Markus Pudelko, Chris Carr, Gerhard Fink, Paul Wentges

The Convergence Concept in Cross-Cultural Management Research

One of the key controversies in cross-cultural management research is the so-called convergence-divergence debate. Representatives of the convergence approach (e.g. Kerr et al. 1960; Eisenstadt, 1973; Levitt 1983; Prentice, 1990; Waters, 1995; Tomlinson, 1999) perceive management as largely independent from the respective national culture, and focus instead on the importance of learning from best practice in order to increase national competitiveness. They argue that the international competitive pressure will ultimately lead to a convergence of management practices toward those 'best practices'.

On the other hand of the debate, adherents of the so-called divergence approach stress that management practices are strongly influenced by the relevant national cultural and institutional context (e.g. Laurent, 1983; Hickson and Pugh 2001; Whitley 2000; Hofstede 2001). Consequently, these authors are much more sceptical about the possibility of adopting management practices that evolved outside the respective cultural or institutional context and see little room for cross-national convergence of management processes.

This debate is significantly influenced by the advent of the multi-facetted phenomenon termed 'globalisation'. It is often stated that globalisation leads to more convergence and standardisation in areas such as the management of companies, economic policies, politics and even, culturally, in terms of how we lead our lives. Common examples include the increasing importance of shareholder value, the narrowing of national interest rates, the spread of democracy, the convergence of consumer tastes and the worldwide appeal of some global brands. Sceptics, however, argue that even though management practices may converge at a strategic level, we will see less change in terms of how people really behave.

Before determining which of these two opposing camps is closer to the truth, we need to clarify the terminology. We would like to direct the attention to an asymmetry in the argumentation of adherents of the convergence and the divergence approach. Those who argue for convergence do mean that practices are converging in the sense of these becoming increasingly similar over time. But are representatives of the so-called divergence approach really arguing that national management practices, economic policies, politics, lifestyles and cultures are becoming ever more different over time? We don't believe so. Instead, most followers of the divergence approach are stressing that the level of differences remains substantial, that they are not actually converging to any significant extent, and that these differences engender serious policy implications. They are not actually arguing for divergence in genuine sense of the word, which would imply increasing differences over time. This seemingly semantic distinction is necessary to avoid confusion (Pudelko forthcoming).

Moreover, when we begin to distinguish more specific practices, it is possible that some may be converging and others diverging, in the genuine sense of these terms (meaning to become less or more different over time). If so, then the convergence issue may well hinge on establishing their overall net effect and possibly over quite long periods of time. Certainly some aspects of lifestyles, say as between Europe and Japan, do seem to have converged. Differences were surely greater in 1800, as compared with 1900 (post Japan's *Meiji* restoration), or even more so as compared with 2000 (after the American occupation in Japan and subsequent globalisation pressures). Such cultural developments must have some effect on management practices, along with some of the pressure to learn from best practices wherever they arise.

Yet even if certain differences are narrowing over time, what is ultimately crucial is how significant even conceivably diminishing differences are for competitiveness. Today's differences may be less than 200 years ago, but managers must gauge whether or not they are key factors for success in today's world. We contend that the importance of even subtler differences has been increased by the intensification of both global cooperation and competition. The costs of even minor deviations from best practices (wherever they lurk), or of not cooperating with potential partners (wherever they come from) seem greater than ever. On the other hand, the chance to seize any competitive advantage which originates in cultural differences and is therefore hard to replicate seems more precious than ever in the race of global competitiveness.

We therefore conclude that the concept of convergence is central for cross-cultural management research. Some of the most blatant differences may well have diminished around the world, yet remaining subtler differences may actually have become more important than ever. This is why we have decided to select for this special edition of the International Journal of Cross-Cultural Management contributions which explore this concept further. All were presented at the 3rd EIASM Workshop on International Strategy and Cross-Cultural Management which took place at Wirtschaftsuniversität Wien from 28-29 September 2005.[1]

The starting point for Kragh's and Djursaa's contribution is the distinction between mechanistic and organic organizations. While the former are bureaucratic and hierarchical, the latter are consultative and teamwork oriented. These two types of organizations are frequently associated with the values of industrial and post-industrial society, respectively. The authors discuss and relate in their study two different sets of data: results from an own student survey with 796 participants from 22 countries providing information on teaching practices in different countries and a series of external databases providing knowledge about socio-cultural conditions in the national environments of the business schools. Based on this data Kragh and Djursaa suggest that the move from mechanistic to organic organizations ultimately depends on the civic culture of society, which again depends on the stage of modernization. While companies adopt more organic organizational forms, the more their home countries advance in their modernization process, the authors do not necessarily interpret this as a convergence of cultures and organizational forms. As mechanistic organizations of less advanced countries transform into more organic ones, companies of more advanced nations continue to change and develop new and so far unknown forms of organizations. The authors conclude that societies move through the same stages of modernization but, due to continuous change of all societies, they will not end up belonging to the same stage of historical development.

Vance discusses in his article the dual challenge of achieving global integration, synergies, and economies of scale, while at the same time remaining responsive to the local business environment. The first challenge is frequently associated with convergence tendencies, the second challenge stresses more the so called divergence effects in global business. Multinational companies try to achieve convergence of their operations particularly for their “upstream” activities, that is, decisions of strategic, company-wide importance, issued by the company’s headquarters. These decisions subsequently flow “downstream” to local subsidiaries where the divergence effects are of high significance. “Upstream” and “downstream” processes need consequently to be harmonized in order to achieve simultaneously global synergies and effective local implementation of company strategies. Instead of opting for either convergence or divergence, Vance suggests in his analysis of performance management to follow an intermediate approach, “transvergence”, where cultural and institutional insights can be shared, pragmatically adopting different management practices to augment overall performance. According to the author, this approach allows for more adaptability toward local circumstances than the convergence approach would do, while at the same time being more open for outside “best practices” than the divergence perspective would be.

Napier explores one of the most exciting new regions now opening up internationally, Vietnam. The paper looks at cross-cultural cooperation in the field of business education, and at the experiences of overseas academics invited in (from the USA and worldwide) to help in this country’s transformation. Just how do the ‘teachers’ themselves learn to operate successfully in such a challenging cross-cultural environment, and what lessons have they learnt? Napier’s contribution is based on an almost anthropological approach in that she has lived and worked in this situation over some eight years. The paper’s first draft was awarded Best Paper at the 2005 EIASM Workshop in Vienna. What is new theoretically is the concept of reverse knowledge flows, not applied as conventionally in terms of knowledge flows within multinationals, but now applied to the field of cross-cultural learning as academics from many countries learn to learn, so as to be able to work effectively in such a challenging cross-cultural context. Convergence of course is a two-way process, as knowledge flows not only from advanced to less advanced economies, but ultimately also in the opposite direction.

Carr and Pudelko’s contribution sets the scene by examining the issue of convergence across the Triad, by comparing practices in the USA, Japan and Germany. The basic hypothesis explored is whether diffusion of ‘best practices’ has led to convergence, in spite of national institutional and cultural factors. What is new though is their differentiation of three key policy areas, Strategy, Finance and HRM, allowing exploration of a second subtler hypothesis. They investigate whether convergence has happened more in ‘hard’ policy areas, subject to immediate pressures from international competition and capital markets, than in the ‘soft’ policy area of HRM, where cultural factors might be expected to exercise even greater sway. Their research database draws on field research in all three countries, particularly in relation to strategy and finance where the focus is on well-matched strategic investment decision case studies, and then a survey of top HRM executives from the top 500 companies, in each of these same three countries. Surprisingly, most convergence was found at the HRM level.

As guest-editors we would like to express our gratitude to Professor Gerhard Speckbacher (Wirtschaftsuniversität Wien) whose academic and organisational support in staging the EIASM workshop was invaluable. Equally, we thank Ms. Elisabeth Beer (Wirtschaftsuniversität Wien) and Ms. Audrey O’Connor (EIASM secretariat) for their committed help. Our thanks also go to Wiener Städtische Versicherung for their sponsorship.

References

Eisenstadt, S. N. (1973) *Tradition, Change and Modernity*. New York: Wiley.

Hickson, D. J. and Pugh, D. S. (2001) *Management Worldwide: Distinctive Styles amid Globalization*, London: Penguin.

Hofstede, G. (2001) *Culture’s Consequences. Comparing Values, Behaviors, Institutions and Organizations across Nations* (2nd ed), London and Thousand Oaks: Sage.

Kerr, C.; Dunlop, J.T.; Harbison, F.H.; Myers, C.A. (1960) *Industrialism and Industrial Man*, Cambridge: Harvard University Press.

Laurent, A. (1983) The Cultural Diversity of Western Conceptions of Management, *International Studies of Management & Organization*, 13: 75-96.

Levitt, T. (1983) The Globalization of the Markets, *Harvard Business Review*, 3: 92-102.

Prentice, G. (1990) Adapting Management Style for the Organization of the Future, *Personnel Management*, 22: 58-62.

Pudelko, M. (forthcoming) Universalism, Particularism and Singularism in Cross-National Management, *International Studies of Management & Organization*.

Tomlinson, J. (1999) *Globalization and Culture*, Chicago: The University of Chicago Press.

Waters, M. (1995) *Globalization*, London: Routledge.

Whitley, R. (2000) *Divergent Capitalisms. The Social Structuring and Change of Business Systems*, Oxford: Oxford University Press.

---

[1] In accordance to the journal's guidelines, all papers underwent a double-blinded review process which was administered by us. As one paper is written by two of the guest editors, the journal editors have administered this double review process, so that this paper did not receive any preferential treatment.