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Editor

Anshuman Khare is Professor in Operations Management at Athabasca University, Canada. He joined Athabasca University in January 2000. He is an Alexander von Humboldt Fellow and has completed two post-doctoral terms at Johannes Gutenberg Universität in Mainz, Germany. He is also a former Monbusho Scholar, having completed a postdoctoral assignment at Ryukoku University in Kyoto, Japan. He has published a number of books and research papers on a wide range of topics. His research focuses on environmental regulation impacts on industry, just-in-time manufacturing, supply chain management, sustainability, cities and climate change, online business education, transformation brought about by digital technologies, and so forth.

He also serves as Associate Editor of the *International Journal of Sustainability in Higher Education*, published by Emerald, and of the *International Journal of Applied Management and Technology*.

Associate Editor

Will Baber has combined education with business throughout his career, teaching business students in Japan and Europe and working in economic development for the State of Maryland and language services in Washington, DC. In his work he has frequently encountered cross cultural conflicts and synergies. He studies these issues as an Associate Professor in the Graduate School of Management of Kyoto University, Japan. His research interests include negotiation and cross-cultural adaptation.

Notes on Contibutors

Abubaker Haddud is a visiting scholar at Eastern Michigan University in the United States. Abubaker has many years of experience teaching online at universities in Europe and North America. He has a PhD in engineering management from Eastern Michigan University, where he was a Fulbright scholar, and an MBA from Coventry University in the U.K. Abubaker has several years of university teaching experience within technology management, business and management domains at undergraduate and postgraduate levels.

Iain Macpherson has been Assistant Professor of Professional Communication in the Department of Communication Studies (Faculty of Fine Arts and Communication), at MacEwan University in Edmonton, Alberta, Canada since 2011.

Iain obtained his PhD in Communication Studies in 2010 from The University of Calgary, in Alberta, Canada. He specialized in Intercultural Communication and Organizational Communication, and their interrelationships. Iain wrote his dissertation on perceptions among Japanese 'salarymen' of the interrelationships between globalization, business, and work.

Iain teaches and studies a wide range of communication subjects, from interpersonal communication to media theory. However, he continues to concentrate on the connections between intercultural and organizational communication, often with an area focus on Japan. His abiding interest in all things Japanese, and indeed his decision to undertake doctoral studies, stem from several years lived in Japan starting in 2000, in Osaka and Matsuyama, which followed three years living in Taipei, Taiwan.

Jochen Wittmann earned his PhD in Business Administration at the University of Mainz, Germany, and his Master's degree (*Diplom-Kaufmann*) in Business Administration at the University of Mannheim, Germany. After working for Mercedes-Benz AG as well as for Dr. Ing. h.c. F. Porsche AG, he works as consultant and Vice Chairman of The Global Panel Foundation. His business and research interests include the automotive industry, controllership and pricing, management and leadership as well as product and project management issues. He recently published about "Electrification and Digitalization as Disruptive Trends: New Perspectives for the Automotive Industry?". He is a reserve staff officer of the German Federal Armed Forces and a graduate of the Royal Military College of Canada.

Ronald Ajuk is a career procurement specialist with almost ten years experience in different sectors focusing on contracts management, outsourcing, and local content and suppliers' management. Mr. Ajuk holds an MSc In O&SCM (Oil and Gas) from the University of Liverpool online programmes, an MBA in Oil and Gas Management from Uganda Christian University and a Bachelor degree in Procurement and Logistics Management from Kyambogo University in Uganda.

Message from Editors

We are pleased to bring to you the third Issue of the *IAFOR Journal of Business & Management.* It is an internationally reviewed and editorially independent interdisciplinary journal associated with IAFOR's international academic conferences.

The next issue is planned for March 2018.

The *IAFOR Journal of Business & Management* publishes articles touching on international, intercultural, innovative and interdisciplinary issues in business management that address challenges and solutions in a complex and rapidly changing environment. We encourage submissions from academics, practitioners and professionals within the fields of Business and Management.

This issue of the journal presents three research papers. Chapter 1 identifies key internal organisational factors and how they influence the adoption of strategic outsourcing within supply chains in the Ugandan oil and gas sector. In Chapter 2 the author demonstrates that the military governance mode "*Auftragstaktik*" is useful for business organizations in volatile environments. Finally, Chapter 3 proposes an improvement to the way organizational diversity training (DT) is usually designed and delivered.

We would like to thank the authors and reviewers for handling the peer review process in a collegial and timely fashion. We would also like to thank the Editorial staff at IAFOR led by Mr. Nick Potts, Publications Manager who were instrumental in keeping us on track and bringing out the issue on time.

Professor Anshuman Khare
Editor
Athabasca University
Canada

Professor William Baber
Associate Editor
Kyoto University
Japan

October 2017

Internal Organisational Factors that Influence the Adoption of Strategic Outsourcing within Supply Chains

Ronald Ajuk
University of Liverpool Online, United Kingdom

Abubaker Haddud
University of Liverpool Online, United Kingdom

Abstract

The purpose of this paper was to identify what key internal organisational factors, and how they, influence the adoption of strategic outsourcing within supply chains in the Ugandan oil and gas sector. The research also aimed to identify best ways to manage internal organisational factors to improve strategic outsourcing adoption. Data was collected through the use of a semi-structured interview consisted of 23 questions divided into three main sections based on the three main research questions. Qualitative data was collected from 104 managers directly involved with aspects related to strategic outsourcing adoption within the supply chains of three International Oil Companies and four Oilfield Service Companies operating in the oil and gas sector in Uganda. The study results indicated that the four key factors influencing outsourcing adoptions were: cost reduction, need to focus more on core competences, lack of appropriate technological capabilities, and the need to have access to new ways of doing things. It is recommended that more research is conducted to explore potential external factors that may influence the adoption of strategic outsourcing. It is also recommended to research how better capacity building may impact the success of strategic outsourcing adoption. This research contributes to the pool of knowledge about the domain of outsourcing within oil and gas supply chains. The study can also serve as a valuable guideline for concerned managers to help them effectively plan, implement, and manage strategic outsourcing initiatives within the Ugandan oil and gas sector.

Keywords: strategic outsourcing, internal organisational factors, supply chain, oil and gas, Uganda

Introduction

The oil and gas industry in Uganda, as an emerging sector, is potentially seen as a good contributor to national economic development (Twebaze, 2013). Ongoing petroleum operations in Uganda is opening up various business opportunities in the upstream and mid-stream these are expected to expand as the oil and gas sector grows (Wamono et al., 2012). Government policy encourages private sector investment into the oil and gas industry. Encourages partnerships between foreign and Uganda companies especially for service provision (Rubondo, 2014). However, local companies find it difficult to competitively participate in the oil and gas value chain as having low technological capacity, lack of funding from financial institutions, inadequate and incoherent policies/legislation; inadequate infrastructure; unfavourable business climate; and lack of partnerships between indigenous contractors and technically competent foreign companies (Wamono et al., 2012). It is a known fact that oil companies depend on massive outsourcing from the non-oil sector (predominantly international corporations). Such a strategic shift leads to oil companies have numerous suppliers and contractors with different hierarchy and supply chains (Heum et al., 2011). This has also resulted in an undeniably shift on outsourcing strategies from a "tactical" perspective to a "strategic" perspective. The tactical outsourcing is the intention of solving practical problems aiming at attaining operations efficiency such as timeliness and a reasonably cheaper cost compared to if the outsourced activities had been carried out in-house. In contrast, strategic outsourcing is not driven by a problem-solving mentality, but it is adopted to align the company's long-term strategies with the major aim of achieving certain strategic benefits e.g. gaining competitive advantages, improving core competences, repositioning of the organisation in the market, attaining a dramatic increase in share price, and so on.

One of the major pivotal competitive components of oil and gas companies in Uganda comes from their supply chains and a number of strategic outsourcing initiatives have been adopted in this area. However, there are no clear indicators of which internal organisational factors influence the decision to initiate strategic outsourcing projects. Also, there are now available reliable data to measure the success of these outsourcing initiatives. Berthiaume (2013) indicated that strategic outsourcing buyers make decisions on what to outsource based on their internal needs and goals and this highlights the importance of internal factors role in the day-to-day business outsourcing decision. This research therefore seeks to explore, and identify, the internal organisational factors that influence the decision of strategic outsourcing initiatives in the supply chains of the targeted oil and gas companies in Uganda.

Statement of the problem
Oil and gas price fluctuation forced oil companies to seek ways to cut costs but sustain similar, or better, levels of production and the quality of delivered service. The Ugandan oil and gas sector is relatively new and companies operating in this sector try to implement effective strategies that enable them sustain their position in the marketplace and to provide them with strong competitive advantages. Strategic outsourcing is seen as one of alternative strategies that companies should adopt. Given the fact that the Ugandan oil and gas sector is still growing; there are no research studies that have been conducted exploring potential organisational factors that influence the decisions to adopt strategic outsourcing within the supply chains and how best to implement and manage such initiatives. By exploring potential internal organisational factors that influence the adoption of strategic outsourcing in the supply chain; clients and vendors would benefit from understanding each other's business

strategies and needs and thus engage in successful outsourcing projects. This research endeavour to answer the following three main questions:

- RQ1: What are the key potential internal organisational factors that may influence the adoption of strategic outsourcing in the supply chains of oil and gas companies in Uganda?
- RQ2: How do such factors influence the adoption of strategic outsourcing process?
- RQ3: How can these factors be better managed in order to improve the adoption of strategic outsourcing process?

This paper is structured in five main sections; the first section introduces the researched topic, problem statement, and the main research questions. The second part provides a review of relevant literature and the research gap. The third section presents the used research methodology and method, the design of the used data collection instrument, research sample, data analysis plan, and reliability and validity of the collected data. The fourth section includes results of the 23 used interview questions and discussions of the three main research questions based on the results. Finally, the fifth section highlights the main research conclusions, recommendations, practical and theoretical contributions, and suggestions for future research.

Literature Review

Organisational factors influencing strategic outsourcing adoption

As much as there are various reasons explored in trying to understand factors that influence outsourcing strategy both at strategic and tactical level, these factors according to Argyres, (1996) and Espino-Rodríguez & Rodríguez-Díaz (2008) have been generic in nature, and thus not providing clear specificity that would define demarcations on whether these factors were internal or external to organisational spectrums. Other works have explored the path of generic factors such as the need for the efficiency provided by other parties, search for specialised technology (Chen, Wang, & Wu, 2011), reduction of staffing level, cost reduction and exploring flexibility (Parmer, 2016; Koku, 2009). Espino-Rodríguez & Rodríguez-Díaz (2008) investigated the effects of internal and relational capabilities on outsourcing and concluded that internal capabilities affects the outsourcing decisions and outcome form such partnerships. However, the study came short of addressing the specific internal organisational factors that influence the adoption of strategic outsourcing within the mentioned internal capabilities and relational capabilities. Also, Gonzalez, Gasco, & Llopis, (2010) investigated the main reasons why firms adopt outsourcing of information technology but did not explore a wider scope to include more outsourced business functions and areas. Our research explores only those internal organisational factors that influence the adoption of strategic outsourcing in the supply chain of oil and gas major companies in Uganda.

Benefits and challenges of strategic outsourcing

Alina-Cristina & Anca (2015) reported that companies gain cost efficiency and the ability to concentrate on core competence when engaged in strategic outsourcing initiatives. Oshima et al., (2005) stated that strategic outsourcing allows companies to concentrate on core competencies and this reduces administrative tasks by 50% and increases strategic focus by 40%. Dinu (2015) pointed out that the prominent benefits from adopting strategic outsourcing strategies include; lower operational costs, accessing cheaper more skilled labour, risk apportioning, increased profitability, increased flexibility, concentrating on core activity. On the other hand, some associated challenges with the strategic outsourcing range from issues

such as; incompatibility with the vendor, threats to confidentiality, loss of managerial control, legal and regulatory risk, employee demotivation, and cultural differences.

Given the numerous efforts and research carried out by different authors in trying to assess factors that influence the adoption of strategic outsourcing, Alina-Cristina, & Anca (2015) state that companies decide to outsource in a pursuit of cost optimisation strategies, lack of internal resources, need for access to specialised skills, and the desire to attain competitiveness in the market. However, what is lacking is a clear demarcation of internal organisational factors and external factors. Different research has also taken different and diverse methodologies and approaches in addressing the same problem. For instance, Modarress, Ansari & Thies (2016) looked at issues influencing the adoption of strategic outsourcing in the supply chain of the oil and gas business in the Persian Gulf. This study can be used as a good reference because the research business in the targeted geographical area is mature compared to Ugandan oil and gas sector that is still growing. The study looked at potential challenges and motives that drive companies in the Persian Gulf to adopt strategic outsourcing strategies in their supply chain. Besides, strategic outsourcing according to Dinu (2015) looks at long term orientation to company strategic alignment and goals unlike generic outsourcing discussed by Modarress, Ansari, & Thies (2016) that is oriented towards achieving operations efficiency and cost saving majorly.

Strategic outsourcing in the oil and gas supply chain
Though there are few research that specifically addresses outsourcing in the oil and gas supply chain, for example, (Modarress, Ansari, & Thies, 2016) that explored "the challenges, risks, benefits and motives of why petroleum companies in the Persian Gulf employing outsourcing strategy in their supply chain". Most of the research carried out address outsourcing factors in diverse industries such as textile industry (Sardar, Hae Lee, & Memon, 2016), manufacturing industry (Festel, De Nardo, & Simmen, 2014; Beaugency, Sakinç, & Talbot, 2015), aviation industry, Health care, etc. Oil and gas supply chain is much more complex compared to other industries (AlKazimi, & Grantham, 2015; Zavitsas, 2012) and this makes its operations to be regarded as high-velocity markets (Shuen, Feiler, & Teece, 2014). The research carried out in other industries might not be applicable to the oil and gas supply chain due to the unique complexity it possesses. Therefor; our research intends to address and examine if such a deviation might exist. Petroleum supply chain has been interchangeably used by many authors with oil and gas supply chain, but they mean the same thing. Different definitions of petroleum supply chain are found in the literature. For example, Shah, Li & Ierapetritou, (2011, p.1162) describe its components as "the exploration phase, crude oil procurement, storage logistics, transportation of the crude, refinery operations, distribution, and transportation of final products", while Carneiro, Ribas, & Hamacher (2010) state that the two components of oil and gas industry i.e. upstream and downstream dictate the structure of petroleum supply chain. Such definitions do not differ much from Nnadili (2006, p.1) who defined the petroleum supply chain as "all logistical activities from feedstock of exploration and movement into refineries, to refining operations". Based, on the different literature and definitions of petroleum supply chain, this research will consider all activities of upstream, midstream and downstream of the oil and gas industry that are often outsourced.

Within an organisation, strategic outsourcing has been looked at from the general organisational settings. Major strategic outsourcing research mainly focuses on information technology (Ferruzzi et al., 2011) and Human Resource segments (Susomrith & Brown, 2013). However, supply chain forms a great area of research interest since the literature

highlights that supply chain forms a great opportunity where cost reduction and achievement of competitiveness throughout the organisation can be achieved (Yucesan, 2007). Investigation into the internal organisational factors that influence the adoption of strategic outsourcing in the oil and gas supply chain has clearly been less explored. Given the fact that the oil and gas sector in Uganda is still growing, such a research becomes more promising because it is conducted in a developing country unlike in previous cases where similar studies were conducted on mature oil and gas industries with well-established upstream, midstream and downstream sectors.

Research Methodology and Method

Qualitative research methodology utilising a semi-structured interview was employed in this research. The selection of this research methodology was highly determined by the nature of the issue being investigated. This research attempts to understand, explore, and determine factors that impact the adoption of strategic outsourcing and thus, using a qualitative research is the most suitable methodology. This approach helps with assessing the collected qualitative data and arriving at appropriate results and conclusions without the need to use statistical analyses. The research takes a social constructionism stance, and this is consistent with a qualitative research methodology.

Interview instrument design

The interview instrument was designed to capture the major gist of the research objectives and to answer the three main research questions. The information that was collected was qualitative and exploratory in nature and this was a major guide in designing the interview instrument. The instrument consisted of 23 questions in total distributed on four parts. In addition to the General Information section that included (6 questions), the instrument included three main sections; 1) exploring what factoring impact the adoption of strategic outsourcing (8 questions), 2) exploring how these factors impact the adoption of strategic outsourcing (9 questions), and 3) investigating how best to manage internal organisational factors to improve strategic outsourcing adoption (5 questions).

The instrument consists mostly of open-ended questions with probing instructions. The application of open-ended question according to Brace (2008) ensures a greater level of consistency in case the interview is administered by a number of different interviewers, while at the same time providing a greater scope of responses that cannot easily be captured using other data collection methods. All the included questions have been asked in the same manner to all of the interviewees and the interview questions were developed taking into consideration that: the questions were straight forward to administer, the participants answered them without difficulties, the interview was not time-consuming, and keeping the participants interested in answering all the questions.

Research population, sample, and interview administration

The research targets a number of International Oil Companies (IOCs) and Oilfield Service Companies operating in Uganda. The research population was those employees who work for these companies and who were involved with the day-to-day business operations. The selected research sample includes participants from each company who were directly in charge of outsourcing decisions within the supply chain of the company and who were mostly serving at managerial positions working at departments such as: Procurement, Material and warehousing, Finance and Administration, Asset Management, Transport and Logistics, Human Resource, Engineering, the country Directors and operations staff. A total

of 104 interviewees was the sample size for this study. 62 respondents were interviewed from three International Oil Companies with an average of 20 respondents from each company. In addition, 42 respondents from four Oilfield Service Companies were interviewed with an average of 10 respondents from each company. For the purpose of anonymity, the targeted companies are referred to in this paper as; International Oil Company 1, 2, and 3, and Oilfield Service Companies 1, 2, 3, and 4.

Data analysis plan

Given the fact that this was a qualitative research; a "coding technique" has been used as a data analysis strategy. An interpretative phenomenological analysis (IPA) was used in this research as an analysis criterion and this was appropriate and very consistent with the utilised research methodology. This involved coding the collected data, categorising these codes into meaningful themes, and then presenting these themes in a table in order to achieve a more holistic view of the examined situation. Based on the identified main themes, a structure was designed to present the outcomes. The structure consisted of specific themes or timeline which enabled the researchers present the results and support the provided arguments with reference of quotes extracted from some of the respondents' answers.

Reliability and validity

Reliability and validity test has been defined by many scholars in a number of ways (Badjadi, 2013). Borrowman (1999) argued that validity is about the connection between what a test claims to measure and what is actually measures. While on the other hand "reliability" is defined as "the degree to which test scores for a group of test takers are consistent over repeated applications of a measurement procedure and hence are inferred to be repeatable for an individual test taker" (Badjadi, 2013).

Reliability and validity are usually treated separately in quantitative studies but, in a qualitative research, these terms are normally combined in other terminologies that encompass both. Some commonly used terminologies include: credibility, transferability, and trustworthiness (Golafshani, 2003). The credibility of this research is strongly supported by a number of factors such as the relevant knowledge the selected interviewees had, the relevant work experience and job titles they also have, and the nature of used interview questions that directly relate to the three main themes of the study. Furthermore, the validity of the collected data can also be judged from the good number of interviewees who participated in this research which was 104. In addition to these factors, the quality of this research is related to generalisability of the results of this research can be easily generalised to similar business sectors in other geographical areas and to businesses that are involved in similar strategic outsourcing initiatives and this increases the validity or trustworthiness of the research.

Results and Discussion

General Information results

The background information of the respondents included age, gender, marital status, education level, company, period of service and the positions held. The core purpose of collecting the respondents' background information was to help ascertain whether the sample characteristics were similar to those of the target population. In addition, this collected background information aimed at relating the variation of the key study findings with the

sample characteristics in order to make an informed opinion about the research findings. Details about respondents' demographic information are shown in Table 1.

Interview Question	Frequency (n=104)	Percentage
Age group (years)		
• 18 - 30	45	43%
• 31 - 40	37	36%
• 41 - 50	17	16%
• 51 or more	5	5%
Gender		
• Male	71	68%
• Female	33	32%
Education level		
• Postgraduate	42	40%
• Undergraduate	37	36%
• Certificate	14	13%
• Others e.g. 'A', 'O' levels, vocational	11	11%
Company		
• Oilfield Service Company 1	10	10%
• Oilfield Service Company 2	10	10%
• Oilfield Service Company 3	10	10%
• Oilfield Service Company 4	12	11%
• International Oil Company 1	21	20%
• International Oil Company 2	21	20%
• International Oil Company 3	20	19%
Period of service (years)		
• One year or less	25	24%
• 1 - 3	40	38%
• 3 - 5	14	13%
• 6 or more	25	24%
Position		
• Senior Manager	26	25%
• Middle Manager	27	26%
• Operational Manager	35	34%
• Other	16	15%

Table 1 General Information questions

Interview Part 1: determining internal organisational factors that influence the adoption of strategic outsourcing

This section of the interview was dedicated to exploring possible internal organisational factors that influence the decision to adopt strategic outsourcing within the supply chain management areas at the researched oil companies. As shown in Table 2, eight questions have been used under this section. In response to the first interview question, and as shown in Table 2, the respondents indicated that the top three factors influencing the adoption of strategic outsourcing as: "cost" (31%); "lack of internal technological capability" (25%); and "need to concentrate of core competence" (23%).

In responding to the second interview question, the respondents have mixed responses about the extent the adoption of strategic outsourcing in the supply chain is aligned with the organisation's strategic intent. Some respondents stated that there is a limited alignment

between the two. Examples of reported reasons why such lack of alignment exists include: different operations and conducted projects, the organisational structure of some companies may not favour the adoption of strategic outsourcing, outsourcing is not seen as a priority, and the outsourcing concept itself is still seen as a new venture for some companies. However, a good number of the respondents reported that strategic outsourcing adoption has been aligned with the organisation's supply chain management strategic intent and is seen as a tool to achieve some benefits for the company that include: sustaining long-term cost-effective benefits, reduction of unnecessary bureaucracies, better production and service quality, meeting organisational objectives more effectively, and better suppliers' relationships and management.

As shown in Table 2, when the respondents answered the third interview question, 63% agreed that the major driver to the adoption of strategic outsourcing in the supply chain is to put emphasis on the core competence of their companies as this allows them to focus on their usual and core activities and outsource non-strategic activities. Some reasons for such approach included: "*it is because outsourcing involves different production skills and knowledge*" (Oilfield Service Company 2); "*focus on core competence leads to better and improved products and services to be produced*" (International Oil Company 2); "*because some minor distractions brought by some minor activities like payroll may affect the company's growth and therefore strategic outsourcing helps us to focus on the core ones*" . . . "*improves performance and saves time*" (International Oil Company 3); "*strategic outsourcing allows the company time to concentrate on core competence by outsourcing non-core services*" (Oilfield Service Company 1); "*it enables the organization to focus on the field where it has lots of expertise*" (International Oil Company 1); "*some activities are not in the mainstream core of the company therefore strategic outsourcing helps us to focus on the core ones*" (Oilfield Service Company 4).

As shown in Table 2, when respondents answered the fourth interview question, 50% agreed that the existence of cost saving opportunity led to the adoption of strategic outsourcing in the supply chain of their companies. Some of the provided explanations about this agreement included: "*reducing on costs of production is always the major target for companies*" (International Oil Company 3); "*making lesser expenses and later more profits*" (Oilfield Service Company 1); "*usually we outsource to vendors that specialize in a given function and performs that function more efficiently than the company so as to save costs*" (Oilfield Service Company 3); "*some processes are expensive to set up and run effective thus the desire to strategically outsource them*" (International Oil Company 1); "*some services/processes are cheap to acquire by way of strategic outsourcing*" (Oilfield Service Company 2); "*setting up some functions in the companies is costly compared to outsourcing the function*" (International Oil Company 1); "*strategic outsourcing reduces costs in the long term*" (Oilfield Service Company 4).

Interview Question	Frequency (n=104)	Percentage
1. What is the major internal organisational factor influencing your decision to strategically outsource some of your supply chain activities? (Tick the most appropriate).		
• Cost	32	31.0%
• Need to concentrate on core competence	24	23.0%

Interview Question	Frequency (n=104)	Percentage
• Improve monitoring and reporting capabilities	8	8.0%
• Lack of internal technological capability	26	25.0%
• Others (Please indicate)	3	3.0%
• Combination	11	11.0%
2. To what extent is the adoption of strategic outsourcing in your supply chain is aligned with the organization's strategic intent?		
3. Is the need to concentrate on core competence a major driver to the adoption of strategic outsourcing in the supply chain of the major Ugandan oil and gas stakeholders?		
• Yes	66	63.0%
• No	38	37.0%
• If yes, explain		
4. Has the existence of cost saving opportunity led to the adoption of strategic outsourcing in the supply chain of your company?		
• Yes	52	50.0%
• No	52	50.0%
• If yes, explain		
5. Have the levels of control influenced the adoption of strategic outsourcing in the Ugandan oil and gas sector?		
• Yes	76	79.0%
• No	24	25.0%
• If yes, explain		
6. Do you think inadequate internal staff skills and expertise has been a call for the adoption of strategic outsourcing in the company's supply chain?		
• Yes	60	58.0%
• No	44	42.0%
• If yes, explain		
7. Does the lack of internal technological innovation influence the adoption of strategic outsourcing in the supply chain of your company?		
• Yes	60	58.0%
• No	44	42.0%
• If yes, explain		
8. What are other internal organisational factors that have led to the adoption of strategic outsourcing in your company?		

Table 2 Used interview questions to explore internal organisational factors that influence the adoption of strategic outsourcing

In response to the fifth interview questions, and as shown in Table 2, 76% of the respondents reported that levels of control have influenced the strategic outsourcing adoption. Examples of why respondents have supported this statement included: *"re-staffing has been ventured into leading to strategic outsourcing"* (Oilfield Service Company 1); *"change in reporting and supervision cycle"* (International Oil Company 3); *"leadership and management levels determine whether or not to adopt strategic outsourcing"* (Oilfield Service Company 3); *"strategic outsourcing allows managers to leverage their staff skills and company resources"* (Oilfield Service Company 4); *"even after outsourcing the company needs some level of control in order to ensure quality control"* (Oilfield Service Company 2); *"some activities need full control if they are strategic just to ensure the implementing partner does not deviate"* (International Oil Company 1).

In response to the sixth interview questions, and as shown in Table 2, 58% of the respondents thought that inadequate internal staff skills and expertise has been a call for the adoption of strategic outsourcing in the company's supply chain. The sector requires a lot of specialisation and a wide range of technical capabilities that may seem absent and costly at the time of need in companies. Also, since the oil and gas industry in Uganda is still a new sector, there is a gap to fill in terms of expertise and skills relevant to the needs and demands thereof. Examples of views from the respondents who supported the theme of this interview question included: *"inadequate internal staff skills and expertise limits production and development hence the need for outsourcing to enhance development and production"* (International Oil Company 2); *"since oil is just a fresh venture in Uganda, we lack internal skilled staff to carry out the roles and therefore strategic outsourcing is there to fill the gap"* (Oilfield Service Company 3); *"with the increasing technological advancement more skilled expertise is required thus strategic outsourcing"* (International Oil Company 1); *"highly skilled manpower with the required competence and experience has led to strategic outsourcing"* (Oilfield Service Company 1) *"some services are not carried out in the organization and so require strategic outsourcing"* (International Oil Company 3); *"some activities are outsourced when there is a skill gap internally"* (Oilfield Service Company 2).

As shown in Table 2, when respondents answered the seventh interview question, 58% asserted that the lack of internal technological innovation in the supply chain has immensely influenced the adoption of strategic outsourcing. Some of the respondents who supported this statement have provided these views: *"there are some activities that need close control and cannot just be outsourced to only achieve other objectives without strategic alignment"* (International Oil Company 3); *"due to lack of internal technological innovations, production skills and knowledge is low hence adoption of strategic outsourcing"* (Oilfield Service Company 2); *"use of outdated production limits the supply hence limited flow of supply chain"* (Oilfield Service Company 1); *"internal technological innovation leads to update of the production of the company"* (International Oil Company 2); *"oil and gas extraction require modern, sophisticated technology and our country lacks such technologies at the moment and therefore there is need for strategic outsourcing"* (Oilfield Service Company 3).

As shown in Table 2, when respondents answered the eighth interview question, a number of further factors have been identified including: less number of employees, acquisition of advanced technology, skills acquisition from outside contractors, inadequate resources to use in running organisation's processes, need for internal expertise knowledge, inadequate skilled personnel; tap internally unavailable resources from outside the firm; high taxes, excessive government mandates and the need to reduce risk, ensure flexibility, boost morale and achievement of both technological and managerial knowledge. Also, failure to meet

organisational targets in production in which much is spent with less gains; timely execution of organisational tasks; ensure job creation. The need to reduce liability was also revealed and the need to hire or acquire a service for a short-time but outsourced for some urgent but temporary services. Customer retention and satisfaction were part of the equation as well as extending the market search. Profit maximisation was also found to be another attribute and also saving time. The desire to fully utilise the available resources and the need to expedite the hands-on work experience among the workers were also identified as factors influencing adoption of strategic outsourcing.

Interview Part 2: how these organisational factors influence the adoption of strategic outsourcing
The second part of the interview was designed to examine who the highlighted factors in part 01 influence the decision to adopt strategic outsourcing. This part consists of nine questions. As shown in Table 3, when respondents answered the ninth interview question, 26% asserted they strongly agreed, and 60% agreed, that adopting strategic outsourcing within companies' supply chains in the Ugandan oil and gas sector positively impacts the quality of delivered service.

As shown in Table 3, when respondents answered the tenth interview question, a number of views have been expressed about the impact of strategic outsourcing on the delivered service based on the respondents' opinions. Examples of some provided impacts include: better products and services delivery times; production innovations and improved production skills; easy access to better production capabilities; creation of jobs outside the company; enhancing production efficiency; and the possibility of skills transfer. Also, low production costs and more profitability with wider market access created by courtesy of involvement of many other players. This provides more employment opportunities to the local people whose orientation is a broad spectrum of specialisation which reduces the operational costs in the oil and gas sector. The timeliness of products and services delivery has improved through the deployment of the right personnel in the right positions. Tapping and utilising technological platforms has had a positive impact on the delivered services that led to reducing the costs of operations.

Interview Question	Frequency (n=104)	Percentage
9. There is a relationship between strategic outsourcing and the quality of delivered service in the Ugandan oil and gas sector		
• Strongly agree	27	26.0%
• Agree	60	58.0%
• Neutral	7	7.0%
• Disagree	7	7.0%
• Strongly disagree	3	3.0%
10. What impact has strategic outsourcing had on the service delivery of the Ugandan oil and gas sector?		
11. What value do you think strategic outsourcing has really created?		
12. Strategic outsourcing enhances customer satisfaction		
• Strongly agree	28	27.0%
• Agree	63	60.0%
• Neutral	9	9.0%

Interview Question	Frequency (n=104)	Percentage
• Disagree	4	4.0%
• Strongly disagree	0	0%

Table 3 Used interview questions to determine how internal organisational factors influence the adoption of strategic outsourcing

As shown in Table 3, when respondents answered the eleventh interview question about the values strategic outsourcing has created, the two top reported created values were; "improved production quality and efficiency" and "acquiring of production skills in supply chains". Such improvements are gained through the access to skilled contractors and the use of advanced technological platforms. The strategic outsourcing ensures that a collaborative work environment prevails based on the use of advanced technology, skillsets, and experience of the contractor which saves time and costs required to execute supply chain activities in the oil and gas industry. At (International Oil Company 1), one respondent stated that "*unity with other oil producing companies is enhanced*" as a benefit from the adoption of a strategic outsourcing. The adoption of strategic outsourcing, allows the vendors to carefully assess the best-suited clients in order to conduct business that leads t the highest levels of enhanced customer retention and improved vendor-client relationships.

As shown in Table 3, when respondents answered the twelfth interview question whether adopting strategic outsourcing enhances customer satisfaction, 27% asserted they strongly agreed, and 60% agreed, that adopting strategic outsourcing within companies' supply chains in the Ugandan oil and gas sector positively improves customer satisfaction levels.

As shown in Table 4, when respondents answered the thirteenth interview question about how the adoption of strategic outsourcing enhances competitive advantage, it was revealed that being competitive in the oil and gas sector requires lots of efforts as a result of the vibrant supply chain whose value has been heightened by the phenomenon of strategic outsourcing in the Ugandan oil and gas sector. The improved products and services, as a result of utilising outsourced technologies, were found to be among the leading sources of competitiveness in the sector. The use of such advanced technologies has ensured a synchronised way of operation which is both quick and cost effective. Another factor that has provided more competitive advantages to the outsourcing companies was the timely delivery of products and services by contractors in the supply chain. Furthermore, the use advanced technology platforms allow more professional collaborations between different stakeholders including suppliers and customers. Such collaboration provides valuable feedback from customers and access to necessary missing expertise and skills to handle the non-core elements of the organisation thus improving its competitiveness capabilities. The shift and minimisation of risk as a result of acquiring products and services through strategic outsourcing has brought skilled and competent parties to execute the supply chain activities on behalf of the organisations allowing them to put emphasis on the key core activities in the firm. The accrued high-quality services offered as a result of strategic outsourcing has improved the overall competitiveness of the Ugandan oil and gas industry.

As shown in Table 4, when respondents answered the fourteenth interview question, pinions from respondents reveal that customer satisfaction was among the main objectives of the adoption of strategic outsourcing in the oil and gas sector in Uganda. It has been found out that majority of respondents expressed that the improved quality of products and services in the Ugandan oil and gas sector was a major factor for customer satisfaction as a result of the

adoption of strategic outsourcing. However, some respondents stated that the industry is still growing and thus a wide customer-base has not been built yet but, in general, the efficient and effective delivery of services has led to better customer satisfaction rates in the Ugandan oil and gas sector courtesy of strategic outsourcing. Another factor that has led to an improved customer/client satisfaction is the anticipated provided outsourced services low prices that attract more clients. Also, since strategic outsourcing come with more technological innovations, clients are served in a timely manner with all the needed attributes geared towards enhancing the customer satisfaction in the supply chain. Furthermore, because more focus on organisational core functions has led to improved products and services, the customer satisfaction among the stakeholders in the Ugandan oil and gas sector has improved. Strategic outsourcing has led to a reduction in the costs of production which will ultimately reduce the prices of products and services in the oil and gas sector supply chain. The adoption of strategic outsourcing assures good service delivery hence leads to an overall improved customer satisfaction in the supply chain.

Interview Question	Frequency (n=104)	Percentage
13. How has the adoption of strategic outsourcing enhanced competitive advantage in the Ugandan oil and gas sector?		
14. To what extent has strategic outsourcing influenced customer satisfaction in the Ugandan oil and gas sector?		
15. Do you think strategic outsourcing has had a bearing on customer retention in the Ugandan oil and gas sector?		
• Yes	39	38.0%
• No	65	62.0%
• If yes, explain		
16. Strategic outsourcing is a way to expedite technological advancement as well as encouraging innovativeness.		
• Strongly agree	17	16.0%
• Agree	72	69.0%
• Neutral	10	10.0%
• Disagree	2	2.0%
• Strongly disagree	3	3.0%
17. What are the other possible influences of strategic outsourcing ventures in Ugandan company structures, culture and staff's attitude?		

Table 3 Used interview questions to determine how internal organisational factors influence the adoption of strategic outsourcing

As shown in Table 4, when respondents answered the fifteenth interview question, 62% revealed that strategic outsourcing has not yet enhanced customer retention levels. This was explained that since the oil and gas sector is still a new industry in Uganda, it has not yet been assessed and therefore customer retention has not been a main focus. 38% who positively acknowledged the examined theme in this question argued as follows: "*it allows the company to concentrate on core activities and thus delivery to customers*" (Oilfield Service Company 1); "*better produced goods and services will lead to retention of*

customers" (Oilfield Service Company 3); "*providers are specialized in a particular field, may know all the details hence leading to customer satisfaction*" (International Oil Company 1); "*satisfied customers will make repetitive offers and outsourcing improves service delivery*" (International Oil Company 3); "*good services provided have led to customer retention*" (Oilfield Service Company 4); "*retention is achieved as satisfaction level increased*" (Oilfield Service Company 2).

As shown in Table 4, when respondents answered the sixteenth interview question about if they agree that strategic outsourcing is a way to expedite technological advancement as well as encouraging innovativeness, 16% strongly agreed, and 69% agreed, that when companies adopt strategic outsourcing they get access to advanced technology platforms and this would encourage innovation.

As shown in Table 4, when respondents answered the seventeenth interview question, it was revealed that there were other possible influences of strategic outsourcing ventures in Ugandan company structures, cultures and staff attitudes. These include; coordination of work being made easy, boosting employees' morals, advancement of technology and innovation of processes. On boosting employee morale, respondents asserted that the improvement of the technology base would make work easier. The technological changes were anticipated to boost morale thus productivity in the oil and gas sector. Compliance with international standards was yet another influence of the strategic outsourcing ventures in Uganda so as to match those as exhibited internationally. The prevailing government policies and education levels among the stakeholders have also been possible influences of the adoption of strategic outsourcing. Most Ugandan company structures, cultures and staff attitudes are mostly negative towards long-term strategic outsourcing adoption. Its adoption has led to restructuring in Ugandan companies with highlights of transfer of skills to permanent staff engaged in the execution of strategic outsourcing. However, it has led to a change in work processes which has had a strong impact on staff attitudes although professionalism among staff is heightened with strategic outsourcing. Organisational politics involved in the company operations is also another influence of strategic outsourcing ventures in Ugandan company structures, cultures and staff attitude. Ultimately, strategic outsourcing comes with a process of restructuring of company processes, procedures and regulations.

Interview Part 3: Best ways to manage internal organisational factors to improve strategic outsourcing adoption
This part of the interview was designed to explore ways to manage internal organisational factors to improve the adoption of strategic outsourcing. Six questions have been used in this part.

As shown in Table 5, when respondents answered the eighteenth interview question, 51% affirmed that integrating strategic outsourcing activities into the supply chain is not a derivation of competitive advantage in the Ugandan oil and gas sector. With a minimum difference of two, 49% affirmed and supported that the integration of strategic outsourcing does indeed enhance competitive advantage in the Ugandan oil and gas sector. In support of this notion were some views as advanced by a selected number of subjects including the following: "*all services outsourced are normally quality guaranteed*" (Oilfield Service Company 4); "*gives company time to select the best quality suppliers*" (International Oil Company 1); "*because of the value added to the services*" (International Oil Company 2);

"*good services provided lead to competitive advantage*" (Oilfield Service Company 3); "*companies. with strategic outsourcing approach are most likely to gain long term relationships and competitiveness with less operations costs*" (International Oil Company 3); "*it encourages a more integrated supply chain and better coordination*" (Oilfield Service Company 2).

As shown in Table 5, when respondents answered the nineteenth interview question about the extent training of permanent staff about the use of new technologies a key in the adoption of strategic outsourcing, that majority of the respondents' opinions indicated the importance of training staff which would improve the quality of production in both the long and short runs thus improving the overall organisational performance. The purpose of training permanent staff about new technologies has been a precondition to the adoption of strategic outsourcing in many Ugandan oil and gas companies. This vice was aimed at ensuring that staff acquire excellent and up-to-date skills and knowledge about the application and usage of the new technologies. The majority of respondent have also asserted that the adoption of strategic outsourcing has called for training of permanent staff within supply chains. Integration with teams at the vendor(s) side to execute a given function is a form of training to the permanent staff which passes important skills to them and ensures consistency in production in the Ugandan oil and gas industry. Adoption of strategic outsourcing requires training permanent staff so as to update and learn new technology applications for improved production thus quality service delivery in the oil and gas sector and this increases the confidence among permanent staff calls for capacity building which build their abilities to comfortably apply strategic outsourcing.

As shown in Table 5, when respondents answered the twentieth interview question, 54% expressed that alignment of internal organisation policies with the governmental policies may not necessarily improve the adoption of strategic outsourcing in the Ugandan oil and gas sector. Reaffirmation was coupled with sentiments like most companies engage in petty purchases and deal with small-scale suppliers especially the local ones whose orientation does not surpass an annual setting. However, 46% of the respondents supported the fact that aligning internal organisation policies with the governmental policies will eventually improve strategic outsourcing in the Ugandan oil and gas sector. Views expressed by a few selected subjects included: "*this reduces bureaucratic tendencies in approving programs*" (Oilfield Service Company 1); "*it will bridge the gap between government and the firms*" . . . "*there is need to abide by government laws without which it becomes hard to get licenses*" (International Oil Company 2); "*organisations must be in line with the laws and policies of the country or lest they can lose their operational licenses*" (International Oil Company 1); "*it helps organisations to easily fulfill government needs regarding outsourcing*" (Oilfield Service Company 2); "*it reduces on the irregularities*" . . . "*to increase on compliance*" (Oilfield Service Company 4).

Interview Question	Frequency (n=104)	Percentage
18. Do you think integrating strategic outsourcing activities into the supply chain can enhance competitive advantage in the Ugandan oil and gas sector?		
• Yes	51	49.0%
• No	53	51.0%
• If yes, explain		
19. To what extend does training of		

permanent staff about new technologies a key in the adoption of strategic outsourcing?		
20. Do you think aligning internal organisation's policy with government policy would be a good idea in improving strategic outsourcing in the Ugandan oil and gas sector?		
• Yes	48	46.0%
• No	56	54.0%
21. How have the new technologies influenced the adoption of strategic outsourcing?		
22. In what way is improving internal processes significant to the improved adoption of strategic outsourcing in the Ugandan oil and gas sector?		
23. Suggest other ways in which you think strategic outsourcing can be improved in the Ugandan oil and gas sector.		

Table 5 Used interview questions to explore best ways to manage internal organisational factors to improve strategic outsourcing adoption

As shown in Table 5, when respondents answered the twenty first interview question, it was revealed that access to new technologies have greatly influenced the decisions to adoption strategic outsourcing in the Ugandan oil and gas sector. Frequently mentioned was the ease to acquire highly qualified manpower to execute a diverse range of activities that many organisations lack the required knowledge and skills to undertake them, for example, drilling that requires external expertise. Also, skilled labour exists in the external business environments of the companies and outsourcing allows access to such skillsets which will narrows the gap of production knowledge among employees. Furthermore, the "digital world" has facilitated the adoption of strategic outsourcing through effective remote collaboration and delivery of outsourced services and functions. Also, increasing competition has led companies to acquire advanced technologies to improve the overall organisational performance. With the need to improve technology at a cheaper cost, it is a requirement to ensure strategic outsourcing is used so as to subsidise the costs. Also, the upgrade of existing technologies has led to the adoption of strategic outsourcing so as to achieve such services at a cheaper cost. Other functions linked to applications of new technologies like creativity, innovation, communication are also other benefits from the adoption of strategic outsourcing in the oil and gas sector.

As shown in Table 5, when respondents answered the twenty-second interview question, opinions have been shared on the fact that adoption of strategic outsourcing requires improvement of internal processes and most responses indicated the need to simplify the production processes in harmony with the organisational procedures. In the bid to improve internal processes, coordination is enhanced by integration of the different stakeholders. Therefore, improving internal processes facilitates a quick integration of outsourced processes. Accordingly, improving internal process also entails harmonising legal issues in line with the adoption of strategic outsourcing so as to avoid conflict with the regulations and procedures in the future. Also, building trust as a core value requires improving internal processes fit for strategic outsourcing in the oil and gas sector which will have a direct impact

on the organisational culture. Further, it was highlighted that sound internal processes creates a collaborative work environment which is a good habitat for strategic outsourcing in the Ugandan oil and gas sector. Successful execution of outsourced functions requires an alignment with the involved internal processes. Flexibility as an anomaly has been reported to be part of the framework that may incorporate strategic outsourcing in the internal processes of an organisation. As a way to promote compliance, respondents affirmed that improving internal processes call for the adoption of strategic outsourcing in the Ugandan oil and gas sector. Additionally, improving internal processes will entail streamlining reporting and supervision when strategic outsourcing is adopted. Therefore, the adoption of strategic outsourcing will lead to improved internal organisational processes and ultimately leads to more effective Ugandan oil and gas sector.

As shown in Table 5, when respondents answered the twenty-third interview question, the respondents shared diverse views on other ways of improving strategic outsourcing in the Ugandan oil and gas sector. It was frequently mentioned by that institutionalising government incentives like tax reduction would serve in the best interest of the Ugandan oil and gas sector. Also, merging firms to wholesomely carry out strategic outsourcing can serve to improve the phenomenon. It was further suggested that there is a need to reduce bureaucracies and improve on flexibility following clear procurement policies in the supply chain in order to improve the adoption of strategic outsourcing. Cost saving measures and improvement in working capital was also highlighted as another way of improving strategic outsourcing. Allocation of an adequate budget was cited as another way to improve strategic outsourcing in the Ugandan oil and gas sector. Some of the opinions given by the respondents include the following: "*merging of firms' resources and improving on production processes*" (Oilfield Service Company 3); "*government should provide incentives to the oil and gas companies such as tax reduction, parliament should also amend clear laws of immigration*" (International Oil Company 2); "*training more local personnel in Uganda*" (Oilfield Service Company 2). "*monitoring the process of outsourcing*" (International Oil Company 3); "*ensure good leadership and management to successfully benefit from strategic outsourcing*" (Oilfield Service Company 4); "*advertisement, Supervision, Allocate adequate budget for the scheme*" (International Oil Company 1).

Discussion of main research questions
Research question one. A number of key factors influencing the adoption of strategic outsourcing have been highlighted in this research. For example; cost-savings motives, lack of internal technological capabilities, desire to concentrate on internal business core competences, and management/leadership levels of control. As a sustainability outreach plan, strategic outsourcing is required in the supply chain in bid to reduce supply chain uncertainties and the desire to manage supply chain risks through managing change in the long run. Furthermore, other highlighted factors were; the inadequacy in staff skills and expertise has called for strategic outsourcing to bridge the existing skillset gaps in the specialisation and a wide range of technical capabilities. Additionally, the lack of internal technological innovation and platforms in the oil and gas supply chain has been reported as one of the factors that influence the decision to adopt strategic outsourcing. Other reported factors include; less number of employees, acquisition of advanced technology, skills acquisition from outside contractors, inadequate materials to use in the production process; need for internal expertise knowledge, tap internally unavailable resources from outside the firm, leverage high energy costs, high taxes, excessive government mandates and the need to reduce risk, ensure flexibility, and boost morale and achievement of both technological and managerial knowledge. Such factors help companies decide to adopt different strategic

outsourcing initiatives to gain, and sustain, long-term benefits and the overall performance of the oil and gas sector in Uganda would improve.

Research question two. The results from this research revealed that adopting strategic outsourcing within supply chains would impact the business in many ways. For example, the majority of the interviewed respondents in this study stated that strategic outsourcing is essential for the quality of delivered service through more effective and expedited timeliness service deliveries. The successful implementation of strategic outsourcing would lead to; better delivery of products and services, high production capabilities, production innovations and improved production skills, efficiency in production, creation of jobs outside the company, expedition of the technological advances, and transfer of skills. Furthermore, it was revealed that strategic outsourcing improves the customer satisfaction with the benefit of timeliness and improved quality of products and services as a result of vibrant supply chain. However, given the fact that the Ugandan oil and gas sector is still growing, it has been found out that strategic outsourcing has not yet enhanced customer retention.

Furthermore, the adoption of strategic outsourcing can also lead to change in workplace cultures and staff attitudes including compliance with international standards and the prevailing government policies on oil and gas exploration, business restructuring, transfer of skills to permanent staff, and alignment to the national content. Therefore, strategic outsourcing serves as a means for continuous improvement, standardised quality processes, and management of strategic suppliers using scares technologies.

Research question three. It was revealed in this study that integrating strategic outsourcing activities into the supply chain is not a derivation of competitive advantage in the Ugandan oil and gas sector because the sector is still growing. Benefits from strategic outsourcing are normally reaped in a long-term, but different competitive advantages could be gained earlier. It was revealed that training staff on new used technological platforms improves the quality of services and production in both long and short runs and this would ultimately improve the overall performance of the oil and gas sector in Uganda. It was also revealed that strategic outsourcing makes it easy to acquire highly qualified manpower to execute an assorted range of activities in the supply chain. Some functions like "drilling" requires specific skills, knowledge, and equipment that may not be available internally. Furthermore, it was highlighted that the adoption of strategic outsourcing requires improvement of internal processes of the companies outsourcing activities and functions because coordination is improved through the integration of certain operations between the clients and service providers. Finally, this study revealed that strategic outsourcing can be motivated further by the institutionalisation of certain government incentives such as; tax reduction regimes, merging of firms, reduction of bureaucracies, and allocation of adequate budget.

Conclusion and Recommendation

Conclusions
To determine the internal organisational factors that influence the adoption of strategic outsourcing by the major Ugandan oil and gas stakeholders in their supply chain, it is imperative to note that these factors have primarily focused on cost reduction strategies. In addition, the need to concentrate on business core competences and the lack of technological capabilities that impede quality production have also been reported as key factors impacting the decisions to adopt strategic outsourcing. Strategic outsourcing provides access to

efficiency provided by vendors with particular specifications in delivering specific services helps an organisation to maintain its position of delivering its core competences more efficiently. Although, the Ugandan oil and gas sector is still growing, some strategic outsourcing initiatives have already been adopted and this has triggered the need to improve certain internal business factors within companies' supply chains to maximise the benefits from such strategies.

One of the key findings' themes of this research was explaining how certain internal factors influence the adoption of strategic outsourcing within the supply chains of oil companies. With the varied experiences, expectations, and outcomes from strategic outsourcing adoption, the influence is reflected and expressed in the cost-effective measures. Also, the call for better quality service delivery has been a crucial element to internally drive the adoption of strategic outsourcing. For strategic outsourcing adoption to achieve long-term impacts on the supply chains, companies have accelerated the timeliness and effectiveness of the adoption of strategic outsourcing in Uganda. Production innovations and improved productivity skills are anticipated to create efficiency in the oil and gas processes in the supply chain. The need to transfer skills among staff as well as to create jobs outside the companies has been part of the internal organisational factors that have influenced the adoption of strategic outsourcing. More specifically, the adoption of strategic outsourcing adoption leads to: acquisition of better products and services, improved production innovations, better production efficiency, and smoother transfer of knowledge amongst the key stakeholders.

To ensure that internal organisational factors are managed well for the purpose of improving the adoption of strategic outsourcing; it was proved that integration of strategic outsourcing activities into the supply chain may not directly derive competitiveness in the sector given its infancy state. Emphasis on capacity building in terms of training permanent staff about strategic outsourcing activities should have a great impact on improving the quality of services and production both in the short and long run and ultimately impacts the performance of the Ugandan oil and gas sector. Additionally, training permanent staff about the new used technological platforms has been reported as a driving force for the adoption of strategic outsourcing to be able to effectively utilise such technologies to improve production and supply chain management efficiency in the sector. In addition, it was revealed that the adoption of strategic outsourcing requires improvement of internal processes in order to have integrated and well-established supply chains to achieve long-term benefits for the entire sector. It was also implored that if the government provides incentives such as tax reduction regimes, adequate budget allocations, and reduced bureaucracies are institutionalised in the supply chain; strategic outsourcing would seemingly become easier to adopt.

Recommendations

As it has already been mentioned that the Ugandan oil and gas sector is still growing; it is recommended that companies working in this sector establish more supply chain integration to improve supply networks efficiency. This would lead to enhanced sales performance, more profitability, and better cost efficiency as a result of the expedition of strategic outsourcing. Through strategic outsourcing, both local and international companies and service provides should engage in long-term outsourcing initiatives to ensure long-term sustained cost reductions in the supply chains. Such integration would help companies expedite the benefits of strategic outsourcing in a coordinated and integrated manner. Furthermore, all the involved parties in the adopting of strategic outsourcing are recommended to coordinate effectively in order to ensure proper planning and implementation processes take place. This falls within the shared visions, mandates and responsibilities associated with the outsourcing process. It is

also recommended that training programmes are provided for permanent staff on aspects related to outsourcing practices and how to manage them. It is also strongly recommended that staff receive training on used technological platforms that service provides use so that managing outsourcing activities run smoothly. Finally, it is strongly recommended that clients and service providers assess their internal organisational environments in order to ensure no challenges arise when strategic outsourcing is actually adopted. This should also help with the process of identifying suitable services providers and the final section of specialised suppliers.

Practical and theoretical contributions

The outcomes of this research can greatly benefit the participated companies, and other similar companies operating in the same targeted sector, by providing valuable insights about why strategic outsourcing should be adopted. The study highlighted a number of key benefits companies would gain when adopting strategic outsourcing. The study can also serve as a valuable guideline for concerned managers to help them effectively plan, implement, and manage strategic outsourcing initiatives. Furthermore, the study contributes to the pool of knowledge related to the domain of outsourcing and its management. The contribution that this research provides is unique because the targeted sector is relatively new and, to the authors' best knowledge; there have been no similar research studies conducted about outsourcing within the Ugandan oil and gas sector.

Limitations

The researchers faced some challenges with getting access to potential respondents because of limited financial resources to support the required travelling and setting up interview venues arrangements. Another challenge the authors faced during collecting the data for this research was not all of the approached respondents agreed to participate in the study and they stated either they were busy, not interested in the research, or were not sure if they were allowed to share such information. Finally, given the fact that the Ugandan oil and gas sector is still growing; getting responses to some questions was difficult.

Areas for further research

The study has revealed the need to work on capacity building through training and it was recommended as a precondition for the adoption of strategic outsourcing. Therefore, it is suggested that future research is conducted on exploring the potential impact of capacity building on the success of strategic outsourcing. It would also be interesting to examine the influence of the Ugandan government policies on the adoption of strategic outsourcing within supply chains. Additionally, another important area for further research would be to explore external factors that influence the adoption of strategic outsourcing in the supply chain. It should be noted that this research mainly focused on potential internal organisational factors impacting the adoption of strategic outsourcing but there are other external business factors that are likely to impact the process as well. These factors may include globalisation, government policy, natural occurrences, competitive strategies from rivals, and community cultural influence amongst others.

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Corresponding author: Abubaker Haddud
Contact email: abubaker.haddud@online.liverpool.ac.uk

Auftragstaktik for Business Organizations in Volatile and Uncertain Environments: a Competence-Based View

Jochen Wittmann
Global Panel Foundation, Germany

Abstract

Dynamic and uncertain environments present challenges for business leaders and the governance of businesses. This encourages entrepreneurs and senior managers to look at other domains confronted with similar developments, such as the military sphere. Similarities to the military world are obvious: the military theorist Carl von Clausewitz (2010) characterizes war and conflict as non-linear, ambiguous and chaotic, meaning that military organizations have to adapt to perform well. Creveld (1985) underlines the high relevance of command and control systems for the military, focusing on coping with uncertainty, reducing complexity and enabling adaptability and flexibility. Consequently, recent business and management research has been looking at the flexible management concepts and governance modes used in high performance organizations, especially in the military sphere. Shilling et al. (2008) point out the innovative and adaptive side of Auftragstaktik (AT) as a governance mode that successfully formulates leadership and organizational processes across functional areas and is an essential element of management and leadership (Creveld, 1985). AT is able to address these governance challenges within business organizations.

In this conceptual paper, the author demonstrates that the military governance mode of AT, developed by the Prussian-German General Staff System and modified for the German Federal Armed Forces, is useful for business organizations in volatile environments, exemplified by the competence-based view.

Keywords: Auftragstaktik, competence-based view, anomic behavior, strategic flexibilities

Introduction

In recent times, businesses have faced growing challenges in terms of management, governance and leadership in a world where environmental volatility, uncertainty, complexity and ambiguity are inherent (Lawrence, 2013). Similarities to the military world are obvious: the military theorist Carl von Clausewitz (2010) characterizes war and conflict as non-linear, ambiguous and chaotic, and military organizations have to adapt to perform well. Creveld (1985) underlines the high relevance of command and control systems for the military, focusing on coping with uncertainty, reducing complexity, enabling adaptability and flexibility, accomplishing missions and realizing the minimax principle. Current management and leadership concepts focus on continuous change management and are less than adaptive when it comes to major unpredictable changes in highly volatile environments. Examples include Management by Objectives (Gebert, 1995; Hurst, 2013), the German Harzburg Model (Grunwald and Bernthal, 1983; Wunderer, 1995), the Japanese Kaizen (Imai, 1986) and the concept of semistructures (Brown and Eisenhardt, 1997). Therefore, recent business and management research has been looking for flexible management concepts and governance modes for high-performance organizations that successfully recognize the effects of a combination of high complexity and high uncertainty (Weber, Königstein & Töpsch, 1999; Shilling et al., 2008; Bungay, 2011). In business (Shilling et al., 2008; Lutz, 2013b) as well as academia (March and Weissinger-Baylon, 1986; Schössler, 2013), the military technical term "Command and Control" often has a negative connotation implying strict governance rules and micromanagement, with strictly hierarchical and conservative structures being characteristics of the military. However, Shilling et al. (2008) point out the innovative and adaptive side of AT as a governance mode that successfully formulates leadership and organizational processes across functional areas and is an essential element of management and leadership (Creveld, 1985). Dupuy (1977) and Creveld (1982) emphasize the great impact of AT on military performance. There have been few attempts to translate military experiences with AT into business and other domains. Hinks, Alexander and Dunlop (2007), for example, relate AT to the primacy of innovativeness as a prerequisite for innovation in facility management. Leadership which grants leeway to local managers tends to be supportive of innovation, as exemplified in a case study from WW II applying AT. Suparamaniam and Dekker (2003) recognize the discrepancy between responsibility and authority during disaster relief operations. They propose the application of AT to renegotiate authority between the strategic, operational and tactical levels of project management in order to successfully solve goal conflicts or authority dislocation during disaster relief operations. AT is able to address these governance challenges faced by business organizations. In this paper, the usefulness of AT is compared with the competence-based view, an established management approach for responding in uncertain and dynamic markets (Sanchez and Heene, 1997a).

The following section describes the basics of AT. Business challenges and the competence-based view are the focus of the following chapter. Answers to the question "How can AT address the management and leadership challenges facing business organizations identified by the competence-based view?" are included in the findings of the paper, followed by a brief conclusion.

The military governance mode of AT

The origin of AT – from Clausewitz to Moltke

Two hundred years ago, in his work Aphorismen (Donker, 2016), the military theorist Carl von Clausewitz (1780–1831) characterized war as chaotic, uncertain ("fog of war") and containing so-called "frictions", mostly unforeseen and unpredictable events (Clausewitz, 2010) that are known as "black swans" in business terminology (Taleb, 2007). Clausewitz (2010) claimed that principles, rules and even systems of strategy are often misleading in a world where chance, uncertainty and ambiguity dominate. In the tradition of Clausewitz, Moltke the Elder (1800–1891) argued that strategy is a system of operational actions and reactions (*Aushilfen*) in volatile environments such as war and conflict: "No general plan survives the contact with the enemy for more than twenty-four hours" (Moltke, 2000, p. 77). Moltke refused to define concrete guidelines for military leadership. "The commander, who in our days no longer leads a closed phalanx but different armies in different theatres, cannot manage without the independent action of his subordinate commanders. A victory won without – or even against – higher orders can still be part of the totality, for each victory carries with it far-reaching effects. The commander will add it into his calculations, as he does all those other facts that went into modifying the plan he originally conceived and held to steadily" (Moltke, 1894, p. 308).

The strategic plan could, if necessary, be revised and re-oriented by ad hoc decisions and up-dates based on real-time events, following the core intent of the (strategic) commander. This understanding of governance allows for the exploitation of opportunities on the operational and tactical level, with decisive impacts on strategic plans and decision-making processes, leading to a quick and flexible situational adaptation to changing environmental conditions. Moltke emphasizes that leadership tenets can be used as flexible platforms for governance, enabling a system to cope with complexity and uncertainty. He prefers the use of a decentralized command system (AT).

AT as a military governance mode traces back to the nineteenth century. The Prussian-German General Staff System developed it under the auspices of Field Marshal Helmuth von Moltke the Elder, and the General Staff first discussed AT in 1888 in the Field Manuals of German Infantry (Leistenschneider, 2002).

The English-speaking literature prefers the technical terms "mission command" or "directive control" (Storr, 2003; Cullens, 1991), but the term Auftragstaktik (AT) is also widespread and in use as a Germanism (CGSC, 2014). Differences still exist in the understanding and application of AT, which are chiefly due to different military traditions (Millotat, 2000). The German Army Service Regulation 100/100 (BMVg, 2000) summarizes AT in just a few pages, outlining the tasks and requirements of superiors and subordinates, while the US Army dedicates a complete Army Doctrine Reference Publication (USDoA, 2014) to "Mission Command", reflecting its detailed framework. According to Chia and Holt (2008), the German interpretation of AT is based on knowledge-by-exemplification whereas the American mission command hinges on knowledge-by-representation.

The Imperial Japanese Army, for example, was an early adopter of AT and successfully applied AT in the Russo-Japanese War (1904–1905) (Immanuel, 1910). Experiences with AT and military management also seem – as in Western countries (Schössler, 2013) – to influence modern Japanese management culture, which emphasizes a bottom-up approach to

decision-making based on the human resources at the tactical and operational level as well as a high volume of cross-level communication within the enterprise (Yui, 1999).

Basics of AT

Defining AT. AT is the command and control system of the German Federal Armed Forces (BMVg, 2008). The German Army Service Regulation HDv 100/100 (BMVg, 2000, pp. 5–6) defines AT as follows:

Auftragstaktik is based on the mutual trust and demands made of each soldier, in addition to the conscientious performance of duty and willingness to achieve the objectives ordered, in that he is prepared to accept responsibility, to cooperate and to act independently and resourcefully in accordance with the overall mission.

The commander informs his subordinates of his intent, sets clear, achievable objectives and provides the assets required. He only specifies details on how the mission should be executed if measures serving the same objective have to be coordinated or if political or military requirements so demand. He grants subordinate commanders freedom in the way they execute the mission. This is a prerequisite for taking quick, decisive action and serves to strengthen the sense of personal responsibility. Military leaders are educated to utilize this latitude.

The style of leadership and supervision must take this into account. Auftragstaktik presupposes that a superior is willing to accept the occurrence of mistakes in the execution of the mission. Such tolerance, however, has its limits where the accomplishment of the mission and the lives of soldiers are unnecessarily put at risk.

The AT decision-making process. AT focuses on the relation between a superior commander and his subordinate, who interact with each other based on several core concepts (Hughes, 1993):

> In the first step, the higher commander's intent (*Absicht*) lays out how the commander's plans for a campaign or battle should be conducted. The subordinate commander receives an order including the higher commander's intent and mission as well as the implied tasks (from his superior). The subordinate analyses the higher commander's intent and mission as well as the implied tasks and identifies his mission (*Eigener Auftrag*). Furthermore, he analyses the broad, local and geographical complexities of the situation (*Lage*). Together, the higher commander's intent and mission, the implied tasks, his proposed mission and the situation analysis produce a need for action (*Problem*). Taking all four criteria into account, the subordinate reaches a resolution (Entschluss) regarding the need for action, often based on several courses of action (*Handlungsalternativen*).

The following leadership principles and tenets are relevant for the (subordinate) commander (Uhle-Wettler, 1995):

1. an emphasis on speed in adjusting to new circumstances,
2. an emphasis on speed in maintaining the initiative,
3. making a mistake in a resolution is preferable to delaying or failing to reach a resolution,
4. a willingness to accept responsibility for independent decisions and

5. the authorization to abandon a task when necessary as long as the subordinate (commander) acts according to the higher commander's intent.

Subordinates are explicitly allowed to act independently as long as they are doing so in accordance with the common intent as it relates to the situation or context. Acting independently also includes the acceptance of anomic behavior (Wittmann, 2013) as long as this behavior complies with the common intent of the superior leadership. According to the German Joint Service Regulation 10/1, superiors "must sometimes accept solutions that differ from their own" (BMVg, 2008, p. 612). This acceptance of anomic behavior in leadership processes makes AT unique among governance modes. For example, Vroom and Yetton's widely known leadership approach (Jago, 1995) takes into account a participative leadership style (Vroom and Yetton, 1973) but fails to accept anomic behavior in the form of a deviation from an order. In AT, the subordinate can nonetheless rightfully deviate from an order, but only when the following criteria are met (Oetting, 2000):

1. The situation significantly changes or a completely new situation occurs.
2. Immediate action is urgent.
3. The higher commander is not currently available.

Also, in the case of deviation from an order, the subordinate must inform the higher commander as soon as possible but is not required to supply a justification (Kortzfleisch, 1969). These emergent leadership characteristics underline the non-linear nature of AT in responding to the non-linear and chaotic character of war and conflict situations. Figure 1 summarizes the decision-making process and all the possible AT decision cases.
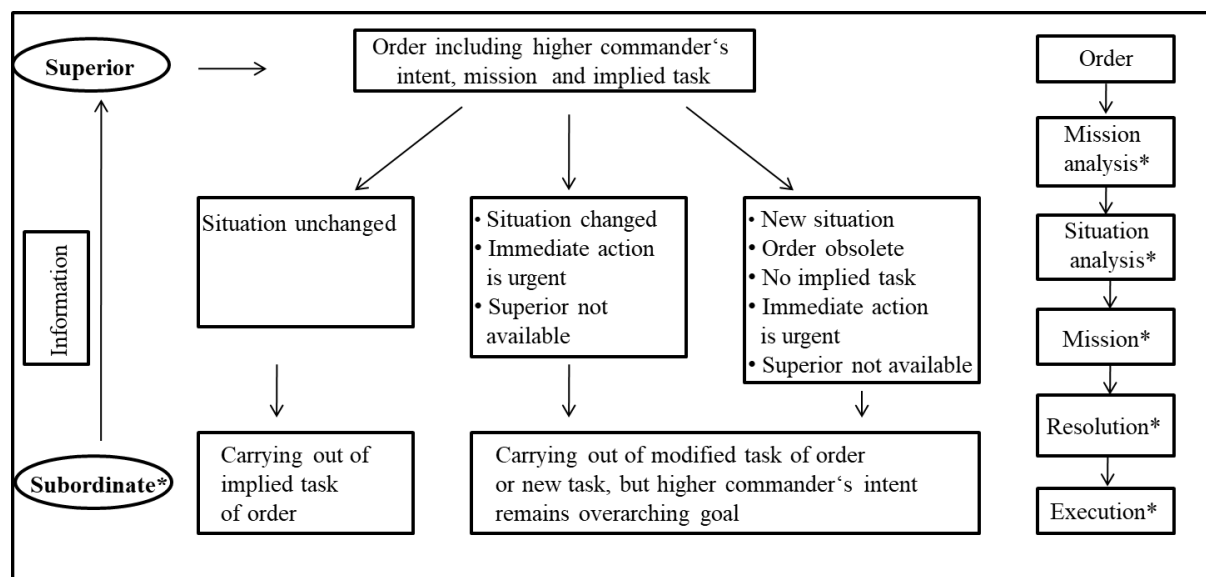

Figure 1: Decision-making process and decision cases of AT (Wittmann, 2012, p. 42)

AT as a comprehensive management and leadership concept incorporates characteristics such as participation and motivation, complexity reduction, mutual learning (Curcio, 2004) and non-hierarchical deviating behavior, including management behavior (as in deviation from the order). The application of AT cascades over all hierarchy levels and also guarantees the participation of all hierarchy levels. The common intent works as an overarching goal and framework for all hierarchy levels and enables military leaders to adapt quickly to situational changes while simultaneously remaining focused on the common intent. These characteristics

of AT enable reasonable exceptions to the traditional top-down execution system of orders (Moltke, 2000) as well as quick adaptation to situational changes in the environment. Additionally, they foster situational and organizational awareness and flexibility in the hierarchical military system.

Heterarchical nature of AT. The concept of heterarchy as a form of coordination (from the bottom up) within transaction theory (Bellmann, 2001) sheds light on the non-hierarchical character of AT mentioned by Simpkin (1985) and Oetting (2000). Hierarchy in terms of transaction theory represents a monolithic business organization with a high degree of specialization under stable environmental conditions. In contrast, a heterarchy comprises business organizations under unstable environmental conditions organized in networks with polycentric structures achieving competitive advantages and being led by one or more enterprises (Sydow, 1993). It reflects the principle of fluctuating hierarchical relations that change relative to the situation and context (Bellmann, 2001). Analogous to the military context, this is the case when a situation changes and a subordinate deviates from an order. The causes of deviation are often (situational) information, knowledge or competence advantages of the subordinate. Many advantages of heterarchy (Reihlen, 1998) justify the application of AT:

1. autonomy and self-control,
2. a high level of intrinsic motivation of the participants,
3. the exploitation of leeway through initiative, curiosity, improvisation and exploration,
4. commonly agreed tenets such as openness, tolerance, honesty and comradeship,
5. the creation of an organization based on mutual trust,
6. the reduction of transaction costs (supporting the economic minimax principle) and
7. a high level of ability to learn (from each other).

The disadvantages of a heterarchy, which are also relevant for AT, are as follows (Reihlen, 1998):

1. a high number of participants may make decision-making more difficult, slower or impossible,
2. a high and costly level of necessary qualifications and competences.

In (military) decision-making, heterarchy-based decisions can influence strategic thinking, strategy formulation, monitoring and controlling. This is because the information, knowledge and competences available to the subordinate experts rise to the strategic level and infiltrate the decision-making process.

Unity of command may be an ideal principle of leadership, but only stable environmental conditions can guarantee the monolithic and monocentric qualities a hierarchy would need to achieve this. In uncertain and dynamic environments, the relevance of an organization's heterarchical characteristics increases. Leadership in heterarchies temporarily requires the replacement of the unity of command of traditional hierarchies and focuses on an overarching goal (common intent). Therefore, it is necessary to situationally adapt the unity of command principle to "unity of common intent", this being the framework for action during heterarchical processes. This facilitates quick adaptability to environmental conditions, fosters the ability of the institution to innovate and change, and improves the quality of the military institution (Schmidtchen, 2006), all of which highlights the high degree of effectiveness that AT has as a governance mode.

Examples of applying AT in heterarchical situations. At the Battle of Colombey in 1870, Major General von der Goltz, commander of an infantry brigade, noticed an unexpected retreat by the French troops at Metz, France. He did not wait for a new order but decided to attack the French forces immediately in order to spoil the plans of the French General Staff (Goltz, 1891). He acted according to the common intent of the German General Staff to try to hold the French forces at Metz until reinforcements arrived (Uhle-Wettler, 2006).

First Lieutenant Rommel (1995) described his role as detachment commander during his attack against Italian defence positions at the Monte Matajur in 1917. He received an order which no longer matched the current situation, and, taking the current situation into account, he decided to exploit the opportunity to continue the attack in order to successfully occupy the peak of Monte Matajur. This action led to the breakdown of the Italian defence lines in the area and was a prerequisite for the breakthrough of German and Austrian forces in the Italian theatre (Häußler, 2008).

Widder (2002) and Dupuy (1977) exemplified the application of AT with the occupation of Fort Eben-Emael in Belgium at the beginning of the Western campaign by a platoon of German airborne pioneers in 1940. Despite the temporary absence of the platoon leader, First Lieutenant Witzig, due to an emergency landing at the beginning of the operation, the platoon, under the command of a non-commissioned officer, Staff Sergeant Wenzel, independently executed the mission successfully under his own initiative according to the common intent (Schriftleitung, 1954).

AT in the context of management and leadership. The heterarchical governance mode of AT as a command and control system has strong links to management and leadership (Creveld, 1985), and it is part of management as well as leadership in military organizations. AT's decision-making process is similar to standard management processes containing target setting, planning, decision-making, execution and control (Ulrich and Fluri, 1995).

Management is defined on the one hand in an institutional manner, as a group of managers leading a (business) organization and its employees, and on the other in a functional manner (Ulrich and Fluri, 1995). Management functions include corporate policy, management philosophy, planning, controlling, organization, leadership and management development (Ulrich and Fluri, 1995). Three aspects distinguish military management from civil management (CDA, 2005):

1. the application of large-scale lethal force or the threat of this force,
2. commanding subordinates to go into harm's way and
3. dispensing specific military justice with substantial power of punishment.

Leadership is part of management and a distinction can be made between the leadership of an organization (leading the organization) and the leadership of people (leading people) (CDA, 2005). The latter is often what is meant by 'leadership' within organizations and involves influencing others to act in accordance with a common intent or a collective purpose (Ulrich and Fluri, 1995).

Business organizations and the management and leadership challenges they face in the context of the competence-based view

Business organizations in volatile and dynamic environments
The survival of business organizations in dynamic, volatile and highly competitive environments requires a high degree of adaptability and changeability on the part of both the organizations and their management. Bellmann (1995) emphasizes that, while optimizing the structure of a business organization is not absolutely essential, the adaptability of the business organization is a *conditio sine qua non* for its survival. An appropriate way of dealing with unexpected, unusual experiences based on frictions is becoming increasingly important in the management of business organizations (Garud, Dunbar & Bartel, 2011).

In contrast, (traditional) business organizations are often based on monolithic and hierarchical structures suitable for stable environmental conditions. The car manufacturer GM is a valuable example of a failure to adapt to environmental conditions, necessitating a later reorganization under US bankruptcy law (Chapter 11) (Lutz, 2013a; Altman, 2008). Studeny et al. (2017) argue that the Volkswagen emissions scandal, which came to light in September 2015, is a consequence of Volkswagen's failure to build up an economically and environmentally sustainable business model and its rigid focus on global market leadership combined with a centralistic management approach (Wimmer, Schneider & Blum, 2010; Lutz, 2013a; Hucko, 2015). However, environmental dynamism and complexity require high levels of flexibility, decentralization and delegation in organizational structures, management and leadership. Dunbar and Garud (2009) analyse the ill-fated case of the Columbia shuttle flight, where a strong and rigid focus on safety and meeting schedules led to a normalization of risk and a failure to exploit the distributed knowledge in the NASA organization to solve the non-routine foam shedding problem. The NASA specialists did not feel a responsibility to act and failed to escalate relevant information to the senior management because of the top-down, bureaucratic management style. Silicon Valley start-ups and new tech companies, such as Google and Uber, seem more adaptable to unstable environments. They tend to project themselves as organizations that focus on decentralization, autonomy and competence-based hierarchies based more on peer accountability than authority-based accountability (Ismail, Malone & Van Geest, 2014); however, recently there has been a great deal of criticism regarding their often aggressive management culture and discriminatory working environments (Lashinsky, 2017; Griffith, 2017).

Sanchez (2012) concludes that a selected set of competitive strategies and organization architectures are relevant when attempting to align to unstable environments. Consequently, as a part of strategic management, the strategic logic of an organization is the operative rationale. Strategic logic includes the management processes coordinating the assets, resources and competences, and incorporates, among other elements, the decisions, rules, norms and procedures necessary to achieve the organization's goals (Sanchez and Heene, 1997b).

In the following, the competence-based view is taken as being representative of up-to-date management research on business organizations in volatile environments (Wolf, 2013). This is important because "the competence perspective is making plain the need for theory that more fully recognizes the realities – above all, the uncertainties – faced by managers and organizations in the practice of strategic management" (Sanchez and Heene, 1997b, p. 5).

Basics of the competence-based view

The objective of strategic management in the competence-based view is to build up a competent organization which creates the value necessary to maintain the activities of the organization (Sanchez and Heene, 2004). The competence-based view focuses on the assets, resources and competences of an organization (Freiling, Gersch & Goeke, 2008). "Competences mean a repeatable, non-random ability to render competitive output" (Freiling, Gersch & Goeke, 2008, p. 1151). Organizational competence is the ability "to sustain coordinated deployments of resources in ways that help the organization to achieve its goals" (Sanchez and Heene, 2004, p. 7). The competence-based view considers firms as open systems which define strategic goals that contain a mix of objectives specific to each firm (Sanchez and Heene, 1997a). Competence-based competition requires an immanent corporate entrepreneurialism based on a permanent learning process regarding leveraging and building new competences more effectively (Sanchez and Heene, 1997a).

Three pillars of the competence-based view emerge for business organizations in volatile and competitive environments responding to market and technological opportunities and aligning to environmental changes:

1. strategic flexibilities for decision-making,
2. control loops to manage adaptation to dynamic environments and
3. gaining competitive advantages with organizational competences.

Strategic flexibilities for decision-making. A promising approach to strategic decision-making is to identify and create strategic flexibilities in order to adequately respond to market and technological opportunities (Sanchez and Heene, 1997b). The purpose of these flexibilities is to align organizational architectures to dynamic environments. Strategic flexibilities mostly appear as product (offer) flexibilities leading to strategic options, which enable a firm (Sanchez, 2001):

1. to initiate technological and organizational learning in order to improve customer-focused product features and functions,
2. to test and analyze market reactions and technological progress regarding modular architecture elements (e.g. component-based functions and features) and
3. to develop and introduce products into markets based on inherent modular architectures that take advantage of market and technology opportunities.

Strategic flexibilities very much depend on resource flexibilities based on the availability of multi-use resources as well as the coordination and cognitive flexibilities of (strategic) managers (Sanchez and Heene, 1997b; Sanchez, 2012).

Cognitive flexibilities are, on the one hand, flexibilities allowing the development of new strategic logics for value creation by integrating new competences and, on the other, flexibilities enabling the development of management processes for the application of new strategic logics (Sanchez, 2012).

Coordination flexibilities comprise the ability of strategic managers to coordinate the strategic use of existing and new competences in an effective manner to create value (Sanchez and Heene, 1997b).

Control loops to manage adaptation to dynamic environments. Strategic managers continually have to measure the level of their organization's goal achievement and identify strategic gaps in volatile environments. There are strategic (higher-order) and operational (lower-order) control loops to manage adaptation (Sanchez and Heene, 1997b):

1. higher-order control loops are based on what is often external strategic data focusing on fundamental changes in strategic logic and management processes by strategic managers.
2. lower-order control loops are based on current operating data and focus on incremental, often product-related changes by mid-level managers.

Strategic managers earn high autonomy and early involvement during the strategic stages by installing strategic flexibilities and creating strategic options. Conversely, mid-level managers chiefly focus on executing operational and tactical tasks (Sanchez, 2013). Sanchez and Heene (1997b, p. 36) consider that "organizations managed through lower-order control loops are likely to be unable to identify opportunities to become product innovators, to adopt new technologies, or to experiment with new organizational forms". Consequently, strategic learning and knowledge management incorporate the effective creation and management of knowledge, which are predominantly tasks for strategic managers (Sanchez, 2013).

Gaining competition advantages with organizational competences. Managing organizations and systemic organizational change require substantial organizational competences on the part of managers. Organizational competences embody a specific set of abilities, such as resource coordination, recognition and appreciation, problem and, in particular, complexity solving; these abilities distinguish the organization from its competitors (Schreyögg and Kliesch, 2005) and allow it to gain competitive advantages in dynamic and uncertain environments. For example, the effective management of modularization and innovation is a flexible management concept and builds an organizational competence (Sanchez, 2013). A key issue when it comes to advancing the understanding of building and leveraging organizational competence (Sanchez and Heene, 1997a) is the better integration of strategic learning and knowledge management.

The management and leadership challenges identified by the competence-based view
Sanchez and Heene (1997a) identify four management and leadership challenges which can limit the ability of managers to build and leverage new competences and retire existing competences:

Highly ambiguous data challenge managerial and organizational cognition. One of the management and leadership challenges of the competence-based view relates to better understanding how managers recognize market and technological opportunities to build or retire current competences, especially in volatile environments. Additionally, benchmarking and environmental scanning, as capable tools for obtaining the external strategic data that is a prerequisite for a situation analysis of business opportunities, suffer in highly volatile environmental conditions. However, highly ambiguous data challenge the recognition and perception of business opportunities by managers in dynamic environments. In particular, the limited recognition of unexpected and unusual incidents and frictions caused by business opportunities create high management risks to the business organization. The formulation of strategic plans derived from the strategic logic is a challenge for (strategic) managers, for example, when the necessary data are highly ambiguous and when it is difficult to acquire urgently required assets in time (Sanchez and Heene, 1997b). These effects also make the

identification and evaluation of strategic flexibilities and options for building new competences difficult, cause information asymmetries and often lead to mediocre management performance.

Limited governance mechanisms in firms as open systems. The improvement of the understanding of governance mechanisms in firms as open systems is a core challenge for management and leadership in the competence-based view. In particular, the evaluation and coordination of assets and resources in firms as open systems and their transformation into new competences in dynamic environments are of great interest for managers. However, the model of the firm as an open system (Sanchez and Heene, 1997a) contains some pitfalls that it is necessary to address:

1. The premise of the competence-based view that only the higher-order loops enable fundamental changes, while the lower-order loops enable incremental changes, does not fit with reality, where bottom-up market and technological opportunities, for example, open innovations (Chesbrough, 2003), are also evaluated and coordinated effectively by mid-level managers.
2. The competence-based view postulates that strategic control loops cannot be changed more easily than operational product-related loops, but this contradicts experiences in industries with long development cycles such as the automotive industry (Mildenberger and Khare, 2000). As a response to changes in the competitive environment, traditionally functional organizations in the automotive industry have transformed into product and process-related organizations with a strong focus on effective and efficient product development (Wheelwright and Clark, 1992).
3. The control loop concept is more of a two-tier hierarchical system, clearly separating the strategic from the operational level and limiting the comprehensive evaluation and coordination of assets and resources, than an integrative governance mechanism functioning for firms as open systems which also have to connect with other firms in order to exchange competences.

Limited coordination. In the competence-based view, coordination flexibility plays a crucial role in competence building and leveraging in dynamic environments. However, the understanding of the coordination of building and leveraging competences in and between business organizations is incomplete. The competence-based view encompasses several pitfalls:

1. The internal coordination processes for competence building and leveraging between strategic and mid-level managers are strongly limited in the control loop concept.
2. The modularity approach has a strong centralistic touch; this is a prerequisite for a top-down only exploitation of the full range of market opportunities and technological possibilities directed by strategic managers. But realistically, the modular approach cannot solely be a top-down approach because this would reduce adaptability to market and technological requirements and opportunities and neglect bottom-up developments, for example, retail staff proposals, open innovations.
3. Additionally, the proposal to implement and maintain a modular development process with absolute discipline (Sanchez, 2013) does not fit with the creativity, initiative and leeway required in a flexible organization to meet the market test for competence (Sanchez, 2001).

Neglecting strategic learning and knowledge management on lower hierarchical levels. Strategic learning and knowledge management are fundamental parts of the competence-based view. A deep understanding of organizational learning and knowledge management is a prerequisite for building and leveraging organizational competences. Learning generally appears multi-directionally. The competence-based view offers concepts that neglect the fundamentals of learning cognitions:

1. Learning effects on the strategic manager level result in the neglect of both learning effects on the lower hierarchical levels and learning interdependencies across all levels of the hierarchy. Consequently, new ideas or ways of dealing with unusual experiences that come from lower levels often are ignored, blocked or underestimated.
2. Limited access to strategic learning and knowledge management by mid-level managers reduces the coordination and cognitive flexibilities of strategic and mid-level managers.
3. The gap between strategic and mid-level managers can also cause a lack of common cultural values and goals, hinder the effectiveness of governance modes and reduce management performance across all hierarchy levels because of information and knowledge asymmetries.

In contrast to his favorable posture towards strategic managers over mid-level managers, Sanchez (2012) surprisingly postulates a shift from hierarchy-oriented to collaborative management concepts, thus reducing the gap between the management levels.

How can AT address the management and leadership challenges facing business organizations identified by the competence-based view
The four identified management and leadership challenges in the competence-based view relate to managerial and organizational cognition, governance mechanisms in firms as open systems, coordination and strategic learning, and knowledge management. AT can address the challenges facing business organizations in the competence-based view as follows.

How can AT improve managerial and organizational cognition in order to identify business opportunities for building new competences. AT is an approach for coping with highly ambiguous data supported by a mix of hierarchical and heterarchical elements in order to improve decisions on business opportunities. The close interaction between the superior and the subordinate plays a crucial role in the communication and common understanding of business opportunities as prerequisites for the build-up of competences. AT's specific view on the superior's role is essentially that they should grant leeway for subordinates' decisions and actions concerning business opportunities and be ready to accept mistakes made by subordinates in independent actions such as identifying and exploiting business opportunities. According to the AT principles, managers should only intervene when the accomplishment of the strategies and business plans or the working conditions of the staff are put at risk. These principles enable subordinates to successfully deal with unexpected, unusual incidents and frictions concerning business opportunities and easily communicate their experiences across hierarchical levels. This means that the exploitation of (business) opportunities initiated by bottom-up knowledge and the competence advantages of subordinates (e.g. R&D and retail staff) can be a core feature of the application of AT in business environments. During the decision-making process of the subordinates, for example, retail staff, a deep situation analysis makes it possible to weigh up both the relevance of the available highly ambiguous data and the situation on the ground. This lowers the decision risks for strategic managers and

leads to a quicker and more situational evaluation and coordination of assets and resources, as well as a quicker transformation into new competences. The subordinate's own resolutions to the need for action, including the permissible degree of deviation from the superior's mission, significantly improve the identification and evaluation of strategic flexibilities and options based on business opportunities. AT's emphasis on the unity of common intent also enables managers and staff to better adapt strategic flexibilities and options to environmental changes while maintaining the firm's set of competitive strategies and organization architectures. The firm remains governable in unstable business environments. Consequently, businesses must prioritize the knowledge and competences of the qualified rank and file in the decision-making process, for example, regarding business opportunities; this works through participation in decision panels such as simultaneous engineering team meetings and workshops. The focus of management processes is to be found in the lower management levels, guaranteeing adaptability to rapid environmental changes. AT improves the relevant cognitive flexibilities, which focus on lower management levels better recognizing business opportunities in volatile environments, and the coordination flexibilities required to anticipate the ideas and initiatives of customers in order to better coordinate assets and resources for the build-up of competences.

How can AT improve the understanding of governance mechanisms in firms as open systems. AT embodies a transmission belt across all levels of a hierarchy, guaranteeing the close participation of subordinates in the decision-making process and improving the comprehensive evaluation and coordination of assets and resources. AT applies a limited and comprehensible vocabulary, keeping communication simple across all levels. Consequently, the common tenets, based on a common understanding, simplify the comprehensive evaluation and coordination of assets and resources in dynamic environmental situations. These aspects of AT bridge the gap between strategic managers and operational managers, as well as staff, which leads to a better common understanding and a better corporate identity. AT's strong emphasis on informal aspects of governance strengthens the bonds between strategic and mid-level managers and staff. This tacit knowledge of informal aspects is a prerequisite for a collaborative working and management environment in firms as open systems and distinguishes the business organization from its competitors. These close and cooperative bonds guarantee the adaptability of the governance mechanisms, which is necessary to master the challenges of uncertainty and complexity in dynamic high-pressure environments – in the military as well as in the business sphere. This also makes comprehensive evaluation and coordination of assets and resources across the boundaries of the firm more effective. Here, AT is also very helpful due to its timeless tenets nurturing cooperation and communication with other firms. All these aspects lead to a better understanding of the coordination of building and leveraging competences in and between business organizations.

How can AT improve understanding of the coordination of building competences. AT, with its heterarchical characteristics, improves the coordination of existing and new competences on the part of managers in a quick and effective manner, enabling value creation through cross-level communication and participation. The application of AT within the modular approach makes the modular approach more adaptive and permeable for bottom-up ideas and the build-up and integration of new competences in and between business organizations. Another aspect is linked to the character of development processes, which start with a feasibility study and become increasingly concretized in the run-up to the realization of the project. During this period, process changes have to be evaluated in time and must comply with the business plan (common intent) in order to be accepted and integrated into

the project configuration. So new ideas from the markets, the customers or technology must be evaluated and integrated into the project without additional costs and according to the business project plan. If this is not possible, the concept will be postponed for later projects. For example, development teams or simultaneous engineering teams have the leeway and permission to foster their own ideas and concepts and escalate them to the management board for perusal and final approval, closely supported by the financial department. There are many product offer examples initiated from the bottom up in the automotive industry by suppliers and inventors, such as driving assistance systems like cruise control and anti-lock braking systems (Teetor, 1950; Lawes, 2014), which enlarge the product configuration with new competences and significantly enhance customer value. This underlines that disruptive innovations on the systems and component level from the bottom up, such as by suppliers and internal purchasing department staff, could also have an impact on the strategic logic and management processes of a firm. Early supplier integration and open innovation tools require substantial and sustainable changes in the strategic logic and management processes.

How can AT nurture strategic learning and knowledge management. The self-regulation, initiative, self-organization and motivation incorporated in the AT concept highlight the better mutual understanding among participants from all hierarchical levels, for example regarding business opportunities. These comprehensive communication processes fuel strategic learning and knowledge management across all levels of the hierarchy with bottom-up information. Garud, Dunbar and Bartel (2011) propose a narrative development process that enables continuous learning for business organizations based on unusual experiences, exemplified by the 3M Corporation. This is very close to the Prussian-German military procedure of documenting and evaluating combat experiences for organizational learning, which has been transferred into army regulations and military publications (Samuels, 1995; Moltke, 1865).

The leadership principles and tenets of AT follow the common sense understanding of an organization by learning and training, and support the build-up and leverage of organizational competences based on its collaborative approach, distinguishing the business organization from its competitors. In particular, AT's acceptance and tolerance of anomic behavior by subordinates when working towards the common intent of the senior management improves the build-up of organizational competences, for example by enhancing the management of modularization and (open) innovation.

The effective and consistent application of AT incorporates decisions made on the lowest competent level, leading to better resource coordination and improved problem and complexity solving in uncertain environments. Other results of AT include a higher level of recognition and appreciation. These aspects lead to a better understanding of organizational learning and knowledge management through close and deep participation by all levels of the hierarchy. During the technical development process of industrial business organizations, mid-level managers and staff have continual and intensive contact with suppliers and development partners and exchange ideas and knowledge. Strategic managers have to support this exchange and motivate staff and mid-level managers to place an emphasis on speed when it comes to adjusting to new technological and business circumstances and maintaining the initiative in cooperation and coordination processes with suppliers and development partners. They also need to communicate that it is better to make a mistake in a resolution than to delay or not reach one and must be willing to accept responsibility for independent decisions as long as they are in accordance with the strategy and the business plan. The systematic collection and evaluation of the relevant information and knowledge in this exchange is

useful for strategic learning and knowledge management, especially for new strategic development projects or lessons learnt procedures.

Conclusion and further research

Dynamic und uncertain environments present challenges for business leaders and the governance of businesses. This encourages entrepreneurs and senior managers to look at other domains confronted with similar developments, such as the military sphere. Despite some management approaches addressing managing incremental change, AT possesses interesting characteristics in terms of its adaptability to frictions and the way it can be applied in dynamic and uncertain business environments. The exploration in this paper underlines the contribution of AT to the competence-based view and, in a second step, the improvement of business organizations in volatile environments. The improvements to the competence-based view that can be made by AT focus on the following points:

1. A better identification and quicker evaluation of strategic flexibilities and options.
2. A quicker and more situational evaluation and coordination of assets and resources as well as a quicker transformation into new competences.
3. A better understanding of the coordination of building and leveraging competences in and between business organizations.
4. A better understanding of organizational learning and knowledge management through close and deep participation from all levels of a hierarchy.

All these points improve the ability of businesses to quickly adapt to environmental conditions and exploit significant business opportunities in the form of technological and market opportunities. These may include identifying new customer needs, new market niches and new open innovations with the help of information from the bottom of the organization and by empowering mid-level management and staff. Further research is needed on:

1. competitor and customer-oriented research of needs by staff and mid-level management in order to better exploit business opportunities and
2. technological brainstorming by technical and engineering staff in cooperation with suppliers, development partners and (potential) customers.

The improvement of the competence-based view with the collaborative management and leadership approach of AT supports business organizations in better, faster and more situational adaptation to business opportunities, with a high level of participation by mid-level management and staff, and in a highly volatile environment. AT supports the build-up and leveraging of organizational competences, which distinguish the business organization from its competitors. AT supports the enhancement of the competence-based view, enabling it to more fully recognize the realities of an uncertain and volatile business world and become more strongly oriented to the market environment (Wolf, 2013). Recommendations for future theory building and research focus on two approaches:

The first is the (theoretical and conceptual) integration of AT as a comprehensive leadership and management concept into the competence-based view, which still lacks effective coordination and governance modes, especially in dynamic and uncertain environments.

The second, taking an opposite view, is to analyze the contribution that can be made by the competence-based view and other organizational research approaches, for example game

theory and new institutionalism, to AT as a comprehensive leadership and management concept.

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Corresponding author: Jochen Wittmann
Contact email: wittmann@globalpanel.org

Cultural Differences Matter, and They Don't: Transcending Polarized and Polarizing Cultural Stereotypes in Diversity Training

Iain D. Macpherson
MacEwan University, Canada

Abstract

Based on reported primary and secondary research, this paper proposes an improvement to the way organizational diversity training (DT) is usually designed and delivered. The focused-upon DT shortcoming is its customary emphasis on instructing trainees about cultural differences in such a way that overstates and oversimplifies those differences, typically contributing to poor outcomes such as lack of change in participant attitudes and behaviour, or even a worsening of them (Kowal, Franklin, & Paradies, 2013).

The proposed improvement is to instead instil in DT trainees a more accurately nuanced intercultural mindset that this author terms *non-binary*: an appreciation of how the world's cultures are both distinct and alike, and how even the most basic differences are often underpinned by paradoxical similarities. By way of concrete example, the sub-construct of Japanese *interiorized individualism* is modelled. The paper concludes by discussing how such non-binary truths, and an accordant behavioural flexibility in cross-cultural interactions, might be fostered in DT trainees through non-traditional pedagogical approaches such as "embodied learning" (Wilson, 2013) and "paradoxical frames" (Miron-Spektor, Gino, and Argote, 2011).

Keywords: diversity training, intercultural theory, individualism/collectivism, *non-binary* cultural orientation, *interiorized individualism*, *exteriorized individualism*

Section I: Introduction

Ia. Overview

Based on reported primary and secondary research, this paper proposes an improvement to the way organizational diversity training (henceforth, *DT*) is usually designed and delivered. The focused-upon DT shortcoming is its customary emphasis on instructing trainees about cultural differences in such a way that overstates and oversimplifies those differences, typically contributing to poor outcomes such as lack of change in participant attitudes and behaviour, or even a worsening of them (Kowal, Franklin, & Paradies, 2013). The proposed improvement is to instead instil in DT trainees a more accurately nuanced intercultural mindset that this author terms *non-binary*: an appreciation of how the world's cultures are both distinct and alike, and how even the most basic differences are often underpinned by paradoxical similarities. By way of concrete example, the sub-construct of Japanese *interiorized individualism* is modelled. The paper concludes by discussing how such non-binary truths, and an accordant behavioural flexibility in cross-cultural interactions, might be fostered in DT trainees through non-traditional pedagogical approaches such as "embodied learning" (Wilson, 2013) and "paradoxical frames" (Miron-Spektor, Gino, and Argote, 2011).

Ib. Organization

Section II begins the paper by briefly explaining the genesis of its reported primary research, conducted in 2014 with the aim of generating fresh insights into DT. The perceived problematic that generated this objective was that scholarly commentary on DT has been almost universally sharply critical (e.g., Vedantam, 2008; Dobbin & Kalev, 2013). The primary research consisted of a small-scale, qualitative analysis of in-depth interviews and one focus group, conducted with DT trainees, in which they reflected upon their experience. These sessions and subsequent study was guided by the following research question: *How do respondent reflections upon their DT relate to the scholarly literature's assessments, in terms of confirming, contradicting, complicating, or adding to them?* The initial explanation of this primary research is followed by a literature-review summarization of the secondary research into scholarship on DT that inspired this research project, by indicating the widespread failure to design and deliver effective DT.

Section III methodologically details how the primary-research interviews and focus group were designed and undertaken, then how the session transcripts were qualitatively analyzed, in a process informed by grounded theory (Glaser & Strauss, 1967), thereby isolating the core construct of *non-binary* cultural orientation as a promising pedagogical focus for DT. Analytic limits to this approach involving the research-participant sample's non-representativeness are addressed in the section's conclusion. This frames the study's data as yielding initial and exploratory insights worth testing and refining through larger-scale, survey-based quantitative study (Ivankova, 2014). Methodological literature is also drawn upon to support the *qualitative* robustness of this study's primary-research findings, notwithstanding their lack of generalizability (e.g., Silverman, 2010).

Section IV relates how this paper's operational concept of non-binary cultural orientation, first struck upon in primary-research transcript analysis, was fully formulated in light of a new round of secondary research into contemporary theoretic debates within cross-cultural scholarship, surrounding the field's central conceptual pairing of *individualism* and *collectivism* (henceforth often *I/C*). Discussion here centres on an emerging body of work that challenges, often with reference to Asian philosophy, the "binary" thinking undergirding cross-cultural contrasts such as I/C (e.g., Chen, 2002; Herdin, 2012). Drawing on this vein of

theory, the author identifies non-binary thinking with a paradox-attunement that can perceive overlaps between similarity and difference. By way of concrete example with regard to Japan, the author argues that the Japanese are most accurately conceived of as *differently* individualistic and collectivistic in comparison with westerners (specifically, Canadians), rather than *more so*. In this explanation, two *non-binary* sub-concepts are introduced: *interiorized* and *exteriorized individualism*.

In recognition that didactic explanation of non-binary thinking will be insufficient for cultivating this cultural orientation in DT trainees, Section V concludes the paper by reviewing pedagogical scholarship and assessing experiential-learning approaches for their potential efficacy in such regard. The literature on DT yields a cognate teaching tactic with Wilson's (2013) "embodied learning"; however, its focus on anti-racist intervention, conflict resolution and emotional catharsis is argued to have limited applicability across the wide range of organizational and intercultural milieus and dynamics addressed by DT. Although not designed for DT purposes, Miron-Spektor, Gino, and Argote's (2011) described "priming exercises" for teaching students to think through "paradoxical frames" are discussed as a promising example of experiential-learning techniques that could be adapted to non-binary DT.

Section II: Study Background and Initial Secondary Research / Literature Review – DT Scholarship

During March 2014, the chance read of a *Harvard Business Review* blog entitled "Diversity Training Doesn't Work" (Bregman, 2012) inspired the author to conduct first-hand research into whether and why the blogger's assertion was true, and how DT might be improved. This was followed by two months of secondary research into the scholarship on DT, focused upon determining faults in the field's practice especially emphasized by researchers, but also gaps in the research that the author might begin to engage. The subsequently-realized aim of this diagnostic literature review was to afterward conduct some primary research involving local (Albertan) DT trainees, thereby exploring major findings from the literature review, in hopes of offering original insights and recommendations regarding DT.

In prefatory lit-review summation, the flaws besetting DT as practiced are many, and highly contingent upon organizational contexts or idiosyncrasies as well as organizational goals; however, a common vein of critique targets oversimplification of the nature of cultural differences – for oft-noted example, inflating "cultural misunderstanding" or outright racism as the sole or primary cause of lack of managerial diversity, as opposed to broader, societally structured, political-economic inequalities. More generally regarding the oversimplification of "culture," there is a tendency to implement DT haphazardly as a hoped-for "quick fix" to various perceived shortcomings.

As for research gaps, a substantive body of DT scholarship has developed during the past decade, nearly all of it quantitative, based on survey reports and statistics, forming a bedrock of empirical data. However, it is likely that bringing to bear more qualitative research –in-depth interviews, rhetorical analysis, speculative theory-building – will fruitfully cross-pollinate this new field, particularly given the persistent failure of DT to sufficiently account for the subtle complexities of cultural difference (Ivankova, 2014; Silverman, 2010). This bifold research gap – under-theorization and the lack of qualitative insight generation – constitutes a basic problematic that subsequent primary research and the writing of this paper has sought to help redress.

Research conducted on DT is heavily critical. Especially since the mid-2000s, a concentration of research essays and consultant blogs has developed around calling for fundamental changes to DT, or for abandoning such programs altogether (e.g., Bregman, 2012; Clark, 2011; Dobbin, Kalev, & Kelly, 2007; Kowal, Franklin, & Paradies, 2013; Vedantam, 2008; Von Bergen, 2013). The argumentative thrust of these findings is summed up by economist and DT consultant Marc Bendick: "If you ask what is the impact of diversity training today, you have to say 75 percent is junk and will have little impact or no impact or negative impact" (as cited in Vedantam, 2008, p. 2).

As to why diversity programs are so often ineffective, critical commentary on DT offers up a plenitude of reasons, most specific to the type of DT and its sponsoring organization's stated DT goals. In terms of the most general critiques, it is frequently noted that the design of DT is often given little thought by management, especially when organizations implement these programs to fulfill or fend off legal obligations (e.g., Dobbin, Kalev, & Kelly, 2006; Dobbin, Kalev, & Kelly, 2007; Kalinoski et al., 2013). Moreover, even when cross-cultural understandings and attitudes seem to measurably improve, this usually fails to translate into more hiring or promotion of minorities, higher productivity, increased job-satisfaction levels, or other desired results (Dobbin, Kalev, & Kelly, 2006; Dobbin, Kalev, & Kelly, 2007).

The most widely-cited DT researchers are Frank Dobbin, Alexandra Kalev, and Erin Kelly (e.g., Dobbin & Kalev, 2013; Dobbin, Kalev, & Kelly, 2006; Dobbin, Kalev, & Kelly, 2007; Dobbin & Kelly, 1998; Kalev, 2014). In a systematic analysis of DT, Dobbin, Kalev, and Kelly (2006, 2007) conducted survey-based and statistical study of 829 U.S. firms over 31 years. They mined this data to determine the effectiveness of different "diversity management" approaches, specifically in relation to the share of women and minorities in management positions. Based on their findings, the authors argue that instead of DT, or DT alone, it is much more effective to focus on mentorship programs and to appoint high-ranking diversity managers and taskforces who are responsible for specific, measurable improvements in diversity (however defined).

Dobbin, Kalev, and Kelly here expose a particular problematic, involving the oversimplification of culture: its faulty aggrandizement as a causative force in organizational inequalities that are politically and economically structured, rather than being a "cultural" matter that can be rectified through DT's targeting of attitudinal change, however effective it might prove in this regard. By this measure, DT sponsors and practitioners should not expect such efforts to increase the proportional representation of minorities or to effect related organization-structural changes. The bar of their success should rather be set at the still-important but less quantifiable improvement of interpersonal interaction among employees and other organizational workers.

In terms of basic gaps in the DT literature that this paper serves to partly fill, there are two oft-interrelated problematics. A first observation is that its scholarship is largely quantitative in nature. This furnishes a wealth of generalizable data from aggregated trainee and management survey responses and analyzed statistics, but without the complementary, detailed understanding to be provided by in-depth qualitative research (Ivankova, 2014; Silverman, 2010). Secondly, there is little theoretic engagement with the methodological underpinnings of DT as both studied and practiced. This lacuna exists in contrast to cognate, current debates replenishing the broader field of intercultural theory, to which this paper turns in its discussion of primary-research findings (Section IV) (e.g., Herdin, 2012: Hofstede, 2002; McSweeney, 2002; Wang, 2009). Arguably, DT scholarship has run up against the

methodological limits of sole reliance upon either quantitative or qualitative analytic approaches – in this case, the inability to model and apply insights more nuanced or ambivalent than numerical evidence can explain and support (Ivankova, 2014; Silverman, 2010).

There are some partial exceptions. Obliquely hitting upon the methodological hazard of *reification* (overstating the extent to which abstract models of human phenomena capture lived complexities), it is sometimes noted that a clumsily-handled focus on white or white-male privilege often results in a defensive backlash, especially when the DT is mandatory, which it usually is (Dobbin, Kalev, & Kelly, 2007; Wilson, 2013). In relatable vein, Bregman (2012) contends that the re-categorization of broad cultural traits on which most DT is predicated essentially replicates the practice of stereotyping and so fails to assist trainees in relating with others as individuals. Bregman presses that assertion in a *Harvard Business Review* blog rather than peer-reviewed scholarship. However, an analogous point is argued, with broader regard to academic generalizations about culture, in scholarly writings addressing the *ecological fallacy* of failing to account for individual-level differences (e.g., Brewer and Venaik, 2014; Gerhart and Fang, 2005).

Section III: Primary Research

IIIa. Primary Research – Methodology
Concentrated secondary research on DT during winter 2014 was followed, over a period spanning June and July, with exploratory and small-scale primary research in the province of Alberta, Canada. The author conducted nine semi-structured, in-depth interviews lasting between 45 minutes and two hours, and one seven-member focus group lasting three hours, with workers in one oil/gas-industry company who had recently undergone cultural DT and were asked to reflect upon the experience. The organization's stated goals for DT emphasized an improvement in interpersonal employee and management-employee relations/communication, though hopes were also expressed that it might lead to more hiring and promotion of female and non-white workers. In recent decades Alberta's oil-based economic boom attracted a rapid influx of labour from all over the planet. This has influenced, in combination with such factors as attempts to improve relations between First Nations and non-Native society, an increase in DT, along with other types of "diversity management," among Albertan organizations (e.g., Carr, 2107; Faulder, 2016).

The primary-research sessions were secured through personal connections with an executive involved in overseeing the company's recently undertaken DT initiatives. In return for permission to interview and focus-group employees on their DT experience, the author presented an overview of findings to corporate Human Resources and high-ranking management officials. All data were anonymized/pseudonymized, and participants signed up voluntarily for the research sessions, which were held outside the workplace and work hours. Confidentiality forms were provided to all participants. No remuneration was offered for this (unfunded) research, except for beverages provided as an out-of-pocket expense shared between the author and his aforementioned personal contact in the company.

The participant sample for this study was small (n=16), and *homogeneous-purposive,* in that research subjects had all undertaken the same DT for the same company; however, they varied in age, gender, ethnicity and profession. The sample was *convenient* in that participants were also selected based on "practical criteria . . . accessibility, geographical proximity, availability at a given time, or the willingness to participate" (Etikan, Musa, &

Alkassim, 2016, p. 2) This *non-probabilistic/non-random* nature of the sample clearly precludes any claims of statistical generalizability for its yielded attitudinal findings regarding DT. Indeed, the project was undertaken as an initial, exploratory assessment of involved issues, with a view to formulating intercultural theories/hypotheses for possible future, larger-scale hence more quantitatively generalizable studies. This limitation being noted, the author concurs with social-scientific methodologists who argue that small, non-random samples of interviewee/focus group subjects often prove qualitatively robust in two ways when subject to close transcript analysis: (1) yielding a level of informational richness not available to necessarily more cursory survey-based attitudinal reports from mass samples; and (2) establishing that participant perspectives do exist among a populace (e.g., Bryman as cited in Baker and Edwards, 2012; Silverman, 2010).

The primary-research sessions were guided by an *exploratory research question* (Robson, 1993):

How do respondent reflections upon their DT relate to the scholarly literature's assessments, in terms of confirming, contradicting, complicating, or adding to them?

As *exploratory research questions* are theorized by Robson (1993), such inquiries aim for a balance between, on one hand, focusing and guiding study, and on the other hand, being general enough to maintain a directional flexibility that frees unexpected findings to emerge. Accordingly, the focus group and interviews were semi-structured with questions and prompts to keep discussion focused on participant assessments of their recently-undertaken DT, and sessions also addressed themes and findings from the reviewed scholarly literature. However, the author drew on training and experience in such fieldwork to maintain a relatively open-ended conversational flow and guard against "leading questions" that would confirm or disconfirm previous scholarship on DT or the author's own certain or tentative opinions. The impossibility of totally removing researcher preconception in such scenarios is a qualitative-research commonplace, as is recognition that this bias can be satisfactorily mitigated by self-monitoring *reflexivity* (e.g., Silverman, 2010).

The primary-research sessions were recorded, with participant permission, and transcribed by the author (by hand). Transcriptions were analyzed qualitatively, in a process methodologically informed by grounded theory (Glaser & Strauss, 1967; Strauss & Corbin, 2008). Grounded theory directs an inductive approach based on researcher effort to suspend preconceptions or hypotheses regarding data – in this case, articulated participant perceptions of DT – thereby increasing the extent to which findings and attendant theories emerge from analysis, and decreasing the extent to which study is guided by pre-existing objectives and orientations.

However, as is often the case with research based on grounded theory, its guidance was partial. This chiefly involves the author's agreement with those "constructivist" grounded theorists (Charmaz, 2007) who, while finding very useful the approach's data-analytical techniques, reject the "purist" claim that that researcher preconceptions can be completely bracketed during analysis, as well as the attendant insistence that no literature review be undertaken prior to or during data collection (Junek & Killion, 2012).

Analysis more closely followed the standard grounded-theory procedure of *open*, then *axial*, then *selective* coding (Glaser & Strauss, 1967; Strauss & Corbin, 2008), an abbreviated description of which follows. First the transcripts were text-analyzed and participant

utterances (sentences and phrases) were *open coded*: labelled according to relatively abstract but relatively specific ideational categories which the utterance is deemed to index (at least more so than other ideas); for example, primarily identifying DT with *oversimplification* or *teambuilding*. Some utterances initially occupied two or more such categories; for example, *instructive* and *important*.

The open-coded utterances were then repeatedly analysed through the *constant comparative method*: conceptually relating and re-relating together participant utterances. Through this practice the textual data was *axially coded*, meaning clustered together into fewer, dominant categories of higher abstraction. This process yielded three axial codes involving participant-utterance orientation towards DT: *positive*, *critical*, and *neutral*, meaning indifferent. Very few utterances wound up coded as *neutral*; most such statements were finally deemed *critical* by implication. (A fourth "axial code" was labelled *ambiguous*, but this categorized utterances as resistant to interpretation and hence unanalyzable.) This process produced two-part axial-category/open-subcategory labels such as *positive-teambuilding* and *critical-oversimplification*.

Finally, *selective coding* was conducted, by which one or more *core categories* are settled upon, reflected upon and refined, as the building blocks of theory construction. For the purposes of this paper, the axial code *critical-oversimplification* was thereby selected as pointing toward insight generation beyond findings and recommendations already disseminated in extant literature. That selection aligned with this paper's research question: *How do respondent reflections upon their DT relate to the scholarly literature's assessments, in terms of confirming, contradicting, complicating, or adding to them?*

The following table summarizes the schedule of project research sessions and features representative respondent quotations, along with their *axial-coding* label:

Session date/duration	Session information	Representative quotation(s)
6.13.14 / 1.5hrs	Interview #1: female, admin. assist., "Caucasian," 23 years of age	"The best part was how they gave different cultures a 'safe space' for airing our confusions and even complaints about each other. Kind of blowing off steam. Not so much the lectures, activities, and so on." ~ Axial code: *positive-teambuilding*
6.13.14/1.5hrs	Interview #2: male, sales rep., "Anglo-Canadian," 30 years of age	"The workshops and take-home materials taught me a lot I didn't know about other cultures, and I think holding the DT during work hours sent the message that this is really important to our company." ~ Axial code: *positive-instructive*
6.14.14/2hrs	Interview #3: male, accountant, "Bangladeshi-Canadian," 27 years of age	"To be honest, I mostly found it a waste of time … lots of stereotypes, along with stuff I'd never heard of about 'South Asians' – and I'm South Asian! … I guess it might be useful as 'diversity for dummies,' for people with no international experience." ~ Axial-code: *critical-oversimplification*
6.20.14/1.5hrs	Interview #4: male, field operator, "White," "mid-to-late thirties"	"Honestly, hearing over and over again about how differently different cultures think about work-related stuff, it gets you wondering how you're going to be able to work together at all. And, this is after I didn't think there were many big problems to begin with!" ~ Axial code: *critical-exacerbation*
6.20.14/1.5hrs	Interview #5: female, sales rep.,	"I learned new things about different cultures, and I think it helps to just be, kind of 'forced' to think about

	"Taiwanese," 30 years of age	what diversity means. The role-playing activities took getting used to, but I think those really drove the points home. I also think the trainers and readings should've distinguished more between Asian cultures, including Taiwanese, or Taiwanese-Canadian, and mainland Chinese." ~ Axial code: *critical-oversimplification*
6.21.14/1hr	Interview #6: male, IT worker, "Scot-Irish Canadian," age withheld	"I'll be honest. I think the company is just covering their asses with diversity training; it's all about PR. The whole time I was just stressing about a project deadline. Wanted to get back to work." ~ Axial code: *critical-imposition*
6.22.14/1.5hrs	Interview #7: female, HR worker, "Eurasian," 26 years of age	"It was good; the trainers knew their stuff … But I don't now how they decide what cultures to focus on; the Philippinas joked about being left out. And what about folks like me? There are lots of mixed-race around these days." ~ Axial code: *critical-oversimplification*
6.22.14/1.5hrs	Interview #8: male, accountant, "Pakistani-Canadian," 32 years of age.	"I'm not sure how effective 'corporate diversity training' can be, especially when it's a one-off thing. But I'm glad companies here are trying something. Alberta's a lot more multicultural than people think, but the Oil and Gas industry is still a little behind the lines." ~ Axial code: *positive-intention*
7.5.14/2hrs	Interview #9: female, accountant, "Lebanese," age withheld.	"For sure these cultural differences matter, and they're important to learn about. But you've got to somehow teach this information while also emphasizing common values, and personality differences, and so on. Is that a bit paradoxical, or something? Probably. But it's true." ~ Axial code: *critical-oversimplification*
7.6.15/3hrs	Focus group – seven participants aged between 20 and 40; varied professions; 4 males self-identifying as Caucasian, 3 females – 2 Chinese-Canadian, 1 Lebanese-Canadian.	"I didn't think there were any cultural or racial problems in the office. Now, after hearing some people air their grievances, I'm not so sure. Is that a good thing?" ~ Axial code: *critical-exacerbation* "I think there could be a backlash, or maybe people justifying their stereotypes by pointing to stuff we learned in diversity training." ~ Axial code: *critical-exacerbation* "I'm just glad to get diversity training on my employee file and resume. That box, ticked off." ~ Axial code: *neutral-meaningless*

Table 1: Representative *axial-coded* respondent quotations

IIIb. Primary Research – Analysis

Transcript analysis yielded some positive assessments, typically to the effect that DT accomplished the organization's goal of improving interpersonal employee relations, owing to its instruction in cultural differences (axial code: *positive-instructive*). There were fewer expressed hopes related to increasing minority hiring and promotion (axial code: *positive-structural*). It is noteworthy that coding also highlighted a clear tendency in *positive* appraisals to approve of the intent of DT (axial code: *positive-intention*) more so than its content, and to value its sessions especially for the "safe space" provided for "blowing off

steam" or "clearing the air" between different cultural groups (axial code: *positive-teambuilding*).

Mostly, the sessions generated neutral-negative to *critical* reports, for a wide variety of reasons. Many such criticisms reflect complaints commonly noted in the scholarly literature on DT (e.g., Dobbin, Kalev, & Kelly, 2007; Kowal, Franklin, & Paradies, 2013; Von Bergen, 2013), such as that the DT was a meaningless and/or onerous imposition (axial code: *negative-imposition*), or even that it was tantamount to "white-bashing" (axial code: *negative-reverse racism*), or was otherwise detrimental to cross-cultural relations (axial code: *critical-exacerbation*).

Several respondent complaints, axially coded *critical-exacerbation*, state or suggest that diversity trainers compel employees to focus on cross-cultural incompatibilities that previously were barely noticed, or were rightly downplayed or ignored. By this measure, training sessions meant to improve cross-cultural relations can actually *increase* perceived discrepancies and divisions by managers and among workers:

> Honestly, hearing over and over again about how differently different cultures think about work-related stuff, it gets you wondering how you're going to be able to work together at all. And, this is after I didn't think there were many big problems to begin with! (Male interviewee, IT worker)

In the final analytic stage of *selective coding*, utterances coded primarily as *critical-oversimplification* were settled on for concentrated reflection. This is because they were deemed to explicitly or implicitly highlight an issue not often addressed in DT commentary: the possible need for DT to adopt a more nuanced conception of culture and cultural difference.

Many such utterances state or suggest that diversity trainers overstate cultural differences, or that they neglect an equally important emphasis on human universals and/or intrinsic individuality:

> For sure these cultural differences matter, and they're important to learn about. But you've got to somehow teach this information while also emphasizing common values, and personality differences, and so on. Is that a bit paradoxical, or something? Probably. But it's true. (Female interviewee, accountant)

With the *critical-oversimplification* code selected as this study's core category for the purpose of further theory building, the author turned to a second round of secondary research, ranging beyond DT-focused scholarship into its surrounding fields of cross-cultural management and broader intercultural theory. As explained in the following section, this study, and the deliberation it inspired, led to this author's construct formulation of a *non-binary* intercultural orientation, and the recommendation that DT focus on its cultivation in trainees.

Section IV: Discussion – The Non-Binary Cultural Orientation

IVa. Intercultural Theory and the Binary-Opposition Paradigm
Among respondent utterances coded as *critical-oversimplification*, a significant number, in various ways, stated or suggested a stance that seems at once contradictory but

commonsensical: In order to be effective and accurate, DT needs to duly emphasize the countervailing behavioural influences of cultural difference, human universals, and individual idiosyncrasy. As related in Section II's literature review of DT scholarship, researchers and lay commentators sometimes also highlight or hint at the need for more subtlety in the field's explicit or underlying conceptions of culture and cultural difference (e.g., Bregman, 2012; Dobbin, Kalev, & Kelly, 2007; Wilson, 2013). However, the called-for nuance is never substantively theorized. Culture remains conceptualized as a fixed variable that, if not precisely quantifiable, is *either/or* or *more/than* in its essence. Such binary frameworks constrain our capacity when comparing cultures, to account sufficiently for differences and similarities that exist simultaneously, or are even co-dependently interlinked "mirror opposites," however ambiguously or paradoxically.

This paper's operational-definition construct of a *non-binary* intercultural mindset received initial impetus from the grounded-theory analysis of transcripts as discussed. However, its full formulation emerged from subsequent secondary research further afield from the extant corpus of DT studies, into current debates among scholars of business culture more broadly. Discussion of those theoretic and methodological disputes will help explain the non-binary orientation and build a case for it constituting a potentially promising pedagogical focus for applied DT.

In their tendency to emphasize cultural difference in starkly oppositional terms – *either/or*, or *more/less* – DT commentators approximate the dominant inclination in intercultural theory focused on organization and management (Chia, 1995). This theoretic tendency has its preeminent exemplar in Geert Hofstede (e.g., Hofstede, 1980; Hofstede, 2001; Hofstede, Hofstede, & Minkov, 2010). A founding figure in cross-cultural theory, Hofstede remains the most oft-cited social scientist in the world of global business (Herdin, 2012). His work has done much to improve cross-cultural understanding, and draw attention to its necessity, in both the scholarship and practice of intercultural and international commerce and management.

Based on his massive-scale, statistically-modeled surveys of multinational IBM employees undertaken during the 1980s, Hofstede ranked the world's countries along spectrums of five binary-opposite values: high-low *power distance* (authoritarianism/egalitarianism); *individualism*/*collectivism*; high-low *uncertainty avoidance*; *masculinity*/*femininity*; and *long-/short-term orientation*. In 2010 he (with Minkov) added *indulgence*/*restraint*. Hofstede's theorization of *collectivism* versus *individualism* (I/C) has proved by far the most influential facet of the overall model (Herdin, 2012). In the most basic terms, Hofstede defines I/C thusly (with his son Gert Jan Hofstede):

> Individualism on the one side versus its opposite, collectivism, is the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties between individuals are loose: everyone is expected to look after her/himself and her/his immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) which continue protecting them in exchange for unquestioning loyalty. The word collectivism in this sense has no political meaning: it refers to the group, not to the state. Again, the issue addressed by this dimension is an extremely fundamental one, regarding all societies in the world. (Hofstede & Hofstede, n.d., 'Individualism')

Hofstede's retained position as the paramount cross-cultural scholar in most management studies (certainly among consultants or in other applied research) owes both to the pioneering nature of his theory and the fact that its quantitative approach appeals to those who prefer (or whose employers or sponsors require) their answers presented as unambiguous, predictive data. If for this reason, too often Hofstede's theory has been oversimplified, he cannot bear much blame. Indeed, he has stated: "At times my supporters worry me more than my critics" (2001, p. 73).

However, Hofstede's work has been contested by other scholars. Soon after Hofstede began publishing his studies in the 1980s, other quantitatively-oriented researchers began challenging the details of his survey-based statistical modeling, or argued that he needs different and/or more cultural dimensions (e.g., Triandis, Leung, Villareal, & Clack, 1985; Triandis, 1995; Trompenaars, 1993; Trompenaars & Hampden-Turner, 1998). Typically, Hofstede has refuted such modifications or models on grounds that the posited dimensions are either faulty, or that they in essence replicate all or less of his five (now six) dimensions. For example, in 1993 other leading cross-cultural theorist Fons Trompenaars posited seven dimensions, but in a rebuttal Hofstede argued that only two "can be confirmed statistically" and they "correlated" with his I/C dimension (1996, p. 189). In such debates, Hofstede often also argues for the wisdom of maintaining theoretic *parsimony*: limiting models to as few dimensions as possible (e.g., Hofstede, 2012).

Some scholars have advanced more fundamental attacks against Hofstede, less in regard to the details of his theory, and more so on its base presumptions; for example, pointing out that cultures do not fit neatly into country categories, or that cultures change over time – objections Hofstede has rejected as overstated (e.g., Hofstede, 2012). However, most social scientists and management researchers do not question the basic idea of quantifying culture, or otherwise framing it, according to binary typologies (*either/or*, or *more/less*). There are exceptions. Some researchers have argued that Hofstede's model of nation-cultural collective differences fails to account sufficiently for individual-level differences, or at least that Hofstede's presentation of the model implicitly encourages such a misapplication (e.g., Gerhart & Fang, 2005). Similarly but in more general and philosophical terms, McSweeney (2002) attacked Hofstede's model for its *causal determinism*. In a response to McSweeney (Hofstede, 2002), and elsewhere (e.g., Hofstede, 2012), has defended his methodology on grounds that it only carefully attributes causality, and in terms indicating that he recognizes the epistemic issues at stake: "Dimensions should not be reified. They do not "exist" in a tangible sense" (2012, p. 31).

Recent years have seen an increase in challenges to the binary-difference modelling of cross-cultural comparison inherent to Hofstede's theory and those of similarly inclined researchers. Often this new vein of critique is coming from scholars who are non-western or bi-cultural (Herdin, 2012), and often their criticisms carry the charge of ethnocentrism – arguing that the reification of abstractions such as I/C dualities is a distinctively western peculiarity, rooted in Greco-Roman logic, Judaeo-Christian absolutism, inordinate methodological positivism ("scientism"), and even phonetic alphabetics (e.g. Chia, 1995; Wang, 2009). As Herdin (2012) notes:

> The recent critique from Asian scholars is based, *inter alia*, on the discrepancies between the Aristotelian linear *either/or* thinking of the west, and the tradition in East Asia based on a cyclic process which can be described as a *both/and* framework

(Chen, 2002) or a Taoist *yin/yang* mode of thinking (Lu and Gilmour, 2006; Wang, 2009). (p. 607)

Certainly, Asian commentators frequently echo the belief in Asian collectivism – sometimes affirmatively, sometimes as a complaint. However, much recent Asian scholarship, perhaps especially out of China, seeks to reject or refine this age-old antithesis between East and West. It is often observed that the "[I/C] typology cannot explain self-evaluations by the Chinese, who see themselves both as collectivists and individualists (Zhai, 1998)" (Herdin, 2012, p. 606; see also Hazen & Shi, 2012). Another common rectification of I/C emphasizes that Asian collectivism is more accurately delimited to small-group or in-group collectivism – "relationalism" – in which one's attachment is to family, workplace, or other institutions one is personally involved with, rather than to broader society or humanity as a whole (e.g., Wang & Liu, 2010). Such arguments arguably imply a "mirror-opposite" Western collectivism: Liberal ideals of civic responsibility or universalism, such as human rights, mark Western societies as *more* collectivist than many Asian societies, but just on broader scales.

Most of the contemporary surge in critiques of I/C dualism has reflected the global resurgence of interest in China, being written by Chinese scholars and/or about Chinese societies (Herdin, 2012). For example, Fang (2011) writes:

Based on the indigenous Chinese philosophy of Yin Yang, I conceptualize culture as possessing inherently paradoxical value orientations, thereby enabling it to embrace opposite traits of any given cultural dimension. I posit that potential paradoxical values coexist in any culture and they give rise to, exist within, reinforce, and complement each other to shape the holistic, dynamic, and dialectical nature of culture. (p. 2)

The author's secondary-research immersion in this new trend within intercultural theory was contemplated in relation to primary-research transcript analysis of research-participant utterances about DT coded as *critical-oversimplification*. That deliberation led to this paper's operational-definition construct of a *non-binary* intercultural mindset, as a potentially promising pedagogical focus for applied DT. The following essay section offers a concrete exemplification of the intercultural insights that can be generated from adoption of a non-binary and paradox-attuned perspective on culture. In accordance with the author's Japan studies specialization, the explanation is focused on Japanese society, and it models, as non-binary sub-constructs, Japan's *interiorized individualism*, considered in relation to the west's (and specifically Canada's) *exteriorized* variant of the same trait.

IVb. *Non-Binary* Cultural Orientation Exemplified – Perceiving Japan's *Interiorized Individualism*

As mentioned, much contemporary paradox-attuned and non-binary cultural theory is focused on Chinese society and thought. However, observers have long associated East Asian thought generally, and perhaps especially Japanese philosophy, with non-binary "dialectical" attunement to *both/and* paradox, often in localized modification of received Chinese principles such as Yin Yang (e.g., Moore, 1967; Nishida, 1966). As well, the differences between Asian and Western cultures are no more pronounced than the cultural differences *within* each region (Saint-Jacques, 2012). Therefore, consideration of Japan sheds a distinctively illustrative light on the deficiencies of an overly binary I/C framework.

Recent cross-cultural management research has moved away from the starkest binary oppositions between Japanese collectivism and western individualism. For example,

Schlunze, Hytell-Srensen, & Ji (2011) note that Northern-European and Japanese organizational cultures share an emphasis on consensual decision-making, and they theorize that this might form the basis of a synergistic "hybrid" management style for European human-resource managers in Japan. In somewhat similar vein, it is fairly common to assert that contemporary Japanese are not as collectivistic as were previous generations – or even no longer more collectivistic than westerners (e.g., Matsumoto, 2002, cited in Saint-Jacques, 2012). Some even argue that the collectivism of Japanese society has *always* been least as much rhetoric as reality (e.g., Befu, 1980; Mouer & Sugimoto, 1986).

As well as deconstructing collectivism, some of these thinkers work to conceptualize a distinctly Japanese individualism. Matsumoto (2002) declares that "there is no support for the claim that Japanese are less individualistic and more collectivistic than Americans" (p. 41, as cited in Saint-Jacques, 2012). He goes on to theorize contemporary Japan's "individualistic collectivism," which blends traditional group orientation with modern self-reliance. Yamazaki (1994) emphasizes "the universal principle of individuation, which transcends culture" (p. 120). He then proposes the concept of "gentle individualism," which distinguishes Japanese from more "rugged" Western variants of his universal, "precultural . . . individuation" (p. 119). Along similar lines, management scholar Aoki (1998) coined "horizontal hierarchy" to capture the paradox that conservative corporate Japan, however authoritarian in many regards, prioritizes "consensual" individual input into decision-making.

Considered *in toto*, such writings support this paper's conceptualization of a distinctly Japanese *interiorized individualism*. Contemplation of such an orientation, and of a correspondently obverse "Caucasian (or Canadian) collectivism," illustrates how DT, and intercultural education generally, can avoid oversimplifying I/C without becoming too vague or abstruse. Worked into DT sessions, these insights could enhance trainee awareness that cultures are at once distinct and alike, and that situation-specific contexts determine which element – difference or similarity – is most interactionally salient in any encounter.

Hofstede ranks Japan as being more egalitarian and individualistic than most other Asian cultures, but more hierarchical and collectivistic than any western country. It scores a 54 out of 100 in "power distance" (authoritarianism versus egalitarianism) and 46 in "individualism," compared with Canada's respective 39 and 80 ("What about Japan?" n.d.; "What about Canada?" n.d.). Certainly, in some plain and primary senses, Japanese culture is more collectivist than Canadian society. However, it is important to recognize that, in equally basic but substantive senses, Canadians are at least as group-oriented and conformist as the Japanese. For immediately obvious examples, our neighbourhoods are more architecturally homogeneous, arguably reflecting and reproducing conventionality of lifestyle (Al-Hindi & Till, 2001), and our sports fans are more inclined to mob behaviour (Russell, 1995).

Institutionally speaking, in many key respects, North American societies operate under a more paternalistic orientation than Japan does, with more legal restrictions on individual behaviour, for sake of collective comfort or safety. This covers a wide range of areas and activities: restaurant or bar closing hours, open alcohol consumption (Tamura, 2016) and cigarette smoking (Tabuchi, Hoshino, & Nakayama, 2015); the production and consumption of "transgressive erotica" (Madill, 2015, p. 274); the relative lack of laws against "hate speech" (Matsui, 2016). There are many reasons for this Japanese variant of relative or incidental libertarianism. Japan Tobacco, the hospitality industry, and manga and anime publishers operate as powerfully entrenched corporate interests (Cairney & Yamazaki, 2017; McLelland, 2011), sometimes or selectively working against censorship and curtailment of

consumption. Another crucial factor is that Japan's postwar constitution was written largely by American political idealists realizing the opportunity they did not have at home to create democracy from scratch (Moore & Robinson, 2002). At least as importantly, the Japanese are self-restraining enough that giving them freer access to alcohol and ideologically or sexually offensive material does not lead to the societal disorder that, it is presumed, would ensue in North American societies. Paradoxically, then, Japanese collectivism – in the sense of adherence to societal norms – manifests in some increase of individual *libertas*.

This fact of Japanese self-governance or self-discipline involves another aspect of Japanese individualism – what this author terms their *interiorized*, *internalized* or *aesthetic individualism* (with due reference to Matsumoto's (2002) "individual collectivism" and Yamazaki's (1994) "gentle individualism"). It has been observed that the Japanese exaltation of emotional reserve, psychological and physical discipline (*ganbare*), and dedication to study or other duty, all demand a mastery of self that is intensely self-focused and therefore individualistic, if "inversely" so – a matter of self-control and self-improvement rather than immediate self-gratification (Miike, 2012; Chen, 2002).

Moreover, partly in response to social pressure for outward conformity, the Japanese place much greater emphasis than North Americans do on having, as a defining component of self-identity, an artistic, aesthetic, or craft-based hobby, from flower arrangement or karate, to ham radio or jazz-record collection (Reischauer & Jansen, 1977). When it comes to such amateur expertise, broadly comparative demographic statistics between Japan and Canada are not available. However, with an estimated one million Japanese having studied haiku under a teacher's guidance ("Haiku," n.d., para. 2; "Poetry," n.d., para. 13), Japan likely has the world's largest population of poets per capita. Moreover, Japan in general is famed worldwide for its artistic/aesthetic sensibilities – the creation and appreciation of art being intensely if not intrinsically self-oriented (Roald & Lang, 2013).

This internalized or aesthetic individualism definitely differs from western individualism: Westerners are much more concerned with projecting the self outward than we are interested in perfecting it inwardly. Western individualism – which is the definition of individualism most widely disseminated – prioritizes having one's prerogatives and perspective affirmed by others (Miike, 2012). But it is clear upon reflection that neither variant of individualism – exteriorized or interiorized – is more intensely experienced or meaningful than the other.

Section V – Conclusion: Paradox and pedagogy – directions and challenges for future research

This paper has reported primary and secondary research linked to the following research question: *How do [research-participant] reflections upon their DT relate to the scholarly literature's assessments, in terms of confirming, contradicting, complicating, or adding to them?* The interviewee and focus-group subjects reported a wide range of perspectives on DT, including a variety of positive assessments. However, most responses echoed the predominant critiques advanced in the literature, from DT being a pointless and/or time-wasting imposition (axial code: *negative-imposition*) (e.g., Kalinoski et al., 2013), to claims that it amounted to anti-white "reverse racism" (axial code: *negative-reverse racism*) (e.g., Dobbin, Kalev, & Kelly, 2007; Wilson, 2013), or otherwise exerted a negative effect upon cross-cultural relations (axial code: *critical-exacerbation*).

The participant sample was too small, *homogeneous-purposive, convenient*, and qualitatively treated to yield statistically generalizable findings. However, upon grounded-theoretical, thematic analysis, a subset of utterances coded primarily as *critical-oversimplification* were deemed to highlight an issue overlooked in DT commentary, but worth more analytic and pedagogical focus: the need for DT to adopt a more nuanced conception of culture and cultural difference. Such respondent utterances state or suggest that DT overstates cultural differences, and consequently, neglects due emphasis on cultural universals and/or individual differences. The need for nuance in such matters, and the difficulty of attaining it, is aptly captured in a respondent's aforementioned, comment-closing observation: "Is that a bit paradoxical, or something? Probably. But it's true" (Female interviewee, accountant).

This discursive vein in the transcript data, analyzed in light of cognate, current debates within intercultural theory (e.g., Fang, 2011; Herdin, 2012), led to this paper's operational construct *non-binary* as an intercultural mindset that DT might seek to cultivate in trainees: a simultaneous attunement to cultural universalities and particularities, and even to everyday paradoxes in which the most basic differences are underpinned by similarities. This paper now concludes with consideration of possible approaches for imparting such a mindset and orientation.

However counter to received wisdom, intercultural paradoxes such as "Japanese individualism" (and Canadian collectivism) can be illuminated through explanations and discussion, couched in plain language and grounded with reference to everyday realities. Such didacticism was modelled in the foregoing section. However, more than conscious, explicit knowledge is involved in the *non-binary* intercultural orientation which DT ought to activate within participant subjects. The transformational aim for trainees is for them to become more intuitively adept at oscillating, in tune with situational contexts, between recognizing then responding to cultural difference, common human nature, and individual personality. This orientation is more a habitual attitude than an explicit behavioural code to remember and adhere to:

> [D]iversity work concerned with changing behaviour cannot focus upon rational thinking alone . . .. Attending to the enactment of difference in everyday life . . . demands a more experimental ethic of cultivation than more traditional forms of diversity training might perhaps allow. (Wilson, 2013, pp. 75–76)

Imparting such tacit knowledge should combine the traditional instruction of explicit knowledge with *tacit* learning – if not through real-life interactions then through pedagogical approaches such as role-playing, story-telling, priming activities, etc. (Wilson, 2013; Miron-Spektor, Gino, & Argote, 2011). However, little research has been published on integrating such implicit-knowledge instructional tactics into DT programs and sessions.

Wilson (2013) offers a partial exception to this dearth of information, describing and discussing a few "embodied learning" exercises aimed at prejudice reduction. In one of these activities, a list of identity markers is called out – from more obvious distinctions such as ethnicity, gender and age, to less visible categories such as social class, sexual preference, religion, and criminal record. Attendees stand up whenever they self-identify with a listed label. Because of category overlaps, typically each participant will find themselves standing at least once with everybody else. This nonverbally highlights the complex interplay of similarity and difference in identities, serving "to remind people that social space is constantly divided by habits of categorisation that . . . create 'false antimonies between

groups'… at the expense of recognising other commonalities" (p. 78). The present author's interviewees and focus-group attendees reported no relatable learning experiences. It is conceivable that, had they done so, fewer of their DT assessments would have been coded *critical-oversimplification*.

The other DT activities Wilson (2013) describes are less broadly applicable to organizational milieus, being designed to address intercultural tensions in which there is at least the threat of blatant discrimination, if not violence. These "prejudice reduction" exercises target racism at a habitual and emotional level specifically by having participants tap into and articulate feelings of *shame*. For example, an identity category is named repeatedly, and each time, participants say aloud the first thought that comes to mind. Typically, the ensuing list of descriptors forces the utterer to publically confront their own prejudices.

Wilson (2013) offers some cautionary comments. For one thing, "it might be the case that more needs to be done to investigate the lasting benefits of such workshops, [and] perhaps more also needs to be done to understand the long-term consequences of staging such discomforting exercises" (p. 79). She adds an intercultural concern:

> Confrontational approaches and the direct communication of negative messages – along with direct eye contact and physical touch – are essential to the workshop programme and yet can be highly offensive or disrespectful to a variety of cultures – a problem that is yet to find an effective solution despite being vital to such intercultural work and dialogue. (p. 80)

For a range of reasons, this type of "embodied-learning" exercise, with its emphasis on intense emotion and even interpersonal contention, likely has limited transferability across various types of DT milieus. Clumsily handled, such exercises could conceivably aggravate cross-cultural tensions; the general risk of this type of blowback is reflected by the present author's study in the number of respondent critiques coded *critical-exacerbation*. As Wilson (2013) herself notes, her described activities might need to be modified – "toned down," in some manner – for usage in workplaces where intercultural communication is a challenge but not (yet) a zone of outright dysfunction.

However, there is no doubt that some form of non-traditional pedagogy is necessary to cultivate the *non-binary* transcultural mindset to be targeted by DT, whatever its organizational milieu. Indeed, recent research is indicating that attunement to ambiguity and ambivalence can boost overall brainpower – not only concerning intercultural relations, but more generally. Reporting experimental results, Miron-Spektor, Gino, and Argote (2011) argue that strategic creativity, "defined as the generation of novel yet useful ideas or solutions to a "problem" (p. 230), can be markedly enhanced by the adoption of "paradoxical frames": "*mental templates individuals use to embrace seemingly contradictory statements or dimensions of a task or situation*" (p. 229, italics in original). They explain the process in detail:

> Instead of eliciting "either/or" thinking, paradoxical frames elicit the type of "both/and" thinking that can result in the discovery of links between opposing forces and the generation of new frameworks and ideas (Lewis, 2000; Luscher & Lewis, 2008). When adopting a paradoxical frame, one acknowledges the tension between opposing task elements, yet understands that combining opposing task elements

> tempers the undesirable side effects of each element alone and leads to new solutions that integrate both elements. (p. 230)

The authors describe a number of priming exercises that can prompt this "strategic-creative" mindset in workers and students. In one experiment, some subjects were asked to write down paradoxical statements, whereas other subjects were only given instructions to write "interesting" statements, before performing the Duncker candle problem (Duncker, 1945), followed by a brief creative-writing exercise. The paradox-primed participants performed better on both tasks. It is feasible that lectures and activities built around cross-cultural paradoxes – such as "Japanese individualism" and "Canadian collectivism" – could simultaneously improve intercultural skills alongside other creative capacities. At the very least, it is plausible that such "paradox-priming" exercises, crafted in relation to culture and cultural differences, would have reduced the number of DT assessments coded *critical-oversimplification* in the present author's study.

More study and experimentation are needed to determine what "tacit learning" exercises can best augment traditional teaching techniques in DT, so as to prepare trainees for the cross-cultural conundrums and contradictions that are an increasingly ubiquitous fact of life – even in Edmonton, North America's northernmost large city. But it is no stretch to presume that one's critical faculties are sharpened by whatever education and experience enhances willingness to second-guess ingrained presumptions; and to engage and embrace complexity, rather than just trying to reduce and control it. Indeed, in this age of globalization effective intercultural education – simultaneously illuminating and softening differences in worldviews – makes not just for better thinkers, but more cosmopolitan citizens. However, as presently practiced, DT's *either/or* oversimplification often exacerbates ill will between cultures, and is usually at best fruitless. Therefore, however much *non-binary* thinking goes against the grain of Western cultural orientations and institutional traditions, thereby making it hard to articulate much less actuate, it behooves us to begin this paradigm shift.

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Corresponding author: Iain D. Macpherson
Contact email: macphersoni3@macewan.ca

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