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The impact of changing individual cultural behaviours on the decision-making model for multinational entities in sub-Saharan Africa

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Abstract

As multinational entities (MNEs) seek opportunities and expand into sub-Saharan Africa, they need to understand cultural differences and the impact of this on decision making. This study demonstrated through a literature review as well as through research, that previous assumptions with regard to the homogeneity of cultural value systems in sub-Saharan Africa that manifested as collectivist behaviours by individuals, are not necessarily valid. In fact, managers of MNEs' subsidiaries displayed idiocentric behaviours associated with individualist cultures as a result of the countries' rapid economic growth and globalisation. This has a significant impact on the way decision-making models should be built.

The purpose of the study was to ascertain the preferred decision-making model for MNEs operating in sub-Saharan Africa, as well as to understand the requirement for role clarity in the decision-making model.

The research method used in the study was quantitative. Managers in seven MNEs in Nigeria and Kenya were surveyed to ascertain their views on the preferred decision-making model and role clarity in the decision-making arena.

The outcome of the research indicated that these managers prefer a participative decision-making model. Idiocentric managers want to be included in all local decision making while all managers want role clarity. This is relevant for MNEs as it will allow them to develop decision-making models that will meet the requirements of their managers as well as head office.

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.

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CHAPTER 1: DEFINING THE PROBLEM

1.1 Introduction

An emerging market economy may be defined as an economy that satisfies two criteria, namely a rapid pace of economic development and government policies favouring economic liberalisation and the adoption of a free-market system (Arnold and Quelch, 1998). It has become increasingly apparent that new opportunities for multinational entities (MNEs) exist in emerging markets (Olsen, Pinto and Virji, 2005).

As MNEs began investing in emerging markets, a new dimension was introduced to the existing business model. The model that worked in the developed markets would not necessarily be effective in an emerging market context due to the cultural differences. These cultural differences were raised by Hoskisson, Eden, Lau and Wright (2000) when they stated that developed markets are considered individualist in nature while emerging markets are considered collectivist. If MNEs are investing in emerging markets, it is crucial that the culture of these markets is understood.

Many MNEs that have invested in Africa have made a number of assumptions regarding these emerging markets. Firstly, as mentioned above, it is assumed that sub-Saharan African countries, as emerging markets, have a collectivist culture (Hoskisson *et al.*, 2000; Hathcote, Rees and Burns, 2006). This implies that

MNEs assume that centralisation would be the correct model for decision making because managers in the subsidiary are more concerned with achieving team goals as opposed to making autonomous decisions and achieving individual goals (Triandis, 2004). (A subsidiary in this study refers to the MNE's office in the African country.) This could therefore dictate that the head office of the MNE implement a centralised decision-making model (Triandis, 2004).

Secondly, MNEs have also tended to assume that the culture in a market is static, that is, if the market is collectivist, it will remain collectivist. However, as Triandis (2004) explained, as individuals become more mobile, educated and are promoted to higher positions, they develop more individualistic characteristics.

Thirdly, MNEs also cannot implement decision-making models based on the assumption that a culture is completely homogeneous. As the markets in Africa advance technologically, economically and socially, the existence of a purely collectivist culture is questionable (IMF, 2008).

The heterogeneity of culture was also highlighted by Triandis (2004) who stated that even in a collectivist culture there is a group of people called idiocentrics that behave like people from individualist cultures. Idiocentrics have traits that are high on expressiveness, dominance and the initiation of action. These traits are evident in people who want to be heard and who want to take part in decision making that affects them and their organisation. Idiocentrics prefer to act independently as

stated by Yamaguchi, Kuhlman and Sugimori (1995), rather than simply accepting decisions emanating from the head office of the MNE.

If a country's culture is considered by the MNE to be a homogeneous collectivist culture and if the ideocentrics in this culture are not taken into account, then this could become a source of conflict between the MNE's head office and the middle managers in the subsidiary, especially if a centralised model of decision making is instituted. Centralised decision making is contrary to the needs of idiocentrics and will lead to the idiocentrics being dissatisfied (Triandis and Suh, 2002).

Fourthly, another issue that MNEs need to take into account when expanding internationally is that there is a greater chance of role ambiguity in the subsidiaries. If the managers of the subsidiary do not know what is required of them, this may limit the success of the subsidiary (Singh and Rhoads, 1991). It is therefore important that there is clarity both in terms of the responsibilities and the decision-making model as a lack thereof will have a negative effect on the business.

Global expansion necessitates that MNEs find an appropriate balance between global and local practices, including decision making (Wöcke, Bendixen and Rijamampianina, 2007). MNEs with a presence in Africa therefore need to consider many factors as highlighted above. The heterogeneity of culture and the subsequent increase in idiocentrics add complexities to the way in which MNEs conduct business. While a simple, centralised decision-making model may have

sufficed in the past, MNEs cannot automatically assume it will work in the current environment. Idiocentric managers are easily demotivated if they do not play a role in decision making (Triandis and Suh, 2002).

MNEs also cannot assume that a decentralised decision-making model is necessarily the most appropriate as this could be interpreted by the manager in the African country as headquarters not adding value to the in-country operations (Olsen *et al.*, 2005). This could lead to managers of the subsidiary wanting to take unilateral decisions without involving headquarters.

A possible alternative solution is the hybrid model. While hybrid models have been discussed and supported by many authors (Femer, Almond, Clark, Coiling, Edwards, Holden and Muller-Camen, 2004; Ferner, 2000; Kim, Park and Prescott, 2003), they have not been tested in African emerging markets and it is therefore uncertain to what extent they would be appropriate in the African context.

Decision making remains a challenge for MNEs and hence there is a significant need to identify a model suitable for the specific cultural needs of emerging markets in Africa. This includes the managers' orientation towards idiocentricity or allocentricity.

Although significant research has been conducted on MNEs, an understanding of the relationship between the head office and the subsidiary should remain an

ongoing and central academic task for scholars due to the character of the MNEs changing over time (Johnston and Menguc, 2007), and hence this study is appropriate.

1.2 The aim of the study

The aim of this study was to determine the interaction between cultural values (individualism and collectivism) and the way in which managers of subsidiaries of MNEs prefer to make decisions in terms of strategy as well as day-to-day operating decisions. These decision-making processes could be centralised, decentralised and/or collaborative. The degree to which role ambiguity comes into play was also explored.

The envisioned outcome was to find a preferred decision-making model for MNEs operating in Africa. This adds both to the business and academic knowledge base as decision-making models in the context of African countries have not been tested.

1.3 Research motivation

The problem of what decision-making model to use was selected as there are a growing number of MNEs opening or acquiring subsidiaries in sub-Saharan Africa (Olsen *et al.*, 2005). While there has been significant research in terms of the changing cultures and the debate around the issue of centralised versus

decentralised decision-making processes, there has been limited research into the dynamics of decision making in sub-Saharan Africa. Also, the interplay of cultural systems has been poorly understood.

The assumption that in sub-Saharan Africa a subsidiary's management team has a collectivist culture (Hathcote *et al.*, 2006) that responds better to centralised decision making needed to be tested to see whether it holds true. Simultaneously, research was needed to establish which decision-making model hybrid model is the preferred choice for sub-Saharan Africa.

1. 4 Research problem

To what extent does the changing culture of fast growing economies in sub-Saharan Africa impact on the way that managers in the subsidiary office view the strategy decision models of multinational entities (MNEs) and what is the preferred decision model for these managers?

1. 5 Significance of the study

The study intended producing a preferred strategy and decision-making model that can be applied by MNEs investing in sub-Saharan Africa. This study provides guidance in ensuring that there is an effective balance between input and decision making by both headquarters and the subsidiary. This study is of substantial

significance to South Africa as there is a growing number of MNEs that are expanding into sub-Saharan markets.

CHAPTER 2: INTRODUCTION

2. 1 Introduction

The literature in this study was structured around three main themes, namely decision making, role ambiguity and cultural value systems in term of collectivism versus individualism in the context of emerging markets in Africa.

With regard to the decision-making theme, centralised, decentralised and hybrid decision-making models were analysed. The analysis highlighted the appropriate occasions to use each model as well as the challenges faced by each model.

The section on role ambiguity included why role ambiguity may have a negative impact on business. It also stated why the avoidance of role ambiguity is of crucial importance to companies investing in other regions.

The section on cultural value systems explored the differences between individualism and collectivism. It interrogated the validity of assuming a homogeneous culture and demonstrated how culture evolves. It also stated the criteria for the evolution from collectivist (allocentric) to individualist (idiocentric) cultures.

The final section in the literature integrated the context, cultural value systems and role ambiguity and cross-analysed the impact of these various factors on decision making.

2.2 Corporate decision making

People create organisations for people like them and that work well for them. However, these organisations are usually a failure for people who have different perspectives (Triandis, 1982). This frame of reference was tested when companies start to expand into other markets and specifically emerging markets as these markets differ in terms of culture. To achieve sustainable growth in emerging markets, MNEs must rely less on management models that were in existence and worked for them previously and change to a more flexible, principle-based set of practices that can be differentiated across various markets (Olsen *et al.*, 2005).

The choice of which decision making model to implement is crucial to an organisation as it allows the organisation to achieve organisational objectives. Organisational decision making means decisions made on behalf of an organisation. The way in which decisions are made in an organisation has a substantial impact on individuals employed by the organisation (Huber, Miller and Glick, 1990). It is therefore imperative to ensure that the decision-making model of the organisation meets the needs of both the individual employees and the

organisation. There are various decision-making models which are discussed below, with their challenges.

2.2.1 The centralised decision-making model

According to Kim *et al.* (2003), centralised decision making means that the decision-making authority resides at the business's head office because it has a more complete understanding of the various units and their activities. Kim *et al.* (2003) also stated that this implies that the centralisation of decision making enables a better integration of the business units and activities. However, results from research suggest that centralisation only works for some functions and that each function should be analysed to find the correct method of managing the function.

There are several challenges with centralised decision making. Firstly, when decision making is centralised, it can delay the whole process of making decisions as there is a greater level of administration required. Secondly, centralised decision making can be a source of contention for subsidiary managers as even if it is clear who makes the decisions, it does not always mean that decisions will be made quickly and will be of the required standard (Olsen *et al.*, 2005). Thirdly, rapid changes in the market further complicate the decision-making process. Lastly, there is the added complexity of headquarters asking for unnecessary levels of details when making decisions. Ultimately, this leads to the decision-making process slowing down (Olsen *et al.*, 2005). This is further discussed by Rugman

and Verbeke (2003) who highlighted that corporate headquarters lack sufficient information regarding the subsidiary's business and the environment in which it operates. Due to the lack of knowledge, the decision making process is slowed down even further.

2.2.2 The decentralised decision-making model

Decentralised decision making occurs when decisions are delegated (Matías-Reche, García-Morales and Rueda-Manzanares, 2008). Matias-Reche *et al.* (2008) also stated that as companies grow, the pressure on management grows. It is therefore important to decentralise decision making to maintain the efficacy of activities.

Decentralised decision making is also referred to as decision-making autonomy. Decision-making autonomy grants managers in the subsidiary the freedom to make decisions on changes and it can be one of the mechanisms used to implement their strategy (Ghoshal and Nitin, 1989).

Rugman and Verbeke (2003) stated that in some cases autonomous strategic decisions need to be made by the subsidiaries of the MNE and that these decisions need to be encouraged rather than dismissed or marginalised by the headquarters of the MNE. One of the challenges of a decentralised decision-making model is the need to have sufficient controls in place to ensure that the subsidiaries act within the parameters provided by headquarters. In other words,

while managers in the subsidiary are permitted to act autonomously, they must act within, and make decisions that conform to the overarching strategy of the business. This implies that knowledge needs to flow in both directions to ensure that the correct decisions are made by both headquarters and the subsidiary (Rugman and Verbeke, 2003). This can be achieved by engaging with corporate headquarters to ensure that the distribution of resources is planned and allocated accordingly. Strategic planning of the allocation of key resources should take an integrated approach as it must cater to both the headquarters as well as the subsidiaries (Rugman and Verbeke, 2003).

This argument was further discussed by Tharenou and Harvey (2006) when they stated that decentralised decision making is appropriate in situations that require local knowledge to explore business relationship options and to exploit local geographical opportunities. But while this level of knowledge is required, it is also important that the managers are fully versed with regard to the company's head office processes and procedures for decision making (Tharenou and Harvey, 2006). Knowledge needs to be mutually shared between the head office and the local office to facilitate decision making (Tharenou and Harvey, 2006). This was reiterated by Rugman and Verbeke (2003). The level of knowledge sharing between the headquarters of the MNE and the local offices is not known and since it is required for decision making, it forms part of the research.

2.2.3 The need for a hybrid model

Olsen *et al.*, (2005) stated that problems arise for multinationals when having to choose between a centralised or decentralised decision-making model. The MNE could either make all the decisions at headquarters or it could have a decentralised decision-making model thereby allowing the subsidiaries to make the decisions. Both these models have potentially negative ramifications. The former could result in the stifling of opportunities for the local office team while the latter could lead to the perception that the head office is not adding enough value to the local team (Olsen *et al.*, 2005).

The hybrid model incorporates aspects of both the centralised and decentralised models. Hoskisson *et al.* (2000) stated that a hybrid model would be ideal as it would allow firms to achieve economies of scale and intergroup learning could occur. Fleurke and Willemse (2004) stated that a hybrid solution is best suited to utilise the skills of the organisation. Rugman and Verbeke (1992) stated that the management of the MNE is more complex than simply centralisation or decentralisation of tasks and decision making, meaning that it is not necessarily one or the other but could be a hybrid.

Dunning (1988) was one of the earliest authors to investigate decision-making models of MNEs with regard to their subsidiaries. Three questions that he suggested need to be answered are whether the parent firm's specific advantage (FSA) can be transferred to the subsidiary; if so, can it be used without local

adaptation; and are there diverging interests and attitudes of the parent firm and the subsidiary in the use of the transferred knowledge?

Positive answers to these questions lead to a centralised structure while negative responses lead to decentralisation. This could be viewed as quite simplistic and alternative ways are discussed below to ascertain the correct model.

Later authors such as Hewett, Roth and Roth (2003) moved away from these simplistic views and discussed under what conditions certain activities or decisions should be the responsibility of headquarters or the subsidiary. Both external and internal environmental factors need to be considered when deciding where decisions should be made. They suggested that the subsidiary take on a greater decision-making role. However, there is a need for integration. They proposed a model to assess the control of activities by the head office and the subsidiary. Cooperation, participatory goal setting, industry conditions including culture, and ideal profiles are the subpoints used to evaluate the activities.

The subsidiary needs to combine the different areas of autonomy to gain maximally from the relationship with the head office. While there is development, it is considered appropriate to have low levels of autonomy in fields where the knowledge resides at the head office. However, when country-specific knowledge and expertise is required, then the subsidiary should have the relevant autonomy (Varblane, Männik and Hannula, 2005). Neither excessive dominance nor

complete autonomy from the head office is beneficial. Excessive dependence impedes the absorptive capacity and excessive independence could reduce the subsidiary's competitive edge as it draws on the group's knowledge (Varblane *et al.*, 2005).

If the environment is volatile or decisions need to reflect the environment, there has to be an oscillation between centralised and decentralised decision making. Attempts to standardise decision-making models can lead to conflict between company practices and local conditions such as national cultural phenomena. There must therefore be an adaptation of models to prevent this conflict (Taylor, Beechler and Napier, 1996). No model should be considered standard as the markets are different.

The choice of the level of centralised versus decentralised decision making should be the subject of a discussion or negotiation between the subsidiary and the head office. Subsidiary managers often find leverage as interpreters of local knowledge. This knowledge should assist in making better decisions. Policy making should also be a consultative process to ensure that the dominance of the head office is softened and support by the subsidiary, is achieved (Ferner, 2000; Fener *et al.*, 2004).

One of the significant challenges in decision making, whether it is decentralised or hybrid, is that subsidiary managers are often expected to comply with the head

office's strategy while simultaneously trying to adapt to the market environment in which they operating, i.e. achieve local responsiveness (Takeuchi, Shay and Li, 2008). Local responsiveness is required to be successful in the local market. However, it can cause cognitive dissonance if it is not aligned with the group's strategy and is not complying with groups' standards (Takeuchi *et al.*, 2008). This implies that there should a model that assists the subsidiary's managers to make decisions which may appear to veer from the global strategy.

Decision making has become even more complex over the last decades. This is due to the growing number of participants across various geographical areas and the interdependence of work streams (Teisman, 2000). The various areas have different cultures which further complicates models. The idiocentric need for inclusion (Triandis, 2004) should be considered throughout all models.

It is important to ascertain the correct decision-making model that caters to both organisational factors as well as cultural factors. There has been no study conducted for MNEs in sub-Saharan Africa and hence the need for this study to ascertain if this is a preferred model for this region.

2. 3 Role ambiguity

As companies expand into new geographic regions, operations and decision making can be negatively affected if there is inadequate sharing of knowledge

(Rugman and Verbeke, 2004) or if there is role ambiguity (Bray and Brawley, 2002).

Role ambiguity occurs when the focal person is unsure about the salient information that is required to fulfil a role. The missing salient information could be related either to the scope or limits of one's responsibilities, the expectations of the role in respect of the methods and behaviours to fulfil the tasks, and the confusion as to whose expectations are to be met. The last variable links to dual reporting lines (Rhoads, Singh and Goodell, 1994). The nature of the operations of an MNE often leads to managers having dual reporting lines and hence role ambiguity has a significant impact.

Beauchamp and Bray (2001) and Beauchamp, Bray, Eys and Carron (2005) stated that role ambiguity has a negative relationship with efficacy. Ambiguity leads to a lack of common understanding of what a role should entail and hence this correlates to a reduced performance. Role ambiguity is also indirectly related to performance (Kalbers and Cenker, 2008). Kalbers and Cenker (2008) also stated that if there is clarity in the role and responsibilities, there can also be greater autonomy in the role. Singh and Rhoads (1991) and Bray and Brawley (2002) also added that role clarity is positively associated with role efficacy and role performance effectiveness. Singh and Rhoads (1991) stated that individuals are more likely to experience role ambiguity if they cross boundaries.

Role ambiguity is further heightened when there is task interdependency (Wong, De Sanctis and Staudenmayer, 2007). If there is not sufficient clarity regarding the role, it could lead to confusion and the inadequate performance of tasks. They further explained that the geographic distribution of firms and interdependency in terms of decisions and job performance intensifies ambiguity of roles if there is insufficient job control and clarity.

A recent study by Gilboa, Shirom, Fried and Cooper (2008) demonstrated similar results of the negative relationship between role ambiguity and performance. The study suggested that a lack of clarity regarding what is expected from the role constricts a person's ability to deliver on job-related objectives.

Role ambiguity poses an even larger problem for MNEs whose roles and responsibilities cross borders and where many people are responsible for similar and linked functions. This leads to significant interdependence among people of different cultures, both of which increase ambiguity (Rosenzweig and Singh, 1991).

Companies tend to be less rule orientated when they employ individuals who are comfortable with uncertainty and ambiguity. The level of comfort with uncertainty and ambiguity is likely to influence the responsibility delegated to managers. In rule-driven companies in strong uncertainty avoidance climates, the role of a manager may not be to make decisions, but rather to see that the rules and procedures are followed (Lere and Portz, 2005). It is important to understand

whether managers are affected by ambiguity or uncertainty before designing a decision-making model.

2.4 Cultural value systems

2.4.1 Understanding individualism and collectivism

Individualism and collectivism as constructs date back as far as 400 BC to Socrates. However one of the first authors to write about these constructs in relation to business, was Hofstede who conducted extensive research in the late 1970s (Hofstede, 1980).

The concepts of individualism or collectivism refer to whether the country's culture focuses on the individual or on the group. Collectivism is characterised by the country and its population focusing on the group rather the individual while individualism is typified by the country and its population being more concerned with the individual rather than the group (Hofstede, 1980).

In individualism there is the understanding that if there is conflict between individual and group goals, the individual goals take preference (Triandis, 1991). Also, individualists value self-direction and freedom, and if they are restricted in their work, it leads to unhappiness (Triandis, McCusker and Hui, 1990).

In collectivist cultures, people are more concerned with relationships (Triandis and Suh, 2002). This was further discussed by Triandis (2004) who stated that in a

collectivist culture, group goals were emphasised rather than individual goals. Mills and Clark (1982) stated that in a collectivist culture, people are interdependent on each other and shape their behaviour according to group goals rather than individual goals.

2.4.2 Idiocentrics and allocentrics

Triandis (2004) stated that in both collectivist and individualist cultures, there are two different types of individuals. Idiocentric people manifest behaviours associated with an individualist culture while allocentric people manifest behaviours associated with a collectivist culture.

According to Triandis and Suh (2002), idiocentrism and allocentrism are often orthogonal to one another. Idiocentrics are more concerned with self-reliance, uniqueness and competition while allocentrics emphasise sociability, interdependence and group goals, and are responsive to the needs of the group. One of the personality differences is that idiocentrics lean more towards dominance while allocentrics tend to be agreeable (Moskowitz, Suh and Desaulniers, 1994). Allocentrics show less of a need for uniqueness than idiocentrics (Yamaguchi *et al.*, 1995). This implies that idiocentrics do not necessarily want to conform but would rather be part of decision making.

Arzu Wasti (2003) stated that idiocentrics place greater value on career-related positive experiences while allocentrics place value on satisfaction with a

supervisor. Idiocentrics are primarily interested in maximising their own interest and will not limit their progression based on collectivist views. Idiocentric behaviour increases when individuals have a high level of education, play a leadership role, travel internationally and are socially mobile while allocentric behaviour is prevalent when individuals are of a lower class, have limited travel experience, are financially dependant on an in-group and have limited education (Triandis, 2004).

By default, managers are more educated, have more responsibilities and travel more. These are characteristics that result in allocentrics evolving to idiocentrics (Triandis, 2004). This study intends investigating whether managers in subsidiaries of MNEs in countries in sub-Saharan Africa that were traditionally assumed to have collectivist cultures, do in fact display idiocentric behaviour as a result of these factors.

2.4.3 Homogeneity versus heterogeneity in cultures

Hofstede (1980, 2001) implied that a culture of a country is homogeneous. However, the respondents in his survey did not automatically represent the entire country's population. The study has received some criticism in the past. Thompson and Phua (2005) mentioned that while Hofstede's (2001) work was derived from "average" employees of an MNE, it is now being used to draw inferences about elite managers. They questioned whether these findings can be applied across all levels in an organisation, especially for managers, as Hofstede's (2001) scale was geared towards the general employee and not the elite manager. Thompson and

Phua (2005) questioned the validity of the research assumptions that populations are homogeneous in light of the fact that they believe that a country's sub-populations are culturally heterogeneous and hence will not react in the same way.

Triandis (2004) demonstrated that the cultures of countries are not homogeneous and that as markets develop, there is a greater number of idiocentrics. As markets are growing rapidly in sub-Saharan Africa (IMF, 2008) and are becoming more affluent, their populations are becoming more individualistic (Triandis, 2004). This move towards affluence leads to more types of jobs and hence a more complex society (Triandis, 2000). A more complex society results in more idiocentrics as they have more exposure to a global experience (Triandis, 2004).

The homogeneity of culture is also questioned by Gibson and Zellmer-Bruhn (2001) who stated that even in a single country there could be subsets of different cultures. Therefore understanding the subsets of the culture and the reasons for the rise of the different subsets is important for the company expanding or operating in the country.

Because cultures are heterogeneous, there are potential implications for a centralised decision-making model, one of which is that centralised decision making slows down decision making and hence affects the agility of the subsidiary. This leads to the idiocentrics becoming frustrated as they want the business and

themselves to succeed and a slower decision-making process impedes success (Triandis, 2004).

The research intends to explore the extent to which managers in subsidiaries of MNEs in sub-Saharan Africa display idiocentric characteristics and how this affects their views on the role they perceive they should be playing in the decision-making process.

2.5 Cultural value systems and role ambiguity in the context of decision making

The sub-Saharan African context in terms of cultural value systems has a significant impact on decision-making models. As the level of business increases across borders, companies need to be cognisant of different cultures and the subsequent consequences for the business (Zhang, Lowry, Zhou and Xiaolan, 2007). The culture of the country and the corresponding business ramifications need to be considered when deciding on a decision-making model. This was highlighted by Lere and Portz (2005) when they stated that the potential implications of cultural differences on management control systems are vast and these differences can affect the appropriateness and effectiveness of practices in management control systems. These practices include the decision-making process. It is also imperative that role ambiguity be considered as it has an impact on what kind of decision-making model should be implemented.

It is also important for MNEs to understand the cultural drivers of the markets in which they operate as conduct their business as well as their internal processes. Gibson and Zellmer-Bruhn (2001) stated that teamwork differs according to the culture of the country. It is important to understand the definition and the metaphor of teamwork (inclusive of leadership) in the region in which a company operates. The effect on MNEs is that they need to understand the culture of the country when implementing decision-making models or allocating responsibility.

The countries in sub-Saharan Africa have shown rapid growth and have become more affluent according to the IMF (2008). Historically, these markets were considered to be collectivist (Hoskisson *et al.*, 2000). This view is shared by Hathcote *et al.*, 2006). If the market is considered to be collectivist, then this would imply that a centralised decision-making model would apply as stated by Lere and Portz (2005), who also stipulated that in collectivist cultures, the organisation should focus on workforce cohesiveness, team rewards and team goals. In a collectivist culture, decision making should be delegated to groups rather than individuals (Lere and Portz, 2005). However, the question is whether these countries can still be considered collectivist or has the rapid economic growth resulted in an increase in individualist behaviour manifested as an increase in idiocentric managers in MNEs in sub-Saharan Africa?

There is also a new literary debate that questions whether a centralised model is even applicable as companies enter new markets. Smale (2008) commented on

this and indicated that there is a strong move towards local legitimacy as methods such as centralisation are becoming less useful in meeting regional office requirements. Apart from differences among countries, there are also differences among regions in a country and the operating model needs to be cognisant of this. This implies that there should not be one set of procedures or models.

Triandis *et al.* (1990) stated that individualists or idiocentrics need to have freedom and input into their jobs. If idiocentrics are not involved in decision making or the structuring of their jobs, this will lead to unhappiness and frustration. Idiocentrics are also focused on their own goals rather than the goals of the group and hence decision making and the improvement of their status is important to them. This has a significant impact on a potential decision-making model – if the idiocentric needs to be involved in decision making, then the centralised decision-making model will not meet the requirements of the idiocentric manager. The decentralised model or the hybrid should meet the idiocentrics requirements. The level of involvement was tested as this is not described by literature in the African market context.

If a decentralised or hybrid model were to be implemented, the role ambiguity discussion is relevant because if there is role ambiguity, decision making could suffer and will ultimately negatively affect the company (Gilboa *et al.*, 2008).

2.6 Conclusion

While the literature alluded to the fact that idiocentrics want more involvement in the decision-making process, there is no quantifiable proof of this in the African region. The literature also stated that idiocentric managers are more likely to participate in decisions due to the fact that they have more knowledge of local culture and business. A need was highlighted for role clarity to facilitate decision making. All these premises were tested in the context of the Kenyan and Nigerian business arena. The objective was to ascertain the best decision-making model for MNEs investing in sub-Saharan Africa.

CHAPTER 3: RESEARCH PROPOSITIONS

The literature demonstrated that there is an increase in idiocentrism in collectivist countries which had experienced rapid growth (Triandis, 2004). Research was conducted to understand the nature of the idiocentrism and their needs. Idiocentrism were said to be negatively impacted if they are unable to make decisions and are forced to conform (Triandis, 2004). There was also an indication that the subsidiary managers (idiocentrism) understand the local market and culture, and can provide the necessary expertise to enable successful decision making.

The idiocentric need to participate in decision making has not previously been tested in sub-Saharan African markets. This study aimed to obtain a better indication of whether the above was applicable in sub-Saharan Africa.

The research problem was the following:

To what extent does the changing culture of fast growing economies in sub-Saharan Africa impact on the way that managers in the subsidiary office view the strategy decision models of multinational entities (MNEs) and what is the preferred decision model for these managers?

Proposition 1: Idiocentric managers at the subsidiary of the MNE want a greater degree of inclusion in the strategic decision-making process compared to the allocentric managers. Inclusion means that they will participate in the decision-making process.

Proposition 2: Managers at the subsidiary of the MNE understand the dynamics of the local market. However, idiocentric managers are more willing and able to participate in local decision making than the allocentric managers.

Proposition 3: Local managers at the subsidiary of the MNE understand the culture of the market. However, idiocentric managers have a greater desire to participate in local decision making than the allocentric managers.

Proposition 4: A participative decision-making model is considered ideal by idiocentric managers at the subsidiary.

Proposition 5: Clearly defined roles and responsibilities are essential for the success of a decision-making tool for idiocentrics as opposed to allocentrics who do not need clearly defined roles and responsibilities.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Research design

The literature review in Chapter 2 demonstrated that there has been a significant amount of research done on individualism and collectivism (Hofstede, 1980, 1983; Triandis, 1982), on idiocentricity and allocentricity (Moskowitz *et al.*, 1994; Triandis, 2002, 2004) and on decision making (Arzu Wasti, 2003; Hoskisson *et al.*, 2000; Lere and Portz, 2005; Olsen *et al.*, 2005; Yamaguchi *et al.*, 1995 amongst others). An exploratory research method was therefore not considered appropriate.

As the research aimed to quantify the results in an African context, descriptive research was thus considered appropriate because it quantifies results (Zikmund, 2003). A descriptive study also expands and explains issues (Balnaves and Caputi, 2001).

A survey is a research technique in which information is gathered from a sample of people by means of a questionnaire (Zikmund, 2003). Zikmund stated that a survey is not only a relatively quick and inexpensive means of obtaining the required data, but also enables researchers to elicit opinions and attitudes, and ascertain types of data that are crucial to the current problem. Because the respondents reside in other African countries, it made personal interviews or observation difficult to conduct as a means of collecting data and therefore the survey method was considered the most appropriate method.

4.2 Survey method: Electronic

The surveys were conducted via the internet. Internet surveys can take one of two forms, namely an email survey or a web-based survey (Chipp, Goldman and Kleyn, 2007). The survey conducted was an email survey. Email surveys are distributed through embedded questions in the email, questions in an email attachment or by sending an email to respondents directing them to an internet address or URL (Bradley, 1999; Chipp and Ismail, 2004).

The method used for this study was two pronged as not all the respondents had access to the internet. Hence surveys were both internet (first prong) and email based (second prong). Surveys were emailed to respondents either via an attachment or a URL. Survey Monkey was the data collection tool and the URL was generated on Survey Monkey (www.surveymonkey.com). Most of the respondents had internet access and hence the URL method was more widely used. The survey was in the form of a questionnaire (Annexure A). The main reason for sending this questionnaire electronically was that the respondents reside in other geographical areas (namely, Nigeria and Kenya) and electronic communication is fast and safe.

As these surveys were emailed and self-administered, there was a high probability of non-response bias (Zikmund, 2003). The measure to control this bias was to have a database that tracked responses. Once the original deadline had closed, all

participants that had not responded were contacted via email to persuade them to participate.

Permission was sought from the companies and letters of consent were signed. All companies with the exception of Company NI and Company KI (company names are disguised to ensure anonymity) sent emails to the managers of their institutions to ensure that there was maximum participation. A GIBS-branded email was also sent as an introductory email explaining that participation in this survey would assist in developing academic knowledge and the results would be shared with the participating companies. This also aided in ensuring participation.

The form of the survey was both an Excel format and an HTML format. Both options allowed respondents to click on their choices and the response was saved on the form in the database. The form allowed the respondent to select only one choice per question, to change responses and to navigate backwards and forwards. The survey was emailed and two subsequent reminders were sent.

While saturation survey was the envisaged choice of surveying, due to company constraints this was not the method used in Company KC and Company NC. It was, however, used in Company NI, Company NC, Company NL, Company KM, Company KT, Company KI and Company KA.

4.3 Population

Population 1 included all the countries in the sub-Saharan region that have shown rapid growth according to the IMF (2008). The countries identified by the Regional Economic Outlook Report (2008) were Nigeria, Botswana, Angola, Ghana and Kenya.

Population 2 included all South African multinational entities. These multinational entities are defined as companies who have base operations and headquarters in South Africa with divisions or branches in sub-Saharan markets that have experienced rapid growth. The companies were required to have a presence in one or both of the identified countries.

Population 3 included all local managers in multinational entities in the identified countries in population 2. Managers are defined by companies according to their minimum management grades as documented by their internal human resource department. Managers from the minimum grade up formed part of the population. The population included all managers of South African multinational entities that work in sub-Saharan markets outside South Africa that have experienced rapid growth.

The population did not include middle managers of South African multinational entities that are physically present in South Africa or any middle manager that does not work for a South African multinational entity.

4.4 Unit of analysis

The unit of analysis was middle managers in multinational entities that are employed in the subsidiary.

4.5 Sampling

Three levels of sampling units were present. The first phase was to select the countries fitting the criteria highlighted by the literature as those countries that have grown quickly and to a significant extent (Triandis, 2004). The markets in sub-Saharan Africa that were highlighted by the Regional Economic Outlook Report (2008) were Nigeria, Botswana, Angola, Ghana and Kenya. The two markets that were sampled were Kenya and Nigeria. These markets were selected based on convenience as the researcher had working relationships with companies in these markets and could gain access to them.

The second sampling unit was multinational entities. The companies that were included had a presence in one or both of the identified countries.

This was a convenient sample and included the following companies:

- ◇ Standard Bank Nigeria
- ◇ Standard Bank Kenya
- ◇ MTN Nigeria
- ◇ Clientele Nigeria
- ◇ Old Mutual Kenya

- ◇ African Alliance Kenya
- ◇ Liberty (present in Kenya)
- ◇ Sanlam Kenya.

The names of these companies will be disguised in the rest of the document to ensure that anonymity is maintained.

Approval was obtained from these companies to survey their managers. The management teams of the multinational entities displayed an interest in this research and sent emails to their managers to ensure participation. These emails gave credibility to the research in the minds of their managers and to some extent reduced the non-response.

The third sampling unit was the managers in the selected companies. The companies, with the exception of Company KC and Company NC, provided a list of all their managers. Company KC and Company NC only provided a sample of their managers. The survey (with the exclusion of Company KC and Company NC) was performed by means of saturation surveying whereby all the managers in these organisations were asked to participate in this survey. The survey was sent electronically with GIBS branding to all the managers to reduce sample bias. This process was assisted by emails sent to the managers from their senior managers or directors to ensure participation.

Saturation surveying is a move away from sampling as it entails an attempt to survey all identifiable target respondents (Bradley, 1999). Saturation surveying has been made possible by the low cost of the internet. Previously, the high cost of interviewers, materials and the administration of offline surveying rendered saturation surveying prohibitively expensive (Chipp and Ismail, 2004). Saturation surveying is also an efficient means of contacting a large number of people, provided that privacy and spam concerns are addressed (Chipp *et al.*, 2007).

All the managers in the Company NI, Company NL, Company KM, Company KT, Company KI, and Company KA offices were asked to participate. Company KC and Company NC identified a list of managers and only these were targeted for participation.

Table 1 highlights the number of managers in the various companies that were asked to participate.

Table 1: Sample size in the various MNEs

Company	NI	NC	NL	KT	KM	KI	KA	KC
Number of Managers	236	30	6	5	21	10	2	21

4.6 Questionnaire design

For a questionnaire to achieve the purpose of a study, it needs to meet two basic criteria – it need needs to be relevant and accurate (Zikmund, 2003). Relevance is ensured if no unnecessary information is collected and if the necessary information to solve the research question is obtained. Accuracy means that the information is reliable and valid (Zikmund, 2003).

The answer to any question is a function of the question's wording and the survey is only as good as the questions asked (Zikmund, 2003). The respondents of this questionnaire typically used English as their second language and, while all the respondents had a fair grasp of English, the language in the questionnaire was kept simple to the point where some of the questions may have appeared too simplistic. However, it ensured that the potential for misinterpretation was minimised.

The funnel technique was applied to the questionnaire design. The funnel technique asks general questions before asking specific questions (Zikmund, 2003). This hopefully prevented biased responses.

The questionnaire had three sections. Section A served to establish whether the manager surveyed was an idiocentric or allocentric. The questions in section A originally included all questions from the list of 32 questions developed by Triandis (1996), which were designed to measure subfactors of collectivism-individualism.

These questions were previously used by Gouveia, Clemente and Espinosa (2003) and proved to be both valid and reliable with a Cronbach alpha of 0.72. Cronbach's alpha is an index of reliability associated with the variation accounted by the true score of the underlying variable that is being measured. A score of 0.70 is the cut-off point for being acceptable (Santos, 1998).

The questions were tested using a small sample (four managers in the Company NI and Company KC offices) and subsequently slightly reworded to be relevant in the business context of a multinational entity. The questionnaire was also deemed too long by the managers at Company NI and Company KC and was therefore reduced to 20 questions. The 20 questions were chosen based on the researcher's and the managers at Company NI and Company KC's view of the questions that would be applicable to the managers in these markets.

Section B of the questionnaire included questions that were developed based on the key themes of decision making identified in the literature. These included questions on the preferred input method for strategic decision making, the impact of knowledge in terms of culture and local dynamics on decision making and preferred decision-making models.

Section C of the questionnaire aimed to test whether role ambiguity exists for the multinational's branch manager and to investigate whether role clarity (Bray and Brawley, 2002) was required by the manager. The questions in section C were

selected from an original list of questions developed by Singh and Rhoads (1991) that were designed to measure role ambiguity. These questions had been tested and had achieved a reliability of greater than 0.70 (Singh and Rhoads, 1991). This proved the questionnaire to be valid and reliable. The questions were reworded to cater for the structure of the multinational entity as a result of the pre-test with selected Company NI and Company KC offices. The test also revealed that the questionnaire was too long and hence the questions were reduced from 32 to 11. Additional questions were added to establish the requirement of role clarity. These questions were developed based on key themes that were highlighted in the literature.

4.7 Scaling

Zikmund (2003) stated that ranking, rating, sorting and choice techniques can be used to measure attitudes. For the purpose of this study, the rating technique was selected as the respondents were required to estimate the magnitude of a characteristic or quality.

Zikmund (2003) listed many types of rating scales that could be used to measure attitudes. From these the Likert scale was considered the most appropriate as it indicates how strongly the respondent agrees or disagrees with a statement. It is also relatively simple and would remove ambiguity. The first two questions in the survey aimed to establish general information about the respondent. The balance

of the questionnaire offered responses that ranged from very positive to very negative.

Zikmund (2003) stated that to perform data analysis, a weighting needs to be assigned to each response. This is illustrated in Table 2.

Table 2: Weighting of responses

Response	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Response	All the time	Most of the time	Regularly	Sometimes	Never
Weighting	1	2	3	4	5

4.8 Analysis

The conversion of data to information occurs in the evaluative phase. Descriptive analysis refers to the transformation of the raw data into a form that will it easy to understand and interpret (Zikmund, 2003). Chapter 5 conducts the analysis of the data to convert it to meaningful information.

A five-point scale was used and therefore the data was considered to be interval data. Each of the propositions was tested statistically. The questionnaire had three sections. Section A sought to establish whether the respondent is an idiocentric or an allocentric. Therefore section A was analysed first and thereafter the output of

section A was tested against the output of various questions in sections B and C that were applicable to the propositions to ascertain their validity.

The statistical tests used were as follows:

- ◇ *Proposition 1 – Two sample t-test:* Two sample tests are used to ascertain whether the values for the same variable measured in two samples are different in the population from which it was drawn (Blaikie, 2003). This was deemed appropriate as both the idiocentrics and allocentrics had responded to the same variable and the responses were needed to evaluate proposition 1.
- ◇ *Proposition 2 – Two sample t-test:* This was deemed appropriate as the respondents responded to the same variable.
- ◇ *Proposition 3 – Two sample t-test:* This was deemed appropriate as both the idiocentrics and allocentrics responded to the same variable.
- ◇ *Proposition 4 – One sample test:* A one sample test is used to establish whether or not the value for a particular variable in a sample is different from some known or assumed population value (Blaikie, 2003). The sample of idiocentrics was tested against the mid-point of the scale and hence the test was deemed appropriate.
- ◇ *Proposition 5 – Paired sampled t-tests:* These tests were used to test proposition 5. This was deemed appropriate as a single sample was tested across two variables, namely do they currently have role clarity and do they want role clarity. This test was done for both idiocentrics and allocentrics.

Thereafter a two sample t-test was conducted on the idiocentrics and allocentrics to ascertain firstly if there was a difference on how much clarity they have and secondly if there was a difference on how much role clarity they need.

CHAPTER 5: RESULTS

5.1 Introduction

A total of 331 surveys were sent to potential respondents, of which 257 were from Company X. The balance of 74 surveys was sent to the other six MNEs. Of the 331 potential respondents, 136 completed the surveys providing a response rate of 40%. Only 135 surveys were used as part of the analysis as the last response was received after the closing date.

5.2 Demographics and education

The target sample was managers in the local country offices of MNEs. No specific criteria apart from managerial status were used to include or exclude respondents.

The tables below illustrate the demographics and educational levels of the 135 respondents. As anonymity was guaranteed, there was no split of data by company or by country. However, as 272 surveys were sent to companies in Nigeria, as per Table 1 on page 35, which is 82% of the total potential respondents, it could be inferred that a large portion of the respondents were Nigerian assuming that response rates were equal from all countries.

Table 3 on page 43 shows that the majority of the respondents were male being almost two-thirds (65.2%) of the respondent base.

Table 3: Gender split

	Response percentage	Response count
Male	65.2%	88
Female	34.8%	47
Total		135

Table 4 below shows that the majority of the respondents were between 31 and 40 years of age (47.4%). There was also a large number of respondents between 41 and 50 years of age (31.9%). This age group would typically not be recent additions to the workforce.

Table 4: Age category

	Response percentage	Response count
< 25	0.0%	0
25-30	16.3%	22
31-40	47.4%	64
41-50	31.9%	43
< 50	4.4%	6
Total		135

Table 5 on page 44 illustrates that the respondents were well educated, having either undergraduate or master's degrees. A resounding 55% of the respondents had a master's degree. This is one of the criteria that changes allocentric individuals to idiocentric individuals (Triandis, 2004).



Table 5: Education levels

	Response percentage	Response count
Doctorate	0.0%	0
Master's	55.6%	75
Degree/Diploma	44.4%	60
Other	0.0%	0
Total		135

5.3 Questionnaire analysis

The questionnaire consistently used a five-point Likert scale with the third option being the neutral option. The questionnaire was split into three sections. The first section was used to ascertain whether the respondents were either collectivist/allocentric or individualist/idiocentric. This information was relevant to all the propositions as the differences between idiocentric and allocentric were tested in each of the propositions. The second section of the questionnaire addressed propositions one to four. The third section of the questionnaire was divided into two sections. The first section explored whether respondents had role clarity and the second whether respondents wanted role clarity. The analysis was divided into these sections. All the data was received in one spreadsheet.

5.3.1 Section A: Collectivist/allocentric versus individualist/idiocentric

All questions had equal weighting. One of the questions had to be reversed as per the instruction on the questionnaire developed by Triandis (1996). A pre-test was conducted using Company NI and Company KC managers with regional

responsibility for the African markets outside South Africa. This test revealed that some of the questions needed to be modified as the language was confusing to the managers in the sub-Saharan African markets. These questions were slightly modified without detracting from the original meaning. The test also revealed that the managers considered the questionnaire too long and advised that managers at local offices would not respond to a lengthy questionnaire. Twelve questions were therefore removed.

The Triandis (1996) questionnaire was designed to ascertain not only whether the respondents were individualist or collectivist, but also to ascertain whether the respondents were horizontal collectivist (HC), vertical collectivist (VC), horizontal individualist (HI) or vertical individualist (VI). It was therefore decided to test for these factors.

5.3.1.1 Horizontal and vertical dimensions of individualists and collectivists

This test was prepared by adding the results for all questions relating to HC, VC, HI and VI. Thereafter Cronbach alpha scores were calculated to ascertain if the results were reliable and valid.

Table 6: Cronbach alpha scores for HC, VC, HI and VI

	HC	VC	HI	VI
Cronbach alpha	0.442946	0.344225	0.714005	0.439171
Standardised Cronbach alpha	0.503829	0.355968	0.713950	0.444394

The Cronbach alpha scores for all measures with the exception of HI were under the acceptable range of 0.70 (Santos, 1998). The HI scores were acceptable. Tests were conducted to remove some questions that could have negatively impacted the Cronbach alpha score. However, this had little impact and in some cases worsened the result. It is important to note that the HI factor had the most amount of questions, with the others having very few questions each.

To calculate the statistical scores, the summed results for HC, VC, HI and VI were used. Statistical tests were run on these summed results to calculate the mean, standard deviation, median and mode for HC, VC, HI and VI.

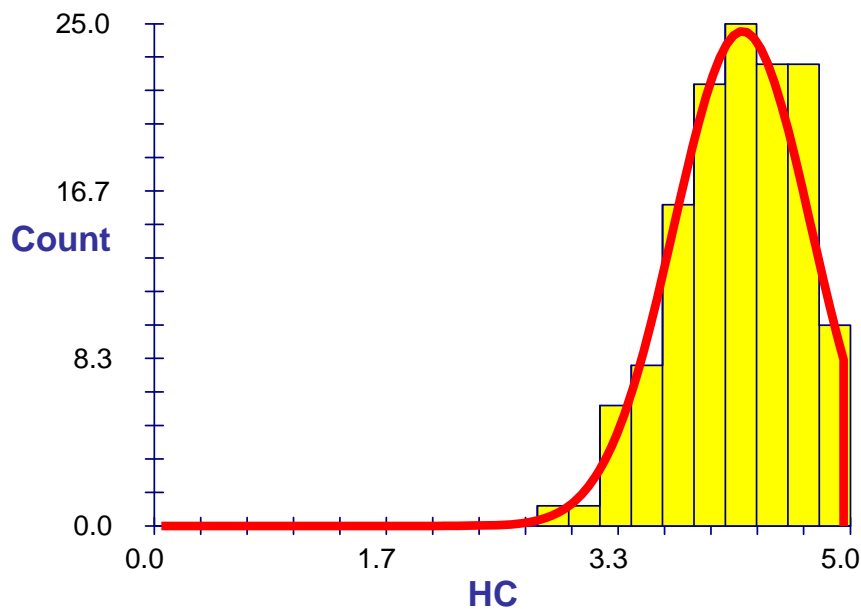
Table 7: Statistical results for horizontal or vertical collectivism or individualism

	HC	VC	HI	VI
Mean	4.224074	3.385185	3.712169	3.226667
Std Dev	0.491793	0.501642	0.562019	0.532412
Median	4.25	3.5	3.857143	3.2
Mode	4.25	3.5	4	3

The statistical results as evidenced in Table 7 above revealed that there were problems with the data as data was skew across all four variables. A close inspection of the standard deviation ranged from 0.491793 to 0.562019 which is a half point in the scale. This indicated that all the responses were one value of the mean and revealed that the data was skewed to the right.

The HC values were the worst with the lowest standard deviation while the HI construct had the best results. Using the HC statistics as an example, it was evident that 68% of the responses fell between 3.732281 and 4.715867. This demonstrated skewed data which is displayed in Figure 1 below

Figure 1 : Horizontal collectivism distribution



While the results for the HC, VC, HI and VI seemed problematic, these concepts were not part of the propositions and hence a decision was taken rather to concentrate on the individualist/idiocentric and collectivist/allocentric scores.

5.3.1.2 Individualists and collectivists

The individualist scores were determined by adding VI and HI responses and the collectivist scores were determined by adding the VC and HC responses (Triandis, 1996). Statistical tests were done to ascertain the numbers of respondents that were high on collectivist or individualist criteria. The number three was again used as the deciding factor as it is the mid-point of the Likert scale. It was found that the problem of skewed data remained. Even though there was a slight improvement, the data was still problematic.

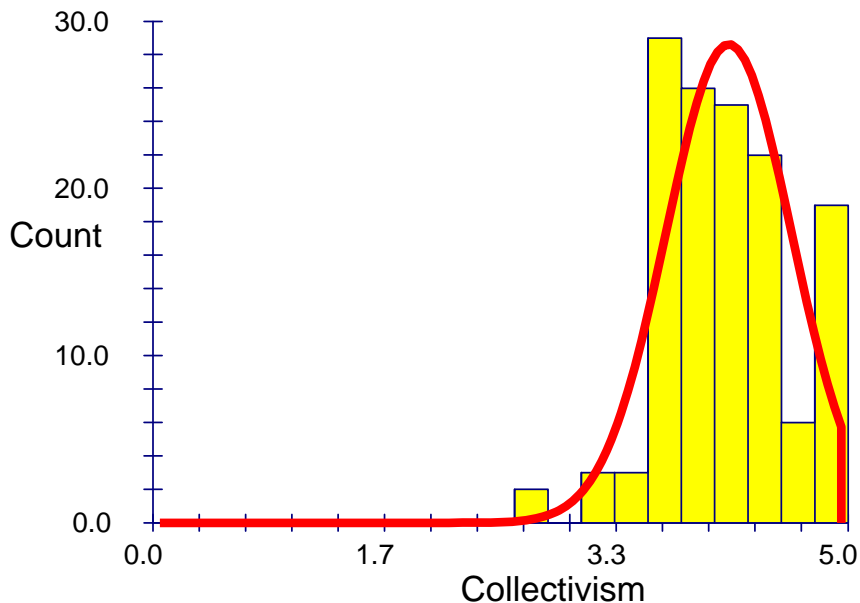
Table 8: Statistical results for collectivist and individualist criteria

	Collectivist	Individualist
Mean	3.80463	3.509876543
Std Dev	0.395759	0.423580922
Median	3.875	3.5
Mode	3.75	3.416666667

The high degree on both scales revealed the positive skewness (skewed to the right) which relates to the acquiescence bias. Acquiescence bias is a category of response bias in which respondents tend to agree with all questions (Zikmund, 2003).

The standard deviation was again very low, with 68% of the responses ranging between 3.408871 and 4.200389 for the collectivist data. This demonstrated that the data was still significantly skewed to the right as illustrated in Figure 2 on page 49.

Figure 2: Collectivist distribution



Again, the Cronbach alpha test was run to ascertain if the reliability of the questionnaire affected the skewness.

The Cronbach alpha scores were first run for the collectivist construct. Due to the low initial scores, three questions were removed after analysis was conducted to ascertain the questions that reduced the score. Although the scores did improve after the removal of the questions (see Table 9 on page 50), the scores remained well below the 0.7 range. This raised the concern of whether the data was reliable or valid.

Table 9: Cronbach alpha scores for collectivist (initial and revised)

	Initial	Revised
Cronbach alpha	0.507691	0.584486
Standardised Cronbach alpha	0.555972	0.605486

The Cronbach alpha scores were then computed for the individualist construct and better results were obtained. Analysis was then conducted to discover which questions were not well correlated. One question was removed and this improved the Cronbach alpha score to almost the 0.7 range (see Table 10 below). This indicated that the individualist aspect of the questionnaire was valid and reliable.

Table 10: Cronbach alpha scores for individualist (initial and revised)

	Initial	Revised
Cronbach alpha	0.650222	0.677008
Standardised Cronbach alpha	0.667461	0.697384

A further test was conducted after the removal of the three unaligned questions in the collectivist section and the one in the individualist section to discover if the removal of questions had a positive impact on the skewed data. The removal of the three questions in the collectivist section had no impact on the level of the skewed data while the removal of the one question in the individualist section caused the data to be further skewed to the right.

As the data was skewed quite heavily to the right, the data in its current form was unusable for establishing significant results for collectivists and individualists. This would have prevented any analysis of the propositions.

5.4 Transformation process

To facilitate the analysis of the propositions, the data had to undergo transformation. The first method used to transform the data was to convert ordinal data into interval scales. This was developed by Bendixen and Sandler, 1995. While the transformation yielded positive results as evidenced in Table 11 below, it was not designed to address the problem of skewed data and hence this transformation and subsequent results were unusable.

Table 11: Statistical results post transformation 1 (Bendixen)

	Collectivist	Individualist
High	112	80
Low	23	55

The other transformation methods specifically used to address skewed data and that were used in this study are included in

Table 12 on page 52. The change in the results after each of the transformations is also included. The transformed scale is as follows for each of the transformation methods.

Table 12: Transformation scales

Scale	Ln	Logarithmic	Arcsine	Arcsine root
1	0	0	0.20136	0.46365
2	0.693147	0.30103	0.41152	0.68472
3	1.098612	0.477121	0.6435	0.88608
4	1.386294	0.60206	0.9273	1.10715
5	1.609438	0.69897	1.5708	1.5708

The results on all the transformed data were split using the mid-point of the Likert scale which was three. This ensured consistency in the method.

The natural log method was the second method used to transform the data. This method helps to reduce skewness (Hopkins, 2000; Peers, 1996). The results are shown in Table 13 below.

Table 13: Statistical results post ln transformation

	Collectivist	Individualist
High	121	103
Low	14	32

The logarithmic base ten method also addresses the skewness factor (Hopkins, 2000; Peers, 1996; Wheater and Cook, 2005). The results are shown in Table 14 on page 53.

Table 14: Statistical results post the logarithmic transformation

	Collectivist	Individualist
High	121	102
Low	14	33

The arcsine method as discussed by Peers (1996) and Wheater and Cook (2005), and the arcsine root method as discussed by Wheater and Cook (2005) also reduces the skewness factor as evidenced in Table 15 and Table 16.

Table 15: Statistical results post the arcsine transformation

	Collectivist	Individualist
High	129	127
Low	6	8

Table 16: Statistical results post the arcsine root transformation

	Collectivist	Individualist
High	118	124
Low	17	11

The arcsine root method produced the best results for the collectivists. The next best results were produced by the natural log (ln) and logarithmic base ten methods. However, logarithmic base ten produced slightly better results than the ln transformation for the individualist and the arcsine root transformation did not produce good results. It was therefore decided to use the logarithmic base ten transformation method.

Further Cronbach alpha testing was conducted on the rescaled data to ascertain if the first section of the questionnaire was reliable. These results are presented in Table 17 below.

Table 17: Cronbach alpha scores for collectivist (initial and revised)

	Initial	Revised
Cronbach alpha	0.375186	0.520403
Standardised Cronbach alpha	0.491696	0.561357

Collectivist Cronbach alpha initial scores were still extremely low. Three questions were removed which improved the values. However, the values were still not high enough to demonstrate accuracy or validity of the responses.

Once one of the questions had been removed, the individualist Cronbach alpha scores, as evidenced in Table 18 below, were increased to acceptable levels to ensure reliability and validity. It was therefore decided not to focus on the collectivist results but rather on the individualist results. *This meant that all the respondents that ranked low on the individualist/idiocentric results were considered collectivist/allocentric.*

Table 18: Cronbach alpha scores for individualist (initial and revised)

	Initial	Revised
Cronbach alpha	0.607941	0.648679
Standardised Cronbach alpha	0.665465	0.692992

5.5 Mean versus median split

Although the transformation improved the data, a decision was still needed to determine a way in which to split the data to facilitate the analysis. Two techniques were considered to split the transformed results, a median split and a mean split. Both techniques improved the skewness tremendously as demonstrated in Table 19 below. However, the median produced better results and is the most commonly used, partially because it is not affected by extreme scores.

Table 19: Mean and median split of the individualist results

	Values
Mean split high (individualist)	74
Mean split low (collectivist)	61
Median split high (individualist)	70
Median split low (collectivist)	65

Once the data was split, Cronbach alpha scores were determined for the relevant questions for each of the propositions. These tests were run after all the responses were converted using the logarithmic base ten transformation.

5.6 Scaling results for the propositions and role clarity

The questions relating to each of the propositions and for the testing for role clarity were tested for validity and reliability using the Cronbach alpha test. Each of these results is discussed separately.

5.6.1 Reliability tests for key constructs

Two questions in section B of the questionnaire (Annexure A) addressed the construct of strategic decision making. The Cronbach alpha score as evidenced in Table 20 below was at an acceptable range exceeding the 0.7 cut-off. This construct was therefore considered valid and reliable.

Table 20: Cronbach alpha for strategic decision making

	Cronbach alpha	Standardised Cronbach alpha
Strategic decision making	0.728755	0.749366

Three questions in section B of the questionnaire addressed local market dynamics. The initial Cronbach alpha score as evidenced in Table 21 below was low. Analysis was conducted and one of the questions removed as it appeared to be negatively correlated to the other questions. This improved the scores and brought them closer to the 0.7 mark, which made this section reliable and valid.

Table 21: Cronbach alpha for local market dynamics

	Cronbach alpha	Standardised Cronbach alpha
Initial	0.526547	0.561545
Revised	0.678315	0.691350

Thirteen questions in section B of the questionnaire addressed the construct of participative decision making. Of these 13 questions, three of the questions were negative and had to be recalibrated to ensure correct results. A Cronbach alpha

test was then run to check validity and reliability of the questionnaire. The standardised Cronbach alpha score as evidenced in Table 22 below was at an acceptable range exceeding the 0.7 cut-off.

Table 22: Cronbach alpha for participative decision making model

	Cronbach alpha	Standardised Cronbach alpha
Participative decision-making Model	0.644016	0.771552

The role clarity section of the questionnaire was made up of 11 questions that were selected from an original questionnaire designed by Singh and Rhoads (1991) to measure role ambiguity. This original questionnaire had 35 questions. Due to the pre-test advising that the questionnaire was too long, the questions were reduced to 11. As the questions were reduced, it was important to test the Cronbach alpha to ensure that the questionnaire was still reliable. The Cronbach alpha score as shown in Table 23 below was significantly high and substantially above the 0.7 range.

Table 23: Cronbach alpha scores for role clarity/ambiguity

	Cronbach alpha	Standardised Cronbach alpha
Role clarity/ambiguity	0.882985	0.886924

There were five questions in section C that were used to test whether the respondents want role clarity. The Cronbach alpha score for these questions is

shown in Table 24 below. The scores were significantly higher than 0.7 which translated into reliable data.

Table 24: Cronbach alpha scores for need for role clarity

	Cronbach alpha	Standardised Cronbach alpha
Need for role clarity	0.873750	0.872543

5.7 Proposition analysis

The t-tests conducted were performed by using features of NCSS 2007® at a 95% confidence level. NCSS2007® reports the results of four different tests. Based on the characteristic of the data, that being normality or variance, the relevant test was selected based on Table 25 below. Thereafter the results of the relevant tests were used to make statistical inferences.

Table 25: Selection of the appropriate difference test

Data characteristic		Appropriate difference test reported by NCSS 2007	Appropriate statistic reported by NCSS
Normal (NCSS tests)	Levene's equal variance test		
Yes	Yes	Equal variance t-test	t-value
Yes	No	Aspin-Welch unequal variance test	t-value
No	Yes	Mann Whitney U or Wilcoxin rank-sum test	Z-value
No	No	Kolmogorov-Smirnov test	Dmn criterion value*

Source: Hintze, 2007

5.7.1 Proposition 1

Idiocentric managers at the subsidiary of the MNE want a greater degree of inclusion in the strategic decision-making process compared to the allocentric managers. Inclusion means that they will participate in the decision-making process.

A two sample t-test was used to test proposition 1. Two sample tests are used to ascertain whether the values for the same variable measured in two samples are different in the population from which they were drawn (Blaikie, 2003). This was deemed appropriate as both the idiocentrics and allocentrics had responded on the same variable.

Table 26: Two sample t-test results for proposition 1

Variable	Count	μ - mean	SD	VA	Z-value / test alpha	P-value	Reject HO
Idiocentric	140	0.638914	0.069437	Equal	-2.5615	0.005211	Yes
Allocentric	130	0.603978	0.118023				
Mann Whitney U							

NCSS test results issued conflicting responses on whether or not to reject normality. As five of the six tests that check for normality advised that normality should be rejected, it was decided to reject normality. Levene's equal variance test could not reject equal variances. Based on these factors and on Table 25 on page 58, the Mann Whitney U test results were used. The test results revealed a p -value

of 0.005211, which is well below the 0.05 point, and hence there appeared to be sufficient evidence to support proposition 1.

5.7.2 Proposition 2

Managers at the subsidiary of the MNE understand the dynamics of the local market. However, idiocentric managers are more willing and able to participate in local decision making than the allocentric managers.

A two sample t-test was used to test proposition 2. This was deemed appropriate as both the idiocentrics and allocentrics had responded on the same variable.

Table 27: Two sample t-test results for proposition 2

Variable	Count	μ - mean	SD	VA	Z-value / test alpha	P-value	Reject Ho
Idiocentric	140	0.640298	0.069656	Equal	-2.1493	0.015804	Yes
Allocentric	130	0.609843	0.117475				
Mann Whitney U							

NCSS test results issued conflicting responses on whether or not to reject normality. As five of the six tests that check for normality advised that normality should be rejected, it was decided to reject normality. Levene's equal variance test could not reject equal variances. Therefore the Mann Whitney U test result was used. The test results revealed a p -value of 0.01684, which is well below the 0.05

point, and hence the null hypothesis could be rejected. Therefore there appeared to be sufficient evidence to support proposition 2.

5.7.3 Proposition 3

Local managers at the subsidiary of the MNE understand the culture of the market. However, idiocentric managers have a greater desire to participate in local decision making than the allocentric managers.

A two sample t-test was used to test proposition 3. This was deemed appropriate as both the idiocentrics and allocentrics had responded on the same variable.

Table 28: Two sample t-test results for proposition 3

Variable	Count	μ - mean	SD	VA	Z-value / test alpha	P-value	Reject Ho
Idiocentric	70	0.634486	0.054080	Equal	-1.3351	0.090919	No
Allocentric	65	0.613868	0.094314				
Mann Whitney U							

NCSS test results issued conflicting responses on whether or not to reject normality. As three of the six tests that check for normality advised that normality should be rejected, it was decided to be prudent and to reject normality. Levene's equal variance test could not reject equal variances. Therefore the Mann Whitney U test result was used. The test results revealed a p -value of 0.090919, which is

above the 0.05 point, and hence the null hypothesis cannot be rejected. In this case there was insufficient evidence to support proposition 3.

5.7.4 Proposition 4

A participative decision-making model is considered ideal by idiocentric managers at the subsidiary.

A one sample test was conducted. A one sample test is used to establish whether or not the value for a particular variable in a sample is different from some known or assumed population value (Blaikie, 2003). The sample of idiocentrics was tested against the mid-point of the scale and hence the test was deemed appropriate.

A test was run to test for normality and the skewness, kurtosis and omnibus tests rejected normality. Therefore a non-parametric test (Wilcoxon signed-rank test) was used.

Table 29: T-test results for proposition 4

Variable	μ - mean	SD	Normality	Z-value	P-value	Reject Ho
Idiocentric	0.577473	0.153445				
Wilcoxon signed-rank test			Reject	17.7108	0.000000	Yes

The test results revealed that the p -value was less than 0.00000, much lower than the significant level of 0.05 and hence the null hypothesis could be rejected. This meant that there was sufficient evidence to support proposition 4.

5.7.5 Proposition 5

Clearly defined roles and responsibilities are essential for the success of a decision-making tool for idiocentrics as opposed to allocentrics who do not need clearly defined roles and responsibilities.

Paired sampled t-tests were used to test proposition 5. This was deemed appropriate as a single sample was tested across two variables, namely do they currently have role clarity and do they want role clarity. This test was done for both idiocentrics and allocentrics. Thereafter a two sample t-test was conducted between the idiocentrics and allocentrics to ascertain firstly if there was a difference on how much clarity they have and secondly if there was a difference on how much role clarity they need.

The results for the allocentrics' actual role clarity and the desired role clarity are shown in Table 30 on page 64 and the results for idiocentrics are shown in Table 31 on page 64. As normality was rejected in both tests and as per the criteria set out in Table 25 on page 58, the Wilcoxon signed-rank test was used.

Table 30: Paired sample statistics for allocentrics

Variable	Count	μ - mean	SD	Z-value / test alpha	P-value	Reject Ho
Allocentric (current)	65	0.568674	0.088326			
Allocentric (desired)	65	0.584740	0.099510			
Wilcoxon signed-rank test						

The results of the paired sample t-tests for the allocentrics showed very little difference between their current role clarity and their desired role clarity. The p-value was 0.272221, which failed to reject the null hypothesis postulating that there was a difference between the actual and desired role clarity. Hence there was insufficient evidence to support this hypothesis.

Table 31: Paired sample statistics for idiocentrics

Variable	Count	μ - mean	SD	Z-value / test alpha	P-value	Reject Ho
Idiocentric (current)	70	0.580464	0.070473			
Idiocentric (desired)	70	0.584760	0.096048			
Wilcoxon Signed-Rank Test						

The results of the paired sample t-tests for the idiocentrics yielded similar results to the allocentrics and showed very little difference between their current role clarity and their desired role clarity. The p-value of 0.193610 failed to reject the null hypothesis which postulated that there was a difference between the actual and

desired role clarity. Hence there was insufficient evidence to support this hypothesis.

The results for the two sample t-tests to see whether there was a difference between the amount of role clarity that the allocentrics and idiocentrics currently have is displayed in Table 32 below. The difference between the amount of role clarity desired by the idiocentrics and allocentrics is displayed in Table 33 on page 66.

As normality was rejected and as per Levene's test, equal variances were not rejected and as per the criteria set out in Table 25 on page 58 the Mann-Whitney U test was used to test statistically the difference between the current role clarity.

Table 32: Difference between the idiocentric and allocentrics' current role clarity

Variable	Count	μ - mean	SD	Z-value	P-value	Rejec t Ho
Idiocentric	70	0.580464	0.070473			
Allocentric	65	0.568674	0.088326			
Wilcoxon signed- rank test				-0.6680	0.504134	No

The results of the two sample t-tests for the current role clarity between the idiocentrics and allocentrics showed very little difference. The p -value of 0.50413 is substantially higher than the significant level of 0.05. This then failed to reject the null hypothesis that postulated that there was a difference between the idiocentric

and allocentric. There was therefore insufficient evidence to support this hypothesis.

As normality was rejected and as per Levene’s test, equal variances were not rejected and as per the criteria set out in Table 25 on page 58, the Mann-Whitney U test was used to test statistically the difference between the desired role clarity.

Table 33: Difference between the idiocentric and allocentric desired role clarity

Variable	Count	μ - mean	SD	Z-value	P-value	Reject Ho
Idiocentric	70	0.58476	9.604831E-02			
Allocentric	65	0.574369	0.1298252			
Mann-Whitney U test				0.1298252	0.889050	No

The results of the two sample t-tests for the desired role clarity between the idiocentrics and allocentrics again showed very little difference. The p -value of 0.88905 was substantially higher than the significant level of 0.05. This then failed to reject the null hypothesis that postulated that there was a difference between the idiocentric and allocentric desired role clarity. There was therefore insufficient evidence to support proposition 5.

5.8 Conclusion

This study had five propositions, a summary of which is shown in Table 34.

Table 34: Results for all propositions

Propositions	Results-Ho
1. Idiocentric managers at the subsidiary of the MNE want a greater degree of inclusion in the strategic decision-making process compared to the allocentric managers. Inclusion means that they will participate in the decision-making process.	Reject
2. Managers at the subsidiary of the MNE understand the dynamics of the local market. However, idiocentric managers are more willing and able to participate in local decisions making than the allocentric managers.	Reject
3. Local managers at the subsidiary of the MNE understand the culture of the market. However, idiocentric managers have a greater desire to participate in local decision making than the allocentric managers.	Fail to reject
4. A participative decision-making model is considered ideal by idiocentric managers at the subsidiary.	Reject
5. Clearly defined roles and responsibilities are essential for the success of a decision-making tool for idiocentrics opposed to allocentrics who do not need clearly defined roles and responsibilities.	Fail to reject

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

This chapter discusses the results presented in Chapter 5. It aims to examine the reasons for the problems encountered with the data and discusses the propositions and the statistical outcomes in detail. The chapter also discusses the results as they relate to the literature review presented in Chapter 2 and highlights any disparities.

6.2 Problem data

As evidenced in Chapter 5, the data received had a few problems. Each of the problems is discussed separately to postulate possible reasons.

6.2.1 The problem related to the Cronbach alpha scores

The first quandary occurred when the data revealed that most of the respondents claimed to be both collectivists as well as individualists. Although Triandis (2004) stated that it is possible for people to have traits of both individualists as well as collectivists, the magnitude of the number of respondents ranking high on both the collectivist and individualist scale was surprising.

Table 9 on page 49 and Table 10 on page 50 revealed that while the questions aiming to determine individualists were reliable and accurate, the questions that

were aiming to determine collectivists did not appear to be as reliable. The 20 questions in this section were selected from an original list of 32 questions designed by Triandis (1996). This original questionnaire of 32 questions had previously been tested and had achieved a Cronbach alpha score of 0.72 (Gouveia *et al.*, 2003). Due to the pre-test that highlighted that managers considered the questionnaire too long and would not respond to it, 12 questions were removed from the original list. The elimination of these questions could have caused the problem in the data as it reduced the Cronbach scores. Blaikie (2003) stated that as the number of questions increases, the Cronbach alpha scores also increase and it is therefore likely that the reduction of questions could have had a negative impact.

The revised questionnaire did not have an equal number of questions measuring each construct. As the selection of the questions that were included was determined by the researcher, it could have had a bias. The questions included could also have influenced the way the respondents answered and hence could have led to the problem with the data.

6.2.2 The skewness to the right

The other significant issue with the data was that it was noticeably skewed to the right. While it had an impact on the collectivist and individualist scores, it continued to have an impact on the balance of the questionnaire. The skewed data could be

related to the nature of the respondents. The skewed data was analysed and potential reasons for this are discussed below.

6.2.2.1 Company culture bias

Seven different companies were included in the sample of MNEs although one company was in two different geographic zones which made the sample eight, as demonstrated in Table 1 on page 35. The sample from Company X (two different country subsidiaries) was 257 respondents out of a total of 331, which makes the possible respondents from this group a potential 77% of the total. The skewed data could have been a result of company-specific culture. According to Simberova (2009), company culture can create harmony in the workers' perception and way of thinking, and also can regulate behaviour.

Most of the managers in Company X would have degrees, would be exposed to travel and would move up the ranks of this company. This meets the requirements for allocentrics to evolve to idiocentrics (Triandis, 2004). The culture of this organisation has an enormous focus on community inclusive of their African office (Head of Custody Africa-Company X, personal communication) which could have had an impact on employees, but more especially on senior staff including managers, which could cause them to respond in a particular way.

6.2.2.2 Geographic differences

There were two geographic regions covered in the research, namely Nigeria and Kenya. Although both countries are considered collectivist in nature, there are potentially differences that could have caused the respondents to react in a certain way. It is stated that cultures in a country are not homogeneous (Thompson and Phua, 2005) and therefore it would be improbable to assume that the cultures between countries are homogeneous. If cultures are not homogeneous between countries, these differences could also have influenced the way the sample responded.

It is also worthwhile mentioning that the survey results were not split into geographic zones and hence it could not be determined if the Kenyan respondents answered the survey differently to the Nigerian respondents.

6.2.2.3 Managerial biases

All the respondents to the survey were managers as they fit the criteria of being well educated, having travelled and of holding senior positions. The concern with the inclusion of managers only is that the sample is then homogeneous rather than heterogeneous, making it difficult to find differences. They could also have responded in a way considered to be the populist view of managers. As the managers have travelled and have become global citizens, they would have been exposed to general views of managers and would therefore know the populist views. It was not appropriate for this research to survey general staff as they would

not be affected directly by a decision-making model and hence would not know what to prefer.

6.2.2.4 Researcher bias

As the researcher was an employee of the company that had the largest percentage of respondents, it could have had an impact on the manner in which the respondents answered the questions. Although anonymity was guaranteed, the respondents could have been concerned that their responses would be shared amongst the Company X group and therefore responded in a populist manner.

All four biases could have caused the data to be skewed to the right. The propositions were statistically analysed after the data transformation and the results presented in the next section were computed after the skewed data was rectified.

6.3 Discussion of results for proposition 1

Proposition 1 suggested that idiocentric managers wanted more involvement in the strategic decision-making process compared to allocentric managers. This implies that some managers (idiocentrics) want to participate in the decision-making process while other managers (allocentrics) would prefer to have decisions made for them or it would not matter to them if they were involved or not.

The results of the statistical tests highlighted in Table 26 on page 59 are congruent with the proposition, which indicates that the idiocentric managers want more involvement in the strategic decision-making process compared to the allocentric managers.

The results of the survey are supported by the literature as evidenced in Chapter 2 by multiple authors. Triandis *et al.* (1990) stated that idiocentrics prefer to be in control of their own careers and want to participate in strategic decision making. This view was also supported by Yamaguchi *et al.*, (1995). Idiocentrics also place greater value on career experiences (Arzu Wasti, 2003). This implied that idiocentrics want more involvement in the strategic decision-making process.

The literature constructs of idiocentrics' versus allocentrics' views on involvement in strategic decision making was clear. However, it was not previously tested in the context of the African markets. This research demonstrated that idiocentrics do want more involvement in the decision making of the MNE. A possibly problematic area was that the allocentric manager does not feel a great need for involvement in the decision-making process. The MNE would then need to understand the proportion of idiocentric managers to allocentric managers to understand the percentage of managers that want to be included in the decision-making process. This could make the decision-making model quite complex.

The literature indicated that as people achieve a leadership role they become idiocentric (Triandis, 2004). It could therefore be assumed that this would have been the case for all managers, which was not demonstrated in the sample as there was a mix of allocentric and idiocentric managers. The sample, however, had managers across all levels and it could be possible that as they attain a more senior role in the business, they will tend to become more idiocentric. However, this has not been tested. This should give businesses some level of comfort and provide direction to include senior managers in the strategic decision-making model.

The result of this proposition indicated that MNEs should consider whether managers are idiocentrics or allocentrics when deciding to include them in strategic decision making. The results also indicated that idiocentrics need to be involved while allocentrics have less of a need for involvement, but does not state whether they want no involvement. As the different levels of managers were not analysed, it would probably be prudent to include all senior managers in the strategic decision-making process.

6.4 Discussion of results for proposition 2

Proposition 2 stated that while all managers at the subsidiary understand the dynamics of the local market, the idiocentric managers are more willing and able to participate in local decision making compared to the allocentric managers. This

means that idiocentrics want to have more involvement in their management roles while allocentrics would prefer to have decisions made for them.

The results of the statistical tests highlighted in Table 27 on page 60 are harmonious with the proposition. This indicated that idiocentric managers want more involvement in the local decision-making process compared to the allocentric managers although both understand the dynamics of the local market.

The results of the proposition are supported by the literature as evidenced in Chapter 2 by many authors. Tharenou and Harvey (2006) stated that it is appropriate to include local managers in local decision making if local knowledge and skills are required. Yamaguchi *et al.*, (1995) and Triandis *et al.*, (1990) stated that idiocentrics prefer to be included in the decision making. The literature highlighted that if local managers have the required knowledge, it is important to include them in the decision-making process. It also stated that idiocentrics are more likely to want to participate in local decision making as opposed to the allocentrics.

The literature constructs of the involvement of local managers in local decision making was clear. However, this research included the construct of the willingness of idiocentrics or allocentrics to be involved in local decision making. Literature indicated that idiocentrics want to be involved in decision making as opposed to

allocentrics who would be content to fall in with the group's decision. However, these views were not previously tested in the context of the African markets.

This research demonstrated that idiocentrics do want involvement in the local decision making of the MNE. Allocentrics do not feel as strongly as idiocentrics and hence the idiocentrics' need for involvement is greater.

The research did not independently test if the allocentrics have a similar need albeit to a lesser degree. Understanding the market dynamics is crucial to making the correct local decisions. It would therefore be critical for businesses to have the correct human resources participating in local decision making. However, it is important to have the correct model to include the local managers in the process. It could be problematic if allocentric managers need the involvement to a lesser extent than idiocentric managers as the MNE would then have difficulties in formulating a model that incorporates both. However, as stated in proposition 1, it is possible that as managers become more senior, they become more idiocentric and would want to be more involved in the decision-making process. This construct, however, was not tested in this research study.

There was sufficient evidence in support of proposition 2 in the context of this study. The results of this proposition and the literature as highlighted in the discussion above indicated that MNEs should understand that knowledge of the dynamics of the local market is crucial to decision making for the local office. MNEs

should also consider whether managers are idiocentrics or allocentrics when deciding to include them in local decision making. The results also indicated that idiocentrics need to be involved and allocentrics have less of a need for involvement but did not state whether they want no involvement as no independent testing was conducted. Barring any future research, it would probably be a prudent course of action to include all managers in the local decision-making process either from a decision-making or a knowledge-sharing perspective.

6.5 Discussion of results for proposition 3

Proposition 3 stated that while all managers at the subsidiary understand the culture of the local market, the idiocentric managers are more willing to participate in local decision making compared to the allocentric managers. This means that idiocentrics want to be involved in local decision making in the subsidiary offices while the allocentrics would prefer to have decisions made for them.

The results of the statistical tests highlighted in Table 28 on page 61 indicated a lack of support for the proposition. This indicated that both idiocentrics and allocentrics want involvement in local decision making when it relates to culture of the local market.

The literature suggested that understanding the culture of the local markets is crucial to the business as it would dictate the way in which the business is operated including decision making (Gibson and Zellmer-Bruhn, 2001). The

literature also suggested that idiocentrics would want to be included in local decision making more than allocentrics (Yamaguchi *et al.*, 1995; Triandis *et al.*, 1990). Tharenou and Harvey (2006) stated that it is appropriate to include local managers in local decision making if local knowledge and skills are required. This supports the argument to include local managers in local decision making.

The results indicated that all managers, irrespective of whether they are idiocentric or allocentric, want to be involved in decisions when the culture of the country must be taken into account. There is a disparity between these results and the literature as the literature indicated that only idiocentric managers want to be involved in the decision making. The results of this proposition were incongruent with proposition 2 which stated that although all managers understood the business dynamics of the local markets, only idiocentric managers wanted to be included. This indicated that the differentiating factor is culture where managers appeared to consider their local market culture to be of such importance that they want to be included in the decision making. The implications of this proposition for the MNE are to include all managers in local decision making if a decision is dependant or reliant on the subsidiary market's local culture.

However, it should be considered that the sample was predominantly Company X employees and hence it is possible that the respondents answered the survey according to the Company X culture that speaks of understanding the culture of the local markets (Head of Africa Custody-Company X, personal communication).

There was insufficient evidence in support of proposition 3 in the context of this study. These findings were inconsistent with literature as highlighted above. The results of this proposition indicated that MNEs should take into account that knowledge of the culture of the local market is crucial to decision making for the local office. The MNE operating in sub-Saharan Africa should understand that all managers, irrespective of whether they are idiocentric or allocentric, want to be included in decision making where knowledge of local culture is required.

6.6 Discussion of results for proposition 4

Proposition 4 stated that idiocentric managers consider a participative decision-making model ideal. This means that idiocentrists want to play a part in decision making. However, they want the headquarters of the MNE to play a part as well. This proposition suggested that neither a decentralised nor a centralised model would work, but rather a hybrid model that allows participation by both headquarters as well as the local office.

The results of the statistical tests highlighted in Table 29 on page 62 provided support for the proposition. This indicated that the idiocentric managers prefer a participative decision-making model.

Chapter 2 included literature on a centralised decision-making model (Kim *et al.*, 2003) and a decentralised decision-making model (Matías-Reche *et al.*, 2008;

Ghoshal and Nitin, 1989; Tharenou and Harvey, 2006; Rugman and Verbeke, 2003). Chapter 2 also dealt with challenges of these two models (Olsen *et al.*, 2005), including the slowing down of the process of decision making in centralised decision-making models and managers at the subsidiary thinking that the headquarters do not add enough value in a decentralised model.

A hybrid decision-making model was suggested by Fleurke and Willemse (2004) and Hoskisson *et al.* (2000). Although Yamaguchi *et al.*, (1995) and Triandis *et al.*, (1990) stated that idiocentrics prefer to be included in the decision making, the nature of an MNE dictates that the subsidiary always has to be in compliance with the overarching strategy of the MNE while still being locally responsive (Takeuchi *et al.*, 2008). Compliance with this strategy necessitates that decisions need to be consultative (Femer *et al.* 2004). This alludes to idiocentric managers in the subsidiary office needing a consultative hybrid model and therefore the literature supported the proposition.

The literature constructs of the various decision-making models and the necessity for a hybrid model was clear. However, it was not tested in the context of the African markets. This research demonstrated that idiocentrics consider a participative decision-making model to be ideal and this relates most closely to the hybrid model.

MNEs should be cognisant of the needs of their managers in the various subsidiaries and should consider these needs when designing a business model that incorporates a decision-making model. As evidenced in this research, managers want a participative model and hence a hybrid model should be developed.

There was sufficient evidence in support of proposition 4 in the context of this study. These findings were consistent with literature as evidenced above. The results of this proposition and the literature as highlighted in the discussion indicated that MNEs should understand that there is a need to have a decision-making model that incorporates both the headquarter managers and the subsidiary managers. Therefore there also has to be a robust level of knowledge flow between the two regions to enable decision making.

6.7 Discussion of results for proposition 5

Proposition 5 stated that idiocentrics want clearly defined roles and responsibilities to aid the decision-making model compared to allocentrics who do not need this level of clarity.

This proposition had multiple initial tests prior to the eventual testing of the proposition. Firstly, tests were conducted to see whether there was a difference between actual versus desired role clarity for both idiocentrics and allocentrics (see Table 30 on page 64 and Table 31 on page 64). Both had negligible differences.

Tests were then conducted to see whether there was a difference between the actual role clarity in idiocentrics and allocentrics (see Table 32 on page 65). Again, there was a negligible difference. Finally, the difference between the desired role clarity between the idiocentrics and allocentrics was tested (see Table 33 on page 66). This demonstrated results that were incongruent with the proposition, which indicates that both idiocentrics and allocentrics have an equal desire for role clarity.

The literature suggested that role clarity is crucial to ensure that there is good performance and efficacy (Beauchamp *et al.*, 2005; Singh and Rhoads, 1991). This is even more relevant in the case of an MNE where there is a geographic distribution of the offices and interdependence in terms of decisions as multiple people are responsible for similar roles (Wong *et al.*, 2007). The other factor that furthers amplifies role ambiguity is different cultures (Rosenzweig and Singh, 1991). Typically, collectivists/allocentrics would be happy with group decisions (Lere and Portz, 2005) and hence role clarity would not be crucial. However, idiocentrics typically want to be involved in decision making (Yamaguchi *et al.*; Kuhlman and Sugimori, 1995; Triandis *et al.*, 1990) and would need role clarity.

The disparity between the literature and the results made it apparent that in these particular African markets all the managers want to have role clarity. However, it was interesting to note that they all currently have role clarity. The implications of this proposition for the MNE are that all managers, irrespective of whether they are

allocentrics or idiocentrics, need role clarity. This role clarity will enable the decision-making model of the MNE.

There was insufficient evidence in support of proposition 5 in the context of this study. The results of this proposition indicated that MNEs should ensure that all managers have role clarity.

6.8 Conclusion

The research problem was the following:

To what extent does the changing culture of fast growing economies in sub-Saharan Africa impact on the way that managers in the subsidiary office view the strategy decision models of multinational entities (MNEs) and what is the preferred decision model for these managers?

The entire list of propositions should ultimately answer the research problem and this was achieved in the research study. The study indicated that as managers become idiocentric, they want to be more involved in both strategic decisions as well as local decisions. This is a move away from the traditional view of people in collectivist cultures preferring to be part of the group and not being responsible for decision making.

The propositions also indicated that idiocentric managers would want a participative decision-making model and not a completely centralised or

decentralised model. Therefore a hybrid model would be considered ideal. The results of the research on the proposition on role clarity also added that all managers need role clarity and this would enable the ideal decision-making model. The hybrid model would include decision making occurring both at headquarters and at the subsidiary level. Overarching strategic vision for the group would need to be decided at headquarters with limited input from the subsidiaries. However, when developing a strategy for the subsidiary, the idiocentric managers (senior managers) need to be included in the process. There should be group guidelines on how decisions should be made. Idiocentric local managers want to be included in all local decision making, so even if they are not making the final decision on all matters, their input should be required on all decision making. Clear guidelines need to be issued to ensure that there is no role ambiguity between the various decision makers as this could stifle the decision-making process.

CHAPTER 7: CONCLUSION

7.1 Introduction

This research aimed to test the concepts of idiocentricity in markets that were previously considered collectivist. In other words, does idiocentricity exist in these sub-Saharan markets and how does this concept relate to a decision-making model for an MNE? While most of the results of this study were consistent with the study propositions, there were two differences. The major findings will be discussed as well as limitations of the research and implications for future research.

7.2 Main findings

One of the primary findings confirmed that cultures in countries are not homogeneous but do contain both idiocentrics and allocentrics. This was consistent with the literature as evidenced in Chapter 2 (Gibson and Zellmer-Bruhn, 2001). The idiocentric managers consistently wanted to be included in decision making irrespective of whether it was a local decision that needed either knowledge of the local market dynamics or culture, or if it was a more strategic decision (Yamaguchi *et al.*, 1995; Triandis *et al.*, 1990). It was interesting to ascertain that even allocentric managers wanted to be included in local decision making when knowledge of the local culture was needed. This was inconsistent with the literature that stated that allocentric managers prefer to accept group decisions (Triandis, 2004).

Another interesting finding was that although idiocentrics like making their own decisions, they prefer to have a consultative decision-making model. They did not want to have either a centralised or decentralised model so the model that seems to be the most appropriate is a hybrid decision-making model.

The research study provided evidence that managers in the local offices of the MNEs surveyed do not have role ambiguity. This could have been indicative of the one company's culture as this company made up 70% of the sample. The study also revealed that both idiocentric and allocentric managers want clarity in their roles.

The above findings displayed that the culture in the markets surveyed has changed from being collectivist to having both idiocentrics and allocentrics. It was also apparent that the preferred decision-making model is a hybrid model. This solved the research problem.

7.3 Recommendations to business

As MNEs expand and start operating in new markets, it is necessary for these companies not only to understand the new market, but also to understand the culture of the people in the new market as these people will be their employees. This knowledge should be used to design the operating model of the business.

One of the criteria that need to be understood is the preferred decision-making model. The decision-making model is crucial to the success of the business for many reasons.

The first reason is employee/manager satisfaction. If the local managers are idiocentrics or are starting to develop idiocentric characteristics and a centralised decision-making model is implemented, they may think that they are being marginalised, they will be unhappy and will leave for companies that offer inclusion in decision making.

Secondly, there will be decisions that need to be made quickly, especially in growing economies such as those found in sub-Saharan Africa (IMF, 2008). If a centralised decision-making model is implemented, this could reduce the speed of decision making, negatively impacting on the business, and could also lead to local managers being unhappy as the head office is preventing them from reaching their targets.

Thirdly, it is also not appropriate to have a completely decentralised decision-making model as the overarching strategy of the business must always be considered. So while some tweaking of strategy is permissible if it needs to be applied to the local markets, it still needs to retain its essential attributes. If a model is decentralised, maintaining this link can prove to be difficult. The other aspect of a completely decentralised model is that the local managers may have the view that

the head office does not add enough value (Olsen *et al.*, 2005). The survey also revealed that the managers would not want a completely decentralised model.

Lastly, it is also crucial that the decision-making model is clear in terms of the managers' need for role clarity. This need is irrespective of managers' level or whether they are considered idiocentric or allocentric. If managers do not have role clarity, it could slow down decision making as they would not understand their responsibilities. It could also lead to frustration resulting in managers seeking opportunities elsewhere.

Due to the above points, the preferred model for an MNE, not only to achieve its objectives, but also to ensure that the local managers are happy, is the hybrid model. The question still needs to be asked if the cultural differences (allocentric versus idiocentric) should influence the model. This research study demonstrated that idiocentrics prefer to have a participative model more than allocentrics, but it would be extremely difficult for businesses to have different decision-making models for idiocentrics and allocentrics. The research study did not reveal that allocentrics did not want any involvement in decision making. It is also important to note that as allocentrics grow in seniority, they could want more involvement in the decision making.

It is therefore recommended that as MNEs venture into or change their operations in sub-Saharan Africa, they should implement a hybrid model across middle and

senior managers. Junior managers should be included in decision making when local culture is a factor that would aid the decision process.

7.4 Limitations of the research

One of the limitations of this study was linked to the size of the multinational subsidiaries outside South Africa. The size of the multinational companies outside South Africa is generally small, with a limited number of managers. This is true for the majority of the companies that were part of this study apart from Company X.

The second limitation was that not all the managers from Company NC and Company KC were included in the research. The manager names were selected by the human resource managers in both companies. While Company KC mentioned that the sample was randomly drawn, there is no empirical proof of this. Company NC did not mention how the sample was chosen and hence it is assumed that it was a convenience sample. This could have impacted the data and further skewed the results.

The third limitation was that managers across all levels were surveyed and this could have confused the data. It would have been better to understand how the different levels of managers view decision making.

The fourth limitation was that the questionnaire used to measure individualism and collectivism (Triandis, 1996) was shortened. This reduced the reliability scores.

The fifth limitation relates to the unequal samples in Nigeria and Kenya. It cannot be assumed that the cultures in both these markets are homogeneous and due to the unequal samples sizes, the data could have been skewed to the Nigerian point of view assuming that the percentage of responses was the same.

7.5 Implications for future research

The study did not give an indication of how the different levels of managers view decision making. It would be of value to replicate a study across different levels of managers and to ascertain firstly whether the managers become more idiocentric as they become more senior. Secondly, the other area to explore would be a detailed understanding of what kind of decision making the different levels of managers would prefer.

Due to the heterogeneity of culture, it would be interesting to see similarities or differences between countries in terms of their managers' views on decision making. Hence future studies should be across regions but should track responses and analyse results per geographic region to compare both the level of heterogeneity of culture as well as the outlook on decision making and preferred decision-making models.

This study revealed that the hybrid model is a preferred model. However, an idea for future research could be to test in detail what decisions should be made at head office, at the local subsidiary and what should be joint decisions. This could be

carried by means of a more detailed questionnaire, an open-ended questionnaire or interviews to obtain depth of information.

It is also recommended that if a researcher is planning to analyse whether respondents are allocentric or idiocentric, they should use the entire Triandis (2006) questionnaire or a more complex questionnaire such as the one by Eaton and Louw (2000).

The other future research option is to include equal samples from each of the MNEs. A random equal sample would therefore need to be drawn from a complete list of managers in the various MNEs. This would reduce the impact of company-specific bias.

7.6 Conclusion

While it appears that the research objectives of the study have been met, the biases and the limitations of the research should be considered. Although the outcome revealed that the hybrid model is the preferred decision-making model, the extent to which decisions need to be shared requires further investigation. The study provided clear evidence that idiocentric managers want to be included in decision making and if culture is a construct for decision making, all managers want to be included. It should also be noted that all managers want role clarity.

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ANNEXURE A



I am conducting research on understanding the impact of the change in culture on decision making for middle managers in multi national entities. To that end, you are asked to complete a questionnaire based on your views. This will aid the research and should take no more than 20 minutes of your time. Your participation is voluntary and you can withdraw at any time without penalty. Of course, all data will be kept strictly confidential and whilst the overall findings will be shared, your view will not be singled out or visible to the recipients of the results. By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact me or my supervisor.

Please annotate your gender as well as your age group by means of a cross

Gender : F

M

Age: 25-30

31-40

41-50

< 50

Education level: Doctorate

Masters

Degree/Diploma

Other

Kindly complete all the questions by annotating your response with a cross

Section A

No.	Question/Statement	1	2	3	4	5
1	My happiness depends very much on the happiness of those around me (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
2	Winning is everything (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
3	I usually sacrifice my self-interest for the benefit of my company (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					



	disagree)					
4	It is important for me to maintain harmony within my group (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
5	It is important to me that I do my job better than my colleagues (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
6	I enjoy working in situations involving competition (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
7	I often prefer to make my own decisions (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
8	If a co-worker gets a prize, I would feel proud (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
9	Being a unique individual is important to me (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
10	When another person does better than I do, I get tense and upset (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
11	I feel good when I cooperate with others (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
12	Some people emphasise winning, I am not one of them (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
13	It is important to me not to question decisions made by the head office (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
14	I rather depend on myself than on others (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
15	I rely on myself most of the time; I rarely rely on others (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
16	My personal identity independent from others is very important to me (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					



	disagree)					
17	I am a unique person, separate from others (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
18	I respect the majority's wishes in groups of which I am a member (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
19	I enjoy being unique and different from others (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
20	It is important to me to consult with managers at the head office to get their ideas before making a decision (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
Section B						
21	The strategy of the organisation should be decided at a headquarters level (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
22	I would like to be included in decision making for my business (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
23	I would like to be included in the global strategy discussions of the MNE (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
24	I understand the cultural dynamics of my market (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
25	It frustrates me when decisions are made for my market without consulting me or my team (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
26	I should be included in decision making for my environment as I have the necessary knowledge (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
27	Decisions will be aided by knowledge flow between the headquarters and the subsidiary (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
28	I have to pass all my decisions though headquarters					



	(5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
29	I am not given autonomy in making strategic decisions for my business (subsidiary) (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
30	I think some decisions need to be made at headquarters (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
31	I think that a certain amount of autonomy needs to be delegated to the subsidiary team in terms of strategic decisions (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
32	I think some decisions need to be made at the subsidiary level by the subsidiary managers (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
33	I want my team to be responsible for the subsidiary deliverables (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
34	I need to provide input to the deliverables required at the subsidiary level (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree 1 = strongly disagree)					
35	I need to translate strategy into deliverables for my team (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree 1 = strongly disagree)					
36	I think that the decision-making model should be centralised, that is all decisions should be made at head office (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
37	I think that the decision-making model should be decentralised, that is all decisions should be made in my country (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
38	I think a participative (both local and head office participate in major decisions) decision making model is the best (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					



Section C Add Rhodes all the questionnaire					
39	I know how much freedom of action I am expected to have (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
40	I know how much work I am expected to do (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
41	I know to what extent my boss is open to hearing my point of view (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
42	I know the method that the head office will use to evaluate my performance (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
43	I know how my boss expects me to allocate my time among different aspects of my job, that is country specific aspects or head office specific aspects (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
44	I know how to meet the demands of my head office (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
45	I know which aspects of my job are most important to my boss (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
46	I am certain on how managers at the head office want to me to interact with them (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
47	I know how much information I should provide managers from other departments and head office (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
48	I am certain on how much freedom I have in making decisions for my business unit (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
49	I am certain on what my key priorities in the office are (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)				
50	I know how to handle conflicting priorities, that is priorities from head office and from my division				



	locally (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
51	I need knowledge on my company's overall strategy and decisions to flow to me and my team (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
52	I need clarity on what my role means to the overall strategy (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
53	I need to understand what level of control I have in decision making (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					
54	I need to have a clear understanding of what the priorities are for me and my team (5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, 1 = strongly disagree)					