

The influence of the cultural dimension of uncertainty avoidance on business strategy development: A cross-national study of hotel managers

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Abstract

The purpose of this exploratory study was to empirically investigate the potential influence of uncertainty avoidance (UA) on hotel top managers' approach to strategy development. Scales were developed to measure managers' openness to strategic change, involvement of others, formality of strategic control, type of data used in strategic analysis, and strategic planning time horizon. Responses from 207 managers (50 Americans, 43 Malaysians, 70 Thai, and 44 Turkish) were analyzed using ANOVA. The findings indicated that UA had minimal influences on the managers' approach, as different managers from cultures with varied degrees of UA demonstrated noticeable similarities among the five variables investigated. Practical implications as well as suggestions for future research were provided.

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1. Introduction

Although top managers of individual business units are directly responsible for the overall process of strategic management of their businesses, the linkages between their personal characteristics and the approach toward strategy development are yet to be understood. Besides the influences of external and internal factors on strategy, many authors (e.g., Ansoff, 1965; Porter, 1980; Andrews, 1971; Mintzberg, 1987) have from the beginning of this area topic emphasized the role managers play in the development of strategy. Yet, most of the strategic management literature has focused on the analytical and normative aspects of strategic management. In more recent years, however, a growing interest among strategy researchers has emphasized the importance of behavioral explanations to strategy development. In addition to the

processes through which the strategy itself develops, emphasis is being placed on those who develop strategies.

Of the potential behavioral factors, national culture has been receiving growing attention. Inspired by the findings of cross-cultural studies, especially those of Hofstede (1980), Trompenaars (1994), and Laurent (1983), strategy researchers have been paying more research attention to the role of cultural values and beliefs in shaping the strategic philosophies and orientations of managers around the world. Indeed, researchers and practitioners have long suspected that national culture influences managers' strategic thought and action. In a conceptual paper, Schneider (1989) argued that organizations will approach the task of strategy formulation in different ways, reflecting the underlying national cultural assumptions. Weick (1985) argued that cultural research and strategic management research are opposite sides of the same coin. These and other studies indicate that managers' cultural values and beliefs, consciously and unconsciously, have important influences on strategy.

Only recently, however, a growing body of empirical work has provided more systematic comparison of managers' strategic behaviors in different countries, and

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the results were inconclusive. On the one hand, several studies (e.g., Geletkanycz, 1997; Hitt et al., 1997; Kotha et al., 1995; Schneider and De Meyer, 1991) found clear differences in general perceptions and models of business strategy among managers in different countries, and the differences were attributed to the cultural heritage of the managers surveyed. By contrast, other researchers (Moussetis et al., 2005; Parnell, 2004; Harris and Ghauri, 2000; Markoczy, 2000) found mixed results for similar strategic concepts they investigated, and cultural background failed to provide consistent influences on strategic behavior.

Interestingly, the cultural dimension of uncertainty avoidance was pointed out in many of these studies as the least understandable among the cultural factors. For instance, Moussetis et al. (2005) found significant differences between American and Jordanian managers with regard to the influence of several cultural characteristics (risk propensity, time orientation, openness to change, and managerial perception of control over the environment). Uncertainty avoidance was the only non-significant indicator of difference between these managers. Similarly, results revealed by Schneider and De Meyer (1991) indicated that while cultural differences were found in interpreting and responding to strategic issues by culturally diverse managers, the logic of uncertainty avoidance failed to provide convincing explanation for some of the findings. Related findings by Newman and Nollen (1996) showed that the hypotheses that work unit performance is higher when management practices are congruent with national culture were supported for four of the five cultural dimensions investigated, with the exception being the dimension of uncertainty avoidance. More research is needed to clarify the relationship between uncertainty avoidance and strategic behavior of managers, which the current study tries to achieve. Building on the existing literature, the current study empirically attempts to establish whether there is any influence of the cultural dimension of uncertainty avoidance on the approaches to business strategy development, comparing hotel managers from countries that rank differently on this cultural dimension.

The dramatic changes in the contemporary landscape of the international hotel business have created conditions that offer compelling reasons for a study that explores the relationship between national culture and the development of hotel strategy that this study addresses. More of the hotel companies are engaging in networks of business relationships that there is now a record number of international strategic alliances, mergers, and acquisitions among hotel chains (Malley, 1997; Withiam, 1997), and this trend is expected to accelerate even more in the future (Hall, 1998; Malley, 1997). Different types of international partnerships between hotel companies often result in the appointment of managers from different countries to the top management team, and cultural differences are expected to create differences and conflicts in management

practices that these different managers prefer, including their strategic philosophy and orientation. While there has been a fair amount of research on foreign managerial jobs and the adjustments needed by expatriate hotel managers (e.g., Kaye and Taylor, 1997; Jayawardena and Haywood, 2003; D'Annunzio-Green, 2002; Pang et al., 1998), researchers have not yet examined the relation between national culture and the strategic behavior and philosophy of hotel managers.

2. Theoretical framework

2.1. Cultural effects

Studies by Hofstede (1980) and Laurent (1983), in particular, revealed a presence of strong national cultural differences among individuals from different countries. Since then, cultural similarities and differences and their effect on values, attitudes, and behaviors have been the focus of considerable research attention in management literature. National culture was found to affect the role managers are expected to take (Torbrion, 1985), their values and attitudes (Hofstede, 1980; Laurent, 1983), their behavior (Black and Porter, 1991), and their philosophy and style (Adler, 1983; Stephens and Greer, 1995). The implication is that managers from different cultures may view the same strategic situation in significantly different ways and behave differently in any particular situation based on their beliefs and values.

Measuring national culture in terms of dimensions and value orientations has been common in scholarly work. A dimension of culture is an aspect of a culture that can be measured relative to other cultures (Hofstede, 1991, p. 14). Hofstede (1980) is accredited with deriving the most widely cited cultural dimensions of power distance (the extent to which the members of a society accept inequality), masculinity (the extent to which socially prescribed gender roles are acceptable in a society), individualism (nature of the relationship among an individual, members, and the society), long-term time orientation (the choice of focus for people's efforts: the future or the present), and uncertainty avoidance.

The dimension of uncertainty avoidance centers on the extent to which members of a society are able to cope with uncertainty of the future without experiencing undue stress. People socialized with values of uncertainty avoidance usually experience more stress in dealing with unknown future than those socialized with values tolerant of ambiguity. According to Hofstede (1980), the fundamental issue this cultural dimension addresses is how a society reacts to the fact that time only runs one way and that the future is unknown: whether it tries to control the future or to let it happen.

All cultures have guidelines that help in the avoidance of uncertainty, and so differences among cultures refer to the number and extent of rules, laws, norms, and informal guidelines people are expected to know and

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