Organization Theory and Societal Culture
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The issue of culture brings us to one of the hot topics in organization studies: do the cultural dynamics adequately explain organization theories (Hatch & Cunliffe, 2013)? This study discusses three organization theories in three societal cultures based on the assumption that some organization theories work better in certain cultural contexts than others. The chosen theories are environmental contingency theory, institutional theory and stakeholder theory; along with those are the three culture clusters of Confucian Asia, Anglo and Nordic Europe. Issues of each theory are identified and studied in the respective culture contexts through the lens of the culture dimensions reported by the GLOBE culture study (House, Hanges, Javidan, Dorman, & Gupta, 2004). It is understood that though each individual issue of the theories can find its best place among the three culture clusters, in general, environmental contingency theory and institutional theory are able to find their inroads in Confucian Asia, while the stakeholder theory works best in Anglo and Nordic Europe cultures.

According to Hatch and Cunliffe (2013), organization theory draws on interdisciplinary thinking to provide knowledge and understanding of the phenomena of organizations, which helps to explain the concepts and general principles of the various organizational elements and their interrelationships with each other. People embrace organization theories to improve their chances of becoming successful in business practices such as strategy, finance, sales and marketing, information technology, human resources and operations (Hatch & Cunliffe, 2013). To apply organization theories to these business practices, societal culture is an important factor to be considered, as it is the supersystem of which organizational systems are a part (Bertalanffy, 1950; Hatch & Cunliffe, 2013). House et al. (2004) confirmed the argument. First, "the success of the organization in external adaptation required closeness to the contextual culture" (House et al., 2004, p. 265). Second, employees who are members of the societal culture bring the same values into their activities within the organization (Borg, Groenen, Jehn, Bilsky, & Schwartz, 2011; House et al., 2004). The studies of organizations and societal cultures are an "inseparable reciprocal process by which organizations and societal spheres influence each other" (Senge, 2013, p. 77).

This study discusses the application of three organizational theories in three different societal cultures. The three organizational theories are environmental contingency theory, institutional theory and stakeholder theory from the work of Hatch and Cunliffe (2004), and the three societal culture clusters are Confucian Asia, Anglo and Nordic Europe, reported by House et al. (2004). Key issues of each theory are specified, compared and contrasted within each of the three societal cultures, providing further insights on why and how different issues of each of the theories work in different cultural contexts.

Environmental Contingency Theory

Environmental contingency theory addresses the reflexive relationship between organization and environment (Hatch & Cunliffe, 2013). Burns and Stalker's (1961) explanation of when to use mechanistic versus organic forms of organization is one early example to deal with the objective variable of environmental uncertainty. The information theory of uncertainty developed later by Duncan (1972) adds in the moderating factor of individual subjective perception about the information complexity and rate of change. Either way, organizations need to respond to the environmental uncertainty by changing the internal structures and management systems (Hatch & Cunliffe, 2013). Culturally speaking, the most relevant dimensions to environmental contingency theory are uncertainty avoidance and power distance (House et al., 2004). As reported by House et al. (2004), the values of Confucian Asia culture score the highest in both uncertainty avoidance and power distance, while Nordic Europe scores the lowest and Anglo falls in between, leaning towards low. The following sections discuss how these two culture dimensions influence the application of environmental contingency theory in different societies.

Organization Forms

Two major organization forms presented by organization theorists that best help to illustrate the environmental contingency theory are mechanistic and organic (Burns & Stalker, 1961). The mechanistic form of organization works best in stable environments by performing routine activities through standard procedures (Hatch & Cunliffe, 2013). Under such environmental conditions, the organization operates like a machine, of which the process is structured and efficient (Morgan, 2006). However, when the environment becomes unstable, the organic form of organizations has more advantages because of its structural flexibility and ability to adapt to change (Morgan, 2006). Societal culture with high uncertainty avoidance and power distance may well prefer the mechanistic form, while the organic form thrives in the culture of low uncertainty avoidance and power distance (Hatch & Cunliffe, 2013; Hofstede, 1997).

In Confucian Asia culture, people are comfortable with the mechanistic form, of which the organization life is structured and governed by policies and regulations (House et al., 2004). People respect the hierarchical authority and need to be told what to do. Business practices are routinized (Hatch & Cunliffe, 2013), and stability with low risk in management is preferred. For example, unlike in organizations in the United States, sales staff in the organizations of Japan receive higher base pay and lower commissions (Society of Human Resources Management, 2012). When promoting innovative projects, members of Confucian Asia culture tend to enact organizational rules and norms to resist change (House et al., 2004). In contrast, members in the culture of low uncertainty avoidance and power distance, such as Anglo and Nordic Europe, dislike rules and resist formalization and standardization (Hatch & Cunliffe, 2004). They prefer autonomy and use their own discretion. They embrace change as a norm and have more tolerance of ambiguity (Hatch & Cunliffe, 2013), for which the organic form of organization fits better. Different from members of Confucian Asia culture, they view unexpected situations as an opportunity to learn, and that is why action research and action learning prevail in Nordic countries (Eikeland, 2012). Information and knowledge are obtained through a process of mutual learning (Knowles, Holton, & Swanson, 2011), in

which bosses are viewed as equal and employees expect to be consulted by them (Hatch & Cunliffe, 2013).

Information of Uncertainty

Besides organization form, information is another issue to be dealt with in environmental contingency theory. Based on the information theory of uncertainty (Duncan, 1972), Confucian Asia culture members may more easily perceive uncertainty than those in Anglo and Nordic Europe cultures (House et al., 2004). In a changing environment, Confucian Asia culture members may feel the need to keep the situation under control and are comfortable when needed information is known or available in a manageable amount and rate of change (Hatch & Cunliffe, 2013). They predict risks and prepare detailed plans. A Chinese employee may ask as many questions as possible before beginning a new project to ensure perfect understanding of the work and expectations from the manager (Society of Human Resources Management, 2012).

Whatever forms of organization or ways to manage information are employed, organizations need to change as the environment changes (Morgan, 2006). To handle the different conditions and elements demanded by the environment, Anglo and Nordic Europe may face less challenge than Confucian Asia, particularly in restructuring internal systems through integration and differentiation (Lawrence & Lorsch, 1967; Hatch & Cunliffe, 2013). Low power distance makes egalitarian leadership possible, in which power or authority can be redistributed, so realignment with the environment can be achieved (House et al., 2004; Hatch & Cunliffe, 2013). While environmental contingency theory mostly addresses the alignment with the technical and physical environment from a modern perspective, institutional theory adds the social elements to the study from the symbolic perspective. The following section presents how organizations work in the three culture clusters in terms of the social, culture, political and legal elements.

Institutional Theory

Organization theorists argue that along with raw materials and other resources, social elements also play an important role in the study of organization-environment relations (Dimaggio & Powell, 1983). Institutional theory expands the perspective by including social legitimacy as a contributor to both the organizational development and transformation process (Hatch & Cunliffe, 2013). Two major issues that institutional theory deals with are isomorphism and institutional change (Dimaggio & Powell, 1983; Hatch & Cunliffe, 2013). Organizations are pressured to conform to a set of institutionalized beliefs and processes from the environment, as well as to innovate when change is needed. Culture wise, the most relevant dimensions are power distance, uncertainty avoidance, performance orientation and collectivism (House et al., 2004). Based on the report of House et al. (2004), the culture values of Confucian Asia score the highest in all dimensions except performance orientation. On the contrary, the culture values of Anglo and Nordic Europe score the highest in performance orientation. Yet, both Anglo and Nordic Europe score higher than Confucian Asia in terms of institutional collectivism. The following sections show how isomorphism and institutional change work within the culture dimensions.

Isomorphic Pressures

Based on DiMaggio and Powell (1983), organizations are pressured to become isomorphic with the environment in three ways: coercive, mimetic and normative. Coercive isomorphism is a response to the expectations of the society in which the organization exists, including political, legal, cultural and traditional conditions, which work best in the culture of high power distance. Instead of pressure, coercive isomorphism is viewed as a valued practice by Confucian Asia, because people are used to accepting wills imposed on them and conformity is a culture norm (Hofstede & Bond, 1988). Institutional theory is preferred for it helps to minimize uncertainty and encourage loyalty and cohesiveness through collective actions (House et al., 2004). As a matter of fact, culture members of Confucian Asia give power to the institutional environment over them to meet their needs of dependency (Pfeffer & Salancik, 1978). However, coercive isomorphism finds little room in Anglo and Nordic Europe cultures where societies perceive control and domination as inappropriate behaviors (Hatch & Cunliffe, 2013). In low power distance cultures, members are independent and individualistic for which mimetic and normative isomorphism fits better. This type of isomorphism as explained by DiMaggio and Powell (1993) is basically to model oneself after best practices, which involves a transformation that occurs in the face of uncertainty. It encourages the spirit of being on the cutting edge, which prevails in the culture of low uncertainty avoidance. Also, low bureaucratic structure allows equality of status, and high performance orientation fosters the pursuit of professional excellence (Ouchi, 1979), though this application may turn out to be more industrial than national.

Institutional Change

Another issue of institutional theory is about institutional change. If institutional theory promotes the idea of environment determination, how then can institutions change? While enactment theory (Weick, 2003) proposes the creating of environment, Hatch and Cunliffe (2013) suggested a term of institutional entrepreneurship. Though institutions do change in reality, the process is complex and difficult. No matter what societal culture, change deals with the breaking down of mature and established forces of routine (Wright & Zammuto, 2013). Due to low power distance, uncertainty avoidance and individualism, institutional change may happen more easily in Anglo or Nordic Europe than Confucian Asia culture. Or to put it in a more accurate way, institutional change or entrepreneurship may look different in Confucian Asia from Anglo or Nordic Europe perspectives (Hofstede & Bond, 1988). Wright and Zammuto (2013) claim that in Anglo culture, institutional changes occur "when organizations located at the field center, periphery, and in between trigger different multilevel processes" (p. 308). The misalignment urges the group of actors to realign structure or redistribute power (Hatch & Cunliffe, 2013), which can be supported by the culture trait of low power distance. In Nordic Europe, such realignment may even be welcomed, as seeking deconstruction and bringing about innovation are prevailing thoughts that well match with low uncertainty avoidance and low power distance.

In Confucian Asia societies, high uncertainty avoidance does not initiate change, high power distance frustrates the change process, and collectivism enlarges the scope and complexity of change. As institutional change often means a shift of assumption, system, power and control, it clashes with the long

and deeply embedded beliefs, high context of culture, bureaucratic structure, self-protective leadership and centralized control (House et al., 2004). Institutional change can also be viewed as disloyalty, rebellion and anarchy for the society of collectivism, which frustrates even the thought of institutional entrepreneurship. That is probably one reason why, in spite of rapid economic growth, there are still few institutional changes seen taking place on a large scale in China, a phenomenon which puzzles western scholars (Hofstede & Bond, 1988; Smallbone & Welter, 2012).

Stakeholder Theory

Stakeholder theory approaches organization from a post-industrial perspective (Bell, 1973). The distinguishing feature of post-industrial organizations is boundarylessness, which means boundaries with the environment or between internal groups are either transparent, permeable or have disappeared (Hatch & Cunliffe, 2013). People collaborate in a way of cross-function and cross-team, and change is ever-existing. Another issue of stakeholder theory is the implication of ethical obligation, in which environmental sustainability and corporate social responsibility are two major movements (Hatch & Cunliffe, 2013). In the application of stakeholder theory, the most relevant culture dimensions are uncertainty avoidance, power distance and human orientation. Confucian Asia scores higher than Anglo and Nordic Europe in uncertainty avoidance and power distance, whereas Nordic Europe scores higher than Confucian Asia and Anglo in human orientation (House et al., 2004). The following sections show how boundarylessness and corporate responsibility are embraced by the three culture clusters.

Boundarylessness

Boundaryless organizations prevail in Anglo and Nordic Europe cultures (Evers, Anderson, & Hannibal, 2012). With low uncertainty avoidance, boundarylessness is viewed as an organizational dynamic, of which entrepreneurs are the central force in developing and leveraging stakeholder relationships (Barney, 1991). Constant change is a chance for single-loop, double-loop and even triple-loop learning to renew organization capabilities (Ambrosini, Bowman, & Collier, 2009). In the learning process, mistakes are celebrated. With low power distance, CEOs recognize the vitality of the connection with stakeholders and proactively build networks internationally and leverage their expertise, knowledge, and resources (Evers et al., 2012). International New Ventures in Ireland, Sweden and Denmark are good cases of business organizations that experience fast international market growth through employing the resources of all stakeholders (Oviatt & McDougall, 1994).

However, Anglo and Nordic Europe may find it harder to promote their successful practices of stakeholder theory to Confucian Asia due to high uncertainty avoidance and power distance. For Confucian Asia, the work of handling multiple stakeholders and constant change can be overwhelming. The existing hierarchy clearly defines divisions, reporting lines and fixed roles, giving no room to cross-function (Morgan, 2006). Cross-team or multi-stakeholder collaboration means chaos that breaks the value of harmony (Zhang & Prosser, 2012; Zhao, 2012). Paradoxes and mistakes created by double-loop learning challenges stability and causes people to lose face. The whole idea of boundarylessness is too ambiguous and uncertain for Confucian Asia to tolerate (Hofstede & Bond, 1988).

Corporate Responsibility

It is the argument of stakeholder theory that corporate responsibilities should not be restricted to the protection of shareholder interest but should include the fulfillment of social obligations to all stakeholders (Freeman & Reed, 1983). Corporate responsibility is a concept stemming basically from Western culture, such as Anglo or Nordic Europe, based on Judeo-Christian faith (Kim & Choi, 2013), which fosters a high culture dimension score of human orientation. It becomes the motivation for corporate responsibility activities, which denotes "a generalized sense of altruism, the notion that one should help others in need, even those one does not know, without expectation of benefit of reward" (Wokutch & Shepard, 1999, p. 533). In Confucian Asia, by contrast, corporate responsibility is characterized as relationship and collaboration, fulfilling ethical obligations to achieve harmony and cohesion of family, organization and the society, even at the expense of individual interest (Boardman & Kata, 2003).

In practice, Anglo and Nordic Europe cultures demonstrate their understanding of corporate responsibility in the movements of environment sustainability and corporate social responsibility, by working against exploitation of multinational corporations and calling them to take care of the larger environment and to promote the welfare of disadvantaged groups (Hatch & Cunliffe, 2013). Confucian Asia is more likely to narrow the scope to national corporations rather than multinational corporations because they identify themselves with national corporations where individuals cooperate with the organization to work together for the common good (Kim & Choi, 2013).

The issue of human rights identified by corporate social responsibility may be a challenge in Confucian Asia culture as social stability is built on unequal relationships in the social system (Hofstede, Neuijen, & Ohayv, 1990; Kim & Choi, 2013). High power distance and institutional collectivism, which lack the understanding of stakeholder theory, view human rights as detrimental to the society, making communication and transplanting of the human rights concept a difficult task to tackle (Tang & Li, 2009; Zhao, 2012).

Conclusion

Environmental contingency theory, institutional theory and stakeholder theory were born, used and modified largely in Western societies such as Anglo and Nordic Europe in the past (Hatch & Cunliffe, 2013). As organizations go global today, these theories are applied and tested on a larger international scale (House et al., 2004; Hofstede, 1997). Will the theories generalize to Confucian Asia? Culture is one determinant in answering the question (Senge, 2013; Kim & Choi, 2013). As this study explains, the culture dimensions of high power distance, uncertainty avoidance, collectivism and low human orientation in Confucian Asia hinder the application of these three theories rather than enhancing them. But the good news is that as Western organization theorists struggle to find inroads to the Confucian Asia society, Confucian Asia may be stimulated and awakened to revisit their beliefs and assumptions within the culture, seeking new ways to understand organizations. Hopefully, such seeking may lead to new revelations toward truth.

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