

**The Hong Kong Polytechnic University**  
**MM604 Statistical Analysis for Management**  
**Research**

**Assignment 2**

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Research paper: Intra-cultural variation as another construct of international management: a study based on secondary data of 42 countries

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Most of the existing cross-cultural studies of international management use a construct that evaluates the differences between cultural characteristics, i.e. the existing construct studies the mean values of the measurement of these characteristics. The variance of cultural characteristics is not examined and they are assumed to be of the same magnitude (equal variance assumption). The author proposed that the variance of cultural characteristics (termed intra-cultural variations or "ICV") can be used as an alternative construct to supplement the study and research of international management. The researcher reanalyzed data from the World Value Survey using factor analysis and found that ICV provides as much explanatory power as cultural means in explaining cultural differences. The researcher also found that the factor structures of ICV are different from those of cultural means which support the researcher's view of ICV being another valid construct. The research is exploratory in nature, and further research work is suggested to further refine the conceptual approach of using ICV as a construct for the study of international management.

Since the use of ICV as a construct was proposed in this paper, there were not many prior research work performed which the researcher can reference to. Instead, the researcher provided brief explanations of how ICV was developed through established conceptual framework in social cognition research. The researcher utilized the demographical, cultural value, and institutional conjectures to explain the variations in

cultural characteristics within and between cultures. Demographical models proposed by Hofstede (Hofstede 1991) and Blau (Blau 1977) were used to explain for ICV based on historical and demographical factors. Cultural variations proposed by Hofstede (Hofstede 1991), Peltó (Peltó 1968), Chan (Chan 1996), and Schwartz (Schwartz 1994) were used to explain why ICV exist from a cultural perspective. The researcher also utilized organizational and governmental policies that may cause ICV to differ (Maruyama 1994). Based on these three frameworks, the researcher concluded that ICV does exist and it differs across cultures.

In the previous study of mean differences between cultures, the World Value Survey was used. To be consistent, the researcher used the same data set in the current research. The researcher used 14 items from the World Value Survey for this study. When the means and the standard deviations are compared, it was found that the mean and the standard deviation are substantially different. First, countries may have very similar mean scores but large differences in ICV (standard deviation). Second, the variation within cultures (ICV) is usually larger than the means, meaning that variation within cultures might be equally important in explaining cultural characteristics. The means and ICVs of the 14 items in the World Value Survey were run separately by exploratory factor analysis with varimax rotation. It was found that the variance based factors using ICVs and mean based factors using mean value were structurally different. For ICV-based factors, "ideology variation" and "satisfaction variation" were the first two principle components and they explained close to 71% of the variance; for mean-based factors, "satisfaction typicality," "responsibility typicality," and "income distribution typicality" were the first three principle components and they explained about 66% of the variance. The researcher also factor-analyzed all the factors

simultaneously and found that the ICV and mean based factors clustered among themselves, providing further support that ICV-based factors was a different construct. The researcher then compared the ICV construct to the established cultural frameworks proposed by Hofstede (Hofstede 1991) and Schwartz (Schwartz 1994) and found them to be consistent in general. Based on these findings of different structural factors, the researcher concluded that the ICV-based construct was different from the mean-based construct and further exploratory research should be performed to refine this new construct.

#### Limitations

The study has several limitations.

1. Shelf life of data. The data was abstracted from the World Values Survey in which about 1,000 people in 42 countries were interviewed in 1990. Over the last decade, tremendous advances have been made in terms of information and knowledge transfer through mass media and physical travel. As a result, many cultural characteristics have commingled and are no longer as clear cut as in the previous decade.
2. Data selection. Out of the over three hundred variables in the survey, the researcher selected fourteen items in the “work” section of the survey “without prior screening, other than relevance to business audience and ease of calculation.” This haphazard selection of data can jeopardize the ability to generalize the new construct.
3. The selection of conjectures to explain for the ICVs are based on established cultural dimensions by Hofstede and Schwartz, and interactions with other alternative framework or variables were not investigated.

Research paper:    The Outsourcing of Training and Development Factors Impacting  
                                 Client Satisfaction

Author:                Thomas W. Gainey and Brian S. Klaas

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There is a trend towards outsourcing of firm activities to outside vendors. In the case of training and development, firms often need to make asset-specific investment in the relationship with external vendors. This investment provides the outside vendors with the ability to engage in opportunistic behavior. The researcher hypothesized that the more of this type of opportunistic behavior that the firm perceives and experiences, the lower its satisfaction with the service of the outside vendor. In this research study, the researchers tried to evaluate the factors that affect the level of satisfaction by the firm.

The researchers used transaction cost economics, social exchange theory, and the resource-based view to identify factors that affect the level of opportunistic behavior by the outside vendors which in turn affected the level of satisfaction experienced by the firm. These factors included relationship tenure, vendor dependency, communication behavior, idiosyncratic training, uncertainty, outsourcing KSAs, socially-oriented trust, and contractual specificity. Structural equation modeling was used to evaluate the relationship between these factors and the satisfaction level experienced by the firms. The researchers found that socially-oriented trust and contractual specificity are two latent variables that mediate between the factors that affect the level of opportunistic behavior and the level of satisfaction experienced.

While previous studies have focused on the transaction cost economics aspects of the relationships, which assumed that outside vendors will engage in opportunistic behavior when possible, the researchers have incorporated social exchange theory and resource-based view in this study. The social exchange theory predicts that the social ties and trust established over time between the firm and its outside vendors are strong deterrents against opportunistic behaviors. The resource-based view predicts that outsourcing of training and development is risky in that the firm's core competencies might be imitated by its competitors or its core competencies cannot be replicated within an outsourcing environment.

The following ten hypotheses were tested:

Hypothesis 1: The amount of tenure between a firm and its training vendors will be positively related to the level of socially-oriented trust that a firm has in its training vendors.

Hypothesis 2: The degree to which a firm's training vendors rely on that firm for business will be positively related to the degree of socially-oriented trust in those vendors.

Hypothesis 3: There will be a positive relationship between the degree to which a firm develops effective communication behaviors with its training vendors and the degree of socially-oriented trust in those vendors.

Hypothesis 4: There will be a positive relationship between the degree to which a firm is outsourcing idiosyncratic training and the degree of socially-oriented trust in that firm's training vendors.

Hypothesis 5: There will be a positive relationship between socially-oriented trust in training vendors and client satisfaction with the outsourcing of training and development activities.

Hypothesis 6: There will be a negative relationship between client satisfaction with training and development outsourcing and the extent to which the outsourced training programs are idiosyncratic to the firm.

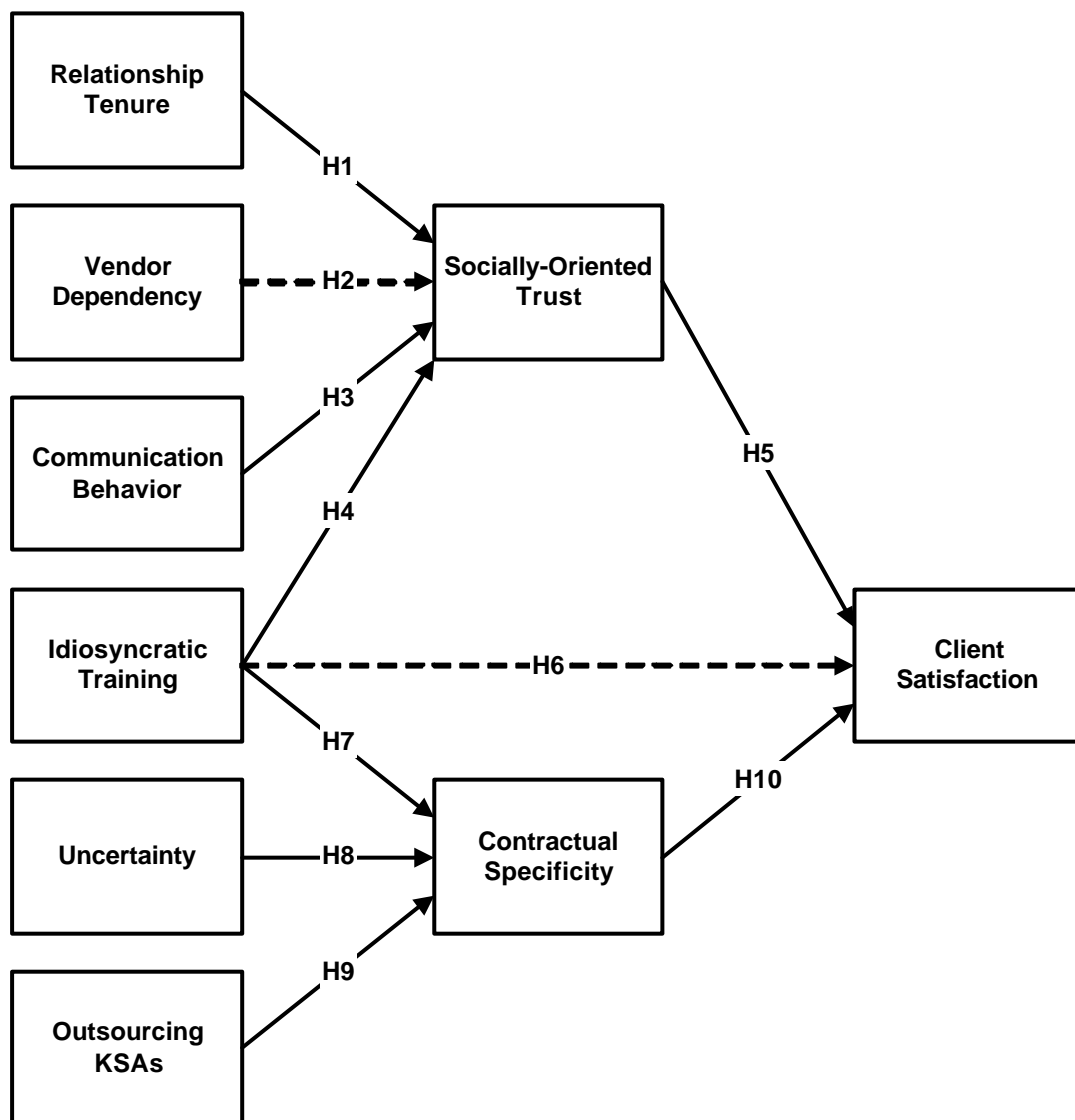
Hypothesis 7: There will be a positive relationship between contractual specificity and the extent to which a firm outsources training and development programs that are idiosyncratic.

Hypothesis 8: There will be a negative relationship between contractual specificity and the degree to which there is uncertainty regarding how to evaluate and monitor vendor performance.

Hypothesis 9: There will be a positive relationship between contract specificity and the outsourcing KSAs possessed by those responsible for managing relationships with training vendors.

Hypothesis 10: There will be a positive relationship between levels of contractual specificity and client satisfaction with the outsourcing of training and development.

The chart below outlines the relationships of the hypothesis being tested.



The researchers collected 157 surveys from suitable subject firms from the initial set of firms in the population. One-way ANOVA was used to check for (a) response bias between selected firms and those in the population, and (b) between satisfaction level of firms that outsource different types of training.

The structural equation model was run, and the ratio of chi-square value to the degree of freedom, the non-normed fit index, and the comparative fit index were examined due to the small sample size. Due to the small sample size, each of the two latent variables was limited to three indicative variables. Convergent validity was also assessed to



ensure that all indicator variables should be retained. The result of the structural equation modeling indicates that all the hypothesis were supported except Hypothesis 2 and Hypothesis 6, both of which were shown as dotted lines in the chart above.

This research paper provided a framework which contributed to the understanding of how social exchange theory and resource-based view provide incremental explanatory power to the transaction cost economics framework of opportunistic behavior on outsourcing situations.

### Limitations

This research study has the following limitations:

- (a) The small sample size is one of the major limitations of this research study.
- (b) The cross-sectional nature of this study also reduced the generalizability of the results found.
- (c) This study focuses on the interaction between the outside vendor and the firm, while interactions between the firm and its competitors and between other vendors are not examined.
- (d) This study assumes that trust and satisfaction is a one-way relationship. However, the relationship between trust and satisfaction can be interactive and iterative.

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