MASTER'S THESIS

The effects of Culture on managers decision making

- a case study of Mexico and Germany

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Preface

The past 16 months has been a continuous learning experience for us, working together on this thesis sometimes from different countries and even continents. We have learned a lot about culture not only theoretically but also practically through spending a semester in the two countries in which we have studied.

There are a few people we would like to thank without whom this thesis would never have seen the light of day. Firstly we would like to thank our supervisor Lars-Ole Forsberg for his incredible patience and guidance through this journey. We would also like to thank Professor Manucher Farhang who inspired to the subject of culture in the first place.

In Mexico we would like to thank Dr Domingo J. Guerra at Technológico de Monterrey for helping us get in contact with the company in which the interviews were conducted. We would also like to thank Emir Hernandez and Alfonso Dueñes at FEMSA for taking time out from their busy schedules to sit down and be interviewed.

In Germany we would like to thank the Chief Human Resources Officer at Siemens and also the Chief Human Resources Officer at the Steel Company also for taking their time and helping us out in conducting our interviews.

Finally also a thanks to anyone who has had to put up with our eternal discussions on the importance of culture in any subject during the past year.

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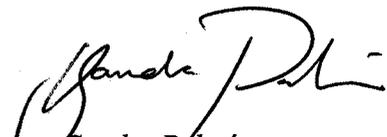
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Abstract

The purpose of this study was to provide a better understanding on how decision making in Germany and Mexico could be described and how culture affect this decision making. The reason for choosing these to countries was that according to previous found results by the renowned Geert Hofstede these two countries were supposed to be quite the opposite to one another. Therefore the study also compared the similarities and the differences between the cases in the countries. Based on the research questions stated a literature review was conducted upon which a frame of reference was built. Qualitative multiple case studies was used to be able to cross reference the results. To gain a deeper understanding of issues directly related to the research questions interviews was the main source of data collection. The previous mentioned frame of reference then served as a foundation for the interview guide. The interviews in Mexico were conducted at FEMSA and in Germany at Siemens and a Steel Company.

The findings from the case studies regarding decision making indicates the following: Both Mexico and Germany uses a rational decision making process, to some extent, when making decisions. When a decision follows the rational decision making model it does not exclude non-rational decision making. Despite the group being involved in many decisions both in Mexico and Germany someone at top level still make the final decision. Neither country likes to take risky decisions, which could be connected to the fact that the cases in particular are all producing companies. Both long term and short term decision are made in both countries which is logic because in most companies there is a strategic plan (long term) but also decisions has to be made on a day to day basis. Thus this is not necessarily due to cultural preference, but how business in general has to be planned.

Regarding decision making and culture the following findings were indicated from the case studies: There is less of a difference between the two countries decision making based on countries than initially anticipated. The type of business indicates more how decisions are made rather than the impact of national culture. In producing companies such as those researched, naturally there is a need to have a stepwise rational decision making process to minimize risk, this however does not have to do with national culture. Culture can still affect areas of business other than decision making, such as for example the way employees are expected to be treated when it comes to working hours, conditions and expected rewards.

Sammanfattning

Syftet med denna uppsats var att uppnå en bättre förståelse om hur beslutsfattande i Tyskland respektive Mexico kan beskrivas samt hur kultur påverkar detta beslutsfattande. Anledningen till valet av dessa länder är att enligt tidigare funna resultat av den erkände Geert Hofstede uppvisade dessa länder motsatta tendenser vad gäller kulturellt beteende. Av denna anledning jämför denna uppsats även de likheter och skillnader mellan fallen i de undersökta länderna. Baserat på relevanta teorier skapades en teoretisk referensram. För att kunna jämföra användes en kvalitativ multipel fallstudie. Djupare förståelse i frågor direkt relaterade till forskningsfrågorna uppnåddes genom att använda intervjuer som den huvudsakliga datainsamlingsmetoden. Den ovan nämnda referensram låg sedan till grund för intervjuguiden. I Mexico intervjuades två personer på företaget FEMSA och i Tyskland intervjuades en person på Siemens samt ytterligare en person verksam inom ett stålföretag.

Resultaten som framkom när det gäller beslutsfattande tyder på följande: Både Mexico och Tyskland använder i viss mån en rationell beslutsprocess när beslut tas. När ett beslut följer den rationella beslutsmodellen exkluderas dock ej det icke-rationella beslutsfattandet. Trots det faktum att gruppen, både i Mexico och Tyskland, är inblandad i många beslut förefaller det ändå vara någon ur toppskiktet som tar det slutgiltiga beslutet. Vidare framkommer det att ingen av länderna är benägna att ta beslut av riskabel karaktär, något som kan ha att göra med det faktum att samtliga bolag är verksamma inom den producerande sektorn. Både långsiktiga och kortsiktiga beslut tas i båda länder vilket ter sig logiskt då de flesta företag har en strategisk plan för det långa perspektivet. Därutöver måste dagliga beslut tas, men dessa är inte nödvändigtvis beroende av kulturell inverkan, utan är mer ett tecken på hur företagsverksamhet i allmänhet bedrivs.

Vad gäller beslutsfattande och kultur hittades följande indikationer från fallstudierna: Skillnaderna var mindre mellan länderna än vad som inledningsvis antogs. Det förefaller som att det mer är typen av verksamhet som indikerar hur beslut tas än nationell kultur. I producerande företag likt de undersökta i denna uppsats är det naturligt att beslutsfattandeprocessen är av stegvis karaktär för att minimera riskerna. Dock är detta något som ej har att göra med nationell kultur. Kultur kan emellertid även påverka andra områden än beslutsfattande inom en verksamhet. Exempel på detta kan vara sättet hur anställda förväntar sig att bli behandlade när det gäller aspekter som arbetsförhållanden, hur lång en arbetsdag skall vara, samt vilka belöningar som förväntas.

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1   Introduction

This chapter will introduce management as an area of research and specify the direction within this subject that this thesis will take. The chapter will then end with the purpose and research questions for the thesis.

1.1   Background

More than 37 000 MNCs are engaged in business worldwide, which controls over 200,000 foreign affiliates and have over 73 million employees (Phatak, Bhagat & Kashlak, 2005 p. 474). Internationalization is becoming a part of every day business, and this is putting pressure on organizational functions and structures. This is a challenging task for managers who face an increasingly complex interdependent and dynamic global environment. (Deresky, 2003 p.4) Internationalization has accelerated much due to a more borderless world a result of such trade agreements and unions such as NAFTA and the European Union (Ibid). The rapid internationalization of business and its impact on firms is beyond dispute. The debate in corporate boardrooms now focuses on how to respond to the demand to be globally integrated while also being responsive to various local market needs. (Black, Gregersen, Mendenhall & Stroh, 1999, p.xi).

Such factors as technological forces, competitive forces, market forces, government and political forces have influenced the internationalization greatly. (Phatak et al, 2005 p. 187) Whatever level of involvement, there is a need to understand the global business environment and its influence on the manager's role. This complex role demands a contingency approach to dynamic environments, each of which has its own unique requirements. (Deresky, 2003, p. 11).

Companies sometimes struggle with the effect that the internationalization has made on the way business is performed and the quality of management has become a key issue (Birchall, Jing Hee & Gay, 1996). The authors also states that "the world of human nature does not lend itself to simplistic models" but continue on that previous research still can function as a kind of guide when discussing the issue of management (ibid). Birchall et al also says that it is no longer that relevant to discuss national or international management, because most businesses managers deal with international matters on a daily basis both regarding dealing with suppliers and customers and managing an increasingly multinational staff or affiliates (ibid).

Similarly De Cieri, Fenwich and Hutchins (2005) state that "As more markets internationalize, more nations become integrated into the international world economy and more businesses choose to expand their operations across national borders". This leads to an increasing importance of people management and development of international managers, because this is critical for the international strategic planning (ibid).

According to Gerhart and Fang (2005) much of the focus of the international management literature is based on national differences in cultures.

The definitions of culture are many. Two of them that summarize the essence are Wild et. al who define culture as "the set of values, beliefs, rules and institution held by a specific group of people"(2006, p. 50) or a more famous one by Hofstede "Culture is the collective programming of the human mind that distinguishes the members of one human group from those of another. Culture in this sense is a system of collectively held values".

Culture, both national and organizational, is often mentioned as being a common cause of failure in international business. According to a consulting firm in Europe "cultural differences are the biggest

source of difficulty in integrating European acquisitions. Another found that 35 percent of senior management ranked cultural differences as the number one problem in foreign acquisitions (compared with 20 percent who ranked unrealistic expectations, and 13 percent who attributed poor management (Waxin & Panaccio, 2005)

The movement of labor that internationalization brings means that cultures are being mixed and this puts increasing pressure on the handling of those people. Nowadays people in a company commonly are regarded as a resource amongst others and many companies have made an exchange from a personnel department to human resource department which deals with issues of: selection, socialization, training, performance appraisal, compensation and rewards and career development. (Schneider & Barsoux, 1997, p. 132-133). An effective manager needs to be able to reconcile cultural differences, knowing about them is simply not enough (Birchall et al, 1996)

Within management the decision making process will be affected by culture. Many aspects of decision making and decision processes have been researched (Bozeman & Pandey, 2004). There exists discussions about decision making processes both in mathematical terms (Mathur & Solow, 1994, Edlund, Högberg & Leonardz, 1999) and in more social sciences (Cartasev, 2006, Sanders, 1999).

1.2   Problem Discussion

As discussed in the background culture has an impact on business and management. As Xie, Song and Stringfellow (1998) states "People in different cultures often have different ideologies and such differences are important to an organization". A large boom in the economic success in Japan and other Asian countries have created literature that tries to put global models in use, meaning that there would be one way for managers to behave around the world to create this success (Hofstede, 1994). Studies however show that effective ways of leading people and organizations can differ, depending on the national environment (ibid).

Many of the organizational theories studied within business are based on American theories by frequently quoted authors for example Maslow, Hertzberg and McGregor and assumes that the theories apply everywhere (Hofstede, 1993). Xie et al (1998) mentions in connection to this that several authors have questioned how applicable these Western theories are when comparing to other parts of the world. Hofstede (1994) one of the authorities of culture related issues and business, says that " there is still "one best way" tradition in especially American management theory and old habits die hard". The author continues and explains that the culture that an organization works within affects the management process (ibid).

The culture, which according to Hofstedes definition is "the collective programming of the mind", will affect both the leaders and those who are led, and effectively the way that decisions are made (ibid). Culture will have different degrees of impact on decisions depending on which part of the world they are taken. Hofstede (1994) says that "in order to function as world citizens we should be able to understand the value differences that come with nationality differences".

There have been attempts to explain management culturally by generalizing different parts of the world, however how accurate such generalizations are can be discussed due to the many variations within the countries. In Europe for example there are 43 independent states, with no way of exactly determining how many languages that exists, and with many different cultures, making it hard to label anything in particular as "European" (www.ne.se).

From the above discussion and from researching articles regarding the issue of culture and management theories, there is still a lack of more country specific related theories much due to the

ruling American paradigm that exists within these theories. Two of those countries that are discussed somewhat in management literature but not to a greater extent are Germany and Mexico. To be able to test Hofstedes theories on how culture affects decision making, it would be interesting to investigate two counterparts. According to existing theory and research these countries are culturally different from each other (Phatak et al, 2005, pp. 146-150). Therefore these two countries are interesting for this research. In addition to this, Mexicos fairly recent entrance to Nafta and Germany's prominent role within the EU makes these to cultures interesting to research.

1.3   Overall Purpose

Based on the above problem discussion, this study is to provide a better understanding on how decision making in Germany and Mexico can be described and how culture affects this. It will also compare the similarities and the differences of the cases.

To narrow the subject down for the literature review, research questions are:

RQ 1 : How can the decision making in Mexico and Germany be described?

RQ 2 : How does culture affect the decision making for each country?

2   Literature Review

In the previous chapter a background to culture and management was presented, ending in the purpose and research questions. This chapter will review literature and theories related to decision making, culture and the two countries of Mexico and Germany. This will then lead to a conceptualization of theories which will later be used when collecting data.

2.1   Decision Making

When discussing decision making and it's processes it can be useful to consider that there are an abundance of definitions for the term itself (Harrison, 1996). Decision making "is the most significant activity engaged by managers in all types of organizations and at any level" (ibid). Strategic decisions in particular are the responsibility of top management (Elbanna, 2006).

There are many different ways in which decisions are made depending on such things as personality traits, different types of insecurities and the type of problem (Edlund et al, 1999, p.24) There are also many model's of decision making (ibid). According to Grey and Wert-Grey (1999) there are two basic parts of decision making which involves estimations of the probability of an outcome and how appealing those outcomes would be. Citing an array of process theory Harrison (1996) identifies six strategic decision making functions as follows:

- Setting managerial objectives: Decision making starts with setting objectives and ends in achieving them.
- Searching for alternatives: Scanning the environment to attain relevant information to be able to find alternatives that could fill the objectives
- Comparing and evaluating alternatives: The alternatives are compared based on the perceived relative uncertainty of cause and effect relationship and the preferences of the decision maker.
- The act of Choice: When the decision maker chooses a certain direction
- Implementing the decision: The decision is made reality
- Follow-up and control: To make sure that the outcome of the decision coincide with the objectives.

The following figure shows the process as discussed above.
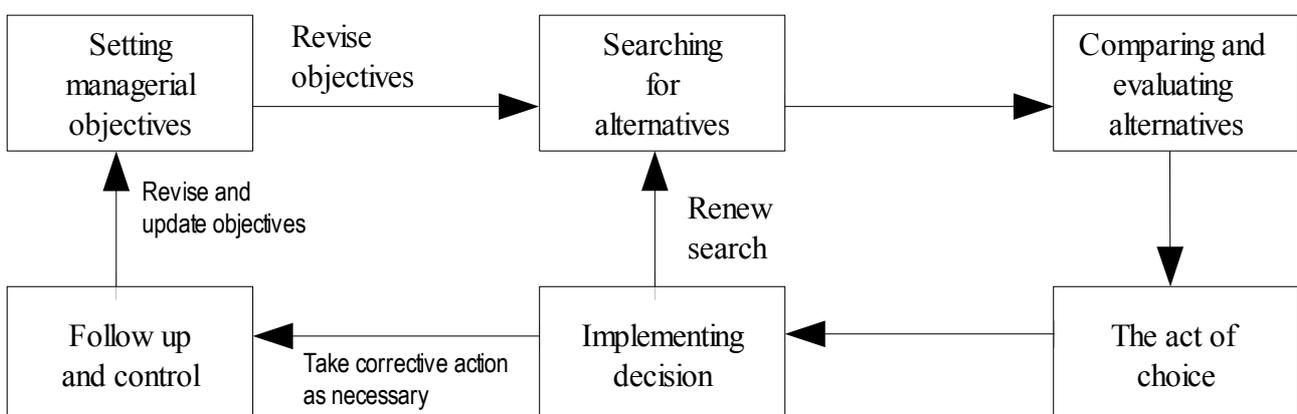
Figure 1: The Managerial decision-making process

Source: Harrison (1996, p.48)

Another similar variant of Harrisons model is made by Phatak et al (2005, pp. 406-407)) in the following basic steps:

1. Defining the problem: the most important step in decision making, there will be no good solution if the problem is badly defined.
2. Analyzing the problem: Finding the key factors responsible for the problem internal/external, if the "wrong" key problem is identified, again the solution is not likely to be effective
3. Identifying decision criteria and their importance: helps narrowing the goals or objectives
4. developing and evaluating alternative solutions: Considering the different ways in how to solve the problem
5. Choosing the best solution: deciding which will maximize outcomes
6. Implementing the solution: putting the decision into practice
7. Evaluating outcome: whether the outcome really solved the problem

Rationality is the use of reason and logic, building a decision on what makes sense (Phatak et al, 2005, p. 405, www.ne.se). According to Elbanna (2006) the conception that "rationality characterizes that behavior which is logical in pursuing goals" (op cit. p.3), underlies many social science models of rationality. Elbanna states that the decisions are as rational as they can be depending on the limitations of the decision makers, factors such as stress can for example affect the decision to be "good enough rather than the best" (ibid). The rational decision making model in Figure 2 is similar to that of Harrison (1996) and Phatak et al (2005) is based on the assumption that the decision making process is systematic and sequential.
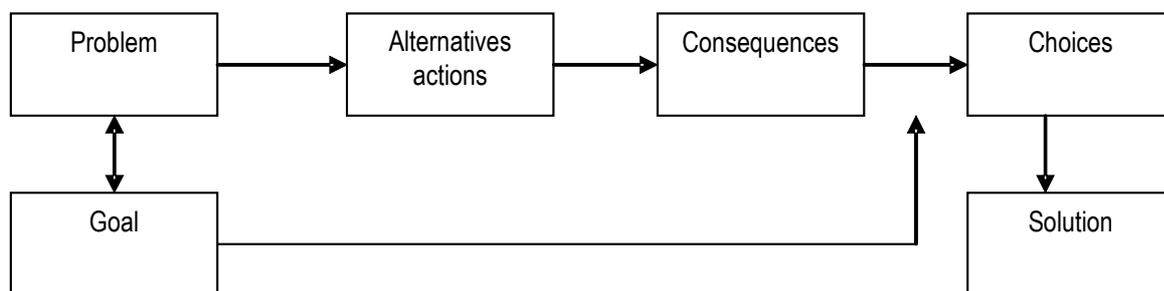
Figure 2: The rational decision model
Source: Edlund et al (1996, p.24)

There are different manners and views on the practices applied to assessing alternatives when making decisions (Elbanna 2006, Nutt 1998, Edlund et al 1996, Jocumsen 2004). Elbanna (2006) speaks of the aspects of decision making apart from *rationality* as *political behavior* and *intuition.*

The view on *political behavior* comes from the fact that people interfere with decisions and that opposing goals and conflicting preferences affect outcomes of decisions (Elbanna, 2006). Nutt (1998) states that "when opposition is present the decision would appear to be politically difficult and less likely to succeed. When opposition is missing, political difficulty would seem to ease" (p.1149). The perspective of politics both inside organizations and politics among organizational units have been interesting subjects for research (Elbanna 2006). The political model opposes the model of the group as rational (ibid).

When it comes to *intuition* there is not much applied research on this when it comes to decision making (Elbanna 2006). Just as when discussing political behavior, intuition also goes against the rationality theory somewhat. Sometimes choices are made intuitively by decision makers drawing not on fact but on previous experience or knowledge (Nutt, 1998). Quoting Khatri and Ng's research on the role of intuition in strategic decision making Elbanna (2006) mentions three indicators of intuition; *reliance on judgment, reliance on experience* and *the use of gut feeling*.

Reliance on judgement is according to Elbanna (2006) used when there are no numbers to rely on for decisions, instead judgment and experience needs to be employed. Some authors say that judgment is a part of intuition whilst others say that judgment and intuition are synonymous concepts (ibid).

When decisions are made depending on *reliance of experience* they are based in a deep knowledge of problems related to a specific job environment (Elbanna 2006).

The use of gut feeling is the third indicator of intuition and means that the decision maker "simply know when they are right or they have a strong feeling about the decision" (Elbanna, 2006 p. 11). The decisions thereby are made based upon feelings or emotions.

In summarization of these three indicators, intuition can be said to be used when there is a lack of complete information and that there is a connection between decisions made on intuition and the number of years of experience. The concept of intuition is still not well defined when it comes to decision making and there are many perspectives on how it actually works (Elbanna, 2006).

2.2   Culture

When discussing culture and business it is impossible not to talk about Hofstedes dimensions (Salter, Lewis & Valdes 2004, Phatak et al 2005, Gerhart & Fang 2005, Ardichvili & Kuchinke 2002) which are *Power Distance, Uncertainty avoidance, Individualism vs Collectivism, Masculinity vs Femininity* and the latest contribution *Long-term vs short-term orientation.*

2.2.1 Power Distance

Hofstede & Hofstede (2005, p.46) defines power distance as: "The extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed in equally". In countries where the power distance is smaller both subordinates and bosses depend on each other and the subordinate is not troubled by approaching or even contradicting their boss (op cit, pp. 45-46). In countries where on opposite there is a large power distance subordinates either prefers being dependent on their boss or reject it entirely, so called counter dependence. One difference here that can be pointed out is that when it comes to low power distance the superiors are more approachable, whilst in higher power distance countries there is a large emotional distance between the two. Table 1 will show some key differences between countries with small and large power-distance.

Table 1: *Key differences between small- and large- power-distance societies: the work place*

Small power distance	Large power distance
Hierarchy in organizations means an inequality of rules, established for convenience.	Hierarchy in organizations reflects existential inequality between higher and lower levels.
Decentralization is popular	Centralization is popular
There are fewer supervisory personnel	There are more supervisory personnel
Managers rely on their own experience and on subordinates	Managers rely on superiors and on formal rules
Subordinates expect to be consulted	Subordinates expect to be told what to do
The ideal boss is a resourceful democrat	The ideal boss is benevolent autocrat or ""good father"
Privileges and status symbols are frowned upon	Privileges and status symbols are normal and popular
Manual work has the same status as office work	White-collar jobs are valued more then blur collar jobs

Source: Hofstede & Hofstede (2005)

2.2.2 Individualism and collectivism

Societies which "the interests of a group prevails over the interest of the individual" is what Hofstede defines as a collectivist society (2005, p. 74). A minority of the world's population belongs to an individualist society in which "the interests of the individual prevail over the interests of the groups". (Op cit, p.75) Table 2 will show some key differences between countries which are individualistic and collectivistic.

Table 2: *Key differences between collectivistic and individualistic societies: school and work place*

Collectivist	Individualists
Children learn to think in terms of" we"	Children learns too think in terms of "I"
The purpose of education is learning how to do	The purpose of education is learning how to learn
Diplomas provide entry to higher status groups	Diplomas increase economic worth and/ or self-respect
Occupational mobility is lower	Occupational mobility is higher
Employees are members of in-groups who will pursue their in-group's interest	Employees are "economic men" who will pursue the employer's interests if it coincides with the self interest
Hiring and promotion decisions take an employees in-group in to account	Hiring and promotion decisions are suppose to be based on skills and rules only
The employer-employee relationship is basically moral like a family link	The employer-employee relationships a contract between parties on a labor market
Management is management of groups	Management is management of individuals
Direct appraisal of subordinates spoils harmony	Management training teaches the honest sharing of feelings
Relationships prevails over task	Task prevails over a relationship

Source: Hofstede & Hofstede (2005)

2.2.3 Masculinity vs. Femininity

This dimension regards the degree of importance of relationships versus tasks (op cit p. 119). Hofstede defines a masculine society: "when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are suppose to be more modest, tender and concerned with the quality of life" (op cit p. 120). A feminine society on the other hand is: "When emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life" (ibid). Table 3 will show some key differences between masculinity and femininity.

Table 3: *Key differences between Feminine and Masculine societies: The work place*

Feminine	Masculine
Resolution of conflicts by compromise and negotiation	Resolution of conflict by letting the strongest win
Rewards are based on equality	Rewards are based on equity
Preferences for smaller organizations	Preferences for larger organizations
People work in order to live	People live in order to work
More leisure time is preferred over more money	More money is preferred over more leisure time
Career are optional for both genders	Career is compulsory for men, optional for women
There is a higher share of working women in professional jobs	There is a lower share of working women in professional jobs
Competitive agriculture and service industries	Competitive manufacturing and bulk-chemistry

Source: Hofstede & Hofstede (2005)

2.2.4 Uncertainty avoidance

This dimension deals with the degree to which people in a specific country prefer structured situations over unstructured. Hofstede defines uncertainty avoidance as: "The extent to which the members of a culture feel threatened by ambiguous or unknown situations" (2005, p.167). If a situation is unfamiliar or uncertain it induces stress where there is high uncertainty avoidance, there is a need for both written and unwritten rules (ibid). Table 4 will show the key differences between weak and strong uncertainty avoidance societies.

Table 4: *Key differences between weak and strong uncertainty avoidance societies: The work place, organization, and motivation.*

Weak Uncertainty Avoidance	Strong uncertainty Avoidance
More changes of employer, shorter service	Fewer changes of employer, longer service
There should be no more rules than strict necessary	There is an emotional need for rules, even if these will not work
Hard working only when needed	There is an emotional need to be busy and an inner urge to work hard
There is tolerance for ambiguity and chaos	There is a need for precision and formalization
Belief in generalists and common sense	Belief in experts and technical solutions
Top managers are concerned with strategy	Top managers are concerned with daily operations
More new trademarks	Fewer new trademarks

Focus on decision process	Focus on decision content
There are fewer self-employed people	There are more self-employed people
Better at invention worse at implementation	Worse at invention better at implementation

Source: Hofstede & Hofstede (2005)

2.2.5 Long term short term time orientation

This fifth dimension was added by Hofstede in late 1980s and shows whether a country is oriented towards the past or the present. (2005, p.210). Hofstede defines long term orientation "the fostering of virtues oriented toward future rewards in particular perseverance and thrift". Short term orientation stands for : "The fostering of virtues related to the past and present - in particular, respect for tradition, preservation of face, and fulfilling social obligations" (ibid). Table 5 will show the key differences between short and long term orientation societies.

Table 5: *Key differences between long and short term time orientation: Business and economics.*

Short-term orientation	Long-term orientation
Main work values include freedom, rights, achievement, and thinking for oneself	Main work values include learning, honesty, adaptiveness, accountability and self-discipline
Leisure time is important	Leisure time is not important
Focus is on bottom line	Focus is on market position
Importance of this years profits	Importance on profits ten years from now
Managers and workers are psychologically in two camps	Owner-managers and workers share the same aspirations
Meritocracy, reward by abilities	Wide social and economic differences are undesirable
Personal loyalties vary with business needs	Investment in lifelong personal networks, guanxi
There was slow or now economical growth between 1970 and 2000	There was fast economical growth between 1970 and 2000
Small saving quote, little money for investment	Large saving quote, funds available for investment
Investment in mutual funds	Investment in real-estate

Source: Hofstede & Hofstede (2005)

In the next section the chosen countries for research, Mexico and Germany, will be described through a cultural and business perspective.

2.3 Mexico

There is not much research done on management style in Mexico (Morris & Pavett. 1990) but since NAFTA was implemented many U.S. companies have "gone Mexican" and an interest in the subject has grown (Harrison & Hubbard, 1998). Many studies are thereby comparisons between U.S. and Mexico (Salter et al, 2004).

On the *power distance* dimension Mexico scores a fairly high score of 81 putting them on a shared 10th place out of the 74 researched countries (Hofstede & Hofstede 2005). The Mexicans do rely on authority and have leadership is often in a paternalistic manner (Salter et al. 2004) and that paternalism is in fact expected by workers (Pelled & Hill, 1997). There are often loyalty and the assumption that all accountability and authority is at a higher level (ibid).

When it comes to *individualism* Mexico ranks low in the lower half of the scale, they come in shared place 46-48 with an individuality score of 30 (Hofstede & Hofstede 2005). According to more resent research the individualistic thinking has increased somewhat but has not been rescored (Salter et al, 2004) Mexicans still remain a collectivistic and group oriented country though, much due to the strong family bonds that exist in Mexico (Salter et al 2004 & Phatak et al 2005). Salter et al states that in a society that is collectivist, there is more willingness to take risks in decisions since the group are then there to protect the decision maker from the consequences (ibid). Mexican workers respond best emotionally to management requests and encouragements to improve group efficiency or group output (Harrison & Hubbard, 1998).

Mexico still remains a *masculine* society (Salter et al, 2004) and comes in 8th place on Hofstedes ranking, with a score of 69 (Hofstede & Hofstede). Women's role in society is still that of a traditional sort, and that role means more than that of the woman as an organizational member (Harrison & Hubbard, 1998).

According to Phatak et al Mexico is a country high in *uncertainty avoidance* (Phatak et al, 2005). According to Hofstedes Index Mexico scores a high 82 and is on 26th place when it comes to uncertainty avoidance (Hofstede & Hofstede, 2005). More recent studies however show that this might not be accurate anymore, one made by Ehrlich in 2001 shows that the score has gone down from 82 to 56 (Salter et al, 2004). This means that the Mexicans today should be more risk taking than before, and it could be a result of the increased trade with the U.S. since the NAFTA was approved (ibid).

For *long term* versus *short term* time orientation which is the final of the five of Hofstedes dimensions in a study made on management in Peru and Mexico shows that there is a tendency towards long term planning in the country (Sibeck & Stage, 2001). This the authors ascribe to the fact that the economy and the government has been more stable in the latest couple of decades (ibid).

2.4   Germany

Germany being one of the largest countries within the European Union which has resulted in some research about the management preferred in this country (Phatak, et al Kashlak, p. 160). Hofstede back in 1993 once stated that the manager is not a cultural hero in Germany; instead it is the engineer who fills this role.

When it comes to the *power distance* dimension Germany scores 35 putting them on a shared 42d place together with Costa Rica and Great Britain. This index includes 50 countries and three regions (Hofstede, 2001). This would mean that Germany is defined as a country with a low power-distance. Phatak et al. states that this is expressed in the formal structures of corporations. This approach to managing business leads to a structural rather than liberal view of management (ibid). Roles and rules are precisely defined and documented (Schneider & Littrell, 2003, p.134). The employees expect their boss to assign their tasks and to be the expert in resolving technical problems. (ibid)

As for the *individualism*, Germany ranks on 15th place with a score of 67 counting them as moderate high in individualism. (Hofstede, 2001). German business is generally compartmentalized, with few cross-functional teams (Schneider & Littrell, 2003, p.132). "German culture is less individualistic then the Anglo-Saxons'; therefore we see the build-up of a long-term cooperative partnership between owners, managers and workers finding a fertile ground" (op cit p.135). In Germany, team-orientation and thus the promotion of the achievements of the team are

more important, this belief is further intensified by the Germans not thinking the leader should enjoy the privileges of his or her position (op cit p.143). Since Germany is an individualistic country they would according to Salter et al (2004) be less inclined to take risky decisions.

Germany, according to Hofstedes Index, is defined as a *masculine* country, with a score of 66 they ranked on 10th place together with Great Britain. The German society has a reputation for conservative male dominance (Tienari, J., Quack, S., Theobald, H, 2002, p. 262) "In German society....... women are to take care of the family" (Tienari et al, 2002, p. 263). Furthermore, in German society, reproduction of status hierarchy's overrides the concerns of equality, the authors continues (ibid).

When it comes to *uncertainty avoidance*, Germany scores 65, leaving them on a 29th position according to Hofstedes Index and is regarded as a medium high country when it comes to uncertainty avoidance. "Germans believe that technology helps to avoid uncertainties caused by nature, whereas laws and rules try to prevent uncertainties in the behavior of other people" (Schneider, Littrell, 2003, p.141). Due to the fact that German managers are rather unwilling to take a risk and go on an uncertain venture the numbers of new companies born is smaller then would be the case in more risk taking countries. This is something that causes some problems for the German economy (ibid). In order to avoid uncertainty, the emphasis in German management is long-time planning. (Phatak et. al, 2005, p. 160).

Long- Versus short Term Orientation is Hofstedes fifth dimension, here Germany ranks 14th place out of 23 implying that Germany is more towards short term orientation. (Hofstede, 2001). However according to Schneider & Littrell (2003) German managers put a great emphasis on planning. Phatak et al agrees saying "Long term thinking in all aspects of organizational planning is valued"(2005, p. 161).

3 Frame of Reference

In the previous section the theories related to the overall purpose and the research questions have been presented. The following section will present a frame of reference of these theories to be able to collect data. The frame of reference is based on the research question 1: How can the decision making in Mexico and Germany be described? and research question 2: How does culture affect the decision making for each country?

3.1.1 Decision making

This section is based on research question one; How can the decision making process in Mexico and Germany be described? In the literature review three main ways of making decision is discussed: Through *rationality*, *political behavior* and *intuition*. In the rationality process there are also various similar ways in which this process has been described, for this study we have chosen that of Harrison, The managerial decision making process, since it is the most detailed out of the ones discussed and since it discussed managerial decisions.

When decisions are made rationally on a managerial level the following steps should be involved:

Table 6: The managerial decision making process

Concept	Conceptual definition	Measurements
Rational	Is characterized by a process in six steps (Harrisson, 1996, p. 48) Setting managerial objectives Searching for alternatives Comparing and evaluating alternatives The act of choice Implementing decision Follow up and control	How managerial objectives are set How alternatives are established How alternatives are compared and evaluated How choices are made How the decisions are implemented How the decision is followed up Is there any formal evaluation of options?

Contrasting the rational model is Elbannas idea that opposing goals and conflicting preferences affect the outcomes of decision, leading to managers not always following rationale (Elbanna, 2006).

Table 7: Non-rational decision making

Concept	Conceptual definition	Measurements
Political behavior	As defined by Elbanna (2006) Opposing goals and preferences affects decision making When opposition is missing political difficulty eases	How is decision making made when there are opposing goals within the organization? Are there situations where there are wishes for different outcomes within the organization? Are these wishes taken into consideration?
Intuition Judgment	When no hard fact judgment and experiment are used as base for decisions	Is there any research on the subject (numbers etc) before decisions are made How long from decision to action? Are decisions made to try and/or test something?
Intuition Experience	Decisions are made based on deep knowledge of problems in the job environment	How much are decisions made on previous made decisions? Has the person in charge a long history within the company? Are decisions based because the person recognizes the situation
Intuition Gut Feeling	Decisions are made upon a strong feeling of what is right or wrong	How much are decisions made on feelings and emotions? Has the person in charge strong values? Are decisions made because there is a vision that it is the right one

3.1.2 Culture

This section is based on research question 2: How does culture affect the decision making for each country? Hofstedes dimensions for culture are recognized by many and is still frequently used in cultural work around the world. The dimensions will be contrasted to what Hofstedes result for the two countries of Mexico and Germany.

Table 8: Hofstedes five dimensions

	Conceptual definition			Measurements
		Mexico	Germany	
Power Distance	The extent to which the less powerful members of institutions and organizations withing a country expect and accept that power is distributed unequally	High	Low	Where are decisions made? Are decisions accepted by all? How much are other levels involved in decision making? Are decisions made independently? Are subordinates asked for advice? Involvement of different levels within the organization?
Individualism/collectivism	Does the interest of a group prevail the interest of the individual	Collective	Individualistic	Are risky decisions less likely to be taken (salter et al)? Are decisions made based upon personal outcomes or that of the group? Who is dominating the decision making process? Vet inte vad som menas här//S Who is the main focus when decisions are made, the decision maker themselves or the group?
Masculinity	When emotional gender roles are clearly distinct, men are assertive tough and focused on material success whereas women are suppose to be more modest tender and concerned with the quality of life.	Masculine	Masculine	Does the strongest person win (ie that with most power) How important is it to get the decision "right" How is success being defined? Are results what matters the most? Is material success being prioritized?
Femininity	When emotional gender roles overlap: both men and women are supposed to be modest, tender and concerned with quality of life.	N/A	N/A	Is the well-being within the organization being prioritated? How much is the human resources prioritised. Is the effect on the people considered much?
Uncertainty	The extent to which the	High	Medium/high	Are decisions based on facts?

| avoidance | members of a culture feel threatened by ambigous and unknown situations | uncertainty avoidance | | How risky are the decisions being made? Is there a lot of information gathered before a decision is made? Do they ask other people for advise (within or outside the organization) to see what they would do? Are regulations helping the decision makers? Do they help them feel more comfortable? Do they involve a group, people they know? |
| Long/short term orientation | Whether a country is oriented towards the PAST? or the present | No score, resent tendency towards long term | Long term planning | Are decisions made based on short or longterm results? Do they want results from their decisions straight away or can the effects show in the future? |

3.2 Frame of Reference

The frame of reference is based on the literature review and will show the relationship between the research questions.
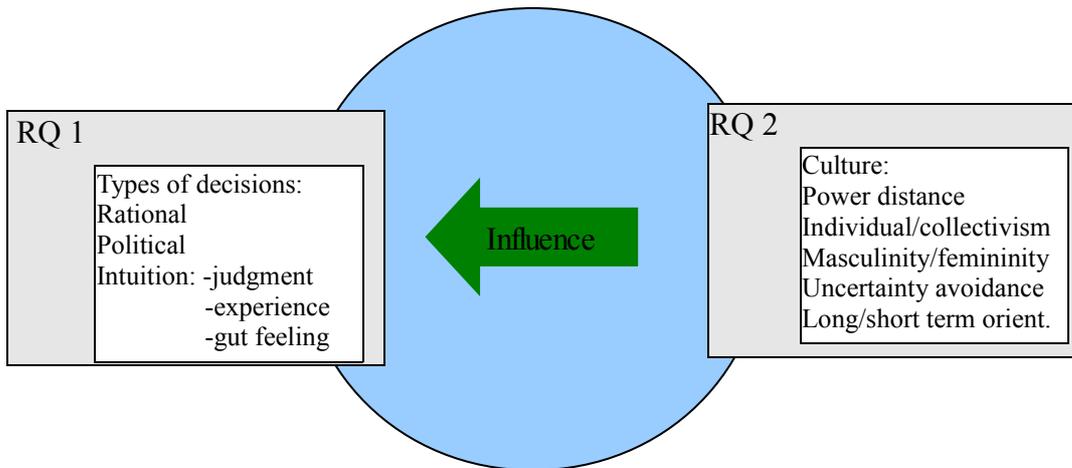

Figure 3: Frame of reference

4 Methodology

This chapter will discuss the methodological issues of research purpose, research strategy, data collection method, sample selection and the data collection which will then lead up to the reliability and validity of the research.

4.1 Research Purpose

The purpose of research can be either *exploratory*, *explanatory*, *descriptive* or or even sometimes a combination depending on the research questions. (Saunders, Lewis & Thornhill, 2007, pp. 132-134). According to Wiedersheim-Paul and Eriksson (1991, p. 155) there is no evaluation of the internal order of the three purposes, it is the quality of a research that determines whether it is interesting, credible and understandable. Marshall and Rossman uses the synonyms to understand, to develop or to discover (2006, p. 33).

The *exploratory* approach is useful when trying to explain "little understood phenomena" or previously not researched areas, to identify or discover important categories of meaning and to generate hypothesis for further research (op cit, p. 34). According to Wiedersheim-Paul and Eriksson it is also useful when a problem is not clearly defined or when there is problems deciding on which model is suitable for the study (1991, p. 155).

Explanatory purpose of research is used when trying to explain the patterns related to the phenomenon in question and to identify plausible relationships shaping the phenomenon (Marshall & Rossman, 2006, p. 34). Or simplified: to explain the cause and effect by understanding the connection between variables.

The *descriptive* approach is used when the goal is to describe the phenomenon of interest, its characteristics and/or functions (Marshall & Rossman, 2006, p. 34). As Wiedersheim-Paul & Eriksson puts it when the problem is clearly structured and when there is no intention of investigating causal relationships, a descriptive angle is suitable (1991, p. 157).

This study is to gain a better understanding of how culture effects decision making and makes use of more than one research purpose. The study is *exploratory* because we are trying to get a better understanding of a phenomena not extensively researched previously. This thesis will however be *primarily descriptive* because the research questions imply that we will describe both theory and collected data about the subject of culture and decision making in the two chosen countries of interest.

4.2 Research Approach

There are two main approaches to research: *Qualitative* and *Quantitative* (Saunders et al, 2007, p. 472).

The *qualitative* approach to research has according to Marshall and Rossman "become increasingly important modes of inquiry for social science in applied fields such as education, regional planning, nursing, social work, community development and management (2006, p. 1). The purpose is to gain a deeper understanding of the problem area that is being studied and is not extensively formalized. (op cit, p. 14). The method is characterized by the closeness to the research object (ibid). Qualitative research focuses on words as the primary unit for analysis, has a tendency of being associated with the describing of variables and is often used for smaller scale studies (Denscombe, 2000, pp. 204-205).

Many qualitative studies are descriptive and exploratory and builds rich information on subjects previously not extensively researched. There is an interest to see the behavior patterns of a group, such as rituals, traditions and relations, cultural norms and different types of language (op cit, p. 243). Qualitative research takes place in the natural world, it uses multiple methods that are interactive and humanistic, it focuses on contexts, is emergent rather than tightly prefigured and is fundamentally interpretive (Marshall & Rossman, 2006, p. 3).

A *quantitative* approach to research is seen as somewhat absolute, the only "real" scientific method where you objectively can determine different social relationships, and is related to the natural sciences and thereby a positivist view, there is "one truth" (Holme & Solvang, 1997, p. 150). Quantitative methods are more formalized and structured than qualitative method, and requires a higher degree of control by the researcher (op cit, p. 14). The approach also assumes that the theoretical concepts are measurable (op cit, p. 154). The information gathered is predetermined by the researcher, the questions and what is important is decided beforehand and takes no or little consideration to whether the informer finds other questions more important (op cit p. 82).

The chosen research approach for this thesis is qualitative. This is because we want to gain a deeper knowledge in the field of management, on a subject previously not investigated to a greater extent. For this reason a formalized and structured approach such as the quantitative would not be suitable. The qualitative approach is also focused on words, and regarding how the research questions are posed it would be harder to make quantifiable research.

4.3 Research Strategy

There are more than one division into research strategy, according to Yin there are five main strategies for research: *experiment, survey, archival analysis, history* and *case study* (1994, p.6). The following table 6 will show how Yin describes those strategies.

Table 9: Relevant Situations for Different Research Strategies

Strategy	Form of research question	Requires control over behavioral events?	Focuses on contemporary events?
Experiment	How, why	Yes	Yes
Survey	Who, what, where, how many how much	No	Yes
Archival analysis	Who, what, where, how many, how much	No	Yes/No
History	How, why	No	No
Case study	How, why	No	No

Source: Yin (1994, p.6)

Considering the research questions for this thesis which starts with How, survey and archival analysis are not suitable. Since experiment requires control over behavioral events this strategy will not be used either since this cannot be controlled. Finally the history strategy does not focus on contemporary events, this leaves us with the case study which will be the strategy we use.

Within case study there are four dimensions: *single case, multiple cases, holistic* and *embedded case* (Saunders et al, 2007, p. 139).

A *single case* is often used when investigating a critical, extreme or unique case and focuses on the

depth and details of the case (op cit, p. 140). When more than one case is used, it is a *multiple case* (Yin, 1994, p. 44). This can be preferably used when the results from a case can be used to cross reference with another case and thereby be generalized (Saunders et al, 2007, p. 140).

This study will be a multiple case study because several units of analysis will be used in more than one case to be able to compare each case within, and then cross reference it with the other cases to be able to generalize comparing to the theory.

4.4 Sample Selection

When choosing a sample for research probability or non-probability can be chosen. Probability sampling is a random sampling and is mostly connected with surveys (Saunders et al, 2007, p. 208). Non-probability sampling, or non-random sampling, is suitable for businesses research and the subject is chosen based on the objective suitability for research by the researcher, and therefore this approach to selection will be used for this thesis. (op cit, p. 226).

In each country we will collect data from 2-3 persons on management level. This way there is a chance that individual preference, which can affect decision making, can be detected and disregarded from the national culture. The preference was to interview the same company in the two countries to be able to disregards the factor of corporate culture. Doing this would be harder if comparing different companies that have different company cultures.

The ideal was two find one single company that conducts business in both countries to be able to eliminate the company culture as a factor, precisely as Hofstede did with his IBM study. In the end this proved to be an almost impossible task with the time limitations, and we ended up interviewing different companies, these were however all producing entities. Getting in contact with companies abroad was trickier than doing a study in Sweden. In Mexico you have to know someone who can recommend you to a contact. We got in contact with the company FEMSA through a professor at Tecnológico de Monterrey. The person was a manager for innovations and suited the requirement for finding out how manager's decisions are affected by culture. This person then referred us to one of the human resources managers at FEMSA. Since the Mexican company was a producing company we also wanted to have a producing German company to increase validity for the study. Several e-mails were sent out to different companies, some no replies were ever received. For the first company we were guided to a manager by the thesis department at this company. For the other company the manager who responded phoned after receiving an e-mail from the general information department at the company.

4.5 Data Collection

According to Yin there are six different approaches to collecting data when conducting a case study, *documentation, archival records, interviews, direct observations, participant observation* and *physical artifacts (1994, p.80).* Yin further states that there is no single source of evidence that is superior to the other, this is the advantage with a case study, several sources can be used (ibid). The following table 7 will show the approaches to data collection as explained by Yin.

Table 10: Six Sources of Evidence: Strengths and Weaknesses

Source of evidence	Strengths	weaknesses
Documentation	- stable – can be reviewed repeatedly - unobtrusive – not created as a result of case study - exact – contains exact names, references, and details of an event - broad coverage – long span of time, many events, and many settings	- retrievability – can be low - biased selectivity, if collection is incomplete - reporting bias – reflects (unknown) bias of author - access – may be deliberately blocked
Archival records	/same as above for documentation/ - precise and quantitative	/same as above for documentation/ - accessibility due to privacy reasons
Interview	- targeted – focuses directly on case study topic - insightful – provides perceived causal inferences	- bias due to poorly constructed questions - response bias - inaccuracies due to poor recall - reflexivity – interviewee gives what interviewer wants to hear
Direct observations	- reality – covers events in real time - contextual – covers context of even	- time-consuming - selectivity – unless broad coverage - reflexivity – event may proceed differently because it is being observed - cost – hours needed by human observers
Participant observation	/same as above for direct observations/ - insightful into interpersonal behavior and motives	/same as above for direct observations/ - bias due to investigator's manipulation of events
Physical artifacts	- insightful into cultural features - insightful into technical operations	- selectivity - availability

Source: Yin (1994, p. 80)

Archival records are not suitable for this study as one of the strengths is that it is precise and quantitative and this thesis is based on a qualitative study, and also that it can be hard to retrieve those kinds of records.

Direct observations and *participation observation* would be too time consuming and too costly to use and has therefore been discarded.

There is no connection between *physical artifacts* and the research that will be conducted.

Documentation can be used in this case to some extent, for example the annual report to confirm basic data about the company.

Interviews will be the main source of data collection for this study. This is because the ability to gain a deeper understanding of issues that are directly related to the research questions.

According to Saunders et al (2007, p. 312) there are three categories of interviews: *structured*, *semi-structures* and *unstructured/in-depth*.

A *structured interview* make use of questionnaires with a standard and predetermined set of questions. This would not suit this research since the subject is hard to control in a linear manner and standardized questions could lead to missing out on the interviewees own insight.

The *unstructured* or *in depth interview* on the other hand can be a bit too in depth and not really focused on the particular problem at hand. These types of interviews also demands a lot of time.

A *semi-structured* interview will instead be used because we then have the ability to control the direction of the interview by leading the respondent towards a certain area of issues, there is no constraints to take certain questions in a certain order they can instead be asked when occasion arises. This will be done by having a list of topics prepared, the respondent will still have the ability to develop his or her ideas, and will not be interrupted by the interviewer moving on to the next question as would happen in a completely structured interview. The interviewer on the other hand will not be lead out on a too wide of an area.

4.6 Data Analysis

According to Yin data analysis "consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study" (op cit, p. 102). This process can be hard because it has previously not been defined clearly (ibid).

The three stages to the process of analysis is *data reduction*, *data display*, *drawing and verifying conclusions* (Saunders et al, 2007, p. 493).

Data reduction is about "summarizing and simplifying the data collected and/or selectively focusing on some parts of this data" (ibid). The goal is to transform and condense the data to make it easier to handle (ibid).

Data display organizes and assembles the reduced material into figures or tables to get an easier overview of the results since they can be hard to analyze as extended text (ibid). This helps with the conclusion drawing and action (ibid).

Drawing and verifying conclusions is the final stage of the process of analysis and here the data will be translated into meanings.

A within case-analysis will be conducted first to be able to reduce the data before conducting the cross case analysis, this will help deepen understanding and explanation (Miles & Huberman, 1994, p. 173). Since this is the purpose of the study this way of displaying data is ideal.

4.7 Quality of Research: Validity and Reliability

It is important that there is a certain quality to research to be able to make sure that the right variables have been measured, and that the study can be repeated with the same results. Or as stated by Yin, there has to be trustworthiness, credibility, conformability and data dependability (1994, p. 32). According to Yin there are four ways of measuring this: *construct validity*, *internal validity*, *external validity* and *reliability* (op cit, p. 33).

Table 11: Case Study Tactics Four Design Tests

Tests	Case study tactics	Phase of research in which tactic occurs
Construct validity	- use multiple sources of evidence - establish chain of evidence - have key informants review draft case study report	Data collection Data collection Composition
Internal validity	- do pattern-matching - do explanation-building - do time-serious analysis	Data analysis Data analysis Data analysis
External validity	- use replication logic in multiple-case studies	Research design
Reliability	- use case study protocol - develop case study database	Data collection Data collection

Source: Yin (1994, p.33)

When it comes to *construct validity*, both interviews and documentation will be used and the interview will be sent to the respondent to make sure that no misconceptions have been made.

The *internal validity* is mainly an issue for explanatory studies and as this thesis is primarily descriptive we will not pay attention to this issue.

External validity the theory will be tested in multiple cases to be able to generalize the findings to the previously detirmined measurements.

Reliability to be able to meet this measure of quality and enable replications of results in future studies the following measures will be taken: all documentations such as the interview guide and recordings of interviews will be kept and thereby used as a guide. An explanation of how the study will be undertaken have been explained in this chapter and can also be used as reference.

5 Data Presentation

In this chapter the empirical data of the case studies will be presented. Each case will be presented by it self and is presented in the order that the respondents brought the subject up based on the outline of the interview guide.

5.1 Case 1 Mexico

5.1.1 Company Information

FEMSA is the largest beverage company in Latin America, exporting its products to the United States, and selected countries in Latin America, Europe and Asia. According to the company's general information they have since the birth in 1890, remained at the forefront of the beverage industry through continuous innovation, efficient performance, and solid growth, besides being a pioneer in Mexico in establishing policies focused on the employees, community development, and environmental care.

FEMSA is comprised of three business units, supported by an area of common services, specially designed to foster the soft drink, beer and retailer operations by delivering products and services. The three business units are called Cerveza (beer) Cerveceria Moctezuma, comercio (commercial) OXXO FEMSA and Coca-Cola FEMSA.

5.1.2 Interview with a manager of innovations, FEMSA Packaging

Hernandez is responsible of innovation and management of technology areas of the three plants for Fabricas Monterrey which is a part of FEMSA's corporate group of beverages. The part Hernandez works for is a large packaging corporative, FEMSA packaging. At Fábricas Monterrey closures are manufactured for cans, crown caps for bottled beer and carbonated beverages. The customers are in North and South America and Mexico.

Hernandez starts by saying that *there is a process for innovation* where decisions are made about what trends to follow to be able to differentiate themselves in the market. The crown cap has 120 years of existence and it is a commodity. Fábricas Monterrey *wants to break the commodity* and give consumers different sensations and experiences on closures, for to put a song on a crown cap, so that when the customer twist the top of a song can be enjoyed. The company *works a lot with suppliers and consumers* and use focus groups to analyze what both sides are looking for in order to innovate towards the final consumer. Fábricas Monterrey *wants to follow what is going on in the market* in order to then differentiate themselves for the customers, which is the reason for the existence of the innovation area of the business.

The usual practices of making decisions is by conducting a SWOT analysis on the markets, and through this analyze what the market situation is. Fábricas Monterrey has a *strategic administration and planning of the business every year with the executive area*; the CEO of the company, innovation area and management. This planning includes *following and analyzing the trends and competence of suppliers, checking which are the tendencies and input in raw materials, for example steel, how the prices will affect the business.* Prices and tendencies of competencies are analyzed together with what the customer wants and needs during the *next 3-4 years*.

Market share are investigated in the standard operation and figures needs to be looked at and then new possible changes in materials are offered. Because the price of the steel varies Fábricas Monterrey try to obtain different steels more efficient, using less material on the caps and cans. The

prices on aluminum are very high, and due to the variations on price new *decisions are made each year in sessions of two months during October-November discussing what trends to follow in the next year.*

There is *a program of improvement* on the operations with plans of *upgrading the knowledge of the people* at Fábricas Monterrey. There are systems where the *people express their ideas* from the operations on how they could perform better. Those ideas are documented and followed up and *ideas are implemented after going through filters* that are made in regards to prices and trends etcetera. Every year there is a day called "Day of innovation" where *the results of the company and the decisions that were made are discussed*, for example new acquisitions of material, machinery and technology. During this day the ideas that the people have implemented are discussed as well. *The three best or most important ideas* for the three platforms for innovation each year are chosen and given recognitions. The three platforms that Fábricas Monterrey has are; continuous improvement, new applications of products and new ways to make business,

People within the organization are being reminded to try and keep in mind the continuous *updating of their knowledge everyday*: "everyday give a little more" to the operation. All the tendencies Fábricas Monterrey decide to follow, regarding material and people, is shared with FEMSA since it is a part of the corporation. All the proposals are aligned with cerveceria, packaging and the 2-3 best practices of implementation of the alternatives are chosen. This is how it works every year with many months of hard work connecting all the ideas from the different enterprises of the FEMSA group.

Hernandez talks about a system called TOPS, where the ideas are aligned to the directives initiative from the CEOs. All those tendencies that are decided to be followed have a calculated advantage percent for each activity, which has to be reported and that type of information is shared through TOPS.

The *workers have ideas* not only on products but also in operations on how to implement programs of change and improving the way they are working. For example something that might have three steps initially can be made more effective and be performed in only two steps.

There is a platform of new products and applications of technologies and R&D areas which works with the production lines and that knowledge is applied to the products as well. As an example Hernandez mentions polymers, coatings with new technology, new materials that are being incorporated to the products to make them more efficient and resistant. There are different lines and projects based on the three platforms mentioned earlier. *Decisions are sometimes made based on the testing of the information that is gathered.*

Fábricas Monterrey *seeks information not only inside the corporation but also outside*. Hernandez says that many companies only search within the company where they have just 2-3 people doing this or sometimes no department at all that searches for what is happening outside the company. At Fábricas Monterrey on a day to day basis the mechanism is to search not only what is happening in their business (closure and beverages). T*hese search projects could be in cooperation with automotive, chemical and other industries in order to identify opportunities in technological areas.*

The function of innovation is that even though obviously decisions are taken about what to do, what tendencies and ideas to follow and implement *during a year long period*, Fábricas Monterrey *is also every day searching what is happening outside in terms of technologies*. This happens both within and outside the industry, based on their *model of innovation* where one of the functions is to keep an eye on the market.

Decisions in Fábricas Monterrey are mainly based on an evaluation of ideas. There are some filters

in coming to the decisions. Ideas are evaluated *not only on what they can do for savings and money, but also on how people can feel more comfortable to work* on these areas and the perceptions of the people to do the implementation. Some ideas do not give a lot of savings, maybe only 1-2%, but if the people think of the difference, in the end there will be big savings obtained.

Hernandez explains the culture of innovation: it is handled like a *wine process*, just like the best grapes are selected; Fábricas Monterrey selects the best ideas and keeps them gathered in a "cave" of ideas. The best ideas are chosen with the best people who analyze the ideas, they "taste it" and with the best ideas the best "wine" will be obtained. Another point where Fábricas Monterrey thinks they are different from other companies is regarding culture. For example (in operations) when a part of machinery needs to be changed *the workers go to take them and don't have to report to somebody else* that they are taking that replacement piece of the machinery they just make a registration of the item and nothing has ever been lost. The people are free to take this piece and implement it without being supervised the entire time. According to Hernandez this makes the worker auto sufficient and they then feel part of the process. Fábricas Monterrey is very proud of this fact, *making the workers a part of the whole and works the same on the three plants*.

It does however happen that *decisions collide*, something Hernandez says he thinks happens in all companies. There are always going to be ideas and proposals from different parts of the operations. Within the packaging division they *try to make sure that ideas are accepted by the entire committee*; the group where the ideas are evaluated consists of the strategic planner, the CEO the HR area, innovation area, commercial area, production and procurement area which analyze all the ideas that have gone through the first "filter". *Every year feedback is being made in the systems benchmarking the best practices of other industries of closures.*

The values of the company's culture are very strong and *the culture of Fábricas Monterrey is strong in itself*. It is an international company and according to Hernandez the people in the company in the strategic areas of beverage and closures are very well prepared on the topics. They know what is happening in the beverage market.

Hernandez says that companies in Mexico know that the workers *know about the current situation facing the companies in the shape of competitors from other countries*. The situation is getting tougher because of competition from example China who is eating out of the market share. The workers of Fábricas Monterrey *believe that all the decisions or strategies that CEOs and managers are making are good decisions and support all those lines and tendencies the corporation is telling the company to follow.*

There are other enterprises in Mexico that have the feeling that these dynamic markets are going to match them and finish them. *There are people in Mexico who feel that kind of fear, and they feel they can not support the decisions of CEOs because of that fear.* According to Hernandez there is no such problem in Fábricas Monterrey the decisions that are made by the CEO is trusted 100 percent.

Hernandez says that regarding the area of closures there have not been made more than *2-3 wrong decisions*, and that this is because of all the *filters* they have to go through. Sometimes this is not good because the movement is slower, but the *filters have also helped detecting wrong decisions*. For example at the business area packaging problems were identified somewhere in the end line, whereas they could not be seen at the first levels. It is important to get decisions right, the market of beverages is big and having a product that does not work out there can be devastating. If a wrong decision goes to the final consumer it becomes a problem for the company. *There is always some level of risk, but never any insecurity about the decisions.*

The *results of the market measure the success of the company*, as *does obtaining more savings* by

implementing changes, in terms of products. Although according to Hernandez sometimes it is hard to measure if money is saved or made. It is important for Fábricas Monterrey to obtain a balance, the owners obviously wants more profits, but *it is also important to be happy on the inside of the company* of what they are doing as a supplier of closures, and to get a smile from the final consumer.

In the long run, even though a lot of resources are spent on analyses and developing new products, it will lead to profits in the future. There are *some stages where results needs to be shown straight away* for example change some product or item to obtain savings in short term to the customers. Others that are planned long term are expected to take some time before results can be seen, with *some projects taking up to 2-4 years*. The *results are grouped* in to short, medium and long term.

When choosing people for Fábricas Monterrey, *human resources conducts numerous tests varying depending of the type of person*, and what *type of area* the person will be in, for example commercial, technological etcetera. Once human resources see that a person has a lot of capabilities to work with the company, that person is sent to the area applied for, to make smaller tests. Hernandez says that the *packaging area believes in the HR department* and that they have an excellent process of selecting new people for the company.

When Hernandez speaks about contact with other cultures he mentions that *one strategy is to work with other enterprises, not only in the closures industry*. As an example Hernandez brings up what Flextronics in Guadalajara have done, Flextronics is an international corporation, who works with Mexican people. The client of Flextronics is Toyota and they manufacture electronics for the cars, and have huge plants with thousands of people. The *culture is Japanese* and the CEO of the company is so structured yet so flexible and the results can be seen in the people working there. Even *the cultural behavior of those people that are Mexicans derives in the Japanese culture*. Just in time lead manufacturing and other practices and methodologies are implemented in Flextronics Mexico, and *they are more efficient regarding the results they obtain in mass and in groups*.

Hernandez also mentions that he respects a lot of the German culture because they are so clever with their process and *never does anything radical without analyzing thoroughly*. From working with two German companies Hernandez observed that the *Germans are structured and follow trends very well*. *There is a lot of investigation and R&D*, a lot of money is put into investigating trends and new materials and they have a huge structure on how to be better. These methods and mechanisms Hernandez believes can be implemented in any country it just depends on how the company reach out to the workers and motivate them and educate them, and it is a process that can be slow in Mexico.

Comparing Germans Mexicans and Japanese, Hernandez *thinks that Japanese and Mexican culture is similar*. The difference is that people from Mexico, not at Fábricas Monterrey but generalizing about Mexican culture, are accustomed to saying "*I want this because I want more money, days of vacation, more relaxed in the labor area*. In the Japanese culture on the other side they do not ask for, they offer: more days of work, more efficient results because they know they will obtain more things and more profitable business by offering. That is the big difference according to Hernandez and is the reasons why Japanese people always give more and more and more and they don't ask for material things, whilst Mexicans will always do that, because the culture has those tendencies.

In the entire Fábricas Monterrey there is a social responsibility line that the company follows. Every year there are social actions made with people of the society, cultural events, museums and sports. The company also works with children to make them more entrepreneurial and have programs that invite not only children of the workers but also other children and universities participate in these programs. Fábricas Monterrey believes that *if they transmit the knowledge* that's been acquired

during the 100 years of business to the people the minds of a lot of young people can be fed and *give them new opportunities and that is also a big part of the company culture*.

5.2 Case 2 Mexico FEMSA

5.2.1 Company Information

FEMSA Cerveza has 22,194 employees at 6 different locations in Mexico. Cervecería Cuauhtémoc was founded in 1890 in Monterrey, Nuevo León and is the cornerstone of FEMSA and produces three of the top five brands in the Mexican industry.

5.2.2 Interview with a manager of Human Resources, FEMSA

Dueñes is in charge of training and development and the planning of Human Resources of people at the Monterrey plant, Cerveceria Moctezuma, in the system there is 6 plants and the corporate department.

Dueñes says he is very *structured in his decisions* as in general in his life, *always thinking in a sequence and logical way* so the decisions reflects this way of thinking. First the *advantages and disadvantage*s are considered together with *risks*, also *other options are compared* and finally the *decisions are made according to this process*, *thinking* and *not according to feelings*. Sometimes Dueñes is more comfortable if he *writes some criteria and main points, schemes and diagrams* considering all the situations and possibilities *and base decisions on this*. There is *not always time to evaluate all the options* in this detailed way instead the decision might have to be based more on *feeling and experience* due to the lack of time, but *evaluating options is definitely preferred*.

Dueñes thinks that in FEMSA the *structured way of thinking is very common*, particularly at Cerveceria Cuauhtemoc Moctezuma *because it is within the manufacturing operations area*. In the same company but in other areas like sales or marketing the thinking can be very different, maybe because of the focus on other topics. *In a manufacturing plant there is the thinking of processes and cost* and there *are more concrete variables that can be instantly measured*.

Decisions of other people within the organization also affects the decision making process, because the decisions of one person or position does not affect only that person but also all the organization. Therefore Dueñes also *tries to consider what the effect will be on other parts and the people of the organization* in the decision making process. The difficulty is that sometimes people think very different; just as in general in life people have different opinions, and most of the time the way of thinking has to be explained and is not always comfortable. If people have two ways of solving a problem Dueñes says that *the focus has to be more on the process*. If there is a disagreement in the first approach there is a need to think more on the next step of the process, *and give everyone the possibility to explain the different points of view*, why you agree or not agree. Doing this means that in the end *most of the time there can be an understanding from each part* and it is easier to come to an agreement.

Dueñes does not have direct experience working much with other cultures but has some ideas from listening to other people talking about culture. With *Germany* for example they are very punctual, structured, and if it is not very clear what is supposed to be done (*clear directives*), there can be frustration among the Germans who will think you do not really know what you are doing. Germans prefers to negotiate at a later stage when there is more structure. *It can be hard to make a decision if you do not understand these differences*.

Dueñes believes that *culture has a large influence on a company regarding how they make*

decisions. For example in Mexico there are *differences of culture in each company*, it does not work the same just because the company is Mexican. FEMSA has a culture that is customer oriented and a willingness to make the company grow and also have *strong values of honesty*. Other companies in Mexico are very different in the decision making and behavior of the people. The decision making in FEMSA *focuses very much on facts, advantages and disadvantages,* while other companies can have more of an approach of *taking really quick decisions based on the feeling that it is a good decision to make*. There is a different kind of trust in other Mexican companies, and *whether a decision is right and accepted* is based on *the fact that the person making it is a good person, with experience and the decision is therefore not questioned. The culture of companies in the same country can differ and affects the decision making process.*

The different levels of a decision has to go through at FEMSA is *depending on the type of decision. Some can be made without having to consult anyone else*, but *if the decision will affect the company* to a greater extent it is considered to be better to *confer with superiors*. In (FEMSA) due to the size of the organization, the *decision making process is long*, you *have to consider many people to make sure it is a good decision. Day to day decisions* can be made *without much consulting*, but in the more important *long term decisions several levels are consulted*. In FEMSA an important aspect is that there is a lot of team work and even though there is a *"boss" that makes decisions*, it is *important to consult with the team which is part of the culture*. Sometimes there is disagreement, *but all the points of view are considered when the decision is being mad*e and *is therefore accepted once the decisions are final*. There is a trust that the best decisions are made for the entire organization, and also *because the teams feel their opinions are being heard* and that they are a part of them.

Some decisions *affect the organization directly*, for example sales and *are therefore easier to measure*. There are a lot of indicators, but Dueñes says that *it is not always easy to make a direct link between a particular decision that has resulted in a certain outcome*. It can be many different decisions that are showing results in the indicators that exist. It is *easier to see in long term* if past decisions where the right ones and if they have had a positive or negative effect. Anyone can make a mistake, and if a "bad" decision has been made, there is no problem unless it is always the same person that is making mistakes over and over and it is easier to identify these people. Thus: *it is important to make the right decisions, but mistakes obviously happen*, this is why it is *good to have a process to follow* and a method for trying to make good decisions.

The company works with a *high performance system which focuses on teams*, from operators to the director (all levels). Everyone has to think how to make their job better, how to improve the way things are done, and *everyone in the company has the opportunity and responsibility to think about these things*. The *people in FEMSA* are very important, they are *considered to be the most important asset* to obtain the wanted results. This is also reflected in the values of the company. There are five main values, one of them talk about respect, development and excellence. The *decisions regarding hiring personnel for the company are very important*. The process of recruiting and selecting people is a careful one, with different test and there could be up to 5-6 interviews. This is *to make sure that it is the right person, not just for the job assignment or position, who also fits the company and who can grow with the company*. There are also analyses in the plant to evaluate the chiefs and to speak to each one of them about their strengths and weaknesses and to discuss what each should do in terms of development. According to Dueñes *talking to people in the company is important to make them a part of the decision making process* and figure out what needs to be done in different areas. This as well as discussions regarding movements in the company with the people of the company are important for development because FEMSA believe the *people are very much a part of this process*. Dueñes believes this can take up to a year, and then it has to be

reviewed annually, also claiming that this is important because the people means that much to the company.

Development plans are decided about *both on long term and short term basis*. Dueñes explains that the process is started and is both on short term and long term. For example it starts with one group at a time, then the following year *this is reviewed* and another group is added and so on, it is a process that never really finishes. This is because there are always new people, movements and requirements within the company so it becomes a continuous process of work. In *general the thinking is in long* term but there is *also some pressures for short term results because of for example big movements*. However it is *important to solve problems not only for the next year but for the next 3-4 years*.

An important issue for the company director is that *there is a possibility to question everything*. For example in a meeting if there is a presentation there have to be the chance to question the facts and figures to make sure that there is an answer and *that there are a good basis for making decisions*.

Dueñes feels that the company culture in FEMSA is different from other companies in Mexico *because of the importance that is placed on the people in the company*. An example that Dueñes gives is that in another company you can both be hired and fired within 2 months, this is not the long term thinking that exists is in FEMSA. FEMSA also *follows the rules the government has set,* for example regarding the environment, whilst some companies might try and keep going anyways and just pay the fine if they get caught. Dueñes ends with saying that the *society matters a lot to FEMSA*.

5.3 Case 3 Germany

5.3.1 Company information

This steel company is a producer of long steel products. The company has divisions in Völklingen, Burbach and Neunkirchen. The competence is in the field of steel production and further processing. The company specializes in the production of wire rod, steel bars and semi- finished products of various grade. The company for instance has customers from the automotive industry, the construction industry, the power industry, the aero space industry.

5.3.2 Interview with: Chief Human Recourses Officer, Steel Company

The position of the manager in this interview is Chief Human Recourses Officer.

At this Steel company the management is connected to an organisational framework stretching from the council at the top level, and then each level has its superior, down to the individual workers on the floor, which makes it a matrix organisation,. *Strategic decisions are made by management within each division after a dialogue with the council. The divisions deal with the daily business themselves controlled by the leader of each division*. Manager 1 is a "staff leader" for all the "leaders" and employees.

Manager 1 says that out of thousands daily decisions one has to consider what impact the decisions would have on the organisation. *The decisions can be of strategic kind, long term, or of a daily character*. The manager claims that one has to *differentiate between different types of decisions but there is no instrument that can evaluate each decision, not even afterwards*. Depending on type of decision, strategic or day-to-day decision, at this Steel Company a democratic process is used. *Managers on each level/division can state their opinions, but at the end decisions are often made on top level. According to the manager, it is unavoidable that the highest of rank* has the *final*

saying.

There are decisions that come from *pure gut feeling but also experience plays a role*. The manager adds that a great deal of decisions *is based on intuition, and not only from rational thoughts*. The intuition derives from good or bad experiences, according to the manager, a manager *with some experience has a certain sense of how the decision will work and implemented. A manager new to the market* on the other hand would probably *not see the problem with as many dimensions as the more experienced manager would.*

When the manager speaks of manager visions, he questions if a manager with a *strong vision* could go the entire way with his or her idea within an organisation as big as this company. Since the company is a stock company, *a vision from a specific manager is harder to see realized*, than in a single owned company where the owner has a greater saying. A decision/vision at *this company can not be decided by the manager alone*, they have an legislative body which the managers must get their approval from, when for instance the *decision is regarding investments for the company.*

Manager 1 says that you must always separate *culture within a company* and that of a specific country. According to manager 1, no company is without culture, every company has certain culture within the organisation, and that culture is reflected by the staff working there. *Culture* automatically *sets the standard of how a company is being run*, and how managers deal with questions and how they deal with staff. Since the company has a history stretching back over a hundred years, a certain culture develops. The company is international, and does business with Europe, South America, Asia and North America on a regular basis. Staff that has to work with customers from other countries *has to attend certain training*. This staff receives internal education regarding cultural matters such as customs, religious aspects, dining culture, and other issues that deals with making business with other cultures. Manager 1 feels that staff from this steel company has to adjust to the surroundings. He gives an example when an order is to be sent to China, it is common that a delegation from China arrives to the headquarters of the Steel Company in Germany. The Chinese expect a certain program that takes care of them, for example they are taken to museums or shown the countryside, and are shown what it is like in Germany. During this time the staff tries to create relationships with the delegation.

Another example that Manager 1 gives is that the headquarters of the Steel company is situated very close to the French border. Even though the headquarters is situated that close to the border, business are not conducted in the same way. In France, business negotiations are always combined with dinner that usually has a very long duration and there is no stress in forcing a decision. For instance a manager from Germany cannot say he runs out of time, instead he/she has to be patient and let everything take its time. Manager 1 says that, as a German operating in France, "you cannot confront the customer too much", and that a manager must know this.

Because the Steel Company is so closely connected to the French border, the manager says that *culture within the company* has a certain "frankofolish" touch, which has to do with political reason, since Saarland *has altered in terms of which country it has belonged to*. Historically it has gone back and forth from German and French control. The manager believes this fact has impacted Saarland in particular. The most obvious sign of that is that staff consists of many French people. The manager clarifies that the company is German; there are no French structures in the company. At times foreign companies, from Luxemburg and France, have had control posts in the company, which in a way has impacted the company.

Manager 1 says that *cultural impact can influence decisions*, but also says that this not always the case, however it might very well be possible. *Whether everyone in the organisation gets to have a saying when decisions are being made also depends on the type of the question*. When it is only

questions regarding one specific division, then the manager at that level can decide directly, without having to ask anyone else. The manager adds that one can not forget that in Germany and consequently the company stands under the so called *co-determination,* meaning that the workers has a role in management through a representative. The organisations make use of co- determination through the company's works council. Decisions that are *staff related, or related to within a division in particular,* must be *synchronised with the works council*. This means that decisions must be made democratically, *thus someone from an above level can not dictate downwards what will happen. According to Manager 1 the above levels of an organisation do not use the lower levels for consultancy to a satisfactory extent*. He claims that *far too often decisions are made at top levels without those higher levels asking lower levels about specific details*. It would be much better, he says, if the above levels in certain circumstances ask staff that actually work on the concerned division for advice. This, according to the manager would probably lead to different and more accurate decisions.

The organisation is *hierarchically built, from council down to divisions*. Parallel they have the co – determination, which is where the *individual employee is involved, and their interests are taken into consideration, however there are limits and rules for this*. It is more common when it comes to decisions that they are *made or anchored in a group rather then being made just by one single individual without any other input*. There are many main issues, for example when it comes to questions regarding how the company will develop in the future, these are questions for the absolute upper levels, the executive director and the council. At these levels they will deal with issues of for example acquisitions or other investments are to be made. There are also decisions regarding staff, for examples if employees are to be hired or let go, which is a question for another level where the leader for personnel have to discuss the issue with the executive manager. *For different main issues*, there are always *different ways to go*, it is never concentrated to one function or person, and instead different groups take care of different decisions/problems.

When it comes to people having the most power in the company, the manager says that *naturally the executive manager has the most influence on decisions, since it is a pure hierarchy*. However the executive manager also has to state their opinion in front of the council, thus top level is also controlled *and can not act on own personal hunches*. Decisions taken by different persons downward in the organisations are treated in the same way, which means that a decision from an individual always face a certain control within the organisation at any level. Each individual at this company that deals with decisions underlies a certain control. *At this company success is being defined in a way that goals are compared with actual results*, then it can be seen if goals are being reached or not and what counts are results. Also material success is being prioritizes, the manager adds, you can talk about a lot, *but at the end, it will be the results what counts.*

When it comes to personal wellbeing the companies does not have a certain way to check this, however there are some indicators, for instance the *staff turnover*, how many of the staff leaving their jobs. This together with *health status* builds a foundation for decisions regarding different divisions of the business organisation. *The way human resources* is prioritized within this company is clearly visible through the fact that the company have *engaged a position within the top managers* who deals only with staff and their well being. All important issues such as safety at work, salary over time and so on is dealt with by this person.

When decisions are being made, they are usually based on facts. When it comes to decisions company one have a certain division, called "Investition koordination" (Investment coordination) dealing with topics such as; will be profitable to do an investment or will it pay itself off. *Various financial aspects are investigated very carefully in order to establish if an investment will be made or not*. This division also deals with topics such as if the company want to employ a new staff

member, then a calculation will be made if they can manage it without this person, perhaps a re-organisation more appropriate. *The company also has a risk management system division*, which means that *the biggest risks are brought up and the possibility of the risk is calculated*. The company is self confident, *even though risks cannot be avoided completely, an attempt to minimize risk is made by calculating pro and cons*.

The process before a decision varies a lot, there is no certain scheme, and it depends on what kind of level of importance the decision has. Often several divisions are involved which perhaps re tests the question or comes with contributions and deliver arguments for or against a certain question. There is always a certain balance, however there is no scheme that is being used on a day to day basis. *In some cases business experts are externally hired, because the company can not have an expert for every problem that exists*.

The manager says that in Germany they have a very particular *law that is very detailed*. This can make decisions bureaucratic, but the manager is of the opinion that it is a *really reliable system* which is based on a constitutional state. According to the manager this will block corruption and people/ *managers from doing what they want without any regard to others*. There are a lot of governmental authorities controlling what is happening in the German companies, these authorities have played an important role for a very long time, *making decisions solid*. The manager adds that the more democratic something is, a decision will take longer before all instances are pleased, which is something that has to be taken into consideration. *Decisions are based on long term when it comes to strategic matters*. When a decision is made, *the manager is of the opinion that everyone in the organisation has to back it up*, however adding that if it turns out that a decision proves to be wrong then a manager has to admit this in order to adjust.

5.4 Case 4 Germany

5.4.1 Company Information

Siemens AG is a global powerhouse in electronics and Siemens was recently divided into three main divisions; Industry, Energy and Health care sector. The company has 400000 employees worldwide. The Headquarter is located in Munich, Germany. Examples of offered products are trains, transformers and X- ray machines.

Niederlassung Mannheim is one of Siemens Germanys local branches, serving the regions Nord Baden, Süd Hessen and major parts of Rhein Land Pfalz.

5.4.2 Interview with Chief Human Resources Officer, Siemens

The title of this manager is Chief Human Resources Officer at Siemens Mannheim. He has been in this position for seven years. Before that the manager was situated in the Siemens Check Republic Office constructing an organisation. The years before the manager worked at Siemens Mannheim and Siemens Munich. In total the manager has worked for Siemens for about 24 years. In addition he is responsible for competence management for the region Germany where they deal with the questions how to get everyone within an organisation to work towards a specific business strategy.

Manager 2 starts by talking about bigger strategy decisions, where he claims that he always tries to get the *best possible overview of the situation*. This overview can consist of *information from people within the organisation* or people with *special skills in that particular area. A discussion is also made together with superiors*, after having taken different instances into consideration a decision will be made, *this regards long term decisions. As for the short term orientated decisions*

Manager 2 usually uses his gut feeling and the decisions process is not being used. Decisions are made differently, depending on the context; whether it is in regards to participating in a project or if the decisions are discussed on a manager board.

Experience has a certain impact on decision making he says, and again he is talking about that decision matrix, *a more experienced manager does not have to use this matrix in the same amount as a relatively new manager,* who has to base decisions on much more external information before a decision can be reached. This manager says that with his over *20 year of experience, many decisions are based on intuition.* When this manager has a certain *vision he feels is right, or the organisation or the company as a whole, he usually works for that direction.*

At this Company, the organisation is rather complex and decisions can be interfered with from others. When opposing goals arise through interference Manager 2 handles it in different ways. If it is staff from this manager own division *that has another vision the manager will try to convince them that a certain way is the right to go.* On the other hand he sees a conflict when there are superiors who do not share the same vision between each other, then the manager claims to be in a field of conflict, where the outcome is that someone is bound to be dissatisfied. The only thing then possible is for this manager to gather the superiors with different opinions to a discussion which hopefully leads to consensus. The manager says that it does not matter what level opinions come from in the hierarchy when making a decision, but the value of the outcome for the ones concerned. For instance when upper level decides to cut down on staff it can affect staff on the lower levels. That does not mean that their emotions, pain, worries and fear are of less importance than are the upper levels. The managers then tries to make a decision that can be accepted by everyone. *Emotions are nothing this manager bases his decisions on*; this would be the wrong way to go if he for example would decide against somebody else because of bad temper that would lead to the wrong decisions. Decisions are often based on experience and gut feeling. When it comes to the fact of using decisions to test something in the company the manager says that this can be used for smaller questions in order to test the reaction. However that is only done within the manager's organisation and with people known. When it comes to important questions the manager does not recommend using a decision in order to try how people react on it.

When it comes to culture the manager claims that he does not have problems working with businesspeople from other countries. He says that there is a need to be well prepared for the characteristics from other cultures. The manager then gives an example that the world typically describes the German of always being punctual, and tells a story to clarify. When the manager worked in the Check Republic he was invited to a meeting with many important leaders of the company. He then observed the fact that not until 20-30 minutes after scheduled time all who were invited where in their seats. It would be improper for him, coming from a German culture where punctuality is of most importance to be arguing about lateness, because you have to live the way the locals are, according to him.

Another example was that in Germany, according to the manager, you tend to work with more *focus on the organisation you tend to work more according to instructions and a process*, where as in the Check republic more focus is on the personal relations between the co-workers. For instance, when you tell someone within a Check organisation to present results for the next day it is not a hundred per cent certain that the report will be on the desk in time. However if the manager says it is very important for him personally, that with certainty the report will be on the desk the next day. *This relation-focused attitude is not very common in Germany.* The manager received cultural training through speaking with a colleague that had been working in the Check republic for three years. In addition he received a cross cultural workshop in the Check Republic. The manager's personal thoughts that this is by far not enough cross cultural training. If Siemens would send Manager 2 to

for example China or the United states, he believes that emphasis would be put on language skills, to make sure that the manager would be understood and can understand what colleagues are saying. Training in regards to how business is conducted in those countries is something that he thinks Siemens is putting far too little emphasis on. He mentions an example that in Germany, after a business contract is signed, the two parts usually go and get something to eat, whereas in other cultures the procedure can be quite the opposite. When making decisions the manager always has a certain goal in front. So when working in another culture or dealing with other cultures, a manager must be aware of the fact that it perhaps will be needed other ways in order to reach goals. These ways can be others than those normal used back at home. So other ways might have to be used, but the manager does not have to adjust when dealing with another country.

The most important strategic decisions are made at Headquarters in Munich. Then they have an organ of control, where decisions are reviewed. The co- determination also plays a role in this organ since the management is in parity with half of representatives from labour force and the other half representing the company.   There are *a lot of instances that have a saying when it comes to important decisions*. The management has input as well as the federation of labour unions, *and all have to agree when it comes to bigger questions. Manager 2 has to both discuss and inform his works council before decisions are being made. Since it is a regional office the manager has to inform superiors at headquarters bigger questions has to be synchronized with headquarters in Munich.* When it comes to the organisation he is responsible for, Manager 2 cannot recollect a time when *he did not consult with co-workers on the lower scales of the hierarchy, issues are always discussed with other levels before a decision is being made. He claims that it is not of importance that his ideas always win at the end, import is that the manager stands behind and supports this idea and thinks the decision is of importance rather than whether the idea origins from the manager or anyone else.* The manager would not feel comfortable with a situation where he was overruled and has to back up the decision without agreeing the decision is ok.

The way success is defined at Siemens begins with co-workers and management *defining goals*. If these goals then are *being reached or exceeded, Siemens calls it a successful. Success is however not measured by how long or how much somebody has worked with a problem, the only thing that count is that the level of success is reached or exceeded*. Results are what counts. Manager 2 would *not agree that the one with the most power within an organisation always gets his or her way*. The way the manager tries to work is *not based on having the power and therefore deciding anything, because it would not make sense if the decisions made are the opposite of what the rest of the organisation wants*. It is more likely that he *tries to get as many as possible on board before a decision is made. They have goal agreement with their employees, it can be of financial character which coordinates with material success, then they have goals for their employees and their customers.*

The staff should not be overloaded with work, managers has to *take responsibility for co-workers and make sure that projects and goals are reached without exhausting the personnel*. It cannot be that reaching the project goal is so important that staff gets overloaded, before this the manager must react. Goals must be reached without exhausting the staff first than the manager can take the responsibility. It is an act of balance. It is of importance to make sure that the co-workers will return the next day, but also give the adequate education; otherwise it will not be much use when they return the next day without the proper knowledge. *Both healthcare and education is taken into consideration*. At Siemens many *decisions are based on facts*, which the manager adds probably, has to do with the *German culture*. They will make sure that they have *as much accurate information at hand before the decision is made*. He could not imagine that managers at Siemens would use *gut feelings and choose another direction, despite the fact that a workload of*

information says the opposite.

The manager says that risk can *never be completely avoided*, or else, as he puts it, the entire organisation would have to close down. However risk is being held at the lowest level possible. Regarding governmental rules and other laws, the manager says that no company can ignore them. He is of the opinion that human and companies alike need the *law in order to know within which frame a company can be run*. The problem in Germany is the fact that once regulations have been added or updated, they always become more complex, and according to him it is almost impossible to make a decision without *having fully discussed the matter with experts.*

Naturally there are both long-term based decisions and decisions based on a daily basis, which differs in the procedures followed. When decisions are being made the manager wants answers right away if he is stressed. *When it comes to long term business strategy he can annually check which status the project has and if everything is going according to plan*. The organisation is mostly based on the German culture since it is a regional office.

6 Analysis

In this chapter we will do an analysis of the collected data from the four cases. This will then lead to the final chapter where the findings and conclusions will be presented.

6.1 Within case analysis

Rational

In the *rational decision making process* the use of reason and logic and making a decision on what makes sense (Phatak et al 2005) and uses logical behaviour when pursuing goals (Elbanna 2006). The rational decision model that has been explained by Harrison (1996) is similar to that of Edlund et al (1996) and is supported by Phatak et al (2005). The sequence shows setting a goal by the manager, searching for alternatives, comparing and evaluating those alternatives, making a choice, implementing the decision and then following up and controlling.

In Case 1, rationality in decision making can be seen through the fact that there is a model of innovation, and much planning before decisions are made, and decisions are mainly based on an evaluation of ideas. As an example the SWOT matrix is mentioned as a tool for evaluating the decision which then implies evaluating different options. The fact that ideas has to go through many filters also indicate rational decision making. The results and the decisions that were made are discussed and shows follow up and control which is also a part of rational decision making.

Case 2 describes decision making in a way that matches rational decision making. The way of considering the advantages with disadvantages and risks and writing criteria and main points and comparing them to make a decision fit very well with the rationality theory. Even though sometimes there is not time enough to completely evaluate everything it is definitely what is preferred.

As for Case 3, rationality is visible through that decisions normally are based on facts; there must always be facts to make the decision on. Often several divisions are involved which perhaps re-tests the question or comes with contributions and deliver arguments for and against a certain question, there is always a certain balance which indicates of rational decision thinking. In addition a certain division called "investments & coordination" that deals with topics such as if it will be profitable to do an investment and weather this investment will pay of or not. Also various financial aspects are investigated very carefully in order to establish if an investment will be made or not. Where it disagrees with rationality is that there is no system that can evaluate each decision afterwards.

Case 4 shows indications of being of rational character because when it comes to bigger strategic decisions, an overview of the current situation is made as well as goals are being defined and later followed up in order to see if goals have been reached or not.

Non-rational

The other ways of making decisions that are separated from rational decisions are grouped together as *non rational decision making* (Nutt 1998, Elbanna 2006).

Political Behaviour

One of the concepts of non rational decision-making as defined by Elbanna (2006) is *political behaviour* where opposing goals and preferences affects decision making and where decision making is made less difficult if there are no opposing goals.

In Case 1 there is no evidence of political behaviour in the sense that is described in theory. When

there is opposing goals instead it is important to get the ideas accepted by the entire committee that is involved.

Case 2 does not shows any implications of political behaviour when it comes to decision making. A consideration on what the effect would be on other parts of the organization is often brought into the calculation.

For Case 3 opposing goals are affecting the decisions since the co-determination is being used.

Political behaviour and opposing goals in case 4 can be shown by the organisations rather complex organisation. Decision can be interrupted from other co-workers and superiors who do not have the same vision because of co-determination which can increase the difficulty of coming to a decision.

Intuition Judgement

In *intuition judgement* no hard facts are used, judgement is made and experiments are used as a base for decisions.

Case 1 does not show any indication of intuition judgement because everything has to go through many filters this would not be possible.

Case 2 does not show that there are decisions based on intuition judgement.

When it comes to intuition judgement in Case 3, normally the decisions are based on facts, not experiments; therefore there it does not match this theory.

Case 4 does not show clearly there are decisions based on intuition judgement. In case there is, then it is only for smaller questions and people who know each other and within the own organisation.

Intuition Experience

Intuition experience means that decisions are made based on deep knowledge of problems in the job environment.

Even though knowledge is vital in decision making in Case 1 there it is not in the sense that is described in the theory but rather knowledge that is collected and evaluated.

Case 2 decisions do have to go through different levels which indicate the facilitation of knowledge within the organisation; however decisions are made on stepwise evaluation.

In Case 3 intuition experience is matched with theory because a more experienced manager sees a problem with a greater dimension than a less experienced would, and sometimes makes decisions based on this knowledge.

Case 4 shows that experience has a certain impact on decision making, a more experienced manager does not have to use external information as much as a less experienced manager, and the experienced one also base the decision on this.

Intuition Gut Feeling

When it comes to *intuition gut feeling* decisions are according to Elbanna (2006) made depending on a strong *feeling* by the decision maker whether it is the right or wrong thing to do.

Case 1 does not indicate decisions made based on gut feeling.

In Case 2 it is recognized that decisions sometimes are made on feeling and experience, although this is only when there is a lack of time and not all options can be evaluated properly.

Case 3 indicates that there are situations where gut feeling plays a certain role, although it is questioned whether such a visionary decision could go the entire way, within an organisation of this

size.

As for intuition gut feeling case 4 does both matches the theory and clashes with it. It goes against the theory in that sense that no decisions are based on emotions. On the other hand it also matches the theory since work is usually in a certain direction because it feels the right thing to do. The case supports the theory when it comes to questions regarding short term. Gut feeling is not used in order to decide into a certain direction when information says the opposite.

Culture

Power distance

Power distance is being defined by Hofstede & Hofstede (2005) as "the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally".

As for *Mexico*, this country scores relatively high (81), putting them on a shared 10th place out of 74 researched countries (Hofstede & Hofstede 2005).According to (Salter et al. 2004) the Mexicans rely on authority and the leadership is often in a paternalistic manner.

Germany scores low (35) which put them on a shared 42nd place on Hofstedes scale. In total there are 50 countries investigated. In Germany the employees expect their boss to assign their tasks and to be the expert in resolving technical solutions (Schneider & Littrell, 2003).

Case 1 clearly shows that the lower rank workers trust and believe in the decisions taken by CEOs and managers. At the same time they are involved in the way that there is encouragement to think on how to improve things within the company and to come up with and submit ideas. Also workers are trusted with for example machine parts which indicate that there is not only paternalistic thinking, but also trust in individuals at all levels.

Case 2 shows that trust is put on the "bosses", however, the teams also feel they have been consulted, which is ascribed as being a part of the corporate culture. It is also mentioned that all decisions are accepted once they are final because of this. One important issue is that there is a possibility to question everything which indicates that the power distance might not be as high as indicated in the theory.

Case 3 shows an indication of high power distance since it is unavoidable that the highest of rank has the final saying. Democratic processes are however also used where each level/divisions can state their opinions, but at the end decisions are often made at top level. Another thing that shows upon high power distance is the fact that often decisions are made at top levels without asking lower levels about specific details. Contradicting high Power Distance is that German companies stand under a co-determination law which means that decisions that are of staff or internal related must be synchronized with the works council. This would ensure that a manager from above level not will be able to dictate downwards what will happen. However, Germans like law and order and generally the culture is to follow anything that is a law or a rule so this may have more to do with the following of laws than being a contradiction to high Power Distance.

In Case 4 strategic decisions are made at top level at the headquarters in Munich and this seems to be accepted. This is an indication of high power distance, however there are still a lot of instances that have a saying before a decision is made indicating a medium level of power distance. Lower levels are most of the time consulted with, which is an indicator for lower power distance. Case 4 shows that who has the power is not important, because it would not make sense doing something that the rest of the organisation does not want to.

Collectivistic/individualistic

According to Hofstede (Hofstede & Hofstede, 2005, p.74) a society where "the interest of a group prevails over the interest of the individual" is a *collectivistic* society whilst in an *individualistic* society "the interest of the individual prevails over the interest of the groups" (ibid). Individualistic countries are supposed to be less inclined to take risky decisions because they do not have the support of the group (Salter et al, 2004)

According to the rank made by Hofstede, *Mexico* scores on the lower half on individualism showing that they are more *collectivistic* oriented, something that has been ascribed to the strong Mexican family bonds (Salter et al 2004, Phatak et al 2005). Recently this is believed to have changed somewhat even though it has not been measured with the Hofstede question battery (Salter et al 2004). Harrison & Hubbard (1998) says that in regards to being collectivistic, Mexican workers responds best to management requests and encouragements to improve group efficiency or group output.

Germany scores moderately high on Hofstedes individualism ranking. Schneider & Littrell (2003) claims that Germans are less individualistic than the Anglo Saxxons, and that team-orientation and promotion and achievement of the team is more important.

The collectivistic direction in Case 1 is shown for example by the improvement program where the people of the company get to upgrade their knowledge. It can also be seen in the way that there is a lot of encouragement to give more to the operation, thus indicating the group. The social responsibility line that is followed that is not only including people directly involved in the company but also people in the society also indicates collectivistic thinking, sharing the knowledge and the wealth. However there is a mention that at other companies in the region there is a lot more individual thinking.

In Case 2 it is evident that there is a strong focus on teams where some parallels can be drawn to collectivism. Also here it is mentioned that the people of the company are encouraged to think about how their work can be improved, something that is considered to be both an opportunity and responsibility for everyone, also showing on a collectivistic view.

As for the collectivistic versus the individualistic view within an organisation case 3 have tendencies towards a collectivistic view not only because of co-determination, but also because it is more common that decisions are made or anchored in a group rather than being made by just one single individual without any other input. For different main topics there are always different ways to go, it is never concentrated to one function or person, instead different groups take care of different problems. Something that however would contradict collectivism in Case 3 is the fact that the organisation tries to keep the risk to a minimum, something that normally is a tendency for individualistic organisations.

As for the individualistic/ collectivistic aspect Case 4 matches the collectivistic aspect because of the fact that many decisions are based upon the outcome of the group. In addition the case shows that it is preferred to get everyone on the boat before a decision is made. Risks are kept at a minimum which supports the collectivistic behavior.

Masculinity/Femininity

According to Hofstede & Hofstede (2005) the *Masculinity/Femininity* dimension regards the importance of relationships versus tasks and defines a *masculine* society "when emotional gender roles are clearly distinct: men are supposed to be assertive, tough and focused on material success, whereas women are supposed to be modest, tender and concerned with the quality of life".

Mexico scores a moderate high of 69 on Hofstedes Masculinity score, putting them in an 8th place. According to Harrison & Hubbard (1998) women's role in society is still of a traditional sort and is more important than women being a part of an organization.

Germany scored moderately high with a 66 in *masculinity*. According to Tienari et al (2002) Germans are conservative with male dominance and have the view that hierarchy is more important than concerns for equality.

In Case 1 the small number of women in the top positions in the company would indicate that it is towards the masculine dimension. However this is not a sufficient indication because this is mostly the case in many organisations globally. The importance of Human Resources are mentioned, which would indicate towards femininity, but at the same time it is emphasized in the sense of having the right person at the right place which are more assertive hard measures that are more masculine, even though HR plays a major role. Making a right decision is important which indicates masculinity but it is also claimed to be mostly because of the end customer which does not fit in with the masculine theory of having to get it right just for the sake of it. Material success and results are of course important but also "being happy on the inside" is also mentioned. Therefore in Case 1 it is hard to exactly say that there is a stronger pull to one side.

Case 2 has a small number of women in top positions in the company. Decisions regarding hiring personnel are very important and are seen as having a long term impact. Here it is mentioned that human resources do not only put importance on finding the right person for the right job but the person also needs to fit the company, which indicates that the wellbeing of the company is also prioritized which is a sign towards the femininity dimension. Importance is put on making the right decisions, but it also a known and accepted fact that mistakes happen, and as long as the mistakes are not a trend, or made by the same person always, mistake are also accepted to some extent. This would also indicate a less masculine direction, however not immediately feminine.

In Case 3 material success is prioritized. This is something that would support Germany as a masculine culture. Together with the fact that because pure hierarchy automatically leads to the one having the most power has the last saying. End results are what counts which is also a matches a masculine cultural behaviour. A contradiction might be the fact that the company has a division where the well-being of the employees is dealt with, this is something that usually speaks for a more feminine organisation. Success is being defined as a comparison between goals and the actual result. This would support the theory of Germany being a masculine country.

Case 4 is showing both masculine tendencies as well as feminine. The case matches masculine tendencies in that sense that results is what counts. Another support for masculine behaviour is that success is being defined as success if goals are being reached or exceeded. On the other hand feminine influences are supported by the fact that it is not important to get the decision right. The case does not show that the one with the most power gets his or her way, which does not support masculine behaviour. The case does support feminine aspects such as the care of the personnel well-being.

Uncertainty avoidance

Uncertainty avoidance is a dimension where the degree of which people in a specific country prefer structured situations over unstructured. According to Hofstede the dimension is defined as: "The extent to which the members of a culture feel threatened by ambiguous or unknown situations" (2005, p.167.) Where there is high uncertainty avoidance there is a need for both written and unwritten rules (ibid).

According to Hofstede *Mexico* scores high 82 when it comes to uncertainty avoidance which puts

them on 26th place. However more recent studies imply that that this might not be accurate anymore, the score has gone down. (Salter et al, 2004).

Germany scores 65 which is moderately high, leaving them on a 29th position. "Germans believe that technology helps to avoid uncertainties caused by nature whereas laws and rules try to prevent uncertainties in the behaviour of other people" (Schneider & Littrell, 2003, p141)

In Case 1 facts and filters are frequently, if not always, used when making decisions which indicates that there is an inclination towards high uncertainty avoidance. Risky decisions seldom seemed to be taken, because of all the filters no decisions are really considered to be risky. There is however many new ideas, likely to be because it is in the innovations area, and ideas are often sought after from outside the company. This is both for benchmarking reasons, but also to come up with new ideas, using other industries to develop in the area, meaning that it is not completely trying to avoid uncertainty, because new technologies are implemented sometimes as the first in the industry.

Case 2 also follows a decision process mostly based on facts and as much information as possible is gathered before evaluating the different options. There is however also occasionally decisions based on other grounds but as mentioned earlier this is definitely not preferred. People within the organisation are often consulted and issues are discussed in essence. These factors points to the higher end of uncertainty avoidance.

Case 3 matches behaviour towards uncertainty avoidance in Germany, because of the fact that the company must follow the German law, a law that is very detailed. This can make decision very bureaucratic, however according to the manager this will lead to block of corruption and stop managers doing what they want without any regards to others. A contradiction however is the fact that higher levels of the organisation do not ask lowers levels of advice, where the detailed knowledge is. On the other hand the case does support the theory of Germany being high in uncertainty avoidance since they at times hire external consultants as well as making decision based on facts. Additionally the company has a risk management division where the biggest risks are brought up and the possibility of the risk is calculated. Pros and cons are being calculated in order to see if for example additional personnel is needed or if the current staff can manage this with more work load, which can decrease the financial risk.

Case 4 indicates high uncertainty avoidance, since companies need law and order in order to know within which frame a company can be run. Because of that decisions need to be fully discussed with experts before a decision can be made, decreasing risk. In addition the case shows that there are attempts to get an overview of the situation before decision is made, gathering information from the organisation, which also supports the theory of high uncertainty avoidance. Risks are held at the lowest level possible. Lower level staff is consulted and many decisions are based on facts which also has to do with uncertainty avoidance.

Long term/Short term orientation

The final dimension of *long term* versus *short term* was added later by Hofstede (2005) and not all countries have been scored on this. This dimension should show whether a society focuses on past and present or future events. The *short term* oriented society would have focus on the past and the present and show respect for tradition, preservation of face and fulfilling social obligations. The *long term* orientation looks towards future rewards.

Mexico has not been scored in this dimension but according to Sibeck and Stage (2001) there are tendencies towards long term planning and the increase in stability regarding economics and government should prove this.

Germany who is one of the 23 countries scored on this dimension scored a fairly low point of 31 putting them in the 14th place meaning that according to this, Germany is short-term oriented (Hofstede, 2001). However in theory there are contradictions here, claiming that Germans are more inclined towards long term thinking (Schneider & Littrell, 2003, Phatak et al, 2005).

Case 1 shows indications both to short and long term thinking. There are company traditions and strong values but at the same time new ideas are brought in on a regular basis. Sometimes results are wanted in short term but there is also long term thinking in the planning with some projects taking up to four years to complete.

Case 2 matches with theory on both long and short term thinking. Some results are pressuring to be shown straight away, but it is also mentioned that it is important not to solve problems just for now but for the next few years.

Case 3 indicates that for strategic matters the long term thinking is being used however this must not be the occurance for daily decisions. However whether the long term aspect supports the theory is difficult to say because of the fact that Hofstede is of the opinion of Germany being toward short term whereas other theory indicates the opposite.

When it comes to short term/ long-term Case 4 has indications to support the short term theory in that sense that sometimes results are wanted instantly. Long term thinking are noticed when it comes to strategic matters.

6.2 Cross case analysis

The reason for making a cross-case analysis is that it will help deepen understanding and explanation (Miles & Huberman, 1994, p. 173) and will help in finding differences and similarities with the cases.

6.2.1 Decision making

Table 12: Cross Case Analysis Decision Making

When there is a match with theory, the variable is marked with (+) mismatch is marked with (-) and neither matching or mismatching is marked with (+/-).

Concept	Case 1	Case 2	Case 3	Case 4
Decision Making				
Rational	+	+	+	+
Political behaviour	-	-	+	+
Intuition Judgement	-	-	-	-
Intuition Experience	-	-	+	+
Intuition Gut Feeling	-	+/-	+/-	+/-

Case 1 and case 2 which are both from Mexico indicates the same way of making decisions except for in *intuition gut feeling* where case two sometimes uses this way of making decision, however not so often.

Case 3 and 4 both from Germany shows exactly the same pattern. All four cases show similarities in *rational* decision making, there is no doubt that this as a common way of making decisions.

Where Case 1 and Case 2 differ from Case 3 and Case 4 is on *political behavior* and *intuition experience*. The first two cases show no indication towards this kind of decision making whilst the latter two both do. Neither of the cases matches the theory on making decisions based on *intuition judgment*.

For *intuition gut feeling* Case 1 does not show any indications on this type of decision making whilst all the other three cases has some indication that this could occasionally happen. The three types of decision making where there are similarities between the countries are in *rational* decision making, *intuition judgment* and to some extent *intuition gut feeling*.

6.2.2 Culture

Table 13: Cross Case Analysis Culture

When there is a match with theory, the variable is marked with (+) mismatch is marked with (-) and neither matching or mismatching is marked with (+/-).

Concept	Case 1	Case 1	Case 2	Case 2	Case 3	Case 3	Case 4	Case 4
Culture	**Theory**	**Result**	**Theory**	**Result**	**Theory**	**Result**	**Theory**	**Result**
Power Distance	High	+	High	+/-	Low	+/-	Low	+/-
Individualism/ Collectivism	Collectivism	+	Collectivism	+	Individualistic	+/-	Individualistic	-
Masculinity/ Femininity	Masculine	+/-	Masculine	+/-	Masculine	+/-	Masculine	+/-
Uncertainty Avoidance	High	+	High	+	Medium/High	+	Medium/High	+
Long/Short term orientation	No score	+/-	No score	+/-	Long term	+/-	Long term	+/-

The results from Case 1 and Case 2 suggest the same, except for *power distance* where case two has indications of not being as high as theory says. Otherwise the first two cases match theory on *collectivism* and *uncertainty avoidance*, but neither verifies or falsifies theory on *masculinity* and *long/short term* orientation.

Case 3 and Case 4 also shows similarities in patterns with each other, however differs on the *individualism* dimension where Case 4 matches theory and Case 3 neither matches nor mismatches theory. These two cases verifies that they according to theory would be medium to high in *uncertainty avoidance*, but are more inconclusive regarding the dimensions of *power distance*, *masculinity*, and *long term orientation*.

Where all the four cases show similarities is on *uncertainty avoidance*, although cases 3 and 4 are medium high and cases 1 and 2 are high. They also show indications of not being as *masculine* as described in theory, and all of them also suggest that they are all both short and *long term oriented*.

The differences are seen in the *power distance* where Case 1 is separated from the other three cases by verifying the theory of being high. Case 4 which falsifies theory on *individualism* then becomes more towards *collectivism*.

The way the result column translated is that if an outcome matches theory (+) culture influences decision making. If however the results mismatches with theory, culture is not an influencing factor, alternatively that the scaling on the cultural dimension does no longer match the current situation in the country.

7 Findings and Conclusions

In this final chapter the findings and conclusions will be presented in order to answer the two research questions posed in the beginning. There will be implications presented for theory, practitioners and for future research.

7.1 RQ 1: How can the decision making in Mexico and Germany be described?

The decision making in Mexico can be described as being *rational*, because decisions are made stepwise with clear goals and evaluations of options. It is however not unlikely that sometimes decisions are not only rational depending on the situation sometimes non-rational decisions could also be made for example because of lack of time to evaluate all options.

The final decisions taken by CEOs and managers are trusted but there is also involvement of other levels. Contributions are welcomed, but the final decision is on higher level, unless it is smaller decisions regarding day-to-day decisions where trust is put on the workers. One reason for decisions being accepted to such a high extent could be because everyone feels that they are a part of the process. It is however questionable if it is to be generalized to Mexico or if it is an occurrence in this company in particular.

Decisions regarding personnel are very important and much effort is put in this process, for example with several stages before the actual hiring.

Safe decisions are preferred in Mexico, risky decisions are seldom made, and following the rational decision making process of evaluating options is a way to minimize risk.

Decisions are made both on long term and short term, once again depending on the decision, which is not an occurrence typical for Mexico; most company have some form of long term strategic decisions, whilst some day to day decisions has to be short term.

Rationality is also the way decisions are made in Germany, through fact based decisions that are discussed and evaluated on several levels. This is however not exclusively they way of making decisions there are also decisions made based on a *non-rational* basis such as *political behavior* and *intuition experience*, and sometimes based on *gut feeling*. The reason for this is that it is not always possible to make a rational decision as the model says, for example because of the need to make a fast decision; the process would be too long. Making decisions based on political behavior is due to the co-determination that exists in Germany however, once again, it does not exclude making rational decisions; it just means that other people's wishes are taken into account.

Decisions in Germany are made at top level, although often with influences from other levels. The decisions are thereby anchored in the group and are because of this in general accepted.

The Germans are not prone to taking risky decisions are not likely to be taken, most likely because of their fondness of basing decisions on facts.

Decisions are made considering both the long term and in the short run, but both kinds tend to be protracted because of the bureaucracy that is very typical in Germany.

Based on our findings above we have drawn the following conclusions:

- ❖ Both Mexico and Germany uses a rational decision making process, to some extent, when making decisions
- ❖ Just because decisions are made following the rational decision making model it does not

exclude non-rational decision making.

- ❖ Despite the group being involved in many decisions both in Mexico and Germany at the end of the day it cannot be a completely democratic process, someone at top level does make the final decision

- ❖ Neither country like to take risky decisions, which could be connected to the fact that the cases in particular are all producing companies

- ❖ Both long term and short term decision are made in both countries which is logic because in most companies there is a strategic plan (long term) but also decisions has to be made on a day to day basis. Thus this is not necessarily due to cultural preference, but how business in general has to be planned.

7.2 RQ 2: How does culture affect the decision making for each country?

To say how culture affects decision making for each country is difficult. From the results we have found that there is not such a big difference between the countries in the way that decisions are made. This would then go against theory which claims that there are bigger differences between the countries. A reason for this could be that other factors than national culture plays a role, for example the corporate culture or the type of business.

There are indications that uncertainty avoidance affects the way that decisions are made. This can be seen as a connection to making decisions in the rational decision making process, the question however, once again, is whether this is really related to the country culture or to the way that the businesses work on a general level; they want to make money and making risky decisions without backing up with facts can be devastating for any business.

We would despite what the result says in hard data state that the collectivism/individualism definitely plays a role in how much the employees gets to have a say, although saying that Germany is individualistic is somewhat incorrect.

Maybe culture has a bigger influence in decision making for individuals in everyday life but differs when it comes to business decisions.

Culture is thus more complex to interpret together with decision making than first expected when starting this thesis.

Based on these findings we have drawn the following conclusions:

- ❖ There is less of a difference between the two countries decision making based on countries than initially thought

- ❖ The type of business indicates more how decisions are made rather than the impact of national culture. In producing companies such as those researched, naturally there is a need to have a stepwise rational decision making process to minimize risk, this however does not have to do with national culture

- ❖ Culture can still affect areas of business other than decision making, such as for example the way employees are expected to be treated when it comes to working hours, conditions and rewards

7.3 Implications

The overall purpose for this thesis was "to provide a better understanding on how decision making

in Germany and Mexico can be described and how culture affects this". The following sections will show the implications it has ad for theory, practitioners and for future research.

7.3.1 Implications for theory

The purpose of this study was to gain a better understanding of how culture affects decision making. This phenomenon was previously not extensively research and the result was that it was difficult to match Hofstedes theory on cultural dimensions with the different decision making processes.

Hofstedes dimensions initially came in the 1960's and although they have been revised and rescaled we are of the opinion that they could be somewhat outdated looking at the results from this particular study. The reason for this is that culture is very complex, the answer to what is culture is really "everything". Internationalization has blurred the borders in companies and many different cultures influences companies, the access that Internet provides certainly facilitates this, which may have changed the grounds for Hofstedes measuring of cultural dimensions.

The theories on how decisions are made also need to be more specific, the definitions of non-rational decision making are somewhat overlapping; in practice it is hard to say where one ends and the other begins; it is difficult to say what is rational or not. For example making decisions based on intuition experience can still mean that the full rational process has been used several times before, and is now just leaving out some steps. Describing the subject of culture combined with decision making has posed more questions than it has answered. We have however managed to describe the way that decisions are made in each country.

7.3.2 Implications for practitioners

The implications for practitioners in this case would mostly be for those changing country, industry or corporation. Depending on what is normally done it could be difficult to go in and change the way decisions are made. This is also important to consider for example when collaborating with other countries. When it comes to the way decisions are made between Mexico and Germany theory suggests that such collaboration would work well.

However it is still important to remember that even though the decision making process is similar, there are still differences in how people conduct themselves in business outside this area, for example manners such as the way to speak to employees. The indications in Mexico for example is that Germans are very strict and potentially too direct. Most of these concepts are stereotypes and stereotypes are mostly based on prejudice.

National culture can affect how people act and what they think within the organization, which could have repercussions if for example an expatriate manager starts working in a company and treats staff as he or she would in their own country.

7.3.3 Implications for future research

The subject of culture is very interesting, although complex subject to study. Combining this with decision making processes and you have your work cut out for quite some time. Recommendations on interesting areas for future research on these two subjects are:
- ❖ To include corporate culture as well as national culture
- ❖ To investigate what role Internet plays in decreasing differences in culture
- ❖ To expand and define on non-rational decision making processes
- ❖ To see whether the same conclusions can be made for companies producing for example

services rather than goods

❖ To see what influence culture have on different levels of decision making
❖ To do the same study several years from today (2009) and see whether differences between companies do continue to decrease.
❖ Quantitatively make an analysis on how culture affects decision making
❖ Develop and expand on Hofstedes dimensions
❖ Testing whether the conclusions made in this thesis can be verified or not

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