

## **SOCIO-ECONOMIC APPROACH TO COMPARATIVE MANAGEMENT**

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### **ABSTRACT**

*Comparative management though relatively recent in practice in the field of management, has attracted the attention of various management scholars in recent time. These scholars have viewed comparative management from different approaches. However, these management scholars have given an exposition of the field using the various approaches, (environmental, behavioural, organizational theory, socio-economic, open system and system model approaches. This work therefore, is intended to take an in depth view of the socio-economic approach with an intend to posit the concept, eliciting the issues, advantages and making recommendations that will add more values to the field of study.*

**Key words: Comparative management, socio-economic approach.**

### **INTRODUCTION**

The field of management has been an old discipline even from the days of Christ where Apostle Paul took charge of leadership of the other apostle. He was in charge of planning, organizing, directing and controlling other apostles even as they went about preaching the gospel with Christ. Management scholars and practitioners have viewed it differently and use different approaches in its study. To student, management is an academic discipline while others sees it as a profession, Nwachukwu (2002). Management has been seen literally as getting things done through with others or as a process of organizing and employing resources to accomplish pre-determined objectives as cited in Don. M. Baridam (2002). Management has to do with planning, organizing and directing both human and material resources to achieve a common set of goals using different management approaches and principles. Management is also seen as is the process by which managers create direct, maintain and operate purposive organization through systematic, cooperative human effort as it integrates the efforts of individuals or group to operate as a process whereby the organization comes to function as a whole, Jude and Victor (2022). Management involves the collaboration of people in an organization in order to achieve organizational set goals.

In the same vein, the study of comparative management is still recent, it origin in research noted to have started in about the 1960s. Like management that has several schools of thought, so also there exist different approaches to the study of comparative management. The desire of scholars to explain the reasons for the remarkable difference in managerial efficiency and effectiveness across borders, growing interdependence in the world economies; an inescapable need for comparative approach in assessment; the development of an appreciation of cultural diversity and creating sensitivity toward other cultures; widening knowledge base and helping individuals to appreciate his or her own culture and environment sparks up the quest to venture into the study of comparative management by early researchers and scholars of the field. Due to unending quest to widening knowledge, a number of definitions have been provided by the veterans of the field, even as there seem to be no agreement among these scholars and practitioners regarding the most acceptable definition.

Comparative Management therefore, deals with the detection, identification, classification, measurement and interpretation of similarities and difference among managerial actors, process, structures and functions as found in various nations, (Boddewyn, 1969) as cited in N. H Akpanabia (2017). It's an established fact that management principles and approaches are universal but

comparative management focuses on the similarities and differences among business and management system from different contexts, Nwachukwu (2002). Management approaches and principles are the same in all frontiers but its practical application though vary from one business culture to another.

Comparative management could also be looked at as dealing with differences and similarities of managerial systems and management practices in different cultural settings. When one discusses the problems of managerial performance, internal management challenges resulting from either organizational structure or, from the external environment or it public in various countries, one is already in the field of comparative management. The field of comparative management studies includes research activities undertaken to identify and explain similarities and differences among business organization, strategies, management styles and system and social behavior in different work context (e.g. geographical area, cultures or authorities, Pugh et al (1996). Comparative management do not limit its scope only to examining and identifying the similarities and differences among organization but also investigate social behaviour at work places across the different frontiers, consequences and effects of geographical area on performance and productivity of the organization among countries.

Comparative management deals with detection of system, identification, classification and measurement of the similarities and differences between managerial structures, policies of the different organizations and between different countries. It focuses on cross-cultural elements of differences and indifferences. It is the field which is concerned with detection of system, evaluation of similarities and the reasons of differences. It is needed to understand the strategies and policies of the organizations involved in cross-borders activities. So, the main objective of comparative management is to fulfill this requirement. For this theoretical framework is formed where tools and methods are discussed to identify, classify, measurement and interpretation of the similarities and dissimilarities of the operations of different organizations of different countries. For this purpose, some approaches are followed so that, the need of studying the comparative management can be fulfilled and the global trade and competition can become more intense and knowledge driven.

Pugh (1972) explained that comparative management scholars seek to answer two basic questions: what are the similarities or difference between business organizations located in different countries; why are they similar and or different? In order to answer the questions, Pugh suggested that it could be viewed from three stages: "(1) the identification of similarities and difference between organizations located in different countries, (2) the isolation of the socio-economic attributes which account for the observe likeness and variations (3) where socio-economic difference are discovered, it offered an explanation for the transfer of this value to the organization so that they become "infused with national distinctiveness".

Notwithstanding the notion that comparative management is being viewed as distinct field of study and teaching, there are already in existence different theoretical perspective in the field of study. This work is to take a look at the socio-economic approach of comparative management so as to expose it strengths and the attendance shortcomings.

### **SOCIO-ECONOMIC APPROACH TO COMPARATIVE MANAGEMENT**

The importance of management in the economic growth and development of any country cannot be overemphasis for it is a critical factor in unveiling potentials for economic gains. For the hidden potentials of the country's economy to be unlocked, the management approaches and styles must be apparently given cautious attention. According to this approach, system of management is made up of 3 elements i.e. financial resources, authority and the class. Efficiency of managers is the result of these factors, and plays an important role in gaining an increased growth and

industrial development. The first broad socio-economic approach to comparative management was postulated by Fredrick Harbison and Charles A. Mayer in their book, *Management in the Industrial World*. They saw managers as acting and reacting with economic and social environment to elicit economic changes. In this way, Management is seen as a change agent and an integral part of a particular social and economic system. The socio-economic, a macro approach views the trends in management development. Scholars like Harbison and Mayer around (1964) observed that "the building of modern nations depends upon the development of people and the organization of human activity". Harbison and Mayer went further and averred that economic growth and development take stages and the choice of management styles and approaches to be adopted is a function of the management style and beliefs operating in the country. The duo went further and posits that there are four stages of economic development (agrarian-feudalistic, industrial-democrat) and that there is a specific philosophy which is compactable with each of the four stages of the economic development, Nwachukwu (2002). The four stages of economic development (an agrarian-feudalistic society and the industrialized-democratic system) are the universal and inevitable for all countries and further highlighted that each stages should develop appropriate management style to solve the problem emanating from them. The socio-economic approach of comparative management is one among the various approaches that believes in the universality of management principles across countries, cultures and organization. The work of Harbison and Mayer place great premium on the relationship between human resources development and economic growth in addition to the procedures, processes and methods not losing sight of cooperating manpower planning and education with programme that will enhance general and social development of the culture, country and organization, Nwachukwu (2002).

The socio-economic approach of comparative management promotes the participation and democratic management system. Harbison and Mayers posited that assuming all countries eventually ascent to the pyramid of advancement in economic development; that this managerial perception and practice globally would ultimately converge and that all organization and leaders irrespective of culture and environment would depend on participatory and democratic management system. The works and or mode of Harbison and Mayers have provided great impetus and liberal legitimacy to the field of comparative management.

#### **VALUES OF SOCIO-ECONMIC APPROACH**

The Harbison and Mayer's model which postulated managerial beliefs are correlated with the stages of levels of industrial development. This implies that managerial beliefs and practices should become more similar as differences in the level of industrial development. This approach studies only the macro factors and the micro factors like managerial behavior, financial resources, authority and the class efficiency are ignored in this approach. The approach with its concentration on the macro factors has adopted a more unified approach to the study of comparative management. It has developed a global perspective and or view with which the micro factors can be developed and internalized for effective organizational performance.

The socio-economic approach to comparative management has given global strength and impetus to the development of other micro-factors as stated above. This approach has created direction to the different in the reward system in the global perspective. Different organizations have different rewarding system. Some organizations prefer to motivate the employees by measuring individual performance in the business while some organizations prefer to give incentives as the reward to a collective group based on group performance

#### **CRITICISM AGAINST THE SOCIO-ECONOMOC APPROACH**

Despite the important and contributions of this approach of the model as postulated by Harbison and Mayers and its impacts on the field of comparative management in a particular country's economic development, the socio-economic approach have came under heavy criticism by scholars

and practitioners. Firstly, the model has suffered the sledge hammer from veteran scholars for its static nature with a complete absence of some element of flexibility. The Harbison and Mayers socio-economic approach does not take into account changes in certain environmental factors that likely may occur as a result of industrialization and even in a democratic setting. It is an established fact that socio-economic approach is predicated on the premise that managerial beliefs and practices around the world ultimately converge and that all firms and managers regardless of culture and environment, would rely on participatory and democratic management system. Harbison and Mayer's (1959) proposed that managerial beliefs are correlated with the stages or levels of industrial development. This suggests that managerial beliefs and practice should become more similar as difference in the level of industrial development diminishes. The Harbison and Mayer's model postulated for stages of economic development and in a way identify a management style that is congruent with each stage. This simple approach therefore, tends to mark similarities among management practice between societies that are at different stages of economic development, because the basic understanding is that each stages of economic development require a unique management system.

The model also failed to provide any policy guideline about changing the management system. The basic understanding about the model was apparently that one need to change the stage of economic development first and thereafter the change of management system would follow (Nath R. 1988). This veteran did not see any possibility of change within the developing economy could practice a modern management system. This is because they expect that they would have to evolve to a developed status before a truly modern management system could be installed. This is a negative police recommendation because it means nothing should be done to change the management system but to wait until the economy improve to a better stage.

This approach studies only the macro factors and the micro factors like managerial behavior, financial resources, authority and the class efficiency are ignored in this approach. It is criticized because it focus only on some elements like market size, technology, stages, growth of economy, social structure etc. for the comparative purposes.

In a way, the socio-development approach is not and much different than the famous universality of management. The proponents of the school of thought averred that all organizations around the world eventually practice a single management style and that management style and principles are the same, the world over.

The approach could not put out a clear-cut explanation if there exist any difference in the management style among companies and organization operating in the same country within any recognized stages of development. Furthermore, this approach acknowledges and recognizes 4 stages (agrarian-feudalistic, industrialization - democratic stages but ignores the possibility that managers and leaders of organization in country's at different stages of economic development. Managers may notwithstanding employ different or similar management practice that will enhance their efficiency and effectiveness. The approach over dependent on a workability of a straight jacket approach which has become more worrisome among scholars. The principle of the approach recognizes that the 4 stages must work concurrently seem to suggest that managers cannot be proactive and may change or alter their management style on their own and at such must await the accomplishment of the external event that would culminate into causing the country to transit to the next stage of economic development. This approach has impeded on the principle that cooperation between the managers and the employees of the companies in different country also vary from company to company or from country to country which encourages the competition among the employees to achieve the objectives of the company but this approach has it principles predicated on the global outlook of a more developed country. This may not go down well with ambitious managers in a developing country Duncan, R. B. (1972).

The socio-economic approach and its proponents did not give much attention to culture as a variable in determining the content, effectiveness and efficiency of managerial practices in as much

as there exist a means of determining what was going on inside the organization at the macro level, Child L. (1981). This is because cultural factors might be impacting on the behaviour and performance of workers and the overall organizational effectiveness of the firm.

It is pertinent to note the difference in socio-economic system affects management practices in a given country. This model has more limitations. The model which places more emphasis on broad economic and sociological forces or do not submit itself to the formulation and testing of any specific hypothesis. That has to do the different aspects of management style and practice that will lead to organizational effectiveness, Duncan (1972), Tung, (1972). Scholhammer, H. (1970), Averred that the model merely hinges their postulation classifying and identifying the stages in socio-economic development but did not expressly reveal the method which managers within the country could test hypothesis to reveal the stage style or approach that could be used at the different stages of the economic development.

Furthermore, the Harbison and Mayer's model does not describe inter-organization difference in a given country, Nath R. (1988). This means that the model implicitly assures that organization operating at the same level of industrialization will share similar management practice and level of output. This management is practically really possible (Lawrence and Loreh 2000).

Finally, this postulation is centered on the logic of industrialization developed by the United States of America scholars and the fear is that if it is relevant to other cultures. Thus, it can be said that comparative management is very useful for trading globally. With the help of study of comparative management, we become able to identify environmental constraints and how to remove them. We also become able to know about various differences and techniques to remove them. Scope of Comparative Management: Scope of Comparative Management is very wide because for doing the International business it is necessary to study the factors related to the international trade and to knowhow to managerial functions of other countries. Comparative management helps in knowing the differences between the companies and countries related to culture or managerial constraints and helps in resolving them so that trade can be done smoothly and the economies of the participating countries can grow and healthy relationships between the countries can be made. Scope of Comparative Management includes:

- Authority Centralization: Centralization of authority is the major cause of the differences of culture occurring in the business because the degree to centralize the authority for making necessary decisions regarding the business with the senior managers and opposing the discussion with downward authority in the organizational hierarchy.
- Degree of Risk Tolerance: Different culture has different levels of uncertainties and risks which are manageable by the managers of the organization comfortably.
- System of Reward:.
- Formality Level: Every organization have different level of formal management procedures on which they rely, and their difference cause difference in the results of the organizations, so study of comparative management is required.
- Loyalty towards Organization: In some organizations, level of loyalty with the whole organization is high as comparative to the other organization where the loyalty of employees is inclined towards the particular group or any specific employer. So definitely, the differences will occur.

## CONCLUSION

Comparative Management takes place in global organization in today's world. It is also defined to identify measure and interpret variations and harmony, in different countries. It is basically the study of management in various environments and its analysis. With its help, knowledge of technology becomes easy to transfer between various countries. It is the cognitive process because it helps in determining firm's capacity for making strategies and their implementations based on its competency. As the no. of managers are going to work as foreign workforce to know about the managers in foreign countries for performing the tasks related to trade. It is beneficial as it helps in observing the foreign culture, and making our policies. New and innovative problem solving techniques are discovered which helps in improving the management. At last, it can be said that comparative management is the study and analysis of management in various environment and

the reasons behind various results of management in different country. The socio-economic approach to comparative management sees management as a change agent and an integral part of a particular social and economic system.

Despite the fact that the model places more emphasis on broad economic and sociological forces or do not submit itself to the formulation and testing of any specific hypothesis., that has to do the different aspects of management style and practice that will lead to organizational effectiveness, it is still recommended to be a model for the study and the detection, identification, classification, measurement and interpretation of similarities and difference among managerial actors, process, structures and functions as found in various nations.

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