

ENVIRONMENTAL APPROACH TO COMPARATIVE MANAGEMENT

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ABSTRACT

Comparative management in International Business helps in providing a better view for comparison of International Management based on some important issues like styles of management, organizational structure, labour relations etc. in various countries. It helps in explaining, analysing, and understanding of various social and economic phenomena. It helps in dealing with the differences of management and other differences of various countries and their effect on International Business. Here, we will deal with ecological approach in explaining the reasons for difference of management of various countries and to study the importance of management in Global business and International Economy

"A vital question for international business seems to be to what extent can American principles, practices and general know-how be transferred effectively to other countries, at what cost, and to what degree and extent is the overall process and effectiveness of management constrained by cultural variables?" Richman B.

Keywords: Comparative management, international economy, organizational structure, labour relations

INTRODUCTION

Comparative Management Focuses on the similarities and differences among business and management systems from different contexts. Comparative management means identifying, measuring and interpreting the common things and differences between behaviour of managers, their techniques and practices adopted in different countries. It focuses on business and management from various aspects. It is the study of principles of management, and their application in various situations. International companies use different policies and strategies for comparison to remain in the competition. It is defined as the study of management in different nature and various environments which show different observations in different countries.

Comparative management is the study and analysis of how management approaches differ in various environments such as continents, countries and localities. The study and analysis focus on the differences in management styles based on geographical locations; dynamics and personalities of the management team and employees; and size of the company or corporation. Farmer (1974) defines comparative management as the study of management in different environments and the reasons why enterprises show different results in various countries. It requires an understanding of the complexity and diversity of environmental variables and their impact on institutions

The course is aimed at the study of management in different contexts and different international contexts, more in particular. In the course we examine and compare management practices across countries, institutional environments and cultures. That also incorporates the different contexts that different industries and different professional and functional backgrounds provide. The purpose of studying Comparative Management is to have a comprehensive knowledge of various management styles practiced by managers in different countries and different business contexts, with the aim of preparing managers to manage different organisations successfully. The intention is to help them to develop an awareness of the concepts of culture and institutions and their pervasive and hidden influence on behaviour in organisations, particularly with respect to

management and management practices. We should become familiar with the types of situations, circumstances and issues that managers confront when working internationally or in otherwise diverse contexts (e.g., functional areas, professions and industries) and to appreciate the impact of working in a different context on one's personal behaviour.

Therefore, Comparative management can be defined as **the area of study dealing with differences and similarities of managerial systems and management practices in different cultural settings**. It requires an understanding of the complexity and diversity of environmental variables and their impact on institutions.

Comparative Management **analyses the extent to which management principles are applicable from one business context (e.g., industry or country) to another**. Comparative Management seeks to determine the applicability of mainstream management know-how to other contexts.

Importance of Comparative Management

It is necessary to know about the importance of Comparative management in the field of international business. To understand the competitive environment, study of comparative management is quite important. Understanding comparative management is important because:

1. To understand local conditions: Some of the employees go to abroad to work on international assignments, they must face a lot of challenges there while communicating with foreign counterparts and they lack motivation. The study of comparative management, therefore, becomes quite necessary to equip the managers with the understanding of local conditions in a better way so that the managers can easily adapt and achieve their individual and organizational goals.

2. Knowhow of Foreign Managers: It helps in knowing the managers operating in the foreign corporations in a better way, and to execute their jobs related to trade and cooperating with them in accomplishment of their tasks.

3. Observing Cross-country culture: Study of comparative management helps in knowing the different culture of the different companies of various countries and know about the similar problems and how to solve them with innovative technique, which further will lead to the improve in management. Understanding cross country cultures is very important as certain objects or expressions may mean different things in different locations. For example, During Easter 2022, there was a lot of backlashes from the Christian community in Nigeria when Sterling Bank likened the Resurrection of Christ to "Agege bread". Understanding of Comparative management will help managers be sensitive to certain expressions that connotes different meaning in their culture and religion.

4. To remove the differences: Studying of comparative management helps in knowing the differences which are occurring in the cross-borders trade and also helps to find the solutions regarding how to deal with different situations and how to solve them.

5. To create Healthy relationship: Comparative management also helps to make the managers aware about the conflicts between the companies of the other countries and the local country and also helps in managing the conflicts and making the relationship between countries and companies healthier.

6. Examination of Leadership differences: With the study of Comparative management, the management becomes aware about the leadership differences of different organizations like process of doing operations, interactions with human, difference in social system, decision making, productivity strategies and management styles which are being used and helps in removing these differences.

7. Formulating the policies for FDI: FDI is an important part of International Business. Comparative management helps in knowing about the financial needs of the companies of various countries and thus formulating FDI policies thereon.

8. Environmental Constraints: Comparative management helps in identifying, describing, explaining, and predicting the impact of environmental factors i.e. micro and macro factors on the international business and on respective companies and country. 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.

The growth of many countries in Asia from a developing country to world powerhouse status, the extraordinary transformation of societies through the adoption of market culture, and the economic integration in Europe (EU) have made it an imperative to explore alternative management approaches to standard theories.

Approaches to Comparative Management

Comparative management deals with detection of system, identify, classify, and measure 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 companies involved in cross-borders activities. So, the main objective of comparative management is to fulfill this requirement. For this, a theoretical framework is formed where tools and methods are discussed to identify, classify, measure and interpret the similarities and dissimilarities of the operations of different organizations in different countries. For this purpose, some approaches are followed so that, the need for studying comparative management can be fulfilled and the global trade and competition can become more intense. One of these approaches is the Environmental/Ecological approach.

Environmental/Ecological Approach

Farmer Richman model can be considered the first formalized expression of comparative management, which is recognized and used by many researchers, professors, and specialists in management domain.

The model is based upon four concepts.

1. Relative managerial efficiency related to firm's activities coordination (generally speaking)
2. Internal management concerning the process of human and material resources coordination
3. Exogenous constraints relating to environment (these includes economic, educational, juridical, sociological variables)
4. Absolute managerial efficiency.

According to Farmer and Richman, economic development results from the economic efficiency of firms which is a function of managerial effectiveness. They stress how the economic and managerial performance are constrained by many environmental factors like educational, socio-cultural, legal-political and economic and they suggest objective and subjective techniques to quantify these critical factors.

Acknowledging that the environment represents the main factor that exert influence upon management the most, Farmer and Richman validate their model on the assumption which sees management as a variable dependent on the environment. According to Farmer and Richman, environment represents the independent variable; thus, the other developing elements depends on the environmental changes.

Ecological approach to comparative management refers to the assumption that the management of a particular business in a certain period is largely a reflection of the pattern of interplay between management processes and environmental factors.

The Farmer-Richman model **identifies the critical elements of the management process (planning, control, organization, staffing, and directing) which are assessed in terms of various environmental factors.** These critical environmental constraints are:

1. Economic variables
2. Educational-Cultural variables
3. Political-legal variables, and
4. sociological-cultural variables.

Economic Variables

The economic variables take into cognizance, the general economic framework, Central banking system and monetary policy framework, Fiscal policy, Economic stability, Organization of capital markets structures, Factor endowments, Market size and social overhead capital and external economies of different countries.

Educational-Cultural variables

The considerations of the educational-cultural variables involve Literacy level, Specialized vocational and technical training and general secondary education, Tertiary education, Special management development programs, general attitude toward education and educational match with specific requirements.

Political-legal variables

This entail Defence and military policy, foreign policy outlook, Political stability, Political organization and its structures, flexibility of law and legal changes, and relevant legal rules of the game. The relevant legal rules entail quality, efficiency, and effectiveness of the legal structure in terms of general business/commercial law, labour law, tax law, and general law relevant to businesses, degree of enforcement, reliability etc.

According to the famous researchers, economic development is the outcome of efficiency of organizations in economic terms which determines the effectiveness of managers of the organization.

It helps in explaining, analysing, and understanding of various social and economic phenomena. It helps in dealing with the differences of management and other differences of various countries and their effect on International Business.

Issues of Ecological Approach to Comparative Management

One critical issue with this approach is the difficulty in coming up with a useful definition of culture. This is even made more difficult as national and regional cultures are distinguishable coupled with the fact that companies operating in the same markets and regions may even have different corporate cultures based on factors such as the relative background of the promoters.

The second issue is the lingering debate between universality versus cultural contingency. While one group believed that management systems and practices are converging in a way similar to the traditional universalist school of thought, the other group believe that diversity among management systems could still be observed and would continue.

Criticism of Ecological Approach.

One major critic of this model is that its construction and functionality appear unilateral and totally ignores management role. It is this deficiency that made Scholhammer to be right in classifying the model "ecologist, a passive creature of external constraints". In other words, this model places too much emphasis on factors exogeneous to the organisation while ignoring the internal variables. Another significant flaw of the model is the ignored interaction among the environmental variables. This limitation notwithstanding, Farmer and Richman's model utility cannot be denied as it contributed to the general knowledge of the major role played by the environment both in the process of management and knowledge worldwide.

Advantages Of Environmental Approach to Comparative Management

1. The environmental approach helps managers, researchers and policy makers understand the successes and failures of counterpart management systems and styles. Adopting and building upon a model of success or against established failures is a task that puts the managers in a well-informed position of advantage always. Being in congruence with the successes achieved across national borders will enhance cross-pollination of ideas that will seal the elements of management processes.
2. Developments by other business structures in the same environment keeps managers accountable especially when availability of resources in the area is not so different. When managers know that the stakeholders are aware of trends within the reach of their environment, there is a better drive for genuine success that benefits the rightful beneficiaries.
3. Identifying impact of Environmental constraints: the ecological approach is helpful to managers in identifying and describing the predictions and the effect which is created by environmental conditions surrounding the organizations. It also helps businesses in coping up with the competitive environment.
4. It is easy for managers to seek assistance or even offer some to other contemporary managers. What happens is, when a manager understands how a counterpart structure works, he can design a hybrid structure that sometimes is more robust and efficient than the initial one. This can work to his advantage in both circumstances. This hybrid could be of his original idea or the counterpart's.
5. Comparative public administration creates an environment where there is not much of excuses from authorities especially in Africa where distribution of resources is manipulated from time to time.
6. The ecological or environmental approach could help enhance the development process especially when neighbouring structures keep making strides that will leave a business or country embarrassingly behind. Africa has been lagging for a long time as far as development is concerned. It is high time we make use of concepts like comparative management to catch up.
7. It focuses attention on the dynamic relationship between a business/public administration system and its total environment, physical, culture, historical economic and political.

Disadvantages

1. There is a great chance of these comparisons being abused for corruption purposes. In the event that administrators in one nation observe a loophole in another system, they could create an imaginary crisis and support it with the situation next door while looting for personal gains.
2. There is a risk of benchmarking everything a manager does on the structure and system of the other managers. Despite being in the same environment, what works in one business may not work in another. We have seen this even in two different business/countries in the same country/region.
3. Ecological approach to comparative management focuses more on factors exogenous to the business and subestimates management feedback.
4. The concept has the potential to cause civil unrest, especially if there is a rise of politicians who may want to take advantage of the model as a campaign strategy.

We have gathered, Comparative Public Administration is a branch of public administration. While the latter is focused on the implementation of government tasks, the former focuses on issues to do with development. As young entrepreneurs how can we tap into comparative public administration for it to benefit and grow our businesses?

I would be interested in engaging public administration structures in neighbouring countries. This

can equip me with knowledge on how I can implement new ideas in my own business, borrowed from concepts just across the boarder.

There is also an opportunity for business expansion beyond boarders, which is presented by comparative management. Understanding this concept can also help young people lobby for reforms that are pro-development making sure the country is not left behind when it comes to issues of development.

CONCLUSION

The concept of comparative management takes place in multinational enterprises in today's world. The environmental or ecological approach focuses on the external factors (Educational, sociological, ecological legal and political) which affects the elements of the management processes (planning, organizing, staffing, directing, controlling, policy making operating areas) which in turn affects management and managerial effectiveness. The success of this process determines both firm and system efficiency.

However, the so much focuses on factors exogenous to the business and subordination of management feedback may affect the overall success of this approach. It is, therefore, ideal for management input to be taken quite seriously while reviewing the impact of the external constraints. The study and analysis of management in various environments add up to the reasons behind various results of management in different countries. It is a very crucial element for the economic growth and increase in production.

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