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# Organizational recipes and Management Practice in Multinational Corporations

by

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## Abstract

In this paper we explore potential factors explaining how organizational recipes are spread within Multinational Companies. Implementation of organizational recipes has become a widespread phenomenon, but most current research have focused on diffusion between companies and not *within* companies. We distinguish between formal adoption and putting a recipe to use, i.e. whether the concept leads to changes in work processes and management practice. We develop a number of propositions, where we aim to explain spreading by the following factors: i) Role of the corporate center as a change agent, ii) Recipient units' previous experience with organizational concepts, and iii) National culture of recipient units.

## 0 Introduction

The last decades have implied an increasing globalization within most industries. Within this period deregulation, liberalization of markets and technological development especially within ICT has promoted the further growth of Multinational Corporations. Parallel to this development we have also experienced an increasing flow of management knowledge that has been diffused between nations, between organizations and from institutions that traditionally have been regarded as producers of management knowledge – like business schools, consulting companies, and management gurus – to businesses. While these processes of management knowledge diffusion have attracted the interest of several researchers (e.g. Amdam 1996; Engwall, 1999; Engwall and Zamagni, 1998; Guillén, 1994; Huczynski, 1993; Kipping, 1999) , the processes of management knowledge diffusion that take place within corporation have attracted less focus. This observation is also valid for management knowledge diffusion within multinational corporations (MNC) as a research topic (see Kogut and Zander, 1992; Lindvall and Pahlberg, 1998) . However, if we accept the argument that the primary reason why MNCs exist is because of their ability to transfer and exploit knowledge more efficiently than the market (Gupta and Govindarajan 2000), research on knowledge diffusion processes within MNCs should be encouraged.

The purpose of this paper is to develop an understanding of the character of the management knowledge diffusion within MNCs and the variables that affect these processes. To make the study of the diffusion of management knowledge concrete, we will especially focus on the diffusion of a management tool as an example of an organizational recipe. In the paper, we will argue that this diffusion process may take two paths, a formal and a "real" path, that we term "recipe in use". This distinction is fundamental for the discussion on whether diffusion of knowledge within a defined unit promotes convergence between subunits. A organizational recipe that is introduced by headquarters will be adopted by subunits in one way or the other. We argue that the eventual adoption may take two forms depending on the impact the recipe has for the organizational processes within the unit. Whether final adoption is just formal, or really affecting the preexisting work processes within the unit, is a question that we want to explore in this paper. Our research question may thus be stated as:

*How is an organizational recipe diffused within a MNC, and what factors affect this process?*

An organizational recipe could be defined as a legitimized concept on how to design elements of an organization. The recipe has status as model for several organizations (Røvik 1998) In this paper an organizational recipe will be defined as a concrete management tool, which includes a chosen set of target competencies, procedures, and values. The focus of this paper is to develop an understanding of how organizational recipes for changing the human resource management practices (HRM) within a multinational company are diffused. We have chosen to focus on HRM practices of three reasons. First, we may distinguish between single ideas and more comprehensive recipes. Single ideas may be spread to subunits within an organization resulting in large variations in practices (Christensen 1991). A more comprehensive recipe consists of not only a guiding metaphor or idea, but also of detailed procedures and tools (Hatchuel and Weil 1995), resulting in a more complex diffusion process. Secondly, HRM recipes concern human resources and work practices with a large element of tacit knowledge. Recipes mainly based on explicit knowledge are easy to document and to teach, while diffusion of tacit knowledge presupposes close personal interaction over time (Nonaka and Takeuchi 1995). Consequently, we see HRM practices as a fruitful area of inquiry, since diffusion of such tools are less straightforward than i.e. accounting tools. Thirdly, the task of managing people is directly linked to the increasing diversity in organizations, e.g. in nationality, gender, ethnic group and profession. This diversity raises the problems for management to which degree it is possible to standardize organizational recipes and homogenize management practice in different subunits.

The paper is inspired by a concrete example from our research experiences with a large Norwegian MNC. We will in the next part of the paper present this example. Thereafter we will look at previous studies that have focused on the diffusion of organizational recipes. In the last section of this paper, we will draw on these theoretical insights and our empirical example and make some propositions about the diffusion of organizational recipes and the variables affecting this process.

## 1 An Empirical Story

Company X is a large Norwegian multinational corporation with units in Europe, Asia, Africa, and America, and it is engaged in three major business areas. With its diversified portfolio and its culturally dispersed activities, the company has long felt a need to centrally get a better grip

on its human resources. Especially, the question on how to develop skills in evaluating and developing future managers has been regarded as a key problem. As a respond to this problem, the units within the company have over time developed organizational tools to deal with how to evaluate and develop managers. The output from these tools has not been adequate for the corporate's needs as it has not been possible to align the output from the different subunits. These experiences preceded the introduction of a tool for evaluation and development of future managers on a global scene within the company. According to the main principles of this tool an overview of human resources was seen as important for corporate recruitment purposes, identifying and retaining high potentials, and as important, to influence the recruitment and development of managers throughout the corporation.

To meet these needs, the Corporate Human Resource staff got a mandate from Corporate Management to develop a tool that could be used on individual managers for development purposes throughout the entire corporation. The main function of the tool was to replace the traditional appraisal dialogues. In addition, results from the talks were to be aggregated through a hierarchical pattern of HR meetings, all the way to the top of the corporation. In this way, corporate management could be aware of high potentials at lower levels and take proper steps to retain and develop these individuals. The final tool was tested on a limited number of managers the first year, then expanded to a larger number the second year. As researchers, we were invited to evaluate the process the second year and we started by doing interviews at two different locations. These two locations were part of two different divisions, both of which have their headquarters in Oslo. Each location had its own HR manager, and at each location the tool had been introduced at a half-day seminar by one HR representative from the division.

One of the locations was a Swedish factory, acquired by the Norwegian Company about 10 years ago. The management group we talked to had previously been using a division developed appraisal tool that was not all that different from this tool, and found the transformation to the new tool easy. The corporate initiative to the Swedish unit was to use the tool on a limited set of managers predetermined by the division. The Swedish unit decided however, that the tool was so useful that they wanted to expand the use of the tool to include all of the people in the unit, except the factory workers. They decided that the tool was more usable in Swedish, and had the forms translated. What they found troublesome, however, was the last page, intended to give information on the work climate in the division. This page was not intended to be part of the report that is sent back to the corporation. Since they found the last page to be difficult

to understand, this page was also made more specific to their unit. The group was very enthusiastic about the tool, and thought that in addition to good personal feedback, the tool had improved their management team processes, and pinpointed some long awaited reorganizations. These reorganizations concerned a team that had long been troublesome. All of the team members filled out the appraisal forms, and these forms were discussed by an extended management group. Throughout this process, it became clear that to make the team function, two members had to be given other assignments. The responsible manager for the team agreed that such changes could have come about anyway, but that this tool pinpointed such dysfunctions, and gave the manager backing to take action against them. Furthermore, one high potential candidate was recognized. The candidate herself was very excited about this recognition, and felt that this company could offer her the challenges she needed. The senior manager felt that through this process he had become more aware of the talents in the top management team, and expressed a wish to use this team more extensively in decision processes, rather than making decisions on his own.

The second location was a Norwegian factory, located on the coast of Norway. The management group we talked to also was excited by the tool. The group felt that the tool put more pressure on individual development and more focus on HR resources. This group had done exactly as they were told by the division HR representative. Although they saw shortcomings of the tool, especially the last page, they had no plans to expand or adapt the tool locally this year. The development needs and expansions that could be seen were defined to be the responsibility of the corporate, and the management group would await corporate initiatives, rather than work on local adaptations.

These two simple examples show that one common corporate initiative can have different results in different parts of the organization. What appears to be a standardized tool, with common instructions taught and spread through common training sessions, Intranet instructions, a CD-ROM and a detailed brochure, can result in a set of different changes in practice, throughout the organization. Both the Swedish and the Norwegian group were given the same mandate, and approximately the same number of people was chosen to participate in the pilot. Whereas the Norwegians did not more, nor less of what they were told, the Swedish group actively took steps to make this tool their own, translated it, changed it, and expanded it in other units. The organizational changes due to this tool were profound, and we could actually see that the tool had been integrated into the work on human resources in the unit. In the

Norwegian unit, however, the tool was seen as an exercise, but had very limited effects on the real human resource work in the unit. For researchers, the question then becomes - What factors influence the diffusion and use of a standardized management tool in an organization?

## 2 Theoretical perspectives

Many factors could influence the diffusion of an organizational recipe within a MNC. Some types of recipes that we see as important are. One can also find arguments that the institutional environment of the MNC can influence the diffusion process. It also seems clear that characteristics of subsidiary; organizational characteristics of the subunits, their history, whether these were greenfield units or acquisitions, and the structure and composition of subunits. Cultural factors, norms and values with the subsidiary may also influence diffusion. Before we go more specifically into these factors and develop propositions, we use this model as a preliminary delineation of our areas of interest, and turn our attention to previous studies that have treated diffusion processes. We will mainly look at two influential bodies of literature: New institutionalism and the learning literature.

### Two perspectives on diffusion

New institutionalism has been concerned with processes of isomorphism of organizations, explained through coercive, normative or mimetic forces interacting with organizational actors in the institutional environment (Scott and Cummings 1969; Powell and DiMaggio 1991). These studies have suggested convergence and standardization within organizational fields with organizations operating in similar environments. The relevance to our investigation is that we need to understand the global and local pressures affecting the diffusion process – specifically cultural and institutional influences.

Within the new institutional tradition many studies looking at human resource management practices have taken the organization as unit of analysis, but without looking into processes and potential variations within organizations. Gooderham et al. (1999) have demonstrated how aspects of companies' HRM practices are correlated to the institutional environments they operate in. They use new institutional theory to provide the structural context for understanding implementation issues. Human resource management practices vary significantly between European countries, and this correlates with national institutional environments that companies

operate in. HRM practices vary along two dimensions, I) calculative; degree of individual assessment and reward, and ii) collaborative; degree of communication between management and employees. These differences are related to cross-national institutional differences such as detail in legislation, union strength, and degree of managerial autonomy.

Another current of institutional theory is the Scandinavian institutionalism school which has focused on how organizational recipes move from one organization to another, and how they are adopted, translated or edited differently in different contexts when they travel between organizations (Czarniawska and Sevón 1996). Focusing on adoptions, translation and editing means research on processes that take place inside an organization, and it contributes to our understanding on what is going on inside the black box. Whereas this theoretical insight previously has primarily been applied to diffusion processes *between* organizations, the question becomes whether they are able to shed some light on diffusion processes *within* organizations, or more specifically between HQ and subunits. The question whether there are different practices within the organization is not addressed by this perspective. In our view, the question remains whether subunits within a Multinational organization are subject to isomorphism in relation to HQ or to the local environments they operate in. Certainly, HQ can exert pressure on subunits to have a recipe adopted, and this type of pressure could have effect on the type of adoption resulting within the organization. Furthermore, a diffusion process only rarely consists of linear relationships from HQ to subunits, the subunits also interact with each other. One could imagine that this interaction process could have elements of mimetic and normative pressures, although this discussion is seen as outside the scope of this paper.

Based on this observation, we move to examples from the organizational learning literature on this issue. There has been some research into the knowledge transfer within MNCs with bases in Resource based view. (Penrose 1959; Barney 1991; Kogut and Zander 1993) and organizational learning (Levitt and March 1988). Teece (1981) found for example, in a study of 26 technology transfer projects that tacitness and causal ambiguity were effective barriers to transfer of knowledge. Gupta and Govindarajan (2000) performed a survey of 374 foreign subsidiaries in Japan, USA and Europe looking at knowledge inflows and outflows at the subsidiary. They found that more knowledge entered the subsidiary from the corporate parent when the subunit was formally and socially tied to the parent, when the presidents of the subunits were more oriented towards the parent than towards the network, when the subsidiary had less autonomy, and when the subsidiary was a greenfield rather than an acquired unit. The

dependent variable in their study was transfer of knowledge and skills. The dependent variable within these studies is different from diffusion of a organizational recipe, but their insight regarding the nature of the process is useful to our study. Gupta and Govindarajan(2000) suggest that a diffusion process depends of the following elements: a) Value of the source's knowledge stock, i.e. it matters what the recipient has experiences before, b) Motivational dispositions at the senders end, c) Existence and richness of transmission channels, d) Motivation at the receiver end, and e) absorptive capacity at the receiver end. Based on this insight, we may consequently argue that characteristics of the receiver, the sender and the channel influence the diffusion process of a organizational recipe. The closer the two units are linked to each other, and other sources are excluded, the more direct knowledge is transferred from parent to subsidiary. We will come back to these findings in part 4 of our paper.

### **The distinction between formal adoption and recipe in use**

Many studies of the diffusion of organizational recipes have focused on adoption of formal structures and systems. A main line of argument within new institutionalism is that the formal aspects of organizations are influenced by isomorphic forces in the environment. At the same time it is recognized that the relation between formal structure and actual work processes is often weak, or 'decoupled' (Weick 1969; Meyer 1971). The main preoccupation is the institutional environments' influence on organizations, and this influence is mainly manifested in the formal aspects of organizations.

Our focus is, however, to understand how organizational recipes influence management practice, and how this process takes place in the contexts of different subunits of the MNC. Therefore we need to look further than the formal aspects that are promoted by institutional factors. We need to study management practice at two different levels, both formal adoption of organizational recipes and actual use of recipes. We can briefly give an example related to the implementation of the HRM recipe in the multinational. A subunit within the MNC may adopt this system for different reasons and in different ways. 1) It may adopt the formal system, filling out forms and satisfying external reporting requirements, or 2) It may take up a new recipe as a tool to develop operational efficiency, by changing internal work processes and management practices. The first is an example of adopting formal systems for the reasons of legitimacy, the other of putting recipes to use for efficiency aims. We find it important to address these two levels separately. This corresponds to Weick's (1969) observations that formal structures and



work processes can be decoupled. In the context of subunit adoption within an MNC we define formal adoption as an adoption of formal rules, receipts and tools that are diffused from the corporate center. By putting the recipe to use we refer to the establishing of new work processes and organizational routines (Nelson and Winter 1982).

It seems logical that formal adoption precedes the real adoption of the new management tool (although one could very well think of situations where a recipe is taken into the daily life of a subunit without being formally recognized). We thus see the two levels as representing two dimensions rather than being the extremes of one dimension. Consequently, we may very well find adoption processes resulting in high degree of formal adoption and high degree of recipe in use, and processes resulting in either of these. The important point in our argument is, however, that recipe in use is not necessarily the automatic or natural succession of formal adoption, as recipe in use refers to other criteria and characteristics of the implementation. Thus, we see the two types of adoption as being related to different factors in the diffusion process, something we will revert to in the next chapter.

	<b>Formal adoption</b>	<b>Recipe in use</b>
<b>Concerns</b>	<ul style="list-style-type: none"> <li>▪ Formal structures and systems</li> </ul>	<ul style="list-style-type: none"> <li>▪ Management practice</li> </ul>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>▪ Legitimacy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Efficiency</li> </ul>
<b>Process and change</b>	<ul style="list-style-type: none"> <li>▪ Diffusion of established recipe</li> </ul>	<ul style="list-style-type: none"> <li>▪ Active translation of evolving recipe</li> </ul>

Table 1: Characteristics of two forms of spreading

The table above summarizes some main characteristics of two levels of understanding spreading of organizational recipes. Several aspects distinguish these two levels.

- i) Formal adoption deal with the formal aspects of organizations, i.e. structures and systems, while Recipe in use refers to how the tool is reflected in changed work processes and management practices. A key argument in institutional theory of organization is that organizational forms are influenced by institutional norms and standards (Powell and DiMaggio 1991; Scott 1995), while the theory do not address impact on management practice. The management practice is on the other hand much more conducive to influence from culture. Child (1981: p. 319) states that “culture has to do with values and norms which are likely to be reflected in ways that that the structure is put into operation – relationships, modes of behavior, processes of mutual accommodation and decision”.

- ii) The two approaches contribute to different purposes. A main point with Brunsson (1989) is that formal adoption of recipes mainly contribute to the legitimacy of the organization, and that changes need to take place on the work process level in order to contribute to increased efficiency. The two levels can also be ‘decoupled’ (Weick 1969; Brunsson 1989), i.e. studying formal aspects say little about actual work processes and vice versa. Thus we need to study the recipe in use in order to understand the impact of organizational recipes on companies’ efficiency.
- iii) In the perspective of formal adoption, there is often an implicit model of the process based on the metaphor of contagion (March 1981). Latour (1987) points out that unlike an infection, the organizational recipe must be actively adopted by some actor, it does not spread ‘by itself’. Formal adoption presupposes diffusion of established concepts, where recipients only accept or reject the concept. A model of translation challenges this view (Czarniawska and Sevón 1996), stating that recipients play an active role in perceiving, interpreting, processing concepts they take up. Looking at Recipe in use, one can be perceptive to how the recipe may be interpreted and translated in different ways in different subunits.

We think this distinction help to distinguish variations in how organizational recipes between subunits, how the adoption of organizational recipes may be carried out for different ends, legitimacy or efficiency; and that the local recipients in subunits are active contributors in interpreting and modifying the organizational recipe. We will now turn to developing propositions about what factors influence the formal adoption and recipe in use, related to the example of a Human Resource Management tool.

### **3 What factors influence formal adoption and the occurrence of the recipe in use?**

We are looking at formal adoption and recipe in use for a organizational tool within HRM introduced in an MNC. Based on previous studies based on institutional theory and our empirical experiences, we choose to look at three factors that have potential influence in spreading: i) Role of the corporate center as a change agent, ii) Recipient units’ attitudes and iii) National culture of recipient units.

- i) Subunits in a Multinational Corporation must relate to a Corporate center with a certain mandate, authority and power. Thus the Corporate Center have a legitimate role in directing and influencing subunits regarding the adoption of organizational recipes. In this context we are concerned with characterizations of the process in which this tool is introduced and diffused, and we would like to suggest that different characteristics yield different results.
  
- ii) Organizational action is history dependent, and organization members' attitudes towards new organizational recipes are primed by their previous experiences. (Levitt and March 1988) . As we are addressing not only top management acceptance, but also the actual use of the recipe down in the organization, we need to take into account that recipients' perception and attitudes may influence the actual spreading. Here we will limit ourselves to discuss how previous experience with organizational recipes may influence.
  
- iii) National culture becomes an important factor when we study the behavioral aspects of organizational recipes. Management practice is much more conducive to the influence of culture, than the formal aspects of organizations. Work related values vary considerably between countries (Hofstede 1980), and these differences in values are also upheld when looking at employees within the same MNC (Laurent 1983). Variations in workrelated values are shown to correlate with countryspecific conceptions management practice (Zander 1997).

Below we develop propositions on the influence of these three factors. The model below summarizes the concepts and the propositions.

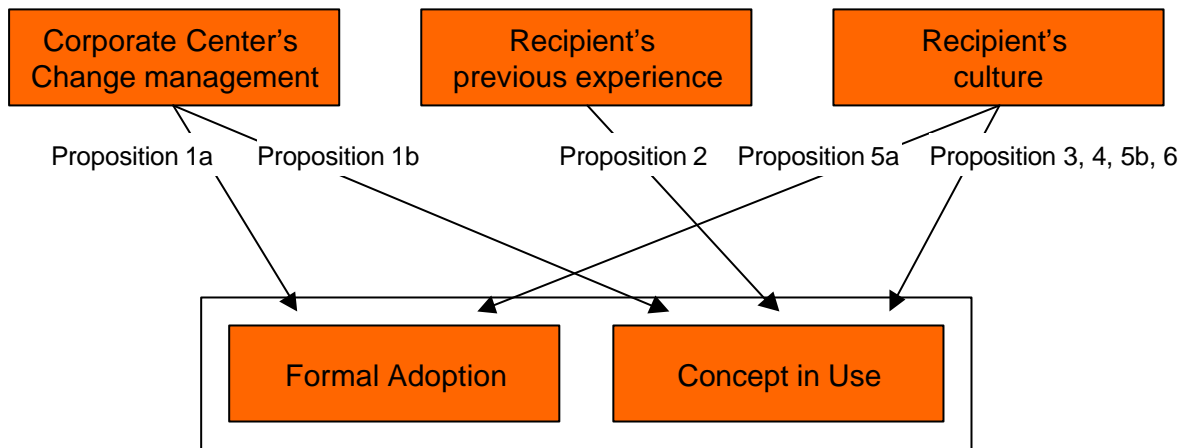


Figure 1: Model of factors influencing formal adoption and recipe in use

### Role of corporate center and facilitators

What processes and activities does the corporate center carry out to facilitate the diffusion of organizational recipes? How do change management initiatives from the center influence diffusion? How do different approaches influence adoption?

We suggest that the Corporate Center and designated change agents (in this case the divisional HR staff) may promote implementation by the manner in which the tool itself is introduced and "sold". We may here distinguish between what we may call instrumental management and charismatic leadership. The latter focuses on establishing direction and generating motivation that inspire people to follow, while the former focuses on aspects such as planning, monitoring and control. This is somewhat parallel to the distinction between transformational/transactional leadership (Burns 1978). What Burns calls transformational leadership focuses on higher needs, direction and purpose. Transactional leadership denotes a contractual relationship between leaders and followers.

Different types of leadership can contribute to different ends. Important for our purposes, is whether these change management efforts direct recipients' attention towards the procedural requirements of the recipe, or attention is directed towards the instrumental goals of the recipe, i.e. towards legitimacy objectives or efficiency objectives. A focus on charismatic leadership may give a sense of direction and purpose – why are we doing this. A focus on instrumental management focuses on 'the small things'; fulfilling reporting requirements, following the

schedule, meeting the required number of persons through the yearly procedure. To put it simple, the difference is between “doing the right things” versus “doing things right”.

Ideally, a sense of purpose should not counteract a sense of following the recipe, but often these are decoupled (Weick 1969; Brunsson 1989), and not clearly linked to each other. The substantial link between following organizational recipes and achievement of organizational efficiency objectives tends to be weaker, rarer and more uncertain than what is stated in standard rationalizations (March and Olsen 1989). This link is further weakened when organizations take up new recipes and throw out old ones with short intervals, and the organizations fail to learn why a recipe didn't deliver according to expected efficiency objectives.

Thus, the impact of change management efforts may influence two different levels of implementation. An organization may take high efforts on instrumental management, on charismatic leadership, none or on both.

In company X the same corporate center was issuing the standardized tool to the Norwegian and the Swedish unit. It was clear to the organization that use of the tool was mandatory and enforced from the top management. Although the Corporate Human Resource group in charge of the implementation tried to create enthusiasm and inspiration of the tool, it seems as if the instrumental angle dominated over the charismatic. If we go one step below, however, to the divisional human resource responsible, we could speculate further on the differences in process. The HR responsible for the Swedish process was an Englishman who very strongly believed in the need for a tool like the one developed. He felt that no company could do without it, and that this should be a central part in all HR work. As a person he was well spoken and enthusiastic. The divisional HR managers from the Norwegian division also thought that this recipe was very good. They had some concerns, however, about the extent of the applicability of the tool as a large part of the organization consisted of operational managers, and another tool should be developed to encompass their needs. Consequently, they could be seen as more restrained in their approach to the usability of the tool in large parts of the subunits, while at the same time they felt that corporate orders should be followed. This view could clearly affect the delivery process of the recipe stressing the instrumental rather than the charismatic aspects.

*Proposition 1a: With an increasing degree of 'instrumental management' from the corporate center, the subunits' formal adoption of a recipe will increase*

*Proposition 1b: With an increasing degree of 'charismatic leadership' from the corporate center, the subunits' will increasingly put the recipe to use*

### **Recipients' attitudes towards new recipes based on previous experience**

It is recognized that organizational action is history dependent (March and Simon 1958; Nelson and Winter 1982; Levitt and March 1988). Organizations with rich history of tried and discarded organizational recipes may be expected to have a memory of this. In many cases organizations throw out recipes and try new ones, before the organization have learnt why the old one did not work as expected. Through this, the link between recipes and instrumental objectives is severed.

Organization members may learn to expect new organizational recipes, but also that these recipes will not be around for long. As Brunsson (1989) states, institutional norms for legitimacy change faster than norms for instrumental efficiency results, and this may lead to a decoupling; One is formally adopting new organizational recipes, while at the same time upholding the same operational work processes. BOHICA (Bend-Over-Here-It-Comes-Again) is a well-known acronym. Organization members view new recipes more as an obstacle to performing their daily work than as a help, and try to minimize the impact of the new recipe in their daily work processes. At the same time they need to satisfy requirements from the Corporate Center. This reflects Brunsson's notion of organizational hypocrisy, where members try to achieve conflicting goals, both convince upper management of their loyalty to the recipe, and at the same time protecting the efficiency of their established work processes. This tends towards more formal adoption, but little actual use of the recipe. Hence, based on past experiences, the announcement of a new tool may be perceived differently by various groups within the organization.

In the Swedish organization previous tools had been seen as successful. As the new tool had similarities with the old tool, and improvements from the old tool were easily identified, it was easy to create enthusiasm for the tool. In the Norwegian unit they did not really have a well functioning system, but were still looking to find a good, comprehensive tool. Besides, they

were concerned that this tool was still in its pilot stage, and were therefore more hesitant to work more on the tool to adapt it to their organization.. As the signals from the top were very clear, however, they felt that this tool was necessary to use, but it was harder to create enthusiasm for it.

*Proposition 2: Subunits with a rich history of tried and discarded recipes are less likely to be enthusiastic about a new tool, and we will to a lesser degree see the recipe in use.*

### **Cultural aspects of the recipients**

There is high degree of consensus that culture is seen to play a major role in relation to organizational behavior (Adler and Bartholomew 1992). A useful definition of culture is given by Lytle, Brett, Barsness, Tinsley & Janssens (1995): “a complex web of norms, values, assumptions, attitudes and beliefs characteristic to a particular group, and that are reinforced through socialization, training, rewards and sanctions”. Culture denotes something rather stable and enduring. Achieving a change through implementing an organizational recipe means learning and internalizing new skills. If there is a large difference between culturally embedded management practices and the new management practice espoused by the recipe, the knowledge gap is actually larger than with a recipient culture more in resonance with the introduced recipe.

Two cultural groups can have a few or many things in common. One approach within culture studies is to identify dimensions where different groups vary, groups are demarcated by national boundaries. The most influential study by far is by Hofstede (1980), though he has been criticized for basing his dimensions only on respondents from one Multinational organization. While this may limit the applicability of his results, this corresponds to our scope of study, within Multinationals. Kogut & Singh (1988) developed a composite index of cultural differences based on sums of the pairwise differences between countries along Hofstede’s dimensions. We use this conception to assess the influence of cultural distance on spreading of organizational recipes

*Proposition 3: High cultural distance between corporate center and recipient unit will reduce the speed of actual implementation, than with recipients culturally near the corporate sender*

With a high cultural distance between corporate center and recipient unit, their interpretation of the recipe will vary more, and this may give the recipe in use a different format than originally intended. To consider this opportunity, we have to discard a traditional view of diffusion of organizational recipes, and take up the perspective of translation, much accentuated in Latour's 'Science in Action' (1987), and applied by Czarniawska & Sevón and others (1996) on organizational recipes.

A traditional perspective on spreading of organizational recipes is diffusion. Recipes are, once they are developed, fixed entities that spread through diffusion, either being accepted or rejected. This perspective overlooks the ability of recipients to interpret, modify, renegotiate and develop further a recipe. Recipients of organizational recipes "do not do anything more to the objects, except pass them along, reproduce them, buy them, believe them" (Latour 1987: p. 133). This is what Latour calls the diffusion model.

A more useful view is to see organizational recipes as something that can be edited and changed according to time and place. They are not solely accepted as-is or rejected. Organizational actors translate recipes, they interpret, modify and reconstruct organizational recipes in their local context, which is time- and place specific.

Snape, Thompson, Yan & Redman (1998) give a good example that an organizational recipe is applied in very different ways in different countries; that is different national cultures. They inspected performance appraisals in Hong Kong and Great Britain, and found no significant differences in the degree of formal adoption. Their major finding was the differences in the objectives and practice of appraisals. In Hong Kong performance appraisals were mainly seen as a tool for establishing performance measurement and deciding on potential and remuneration, while British leaders were focusing more on counseling and development.

Other writers also show how performance appraisals traditionally are carried out in different ways in different countries. Harris & Moran (1996, p. 26) describe how performance appraisals can vary between nations; how they vary with respect to objectives, appraiser's position and authority, manner of communication and motivators. Japanese reviews tend to be informal, ad-hoc and based upon continuous feedback. In Arab cultures, appraisals are also generally informal and held on an ad hoc basis. Their purpose is to set employees on track or reprimand them for bad performance. US on the other hand, is traditionally characterized by hard



performance assessment, where the objective is to determine pay and raises. Thus, when a new concept is introduced, it can be perceived and interpreted in the light of one's own experiences with similar tools or practices. Distant cultures with widely different thought worlds accentuate the opportunity for local translations of a recipe in order to fit with existing values, norms, practices and context specific needs.

*Proposition 4: High cultural distance between corporate center and recipient unit lead to a higher degree of translation of the Recipe in use, than with a culturally close recipient unit*

### **The effect of recipient group's power distance**

In order to develop further propositions about the impact of culture, we need to address specific aspects of cultural differences that are relevant for this concrete HR recipe. As stated above, we have to address the type of organizational recipe concretely, and compare this to characteristics of recipients. Hofstede (1991) view culture as "software of the mind", our programming that influences how we perceive, interpret and act upon the world. He identified 5 cultural dimensions, individualism/collectivism, power distance, uncertainty avoidance, masculinism/feminism and long-term/short-term time orientation.

Power distance refers to what degree people find it natural and right that there exist differences in power, status and wealth between people. It also includes how subordinates accept orders without questioning. This aspect of power distance may give a false impression of adoption. Trompenaars (1993) give an example, where 'Easterners' willingly adopt organizational recipes brought in by 'Westerners', as it is natural to follow orders. Still, the recipe is not put to practice. It is completely natural to follow orders, but it is not as natural to start practicing 'unnatural' ways of conducting business.

Shaw & Marsden (1999) illustrate this distinction between formal and actual adoption in their study of Performance Management in foreign-owned Joint Ventures in China. They report some convergence between Western HRM practices and those reported by Chinese Managers in Joint Ventures. At the same time they emphasize the importance of distinguishing between the rhetoric and reality of practice especially in a culture where "face" is so important. The Chinese are seemingly embracing western best practice, but where aspects of direct feedback directly goes against cultural norms, the adoption remains at the formal level. We propose that a culture

characterized by high power distance may be more willing to adopt to external demands or institutional forces, but only at the formal level.

*Proposition 5a: Recipient units characterized by a high power distance will lead to a high degree of formal adoption*

Regarding putting the recipe to use, the effect may be the opposite, as the concrete HR recipe is ‘culturally biased’ with a norm of low power distance underlying the design of appraisal dialogues and follow-up systems. Thus one may expect that recipients characterized by high power distance will not embrace the actual implications of the recipe

*Proposition 5b: Recipient units characterized by a high power distance will lead to a lower presence of the recipe in use than in low units with low power distance*

### **Individualized recipes to be adopted in collectivist cultures**

Of Hofstede’s cultural dimensions, individualism vs. collectivism is the factor that most consistently explains differences in organizational behavior. Here one can anticipate a mismatch when a tool focusing on individual assessment and direct feedback is to be used in collectivist countries. As mentioned earlier, Shaw & Marsden (1999) discussed this, where Chinese formally adopted performance Management systems, but scarcely practiced as it was against deeply embedded norms of personal interaction.

Bailey et al (1997) describes how different groups have different attitudes towards individual feedback, which is a central part of the HR recipe in the MNC X. US managers seek and perceive more individual feedback than their Japanese counterparts. US respondents desire individual positive feedback more than their oriental counterparts. This is partly explained one well documented American attributional style – self serving bias (Bradley 1978); a tendency to take credit for success and deny blame for failure. Japanese demonstrate the opposite attributional style.

*Proposition 6: Recipient units characterized by a low individualism will lead to a lower presence of the recipe in use than in low units with high individualism*

## 4 Summary – Some main points

The focus of this paper has been to try to understand the links between characteristics of the diffusion process of an organizational recipe and the manner in which this recipe is adopted. We have suggested that the recipe can be adopted formally, being localized on the surface of organizational life, and/or being "taken into use". We have also proposed that there is no either/or in that the subunit may both formally adopt the recipe, demonstrating to the outer world that this is a tool in use, and the tool may or may not imply changes in work processes and management practice. We have differentiated between the two adoption processes as we see them as being related to different characteristics of the diffusion process and of the recipients. We realize, however, that this is an early work within this field, and that more research is needed to develop our thinking further on ways of adoption of organizational recipes and processes influencing these adoption processes.

It seems clear, however, that diffusion processes within a MNC are not straightforward. For corporate managers, an initiative followed by an instruction package could seem directly implementable. Studying HRM is critical for understanding the diffusion process and for understanding important MNC management issues. The task of managing people is directly linked to the increasing diversity in organizations; e.g. nationality, ethnic group, profession and gender. This diversity represents both an argument for HR tools as "not standardizable" as varying norms and modes of preferred behavior of organization members may influence how one understands 'management of people' and make diffusion of recipes more difficult than for example accounting principles. At the time the human component of HR tools make them more interesting to study. We would thus encourage more research into this area focusing on the possibility and use of standardizing HR recipes.

In this paper we have seen the diffusion process as a whole, not looking specifically into different stages of the process and interactions between key actors at these stages. If we look back on Institutional theory, it could be interesting to relate types of isomorphic forces to interactions between subunits, as it seems reasonable that there could be both competitive and cooperative relations going on between these. Insights from Gupta and Govindarajan (2000) also suggest that the type of network and nature of connections the subunit is involved in could affect the diffusion of a recipe. This is clearly an issue for further study.

Our discussion so far has been based on previous theory and insight from a single case. Our research is still in an early phase, however, and knowledge building in this area should still be in a discovery mode. We have suggested that diffusion processes could take on different forms related to characteristics of the process, the recipients and the environment. However, we have not exhausted the search for potential factors influencing diffusion within companies, and do not claim that we necessarily have discussed the most relevant or interesting ones.

We see this direction as an important extension of diffusion research; to study spreading of organizational recipes within organizations and how these recipes may change work processes and management practice. Organizational recipes are widespread and increased efficiency is often an espoused objective among practitioners for adopting organizational recipes. A main point with Brunsson (1989) is that formal adoption of recipes mainly contribute to the legitimacy of the organization, and that changes need to take place on the work process level in order to contribute to increased efficiency. Thus we need to study the 'real implementation' in order to get a better understand the impact of organizational recipes on companies' efficiency.

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