COMPARING THE DECISION STYLES OF AMERICAN, JAPANESE AND CHINESE BUSINESS LEADERS

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ABSTRACT
The globalization of industry and commerce creates an imperative to understand how business leaders from different parts of the world make decisions. A recent study used the Decision Styles Inventory to compare the decision making of American business leaders with those of counterparts from Asia’s two largest economies – Japan and the People’s Republic of China. American, Chinese and Japanese business leaders were each found to have a distinctive decision making style that reflects differing needs for achievement, affiliation, and power. The results have implications for further research and international business practice.

INTRODUCTION
Decision making is a fundamental activity for managers. A leading author of management textbooks perceives it to be “the essence of the manager’s job” (Robbins, 1994) and “a critical element of organizational life” (Robbins, 1997). Meanwhile, Nobel laureate Herbert Simon (1960) suggests that decision making is synonymous with managing.

Managers all over the world must make decisions that significantly affect their organizations. However, differences in their socialization and business environments may affect both decision making processes and choices. The existence of different decision making approaches is widely acknowledged, but remains poorly understood. As international interactions increase, there is a growing need to know how managers make decisions in different parts of the world.

This paper focuses on the process of decision making rather than the preferred/chosen alternative(s) or the subsequent consequences (outcomes). It compares and contrasts the decision styles of top managers in three of the world’s largest national economies – the United States, Japan and (the People’s Republic of) China. Rowe and Bougarides (1994, p. 28) assert that: “Knowing an individual’s decision style pattern, we can predict how he or she will react to various situations.” Therefore, the paper contributes not only to the strategic management literature, but also serves the needs of the international business community.

This paper first reviews relevant parts of the decision making literature before describing the research context, theory and method. The decision styles of American, Japanese and Chinese business leaders are then compared before the implications for both research and practice are considered.

LITERATURE REVIEW
The process of decision making depends on many factors, including “the context in which a decision is made, the decision maker’s way of perceiving and understanding cues, and what the decision maker values or judges as important” (Rowe & Bougarides, 1994). Two significant influences on decision making are values and cognitive perception. Both affect how a decision maker interprets and responds to particular stimuli and conditions. For example, urgent and comprehensive responses are more likely when situations are perceived as threats rather than opportunities (Dutton, 1993; Fredrickson, 1985).

Values are integral to thoughts and actions. They influence the evaluation of both problems (e.g. is it serious? is it solvable?) and potential solutions (e.g. is it worth trying? was it successful?); the processes used to make choices; the development of interpersonal relationships; the boundaries of and limits for ethical behavior; and the response to external pressures.

Different people have different values. Hofstede (1980) studied the work-related values of IBM employees in over 60 countries and found huge variations. National background (or societal culture) explained about half of the overall difference. This was far more than the proportions
explained by professional role, age, or gender. Given the influence of societal (or national) values on how decisions are made, international differences in work-related decision making are expected.

Cognitive perception is another major influence on decision making. The management of information inevitably involves judgment biases. These biases lead to varying frames of reference and subjective interpretations of situations which in turn determine our responses to specific stimuli.

Cognitive perceptions have also been found to differ greatly across countries and continents. Given the scope of our study, it is essential to recognize the key differences across the Pacific Ocean. A survey of Japanese found that they perceived Western (and particularly American) thinking to differ vastly from their own way of thinking (Nagashima, 1993). They characterized Western thinking as objective, analytic, cerebral, and impersonal as opposed to a self-perception of subjective, synthetic, emotional, and personal thinking. The Western distinction between the rational and the irrational may also contrasted with the Japanese concept of *omoi*, which bridges the two (Martinsons, 1991).

The differences in values and perceptions can be explained by cultural factors. Concepts such as hierarchy, collectivism, and attention to context are more important for East Asians, because they have prescribed roles and relationships within relatively complex and stable social networks (Hofstede & Bond, 1988). In contrast, North Americans live in a simpler and less constraining social environment, enabling them to be more egalitarian, individualistic, and less attentive to context. Since decision makers perceive and process new information based on their existing values and perceptions, significant differences in work-related decision making are likely between Americans and Asians.

**Decision Making Styles**

The psychology literature includes several ways to classify *types* of decision makers. For example, Jung’s personality types spawned the Myers-Briggs Type Indicator test. More recently, Rowe and Boulgarides (1983) proposed a model of decision *styles* that recognizes the influence of values and perceptions. The model, shown in Figure 1, suggests that decision makers are driven by four forces.

![Figure 1: Decision Style Model](image)

The four forces - directive, analytic, conceptual, and behavioral - can be related to the typology of needs developed by McClelland (1962). McClelland initially proposed that behavior is motivated by the needs for achievement, power and affiliation. Subsequently, he recognized that the need for achievement may be satisfied in two different ways, either intrinsically by taking on new challenges or extrinsically by receiving praise and recognition.

In the Rowe and Boulgarides typology, the primary need of directive decision makers is power. They are results-oriented, but also want to dominate others. They have a low tolerance for ambiguity and prefer low levels of cognitive complexity. This preference limits the amount of information that they gather and the number of alternatives that they consider.

Analytic decision makers have a strong need for achievement in the form of new challenges. They have greater tolerance for ambiguity than their directive counterparts. Their comfort with cognitive complexity strongly encourages data collection and processing. They make decisions slowly because they want to examine the situation thoroughly and consider many alternatives systematically.
Conceptual decision makers are achievement oriented like their analytic counterparts, but crave extrinsic rewards, such as praise, recognition, and independence. They are comfortable with a high degree of cognitive complexity and also have a strong people orientation. Conceptual decision makers typically gather information from multiple sources and consider many alternatives. They tend to take a long-term perspective, exhibiting considerable creativity and idealism.

Behavioral decision makers are driven primarily by a need for affiliation. This type has a low cognitive complexity, but a strong people orientation. Behavioral style managers tend to communicate easily and be very concerned with the well-being of their peers and subordinates. They are typically receptive to suggestions, willing to compromise, and prefer loose controls.

A Decision Style Inventory (DSI) has been developed to measure the propensity to use the four decision styles. This instrument does not measure absolute values on each style. Instead, scenario-based items are used to determine the relative scores of either an individual or a sample drawn from one population compared to samples drawn from other populations or the population as a whole. The DSI is therefore useful to compare the decision styles of specific individuals or groups.

The DSI has been tested extensively for validity, including split-half and test-retest reliability studies, item analysis, and correlation with other instruments (see Leonard et al., 1999). Item-factor correlations and other indices of model adequacy have been examined using both Western and Asian populations. The DSI’s reliability and validity have been confirmed using the criteria of Robey and Taggart (1981). It has “a very high face validity and reliability. Respondents have almost invariably agreed with their decision styles as shown on the test instrument” (Rowe & Boulgarides, 1994, p. 28).

RESEARCH CONTEXT

The values, attitudes and behaviors of Americans have all been studied thoroughly, and contrasted with those of both the Japanese and the Chinese (Hall & Hall, 1987; Hsu, 1970; Pascale, 1978). Other streams of literature have looked specifically at Japanese management and Chinese management, in isolation (Child, 1994; Whitehill, 1992), in comparison to each other (Chen, 1995; Fukuda, 1983), or compared to an American/Western baseline (Martinsons & Hempel, 1995; Ouchi, 1981). The comparative literature has advanced our knowledge in many facets of management, but strategic decision making is not one of them. Schwenk (1995, p. 484) acknowledged this neglect and went on to suggest “that many of the conclusions about strategic decision making developed in the U.S. context will have to be modified in order to be applicable across cultures”.

In order to better understand the decision styles of business leaders in different contexts, it is useful to look beyond the management (systems) of a specific country or culture (cf. Martinsons & Hempel, 1995) to the prevailing values that shape decision making (Papadakis et al., 1998; Ralston et al., 1997). A review of the literature on societal culture, and particularly the cross-cultural subset, was reviewed in order to theorize how business leaders from the U.S., Japan and China may differ in their decision making.

As “a collective programming of the mind which distinguishes one category or people from another” (Hofstede, 1980), cultural values at the national or societal level are likely to exert a significant influence on decision making. In a groundbreaking study of about 116,000 IBM employees from over 60 countries, Hofstede (1980) identified four dimensions of work-related values: power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance.

The power distance (PD) dimension reflects the extent to which the members in a society accept the unequal distribution of power. The individualism-collectivism (IND) dimension reflects the degree to which people are able and prefer to achieve an identity and status on their own rather than through group memberships. The masculinity-femininity (MAS) dimension reflects the degree to which assertiveness and achievement are valued over nurturing and affiliation. The uncertainty avoidance (UA) dimension measures discomfort with ambiguity and incomplete information.

Despite selective criticism of both his research method (House et al., 1997) and the Western bias of his research design (Yeh, 1988), the dimensions identified by Hofstede (1980) have become a popular framework in cross-cultural research. His results, which are summarized in Table 1, have been replicated repeatedly (cf. Lowe, 1996). As a result, they provide a solid foundation for theorizing about national differences in decision styles.
Table 1
National Scores on Four Cultural Dimensions

<table>
<thead>
<tr>
<th>Dimension</th>
<th>U.S.</th>
<th>Japan</th>
<th>China</th>
<th>Hong Kong</th>
<th>Singapore</th>
<th>Taiwan</th>
<th>Mean Country Score</th>
<th>Range of Country Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Distance</td>
<td>40</td>
<td>54</td>
<td>80</td>
<td>68</td>
<td>74</td>
<td>58</td>
<td>57</td>
<td>11-104</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>46</td>
<td>92</td>
<td>45</td>
<td>29</td>
<td>8</td>
<td>69</td>
<td>64</td>
<td>8-112</td>
</tr>
<tr>
<td>Individualism (opposite of Collectivism)</td>
<td>91</td>
<td>46</td>
<td>20</td>
<td>25</td>
<td>20</td>
<td>17</td>
<td>38</td>
<td>6-91</td>
</tr>
<tr>
<td>Masculinity (opposite of Femininity)</td>
<td>62</td>
<td>95</td>
<td>60</td>
<td>57</td>
<td>48</td>
<td>45</td>
<td>49</td>
<td>5-95</td>
</tr>
</tbody>
</table>

THEORY AND HYPOTHESES

In order to theorize and develop specific hypotheses, it was helpful to draw upon the findings and conclusions of Hofstede (1980). As described below, hypotheses were developed based upon national differences in power distance, individualism-collectivism and uncertainty avoidance (see Table 2).

Table 2
Hofstede’s Classification based on Societal Value Scores

<table>
<thead>
<tr>
<th>Dimension</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Distance</td>
<td>American</td>
<td>Japanese/Chinese</td>
</tr>
<tr>
<td>Individualism</td>
<td>American</td>
<td>Japanese / Chinese</td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>American / Chinese</td>
<td>Japanese</td>
</tr>
</tbody>
</table>

Power Distance and Individualism-Collectivism

The Chinese-dominated societies (including Hong Kong and Taiwan) in Hofstede’s original study, and mainland China in subsequent replications, all scored much higher on power distance (with PD scores > 65) than either Japan (PD score = 54) and especially the United States (PD score = 40). The PD score is inversely correlated with the degree to which subordinates participate in the decision making process. Low PD scores for the U.S. should produce comparatively more democratic and participatory decision making in American workplaces. In contrast, Chinese managers will tend to be more hierarchical, shunning employee participation in the decision making process.

Hofstede (1980) also found that the U.S. scored higher on individualism (IND score = 91) than any other country. The U.S. score greatly exceeded that of Japan (IND = 46) and the Chinese-dominated societies in Hofstede’s initial study, and a subsequently estimated score of 20 for mainland China. The very high level of individualism in America should encourage decision making processes that both focus on self-interest and rely on objective analysis (rather than subjective factors). It should also favor the expression of viewpoints that may compromise harmony.

Subsequent studies replicating Hofstede’s approach in Chinese societies tend to confirm that, despite some sub-cultural differences attributable to variations in political and economic systems, the work value scores of mainland China broadly resemble those found in Hong Kong and Taiwan. Recent research (Ralston et al., 1997) also confirms the persistence of significant international differences in values resembling Hofstede’s PD and IND dimensions.

Although the PD concept has remained broadly unchanged since Hofstede (1980), the same can not be said for the IND dimension. Harry Triandis and his colleagues have provided further evidence for the existence of individualistic-collectivistic differences between societies and also
elaborated this construct. Triandis (1988) found that this construct consisted of four factors - two reflecting individualism (self reliance with hedonism, separation from in-groups) and another two reflecting collectivism (family integrity, interdependence with sociability).

Subsequently, Triandis (1995) proposed that the key attributes distinguishing different kinds of individualism and collectivism are the relative emphases on horizontal and vertical social relationships. Horizontal patterns of relationships assume that one person has more or less the same status as another person. On the other hand, vertical patterns of relationships consist of hierarchies, with one person being at a substantially different status level than the other(s).

Triandis (1995) went on to suggest four types of societies. In horizontally individualistic societies, people are very self-reliant and want to be seen as unique or distinct, but they are not especially interested in becoming distinguished or attaining a high status. In vertically individualistic societies, people do want to attain a distinguished status, and thus they participate in individual competitions with others.

In horizontal collectivist cultures, people see themselves as similar to others, emphasize shared goals with others, and are highly interdependent. In a vertical collectivist culture, people emphasize the integrity of the group, are willing to sacrifice their personal goals for the sake of in-group goals, and support competitions between their in-group and outsiders. They will follow directions given by authorities without objecting (even if they personally disagree with those directions) so long as their in-group will benefit as a result.

Japan scores higher than both the U.S. and China on institutional collectivism. This suggests that Japanese would place a greater emphasis on group interests and have a higher need for affiliation. This encourages consensus-based decision making and, applying the Rowe and Boulgarides typology, a behavioral decision style. Meanwhile, China scored higher on in-group collectivism than the other two countries. A hierarchical structure with an autocratic and directional decision style is thus more likely to be evident in a Chinese business than those found in either Japan or the United States.

Given that Japan scores higher on institutional collectivism than either the U.S. or China, China scores higher on in-group collectivism than either the U.S. or Japan, and China scores higher on power distance than either Japan or the U.S, it was hypothesized that:

H1a. The decision styles of Japanese business leaders are comparatively more behavioral than those of Chinese business leaders.

H1b. The decision styles of Japanese business leaders are comparatively more behavioral than those of American business leaders.

H2a. The decision styles of Chinese business leaders are comparatively more directive than those of Japanese business leaders.

H2b. The decision styles of Chinese business leaders are comparatively more directive than those of American business leaders.

Uncertainty Avoidance

The U.S. score on uncertainty avoidance (UA score = 46) was significantly lower than that of Japan (UA score = 92) in both the original Hofstede (1980) study and more recent replications. Uncertainty can be avoided using two different decision styles: gathering more information and thus adopting an “analytic” style or gathering the support of other people, with the aim of achieving a consensus, and thus adopting a “behavioral” style.

In the West it is widely assumed that uncertainty can be reduced by gathering and processing more information (Martinsons & Westwood, 1997). However, Japanese business leaders are more collectivistic and consensual decision makers than their U.S. counterparts (Kagano et al., 1985). This difference provides additional theoretical support for H1a and H1b above.

Hofstede has related his own findings to the needs typology developed by McClelland (1962). Based on data from 22 societies, there is a strong negative correlation between uncertainty avoidance and the need for achievement, suggesting that societies low in tolerance for uncertainty would tend to be less achievement oriented. The results from Hofstede (1980) together with the
explanatory theory developed by Martinsons and Westwood (1997) suggest that East Asians are significantly more comfortable with uncertainty, including the lack of precise quantitative data, than Americans. The implication is that U.S. business leaders will have a higher need for achievement than both their Japanese and Chinese counterparts. As a result, it was hypothesized that:

**H3a.** The decision styles of American business leaders are comparatively more analytic than those of Japanese business leaders.

**H3b.** The decision styles of American business leaders are comparatively more analytic than those of Chinese business leaders.

**RESEARCH METHOD**

Business newsmagazines such as Fortune, Forbes and BusinessWeek periodically sponsor meetings of business leaders. These meetings, also known as forums or summits, have been held recently in places such as Hong Kong, Shanghai, Singapore, and Tokyo. The invitees to these meetings include the leaders of the largest and most influential firms in their respective countries.

An invitation to speak at one of these meetings, held in Hong Kong during 1997, provided an opportunity to study some of the world’s most influential decision makers. First, quantitative data was collected. A total of 219 business leaders from the U.S., Japan and China completed the Decision Style Inventory. In order to increase the sample size and raise the reliability of the findings, an additional 90 business leaders were surveyed at a subsequent meeting held in Shanghai during 1999. Care was taken to ensure that: 1) only those with general management responsibilities, with job titles such as Chief Executive Officer, Managing Director, and President were studied; and 2) individuals attending both meetings only completed the instrument once.

Following Boulgarides and Oh (1985), the decision style instrument included 19 scenario-based items. Each item featured four statements corresponding to the four driving forces - directive, analytic, conceptual, and behavioral. The instruments for the Japanese and Chinese business leaders were translated into Japanese and Chinese and then back-translated into English following the procedure recommended by Earley (1989).

Respondents were instructed to assign one of the following mutually exclusive numbers to each of the four statements: 8 – if this statement is your most preferred response; 4 – if this statement is your second most preferred response; 2 – if this statement is your third most preferred response; and 1 – if the statement is your least preferred response. Since 15 points (1 + 2 + 4 + 8) had to be distributed across the four statements for each question, a total of 285 points (15 points x 19 items) were available for allocation. Thus, the score for each decision style may range from a minimum of 19 (1 point x 19 items) to a maximum of 152 (8 points x 19 items).

Interviews were also conducted at these meetings in order to get a deeper understanding of the quantitative findings obtained from administering the DSI, and to discuss the implications of the results, including the factors that support and/or inhibit the use of different decision styles. Between five and eight randomly-selected leaders from each of the three countries were interviewed. The interviews, which lasted between 10 and 45 minutes, were either tape-recorded or accompanied by pen-and-paper note taking.

The three national samples were well matched demographically, as shown in Table 3. The most significant discrepancies involved education levels and years of experience with the organization. The Chinese had less formal education than their American or Japanese counterparts. This can be attributed to the suspension of schooling in mainland China during its Cultural Revolution (c. 1966-1976) which affected the formal education of a whole generation of young people.

The Japanese had spent more time (mean = 14.8 years) with their current organization than either the Chinese (mean = 11.5 years) or the Americans (mean = 9.7 years). This reflects the traditional policy of life-long employment in Japan.

The American sample had the shortest average tenure as a top manager (mean = 3.5 years). This is consistent with reports of comparatively frequent management changes in U.S. corporations and reflects the shorter-term orientation of the American culture compared to those in East Asia.
Table 3
Demographic Characteristics of the Respondents

<table>
<thead>
<tr>
<th></th>
<th>Americans n = 139</th>
<th>Japanese n = 82</th>
<th>Chinese n = 88</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age (mean # of years)</strong></td>
<td>44.7</td>
<td>46.3</td>
<td>43.3</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary school or less</td>
<td>11%</td>
<td>9.8%</td>
<td>27%</td>
</tr>
<tr>
<td>Post-secondary study</td>
<td>61%</td>
<td>72%</td>
<td>52%</td>
</tr>
<tr>
<td>Graduate-level study</td>
<td>28%</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Experience (mean # of years)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall work experience</td>
<td>23.8</td>
<td>25.5</td>
<td>24.2</td>
</tr>
<tr>
<td>With the organization</td>
<td>9.7</td>
<td>14.8</td>
<td>11.5</td>
</tr>
<tr>
<td>As a top manager</td>
<td>3.5</td>
<td>5.1</td>
<td>6.2</td>
</tr>
</tbody>
</table>

RESULTS

American business leaders had the highest average score among the three national samples on both the conceptual decision style (mean=79.1) and the analytic decision style (mean=82.2), but the lowest on both the directive style (mean=64.8) and behavioral style (mean=58.8). The Japanese business leaders scored highest on the behavioral style (mean=71.1) while the Chinese business leaders had the most directive style (mean=84.3). Table 4 shows the mean scores and standard deviations for the three samples on the four decision styles as well as the one-way ANOVA F-scores and their significance.

Table 4
Scores on the Decision Style Inventory

<table>
<thead>
<tr>
<th></th>
<th>Americans</th>
<th>Japanese</th>
<th>Chinese</th>
<th>One-way ANOVA F-scores and Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Directive</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>64.8</td>
<td>69.4</td>
<td>84.3</td>
<td>38.731 p=0.001</td>
</tr>
<tr>
<td>S.D.</td>
<td>(8.3)</td>
<td>(6.4)</td>
<td>(6.7)</td>
<td></td>
</tr>
<tr>
<td><strong>Analytic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>82.2</td>
<td>71.8</td>
<td>73.0</td>
<td>18.854 p=0.002</td>
</tr>
<tr>
<td>S.D.</td>
<td>(7.7)</td>
<td>(6.3)</td>
<td>(7.8)</td>
<td></td>
</tr>
<tr>
<td><strong>Conceptual</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>79.1</td>
<td>72.7</td>
<td>67.5</td>
<td>23.652 p=0.001</td>
</tr>
<tr>
<td>S.D.</td>
<td>(8.8)</td>
<td>(6.5)</td>
<td>(7.4)</td>
<td></td>
</tr>
<tr>
<td><strong>Behavioral</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>58.8</td>
<td>71.1</td>
<td>60.2</td>
<td>21.206 p=0.001</td>
</tr>
<tr>
<td>S.D.</td>
<td>(6.8)</td>
<td>(5.9)</td>
<td>(6.6)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>285</td>
<td>285</td>
<td>285</td>
<td></td>
</tr>
</tbody>
</table>

Pairwise t-tests were used to identify significant differences between the scores of the national samples on the four decision styles. Consistent with the hypotheses, the international comparisons revealed that Chinese business leaders scored significantly higher (at a 99% confidence level) on the directive decision style than those from both the United States and Japan. The Japanese business leaders also scored higher on the directive style than their American counterparts.

American business leaders scored significantly higher (at a 99% confidence level) on the analytic decision style than their counterparts from both China and Japan on both the analytic decision style and the conceptual decision style. The Japanese business leaders scored slightly higher than the
Chinese on the conceptual style, but there was no significant difference (even at a modest 90% confidence level) between the two Asian samples on the analytic decision style.

Finally, the Japanese scored significantly higher on the behavioral decision style than their counterparts from both the U.S. and China. There was no significant difference (even at a modest 90% confidence level) between the American and Chinese business leaders on the behavioral style. Comparative tests to control for differences among the national samples in education levels, years of work experience, and length of tenure confirmed the persistence of the differences.

DISCUSSION

The analytic tendencies of American business leaders reflect the rationality of scientific management and the dominant ideology of Western management education. Meanwhile, adoption of a conceptual style is consistent the image of an American leader as an optimistic and progressive visionary.

The directive tendencies of Chinese business leaders can be attributed to their high power distance and high degree of in-group collectivism. In contrast to America’s preoccupation with individual freedom, the Chinese typically seek to maintain social order through a harmony-within-hierarchy arrangement. Consequently, centralized (and discretionary) decisions are common in both mainland and overseas Chinese businesses (Martinsons & Hempel, 1995). The findings suggest that the family collectivism of the Chinese does not carry over into a behaviorally-oriented workplace.

The behavioral tendencies of the Japanese can be attributed largely to the high degree of institutional collectivism that prevails in Japan. In U.S. businesses, the power and responsibility for decisions tends to be vested in designated individuals. In contrast, power and responsibility in Japanese businesses tend to be shared by a group. This collective tendency encourages a middle-up-down process of decision making that cuts across different levels of management (Nonaka, 1988).

Comments from follow-up interviews suggested that the Japanese business leaders employed decision making processes that involved comparatively more people and more subjective elements than their counterparts in the U.S. and especially China. The unique nature of every strategic decision precludes direct comparisons, but most Japanese interviewees agreed that “more than ten managers” had been involved actively in “almost all” of the strategic-level decisions made in their company within the last 6 months. In contrast, both American and Chinese business leaders said that more than 10 people had been involved in “only a few” and “almost none” of their strategic decisions.

The Japanese also indicated that they took a longer time period to complete the strategic decision making process. Whereas the American and Chinese interviewees stated that they commonly took “days” and sometimes “weeks” to make big decisions, “weeks” and “months” were common answers for the Japanese. Extra time was needed to reach a consensus. Although Japanese decision making is rather slow and deliberate, it “paid off” by enabling fast and smooth implementation. Remarkably, the American and Chinese business leaders admitted that many of their decisions over the last 6 months had faced resistance, and could not be implemented as smoothly as they had hoped.

FURTHER RESEARCH

The discovery of distinctive American, Japanese and Chinese styles of strategic decision making suggests opportunities for further research to advance our understanding of this topic and related ones. Japan has a fairly mature economy and a very homogeneous society. The situations in the U.S. and China are complex. Given the rapid economic and social development of China and evidence indicating the existence of sub-cultural differences (Huo & Randall, 1991), there is an acute need for further research of Chinese management. Differences may exist between younger and better educated managers compared with their older counterparts, who typically have fewer years of formal education. There are also reasons to believe that private venture leaders will differ from their counterparts in state-controlled enterprises. Given the prevalence of state enterprise managers in our Chinese sample (more than 75 percent of the total), it may be appropriate to study separately the up-and-coming business leaders in other types of enterprises. The leaders of non-state enterprises in China are likely to play an increasingly important role in the decades to come.

Finer-grained studies of decision making in different parts of the world are also needed. Further research could not only enrich our understanding of the Japanese and Chinese contexts, but
also go beyond the U.S., Japan and China. It is important to know how different managers make different types of decisions. For example, a resource allocation decision may involve a different decision process than one associated with handling a personnel conflict or an entrepreneurial venture.

Only three dimensions of culture – power distance, individualism/collectivism and uncertainty avoidance – were used to develop the theory for this study. Other dimensions, such as the concept of time orientation identified by Bond and his colleagues (Chinese Culture Connection, 1987), were not considered explicitly. However, these dimensions may also influence decision making. For example, a higher long-term orientation score for a society suggests that its members will be more patient, taking the time to both make the right decision and ensuring that the choice is supported by those who have to implement the decision. In contrast, short-term oriented societies tend to select alternatives that offer immediate rewards even if they are sub-optimal in the long term.

Further study is also needed to examine the effectiveness of different decision styles. The adaptability of business leaders (and other decision makers) in terms of both handling various situations also merits more study. The extent to which these national differences will persist is another interesting question, given that younger people are increasingly exposed to more foreign influences.

CONCLUSIONS

American, Japanese and Chinese business leaders were each found to have a distinctive national style of decision making. The American decision style reflects a comparatively higher need for achievement. Business leaders in the U.S. tend to make decisions that either respond to challenges or create opportunities for their efforts to be recognized and praised by others. More generally, American managers have a tendency to “analyze” situations and/or “conceptualize” potential solutions. This mindset encourages a structured and formalized decision making process.

In contrast, the Japanese and Chinese decision styles reflect comparatively high needs for affiliation and personal power, respectively. Japanese business leaders tend to favor decision making outcomes that preserve already-established relationships or help to cultivate new ones. Meanwhile, the strong Japanese need for affiliation also limits management’s ability to change the social structure of a business network in response to a competitive challenge. The ability to maintain and exercise power was found to be a key factor for Chinese business leaders. In a Sino-U.S. joint venture, their desire to maintain a high degree of control could become a source of conflict. American managers will likely try to change the organizational power structure in order to improve business performance.

Enduring differences in decision making tendencies continue to hinder the global transfer of management knowledge. Business leaders who prefer to make decisions in different ways are unlikely to accept a universal set of management principles or “best” practices. International business people must thus be able to accommodate different decision making styles in order to be successful.

REFERENCES