



University of Wales
Trinity Saint David
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Research Proposal

**Title: The Impact of Cultural
Differences on Management
Effectiveness in Multinational
Companies: A Comparative Study of
Amazon and Tesla**

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1. Introduction, Background and Research Problem

The impact of globalisation has essentially changed the mode of operation of organisations, in this case, multinational organisations which establish operations in various national, cultural and institutional environments (Perlmutter, 2017). The increasing number of firms going global means that they have to deal with more diverse workforces whose cultural values vary, styles of communication, leadership expectations and decision-making styles differ. These differences pose a big challenge to managers since what worked well in one cultural environment might not work well in another or may even have opposite effects.

Effective management is a decisive parameter in the performance of organisations, employee participation and sustainability. In multinationals, the management effectiveness is determined by not only the strategic capability or technical competence but also the capacity of the managers to learn, adapt and integrate the cultural difference in the team they are in. In the literature of cross-cultural management, national culture has been stressed to influence the way the employees understand the power, motivation, communication and organisational commitment of employees, which directly determine the performance of managers (Hofstede, 2011).

This paper concentrates on two multinational corporations in the world Amazon and Tesla, which have their headquarters based in the United States and have large international business spread throughout Europe, Asia and other parts of the world. The two organisations are also characterised by robust performance cultures, centralised leadership and focus on innovation and speed (Burritt et al., 2020). Although these attributes have led to high global growth and competitive strength, they have also created issues of employee relations, leadership acceptance and cultural orientation within the international subsidiaries (Hutnek, 2016).

According to the existing literature, management practice based on a predominant home country culture might fail to be transferred efficiently under the conditions of culturally diverse setting (Meyer, 2014). The management style that is developed based on the low power distance, high individualism and direct communication styles in the case of Amazon and Tesla can be in conflict with the cultural requirements in the areas that value hierarchies, collectivity or high-context (Laroche, 2012). This discrepancy may lead to low levels of employee engagement, communication hiccups

and loyalistic to management and erode the effectiveness of the management (Luo and Shenkar, 2011).

The main research question that will be discussed in this proposal is the poor knowledge about the effects of cultural differences in management effectiveness within individual multinational organisations, especially in the application of strong organisational cultures within different cultural settings (Pop and Sim, 2022). Although the theories of cross-cultural management are established, there exist gaps in the empirical studies which combine the theories with the experiences of management in the modern multinational organizations. The proposed research attempts to address this gap through a critical analysis of existing academic literature and organisational evidence, providing context-specific insights into how cultural differences shape management effectiveness in contemporary multinational corporations (Aharoni et al., 2011).

2. Research Aim, Objectives and Research questions.

2.1 Research Aim

This study will attempt to critically analyse the impact of cultural differences on management effectiveness in multinational corporations based on Amazon and Tesla as the case studies.

2.2 Research Objectives

The objectives of this study are:

1. To identify key cultural dimensions that influence management practices in multinational companies.
2. To evaluate the challenges faced by managers when managing culturally diverse teams within Amazon and Tesla.
3. To examine the strategies used by multinational companies to mitigate cultural conflicts and enhance management effectiveness across different cultural contexts.

2.3 Research Questions

In order to achieve the research aim and objectives, this study seeks to answer the following research questions:

1. How do cultural differences influence management effectiveness in multinational companies such as Amazon and Tesla?
2. What challenges do managers face when managing culturally diverse teams in multinational organisations?
3. How do multinational companies mitigate cultural conflicts and improve management effectiveness across different cultural contexts?

3. Preliminary Literature Review

3.1 Culture and Management Effectiveness

Culture has always been acknowledged as an important element that determines organisational behaviour and managerial performance. The cultural dimensions theory formulated by Hofstede is one of the most significant theories that have been used to examine the influence of national culture on workplace behaviour especially based on power distance, individualism versus collectivism and uncertainty avoidance (Hofstede, 2011). The dimensions reflect why employees in various cultural settings would react variously to leadership styles, decision-making processes as well as performance management systems (Hariani and Mardikaningsih, 2021).

Studies have shown that performance of management on multinational corporations is tightly connected to cultural congruencies among management behaviours and the expectation of workers. Managers might cause misunderstanding, disengagement and conflict when they use the same practices across all cultures without taking into account the cultural context (McSweeney, 2015). This indicates that management within multinational organisations needs cultural flexibility and not homogeneity (Arman and Adair, 2012).

3.2 Leadership and Cultural Context.

The extent of effectiveness of leadership differs greatly among different cultures, which lies in the Global Leadership and Organizational Behaviour Effectiveness (GLOBE) study. The GLOBE study emphasizes that the leadership qualities that are perceived to work in a particular culture might be seen as unethical in a different culture, depending on the values and norms of society (House et al., 2020). In the example, participative leadership can be considered to be very desirable in low power-distance settings, but ineffective in those societies where hierarchical forms of authority are more appreciated (Ambos and Ambos, 2009).

Leadership practices that were formed in the context of US culture in multinational businesses like Amazon and Tesla focus on autonomy, performance indicators and quick decision-making. Although the practices could make other areas more efficient, they can be antagonistic to the cultural norms of the nations that value consensus, formal processes or relationship building. Such a cultural misfit may restrict the efficiency of leadership and escalate managerial control complications (Sageder and Feldbauer, 2019).

3.3 Communication and Cultural Differences.

Communication is a key aspect that determines effectiveness in management especially in a culturally diverse setting. The theory of high-context and low-context communication developed by Hall can also be used as an effective tool of analysing cross-cultural communication issues (Haghirian, 2010). In high-context cultures, implicit communication is important, there is a mutual understanding and the use of contextual clues, and in low-context cultures (also referred to as explicit or direct communication), there is only explicit or direct communication (Hall, 1976).

Mismatch in the styles of communication may lead to misunderstanding, misinterpretation and lack of trust between the employees and managers (Haghirian, 2010). Standardised communication systems in multinational organisations can be efficiency-focused, and unable to adjust to cultural peculiarities, thus, compromising the performance of management. It is argued that global companies require culturally sensitive approaches to communication to lead and coordinate teams effectively (Meyer, 2014).

3.4 Management and Strategies of cultural conflict and management processes.

Issues of cultural conflict are usually prevalent in multinational businesses especially when the organisational culture collides with the local cultural practices. The cultural model introduced by Trompenaars and Hampden-Turner identifies dimensions, including the aspects of universalism versus particularism and individualism versus communitarianism aspects and ways of how employees interpret rules, relationships and organisational requirements (Trompenaars and Hampden-Turner, 2012).

Multinationals are using more and more techniques like cross-cultural training, developing leaders locally and adaptive management systems as a way of reducing cultural conflict. Nonetheless, available literature implies that such strategies are not implemented uniformly and efficiently, especially in high growth organisations. This points to a research void on empirical studies of the experience and practice of cultural conflict by managers (As'ad et al., 2024).

3.5 Identified Literature Gaps

After the long history of research in cross-cultural management and leadership, certain critical gaps are still to be addressed, which explain the necessity of the current research. To begin with, a great part of the current literature uses a macro-level and generalised view of culture, and usually relies heavily on national models of culture, such as the cultural dimensions theory expressed by Hofstede or the GLOBE theory (Shenkar et al., 2021). Although these models are useful in the explanation of general cultural trends, they have the tendency of making culture appear to be generally homogenous and stable at the national level. This method does not take into account the dynamic and changing nature of culture in organisations, especially multinational organisations that conduct their activities in different regions and institutional backgrounds (As'ad et al., 2024).

Second, the available research is mostly concerned with cross country comparisons, as opposed to organisation based research. Numerous empirical studies explore the cultural differences between countries e.g. the comparison of the Western and Asian management styles but fail to adequately address how cultural differences are experienced and dealt with within particular multinational organisations (Gardenswartz

and Rowe, 2009). Consequently, this has meant that there is a lack of appreciation of the interaction of strong organisational cultures with local cultural norms in practice. The gap is especially applicable to multinational organisations like Amazon and Tesla that can be described as possessing strong and centralised corporate cultures that can dominate or clash with the local cultural norms in the international subsidiaries (Lau and Ngo, 2001).

Third, there is a high bias in the literature to secondary or quantitative research design whereby there are surveys and index-based cultural measures. These methods have breadth, but extensiveness in depth of describing managerial experiences, perceptions and adaptive strategies (Ristic et al., 2020). There is also relative lack of qualitative studies that examine how managers perceive cultural difference in their day-to-day activities, how they perceive cultural conflict, and how they consciously change their leadership and communication behaviours with regards to cultural pressures. This curtails the knowledge on realistic aspects of cross-cultural management at managerial level.

Fourth, cultural issues in multinational organisations have been well documented, but there is a lack of research done to determine the effectiveness of the mitigation strategies employed by organisations and managers (Moran et al., 2010). Current literature often points out issues of communication failures or lack of leadership and lack of employee engagement but does not give much empirical data on the best strategies to be adopted to deal with the issues in various cultural settings. This poses a difference between theory and practice especially among the fast expanding multinationals that may be under pressure to perform (Inegbedion et al., 2020).

Lastly, a great portion of the existing literature is devoted to the traditional multinational corporations with comparatively few efforts put towards the modern, innovation-based organisations functioning within the highly dynamic global markets. Such companies as Amazon and Tesla are a new kind of multinational enterprise, in which the speed, innovation, and performance orientation are a critical element. The current and organisation-specific studies investigating the influence of cultural differences on the effectiveness of management in such firms are missing. This paper will attempt to fill these gaps by integrating the existing theories of cross-cultural studies and applying

primary interview evidence and as such, offer context and practice based contribution to cross-cultural management in contemporary multinational organizations.

4. Research Methodology

4.1 Research Philosophy and Approach

In this research, the research philosophy chosen is that of interpretivism research, and this is suitable in studying socially constructed phenomenon like culture and management effectiveness in multinational organisations. The study is qualitative and exploratory in nature, as the researcher solely uses the secondary data in interpreting the role of cultural differences in managerial practices and organisational performance. This method can allow the researcher to critically examine the already existing theoretical views and empirical evidence concerning cross-cultural management without having to undertake a primary field work.

4.2 Research Strategy

The strategy used is a comparative case study that concentrates on Amazon and Tesla as modern multinational organizations that work in a wide range of different cultural settings. The case study method is applicable in the development of a detailed insight into the intricate organisational and managerial phenomena in the context of real-life situations. A comparative design allows an orderly analysis of the similarities and differences in the impact of cultural issues on the management efficacy in the two organisations grounded on reported data in literature and practitioner literature.

4.3 Secondary Data Collection

The study is built on secondary sources of data. The collected data will be based on peer-reviewed academic journal articles, scholarly books, organisational case studies, company sustainability and annual reports, policy documents, and credible industry publications. The process of locating the relevant literature will be done through key academic databases like Google Scholar, science direct, emerald insight and springer Link. Organisational material publicly available in regards to Amazon and Tesla, such as leadership practices, company statements on corporate culture, and global management strategies will also be analysed. The choice of sources will be made with

the focus on the recent, high-quality and credible publications to guarantee the relevance and reliability of the evidence sources used.

4.4 Data Analysis

The qualitative thematic analysis will be used to analyse the secondary data. The literature on organisations and other related materials will also be reviewed and coded systematically to come up with the recurring themes concerning cultural dimensions, leadership styles, communication patterns, managerial challenges, and conflict management within the multinational environments. The theoretical frameworks that will be employed in the analysis will involve cultural dimensions of Hofstede as well as the cultural model of Trompenaars, the high-context and low-context communication theory by Hall, and the GLOBE theory of leadership. It will help to analyse cultural differences in management efficiency in Amazon and Tesla based on a structured interpretation informed by this theoretical study.

4.5 Reliability and Validity

In order to increase the validity of the paper, the data will be triangulated through a series of secondary sources such as scholarly literature, organisational magazines and industry reports. Repeated comparisons of the results of various authors and settings will be used to reduce bias and enhance an analytical validity. Reliability and rigour of the research findings is also supported by the use of well established theoretical models.

4.6 Ethical Considerations

Since the proposed study is based solely on secondary data as retrieved in the publicly available and academic sources, no direct ethical consent of the human participants is needed. However, academic integrity will be ensured by proper citation, proper referencing and non-plagiarizing. All the sources will be recognized in accordance with the institutional and referencing guidelines (Nishii and Ozbilgin, 2007).

5. Risks and Mitigation

The limited access to Amazon and Tesla managers can be viewed as one of the risks. This will be addressed by extending the participant requirement to have experience in

working in these organisations or MNCs before. The issue of time limitation in the given six weeks is another threat; this will be managed by a well-thought plan and data collection and analysis that will run simultaneously. There is also a risk of delays in the ethical approval, which will be overcome through the timely submission of ethical documentation (Moran and Abramson, 2017).

6. Timeline (6 Weeks)

Research Activities	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Proposal finalisation	■ ■ ■ ■ ■					
Ethics application submission	■ ■ ■ ■ ■					
Preliminary literature review (secondary research)	■ ■ ■ ■ ■	■ ■ ■ ■ ■				
Data Processing	■ ■ ■ ■ ■	■ ■ ■ ■ ■				
Data Cleaning			■ ■ ■ ■ ■			
Insights Mining			■ ■ ■ ■ ■	■ ■ ■ ■ ■		
Data analysis				■ ■ ■ ■ ■	■ ■ ■ ■ ■	
Linking findings to theoretical frameworks					■ ■ ■ ■ ■	
Review, refinement and						■ ■ ■ ■ ■

preparation for dissertation						
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7. Conclusion

This research proposal is a strong and viable plan that will be used to study how cultural differences affect management performance in multinational organizations. The research will draw exclusively on secondary sources and established cross-cultural frameworks to develop both theoretical and practice-oriented insights into management effectiveness in multinational organisations in order to develop both theoretical and practical knowledge that is applicable to global managers. The results will be useful in the academic literature and educate management practice in multinational organisations.

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