

Management Systems in Developing Countries

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Introduction

As business activities have become international and most recently global, and geographical borders between countries are vanishing, there will be more frequent and closer interactions among organizations, firms, institutions and industries both within and between countries. One of the means through which these social interactions take place is management system. For this reason management systems have become one of the major issues for researchers and practitioners in the recent years. Exploring these systems as social phenomena needs a through understanding of their complexity. Human beings are the most natural complex system known as the major element and source of complexity in all social phenomena. Interactions and relationships among individuals, groups, and their environment have created different types of social systems such as organizations and institutions. Since organizations and management systems are deeply interdependent with their social context, transferring social technologies across borders is more complex than transferring physical technologies (Tsang, 1998). This can be as a result of the complexity of human beings as the core element of these social systems. Moreover, human actions and interactions are restricted in time and space, which is why all social systems including management systems are constructed in a framework bounded by these two (time and space) dimensions. This explains the relativity and subjectivity of all social studies. Our perception of human actions and/or behavior is bounded by the space in which we are visualizing them and also restricted by our limited capacity of configuring time (Dorner, 1996).

Most of the theoretical and empirical studies on management issues have been developed based on samples from industrialized countries or firms and organizations established in those countries. As a result of this, the applicability of western management theories has always been questioned by researchers in this field (e.i. Clark, 1998; Gopinath, 1998; James, 1997). This indicates that there is a lack of theoretical framework for understanding management systems in Non-Western countries, which will be referred to as developing countries (DCs) in this paper. Since more than 70% percent of the world population lives in the DCs, and the majority of the world's natural resources and market opportunities are in DCs, both practitioners and researchers have

become more interested in understanding their social and business activities. In spite of the importance and vital role of management systems in the organizations and institutions of DCs, there are few theoretical and/or empirical studies on this topic. The purpose of this study is to provide guidelines to develop theoretical frameworks for management systems in DCs. This paper argues that management systems are not part of a technological package that can be transferred to DCs, or systems that should be developed mainly through economic and/or infrastructure improvement. Rather, they are neural complex systems, sensitive to all internal and external signals from activities and interactions within and between organizations.

Most of the recent theoretical and some of the empirical studies on management and organizations in DCs, along with some of the very basic management and administrative theories (such as those by Barnard, Chandler, Andrew, Selznick, Drucker, Simon, Thompson, and Roethlisberger) are used in this study. The complexity of organizations and management systems are described through the application of theories on complex systems in social science. Since the environmental factors play major role in development of every social phenomenon, some of the main regulatory, economic and cultural elements of the situation in DCs are described in the first section. The nature of organizations as the foundation of management activities is elaborated in the second section. In the third section, the evolution of management systems and their vital role as the neural systems of organizations will be discussed; in addition, decision processes in DCs will also be addressed. Finally, some of the major guidelines for future theoretical and empirical studies are provided in the conclusion.

Regulatory, Economic and Cultural Situation in Developing Countries

Historically, countries have been segregated based on their economic condition by using indices such as GNP or GDP. There are many types of clustering such as industrialized, developed, advanced developing, newly industrialized, developing, less developed, and undeveloped. These clusters are used by institutions like the United Nation

Organization, the World Bank, or independent researchers. For the purpose of this study, it is assumed that there are a large number of countries in a cluster named developing countries with specific characteristics. However, developing countries are not nearly as homogenous as industrialized countries (Krugman and Obstfeld, 1994). They are disparate groups in many respects, for example, as targets for the real asset investments and as targets for product markets (Dickens, 1992 and Li, 1994). Kim (1998) argues that even developing countries vary significantly in many respects and may be categorized into three groups in terms of the stage of development. The first group includes Singapore, Taiwan, Hong Kong and Korea in Asia, and Brazil, Argentina and Mexico in Latin America. They are usually called newly industrializing countries (NICs). The second group includes Indonesia, Malaysia, Thailand and Coastal China in Asia. They are usually referred to as the second-tier NICs. The third group consists of the remaining countries. They may be called late developing countries (LDCs). In spite of all these differences, there are some regulatory, economic and cultural traits that are common among these countries. A brief description of these characteristics may help us to locate ourselves in a similar *space* for a better understanding of social constructs such as organizations and management systems in DCs. This does not mean one can generalize conclusions based on these factors. It is believed that each social phenomena is perceived differently both within and between countries. Therefore, what follows are some of the common traits that may help to make this cluster more meaningful.

1. Regulatory and economic situation

Uncertainty is the cornerstone of most regulatory and economic systems in DCs. As an example environmental regulation in developing countries is currently one of the most unpredictable factors facing potential investors (Walde et al., 1996). Not only has environmental legislation in these countries changed rapidly and frequently in the last decade, it has also had a considerable interpretative margin and been enforced with varying degrees of zeal (Verhoosel, 1998). Domination of powerful family (ies), political group(s), or religious group(s) who can impose or override rules and regulations based on their own interests, has made the environment even less predictable. Most of these

countries are bearing significant costs for this regulatory uncertainty. For that reason, as long as government officials have so much discretion, companies often end up working with them. Therefore, intricate relations between business and government actually appear to be the norm throughout the developing world (Khanna, et al., 1997).

Beside this regulatory uncertainty developing countries are charged with having gone on a "foreign borrowing binge". Indeed, the biggest part of the debt in developing countries consists of public or state guaranteed debt. Its share amounted to a ratio of between 62 and 67 per cent in the years 1980, 1996 and 1997; in 1990 it reached about 78 per cent (Backer, 1998). As Chandavarkar (1996) describes it, the data sets that are developed by banks and the methodologies adopted in constructing them have serious drawback in developing countries due to the lack of proper information systems and technical skills.

The socioeconomic and regulatory uncertainties have constructed specific bases for the nature and operation of organizations in DCs. For example the role of governments in building trust and a reliable environment has become crucial in nearly all activities of organizations. In fact, the public sector plays a dominant role as the provider of basic commercial goods and services. Infrastructure facilities traditionally have been constructed and operated by governments due to their public sensitivity and interests. It is believed that infrastructure projects are one of the vital issues of development process in DCs, and provide more appropriate and effective environment for private sector participation (Park, 1998). In spite of the researchers' belief that governments should have no substantial means to regulation or intervention in order to have constructive business activities, governments in DCs are in fact regulating these activities directly and/or indirectly. Even countries such as Malaysia and Indonesia with most notable results in private infrastructure development had to down size their private infrastructure programs because of the recent financial and political crises.

In summary, organizations, management systems and managers of DCs live in a situation with specific characteristics such as political instability, currency devaluation, inflation, foreign debt, undeveloped infrastructure, and a generally high level of uncertainty. Political systems in most of these countries are not stable and/or predictable. Since there is not a single source for legislative activities and each source can overrule the

other, therefore, rules and regulations may change rapidly which again increase the level of uncertainty.

2. *Cultural dimensions*

Researchers have identified more than 160 definitions for culture as an extremely subjective construct. For the purpose of this study, values, norms, beliefs, customs, morals and knowledge shared by members of a nation are defined as national culture. National culture is another major source of differences between management systems in industrialized and DCs (Hofstede, 1980). This of course does not necessarily mean that strongly held culture can help a formal group to perform better. The wrong kind of culture may undermine performance (Lorsh, 1985).

There are two main theoretical approaches in cross-cultural management literature for describing the relationship between culture and management systems. The first one indicates that the main reason for the difference between management systems is probably not cultural bias, rather it is the turbulent socioeconomic climates that set less developed and poor countries apart (e.i. Austin, 1990). On the other hand, a larger group of researchers believe that the *country differences* on value dimensions are sharper than the *country differences* in management systems. This means, values are approximately related to country, and that the influence of country on management style, arise through the values into which managers are socialized (e.i. Adler, 1991; Morris et al., 1998). Based on the later perspective, management theories stop at national borders and there is no such thing as universal management theories (Hofstede, 1993).

There are different models to evaluate values and norms of each specific culture. The six-value orientation framework for cultural differences introduced by Kluckhan and Strodtbeck (1961) is one of these well-known models. Based on this framework, people of DCs are subjugated to nature or believe in harmony with nature. Their relationships are based on group or hierarchical orientation, and their activities are more of being nature. Another most extensively used frameworks for cultural differences is the Hofstede's (1980) model. Based on this framework, people in most of the DCs accept that power in institutions and organizations is distributed unequally, in other words DCs have relatively high degree of power distance (Jaeger, 1990). People in these countries are relation

oriented and caring for others is more important than performance or acquisition of things or money. This is labeled low degree of masculinity in Hofstede's cultural dimensions. High degrees of uncertainty have made these societies feel that they are always threatened by uncertain and ambiguous situational factors. This results in a behavioral pattern of avoiding risks and keeping away from any sources of uncertainty. As a result, DCs have a relatively high degree of uncertainty avoidance (Jaeger, 1990). This may be one of the reasons that they strongly resist any type of change in their communication design and organization structure, and follow a more or less survival strategy. Finally, for people in developing countries, context plays an important role in determining an individual's perception, attribution, and behavior (Jaeger, 1990). Based on their traditional beliefs which indicate that causality and control of outcomes are more external, they utilize associations among events that may not have much logical or cause-effect relationships. Although Hofstede's cultural dimensions are not correlated, but most of the Asian, Latin American, and Middle East countries have a high degree of power distance, and are more collectivist than individualistic. It may be concluded that, high power distance, high uncertainty avoidance, low individualism, and harmony with nature or mastery of environmental forces are some of the common cultural dimensions among most of the DCs.

Despite methodological problems, especially when measuring these cultural dimensions, they clearly indicate that context or environmental factors master individuals, groups and organizations in DCs. Culture is one of the major constructs that should be considered in understanding management systems. But, taking culture as the only driving force for all other social constructs is an effort to simplify complex systems. In fact, culture and economy as well as other social constructs, are limited by time, space, and human being's interpretation. This means that explaining or understanding management systems through a single construct such as culture or socioeconomic environment is inadequate. This is why a combination of all related variables and constructs including individual characters, organizations, groups and environmental factors may be seen as the most appropriate way of analyzing management systems in different contexts.

Organizations in Developing Countries

Human beings are socially oriented creature with limited actual abilities but unlimited potential capacities. Individuals integrate their abilities to form different social units such as families, groups, organizations and institutions to satisfy their needs and gain more power for confronting environmental forces. Each one of these units has its own specific characteristics as a social system. Individuals are members of several organizations simultaneously, all these organizations are conceived as social systems (Roethlisberger, 1977). These systems are not machines with known elements and predictable behavior. They are created as a result of actions and interactions among human individuals and their environment. Based on scientific perspectives (e.i. Selznick, 1957; Simon, 1945) organization is: a technical instrument for mobilizing human energies and directing them toward set aims; a lean no sense system of consciously coordinated activities; a technical, rational, impersonal, task oriented system; or a smooth running machine. Selznick (1957) believes that when an organization is infused with values it acquires self-distinctive identity and becomes an institution. He defines institutions as a natural product of social needs and pressures, a responsive and adaptive organization. But, it should be pointed out that there is almost no organization (with human individuals as its members) without the infusion of values. This means that they are social systems rather than machines or technical instruments.

Since human individuals are complex systems, every social system such as organizations are also perceived to be complex systems. A complex system is defined as an open-ended system of many heterogeneous agents interacting nonlinearly over time with each other and their environment (Maxfield, 1998). These systems are self-organized; they are both capable of adapting their behavior and at the same time influencing their environment based on experience. The fundamental problem of complex systems is uncertainty (Thompson, 1967). Lack of cause/effect relationship between variables (Hawthorn effect), contingency of outcomes (or interdependence with the environment), and interdependency of components has made them very hard to understand.

Individuals would co-operate with or become members of different organizations if

they perceive the inducements reasonable. Understanding decision premises of each individual is crucial in exploring organizations. Each individual is a complex system (hard to understand) who is co-operating with organizations based on his/her bounded rationality (Simon, 1945). Simon claims that, this rationality is limited by three major elements: values, skills, and knowledge. In a context that values and conceptions of purposes are individualistic, the communication process becomes more dynamic, there will be a wider area of rationality for individuals, and therefore, administrative organizations seem to be less important. In a context that values are mainly of a collective nature, the communication process becomes less dynamic, the area of rationality for individuals is limited, as a result of this administrative organizations become more important. The later is in fact the case in most of the DCs. High degree of power-distance as well as high degree of uncertainty avoidance (as described in the previous section) have made communication and authority processes less dynamic in these countries. In other words, there is a limited area of rationality for individuals, therefore, administrative organizations with centralized structure have become more important.

The basic theory of formal organizations indicates that communication, willingness to serve and common purpose are the three main required elements for an organization to exist (Barnard, 1938). Even though the area of rationality for individuals and organizations within and between countries is different, they remain systems in equilibrium, which receive contributions and offer inducements (Simon, 1945). It is traditionally believed that there should be a balance between contribution and inducements/compensations among individuals and organizations (Barnard, 1938). Just as political parties and world powers move toward their objectives through compromise, complex organizations also find compromise inevitable (Thompson, 1967). The main point is to find out how organizations compromise in DCs.

One of the main sources of difference between organizations in developed and developing countries is the way that individuals contribute in an organization and also their perception of inducements. Individuals' contributions in DCs are not only in the form of capital, skills or efforts, but mostly of social relations and/or connection with authorities. Sometimes family names, social position, and/or even connections are the only sources for individuals' contribution. For the same type of reasons and because of the differences in the

nature of individual's expectations, inducements are also perceived differently in DCs. What they need is a type of long-term protection and sustainable support in their uncertain environment, which means the inducement provided by organizations should help them to survive. Organizations in DCs try to keep away from uncertainty and normally prevent dealing with it. That is why organizational identity as the pattern of response in dealing with uncertainty (Thompson 1967) is almost absent in DCs. Moreover, technical efficiency and organizational values are main concerns in organizations of DCs. They are bound by strong social values and norms, which shape both their objectives, and ways to achieve those objectives.

Organizations in DCs can also be described based on economic or market conditions, cultural dimensions, or even authority or political perspectives. A good example is the study by Hamilton and Biggart (1992), they believe that an authority or political economic approach with a Weberian emphasis produces the best explanation for industrial arrangement in DCs. They consider two main factors in their study: the relationships between the state and business sector, and the structure of authority in each type of business network. This approach is a combination of both the market (economy) and cultural approach. Their perception is that the market explanation concentrates on immediate factors and the cultural approach on distant ones. Deriving organizations only from economic perspective such as Chandler's (1977) idea of superior coordination or Williamson's (1981) theory of transaction costs is just reducing complexity of a phenomenon to simplicity. They both see an organization as a calculated expression of economically rational persons seeking profit (Perrow, 1986) which is not the case in DCs.

One last important point about organizations in DCs is the notion of formal and informal organizations introduced by Barnard (1938). These two types of organizations are mutually reactive phase of cooperation and also mutually dependent. There are informal organizations within every formal organization. Complexity of organizations may change by the way these two influences each other. Formal organizations are highly influenced by informal organizations in most of the DCs. The informal systems of communication, friendship and individual relations play an essential role in keeping members of organizations together, which may provide a better opportunity for informal organizations to grow, and influence formal ones. The “*guanxi*” in China; the “*inhwa*” in South Korea; and

tight personal and family relations as the foundation of organizations in Arabic countries are some of the examples that show the significant role of informal organizations in DCs.

Since the actions of organizations is focused on promoting rationality in conditions of uncertainty, they normally act in an open system (Thompson, 1967). Adapting with complex situations has made organizations of DCs more complex. Survival is the dominant goal and adaptation is one of the major means of assuring it in these organizations. Researchers and analysts who use to work with so called rational (with cause-effect relationship) models perceive them much more complex than those from DCs. Therefore, organizations in DCs can not be explained or understood by using rational models developed in industrialized countries.

Management Systems in Developing Countries

There are different perspectives to explore management systems. Drucker (1954) perceives management as an institution in a society that makes its resources productive and leads them to economic advances. He provides three jobs for managers as managing a business, managing managers and managing work and workers. Management may also be seen as an administrative phenomenon, which is a process to cope with uncertainty (Thompson 1967). Thompson considers the co-alignment for three sets of variables (people, technology and task environment, and organization design and structure) as the basic administrative functions.

Defining the nature of management work is another way to understand management as a multidimensional construct. Mintzberg (1973) defines, major dimensions of managerial work in three categories: interpersonal roles (figurehead, leader, liaison), informational roles (monitor, disseminator, spokesperson) and decisional roles (entrepreneur, disturbance handler, resource allocator, negotiator). These are in line with Drucker's (1954) five basic operations for the work of a manager (setting objectives, organizing, motivating, communicating and establishing performance yardsticks, and developing people). Researchers in this field, define managerial work in narrow terms such as planning (Hart, 1992), organizing (Bartlett and Ghoshal, 1995) or controlling activities (Gupta and

Govindarajan, 1991). The most common point in all of these studies is that management involves itself with decision-making process to fit external and internal factors of each social phenomenon. Therefore, one way to understand management activities of DCs is through their decision-making process.

Decision-making is not a one time action but a process in which human beings (who are constrained by time and space) are its core element. It is a subjective construct that should normally follow a pattern. This is what Ackoff (1970) called the “decision-making process boundaries” within which decisions are made. Dynamic objectives with two-way relationships with the environment normally change the direction and boundaries of this process. Ackoff believes that there is no one decision that will resolve the problem of managing, since it needs to follow an incremental improvement. This is in line with what Braybrooke and Lindblom (1963) called incrementalism. As Ali (1993) indicates it, most recent research and studies on cross-cultural management maintain that managers can adapt different decision styles, depending on the pattern of organization and individual characteristics (Blyton, 1984, Yukl, 1981), and also cultural background (Hofstede, 1980; Tayeb, 1988). Managers may display a variety of decision styles, depending on the situation and the type of decisions involved.

Since people in most of the DCs have low degrees of masculinity and individualism (in terms of Hofstede’s cultural dimensions), they tend to ignore small changes. Small change is defined as a change in a relatively unimportant variable, or a relatively unimportant change in an important variable (Braybrooke and Lindblom, 1963) based on individuals’ interpretations. According to theories developed in industrialized countries managers at institutional (corporate) level should be involved with the overall direction of organizational strategic management process, and those at initiating level should in fact make and define strategies (e.i. Bower, 1970). However, in DCs, those at institutional level are defining strategies and most of the time organizational level strategic processes remain with no decision or are left for time and/or environment (space) to solve them. For this reason, there are always accumulated decisions to be made. Societies with these types of organizations and institutions will generally collapse. Historically, they end-up make big decisions to make big changes that often follow with crises and/or revolutions. This is because the ignorance of small changes will end up with the ignorance of the importance of

incremental level of understanding and decisions. Therefore, when organizations in DCs face larger changes, they don't have enough knowledge and understanding to handle them. This can be one of the reasons for perceiving "big decisions" as one of the best solutions for management problems in these countries. But since organizations and their members need more reasonable time to adapt themselves with these rapid changes, there is always a significant gap between words and actions in these countries. They have followed extraordinary strategies such as opening up national market to world competition, closing all doors to be independent, and/or changing the whole management teams, to catch up with the accumulated problems that have not been solved for a long period of time.

For example, the World Bank and IMF claim that the answer to all Africa's problem is to open up their national markets to the world competition and free trade (Brown, 1996). Unfortunately while IMF and the World Bank have persuaded more than thirty African governments to follow their advice, the result has been even worse economic decline in these countries than in those which did not adapt the bank structural adjustment programs. Organizations in those DCs with significant amounts of natural resources such as oil, gas, copper and etc., have tried to keep themselves secure by staying under their government's umbrella (such as Middle-East, or a few of South American countries). Organizations in DCs with no natural resources try to secure themselves using funds and loans injected by the World Bank or IMF (such as most African, Asian, and South American countries). But, in both cases their social and economic problems turned out to be worse after several decades, because of less attention to the problems with their management systems and incremental decisions that should have been made.

Considering the lack of appropriate source of information for managers, it can be concluded that decision making in DCs also follows an adaptive process (Cyert and March, 1963). This process takes into account the inherent organizational conflicts. However, lack of internal consensus, about organizational goals among members of organizations in DCs is more significant than in industrialized countries. As a result of this, most firms operate with considerable latent conflict of goals. Instead of making-decisions to reduce these conflicts, they try to keep themselves safe and secure. Organizations in industrialized countries react and solve problems as they arise (short-run reaction to short-run feedback). They don't treat the environment as exogenous and something to be predicted instead, they seek to control it.

In practice they establish standardized business practices among groups of firms, which collectively seek to eliminate uncertainty (Cyert and March, 1963). One of the standard operating procedures is planning which reduces a complex world to a somewhat simpler one. In complex situations planning is inevitable, because it provides time to look at the interrelated cause-effect relationships (Ackoff, 1970). It is an anticipatory decision making process.

In DCs the tendency is being more passive when facing problems. Decisions are made to avoid problems rather than to control the environment. Uncertainty is mostly avoided by maintaining the existing conditions; therefore, decisions are made to increase the stability of whatever is in hand, as long as it brings more stability and minimum change. Planning has become a part of administration in some of the DCs such as South Korea, but it is not a general standard operating procedure among these countries yet. Decision-making in DCs is also guided by searching for problems. But, since there are rarely organizational slacks, the vulnerable areas for search will be power positions and structural stability. In this process, organizations exhibit adaptive behavior over time. They learn when, where, how and what type of decisions they should make to adopt with their traditional organizational goals. In order to have an efficient and effective decision-making process there should be a system capable of receiving all internal and external signals, and at the same time transferring every incremental decision to each specific part of a social phenomenon. This is why the management system can be seen as the neural system of an organization.

As Thompson et al. (1995) describes it, the administrative aim is to create fits between what takes for strategy execution and the way things are done. The stronger the fits, the better the execution of strategy. Considering cultural dimensions, stormy socio-economic climates and also resource scarcities, it can be imagined how complex will be this fitting process in DCs. Some researchers have built theories on specific dimensions of management systems such as managerial work in different contexts. They have ended up with three main theories: situational, universalism and convergence. Situational theory suggests that there are many models of management, not only across nations and levels of industrialization but also within nations (Campbell et al., 1970). Universalism theorists (Hage and Finsterbusch, 1987 and Mintzberg, 1973) suggest that all managers are motivated by a common drive for efficiency that causes them to mimic best world wide administrative

practices. Convergence theory suggests that management routines among nations with similar cultural and industrialized backgrounds will naturally converge to a common set of enduring routines (Chandler, 1986; Hofstede 1993; and Redding, 1994).

These theories explain a very limited part of management system, which will of course help to understand the whole phenomenon. But, in most of these studies, managers and their activities are perceived based on dimensions developed in industrialized countries. Perhaps all managers actually do engage in similar activities with similar time allocations, although the underlying motivation for these activities, the manner in which they are carried out, and meaning that managers interpret from them might have situational and or convergence influences (Lubatkin et al, 1997). Appropriateness of design, structure and assessment can be judged only in light of the conditions, variables and uncertainties present for the organization; and these judgements are bound to be significantly influenced by the perceptions and beliefs of those participating in the administrative process (Thompson, 1967). As long as we take management system as a purely scientific or physical process driven by economic or technological factors, it will be seen as a transferable package. But, since management systems should be able to perform responsibilities such as:

1. Receiving signals from all internal and external interactions of organizations
2. Providing effective and efficient feedback and decisions to each part of organization at right place and time.
3. Being sensitive to the major external and internal factors in order to protect the organization from all different types of changes in advance.
4. Being able to keep the organization on the right track toward its objectives.

they should act as a neural system for organizations. If managers and organizations in a context are more concerned about competition, economic, and technological issues, it cannot be concluded that management system is a technical instrument or a mathematical model to make efficient use of the organization's resources. It should be realized that since human beings (as the most complex natural system) are the main element of these constructs, a pure scientific or economic approach would not provide a thorough understanding for them.

In summary, management systems (neural systems) of organizations in industrialized countries are very sensitive to competition and economic objectives; less

sensitive to political and social objectives; used to working with codified signals; highly sensitive to every small change; and used to making many decisions as required. In contrast, management systems in developing countries have the following characteristics:

1. Less sensitivity or sometimes even no response to competition and economic objectives.
2. Very sensitive to social relations and political objectives.
3. Significantly concerned about informal organizations, and used to working with less codified signals.
4. Less sensitive to small internal and external changes.
5. Used to making less decision.

It can be seen how difficult and even impossible it is to transfer management systems developed in industrialized countries to DCs. Management systems of DCs should be developed in an evolutionary process for each specific organization or social system. These neural systems become sensitive to specific signals based on the nature and the type of interactions within the organization's members and also between the external and internal elements of each organization. While the purpose of this study is not to explain the degree to which each management system should be sensitive to specific element or condition in different contexts. This sensitivity is one of the most important issues in designing the foundation of each management system specially for transferring new technologies to DCs.

Conclusion

Understanding a social phenomenon such as management systems in DCs is a call for specific attention to what Rothlisberger (1977) named as looking from inside the phenomenon. As he indicates, we should not be like practitioners who only look at the results and pay less attention to the phenomenon itself. Context and its characteristics; the nature of organization; and the three common restrictions and dimensions of every social phenomenon (time, space and human perception), can be used to demodulate this complex system. The domain of each social organization is in fact the resultant vector of balancing forces among its members within their similar bounded rationality. When there is a big difference between elements of an individual's bounded rationality and those of a social

system, the system try to force the individual to adjust. If the individual cannot adjust herself/himself or even change the bounded rationality of the organization, then she/he may not be able to continue co-operating with that organization anymore. These natural internal forces (bounded rationality) of organizations are not culturally bounded. The strategic aspect of administration (as Roethlisberger, 1977 put it) involves finding a point of intersection where the purpose of the organization is aligned with the interests and motivations of the people who make up this system. It is argued that the relationship between environmental characteristics and organizations as social systems has made management a complex neural system. An effective management system has its nerves at every single point of the organization and has a continuous two-way relation with all internal and external factors. For this reason, it continuously evolves and changes its sensitivity. Based on the arguments in the previous sections; review of two decades of public administration in DCs by Siffin (1976); and also the review by Kiggundu et al. (1983) on administrative theory and practice in DCs, the following suggestions and guidelines can be made for future research:

1. Some of the basic theories such as: organizations as social systems; relationship between strategy and structure; bounded rationality of individuals and organizations; existence of formal and informal organizations; and organization as a complex system; are not culturally or geographically bounded. They can be taken as sticks or flashlights to find our way(s) of understanding other phenomena such as organizations and management systems.
2. Conventional theories work in DCs when the domain of application is the technical core of organization, the environment is assumed to be favourable for implementing these theories, and organization tasks and technology are the major concern. In other words, these theories are applicable in DCs when organizations are assumed to be closed systems. As a result of this, it can be argued that when organizations are seen as open systems dealing with contingencies more than constraints, then theories developed in specific contexts such as industrialized countries are not applicable in other contexts like DCs. Thus management systems are not transferable packages; they should develop for each specific organization in its own context.
3. Management systems cannot and should not be understood by looking at only their outcomes or results, and paying less attention to the nature of these systems from inside.

It is needed to look both at organizations and their management systems from inside through a clinical approach.

4. Understanding and explaining management systems in DCs need longitudinal and interpretative types of research along with cross-sectional and positivist types of studies. Therefore, both inductive and deductive models are required to understand this phenomenon in DCs. We need to have two oars for our understanding boat in this white river of knowledge, skills and values.
5. Both researchers and practitioners need to pay more attention to those social constructs that are not easily visible or measurable, such as management systems. It is not appropriate to take only the measurable constructs for building up scientific models and assume that these models are applicable everywhere.

The whole idea is that in order to understand management systems in DCs we need to develop specific models from inside the context that are not driven by a single constructs such as economy, culture, market, competition, or technology. The point is that management systems have been influencing all aspects of social systems, but since economic outcomes and market results have been more visible and easier to measure in industrialized contexts there has been less attention to the nature of this phenomenon. This confirms that there is an obvious and significant need for future theoretical and empirical research on a new approach in understanding management systems.

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