, in order to eliminate any unusual and inconsistent

data sets that may arise from insufficient experience or exposure to cross-cultural phenomena in their organisations.

In terms of the techniques and methods used to gather and analyse data, this study followed established protocols of recording and transcribing interviews, which were then uploaded onto Atlas.ti for detailed coding analysis. Atlas.ti is a commonly used tool for qualitative enquiry and can streamline the processing and analysis of data in studies which involve large sets of data and text (Hwang, 2008). With regards to ensuring validity in the interpretations of the data, the social and cultural context of the respondents had to be unpacked to acknowledge inherent assumptions that may arise from this context (Stiles, 1993). This was done by capturing age and race data for each respondent, and ensuring that respondents came from a wide age range as well as various race groups to broaden the context of experience of respondents.

The credibility of the researcher was deemed sufficient as the researcher had seven years of experience working for MNCs and their manufacturing subsidiaries in South Africa, making the researcher well acquainted with the themes, terms and language used by the respondents. The researcher also conducted a pilot interview with a trusted, experienced colleague, who was able to provide feedback on how questions and approaches may be further tweaked to elicit richer responses from other respondents. The philosophical belief in the value of the research as a requirement outlined by Patton (1999) was articulated in section 1.2.2 in the discussion on the important role that MNC manufacturers play in South Africa's economy.

According to Wood et al. (2020), credibility in qualitative research is also attained through the listing of all assumptions. The assumptions made in this study were:

- The respondents were comfortable and trusting enough to share sensitive information of their experiences within their organisations honestly, and did not embellish information due to confidentiality concerns.
- The respondents were objective in the assessment of their manufacturing facilities' performance, the culture of their shop floor, and the requirements for improved integration and support from their MNCs.
- The researcher remained sufficiently objective during the inquiry without prompting respondents to provide answers similar to the researcher's understanding of the phenomena.

#### *4.9.3 Confirmability*

According to McCracken (1988), one of the concerns of qualitative research is the relationship between the researcher and their own culture, and how this can influence the fair gathering of data. In the case of this study, the researcher was prone to bias in opinion due to her personal affiliation in the field of research. As a production manager working for a MNC in the province of KwaZulu-Natal, South Africa, the researcher has experienced challenges arising from cultural tensions between the MNC's culture and national culture. In order to ensure that this bias does not interfere with an objective analysis and interpretation of data, research questions were structured to ask about culture without the use of connotative words and adjectives that may lead the respondent to respond in a particular manner. Furthermore, the research questions asked respondents to comment on both negative and positive impacts of the cross-cultural interplays, which enabled the researcher to gather any data that is against her own experiences which were largely negative.

#### *4.9.4 Transferability*

Transferability refers to the applicability of the study's findings in other settings (Rodon & Sesé, 2008). This study deals with the cross-cultural interplays between MNCs and their South African subsidiaries, in the manufacturing industry. The findings from this study can be transferable to other South African industries where MNCs have subsidiaries. Furthermore, the study's findings can also be transferable to MNC and their manufacturing subsidiaries in other African states, as many of the cultural elements present in South African national culture exist in the rest of the African continent. However, considerations towards the particular historical legacies in South Africa (such as apartheid) and their influence on national culture must be made when transferring the data to other settings.

### **4.9 Limitations**

There were a number of limitations in this study. Firstly, the criteria by which the manufacturing leaders were selected as respondents did not take into account the sizes of the manufacturing facilities that they manage (in other words, the number of people employed by the facility) or the footprint of the MNC in the country (which can also be measured by the number of people employed by the organisation as a

whole). This is a limitation as studies have shown that the size of an organisation greatly impacts perceived culture (Gray et al., 2003; Nazarian et al., 2019). Therefore, this study may derive conflicting findings stemming from respondents in differently sized organisations and manufacturing facilities. To take this limitation into account, all respondents were asked to state the number of employees at their manufacturing facilities, which was a consideration during the results analysis phase of the study.

Secondly, the study recorded demographic data of respondents, but did not aim to seek out particular diversity in respondents as a criterion. The study reflected the typical demographic profile of production managers at factory sites in South Africa, which has moved from a historically predominantly white management demographic to wider racial representation. However, while diversity of race was reflected in the sample, gender diversity was minimal, which is also reflective of the typical production management demographic. The limited number of women in the sample could have skewed the data in the direction of the prominent bias of the respondents.

Finally, the study assumed that the dimension of the national South African culture is consistent across all locations where the respondents are employed. However, in reality, the South African cultural landscape is extremely varied from province to province and even between different locations within the same provinces, due to the historical geographic placement of cultures and race groups in specific locations under the Apartheid regime (Strauss, 2019; Venter et al., 2020). Future studies should explore the differences experienced by manufacturing leaders in MNCs in different locations in South Africa.

#### **4.10 Conclusion**

This chapter outlined the methodological choices and approaches undertaken in this study. This study applied an interpretivist philosophy, with an inductive qualitative approach. The data was collected through semi-structured interviews with South African manufacturing leaders, over a cross-sectional time horizon. Following this, thematic coding and analysis was done, using Atlas.ti software. Quality controls such as reliability, validity, confirmability and transferability were addressed, and several limitations to do with respondent selection and culture homogeneity were identified.



## **5. CHAPTER 5: RESULTS**

### **5.1 Introduction**

The following chapter presents the findings from the data collection process. The chapter begins with a breakdown of how the data from the interviews was collected and analysed for codes and themes. Following this, a breakdown of the demographic data and other relevant information pertaining to the sample group and interview coding is presented. Finally, the key thematic results are presented in relation to the research questions outlined in Chapter 3 above.

### **5.2 Interview data and analysis approach**

A total of 14 interviews were conducted with manufacturing leaders in South Africa. The interviews were semi-structured and followed the interview guide included in Appendix 3. In several instances where respondents pre-emptively answered questions or provided insights not catered to by the questionnaire, the researcher allowed for the interviews to naturally progress to new thematic discussions. Each interview was recorded on either a cellular device or a laptop recording function. To support active listening during the interviews, as well as assist with thematic analysis at a later stage, the researcher took notes during each interview. This is a recommended practice as outlined by Phillippi and Lauderdale (2018).

The 14 interviews resulted in a total of 598 minutes of recordings, with an average interview length of 43 minutes. The 14 interviews were completed over the course of a three-month period, with no more than three interviews done in any one week. This allowed the researcher time for reflection and amendments to both the interview questions and how respondents are engaged by the researcher during the sessions.

Each interview recording was uploaded onto Happy Scribe, an online software for AI-based transcription. Once the transcriptions were generated, they were cleaned by the researcher. This was done by replaying each interview recording while going through the transcription and correcting any errors. Once transcriptions were cleaned, they were uploaded onto Atlas.ti for thematic coding. As this research project is inductive, open coding was done, meaning the researcher created codes based on what was found in the transcribed texts. Once coding was done, code merging was done to collate very similar codes. Following this, code groups were

created to enable thematic analysis against the literature review. In the presentation of results below, similar codes have been grouped into constructs under each theme. The full breakdown of codes used in this study can be found in Appendix 5.

### 5.3 Demographic data

The basic demographic data of the 14 interview respondents is shown in Table 7 below. The table indicates the headquarters country location of the respondent's manufacturing site, as well as the age, race, gender, length of time in role, and number of employees at the manufacturing facility that the respondents are responsible for.

*Table 7: Demographic data of respondents*

Resp- ondent	HQ Country	Site provincial location	Age	Race	Gender	Years in role	Employee base
1	Turkey	KwaZulu-Natal	54	White	Male	5	600
2	USA	Gauteng	38	Black	Male	2	450
3	USA	KwaZulu-Natal	42	Black	Male	6	100
4	Japan	KwaZulu-Natal	47	Indian	Male	1.5	1047
5	Japan	KwaZulu-Natal	53	Indian	Male	3.5	300
6	Luxemburg	KwaZulu-Natal & Gauteng	34	Indian	Male	2	1600
7	UK	Eswatini	50	White	Male	6	860
8	UK	KwaZulu-Natal	45	Black	Male	2	605
9	France	Gauteng	45	Black	Female	1	250
10	Denmark	Mpumalanga	51	Indian	Male	4	120
11	USA	KwaZulu-Natal	55	Indian	Male	7	110
12	Germany	Gauteng	51	White	Male	3	60
13	USA	Eastern Cape	38	White	Male	2.5	336
14	Germany	Eastern Cape	51	White	Male	17	3800

While care was taken to select respondents that fit the specified criteria as discussed in Chapter 4 (namely, manufacturing leaders responsible for the management and running of an entire manufacturing facility in South Africa), some respondents deviated from these criteria. However, their interviews were included in the research as they were considered relevant. Respondent 3 was previously an operations manager, but had moved to another role outside of the factory at the time of the interview. Respondent 7 is based in Eswatini, but was able to provide cultural insights on both South Africa and Eswatini due to his work experience in South Africa prior.

Finally, respondent 14 occupies the position of a plant engineering manager and not the overall site manager. Nevertheless, his insights on culture were robust and were thus kept for the purposes of this research. Finally, it is worth noting that respondent 9 had recently moved from a different multinational manufacturer into her present role, and was thus able to provide insights of cultural interplays and challenges at both companies.

In terms of the respondent's personal demographic information, it can be seen in Table 7 above that there was an adequate age range and racial variety in respondents, which reduced the probability of generational or cultural bias in the information shared. However, it is noted that the racial distribution, which was five white, five Indian and four African respondents, indicates that there is a lack of representation of Africans in manufacturing management, considering that Africans are 80% of the country's population as discussed in section 2.7.1. This is an important consideration for management/shop floor culture dynamics, as racial tensions due to a lack of representation in management was identified in previous studies. This is discussed further in Chapter 6.

It is also notable that there was only one female respondent, while the rest were male. Although ideally a better ratio of gender was intended, it was noted that there are significantly fewer female manufacturing site leaders than male manufacturing site leaders in South Africa, and much fewer women leaders were contacted for this research than male leaders. The experience of culture from a gendered outlook is not a primary focus for this research, and therefore the gender distribution is not a concern here. However, the lack of female representation is a consideration for further studies in this field and context.

The respondents had spent a varied number of years in their positions, with the average manufacturing site leader occupying their position for 3.5 years (respondent 14 was excluded from this calculation, due to the fact that he does not occupy a site leader position). Furthermore, the employee base at the different sites was 731 employees on average. Both of these values indicate that a fair amount of time has been spent by the respondents across an adequately large employee base to provide insights on both organisational and shop floor factory culture.

In terms of manufacturing site locations, the facilities where the respondents are employed are located in a variety of South African provinces. Seven facilities are

located in KwaZulu-Natal, four facilities are located in Gauteng, two facilities are located in the Eastern Cape, and one in the province of Mpumalanga. As mentioned previously, respondent 7 is based in Eswatini, thus one facility is located in Eswatini. One of the respondents, respondent 6, is responsible for two facilities, one in KwaZulu-Natal and one in Gauteng. This variety of locations supports the study in providing a fair representation of South African shop floor culture across the country.

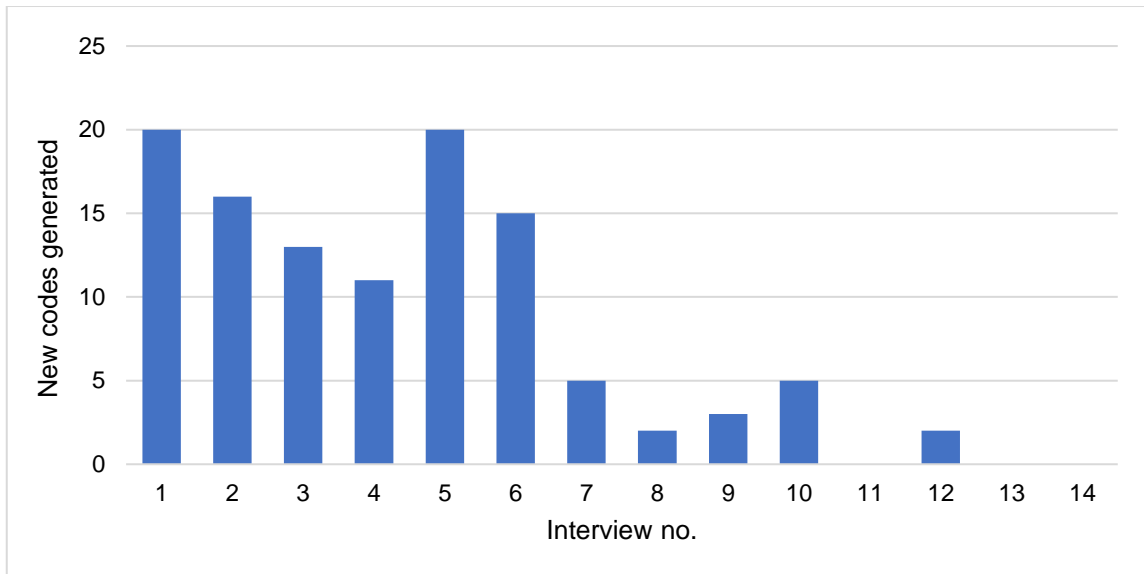
In terms of headquarters (HQ) locations, a variety of countries where multinationals originate were sampled. Four company headquarters are in the United States of America (USA), two are in Japan, two are in the United Kingdom (UK), two are in Germany, and one is in Turkey, Luxemburg, France and Denmark, respectively. This variety provided adequate data for culture comparisons and analysis through the lens of national culture frameworks such as the Lewis (2018) model of cross-cultural communication. This is discussed in more detail in Chapter 6.

#### **5.4 Coding results**

Using the software Atlas.ti, a total of 157 codes were generated, with a total of 590 quotations coded with 711 codes assigned across all 14 interview transcriptions. Following this, code merging was done to collate codes that are similar to each other. An example of a merging of two codes was the merging of “community upliftment” with the code “corporate social responsibility” as both refer to a company’s work in the community or environment that support the upliftment of people. Following code merging, a total of 116 codes were left across 589 quotations. Using Atlas.ti, a code redundancy check was done, and four instances of redundant coding were found as a result of code mergers. These were corrected and removed.

Following this, a data saturation check was performed by checking the trend in new codes generated from the first to the last interview. An analysis of the frequency of new codes generated as interview coding progressed is shown in Figure 4 below. The general trendline shows a decrease in the number of new codes generated as interview coding progressed, leading to no new codes generated by the final two interviews. This indicates that an adequate level of data saturation was reached.

Figure 4: New code frequency analysis



After code merging and the saturation analysis shown above, the remaining codes were collated into code groups, which represented emerging themes in the study. This was done by first allocating each code into whether it pertains to RQ 1, 2 or 3, and then assessing what the emergent themes are for each research question. Five codes with one or two quotations assigned to them were disregarded as they did not have relevance in answering the research questions. A total of 11 themes were identified, which are shown with the number of codes and respective coded quotations in each theme, in Table 8 below:

Table 8: Themes and their respective code and quotation quantities

Research question	Theme	Codes	Quotations
1	Resourcing, support and improvements	12	101
1	Pressure to perform while navigating complexity	17	74
1	Influence of MNC national cultures	8	25
1	Trust and bias challenges	9	33
2	Complex local South African culture	10	50
2	Social, economic and political influences	5	34
2	Challenging environment for leadership	15	102
2	Skill growth and retention	5	38
3	Effective communication and engagement	16	124
3	Foster trust and understanding	8	52
3	Support required skill development	3	13
<b>Total</b>		<b>107</b>	<b>647</b>

It should be noted that although a total of 589 quotations were identified and coded across the 14 interviews, the above table shows 647 quotations in total. This is due to the fact that many quotations were assigned more than one code, due to more than one theme emerging in a verbalised sentence.

Codes that only pertained to a single respondent were excluded from the presentation of results below, but are included in the detailed codes breakdown in Appendix 5. This was done in order to focus the findings onto themes and constructs that are not organisation-specific but occur across two or more organisations. The remaining codes (grouped into constructs) and their associated themes for each research question are presented below.

## **5.5 Research question 1 findings**

The first research question intended to explore the experiences of South African manufacturing leaders with their MNC parent's organisational culture. The research question aimed to establish how the leaders view their MNC organisational culture, what they find challenging about the MNC organisational culture, and what they find helpful and beneficial that supports the running of their manufacturing operation. The four themes identified in the study relating to this question are presented below.

### *5.5.1 Theme 1: Resourcing, support and improvements*

The theme of resource provision, both financial and human, as well as access to global knowledge and support structures was present across most interviews. From a resourcing perspective, 12 out of 14 respondents made mention of access to global knowledge and a support structure that is able to aid in resolving problems and introducing change. Ten respondents discussed capital expenditure (CAPEX) provided to their facilities for new equipment, which had in most cases proven to be invaluable to ensuring facilities and equipment is upgraded and competitive. Furthermore, eight respondents stated that expatriates are often assigned to their sites when there are challenges in order to support the South African factory teams in resolving them.

There were several other ways in which MNCs had supported the subsidiaries with resourcing, with a total of 88 quotations identified across all interviews pertaining to this code group. While most respondents stated that their MNC HQ had provided

ample resources and support to their factories, some stated that better benchmarking, solutions and funding to tackle local challenges was still needed. Of the seven respondents that indicated that more resourcing support is needed, six were from European MNCs. From a social improvement perspective, several respondents made mention of ways in which the MNC had funded and provided resources for community and environmental upliftment, which the respondents indicated was a positive contribution. Table 9 below shows the constructs and their frequency associated with this theme.

Table 9: Constructs identified for theme 1

Theme	Construct	Quotes	Respondents
Resourcing, support and improvements	Access to global knowledge and support structure	34	12
	CAPEX investments	12	10
	Corporate social responsibility initiatives and environmental focus	15	6
	Assignment of expatriates	11	8
	Human resources support and funding	8	6
	Inadequate assistance and budget for South African problems	11	7
	People-centric organisational culture	11	6
	Support from HQ during crisis or difficulties	6	4

Some of the quotations associated with this theme are shown below:

- **Access to global knowledge and support structure:**

**Respondent 2:** *“I think the one benefit you get from a multinat is you have access to a broad base of expertise. There is typically no new problem with which another region has not faced.”*

**Respondent 8:** *“It's mainly benchmarking. We don't have to reinvent the wheel, but we tend to visit our factories within the same business group”*

**Respondent 11:** *“Now we in South Africa, because we're a remote site, it's difficult, but we get whatever support we need through the communication channels, teams, meeting requests. But we also have a lot of technical expertise coming to the site.”*

**Respondent 14:** “We've obviously got plants all over the world, and we share a lot of information, so there's a lot of communication. We have a lot of forums where we meet teams, meetings, and we share best practices.”

- **CAPEX investments:**

**Respondent 7:** “So, in terms of expansion and improvements, there's access to equity and capital we didn't have previously. So that helps grow the business more rapidly.”

- **Corporate social responsibility initiatives**

**Respondent 7:** “So, yeah, I think there's been a greater focus recently on partnering with communities to give the wider community improved services like potable water, for instance, setting up water plants, setting up housing estate type”.

- **Support from HQ during crisis or difficulties:**

**Respondent 5:** “And I want to tell you, the support we've seen without a single set or a single approval was phenomenal. I've had people from Japan, from different companies, from equipment manufacturers, from head office. I've had suppliers. I don't know how to explain it's a phenomenal... it's a community.”

The quotations above show that a significant amount of financial, knowledge and human resources are deployed from MNC headquarters to their South African subsidiaries. Although in some cases it is found to be insufficient, the resourcing support that is provided has shown to have a positive impact on local teams attitudes, factory operations, and surrounding communities. Although MNCs from all parts of the world have shown that they provide resourcing and support to their South African subsidiaries, it is notable that the European-owned firms provided somewhat less perceived support than Asian and American firms. On the whole, the respondents displayed a sense of appreciation and gratitude towards the resource provision from their MNCs.

### 5.5.2 Theme 2: Pressure to perform while navigating complexity

Another key theme that emerged with regards to the experiences of manufacturing leaders with their organisation's culture is the pressure to perform while navigating a complex organisational environment. Seven respondents reported that they



experience stricter targets and performance expectations due to their being part of a global MNC organisation. This performance pressure is presented through a heightened focus on governance and ethics (five respondents), reporting and feedback expectations (three respondents) and constant changes and restructuring that takes place (five respondents). Four respondents stated that they feel that their organisation is results-focused. Furthermore, the pressure to perform is compounded by organisational bureaucracy (six respondents) and departments working with misaligned priorities (five respondents). In cases where recent acquisitions had occurred, the impact of performance pressure and organisational complexity was felt at a heightened level. The performance pressures and organisational complexity were found to be present across firms from different parts of the world, with no particular location of MNC headquarters being notably more or less focused on performance than others. Table 10 below shows the constructs and their frequency associated with this theme.

*Table 10: Constructs identified for theme 2*

Theme	Construct	Quotes	Respondents
Pressure to perform while navigating complexity	Agency challenges due to bureaucracy	7	6
	Governance, ethics and safety	12	5
	Results-focused organisational culture	5	4
	Recent subsidiary or firm acquisition	10	5
	Reporting and feedback expectations	3	3
	Restructuring and change management	8	5
	Stricter measures, targets and performance appraisals	17	7
	Working in silos and priority misalignments	8	5

Some of the quotations associated with this theme are shown below:

- **Agency challenges due to bureaucracy**

**Respondent 7:** *“So the bureaucracy, the red tape, the approval processes, all of that goes up and down the food chain or up and down the hierarchy, and that becomes quite complex at times. So that frustrates a lot of the system.”*

**Respondent 13:** *“So as multinationals, you always know we tend to jump through a lot of loops and hoops. There's a lot of red tape. There's a lot of approval processes and things take a lot of time.”*

- **Governance, ethics and safety**

**Respondent 7:** *“There’s certainly some things they are very forceful, and safety is one of them. They’ve said to us, We’ll fire senior managers if you don’t stop killing people.”*

- **Stricter measures, targets and performance appraisals**

**Respondent 3:** *“More things now in the factory that’s going to be expected from you. Also look at the IODs. We’re going to have to find a way to reduce the number of people that are getting injured where you need to find a way to find a cause, how can we fix or how can we stop that from happening?”*

**Respondent 9:** *“Yeah. I can’t say it’s a forgiving culture because obviously if you are not performing, you are not performing. There’s a clear performance management strategy. It’s not a forgiving culture.”*

- **Recent subsidiary or firm acquisition**

**Respondent 1:** *“I remember before 2011, if you’re a manager, you could make a decision, you could do the purchase something if you could prove that it would work, example, project or upgrade, whatever, and you could prove to the directors of your work you would actually get it approved. Not to say that you don’t get it approved now. It’s just more of an integrated process of getting things done.”*

**Respondent 4:** *And then we were then taken over with the Japanese multinational... So I think that was one, culturally, that was a difficult fit when you weren’t used to that, kind of regimental application.*

The results-focused culture exhibited across most MNCs places a significant amount of pressure on the local manufacturing leaders to perform. Furthermore, the complexities of being part of such a large organisation, such as teams working in silos and bureaucratic processes affecting agency creates frustrations and stress for manufacturing leaders. It was interesting to note that in most cases, recent acquisitions and restructuring activities placed great strain on the respondents, due to the shifts in organisational culture that the acquisitions brought.

### 5.5.3 Theme 3: Influence of MNC national cultures

A third theme that emerged with regards to the experiences of manufacturing leaders was the influence of the MNC’s headquarters national country culture, on the way the MNC operates and interacts with the local South African subsidiary. This theme was less prevalent than the two previously discussed, as only a handful of respondents indicated that the cultural elements of the MNC’s originating country were felt in the way the organisation functioned. This was very unusual, as the prevalence of MNC national culture influence on manufacturing leaders experiences’ was expected to be very significant. However, only a few respondents made reference to MNC national culture influences and how they experience them.

The four constructs identified under this theme were caring and considerate national values, attitudes of continuous improvement, prioritisation of work over leisure, and a regimental and rigid approach. What is notable is that the majority of the constructs were identified from Asian firms, as well as a Danish and a German firm. The respondents from the two Japanese MNCs had the most to say on the significant influence of Japanese national culture on their organisational culture and way of working. Table 11 below shows the constructs and their frequency associated with this theme.

Table 11: Constructs identified for theme 3

Theme	Constructs	Quotes	Respondents
Influence of MNC national cultures	Caring and considerate national values	5	2
	Continuous improvement as a national attitude	5	2
	Prioritisation of work over leisure	2	2
	Regimental and rigid approach	10	4

Some of the quotations associated with this theme are shown below:

- **Caring and considerate national values**

**Respondent 5:** “So if you ask me, Namawashi is a Japanese culture where they kind of get the buy in of everybody before they make that move. If you ask me about [my company], [it] embraces it as a way of life.”

- **Continuous improvement as a national attitude**

**Respondent 5:** *“They’re constantly evolving. And I think that’s Japan as a whole, by the way.”*

- **Prioritisation of work over leisure**

**Respondent 4:** *“There seems to be a distinction in South Africans between how they behave or how they interact at work versus how they interact in a social or let’s say outside. Whereas in what we found in the Japanese and the Indian cultures that the work entity is overwhelming. It is the primary reason for being.”*

- **Regimental and rigid approach**

**Respondent 10:** *“The culture is that the Japanese culture, if you work in a Japanese organization, a lot of people will have to draw into the culture. And the Japanese business and their personal culture is very, very same. They live life very, very similarly, very routinely, everything is standardised and so on.”*

**Respondent 12:** *“I think basically the flexibility in the South African culture versus the rigidity of the German culture, I think those are the two aspects that need some management all the time.”*

The quotations above show that the influence of national values, beliefs and attitudes of MNC home countries was shown to be prevalent in a few of the MNC organisations, in particular within Asian and Germanic European MNCs. While some of the attitudes clash with South African cultures, such as differences in work-life balances, none of the respondents reported on any particularly negative national culture influences that made the cross-cultural engagements difficult or negative. Nevertheless, what is more notable is the lack of apparent experiences of most manufacturing leaders with MNC national culture attitudes, behaviours and values.

#### *5.5.4 Theme 4: Trust and bias challenges*

A fourth and final theme that emerged with regards to the experiences of manufacturing leaders is the trust and bias challenges between the local South African teams and the global MNC teams. The most prevalent construct identified within this theme was the tensions that exist between locals and expatriates. Eight of the respondents reported on some level of tension with expatriates, including language barriers which drive separateness, exclusionary practices and engagements, and a perception of mistrust that locals feel are exhibited by

expatriates. Furthermore, four respondents stated that the global teams are at times biased towards South Africa and have negative perceptions regarding the local South African subsidiaries' capabilities. This related to the concerns that MNCs were reported to have towards South Africa's political climate and stability (two respondents). Two respondents stated that a general mistrust towards South African leaders exists, however the reasons for this were unclear. The feelings of mistrust were also conveyed through the micromanagement by MNC leaders that three respondents experienced. Table 12 below shows the constructs and their frequency associated with this theme.

Table 12: Constructs identified for theme 4

Theme	Constructs	Quotes	Respondents
Trust and bias challenges	Biases towards Africa or Africans	6	4
	Tensions with expatriates	16	8
	Micromanagement by HQ	5	3
	Mistrust of South African leaders	4	2
	Political climate challenges	2	2

Some of the quotations associated with this theme are shown below:

- **Biases towards Africa or Africans**

**Respondent 2:** *“There are some people, for instance, in other markets, who I find quite condescending and how they come across, and maybe not purposefully.”*

**Respondent 11:** *“And as a corporate, if you look at my company, an American company, they don't understand our culture. They look at Africa as being dark, full of problems, blah, blah, blah.”*

**Respondent 12:** *“So, we encouraged for the guys to come over here. And there's unfortunately, because of all the politics, be it right or wrong, and negative publicity, we sometimes get a bit of a reluctance from young engineers, unfortunately. Not from the Germans. The Germans will come here all the time. They just want to come here and have a safari, but the Canadians, for instance, we're really struggling to get them out here, and they've got this perception of we're the Wild West.”*

- **Tensions with expatriates**

**Respondent 1:** *“The CEO tends to have meetings with all the Turks and why? In a way it's wrong, because it gives a negative impact to the rest of the management team. Because, yes, you're an expat, why are you relying only solely on their feedback, why are you not asking for local people for their feedback?”*

**Respondent 3:** *“The only thing maybe we need to emphasise on: when the new management comes in, where they make the old management there feel like less important.”*

**Respondent 4:** *“The language thing is a bit of a difficult situation because there are occasions when people are left out of a situation because they can't understand what's going on.”*

- **Mistrust of SA leaders**

**Respondent 12:** *“I don't know why it's... That's my question. I don't know why it's so difficult. And they insist on upfront payment and they trust nobody. And you ask them to come out to South Africa to come and resolve things, it is almost impossible... But on a private-to-private level, it is extremely difficult to deal with the Chinese.”*

As shown by the quotations above, trust and bias challenges were found to be prevalent across many of the MNCs in this study. What is notable is that these challenges are not prevalent from particular MNC countries, meaning that the mistrust and negative biases are not caused by particular national cross-cultural differences. Rather, the experiences of mistrust, negative biases, tensions and feelings of exclusion seem to stem from negative perceptions of South Africa as a whole, and through basic communication challenges such as language barriers. As shown by the quotes above, respondents have found that these experiences of mistrust and negative bias towards South Africa is impeding the level of support and ease of doing business with global teams.

#### 5.5.5 Summary of research question 1 findings

With regards to the experiences of South African manufacturing leaders in engagements with their MNC parent's organisational culture, four themes are apparent. Firstly, resource provision and management is a significant factor in the experiences of manufacturing leaders, and most MNCs provide notable support and execute improvements in the South African subsidiaries. This resource support goes

hand in hand with the second theme of pressures to perform in results-focused organisational cultures, and South African manufacturing leaders experience stress and frustration in navigating the complexity of their global organisations. Thirdly, while some MNCs exhibit influences of their national cultures in how the organisations functions, MNC national cultures seem to play a very minor and unassuming role in the experiences of manufacturing leaders with their organisation's culture. Finally, trust and bias challenges exist across several MNCs in engagements with their South African subsidiaries, which negatively affect their experiences, however these feelings of mistrust and negative bias are not correlated to any particular MNC countries and seemingly are unrelated to cross-cultural clashes. However, these feelings of mistrust and negative bias are creating significant challenges for manufacturing leaders to operate effectively within their MNC organisations, by impeding support and ease of doing business with global teams.

## **5.6 Research question 2 findings**

The second research question intended to explore the experiences of South African manufacturing leaders with their factory shop floor culture. The research question aimed to establish how the leaders view their factory shop floor culture, what challenges they experience in engagements with their shop floor, and how they navigate their shop floor culture within the greater MNC organisation. The four themes identified in the study relating to this question are presented below.

### *5.6.1 Theme 5: Complex local South African culture*

One of the themes that emerged relating to the experiences of leaders in engagements with their South African factory shop floor is the complex local South African culture and its idiosyncrasies. Many of the statements made by respondents indicated very negative and difficult experiences that they have had with the cultural context of their factory shop floor workers. This included the respondents having perceptions of complacency (three respondents), entitlement (five respondents), and a lack of discipline (five respondents) about the South African shop floor. Furthermore, two respondents reported that South Africans appear to protect their own image and shift blame, while two respondents stated that South Africans have a tendency to be very reactive in their decision-making. Interestingly the reactive

decision-making approach was viewed as both a positive and a negative trait by respondents. South Africans tend to also exhibit poor personal financial management capabilities, as reported by three respondents, which stems from the socio-economic challenges they face in their personal lives. This is discussed in more detail in section 5.6.2. From a positive standpoint, three respondents also discussed the perception of South Africans as more hardworking and innovative than workers from other countries, which has led to skills retention challenges for skilled workers. The issue of skills retention is discussed in more detail in section 5.6.4. Table 13 below shows the constructs and their frequency associated with this theme.

*Table 13: Constructs identified for theme 5*

Theme	Construct	Quotes	Respondents
Distinct local South African culture	Complacency	5	3
	Entitlement	10	5
	Innovative	10	3
	Lack of discipline	10	5
	Protecting own image	4	2
	Reactive decision making	4	2
	Poor at financial management	3	3

Some of the quotations associated with this theme are shown below:

- **Complacency**

**Respondent 4:** *“And of course, the understanding, as I said earlier, that’s that South Africa, in general, is a little bit more casual than it would be in Japan.”*

- **Entitlement**

**Respondent 7:** *“I think with the challenges we have, I think they’re the same, where people that work for big corporates end up with a sense of entitlement. It can be relatively petty things up to theft and criminal activity, where people are nicking scrap steel and precious, not precious, but non-ferrous stuff, brass and bronze and things like that. The theft is quite severe in that space.”*

**Respondent 10:** *“And it’s so different to South Africa because South Africans think that companies owe them and it’s not the other way around.”*

**Respondent 13:** *“We’ve had a lot of instances in the past where we could have done things from a goodwill perspective, and then you hold back because you know that*



*it's now going to become the new norm again. And then people are going to hold you to it, and they're going to say, I'm not going to help you with this because you took that away. And that from a cultural perspective is also a significant issue."*

- **Lack of discipline**

**Respondent 4:** *"People are more relaxed when it comes to meeting times or operating times, or casual about lunchtimes."*

**Respondent 6:** *"South African culture is definitely not Japanese, where you have a disciplined workforce. We do not have a disciplined workforce. We do not have people that want to obey rules. I think South Africans, by nature, want to test the boundaries, and we always want to test the boundaries"*

- **Innovative**

**Respondent 6:** *"I've never met anyone that believes that South Africans are not hard workers, that the people are not innovative. I've never met anyone. Everyone loves South Africa in general. That's why they're so sought after worldwide."*

**Respondent 12:** *"And the general perception is that the South Africans are flexible. We got good engineering skills."*

In summary, it is apparent that the South African national culture context is a much greater presence in the experiences of manufacturing leaders, than the MNC national cultures. Furthermore, these experiences are both very negative (such as the views that South African workers are entitled and complacent) as well as at times positive. These perceptions and experiences of South African culture that the respondents reported on indicate that South African culture is varied, complex and difficult to classify. However, these reported perceptions also indicate that there is a lack of cultural cohesion between manufacturing leaders and South African workers, and that manufacturing leaders are finding it challenging to connect and understand the cultural context of their factory shop floor.

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### 5.6.2 Theme 6: Social, economic and political influences

A second theme that emerged pertaining to research question two was the presence and influence of social, economic and political factors on South African factory culture. The most common challenge identified in this theme was the prevalence of social infrastructure challenges on the South African subsidiary and workforce, which was discussed by eight respondents. This included the experiences factory workers have with unreliable utility supply in their homes, poor transport infrastructure, and high costs of living. These factors influence employee attitudes, how they behave and what they expect from their employers. Furthermore, the impact of the apartheid legacy (five respondents), and the presence of a diverse workforce (three respondents) were also notable findings – these constructs create a tense working environment, with racial undertones that need to be managed by manufacturing leaders. Educational and literacy discrepancies as well as political influences were also mentioned by two respondents in each case, which, in each case, create communication and reporting difficulties. Table 14 below shows the constructs and their frequency associated with this theme.

Table 14: Constructs identified for theme 6

Theme	Constructs	Quotes	Respondents
Social, economic and political impact	Apartheid legacy	9	5
	Diverse workforce	3	3
	Education and literacy level disparities	5	4
	Social infrastructure challenges	18	8

Some of the quotations associated with this theme are shown below:

- **Apartheid legacy**

**Respondent 2:** “And if you understand the South African context, in the shop floor, leadership has traditionally been largely white. With your operators and artisans being black.”

**Respondent 11:** “Living the South African context, living in our culture in South Africa, our culture more importantly in Durban, KZN, you've got that underlying racism factor”

- **Diverse workforce**

**Respondent 14:** *“We've got some Germans, we've got some Afrikaners, some Englishmen, Xhosa, Zulu, you name it. There's all sorts, different cultures, different upbringings.”*

- **Education and literacy level disparities**

**Respondent 7:** *“Yeah, a large number of our lower-level employees are not literate. So, when you're sharing values and a lot of this communication is in the written form.”*

- **Social infrastructure challenges**

**Respondent 6:** *“As an employee coming to work every day, you're facing potholes, lights not working, you're coming from no food, or tough home base, abuse, and you come into work and try to perform at a certain level of expectation.”*

**Respondent 7:** *“A lot of them arrive to work on the back of a vehicle or through public transport and taxis and the levels of safety and awareness in that is not quite what we're trying to enforce as a business.”*

**Respondent 8:** *“And the level of knowledge in terms of macro, what is happening within the country, doesn't sink well for them to understand that sometimes you can't afford high increases when the inflation is up.”*

The social, economic and political influences that South African shop floor workers face affect their attitudes at and towards work, which affects the cultural dynamics that are at play in the manufacturing environment. These influences are largely negative and create further tensions. This adds another layer to the previously discussed theme of a complex local culture that is often perceived negatively by manufacturing leaders, as the socio-economic challenges that workers face are not necessarily faced by their leaders who are in more privileged positions.

### 5.6.3 Theme 7: Challenging environment for leadership

A third theme that emerged with regards to the experiences of manufacturing leaders with their factory shop floor was the challenging environment that manufacturing leaders have to navigate in leading their factory teams. This theme builds on the two previously discussed themes, which painted a picture of the complexities of local culture and the socio-economic influences that negatively impact workers.

A total of 11 respondents made reference to dealing with unions and a unionised shop floor, which generally drives a militant shop floor culture and makes executing changes difficult. In terms of other highly recurring concepts, respondents discussed a prevalence of negativity in the shop floor (five respondents), the challenge of advancing factory technologies due to old legacy systems (five respondents), and a general lack of trust by the factory shop floor towards management (five respondents). Table 15 below shows the constructs and their frequency associated with this theme.

*Table 15: Constructs identified for theme 7*

Theme	Codes	Quotes	Respondents
Challenging environment for leadership	Authoritarian leadership tendencies	9	5
	Change management challenges	3	2
	Generational differences	9	4
	Language barriers	4	3
	Managing fairness in rules and rewards	7	3
	Negativity in factory environment	7	5
	Highly labour-intensive operations	6	3
	Slow technological advancement	19	5
	Shop floor not trusting management	13	5
	Unionised shop floor	24	11

Some of the quotations associated with this theme are shown below:

- **Unionised shop floor**

**Respondent 2:** *“So any management of change process, you have to engage with the union so that they understand and there's buy in.”*

**Respondent 7:** *“So the unions often don't necessarily have their employees' best interests at heart, and they're generally in conflict or in contradiction with management just for the sake of it, rather than looking out for their employees.”*

**Respondent 8:** *“Our factories are unionised, so the unions are driving a different agenda. They have all the information, they should be sharing the information with the shop floor, but their agenda is, let's work against leadership and demand everything as much as we can.”*

- **Negativity in factory environment**

**Respondent 3:** “...but on the management level I don't see any positivity. It's just more pressure that you are getting less recognised.”

**Respondent 6:** “If you're asking me my personal view of [the company] at this moment, it's a very negative-based culture.”

- **Slow technological advancement**

**Respondent 4:** “And also that it was accelerated, although like I said before, your processes and your procedures because you're an acquisition don't line up with the multinational's machinery, equipment, processes, the alignment becomes difficult, especially when it's accelerated.”

- **Shop floor not trusting management**

**Respondent 9:** “It's a very strange culture for me. It's not a culture of where trust has been built over the years.”

The quotations above indicate the extent of the challenges faced by manufacturing leaders in trying to lead their shop floor and drive performance. Manufacturing leaders are stunted by militant unions, negativity, legacy technological systems, language barriers and generational differences. These challenges are a clear indication of the wedge that exists between South African manufacturing leaders and their shop floor workers, due to the cultural disparities and complexities discussed in sections 5.6.1 and 5.6.2. When comparing to the experiences of manufacturing leaders with their MNC organisational culture, it can be seen that the more significant cross-cultural tension exists between the South African leaders and their own local South African teams.

#### 5.6.4 Theme 8: Skill growth and retention

The final theme pertaining to research question two that emerged from the data collected was the challenges experienced by South African manufacturing leaders in growing and maintaining a strong local skills base. The most recurring concept was the challenges leaders are facing in retaining skills, due to skilled labour leaving the manufacturing industry or emigrating out of the country (six respondents). According to the respondents, this is largely due to the socio-economic difficulties experienced by South Africans who emigrate in hopes for a better life, as well as due to the fact that working in manufacturing is not attractive anymore and employees want to exist

the sector. For the latter, the role of factory culture may be an influencing factor, but it was not clear in the research. The high attrition rates create instability and knowledge reduction within the factory environments, which creates further pressures and negativity that leaders need to navigate. Furthermore, four respondents discussed challenges with agency, whereby they perceive South African shop floor workforce as being relatively complacent towards their own development. Although MNCs provide some level of support to upskill local South African teams (as stated by four respondents), manufacturing leaders find it difficult to find the time and resources to properly upskill their teams (as stated by two respondents). This relates back to theme 2, which discussed the pressures leaders feel to perform within their organisations. Table 16 below shows the constructs and their frequency associated with this theme.

*Table 16: Constructs identified for theme 8*

Theme	Codes	Quotes	Respondents
Skill growth and retention	Lack of agency	10	4
	Global MNC training support	7	4
	Time and resources needed	4	2
	Skills retention challenges	17	6

Some of the quotations associated with this theme are shown below:

- **Lack of agency**

**Respondent 2:** *“I still feel that there is a lack of ownership of development by employees. They still wait to be told you have to attend this course to grow yourself.”*

**Respondent 10:** *“So here people want to do what they’re employed for, and that’s what they’re going to do. If you give them more tasks, they’re going to ask you how much more you want to pay me.”*

- **Global MNC training support**

**Respondent 5:** *“We have training, we have master trainers all the way up to CEO level. Everybody has an opportunity to be trained in something in detail, either locally, globally, anywhere in the world.”*

- **Skills retention challenges**

**Respondent 8:** *“The second thing is high staff turnover. People leaving factory, moving into other areas, it happens very often every year. The attrition is high in*

*factories, which then doesn't create a stable team, a continuous way of working. You always insert new people and then you become a learning academy.”*

**Respondent 13:** *“It's crime, it's load shedding, it's all things that just inhibits success, if you want to call it that. And that is why a lot of people are saying, Stuff it, I'm leaving.”*

In summary, although training is provided by MNCs, the findings show that high attrition of skilled staff and poor agency of existing employees to upskills themselves creates further pressure on manufacturing leaders who already face various challenges in managing shop floor culture and performance expectations from their MNC organisations.

#### *5.6.5 Summary of research question two findings*

The experiences of manufacturing leaders in engagements with their factory shop floor culture was found to be complex and challenging, and driven by various external factors. South Africa's national culture is exhibited in the shop floor through factory employees' attitudes and values, which are in turn deeply influenced by social, economic and political factors. Furthermore, the factory shop floor culture is unionised and militant, and exhibits elements of mistrust between management and shop floor, as well as negativity. In running their operations, manufacturing leaders face severe leadership challenges, which are compounded by the attrition of highly skilled workforce out of the country. Overall, the findings show that South African manufacturing management is culturally disconnected from their shop floor workforce, and that manufacturing leaders are struggling to connect with their factory teams, which is greatly impeding operational productivity.

The findings from this research question indicate that there is a strong need for better MNC integration with the local South African subsidiaries, and that MNCs have a role to play in supporting and helping South African manufacturing leaders in developing a more cohesive and symbiotic organisational shop floor culture.

#### **5.7 Research question 3 findings**

The third research question intended to explore the ways in which the MNC can better integrate with and support the local South African subsidiary in the context of

cross-cultural challenges, to improve factory performances. The three themes identified in the study relating to this question are presented below.

#### *5.7.1 Theme 9: Effective communication and engagement*

With regards to what is needed to improve MNC support and integration with the MNC, the most significant and recurring theme across almost all respondents was the benefit and importance of strong communication networks and effective engagement. All 14 respondents in the study made reference to the importance of or a need for good communication and engagement, between shop floor, management and global MNC teams. It must be noted that in some cases, respondents referred to communication and engagement as already being effective and important for the success of their factory performances, while other respondents identified a need for improved communication and engagement dynamics for better MNC and subsidiary integration.

One of the most recurring constructs in this theme was the importance of involving and integrating shop floor teams in projects, changes and directions. A total of ten respondents identified with this construct. Respondents explained that the involvement of shop floor employees creates a sense of belonging within the shop floor with the greater organisation. In particular, several respondents identified the importance of senior leaders from the global MNC interacting and engaging with factory workers when they visit the South African factories, and the positive impact that greeting the employees and sharing the company's results and goals can have.

Other highly recurring constructs were regular communication with the shop floor by management (eight respondents), and top-down communication to the subsidiary from MNC headquarters (seven respondents). The flow of transparent information from the top of the organisation at a global level, down to the leaders of the South African subsidiary and then even further down to the factory employees was identified to be key in driving effective involvement and buy-in from employees across all levels of the subsidiary.

Over and above communication, respondents whose organisations had channels and opportunities for international networking reported very positive impacts of the interactions between local and global teams. Whether it was for visits, training or longer work assignments, the movement of employees on an international level



drove improved knowledge sharing, as well as created better cultural understanding and reduced biases between teams from different countries. Four respondents stated that more knowledge sharing is needed between the global MNC and South African subsidiaries, as often the local South African teams feel that they are not aware of what is going on at other MNC factories.

Most notably, the benefit of effective communication and engagement dynamics was found to supersede any cross-cultural barriers that may exist between shop floor and management, as well as between the South African subsidiary and global MNC organisation. Respondents from all MNC countries advocated for transparency, communication, interactions and networking, and several respondents even made the link between effective engagement and the removal of cultural tensions and barriers. Table 17 below shows the constructs and their frequency associated with this theme.

*Table 17: Constructs identified for theme 9*

Theme	Construct	Quotes	Respondents
Effective communication and engagement dynamics	Communication to shop floor	16	8
	Communication top down from HQ	12	7
	Interacting and involving shop floor	16	10
	Measuring engagement	2	2
	Dismantling of language barriers	4	3
	More knowledge sharing needed	7	4
	Networking internationally: support network	12	8
	Networking internationally: visits, travel and work assignments	31	12
	Team building at shop floor level	5	3
Teamwork between factory departments	11	6	

Some of the quotations associated with this theme are shown below:

- **Communication to shop floor**

**Respondent 7:** *“But I think when you do interact and you get down to their level and they see that they can have a conversation with you, it does open doors.”*

**Respondent 11:** *“Some of the key things to me was communication. You got to communicate. You got to be open. You got to be transparent.”*

- **Interacting and involving shop floor**

**Respondent 3:** *“If they can come with a different strategy into the factory so that people on the floor, they can be able to feel like they are part of the organisation, they're being supported. Not like where the management is on the other side, they are down there on the floor. They need to be a sort of support so they feel like they are part of the organisation.”*

**Respondent 9:** *“We get visits, but they don't engage to the people. They don't still engage really with the people. So in [previous company], that's the difference. So, if you get senior leadership people, the shop floor would present their projects, there would be recognition of people, all of those type of things.”*

**Respondent 11:** *“It is in our culture as a company where you get a visitor coming from overseas, walks the plant, greets the people, meet the people, have a town hall, any questions. There's no hidden agenda. It's very transparent.”*

- **Networking internationally**

**Respondent 2:** *“So what we tried doing, so, [the operations manager] for instance, who's our head of operations this side in converting, is currently visiting two of our facilities in the UK. And part of why we've sent her there is to understand the best practices from there, to share some of our best practices, and also to, again, make people aware that there is a South African mill which does something similar with highly capable individuals.”*

**Respondent 6:** *“[The global technology team] also visit twice or thrice year. It gives you a personal touch as well. Those are the benefits you have. You learn a lot of cross-cultural competence.”*

**Respondent 11:** *“And having ex-pats come to the site is very good because it gives our people the sense of belonging in terms of you are connected with a bigger company, a bigger family. You may be a small site in a remote region, but you need to know and it's good to know that you have a bigger company behind you.”*

- **More knowledge sharing needed**

**Respondent 1:** *“We just see our bad results. We don't see who else has a bad result. I think a clean pair of eyes to come in, look at it and say, guys this is what you're doing wrong.”*

As shown by the quotations above and based on the feedback of respondents who do have it in place at their organisations, effective communication and strong engagement practices between the global teams and factory shop floor teams in South Africa have had the impact of uniting people, reducing biases, and creating better understanding from a cultural perspective. According to the findings, these benefits can be achieved no matter what the nature of the cross-cultural interplay is between the MNC, its subsidiary leadership teams and the shop floor.

### 5.7.2 Theme 10: Foster trust and understanding

A second theme that emerged pertaining to research question three was that MNCs need to foster trust and understanding with their South African subsidiaries. According to the most frequent respondent mentions, this can be done by providing South African leaders with more autonomy in how they run their operations (nine respondents), ensuring that MNC headquarters leaders understand the local South African context (six respondents) and developing cultural sensitivity awareness amongst MNC global leaders (six respondents). Furthermore, four respondents discussed how having South African leaders in the global MNC structured created greater trust between MNCs and the South African subsidiaries, due to the understanding those leaders have of the local context. Table 18 below shows the constructs and their frequency associated with this theme.

Table 18: Constructs identified for theme 10

Theme	Construct	Quotes	Respondents
Foster trust and understanding	MNC needing to understanding local context	10	6
	Importance of autonomy given to SA leaders	25	9
	More confidence and trust in SA needed	2	2
	Cultural sensitivity of MNC leadership	10	6
	Maintaining local culture	2	2
	Sense of belonging with greater company	3	2
	South Africans in HQ leadership	4	4

Some of the quotations associated with this theme are shown below:

- **Importance of autonomy given to South African leaders**

**Respondent 2:** *“I think they do give us room to make certain decisions and they do support those decisions. But I think they could improve the amount of leash - that's the wrong analogy, but anyway.”*

**Respondent 9:** *“So, you do have a level of autonomy, but it's still very, I can say a bit suffocating in a sense. I don't know if you can explain it. Because while you have that autonomy, but it's still very micromanaged, right?”*

**Respondent 11:** *“I'll tell you what, I think one of the reasons why I stayed so many years with the company is that I'm empowered to do what I need to even if my boss is with me, it's still my decision. Yes, you have his input, but at the end of the day, it's mine.”*

- **MNC needing to understanding local context**

**Respondent 13:** *“Ultimately, I do sit in meetings with him as well as our VP who comes from Luxembourg. And these guys, they don't understand it. They don't understand what the fuss is about. They don't understand why we're even doing Christmas bonuses.”*

- **Cultural sensitivity of MNC leadership**

**Respondent 2:** *“What I do also find is that there, at least now is an awareness of the cultural differences in how we do things in different regions around the world, and an acknowledgment of that. And that allows us to lead in a manner which is specific for that country.”*

**Respondent 7:** *“But I think the onboarding and sensitising of expats on that could be better from an HR onboarding process.”*

- **South Africans in HQ leadership**

**Respondent 7:** *“So, bearing in mind that a lot of the directors and senior managers in the parent company are actually South Africans now... So I think they have a much better understanding of the dynamics on the shop floor and the interactions and the goings on.”*

In summary, it is apparent that a need for improved trust and understanding exists across MNC subsidiaries in South Africa. This can be achieved through providing

and trusting South African leaders with more autonomy in how they run their operations, as well as developing greater cultural sensitivity and contextual understanding amongst MNC leaders.

### 5.7.3 Theme 11: Support required skill development

Finally, the third theme that emerged pertaining to research question three was the support required by South African manufacturing leaders to develop and retain skills within their operations. This theme was significantly less prevalent than the two previously discussed, however it relates back to the theme of skills growth and retention challenges discussed in section 5.6.4, and creates another solution to navigating cultural challenges and interplays. According to a few respondents, there is a need for MNCs to drive better local skill development in leadership (two respondents), and grow local talent as opposed to drawing on global talent and expatriates (three respondents). This has the potential to create local leaders and managers that can better navigate the challenging factory environment and cross-cultural MNC interface, reduce the impact of skills leaving factories, and reduce tensions with expatriates and global teams. This need was supported by two respondents who made mention of poor leadership and management capabilities within their subsidiaries. Table 19 below shows the constructs and their frequency associated with this theme.

Table 19: Constructs identified for theme 11

Theme	Construct	Quotes	Respondents
Support required skill development	Poor local leadership capabilities	6	2
	Skills development: leadership	4	2
	Skills development: talent growth	3	3

Some of the quotations associated with this theme are shown below:

- **Poor local leadership capabilities**

**Respondent 6:** *“Other points is also sometimes I don’t see poor leadership on quite a lower level. And the problem by me not seeing poor leadership is that it destroys teams for the longer run.”*

**Respondent 9:** *“Like I said, [the company], I’m seeing the head of this culture as a different culture in France compared to what we have in South Africa. And I think that*

*is a result very much of still a segmentation of how a general manager of the country would run or cascade the values.”*

- **Skills development: talent growth**

***Respondent 3:** “It’s to groom [the local leaders] up because that platform is not there. To try to groom the people that you find in positions already.”*

***Respondent 7:** “So where do people need to be developed and grown? It could be engineers needing financial exposure and project management exposure, management and leadership, confidence in public speaking, those sorts of things.”*

- **Skills development: leadership**

***Respondent 6:** “I think the shortcoming is we probably could do better programs on the leadership side as we do on the technical side. But it comes with the notion that if you do get into a position like this, you know how to do the work.”*

By focusing on upskilling teams in the local South African subsidiary in leadership and growing local talent, MNCs would counter some of the skills attrition challenges that manufacturing leaders are experiencing, as well as grow leaders who are culturally-sensitive and capable to handle the challenges of the South African manufacturing environment.

#### *5.7.4 Summary of research question 3 findings*

In investigating what is needed to improve MNC support and integration in the local South African cultural context to improve factory performances, three themes emerged. Firstly and most distinctly, effective communication and engagement between MNC teams, subsidiary leaders and factory shop floor is crucial to reduce biases and bridge cultural divides. Secondly, MNC leaders need to foster better trust and understanding within their subsidiaries by providing manufacturing leaders with more autonomy. Finally, more focus on growing leadership capabilities and talent can support South African manufacturing leaders in maintaining local skills and being better equipped to navigate the challenging culture of the shop floor. The impact of successfully bridging these gaps was found to create effective dynamics within the subsidiaries, no matter what the MNC home country was. The extent of cultural barriers and differences between South Africa and MNC home countries was shown

to be effectively navigated if communication, engagement and trust were strong features in the organisational culture. This is a key finding for this study, as it shows that no matter the extent of cultural differences, achieving a symbiotic working environment where various cultures exist and teams perform well is attainable if communication and engagement is able to achieve trust between teams.

## **5.8 Conclusion**

This chapter provided a breakdown and analysis of the results of this study. The interview data and analysis approach was outlined, showcasing elements such as the demographics of the respondents, the number of interviews conducted, how the interviews were transcribed and analysed, and the coding process. Following this, thematic findings for the three research questions were presented. The findings showed that with regards to their experiences of their MNC organisational culture, most South African manufacturing leaders enjoy resourcing benefits but do face high performance pressures. There is a sense of mistrust and negative biases that South African teams feel from their MNC teams, but surprisingly these feelings do not seem to stem from national culture differences as MNC national culture plays a very minor role in the experiences of South African manufacturing leaders. From a South African shop floor standpoint, manufacturing leaders are experiencing a myriad of challenges in leading their teams, due to a complex and divided factory organisational culture. Socio-economic challenges play a role in driving these cultural tensions, and manufacturing leaders are seemingly finding it difficult to connect with their workforce. Furthermore, skilled workers are leaving the industry at large at a fast rate. Finally, in terms of how better cross-cultural integration can be achieved between MNCs and their South African subsidiary teams, the most prevalent finding is the need for effective communication and engagement practices, between MNC teams, South African leaders, and factory shop floor teams. Furthermore, more trust and autonomy needs to be provided from MNCs to South African manufacturing leaders to run their operations as they best see fit, while supporting them with local talent development and growth.

## **6. CHAPTER 6: DISCUSSION OF RESULTS**

### **6.1 Introduction**

This chapter will cover a discussion of the results for the three research questions, as presented earlier. The chapter begins with a discussion of research question one findings, which pertain to the experiences of manufacturing leaders with their MNC organisational culture. The reviewed literature on organisational culture frameworks and MNC culture is discussed in relation to the study findings. Following this, the second research question findings are discussed, which pertain to the experiences of manufacturing leaders with their South African factory shop floor culture. In relation to this research question, the reviewed literature on national culture frameworks, as well as literature on South African industry and its culture and how it relates to the study findings is discussed. Finally, the findings for research question three, which pertain to what is needed to improve support and integration of MNCs with their South African subsidiaries, are discussed in relation to all of the previously reviewed literature.

### **6.2 Research question 1**

The first research question intended to explore the experiences of South African manufacturing leaders with their MNC parent's organisational culture. The research question aimed to establish how the leaders view their MNC organisational culture, what they find challenging about the MNC organisational culture, and what they find helpful and beneficial that supports the running of their manufacturing operation. The four themes identified in the study relating to this question are discussed below.

#### *6.2.1 Theme 1: Resourcing, support and improvements*

The study has shown that in most cases MNCs provide substantial resourcing support to their South African subsidiaries. As shown by the results in table 9, 12 respondents stated that they have access to global knowledge and support, 10 respondents discussed the benefits of capital expenditure (CAPEX) made by their MNCs on equipment improvements, and eight respondents discussed the assignment of expatriates from MNC headquarters to provide knowledge and upskilling assistance when needed by the South African subsidiary. Additionally, several respondents made mention of support from MNC headquarters provided



during a crisis or difficulties, which helped the South African teams navigate their challenges more easily. All respondents who stated that they are receiving resourcing support indicated that this level of support has been a positive experience for their manufacturing sites, and has created opportunities for growth, problem-resolution and minimising effects of crises and local challenges. Furthermore, six respondents made reference to ways in which their MNC is investing in community upliftment and environmentally conscious projects within the South African context. However, seven respondents stated that insufficient resourcing support is provided from their MNC. Those respondents are part of MNCs from various parts of the world, and no particular geographical cluster or continental location was identified for MNCs that were providing inadequate financial or human resources.

Literature has shown similar findings. Nguyen and Rugman (2015) stated that subsidiaries are able to leverage the global organisation's equity financing to invest in upgrading their local sites. In this study, this was confirmed, as several respondents also made mention of the fact that some of the upgrades and improvements would not have been possible without the MNC headquarters intervention. Literature has also shown that the level of resourcing provided to a subsidiary by the MNC is dependent on the cultural capital that the subsidiary holds, as postulated by Levy and Reiche (2017). As mentioned above, several respondents stated that they felt that their MNC headquarters was not providing sufficient resources to their South African manufacturing sites. However, none of the respondents made reference to cultural capital interplays that may affect how resources are distributed amongst subsidiaries. Rather, the reason given by the respondents was due to economic challenges in the country, which have reduced confidence of MNCs to invest into further improvements at South African plants. This ties in with the theme of mistrust and biases towards South Africans detailed in section 5.5.4, and the finding suggests that South African manufacturing sites are losing out on potential resourcing support due to negative perceptions of South Africa as a whole. This is an important finding as it shows that there is work to be done by South African leaders to create better perceptions to safeguard future global investments.

Over and above financial support and investment, the provision of human resources in the form of expatriates and knowledge sharing is in line with literature. Tung (2016)

stated that there is a growing recognition amongst firms that human capital is a key to international competitiveness. However, the movement of human capital such as expatriates has been found by Tung (2016) to also introduce both positive and negative influences on organisational performance, due to cultural disparities. This held true in this study, as some respondents reported positive impact from the assignment of expatriates, while others reported a negative impact. The negative impact was noted to be the case in the firms of respondent 1 and 3, who felt that the capabilities and value add of expatriates was inadequate to their organisations. It is worth noting that of those firms had undergone a very recent subsidiary acquisition and had undergone significant changes in structure and organisational value systems. Therefore, it may be that the negative experiences with expatriates might not have been due to cultural differences, but rather due to the discomfort of organisational change brought about by firm acquisition and restructuring.

Also, with regards to expatriates, Ge et al. (2020) had found that the cultural distance between the host country and home country affects the extent to which expatriates are deployed, and that an MNC may rely more heavily on local expertise when cultural differences are significant. In this study, respondents whose MNCs were from the United States of America (USA), Japan, Turkey, Luxemburg, and Germany all reported experiences with expatriates. Looking at the Lewis (2018) model of cross-cultural communication, Turkey is more culturally similar to South Africa than USA, Germany Japan and Luxemburg. However, respondent 1 (Turkey MNC) reported much more tense and challenging experiences with expatriates who were deployed to a large extent, versus other respondents who reported expatriates deployed as and when needed to support (such as respondent 4 and 5, both who work for Japanese MNCs). Therefore, the findings from Ge et al. (2020) were not in line with the findings from this study, as there was no correlation found between expatriate deployment and cultural distance.

Overall, the study confirmed that MNCs provide significant resourcing support to their subsidiaries, as noted in literature. Interestingly, the extent of provision of resources was not found to be linked to the extent of differences between South African and MNC national culture, thus showing that national cultural differences may not play a role in support and resourcing dynamics as postulated by literature. However, many MNCs have reduced confidence in South Africa and are thus not investing as much

into South African manufacturing facilities. This poses a serious concern for the future of the manufacturing industry in South Africa, and shows that there is a need to improve the lack of confidence that many MNCs have towards the country and its leaders.

### *6.2.2 Theme 2: Pressure to perform while navigating complexity*

A second theme that emerged from the experiences of South African manufacturing leaders with their MNC organisational culture was the pressure on them to perform and produce results while navigating a complex organisational environment, as shown by Table 10. Several respondents stated that they experience stricter targets and performance expectations coming from their MNC headquarters. Furthermore, some respondents discussed the difficulties of agency and task execution due to bureaucratic challenges, and a few respondents stated that they experience challenges with teams working in silos, misalignment of priorities between departments, and restructuring and changes that come from MNC headquarters. Respondents also reported that they have added pressure due to high expectations from MNCs to maintain safety, good governance and ethical standards within their manufacturing sites. A few respondents articulated that their organisational culture is results-focused.

The performance expectations and management principles identified from this study are confirmed by existing literature. Mellahi et al. (2016) had found that the performance management practices at subsidiaries of MNCs are not based on local subsidiary practices, but are rather influenced by global best practices and standardisation. This was apparent in the feedback from the respondents in this study: several respondents made mention of the result-focus of their MNC parent organisational culture, and six respondents stated that they experience stricter measures, targets and performance appraisals within their roles as manufacturing leaders, often receiving instructions dictated to them from HQ and being expected to provide regular reporting and feedback on their performances.

In terms of organisational complexity and how it impacts agency, Kostova et al. (2018) had stated that tensions develop between MNCs and subsidiaries due to the way in which decision-making power is delegated and decentralised. This was observed in this study as six respondents reported challenges with executing tasks

and projects due to the bureaucracy and procedural complexity associated with getting things done, which caused frustrations. In another study pertaining to agency, Cuervo-Cazurra et al. (2018) found that decision-making rights and autonomy is loaned from MNCs to their subsidiaries, but more control is exercised in decision-making by MNCs if subsidiary interests differ from those of the global MNC organisation. According to Cuervo-Cazurra et al. (2018), this decision-making dynamic is linked to power dynamics between MNCs and subsidiaries, and between locals and expatriates. In the case of this study, the results did not clearly indicate whether the agency challenges experienced by manufacturing leaders at the South African subsidiaries are due to differing interests or power dynamics. Rather, the feedback provided by respondents was that MNCs simply have highly complex approval systems due to the sizes of the organisations. Therefore, although these complexities result in operational challenges, missed opportunities and feelings of frustration, they are seemingly not linked to cross-cultural interplays and tensions between South African subsidiaries and their MNCs.

In terms of organisational culture on the whole, respondents found it difficult to describe their MNC organisational culture, and were able to only provide insight into expectations, such as the high expectations to perform and maintain strict ethical and governance principles. The bureaucratic agency challenges described by some respondents was indicative of the role culture type from the Handy (1976) model, however the dictating of instructions was synonymous with the power culture type as well. The descriptions of culture were also not captured by any of the CVF (Cameron & Quinn, 1999) classifications, as the feedback from respondents was not adequate to classify into any of the CVF types. However, there were many cases of respondents describing their organisational culture through artefacts and espoused values, and giving indication to underlying assumptions as per the Schein (1990) organisational culture model. For example, the resourcing support discussed in section 6.2.1 and the procedures and standardisations are an indication of the artefacts of MNC organisational cultures. The espoused values are shown in the respondents' descriptions of their result-focused culture. The underlying assumptions have thus been shown to be related to ensuring subsidiary profitability through strict controls and adherence to MNC expectations. This may be linked once again to perceptions of South Africa and the global team's need to exert control over subsidiary teams. For an exploratory, inductive study of this nature, Schein's (1990)

model has shown to be most appropriate to provide insight into complex MNC organisational culture as experienced by South African teams.

### *6.2.3 Theme 3: Influence of MNC national cultures*

Although the previous two themes have been found to be delinked from MNC national culture, in the cases of some respondents, the influence of MNC national cultures on organisational culture has been found to be exhibited through national attitudes and values and the extent to which they permeate the way organisations operate. As shown by Table 11, several MNC organisational values, attitudes and behaviours that originate from MNC national cultures were apparent in the MNCs' dealings with their South African subsidiaries. Four respondents reported that their MNC organisational culture followed a regimental and rigid approach, based on the Japanese and German national cultures that the MNCs originated from. A few respondents also identified national culture values such as caring and considerate approaches, a continuous improvement attitude, and a prioritisation of work over personal leisure. The respondents found that these behaviours were exhibited by the MNC headquarters employees and teams, as well as by expatriates.

These observations confirmed the findings from various literature studies. Szydło and Grześ-Bukłaho (2020) had stated that employees of organisations are predominantly guided by the values and beliefs dominant in their national cultures. Boscarri et al. (2018) identified that national culture is a key influencer on operations management. Furthermore, studies have found several attitudes, behaviours and values are typically identified as clashing amongst cross-cultural teams at MNCs. These include attitudes towards time and punctuality (Arman & Adair, 2011; Masovic, 2018) and the value placed by individuals on work-life balances (Chandra, 2012; Masovic, 2018). These attitudes came up in several interviews, as many respondents identified how different South Africans' attitudes towards a work-life balance is when compared to their global MNC teams. However, respondents did not find this to be a significant inhibitor to MNC relations, or a barrier for good cross-cultural teamwork.

Interestingly, the differences in attitudes and values were not in agreement with literature and frameworks that describes country-specific cultures. Firstly, with regards to the regimental and rigid approach of German and Japanese MNCs, this description of German culture aligns to the Lewis (2018) model classification of

linear-active (meaning factual, organised and decisive), but the Lewis (2018) model classification of Japan as largely reactive (meaning accommodating and amiable) is not aligned to the experiences of the respondents in this study. However, the caring and considerate culture experienced by manufacturing leaders from their Japanese MNCs is aligned to the Lewis (2018) classification of accommodating and amiable behaviours. Therefore, this study has shown that frameworks such as the Lewis (2018) model fail to encompass national culture nuances, and seem to oversimplify national cultures.

The respondents in Japanese MNCs also reported strong attitudes towards continuous improvement, which in one respondent's experience who lived and worked in Japan, is a deeply embedded national culture. The second respondent from a Japanese MNC, whose organisation had previously been owned by an Indian MNC, commented on the much greater focus and importance that Asian cultures place on work as opposed to leisure, which clashes with the South African leisure-focused culture. These findings are in line with the constructs identified by Masovic (2018) of attitudes towards work, change, time and job value. The influence of MNC national cultures on organisational culture was most evident in the two Japanese MNCs in this study, which is not predicted by any of the national culture models and indicates a need for further research into reasons behind this phenomenon.

Tung (2016) had stated that in many MNCs, the concept of inverse resonance is at play, whereby vastly culturally-different teams seem to integrate better than culturally-similar teams. In the few instances where respondents discussed MNC national culture influences, this does appear to be true. Based on the Lewis (2018) model diagram, Germany and Japan are both significantly culturally different to South Africa, and respondents from MNCs headquartered in these countries indicated positive experiences and integration with their global teams. However, this handful of cases is not enough to fully confirm Tung's (2016) findings.

Overall, the influence of MNC national cultures was not apparent across most respondents' experiences. Only a few respondents identified national culture influences, and those influences were most notable in the two Japanese firms. Furthermore, only a small handful of cultural influences were identified, and none of these influences resulted in significant negative clashes and challenges for the South African subsidiary teams. Therefore, MNC national culture is not a significant

component of MNC organisational culture for South African teams. Considering that many studies have advocated for the strong influence of national culture on organisational culture, the lack of MNC national culture influence on South African subsidiary experience is a major finding for this study.

#### *6.2.4 Theme 4: Trust and bias challenges*

The fourth theme that emerged in this study in response to research question one was the prevalence of trust and bias challenges between MNCs and South African subsidiary teams. Several respondents reported that MNC teams and leaders have negative biases and perceptions of Africa and the capability of Africans in general. Additionally, respondents experienced tensions and exclusionary practices with expatriates, which were compounded by language barriers and differences in some instances. Three respondents also reported that they felt micromanaged by MNC headquarters, and that they were not trusted to make their own decisions.

Literature has shown that trust is a prominent construct in MNCs in their engagements with their subsidiaries, and significantly impacts employees' experiences of the company culture. Tenzer et al. (2014) found that language barriers play a key role in influencing understanding and trust formation between multinational teams. This was identified across the two Japanese firms, where respondents stated that interacting with teams of expatriates who are fluent in another language often led to feelings of exclusion during meetings. Furthermore, the language barriers also led to difficulties in understanding. According to Tenzer et al. (2014), the misuse of words and apparent misunderstandings that arise due to language barriers may lead to lower perceived trustworthiness between teams. Although this was not explicitly stated by the respondents to be the case, many respondents working for firms where MNC language is different to subsidiary language experienced micromanagement by their MNC leadership.

In terms of cross-cultural team dynamics, Vaara et al. (2021) had found that subsidiaries of MNC experience organisational politics and power struggles between locals and expatriates, and that these tensions drive exclusions, discrimination and stereotyping. Furthermore, Vaara et al. (2021) stated that stereotyping and bias can sometimes be used by leaders in MNCs to differentiate members and deem others as inferior. This phenomenon was noted in some subsidiaries; for example,

respondent 1 discussed their CEO's tendencies to have private meetings and team building sessions with expatriates and not with local teams, which created frustration and feelings of exclusion and disappointment.

The study by Crossman and Noma (2013) had found that trust between multinational teams is dependent on whether the lower ranking team members (in this case, the South African subsidiary teams) are able to act in accordance with the cultural expectations of the higher-ranking team members (in this case, MNC headquarters and leadership). Furthermore, Tung (2016) had noted that teams interacting with employees distinctly culturally different to them had better intergration than with those who were culturally similar, especially in African firms. Based on the feedback from the respondents from this study, this does not appear to be a driver for mistrust. Rather, the prevalent biases and negative perception that many global teams have of South Africans, and Africans in general, seems to be a pervading cause for mistrust.

These biases are perceived to be a result of external factors such as political instability and negative publicity (as stated by respondent 12) and appear to not be based on the actual capabilities of the local South African teams. This is an important finding for future academic studies, as prior literature has not considered this to be a key factor in driving trust between teams in MNCs. Even more importantly, this is an important finding for businesses, as negative biases and perceptions due to external macro-economic factors are affecting the relationship between South African subsidiaries and their global teams and impacting resource provisions as discussed in section 6.2.1. Therefore, mistrust and negative bias due to country-wide perception is stunting the growth of South Africa's manufacturing sector.

#### *6.2.5 Research question 1 summary of discussion*

Research question one aimed to develop an understanding of what South African manufacturing leaders experience with regards to the greater MNC organisational culture. Four themes emerged from this study that explained these experiences. Firstly, it was apparent that ample resourcing, support and improvements are provided to most South African subsidiaries by their MNCs, as identified in various studies of MNCs. However, although tensions exist between locals and expatriates, the level of support and resourcing provided has not been found to be linked to



cultural capital or cross-cultural interplays between MNC and South African national cultures. In some cases, South African teams feel that not enough resourcing is provided to support their facilities, which appears to be due to MNCs having reduced confidence in South Africa as a whole.

A second theme that emerged in relation to this research question was the performance pressures that manufacturing leaders experience while navigating a complex organisational environment. The performance expectations due to global MNC standards is typical of what has been documented in literature, and the agency challenges due to decision-making structures and procedures being decentralised in the MNC organisation had also been found in previous studies. However, in this study the reasons for these complexities and performance expectations was not clearly linked to any power dynamics between locals and expatriates, as predicted by literature. Therefore, once again the MNC national cultures were not identified to play a role in a key experience of South African manufacturing leaders. In terms of organisational culture classifications, most typology frameworks were inadequate in describing and providing insights, however Schein's (1990) model proved to be most useful in uncovering deeply-rooted organisational values and assumptions.

A third theme that emerged in relation to this research question was the influence of MNC national cultures on some organisational behaviours and attitudes, such as regimental approaches, continuous improvement mindsets and a considerate attitude. These national values are largely typical of what is identified for those cultures in existing frameworks and studies, however only a small handful of respondents identified MNC national culture influences. Furthermore, those influences were not experienced by South African teams as clashing or resulting in major negative tensions. Therefore, MNC national cultural influence has been found to be minor and not a key organisational culture element for South African manufacturing leaders.

Finally, the theme of mistrust and biases towards South Africans (and Africans in general) was identified in the experiences of South African manufacturing leaders. This was driven by language barriers, tensions between expatriates and locals, and due to negative perceptions that MNC teams have of South Africa. Although language barriers are linked to a cultural difference between teams and have been reported to cause exclusion and tensions between MNC teams in literature, other

tensions and biases seem to result from negative publicity and external factors in the South African context, and are not explicitly linked to cross-cultural interplays. Nevertheless, the issue of mistrust and negative bias is a concern, as it appears that the perceptions that drive those feelings amongst MNCs is creating a difficult working environment at the subsidiary level and preventing further investments. As a result, mistrust and negative biases are a factor that is stunting manufacturing sector growth in South Africa.

### **6.3 Research question 2**

The second research question intended to explore the experiences of South African manufacturing leaders with their factory shop floor culture. The research question aimed to establish how the leaders view their factory shop floor culture, what challenges they experience in engagements with their shop floor, and how they navigate their shop floor culture within the greater MNC organisation. The four themes identified in the study relating to this question are discussed below.

#### *6.3.1 Theme 5: Complex local South African culture*

In looking at the experiences of manufacturing leaders in engagements with their factory shop floor, the results from this study identified that there is a strong presence of a complex local South African culture within manufacturing shop floor environments. As shown by Table 13, several respondents identified values, attitudes and behaviours such as entitlement, complacency, poor discipline, and poor financial management across their South African teams. Furthermore, a few respondents felt that South Africans have a tendency to protect their own image, and tend to be reactive in their decision-making. Conversely, a few respondents did state that they view their South African teams as being more innovative than global MNC teams. However, the respondents who made these comments were referring to skilled workers such as artisans and engineers, and not typical factory shop floor workers and machine operators.

These descriptions of perceived shop floor culture are largely negative, with manufacturing leaders clearly viewing their factory teams as inadequate and difficult to work with. Considering these descriptions through the Schein (1990) culture model, the perceived values of the shop floor through the eyes of their manufacturing

leaders indicates that there is an underlying assumption of a fragmented and disconnected organisational culture at the subsidiary level, with managers and workers not working cohesively. Interestingly, this was not found to be the case between the manufacturing leaders and their global teams to such an extent, and while manufacturing leaders themselves experience negative perceptions by MNCs as discussed in section 6.2.4, they also appear to have negative perceptions of their shop floor teams.

From a literature standpoint, South Africa's national culture has been described using Hofstede's (2001) framework as having a high masculinity index (63), short-term orientation (34) and high collectivism (65) (Ju, 2022). Although the high masculinity and high collectivism attitudes were not apparent within this theme, the short-term orientation of South Africans was apparent in the experiences of the South African manufacturing leaders, through the complacency and poor financial management practices observed amongst the South African workforce. However, Hofstede's (2001) framework was not able to capture some more nuanced elements of South African culture as expressed by the manufacturing leaders, such as the observed feelings of entitlement, whilst still maintaining a strong collectivist approach (which is discussed in section 6.3.3. in more detail, under trade unionism).

Some of the identified South African idiosyncrasies do align with the Lewis (2018) model of cross-cultural communication, which describes Sub-Saharan Africa countries as being multi-active, meaning the culture is warm, emotional, impulsive and loquacious. For example, respondent 7 discussed the prevalence of impulsive actions such as theft, while respondent 6 stated that South Africans by nature tend to test boundaries and break rules. Respondent 6 also stated that South Africans are generally well-received by teams from other countries, due to their friendly and innovative approach. However, tendencies such as loquaciousness were not clearly shown in this study.

Masovic (2018) had identified that attitudes towards time, work and leisure, achievement and change are some of the key behaviours that change from culture to culture. These are observed quite clearly in the manufacturing leaders' experiences of their South African shop floor culture. For example, the respondents made reference to the attitude of resisting change based on the complacency of South African workers. However, what seems to be counterintuitive is that South

Africans can also be seen as innovative at the same time, and thus driving change. This is another example of a nuanced complexity and contradiction in South African culture that has not been described or accounted for sufficiently in literature.

What is most notable with these results is the strong and dominant presence of South African culture as experienced by manufacturing leaders, in comparison to MNC national cultures. Manufacturing leaders also appear to clash with their factory shop floor culture to a much greater extent than with their global teams, and there is an apparent disconnect and lack of cohesion in understanding between factory workers and their managers, and in particular with non-African managers. The racial and cultural differences between managers and factory workers seemingly plays a role in this disconnect, as was found by Louw and Jackson (2008). This lack of cohesion creates difficulties in leading and managing in that environment, and is clearly a further inhibitor of manufacturing performance at MNC subsidiary sites. Considering the high number of non-African managers and leaders currently occupying senior roles at South African manufacturing sites, there is a need to bridge this racial and cultural divide at factories to drive improved performance.

### *6.3.2 Theme 6: Social, economic and political influences*

A second theme that emerged in this study as part of the exploration of South African manufacturing leaders experiences with their South African shop floor, was the influence of external social, economic and political factors on the values, attitudes and behaviours of South African workers. As shown by Table 14, eight respondents discussed how poor infrastructure such as unreliable utility supply, transport challenges and high cost of living with low wages causes frustrations and tensions amongst workers. Furthermore, several respondents discussed the impact of apartheid on the current culture and dynamics in their shop floor, and the prevalence of highly diverse teams that they need to manage. Furthermore, educational disparities such as inadequate literacy levels were also reported.

These influences on culture are in line with findings reported in literature. From an apartheid legacy perspective, Marschall (2019) stated that although steps have been taken by the government towards transformation in the country, the socio-economic disparities that are a consequence of apartheid are still rife within South African society. In this study, respondents made reference to racial and diversity challenges

within manufacturing – for example, respondent 2 discussed the challenges associated with management previously being largely white and shop floor being largely black, and respondent 11 stated that there is an underlying racism factor that exists within the cultural context that they experience. These statements from respondents add to the understanding of the negative perceptions that South African leaders have of their shop floor, as the underlying tone of racial inequalities is a likely driver of the fragmented relationship between management and shop floor discussed in section 6.3.1. It also appears that manufacturing leaders are struggling to navigate racial tensions within their factory organisational culture context.

The socio-economic challenges reported are also linked to findings from previous academic studies. Du Plessis and Mestry (2019) found that rural schools in South Africa are poorly equipped and inadequate for effective teaching, and lead to poor literacy levels amongst South Africans. These effects were observed by the respondents in this study, who faced challenges with communication and numerical information cascades to their shop floor. Furthermore, the impact of poor infrastructure on workers' experiences was mentioned by several respondents. In particular, a few respondents mentioned the impact of unsafe and difficult modes of transport that workers take to work, which affects their attitudes towards safety, their standard of life, and their ability to show up to work as their best selves. The issue of public transport resonates with literature, with similar findings reported by Chakwizira et al. (2018), who found that South African public transport systems are unreliable, unsafe and require long commutes. These challenges that workers face are a likely breeding ground for further tensions between management and shop floor, as manufacturing leaders are in a place of greater privilege and do not experience many of these socio-economic issues.

Based on the findings from this study, it is evident that social, economic and political challenges in South Africa affect the country's workforce significantly, and that these influences are noted and observed amongst workers' behaviours within the manufacturing setting. These influences on shop floor culture place a strain on workers as well as the manufacturing leaders that then need to consider these impacts and navigate them to drive performance. The racial tensions between shop floor and management, as well as differences in experiences of socio-economic challenges, seem to explain the perceptions of shop floor culture that the respondents have. The negative perceptions and views of worker attitudes and

behaviours discussed in section 6.3.1. can be understood also as a product of a difference in privilege and background between management and shop floor. This difference in privilege adds to the differences in race and culture discussed in section 6.3.1. and shows there is a multi-faceted divide between managers and workers.

### *6.3.3 Theme 7: Challenging environment for leadership*

Building further on the two themes discussed above, the third theme that emerged in response to research question two was that manufacturing leaders navigate an extremely challenging shop floor environment which stems from various cultural influences. Eleven respondents discussed the unionised shop floor environment that they lead, as well as the challenges associated with working with trade unions to execute changes, negotiate wages and drive transparency in communication to the workforce. According to most respondents, unions are driving greater separation between management and shop floor, due to driving their own agendas and misleading workers when relaying communication. Furthermore, several respondents discussed a pervading negativity amongst shop floor workers, and a lack of trust between shop floor and factory management. Generational differences amongst workers, as well language barriers between workers and management, create further leadership difficulties for manufacturing leaders. As a result, manufacturing leaders have reported difficulties in leading and executing changes within their factories, problems with managing the perception of fairness amongst people, as well as slow uptakes of technological advancements. Lastly, a few respondents stated that they run highly labour-intensive operations, which means that large groups of people need to be managed and automation introductions can be challenging.

The inclination of South African workers to be part of unions has been explored in literature, although there have not been many studies done on this topic as a driver of cultural tensions in the workplace. Although trade unionism is not a key focus for this study, the prevalence of union influences on manufacturing leaders' experiences indicates that this is an important cultural construct that needs to be considered. Oppong (2013) had found that trade union membership within South African industries is high due to the collectivist and group-oriented mindset that is prevalent in South African national culture. Uys and Holtzhausen (2016) stated that unions can be highly influential of South African workers, and not only do they play a role in

advocating for workers and driving wage negotiations with employers, but have also driven militant agendas and violent behaviours amongst workers. The respondents from this study had varied experiences with trade unions. While some mentioned that unions can assist with change management at the shop floor level when engaged and communicated with, most respondents stated that unions create additional difficulties for them as leaders. Respondent 7 mentioned that he felt that unions do not always have employees' best interests at heart, and respondent 8 and 12 stated that unions are not transparent in their communication to the shop floor and drive their own agendas. These observations do affirm some of the literature findings, although it appears that current challenges between management and unions in manufacturing is more subtle and nuanced than covered in literature. Although there was no mention of violent militancy and strike behaviours, respondents did feel that the cultural divide that exists between them and shop floor is driven even further by unions and their apparent agendas.

The change management challenges and slow uptake of technological advancements are constructs that have also been identified in the study by Maisiri et al. (2021). Maisiri et al. (2021) had found that poor infrastructure and educational level disparities influence the inclination of workers in South African factories towards change and new technology adoption. However, the current study also positions these challenges as an influencer of cross-cultural tension between manufacturing leaders and their shop floor, which has not been explored in literature before.

The other challenges and experiences highlighted under this theme, such as challenges with managing fairness, shop floor negativity, and mistrust between shop floor and management, have been largely unexplored by academic studies in this field in the same context as this study. There is very little documented on the experiences of South African manufacturing leaders in leading their factory shop floor teams, and how the elements of culture translate into challenging and difficult leadership problems. In particular, the pervading negativity and mistrust that is felt by manufacturing leaders in dealings with their shop floor is an important consideration for businesses as it reaffirms the previously discussed fragmented and disconnected organisational culture in place at South African factories. This negativity and mistrust is a great leadership challenge for manufacturing leaders, as it is an obvious deterrent for factory performance and progress. An opportunity exists

here for MNCs to support South African teams better in integrating with their factory team culture.

#### *6.3.4 Theme 8: Skill growth and retention*

A fourth theme that emerged in relation to research question two was the issue of growing and retaining skills in the South African context. Six respondents made reference to their challenges in retaining skilled employees within their organisations, as skilled workers are either leaving the manufacturing industry or emigrating from the country in hopes of better opportunities. Furthermore, four respondents felt that the workers on the shop floor lack agency in upskilling themselves. Although some respondents did state that their MNC supports them with training to upskill South African workers, two respondents did make reference to how difficult it is to allocate time and resources within the factory environment to adequately train and upskill employees.

The reasons for the skills retention and skills development challenges are intricately linked to culture and cultural influences discussed in previous sections. Respondent 13 stated that skills are leaving the country due to the country's socio-economic challenges, such as unreliable electricity supply and crime, which are factors that have been found to negatively impact shop floor culture as discussed in section 6.3.2 above. Furthermore, the agency challenges that several respondents discussed in terms of shop floor employees not being motivated to drive their own skills development is related to the issue of complacency and entitlement discussed under section 6.3.1 and is suggestive of the short-term orientation cultural dimension that South Africans are identified with, as stated by Ju (2022). Considering the uncovered finding of a disconnected and fragmented culture and relationship between management and factory workers, the perceived complacency of workers to upskill themselves as stated by the respondents may rather be a product of the dissatisfaction and misunderstanding that exists within that context, as opposed to a national cultural value of South Africans.

The training support that is provided by MNC to try and upskill local South African teams echoes the discussion around resourcing support in section 6.2.1. However, the issue of not having time and resources to dedicate to training and upskilling is not a construct that emerged in literature in relation to culture, and seems to rather



be related to the theme of a challenging operational environment discussed in section 6.3.3. above.

The challenge of skill growth and skill retention in the South African cultural context was an unexpected finding in this study, as the concerns expressed by several respondents in this regard emerged from a deep-dive into their experiences of their South African factory culture. While the issue of skills retention and the challenges of skills growth are not constructs relating to culture, they are a product of challenges associated with organisational culture. This theme is an important motivator for research in the field of national and organisational culture in South Africa, as it has serious implications for skills and future growth of South Africa's manufacturing sector.

#### *6.3.5 Research question 2 summary of discussion*

Research question two aimed to develop an understanding of what South African manufacturing leaders experience with regards to their factory shop floor in the context of South African national culture. Four themes emerged from this study that explained these experiences. Firstly, it was apparent that there is a complex and somewhat contradictory South African culture that is experienced by most manufacturing leaders, which is comprised of many negative perceptions that leaders have of their teams and is indicative of a cultural divide between them. These include complacent and entitled attitudes, poor discipline, and poor financial management capabilities. Furthermore, the results show the nuanced complexity of South African factory culture which has not been thoroughly explored in literature and has been inadequately described by culture frameworks.

A second theme that emerged was the significant impact of social, economic and political influences in the external South African context, and how these factors impact South African factory culture. Poor social infrastructure, educational level disparities, post-apartheid effects and diversity drive tensions and strain South African workers. These influences provide a further deeper layer of meaning and understanding of what drives South African culture, as well as provide insight into the cultural tensions that exist between manufacturing leaders and their factory teams. The role of privilege that the manufacturing leaders have in their standard of life in contrast with their factory teams may be a further driver of tension.

The results have also shown that manufacturing leaders perceive South African factories as challenging environments for leadership, as they navigate unionised teams, negativity, slow technological advancement rates, and feelings of mistrust between shop floor and management. This challenging environment appears to be a product of a fragmented and disconnected organisational factory culture, as managers and workers seem to clash due to cultural, racial and contextual differences. These challenges are impeding performances at factories, and MNC support is needed to help South African teams better integrating with their factory teams.

Finally, the theme of skills growth and retention was identified. The results of this study have shown that manufacturing leaders are experiencing the loss of skilled workers due to both industry and socio-economic challenges. Furthermore, they are also finding it difficult to grow talent and skills, due to unskilled employees' lack of agency and a lack of time and local resources. Although this was an unexpected finding and not a construct that was identified to be associated with organisational culture in factories, manufacturing skills growth and retention is linked intricately with culture as it is a product of the same external influences that affect factory culture and global perceptions.

### **6.4 Research question 3**

The third research question intended to explore the ways in which the MNC can better integrate with and support the local South African subsidiary in the context of cross-cultural challenges, to improve factory performances. The three themes identified in the study relating to this question are discussed below.

#### *6.4.1 Theme 9: Effective communication and engagement*

The first theme that emerged from the results of this study that pertains to research question three was the importance of effective communication and engagement. This theme occurred across most interviews, and all respondents made reference to the benefits, importance and need for transparent communication channels and engagement practices between the South African factory shop floor workers, South African factory management, and global MNC teams. Twelve respondents discussed the benefits of networking internationally with their MNC teams, through visits, travel

and international work assignment. Visits from global MNC leaders to factories was identified as a great way for MNCs to gain better contextual knowledge of South African operations and culture, as well as a way for factory teams to develop a sense of belonging with the rest of the global company. Furthermore, respondents that discussed practices of sending factory workers to overseas sites for training and experience found that workers came back inspired, engaged and more culturally aware. From a local South African perspective, ten respondents discussed the positive impact and great need for consistent interactions of South African management with shop floor employees to drive understanding between the two sides. Other key constructs identified were the role cascading communication to the shop floor and top down from MNC headquarters, and driving teamwork between factory departments. Across this theme, respondents spoke emphatically about the difference that engagement and communication can make on the work culture in the South African factory setting. As respondent 3 stated, interactions and involvement of the shop floor drives a sense of community and factory employees feel more part of the greater organisation as a whole.

This theme is reflected strongly in the philosophy of ubuntu, which is documented as a core national culture characteristic in the South African context. Ewuso and Hall (2019) described ubuntu as a relational ethics system involving interdependence, reconciliation and community friendliness, amongst other factors. Translating into a work perspective, Oppong (2013) identified that Africans have preferred approaches and orientations towards work, which include collective decision-making and a focus on group identity over individualism. Furthermore, Mangaroo-Pillay and Coetzee (2019) explored how ubuntu translates into a management style, and identified 13 principles that managers need to adopt, which include openness and honesty, collective decision-making, sharing power and teamwork, people-centeredness and shared vision and goals. These principles of ubuntu directly correlate with the constructs identified in this study under the theme of effective communication and engagement. The shop floor engagement and transparent communication practices that most respondents referred to are clearly linked to the openness, honesty and vision-sharing that Mangaroo-Pillay and Coetzee (2019) identified. The involvement of shop floor in decision-making and projects that ten respondents highlighted speaks to the collectivist approach that both Oppong (2013) and Mangaroo-Pillay and Coetzee (2019) discussed. Finally, the international networking and team

building practices talk to the interdependence factor that Ewuso and Hall (2019) identified under ubuntu, as they encourage growing an interdependent community with mutual respect and understanding between the South African and global MNC teams.

The inclination towards collectivism in South African culture has been identified in other academic studies, such as the study by Ju (2022) where Hofstede's (2001) dimensions framework was applied. However, this key principle of South African culture which has been confirmed in this study is not a factor of other national culture frameworks, such as the Inglehart (2006) and Lewis (2018) models. This once again confirms that existing national culture frameworks are limited in their abilities to describe the depth of and complexity of South African culture.

From an organisational culture perspective, these approaches are linked to the clan culture classification of the competing values framework (Cameron & Quinn, 1999), which encourages a collaborative and participative approach. However, the clan culture classification misses out on describing the more nuanced collectivist, compassionate and human approach that ubuntu philosophy stands for. Interestingly, none of the other organisational culture typologies discussed provide a description of an organisational culture style that describes this approach. However, in applying the Schein (1990) organisational model, an organisational culture framework for South African factories can begin to be built, starting with underlying assumptions relating to ubuntu principles of openness and transparency, and developing espoused values of engagement, communication and networking. Based on the feedback from respondents, the artefacts for these values can take the form of international visits to sites, face-to-face shop floor feedback sessions, and global support networks.

#### *6.4.2 Theme 10: Foster trust and understanding*

A second theme that emerged in response to research question three was that respondents felt that more needs to be done by MNCs to foster trust and understanding with their South African subsidiary teams. Nine respondents discussed the importance of being given autonomy by their MNC leaders to make decisions and run their operations as they see fit. This was due to the fact that many leaders feel micromanaged in their roles, and unable to do the improvements they

feel are needed to make the greatest difference in their factories. This micromanagement compounded the feelings of mistrust, which were discussed in section 6.2.4. Furthermore, a few respondents stated that more confidence and trust is needed in South Africa as a whole, for more investments and improvements to be made in their manufacturing spaces. Respondents provided several ways in which trust and understanding can be improved, such as MNC leaders developing a better understanding of the South African context, improving cultural sensitivity, and having more South African leaders in global MNC leader roles. Respondents generally felt that if there is greater understanding and appreciation of South African cultural intricacies and influences and if they are allowed to manage their teams as they best see fit, that a more positive, inclusive culture can be developed in their factories.

Poor trust and autonomy have been identified in other academic studies of MNCs, as confirmed in study findings by Cuervo-Cazurra et al. (2019), Kostova et al. (2018), Tenzer et al. (2014) and Venaik et al. (2005). Of these studies, only Tenzer et al. (2014) provided an overview of how multicultural teams in MNCs can overcome trust challenges. According to Tenzer et al. (2014), a corporate culture that values diversity and encourages open communication across teams speaking different languages can drive a positive emotional climate and improve team performance. This finding by Tenzer et al. (2014) is very similar to the findings from this study, which has shown that open communication, transparency and engagement is key to bridging cross-cultural differences. However, these studies do not make mention of the other constructs identified under this theme, such as developing cultural sensitivity and knowledge of the subsidiary's cultural context. Therefore, for the complex cultural setting of South African factories, MNCs need to take intentional steps to grasp the socio-economic challenges, historical background and indigenous cultural influences present. Furthermore, Venaik et al. (2005) placed particular attention on the importance of providing subsidiaries with autonomy in order to drive innovation and performance, which is supported by the results of this study.

Additionally, some elements of ubuntu principles highlighted in literature are linked to the constructs in this theme. The principle of empowerment mentioned by Mangaroo-Pillay and Coetzee (2019) is linked to the autonomy and trust that manufacturing leaders have stated is needed to better connect the South African subsidiary teams with their global MNC. This further builds on the finding that a new

organisational culture model should be developed for South African factories. In applying a Schein (1990) model structure, the underlying assumptions of understanding and trust can support values of empowerment and autonomy, which can be represented as artefacts through processes that allow leaders to execute in their South African context as they best see fit.

#### *6.4.3 Theme 11: Support required skill development*

Third and final theme that emerged in response to research question three was the additional support that South African manufacturing leaders require to develop the right skills and talent. This theme was not as prevalent as the other two themes relating to research question three, as only a few respondents discussed the skills development support needed. Two respondents mentioned the poor local leadership capabilities in the South African subsidiary: respondent 6 discussed the poor leadership skills of supervisors and factory managers, while respondent 9 felt that the South African MNC subsidiary leaders are inadequately conveying the values and vision of the global MNC. Two respondents felt that MNCs should invest in developing leadership skills at the South African subsidiaries, and two respondents felt that more should be done to grow local talent as opposed to bringing skills from other MNC subsidiaries. This is an interesting finding as previously it was identified that most MNCs provide ample resources and human resources support to develop knowledge and skills at South African subsidiaries. However, based on the constructs identified under this theme, it is apparent that not enough resources and support are being provided to develop and grow future talent and leaders from within the South African subsidiaries.

The study by Fey and Björkman (2017) which was centred around the development of management skills at MNC subsidiaries found that the investment made by the MNCs to grow local leadership talent at their subsidiaries had a strong positive influence on firm performance. Therefore, the feedback from the respondents in this study in terms of MNCs driving better local talent and leadership growth to improve subsidiary integration and performance is supported by literature. Furthermore, one of the principles of ubuntu as a management philosophy as outlined by Mangaroo-Pillay and Coetzee (2019) is continuous employee development, which is in line with the theme of local skills development and talent growth. With these literature supported findings, it can be seen that the emerging South African factory

organisational culture model based on the Schein (1990) framework must also include the underlying assumptions of growth and development, supported by espoused values of local talent development and organisational capability growth. The organisational artefacts that convey these values and assumptions may take the form of trainings, educational programmes, mentorships and global exposure.

#### *6.4.4 Research question 3 summary of discussion*

The final research question aimed to explore the ways in which the MNC can better integrate with and support the local South African subsidiary in the context of cross-cultural challenges, to improve factory performances. Three themes emerged from the respondents in response to this question. Firstly, and most significantly, it was found that effective communication and engagement practices are key to driving cross-cultural involvement, teamwork, and a community culture. This can be done through regular management and shop floor interactions, international networking between subsidiary and MNC teams, and transparent communication between shop floor and subsidiary leaders, as well as between MNC headquarters and South African subsidiaries. This theme is strongly linked to the constructs and elements of ubuntu philosophy, as the roles of collectivism, team decision-making and interdependence are very apparent in driving effective communication and engagement. While no existing organisational culture typologies reflect this theme, through the Schein (1990) model, this theme can be viewed as showing a need for underlying assumptions of openness and transparency, supported by espoused values of engagement, communication and networking.

Secondly, the need for MNCs to foster greater trust and understanding was identified. This theme is linked to the theme of trust and bias challenges that was identified as a prevalent problem faced by South African leaders, in response to research question one. South African manufacturing leaders feel that more autonomy should be provided to them by their MNC leadership, in order to make decisions for their sites that they feel are best. For this autonomy, trust is needed, which can be improved if MNC leaders develop better cultural sensitivity and knowledge of the South African cultural context. Literature shows that open communication and valuing diversity can overcome trust challenges at multinationals, which links this theme to the theme of effective communication and engagement discussed prior. It was also found that the principle of empowerment, which forms part of ubuntu as a management style,

relates to the construct of autonomy needed to drive better trust and belonging. From a Schein (1990) model perspective, this theme indicates a need for underlying assumptions of understanding and trust, which can lead to espoused organisational values of empowerment and autonomy.

Finally, the third theme identified a need for MNCs to support local talent and leadership development in South African subsidiaries, as opposed to MNCs only bringing external support and resources. The benefit of growing local talent and leadership capabilities is supported by literature, as it has been shown in another context that MNCs that develop managerial capabilities at their subsidiaries have experienced improvements in subsidiary performances. Furthermore, once again the philosophy of ubuntu was also found to be linked to the theme, as the principle of continuous employee development is part of the ubuntu management style framework. From an organisational culture perspective, the Schein (1990) model approach can be applied here as well, whereby the underlying assumption of organisational growth can lead MNCs and subsidiaries towards espoused value of local talent development. This can be supported by trainings, mentorships, and exposing local factory teams to global contexts.

In summary, the three themes that describe what South African manufacturing leaders feel is needed to improve MNC and subsidiary integration and drive factory performances showcase that there is a need for an organisational culture model that takes into account the complex cultural interplays occurring at subsidiary manufacturing sites, and is developed from the underlying assumptions and values that manufacturing leaders have expressed are needed. This key finding is in line with the results from the study by Louw and Jackson (2008), who had found that leadership of South African subsidiaries must be adapted to a unique multicultural approach which is derived from ubuntu and collectivist principles, and incorporates knowledge and appreciation of cultural diversity.

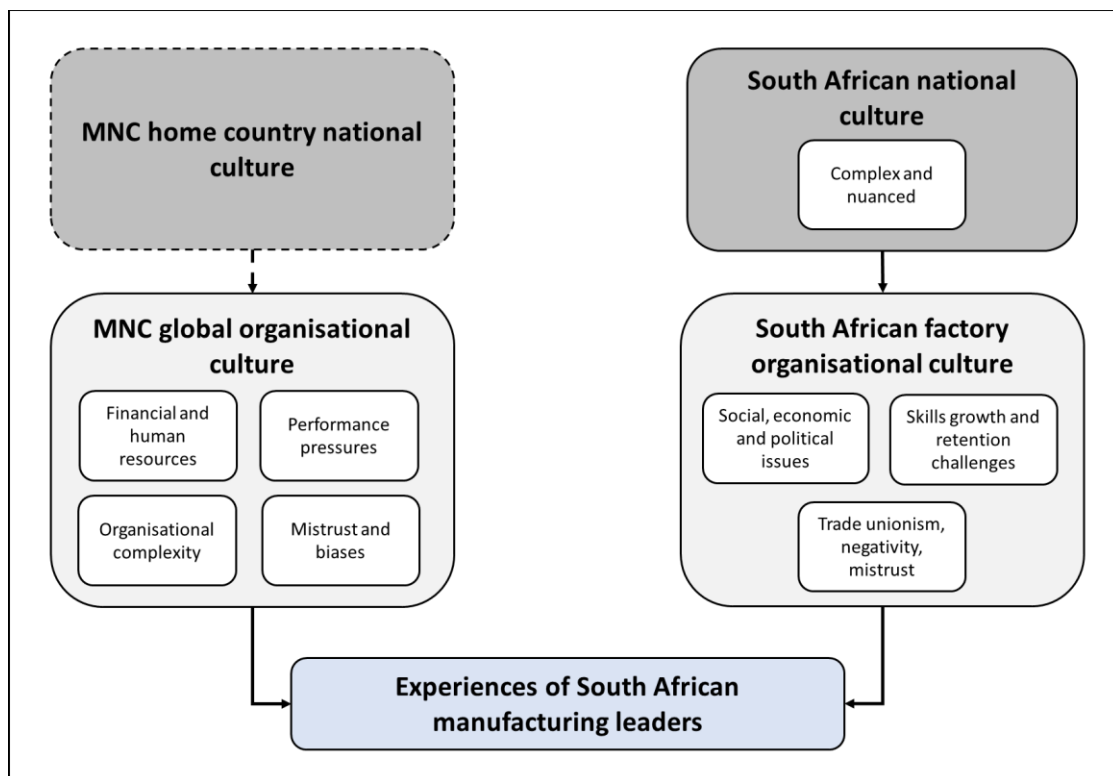
## **6.5 Conclusion**

This chapter covered the findings of the three research questions in relation to previous literature studies and frameworks explored. Through this analysis, an updated understanding of the cross-cultural interplays of MNCs and South African shop floor was developed, as well as a proposition for a new organisational model



framework to support improved cross-cultural integration. This is represented by two schematic models, discussed below. Figure 5 below shows a schematic summary of the findings of this study, in relation to the experiences of South African manufacturing leaders with their MNC organisational culture, and with their South African factory organisational culture. The diagram is an update of the schematic summary of the literature review presented in section 2.10, with the study's findings showing the cross-cultural influences and interplays.

*Figure 5: Schematic summary of research findings*

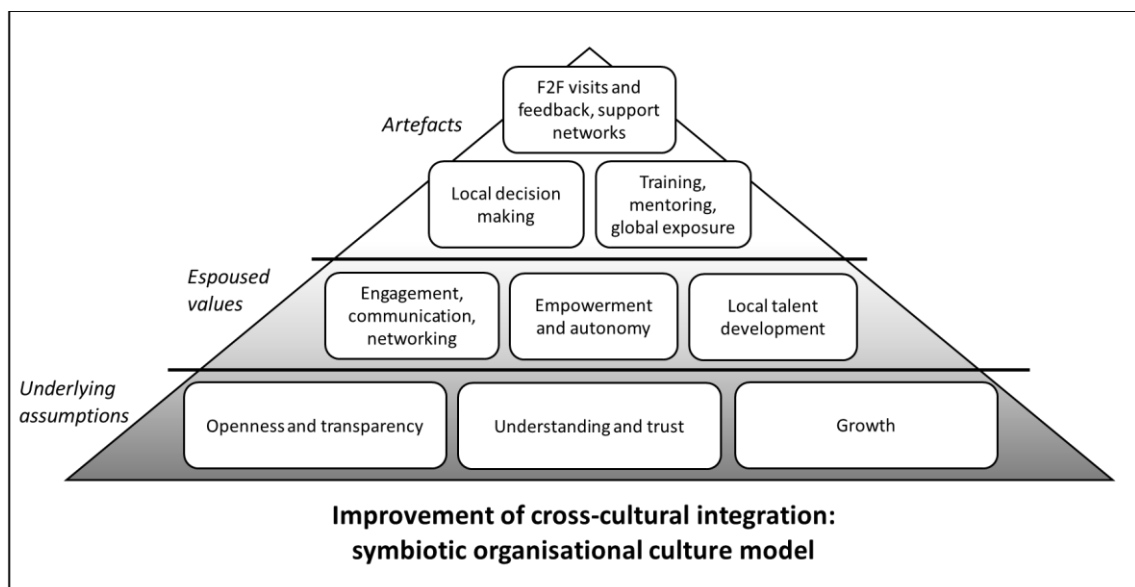


As shown in the schematic above, MNC organisational culture is not significantly influenced by MNC national culture, as had been postulated by various academic studies. Although there are some minor influences, these national culture elements were not found to strongly influence the experiences of South African manufacturing leaders with their organisation's culture. This minor influence is indicated by the dashed line around MNC national culture in Figure 5 above. South African manufacturing leaders do experience financial and human resourcing, performance pressures, organisational complexity and mistrust and bias challenges, when dealing with their MNC teams. Although these facets form part of the MNC organisational cultures, they are not strongly driven by MNC national culture influences, but rather due to global practices, standardisations, and negative perceptions of South Africa.

From a South African national culture perspective, the schematic above shows that South African national culture shows up as a complex and nuanced culture for manufacturing leaders, with many negative perceptions that indicate a disconnect and distance between South African factory management and workers. Furthermore, South African shop floor culture is a challenging environment for leaders as it exhibits strong trade unionism, negativity and mistrust between shop floor and management. South African shop floor culture is also influenced by socio-economic challenges and political effects, which also affect skills growth and retention in South African factories.

In terms of improving the cross-cultural integration of MNCs and their South African manufacturing subsidiaries, it was found that a new organisational model is needed, guided by the Schein (1990) framework. This model is shown by Figure 6 below.

*Figure 6: Organisational culture model proposal for MNCs with South African manufacturing subsidiaries*



As shown by Figure 6 above, MNCs can achieve improved cross-cultural integration at their South African manufacturing subsidiaries by developing an organisational culture based on underlying assumptions of openness and transparency, understanding and trust, and growth of teams and organisational capability. These underlying assumptions must lead to espoused values of engagement, communication and networking, empowerment and autonomy, and local talent development. MNCs can achieve these values through a variety of processes and activities (termed artefacts, as per the Schein (1990) structure), such as ensuring

face-to-face (F2F) engagements occur between MNC leaders, South African leaders and factory workers, through enabling South African leaders to make their own decisions within their manufacturing space, and through training and exposing local South African factory teams to global settings. The creation of this unique ubuntu-influenced model reaffirms the findings of the study by Louw and Jackson (2008), who had found that for South African settings a unique leadership style must be adopted which considers cultural diversity and ubuntu principles.

## **7. CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS**

### **7.1 Introduction**

This chapter serves as a conclusion to the research study. It begins with a recap of the purpose of the study, as initially presented in chapter 1. Following this, the chapter provides an overview of the three main findings of this study, pertaining to the three research questions. The chapter then provides an overview of the implications of this study for practitioners and academics, as well as recommendations as to how the findings from the study can be applied. The limitations of this study are then presented, followed by suggestions for further research. The chapter closes off with concluding statements of key messages.

### **7.2 Purpose of study**

The purpose of this study was to gain an insight into the experiences of South African manufacturing leaders working for multinational corporations (MNCs) and how they navigate the cross-cultural interplays between their MNC national culture influences within the MNC organisational culture, and the South African national culture influences within factory culture. Previous studies had found that MNCs rely on the implementation of headquarters' principles, culture and knowledge in the host country's operations (Ge et al., 2020). Considering that MNCs' organisational culture is influenced by the home country national culture of the MNCs (Knein, 2020; Masovic, 2018; Szydło & Grześ-Bukłaho, 2020), it was apparent that MNC national culture is an important factor at play at South African subsidiaries. Furthermore, South Africa has a distinct national culture as well, with external social, political and economic influences that impact the culture of manufacturing workforces (Mashau, 2018, Rentschler et al., 2019; Uys & Holtzhausen, 2016). High cultural distance levels between MNCs and subsidiaries is known to negatively affect subsidiary performance (Qin & Wang, 2017). Considering that a large portion of South Africa's manufacturing sector is operated by MNCs stemming from outside of the country, and considering the decline the sector has seen in the past several years, it became important to consider how cultural differences and cross-cultural interplays affect the performance of MNC factories in South Africa. This study explored these cross-cultural interplays through a qualitative inductive enquiry into the experiences of

South African manufacturing leaders, and identified a framework for improved cross-cultural integration of MNCs with factories in South Africa

### **7.3 Main findings**

This study uncovered a number of findings relating to the cross-cultural interplays present between MNCs and their South African manufacturing subsidiary teams. The three key findings are presented below.

#### *7.3.1 Tensions due to MNC perceptions as opposed to cultural differences*

Reviewed literature had found that national culture of MNCs is a key influencer of MNC organisational culture (Masovic et al., 2018; Szydło & Grześ-Bukłaho, 2020) and that the cultural differences between MNC and subsidiary teams cause tensions and performance-impacting interplays (Mellahi et al., 2016; Tenzer et al., 2014; Vaara et al., 2021). The enquiry into the experiences of South African manufacturing leaders with their MNC organisational culture has shown that MNC home country national culture is not a strong influence on MNC organisational culture. Rather, MNC organisational culture is driven by global practices, standardisations, and governance. Although there are tensions between MNC teams and South African subsidiaries, such as mistrust and negative biases, these do not exist due to differences in national culture. Rather, mistrust and negative biases exist due to MNCs' negative perceptions of South Africa, political instabilities, and a lack of contextual knowledge. Although some MNC national culture influences are present in some organisations, these influences are not negatively received by manufacturing leaders, and were not identified to be the main drivers of tensions and challenges experienced at subsidiary sites. Nevertheless, the perceptions that MNCs and their teams hold of South Africa is a cause for concern, as it was found to affect resource provisions, confidence and intentions for further investment into South Africa.

#### *7.3.2 Leaders' disconnect with complex South African workforce culture*

From a local South African perspective, literature and existing frameworks have described South African national culture as collectivist, short-term oriented, and masculine (Ju, 2022) as well as impulsive, emotional and warm (Turáková, 2018). Furthermore, South African industry culture has been documented to be influenced

by the country's apartheid legacy (Louw & Jackson, 2008; Marschall, 2019), socio-economic challenges (du Plessis & Mestry, 2019; Maphumulo & Bhengu, 2019), the indigenous African philosophy of ubuntu (Ewuso & Hall, 2019), and strong trade unionism (Uys & Holtzhausen, 2016). While these influences were found to be present in the factory cultures from this study, it was also uncovered that South African culture is more nuanced, contradictory and complex than has been previously captured by studies and frameworks. Furthermore, the experiences of South African leaders with their factory shop floor culture were found to be largely filled with negative perceptions, which indicates that there is a divide and disconnect between factory management and shop floor teams at South African sites, due to differences in race, background and privilege. These perceptions indicate that South African manufacturing leaders are struggling to connect and lead their factory teams, and seem to be more disconnected and separated from their local South African culture than from their MNC cultures.

### *7.3.3 A new organisational culture model for cross-cultural integration*

In terms of how cross-cultural integration can be improved, literature had shown that aligning organisational culture to the local national culture of subsidiaries has the benefit of creating a sense of belonging of local teams (Szydło & Grześ-Bukłaho, 2020). From a South African standpoint, previous studies have found that leadership styles need to be adapted to create a unique South African multicultural approach and take into account national culture philosophies such as ubuntu (Louw & Jackson, 2008). This study found that there is a need for improved communication and engagement practices, autonomy for manufacturing leaders to make their own decisions, and a focus on growing local South African talent. Notably, all of these themes were linked to ubuntu principles and philosophies. Considering that no existing organisational models reviewed in literature encapsulated these approaches entirely, this study proposed a new organisational model to guide MNCs and their South African manufacturing leaders to improve cross-cultural integration. The model, using Schein's (1990) framework as a guideline, is founded on underlying assumptions of openness and transparency, understanding and trust, and growth. These assumptions then give rise to espoused values of engagement, communication and networking, empowerment and autonomy, and local talent development. Through the application of this models, greater understanding and

trust can be achieved between MNCs and South African leaders, as well as between South African leaders and their factory shop floor teams.

#### **7.4 Implications and recommendations for practitioners and academics**

The findings from this study have implications on academics pursuing research on this topic, as well as on business practitioners in MNCs and their subsidiaries. These are discussed in detail below.

##### *7.4.1 Academic implications and recommendations*

Previous studies in the field of MNC culture have found that national culture of MNC home countries is a significant influence of MNC organisational culture (Arman & Adair, 2011; Chandra, 2012; Masovic, 2018; Szydło & Grześ-Bukłaho, 2020). However, this was not found to be the case in this study, as the national culture of the MNC home country had little to no influence on most MNC organisational cultures as experienced by South African manufacturing leaders. In the cases where national culture did influence organisational attitudes, behaviours and ways of working, the experiences of South African manufacturing leaders were largely positive. In fact, manufacturing leaders appeared to be more connected to their MNC national cultures than with their local South African cultural context. For academics and researchers, this finding means that research pertaining to MNC cultures needs to be considered from a different angle, as the low influence of national culture may be a component developing countries' experiences, or in manufacturing industries where local culture has much greater bearing. Furthermore, researchers should focus on the role of perception and biases as opposed to the cultural differences themselves as drivers of cultural interplays and differences in multinational teams.

Furthermore, the national culture of MNC home countries was strongly present only in German and Japanese firms in this study. This finding poses the question as to whether some national cultures are stronger and more dominating than others as influence of MNC organisational culture. Considering that none of the national frameworks discussed in section 2.3 described relative intensities and dominance of national cultures, there may be a need to develop a better understanding and adapt frameworks to suit this element of national culture classification for application in cross-cultural studies.

A third implication for academics is that this study has demonstrated that the existing national culture frameworks such as the Hofstede (2001) cultural dimensions, Inglehart (2006) model, and Lewis (2018) model are not able to fully describe and unpack national culture. Through this study's deep dive of South African culture, it was noted that the nuances and complexities South Africa's culture were not adequately predicted or expressed through existing models. Further research into national culture, especially in the complex contexts of developing countries, is warranted and should be expanded to include more inductive and qualitative approaches to build richer and deeper understanding, and rely on Schein's (1990) framework to help drive this understanding and unpacking.

#### *7.4.2 Business implications and recommendations*

There are a number of key implications for MNC leaders from this study. Firstly, MNCs currently operating in South Africa with manufacturing sites can use the findings from research question three, namely the application of ubuntu-inspired underlying assumptions and espoused values for cross-cultural integration, to improve engagement and collaboration at their South African subsidiary sites. MNC teams at a global level can apply the organisational model developed and outlined in section 6.5 to develop greater understanding and teamwork between the headquarters and South African teams. Furthermore, South African leaders and human resource practitioners can apply the model to improve how they connect with the factory teams and bridge gaps in understandings and overcome negative perceptions for improved factory performances.

A second implication for MNCs is that MNCs who do not yet have manufacturing subsidiaries in South Africa, and are exploring acquiring existing sites or opening new factories in the country, can apply the findings of this research study to ensure successful integration and entrance into the South African market. Most importantly, the study has shown that the national culture of the MNC, and how it differs from South African culture, is not as important of a consideration as previously thought. Rather, MNCs hailing from any national culture can integrate well into the South African context, as long as due diligence is done to engage with the South African workforce, develop cultural sensitivity and contextual knowledge, and focus on growing local South African talent.



## **7.5 Limitations**

There were several limitations identified with this study. Firstly, although a fair amount of racial diversity was reached amongst the manufacturing leaders interviewed, gender diversity was poor as only one respondent was female. Gender implications were not a consideration for this study, however considering that a few respondents commented on the challenges of having female supervisors and managers in South African factories, it is possible that the experiences of female manufacturing leaders with South African culture may differ to the experiences of male manufacturing leaders.

The home countries of the MNCs that the respondents of this study belonged to were split across three continents, with four MNCs originating from North America, seven MNCs originating from Europe, and three MNCs originating from Asia. Considering that Asian economies are currently experiencing large strides in globalisation and international business growth (Goh, 2022), the low number of Asian firms in this study (and in particular, the absence of Chinese and Indian MNCs) might be considered a limitation as different countries within Asia would have varying cultural influences on their subsidiaries.

Lastly, the researcher only interviewed manufacturing leaders, as they are best placed to experience both MNC organisational culture and South African factory culture. However, the understanding of South African culture and shop floor experiences by manufacturing leaders is likely one-sided, as they are observers of the culture as opposed to being true members of it. This was also identified due to the disconnected and largely negative perceptions that South African leaders had of their shop floor teams. Therefore, the voice of the worker was not captured in this research study, and as a result, the experiences and challenges that shop floor workers experience in relation to their South African management teams as well as in relation to the global MNC that they are a part of was not explored.

## **7.6 Suggestions for future research**

Based on both the findings from the study as well as on the identified limitations, several suggestions are made for future research in this field. Firstly, future studies should explore the experiences of female manufacturing leaders in the South African context in order to determine whether gendered experiences add new dimensions

and nuances to cross-cultural integration, especially in the local South African context. Secondly, Studies being done in the South African context and looking at manufacturing sites should gather data from the experiences of shop floor workers as well, in order to get a better understanding of the nuances of South African culture from the lived experiences of factory workers. Finally, more studies should be done in developing countries, where national culture is complex and nuanced, in order to identify what approaches would be best to improve MNC and subsidiary integration. In this study, the application of ubuntu philosophies was able to guide the development of a new organisational culture model for improving integration and factory performances, but factories in other national culture contexts may require vastly different approaches stemming from their own national cultures.

### **7.7 Concluding statements**

This study set out to identify cultural interplays and tensions that exist between MNCs and their South African manufacturing subsidiaries, to develop an understanding as to how these tensions can be overcome to improve the performance of manufacturers and safeguard international investments in South Africa's manufacturing industry. The study confirmed that cultural interplays at South African manufacturing subsidiaries of MNCs are present. However, contrary to literature, the study found that the MNC national culture influence is not as great in defining cross-cultural experiences as had been identified in previous studies. Rather, the negative perceptions of South Africa tend to drive cultural tensions between MNC teams and South African manufacturing leaders. Furthermore, South African factory culture and its various complexities and influences are a major component of the manufacturing leadership experience, and leaders are seemingly disconnected and divided from their factory workforce. Nevertheless, this study has shown that all cultural differences, tensions and complexities can be surmounted if MNCs apply ubuntu-inspired principles to develop a new organisational culture with their South African subsidiaries, by practicing transparent communication and engagement, providing leaders with autonomy, and focusing on growing and developing local South African talent. Through these practices, a symbiotic cross-cultural environment can be sustained by MNCs from any country, factory performances can be improved, and further investments into the country's industry can be safeguarded.

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## APPENDIX 1: CONSISTENCY MATRIX

Research question	Literature review	Data collection	Analysis	Findings
<b>1. What are the experiences of South African manufacturing leaders in engagements with their MNC parent's organisational culture?</b>	National culture frameworks, org culture frameworks, MNCs. <i>Masovic (2018)</i> <i>Boscari et al. (2018)</i> <i>Vaara et al. (2021)</i> <i>Tung (2016)</i> <i>Kostova et al. (2018)</i> <i>Levy &amp; Reiche (2018)</i> <i>Tenzer et al. (2014)</i> <i>Mellahi et al. (2016)</i> <i>Cuervo-Cazurra et al. (2019)</i>	Semi-structured interview: questions C1, C2, C3, C6, C7, C8	Content and thematic analysis using Atlas.ti.	<ul style="list-style-type: none"> <li>- Strong resourcing support in most cases, at times less due to reduced confidence in SA</li> <li>- Complex environment with pressures to perform</li> <li>- Low influence and impact of MNC national culture</li> <li>- Experiences of mistrust and negative biases due to perceptions of SA</li> </ul>
<b>2. What are the experiences of South African manufacturing leaders in engagements with their factory shop floor in the context of the local South African culture?</b>	National culture frameworks, org culture frameworks, literature on SA factory culture <i>Ju (2022)</i> <i>Louw and Jackson (2008)</i> <i>Marschall (2019)</i> <i>du Plessis and Mestry (2019)</i> <i>Maphumulo and Bhengu (2019)</i> <i>Uys and Holtzhausen (2016)</i> <i>Mangaroo-Pillay and Coetzee (2019)</i>	Semi-structured interview: questions C4, C5; C6, C7, C8	Content and thematic analysis using Atlas.ti.	<ul style="list-style-type: none"> <li>- South African national culture is complex, contradictory and nuanced</li> <li>- Factory culture is deeply influenced by socio-economic challenges and legacies</li> <li>- Leaders are disconnected and divided from their workforce</li> <li>- Skills retention challenges exist</li> </ul>
<b>3. What is needed to improve MNC support and integration in the local South Africa cultural context to improve factory performances?</b>	Literature on MNCs, SA factory culture, and MNCs in SA. <i>Naor et al. (2010)</i> <i>Szydło and Grześ-Bukłaho (2020)</i> <i>Louw and Jackson (2008)</i> <i>Venaik et al. (2005)</i> <i>Masovic (2018)</i>	Semi-structured interview: questions C9, C10, C11	Content and thematic analysis using Atlas.ti.	<ul style="list-style-type: none"> <li>- Effective communication and engagement is key</li> <li>- There is a need to foster trust and understanding, to allow SA leaders to operate autonomously</li> <li>- MNCs need to support local talent growth</li> <li>- A new organisational culture model based on the Schein (1990) framework can be developed to assist MNCs</li> </ul>

## APPENDIX 2: CONSENT FORM

### Informed consent for interviews

I am conducting research on the experiences of manufacturing leaders in multinational firms. Our interview is expected to last between 45 and 60 minutes, and will help us understand the cultural challenges faced by manufacturing leaders and how they navigate them. Your participation is voluntary and you can withdraw at any time without penalty. By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded;
- The recording to be transcribed by a third-party transcriber, who will be subject to a standard non-disclosure agreement;
- Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organisation;
- The data to be used as part of a report that will be publicly available once the examination process has been completed; and
- All data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

[researcher name]

[supervisor name]

[researcher email address]

[supervisor email address]

[researcher contact number]

[supervisor contact number]

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX 3: INTERVIEW GUIDE

A. Interviewee demographic details:	
1	Age
2	Race
3	Gender
B. Details regarding interviewee's company and position:	
1	Company headquarters country location
2	Position/title
3	Location of manufacturing facility (town and province)
4	Length of time in role
5	Number of employees at manufacturing facility (responsible for)
C. Main questions:	
1	Tell me about your parent company's organisational culture? <i>Prompts: What is communication like, how do people and departments work together, what do you feel are the values, what is the focus?</i>
2	Are there any challenges with running your manufacturing operation due to the culture and way of working of your parent company?
3	Are there any helpful benefits that the parent company brings to your role and the manufacturing operation?
4	Tell me about your factory shop floor culture? <i>Prompts: How do people work with each other, what do people value and what do they not value, how are changes executed?</i>
5	Are there any challenges with running your manufacturing operation due to your shop floor culture? Give some examples.
6	Can you give examples where your parent company supports you with your manufacturing challenges in your local context?
7	Can you give examples where you feel that your local challenges are not understood and supported by your parent company?
8	How do you navigate and face these challenges, and what approaches do you take?
9	What do you feel should be done to improve how your parent company supports your manufacturing operation?
10	How can your manufacturing facility better integrate with the parent company to improve manufacturing performance?
11	Is there anything else you would like to share with regards to the cross-cultural relationship and tensions you experience?

## APPENDIX 4: CODING EXAMPLE

Figure 7: Snippet of interview no. 12 coding process

The screenshot shows an interview transcript with three speakers and their corresponding coded segments. The text is as follows:

**Speaker 1**  
 62 Whereas if you're part of that team... So, we encouraged for the guys to come over here. And  
 63 there's unfortunately, because of all the politics, be it right or wrong, and negative publicity, we  
 64 sometimes get a bit of a reluctance from young engineers, unfortunately. Not from the  
 65 Germans. The Germans will come here all the time. They just want to come here and have a  
 66 safari, but the Canadians, for instance, we're really struggling to get them out here, and  
 67 they've got this perception of we're the Wild West.

**Speaker 2**  
 68 Really?

**Speaker 1**  
 69 And then when they get here, they're always pleasantly surprised. But that's something that I  
 70 really believe can add a lot of value and everybody agreed to it, but simply because of  
 71 constraints and things, we haven't been able to implement that. So, I would like to, let's call it  
 ground level support would be a nice add-on instead of them just sitting basically on the side  
 and watching. That's something that can be better supported.

And of course, finances. We are a subsidiary of the parent company. We're doing fairly well  
 given the market conditions, but we are not subsidising, we're funding all our R&D of the new  
 products, we're funding it with our cash. And that makes it very difficult because they expect  
 us to show a profit every year. They expect, you know, certain ratios, certain stock levels. And  
 on the sideline, we're supposed to do all of this R&D, and it makes it extremely difficult. So, we  
 are really punting for some decent, let's call it, funding from overseas that will allow us to do  
 R&D almost separately and then carry on with the day-to-day business from the cash book.  
 So that's one thing that's at the top of my agenda with the new management in Germany, is to

The coding boxes are:

- 14:22:30: we encour... (Speaker 1, line 62-64): Bias towards Africa or Africans; Expatriates: assignment of exp...
- 14:24:10: But that... (Speaker 1, line 69-71): Networking internationally: wo...
- 14:25:00: And of course, finances... (Speaker 1, line 70-71): Lack of budget for subsidiary

Figure 8: Snippet of code groups (themes) and the relevant codes

The screenshot shows the Code Manager interface with the following structure:

**Code Groups**

Code Group	Count
1 - Resourcing, support and improvements	(12)
10 - Foster trust and understanding	(8)
11 - Support required skill development	(3)
2 - Pressure to perform while navigating complexity	(17)
3 - Influence of MNC national cultures	(8)
<b>4 - Trust and bias challenges</b>	<b>(9)</b>
5 - Complex local South African culture	(10)
6 - Social, economic and political influences	(5)
7 - Challenging environment for leadership	(15)
8 - Skills growth and retention	(5)
9 - Effective communication and engagement dyn...	(16)

**Show codes in group 4 - Trust and bias challenges**

Name	Grounded	Groups
Bias towards Africa or Africans	6	[4 - Trust and bias challenges]
Expatriates	21	
exclusion	3	[4 - Trust and bias challenges]
tensions with locals	8	[4 - Trust and bias challenges]
Language barriers	18	
expats excluding South Africans	2	[4 - Trust and bias challenges]
Micromanagement by HQ	5	[4 - Trust and bias challenges]
Political climate challenges	2	[4 - Trust and bias challenges]
Trust	21	
Expats not trusting locals	3	[4 - Trust and bias challenges]
Locals not trusting expats	1	[4 - Trust and bias challenges]
Mistrust of SA leaders	4	[4 - Trust and bias challenges]

## APPENDIX 5: LIST OF CODES

Theme	Code	Quotes	Respon- dents	Question
<b>Challenging environment for leadership</b>	Authoritarian leadership tendencies	9	5	RQ 2
	Change management challenges at shop floor	3	2	RQ 2
	Generational differences in factories	9	4	RQ 2
	Language barriers: shop floor culture clash	4	3	RQ 2
	Managing fairness in operations	3	2	RQ 2
	Negativity in factory environment	7	5	RQ 2
	Operations labour intensity in SA	6	3	RQ 2
	Operations teams firefighting	2	1	RQ 2
	Rewards system challenges	4	3	RQ 2
	Shop floor: culture clashes	1	1	RQ 2
	Shop floor: gender challenges	1	1	RQ 2
	Technology: advancing SA plants	8	3	RQ 2
	Technology: legacy systems in SA	11	5	RQ 2
	Trust: Shop floor not trusting management	13	5	RQ 2
	Unionised shop floor	24	11	RQ 2
Shop floor: culture clashes	1	1	RQ 2	
<b>Complex local South African culture</b>	SA culture idiosyncrasies: complacency	5	3	RQ 2
	SA culture idiosyncrasies: entitlement	10	5	RQ 2
	SA culture idiosyncrasies: lack of discipline	10	5	RQ 2
	SA culture idiosyncrasies: loyalty & reliability	2	1	RQ 2
	SA culture idiosyncrasies: pride	2	1	RQ 2
	SA culture idiosyncrasies: protecting own image	4	2	RQ 2
	SA culture idiosyncrasies: reactive decision making	4	2	RQ 2
	SA culture idiosyncrasies: short-term thinking	1	1	RQ 2
	SA workers as hardworking and innovative	10	3	RQ 2
	Financial management issues	3	3	RQ 2
<b>Effective communication and engagement dynamics</b>	Communication: functional networks	4	2	RQ 3
	Communication: to shop floor	16	8	RQ 3
	Communication: top down from HQ	12	7	RQ 3
	Engagement: interacting with shop floor	14	8	RQ 3
	Engagement: involvement of shop floor in projects	4	3	RQ 3
	Engagement: measuring engagement	2	2	RQ 3
	HQ values cascade: ineffective	3	1	RQ 3
	Language barriers: bridging gap	9	1	RQ 3
	Language barriers: misunderstanding	4	3	RQ 3
	More knowledge sharing needed	7	4	RQ 1
	National culture alignment	2	1	RQ 3
	Networking internationally: support network	12	8	RQ 3
	Networking internationally: training stint	3	1	RQ 3
Networking internationally: visits and travel	16	8	RQ 3	

	Networking internationally: work assignment	12	5	RQ 3
	Team building at shop floor level	5	3	RQ 3
	Teamwork between factory departments	7	5	RQ 3
<b>Foster trust and understanding</b>	Educating HQ on local socio-economic challenges	8	6	RQ 3
	Cultural sensitivity of MNC leadership	10	6	RQ 3
	Local culture maintained	2	2	RQ 3
	Sense of belonging with greater company	3	2	RQ 3
	More confidence and trust in SA needed	2	2	RQ 3
	Importance of autonomy given to SA leaders	25	9	RQ 3
	HQ understanding local context	2	2	RQ 3
	South Africans in HQ leadership	4	4	RQ 3
	<b>Influence of MNC national cultures</b>	National values: being considerate and caring	3	2
National values: continuous improvement		5	2	RQ 1
Org culture: creation of terms		2	1	RQ 1
Org culture: never give up attitude		1	1	RQ 1
Org culture: not based on national culture		1	1	RQ 1
Org culture: process understanding		1	1	RQ 1
Prioritisation of work over leisure		2	2	RQ 1
Regimental national culture		5	4	RQ 1
<b>Pressure to perform while navigating complexity</b>	Agency: red tape and bureaucracy	7	6	RQ 1
	Change management from MNC	3	2	RQ 1
	Clear goals and expectations	3	3	RQ 1
	Dictating instructions from HQ	4	2	RQ 1
	Global challenges influencing	1	1	RQ 1
	Governance and ethics	4	3	RQ 1
	Misalignment of priorities	5	3	RQ 1
	Org culture: results-focus	5	4	RQ 1
	Org culture: safety-focus	8	4	RQ 1
	Organisational politics	1	1	RQ 1
	Profitability issues and cost-cutting	2	1	RQ 1
	Recent subsidiary or firm acquisition	10	5	RQ 1
	Reporting and feedback	3	3	RQ 1
	Restructuring	5	3	RQ 1
	Standardisation	3	1	RQ 1
	Stricter measures, targets and performance appraisals	10	6	RQ 1
Working in silos	3	3	RQ 1	
<b>Resourcing, support and improvements</b>	Access to global knowledge	20	11	RQ 1
	CAPEX investment	12	10	RQ 1
	Corporate social responsibility initiatives	9	3	RQ 1
	Environmental regulation focus and going green	6	5	RQ 1
	Expatriates: assignment of expats	11	8	RQ 1
	Global support structure	14	10	RQ 1
	HR support and funding	8	6	RQ 1
	Inadequate assistance for South African problems	5	3	RQ 1

	Lack of budget for subsidiary	6	5	RQ 1
	Support from HQ during crisis or difficulties	6	4	RQ 1
	Technology: access to global advancements	4	1	RQ 1
	Org culture: people-centric	11	6	RQ 1
<b>Skill growth and retention</b>	Skills development: agency	10	4	RQ 2
	Skills development: global support	5	3	RQ 2
	Skills development: internal training centres	2	2	RQ 2
	Skills development: time and resources needed	4	2	RQ 2
	Skills retention challenges	17	6	RQ 2
<b>Social, economic and political influences</b>	Apartheid legacy	9	5	RQ 2
	Diverse workforce	3	3	RQ 2
	Education levels disparities	2	2	RQ 2
	Shop floor illiteracy	3	2	RQ 2
	Social infrastructure challenges	18	8	RQ 2
<b>Support required skill development</b>	Skills development: leadership	4	2	RQ 3
	Skills development: talent growth	3	3	RQ 3
	Poor local leadership capabilities	6	2	RQ 3
<b>Trust and bias challenges</b>	Micromanagement by HQ	5	3	RQ 1
	South Africans in HQ leadership	4	4	RQ 1
	Trust: Expats not trusting locals	3	3	RQ 1
	Trust: Locals not trusting expats	1	1	RQ 1
	Bias towards Africa or Africans	6	4	RQ 1
	Expatriates: exclusion	3	3	RQ 1
	Expatriates: tensions with locals	8	4	RQ 1
	Language barriers: expats excluding South Africans	2	2	RQ 1
	Trust: Mistrust of SA leaders	4	2	RQ 1
Political climate challenges	2	2	RQ 1	
<b>n/a</b>	Geographical distance	2	2	
<b>n/a</b>	Org culture: brand perception importance	1	1	
<b>n/a</b>	Org culture: Focus on strengths	1	1	
<b>n/a</b>	Org culture: purpose-led culture	1	1	
<b>n/a</b>	Org culture: mental wellbeing	2	2	