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# A cross-cultural analysis of participative decision-making in organizations

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## ABSTRACT

Despite considerable awareness about various forms and meanings of participative decision-making (PDM) in different parts of the world, there is less agreement on the causes of variation in PDM. This article argues that among other exogenous (e.g. sociopolitical, legal, historical) forces, the sociocultural context plays an important role in the observed differences among PDM approaches and practices across nations. Similarly, subcultures and organizational cultures may influence PDM within nations. Two cultural dimensions: individualism–collectivism and power distance, are linked with four widespread employee participation approaches: face-to-face PDM, collective PDM, pseudo-PDM, and paternalistic PDM. The attributes of each PDM form, including the cultural determinants, underlying beliefs, the types of decisions made, and the relationship between a specified form and other PDM meanings (e.g. self-managing teams) are elaborated.

## KEYWORDS

culture ■ decision-making ■ individualism–collectivism ■ participation ■ power distance

## Introduction

Management scholars have recognized the sociocultural environment as one of the most influential factors that explain the behaviors of individuals and groups in organizations. Enhanced workplace diversity and the globalization of

business activity have made it more than a scientific curiosity, but a strategic necessity, to understand the ways in which culture impacts behavior in organizational settings. In this article, we examine the effect of the cultural factor on one of the most important organizational phenomena: the decision-making process. Based on a conceptual framework, we studied central aspects of participative decision-making (PDM), and examined the extent to which this process is consistent and has comparable attributes across cultural borders.

One of the most comprehensive definitions of PDM was proposed by Heller et al. (1998):

Participation is the totality of forms, i.e. direct (personal) or indirect (through representatives or institutions) and of intensities; i.e., ranging from minimal to comprehensive, by which individuals, groups, collectives secure their interests or contribute to the choice process through self-determined choices among possible actions during the decision process.

(p. 42)

This definition reflects a wide range of variations involved in the PDM process. To what do we attribute this variation? The literature suggests multiple forces that may influence employee participation. To name a few, sociopolitical environment (Balaton, 1996; Kiezun, 1991), legislative context (Industrial Democracy in Europe International Research Team [IDE], 1981, 1993), historical developments (Hartman, 1970; Kostova, 1993), and organizational contingencies (e.g. Andriessen, 1996; Bass, 1996).

The importance of the cultural context is acknowledged or implied by some authors (e.g. Ali, 1993; Hayes & Kleiner, 1989; Heller et al., 1988), but it has not been systematically studied. In fact, Hofstede (2001) criticized some PDM researchers for avoiding the issue of culture in explaining the substantial variations in de facto participation across countries by asserting that 'One cannot write meaningfully about organizational participation without embedding it within a national cultural context' (p. 109). This article aims at filling this void by proposing a framework that links various types of PDM to the cultural context.

### **Culture and PDM**

Like participation, it is difficult to define culture. According to Kroeber and Kluckhohn (1952), 'culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive

achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values' (p. 181). Various conceptualizations of culture suggest that it consists of values, norms, assumptions, belief systems, and behavioral patterns that differentiate one human group from another (cf. Triandis, 1994).

Culture is a multilevel construct that could be construed at regional, national, and organizational levels. In our framework, we use either regional or national culture as our unit of analysis to describe PDM approaches. However, we acknowledge that, because there are varying organizational cultures within each country (e.g. multinational subsidiaries, family-owned firms, public and private companies), there may be a mix of PDM approaches. Even within each organization, there may be different groups or work units practicing different forms of PDM. Although our discussions are based on the most commonly practiced PDM approach in sociocultural contexts at the country level, we argue that the proposed framework could be applied to cultures at the organizational and team levels.

Culture is a dynamic rather than a static entity. Cultures do change, but the change occurs very slowly (Hofstede, 2001). Accordingly, we may expect variations in PDM approaches and practices over time due to the forces of globalization, market demands, legislative context, and institutional contingencies (e.g. change in the organization's size, structure, ownership). It is important to examine the impact of culture on PDM mainly for two reasons. From a scientific point of view, the current analysis will guide future research in conceptualizing and operationalizing the *indigenous* approaches to PDM and their unique outcomes. From a practitioner point of view, it is hoped that the proposed framework will enable managers of domestic as well as multinational firms to understand the cultural roots of certain behaviors, such as avoidance of participation, false participation, dependency proneness, or lack of initiative and responsibility taking.

How does culture influence the PDM process? In accordance with Lytle et al. (1995), we propose that primarily, cultural context determines the meaning that managers and subordinates attribute to PDM. Furthermore, culture affects central PDM characteristics by providing different answers to the following questions: (i) What is the essence of employee participation? (ii) What is the primary reason for participation? (iii) Who are involved in the decision-making process? (iv) What are the primary issues on the participative decision-making agenda? And, finally – (v) Is PDM based on *cognitive* processes (i.e. sharing expertise, knowledge, and experience of all participants) and/or on *motivational* ones (e.g. identification with management or the organization)? Cognitive processes, frequently referred to as

'human resources' (Miles, 1975), help to improve the quality of decisions through information exchange and resonance of ideas. Conversely, motivational (or affective) processes ('human relations') increase employee acceptance of and commitment to the jointly made decisions (Sagie & Koslowsky, 2000).

Despite its limitations, Hofstede's (1980) value-based framework of cultural dimensions is mostly cited and adopted by other large-scale cross-cultural studies (e.g. Earley, 1993; Kim et al., 1994). We based our conceptual framework on two dimensions of Hofstede: power distance and individualism–collectivism (I/C), as their relationship with PDM is strongest compared to other cultural dimensions (Heller et al., 1998). We contend that 'power distance' influences the *extent to which* participation is practiced, whereas I/C helps identifying the *participant(s)* in the decision-making process.

Power distance is the extent to which the society and its institutions accept power hierarchy and inequality as legitimate (Hofstede, 1980). There could be at least three ways to explain the effects of power distance on PDM. First, in high power distant cultures, responsibility for and authority in decision-making is vested in the hands of a few at the top, and delegation is avoided (Sagie & Koslowsky, 2000). The belief that both parties are unequal implies that those higher in the hierarchy are more knowledgeable and experienced than the rest of the people in the organization, and therefore have to be respected and trusted to give the right decision (Miles, 1975). By contrast, in low power distant cultures, everyone is perceived to have the potential to contribute to the decision-making process; in fact, interdependence between the superior and the subordinate(s) is valued. Second, in high power distant cultures, decision-making is perceived as a privilege of management, and participation is considered as an infringement to management prerogatives. In contrast, in low power distant cultures, everyone is assumed to have equal rights. As such, employees consider it their *right* to participate in decisions that concern them. Finally, in high power distant cultures, the 'inequality' belief creates not only dependency of subordinates in their superiors, but also fear of punishment if employees question, challenge, or disagree with their management's decisions. This fear is much smaller in the low power distant cultures; in fact, participation here is frequently encouraged and may even be rewarded.

Whereas power distance influences the level of employee participation, I/C helps pinpointing the person or group involved in making decisions. The individualistic–collectivistic continuum describes the way in which the individual defines himself or herself as either an independent agent or a part of the collective. Cultures low on individualism (or high on collectivism)

emphasize membership within communities or large groups (e.g. an extended family or clan) and consider communal welfare, interests, and goals over the individual's. The opposite holds in highly individualistic societies, which emphasize the welfare, interests, and goals of the individual and his or her core family. In collectivistic cultures, joint effort is perceived as the only feasible way to bring about change, whereas in individualistic cultures it is believed that individuals have the potential and power to change things. As such, in individualistic cultures participation is mostly relevant to individuals, whereas in collectivistic cultures it is relevant to entire groups. Also, in collectivistic cultures, the entire group may be held responsible for the actions of its individual members. Therefore, no one is allowed to make decisions alone without the approval of the entire group. Conversely, as each member in an individualistic society is responsible for his/her actions, one's participation in decision-making is not the business of everyone else.

The main notion here is that the two-by-two power distance (low/medium versus high) and individualism (low/medium versus high) combinations give rise to four approaches to PDM: face-to-face, collective, pseudo, and paternalistic participation (see Table 1). Indeed, Hofstede indicated that the I/C and power distance dimensions are correlated; yet there are three reasons why they should be construed independently. First, the dimensions are conceptually different. Second, the correlation between power distance and collectivism drastically decreases when national wealth is controlled for. Third, a closer analysis of Hofstede's data demonstrates that these two dimensions must be kept separate especially in the context of PDM. Some of Hofstede's scales of participation correlated highly positively with power distance but not with I/C. The four approaches to PDM are discussed later.

### Face-to-face PDM

In the context of work decision-making, an individualistic orientation implies that sole employees rather than groups are often involved in making the decisions. Low (or moderate) power distance allows a superior and his or her subordinate(s) to cross the hierarchical boundaries and participate in work decision-making. Thus, the combination of high individualism and low power distance yields a face-to-face interaction, involving a boss (supervisor, manager, or leader) and one (or, at most, a few) of his or her subordinates. This approach to PDM has dominated the North American decision-making literature; its jargon (including the acronym 'PDM' and the term 'employee involvement') is seldom used in relation to other participation approaches. The second column in Table 2 presents the central characteristics of face-to-face PDM.

**Table I** Cultural dimensions and approaches to participative decision-making

<i>Cultural dimensions</i>		<i>Individualism</i>	
		<i>Low/Medium</i>	<i>High</i>
Power distance	Low/Medium High	Collective PDM Paternalistic PDM	Face-to-face PDM Pseudo-PDM

Whereas the essence of face-to-face participation is the direct consequence of both cultural dimensions, other sociocultural variables affect the remaining attributes. Typically, American companies emphasize performance-oriented and profit-driven goals (Hofstede, 1980); here, face-to-face PDM is primarily conceived as a means of maximizing profits. Indeed, in their survey of Fortune 1000 companies, Lawler et al. (1992) reported that three-fourths of their sample of CEOs used participative methods in order to improve quality of work output. Also, a high percentage (66 percent) of the sample stated that productivity gains were the main reason for using PDM. Only rarely, participation applies here to strategic decisions (e.g. whether or not to initiate a new product); generally, it is relevant to tactical and operational issues (e.g. how to implement the product that top management already decided to initiate; Latham et al. 1994; Sagie, 1997).

Face-to-face PDM is a direct boss–member interaction; hence, the employees themselves rather than their representatives (e.g. trade union) are involved in the decision-making process. Considered to be a means for the achievement of work goals, this approach concentrates more on the task itself than on the relationships between superiors and subordinates. Also, the literature on face-to-face PDM relies more heavily on cognitive processes than on motivational ones (Latham et al., 1994; Wagner et al., 1997). Not all the employees are necessarily involved in decision-making; participating employees are those who possess the necessary knowledge and information not possessed by the superior. This implies a ‘meritocratic’ approach (Witte, 1980), that is, managers provide opportunities for participation based on one’s merits or cognitive abilities.

Although investigated most systematically in the USA, the literature indicates that face-to-face PDM is not limited to this country’s borders. We propose that this PDM form is more common in English-speaking countries sharing the American I/C and power distance patterns (Hofstede, 1980) than in other regions of the world. In fact, Haire et al. (1966) found

**Table 2** Typical characteristics of the different approaches to employee participation

<i>Characteristics</i>				
	<i>Face-to-face PDM</i>	<i>Collective PDM</i>	<i>Paternalistic PDM</i>	<i>Pseudo-PDM</i>
Essence of participation	Direct leader–member interaction	Indirect participation (by representatives)	Duality; PDM collides with directive values	Duality; PDM masks direction
Rationale for PDM	Organizational outcomes: Maximizing profits	Socialistic ideology and legal requirements	Reinforce loyalty and compliance	Socialistic ideology and legal requirements
Participants	Individual (experienced, talented) employees	Employee representatives	Senior employees (if any)	Everyone (de facto: none)
Typical issues for decision-making	Work-centered: tactical and operational issues	Employee-centered: rewards and work conditions	Everything (de facto: very little)	Everything (de facto: very little)
PDM main process	Cognitive	Motivational	Motivational	None
	<i>Japanese Loose–Tight</i>	<i>The kibbutz approach</i>	<i>Self-managing teams</i>	
Essence of participation	Participation integrates with direction	Empowerment of the entire workforce	Empowerment of work teams	
Rationale for PDM	Labor–management solidarity	Communal socialism	The sociotechnical approach	
Participants	Teams	Members' general assembly	Teams	
Typical issues for decision-making	Work-centered: tactical and operational issues	Work-centered: strategic issues	Work-centered: tactical and operational issues	
PDM main process	Cognitive and motivational	Cognitive and motivational	Cognitive and motivational	

that British and American managers expressed very similar attitudes toward employee participation, sharing information, and employee's self-leadership and self-control that differed considerably from the attitudes of managers from 12 other countries in Europe, Asia, and South America. A report from Australia raises a similar view. Lansbury and Davis (1992) found that, whereas collective PDM (described below) remains sporadic here, firms frequently use face-to-face participative practices to involve employees in work decisions.

### Collective PDM

Collective PDM (sometimes referred to as 'industrial democracy' or 'code-termination') is an alternative approach to employee participation. This approach combines low or medium individualistic orientation with low or medium power distance. The former implies an emphasis on groups rather than sole individuals; the latter implies that management and the workers' group share tangible power or authority throughout the decision-making process. Although this combination of cultural dimensions appears in various regions of the world, including the relatively small, unionized sector in the USA, it is more widespread in several countries in western Europe, such as Germany, Sweden, and Norway. In Hofstede's (1991) study, individualism index for these countries ranged between 67 and 71 (using a 0–100 scale), which was much lower than observed for the USA, Australia, UK, and Canada (80–91). In terms of power distance, very small differences were observed between both groups of countries (Hofstede, 1991).

Collective PDM is an institutionalized involvement of employee representatives in decisions that are relevant to labor–management relations. According to Hyman and Mason (1995), collective PDM is either state or employee initiative that 'promote[s] the collective rights of employees . . . possibly in the face of employer resistance' (p. 21). This approach differs substantially from the former one; it is rooted in the labor-relations literature that emphasizes the labor–management conflicting goals, whereas the face-to-face approach is grounded in the field of organizational behavior and highlights the person–organization goal congruency. Often, research in each area ignores the other (Cotton, 1996).

Other differences between face-to-face PDM and collective PDM are presented in Table 2 (see the third column). As opposed to the direct, face-to-face interaction, collective PDM implies an indirect involvement of workers in the decision-making process through work councils, consultative committees, worker directors, or even delegates who are non-members of the workplace (e.g. the trade union). Very often the union's influence may extend beyond the

specific company, and it is not unusual for union-controlled industry-wide bargaining to take place. Not surprisingly, therefore, the individual employee and the immediate supervisor are often excluded from the participative process. Collective PDM does not focus, therefore, on the employer and employees' work-centered common goals (e.g. working methods or productivity); it might be extremely difficult to talk on these issues in the course of an industry-wide collective bargaining. Conversely, this mode of PDM is employee-centered and deals with such issues as compensation, fringe benefits, work conditions, and job security.

Typically, the involvement of the union in a collective PDM is not used as a means for improving the company's bottom line. Indeed, collective PDM is often viewed as a value by itself (Steyrer, 1997). Some advocates of indirect PDM rely on socialistic or even Marxist ideologies (Dickson, 1982; Locke & Schweiger, 1979), despite the fact that the left-leaning Labour Party in the UK failed to champion PDM and the German communists (in the early 1950s) opposed it. Unlike face-to-face PDM, collective PDM grows very often on egalitarian ground, and avoids 'meritocratic' norms. Hence, it relies more on motivational processes (e.g. identification and commitment) of all employees than on cognitive processes that are non-egalitarian in nature (i.e. raising ideas and suggestions from talented employees only).

Culture, however, is seldom the sole determinant of societal phenomena. Hence, this factor cannot be perceived as the exclusive antecedent of the diverse attributes of any PDM variation. In addition to the cultural context, historical factors (e.g. the development of the labor movement), political reasons (e.g. strong socialistic or even communist parties), and legal requirements, affected the development of collective PDM in Europe (Cotton, 1996). Countries like Germany and Sweden have enacted legislation that requires management to include workers on the board of directors and to set up, in cooperation with the union, joint consultative committees and work councils. The European Union mandates that firms with 1000 or more employees from more than a single European country must set up European works councils. The extreme case is, however, that of the German law, which requires, in some industries, an equal number of employee and stockholder representatives on the board, with a neutral selected to cast the tie-breaking votes (Heller et al., 1998). Clearly, the UK, 'where apparently little formalization and regulation of participative power exist' (IDE, 1993: 70) deviates from this pattern. 'A widespread negative public reaction' prevented legislation here (Clarke, 1987; Knudsen, 1995). Thus, despite its proximity to the continent and the similar sociopolitical trends (e.g. governments led by the Labour Party; calls for legislation), the UK shares more the American face-to-face PDM than its neighbors' collective participation. The reason for this 'non-European' pattern may

be the Anglo-American shared I/C and power distance dimensions (Hofstede, 1991).

### Paternalistic PDM

The next type of participation, paternalistic PDM (see the fourth column in Table 2), is frequently observed in developing countries such as India (Mendonca & Kanungo, 1994), Korea (Jang & Chung, 1997), Turkey (Kabasakal & Bodur, 1998), and Mexico (Lane et al., 1997) that emphasize high power distance and low individualism. The high power distance implies that management does not genuinely transfer power to the employees and the employees do not really seek power and its corresponding responsibilities (Kanungo & Mendonca, 1994). Similar to the case of collective PDM, the low individualistic orientation denotes the addressing of large groups rather than single employees.

In a paternalistic relationship, the role of the superior is to provide guidance, protection, nurturance, and care to the subordinates, and the role of subordinates, in return, is to be loyal and deferent to the superior (Aycan et al., 2000). In essence, the paternalistic relationship between a superior and his or her subordinate resembles the relationship between a father and child. In this relationship, the 'father figure' is assumed to know what is best for the subordinate. He or she is trusted and expected to make the right decisions, which would be to the benefit of employees. Indeed, this marks the major difference between the exploitive authoritative leader in the West (Likert, 1967) and the participative paternalistic leader. In the latter case, the followers believe that the leader acts as their representative by taking their well-being and protection as guiding principles in the decision-making process.

The only requirements from the leader acting as the followers' delegate are to consult with the subordinates and share with them what the final decision is. As Kabasakal and Bodur (1998) explained, '[Turkish] employees expect management to make decisions, although they prefer that the manager asks their opinion before making decisions' (p. 14). A senior worker in a Turkish company described his boss's participative style with an example: 'You see this pen. The boss might have decided to buy this pen, but he does not just go ahead and buy it. He first asks our opinion. Does he not know what to do? Of course he does! He knows what is best for us and for the company. He is just showing courtesy of asking our opinion even though he may behave in the opposite direction of our suggestion. This is what we consider participation' (Aycan, 1999). In light of the local standards that boss was not an autocrat; rather, he or she employed paternalistic PDM.

In sum, paternalistic PDM represents a participation–direction duality: PDM collides with autocratic values. Primarily, leaders adopt paternalistic PDM in order to reinforce the members' loyalty and compliance. This implies that employees seldom take real part in the work decisions. If they do, participation is typically limited to senior employees and to very specific work issues (Lam, 1986). The main mediating process in paternalistic PDM is motivational (i.e. employee acceptance of and commitment to the decisions) rather than cognitive (improvement of the joint decisions; Kanungo & Jaeger, 1990). Further, in places where paternalistic PDM is commonly accepted, the use of the 'western' direct PDM is far from being very successful; according to Kanungo and Mendonca (1994), 'the indiscriminate adoption of participative management is a recipe for failure' (p. 210).

### **Pseudo-PDM**

Revealing his way of consulting with employees, a senior manager in a Californian firm reported: 'You have your associates . . . express their ideas and their thinking until you finally come up with the conclusion as to the direction you want to go and then you stamp on it . . .' [Researcher: 'What if the decision comes out against what you want?'] 'That's why you are there, that's your job, that's why you are there' (Heller, 1971: 98). Similar to Argyris (1970) and Etzioni (1969), Heller (1971) used the term 'pseudo (manipulative) PDM' in reference to western firms adopting inauthentic participation. The characteristics of pseudo-PDM are described in the fifth column of Table 2. This form of participation differs from an overt bossism that does not pretend to be participative. It implies a directive management covered with a mask of participation; yet, the contradiction between the egalitarian preaching and the actual autocracy is well understood by the majority of managers and workers (Frese, 1995; Heller, 1971).

Typically, pseudo-PDM develops in an individualistic and high power distance environment. High individualistic orientation implies that different people have diverse needs; high power distance implies that management does not transfer power to employees. As the environment is not collectivistic, paternalism cannot thrive here (Aycan, in press; Smith et al., 1996) and directive managers pretending to be participative cannot earn the employees' trust; rather, company members are fully aware of the disparity between the official democracy and actual dictatorship. In his cross-cultural study, Hofstede (1980) found no country that was high in both power distance and individualism; his sample did not include, however, countries from the former Soviet bloc. Yet, later research showed that countries from this region such as Russia (Naumov & Puffer, 2000) and Poland (Jago et al., 1993, 1996)

might fit well this combination. Even during the era of Communism that stressed collectivism, the basic orientation here was individualistic; despite the official egalitarian ideology, power distance was high (Maczynski et al., 1994). Indeed, there was a large gap between the official communist culture of participation in decision-making and the actual autocratic leadership style (Frese, 1995). Strauss (1990) reported that Soviet workers 'attend considerably more meetings than do their Western counterparts, but participation consists chiefly of ratifying policies already decided upon' (p. 218). As every participant knew that nothing of importance might be determined through pseudo-PDM, cynicism rather than positive cognitive or motivational outcomes could stem from this form of participation.

Pseudo-PDM in eastern Europe carries the imprint of the communist era. In addition to the cultural factors, other features of the regime (e.g. socialistic ideology and law) have shaped it. Unfortunately, the fall of communism did not imply an immediate change in the nature of PDM. Jago et al. (1996) found that even after the 1989 market reforms, managers in Poland remained highly autocratic. Indeed, in their cross-cultural studies, Jago and his colleagues (Jago et al., 1993; Maczynski et al., 1994) reported that Polish managers were considerably more autocratic than their western counterparts. Similarly, Frese (1995) found that compared to their western counterparts, East German workers preferred to be told what to do and took significantly less initiatives. These findings may provide additional support for our proposition that culture, rather than transient historical events, is the main factor influencing PDM.

### Further PDM models

Although prevailing in diverse cultural settings, the four approaches to PDM in Table 1 do not exhaust all the different forms of PDM. In order to make our discussion more comprehensive, we present in this section the Japanese loose-tight PDM, the kibbutz approach to PDM, and self-managing teams (see the last three columns of Table 2).

#### *The Japanese loose-tight PDM*

In western eyes, PDM in Japan is an enigma. Does the typical practice of Japanese executives reflect participation or direction? Some sources (e.g. Haire et al., 1966; Peterson et al., 1994; Totoki, 1990) reported that in general, Japanese managers practice teamwork, use PDM, and delegate authority to team members. They use team decision-making (known as 'nemawashi' and 'ringi'; Rosenfeld & Wilson, 1999), quality circles, employee suggestions, and other participative programs (Hull et al., 1988).

Conversely, Kustin and Jones (1996) reported, 'Submissive and conforming relationships are nurtured within the general Japanese environment leading to autocratic styles. Japanese corporations are more centralized . . . than US corporations' (p. 120).

How can this paradox be resolved? Japan is a society of low individualism and high power distance, the natural habitat of paternalistic PDM. Unlike the developing countries, however, collectivistic values transcend here the family boundaries and are practiced as well at the workplace (Jang & Chung, 1997). This implies that the employees identify with the firm and do have a say on matters affecting its success (Adler, 1993). High power distance implies that discipline and hierarchical authority continue to be very important. Hence, unlike the tension between participation ('loose') and authority ('tight') typically found in the West, for employees in Japan both notions do not necessarily contradict each other; rather, attributable to the Japanese labor-management solidarity, they are natural complements (Hull & Azumi, 1988; Sagie, 1997). Leaders are loose by eliciting employee ideas and suggestions and by seeking consensus even in minor issues and tight by expecting their employees to honor and obey to all of their decisions (Heller et al., 1998; Koivisto, 1998). According to Adler (1993) and Hull et al. (1988), both motivational (e.g. mutual trust and identification) and cognitive factors (e.g. quality circles and high suggestion rates) are involved in team decision-making, which concentrates on tactical and operational work issues.

### *The kibbutz approach to PDM*

Literally, the Israeli kibbutz is both a home-community integrated with a member-owned and managed cooperative. The kibbutz dominant ideology that was called by Warhurst (1998) 'communal socialism' blends low individualism and low power distance. Unlike collective PDM, however, direct participation (indeed, self-management) is practiced as well in the kibbutz (Erez, 1986). Norms in the kibbutz are highly participative; they require an empowerment of the community-wide general assembly that is expected to make the most important work decisions (Strauss, 1990). In this manner, PDM is expected to cognitively and motivationally influence work outcomes. Truly, plant managers and department heads make the day-to-day tactical and operational work decisions; yet, the kibbutz rules require that these roles be rotated among members. Research has shown that managers and workers in the kibbutz accept egalitarian values and attitudes. Compared to colleagues from four other cultural environments, kibbutz managers were found to be most participative and supportive and kibbutz employees least alienated and psychologically healthier (Tannenbaum et al., 1974).

Self-management, the kibbutz's meaning of PDM, is shared by numerous employee-owned and democratically controlled cooperatives throughout the world (Heller et al., 1998). One of the best-known examples is Mondragon, a federation of linked companies, both industrial and commercial, in the Basque section of Spain (Whyte & Whyte, 1992). Another well-known example is the self-managed plants in former Yugoslavia. Here, workers participated in a variety of councils and committees some of which hire and fire managers. Furthermore, important decisions require the approval of rank-and-file workers in departmental shop floor meetings. Superiors, however, make day-to-day operational work decisions. According to IDE (1993), of 12 national samples, the Yugoslav workers enjoyed the highest influence on work-related issues.

Recently, retreat from self-management occurred in both the Israeli kibbutzim and the Yugoslav self-managed plants. Financial crises were blamed in the two countries as the causes of the retreat; it appears, however, that the cultural atmosphere of individualism and privatization was not less important than economic pain in the erosion of self-management (Helman, 1992; Warner, 1990). As self-management was based in both cases on the underlying collectivistic cultural dimension, it can no longer exist when this dimension is substituted by an individualistic orientation.

### *Self-managing teams*

The combination of low power distance and high individualism yields, according to Table 1, face-to-face PDM. The implementation of teamwork in such a setting gives rise to another type of self-management, in the form of autonomous or semi-autonomous self-managing work teams. This PDM form flourishes in many countries, mostly western (e.g. Australia, Canada, Sweden, the UK, and the USA; Salem & Banner, 1992). Despite the dominant individualistic orientation, team members manage to reconcile personal ambition in order to achieve more responsibilities and higher job interest and independence (Cohen et al., 1996). Unlike the wider organizational-level characterizing self-management in the kibbutz and Yugoslav plants, here PDM implies an empowerment of work teams. Rather than the socialistic doctrine that has guided the Yugoslav and kibbutz groups, organizational interests and the sociotechnical approach typically lead the western self-managing teams (Cohen et al., 1996). Although these teams are not involved in strategic decisions, they enjoy a relatively high level of autonomy in their daily activities. As in the former case, the participative process involves here both, cognitive and motivational factors.

How well do self-managing teams work? Based on empirical data, Cotton (1996) concluded that implementing teams improves productivity, increases job satisfaction, and reduces absenteeism. The author inferred that this PDM form is one of the most successful participatory practices. Heller et al. (1998) presented, however, a more skeptical opinion, and argued that frequently the only productivity gain results from eliminating supervisors rather than from other productivity indices. From the team member viewpoint, Osterman (2000) found that adoption of teams was associated with increased layoff rates and no compensation gains. As self-managing teams are relatively new phenomena, they have not yet stood the test of time. Future developments will indicate whether their efficacy is bound, like that of the Yugoslav plants and the Israeli kibbutz, to transient cultural conditions and value orientations.

## **Discussion**

The current article addressed various culture-laden and indigenous approaches to PDM. We suggest that power distance and individualism are key cultural dimensions that are related to PDM. Power distance determines employees' level of involvement in decisions. High power distance implies a sharp distinction between superiors whose role is to 'think' and subordinates whose role is to 'do' (Miles, 1975). This gap yields tight leaders and employees who believe that participation is beyond their work rights. Conversely, low power distance is associated with more occurrences of genuine power sharing between management and employees (or their delegates). Individualism is also relevant to PDM as it helps identifying the participant(s) (i.e. either an individual or a group). Whereas managers in the highly individualistic environments involve sole workers in decision-making, their more collectivistic counterparts address teams. Combining the individualism and power distance dimensions generates four PDM forms: face-to-face, collective, paternalistic, and pseudo-PDM. The interaction of these cultural dimensions and other factors gives rise to some additional forms of PDM: self-management (the kibbutz approach), self-managing teams, and the Japanese loose-tight PDM.

The present analysis does not suggest that applicability of each PDM type is limited to a particular country or group of countries. We certainly realize that subcultures, industrial sectors, companies, or even departments within a company may vary in the I/C and power distance dimensions and in their interpretations of PDM (Erez, 1986). Within the USA, for example, face-to-face PDM occurs very often in shop floor teams, collective PDM is

practiced through collective bargaining between, say, General Motors and the United Auto Workers, paternalistic PDM exists in various 'company town' operations, and pseudo-PDM in those plants in which management makes its decision before any consultation begins (Heller, 1971). Heterogeneity exists, therefore, at each level of analysis: national, subcultural, organizational, and intra-organizational. We propose, however, that at each level, culture helps shaping the dominant (although not exclusive) form of PDM.

Comparing the various meanings of PDM around the globe indicates that what is believed to be participation in one environment (e.g. paternalistic PDM) is considered to be non-participation in another. From a practitioner point of view, the lack of congruence among PDM forms is particularly significant in the case of multinational firms and expatriate managers. When foreign manager and local staff represent diverse cultures, the PDM models of both parties may clash. Unless an acculturation takes place, the resultant work relationships may be troublesome. Expectations from either side would not be met and the entire project might be at risk (Adler, 1993; Lane et al., 1997). Indeed, beyond clarifying the differences among the diverse PDM forms, we hope that our analysis will help understanding the cultural roots of manipulative participation, fear of participation, employees' willingness or reluctance to initiate or to take responsibility for work decisions, and similar behaviors (Frese, 1995). Such an understanding will facilitate the development of effective strategies aimed at increasing employee participation and coping with barriers in the process of implementation.

The current approach suggests several new avenues for research. We encourage future researchers to test the core characteristics of the diverse PDM forms in environments varied by I/C and power distance combinations. It would be helpful to devote this empirical effort to both national and organizational levels. Furthermore, it is interesting to compare employee acceptance or rejection of the different participation forms within a certain cultural environment (e.g. country, organization) or among environments. In particular, the investigator may ask whether or not a specified PDM form is inadmissible in certain cultural contexts. For example, may a face-to-face PDM endure in a country characterized by high power distance and low individualism? Can a pseudo-PDM flourish in a company whose internal culture consists of low power distance and high individualism? The situational variables in which these PDM forms are admissible should be explored. In addition, we recommend comparing work outcomes (e.g. job performance, job satisfaction, and withdrawal behavior) across PDM forms. In particular, we can ask what will be the work outcomes of those PDM forms practiced in atypical environments. From another perspective, we suggest exploring the

relationships between the aforementioned PDM forms and participatory managerial programs such as TQM, MBO, and quality circles.

Finally, our emphasis on culture does not imply that this factor is the sole determinant of PDM or that there is a one-to-one relationship between a composition of cultural dimensions and PDM forms. Other factors (e.g. employee personality, leader's technical knowledge, decision type) are expected as well to influence the process. We do propose, however, that culture interacts with these variables at various levels of analysis, and that this interaction may shape participatory practices in different contexts. Hence, the present analysis may facilitate the development of a more comprehensive, multilevel theory of the determinants of employee PDM, and may encourage further research aiming to clarify this complex organizational behavior.

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