

Legitimizing Indigenous and Foreign Management Practices: A Center-Periphery Perspective

Şükrü Özen

Faculty of Economics and Administrative Sciences, Başkent University,
sozen@baskent.edu.tr

Abstract

A model is proposed, suggesting that the rhetorical strategies followed to legitimate management practices depend on the orientation of management practices (foreign or indigenous) and the location of the country where practices are legitimated (center and periphery). The model is tested by examining the discourses of TQM and M-Form in the U.S., and TQM and Holding Structure in Turkey. The findings show that the rhetorical strategies of both TQM in the U.S. and TQM in Turkey are found to be more ethos and pathos-oriented, and less logos-oriented than those of M-Form and Holding Structure. Furthermore, the rhetorical strategies of Holding Structure and TQM in Turkey are found to be more ethos and pathos-oriented and less logos-oriented than M-Form and TQM in the U.S. These findings indicate that both the location of the country and the orientation of management practices do effect the rhetorical strategies used to legitimate management practices.

Introduction

Some scholars suggest that management practices are ‘translated’ as they “travel” across organizations and nations since they are reinterpreted, or reconstructed, by groups of actors who attempt to legitimate them according to the cultural meaning systems of the recipient context (Czarniawska & Joerges, 1996; Frenkel, 2005; Morris & Lancaster, 2006; Özen & Berkman, 2007). Drawing particularly on Czarniawska & Joerges (1996) and Phillips, Lawrence & Hardy (2004), Özen & Berkman (2007) also suggest that a transferred management practice is reconstructed through a process in which competing or collaborating agents attempt to translate the practice (source discourse) by producing rhetorical texts (recipient rhetoric) on which the macro-cultural discourses within the recipient context are influential. Here, the term “text” refers to any kind of symbolic expression that may be in various forms such as written texts, spoken words, pictures, symbols, artefacts, etc. (Phillips et al. 2004). Rhetoric is defined as a type of spoken or written text used to persuade audiences by justifying a managerial practice. There are mainly three kinds of rhetorical strategies. Pathos rhetoric appeals to the emotions of individuals (e.g., fear, greed, etc), logos rhetoric to the desire for efficient/effective action, and ethos rhetoric to socially accepted norms and mores (Green, 2004). Finally, discourse refers to ‘a system of statements which constructs an object’ (Phillips, Lawrence & Hardy, 2004, p. 636), here a managerial practice, and the macro-cultural discourses are the broad discourses that are widely understood and broadly accepted in a society (Lawrence & Philips, 2004, p. 691). Examining the rhetorical strategies followed to legitimate TQM in the Turkish context, Özen & Berkman (2007) found that TQM was legitimated mostly through ethos, rather than logos, justifications that emphasized

TQM's congruence with the macro-cultural discourses in Turkey. Comparing the TQM discourse in Turkey with its US equivalent, they also proposed that when a managerial practice is imported to another national context, its reconstruction inevitably involves ethos justifications more than its source discourse.

In this study I argue that this argument needs to be elaborated to see the extent to which the rhetorical differences between management practices is to be attributed to "being transferred" (i.e., foreign) or not (i.e., indigenous), and/or to the differences between national contexts. For this elaboration one has to compare the rhetorical strategies of foreign and indigenous management practices in at least two countries which have different political economies. In this study, I propose a conceptual framework, suggesting that rhetorical strategies of a management practice depend on the orientation of that practice (foreign or indigenous) and the position of the country in the world political economy (center and periphery). To test the framework, I compare the rhetorical strategies that legitimate indigenous and foreign practices in a central and a peripheral country, namely M-Form and TQM in the US, and Holding Structure and TQM in Turkey.

Study Purpose and Hypotheses

My objective in this paper is to contribute to the further understanding of cross-national reconstruction of managerial practices by expanding the previous work. The broader research question is why and how the meanings of managerial practices change as they are transferred cross-nationally. The possible theoretical answer to this question is that they change because they are (re)constructed differently in their source (home) and recipient (host) countries through different rhetorics that are produced to legitimate them. As seen in Figure 1, the variance between source and recipient rhetorics can be in turn attributed to the position of the countries in the center-periphery dichotomy in the world system, and the orientation of management practices (foreign and indigenous). Thus, drawing on Özen & Berkman (2007), I focus on the effects of the position of the country and the orientation of management practices on the rhetorical strategies of those management practices.

Center	USA TQM	USA M-Form
Country location	Turkey TQM	Turkey Holding Structure
Periphery		
	Foreign	Indigenous
	Orientation of practice	

Figure 1. Conceptual Framework of the Study

In the conceptual framework, by the centre-periphery dichotomy I mean that there have been central countries where new managerial practices have usually been emerged and disseminated to other countries particularly since the 1950s (Guillèn, 1994), and peripheral

countries that have usually transferred those practices from the central countries. However, there are also some examples that a central country can transfer a management practice from another central or peripheral country (see, Arias & Guillèn, 1998) and a peripheral country can also develop relatively their indigenous practices. We know that the US has been the center of world management knowledge market since the World War II. Turkey, on the other hand, is obviously second-tier peripheral country that has transferred managerial practices, including TQM, from the central countries (Üsdiken, 1996).

For the rhetorical strategies of the practice transferred to a central country, we take the case of TQM in the USA. TQM is a management method that integrates such practices as teamwork, continuous process improvement, and customer orientation, which were basically transferred from Japan in the 1980s (Xu, 1999). Although it has recently lost its popularity, it has been widely accepted by many U.S. companies during the 1980s (Cole, 1992; Hackman & Wageman, 1995). As for the indigenous practice at the center, we take M-Form in the USA. M-Form, which refers to multi-divisional structure, is an organization structure that was developed by such U.S. corporations as Du Pont, General Motors, and Sears during the 1920s and 1930s as they diversified, and then it was widely diffused among large U.S. corporations during the 1950s and 1960s (Chandler, 1962; Fligstein, 1990).

We take the rhetorical strategies of TQM in Turkey as the case for a management practice transferred from center to the periphery. TQM has been strongly promoted by an association of a elite group of big business persons, TUSIAD, and a quality association, KALDER, and widely spread particularly among big businesses in Turkey during the 1990s (Özen & Berkman, 2007). On the other hand, we choose holding structure as an indigenous management practice, not transferred from abroad but emerged within the peripheral context. We know that holding structure has been the dominant organization structure in Turkey since the 1960s (Berkman & Özen, 2008). It was largely invented by a big family business group in Turkey, KOÇ, with some foreign insights in the early 1960s, and has been institutionalized gradually and extensively among big business groups largely by mimetic isomorphism mechanisms (Buğra, 1994; Koç, 1983).

Drawing on this framework I suggest a series of hypotheses. First, I expect that the rhetorical strategies of transferred practices, TQM in Turkey and the U.S., are more ethos oriented than the indigenous practices, holding structure in Turkey and M-Form in the U.S. This would be so because given the fact that a foreign text can only be understood in relation to what the audiences in the recipient context already know (Czarniawska & Joerges, 1996), the legitimation of a foreign practice with reference to the cultural norms and values that represent macro-cultural discourses embedded in that context would be inevitable, regardless of the country's location in the world management knowledge market.

I also expect that the rhetorical strategies of the transferred practices are likely to be less logos-oriented than the indigenous practices both at the center and the periphery. This argument depends on the main premise of the institutionalist theory that new practices are invented and adopted by early-adopters for rational reasons, but as they spread out among organizations, they acquire a normative value and adopted by late-adopters for normative reasons (e.g., Tolbert & Zucker, 1983). Thus, I expect that the introductory rhetorical strategy of holding structure in Turkey and the M-form in the US may be more logos-oriented than those of transferred practices in Turkey and the US (i.e.; TQM). On the other hand, since indigenous practices are not "foreign", it would need less "translation"; i.e., legitimating according to macro-cultural discourses. Therefore, the hypotheses would be:

H1: The introductory rhetorical strategies of foreign practices transferred from abroad are more ethos-oriented

than those of indigenous practices both at the center and the periphery.

H2: The introductory rhetorical strategies of foreign practices transferred from abroad are less logos-oriented than indigenous practices both at the centre and the periphery.

If these hypotheses are to be supported, the following results should be obtained:

$$\begin{aligned} \text{U.S. TQM}_{\text{ethos}} &> \text{U.S. M-FORM}_{\text{ethos}} \\ \text{TR TQM}_{\text{ethos}} &> \text{TR HOLDING}_{\text{ethos}} \\ \text{U.S. TQM}_{\text{logos}} &< \text{U.S. M-FORM}_{\text{logos}} \\ \text{TR TQM}_{\text{logos}} &< \text{TR HOLDING}_{\text{logos}} \end{aligned}$$

The rhetorical strategies of indigenous and foreign practices are also influenced by the location of the country at the world system; i. e., center and periphery. Although not a rule, it is yet well known that management practices are usually transferred from the center to the periphery. If the recipient country at the periphery takes the source one as a role model for developmental purposes, the legitimating actors, usually the elites identified with the developed source country (Alvarez, 1998), would tend to emphasize the moral, rather than the technical, value of the practice they have transferred. This implies that when a managerial practice is imported from the centre to the periphery, its source rhetoric with pathos, logos, and ethos appeals becomes more ethos-oriented and less logos-oriented than that of a practice imported from the periphery to the center. Moreover, the differences between the political economies of the peripheral and the central countries may also influence the rhetorical strategies of management practices, foreign or indigenous. At the periphery, the state is usually the dominant developmental state that actively leads the national economical development, and the civil society is rather weak, so called, the statist polity (Jepperson & Meyer, 1991) or state-dependent business system (Whitley, 1999). In contrast, at the developed central countries, the state is rather an arms length state that puts the rules of the game, and let market mechanisms work, and the individual actors or functional groups, rather than the state, are legitimated as constituent actors with substantial sovereignty and choice, i.e., liberal or corporatist polities (Jepperson & Meyer, 1991, p. 217). I incline to think that the statist polity produces more dominant macro-cultural discourses on which every actor has to refer in order to legitimate politically his/her choice or action, such as nationalism, collective good, economical development, etc. (e.g., Özen & Berkman, 2007; Özen & Özen, 2009). Therefore, the ethos-oriented rhetorical strategies are more prevalent than the logos appeals at the statist political economical environments. Thus, I argue that the rhetorical strategies of management practices, whether they are foreign or indigenous, at the peripheral context would be more ethos and less logos-oriented than those of management practices at the central context. Thus, these hypotheses can be developed as follows:

H3: The rhetorical strategies of foreign or indigenous practices in the peripheral context are more ethos-oriented than those of foreign or indigenous practices in the central context.

H4: The rhetorical strategies of foreign or indigenous practices in the peripheral context are less logos-oriented

than those of foreign or indigenous practices in the central context.

If these hypotheses are to be supported, the following results should be obtained:

$$\begin{aligned} \text{TR TQM}_{\text{ethos}} &> \text{U.S. TQM}_{\text{ethos}} \\ \text{TR HOLDING}_{\text{ethos}} &> \text{U.S. M-FORM}_{\text{ethos}} \\ \text{TR TQM}_{\text{logos}} &< \text{U.S. TQM}_{\text{logos}} \\ \text{TR HOLDING}_{\text{logos}} &< \text{U.S. M-FORM}_{\text{logos}} \end{aligned}$$

For the sake of limiting the scope of the paper, I do not develop any propositions for pathos appeals. However, I attempt to elaborate this by evaluating the implications of the findings later in this paper.

Methodology

In this study, I use the comparative case method (Yin, 1994) to explain the effects of cross-national transfer on the discourse of management practices. I specifically analyze and compare the texts produced by the actors to legitimate M-Form and TQM at the national level in the U.S, and for holding structure and TQM in Turkey. The texts may consist of books, articles published in practice-oriented periodicals, bulletins, interviews published in the media, seminar handouts, and the web sites. I selected the rhetorical texts of M-Form for the period of 1921-1950, those of TQM in the U.S. for the period of 1980-1992, Holding Structure for the period of 1963-1985, and TQM in Turkey for the period of 1992-1999. For M-Form, I selected 46 rhetorical texts by examining the news and articles in *Wall Street Journal*, *Economist*, *Business Week*, *Fortune*, *Forbes*, *Harvard Business Review*, *Management and Administration* and the relevant books such as Seltzer (1928), and Sloan (1941). For TQM discourse in the U.S., I selected 59 text segments appeared in the journal *Quality Progress* and the relevant books and document such as Deming (1986), Juran (1988), and Crosby (1992). For holding structure in Turkey, I picked 41 rhetorical text segments published in company journal of KOÇ Holding, namely *Bizden Haberler*, and the autobiographies of the prominent Turkish business people who adopted holding structure in the earlier period such as Koç (1983), Sabancı (1985), and Eczacıbaşı (1999). Finally, I used the same data set of 25 rhetorical texts as in Özen & Berkman (2007) for TQM in Turkey.

To analyze these texts I use text analysis method (Silverman, 2000). In order to find out their rhetorical strategies, I followed the coding strategies proposed by Ryan & Bernard (2000). I personally code them with respect to ethos, pathos and logos strategies, and then compare their ratios to total rhetorical strategies of each management practice in focus. For instance I coded the following text segment as one that follows logos rhetoric because it attempts to legitimate M-Form by referring to its rational aspects: “The object of this study is to suggest an organization for the General Motors Corporation which will definitely place the line of authority throughout its extensive operations as well as to co-ordinate each branch of its service...” (Sloan, 1920 cited in Chandler, 1964, p. 114). I coded the following text as ethos rhetoric since it attempts to legitimate M-Form by referring to ‘a federal system of government’ which is a widely accepted cultural and political template in the U.S.: “He (Alfred P. Sloan Jr.) has set up a management for General Motors that resembles a federal system of government”. Finally, I coded as pathos rhetoric the following text that appeals to a sense of ‘following the trend’: “One of the great needs and present trends in industrial organization is toward further decentralization (i.e., M-Form)”.

Findings

The results of the text analysis are presented in Table 1 where the frequencies and percentages of ethos, pathos, and logos strategies for each management practice. Since a text segment may include more than one rhetorical strategy, the total number of rhetorical strategies exceeds the number of text segments for each practice. The results show that all hypotheses are supported. Chi-Square test indicates that the association between the three rhetorical strategies and the four management practices are highly significant (pearson $X^2 = 38,87$, $p = 0,001$, $df = 6$). Phi value of 0,38 also shows that there is a symmetrical association between two variables at the significance level of 0,001. Regarding H1 and H2, the results indicate that rhetorical strategies of transferred practices are more ethos-oriented and less logos-oriented than those of indigenous practices both in the U.S. and Turkey. The discourse of TQM in the U.S. is more ethos-oriented (27,3%) and less logos-oriented (47,5%) than the M-Form in U.S. (18,6% and 74,6%, respectively). The same pattern is true for the practices in Turkey. Turkish TQM discourse follows more ethos (55,3%) and less logos (15,8%) strategies than Turkish Holding Structure discourse does (36,2% and 46,6%, respectively).

Table 1. Rhetorical Strategies for the Management Practices

Practices		Rhetorical Strategies			Total ethos
		ethos	pathos	logos	
M-Form_US	Count	11	4	44	59
	%	18,6	6,8	74,6	100,0
TQM_US	Count	27	25	47	99
	%	27,3	25,3	47,5	100,0
Holding_TR	Count	21	10	27	58
	%	36,2	17,2	46,6	100,0
TQM_TR	Count	21	11	6	38
	%	55,3	28,9	15,8	100,0
Total	Count	80	50	124	254
	%	31,5	19,7	48,8	100,0

The results also support H3 and H4, suggesting that the rhetorical strategies of foreign or indigenous practices in the peripheral context are more ethos and less logos-oriented than those of foreign or indigenous practices in the central context. Turkish TQM discourse and contains more ethos (55,3%) and less logos (15,8) strategies than the U.S. TQM discourse has (27,3% and 47,5%, respectively). The rhetorical strategies of Holding Structure are also more ethos (36,2% and 46,6%) and less logos-oriented than those of M-Form in the U.S. (18,6% and 74,6%, respectively). A Chi-Square test of the association between two countries and the three categories of rhetorical strategies is also significant (pearson $X^2 = 14,33$, $p = 0,001$, $df = 2$), indicating that ethos strategy is more but logos strategy is less salient at the peripheral context than the central context.

Regarding pathos strategies, the findings show that the transferred practices have pathos rhetorics more than the indigenous practices both in the U.S. and Turkey. The U.S. and Turkish TQM discourses have pathos strategies of 25,3 and 28,9 percent, respectively whereas the U.S. M-Form and Turkish Holding Structure discourses have pathos strategies of 6,8 and 17,2 percent, respectively. Similarly, the findings show that pathos rhetorical strategy is also more salient in the peripheral context: both discourses of TQM and Holding Structure in Turkey contain more pathos strategies (28,9% and 17,2%) than those of TQM and M-Form in the U.S (25,3% and 6,8%). Thus, we can say that the country location and the orientation of

management practice influence, although in a weaker degree, pathos rhetorical strategy in the same way as they influence ethos strategy.

Conclusions

In this paper, I propose a model that suggests that the rhetorical strategies followed to legitimate management practices depend on the orientation of management practices (foreign or indigenous) and the location of the country where practices are legitimated (center and periphery). I empirically test the model by examining the discourses of TQM and M-Form in the U.S., and TQM and Holding Structure in Turkey. The findings strongly support the model. The rhetorical strategies of both TQM in the U.S. and TQM in Turkey are found to be more ethos and pathos-oriented, and less logos-oriented than those their corresponding indigenous practices, i.e., M-Form and Holding Structure. Furthermore, the rhetorical strategies of Holding Structure and TQM in Turkey are found to be more ethos and pathos-oriented and less logos-oriented than M-Form and TQM in the U.S. These findings indicate that both the location of the country and the orientation of management practices do effect the rhetorical strategies used to legitimate management practices. The findings also imply that the differences between the political economies (Jepperson & Meyer, 1991; Whitley, 1999), of the U.S. and Turkey may influence which rhetorical strategies are used dominantly to legitimate managerial practices. The statist polity characteristics of Turkey may prioritize ethos and pathos rhetorical strategies more likely than the liberal polity in the U.S.

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