

Making the Matrix Work:

How Can Conflict Be Managed When Introducing the Matrix Organization  
Structure in Growth Markets; A Case Study in the Middle East

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## **Abstract**

The introduction of the matrix organization structure leads to both advantages and disadvantages. This study investigated how to manage conflict, as an outcome of introducing the matrix structure, with a specific focus on the Middle East growth market. The nature of conflict to be managed is the negatively perceived conflict with destructive impact, bearing in mind that conflict in its normal form is a desired outcome of the matrix that can be positively utilized. The study applied the grounded theory building method, in view of the limited research data available on the Middle East region. The research followed the iterative approach, where the scope of the study eventually developed and expanded to include several categories, based on the continuous flow of slices of data and analyzing such data. Such categories included organization development interventions (ODIs), culture and leadership, following the outcomes of the in-depth interviews conducted in the pilot study. The research findings and conclusions suggest that the introduction/implementation of matrix organization structures in dynamic growth markets like the Middle East is unlikely to be successful in the traditional form. Managers perceive it as hindering to the business. To make the matrix structure work, managers apply a variety of creative approaches, building on loose coupling, sense-making and sense giving. They deploy personal capabilities, influential games and cultural tools, which in essence break all matrix rules. Transition to a matrix structure should be done gradually, building on local leaders' experience as champions. The company should introduce ODIs at early stages and ensuring effective orientation and alignment on basic decision rules. Implications for business can be quite significant for multinational firms interested in expanding the business to the emerging markets including the Middle East. The matrix model needs either to be modified or even abandoned in the early stages of business growth, to ensure local managers' endorsement and acceptance. Companies are encouraged to use methodological approaches such as the grounded theory in providing solutions for contextual issues in real life. The research provides room for a strategic approach to market entry models, taking into consideration various elements including leadership, national and professional cultures as well as market dynamics. This approach is represented in the form of a conceptual framework proposed for market entry. This would affect the training and development models adopted by companies as well as the development of innovative ODIs that cover specific market needs.

## **DEDICATION**

To my Family & My Country.

## **ACKNOWLEDGMENT**

All gratitude for Professor Birgit Kleymann, who made the most difficult and oblivious,  
most simple and clear.

**ACADEMIC REGISTRY  
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## Glossary of Terms

The following section provides basic definitions of the different terms, acronyms and expressions used in the research. The author has developed these definitions to represent the commonly perceived meaning within the culture of the organization subject to the case study.

The

- Anglo-American: A culture strongly built on the British and American foundation including historical, ethnic, linguistic, and cultural components. The term applies to people who possess British or American nationality, or those who have received British/American education or worked extensively in British/American companies.
- Behavioral Patterns: repetitive similar actions, behaviors and responses that are shared by individuals and groups within the organization.
- Clan: a group of individuals who enjoy solid relations and ties, and sharing similar interests, views and goals, similar to a tribe.
- Causal Relationships: relationships that link specific actions with specific outcomes that mostly occur due to the initial actions.
- Commercial Functions: front line business functions that are responsible for revenue driving, including sales, marketing and business development.
- Conceptual Models: models established and developed to address certain issues or subjects, and provide involved parties with a logic/rational way to comprehend and acknowledge how and why things happens in a certain way.
- Conflict: difference in opinions, interests, directions and goals between individuals or groups, which escalate to reach the status of disagreement and potential confrontation. *The interpretation of conflict in this thesis is mainly referring to negative/ destructive conflicts which is perceived as undesired inside the organization and unaccepted culturally.*
- Corporate/ Professional Culture: common characteristics and traits as well as behaviors that are shared by individuals and groups who are working in specific business functions, as, for example, the finance function specific culture. The same applies on a broader scale when such common values and cultural dimensions are shared across the whole organization, regardless of the different national backgrounds of the employees.

- Creativity: coming up with innovative ideas and approaches to resolving situations or handling conflict, or in other cases open new doors and create maximum value for the business and the individuals.
- Culture: the basic traits and characteristics that are shared by a certain group of individuals. They can be measured and are manifested by different variables, including language, religious beliefs, ethics, values, personal preferences, interests, opinions, intellectual and artistic directions and lifestyle.
- Cultural Dimensions: the different criteria and traits that can be used to measure and differentiate between different cultures and groups of people.
- Decision Rules: clear guidelines that specify how companies take decisions in different organizational situations and circumstances. There are specific criteria that govern such rules in accordance with the nature of the situation and the involved parties.
- Dual Reporting: cases where one employee is reporting to two managers in the same time, with one of them being a direct manager while the other is an indirect manager. The two managers are usually a functional manager and a geographic manager.
- Effects Matrix: different effects resulting from the implementation of certain organizational models, and the way they interact together.
- Emerging Concepts: new ideas and thoughts that are gradually developing and making sense for the organization, through the logical significance and relevance to actual events as perceived by the impacted individuals and groups.
- Enactment: how individuals and groups of employees act and respond to changes within the organization.
- Established Markets and cultures: markets that are closely following the North American and European systems, economic models and are in similar market stages.
- Growth Markets: markets that are experiencing more significant growth and increase in sales. In addition, they score higher on several dimensions that are set and measured by global financial institutes. Examples include the potentials, the size of the markets, the buying power and the strategic value/significance.
- Hierarchical/Traditional Structure: an organizational structure following the basic approach where an employee reports to one manager and receives and strictly follows this manager's direction and guidance.
- Leadership: the ability to influence, support and inspire teams and individuals within the organization to achieve organizational goals, accept and positively respond to difficult



situations and decisions. Leaders have an impact both internally and externally. Employees accept the guidance and direction set by the leader in times of uncertainty.

- **Market Dynamics:** how the market operates, and how the players in the market interact and respond to the different variables. They also cover actions of all involved parties and stakeholders, in terms of competition, supply, governmental decisions, and customer actions.

- **Matrix Organization:** an organizational model where employees work in a matrix approach, replacing the basic hierarchical direct reporting structure with a more organic, flexible dual reporting model. In the matrix model, employees would have more than one manager on functional and territorial basis.

- **Maturity:** the extent to which individuals and groups in the organization are flexible, rational, and well experienced to expect and accept various internal and external situations. These situations might impact the managers' status and interests, and how they manage to cope with and respond to such situations.

- **Middle East:** the region that is comprising the group of countries lying in western Asia and Northern Africa, all sharing the same language as well as common cultural, historical and mostly religious background and historical origin.

- **Middle Managers:** the level of managers who are usually in the middle between the top/senior managers and staff employees (non-managerial).

- **Multinational Firms:** they are global companies that operate across many countries, with assets, offices, teams and legal entities existing in these different countries.

- **National Culture:** common characteristics and traits as well as behaviors that are shared by individuals and groups who belong to the same nationality or common regional background

- **Operating Mechanisms:** intelligent and effective processes and critical paths that ensure the elimination of bottle-necks, and secure a more streamlined process leading to achieving business goals.

- **Organization Development Interventions (ODIs):** carefully designed operating mechanisms, new processes and communication models, in order to ensure improved productivity and eliminating obstacles that negatively affect the business. These interventions enjoy an expanded scope in different cultures. They would include all forms of top-down initiatives and organized interventions aiming to resolve issues and address conflicts.

- Remote Management: managing employees who are reporting to the manager, however physically located in other offices, countries or regions.
- Support Functions: functions that have no involvement in commercial and direct business activities with the customers, including finance, Human resources, legal and project management.
- Top/Senior Managers: the higher level of management within the organization, with full accountability for strategy and results, and usually enjoying the highest level of authority. In multinationals, they would mostly be based in the headquarters, in addition to the top management in local market subsidiaries.
- Virtual Teams: teams that are working from different physical locations.

## **Chapter 1 - Introduction**

### **1.1. Description of the Research Problem:**

Since the matrix introduction to the business world, the structure has received mixed evaluations, ranging between positive and negative (Derven, 2010). Nevertheless a significant number of multinational firms is adamant on applying it, as for example GE, Pfizer and ABB. Over the past 12 years the author has witnessed the sudden forced implementation of the matrix in the 3 multinational afore-mentioned firms without any prior preparation and without effective communication/justification. The headquarters seemed to be obliged to apply the same model across the globe. The logic behind it was the perceived advantages of the matrix in terms of effectiveness, innovation and improved decision making. In addition, the clear focus from the headquarters is becoming mainly cost controls and universally applied cost effective models, hence no desire or appetite to try different models in different markets. Such logic might make sense in more established business environments like Europe and North America, where employees are accustomed to such organizational models. In established markets, employees receive sufficient training, and enjoy rich experiences that make them able to handle the challenges associated. However, when companies opt to introduce/apply the same matrix model in remote environments that might experience different business dynamics and variables, the case becomes tricky and intriguing. One reason is that some of these markets are in a constantly dynamic and changing stage, still being far from maturity. The second reason is that there is very limited research data on these markets; that can help develop logical theories. Hence, when multinational firms introduce the matrix organization model to a relatively new/growth market according to the definition/expertise of the organization, as, for example, the Middle East, problems emerge. Such problems are compounded due to minimum acceptance by local managers, as well as minimum communication by the headquarters, giving no space for argument or potential amendment of the model. Companies might not be able to predict the potential response, individual and group enactment, and accordingly how successful the introduction and adoption of the organization model will be. Furthermore, culture has emerged as a decisive variable that can make or break any organizational model, contrary to the growing consensus that universal business models can apply across different cultures. This has been a recurring

theme in every stage of this thesis, and has eventually led to expanding the scope of the study to cover the culture variable, both on national and corporate/ functional dimensions.

Accordingly, there is a need to comprehend how the matrix is applied or “played” in different markets. In every market/country, there are several components that might have an impact on the way employees play the matrix. The following figure portrays the different components and how they interact. In simple terms as per the below figure (Kleymann, 2013), the implementation of the matrix comes as a business imperative, forced from the head office. Due to the different issues that emerge, especially when introduced in a culture of distinctive variables compared to the Anglo-American culture, the company tries to resolve such issues by introducing some ODIs. However, such ODIs are insufficient, and the local Middle Eastern management engages in a process of filtering whatever the head office forces. Eventually, they apply the approach of interpreting then conveying messages, and they manage to address the problems/ conflicts resulting from the matrix.

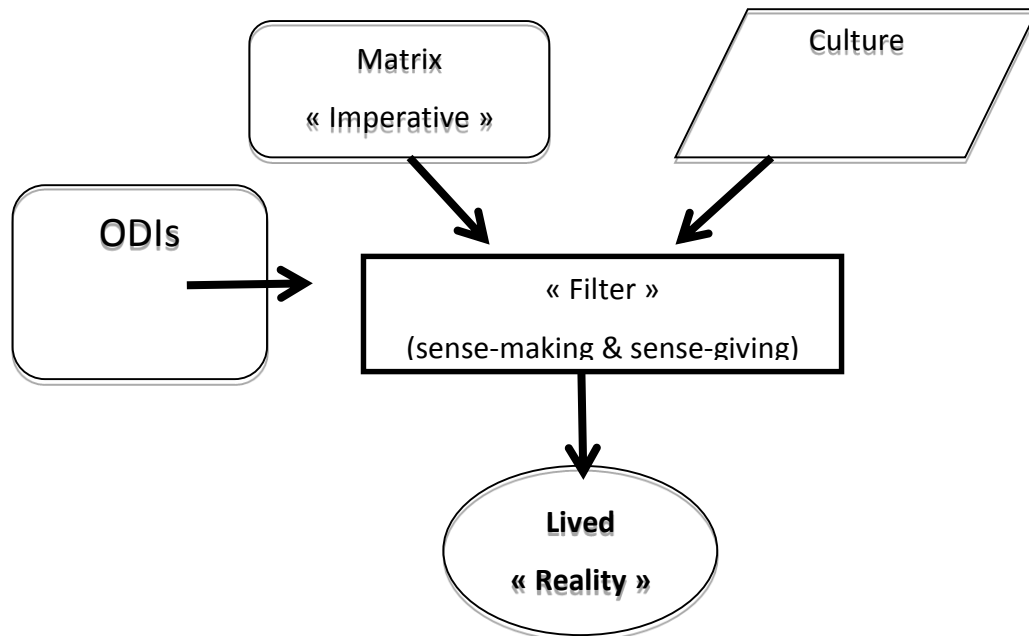


Figure 1: Response to Matrix Introduction, source: Personal communication B. Kleymann (2013).

## **1.2. Basic Definitions:**

In the following section, the author will provide basic definitions that cast light on the different variables that interact and affect the introduction and implementation of a matrix structure as per the above diagram:

### ***1.2.1. Matrix Organization Structure:***

The matrix structure has been introduced to the business world since the late sixties of the 20<sup>th</sup> century. It revolves around applying a dual reporting structure, mostly on geographical and functional basis. The impacts of applying the matrix structure are diversified and vary between positive outcomes and negative consequences for business.

Although numerous businesses have applied the matrix organization structure over the past 40 years, there is a relatively limited research base investigating the multi-dimensional impact of the structure on businesses and employees. The challenge becomes harder when searching for researches covering the same topic and conducted in the Middle East region. The Middle East represents a region with unlimited growth potential, offering attractive opportunities for global companies (Kamel et al., 2010). By definition, a matrix is an organizational model which features dual reporting for employees to 2 or more managers, whether on functional or regional level (Galbraith, 2010). For companies operating on both local and global levels, the focus becomes a dual one; management of profitable products effectively, as well as overall successes in different markets, both close by and remote. Based on Galbraith's various works (Galbraith, 2010), what differentiates matrix organizations is that employees and managers have dual and sometimes triple reporting lines. Transitioning to the matrix model leads to major changes in different dimensions, this includes the structure, processes, policies, and ultimately would require a different set of capabilities and skills. There are various forms of matrix implementation; however, 3 of them are most common. The first one is functional based; the second anchored around project management, and the third providing a balanced model between the different forms (Burns and Wholey, 1993; Galbraith, 2010; Kolodny, 1979; Larson and Gobeli, 1987).

There are numerous advantages of implementing the matrix structure. One study (Derven, 2010), highlights the value of enhancing creativity, mitigating the risk of polarization of decisions and limiting the excessive power that governs the traditional hierarchical model.

Such actions would help in providing more space for centers of functional excellence to develop and extend products and services to the market and maximizing resources utilization. In addition, they would improve relationships across functions and facilitate problem solving and cooperation. On the negative side the study cited several disadvantages, foremost among which was the tendency to escape from responsibility (hiding behind the matrix), as well as increased internal frictions. Another disadvantage was the inability to take decisions, especially in the absence of a clear hierarchical model. All these complexities may lead to eventual conflicts and an environment of organizational politics, and this further minimizes focus on the real battlefield which is the external market and the customer relationship management. Conflicts might be adding value to the organization in certain ways, yet they might also have negative outcomes. Hence, the organization has to find ways to address such issues, maximize the value of the matrix, and transform obstacles into enhancers.

### ***1.2.2. Defining the Middle East:***

Researchers and scholars are still facing difficulties when it comes to defining the Middle East, its borders, differential elements and countries. Accordingly, researchers attempt to create general defining criteria, to compensate for the current consistency issue, as for example classification based on political and socioeconomic variables. One approach was to focus upon countries of the “Greater Middle East” (Candland, 2007), as defined by the G8 (the group of more advanced economic powers of the world). The group definition includes the countries of the Arab World (Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Libya, Lebanon, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, UAE, and Yemen). It also includes non-Arab countries like Afghanistan, Iran, Israel, Pakistan, and Turkey.

Such classification is challenging in view of the major differences between the countries included (Kamel et al.,2010). Although there are some common factors that bind the majority of the countries (namely language, religion and ethnicity), nevertheless even such binding elements are diverse. There are usually several ethnicities, dialects, religions and cultural backgrounds even inside the same country. When comparing the countries in terms of political systems, economic advancement, constitutional rights, business regulating laws and the like, the differences between such countries become even more significant. One simple dimension to differentiate the Middle East countries is the level of economic development

and systems maturity. When applying such dimension on the different countries, Turkey, Tunisia and Iran would score higher compared to the other countries (Kamel et al., 2010). It is worth noting that such evaluation might be affected in view of the major economic, social and political changes experienced by the region. Such impact is significant following the Arab Spring revolutions (starting with Tunisia in January, 2011).

When comparing the countries of the Middle East in terms of political and economic systems, the differences and split becomes more distinct. There is a wide variation in terms of natural resources, when comparing the oil and gas rich countries versus others. There is a similar variation when ranking countries based on the level of political maturity, human rights, democratic reforms, anti-corruption and transparency (Freedom House, 2007). Although the classification based on the income element alone might be deceiving, nevertheless it will lead to three separate groups. The first includes countries possessing a wealth of natural resources (mainly petroleum and natural gas), like Kuwait, UAE, Bahrain, Saudi Arabia, and Libya. The second includes countries with an average income like Turkey and Lebanon. The third includes the rest of the countries, which, possess a wealth of natural resources in some cases. Nevertheless such resources are in raw form, and these countries are incapable of exploiting such resources effectively and in the very near future. Nevertheless, some of these countries possess a rich base of human talents and highly educated business professionals compared to the rest of the region. Accordingly, the significant differences in the nature of resources eventually lead to a variety of transactional activities between the Middle East countries, which are still connected by the basic features despite the differences.

In summary, the definition and geographic scope of the Middle East region varies, however there are clear binding elements in terms of the geography, language & religion. The financial element is still decisive, whether in terms of actual or potential untapped wealth of resources. Throughout this study, the Middle East will be defined as per the above by being mainly comprised of Arab countries sharing the same language, history, and religious background. It is worth highlighting that even Christian Arabs, known as Copts/ Orthodox, might be sharing many rituals and traditions with fellow Muslim Arabs compared to other Christians in other parts of the world. Such definition falls in line with the actual case study company's definition. The company defines the region as mainly the Gulf and the Levant countries (Syria, Lebanon, Iraq and Palestine) and where the majority of Middle East based

managers come from these countries in addition to Egypt. The similarities among the “Middle East” countries comprise cultural, linguistic, economic, business maturity and, to a large extent, ethical/religious backgrounds.

### ***1.2.3. The Basics of Organization Development Interventions (ODIs):***

When reviewing responses to conflict in matrix organization structures, and based on the above sections/considerations, it is important to define the concept and different approaches of Organization Development Interventions (ODIs). By definition, ODIs are specifically designed interventions/process enhancements introduced to address organizational issues, and improve productivity, as well as individual and team performance across the whole business (Beckhard, 1969). Another definition comes from (French and Bell) which views ODIs as a means or catalyst to improve an organization’s levels of performance, productivity and ability to solve its problems and resolve arising conflicts. Such a catalyst relies on a variety of tools both tangible and intangible, such as team-work leveraging, enhancing organization culture as well as a potential use of supporting technology tools. All such enhancers and “catalysts” build on applied behavioral science and action research (French and Bell, 1971).

ODIs are mainly deployed to safeguard the business interest in terms of productivity and leading to profitability. Nevertheless they must take into consideration the impact on the human element; the employees (Beer and Walton, 1990). Hence, to ensure success on both fronts (business and personal), ODIs effectiveness heavily relies on the establishment of an enhancing environment, where transparency, openness, empowerment and active involvement are dominant. Such an environment requires effective delegation and empowerment (Beer and Walton, 1990). This approach builds on the proposition that organizations present more than a business model. They are more of a colorful blend of cultures and social systems, which enjoy and are affected by a variety of dimensions and governing traits/factors (Katz, 1966).

Accordingly, in order to influence a solid and sustainable change in behaviors and attitudes, this cannot be achieved by focusing only on structural design and operating mechanisms. Change relies on effective enhancements/influence on human relations and interactions (Beer and Walton, 1990). This rich work led by Beer and Walton was based on in-depth



discussions involving business managers and behavioral scientists. It has opened a wide door of innovative approaches and creative interventions that can be introduced within organizations, to provide solutions for internal problems and conflicts, as well as support organizations in the change/transformation journeys. Such creative approaches relied on a rich pool of knowledge from different disciplines included but not limited to psychology, sociology, management and organization behavior. These propositions again indicate that there are minimum specific rules and boundaries that define ODIs (Beer and Walton, 1990). Logically, firms are always seeking to develop and sustain elements of success and competitive advantage. Gradually, the focus has increased on ODIs and internal models as a means of establishing such superiority (Foss, 2009). Accordingly, it comes as no surprise that many firms have shifted the focus to the internal structural models and creating more space and fewer boundaries (Foss, 2009; Overholt, 1997). It is important to note that the value of applying ODIs in different cultures still needs validation. This also applies to undeveloped business environments, where there is limited research on the effectiveness of ODIs, and where there are more chaotic business practices.

In summary, ODIs focus on efforts to increase organization effectiveness through planned interventions. There are different approaches and classifications for ODIs aimed at improving performance, as well as ensuring the well-being of employees; hence such approaches usually involve interventions in both structure/system as well as human processes. ODIs are introduced to support different forms of organization change, including the introduction of the matrix structure. Nevertheless the literature does not provide sufficient data or evidence to confirm the effectiveness of ODIs in addressing the matrix problems, especially in growth markets such as the Middle East. Another area of concern is the potential impact of ODIs on the sought advantages of the matrix. Applying ODIs means setting more constraints and restrictions, which might minimize the free flowing nature of the matrix, and accordingly affect the desired impact. Nevertheless, ODIs represent a widely used and popular approach to address different issues arising in various organizational models. Hence the initial focus will be on ODIs as a potential answer to the matrix questions.

### **1.3. Research Question:**

The research question will be as follows:

- How can conflict be managed when introducing the matrix organization structure in growth markets?

It is important to highlight that the research does not aim at eliminating all effects of implementing the matrix structure. The literature provides examples of both positive and negatives outcomes. Hence, the focus is on the negative outcomes, with the aim of assessing the value to the organization, means of managing them, and the potential impact of such actions. The literature also highlights that conflict is desired within organizations to a certain degree. The research question is quite significant, when considering the huge potential of the Middle East region as a growth market. *The study provides a rare case where the research is conducted in the Middle East itself, providing an opportunity for primary data and tangible assessment.* It is also crucial in light of the limited research conducted in this area, coupled with contradicting outcomes and conclusions. Matrix organization structures are widely embraced by the majority of multinational firms, and these firms automatically opt to introduce the same organizational model as they expand the businesses to enter the Middle East. Providing insights and potential ideas for addressing conflicts linked to the introduction of the matrix might be of great value for many multinational firms as they look to expand the business to the region. This research topic can also support in developing a new/amended theoretic base, to be further explored by researchers, in the area of cultural impact on matrix organization structure introduction. The same applies when applies the various ODIs that are adopted in growth markets in order to address and manage the matrix conflicts. *A major contribution in this area is the validation of methodological approaches like the grounded theory in developing contextual solutions for real life organizational issues.*

### **1.4. The Structure of the Thesis:**

The following section outlines the structure of the thesis:

- Chapters 2 to 4 (Background- Literature Review): focus on the literature covering the different concepts covered in the study. Chapter 2 covers the literature relating to matrix organization structures, with a special emphasis on the consequent complexities such as

conflict. It also provides examples of the implementation in different markets and cultures. Chapter 3 covers ODIs; classifications, value for the organization, and applications in different organizational situations. The review includes progressive trends and conceptual approaches, as well as application in remote markets and different cultures. Finally, chapter 4 provides a summary of the literatures propositions, in addition to developing the rationale leading to the proposed research method.

- Chapter 5 (Research Methodology): details the research methodology adopted, starting with the research paradigm/epistemology, then a full account of the grounded theory building method including its justification and suitability for the study. The chapter also includes details on the interviewing process, sampling design and data collection approach as well as category development. The chapter also provides clarity on the data content/analysis approach including the techniques used to categorize and analyze the data.

- Chapter 6 (Analysis): analyzes the research data, identifying issues emerging from the implementation of the matrix, their causes and explanations. It portrays the different relations as per the data collected and highlights potential interdependencies, magnitude and direction.

- Chapter 7 (Findings and Emerging Concepts): builds on the analysis to develop logical emerging concepts, starting with general themes, then providing more scrutiny on two specific areas. The first is how the organization responds to the matrix introduction through applying the loose coupling concept and the second is how different cultures respond and enact with the matrix introduction. This is followed by a detailed literature review on culture, with a special focus on cultural dimensions and how the different cultures respond to different organizational models in general and to the matrix in specific. The chapter also includes covering the impact of leadership, being one of the recurring outcomes in the study analysis. A special section covers the impact of introducing the matrix in foreign/remote cultures, the potential conflicts arising and patterns of response/enactment. The following section provides a general list of all findings, then going deeper through the conceptual model, including the different drivers, catalysts, issues and outcomes. The chapter portrays and analyzes the different patterns of behavior, and then develops the emerging construct and the different rules that govern the introduction of new management structures, specifically the matrix. Furthermore, the chapter provides a proposed operating model that ensures effective implementation of new organization structures in different cultures, specifically growth markets as the Middle East, with minimum negative impact or conflict. Finally, the chapter

provides a detailed comparison between the findings of the study and the available literature, in addition to triangulation through company literature and documents. The chapter ends with a general conclusion highlighting the main outcomes and the different research limitations.

- Chapter 8 (Managerial Recommendations): provides the general recommendations to businesses based on the study findings, then proposes a conceptual model that can be adopted by organizations when entering new markets and applying different management models. The chapter includes a list of areas of potential further research, based on the perceived gaps in existing literature versus the growing needs especially in growth markets.

- The appendix: provides various samples of evidence and data collected which were analyzed and interpreted in the study. It includes samples of the questions used in the interviews, details of the participants' background and classification. It also samples of interview transcripts with interviewees from different background, and samples of email correspondences revealing cases of conflicts resulting from the introduction of the matrix structure. It also includes examples of company material featuring presentations of proposed ODIs and solutions aimed at creating decision rules and addressing conflicts arising from the introduction of the matrix organization structure.

### **1.5. The Integration of the Pilot Study in the Main Study:**

The design of the study included conducting a pilot study, following a research method similar to the one proposed for the study. The pilot study included basic literature review, unstructured and in-depth interviews with managers from both local and expatriate cultural backgrounds. The initial analysis and findings suggested that there might an unexplored area that deserves more dedicated exploratory research. Accordingly, the study expanded to follow the grounded theory building method. Bearing in mind the nature of unstructured interviews that does not limit the questions to a specific area; the final study integrated the interviews conducted in the pilot study. The questions and approaches applied in the pilot study provided a solid base to build on for the main study. Eventually, the initial findings and emerging concepts from the pilot study proved to be in line with the main study and the final outcomes.

## **Chapter 2 - Literature Review on Matrix Organizations**

This chapter provides an overview of existing literature on the major variables and dimensions of the study, specifically the matrix organization. The literature covers the conceptual base, and the main issues and conflicts that are arising as a result of the implementation. It is worth stating that, despite extensive search through the existing literature, the outcome was limited when focusing on organizational models applied in remote/external markets, as for example the Middle East. Such limited literature and the nature of the case study, both provide logical justification for proposing the grounded theory building method. The study provides a good example of developing theories based on case studies and linking rich qualitative data/evidence to the most applied and typically adopted deductive research (Eisenhardt and Graebner, 2007). As the research followed the iterative GTB approach as described by Eisenhardt, the scope has expanded to cover culture and leadership, as well developing analogies that might be of value. The approach built on specific evidence provided from the study data that can be juxtaposed when reviewing the existing literature. Examples of such analogies include matrix versus project management, sense-making and sense-giving versus ODIs, emerging and external markets versus Middle East markets. Such analogies enriched the data. Nevertheless the challenge remains to validate and justify such connections and similarities.

### **2.1. Complexities of the Matrix Organizations:**

Research suggests that there are mixed outcomes linked with the introduction of matrix organization structure, both positive and negative. Historically, organization structures followed the straightforward hierarchical design, featuring clear reporting lines for separate units. However, new concepts suggested that there needs to be a cross-functional horizontal connection, through different work processes, that links between the different vertically managed business units (Nesheim, 2011). Nesheim focused on a variety of issues that emerge when attempting to apply standardized work processes across different originally separate hierarchical structures. Applying such processes triggers potential trade-offs between facilitation versus control, and conflicts arise when managing remote markets and resource allocation. This proposition makes sense; originally separate autonomous organizations would be reluctant to apply enforced systems and accept more involvement/control. Below

are some of the main recurring problems arising from the introduction of the matrix organization (Davis and Lawrence, 1978) and followed by the author's critique:

- Resorting to disorder in the absence of clear rules: this makes sense as no clear rules will lead to chaotic dynamics.
- Internal conflicts: this makes sense in the absence of clear-cut rules.
- High level of group cohesion on emotional before business level: this sounds logical since people join forces in times of lack of clarity and external influence.
- Inability to cope with times of economic hardships: the matrix model might be too loose and providing limited control in such times.
- Unjustified costs and overhead: this is a debatable issue; the matrix sometimes creates new split roles, while in other cases eliminates positions in remote markets and builds on headquarters positions.
- Falling into extra organization structure layers without proper controls in the form of uncontrolled layering: both options might occur. In some cases, there are fewer layers however extra functions are established to manage the relations between different existing functions.
- Being trapped in internal challenges and business whilst neglecting the main front line business with the external market: this is a valid point. Managers and employees will seek internal alliances and leverage personal relations to secure internal support, which would take more time and energy due to the absence of clear decision rules and authorities.
- Inability to take decisions with the creation of excessive bottlenecks, in the absence of a clear route for resolution. This seems logical; with more parties involved and no clear owner for the decision, the process might face extra hurdles.

Some of these problems surfaced again, as the outcome of implementing a social experiment (Joyce, 1986), where the introduction of the matrix model triggered a variety of negative outcomes. There was a specific impact on employees' understanding of the roles, behaviors and attitudes on the job, and the level of synchronicity in terms of activities, organization and collaboration. These findings fall in line with another research work (Butler Jr, 1973; Reeser, 1969), which suggested that decisions became more difficult with the introduction of horizontal links. Such links disrupt the traditional hierarchical business structure and eventually led to more difficulties in understanding roles, which in turn led to more conflicts,

and ultimately a negative uneasy environment in the workplace. This overall outcome might not be fully welcomed; whilst the matrix concept clearly expects and accepts conflicts. Nevertheless excessive complexities and negative emotions might pose threats to the initial advantages sought.

In an extensive research conducted over senior and middle managers (Sy and D'Annunzio, 2005), the main problems associated with the application of the matrix structure were found to be:

- Minimum alignment on direction and overall goals.
- Ambiguity in terms of role distinction.
- No clarity in terms of decision rules and authority.
- Self-centered employees with minimum alignment.
- Resistance to change.

These problems echo similar ones identified in earlier research, and further confirm basic issues that emerge when applying the matrix. These are not the type of problems that would work as a catalyst for performance enhancement and productivity improvement.

In summary, research suggests that implementing the matrix organization structure might lead to the evolution of different problems, on both the organizational and people levels. Recurring issues that seem to emerge are conflicts, power struggles, resistance to change and coordination/alignment complexities. Conflict seems to be a common case in matrix organization structures, whether directly identified in the form of power struggles or as an eventual result of other outcomes such as decision strangulation, work attitudes and ambiguous authority. Moreover, while a certain level of these complexities and even conflicts is accepted and sought to further drive the organization forward, the overall outcome might be excessively harmful to the business. Furthermore, it can become a source of major conflicts that would ultimately jeopardize the same advantages originally expected from the matrix introduction. Such findings have repeatedly surfaced through in-depth studies conducted within companies; nevertheless minimum research exists covering the topic in the Middle East region. There still needs to be further assessment of the value of conflict to the organization, and whether it is commendable regardless of the surrounding environment. In the following section, the literature will identify the different forms of conflict within

organizations, and will scrutinize the specific conflict issues that might be linked to the introduction/ transition to the matrix organization structure.

## **2.2. Conflict in Matrix Organizations:**

Conflict arises when different parties have different understandings of the same activity or event, and when occurring activities contradict each other. It also emerges when one party is negatively affected by the actions of another party, either through direct impact or impeding, undermining or resisting this party's actions by any means. In other words; conflict might arise between colleagues, friends as well as enemies (Barker et al., 1988). Research proposes two different forms of recurring conflict within the matrix (De Dreu et al., 1999). The first type is the conflict emerging among group members regarding the work task (task conflict). This type includes lack of alignment and common understanding of individual roles and responsibilities, in addition to contradicting opinions and views about performing work tasks. The second type is conflict related to intergroup relationships (relationship conflict), including sensitivities, potential adversity, difference in positions and negative feelings and attitudes towards each other. Both types occur when the matrix structure is introduced to organizations, as evident from the literature cited in the previous section.

There are various causes of conflict in organizations. Conflicts usually arise from problems in communication, incompatible personal relations, and in some cases they might be a direct result of the implementation of certain forms of organization structures (Phillips and Cheston, 1979).

One of the main messages conveyed through research is that the conflict is a natural result of introducing the matrix structure (Galbraith, 2010). Some researchers went further to highlight that companies concentrate on the surface problems (e.g. lack of alignment between sales and marketing functions), rather than identifying the cause that led to such situation; Conflict. Consequently, such alignment cannot be reached until the cause was addressed and handled. Although companies introduce various actions and restructuring initiatives to handle such conflicts, this would lead to even more aggravation of the situation and more acute state of conflict (Weiss and Hughes, 2010). Such actions and initiatives can represent different forms of ODIs. The limited value of the ODIs gives an indication that there remains a dire need to explore other, more effective tools to secure favorable outcomes for the business and the



employees. This premise will be further explored in the following section, which focuses on ODIs and the impact on organizations.

The sources of conflict in a matrix organization include inappropriate and contradicting work schedules and time lines, competing over a limited pool of resources and conflicting priorities. They might also include the clash of different personalities, organizational pressures in terms of cost control measures which force choice among competing alternatives. In addition, there is always a need to abide by systems and procedures regardless of the impact on the flow of the business(Wilemon, 1973). In the matrix organization model, where employees are subject to a dual boss system, they are under constant pressure from 2 bosses, with two different sets of priorities, interests and goals. The probabilities of conflict further increase when taking into account the numerous gray areas in terms of decision authority, role clarity, minimum alignment on objectives and strategic direction. There is also the existing gap between experts in different disciplines with diverse backgrounds(Wilemon, 1973). Another area of potential conflict will arise when people from different cultural backgrounds work together without clear rules and boundaries. In such cases, each group will interpret messages different based on the members' background in a process of sense-making (Weick, 1995). They will process such meaning and translate it to a different message when shared with others, in what can be viewed as a process of sense-giving (Gioia and Chittipedi, 1991). The concept of sense-making and sense-giving will be covered in the following section.

In summary, the literature suggests that conflict is a common phenomenon in business organizations, and more obvious as a natural outcome of implementing the matrix organization, even if not intended to. The potential of conflict increases especially when considering the challenge of managing the relation with two superiors on hierarchical levels. In such relations, each superior is operating according to a different set of demands, priorities, as well as potentially varying organizational environments. Forms of such conflicts include structure, task and relationship conflicts. The literature suggests that there are different triggers for conflict regardless of the nature of organizations. While some of these conflicts might exist in every organization, there is a higher tendency for such triggers to exist in matrix organization structures. It is important to note that most of the above propositions are based on studies in well-developed and mature organizations.

### **2.3. The Triggers of Conflict in Traditional Versus Matrix Organizations:**

Based on the literature review, specifically the different research works referenced in this study, there are various issues that lead to conflict whether in traditional organizations or when introducing the matrix organization structure. The following table lists some of the triggers of conflict in both traditional and matrix organizations. It is apparent that the introduction of the matrix organization structure creates more issues that lead to conflict compared to other traditional structures.

<b>Traditional Organizations</b>	<b>Matrix Organizations</b>
Cultural Backgrounds	Cultural Backgrounds
Restructuring initiatives	Restructuring initiatives
Structure, Relationship	Structure, Relationship
Different priorities	Different priorities
Incompatible interpretations	Incompatible interpretations
Lack of agreement on top management goals	Lack of agreement on top management goals, unspecified objectives
disagreement about the content of the tasks, viewpoints, ideas and opinions	disagreement about the content of the tasks, viewpoints, ideas and opinions
working relationships, tension and animosity	working relationships, tension and animosity
	Resources scarcity, low project management authority
	Ambiguous job descriptions/Unclear Hierarchy, dual bosses

Table 1: What Triggers Conflict in Organizations (Wilemon, 1973; Weiss and Hughes, 2010; Galbraith, 2010).

When building on the earlier definitions of the matrix organization structures and comparing with the sources of conflict within organizations, it appears that implementing the matrix structure is a likely source of organizational conflict.

#### **2.4. Reactions to Conflicts Resulting from the implementation of Matrix Organization Structures:**

Conflict management is defined as different behavioral approaches aimed at addressing conflict within the organization, and effectively managing it. This includes eliminating, diluting, resolving or even in some cases increasing and escalating (De Dreu et al., 1999).

Researchers suggest that business leaders should promote the matrix concept of accepting conflict, and addressing escalation rather than escaping from it. Nevertheless they will also be expected to reach decisions when consensus becomes unattainable (Galbraith, 2010). Such a proposition still lacks sufficient logic when acknowledging that the matrix does not provide a practical mechanism for employees to reach a decision in cases of no consensus. It is also worth stating Galbraith did not provide sufficient examples from specific countries and businesses to support this claim. An argument following the same direction, (Weiss and Hughes, 2010) welcomed and encouraged disagreements and frictions arising from the matrix implementation. Such disagreements and eventual conflicts are proposed to provide the pillars of effective resolution through innovative approaches. They might eventually create the cornerstones for true alignment, acceptance and understanding between the different functions and business silos within the organization. Such a path would ultimately lead to compromises on goals and reaching common grounds that satisfy the priorities and needs of the conflicting parties. This concept needs thorough investigation; there are many variable involved and different prevailing cultures whether professional or functional, as well as varying levels of maturity and expertise. In such complex situations, expecting involved parties to be able to rise above differences and manager to resolve conflict would be unrealistic. From a different perspective, it makes sense to manage conflict within the matrix organization, rather than exert excessive efforts to try and fully resolve it (Davis and Lawrence, 1978; Galbraith, 2010). This proposition makes sense in a matrix structure which has been described as a system based on “deliberate conflict” between the business managers

working in different functions and others who are handling project management roles. The same applies between the regional and functional managers, who constantly engage in ongoing battles for scarce company resources (Cleland, 1968).

Researchers have developed different approaches to managing conflict. One proposed model features four balanced systems within the organization controlling the performance of the matrix structure (Kesler and Schuster, 2009). Those systems are:

- 1- “Belief systems”: keeping the faith in the business and setting benchmarks for the sought and accepted behaviors/actions inside the organization.
- 2- “Boundary systems”: providing clear guidelines and red alerts that prevent potentially out-of-line opportunistic actions.
- 3- “Diagnostic control systems”: scrutinizing and ensuring effective performance that leads to achievement of goals.
- 4- “Interactive control systems”: effectively transforming practical experience into lessons learned and embedded knowledge that supports the business in further growth and creative out of the box ideas and initiatives.

In a sense, belief and interactive control systems are aligned with the matrix concept. Such systems are open and flexible nature, with potentially mixed effects following implementation. As much they would provide space for innovation and allow for human interaction, there might still be the threats of peer pressures and group perceived power that kills true opportunities for innovation and individual excellence. On the other hand, boundary and diagnostic control systems appear to be less aligned with the matrix concept. Despite the value to the organization in providing discipline, safeguarding rights and clearly defining rights, duties and accountabilities. Nevertheless control systems still led to restrictions, and ensured compliance through enforcing actions and establishing strict boundaries. From a critical perspective, it is difficult to accept the boundary systems as coherent with the matrix concept; boundaries imply rules, and rules contradict the initial free flowing matrix structure.

On a general level, addressing the matrix complexities would include a variety of critical organization factors, some of which would possibly support in managing conflict (Derven, 2010). These would include incentivizing employees who manage to overcome the differences and align on direction, development of clear operating mechanisms that govern

processes within the matrix. They also include reaching consensus on strategic direction, clarity on decision rules, and specification of roles and responsibilities across the different functions. Though such elements make sense in terms of the potential effectiveness, nevertheless it is worth stating that Derven did not provide a specifically validated link between such factors and addressing the conflict within matrix organization structure. Moreover, the idea of developing such enhancements or supporting tools to govern/control the matrix is contradicting the basic essence of the matrix as defined in earlier sections.

Two popular yet contradicting strategies for conflict resolution were the “tough guy” approach and the “problem-solver approach” (Phillips and Cheston, 1979). The first model provides two personality profiles that can make the matrix work, the first being the tough guy; assertive, autocratic, quick to action and resorting to coercive or perceived power. The second is the problem-solver; objective, democratic, believing in participative decision making, creating a common ground and an enhancing environment that encourages parties to reach creative solutions. Such solutions would secure the needs and goals of everyone. When comparing both profiles to the practical cases of matrix implementation, the first profile seems to contradict the matrix basics since it builds on autocratic decision making and the use of coercive power. On the other hand, the second profile seems to be more aligned with the matrix concept. Nevertheless real life indicates that it cannot work alone to address the conflict, especially in more demanding situations where the business needs to take decisions promptly. An example of such situations would be the growth markets, which constitute the main focus of this study.

According to Phillips and Cheston, the basic methods of conflict resolution were:

- 1- Forcing: a typical win-lose situation where one party manages to force the preferred decision regardless of the other party’s needs.
- 2- Problem solving: a joint effort between both parties where they strive and use innovative approaches to reach a common ground that secures a win-win situation.
- 3- Compromising: both parties accept a compromise where each accepts a trade-off between gains and losses.

In reality, managers would explore one approach after the other, the sequence most probably depending on initial preferences or the governing circumstances. Variations of the above-

stated conflict management approaches were further examined in a research conducted in 1988 (Barker et al., 1988). Participants assessed four different conflict management approaches (cooperative-confirming-competitive-avoiding). They provided feedback about the potential implications of applying each one of them. The implications had a significant impact on conflicts, the volume and degree of positivity/healthiness of such conflicts, as well how effective the project management model would be. Results indicated that initial perceptions of the nature and impact of conflict were decisive in the employees' decision to use any of the different approaches. For example, those who perceived conflict as a positive symptom were more inclined to use collaboration and cooperation, based on confidence in project management tools as means to overcome any conflict-related challenges. Although the research focused on the engineering group of utility in Western Canada, nevertheless it serves as a base for further experimentation and validation in other countries and industries. The study provides food for thought on how perceptions play a role in addressing conflicts within the organization. This proposition is similar to the concepts explored in this study, where perceptions play a major role, and managers apply the sense-making and sense-giving concepts in order to address the uncertainties of the matrix.

Further development took place through creating strategies specifically focused on handling disputes whenever conflict arises. These strategies provide special tailoring to serve the matrix organization model, citing examples from Intel, Blue Cross, IBM and other companies(Weiss and Hughes, 2010). Some of these strategies were as follows:

- Design and apply specific approaches to address and resolve conflicts.
- Support employees with guidelines and tools to develop options and alternatives for potential trade-offs.
- Transform employee upward referrals of issues in case of negative conflict to become a source of knowledge and a chance to receive coaching and enhance capability and competence.
- Develop a strong belief and adherence to the necessity of joint escalation in case of failure to resolve conflicts.
- Ensure that senior managers have the ability to manage conflicts when escalated to a senior level, directly with counterparts in the opposing/separate functions.

- Ensure the presence and active implementation of a transparent conflict resolution process and operating mechanism.

Going through the above strategies/approaches, they still appear to be lacking specific practical means to ensure conflict resolution. They simply reiterate the basic concepts of the matrix, but all end up resorting to maturity, escalation, ability to convene on a higher organizational level. They usually fall short of any specific tools, rules or mechanisms. It is also important to reiterate the same question again; is there a real need to “resolve” conflict, or should it be handled and positively transformed.

It seems logical that companies need a more effective approach to managing complexity (Morieux, 2011). This proposition applies for the matrix organization structure which entails a significant level of complexity. Some intelligent options to get people to solve problems as suggested by Morieux include:

- Ensuring a better understanding and more clarity of what other employees in other function do, including specific accountabilities and core tasks.
- Providing more space and power for employees who strive to bring people together and integrate rather than split forces.
- Enhancing more empowerment through providing more authority.
- Increasing awareness and acceptance for the concept of mutual benefits, trade-offs and the need to apply it within the organization.
- Ensuring that employees are aware of the potential outcomes of individual actions and the impact of decisions reached.
- Exposing those who refuse to cooperate and adding pressure on them when things go wrong due to inappropriate attitude and behavior.

Once again the above options seem to contradict the basic concept of the matrix; since they promote the concept of increasing power and giving space to managers. Eventually, they raise the level of conflict by exposing others who are perceived not to be cooperating.

In summary, the literature suggests that there are various approaches and strategies that can manage/ resolve conflict, applying to organizations in general and matrix organization structures in specific. Although the literature does not classify these approaches and



strategies, nevertheless there seems to be a blend of approaches, some of which can fall under the ODIs scope. Apparently, there is a significant gap that still needs to be covered, especially when realizing that many of the approaches build on human enactment and unstructured behaviors/actions. Such Behaviors are not usually formalized or incorporated in the system. Accordingly they fail to address the conflicts arising from applying the matrix, and in some cases contradict the matrix through suggesting approaches opposing the basic concept of the matrix.

In the following chapter, the literature will explore the value of introducing Organization Development Interventions (ODIs), as potential effective tools to address conflict resulting from the matrix organization structure implementation. The aim is to identify the various ODI tools applied to address conflict in organizations in general, and in matrix structures in specific, and assess applicability and perceived effectiveness by managers and employees. The aim is also to understand the wider scope of ODIs, as per the extended definition, to be able to assess their value on addressing organizational issues.

## **Chapter 3 - Literature Review on Organization Development Interventions (ODIs)**

This chapter includes a detailed review of ODIs in terms of classification and impact on the organization. The chapter reviews research works that explore the impact of ODIs on matrix organization structures, and the potential ability to address problems. The coverage of ODIs is quite extensive, in view of its perceived value as a solid means to address organizational issues and problems, especially those resulting from applying new structures. The review also encompasses progressive trends, in order to cover the full scope of potential organizational tools, as the local culture understands and perceives them. ODIs represent a potentially effective tool to address organizational complexities, especially in cases where new structures or management models are to be introduced and implemented (Werkman, 2010). Nevertheless the same research highlighted the gaps between leadership and teams. The seniors would expect a change to be fully adopted and implemented by the teams. In return, the teams were citing issues and complexities resulting from senior managers' desire to turn the model upside down and establish a totally new model. The seniors usually perceived such objections as mere resistance to change and teams clinging to unrealistic unworthy issues.

Over the years, various researchers have focused on the value added to organizations through the introduction of ODIs. Advantages included the impact of ODIs on individual and team behaviors and interrelations, improvement of productivity, and enhancement of the workflow and various processes within the organization. Such advantages would ultimately lead to resolving potential conflicts (Worely and Feyerherem, 2003). These enhancements would specifically focus on providing effective advice for managers on how to manage the different operations and workflows, as well as means to streamline activities and simplify processes. Such a proposition would qualify ODIs for potential adoption when addressing conflicts that arise when implementing of the matrix organization structure. The introduction of the matrix usually entails a fundamental change to the organization. In return, research views ODIs as capable of directly masterminding and controlling change within organizations (Nadler and Tushman, 1989).

### **3.1. Classification of Organization Development Interventions (ODIs):**

Different types of ODIs have evolved over the years. One of the earlier yet popular models relied on “Action Research” as a base for ODIs (French and Bell). They suggested that ODIs can address different organizational situations, including resistance to change, through a variety of tools, such as process mapping, innovative structural design, and overall productivity enhancement and performance improvement. The model implementation consisted of:

- An initial analysis/diagnosis.
- Collecting raw data.
- Enriching the data through further clarification and feedback from inside the organization.
- Investigating the data as provided by the organization.
- In-depth analysis.
- Action-planning.
- Actual action.

When comparing the nature of issues that are addressed by ODIs as well as the type and flow of activities conducted (as listed above), they can be considered as potentially sound in addressing matrix organizational complexities. In these organizations, the issues are almost identical, and the course of action takes a similar process. Nevertheless they still fall short of fully involving all stakeholders in the process, and not focusing on the human element interaction/enactment). They become less effective in a culture like the Middle East, where issues like data access and systematic analysis tools are hard to secure.

Such human element was fully incorporated as the research on ODIs progressed. Eventually, two main approaches have further developed almost to dominate the field of ODIs in terms of theory and practice. These approaches are the human process approach and the techno-structural approach, which can potentially co-exist (Friedlander, 1974). The human process approach is one where employees engage in assessing and analyzing individual, interpersonal, functional and cross-functional work processes. They identify areas of potential improvement, through the possible amendment or modification of such the applied processes. Such modifications take the form of ODIs. They can be applied in areas including

team development and collaboration, organization design analysis, feedback processes and cross-functional as well as intergroup dynamics (Blake et al.; 1964; Nadler, 1977; Petrow et al., 1971). The “Techno-structural Approach” builds on the assumption that employees’ motivation and behavior within the organization will be mainly dependent on a variety of organizational and structural components. These components include the structure, the authority and control models, information technology with the potential impact on the job descriptions, reward and punitive models. Examples of interventions in such areas include business re-engineering, process mapping and re-design, restructuring, total rewards model development and process automation as well as technology-based decision support systems development (Beer and Walton, 1990).

Moving forward, research highlighted three classes of ODIs, mostly following the same line of thought (Nicholas, 1982):

- 1- “Human process-based approaches”: mainly focusing on human relations enhancing and team building as well as collaboration, based on laboratory training and feedback received from internal surveys.
- 2- “Techno-structural approaches”: mainly addressing job profiles, redesign of jobs, including enrichment, enlargement, and the design of communication and socially connecting systems that are technology based.
- 3- “Multifaceted approach”: including interventions that can integrate and blend a variety of approaches, mainly blending the above two approaches.

One specific intervention approach worth highlighting was the model of “task group development in complex organizations” (Heinen and Jacobson, 1976). The strategy mainly favored focusing on tasks and the related problems, rather than investigating relationships and related affective influence. It proposed four stages for intervention, specifically “forming, differentiation, integration and full maturity.” This is somehow similar to the techno-structural approach, where there is no focus on the human element; however the four stages, as specified earlier, would probably involve human interaction on a different level. Hence, it would make sense to consider a multifaceted approach where systems, processes and human interactions/enactment combine to address and resolve disputes within the organization.

One common observation about the different classifications/approaches is that they do not address some of the core issues resulting from organizational change, specifically the matrix introduction. Among these core issues would be the decision rules, tackling hierarchy issues, inability to implement global models across different environments regardless of the existing dynamics.

In summary, ODIs have been developed to address a variety of organizational complexities, among which is change management, which makes them a potential answer to the matrix pains. Traditional ODI approaches feature two major classes; the first is the human process-based approach, fully focusing on the human element, employee interactions, team activities and collaboration. The second features techno-structural approaches, which concentrate on structural and system components. In practical terms, it might make more sense to apply a blend of both approaches, according to the nature of the situation and intervention planned. However, it seems logical to suggest that ODIs can partially provide solutions to problems arising from matrix organization structures. Furthermore, such an assumption needs validation in different organizations and when taking different variables into consideration. Variables include the nature of the business, the magnitude of change, and the governing culture, in addition to assessing ODIs' ability to address the core issues linked to matrix structure implementation. The ability to address issues in developing markets with less capabilities and different perceptions needs further validation too.

### **3.2. Characteristics that Differentiate ODIs:**

ODIs differ from the traditional interventions through being heavily involved in the detailed ongoing processes of the organization (French and Bell). To further clarify, the same research highlighted seven characteristics that displayed such differentiation:

- 1- High focus on all forms of processes including organizational, intergroup and cross-functional, compared to less focus on the content of the task.
- 2- High focus on the task teams and groups, which represent the core nucleus and basic tested unit from which knowledge can be developed concerning effective organizational behavior models.
- 3- High focus on the promotion of collaborative management style encouraging and embedding a team work culture.

- 4- More concentration on viewing the big picture and focusing on comprehensive culture management across the whole integrated system, rather than segregated silos, including the potential consequences from such an approach.
- 5- The application of “action research model.”
- 6- The deployment of “a behavioral scientist,” someone who is experienced and equipped to play the role of a catalyst, and real change agent driving the organization towards transformation.
- 7- Dealing with change as a continuous process with no set start and end points or timings.

In summary, the above characteristics suggest that there is a potential impact of ODIs on matrix organizations. However, such impact needs to be clearly defined and evaluated. As per the listed impact items, some of them might not be desirable or positively perceived. Some might also be crippling to the free flowing organizational model that is sought as one of the benefits of implementing more progressive organizational structures. Furthermore, without a binding force that ensures employees will conform, there is always the probability of employees rebelling and resisting such interventions, especially when in different cultures and work environments. On the other hand, all such activities and intervention options seem to respond to issues raised by matrix organization structures. Nevertheless the same can be claimed when applying these interventions in other forms of organizational change or implementing new business models. In other words; there is no solid proof that such interventions will be specifically effective for matrix organizations versus other models. This area has not received sufficient interest from researchers, especially when attempting to study actual ODIs inside organizations with varying cultural backgrounds, and validating the effectiveness of the outcomes. Hence the literature coverage will extend to include progressive approaches that can still fall under the ODIs definition, in order to be able to understand how the local culture might respond or be affected.

### **3.3. Emerging Trends in ODIs:**

With the growing organizational complexities, researchers have acknowledged more progressive ODIs that seem to be more realistic and comprehensive. Such approaches take into consideration the fact that employees play different roles and display different

personalities in accordance with status and position or hierarchical level within the organization (Marshak and Grant, 2008). This concept exposes the potential impact of the role and authority or influence, in addition to the perceived upper hand of certain organizational groups/teams, whether a project or function-based. Such a situation would require ODIs to become more progressive and comprehensive. They need to apply actions that can impact more diversified teams, as well as challenging the negative concepts and passive line of thought that might be associated with such power-based environment (Marshak and Grant, 2008).

From a critical perspective, such approaches and concepts make ODIs more relevant to the matrix implementation issues, particularly when comparing the similar complexities such as perceived power maps, varying roles and perceived ability to influence. ODIs also apply in addressing the potential struggle between larger groups that might have conflicting goals and directions (as, for example, different functions or local versus headquarter teams). Such a proposition has been validated in the study outcomes, although the impact of ODIs was perceived to be limited, yet still essential in addressing some of the negative outcomes of introducing the matrix.

#### **3.4. Sense-Making and Sense-Giving as a Concept Supporting ODI Effectiveness:**

One of the conceptual models that seem to facilitate the effectiveness of ODIs is the sense-making and sense giving concept (Bartunek et al., 1999; Weber and Manning, 2001). A starting point would be exploring the nature of organizational tactics and somehow political games adopted by middle managers in order to manipulate change programs and affect the result (Hope, 2010). A qualitative study of middle managers in an insurance company revealed how middle managers influence the process of developing meaning and interpreting the messages received. The managers' behavior seems to be a form of a sense-making of messages received from others, including superiors. The findings suggested that middle managers have an influence on superiors' sense making, displaying the ability to influence and control actual change. This takes place through constant display of the expertise in the business as well as the ability to manage and identify, allocate and manage resources. The study builds on the concept of sense-making and sense giving, which can be another form of explaining how the internal dynamics work inside an organization to address change and

conflict. In simple terms, sense-making can be defined as a conceptual process through which the different parties develop meanings and interpret messages in the surrounding environment. This process takes place in order to be able to comprehend and understand the scope and rationale behind the proposed organizational change (Hope, 2010). Sense-making can be activated and processed through various formal communication models, whether top down or horizontal. Nevertheless it is most effective when employees at the receiving end engage in normal human and social interactions, including personal stories, rumors, basic discussions and gossips. Such engagement helps to develop a logical meaning and interpretation of the messages received, and accordingly what the supervisors expect from them to realize the change plans. On the other hand, sense-giving can be defined as a process through which managers or employees attempt to influence the sense-making of others. Managers develop and convey different messages through different formal and informal means. They push the teams to adopt a specific perception, understanding and interpretation of the overall organizational model; one that might not be real as much as being a perceived interpretation of the real life situation. Within this context, sense-giving can be viewed as an open communication field where every player attempts to influence and direct the thoughts, perceptions and interpretations of the others (Hope, 2010).

The aforementioned definition of the concept qualifies it to support ODIs, where organization players will adopt certain behaviors. They will adjust mindsets in order to better comprehend, absorb, and then be able to deal with and convey certain messages received from other parties or groups within the organization. This is exemplified in another study, which focuses on how the concerns or new situations are being conceptually transformed and defined as potentially positive and leading to a better state. This approach replaces the potential negative situation which might lead to threats or undesired outcomes (Dutton, 1993). This handling is usually conducted by internal organization champions or change agents, who take the lead in absorbing, comprehending, then repositioning and conveying a more positive message about such change or event. Hence, the situation develops to reveal a potential area of improvement or growth for the different involved/affected personnel. Such a concept further highlights the vital role played by individuals, apart from systems and formal power. It further supports the suggestion that organizational changes and conflict cannot be simply implemented and resolved by systems and rules. In such form, it becomes more in line with the comprehensive



ODI tool introduction that combines both the human and "techno-structural" approaches together, in order to be able to address more challenging organizational changes.

In summary, when comparing to the matrix model with the inherent complexities in the model, the sense-making concept can be a potential answer to some of the matrix issues. This is evident specifically in the manner in which directions or mandates are being received and interpreted, then enacted and conveyed, in addition to the pattern of developing resistance. However, it still falls short of clearly resolving the conflicts inherent in the system. Whilst parties would apply the approach of sense-making then eventual sense giving to create appropriate meaning to the teams, these meanings can sometimes be part of the solution. The reason is that the issue owner influences the collective mindset of the receiving team, and accordingly this affects how they enact to reality. Nevertheless, the limitations still exist, when acknowledging that the major players would be limited by the boundaries of the roles and perceived status/power dimensions. Hence, they would be governed by sets of specific behaviors and actions as expected by the subordinates, in accordance with positions and roles (Taylor and Van Every, 2010). The problem would still exist, even though ODIs will help ease the issues and address some of the conflicts.

### **3.5. Loose Coupling as a Concept Supporting ODIs in Addressing Conflict/Change:**

Another emerging concept/metaphor that might support the effectiveness of ODIs tool, when addressing management conflict is loose coupling. Researchers have developed various definitions for it (Orton and Weick, 1990); however, the more general ones are as follows:

- 1- Loose Coupling occurs in an environment where the applied systems feature a very limited number of common variables, or they do exist however the impact and influence are intangible.
- 2- A situation in which elements within the organization are interacting and responding to the different dynamics, however they manage to remain independent.
- 3- Loose coupling can be defined in terms of comparison with other management and organizational concepts. In such a comparison, loose coupling will stand out by being a situation where the different parties within the organization have an impact on each other. Such impact occurs in a disruptive, unplanned, occasional, relatively insignificant and mostly indirect way, compared to more structured, continuous, direct and quite crucial approach.

These definitions set the foundation for a potentially practical supportive concept. The concept builds on a blend of structured/unstructured, as well as formal and informal organizational and people mapping, which accordingly increases the ability to develop a course of action/response to provide potential resolution. Organizations appear to be both "clearly defined", closed systems searching for clarity and certainty, yet in the same time indeterminate, open systems expecting uncertainty and ambiguity(Orton and Weick, 1990). Employees must face "incompatible concepts," coupled with the fear that the surrounding culture does not exhibit or display models where incompatible thinking styles and behavioral approaches can blend or simultaneously co-exist. Accordingly they would respond by neglecting one of the contradicting variables. This approach enables them to accept and digest the other variables. One effective way to preserve contradicting elements, as for example rationality versus uncertainty and vagueness within the same system, would be to create separate areas or zones for each:

- "The technical core" as a tight, controlled closed system that builds on logical models to ensure full clarity and certainty;
- "The institutional level" as an open system that allows for and embraces ambiguity, accepting different external variables to enter its space
- "The managerial level" as an arbitrary system that plays the middle role and balance between the two earlier poles of a wide difference in between (Orton and Weick, 1990).

Loose coupling suggests that regardless of which area, layer or level within the organization, there will always be a variety of elements that enjoy different levels and strengths in terms of interdependencies and relationships. The concept of coupling is reflected through the link that somehow occurs between the two variables. Since both variables/elements still enjoy a significant degree of independence, as well as indeterminacy, the link between them appears to be loose (Orton and Weick, 1990).

The resulting image is a system that is both "closed" and "open" in the same time, enjoying clear opposites like rationality versus being indeterminate. This image represents a dual system, divided into two components that can operate together despite the differences. The first is the technical level does not allow outsiders, to ensure minimum interference and

maximum stability. The second is the institutional more formal level, which is open to the outside world and allowing for more looseness that facilitates flexibility.

The coupling metaphor has proven to be a very useful conceptual tool that helps in explaining the dual and parallel existence of rationality and indeterminacy in a certain organizational environment/culture. It does not require the need to justify such unlikely existence, especially when the organization follows a clear model with specified boundaries and limitations. Such concepts can be of great value when addressing the nature of problems and conflicts arising in the application of the matrix model. The matrix presents the technical core, being introduced in different environments that feature a diversity of variables and uncertainties (in such case representing the open system). It is then left for the mediation coming from either ODIs or the individual approaches, to provide solutions for the arising conflicts. In other words, while the loosely coupled system might be describing the model that exists in a conflict environment within a matrix organization, it still implies the need for the personal intervention, leadership and human skills. Such personal skills will help to bridge the gap between conflicting goals and interests. This dilemma is yet another manifestation of the loose coupling metaphor. Employees might be externally showing full belief in the organizational structure/model applied, and following all system requirements. Nevertheless, behind closed doors and among teams they would be applying preferred and group-endorsed practices and approaches. Such a coupling approach might vary in the level of flexibility or tightness, based on different cultural and organizational issues. Nevertheless this further supports the suggestion that loose coupling would be an effective approach to addressing the matrix introduction challenges and conflicts. The below figure provides a rich, comprehensive & informative definition of the loose coupling model and how it operates (Orton and Weick, 1990). The model provides a full account of causes, effect, outcomes, types, as well as what would compensate for it.

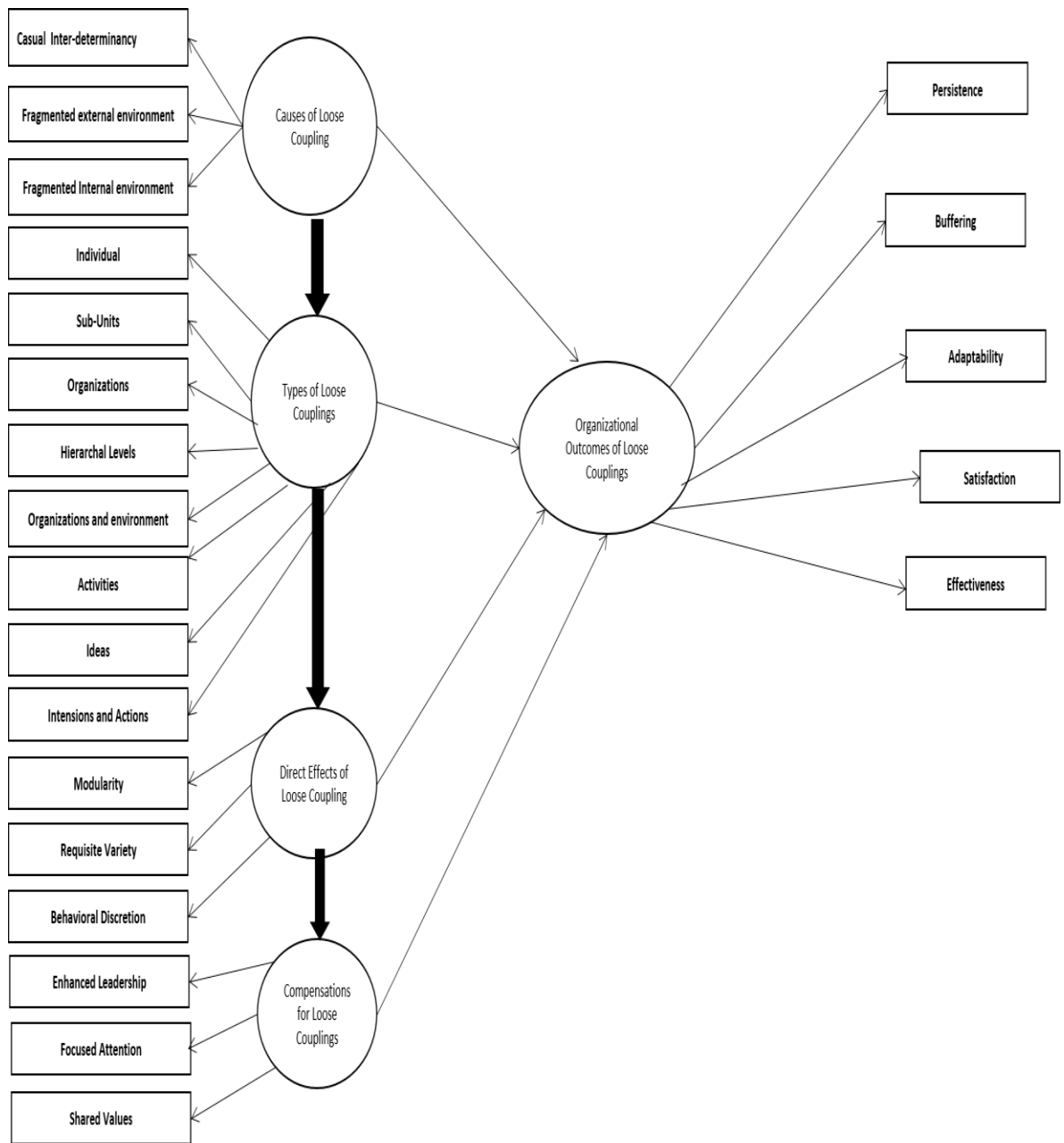


Figure 2: How the Loose Coupling concept works (Orton and Weick, 1990).

In summary, the more progressive loose coupling concept represents an enhanced means to address the different types of organizational conflicts. Again, it is still distant from addressing the cause. The application of loose coupling will further consolidate the presence of a dual system of two realities and two operating models; formal versus informal and hypothetically matrix-based versus practically relationship-based and personally managed.

### **3.6. Assessing the Impact of ODIs:**

In order to be able to assess the potential value of applying ODIs in matrix organizations, it would be beneficial to study the proven outcomes and impact on different types of structural developments/changes in organizations. It is important however to be cautious when making such assessments. There might be a tendency to assume or reach the conclusion that the outcomes of ODIs in organizations are usually effective and successful (Woodman and Wayne, 1985). Research outcomes do not always confirm this suggestion. It is worth noting that the term ODIs does not apply to all types of interventions or actions taken inside organizations. Furthermore, managers in developing markets are not even aware of ODIs, or how they operate. Consequently, they hardly rely on them or expect any tangible outcome.

Research suggests that organizational interventions may aim at achieving change on two different dimensions of the change scale (Bartunek and Franzak, 1988). The first dimension focuses on the magnitude and tangible change of attitudes and opinions on a specific criterion/scale (Bartunek and Franzak, 1988; Watzlawick et al., 1974). The second dimension covers random and potentially isolated changes in the general platform and conceptual base. Such changes lead employees in a certain organization to perceive and comprehend new business models and novel approaches. This seems to be linked to the matrix organization model, when considering the argument that successful transitions to matrix organizations relied on establishing more progressive models of decision rules and authority sharing. Applying the matrix provides space for dual and sometimes triple bosses in contrast to the traditional hierarchical relation (Davis and Lawrence, 1978). Such changes would indicate a fundamental change in the core concept of management and authority lines. Furthermore, they do not need to become a permanent component of the organizational model. They would rather be applied on an intervention level at the early introduction phases, or in times of conflict to resolve issues, utilize conflict positively and facilitate the transition.

In broad terms, ODIs are expected to have a variety of effects including the following:

1. Supporting organizations in the quest for effectiveness and efficiency, through the enhancement of an environment that encourages alignment, common direction and cooperation.

2. Improving the organization's ability to align on the long-term direction, through strategic planning that secures the organization's ability to realize the long-term vision and objectives.

3. Developing effective models that secure harmonization and integration of diverse organization cultures, different structures and potentially disconnected operating mechanisms, policies and processes that might exist in newly merged or acquired companies.

4- Supporting the business in developing strategic and plans to facilitate the expansion to other countries.

One common theme that links all the above effects is the fact that they are all targeting permanent change within the organization. This change is planned for, structured and systematic. This inclination makes the concept of applying ODIs in matrix organizations more appealing as companies strive to introduce permanent, structured and effective solutions for conflict resulting from matrix organization structures. Yet, this does not apply in the Middle East, where change usually happens with minimum planning or preparation.

Although the change in individual attitudes and behavior remains a main objective for ODIs, nevertheless they can still be considered intervening circumstantial variables. They might lead to and influence certain changes, however there is no guarantee they would lead to the desired positive outcomes in terms of improved organizational and individual performance(Nicholas, 1982). To further elaborate, the same study argues that the organizational change is assessed through applying two sets of criteria:

1- "Attitudinal and perceptual measures" (soft criteria).

2- "Quantitative measures of job behavior and system performance" (hard criteria).

Following a similar line of thought, the areas of ODIs impact can be summarized in 2 general areas(Porras and Berg, 1978):

1- Impact on specific tangible results: this would include individual and group performance outcomes, as well as key indicators that measure the performance of an organization. Examples include revenues, net profits, productivity and efficiency, absenteeism, attrition, return on investment, production efficiency and employee satisfaction.

They also include net promoters' scores, individual job effectiveness and quality of group meetings in terms of outcomes sought and realized. Such measures can be regarded as somehow concrete, being mostly quantitative in nature. Nevertheless they would be missing the deep analysis and rationale that lies in the depth of the behavior measured

2- Impact on human based relations and interactions: this covers the intangible areas including behaviors, attitudes, the level of transparency and openness, the degree of self-awareness. It also covers the degree to which individuals accept and collaborate with each other, regardless of personal preferences, the way decisions are reached and the drivers that motivate employees to excel and achieve goals. Such effects remain intangible, difficult to measure consistently and hard to generalize/quantify.

Such Effects seem to provide some relation to conflict management, when thinking that conflicts and disputes among different groups and functions are a common ever-existing occurrence in organizations (Fiol et al., 2009). These conflicts often involve opposite views about the operational model, organization structure, decision ownership, accountability and allocation of resources (Kriesberg, 2003). Many conflicts are also characterized by tensions arising from differences in how team and groups perceive and assign specific definitions to preferences and governing model (Fiol et al., 2009). When reviewing all such definitions and potential impact of ODIs, it would make sense to link the ODI effects/impact with managing conflict in Matrix organization structures. The introduction of the matrix represents an intended permanent, structural and systemic form of collaboration. ODIs follow the same direction of attempting to influence long-term, change, in terms of both soft and hard criteria.

There is a general belief that ODIs are crucial to support implementing change, especially in large complex organizations, in times when the organization is in dire need for expedited transformation. Another study focusing on the IT functions that are active in project management (Loftin and Moosbrucker, 1982) suggests that when planning and managing change in a rapidly evolving, high demand and resource-limited environment. This is applicable to the Middle East market as per the characteristics highlighted in previous chapters. ODIs would be a practical answer bearing in mind the potential ability to transform the organization through practical, rational and incremental approaches that can eventually change behaviors and operating models within an organization.

On the other hand, contrary to such positive assumptions on the value of ODIs, some studies argue that they might not be as effective as perceived. One empirical study (Porras and Berg, 1978), has suggested that applying ODIs does not maximize people satisfaction with their jobs and the surrounding environment. This proposition is quite significant when considering that people's interpretations of issues; actions and events, represent a vital variable affecting human dynamics in organizations. A similar finding has emerged from this study, as will be discussed in later chapters. Managers' perception of the impact of introducing ODIs was hardly linked to maximizing satisfaction, and more expected to resolve conflicts partially. The impact of ODIs on people-oriented process variables and task-oriented variables was shown to be equal, hence no paramount positive impact on people involved as originally speculated. The research outcomes revealed that the changes in group process variables due to such interventions were very limited (Porras and Berg, 1978). This outcome opposes the proposition that ODIs focus on the group as a starting point to initiate genuine change in the organization. The data supported the proposition that ODIs do not have a distinctive effect on the organizational processes as a whole, but instead they can have a tangible impact on individuals rather than on groups or teams. The findings were also consistent with the view that ODI activities were not significantly effective in improving organization performance, processes and eventually results and outputs. Such outcomes of the study might further reinforce the question whether applying ODIs in the challenging matrix environments would yield the desired outcome. It might be more effective to abolish the matrix structure altogether and apply a hierarchical straight-forward management model in the growth phase.

This proposition is supported by other research works, suggesting that attempting to develop new forms of organization models, which blend different concepts, might not work effectively in organizations. The main reason is that managers and leaders will face major difficulties to minimize intervening whenever they perceive a need to. In such cases, they negatively affect the potential belief that they are truly committed to the participative approach of delegation and empowerment (Foss, 2003). The study that was conducted at Oticon, the leading example for the famous spaghetti organization, reached the conclusion that employees lost the motivation due to repetitive interference from senior managers and the disruption of the model. This interference prompted employees to settle for the more traditional less progressive business model once again. This example can be compared to the challenges encountered in the current study, which led to managers demanding clear



structures and decision rules rather than relying on delegated powers and consensus decision making. In other words, certain types of ODIs might be the answer; on condition they provide real practical solutions to the matrix problems.

This “mixed bag” of results of applying ODIs is further asserted, when introducing the word “perception.” There can be cases where employees perceive that the implementation of ODIs has yielded real tangible differences and improvements, but in reality nothing might have happened (Nicholas, 1982). Employees will believe that some ODIs are more effective compared to others, like for example job enrichment, but the real tangible impact remains difficult to prove. This belief makes more sense when acknowledging that the ODIs implemented will always be a blend of both process and people behavioral related activities. The interaction will also be affected by the surrounding environment, which can always have specific peculiarities.

Building on the aforementioned thought, an additional variable that might affect the value of ODIs would be the culture (Jaeger, 1986). When attempting to apply the general concepts of ODIs in cultures outside the United States of America, research suggested that they would not be as applicable, when taking into consideration different cultural variables. The same proposition is consolidated based on research focused on ODIs implementation in different environments; Africa, Asia and North America (Boss, 1978). Whilst it is possible to introduce proven ODIs in different cultures, however there will always be a need to fine-tune or amend, especially when addressing times of challenges or conflicts. Such a need is a reminder of the matrix environment, especially when being introduced in cultures not accustomed to it.

The same argument against applying proven ODIs in different organizations and cultures is echoed in Alfred M. Jaeger’s study assessing the value of ODIs in different environments. Whilst initially challenging the basic model of cultural dimensions; he further questions the value of applying the same traditional ODIs in different cultures and more specifically in developing countries (Jaeger, 1986). Such rationale makes sense when highlighting the difficulty to generalize one specific cultural tendency across one society with all the social and economic strata. Furthermore, it is not easy to accept the fact that how people respond to the same ODI would vary in accordance with the level of acceptance, adaptability and

sensitivity. In other words, the manifestation of uncertainty avoidance will vary significantly between representatives of different cultures, and sometimes even within the same culture.

In summary, the introduction of ODIs will always have effects on organizational performance and employees' productivity, especially in times of change and potential conflicts; however such effects are not clearly defined or measured. They might also vary between positive and negative, depending on many governing variables, including cultural differences in the surrounding environment. ODIs can be a potential answer for the matrix challenges. However, it remains a worthy research area to assess the impact of ODIs when introducing the matrix in a difficult environment with various variables including culture. This potential research area becomes crucial when addressing the developing countries, which in essence represent the main growth markets of the emerging world today. These markets hardly even know about ODIs, hence their value is highly questionable.

### **3.7. The Impact of Early Introduction of ODIs:**

One emerging observation indicates that companies do not start the change process with clear and effective ODIs early on, as a preventive mechanism in anticipation for potential problems to occur. This delay in introducing ODIs does not make sense, especially when specifying some of the basic objectives of ODIs (Varney, 1983):

- Develop models and means that allow organizations to transform, develop, and change, while being able to solve problems and handle arising conflicts and disputes.
- Maximize the value of applied interventions through ensuring they focus on the real problems as identified by the employees.
- Involve the employee mostly affected by change to address change and manage the implementation/realization.
- Minimize ambiguity in terms of roles definitions and the gray areas which allow for overlapping and duplication of activities.
- Ensure that the workforce owns the business through intensive engagement and involvement in developing goals and objectives.
- Design the operating model to secure knowledge transfer and information free flow among different parties, especially from those with more access to those less privileged with such access.

- Develop an environment of trust and interdependence that allows the teams to address conflicts and minimizes obstacles that might impede achieving set goals.

These objectives support the need for the early introduction of ODIs. Many of the complaints and conflicts arising from implementing the matrix could be eliminated or addressed effectively, and the impact and magnitude minimized.

Another study examined the difference between high and low-performing project teams. The basis for examination was the way they have been designed, deployed and launched, and accordingly the resulting performance levels and productivity (Ericksen and Dyer, 2004). Comparison of six different teams with varying levels of performance operating in five major corporations indicated that the high performers were developed and mobilized at an early stage, through a variety of potentially effective approaches. High performers relied on participative management approach in contrast to the traditional well-structured kick-off and launch approach.

In summary, such finding might be an indication that early introduction of ODIs can help eliminate some of the problems related to applying the matrix organization. Nevertheless it is not a guarantee that things will work, there will always be a need for personal capabilities and relations to ensure effectiveness.

### **3.8. The Impact of ODIs on Project/Matrix Management:**

Although there is limited research investigating the relation between ODIs and matrix organizational issues, nevertheless it might be of value to build on existing literature that covers project management and ODIs. Whilst acknowledging the fact that projects are by definition time limited, nevertheless the rationale is that there are some clear similarities between the matrix organization structure model and the project management model in businesses. Both include dual reporting, functional and regional roles, gray areas of authority and no clear hierarchy. Hence, building on such similarity, it would make sense to highlight some of the research outcomes in the area of project management, specifically in cases similar to matrix examples. One of these studies is a research focusing on “project management in New product development environments,” where many organization players take part in the process (Thieme et al., 2003). The results showed that projects were best led

by competent managers on all dimensions, whether functional management or communication and marketing. The highest performing were those comfortable with the participative management style, and confident in receiving solid sustainable support from the managers at all times. Such dimensions inherent in the project management model have effectively supported aligned planning and more integration among separate functions, eventually leading to more efficiency in the overall process. This can be compared to the current study findings where managers have constantly echoed the need for internal marketing/playing games and selling. Managers complained from limited senior management support, and they valued cases where cross-functional dialogue and cooperation took place. The study goes on to confirm the links between “situational” (project management) dimensions, “structural/ process” dimensions, and “output” dimensions. The study suggests that firms can improve cooperation and alignment between different functions through effective project management tools and processes(Thieme et al., 2003). Such suggestion implies that some of the tools applied in Project management issues are similar to ODIs, and the impact can be evaluated, as to whether it can fit when addressing matrix management cases.

Another emerging concept which can be applied to matrix management is that increasing authority and autonomy provided for the project managers enhances the team’s ability to perform effectively (Nogueira and Raz, 2006). This concept is particularly true in dynamic environments, where resources, requirements, and other conditions are subject to constant change and ongoing “inconsistency”, and accordingly creativity becomes instrumental in addressing such inconsistency. The same proposition can be applied on the matrix culture in a turbulent growth market. In such markets, authority and autonomy are badly needed by managers, especially in environments and cultures not accustomed to progressive management practices. Authority clearly links to decision rules, which can be a crucial part of any ODI.

Another study conducted on American Computer industry firms(Brown and Eisenhardt, 1997), suggested that organizations are experiencing ongoing changes. Comparisons of successful and less-successful firms revealed that successful firms applied a model of more flexible structures with significant space in terms of roles and responsibilities, and providing more autonomy for the teams to align on priorities. Organizations embedded the model

through frequent effective communication and encouraging innovation and improvisation (Brown and Eisenhardt, 1997). Such a blend was neither too rigid/ engineered to impede change nor so free flowing and loose to lead to chaos. Moreover, successful firms appeared to apply practically yet cost efficient approaches to envisioning the future, including exploring new product innovation and joining forces with futurists, as well as strategic alliances with other business entities. The study also highlighted the value of building bridges between the present and the future of firms, through the design and introduction of a variety of timely and sequential activities and processes. Such process work effectively with flexible structures and eventually lead to effective and smooth transition to the future desired state(Brown and Eisenhardt, 1997).

When moving closer to the matrix model, research suggests that the matrix problems might not be easily resolved, even if through the introduction of ODIs. In the rich study, “Beyond the Matrix organization,” Thomas J. Peterson challenges the matrix model with some aggressive and forceful claims and findings. These findings are mostly aligned with the findings of the current study (Peterson, 1979). These can be summed up as follows:

- The impact of the matrix seems to be mixed between solving problems and triggering them.
- The belief that it is possible to create a hugely inclusive world of flexibility and harmony where everyone relates, links and embraces everyone else, and everyone is receptive and fully accommodating all organization interests, is quite unrealistic. Such a belief creates undesired pressure on all connections built in the model and eventually becomes similar to the same rigid systems and models it is striving to liberate. Understandably, such outcomes would vary from one culture to another and from one organizational environment to another.
- Organizations can apply specific temporary operational and structural changes, that focus on influencing change in smaller areas of the business/process. This does not mean generalizing or expanding the application across the whole organization. Such an approach can still be considered as ODIs or operating mechanisms.
- The organizational culture provides multiple challenges for the business leaders. It provides a source of influence and support, and in the same time, lays constraints that limit the ability to apply any changes that might affect the organization and the prevailing culture.

- ODIs have limitations in the ability to resolve/manage conflict and moderate tension within the organization. When such tensions have developed from issues linked with the matrix implementation, they would not simply be resolved through changes in a structure or enhanced process.

There are also recurring highlights on the importance of setting clear decision rules and authorities to ensure smooth operation, regardless of the field. This direction contradicts the free-flowing, less hierarchical matrix model. It is also not the main focus of the ODIs where the processes come first before hierarchy and authority. One study on the television industry outlines the worst practices in project management that negatively affect performance (Conner, 1991, 2006), among which were the following:

- Not specifying clear authority (relevant to decision rules).
- Not applying robust search and selection systems that secure the optimum talent selection for every role (relating to key competences and maturity).
- Not being prepared with plans to mitigate potential risks (resembling all growth markets uncertainties).
- Not being bothered to recognize the top talents and safeguard the reputation (highlighting the value of leaders).
- Not developing clear and binding guidelines and procedures to be followed (similar to the matrix model leaving it vague and open to different interpretations).

All the above practices can be recognized in the natural pool of ODI activities, though more comprehensive to cover the overall management model. Nevertheless they still seem to contradict the basic concept of ODIs, especially when highlighting the need for clear authority lines. When applying such negative practices on the matrix world (building on its resemblance to the project management model), it makes sense to suggest that the introduction of ODIs would provide some answers to the matrix complexities. The traditional ODIs might not be effective, but there is a need for a comprehensive model that covers all components of the business organization. These components include processes and people, in addition to setting authority lines and relationship boundaries.

Another useful insight comes from a study conducted in the hospital sector. The study investigated the value of applying “group support systems, GSS” (that can be considered as

a form of ODIs), as means to assist businesses in solving their problems, versus traditional management approaches (Dennis and Garfield, 2003). In the study, there were two approaches applied. For the traditional teams, a clear hierarchical model was applied, with specific roles and responsibilities, clear-cut processes, well-defined goals, specific tasks and accountabilities, timelines and milestones. In this model, the management regularly monitors performance and results. For the group support systems team, leaders simply stepped down and moved away from addressing the evolving challenges. Hence, they gave space for ordinary team members to play a larger role. Eventually, through the team's participative approach and group discussions, the team reached consensus on the project goals and objectives. The teams followed up on the implementation through open and transparent knowledge sharing rather than monitoring. In short, processes in the “GSS” teams allowed all team members to take part and effectively contribute. At first, teams found the “GSS”-based meeting processes challenging and intimidating, and eventually they resorted to their traditional ways. However, when doing so, they realized that this was less comforting and less rewarding/effective, and accordingly they reciprocated again to the GSS based model and further enhanced communication with more electronic based tools. Similarly, “GSS” team members experienced fewer feelings of satisfaction and perceived their work as ineffective and their team cohesion as limited. However, these perceptions gradually retreated and they eventually equaled the traditional based team in the scores and perceptions. There were significant differences in the overall project outcomes. Traditional teams developed more conservative projects that somehow did not fully achieved the clearly set goals and yet were meeting the unstated project agenda as perceived by the team leaders. In contrast, the “GSS” team developed projects that were closely aligned to the interests and objectives of the team members(Dennis and Garfield, 2003).

In summary, such outcomes support the suggestion that proper preparation before the implementation of the matrix can effectively limit the potential damages/negative impacts experienced. Such early preparation and involvement on the human/personal level would not necessarily be a planned systematic activity. In reality, it would be triggered by certain leaders who take the initiative to ensure the success of the change programs. Again, when planned and closely monitored when implemented, it would fall under the ODIs umbrella.

### **3.9. ODIs and Virtual/Remote Team Management:**

One logical characteristic of the matrix organization is that in larger multinational organizations, it is likely that at least one superior within the hierarchy will be working remotely. Consequently in such cases the additional variable of geography and culture would probably increase the complexity of the situation. There is limited research work focusing on remote management with specific interest in the matrix organization, and almost no specific studies on Middle East based remote management cases. One study conducted over 18 businesses has reached the conclusions that for remote workers to be effective, the managers must excel in communication (Staples et al., 1999). Lack of communication is a potential driver for conflicts in the matrix model application. Remote managers exert minimum effort to communicate, listen and interact with the distant subordinates. Nevertheless, they still expect remote subordinates to achieve and excel, within minimum clarity and support, as perceived by the remote teams.

Another study was conducted with the aim of better understanding of the theoretic relationships between trust, communication and the impact on team members performance in virtual teams (Saonee et al., 2011). To this end, the study confirmed that the relationship between trust and communication had an impact on performance. These relations were rather developed and evolved through actual social interactions and practices, instead of being individual based traits that vary according to individual differences and personality traits/preferences. The study results also highlighted the importance of creating effective communication networks built on mutual trust between the different team players. In these networks, the manager/communicator occupies a central position within the network to ensure balanced and effective influence at all times. In such a role, the manager will be able to promote the desired behaviors and encourage more trust and collaboration. The manager will also instill confidence among geographically distributed team members that the remote manager is always available and visible (Saonee et al., 2011).

When compared to the findings of the current study, the above propositions make sense in the fact that personal relations and trust are vital. They can even be more effective if not left to individual capabilities, and if they can be built it as a component of the system. ODIs can fill this gap to ensure there is a more consistent tool that provides a similar impact to personal



relations and trust. However, the application is quite difficult in view of the intangible nature of such elements.

In summary, the literature suggests a strong relationship between the application of ODIs and the impact on conflict management in a matrix organization. Nevertheless there are clear issues from a research perspective, when taking into consideration the following:

- Variations in the nature of the organization in terms of industry, structure, profile, the operational geography and internal issues.
- Variations in the types of ODIs introduced and the implementation approach.
- The more effective interventions in most cases crossing the traditional limits of ODIs, and extending to challenge the core concept of matrix organizations, by setting clear authority lines and decision rules.

Hence, the literature suggests that ODIs are effective in managing/resolving conflict in organizations in general and assumingly matrix structures in specific. However, there still remain significant opportunities to further validate and replicate such researches in different environments and circumstances, specifically in the Middle East region.

On the other hand, there seem to be contradicting messages about the value of ODIs in organizations. While there is evidence that they are essential and effective specifically in project and potentially matrix organizations, there are similar suggestions that they are ineffective, and might even cause more problems compared to the advantages. Furthermore, there is no clear boundary to define the optimum hybrid of autonomy and flexibility versus clear systems and processes. The literature also suggests that for ODIs to successfully address the matrix structure problems, they must incorporate specific decision rules and authority lines. These rules by definition oppose the basic logic behind the matrix organization structure model, hence again leading to question whether ODIs alone can provide the answer to the dilemma. This might be one of the reasons that new models have been introduced and promoted such as loose coupling, sense-making and sense giving. All such tools attempt to allow for more personal freedom, improvisation, relationship building, and “moving around the traditional matrix/project management/change model.” These tools ensure effective implementation and to minimize/handling problems and conflicts. Hence, whilst ODIs will always be an integral part of any approach to addressing the matrix challenges, there is still

a dire need to complement ODIs with other tools/approaches, as per the business needs. The next chapter will assess the feasibility of applying a specific theory, as an effective means to address the research question for the current study.

## Chapter 4 – General Summary of the Literature Review

In broad terms, the literature review acknowledges the different complexities and issues linked to the introduction of the matrix organization structure. It identifies ODIs as a potential effective tool to address such complexities. Nevertheless there is no solid evidence that confirms how effective ODIs can be in addressing/managing the matrix issues. There is also the complexity when trying to apply the outcomes of the literature on different cultures and business environments. The following points further summarize the outcomes of the literature review:

- 1- The introduction of/transition to the matrix organization structure is widely applied in multinational businesses across the world, however despite the potential positive outcomes, the model may lead to various challenges.
- 2- The matrix organization can be problematic and might pose potential organizational challenges, and can even cause more problems when applied in different environments, without any preemptive or responsive catering towards the Middle East culture and business dynamics.
- 3- Conflict is one of the major issues resulting from the introduction of matrix organization structures. It is perceived to be having a potential negative impact on the business and the employees, unless effectively managed. Such conflict occurs in terms of conflicting goals, interpretations, cultural orientation/acceptance, personal adaptation, management styles, authority and power struggles, tasks, and ambiguous authority.
- 4- Conflict can be considered as a catalyst for enhanced performance and productivity; however this varies according to the nature of the organization and the surrounding environment.
- 5- ODIs are initially considered to be effective in addressing matrix related conflicts, however there are mixed outcomes of such interventions, and they cannot be solely effective in this regard. The value of ODIs is questionable in markets like the Middle East, where they are hardly known or implemented.
- 6- The introduction of ODIs in businesses can have various positive effects, including managing conflict. Whilst early interventions might be more effective, nevertheless there are mixed outcomes and feedback about the effectiveness of such interventions in different environments and conditions.

7- There are different ODI approaches that can effectively manage conflict specifically in matrix organization structures. However, such approaches would always rely on developing fixed decision rules and authority lines, which in essence contradict the basic concept of the matrix. Other more flexible and progressive approaches include the loose coupling, and sense-making/sense-giving, which move more towards personal approaches rather than structural models/interventions.

8- There are significant differences between organizations in the way they implement matrix structures and the way they introduce and apply ODIs. Accordingly, it is difficult to build on the literature and past experiences and identify one best way to manage conflict in matrix organization structures.

9- There are mixed opinions about the value of ODIs in addressing the matrix issues. On one side, they might positively enhance the implementation and minimize negative issues. On the other side, they might add restrictions that threaten the core benefits sought from applying the matrix model.

10- ODIs and operating mechanisms are not enough to manage virtual teams remotely; managers need to develop culture awareness/sensitivity, and receive training on managing teams in different environments.

11- There is limited research that provides an explanation of how specific ODIs can lead to managing conflicts in matrix organization structures. More focus is given to individual personal conflict management styles rather than deliberate, planned and long-term ODIs.

12- Personal qualities, communication, leadership and relationships play a vital role in resolving issues in organizations in general and potentially in matrix organizations.

13- There is limited research exploring the impact of introducing the matrix in developing markets or varying cultures and environments. The same applies for research works investigating the impact of applying ODIs in such conditions to address the matrix issues and complexities.

14- There are no consistently applied research methodologies to investigate matrix related issues; that opens the door for researchers to explore different methodologies and approaches, especially in new virgin research areas and environments.

15- The literature confirms the nature of the topic as being less structured and having minimum boundaries. This nature has an impact on the selection of the research paradigm

and method. The constructivist approach is preferable in situations where perceptions are prevailing, and there are limited truths shared among members of the organization.

16- The literature review, supported by the initial findings from the pilot study, further supports the adoption of the constructivist approach. The emergence of culture as a potential variable leads to more dependence on sense-making and sense-giving concepts, as well as the loose coupling concept. Such concepts rely on individual perceptions and intangible elements, which further justifies using the Constructivist approach.

The summary and critique of the literature confirm that there is no clear theory or concept governing the introduction/transition to the matrix organization business model. Similarly, there are limited ODIs that provide validated and proven approaches to addressing/managing matrix conflicts and ensuring a smooth transition. As per their definition and perceived nature in the local Middle East culture, ODIs have very limited value in handling organizational issues. Accordingly, the significance of the study is evident, in view of the need to fill the knowledge gap in this area. The study sets the base for further research to be conducted based on the outcomes. This issue should add more value to the current research, within the quest to explore effective means to address conflict in matrix organization structures. Furthermore, it adds more rationale to applying the grounded theory building method, based on the definition and general characteristics of the theory, which will be fully explained and justified in the following chapter.

## Chapter 5- Research Methodology

### 5.1. Paradigm/Epistemology:

The research will be conducted using the Constructivist /phenomenological approach. Such an approach is appropriate in the present case for several reasons:

1. The constructivist approach is more focused on issues that are less structured, with limited clarity on the boundaries and definitions. It is more concerned with issues that are not well-defined, and where there is no absolute reality or truth. In similar situations, the actions that govern and impact the perceived truths are socially constructed. In the present case study, employees would apply their interpretations and assign meanings to the different messages, signals and signs around them to understand and perceive the reality of the organization. Then, they would convey it in a similar fashion to the environment around, in a process that represents the concept of sense-making and sense giving (Gioia and Chittipeddi, 1991). This behavior applies for the proposed research topic for this study. There are limited perceived and constructed truths, varying perceptions and a continuous process of sense-making and sense-giving as proven through the interviews, quotes and communication evidence.
2. The tested theories and approaches build on actual real life experiences from practitioners. This logic applies to the research case study, where the basic practices and approaches are being developed jointly and in a collaborative model with the managers and leaders of the business. The perceptions and convictions are the results of the managers' learning process, validated by the outcomes of their actions. This process highlights the socially constructed nature of the phenomenon under study.
3. The research aims at providing a better understanding of the issues and describing the state of events. There is no right answer; rather there are predictions developed based on actual events, and such predictions can be further validated. In real business life, managers' behaviors and actions aimed at addressing issues and managing conflicts in matrix structures are usually influenced by the individual task priorities and role responsibilities/accountabilities. They are also heavily impacted by their sense-making, interpretations, and eventually sense giving of the different messages they receive within the business. Hence, it is quite difficult to identify a set of consistent behaviors/actions that will always be expected to apply when addressing business/matrix issues, and accordingly be able to handle the issue

effectively. In such case, the grounded theory building approach might provide a more valid answer to the research problem. The theory supports in identifying the different categories, operationalizing them to more tangible dimensions/properties, exploring the different relations between the categories and testing the relations through sampling within the case study company. Furthermore, it helps in consolidating the relations and the knowledge through the iterative process of data analysis, further literature review probing and analysis of additional data. The process continues until the researcher reaches a level of saturation, and the relations are sufficiently dense and logical to the extent they provide material for the grounded theory. In this sense, the grounded theory building serves as a continuous iteration between the existing literature (already regarded as limited) and the case study with its empirical data.

## **5.2. Research Method:**

### **5.2.1. Grounded Theory:**

The research applies the grounded theory building (GTB) method. There are several definitions; a basic definition is "the discovery of the theory from data systematically obtained and analyzed in social research" (Urquhart et al., 2010). The methodology follows the Grounded Theory Building as proposed by Glaser and Strauss (1967), and later elaborated by Eisenhardt (1989) and Eisenhardt & Graebner (2007).

There are four distinctive characteristics of the grounded theory method, as described by the authors above. These are briefed as follows in comparison to the case study in order to assess the feasibility/suitability:

1. The main goal of the approach is to develop/construct a theory, or in some cases modify/adapt an existing one. The approach is in line with the case study where literature has indicated the absence, or limited use, of a specific practical theory. Accordingly one of the objectives would be to develop/construct / adapt such a theory.
2. Researchers are encouraged to enter the field with an open mind, in order to make sure such knowledge and prior convictions would not impact their work. Accordingly, researchers do not set out to prove pre-determined and almost confirmed hypotheses in their minds. Such an approach would even lead to suppressing genuine ideas and theories that might develop and emerge when strictly following the grounded theory approach. This

applies to the current study, where no fixed assumptions/beliefs were considered, and the research followed a free-flowing approach, starting with a pilot study outcomes. The outcomes opened the door for new concepts and propositions which were then explored and investigated.

3. The researcher engages in an iterative process featuring data collection coupled with ongoing reviews and comparisons, where collected data is analyzed and compared to the prevailing theories and concepts. The outcome would be either to reconfirm and consolidate existing constructs or develop a totally new construct or establish a new potential relation between the different constructs and concepts. The same iterative process was duly followed throughout the research. The iterations continued until the author reached a state of saturation where data collected was constantly confirming already reached interview/evidence outcomes, and also aligned to the developed theory/construct.

4. The researcher develops a clear definition of the scope of data to be collected and evaluated, based on sound theoretic sampling techniques. When these ‘Slices of data’ are collected and systematically analyzed, the researcher would move to the second set of data collection, building on robust analysis of the previous set of data. The same approach has been applied in the research, where the initial scope of data collection followed proven theoretic sampling techniques. Once the data was collected during the very first interviews as part of a pilot study, further fine-tuning and enhancement was introduced. Eventually, more enhancements would be applied as part of an iterative process and based on a systematic analysis conducted by the researcher. The following figure provides an illustration of how data is collected and analyzed when applying the grounded theory approach. The model is iterative, where the “lived” experience leads to an area of inquiry. Building on the first slice of data, the researcher starts developing the different categories, then iteratively conducts several rounds of sampling and additional slices of data collection/ analysis. The iterations continue until reaching a state of saturation across the different categories, where any further analysis/ data collection will not lead to any different results or theoretic amendment. Accordingly, the relations between the different categories are developed to form a theory.



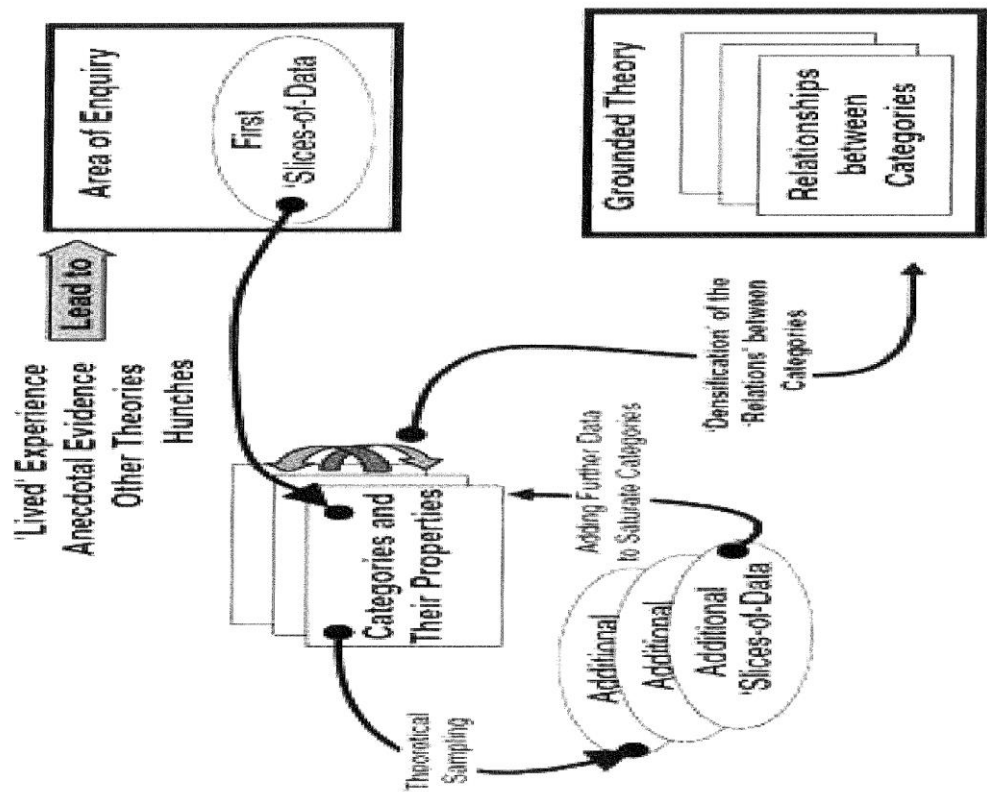


Figure 3: The cycle of data collection and analysis in the grounded theory (Lehmann, 2001; Fernandez et al., 2002).

The study follows the research pattern outlined in the following table (Eisenhardt, 1989):

Step	Activity	Reason
Getting Started	Developing a research question taking into consideration fact-based and proven concepts	Ensures maximum focus on what matters, in terms of the research scope, and eventually sets the foundation for more robust grounding of the different constructs and metrics
Selecting Cases	Without setting prior hypothesis or building on a specific theory, a clear defined target population and sampling based on theoretic criteria	Limiting the value and impact of minor differences. It ensures flexibility and openness to new constructs, provides confidence through external validity, ensures a focus on cases that would add value, through being similar in nature and helpful in replicating outcomes
Crafting Instruments & protocols	Collecting data through a variety of approaches and sources, both in quantitative and qualitative forms, through more than one investigator	Triangulation further validates the developing theory and provides a more comprehensive integrated view of all evidence, further consolidates the grounded theory developed through enhancing the impact of using diverse and sometimes contradicting perspectives
Entering the Field	An iterative simultaneous process of data collection and analysis, building on progressive means to ensure maximum value from data, and exploiting opportunities that arise throughout the process	Accelerates the analysis process, by minimizing potential time and energy lost on peripheral areas and fine-tuning data collection approaches to ensure maximum value and consistency. It also provides as opportunity for researchers and analysts to fully utilize and build on various developing patterns that can be derived from the specific case being studied

Table 2: The research Pattern in the grounded theory building approach (Eisenhardt, 1989), (1 of 2).

Step	Activity	Reason
Analyzing Data	Applying a variety of approaches that ensure analysis of the case and the data separately, comparative analysis to similar cases, and external data analysis and comparison, building on the literature	Sets the preliminary base for the theory development and establishes more understanding and acquaintance with the nature and scope of the data. It minimizes the risk of potentially one track views of the data, building on personal knowledge and being trapped in first impression influence, to go beyond such stage and explore the wider open scope
Shaping Hypotheses	Analyze relations, seek logic and causal relations, provide organized and tabulated evidence for each developing construct, triangulating through replication and comparison of the logic consistency across the case	Further perfects the construct clarity, provides more concrete proof to the developing theory and enhances internal validity
Enfolding Literature	comparing the emerging constructs and potential theory with both supporting as well as contradicting literature	Improves and further consolidates internal validity, raises the bar in relation to theoretic value, refines the constructs developed, enhances the ability to generalize the outcomes of the research and the developed constructs,
Reaching Closure	Ensuring no further value will be added with more research or analysis	Ensures minimum time and energy investment versus limited potential improvement of outcomes

Table 3: The research Pattern in the grounded theory building approach (Eisenhardt, 1989), (2 of 2).

Case studies typically combine data collection methods such as internal company documentation and correspondence, interview data, questionnaires and surveys, as well as notes and various on-site observations. The evidence may be in the form of words and statements (in such case qualitative), or figures and statistics (in such case quantitative), or a combination of both (Eisenhardt, 1989). The advantages of the grounded theory approach are as follows:

1. The potential ability to develop new theories.
2. The method liberates the thinking scope of the researcher through the ongoing evaluation and comparison of different realities that seem to contradict each other. Such an approach minimizes the researcher's potential bias to already proven theories and provides space for exploring new and innovative constructs and emerging novel theories.
3. The method allows for testing the theory effectively since it develops clear constructs that can be equally measured, and can be further confirmed through proving opposing hypotheses to be false.

There is a higher probability that the developed theory will be proven valid through sound empirical data. This method is inductive, in that it does not require any a-priori hypothesis building. The logic builds on the assumption that the researcher starts with fresh observation and analysis, largely without prior decisions on which perspectives, paradigms or theories to apply for the study. The author does not rely on any previously proven theories or mindsets. This approach provides outcomes that set the base for a new theory, verify an existing one, or further modify/adapt it.

On the other hand, some of the weaknesses of the theory are:

1. The developed theory might be too complicated due to the excessive use of empirical data as the basis for analysis. Nevertheless the value of developing new constructs and theories would be paramount and would set the base for more focused research to cover the same area.
2. The theory might turn out to be too unique or specific, with minimum generalization possibility, due to being built around a specific case. Arguably, such an issue can be balanced by the value derived from understanding a specific phenomenon, without the need to generalize on a large scale. This effort would fall more within the domain of "middle range

theorizing” rather to building a grand theory, setting the base for further future deeper research in the same area of study.

The process of theory development involves several iterations comprising data analysis, patterns development, emerging constructs as well as literature. One of the key concepts that lead to branding the resultant theory as objective is that it closely builds and relies on data, which ensures researchers maintain maximum unbiased attitude. Furthermore, developing theories based on case studies is an effective means of linking rich qualitative data/evidence to the most applied and typically adopted deductive research (Eisenhardt, 2007). The approach provides an ideal blend building on the potential benefits of the both the inductive and deductive approaches (the best of both worlds). The inductive logic stresses on developing patterns and eventually emerging constructs, and creating measures that lead to the ability to test the developed theoretical proposition. In return, the deductive approach will focus on the testable theory, and using the data in order to test and validate the theory developed/proposed. Furthermore, the emerging theory would enjoy higher probabilities of success in terms of accuracy, as well as potentially more relevant and interesting. The reason is that the theory is being developed through a robust process of deep analysis of a rich pool of direct empirical data. On the other hand, the grounded theory building method is a valid approach when the initial assumptions and literature review propositions are contradicting to the initial pilot study analysis.

When using the iterative approach of observing and analyzing, it eventually leads to a potentially new construct or an adaptation of existing constructs/theories (Glaser and Strauss, 1967). A more progressive approach suggested that researchers can keep a clean mind with no influence from past experiences, yet still maintain the ability to present findings/constructs in a practical framework/logic. Such logic would be relevant and comprehensible by other constructs as well as the research language prevailing in other researchers’ work (Strauss and Corbin, 1998). Several works have supported such approach in recent years, all of which suggest the grounded theory building method can be feasible in cases similar to the research at hand (Miles and Huberman, 1994; K. Locke, 2001; Eisenhardt, 1989; Eisenhardt and Graebner, 2007).

### ***5.2.2. Research Design/ Flow:***

The research was based on a case study applied within a company implementing the matrix organization structure. The study builds on a blend of participant observation coupled with a series of in-depth interviews, and further triangulated through internal company literature and documents providing evidence and confirmation of findings. The company is a multinational firm and a global leader in various areas of industries and trade, including healthcare, oil and gas, energy, power products and financial services. The study focused on the healthcare business, with specific interest in the emerging markets operations in general and the Middle East in particular (company details are available in the appendices). Following the application of the grounded theory building approach, a conceptual model was developed, with the aim of explaining the mechanism and dynamics surrounding the introduction of the matrix structure, and the resulting conflicts. This conceptual model was eventually developed through the actual case study outcomes. The development built on the pilot study, then the ongoing iterative process of data analysis, literature review intensification, main study execution and the consequent theoretic framework building. Relationships between the different categories representing the main variables that existed on the ground were developed and validated, through detailed data analysis, whether from the interviews or from the various company literature and evidence.

The research followed the iterative approach, where the scope of the study eventually developed and expanded to include several categories, based on the continuous flow of slices of data and analyzing such data. Such categories included ODIs, culture and leadership, following the outcomes of the in-depth interviews conducted in the pilot study. Once the pilot study yielded outcomes that opposed the literature review data, specifically the perceived value and impact of ODIs in addressing/managing conflict, the researcher applied the grounded theory building method. The aim was to build a potentially new theoretic proposition/construct, blending the different tools of the literature review, real life personal experience, and case study in-depth interviews and documents analysis/mining. The iterations took place between pilot study interview data, literature review activities which were repeated in different stages to include other categories, as well as observations in the work place and actual involvement from the researcher in related activities and ODIs, such iterations explain the insertion of a significant volume of literature on culture, based on the developing outcomes and analysis of the data. All these inputs combined in an iterative

approach until the emerging construct was fully developed. A satisfactory volume of validated data analysis supported the theoretic framework. Accordingly, the data developed and materials generated from the pilot study were both integrated into the main study interview material, as an integral part of the empirical evidence.

The emerging construct developed, and the relations between categories crystallized were subject to triangulation through feedback received from the respondents to the in-depth interviews, as to what worked and what did not work from the OD interventions. The evaluation focused on what made sense in real life when applying the matrix, and what were the practical variables, as per the respondent's enactment and perception/interpretation. All such relations / theoretic framework and propositions were further triangulated/validated by actual documents (whenever available) from inside the company. In addition, several rounds of the literature review ensured a narrow focus on the emerging construct areas and relations. This process continued until a state of theoretic saturation was evident (Eisenhardt, 2007). At such a state, the researcher reached the conviction that further literature review and interviews/data analysis would not provide any extra value to the already developed and consolidated grounded theory. The outcomes of the data analysis and the developing patterns of relationships substantiated such conviction.

### **5.3. Interviewing Background, Sampling Design and Data Collection:**

#### ***6.3.1. Sampling Design:***

The data was collected through in-depth open interviews with a total number of 46 managers across the company from different countries operating in the Middle East. More details are available in the attached appendices including full background data on the company and all interviewees. The sample was carefully selected to ensure a balanced distribution between:

- 1- Different levels of management, with a special focus on two groups; middle and senior managers, arguably both groups being the receivers, implementers and makers of decisions/ systems. The split between middle and senior managers relates to the organization hierarchy, where senior managers were holding the top positions in the different functions/divisions.
- 2- Different nationalities, narrowcasting to focus on two groups; Middle Eastern background (as per the definitions developed through the literature), as well as Anglo-

American, being the eventually developing cultural comparative model for the research. The data was verified through access to the employee database (with company permission) and further confirmed during the interviews.

3- Different cultural background, mainly focusing on the Middle Eastern as well as the Anglo-American cultures, whether by birth or by education and upbringing. All Asian origin managers were mainly brought up in British-based education system and culturally adopted model. In addition, many of the senior Middle Eastern managers have also been subject to a strong Anglo-American cultural influence. They either grew up, studied or worked in multinational firms of mostly Anglo-American origin (as confirmed through the interviews).

4- Different professional/ functional backgrounds, ranging between revenue driving functions (marketing and sales), operational and project management, as well as support functions (finance and human resources).

The term “balanced distribution” of the sample was carefully taken into consideration, to ensure the sample interviewed significantly represents the above classification.

### ***5.3.2. Data Collection:***

The interviewees were carefully selected to ensure an even balance versus each of the above-listed dimensions. The selection ensured covering almost all the senior and middle managers operating in the Middle East region and accessible to the author. The interviews followed the open approach, in line with the grounded theory approach. This approach ensured the development of a rich base of empirical data, through an unlimited range of information in response to “how and why” questions.

All interviews were conducted face to face, at the company premises, with the exception of two interviews conducted over the phone, due to the interviewees being based outside the headquarter country. In all cases, interviews were recorded, with the permission of the interviewees, and a general summary was shared at the end of the interview, to ensure clarity and minimum misinterpretation. The company literature was all secured within the author's capacity as a senior manager in the organization, with proper permissions acquired from the company.



### ***5.3.3. Questions Design:***

Questions were designed initially based on the literature review, in addition to building on specific references focused on qualitative analysis and grounded theory building (Miles and Huberman, 1994). The sources of the questions included the following:

- Studies covering similar topics (all clearly incorporated in the study bibliography).
- Logically developed questions based on review of the company literature.
- Logically developed and emerging questions from the initial pilot study interviews.
- Detailed coverage of the different variables and concepts emerging from the literature review and pilot study interviews.

Following the iterative approach, the author further enriched and expanded the question database, building on the outcomes of the pilot study. The semi-structured nature of the interviews allowed for unrestricted data collections, which was eventually coded, categorized and analyzed in the analysis phase, using the applied analysis tool.

### **5.4. Category Development:**

The main categories were developed according to the following guidelines:

- Developed based on the initial literature review,
- Explored, verified and further enhanced through the pilot study,
- Further operationalized, and broken down into more specific meaningful dimensions, and
- Converted to specific more measurable codes/nodes in the form of the exact specific words, expressions, manifestations, and terms that are frequently used in interviews, or cited in the various accessible company data.

Such a level of details and depth minimized potential misinterpretation of data. It allowed for logical triangulated relationship building between the different categories, as well as more logical/substantiated construct/theoretic framework development for the grounded theory.

### **5.5. Data/Content Analysis:**

#### ***5.5.1. Data Analysis Tool:***

The content of the interviews conducted was analyzed using the Nvivo data analysis tool in addition to logical data analysis and word association / manual coding. The author repeatedly reviewed and analyzed the interviews transcripts, identifying emerging relations/links,

measuring the frequencies versus nature of the relation, as well as the potential link to over categories/dimensions. This iterative process continued until the stage of theoretical saturation was reached (Eisenhardt, 2007). Relationships were validated, however with varying levels of magnitude and direction. Whilst such relations might not be symmetrical, and the direction whether positive or negative might vary; nevertheless these relations will always develop as a result of the implementation of the matrix structure. Furthermore, the different parties will apply them to different extents, in order to resolve the conflict and reach the set objectives. The outcomes were further triangulated through comparison with company documentation analysis as well as additional rounds of the literature review.

### ***5.5.2. Coding:***

The coding process was developed iteratively, where initial categories were identified through the first literature review round, then defined and further broken down into, dimensions/properties. Finally, the process reached the stage where codes/nodes and specific words/expressions fully represented such categories and the level of detail. The process was highly flexible and adaptive, as throughout the research stages, and based on the pilot study then the main study; the coding model was revisited, expanded and amended. The aim was to ensure alignment with the iterative approach and actual emerging concepts and categories from the study. The Nvivo software was used for the data analysis. The tool played a significant role in analyzing the data from the full scripts of all interviews. The various frequently stated terms and expressions were cited and included in the list of codes. Then they were compared and grouped with other terms that fell under the same classification/interpretation. Once there were significant repetition of similar words and terms; they were included as part of the coding. The same applied for cited repetitive relations and links between different terms and expressions. The list of codes developed was as follows (a glossary of all terms can found following the tables and before chapter one):

### ***5.5.3. An Example of linking Answers to Codes and Categories:***

The Appendix includes a sample of the outcomes from the NVIVO content analysis tool. For example, the tool records and analyzes the following:

- The specific word/category (ODIs) and its frequency.
- The dimensions of the category and the frequency (words like operating mechanisms and remote management).

- The nodes and codes derived from and describing the dimension, and the frequency (words like roles, responsibilities, decision rules).
- The number of times each of the above was mentioned in relation to positive or negative perceptions and responses.
- The number of times each of the above was mentioned in relation to other categories, and the relevant dimensions and codes.
- The tool provides the frequency of all above categories and codes, linked to the respondent, specifying the nature of the job, function, seniority level and cultural background. This allows for developing correlations based on such classifications.
- The relations validated and confirmed (through ensuring a minimum number of repetitive links, in terms of magnitude and direction, which is further consolidated by evidence from the company available literature and the author's observations.
- The relations displayed in the form of graphs that highlight the type and direction.

Category	Dimensions	Nodes/Codes
Culture-CU	National	Middle East, Tribal, Clan, Non-middle Eastern  Anglo-American, American, Western, European, Latin, Family, Local
	Corporate	Professional functional, Norms, Peer group, Pressure, Expectations, Power games, Targets  Deadlines, Success and failure
	Culture dimensions	Uncertainty avoidance, Power distance, Masculinity, Individualism
	Social responses	Feelings, Motivation, Emotion, Maturity, Frustration, Resistance, Pride, Respect, Fear, Silos

Table 4: Categories, dimensions and Nodes/Codes (1 of 4).

Category	Dimensions	Nodes/Codes
Organization Structure	Matrix	Project management, Dual boss, Flexible  Loose management, Remote management, Dotted and solid line reporting, Group decision making, Transition, Change management
	Traditional	Authority, Hierarchical, Direct reporting, Direct boss, Clarity, Accountability, Systems, Documentation, Ownership, Forced decisions
Conflict	Background /Culture	Values, Meaning, Interests, Traditions, Competitiveness
	Task	Overlap, Unclear, Ambiguity
	Goals	Nonalignment, Conflicting, Unrealistic

Table 5: Categories, dimensions and Nodes/Codes (2 of 4).

Category	Dimensions	Nodes/Codes
ODIs	Operating mechanisms	Authority, Ownership, Decision rules, Conflict resolution, Early introduction
	Business models	Roles, Responsibilities, Processes, Controls, Pilot models
	Loose coupling	Flexibility, Space, Mediation
	Sense-making and sense-giving	Interpretations, Upward influence
	Remote management-	Virtual teams, Relations, Communications, Rapport building, Mutual understanding

Table 6: Categories, dimensions and Nodes/Codes (3 of 4).

Category	Dimensions	Nodes/Codes
Personal competencies-	Leadership	Maturity, Authority, Charisma, Situational leadership, Change management, Leading by example
	Creativity	Flexibility, Problem solving, Change management, Out of the box, Improvisation
	Communication/ influencing	Positioning, build relations, convey, perceive, interpret, Play games, Sell, Maneuver, Convince, Lobby, Bottom-up

Table 7: Categories, dimensions and Nodes/Codes (4 of 4).

## Chapter 6 - Analysis

### 6.1. Introduction:

This chapter discusses and analyzes the different evidences and responses collected during the study; building various relations based on the emerging connections, frequencies and dependencies, as perceived by the managers.

The maps below and illustrations feature the different connections that were cited from all comments, word associations, and frequently mentioned links during the interviews. It depicts the most common consequences and actions that are triggered, in response to the matrix introduction. One important finding that emerged and was repetitive among almost all interviews was the evolvement of the role of culture as a decisive variable, affecting the implementation of the matrix structure. This recurrence will prompt further literature review and comparisons in the following chapter, in order to validate such proposition and whether previous research has cited such a relationship. The relations appear to be consistent and frequently developing. However, they might vary in terms of magnitude and direction, or the nature and degree of impact on each other and the overall outcome. In other words, the dynamics will always work and involve these variables/parties, regardless of the outcome. Accordingly, the author has attempted to establish a simple form of “weighing of relationships.” The model is based on the nature of the relation (whether positive or negative) and the strength/frequency of the relation (where possible). Nevertheless this represents an area of crucial importance and needs to be explored in further research. The following sections attempt to analyze the data in the following sequence:

- 1- The main categories as frequently cited throughout the interviews, and as represented by the different dimensions and main players.
- 2- The relationships between the different categories and their dimensions.
- 3- The dynamics that explain how these categories interact and work together, and their impact on the organization and the matrix implementation within the governing environment. These dynamics are represented through the different main players enacting with the matrix model implementation, both on the local and the headquarters/ expatriate levels.



## **6.2. Causes and Explanations:**

The following table provides a full account of all issues that emerge when introducing the matrix. It includes the perceived causes for such issues and the rationale as well as evidence through specific quotes from the interviews conducted during the study with managers and senior managers from the Middle East. Quotes from the interviews are coded by the interview number, which can be tracked in the relevant section of the appendices. The wording of the quotes has remained without any changes (including grammatical errors to ensure maximum accuracy).

Issue	Cause/Explanation	Evidence/Metaphor (quotes from Interviews)	Analysis-Critique
<p>Conflict will arise in a matrix structure</p>	<ul style="list-style-type: none"> <li>- There are no set decision rules</li> <li>- There are no ODIs introduced</li> <li>- There are cultural differences</li> <li>- There are conflicting goals and objectives for managers</li> <li>- Managers break the rules to achieve, and this causes conflict</li> </ul>	<ul style="list-style-type: none"> <li>- In the matrix, you will not take a decision by yourself (Int.29); everybody works on his own, so: “don’t touch me I know what I am doing”, but actually they do not know what they are doing (Int.22)</li> <li>- Western managers find it hard to adapt with the middle eastern emotional approach in management (Int.3)</li> <li>- We are confusing people. We are telling them ‘we need you to take decisions. We need you to take swings. You might fail, you learn, we stand up, and then you move.’ Well, if this is the case, and then you say ‘hey. You cannot take a decision before you go to the dotted, and the dotted have gone to a straight (Int.26)</li> <li>- You are at the ground trying to get the sales and the deals etc., and then there's a whole bunch of bosses that have each one running his own product supposedly or whatever you want to call it (Int.10)</li> <li>- sometimes you feel like you are in a buffering zone having to manage all the conflicts and all the risks between all these managers (Int. 18)</li> </ul>	<p>There are differences in perceptions and understanding of the matrix between managers from different cultures. Conflicting goals and priorities also compound the gap between different parties. In the absence of clear decision rules, conflict becomes inevitable.</p>

Table 8: Perceived causes for conflict in matrix structures (source: developed by author from data analysis).

Issue	Cause/ Explanation	Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
Matrix is unlikely to work in Growth Markets	<ul style="list-style-type: none"> <li>- Growth markets needs faster decisions</li> <li>- Matrix discourages managers from taking fast individual decisions</li> <li>- Remote managers cannot feel the urgent market needs</li> </ul>	<ul style="list-style-type: none"> <li>- in the emerging markets, I understand the need for faster decision making(Int.23)</li> <li>- We do not reach decisions in the matrix. You know this is the difficult, the most difficult part of this. We are losing business (Int.23)</li> <li>- Growth business needs more aggressive and fast decision making, you cannot wait (Int.10)</li> <li>- I do not think some of our junior leaders have that knowledge, that self-awareness, that maturity. You and I are a very good example, you know, we have a conflict, and we've come in and went neck and neck, and heading each other. So, we had the maturity, you know, to escalate a little higher than we want to. Let's back off (Int. 13)</li> </ul>	Growth markets are dynamic and require quick decision making and prompt action. The absence of clear decision rules delays such swift action. While mature managers can reach consensus and agreement, less experienced managers fail the test. The business eventually loses market opportunities.

Table 9: Perceived causes for failure of the matrix to work in growth markets (source: developed by author from data analysis).

Issue	Cause/Explanation	Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
Conflict is resolved through escalation	<ul style="list-style-type: none"> <li>- Senior managers are more mature and can handle conflict and take risks and decisions</li> <li>- Without decision rules, middle management will never reach an agreement</li> <li>- Lack of experience and skills minimizes the ability to reach an agreement</li> </ul>	<ul style="list-style-type: none"> <li>- Sometimes we escalate, and the battle starts at the next level, then you have to wait, because you want to let those guys come to a decision (Int. 21)</li> <li>- So the only solution was to go and escalate it to senior director to come and say “send it, and we will take, and I will take the responsibility.” Somebody above our band, my manager had to interfere (Int. 46)</li> <li>- in the conflict I am able to escalate in a way that gets me to the results I need, in a timely basis (Int. 12)</li> <li>- I had to involve my manager in the beginning and I told him listen it’s gonna be an issue, and he told me I can trust you you’re gonna handle it, I told him in the end sorry I cannot handle it I need your support (Int. 22)</li> </ul>	<p>Numerous conflicts arise on a junior level. Lack of experience and patience prompts juniors to escalate. The lack of clear decision rules and hierarchy further encourages such escalation. Senior managers manage to resolve conflict despite still being under the same matrix model. This suggests the issue is related to maturity and experience more than being matrix related.</p>

Table 10: Perceived causes for impact of escalation on resolving conflict (source: developed by author from data analysis).

Issue	Cause/ Explanation	Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
<p>Regional/local Cultural differences affect the implementation of the matrix</p>	<ul style="list-style-type: none"> <li>- Middle Eastern culture is less confrontational and more emotional/hierarchical</li> <li>- Non-Middle Eastern managers do not consider the cultural sensitivity</li> <li>- Non-Middle Eastern are more process and compliance oriented while Middle Eastern are more passionate and results-oriented</li> </ul>	<ul style="list-style-type: none"> <li>- I am not advocating dictatorship culture here; I do not advocate having one person decide on everything, but I believe strong leadership is really necessary to drive decisions ( Int. 43)</li> <li>- Western people are getting confused in our culture, pushed into battles; they do not understand. This leads to wrong perceptions about the middle eastern managers (Int. 3)</li> <li>- Major culture shock compared to France; people are very emotional, need to micro-manage (Int.4)</li> <li>- Managers with Middle Eastern backgrounds find it more difficult to accept systems and models and need more communication, (Int. 6)</li> <li>- in growth markets, you need the hierarchy you need people who are there knowing that they are going to be measured on that region performance and what they are trying to do, build that client relationship (Int. 42)</li> </ul>	<p>There is a clear difference in the way cultures think and respond. This might be based on initial cultural preferences and historical experiences. The outcome is different interpretations of organizational models.</p>

Table 11: Perceived causes for impact of regional culture on matrix implementation (source: developed by author from data analysis).

Issue	Cause/ Explanation	Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
Matrix is complex to implement	<ul style="list-style-type: none"> <li>- There are no clear decision rules</li> <li>- There is a lack of clarity</li> <li>- There are no ODIs in place at an early stage</li> <li>- There are cultural differences that affect the way the matrix is interpreted</li> <li>- Even when conflicts are resolved there is no clear set way to explain how it worked</li> </ul>	<ul style="list-style-type: none"> <li>- It created an even bigger complexity, and I had to answer the same questions several times and sometimes you have to manage the expectations of all these people not to put them in conflict, to be transparent to all. (Int. 18)</li> <li>- We are a big matrix organization; we are complex, there's no one boss, there's no hierarchy (Int. 21)</li> <li>- the matrix organization as a structure is by its nature a complex, in terms of being trained to react in the matrix organization I think you are thrown in the water, and you have to swim, and this is what's happening (Int. 25)</li> <li>- By the time you get into the company, you understand how complex it is in the region, you discover that there's another region and then there's a global region, and then the matrix takes some time for somebody to mature. People change; that is another complexity (Int. 42)</li> <li>- some decision that could be taken in 3 days or 2 days took six months (Int. 11)</li> </ul>	The complexity arises mainly from the lack of understanding of how the matrix works. Local managers receive minimum training; hence they perceive the model as too complex and build on their own frame of reference in interpreting the model. This contradicts what experienced managers understand about the matrix.

Table 12: Perceived causes for matrix complexity (source: developed by author from data analysis).

Issue	Cause/Explanation	Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
<p>Matrix leads to frustration and confusion</p>	<ul style="list-style-type: none"> <li>- Lots of time wasted due to lack of clarity on authority and ODIs</li> <li>- Usually one side wins and the other loses</li> <li>- Conflicting goals between different parties involved</li> <li>- Many people involved in one decision</li> </ul>	<ul style="list-style-type: none"> <li>- I noticed was that there were no clear boundaries. So, there was always these overlaps and these overlaps between responsibilities put you in (Int. 19)</li> <li>- I discuss, and I fight. I make things happen. It takes lots of efforts, lots of nerves, lots of frustration (Int. 46)</li> <li>- Sometimes the matrix frustrates you because no matter like what conflict you are having, he is in a certain position and no one wants to move him from it regardless of how good or bad he is (Int. 9)</li> <li>- Extremely frustrating. To the point that I've had it up to here, and have threatened, to find another place (int. 13)</li> <li>- It is so confusing. Because when you do not come from the corporate world, this one over one dotted line and this type of thing does not exist (Int. 9)</li> </ul>	<p>In growth dynamic markets, employees and managers are desperate to achieve results and keep abreast of the competition. When the organization applies the matrix, decisions take a longer time, and minimum training means there are mixed interpretations of roles and authorities. This leads to delayed decisions and actions. Eventually, employees become frustrated and find it difficult to reach their goals.</p>

Table 13: Perceived causes for frustrations resulting from matrix implementation (source: developed by author from data analysis).

Issue	Cause/Explanation	Evidence/Metaphor {quotes from Interviews}	Analysis- Critique
<p>ODIs can hardly help the matrix work</p>	<ul style="list-style-type: none"> <li>- They provide some rationale and guidelines to follow, but it is not enough</li> <li>- Managers try to find ways to resolve the conflict</li> <li>- ODIs must include decision rules</li> <li>- ODIs provide opportunities for managers to meet and discuss face to face, but the decisions still have to be reached in consensus</li> </ul>	<ul style="list-style-type: none"> <li>- the matrix alone, or the operating mechanism is not working as in the states ( Int. 38)</li> <li>- ODIs help to explain lots of issues for the employees, but not sure if it made them accept or not (Int. 3)</li> <li>- Processes have no rigor, no standard operating procedures, no clear ODIs (Int. 4)</li> <li>- Earlier introduction of ODI would have helped, Introducing ODI outside the system is difficult and needs lots of explanation, not all managers are happy with the system or ODI, Implementing the ODI is a relief even if the final outcome is not what I expect, as long as it follows the system, The ODI was developed locally, without it things would have been very difficult (Int. 6)</li> <li>- Of course operating mechanisms help, monthly reviews help and all of those things and so on. But if the culture was not there, the operating mechanisms and the discussions will not work (Int. 30)</li> </ul>	<p>Local managers have limited knowledge of ODIs. Based on such knowledge they consider ODIs as a supportive tool to resolve issues resulting from the matrix. However, the business introduces ODIs on random basis, and without prior planning, which makes it more of a firefighting approach. Hence; the value is not significant.</p>

Table 14: Perceived causes for the limited impact of ODIs on matrix effectiveness (source: developed by author from data analysis).



Issue	Cause/Explanation	Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
Senior Managers play a key role in reaching agreement	<ul style="list-style-type: none"> <li>- The systems/processes are not enough</li> <li>- Personal relationships help to resolve issues</li> <li>- Relying on the system delays decisions</li> <li>- Senior managers force decisions</li> <li>- Senior managers can take risks</li> </ul>	<ul style="list-style-type: none"> <li>- I made it work by pulling the people in to do things that I needed them to do (Int. 10)</li> <li>- everyone is heard, but then, at the end of the day, it is decided, the leaders take a call and authority over here like is the key is the key for the decision (Int. 27)</li> <li>- They are using the matrix as I told you, especially the senior, playing with it. But for the new people, like me, I am still struggling with matrix (Int. 35)</li> </ul>	Senior local managers know how to leverage their perceived status and leadership to influence the process, regardless of the governing systems. Gradually, the senior managers become acquainted with the matrix and manage to exploit it for the best interest of the best, the way they perceive it.

Table 15: Perceived causes for the suggested influence of senior managers in resolving conflict (source: developed by author from data analysis).

Issue	- Cause/ Explanation	- Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
Managers have to sell	<ul style="list-style-type: none"> <li>- To position the case</li> <li>- To influence without authority,</li> <li>- To compensate for the lack of decision authority</li> <li>- To ensure reaching their objectives</li> <li>- To cater for other parties' agendas</li> </ul>	<ul style="list-style-type: none"> <li>- it is a selling skill, like you cannot approach everyone the same, and sometimes there are people that you cannot only send an email to and wait (Int. 29)</li> <li>- in the west there's this whole mentality of I believe you are doing your best this is the process, I will just wait here, but there is the other mentality of if I don't do the personal touch, that person will probably help the other people he prefers, so I have to put in the personal touch (Int. 41)</li> <li>- The system cannot work alone they need to use a personal approach or so to adapt it to the needs of the region (Int. 18)</li> <li>- Sales have more tendencies to try to play around. But then you have a system that protects you (Int. 18)</li> <li>- What I see here are we play games; we play politics, we jockey, we, there's much backstabbing that goes on, because they try to position. It is, what it is; it is posturing. There's so much posturing that goes on it is absolutely hilarious. I give each one a bit of the information (Int. 13)</li> </ul>	<p>There is limited training and orientation on the matrix, if any. There are also minimum basics and decision rules in place. In such an environment, local managers and employees resort to their area of expertise; building on personal relations and perceived solid selling skills.</p>

Table 16: Perceived causes for managers' need to "sell" inside the organization (source: developed by author from data analysis).

Issue	- Cause/ Explanation	- Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
<p>Functional Culture has an impact and affects the matrix</p>	<p>- Their objectives drive every function</p> <p>- Support functions are not willing to take risks or break the rules</p> <p>- Sales functions cannot afford to wait to decisions</p>	<p>- I thrived on operating mechanisms; we had to have an operating mechanism I must say it, and I would get resistance from sales, and I would say why are they resisting this, I am bringing orders, now I am in sales! We need operating mechanisms, but, and this is what my sales experience is now teaching me, not at the expense of moving things forward (Int.41)</p> <p>- I think there are three functions that are very powerful; that is legal finance and HR, they are very strong functions, and they leave with them the final decision in so many things, especially in the case of disputed views within the organization (Int. 43)</p> <p>- They (HR) have a brilliant track record of solving problems. By studying it, giving a solution, everyone sticks to it. They are very process oriented; they stick to it; they do it, sales will always kind of try and break the rules and try, and you know, push their way through and, yeah in HR, I do not feel we are as structured and are process-oriented, we are a bit looser (Int. 39)</p>	<p>There are clear differences between the different functions inside the organization; whether due to the nature of the tasks performed, the role and impact on decisions, the level of accountability and responsibility for revenues or compliance. This leads to different interpretations of the matrix, as well as different techniques applied to affect the final decision reached.</p>

Table 17: Perceived causes for the impact of functional culture on matrix implementation (source: developed by author from data analysis).

Issue	- Cause/Explanation	- Evidence/Metaphor {quotes from Interviews}	Analysis-Critique
<p>Anglo-American Managers in Multinationals prefer to implement the matrix as is</p>	<ul style="list-style-type: none"> <li>- They find it hard to leverage emotions</li> <li>- They believe in the model</li> <li>- Their strength is in applying systems</li> <li>- They cannot handle playing games</li> <li>- They believe Middle Eastern managers make it fail on purpose</li> </ul>	<ul style="list-style-type: none"> <li>- Western people usually struggle here and get frustrated, when they apply the system alone, and it does not work they get stuck, they need to adapt (Int. 4)</li> <li>- the perception is because middle easterners, us, put more weight on personal relationships, but everybody plays it, but the expats probably play it on a different level or a different way (Int. 15)</li> <li>- The last thing in the world you want is a general manager in Saudi Arabia, for example, who believes he has authority to make every decision that's going without consultation and advice and sharing the decision-making with the people (Int. 24)</li> <li>- I actually went and bought a Quran so when they came in I'm like ok show me exactly which page it says that, but that was a learning process, learning how to manage (Int. – 20)</li> </ul>	<p>Expatriate managers have minimum knowledge about the local cultures and the level of maturity/expertise of local management. Accordingly they tend to apply the matrix in a similar manner to their home country application. When things do not work, they perceive such failure as a result of deliberate resistance from local managers, and this makes them determined not to apply any changes.</p>

Table 18: Perceived causes why Anglo-American managers prefer to implement the matrix without any flexibility (source: developed by author from data analysis).

### **6.3. Relationships:**

The following tables provide examples for evidence from the interviews, in addition to further support from the literature; that substantiates the different relationships and propositions developed from the study. The quotes from the interviews include a simple reference to a function where the employee works and also state the serial number of the interview. This coding facilitates review of detailed interviews, some of which are in a separate section of the appendices. The analysis suggests that the nature of the relationship and the roles played by the different managers relies on the specific stage of the market growth/competition. The relation also relies on the level of experience and maturity of the managers, the nature of the organizational activity/ process and the functional role of the manager. In general, sales and customer related issues take top priority from sales and business leaders. The leaders will leverage all forms of relations to ensure the decisions, are made, and the teams achieve set targets. On the other hand, support functions will maintain minimum relation with the business/sales functions, to ensure independence and sustain the ability to veto actions and decisions. They will always seek refuge in the strict implementation of the system to avoid taking risks. Furthermore in a Middle Eastern culture which highly respects hierarchy and status, senior managers will use the perceived power to force decisions and resolve conflicts without applying the system. In return, middle and junior managers opt to escalate and in such case will be relieved of any accountability. Such propositions can be substantiated with specific literature outcomes or wording from the interviews. However, it is worth noting that the limited presence of such propositions in the literature versus abundance in the interviews content is further supporting the concept of the emerging grounded theory.

Relationship Proposition	Literature	Interviews- Some Quotes
Managers take actions according to the market stage/competition	<ul style="list-style-type: none"> <li>- Marketing managers working on foreign markets need to balance between applying their standard approaches in business, or accept input from the locals based on their local cultural dynamics (Engelen and Brettel, 2011),</li> <li>- “The dynamics of the business and the surrounding environment has a strong impact on the way the organization operates, its prevailing culture and the leaders’ actions and behaviors. Such dynamics includes the external factors like the competition as well as internal resources” (Hayat et al., 2012)</li> </ul>	<p>We need the directive approach in growth markets, especially in Saudi there’s a lot of vague problems and areas that we don’t know how to deal with so I think now maybe everyone’s going directly to the general manager( Int. 29-project management), the world changes dramatically, your decision making process has to adapt to it, this is where we fail</p> <p>(Int.10-Regional Director), I am a strong believer that we need a different model in a growth market(s), and that we cannot have the same model applied ‘one size fits all.’ It just doesn’t work (Int.39- HR)</p>

Table 19: Relationship between decisions and market stage/competition (source: developed by author from data analysis and literature review).

Relationship Proposition	Literature	Interviews- Some Quotes
Managers take actions according to their functional roles	<ul style="list-style-type: none"> <li>- “The department can use its power to force another department to act in a certain way” (Phillips and Cheston, 1979)</li> <li>- “The Differentiation perspective views organizations “as composed’ of overlapping, nested subcultures that coexist in relationships of intergroup harmony, conflict, or indifference” (Andreas et al., 2012)</li> </ul>	<p>There are functional cultures too, as between finance and us I have to put myself in their shoes and see how they run a business( Int. 29- Project management), if people are in sales, they tend to maneuver or play more because they want to get things done. When people are in operational areas, they focus more on the system and applying the operating mechanism as is, and the finance; they would stick to the rules exactly (Int. 36 - Service), I’ve supported finance as an HR manager in my last two jobs. They have a brilliant track record of solving problems. By studying it, giving a solution, everyone sticks to it. They are very process oriented; they stick to it, and they do it. (Int. 39 -HR), Functional culture affects the matrix where finance will stick to the rules at all times while sales will cross limits to achieve the targets ( Int. 41- sales)</p>

Table 20: Relationship between actions/decisions and functional roles (source: developed by author from data analysis and literature review).

Relationship Proposition	Literature	Interviews- Some Quotes
Managers' actions are affected by their maturity level	<ul style="list-style-type: none"> <li>- "Employees are humans who engage in specific behaviors and actions, including playing certain games, whether in their personal or professional life" (Bartunek and Franzak, 1988)</li> </ul>	<p>I think the level of maturity, looking at the overall picture, is not just thinking of your individual target. You know, as a team, as a player is important (Int. 36 - Service), The more mature, the more simple and less complex it will be (Int.3-sales), Mature people make it work, it became only more complicated in the sense of you have bigger egos (Int. 10 -regional director), maturity is the key and leadership and when you're picking young leaders, you have to look at their maturity level, you know, we all play kids at work, but that core person is a mature person(Int. 13 - project management)</p>

Table 21: Relationship between decisions/actions and maturity level (source: developed by author from data analysis and literature review).



Relationship Proposition	Literature	Interviews- Some Quotes
Sales, Marketing and customer related issues take top priority from managers	<ul style="list-style-type: none"> <li>- “The marketing function has the strongest influence on the performance of the company, which should be guided by and responsive to the market needs” (Engelen and Brettel, 2011)</li> </ul>	<p>If I told all of these people about it, I would not have closed the deal in time. So there is a challenge between how you have to close the deals and how many different people you need to involve, now I am in sales! We need operating mechanisms, but, and this is what my sales experience is now teaching me, not at the expense of moving things forward, We are still driven by quarter, the processes literally go to hell by the end of the quarter, The key is achieving targets regardless of following the system and the matrix (Int. 41 - sales),</p>

Table 22: Relationship between business area and degree of priority (source: developed by author from data analysis and literature review).

Relationship Proposition	Literature	Interviews- Some Quotes
Support function managers keep the distance from business functions	No specific evidence from the literature	Having a function, or (I believe) that, you know, a department that is responsible for the safe keeping of the processes is very important, and this is why you would have a finance or controllership (Int. 27-country manager), the top leadership they give kind of importance to certain functions. I think there are three functions that are very powerful; that is legal finance and HR, they are very strong functions, and they leave with them the final decision in so many things, especially in the case of disputed views within the organization (Int. 43 -legal)

Table 23: Nature of the relationship between support functions and business/commercial functions (source: developed by author from data analysis).

Relationship Proposition	Literature	Interviews- Some Quotes
Support functions prefer to fully abide by and implement the system	No specific evidence from the literature	Finance leads and applies a specific operating mechanism to reach agreement (Int. 5 -Finance Manager), there's two mindsets, one is process which is finance, and one is an adaptive culture when you're dealing with more challenges put in front of you normally by the customers, how finance operates versus a sales guy, the process has got to be there to protect the business(Int. 20-sales manager)

Table 24: Relationship between function and degree of compliance to the system (source: developed by author from data analysis).

Relationship Proposition	Literature	Interviews- Some Quotes
<p>Middle Eastern senior managers will always use perceived power to get things done</p>	<p>- “Power and status (and perceived skills) are linked to seniority, and power is reflective of attainment of family, friends, charisma and the ability to use force” (Iles et al., 2012)</p>	<p>If you show that the big pile is yours, I am talking about, not just the numbers, I am talking about functions, areas, getting engaged with all the different areas. Then it starts fitting within the puzzle, If you come from a country where there was a king, your whole culture is around the king; there is no matrix (Int.10-Regional Director), my manager had to interfere, and basically put his personal, on his personal responsibility, using the power of his position to go there (Int. 46-Sales), as you move up the food chain within the matrix, the matrix on its own is nothing, it’s a very nice power point (Int. 10-regional director), the last thing in the world you want is a general manager in Saudi Arabia for example who believes he has authority to make every decision that’s going without consultation (Int. 24-Finance)</p>

Table 25: Relationship between the cultural background and the tools perceived to reach objectives (source: developed by author from data analysis and literature review).

Relationship Proposition	Literature	Interviews- Some Quotes
Senior Managers will take risks & break the system to get things done	“New forms of organization such as the matrix could not survive if work relationships were to adhere strictly to the no-bypass principle” (Laurent, 1980)	If you're in a world that is highly volatile and the world is outside of the processes that you've established, then you need to be very flexible in trying to get consensus within the specific issue that happens within the matrix to push it on, which is the case in our market (Int. 10- regional director), we need strong leadership, because breaking down and building organization requires a lot of leadership skills, emotional intelligence, requires organizational skills, and it's not easy, it's very risky, so at the same time if you're not able to adapt quickly and we're talking quarter by quarter, where there are lots of rules, lots of processes, lots of books, lots of bibles and Qurans, there people actually stick to each word and paragraph, we will come to a standstill, (Int. 42 -Sales), I don't have time to implement the process, I'm just gonna do this now, and once you break it once, you break it another time.. It is a growth market (Int. 39-HR)

Table 26: Relationship between level of seniority and risk taking (source: developed by author from data analysis and literature review).

Relationship Proposition	Literature	Interviews- Some Quotes
Middle managers escalate to escape direct responsibility and conflict	<ul style="list-style-type: none"> <li>- “Employees must escalate to higher levels if they cannot reach an agreement, and leaders will then take a decision and arbitrate between different parties” (Galbraith, 2010)</li> <li>- “Employees will always await for direction and orders from their manager who has full undisputed authority” (Hofstede, 2011)</li> </ul>	<p>They all have the right to veto, but none of them but none of them can break the rule of another person. So, so the only solution was to go and escalate it to senior director to come and say “send it, and we will take, and I will take the responsibility.” Somebody above our band (Int. 46-Sales), If it does not work then the only way is to escalate (Int. 5-Finance), we escalate to make things work (Int. 11- facilities), in conflict I am able to escalate in a way that gets me to the results I need, in a timely basis, in conflict I am able to escalate in a way that gets me to the results I need, in a timely basis (Int. 12- Project Management), we have to escalate it to have it and these cases we see it in a, almost in a daily basis in multiple faces (finance), Sometimes we escalate, and the battle starts at the next level, then you have to wait, because you wanna let those guys come to a decision (Int. 21-Sales)</p>

Table 27: Relationship between senior level and degree of accountability acceptance (source: developed by author from data analysis and literature review).

#### **6.4. Relationships as Derived from the Data/Content Analysis:**

The following basic connections have been developed based on the interviews, where the frequently repeated word associations have provided some insights about the nature of recurring relations between different variables, as perceived by managers. The detailed scripts of all interviews were reviewed, and the frequently observed links between specific terms that are representing certain codes were then transformed into diagrams that explain the nature of the relationship. An interesting observation is the frequent repetition of specific terms/variables by managers from different cultural background or different functional backgrounds, and also different organizational levels. This observation further supports the suggestion that culture can be a crucial variable that affects the implementation of the matrix model in remote markets. Since the different elements might vary in strength, and there is no specific measure of the magnitude or the direction of each relation, it would be quite difficult to suggest symmetrical relationships in all cases. In order to provide more clarity, the author has enhanced the analysis by adding two elements. The first is the elements of direction (positive versus negative impact). The second is the element of magnitude ( with a numerical rating ranging from one being the most perceived impact/magnitude/focus to four being the least perceived impact/magnitude). The magnitude relies on the literal feedback and specific responses from the interviewees. Such classification needs maximum caution in interpretation, as it largely relies on subjective evaluation, in terms of content/wording analysis and the perceived level of conviction as expressed in statements and verbal messages during the interviews. For the sake of simplicity, the following figures measure the top 4 variables/ elements that explain how the dynamics of the model operate. While this approach poses another limitation; nevertheless it can be justified in view of the exploratory nature of the study, and can serve in concentrating the focus on a less number of variables, to be further explored and investigated in future studies. In all cases, this remains an area that requires further research and in-depth analysis.

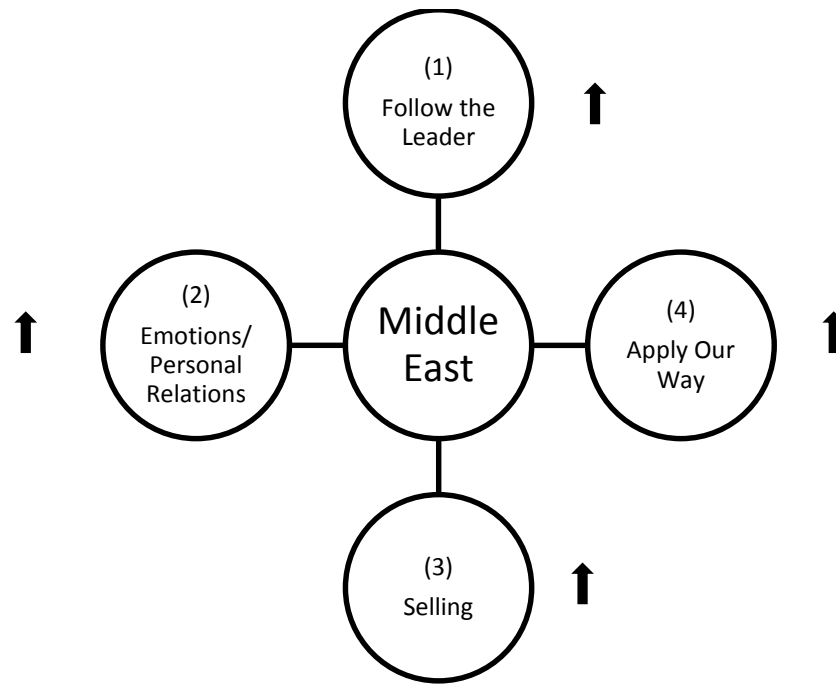


Figure 4: Frequent connections/ associations to the Middle East Business Environment (source: developed by author from data analysis)

The Middle East managers usually look up to the leaders, to resolve issues and take decisions on behalf of the team. They focus excessively on personal relations and emotions as a means to ensure bonding and unity. They also apply different selling techniques in order to ensure they achieve the set goals. However, they would not follow the internal systems or organization-wide models; they would always follow and believe in the way they have always run the business and proven approaches.



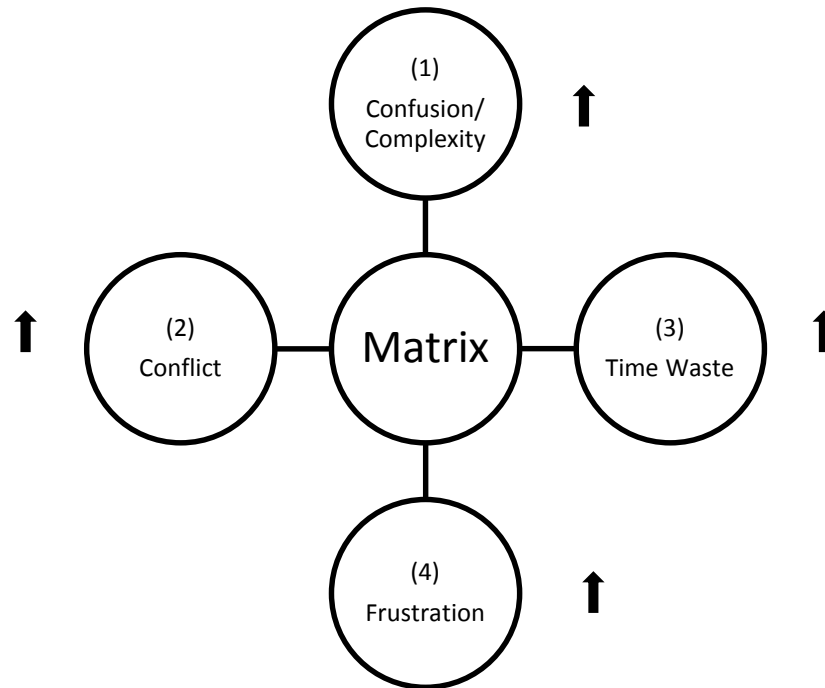


Figure 5: Frequent connections/ associations to the matrix (source: developed by author from data analysis).

The Matrix is usually associated with confusion, due to its complexity, especially when knowing that there is very limited orientation/training programs when introducing the matrix. Due to such perception, the matrix is always regarded as a reason for conflict and direct driver for time waste. Such elements will always lead to a constant feeling of frustration when thinking of, working with and reaping the results of applying the matrix.

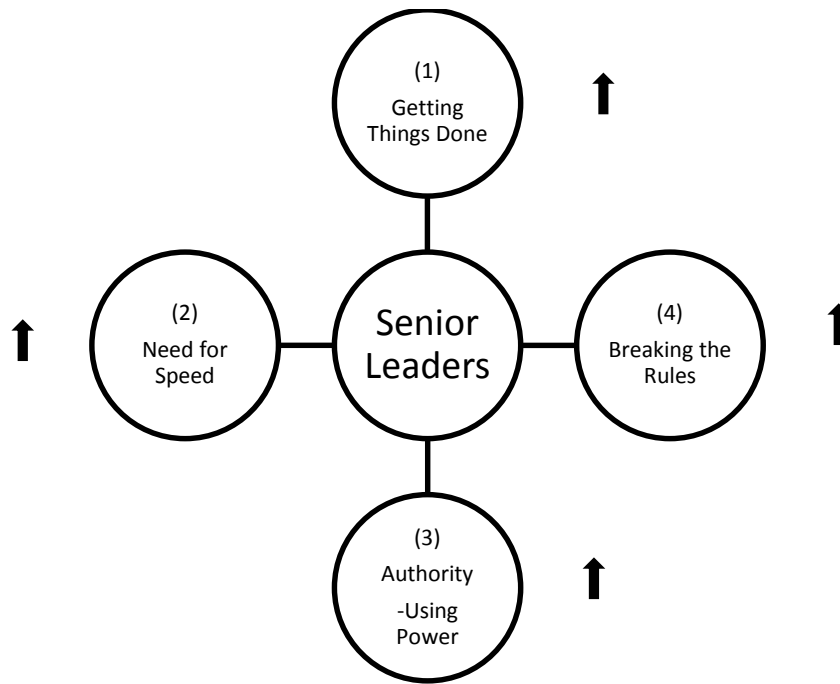


Figure 6: Frequent connections/ associations to senior leaders (source: developed by author from data analysis).

Senior Leaders are under continuous heavy pressure to achieve results and realize the need for speed, especially in fast growing and challenging markets like the Middle East. Hence, they are willing to go the extra mile and break the rules to get things done. They will always intervene and use power (whether real or perceived), in order to settle conflicts and end disputes that might arise from applying the matrix.

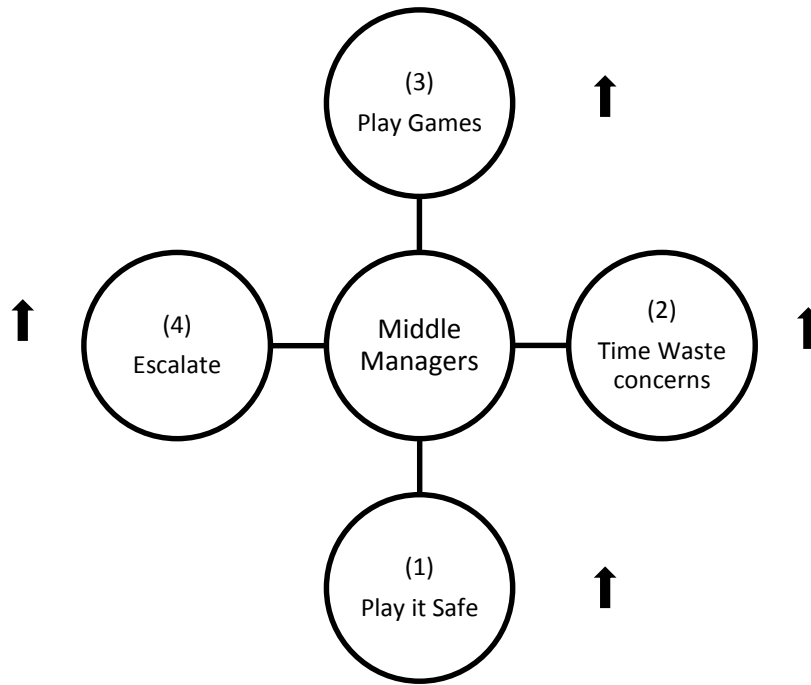


Figure 7: Frequent connections/ associations to middle managers (source: developed by author from data analysis).

Middle managers do not have the luxury of power or confidence like senior ones. They prefer to play it safe, they worry about wasted time when they cannot get work done, so they simply play games, when they can, especially within the gap between two bosses. If things get too complicated and conflict rules the situation, they will simply escalate to higher levels of management and wait for a solution to come from above.

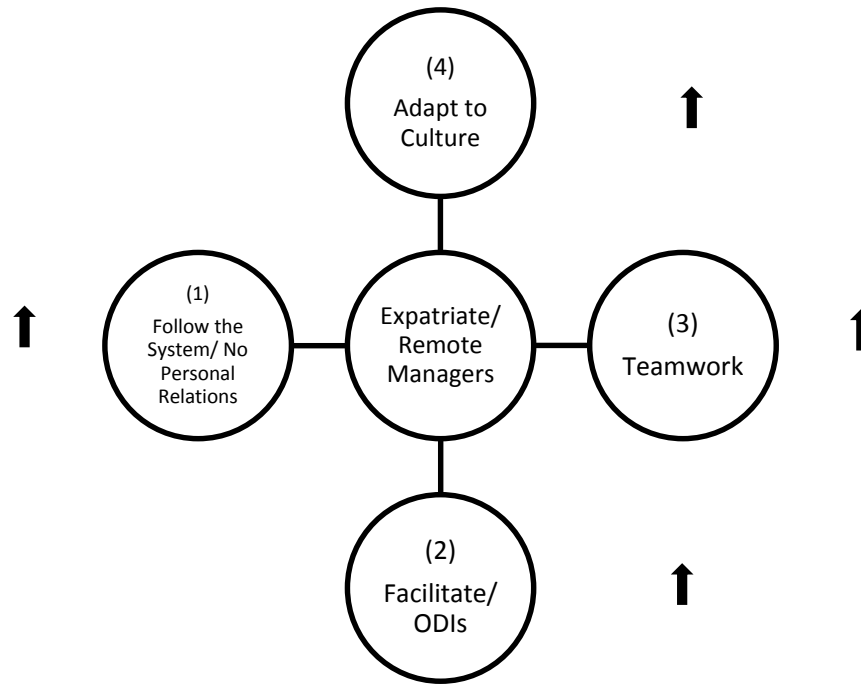


Figure 8: Frequent connections/ associations to Anglo-American culture (source: developed by author from data analysis).

Expatriate and remote top managers who do not belong to the local culture/environment prefer to follow rules and systems and guidelines. They do not usually involve personal relations or use them to get things done, and when issues get complicated, they will always think of facilitation and introducing ODIs rather than look for aggressive solutions. Being strangers to the culture, they will always try to adapt, and engage in teamwork to ensure alignment and consensus.

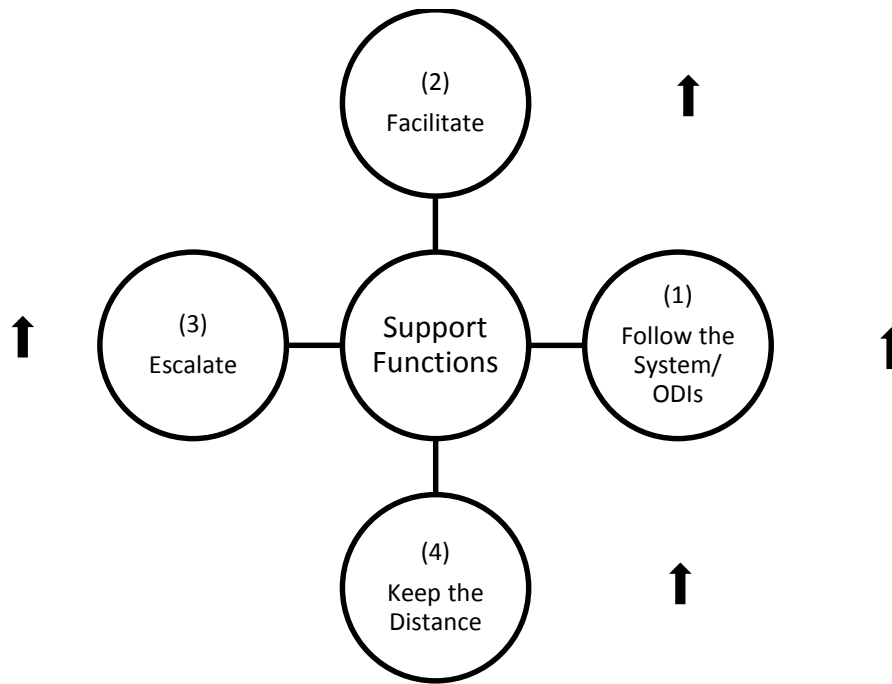


Figure 9: Frequent connections/ associations to support functions (source: developed by author from data analysis).

Support functions enjoy the role of being judge, as well as less accountability for financial results and decision urgency. Hence, they play it safe, keeping a distance with all parties involved. They will always be the ones to follow the system strictly (e.g. finance), develop and introduce ODIs (e.g. HR), facilitate meetings and open discussions. Whenever things go wrong, they will simply escalate the issue to higher management levels.

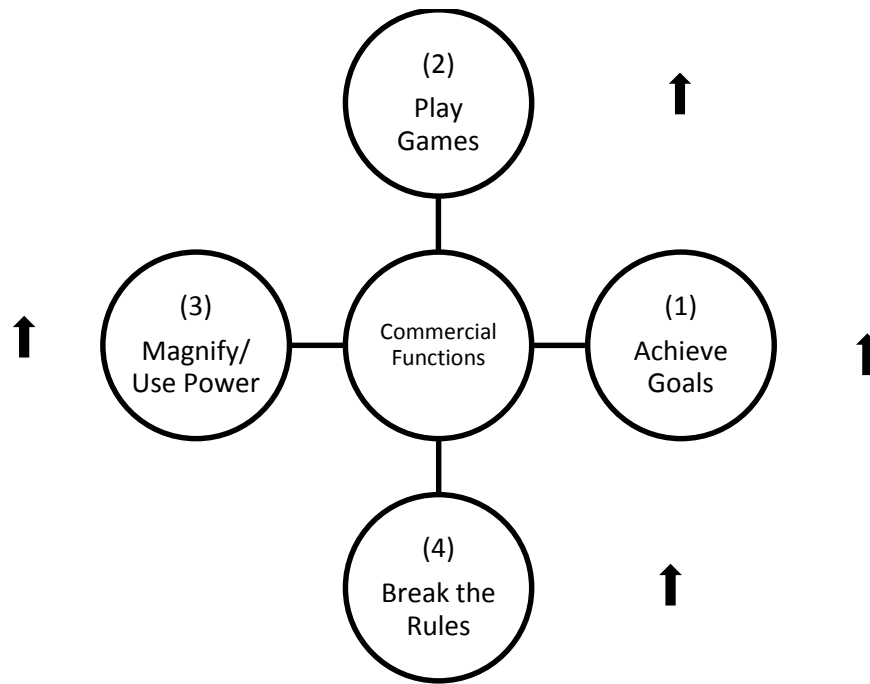


Figure 10: Frequent connections/ associations to commercial functions (source: developed by author from data analysis).

Commercial functions cannot afford to wait for consensus, and they will go to the extent of breaking the rules in order to achieve set goals. Being aware of the value of commercial functions to the business, they will exert all efforts and play games to achieve goals. They will magnify the power factor (whether real or perceived), compared to support functions, and they will easily break the rules building on such power.

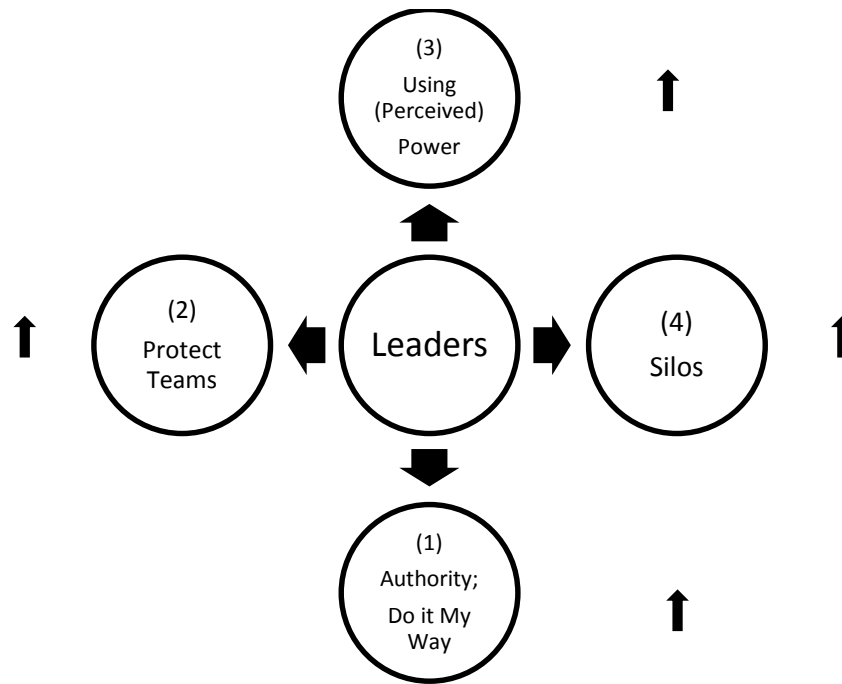


Figure 11: Frequent connections/ associations to leaders (source: developed by author from data analysis)

Leaders are accountable and committed towards the teams, playing the role of the saviors and the protectors. They cannot afford to let followers down. Accordingly they will fight to protect the subordinates, in response to all forms of challenges that might face (whether their actions will be out of true feelings or based on egoistic and personal ambitions). Such thoughts and expectations might exist in every business culture; however, it seems to be more expressed and magnified in an emotional culture like the Middle East. Within this context, they create silos (territories) where they force their rules and also maintain their model of loose/tight coupling. They are powerful within the territory they dominate (or perceived to be so). They deploy such power to serve the causes and to handle all issues and conflicts that arise whether internally within the teams or externally with other “silos” or the head office and senior management overseas.

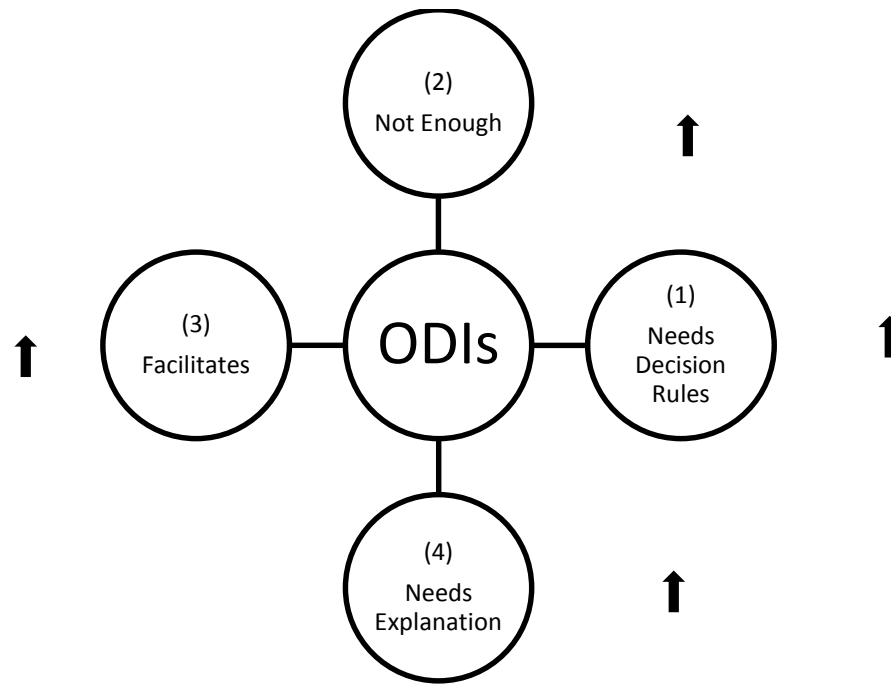


Figure 12: Frequent connections/ associations to ODIs (source: developed by author from data analysis).

ODIs are not widely understood or experienced by managers in remote cultures and business environments (the Middle East in the study). When explained to them, the general impression is that they can be helpful, as long as they include clear decision rules. Nevertheless they are not enough to resolve all issues and conflicts. They can only help to a certain limit, and then it all goes back to the application of clear decision rules. In general, ODIs are perceived to be ineffective unless enhanced by clear decision rules.



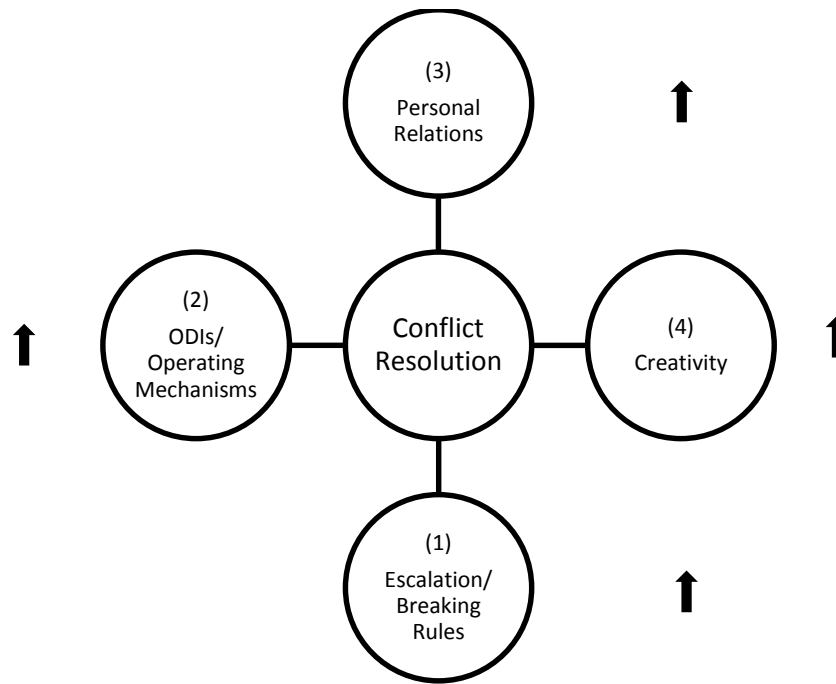


Figure 13: Frequent connections/ associations to conflict resolution (source: developed by author from data analysis).

There are several options to address conflict. While senior managers opt to break the rules, more junior employees would escalate. Catalysts for both levels of management will include ODIs and operating mechanisms. The perception is that creativity plays a key role in resolving conflicts, especially in situations that are new and unexplored before, but personal relations will always be more effective when conflicts reach critical stages.

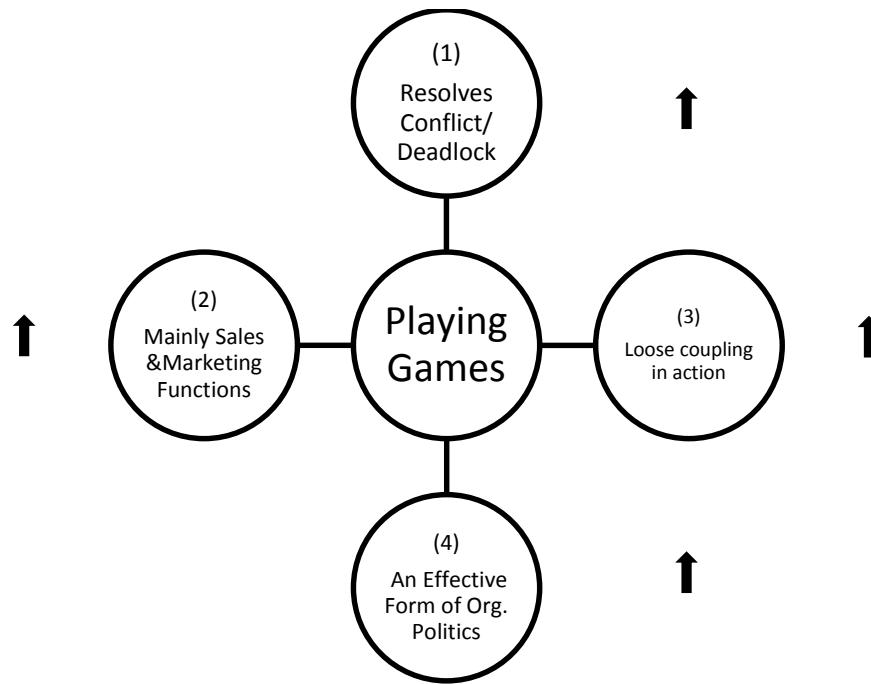


Figure 14: Frequent connections/ associations to “playing games” (source: developed by author from data analysis).

One of the most frequently used expressions was “playing games.” The interesting issue is that it is not linked with any negative feeling or associated to risk, except in few cases. These games are viewed as a common approach by the sales and marketing managers, a tool to ensure achieving goals and securing figures. Games are effective in resolving conflicts especially in cases of potential deadlock, where the system fails to handle the situation. Playing games can also be explained as a “loose coupling” manifestation, though the managers and employees might not label it as such. They will receive, absorb, interpret, rephrase, reposition, and then convey the message according to each manager's understanding and frame of reference, as well as interests and goals. In all cases, it is viewed as a form of organization politics, not everyone can easily play.

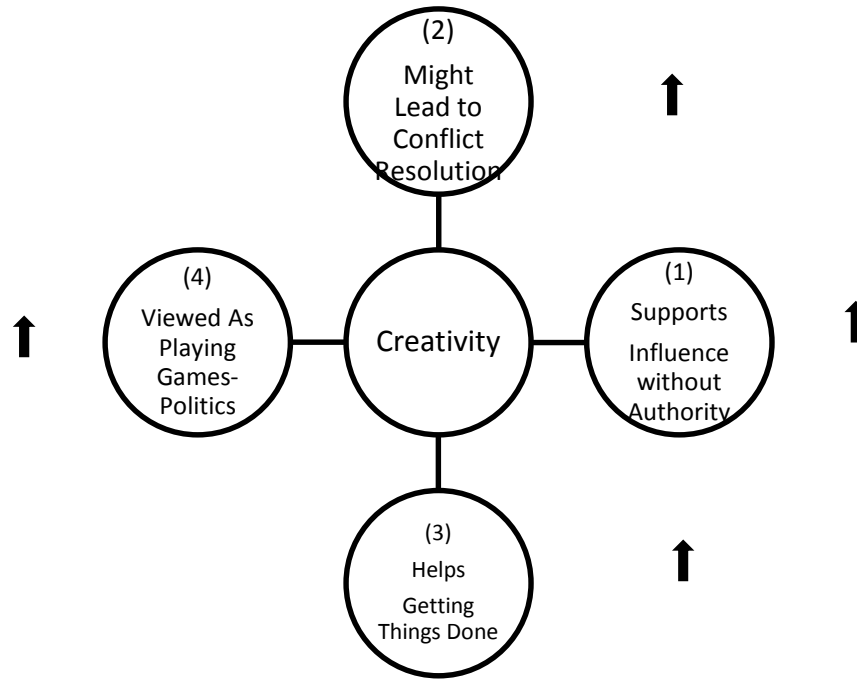


Figure 15: Frequent connections/ associations to creativity (source: developed by author from data analysis).

Employees perceive creativity as a handy tool; employees would resort to in cases of conflict. It can be helpful when employees have no position power and need to influence peers or more senior colleagues, and can help to get things done. Nevertheless it is still linked to playing games and politics, since it does not follow any specific business model or guidance; everyone does it as per individual experience and preference.

## 6.5. Causal Relationships:

In order to further analyze the root causes that lead to conflict when introducing the matrix organization, the following figure attempts to reduce the variables being reviewed, and focus on specific elements within a simple cause-effect relationship. These elements were the most frequently iterated ones, throughout the interviews as well as the company literature reviewed.

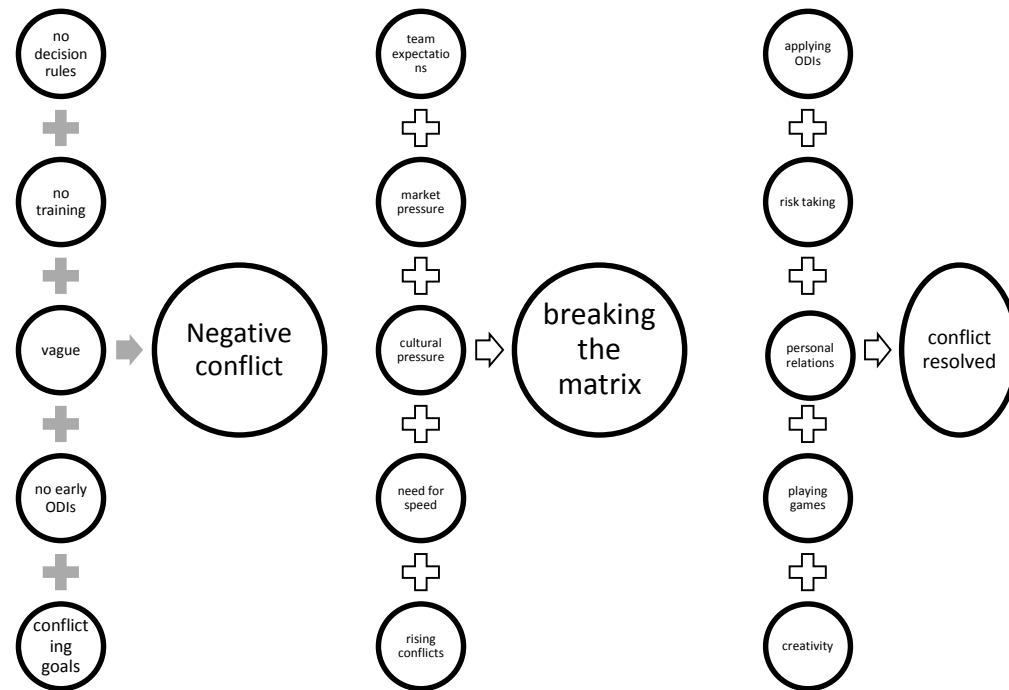


Figure 16: Causal relations throughout matrix introduction to conflict resolution (source: developed by author from data analysis).

As per the above figure, conflict arises following the introduction of the matrix. The main causes include a lack of clarity, the prevailing ambiguity and the absence of clear decision rules, in addition to the conflicting goals for the different involved parties. It is then that the managers try to resolve the conflict, whether through escalation to more senior levels (an option preferred by expatriate managers representing the culture of the headquarters) or through the introduction of ODIs. They might also try to

leverage personal relationships and build on selling capabilities, to convince the other party to accept the preferred option (which is the preferred approach by local managers). There are several reasons for such trials to “break the matrix.” The reasons include market/competition pressures, high team and individual expectations, cultural pressures on the local leaders and the pressing need for fast decision-making process to ensure achieving targets. Ultimately the conflict is resolved, due to several reasons. They include the leveraging of personal relations, playing internal political games, and internal selling, introduction of supporting ODIs, as well as risk taking accompanied by some innovative approaches applied by local senior managers.

## **Chapter 7- Findings and Emerging Concepts**

This chapter identifies the main findings, and emerging concepts based on the analysis conducted in the previous chapter. In order to ensure alignment with all analysis and model development throughout the research, this chapter will first list the different general themes identified from the study. Next, it provides comprehensive grouping of the main themes under two specific areas. These areas are themes and issues related to the cultural impact, the deployment of the loose coupling approach in responding to the introduction of the matrix. This is followed by a special section covering the area of culture, assessing the value of culture as an emerging variable from the study, with significant impact on the matrix introduction. Next, the chapter displays the findings of the study and proposes a conceptual model which explains the different dynamics involved in the introduction implementation of the matrix organization structure. The model explains how the organization and individuals respond, and then how the model works. The findings address the different relationship that exist, and the different variables which affect the process, including interdependencies. A special section ensures juxtaposing the findings of the study in relation to the existing literature and theoretical base, hence applying triangulation to the study outcomes. The chapter wraps up with the overall conclusions followed by the research limitations.

### **7.1. General Themes:**

1. There seems to be a general lack of clarity about processes and systems, especially when introducing the matrix structure to replace traditional management structures.
2. The matrix complexity is linked to having no clarity on who owns the process and who takes the decisions.
3. The top management forces the matrix structure on local managers without any prior explanation or clarification. Managers are usually not involved in the development of guidelines and processes.
4. The matrix model relies on the maturity of the managers involved, especially in the absence of clear guidelines and operating mechanisms, and also in the absence of proper awareness/training for the receiving managers and employees.

5. There are basic competencies essential to make the matrix work, such as communication, negotiation and selling skills; however, there is very limited training, if any, provided for managers.
6. Usually, there are no operating mechanisms/ODIs set in place before the launch of any process except in cases of conflict. However, they come in at a late stage, probably when conflict has already become a fact. Furthermore, there is limited knowledge and aware from local managers regarding the concept of ODIs.
7. Headquarters do not usually develop comprehensive practical systems or specific decision rules prior to introducing the matrix in remote markets. They issue general directions, and it is left to the regional/local managers to manage the implementation.
8. For managers who do not possess previous experience in a matrix organization, the introduction of the model is always linked to confusion, complexity and frustrations.
9. Managers implement the matrix in accordance with each manager's functional background and priorities. Support functions prefer to facilitate and search for common grounds to ensure playing safe. Commercial functions (sales and marketing) search for shortcuts and try to avoid applying the matrix model in full, even if they take risks.
10. Managers' enactment with the matrix differs according to the nature of business functions and roles within the organization. The difference in enactment applies to the way they make sense of the matrix and the way they interpret it, then how they apply it and handle issues and resulting conflicts.
11. Functional priorities also affect the general impressions about the matrix; sales and marketing functions feel frustration and disappointment, while support functions feel comfortable and more secure with slower decisions and endorsement from all parties.
12. Junior and middle levels employees suffer most in the matrix. They have limited ability to achieve set objectives, and they are stuck in the middle between several manager. Senior managers enjoy the role they play in the matrix as they add more pressure on subordinates.
13. The local managers tend to lobby, sell and work out the way upwards in the matrix model. Expatriate managers prefer to follow the system and the process regardless of the outcome.

14. The local managers try to sort it out and resolve issues through improvisation and personal relations. On the other hand, expatriate managers, prefer to follow the system or escalate, rather than improvise, play games or lobby.
15. The introduction of ODIs usually seems to help, especially at earlier stages in the process, however to limits, and it cannot resolve issues independently. The late introduction of ODIs minimizes the potential impact in resolving conflicts.
16. There needs to be a logical/practical balance between applying preemptive ODIs that can minimize potential matrix conflicts, and post-introduction ODIs that can build on lessons learned from the actual introduction of the matrix. Early introduction of ODIs serves in developing (built-in) system components and tools that might minimize matrix issues and potential conflicts.
17. Employees perceive escalation as the most effective means to get things done and conflicts resolved, especially for junior levels of employment.
18. Remote management from outside the region is proving quite difficult, especially when supervisors are not aware of cultural issues and field challenges.
19. The demands of customers and competition in the Middle East as a growth market seem to require much faster decision making in comparison to what the matrix provides.
20. There are apparent perceptions about each culture. Middle Eastern managers might view non-middle eastern as more mechanical, system oriented and less passionate about the business. In return, other cultures (represented in the study by Anglo-Americans) might view Middle Easterners as less organized, less mature and tending to break the rules. Such perceptions might be due to minimum training and orientation being conducted for managers from different cultures as they join forces and work in a common environment.
21. The longer foreign managers from different cultural backgrounds stay in the region, and the more they are willing to adapt, the more they can manage to operate effectively and eventually adapt to the local culture.
22. The general perception is that introducing the matrix needs clear decision rules and authority when it comes to business issues, and taking action, especially in demanding and dynamic growth markets.
23. Managers are expected to share the same positive desire to do what is best for the business. However, they perceive success as being linked to achieving objectives, regardless of other parties' interests, and regardless of applying the system as per global guidelines.



24. Maturity and emotional management are perceived as key elements to succeed in making the matrix work in emotional cultures, as, for example, the Middle East culture.

## **7.2. How Conflict Arises; How a Certain Environment Reacts to the Matrix Applying Loose Coupling:**

### ***7.2.1. The Resemblance between Enactment to the Matrix Introduction and Loose Coupling:***

The dynamic through which managers enact with the introduction of the matrix can be explained in terms of applying the loose coupling metaphor. The loose coupling is a concept perceived to be effective in interpreting and managing the matrix issues (as highlighted in the literature review section). The following table provides some insights, based on Kleymann et al. (2008), who expanded the ARA-scheme introduced by Håkansson & Snehota (1995) by adding the dimensions of loose and tight coupling:

	Activity Links	Resource Ties	Actor Bonds
Tight	External reporting, global hierarchy, financial decisions, contractual issues, legal processes, external conflict resolution	Global overall budget, business information sharing	Local employee/manager relations, group/leader loyalty, commitment to external customers, relations with external local bodies/governmental
Loose	Decision making, internal reporting, internal hierarchy, internal conflict resolution	Re-allocation of financial resources (breakdown) and human resources deployment, informal reporting & information sharing	Employee/remote manager relation, local/expatriate employee relations

Table 28: How the model works in coupling (Source: Adapted from Kleymann et al. (2008) and based on Håkansson and Snehota (1995), in addition to data analysis.

The above table (based on interviews and evidence) displays some of the factors underlying the dynamics of the model. The model displays different combinations, varying between closed and open systems, and comprising both loose and tight coupling in accordance with the nature of the different activity links, resource ties and actor bonds. Within the cultural context of the Middle East, loose coupling applies in relation to external, non-Middle Eastern remote management, as well as when it comes to areas of ambiguity and uncertainty. On the other hand, tight coupling applies within the local culture where clear hierarchy, trust and loyalty to the boss as well as adherence to clear locally and traditionally accepted models of behavior is expected. When it comes to conflicts and problems, the tendency is towards loose coupling where everyone would improvise and play personal games to make things happen. When comparing how the model works in the Middle East, it makes perfect sense to define it as a loose coupling model. The result is a system that is simultaneously open and closed, indeterminate and rational, spontaneous and deliberate (Orton and Weick, 1990). In practice, the company will apply the existing “strict” rules and regulations as a form of a closed system. The local managers will create an open system, where they apply the locally developed approaches and “play their games” to ensure achieving their objectives. While actions and processes are expected to follow a clear, rational model, this will always be coupled with approaches and actions that do not follow any specific or clearly defined approach. The same applies when handling conflict; where some managers will stick to the rules and try to apply systematic management practices and ODIs while others would simply resort to personal relations and individual competencies. This approach allows them to resolve issues and secure the desired outcomes.

### ***7.2.2. Issues and Effects per Stage:***

The following figure describes how the introduction of the matrix impacts the case organization; the figure explains how the local teams interpreted the matrix and then how they respond and act. In addition, the figure lists the most common outcomes, whether in terms of tangible results or perceptions and feelings expressed by the different affected parties. The model aims to shed light on how organizational actors “enact” and “construct” the structural change imposed on them. The model also attempts to explain how they work around resistance, how and where they compromise. The model highlights the extent to which “playing games” streamlines and ultimately facilitates working within a structure they

initially did not accept. All such responses, interpretations and actions can always be viewed as a form of loose coupling as explained earlier.

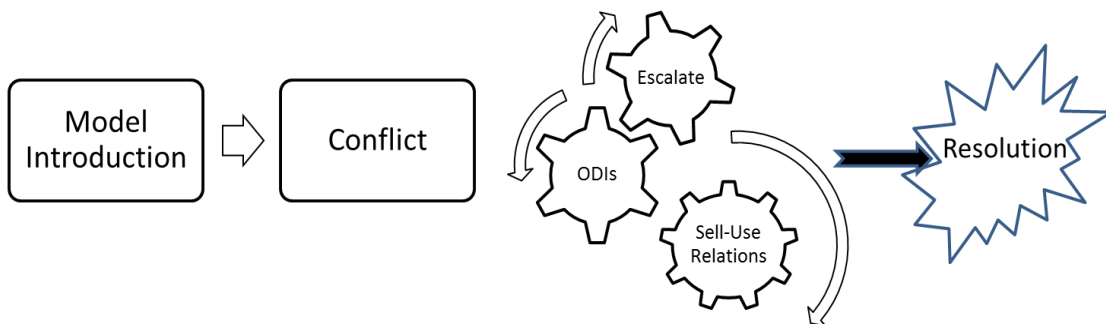
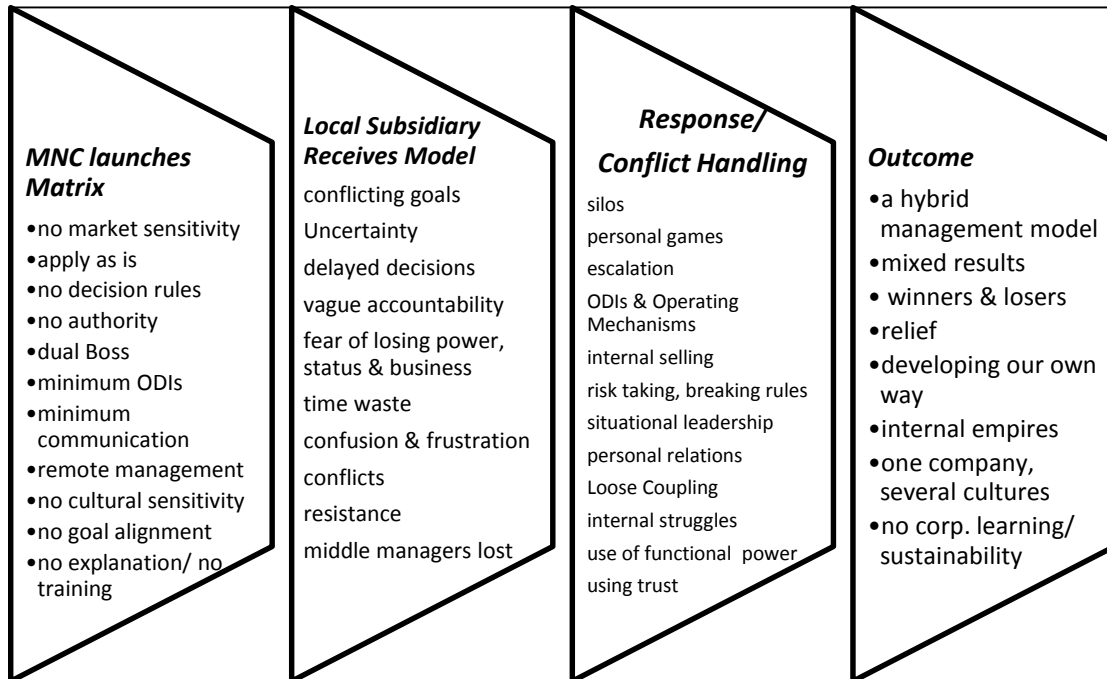


Figure 17: Issues and effects per stage when introducing the matrix (Source: developed by author from data analysis).

As per the above, the company headquarters usually launches and introduces the matrix structure without prior preparation, communication and almost zero training and orientation

for the local teams in remote markets. Remote managers lead the implementation, despite limited availability and engagement, as well as minimum awareness/ sensitivity to the local culture. When the local subsidiary receives the model, the response is a mixture of strong, negative feelings. The response is a variety of behaviors ranging from clear opposition to silent resistance to apparent acceptance without the real intention to implement. These responses are the result of the local managers' interpretations of the matrix, in the absence of a robust communication and comprehensively planned introduction by the head office. Once conflicts arise in the absence of clear decision rules, managers start applying locally developed solutions. They start experimenting the process of sense-making and then sense-giving, through a creative coupling model ranging between loose and tight coupling. The progress depends on the nature of the relation, the situation and the involved parties, whether global, local, external or internal. Within this model they start playing the game, selling, developing and building on personal relations. They use all forms of influence in accordance with seniority and authority levels. They even escalate and stall decisions in order to escape accountability when at risk. The feedback received from the respondents differentiates between two forms of "game playing" in response to the matrix:

1- Games played in order to make the model work: managers and employees will improvise, come up with approaches, measures and operating mechanisms, in order to reach the desired organizational goals. They will not oppose or resist the model; on the contrary they would show full consensus and acceptance; however they will play games in order to address shortcomings of the model. Such behaviors can represent a form of positive enactment or maybe a "legitimate/ethical" one.

2- Games played in order to secure status and /or serve personal interests: managers and employees will engage in different types of games. They either build on the system gaps to achieve personal gains or develop protective relationships /alliances that secure personal interests when things go wrong. This type of games is frequent when accountabilities and authorities are not crystal clear. Such behaviors can represent a form of negative enactment, or even "unprofessional/unethical" one.

The data analysis indicates that both forms of game playing exist in the organization. It would be difficult to link one form to a specific group of employees (based on seniority or cultural background or other). Examples can be cited in both directions. Some senior managers would

apply the first type to achieve organizational goals and fulfill high demanding accountabilities. Others would apply the second type to secure more gains, and create local empires of power and authority. The same applies for junior employees; some might play the first type of games, despite having minimum authority and power. However, they exert maximum effort to ensure the business achieves set objectives. Others will play the second type of games, resorting to escalations and enjoying the gray area between dual managers to escape accountability. Hence, this is another area worth focusing on in future research. Nevertheless an initial proposition is that a more robust and practical system can probably minimize the games being played, especially the second less popular type.

The repeated (playing games) expression in the current study seems to find some support in a study focusing on games professional managers play within organizations (Bartunek and Franzak, 1988). Games are played by individuals in a variety of situations within the organization, taking the form of stereotypical, repetitive and gripping patterns of behavior. Some of the games/roles played by managers include the following:

- 1- “I Told You So”: This game is played to conceal one’s inferiority complexes. Managers in-charge of departments/ projects come out with this accusation whenever the activity fails to individuals who do not share the same “okay-ness.” The moment the activity fails, the manager makes every attempt to justify it citing well-conceived excuses, intellectual arguments and dubious reasoning that may not have a real basis. Managers experiencing deep-seated feelings of inadequacy; inferiority and incompetence execute this game constantly especially when facing new situations and business requirements they are unaccustomed to. A similar model exists in the current study. When the matrix is applied, managers fail to operate and achieve due to the various complexities and issues linked to the matrix implementation. Interviewees have frequently expressed such feedback as they refuse to admit accountability for the negative results, and blame it all on the matrix implementation.
- 2- The Procrastinator: The procrastinator manager is one who delays decisions, plans or any matters that need execution with urgency on silly and irrelevant grounds. Apparently no results or outcomes can be expected from managers who play this game because of a severe lack of confidence in oneself, as well as experienced anxiety. Such a model is evident in the current study where managers expressed reluctance to take decisions, due to the difficulties they faced with applying the matrix structure.

- 3- The Benevolent Manager: Managers are too good and concerned and interested in the lives and works of others, especially subordinates and co-workers with whom they are constantly interacting in the pursuit of organizational and individual goals. This role is frequently played in the Middle East business culture as proven from the different interviews. The senior managers enjoy the role of the saviors who protect subordinates, especially in times of uncertainty, similar to the matrix introduction with the perceived negative impact on individual, as well as business interests.
- 4- The Angry and the Tensed Manager: this manager always sends out signals of anger, dissatisfaction and tension. Such managers cannot be easily approached by others just because of the level of anger and tension frame of behavior. This model exists in the current study, where some senior managers express anger and frustration, as they cite the inadequacy of others. This inadequacy might be system-based or related to incompetent managers on both sides (those introducing the matrix and those unable to implement).

Such games/roles are not clearly linked to the matrix and the related conflicts. They are partially different compared to the games played within the matrix. Nevertheless, these roles support the study findings, as per the analysis and links stated above. "Playing games" become more crucial and justified when there is a perceived threat, whether to the company or to the managers and their status, and the matrix provides enough perceived threats to trigger such games. This behavior again can be viewed as another application of the loose coupling metaphor, where the managers will respond to the matrix introduction by various forms of games and roles played. They will interpret messages and reshape them, and then conveying them to the teams in the managers' preferred approach.

### **7.3. The Impact of Culture on Introducing the Matrix:**

The following section will cast light on the emerging concept proposing the relationship between culture and the implementation of the matrix organization structure. It will also juxtapose the study proposition with various literature covering culture variables, the impact on organizations and the potential effect on responses to organizational change in general and to matrix organization structure introduction in specific.

**7.3.1. How Conflict Arises; How a Certain Culture/Environment Reacts to the Matrix:**

An emerging concept from the analysis is the recurring positioning of culture as a variable strongly affecting the introduction of any new business model or organizational structure, the matrix in the current case. The local managers perceive the prevailing culture as significantly different compared to other cultures, and accordingly worthy of a “special” tailoring before introducing any global model. A similar perception is evident in the feedback received from non-local managers. They highlight major differences between the local culture and other cultures. Managers believe such difference in culture leads to issues and complexities when introducing a new management model.

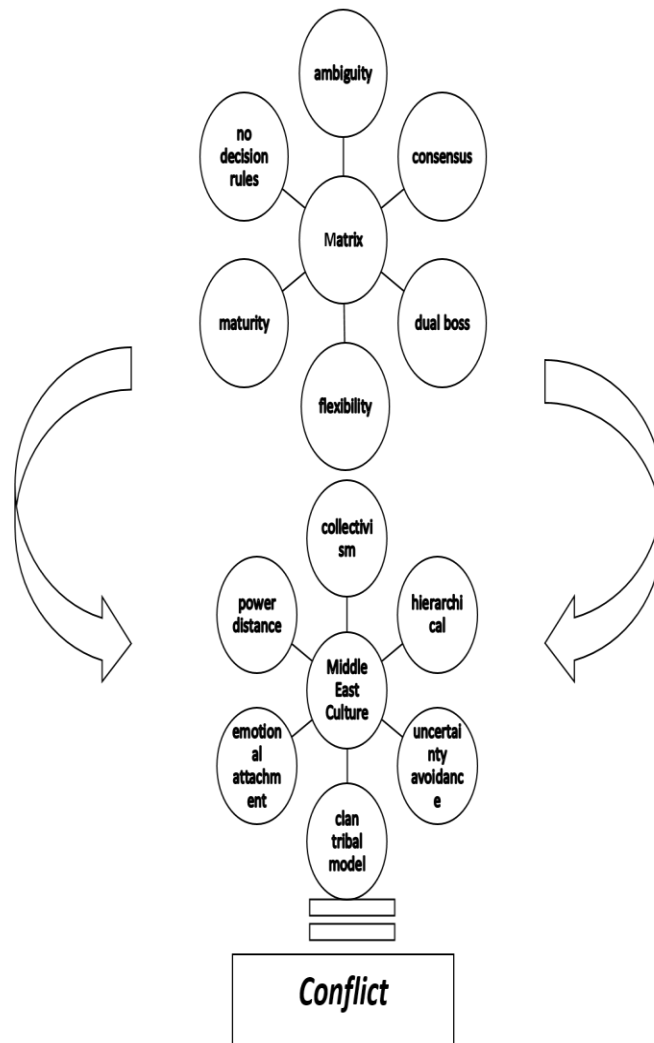


Figure 18: How conflict develops when the matrix is applied in a foreign culture such as the Middle East culture (Source: developed by author from data analysis).



The above figure provides some insights on how conflict evolves as an eventual result of the introduction of the matrix model in a different culture/environment (the Middle East culture in this study). Every culture has specific features and dimensions, and once the management introduces the matrix, the organizational actors who are operating in the Middle Eastern culture will react to the imposition of the matrix model. Since the model imposes certain conditions and forces certain relationships, some of these “new” situations do not present a favorable example in the prevailing culture. The hierarchical clan/tribal model, which is more dominant in the local culture, does not fit well with the matrix. The matrix relies on having dual bosses, no clear decision rules, and the need to reach consensus rather than forced decisions. While the Middle East people tend to be emotional and prefer to hide behind the group and the leader, the matrix relies on mature individuals who can work together and cooperate, regardless of the result. They do not need to follow a leader or a final referee to ensure taking decision on time. Furthermore, the matrix embraces uncertainty and accepts ambiguity, both of which are unpopular in the Middle East culture which prefers stability and predictability. Once the manifestations of the matrix model are felt in the workplace, and specifically in times of competition, quick decisions and challenges, the atmosphere becomes too volatile. Conflict emerges as a natural result the receiving party resists the imposed model that threatens the core preferences of each party. The problem becomes compounded in view of the remote management environment, where the senior corporate managers who forced the matrix on the local management, are far away from the culture. The local management perceives them to be ignorant of the local culture, as well as neglecting the huge competition pressures experienced in a fast growing market with no clear boundaries. It is important to note that all the forces and variables working in the above relationship might not be equal in magnitude or the direction. There is no specific evidence that proves the direct impact of each one individually or the dynamics through which they operate; this might be the subject of further research. Nevertheless it is evident from the study and the repeated feedback, perceptions and insights of interviewees, that the overall outcome is a state of conflict.

### ***7.3.2. The Impact of Cultural Diversity***

There seems to be a different approach in applying new organizational models, including the matrix, between local management (represented by Middle Eastern managers) and top corporate management (represented by Anglo-American managers). The following table

provides a comparison between responses by both cultural groups, based on specific feedback received from interviews:

Stage	Middle Eastern	Anglo-American
Before launching organizational Activity/Workflow	Finds out own ways to make things work, leverage relationships	Business as usual follows existing guidelines
Activity Launched	Develops own interpretations and implements	Seeks clarity on how best to implement within compliance guidelines
Unclear interpretation	Fully relies on own interpretation that fits personal position	Follows approved and documented official guidelines, or otherwise slow down/ halts the process
Conflicting positions/ opinions, Conflict arises	Seeks resolution through lobbying, personal selling, perceived power sourcing	Seeks clarity from process owners, and conducts joint meetings and discussions to reach alignment
Conflict persists	Tries to force own opinion, lobbies for more support, confident in the ability to make up for any personal sensitivities	Escalates to more senior levels and awaits feedback, reluctance to involve personal relations

Table 29: Comparison of response to the different stages of matrix implementation between the two groups from different cultural backgrounds (Source: developed by author from data analysis).

There are other elements in the culture that can affect the organization dynamics. Nevertheless, the above variation in behaviors and perceptions supports the suggestion that

cultural background affects the response to organizational change. Accordingly, it is important to review the literature defining culture, and covering the different dimensions of culture, to assess the variance of these dimensions between cultures and the consequent impact on responses to organizational change.

### ***7.3.3. Defining Culture:***

Culture is gradually receiving wide interest as an important variable affecting organizational dynamics. Lenartowicz and Roth (2001) report that almost a significant number of management articles consider culture as an independent variable. Accordingly, in order to better understand the impact of culture, it makes sense to provide clear definitions of culture.

Culture is represented in patterned ways of thinking, feeling and reacting. These are acquired and transmitted mainly by symbols, which describe the profiles and achievements of different groups. People grow up and blend into a national culture that determines the dominant values. These cultural values determine the behavior of people in organizations, and establish what is considered to be appropriate behavior (Lytle et al. 1995). Cultural values permeate organizations by defining organizational phenomena as culturally acceptable, relatively neutral, or unacceptable. When applying such rich definitions on the Middle Eastern culture, characterized by a solid tribal/parental nature, it becomes evident that the matrix would face difficulties in the region.

Corporate culture is defined as a set of attitudes that are commonly embraced by a member the organization, and that guide the behavior of the individuals in the organization (Andreas et al., 2012)

One interesting attempt to differentiate organization culture develops the following three characteristics/theoretical traditions:

1. The Integration perspective, which assumes that a culture is characterized by consistency, organization-wide consensus, and clarity through the values of people in senior positions within the organization.
2. The Differentiation perspective, which views organizations as a group of subcultures, each possessing different values, preferences and frames of reference. These subcultures manage to coexist and address the differences or build on areas of alignment.

3. The Fragmentation perspective: this considers ambiguity (multiple meanings, paradox, irony, and inescapable contradictions) as the defining feature of cultures in organizations.

When it comes to professional/functional, cultural influence, the general trend is to view commercial money-making functions, as being more distinct and more powerful. One cross-cultural study conducted over 740 firms from six Western and Asian countries suggests that an influential marketing department is the driver of an organization-wide market orientation and. In some studies, the main decider of overall firm performance is the marketing function (Engelen and Brettel, 2011). Furthermore, a high level of accountability and integration with other departments shows cultural dependencies. The study links professional culture with local culture. It suggests that marketing managers in foreign markets need to balance between applying standard practices, or accepting the influence of the local culture and environment on the management approach. This proposed link easily relates to the initial findings of the current study where professional and local cultures interact, and jointly affect the performance of the matrix organization. The study also highlights an interesting thought; the coalitional view of the firm. This view states that people can bond together in organizations to build coalitions, where members might have conflicting goals, preferences, and interests regarding the organization's direction.

The literature and the outcomes of the current study both suggest that there is a clear impact of the professional culture on the way employees and managers enact within the organization. Such impact depends on the function, the management level, and the leadership approach and authority. Managers play different roles and games, to achieve set goals. The games they play become applicable in times of uncertainty, similar to those associated with the introduction of the matrix structure, which is aligned with the findings of the current study.

It is also important to note that no matter how hard multinationals try to create and enhance one unified and homogeneous culture; in reality such an organization cannot be one homogenous culture. The national culture will always have a strong impact regardless of how hard the company promotes the corporate culture. This proposition further supports the findings of the current study, which suggest that the local culture strongly affects the implementation of new management structures, including the matrix.

#### ***7.3.4. Operationalizing Culture:***

Researchers acknowledge the repetitive inclusion of culture as a potential variable affecting the dynamics of organizational change. Accordingly, a number of approaches have been used to operationalize the culture and facilitate the inclusion of the cultural elements in empirical research. Based on a twenty-year review of cross-cultural research, Sojka and Tansuhaj (1995) concluded that researchers have followed three approaches to operationalizing the culture (Ana Maria et al., 2006):

- 1- Through language: Language offers “an interpretative code or schema for organizing and presenting the world”. However, it is not a good indicator of ethnicity and cannot be used alone to explain different behaviors across subcultures and cultures.
- 2- Through material goods/artifacts: Possessions/artifacts allow a more concrete operationalization of culture, as goods embody visible evidence of cultural meaning. Many cultural artifacts (e.g., durable goods, toys, and clothing) feature in cross-cultural contexts.
- 3- Through beliefs/value systems: (fatalism, materialism, and relations with others) as operational definitions of culture were deemed instrumental in understanding cross-cultural consumer behavior.

The Globe project went on to provide two operational definitions for culture (Hayat et al., 2012):

1. Societal culture: shared values, traditions, norms, preferences, political models as well as faith and historical background.
2. Organizational culture: shared practices, behaviors, peer norms, and common historical experiences among the members of the organization.

In summary, researchers have opted to develop operational definitions for culture, to enable them to measure the actual implementation/operationalizing of cultural concepts in daily life, and accordingly be able to differentiate between different cultures. More specific and practical cultural responses to organizational change are covered in the following sections of the study.

### *7.3.5. The Dimensions of Culture:*

One of the most comprehensive works that act as a foundation for culture studies is the work conducted by Professor Geert Hofstede, which focuses the effect of the local culture on the business environment. He analyzed a significant volume of input from employees in different countries working for the same company (Hofstede, 2011). Subsequent studies further enhanced the initial study by adding more countries and groups.

Hofstede based the study on the ranking concept, comparing societies to each other according to the scores on every dimension. Without comparing to other countries, scores for one specific country or culture would be meaningless.

These relative scores have proven to be quite stable over decades. The results represented groups of countries and considered that changes would occur evenly across these countries. The foundation work featured defining the dimensions of national culture, which started with four dimensions, then were eventually expanded to six dimensions, following contributions by Michael Bond & Michael Minkov. The definitions are as follows:

- 1- Power Distance (PDI): This dimension measures how the individuals who possess limited power accept and expect the equality of power distribution. People in societies that score a high rating in power distance acceptance, enjoy the hierarchy and do not think of a justification. In societies with low power distance, people do not accept inequality, and they seek ways to justify or minimize it.
- 2- Individualism versus collectivism (IDV): Individualism, allows for individual freedom and control on one's life, being responsible only for the close family members. In return, collectivism features a society where individual protect and support each other, and are committed and loyal to the group.
- 3- Masculinity versus femininity (MAS): Masculinity features competitive male values and behaviors, such as heroic actions, winning and material value. Femininity stands for communal values including compassion, supporting others and simple, modest relationships, where people compromise rather than compete.
- 4- Uncertainty avoidance (UAI): The uncertainty avoidance dimension measures the extent to which people accept an environment of uncertainty, where the future seems

oblivious. Countries scoring high on this dimension rely on the cornerstones of faith and solid traditions, and hardly accept new ideas that might increase uncertainty.

5- Long-term versus short-term orientation (LTO): People who are short-term oriented live day by day, with maximum focus on the present and a strong belief in prevailing traditions. In societies with a long-term orientation, people are more flexible and receptive to changing conditions. They adapt to different situations and prepare for the future by saving and planning on a long-term basis.

6- Indulgence versus Restraint (IVR): Indulgence encourages people to satisfy their personal pleasures and enjoy life. Restraint places restrictions on personal fun and sets tight controls based on traditions and norms.

In another study on multinational enterprises focusing on organizational versus national culture (Scheffknecht, 2011), The Globe study, was applied as a reference, to expand the cultural dimensions to 9, specifically:

1. Performance Orientation: the extent to which companies value performance and motivate employees to improve, deliver and achieve.
2. Uncertainty Avoidance: the extent to which people accept an environment of uncertainty, where the future seems oblivious.
3. Humane Orientation: the extent to which the organization promotes and respects ethical values, compassion, fairness and positive behaviors.
4. Institutional Collectivism: the degree to which organizations promote and reward group activities, collective work and collaborative projects, where teams take charge rather than individuals.
5. In-Group Collectivism: the degree of cohesion within groups, where members all commit to the group, express belief and practice loyalty.
6. Assertiveness: the degree to which individuals will stand for personal beliefs, search and fight for individual rights in a positive manner.
7. Gender Egalitarianism: the extent to which the organization differentiates between individuals based on gender.
8. Future Orientation: the degree to which individuals in organizations focus on long-term actions, as for example saving and planning.



9. Power Distance: how organizations and individuals view and respond to the degree of power distribution and hierarchy within the organization.

On a more specific relevant level, there is a constantly developing premise that East and West have major differences in adopted values, norms and approaches. Such differences reach the extent that it becomes impossible that they transfer knowledge between them (Bruton, Ahlstrom, & Obloj, 2008). This proposition must be received with maximum caution, especially in the absence of a binding definition that specifies the East versus the West, and the interpretations of the different dimensions applied to differentiate between them. In a study where West meets East (Ming-Jer and Miller, 2010), there are specific dimensions that differentiate cultures:

- Harmony and collectivism.
- Seniority and mentorship.
- “Long-termism”.
- Secrecy.
- Centralized authoritarianism.
- Ethnocentrism.
- Mistrust.

Such dimensions would complement the famous Hofstede culture dimensions; nevertheless this has to be done cautiously, when bearing in mind the risk of stereotyping West versus East on a collective level. The results of the studies mentioned above indicate similarities in the dimensions, even if presented from different angles. Some of these dimensions play a major role in the Middle Eastern culture such as masculinity, the power distance (where levels and seniority are of utmost value) and the level of uncertainty. When applying such cultural traits/dimensions on the current study, it makes sense to associate certain behaviors, including the resistance to the matrix, with the cultural background and preferences of the respondents. Uncertainty and diminishing leader power are natural consequences of introducing the matrix, and they are both culturally unaccepted in the Middle East. These propositions are further substantiated when reviewing the outcomes of the research on cultural dimensions in the Arab World (specifically based on scores for Egypt, Iraq, Kuwait,

Lebanon, Libya, Saudi Arabia). As discussed earlier, these countries comprise the bulk of the countries within the Middle East countries. The results were as follows (Hofstede, 2011):

- Power distance (PDI): The Arab world scores high on this dimension (score of eighty). This means that people will not oppose a hierarchical order as long as they are secure being part of it, regardless of the logic. Hierarchy in an organization resembles inherent inequalities, centralization is popular. Subordinates expect to receive orders from the leader who has an undisputed power.

- Individualism (IDV): The Arab culture, with a score of thirty-eight, is considered a collectivistic society. It is obvious in the form of long-term commitment to the member 'group.' This applies to different forms of relationships including family and work teams. Loyalty has great value in a collectivist culture, and other traditions and guidelines are less important. The local culture supports a collective environment where people will stand for each other based on solid relationships. Such cultures do not accept offensive behavior and harshly punishes those who do it. The same approach applies for the work relations which consider the company as a family house.

- Masculinity / Femininity (MAS): The Arab world scores fifty-two on this dimension and thus lies on the borderline between masculinity and femininity. In countries where masculinity is at the forefront, work comes first, and managers are leaders who must take courageous decisions, and employee will always expect them to be fair. If there are problems or conflicts, the employees will confront each other and battle for conveying personal opinions. The result suggests that such traits are not significant to the extent they govern the actions and behaviors of Middle Eastern managers, despite the managers claiming to be fully masculine (in their words and comments).

- Uncertainty avoidance (UAI): The Arab culture scores sixty-eight on this dimension indicating that Arabs prefer maximum certainty in life and the workplace. In such cultures, people look for genuine and solid beliefs/they have faith in basic proven approaches, and they strive for rules to regulate the daily life. On the other hand, people are focused on hard work and they try to maximize efforts to achieve results. However, they are skeptical about the ideas that might challenge the status quo.

- Long term orientation (LTO): there was no sufficient data on this dimension; the same applies to the sixth dimension (indulgence versus restraint) where very limited data was available.

	PDI	IDV	MAS	UAI	LTO
Arab World	80	38	52	68	
USA	40	91	62	46	29
UK	35	89	66	35	25

Table 30: Comparison on ratings of cultural dimensions (Hofstede, 2011)

Nevertheless, and despite the popularity of the Hofstede model, it is important to note that it has received wide criticism. One issue is the difficulty to apply the same national based results on groups of employees, or on individuals within organizations (Venaik, 2013). In such case it is difficult to expect similar behaviors across the different teams that exist within the organization, even when they are all from the same culture. Another limitation is the difficulty to accept the questions in Hofstede's work, as the optimum relevant ones; that can truly measure the sought cultural dimensions. From an organizational perspective, Hofstede's work relied on one specific multinational firm. This assumption can be easily challenged (de Mooij, 2013). Furthermore, it is important to differentiate between people's desires and what they actually do; employees might express personal opinions as what they believe is right, but in reality they would behave in a different way. Such criticism highlighted the risks in applying the Hofstede dimensions without limitations, and cast doubt on the validity and reliability of the findings. These risks were further justified when acknowledging that researchers and business professionals have relied on Hofstede's work, regardless of the differences in environments. There were limited attempts in terms of identical model replication (if any), to confirm the results on a practical level (Orr, 2008). When a thorough and robust "re-implementation" was conducted, the results revealed there were major flaws

in the model. These included potential issues with the sampling, the inability to generalize the outcomes on a large scale especially when noting that the company was an American one with a solid corporate culture (IBM). Other problems included the reliability of the results over time (with over 50 years since the initial introduction), and, the difficulty to convert mathematical figures into a reliable indicator of culture.

Similar criticism was paid to the Globe study, bearing in mind that it was somehow stemming from the same base developed by Hofstede. There were more questions regarding the relevance of the questions and measurements (as, for example, the link between using computers and the dimension of uncertainty avoidance). Another issue was the contradicting outcomes provided by the Globe results when compared to the Hofstede study outcomes (Venaik, 2013).

Nevertheless, and despite the valid and justified criticism, Hofstede's work remains of significant value, especially in the absence of more recent and comprehensive studies. This presents an area for future potential research, bearing in mind the outcomes of the current study, which also highlighted the major impact of culture on the introduction of new management models. Hence, until the development of a more valid and reliable cultural model, Hofstede's work will still provide a solid base, however to be taken with sufficient caution and scrutiny.

#### ***7.3.6. Responses to Organizational Change from a Cultural Perspective:***

This section reviews the outcomes of various studies focusing on responses to organizational changes based on cultural background, and then attempts to compare and link these outcomes to the findings of the emerging concept from the current study. The comparisons extend beyond the traditional cultural dimensions, taking into consideration the weaknesses cited in Hofstede's work, in addition to the potential impact of other elements such as remote management. Below are some of the significant areas of interest:

- Status and Power: A study focusing on the effects of status and power might shed some light on the element of hierarchy (Blader and Chen, 2012). The study found consistent evidence proving the positive relationship between high status and relatively greater fairness. In contrast, power was associated with relatively less fairness. The results highlighted the importance of differentiating status from power, as well as the value of doing so by

examining their differing impact on the relational dynamics between interacting parties. Such results may trigger food for thought when comparing to the Middle East growth cultures. In these cultures, power is highly valued, regardless of being linked to less justice, however helping in getting things done. The same can apply to the status, which can be interpreted in the current study as driven by personal relations, personal capabilities and selling/playing games.

- Remote Management: Transferring knowledge needs a high level of interaction and involvement, as per a study conducted in Russia (Gilbert and Cartwright, 2008). The study indicates that western consultants achieve modest success when seeking to transplant the “know how” into other, very often different, cultures. The study relied on a model of culture with three levels. These levels include the upper, obvious level of artifacts and symbols, an underlying level of attitudes and normative behaviors, and a deeper level of fundamental beliefs and assumptions about the world. While changes may occur quite rapidly in terms of visible culture, changes at a deeper level will take much longer. The study reaches the conclusion that Western management trainers and academics should spend project time with managers working on real-life problems, with Russian academics alongside them in a mentor–mentee relationship. Then, the Russian academics would learn more effectively, and even westerners will also learn more effectively by being exposed to the reality of Russian organizations. The same concept applies in the current study, where managers complain from remote management and the fact that the senior managers are unaware of basic issues in the local culture. They accuse managers of being unable to comprehend the difficulties they face in the environment, especially within the matrix framework and the accompanying restrictions.

- “Affectiveness”- Personal Relations: More outcomes of the previous study can be aligned with the findings of the current study. They reveal that it is necessary to provide efficient and intensive training to develop the cultural intelligence for management developers. The results suggest that trainers should have a combination of specialist expertise, cultural intelligence, culture-specific knowledge and experience, and maturity. In order to facilitate openness and sharing of learning, Managers involved in cross-cultural management need to recognize and support the affective dimension. The theoretical framework developed within this context views culture as a “platform” or a field. In this field, interventions are apprehended and balanced by an analysis of individual perceptions and

affective characteristics, communication competences, organizational factors, and environmental conditions.

The above findings ring many bells and reiterate words of significance from a Middle Eastern perspective, which were repeatedly stated in the interviews as part of the current study. These include words such as maturity, leadership, cross-cultural management and communications, all of which were missing in the matrix introduction in this case study. In addition, they are not an integral part of the matrix model, but rather on the peripheral.

- The Tribal Model/Clan Control and Authority: One interesting concept that emerged was the concept of enacting “clan” control in complex projects. Again the model does not address the matrix organization model and the inherent complexities; however, it provides a relevant example when considering social capital and the concept of clan building and impact. Such an idea is quite relevant to the Middle Eastern culture where locals usually form coherent groups and unite around a leader, which is very similar to the clan formation. As per the study (Eng Huang Chua et al., 2012), a clan is conceptualized as a group with strong social capital. Members of the group develop a solid bond that forces all members to follow one direction and abide by similar beliefs and ethics. This suggestion is further consolidated by formal links in terms of structure and policies. Such a definition makes it very similar to the Middle East and Arab” Tribal Culture,” where usually everyone looks up to the leaders. In such cultures, where the family concepts prevail as groups collectively face dangers and threats to power and status.

Social capital consists of three highly related dimensions:

1- Structural: The structural dimension relates to overall patterns of connections among actors within a social network (i.e., whom someone knows) and how the network of contacts develops and operates. When networks are dense with a large proportion of strong and direct ties between members, social capital is high. The structural dimension refers not only to existing ties and linkage configurations, but also includes physical structures that encourage or inhibit ties.

2- Cognitive: The cognitive dimension refers to commonalities among individuals that provide shared representations, interpretations, and systems of meaning (e.g., common language or narratives).

3- Relational: The relational dimension refers to the “closeness” between members of the group. It goes beyond traditional team bonding activities like dinners and soccer games.

The enactment of clan control is theorized as a dual process of:

- 1- Establishing different bonds in terms of structures, rational relations and personal ties, which eventually lead to a solid clan structure.
- 2- Maximizing the value of the clan through reinforcing alignment on values and traditions, through achieving success in joint projects.

Such concepts confirm the current study findings that emphasize the significance of the culture, as well as the need to consolidate/complement such a cultural model with the optimum structural model. They also give an indication of the difficulties faced by managers in multinational companies when interacting with growth markets of totally different cultures, an issue that becomes compounded in a remote management environment. The research goes on to identify authority as a major influence on clan control, suggesting that controllers/authority figures play a critical role in enabling the enactment of clan control. This suggestion again supports the thought that leadership plays a significant role in managing organizations. This role becomes crucial in cultures where group/clan norms and influence are high, and leaders can either strengthen or weaken ties with headquarters.

Another interesting literature proposition is the relationship between values, emotions and change. Employees will accept change when they feel that the local values and beliefs match those of the organizational values (Smollan, 2009). This proposition highlights the importance of the findings of the current study, where the limited orientation and cultural sensitivity from headquarters managers were perceived negatively by the local managers. The Locals felt the change was forced from parties who did not understand the local culture or the critical business needs. Furthermore, the same research suggested that responses to organizational change would always involve passionate reactions with varying levels of magnitude. Such emotions require sensitive handling from the management, in the form of proper preparation and carefully designed messages, as well as expecting and accepting potentially strong feelings and responses or objections to such changes. This proposition again falls in line with the findings of the current study. One of the major complaints was the lack of cultural sensitivity to local values and governing traditions. Other research works

confirm the same proposition; successful change depends on a positive, receptive culture, and effective communication, as well as well-designed approaches to change the existing culture(Oliver, 2014). Such findings align with the current study findings, which highlighted the importance of communication to ensure successful change implementation, regardless of being related to the matrix introduction.

The following table summarizes the above concepts and the potential link to the current study:



Literature Propositions	Link to The Study ( Based on Interview findings/Comments)
High status and power are linked to greater fairness (Blader and Chen, 2012)	Middle Eastern leaders seek more power to achieve what they perceive as fairness for the teams; that does not work well with the matrix
Remote management achieves minimum success in knowledge transfer (Gilbert and Cartwright, 2008)	The loose control model of the matrix minimizes the probability of acceptance of the matrix structure application
Emotions and personal relations are key to success (Gilbert and Cartwright, 2008)	No matrix system can work alone without the personal relations and affections
Complex projects might need enacting control and the tribal authoritative model (Eng Huang Chua et al., 2012)	The complexity of the matrix can never be easily applied, especially in a tough (tribal) based Middle Eastern culture. The leader enjoys full authority and decision ownership to be able to apply organizational rules
Change in organizations needs to be tactfully introduced, with expected strong emotional responses (Smollan, 2009; Oliver, 2014)	Any change must take into consideration the local culture and tradition, and the introduction must be done with maximum sensitivity to employees' needs and emotions

Table 31: Associations between literature propositions & research outcome on responses from a cultural perspective (Source: developed by author from data analysis in addition to literature propositions).

One practical and most valid literature proposition highlights the danger in forcing change across organizations without proper planning and design(Hannan, 2003). When companies miscalculate the logical time and investment essential for introducing new structures, organizational and business pressures will force them to enforce change at a much faster pace, with all the accompanying uncertainties and potential negative impact. This proposition supports the current study findings, where managers complain from change being forced on the local organizations, with minimum orientation, and with limited consideration to the resulting negative impact.

In summary, there is a significant impact for the national culture on business and performance in each country. The different dimensions of culture (power distance, uncertainty, individualism and masculinity) are all varying from one culture to the other and accordingly might affect the way employees work and interact. Such dimensions are also affected by structural models, cognitive and relational dimensions. This further highlights the value of personal relationships. This issue is further reinforced by the concept of clan control. In Eastern cultures managers and teams act as a “clan” which is led and directed by the most senior local leader, and protect each other interests regardless of the official structural models applied. Furthermore, companies need to be considerate of the local culture when introducing new organizational structures or change, and they need to be fully aware and receptive to potential emotional responses opposing such change. Aligning company values to those prevailing in the local culture will always support more effective change implementation of new structural models, especially with authentic and well-designed communication plans prior to change the implementation.

#### ***7.3.7. Culture and Leadership:***

Building on the rich work conducted by Hofstede, Project Globe came to add significant value(Hayat et al., 2012). Globe is both a research program and social entity. The Globe team comprised a group of researchers who worked in a large number of countries featuring different cultural backgrounds. The aim of the project was to explore the different dimensions of culture and how they interact and affect people and the environment.

The Globe project team developed six global leadership dimensions that were evident across different cultures:

- 1- Charismatic/value-based leadership
- 2- Team-oriented leadership
- 3- “Humane” leadership
- 4- Participative leadership
- 5- Self-protective leadership
- 6- Autonomous leadership

The project team also identified 21 specific leader attributes and behaviors that contribute to leadership effectiveness.

There are various important components of the project theory/findings, most of which can further support the premise of this study; some of these findings are as follows:

Theory Element/ Finding	Link to Study
While some specific leader characteristics were viewed as contributors in some cultures, they were regarded as impediments in other cultures	Another piece of evidence that supports the assumption that cultures do vary and strongly affect leadership, business and organizational processes. In simple terms, there is no “one size fitting all” every culture seemed to be receptive and affected by different business/leadership model
The leader’s behaviors and attitudes represent the cornerstone of culturally accepted leadership style and define positive and negative traits of leadership.	Such finding supports the suggestion that leaders will play a crucial role, especially in difficult times of change, which applies to the implementation of the matrix in times of tough competition in a highly demanding growth market
The leaders take actions in accordance with the prevailing values, beliefs and traditions	Leaders might not always follow the organizational business model, especially when the local culture anticipates more autonomy for the leader
The leaders develop and nurture a certain culture that supports the vision they believe in, and eventually the structure and business practices follow the same model	Regardless of the organizational culture, local leaders will always have an impact on the organization

Table 32: Associations between literature propositions on leadership and the study findings (1 of 3), (Source: developed by author from data analysis).

Theory Element/ Finding	Link to Study
The local culture will have an influence on the culture of the organization	Local culture will always affect the organizational culture, and hence, local leaders will act according to local cultural models and beliefs
The culture has an impact on leaders, even if they started with a different preference.	The local culture might even affect the behaviors of non-Middle Eastern and non-local leaders who would gradually adopt local practices to ensure success in such cultures
The surrounding business dynamics and conditions will affect the leaders' decisions and approaches, even to the extent of the cultural manifestations they adopt. Even the facilities, equipment and supporting systems have an impact	The same model of management applied in global markets might not fit or apply in growth markets, where the market challenges, competitive forces and internal resources/ capabilities might be different compared to home country for the business

Table 33: Associations between literature propositions on leadership and the study findings (2 of 3), (Source: developed by author from data analysis).

Theory Element/ Finding	Link to Study
The organization reacts and responds to the culture; according to the cultural preferences of the environment; the formal relationships and organization dynamics will be affected	Variable cultural dimensions will affect the organizational formalization; the Middle East based organization might not follow the same model, or actively move towards formalization as other regions might do
Leaders succeed when they manage to balance between the endorsed values and norms together with the prevailing conditions that affect performance, including business dynamics and market challenges.	Effectiveness will rely on leaders' behaviors, not only on structures and organization development interventions, personal capabilities will play a crucial role in times of change (organizational contingencies)
Employees will follow the leaders they believe in and have faith in the leaders' values and abilities	Middle East based managers will not easily accept remote managers who do not understand/appreciate the local culture, and might not necessarily take it into consideration when applying global organizational models such as a matrix structure

Table 34: Associations between literature propositions on leadership and the study findings (3 of 3), (Source: developed by author from data analysis).

### ***7.3.8. Cultural Impact in Complex/ Matrix and Project Management Environments:***

The literature provides different project management examples which can be linked to multi-cultural business models. One specific study on European projects groups (Sylvie, 2003) identifies three effective strategies/practices adopted by project leaders when aiming at coping with cultural diversity. These can be listed as follows:

- 1- To draw upon individual tolerance and self-control.
- 2- To build personal relations that allow for mistakes and learning during execution.
- 3- To benefit from the rich corporate culture that builds on different national cultures.

The study concludes on the necessary culture-bound approaches of cross-cultural management in transnational project groups. Such concepts make sense when compared to the findings of the current study. There are clear resemblances in terms of depending on maturity (individual tolerance and self-control) and a link to professional cultures to balance the national cultures. Another area of similarity is relying on personal relations in the absence of clear OD models.

Another interesting study is one which was conducted in a Swiss financial institute, exploring the linkage between organizational structure and cross-cultural management (Jacob, 2007). It suggests that a flexible, dynamic organization structure enables effective cross-cultural management. The bank adopted a new structure which was more progressive compared to the traditional historic model. The structure developed in response to different variables including the surrounding cultural environment. It was also flexible, able to digest and integrate such cultural influences, but still capable of minimizing the cultural impact if needed. The principal findings of this study were as follows:

- Diversity needs untraditional structures, to be able to handle the related complexities.
- Fluid and flexible organizational structures provide the context within which cross-cultural management flourishes.
- There is a cooperative relationship between organizational structure and organizational members' cultural heritage.

In summary, the study clearly recognizes the impact of culture and moreover allows it to affect the applied structural model. This rationale supports the possibility of modifying/changing the traditional matrix structure to a different model that better fits the culture. Such a desire was clearly and repeatedly voiced in the current study from the local managers.

### ***7.3.9. Culture and Conflict:***

As researchers conduct more comparative cultural research, they further consolidate the evidence that there are clear cultural differences, especially from a Middle Eastern angle. One study examined how different cultures perceived and evaluated the service providers, focusing on one from the West and the other from the Middle East (Tinsley et al., 2011). The study investigated the drivers that set the basis for the objectives set by both parties. The outcome was the following:

- 1- The background of the service provider, nationality and culture.
- 2- How the service provider approaches work issues, and how the provider's cultural background affects the thinking approach.

The outcomes revealed strong evidence that people from different cultural backgrounds had different motives and goals when they approached conflicts. In particular, Anglo-Americans viewed the big picture and accepted trade-offs and compromises. On the other hand, Middle Eastern employees saw a straight-forward model where one party wins and the other loses.

This concept of mental models is quite interesting, as it provides insights on how humans tend to resolve conflicts in times and situations of uncertainty. People search for ways to reduce such ambiguity and they are likely to rely on genuine undisputed knowledge. One such piece of information is the cultural group membership of the other party. Parties focus on demographically based, and noticeable signals about counterparts (age, gender, cultural group). This process of classifying others leads to establishing rigid groups that follow a certain stereo-typing.

The study (Tinsley et al., 2011) proposes that culture affects the conflict resolution process when involving parties from different cultures. People can develop a mental imagine about other parties based on cultural backgrounds. When viewing the complex culture of the



Middle East with the different historical elements, it makes sense to anticipate major gaps and significant levels of uncertainties. These gaps require untraditional means of handling, especially within the matrix environment. Such research propositions further support the current study findings, which suggest that culture will always play a major role in situations that trigger uncertainty and ambiguity, among which is the introduction of the matrix organization structure. This impact most probably will not be limited to the Middle East culture, and hence provides an area of future potential research.

#### ***7.3.10. Applying the Matrix Structure in Foreign Cultures/Markets:***

There is a rare and most relevant study that explores the way companies operate in matrix cultures in foreign markets (France, Italy, and Spain). The study (Laurent, 1980), suggests that organizations can be neither properly understood nor effectively managed without a correct assessment of their larger environment. Although a significant segment of the environment of organizations is the national culture in which they operate, management and organizational research have tended to develop universalistic-type theories that most often neglect the cultural dimension. It is important to highlight that Latin cultures have significant differences compared to the Anglo-Saxon culture. Hence, despite being Non-Middle Eastern, one has to be careful with the generalization of comparisons and relevance of such research. A potentially logical option would be to build on Hofstede's culture dimensions which indicate, for example, the similarity between Latin and Middle Eastern/Arab cultures in terms of power distance. Running the comparison between cultures across all dimensions would reveal closer resemblance between Middle Eastern/Arab and Latin cultures in comparison to Anglo/Saxon and Anglo/American culture. Such resemblance would further support linking such research results to the current study.

The study realizes that the structural arrangements of a matrix organization tend to bring into the open a number of conflicting issues related to interests, goals, demands, resources, and roles. Proponents of matrix design assume that organizations are better off if conflicts are brought to the surface and confronted. In more traditional hierarchies, conflicting issues are often dealt with or avoided by precise formalization of roles and arbitration by a single authority figure. These structural mechanisms may give the impression that many conflicts would disappear. This impression is confirmed by Latin managers' feedback as they are more

attracted to that dream than those from North America or Northern Europe. For example, one statement in the study suggests that managers must be ready with clear responses to any potential issues or concerns from the team members, especially work related issues. Latin managers strongly support the idea that companies should stay away from situations where employees have to handle two managers in the same time. This idea echoes the same thoughts and feelings of Middle Eastern managers who constantly express disagreement and frustrations with the system, as evident from the current study.

A new premise emerges, linking uncertainty as a cultural dimension that impacts matrix organization (Morrison et al., 2006). The proposition builds on the notion that the matrix organization is seemingly characterized by uncertain authority. The study identifies organizational culture as influential in matters of authority and control in the organization. It goes on to reason that, in unclear authority situations, organizational culture may be even more prominent in forming perceptions of who is in control and who has the power.

Such findings further justify the potential interdependency between functional, local and cultural elements as they all play effective roles in the matrix organization world.

In summary, based on all above definitions, comparisons, juxtapositions and interpretations, the study outcomes suggest the following:

- 1- Culture is an important variable that influences management practices and business models.
- 2- There are different forms of culture, such as national, professional and corporate, and all have an impact on management and business.
- 3- There are different dimensions used to measure and compare cultural differences between countries, and accordingly they can determine the degree of impact on different management practices.
- 4- Every culture is clearly distinct and different when compared to other cultures. This applies to the Middle East culture when being compared to other cultures, and specifically European, and American cultures, from where the majority of multinational firms originate.
- 5- Middle East scores on culture dimensions indicate more inclination towards power distance/Hierarchy acceptance, masculinity, uncertainty avoidance and collectivism. All such results make it more difficult for Middle East nationals to embrace matrix models.

6- No matter how solid the model is or how determined the multinational firm management is, the national culture will always have a greater impact when it comes to change/introduction of new business models.

7- Remote management is ineffective in times of transition/ introduction of new business models and structures.

8- The Middle Eastern culture is characterized by being similar to the tribal/ clan like model, where there is maximum power for the leader, a fact that does not fit well with the matrix model.

9- Managers will apply different approaches to resolving organizational conflicts, based on mental models they develop, and such models are linked to the situation as well as the manager's perceptions of the other party.

The above confirms the study findings that suggest a solid association between culture and the introduction of new management structures/models. Since there is limited research that specifically investigates such a relation, the findings should set the foundation for future research, to focus on this crucial area. Such research gains value when exploring management practices in growth markets, whether being the Middle East or other emerging markets.

#### **7.4. General Findings:**

One striking observation that emerges from the study is that, although various research works have tackled each area related to the study, there has been very limited work combining all such variables and issues under one umbrella. In the following chapter, the author will provide a bullet point listing of the main findings of the research, followed by a comprehensive explanation and account of such findings. The general findings, based on the perceptions of involved/ enacting managers, can be summarized as follows:

1- Conflict is an expected outcome of applying the matrix organization, specifically in the areas of authority, decisions, tasks & roles. Conflict is more likely in the absence of proper communication, orientation on the matrix, training for the managers and

2- In highly dynamic growth markets like the Middle East, managers will opt to play around the system and break the rules, as part of the managers' enactment to achieve the business goals regardless of the matrix.

- 3- The level of management within the organization will affect the way managers will address the matrix conflicts. While senior managers will take risks and break the rules, middle managers will escalate to higher levels and spare the risk and challenge.
- 4- The more mature the managers; the more effective the implementation of the matrix will be.
- 5- ODIs can be a helpful tool to manage and utilize matrix potential conflicts, especially if applied at an early stage. Nevertheless they might not be sufficient, as perceived by the managers; there will always be a need for a strong personal role and use of clear decision rules. These decision rules in essence contradicts the core concept of the matrix model.
- 6- Creativity might be a helpful tool to address the matrix issues, through applying different innovative approaches of loose coupling, sense-making and sense-giving. Managers can also utilize other untraditional approaches that rely on individual capabilities, skills and personal relations.
- 16- Personal qualities, communication, leadership and relationships play a vital role in resolving issues in organizations in general and in matrix organizations in specific. The type of personal interventions and the personality traits of those who intervene is an important variable that merit more studies.
- 7- The nature of the business function affects the way managers address the matrix conflicts. Sales and marketing functions will always apply sales, communication and personal skills and games as well as personal relations to make things work. On the other hand, support functions like HR, finance and legal will always follow the rules, abide by the system and stick to the matrix regardless of the results.
- 8- Juniors and middle managers might take advantage of having dual bosses and remote managers to escape from commitment and throw the responsibility on other parties.
- 9- Senior Managers in the Middle East will always apply perceived and culturally accepted power to accelerate decisions and realize goals.
- 10- In Middle East growth markets where markets are dynamic and demanding, more traditional, hierarchical structure with clear decision rules will be perceived as more effective.
- 11- The introduction or transition to the matrix structure can work in growth markets like the Middle East, however not in the market growth stage, where it is vital to take fast decisions, protected by full authority.

12- Expatriate managers need to adapt to the Middle Eastern culture in order to be able to understand the dynamics and effectively manage the business.

13- Local managers believe that remote management is an ineffective management approach, especially in a matrix organization applied on significantly different cultures.

Based on the above, the research confirms initial literature propositions that introducing the matrix organization structure has advantages and disadvantages. The significant issues are mainly in the areas of decision rules, authority and accountability, as well as tasks and roles clarity. Such issues are compounded when implementing the matrix structure in developing markets, experiencing high growth and competition. Such markets enjoy special cultural features that are quite different compared to the prevailing culture in more developed countries, where the head office for the Multinational Company usually lies. These cultures usually perceive conflict as a negative issue that must be handled or avoided, contrary to other cultures. The complexity increases with the absence of any form of intensive orientation/training on the newly introduced organization model, the absence of early ODIs that can support the implementation and provide much-needed clarity and rules of engagement. Furthermore, there is a tangible cultural gap between local managers and supervisors, who rely on remote management with minimum awareness or intention to adapt to the local culture. The outcome of all such accumulated drivers and variables is conflict, which appears in various signs of confusion, frustration, internal politics and delayed decision making.

The study proposes that the way the organization responds to such situation will vary in accordance with several elements. The first element is the level of seniority; senior managers and leaders will break the rules, create silos, protect subordinates and achieve results regardless of the matrix. On the other hand, lower levels of management will play it safe, follow the rules and play games between dual managers. They will escalate when reaching a deadlock and utilize personal relations when needed to sort issues and handle conflicts. The second element is the nature of the function; commercial functions (sales and marketing) will follow a similar approach to the senior managers. They will also apply influence without authority or even perceived power and authority, in order to resolve conflicts and get things done. As for supporting functions, they will play it safe, follow the rules, facilitate, try to provide information and introduce ODIs/ operating mechanism. When they reach a deadlock,

they will simply escalate to higher levels. The third element is the cultural background; local managers will always respond by applying the local cultural approach, relying on personal relations, playing games, internally selling to defend what they believe is the cause. They will work together to ensure they reach goals even if they break the rules. On the other hand, Managers of other cultural backgrounds, the majority in the case study being from an Anglo-American background (whether by nationality, education or work experience) will stick to the system. They will facilitate, focus on reaching consensus, and consume time regardless of the outcome.

To address the conflict, managers rely on different approaches including introduction of ODIs, as well as using personal relations and relying on local cultural ties. All such catalysts and approaches are applied within a process of loose coupling, where managers start by exercising a process of sense-making and sense giving of the matrix model. Next, they develop different forms of loose and tight coupling. The loose ones mainly govern the relations with the head office and the foreign/Anglo-American supervisors, while the local teams develop a model of tight coupling. They eventually create internal silos and safe groups, to protect personal interests, and ensure achieving results at minimum cost. At all times, managers rely on perceived personal maturity and ability to come together and resolve issues and conflicts. This takes place regardless of the system formalities and specific company operating mechanisms.

The result is the actual resolution of the conflicts; nevertheless the outcomes and side effects are mostly negative. There are winners and losers; different prices paid, and there is a high level of confusion and frustration. Above all, the belief in the system and the ability to make it work every time is weak. Such outcomes discourage the local managers from supporting the introduction/ transition to the matrix structure, until the dynamic growth market stage. During this stage, traditional hierarchical approach can be implemented, providing full authority, direct accountability and clear decision rules for local leaders. Following this stage, gradual transition to the matrix can start taking place, heavily supported by orientation and training workshops for local managers. The process can be further enhanced by early ODIs to address the specific local needs, and strongly backed by local leaders whose buy-in is secured before implementation. Accordingly they are presented as real champions for the matrix introduction. In all cases, multinational companies should be open and receptive to

the potential option of not implementing the basic matrix structure. They should allow variations/ modifications, in order to suit specific local business and cultural dynamics.

### **7.5. Effects Matrix:**

The following table provides a brief account of the different effects of introducing the matrix throughout the different stages of implementation as perceived by the managers. The effects have been grouped per stage; in addition, they have been split to focus on the different areas of the potential impact; namely the structure, procedures and relations / climate.

Area/Stage	Early Introduction	Implementation	Resolution
Structure	Complex, confusing	Rigid, complex	Less realistic, mixed power and authority models (regional versus functional reporting)
Procedures	Loose, unclear	More dynamic, region and country based, developed on the spot, ODIs introduced	Chaotic, forced approaches, inconsistent, situational
Relations/Climate	Confusion, minimum dialogue	Strained relations, conflict, disappointment, frustration, leveraged communication, escalation, confrontations	More complicated, frustration, disappointment, anger and sensitivities, relief

Table 35: Effects of implementing the matrix on structure, procedures and relations/ climate (source: developed by author from data analysis).

### 7.6. The Conceptual Model:

The following figure illustrates the different dynamics involved in the matrix implementation. There are various drivers that encourage firms to introduce the matrix. Such introduction is facilitated by enhancing catalysts; however, there are also issues linked with the implementation. Conflict is a natural negative outcome which is triggered by various



drivers, and it leads to new conditions. In response, managers take different actions based on personal interpretations, and these actions are further enhanced by catalysts that ultimately support in resolving the conflict. Nevertheless the outcome is again accompanied by different issues that would still need to be handled.

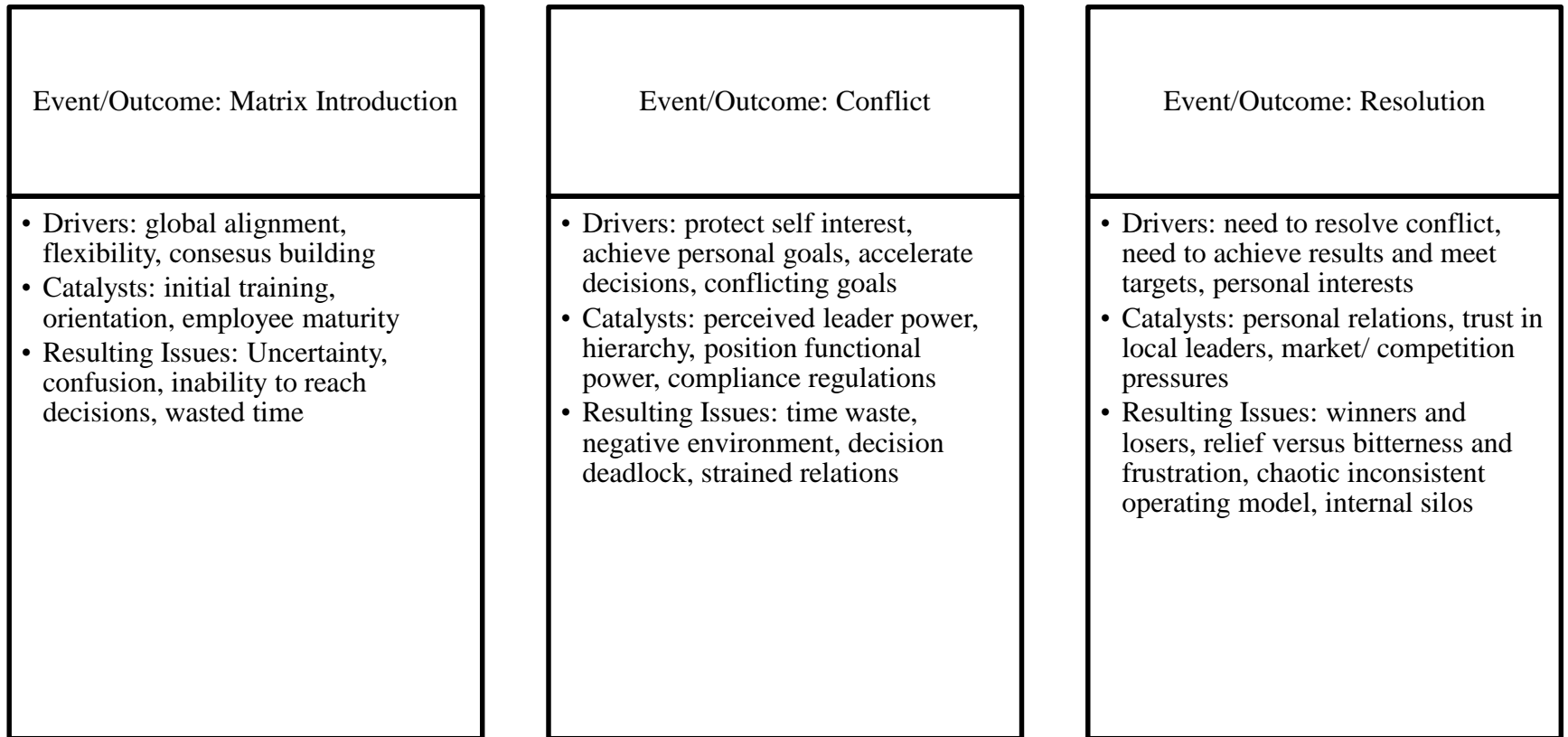


Figure 19: The Conceptual Model; drivers, catalysts, events and issues (Source: developed by the author from data analysis).

The above conceptual model is an attempt to portray what happens in real life, when the company introduces the matrix structure, as perceived by Middle East managers and senior leaders. There are certain drivers that encourage companies to introduce the matrix; namely the need for global alignment, ensuring more flexibility and securing maximum compliance through group decision making. Various catalysts support the matrix introduction, including initial training, effective orientation and relying on the employee maturity. Most of these catalysts are not introduced or taken into consideration in real life as per the study results. However, the implementation of the matrix leads to several issues that include uncertainty, confusion, inability to reach decisions especially in the absence of decision rules, and finally wasted time. This situation creates new drivers for managers to respond; protecting personal interest, achieving personal goals, accelerating decisions and having to address conflicting goals. The managers' response is supported by a set of catalysts; perceived leader power, hierarchy, position functional power, compliance regulations. The result is conflict, which comes associated with a different set of issues; time waste, negative environment, decision deadlock and strained relations. The resulting status prompts managers to take action, driven by the need to resolve conflict, to achieve results, meet targets and protect personal interests. The managers' actions are enhanced by several catalysts; leveraging personal relations, building on trust in local leaders, and using competition pressures to enforce final resolution. The final result is resolution of the conflict, however at a price. The price is a mixed environment of winners and losers, relief versus bitterness and frustration, chaotic, inconsistent operating model and the creation of internal silos whether functional or local versus remote/expatriate.

### **7.7. Patterns of Behaviors and Responses:**

In the introduction phase, Multinational companies do not prepare effectively before the introduction/ transition to the matrix system, in the local subsidiaries in the Middle East regions. They apply the model as they do in stable markets, regardless of any potential unique business or cultural characteristics/variables in such markets. They do not involve the local managers in the model introduction, do not provide any orientation or training workshops, and do not provide clear guidelines to manage expectations, or operating mechanisms to

handle potential challenges. The application is also conducted through a remote management model, with minimum knowledge of local culture and sensitivity to norms and traditions.

Once the matrix is implemented, the accompanying complexities and weaknesses are felt by the local Middle Eastern organization. Conflicts arise especially among local managers who are not accustomed to open, flexible models with dual bosses, no decision rules, consensus building and remote management. Although the conflict is not viewed as “evil” from a business perspective, nevertheless the local culture views it as a negative outcome that is hardly tolerated. For managers who are accustomed to clear hierarchical models and a tribal/leader based culture with huge respect for power and authority, it is difficult to handle the transition to matrix without any preparation or training. This results in numerous problems, confusion, conflict, internal games, frustrations and disappointments. Such results are coupled with negative reception from local leaders. The leaders are offended, and frustrated due to not being involved in the introduction, or taking part potential fine-tuning of the matrix model to fit the local culture and growth market challenges.

To address conflicts, the approach to handle differs according to the organizational level, nature of the function and cultural background of employees. Senior managers and leaders will create silos/empires, break the rules and ensure achieving goals. On the other hand, middle managers will play it safe, escalate, play games between dual bosses and, try to sell personal ideas and approaches, to ensure reaching set goals. Support functions apply a similar approach to junior level employees; they play it safe, escalate. However, they play minimum games and prefer to wait, facilitate and try to introduce ODIs to assist in breaking the deadlock. On the other hand, managers in commercial functions will be more aggressive. They will sell, play games, and utilize perceived power and influence without authority, to ensure achieving goals, even if they take risks and break rules. From a cultural background perspective, the local managers (in the study representing the Middle Eastern culture) will rely on personal relations, emotional ties, creative approaches and leadership loyalty to address and resolve conflicts. Expatriate managers, represented in the study by the Anglo-American cultural background, will handle issues in a more systematic, less emotional way, with minimum personal relations involvement, maximum system abidance, regardless of the outcome. They will gradually try to adapt to the local culture and traditions, however they

would still focus on abiding by the system, facilitation, introducing ODIs and building consensus to reach decisions.

### **7.8. The Emerging Construct:**

This sub-chapter will build on the following propositions to develop a comprehensive emerging construct:

- In demanding growth cultures (as represented by the Middle East), managers perceive that for the matrix structure to work with minimum conflict there must be clear ownership and decision rules. Success is contingent on managers' personal relationships and communication/negotiation capabilities to reach a resolution of resulting conflicts. This suggestion contradicts the perception of more established business environments and cultures (as represented by the Anglo-American managers). In these markets, the matrix is viewed as being effective, without the need to define roles, ownership and decision rules.
- ODIs have minimum impact and value in growth markets such as the Middle East, contrary to the initial literature suggestions about their perceived value. Employees are not aware of ODIs and never receive any training on developing ODIs or applying them. The head office also does not include ODIs in their initial roll out plans for any new model.
- The nature of the business function affects the role played within the matrix structure. Sales and Commercial functions will push for achieving goals regardless of the ODIs. Finance would focus on applying the ODIs regardless of the outcome, and Human Resources would focus on taking the lead and coming up with ODIs to address the conflict.
- In highly dynamic and demanding growth markets like the Middle East, the matrix structure cannot be applied in the early growth stage. In such stage, market demands are high; experience is limited, and the culture is highly emotional and hierarchical.
- Without clear decision rules, the matrix model will be under the mercy of regional and functional cultural variables. Senior managers will utilize power to achieve objectives, while junior managers will hide behind the matrix, play games and avoid taking decisions. Sales managers will take risks, cross limits and abuse the system to get things done while support function managers will play it safe, follow the rules and apply the process, regardless of the outcome.
- For highly demanding and dynamic growth markets, more direct, hierarchical model, with clear decision rules, accountability and escalation /governance procedures, should be

applied in the early growth stages. The matrix structure, if applied, can come at a later stage, when the market becomes more established, mature and predictable. By then, until managers would have become more mature, experienced, well oriented and trained on the matrix.

- Remote management by expatriate managers, who are not well aware of the local culture, requires a high level of maturity and proper cultural sensitivity training. Preparation is essential in order to manage local managers with different cultural background effectively, especially in the early stages of market growth.

- An effective catalyst that can help the introduction/transition to the matrix structure would be to rely on local leaders, give them the space, ownership and ability to influence and champion the transition and change.

- ODIs introduced to address conflicts should be more creative and untraditional, as for example models of loose coupling, sense-making and sense-giving, which can provide more flexibility and timely solutions.

The above suggests that the matrix organization structure is ineffective in the early stages of business growth in highly demanding and dynamic markets like the Middle East. In such markets, the culture is significantly different compared to the prevailing culture in the more established and business oriented headquarters country. Local managers believe that the company should not start with a matrix structure, even if there are supporting creative tools and ODIs at an early stage of introduction. A traditional hierarchical management model should be applied, giving sufficient freedom and flexibility for managers, together with clear authority and decision ownership, in order to ensure achieving results amidst tough competition and growth demands. Transition to the matrix structure should be done gradually, based on intensive training/orientation, sound engagement of local leaders. The implementation requires full awareness and sensitivity to local culture, and sufficient flexibility to tailor the model in accordance to local needs. If the company ignored such guidelines, conflict would arise, and conflict resolution requires a variety of tools and approaches, almost all of them being outside the borders of the matrix. These include personal selling, playing games, introducing ODIs with specific decision rules, building on personal relations and escalating to higher management levels to resolve issues. Applying such approaches will always result in time wasted, frustrations and confusion. The business can avoid all such consequences if it postpones the matrix to a later stage, or if it applies a diluted tailored model of the matrix to cater for different cultures.

## **7.9. Developing Rules:**

- The Matrix cannot be introduced successfully in a highly dynamic and demanding market with specific cultural traits (like the Middle East), without clear decision rules and authority lines. In such environments, where growth and competition necessitate expedited decision making and clear authority, and where the culture values clear hierarchical models and obedience to the leaders, the matrix will not be easily implemented.
- ODIs/ Operating mechanisms, in their broad definition, can partially support the implementation of the matrix since they provide more tools to aid the managers and employees in addressing the ambiguity of the model. ODIs assist in developing processes that support decision making, and escalation paths in case such decisions cannot be agreed upon, in the absence of clear authority. However, they need proper introduction and orientation in such developing markets and chaotic business environments.
- Managers must sell/play to make the matrix work. In the absence of binding decision rules, and in an environment of dual bosses with varying levels of involvement, managers resort to internal selling and playing games to ensure they can achieve set targets on time. Such an approach (of playing games and internal selling) gradually becomes an adopted preferred approach, and managers will use it whether to achieve targets or to serve personal interests.
- Relationships and emotions are most effective in making the matrix work in a highly demanding and dynamic culture like the Middle Eastern. In such cultures, employees are highly affected by emotions, and they are more comfortable following local norms and traditions, rather than following rigid systems that might not have been properly communicated to them. Accordingly, when the system does not work or serve the business needs, relationships will help managers overcome any obstacles, and work together to achieve set targets, in accordance with personal preferences, regardless of the system
- The nature of the function affects the role played and the level of involvement in implementing the matrix. This is due to the difference in responsibilities, accountabilities and goals for each function, which consequently affects responses to the matrix and the potentially arising conflicts. The commercial functions (as for example sales, marketing and business development) will do anything to achieve their goals, including leveraging personal relations, internal selling and breaking the rules. On the other hand, finance and Human resources will always abide by company guidelines and formal business models. Human

resources may try to introduce ODIs while finance would probably resort to escalation, in such case relying on the senior management to decide.

- Growth markets require fast decision-making and autonomy. This proposition makes perfect sense in such markets that are highly dynamic, and where competition forces the company to take prompt decisions in order to maintain existence and growth in such tough markets. Going back in every decision to the headquarters, or being forced to wait until reaching consensus among the different matrix players might take significant time, which cannot be afforded by the business. Local leaders need to enjoy a considerable level of authority and ability to act decisively and in a timely manner.

- The Matrix can work in more established markets, with highly experienced managers. In highly demanding growth markets, managers find it difficult to abide by the matrix guidelines, with all the inherent ambiguity, need for maturity and consensus building. All such elements add pressure on the local managers, who must achieve immediate results on the ground. The majority of managers from local markets, like the Middle Eastern, have not been exposed to management training or proper leadership development and coaching. Accordingly it becomes more logical that once they fail to reach consensus and make the matrix work, they would swiftly seek traditional and familiar approaches to run a business.

- Managers who have minimum knowledge about the matrix must receive sufficient training and orientation on the model before applying it. The matrix is quite complicated and different compared to a straightforward hierarchical management models, which are common for managers in traditional markets like the Middle East. Without sufficient orientation, training, and effective communication, managers will probably perceive the matrix based on personal perceptions, and eventually create a preferred management model (in a clear application of the sense-making and sense-giving approach).

- Cultural sensitivity and maturity are instrumental when applying the matrix in highly dynamic growth markets like the Middle East. The concept of enforcing decisions, management approaches or systems always generates negative perceptions and potential resistance. This resistance is obvious in local highly emotional culture like the Middle East, where the managers enjoy a high level of power and status. They act as leaders/ tribal heroes, to whom everyone looks up. Without having the local leaders positioned as the champions of the new model, the implementation will face major difficulties. The local leaders feel disrespect to their status and a lack of desire to incorporate their inputs on the model.



Accordingly, the local managers will perceive the matrix negatively, and will oppose its implementation.

- In the absence of clear decision rules, managers play games, sell internally and lobby to make the matrix work. Competition pressures are significant, and managers as well as employees seek clear decisions and authorities to be able to respond to the market. Without clear decision rules, they will resort to personal relations, exerting forms of perceived pressure and playing organizational politics and games to force decisions. Such behavior is observed in issues not related to market pressures and targets. Employees also apply internal management games, where they will exploit the state of ambiguity and the gray areas between the functional and regional manager, and try to maximize personal benefits from such environment.

- Senior managers manage to make the matrix work for personal interests while less senior managers find it difficult to get work done. The seniors have the perceived power and authority, especially in the traditional Middle Eastern Culture where employees respect authority and hierarchy. When under pressure from leaders and senior managers, they will obey the orders regardless of being within the guidelines, or following the matrix rules. The senior managers are well aware of organization politics and dynamics, and they are willing to take certain risks, knowing that they can handle the consequences. On the other hand, when junior managers need to reach prompt decisions, they are obstructed by the system, and they do not possess sufficient experience, confidence, and perceived power. Accordingly, the environment does not encourage them to break the rules and move forward with desired decisions.

- When companies neglect decision rules, and operating mechanisms, the matrix results in loss of time, effort and money, and all such consequences are costly in highly demanding growth markets. When abiding by the matrix as per company mandates, managers find it difficult to reach consensus and agree on decisions and actions. The concept of empowering the remote managers to take part in the decision further complicates the challenge. In such case, the local managers believe that remote managers possess minimum awareness of the real situation on the ground. They perceive that the managers' main focus is to follow the set guidelines, and fixed budgets without any flexibility to change. Accordingly discussion extends for a longer time; meetings and documentation become the main focus, and managers on both sides of the table engage in long fruitless arguments without being able to reach an

agreement. The outcome is either loss of a business opportunity or escalating to a higher level, and reaching a delayed decision, with the obvious result of having winners and losers.

- The application of the matrix is a function of several variables. These variables include the stages of the market/competition, the nature of the function, the seniority level of management and the cultural/ethnicity background of the managers/employees. Each of these variables will have an impact on the employees' attitudes towards the business and applied management models. Such variables also affect the degree of acceptance of new approaches, the patience in dealing with uncertainties, and the ability to adapt and adopt new less conventional and more demanding structures. Applying the matrix in the classical form without taking such variables into consideration might lead to unforeseen negative outcomes.

- In highly demanding growth markets, senior managers apply a certain preferred operating model, force decisions, break the rules and take short cuts to achieve results, regardless of the matrix. Being accountable for financial results, senior managers cannot wait for decisions to be reached based on consensus, or involving various stakeholders who might not be fully aware of the status on the ground. Hence, they resort to the traditional leadership and management style. They build on historical credibility, locally acquired and respected status, as well as perceived power and influence, in order to ensure decisions are accepted by the local teams.

- Personal relationships and emotions play a crucial role in making the matrix work in a highly demanding environment such as the Middle Eastern culture. In such a culture, employees will go to extents and break the rules, in order to support "friends" and "trusted allies." It is always accepted in such cultures that employees become very close friends, engage and become more like families, and accordingly have strong ties compared to normal business professional relations.

### 7.10. Proposition of the Operating Model:

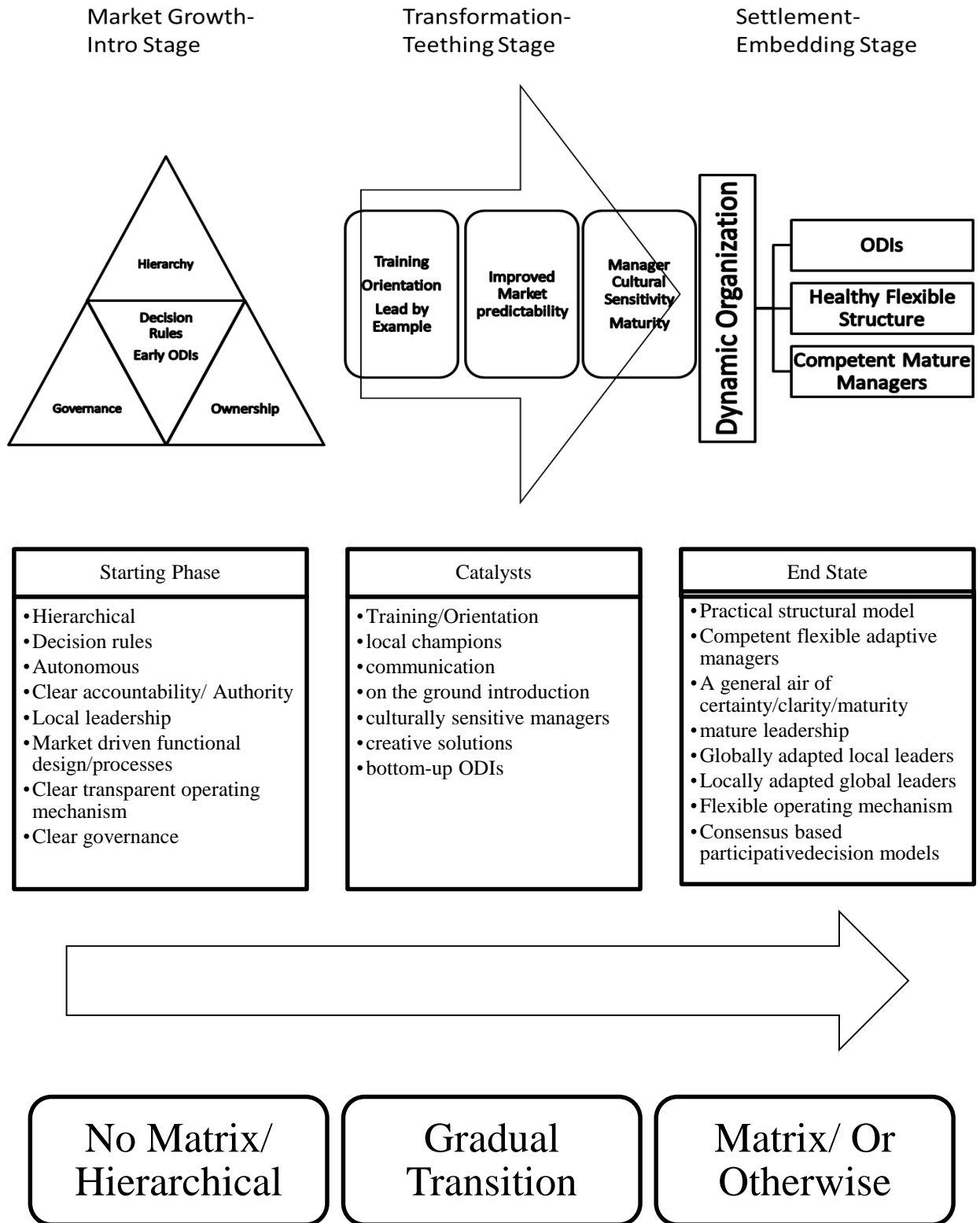


Figure 20: A proposition for the Operating Model (Source: developed by author).

According to the above diagrams, the introduction/ transition to the matrix should be done over three different stages. The first stage is the starting phase, when the Multinational Company is entering a new highly demanding growth market (as, for example, the Middle East). During this phase, there should be no matrix structure introduction; the business should follow the traditional hierarchical management model, with clear decision rules and governance, as well as accountability linked to the corresponding authority.

The second phase is a transition or teething phase, where the market gradually stabilizes, and the business settles into more normative operating models. This phase is where the business can gradually introduce the matrix structure concept or any other appropriate progressive model, through a variety of tools including orientation sessions, training workshops and maybe coaching from senior managers. The model can be further supported by securing the buy-in from senior local leaders, and then using them as champions for launching the system in the local business. The model can also align with the culture orientation and sensitivity training for managers who are not acquainted with the local culture to become more culturally sensitive. With the pilot implementation of the matrix model, the organization should be ready with various creative solutions and ODIs building on experiences from previous similar transitions. In addition, continuous 2-way communication can ensure full alignment and tangible endorsement/adoption of the new model.

The third phase is the implementation/embedding phase, which should be flexible and open to various options; whether ending with a full matrix structure or a hybrid management model. The final system takes into account the specific nature of the market/culture and the outcomes of the transition phase and pilot implementation. As the company reaches this phase, the market should have become more “predictable,” the managers more mature and well experienced and acquainted with the matrix. By then, the business model would have developed to become a flexible one that can encompass different tools and operating models as needed.

#### **7.11. Comparison between Research Outcomes and Literature Propositions:**

The study findings clearly indicate a huge gap between accepted management theories on matrix structure implementation and ODIs, and between what happens in real life in fast growing markets with different cultural components and orientation. Moreover, this might

be a significant tangible outcome from the research. Such a gap reveals the huge need for more focused work in this area, especially when noting the mounting value of the region as a rapidly emerging market, with huge potentials and untapped revenue base.

#### ***7.11.1. Matrix Issues and effects:***

The study outcomes are in line with the literature (Galbraith, 2010), (Sy and D'Annunzio, 2005), (Davis and Lawrence, 1978), (Nesheim, 2011) and (Wilemon, 1973). Both agree on the disadvantages accompanying the implementation, specifically decision rules, uncertainty, conflict and confusion, in addition to the well-defined advantages of the matrix.

#### ***7.11.2. Implementation of the Matrix Structure in Growth Markets:***

This is an area where the literature provides almost no propositions at all. There are no studies (as far as the researcher has investigated), that suggest the need to apply any different structure in the early market stages. This area is where the study provides value and food for thought, where it clearly suggests that the Middle East growth markets might require a different, more traditional management structure. Such traditional structures are specifically needed in the early stages where the market is quite dynamic and challenging

#### ***7.11.3. ODIs Introduction and Impact:***

The literature gives significant weight to ODIs as a tool to manage matrix conflicts (Brown and Eisenhardt, 1997; Nogueira and Raz, 2006; Thieme et al., 2003). In return, the study outcomes limit the value and effect of ODIs, and insist on the need for straightforward decision rules, which in essence contradict the basic concept of the matrix structure. ODIs have minimum impact in growth markets where employees and managers have different perceptions of the business models, and where companies hardly invest in management training and ODIs introduction.

#### ***7.11.4. Effect of Culture on Matrix Implementation:***

In general, the literature confirms the suggestion that culture affects the way the business is managed and run in different countries (Laurent, 1980; Morrison et al., 2006). However, it provides limited research findings linking cultural variables on the specific implementation of the matrix. The literature provides full accounts on the different dimensions of culture,

whether national or professional, and the impact on business. However, it does not provide clear links between such cultural dimensions and the implementation/ challenges of the matrix structure. Hence, the research provides more insights and food for thought, as well as potential room for more detailed research in this area

***7.11.5. Applying the Matrix Structure in Growth Markets:***

There is very limited, almost non-existing literature in this area. There are also very few examples, if any, that would suggest the need to implement a different flexible management approach in accordance with the market growth stage.

***7.11.6. Creativity, Loose Coupling and Sense-making/ Sense-giving:***

The literature provides some solid examples that highlight the effect of such approaches in handling difficult organizational challenges/ situations, (Hope, 2010; Orton and Weick, 1990; Dane et al., 2011; Leybourne, 2006a; Demirkan, 2009). However, it falls short of providing specific examples and links to the implementation of the matrix structure. This area of knowledge is where the study provides rich data, and, through juxtaposition, different links can be developed that prove the literature and the research findings are both aligned.

To provide more specificity in terms of juxtaposing the study findings versus the existing literature, the following table highlights the major areas of agreement/difference:

Area	Literature	Data from Case Study
Impact of matrix structure implementation	The matrix can lead to positive and negative results; however, the model has proved to be effective. Even its negative outcomes can be addressed/ handled for the best interest of the business (Galbraith, 2010; Sy and D'Annunzio, 2005; Davis and Lawrence, 1978; Nesheim, 2011; Wilemon, 1973)	There might be positive outcomes from the implementation. However, the negative outcomes are more significant and difficult to handle, with direct impact on the business in terms of time, energy and opportunity losses, as well as an unhealthy business culture
Matrix in remote markets	Minimum literature covering this area, however the focus is on means of implementation and, with no questioning on whether it will work or not	A clear perception that it cannot work in the early stages of growth and high competition, where more traditional hierarchical structure must be in place
Conflicts evolving as a result of the matrix introduction	Recurring conflict within the matrix (De Dreu et al., 1999). The first type is conflict among group members regarding their work task (task conflict), including lack of alignment and common understanding of individual roles and responsibilities. In addition, there are contradicting opinions and views about performing work tasks. The second conflict over intergroup relationships (relationship conflict), including sensitivities, adversity, difference in positions and negative feelings and attitudes towards each other.	Conflicts develop due to perceived differences in cultural background, functional differences, lack of clarity on roles (who does what), and the absence of decision rules. Other reasons include lack of alignment on goals, contradiction between the participative matrix style and the hierarchical traditional model, more embraced in the Middle East. Clear differences in perceptions based on functional differences, as expressed by managers from support functions versus commercial functions

Table 36: Juxtaposing research findings versus literature (1 of 3), (Source: developed by author from data analysis and literature propositions).

Area	Literature	Data from Case Study
Pre-requisites of the matrix	Minimum focus on the introduction of the matrix and the preparation phase	There must be intensive training for employees, and there has to be a clear endorsement/ championing from the local leaders
Matrix implementation in Middle East markets	No specific literature linking cultures to matrix implementation, however the literature strongly supports the concept of different business attitudes and behaviors in different cultures (Hofstede, 2011)	The matrix cannot be implemented in the Middle East culture, unless major changes are applied. These include championing from the local leaders, intensive training and coaching, as well as a high level of maturity. Clear decision rules must be introduced, which opposes the basic core of the matrix model
Addressing matrix issues	ODIs/ project management tools are viewed as one of the main tools to resolve conflicts arising from the matrix (Brown and Eisenhardt, 1997; Nogueira and Raz, 2006; Thieme et al., 2003)	Leveraging personal relations, lobbying, internal selling and playing games is the way to handle all conflicts accompanying and resulting from the matrix
Impact of ODIs	Perceived as a tool to resolve and manage organizational conflicts (Varney, 1983), (Ericksen and Dyer, 2004)	There are mixed responses; ODIs are perceived as a helpful tool, however when introduced at an early stage. They are also deemed as insufficient to address conflicts. They need to be backed up by clear decision rules and authority definitions, which again contradict with the basic concept of the matrix

Table 37: Juxtaposing research findings versus literature (2 of 3), (Source: developed by author from data analysis and literature propositions).



Area	Literature	Data from Case Study
Variation in response to matrix between different organization levels	Minimum literature covering this specific area in relation to the matrix, mainly suggesting upward tactics and transformational leadership (Olga and Robin, 2012)	A clear distinction between senior and middle managers in addressing the matrix challenges, where the level of power and perceived authority play a key role in the managers' reaction
Variation in response between different functions	No literature covering this specific area in relation to the matrix. However, there is a clear differentiation between business practices, attitudes and behavior according to the nature of the function, whether business/commercial or support (Andreas et al., 2012; Engelen and Brettel, 2011; Bartunek and Franzak, 1988)	A clear distinction between business/commercial functions and support functions. Support functions abide by the system, avoid conflicts and escalate when needed, whilst commercial function maximize the use of the perceived power and lobbying. Accordingly they can manipulate the system or even break the rules to serve personal interests
Loose coupling, sense-making and sense-giving	Rich and solid examples of how such approaches are effective in handling difficult organization situations, regardless of being linked to matrix implementation (Hope, 2010; Orton and Weick, 1990; Dane et al., 2011; Demirkan, 2009; Kleymann et al., 2008).	Such approaches play a major role in resolving matrix conflicts and handling the consequent challenges in the Middle East business environment

Table 38: Juxtaposing research findings versus literature (3 of 3), (Source: developed by author from data analysis and literature propositions).

Accordingly, the general conclusion from the above comparisons is that the research comes in line with the literature propositions, on a general level. However, when it comes to specifics and direct links to the Middle East growth markets and the initial growth stages, the literature fails to provide any solid propositions that can be compared to the research findings. Furthermore, the literature mainly focuses on explaining what happens when introducing new management structures, and how conflict is resolved, however it rarely provides any proposed approaches to resolving such conflicts. There specific focus on the matrix structure implementation, and also with specific cultures taken into consideration.

### **7.12. Triangulation of Findings through Company Literature Validation:**

The review of the company literature provides further support to the study findings. This section highlights the main juxtapositions that confirm and validate the findings. The author had access to such literature and documents due to direct involvement and participation in all related activities and initiatives.

#### ***7.12.1. Email Exchanges:***

Samples of emails exchanged provide several examples of issues where the matrix failed to sort out the differences, and the decisions took a long time to materialize. This has led to a high level of frustration as evident in the emails. Topics included agreement on salary increases and promotions, seeking approvals for hiring new employees, and the final decision on the candidate to be selected. In all examples provided there were heated discussions with minimum agreement and maximum frustration.

#### ***7.12.2. Organization Charts:***

There is one example of a finance organization chart, which gives the typical case of the matrix. The top manager has a number of managers reporting to the position; however they are all indirectly reporting. This makes the manager's task quite difficult to achieve the functional goals, especially when they are in conflict with those of the direct line managers. The manager heading this function was one of the interviewees and has expressed clear frustration due to minimum influence on the decisions.

### **7.12.3. ODIs:**

There are two presentations representing different examples of ODIs introduced to resolve conflicts resulting from the matrix implementation. The first is a special model developed to support project managers enhancing performance and productivity. Traditionally they are responsible for projects delivery, however with minimum authority and influence on the different involved functions. Several interviewees who were project managers have expressed frustration due to inability to influence decisions and achieve results. The second example is the case of market access, where every product manager wanted to apply a different approach. This led to fierce conflicts between all parties. The ODI aimed at developing decision rules that granted the authority to different product managers based on agreed upon criteria. Managers received the proposal positively; however they were all skeptical of the actual implementation.

### **7.13. Conclusions:**

In summary, the study findings further confirm the literature propositions in several areas. This includes the confirmation of the issues linked with the implementation of the matrix organization structure (Galbraith, 2010; Sy and D'Annunzio, 2005; Davis and Lawrence, 1978; Nesheim, 2011; Wilemon, 1973). The findings support the propositions regarding the valued role of sense-making and sense giving in addressing conflicts arising from the matrix implementation (Kleymann et al, 2008). The study findings also confirm the variation in response to organizational models and challenges in accordance with national cultures (Hofstede, 2011), as well as the differences in addressing conflicts between different professional and functional cultures (Andreas et al., 2012; Engelen and Brettel, 2011; Bartunek and Franzak, 1988). Where the literature falls short is when it comes to applying the majority of these concepts on growth markets in general and the Middle East culture in specific. The literature also fails to provide solid evidence that the matrix can perform and achieve results when applied in different cultures. It does not provide a sound solution to address arising challenges from the matrix, other than suggesting ODIs, without providing evidence that they can effectively manage conflicts in different environments. ODIs seem to be less effective and less acknowledged in such traditional cultures, compared to the developed world. Hence their value and impact needs validation. These are the areas where

the study comes in to add value, where it examines the existing literature premises and propositions, as applied within the Middle East culture and a strict model of the matrix organization. The study also goes further to provide potential effective solutions to ensure a successful introduction/transition to the matrix organization model. These solutions build on different options and perceptions from different levels of management and diversified business functions, as well as different cultural backgrounds. The study proposes that the introduction/implementation of the matrix organization structure in Middle East growth markets will not be successful in the traditional form. The matrix is perceived as damaging to the business by managers, especially the local ones. To make it work, managers apply a variety of creative approaches, specifically building on loose coupling, sense-making and sense giving. They deploy all personal capabilities, influential games and cultural tools, which in essence break all matrix rules, in order to achieve the results in dynamic and demanding markets. The proposed model to make the matrix work suggests that the first stages of operation should feature a traditional hierarchical organization structure with clear decision rules, authorities and accountabilities. The transition to the matrix structure should be done gradually, building on local leaders experience as champions, introducing OD interventions at early stages, and ensuring on the ground effective orientation. Local leaders will ensure alignment on basic decision rules are in place, in order to ensure full acceptance and endorsement by local teams.

#### **7.14. Research Limitations:**

1. Due to the limited research conducted on the Middle East region, some elements might have been neglected or missed.
2. To ensure the ability to compare effectively, the definition of the two opposing cultures was narrow-cast, limiting the Middle East to Arab-speaking countries and the Non-Middle Eastern to Anglo-American culture. The culture is defined according to nationality as well as by education and work experience. Such approximations might negatively affect the level of accuracy for the data and the assumptions derived.
3. The limited number of interviewees might make it difficult to generalize the outcomes of the study. Nevertheless this is somehow addressed by the fact that the number of managers interviewed is almost the total number of senior and middle managers in the business in the Middle East region.

4. Due to limited research and similar case studies, in addition to limited research exploring relationships between the different variables, the researcher opted to set up several comparisons and analogies to serve as potential representatives of links. Examples include matrix versus project management, general western versus specific Anglo-American, culture by birth and nationality versus culture by raising, education and work.

## **Chapter 8- Managerial Recommendations:**

### **8.1. General Recommendations:**

Despite various limitations for the study, the conclusions and outcomes can serve as a trigger for further more detailed and empirical research on matrix introduction in the Middle East. It can provide a practical source of insights, tips and guidelines for multinationals seeking to expand the business into such promising yet risky markets. On a more holistic level, the study provides room for a strategic approach to market entry models for multinational firms. The proposed conceptual model can serve as a base for effectively studying new markets, developing the optimum business entry model, and preparing all components of the model including training, communication and ODIs necessary for success. The outcomes can trigger radical change in the structural approach and the entrance strategy for such businesses. The main recommendations are as follows:

- 1- Companies should fully understand the dynamics of every culture and business environment prior to introducing new organizational models.
- 2- Companies need to design the organizational change programs carefully before being introduced to remote markets, especially when they are growth markets of distinctive cultural features.
- 3- Introducing the matrix structure requires some tailoring, taking into consideration variation in the nature of the business and culture environment, as well as the prevailing forces in highly dynamic growth markets.
- 4- Leadership has emerged as a decisive variable that affects business growth and the successful introduction of organizational models in growth markets. This finding invites companies to be more critical of their leaders' profiles on both sides; expatriates and local.
- 5- Companies should design and run intensive cultural awareness, cultural sensitivity and remote management competence programs for their expatriate managers. Such integrated workshops would make them more competent and able to understand the internal dynamics, and adapt to foreign cultures at a faster pace.
- 6- Companies should design and run intensive matrix management and transitional/ distributed leadership programs for senior local business leaders. The goal is to equip

them with essential tools and knowledge to understand the matrix. Furthermore, the workshops would secure leaders' acceptance and championing of the model when introduced in their countries.

- 7- Employees should receive carefully designed and practical training programs to prepare them for embracing, adapting to, and effectively applying different organizational models and structures. This approach should apply to both expatriate as well local employees. The extent of the training can even support them in analyzing new organizational models, and being able to come back to the top management with logical feedback and potential amendments to the models proposed.
- 8- Companies should highly appreciate the impact of culture on launching organizational models. Such impact must be taken into consideration in the strategic planning phase, and should the outcome should be integrated within the overall market entry and organization model implementation strategy.
- 9- Companies should think strategically different when approaching new growth markets. In such markets, it makes sense to apply a multi-phased management model; starting with a traditional business model with clear decision rules and hierarchical structure. The business can move gradually towards a more flexible management model, whether the matrix or otherwise, based on the actual implementation and market dynamics.
- 10- In cases where there is a mandate forcing the implementation of the matrix across different markets and cultures, companies must design and implement early ODIs to address potential issues. There needs to be effective two-way communication plans in place, to ensure maximum engagement and involvement of the local management.
- 11- Implementation of the matrix model or any form of organizational change in remote growth markets requires maximum endorsement and acceptance from local managers, especially in emotional cultures where uncertainty is high, and the tribal clan culture prevails. In such cases it is crucial to involve the local leaders at an early stage, and incorporate input in the implementation model. The leaders' involvement goes to the extent of applying changes to the model, in order to ensure maximum support in the implementation.
- 12- Communication, practical ODIs, creative solutions and cultural sensitivity will play an effective role in resolving conflicts resulting from the matrix model introduction.

In some cases, ODIs will manage conflict in order to maximize the benefits for the organization. Companies should act decisively and promptly in order to manage conflicts and minimize negative emotions and long-term frustration within the local businesses.

13- Companies should benefit from the opportunity of entering new markets, in developing innovative and practical ODIs that can support the successful market entry, and guide the company to applying the most effective options. The study provides several practical propositions for effective conceptual models to follow, when entering a growth market of a unique cultural background.

A clear message for multinational firms entering the Middle East markets is to think twice before applying the matrix organization structure in the entry stages. They should allow for a more traditional approach then gradually move to a potentially hybrid business model. This model development should rely on full enactment and endorsement from the local managers, and taking into consideration the specific local challenges and cultural dimensions. Insisting on the application of matrix under the “One size fits all” umbrella will only yield heavy costs and potential failure in achieving set targets and properly settling in such attractive growth markets. In cases where the matrix model has already been implemented with the resulting conflicts being witnessed, companies are advised to design and implement practical ODIs. The ODIs provide clear decision rules and define distinctive roles and authorities for all involved parties. All such activities must take into consideration feedback from the local business managers, who are more credible and culturally accepted as leaders by local colleagues. On the other hand, the outcomes also provide some potentially solid support for specific propositions in the area of culture, and the potential cultural implications on business. Some of these supporting references include (Hofstede, 2011; Hayat et al., 2012; Lytle et al., 1995; Andreas et al., 2012; Engelen and Brettel, 2011; Scheffknecht, 2011). These culture-related findings can encourage companies to build on such propositions when applying organization policies and implementing change in the Middle East region.

Another important message for organizations, is to be comfortable with utilizing methodological approaches, like the grounded theory building, as an effective tool in developing an understanding for organizational problems, and eventually contextual solutions.



## **8.2. Proposal for A Conceptual Model:**

In fast growing and highly demanding markets with comparatively different cultural dimensions, multinational firms should initially apply a traditional hierarchical structural model with clear authorities, decision rules and accountabilities. They should gradually transition to the matrix model, if needed, by relying on local leaders, early untraditional ODIs and creative, flexible culturally-sensitive implementation approaches, as perceived and accepted by local managers. The model presented in figure 20 (A proposition for the operating model) provides a practical contextual proposition that can set the base for companies entering new growth markets to assess, amend and tailor to fit the needs of different growth markets with varying cultural environments.

## **8.3. Areas for Further Research:**

Based on the research outcomes, the following areas can be potential topics for further research:

- How can Multinational firms successfully establish the business in growth markets that are culturally different?
- The impact of culture on introducing specific business models.
- The impact of leadership on the implementation of new organizational models in growth markets, especially when these markets enjoy a unique cultural background.
- Exploring the dynamics of national and professional cultures and how they affect business performance, especially when introducing new business models.
- Exploring the development of more practical effective business models and organization structures that can address the weaknesses of the matrix, and better fit the needs of different markets/cultures.
- *Exploring the utilization of methodological approaches, like the grounded theory building, in addressing, analyzing and potentially resolving organizational issues and problems.*
- *Applying the same methodological approach in exploring similar issues with the matrix introduction in other cultures. It is important to note that the conceptual model developed in this study is pertaining to the Middle East market with its unique*

*dimensions and traits. Hence, it makes sense to explore other models, potentially more tailored and effective for other cultures in growth markets.*

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## Appendices

### 1. Company Background:

The sample company applies a complex matrix structure on functional, geographical and operational levels. Some highlights of this structure are as follows:

- All product and Profit & Loss managers have dotted line reporting to the ME regional director, who is still fully accountable for the business results and overall budgets, and solid line reporting to Product managers on EAGM (East and Africa Growth Markets), who are based in Turkey (Headquarters for the EAGM Business)
- Some EAGM business/ product managers are based with their teams in UAE, not in Turkey, hence they are
- For every product group, there is a dedicated service/support function team on an EAGM (e.g. HR, Finance), however these support teams have to work through and coordinate with the local HR team residing in the country where the actual team members are based. Hence for all product employees based in UAE, they are supported by a dual model through the ME HR team as well as the product EAGM HR team. The same applies even for the EAGM employees based in UAE, although they should be of a more senior level, yet any decisions related to their compensation and benefits, as well as talent, career path, promotions and similar issues, must be taken jointly between their EAGM function HR and the ME HR team who work with them on a daily basis
- Incentives: decisions on employees' incentives are more complicated as there are separate incentive schemes for each and every product line, which might even vary for similar positions in the same region. Decisions on such programs are taken jointly between a global board across all Health care business, the EAGM headquarters compensation team, the business leaders for products, the regional director, the functional HR and the regional HR
- Equipment versus services: another complexity stems from splitting selling equipment from selling services. Whilst both are usually combined in offers to customers,

there are separate teams accountable and responsible for approaching the same customers with separate offers, one for equipment and the second for service and maintenance, obviously each having different objectives, revenue and profitability criteria to satisfy

- Multi-product offers: in majority of cases different product lines target and approach the same customer, however each product line can have a different go-to-market approach. Such approaches include direct through a product sales specialist, in-direct through a distributor and semi-direct through an account/Sales Manager, who contacts the customers as a representative for all products. Again in numerous cases there are conflicting interests and revenue/profitability criteria as well as distributor contractual obligations and access challenges that make it difficult for the company to approach the customer with a solid integrated business proposal

- Another level of complexity is added through the existence of a corporate global growth operations entity (GGO), which is an umbrella for all the company businesses (Healthcare, energy, water, aviation, etc.). GGO has its headquarters for Middle East, North Africa and Turkey-MENAT , in UAE, and they are also given certain authorities and responsibilities on operational and strategic levels that affect all businesses, and hence the need to align with their HR and business team, from the simple compensation and benefits decisions, to the market penetration strategies in virgin and challenging countries like Iraq

## 2. Interviewee Details:

Interviewees were selected from different business functions, all heavily involved in critical incidents related to the matrix organization, and also split between different cultural backgrounds, as follows:

Name	Function	Nature of Function	Cultural Background	Management Level
C.A.	Project Management	Support	American	Middle
C.S.	Project Management	Support	American	Middle
R.K.	Sales	Business/Sales	Asian/British	Middle
B.J.	Facilities	Support	Asian/British	Middle
A.Y.	Finance	Support	Asian/British	Middle
G.S.	Finance	Support	Asian/British	Middle
K.A.	Human Resources	Support	Asian/British	Middle
K.A.	Operations	Support	Asian/British	Middle
A.K.	Project Management	Support	Asian/British	Middle
K.S.	Finance	Support	British	Middle
D.G.	Sales	Business/Sales	Middle Eastern	Middle
E.J.	Sales	Business/Sales	Middle Eastern	Middle

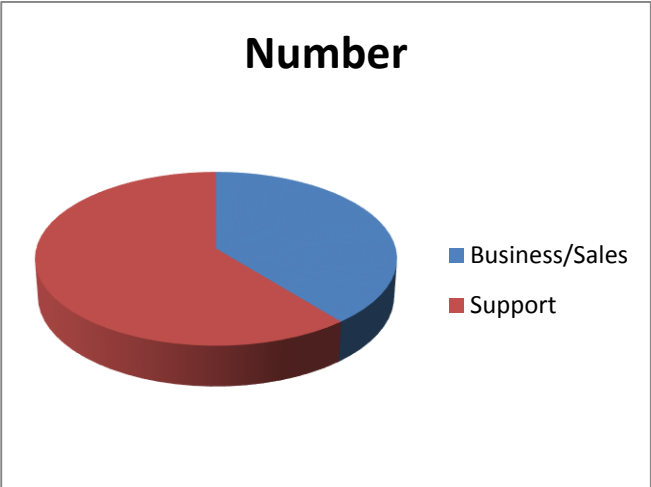


Name	Function	Nature of Function	Cultural Background	Management Level
M.K.	Sales	Business/Sales	Middle Eastern	Middle
O.S.	Sales	Business/Sales	Middle Eastern	Middle
O.I.	Sales	Business/Sales	Middle Eastern	Middle
P.K.	Sales	Business/Sales	Middle Eastern	Middle
T.R.	Sales	Business/Sales	Middle Eastern	Middle
W.A.	Sales	Business/Sales	Middle Eastern	Middle
W.M.	Sales	Business/Sales	Middle Eastern	Middle
I.Z.	Sales	Business/Sales	Middle Eastern	Middle
M.G.	Sales	Business/Sales	Middle Eastern	Middle
M.S.	Communication	Support	Middle Eastern	Middle
M.B.	Compliance & Legal	Support	Middle Eastern	Middle
R.R.	Compliance & Legal	Support	Middle Eastern	Middle
Z.A.	Finance	Support	Middle Eastern	Middle
R.A.	Human Resources	Support	Middle Eastern	Middle
T.A.	Human Resources	Support	Middle Eastern	Middle
H.K.	IT	Support	Middle Eastern	Middle

Name	Function	Nature of Function	Cultural Background	Management Level
O.N.	Operations	Support	Middle Eastern	Middle
A.S.	Project Management	Support	Middle Eastern	Middle
H.W.	Project Management	Support	Middle Eastern	Middle
K.H.	Project Management	Support	Middle Eastern	Middle
M.A.	Project Management	Support	Middle Eastern	Middle
R.H.	Human Resources	Support	Middle Eastern	Middle
L.R.	Operations	Support	Romanian	Middle
S.C.	Human Resources	Support	Australian/British	Senior
J.O.	Sales	Business/Sales	British	Senior
A.K.	General Management	Business/Sales	Middle Eastern	Senior
M.A.	General Management	Business/Sales	Middle Eastern	Senior
M.K.	General Management	Business/Sales	Middle Eastern	Senior
F.G.	Sales	Business/Sales	Middle Eastern	Senior

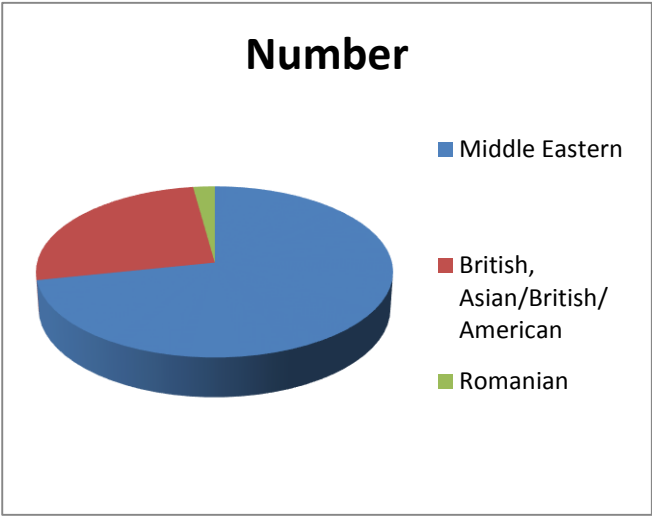
Name	Function	Nature of Function	Cultural Background	Management Level
D.M.	Sales	Business/Sales	Middle Eastern	Senior
Y.A.	Compliance & Legal	Support	Middle Eastern	Senior
M.M.	Research	Support	Middle Eastern	Senior
O.K.	Finance	Support	Middle Eastern	Senior
F.H.	Project Management	Support	Middle Eastern	Senior

**3. Interviewees Backgrounds/ Patterns:**

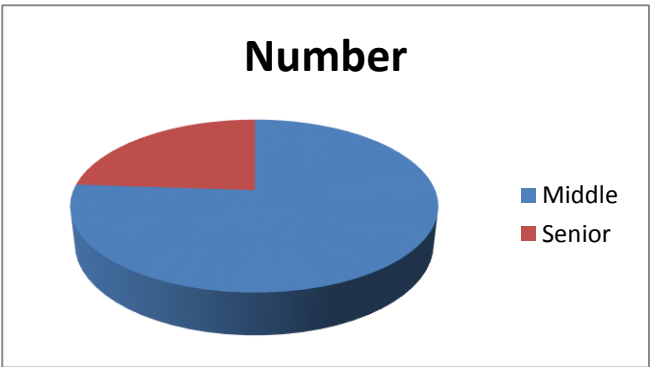


Function Type	Number
Business/Sales	18
Support	28

Cultural Background	Number
Middle Eastern	33
British, Asian/British/ American	12
Romanian	1



Management Level	Number
Middle	35
Senior	11



#### 4. Question Database Sample:

Area	Sample Questions	Comments
Interviewee Profile	<ul style="list-style-type: none"> <li>- Your history before GE</li> <li>- Your career within GE</li> <li>- What were your successes, and how did you do it</li> </ul>	
Case Specifics	<ul style="list-style-type: none"> <li>- As it happened</li> <li>- How did it evolve</li> <li>- What were the challenges, why did you think it happened this way</li> <li>- How could the issue have been resolved {from your position as a leader/ accountable/receiver/ impacted}</li> <li>- How did you feel about the approach applied, why</li> <li>- How did you and the other parties involved feel and react</li> <li>- What went wrong and what went right, and why do you think so?</li> <li>- How do you perceive the general outcomes of the case between you as colleagues, and as a general impact on the team, explain, justify why</li> <li>- What did you do to address any negative impact/ make the model work, and why, did it work, how?</li> </ul>	

Area	Sample Questions	Comments
Growth and oriental markets	<ul style="list-style-type: none"> <li>- How does it really work in growth markets</li> <li>- What are the challenges in applying matrix in growth markets and how do you handle them, give examples and stories</li> <li>- Success and failure stories in applying matrix in oriental and growth markets , what made it work and how</li> <li>- Do we need to differentiate between applying the matrix in different markets and why and how</li> </ul>	
OD Interventions	<ul style="list-style-type: none"> <li>- Were you aware of any OD interventions applied to resolve such cases? What were they and how were they communicated</li> <li>- What did you think of them and why</li> <li>- What did others think of them and why</li> <li>- What worked and what did not work and why</li> <li>- Would the same intervention be applied same way in a different/western culture, would they work {why and why}</li> </ul>	
Other Cases	<ul style="list-style-type: none"> <li>- Have you been involved in other cases within GE, with similar challenges {elaborate-story telling}</li> <li>- { Continue with set of questions similar to the above Case specifics section}</li> <li>- In general, what are the main traits/attributes that made you successful or otherwise in handling such cases, why</li> </ul>	Continue with set of questions similar to the above Case specifics section

Area	Sample Questions	Comments
Matrix /Culture	<ul style="list-style-type: none"> <li>- how do you perceive the culture impact on people's reactions, reception of matrix issues and OD interventions to handle them { examples-stories }</li> <li>- how do employees behave different in growth markets and why</li> <li>- how do non-middle eastern employees handle cultural difference</li> <li>- how do you as a { leader/expat/local/senior/middle manager/decision maker }, perceive and enact with the situation</li> <li>- how do you feel versus such an environment, how do you make it work for you and for your peers/teams/colleagues</li> <li>- how do others perceive, accept and handle such a culture and environment, from your perspective, and why</li> <li>- Do we need to apply the matrix in a different way in growth and oriental markets , why and how</li> </ul>	Insights on the impact of culture



**5. Case Analysis (Samples of detailed scripts per interviewee):**

Interviewee	1- D.M. ( 8-4-2012)
Main themes, impressions, summary statements	<ul style="list-style-type: none"> <li>- Matrix is perceived safe because you do not take any decision alone</li> <li>- Matrix is complex as decisions take time</li> <li>- Applying the matrix is annoying and makes life difficult, especially when both matrix managers disagree</li> <li>- I made it work by playing games between both managers and keeping them apart, selling ideas and pitches different way to each one, sharing only bits of information</li> <li>- Being a manager means playing a similar game but this time pulling dotted line subordinates to me</li> <li>- Selling is key to make the model work</li> <li>- Employees can get lost inside the matrix</li> <li>- I develop and apply operating mechanisms to ensure involving all employees</li> <li>- The operating mechanism can work through selling and playing the game again</li> <li>- There are no rules and everyone has a different perspective hence conflict arises</li> <li>- Operating mechanisms serve when conflicts arise and also through involving the right people</li> <li>- If things don't work, then escalation and confrontation/threats are the final option</li> <li>- Reaching an outcome is a relief, but regret losing time because of all the complexity</li> <li>- Need to put realistic definitions, decision rules, operating mechanisms to manage potential conflicts</li> <li>- Managers do not have real control and decision authority where they should</li> </ul>

	<ul style="list-style-type: none"> <li>- Rules should be taken with managers not forced on them</li> <li>- Western managers are different, they do not play or sell, they say this is the rule and implement as is, no emotions</li> <li>- By time western managers adapt and change, they learn to play and sell</li> <li>- Maturity is key to make the matrix work, with mutual agreement and having the rules in place</li> <li>- Everyone has different goals and it is important that they align</li> </ul>
<p>Explanations, speculations, hypothesis</p>	<ul style="list-style-type: none"> <li>- Matrix cannot work without selling and playing games</li> <li>- Rules and operating mechanisms help but are not enough, the human element is key</li> <li>- The system needs operating mechanisms and clear decision rules</li> <li>- Difficult to make the matrix result in win-win outcomes</li> <li>- Sales/commercial managers focus more on winning regardless of the other party</li> <li>- Regular communication from day 1 is important to minimize conflict</li> </ul>
<p>Alternative explanations/ disagreements</p>	<ul style="list-style-type: none"> <li>- Sales managers focus more on results rather than systems and compliance</li> <li>- Managers find excuses not to apply the system</li> </ul>

Interviewee	5- O.K. (11-4-2012)
Main themes, impressions, summary statements	<ul style="list-style-type: none"> <li>- Matrix makes a lot of sense</li> <li>- It is applied in a different way in the Middle East</li> <li>- It helps a lot to have 2 angles for evaluation and judgment, functional and regional</li> <li>- Roles should be separate and clear</li> <li>- The challenge in the matrix when 2 parties are measures on same metrics and each has a different approach, then conflicts start</li> <li>- When people sit together and discuss they usually reach agreement</li> <li>- Finance leads and applies a specific operating mechanism to reach agreement</li> <li>- It needs a lead to take the decision in the end even if in a matrix</li> <li>- If it does not work then the only way is to escalate</li> <li>- Key is to remove emotions to handle conflicts and try to reach compromises</li> <li>- Need to have more rigor, criteria for decision making and ground rules</li> <li>- People tend to be very passionate more than in Western world</li> <li>- It is all about people meeting and discussing face to face, but If there are no clear ground rules , then with emotions conflict will arise</li> <li>- Need to make the rules as we go, which is not right but the only way in the absence of rules and operating mechanisms</li> <li>- The matrix outcomes lead to some frustrations</li> <li>- Matrix forces managers to work together and quit their silos which is not nice for them</li> </ul>

	<ul style="list-style-type: none"> <li>- Having dual reporting leads to conflict and it is quite sensitive</li> <li>- Feelings and perceptions are more difficult to quantify and in such cases conflict arise</li> <li>- Matrix forces you to explain your decisions, need to convince others, similar in middle east and the west, but people in the middle east are more passionate and they don't like it if the ground rules are not introduced early on</li> <li>- Ground rules from day 1 are key to make the matrix work</li> <li>- The implementation and conflicts are more linked to sales and commercial functions and not support functions</li> </ul>
<p>Explanations, speculations, hypothesis</p>	<ul style="list-style-type: none"> <li>- Support functions play more of a catalyst, facilitating role</li> <li>- Matrix alone leads to conflict without decision rules and clear operating mechanisms from day 1</li> <li>- Implementing the matrix needs people skills, convincing{selling}</li> <li>- Without clear authority, escalation is an easy escape route</li> <li>- Culture has its impact, western managers are less emotional and hence more capable of applying the matrix regardless of the outcome</li> <li>- It takes a leader to manage conflict and resolve issue in the matrix otherwise it does not work</li> </ul>
<p>Alternative explanations/ disagreements</p>	<ul style="list-style-type: none"> <li>- Finance are not interested in getting involved in conflicts, they prefer the easy way to escalate</li> <li>- Finance follow the system regardless of the results and time waste, they are not accountable for the bottom line</li> </ul>

Interviewee	10- A.K. (2-7-2012)
Main themes, impressions, summary statements	<ul style="list-style-type: none"> <li>- the first view of a matrix was an inverse pyramid, and as if you're doing the sales and you had all these people responsible for the product consider themselves your bosses</li> <li>- You're at the ground trying to get the sales and the deals etc., and then there's a whole bunch of bosses that have each one running his own product supposedly or whatever you wanna call it</li> <li>- One of us is too many, If both are doing the same thing, either we're sales plus something or plus that and this is where I got lost, everybody was doing the same thing</li> <li>- find a way to make it work; to create your own space. While in the matrix it's lots of people doing plus minus the same thing in a certain way and they fill a space, now each now decides how to fill it, on top of each other, next to each other, it depends a lot on the personalities</li> <li>- I called it a reverse pyramid theory, because they way it used to run the operating mechanism</li> <li>- I made it work by pulling the people in to do things that I needed them to do</li> <li>- Rebalancing basically of who does what, and I gave it to him as a plan, with me supporting, so the point is we start changing into who leads who supports.</li> <li>- The problem with the matrix back then, everybody was looking at the people down telling them what to do</li> <li>- It was purely aggression, card playing, since he needed certain things that were part of what I could deliver to him, he realized that I could easily decide not to deliver for him unless he does what I want. So blackmail</li> </ul>

	<ul style="list-style-type: none"> <li>- the personality of saying: look I will not accept this, second saying: hold on a second I cannot do all these things and having discussions, I will drop this or this, you decide</li> <li>- They had my support, Consequently they created more confidence within the team, more self-confidence within pushing within the matrix, saying no, we need you to do this. So the dynamic was changed</li> <li>- as you move up the food chain within the matrix, the matrix on its own is nothing, it's a very nice power point</li> <li>- If you're setting up the matrix as checks and balances, it's inherently conflictual. If you're setting it as I'm putting up a matrix where this guy checks on this guy and this guy checks on this guy, then they're only be looking at each other. If you set the matrix in a sense that there are areas with overlap where consequently people have to work together, and there are other side areas where people have to work alone, and they learn when to interact and when not to, then it can, but that needs maturity. And at the overlapping area both parts of the matrix are measured on it, it becomes either I control or I give up control</li> <li>- trust comes usually with maturity</li> <li>- it became only more complicated in the sense of you have bigger egos, again by that not being defined who does what again you need to recreate that space, you need to recreate who does what where</li> <li>- even at the head of the matrix or whatever you wanna call it, it also depends on how the person defines his role, if he defines his role only within that small circle and says ok this is what I'm responsible for, then lots of the people that have other things to do around, will not feel as a part of the team, will not feel engaged and the whole things will disperse itself. If you show that the big pile is yours, I'm talking about not just the</li> </ul>
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	<p>numbers, I'm talking about functions, areas, getting engaged with all the different areas, then it starts fitting within the puzzle</p> <ul style="list-style-type: none"> <li>- there are multiple factors that kick in, 1 your upbringing, and I realized that in a matrix your upbringing is very important. Basically do you come from a sharing type of family or are you a lonely son that has been spoilt</li> <li>- If you come from a country where there was a king, your whole culture is around the king; there is no matrix, so this is one group.</li> <li>- So in respect of maturity, the matrix for them is only about being able to use it for their own benefit. Meaning, the good thing about the matrix if something fails you can always blame somebody else</li> <li>- anything we do in each culture works on things differently</li> <li>- I don't think it's Arabs and non-Arabs, I really think it's about the upbringing and what are the core values...</li> <li>- the more you've had to do things on your own in the Arab world the more you've learned how to build consensus</li> <li>- characters I've seen that are street smart, the better actually they work within a matrix. They realize that building consensus, convincing people is part of their DNA as opposed to ordering</li> <li>- Arabs that have this skill are actually much better at it than westerners that don't. They're very mechanical, westerners are very mechanical, they can work very well in matrix but it is a very full matrix, it's a consistent world; within the processes available the deviation is very small</li> <li>- if you're in a world that is highly volatile and the world is outside of the processes that you've established, then you need to be very flexible in trying to get consensus within the specific</li> </ul>
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	<p>issue that happens within the matrix to push it on, which is the case in our market</p> <ul style="list-style-type: none"> <li>- you bring a bunch of Germans and put them in Saudi Arabia and put the processes in they fail. There's lots of things that happen on the edges of it outside, the world changes dramatically, your decision making process has to adapt to it, this is where we fail</li> <li>- biggest challenge I think in a matrix is not the matrix itself, it's the people</li> <li>- people in general in this region like to step beyond, they want to be leaders they want to be bigger, so if you give them that opportunity, they take it. The problem that happens is when essentially they get pulled back, but this is none of your business you're giving too much, you're becoming too friendly</li> <li>- It can't work without the personal element, it cannot it's impossible, it has to have a personal element. I think the first thing you would do is when you hire people into a matrix there are certain characteristics, it's gonna sound very basic, but they must have played a team sport</li> <li>- The operating mechanism is trying to make everybody happy, doesn't happen</li> </ul>
<p>Explanations, speculations, hypothesis</p>	<ul style="list-style-type: none"> <li>- Matrix alone cannot work, it needs the personal touch and selling</li> <li>- Leaders must take the initiative and create their own space</li> <li>- It is all about egos and personal games</li> <li>- Culture has its impact, middle east people have a different approach, they mix personal feelings with business</li> <li>- Arabs manage the model much better in their own way, non Middle easterns will fail if they apply the normal rules and regulations</li> </ul>



	<ul style="list-style-type: none"> <li>- In a culture of kings and followers, the same will apply in your business</li> <li>- Growth business need more aggressive and fast decision making, you cannot wait</li> <li>- The matrix is made to use it for your own benefits</li> <li>- Leaders force their own way</li> <li>- It is all about personal traits, maturity, flexibility and creating your own space</li> <li>- Operating mechanisms will be a failure</li> <li>- It is all about the personality and adaptation</li> <li>- Mature people make it work</li> </ul>
Alternative explanations/ disagreements	<ul style="list-style-type: none"> <li>- Leaders do not feel the true issues of the matrix</li> <li>- Leaders are not involved in daily operations that further show the real culture</li> </ul>

Interviewee	14- D.G. (3-7-2012)
Main themes, impressions, summary statements	<ul style="list-style-type: none"> <li>- dealing with the matrix was a challenge , confusion</li> <li>- it is a big company, it's like a giant robot, okay, and introducing change sometimes is very difficult</li> <li>- most of distributors face difficulties with the matrix, and it reflects on their relationship with the distributors, it reflects eventually on the customer understanding of the company, how does it work, who does what, and stuff like that</li> <li>- , there are politics inside the company, the dynamics, you know, between different departments, like we said, modality's had their set of, you know, requirement, the region had their set of requirement, and the functions as well</li> <li>- It is 90% an internal selling, how you sell yourself, and how you sell your leadership traits</li> <li>- this is my role to get the minds clearer, to get the ideas clear on each side, and to have them meet at a common point</li> <li>- it's your personal relation, your personal relation inside the company, your credibility inside the company. 99% of the support you get, you get because you're credible enough, or you don't get because you don't have credibility</li> <li>- it's not the system working; it's how we make it work. But the system alone; I don't think it would have made it</li> <li>- when it goes to escalation, everyone understands, at least, my territory, when I'm managing, that, it has to be mutual benefit to all panels</li> <li>- Everywhere you go, you're gonna have different nationalities, European, US, Asian, everything, okay, (and) Middle Eastern, and it's what you're made of which makes you get closer to every single culture in the company, and make it clear to everyone</li> </ul>

	<ul style="list-style-type: none"> <li>- It's number one adaptability, number two; what do we call it, it's like a commitment. You have to commit to the organization. You have to commit to the system</li> <li>- , we have challenges every time, people face challenges internally and externally. But then, this is what makes a leader. You have to understand it; you have to embrace it, and then, adapt, find your way, within the policy, within the matrix, and to make it work for everyone</li> </ul>
<p>Explanations, speculations, hypothesis</p>	<ul style="list-style-type: none"> <li>- Matrix is confusing and leading to conflict</li> <li>- It is all about personal relations and internal selling to make things work</li> <li>- Escalation is key, leaders then take the decision</li> <li>- It needs maturity and flexibility</li> <li>- Matrix slows down the decision and affect relations with the stakeholders and eventually actual business and sales</li> <li>- Every culture has its impact, especially in a true multinational culture</li> <li>- In complicated sales models with agents and distributors, it needs a different operating model</li> </ul>
<p>Alternative explanations/ disagreements</p>	<ul style="list-style-type: none"> <li>- Sales people by nature resort to personal selling and relations</li> <li>- Escalation works because Iraq is a vital growth market</li> </ul>

Interviewee	19- H.K. (5-7-2012)
Main themes, impressions, summary statements	<ul style="list-style-type: none"> <li>- What was really a plus in P&amp;G back then was really defined roles and responsibilities for each and every one of them, and everyone knows his... Okay, his boundaries... that he should work, and if, in case he would like to get an external support, or he needs to escalate, he knows where to go, (who's) the right person to go to</li> <li>- one of the first things that I noticed was that there was no clear boundaries. So, there was always these overlaps, and these overlaps between responsibilities puts you in, takes some of your time of focus. If you'd like to get support, and, if you'd like an action to be taken, you question, 'who should do it? And (you know) what direction I should use? So, this takes from your time, takes from your energy</li> <li>- roles and responsibility, if not (that) clear, it's a trap.</li> <li>- decision taking, you know, to take one single decision, you have to go through more than one level. You have to discuss, you have to call more than once to just align/online with the whole matrix on the decision. And that definitely takes time, takes energy, and consequently, money</li> <li>- Communication, collaboration, and defining clear roles and responsibilities, can make it work</li> <li>- . It needs to be more defined</li> <li>- I see that definitely operating mechanisms (added) to the process. However, since, you know, we did this recently, we need to wait until we see the fruit out of (those)</li> <li>- the market is dynamic, and here in the region, it's more dynamic versus Europe or US, and the market demands that we should be more dynamic. So, and we are still, you know, we are hiring a lot. So, we are bringing more people inside, and, you know those, the new individuals who join us, they</li> </ul>

	<p>need quickly to jump in to the, whatever mechanism that we have, to be able to deliver. So, for sure the, we need something to be quickly dynamic</p> <ul style="list-style-type: none"> <li>- the matrix itself, should have the, clear roles and responsibilities for the (current), and for, definitely for the new-comers to come in. And, we need the matrix to be live through frequent reviews, you know, on the roles and responsibilities</li> <li>- the culture here's/is different than US, different than Europe. Europe itself is totally different than US, for example. So, apparently, every region has its own culture and we have to respect it</li> <li>- they depend on the personal or the (trust back), as they say, asking the different individuals to do tasks, or go (to) the extra mile, or not to communicate, for example, outside the team, things like this, this is a culture that I see here</li> <li>- I think it's people skills, communication, and teamwork to make it work</li> <li>-</li> <li>-</li> </ul>
<p>Explanations, speculations, hypothesis</p>	<ul style="list-style-type: none"> <li>- There are many overlaps and no boundaries</li> <li>- Matrix means slow decision making and it costs time, energy and money</li> <li>- Growth markets are more dynamic than Europe and the west, and this means it needs more dynamic models and operating mechanisms</li> <li>- Every region has a different culture that must be respected</li> <li>- The matrix cannot work without clear boundaries and defined roles</li> <li>- People skills and communication are key to make it work</li> </ul>

Alternative explanations/ disagreements	<ul style="list-style-type: none"><li>- IT has minimum exposure to the full business scope</li><li>- Decisions take a longer time in IT as they are less urgent</li></ul>
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Interviewee	25- L.R. (9-7-2012)
Main themes, impressions, summary statements	<ul style="list-style-type: none"> <li>- the matrix organization as a structure is by its nature a complex</li> <li>- in terms of being trained to react in matrix organization I think you are thrown in the water and you have to swim and this is what's happening, there are benefits and there are drawbacks from a matrix organization, but I think it's important that people are aware that you have to manage it you have to handle it, and sometimes people find themselves in a matrix where there is a functional and organizational type of reporting but sometimes and most of the time they find themselves in private positions where they have this reporting line, the direct reporting line and the dotted reporting line but they also have lots of stakeholders around them which are really important stakeholders</li> <li>- this is a problem when these stakeholders are not aligned in the purpose of their actions</li> <li>- there is a difference between the strategic alignment that might happen, and translation to the tactical or day to day operations and this is where the pain resides</li> <li>- you normally have to check with your matrix, you have to go back to all your stake holders and figure out what's the best way to go about it and this make decision making on the ground.</li> <li>- The decision making process is being delayed because of this gap between the strategic alignment which might happen and the tactical alignment which is supposed to be on the ground</li> <li>- it's a lot about emotional intelligence. How do you identify what you want to implement on the ground to translate the bigger strategy on the ground? How do you identify on the ground the players around you who are swimming in the same direction? So this is about getting organizational support, now</li> </ul>

	<p>I think it's smart for everyone working in matrix organization to stay in touch with their stakeholders and the people they are basically reporting to, and to make their priorities visible to both of them</p> <ul style="list-style-type: none"><li>- if there are the conflicting priorities that person there is just gonna agonize over taking decisions which at the end of the day might not even be credible</li><li>- communication is the only way in a complex organization, it's not only the hierarchical report that counts, I mean the person in this kind of organization is part of a live organism</li><li>- in the middle east the working environment tend to be a little bit more fluid, there's a little bit more ambiguity the teams are sort of self warming teams, which doesn't necessarily make things easier, especially because we are talking yeah we are in the middle east but there is a diversity of cultures, so it's not like it's only one culture, so everybody has to fit in in this</li><li>- it has to do with the environment the person has been exposed to how much they travel, how much they had international exposure and I think it depends on being open minded, the more you resist to the cultural differences, the more difficult it is, and I don't see success in an international environment happening without cultural awareness</li><li>- I think sales people are sales people all over the world, they are picked to be in those positions because there was an element of aggressiveness in their personality and I think it's important for them to stay that way. But the way they behave inside the organization has to be controlled</li><li>- having a more directive way of leading I think would help, and it's important the directive way of leading on the ground in emerging markets I think it's important to keep strong, very strong ties with the global business</li><li>-</li></ul>
--	--



<p>Explanations, speculations, hypothesis</p>	<ul style="list-style-type: none"> <li>- Non middle easterns understand the matrix better but find it difficult to apply in the middle eastern culture</li> <li>- Matrix needs communication, managing stakeholders and personal relations</li> <li>- Growth and emerging markets need a more directive approach in management</li> <li>- Matrix needs emotional intelligence</li> <li>- Taking decisions in the matrix is an agonizing experience</li> <li>- Professional culture affects employee behaviors and has to be controlled in the matrix</li> <li>- There are major cultural differences that affect the matrix and need awareness and maturity</li> <li>- The direct hierarchy will always affect employees' behavior</li> <li>- Junior employees cannot manage the matrix</li> </ul>
<p>Alternative explanations/ disagreements</p>	<ul style="list-style-type: none"> <li>- Junior employees can operate in the matrix if they have enough experience</li> <li>- Proper training can make the matrix operate effectively</li> </ul>

Interviewee	29- M.A. (10-7-2012)
Main themes, impressions, summary statements	<ul style="list-style-type: none"> <li>- the matrix was very complicated I did not get it fast so I had a lot of training then day by day I got to know how things go on and I realized that we have a lot of stake holders and that my role is to link between all these stake holders in order to fulfill my job</li> <li>- the thing is I have the authority but none of these guys reports to me.</li> <li>- The challenges sometimes I face for example someone is pushing back so for sure I have to go to my manager or his manager maybe I don't know if we can say that, but to push him to do what I need</li> <li>- that everyone has his own decision but concerning his part of the deal but because I am the link between all of those players so I have to make sure that the decision is one at the end</li> <li>- It was so difficult because you're not dealing with one decision maker there are lot of decision makers</li> <li>- I worked on the personal touch aspect of it I have very good relations with all the team and department. Because it's business and not a personal thing no one here is my enemy they are all my colleagues so I convince him or he convinces me at the end of the day</li> <li>- it is a selling skill, like you can't approach everyone the same and sometimes there are people that you cannot only send an email to and wait, maybe you have to call them or go and sit with them directly face to face so you can convince them. Like myself I don't believe a lot in emails because sometimes you read the email depends on your mood you will like it or not</li> <li>- the system alone does not work</li> </ul>

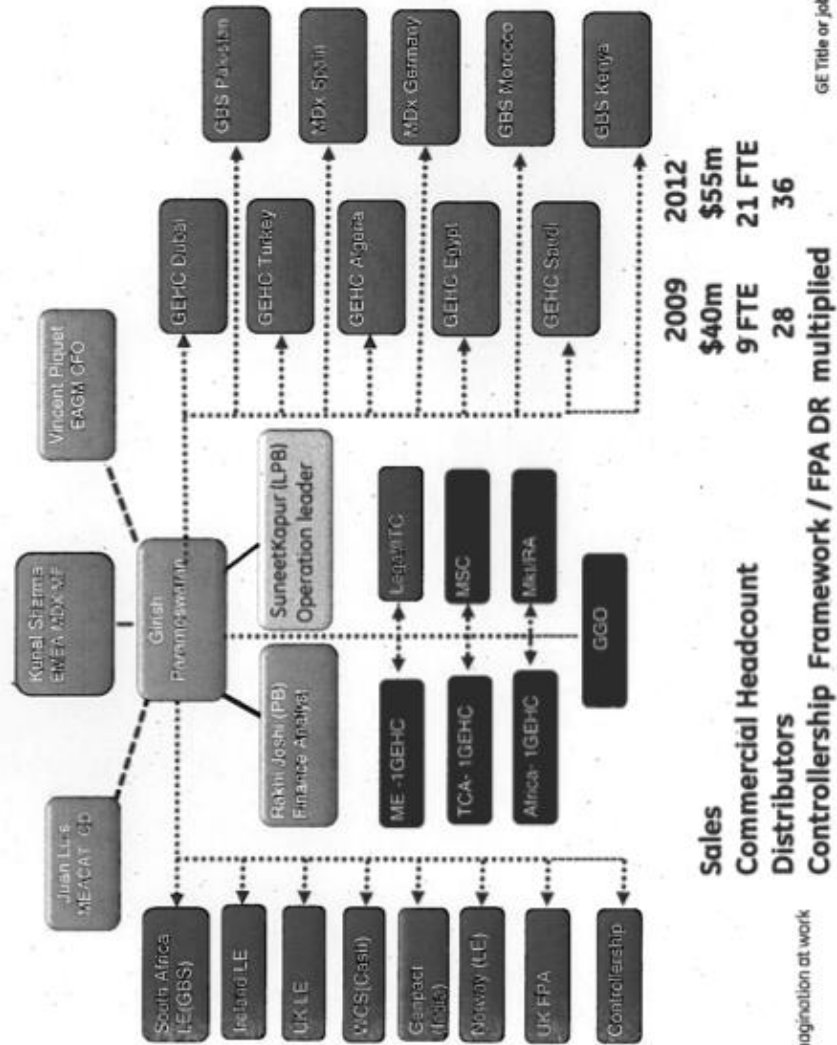
	<ul style="list-style-type: none"> <li>- you have to be very political you have to play politics, not be two faced but you have to deal with people first with respect and I have to put myself in his shoes and there's nothing personal it's just business</li> <li>- if I had clear authority it would sure help because you know I see that people sometimes even if he's not convinced what his manager is asking him to do maybe he will do it but I feel that he will do it just based on his manager's demand</li> <li>- The system will not do it alone for sure because if you leave it for the routine and the system it's not enough. I think that personal influence is very important also and it's very important to know who this person is and his influencing skills if it's good or if it's right with the certain people.</li> <li>- I see it with my colleagues in Europe they handle the same role.</li> <li>- Non-middle easterns play the matrix different than us, They go as per the book and the processes and that's it, and if anything is out of the way, I don't know if I can say, they don't care about it but no this is the process so I was working based on the process and if it didn't happen it didn't. But here in our region I don't think you can do because maybe you will take it as a challenge and you will try to find other ways to make it work, not in term of manipulating or anything no, like find solutions, digging more as maybe sometimes the process is not covering this part</li> <li>- There are functional cultural too, as between finance and us</li> <li>- he said look you look for these points I look for these points your points are valid but my points should be also valid. So this is my part or the job I have to fulfill it, the same as you did this is what we said in the beginning I have to put myself in their shoes and see how they run the business</li> </ul>
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	<ul style="list-style-type: none"> <li>- We need the directive approach in growth markets, especially in Saudi there's a lot of vague problems and areas that we don't know how to deal with so I think now maybe everyone's going directly to the general manager</li> <li>- You will not have vague areas when you reach maturity I think everything will go smoothly maybe or it's predicted you faced these issues before you know how to deal with it now. But if you're facing issues for the first time I don't think you can take decisions yourself.</li> <li>-</li> </ul>
<p>Explanations, speculations, hypothesis</p>	<ul style="list-style-type: none"> <li>- Matrix cannot work without clear hierarchy and authority and decision rules</li> <li>- There are clear cultural differences that affect the matrix implementation</li> <li>- Personal selling and relationships are key to make the matrix work</li> <li>- Growth markets need a clear directive approach</li> <li>- Matrix needs mature people and markets</li> <li>- Functional cultures affect and implement the matrix in different ways</li> <li>- Non middle Easterns follow the book and if it does not work they don't care, in stable markets there is no need for urgency or quick decision making</li> <li>- There is clear lack of trust between people from different cultures</li> </ul>
<p>Alternative explanations/ disagreements</p>	<ul style="list-style-type: none"> <li>- Project managers are not competent enough to handle the matrix</li> <li>-</li> </ul>

## 6. Sample Company Organization Charts:

Below is a sample structure for a senior finance manager , nevertheless everyone working with him is dotting line, and he is still accountable for financial results for a specific business segment

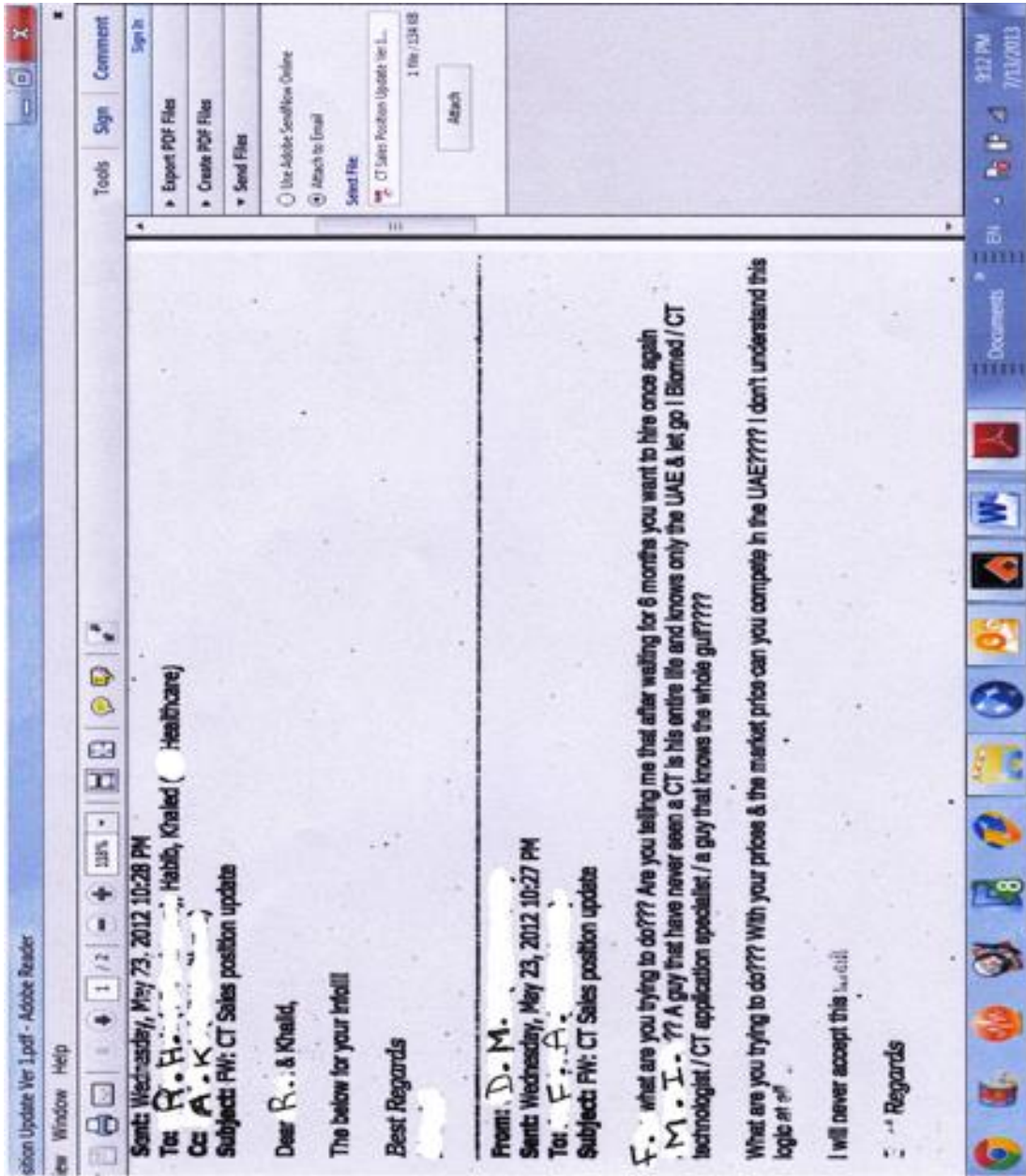
### MATRIX ORGANISATION STRUCTURE



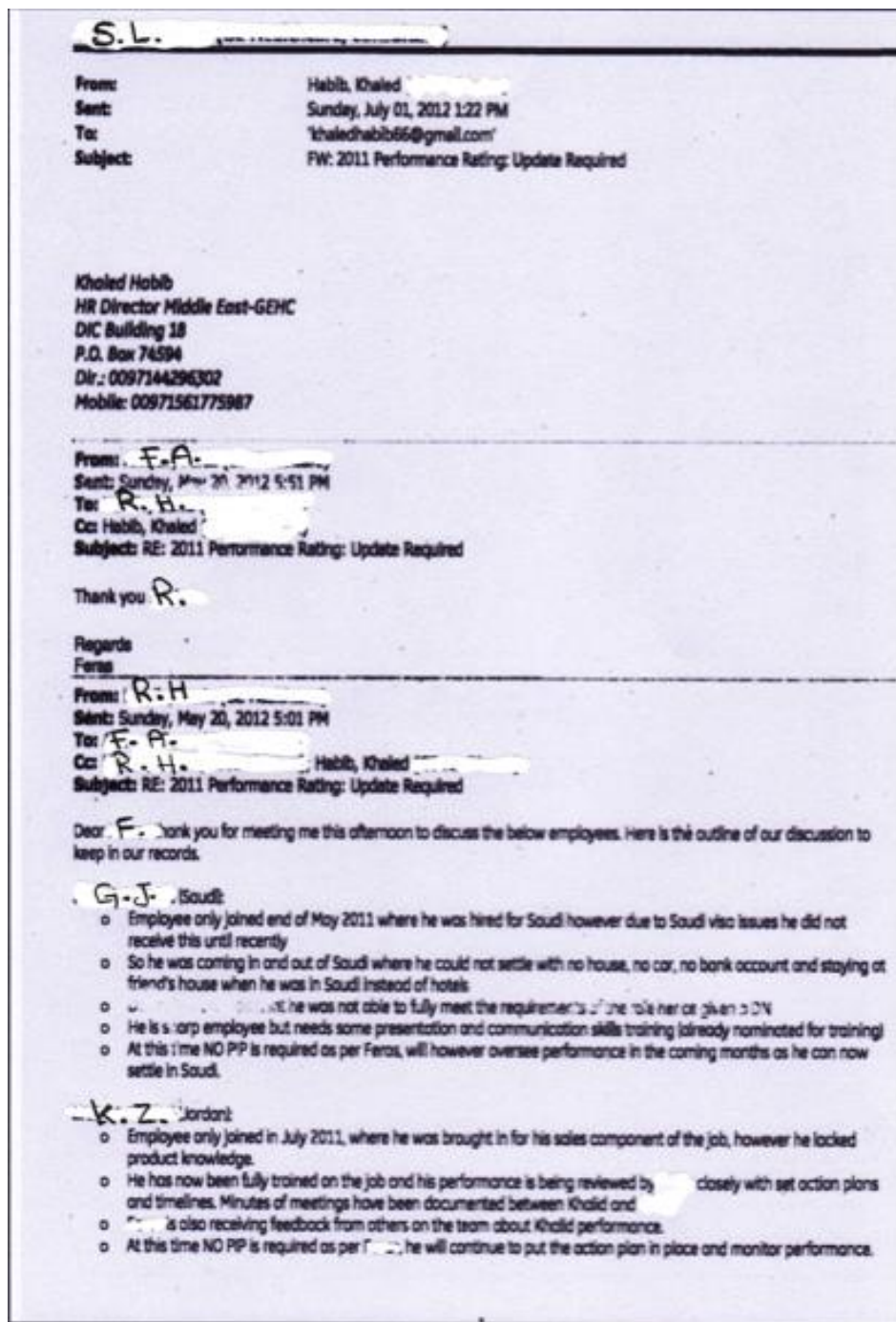
## **7. Sample Email Exchanges:**

Below are samples for different email exchanges (involving the researcher), which display different forms of conflicts that were existing due to the implementation of the matrix, and the clear lack of decision rules, leading to obvious frustrations and frictions, as evident from the communication examples

- An example of an unresolved conflict between marketing and sales over the recruitment of a certain candidate.



- Several examples of continuous disputes over salary adjustments and increases. The Human Resources team took charge of salary adjustments without involving the business, an issue which led to furious feedback from the business.





As discussed please ensure documentation is kept on both employees and process is in place to review their performance in the coming months. I have already sent you a sample of how a PIP monitoring looks like, possible you can use of its components to keep your records between the employee and yourself.

Please don't hesitate to contact me if you have any further questions.

Kind regards,

R. H.

---

From: F. A.  
Sent: Tuesday, May 15, 2012 4:08 PM  
To: R. H.  
Subject: Re: 2011 Performance Rating: Update Required

Will meet you on Sunday to explain

Regards

F.

---

From: R. H.  
Sent: Tuesday, May 15, 2012 11:32 AM  
To: F. A.  
Cc: R. H.  
Subject: 2011 Performance Rating: Update Required

Dear F.,

Based on the analysis of 2011 Overall Performance Rating both [redacted] (100042807) and [redacted] (100043380) where rated Development Needed. We require the following to be completed for those that were rated Unsatisfactory or Development Needed to ensure performance improvement as well documentation with the employee on performance issues. Can you please confirm the following:

- Has the employee been informed and has the full cycle of EMS taken place?
- Did you agree on a PIP?
- Was an HR person involved if a PIP was put into action?
- Does HR have copy of the PIP? if not please send accordingly?
- What are your exact timelines agreed upon to show performance improvement?

Please send me your confirmation and feedback by maximum next Sunday 20<sup>th</sup> May. If you have any questions at all please don't hesitate to contact me.

Best regards,

R. H.

Human Resources Manager, Gulf & Levant  
GE Healthcare  
Tel: 00971 4 4611111  
M: 00971 50 4611111

Building 10, Knowledge Village  
Dubai Internet City  
PO Box 11549  
Dubai - UAE

From: KC  
Sent: Wednesday, May 23, 2012 06:40 PM  
To: SC (Global Operations); FA, GG, OC, (Global Operations);  
L (Healthcare); DM (Healthcare); KH  
Subject: RE: CT Sales position update

S,

J and I spoke and given that this is a replacement position, and we have a candidate identified, we will be able to proceed. From my understanding from [redacted], the top candidate is someone who I met at Arab Health back in January. Unfortunately, the top candidate that was presented to [redacted] and [redacted] from the TA team was not a fit for the position, and did not interview well either.

I'm looking to have final approval to make and release an offer by end of this week to early next week, where we can then close the position.

Thank you,

K

From: SC (Global Operations)  
Sent: Sunday, May 20, 2012 6:09 AM  
To: FA (Healthcare); GG (Global Operations); OC, L, (Healthcare);  
Casey, (Healthcare); DM (Healthcare); Habib, Khaled (Healthcare)  
Subject: CT Sales position update

Dear Team,

Further to receiving an update on this position, I am aware that the position was not approved as at time of initiating. As we have completed the delivery, have a candidate selected and the position is a commercial focus, I would ask that we take steps to accelerate the approval process on this position. Livia, this may be one for you to discuss with

K.

I look forward to receiving an update and hopefully closing this position with priority.  
Kind regards,

SC  
Talent Acquisition CoE Leader  
Middle East, North Africa & Turkey  
Dubai Office - DIC  
mail:  
T: +971 4454 8628  
M: +971 55 886 3259

From: [redacted] Healthcare)  
Sent: Saturday, March 24, 2012 3:04 PM  
To: FG Healthcare)  
Cc: Habib, Khaled Healthcare); RH Healthcare); TA, Healthcare)  
Subject: Re: eComp % Changes - Bernardino Team (UAE)

Hi F

The logic for decision making at the time was based on UAE salary benchmark based on general industry. However as we have finalised the scale for PS afterwards with [redacted] I am fine with your proposal.

You will be able to see the change in ecomp only tomorrow.

Kind Regards,

F

---

From: SB Healthcare)  
Sent: Saturday, March 24, 2012 08:33 AM  
To: FG Healthcare)  
Cc: Habib, Khaled ( Healthcare); RH; TA,  
Subject: RE: eComp % Changes - Bernardino Team (UAE)

Thank you S,

My request is straight forward. Bring back Darin Pauley's EOP increase to the original 7.5% (HR changed it to 7).

Let me know if you need additional details.

Regards,

F

FG  
Managing Principal  
Performance Solutions  
GE Healthcare EAGM

T +971 (A) 429 6319  
F +971 (A) 429 6319  
M +971 (56) 683 2887 (UAE)  
M +966 55 546 8509 (Saudi)  
E [redacted]

<http://nextlevel.gehealthcare.com/>

Building 18  
Dubai Internet City  
PO Box 11549  
Dubai, UAE

exempt from disclosure under applicable law. If you have received this message in error, or are not named recipient, please immediately notify the sender and delete this e-mail message from your computer. Thank you.

From: SB  
Sent: Saturday, March 24, 2012 11:32 AM  
To: FG Healthcare  
Cc: Habib, Khaled (Healthcare); RH, TA  
Subject: Re: eComp % Changes - Bernardino Team (UAE)

Dear All,

I understand your concerns here. We changed the benchmark for the consultant team after the planning.

F

Can you work with Tariq today and see if any change is required? We still need to stay close to the EOP budgets.

I suggest you sent your change proposals to me today so that i can check and see if we can accomodate it.

Kind Regards,

S

Sent from my iPad

On Mar 24, 2012, at 8:08 AM, "Ghantous, Fida (GE Healthcare)" <Fida.Ghantous@ge.com> wrote:

S

Khaled and I just had a conversation around this and I need to speak to you and understand the logic behind the decision making. Given the communication deadline on EOP, you and I need to discuss this ASAP.

Thank you,

F

FG

Managing Principal

Performance Solutions

**From:** Habib, Khaled  
**Sent:** Saturday, March 24, 2012 06:59 AM  
**To:** FG  
**Subject:** Re: eComp % Changes - Bernardino Team (UAE)

F.  
I recall we had a long discussion and I sent you a detailed response confirming the basis on which the change was made, I am not aware of any other basis other than what we applied, and just to confirm, all communication from EAGM and global compensation made it clear that

managers provide recommendations and the final figures are reviewed and amended( if needed) by HR. I am also copying Seren to provide her insights here. But in all cases please be sure that we HR has done the homework exactly as per our guidelines.

Khaled

---

From: FG  
Sent: Saturday, March 24, 2012 06:55 AM  
To: KH, RH  
Subject: RE: eComp % Changes - Bernardino Team (UAE)

R.

Thanks to advise availability tomorrow.

Khaled - If the basis of the changes made by R are no longer valid then we need to adjust. It is not fair on the employee that the homework was not done properly and that HR took a unilateral decision to make the change without discussing it with the P&L leader.

F

**From:** RH  
**Sent:** Tuesday, June 26, 2012 1:11 PM  
**To:** Habib, Khaled  
**Subject:** FW: eComp % Changes - FA Team (UAE)

**From:** FA (GE Healthcare)  
**Sent:** Wednesday, February 29, 2012 5:55 PM  
**To:** Habib, Khaled (GE Healthcare)  
**Cc:** RH (GE Healthcare); Oriandi Contucci, Livio (GE Healthcare)  
**Subject:** RE: eComp % Changes - FA Team (UAE)

Thank you , I am fine with changes , all my team plans were discussed with Livio before I apply them.

Regards

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**From:** Habib, Khaled  
**Sent:** Wednesday, February 29, 2012 12:43 PM  
**To:** FA  
**Cc:** RH  
**Subject:** FW: eComp % Changes - FA Team (UAE)

Dear

Thanks for the feedback below, however I am a bit surprised, since we have made clear communication about the guidelines and the rationale and we have run several sessions to ensure all our managers are fully aware of the model. To confirm once again, there are specific criteria taken into consideration, for development needed cases the increase ranges between 0 to 3, so the 3% is not the average (as we made clear during the eComp training sessions), it is the maximum, and it would never work to give a development needed employee a higher percentage than the maximum, rather a very robust development plan needs to be developed and quick action sought to ensure the employee returns to acceptable performance level. Another thing to confirm , is that the market data is based on the internal and external benchmarking and job grading exercise which is verified across all GEHC world and across similar companies/businesses. The VCP practices differ from 1 business to the other, and we are working on it separately, but I can assure you GE maintains a healthy position in the market, as per many interviews and

**From:** RH  
**Sent:** Tuesday, February 28, 2012 4:46 PM  
**To:** Habib, Khale  
**Subject:** FW: eComp % Changes - FA Team (UAE)

Just on FYI

RH

**From:** FA (GE Healthcare)  
**Sent:** Tuesday, February 28, 2012 4:33 PM  
**To:** RH (GE Healthcare)  
**Subject:** Re: eComp % Changes - FA Team (UAE)

Dear R

I am fine with your suggestions as an HR point view

However if we start losing people then I am not responsible

I don't know who run market price analysis but in a growing region like ME in healthcare we see companies give a 1% of VCP of sales or orders

cross-checking bench mark exercises we handle. On the other hand, George is getting the whole maximum 3% although he is already 15 % above the market, and as usually we would be very cautious when increasing salaries for employees above 1.1 from the market average, which means we have gone an extra mile here with George. I hope this makes it clear for you, I am available if you would like to discuss further..

Full Name	Manager	Position Title	Planned Overall Rating	Original Increase Percent
GJ	FA	Advanced Applications Specialist - CT, Saudi Arabia	Development Needed - V2P3	4%

Khaled Habib  
HR Director- Middle East & Pakistan



I am telling u we will start seeing people leaving.

Regards

F

**From:** RH (GE Healthcare)  
**Sent:** Tuesday, February 28, 2012 01:26 PM  
**To:** FA (GE Healthcare)  
**Cc:** RH (GE Healthcare)  
**Subject:** eComp % Changes - [redacted] Team (UAE)

Dear [redacted]

Kindly note that we are obliged to make some fine-tuning and changes, based on our comprehensive internal analysis, and based on the set criteria for increases which was shared during our awareness sessions. The criteria and rationale for changes done were based on the following:

- Cases where the employee's current salary was already higher than the market average/benchmark
- Cases where employees are too new to rate or started late in the year 2011
- Cases where employees have been promoted to another position later in 2011, hence their salaries took into consideration the 2012 market ranges
- Cases where employees are given the maximum increase as per guidelines (example for an excellent rate the maximum payment would be 9% however the increase should be ranging between 6.5% to 9%)

Accordingly, below are the employees in your team who were amended. If you have any questions please don't hesitate to contact me or stop by my office.

Global id	Full Name	DHR Organization Name	Manager	Position Title	Work Location Country Name	Planned Over
100042807	GJ	HCS-CT-EMEA EAGM-Commercial-ME	FA	Advanced Applications Specialist - CT, Saudi Arabia	United Arab Emirates	Development N V2P3

Thank you,

RH

Human Resources Manager, Gulf & Levant

Tel: 00971 4 4546654

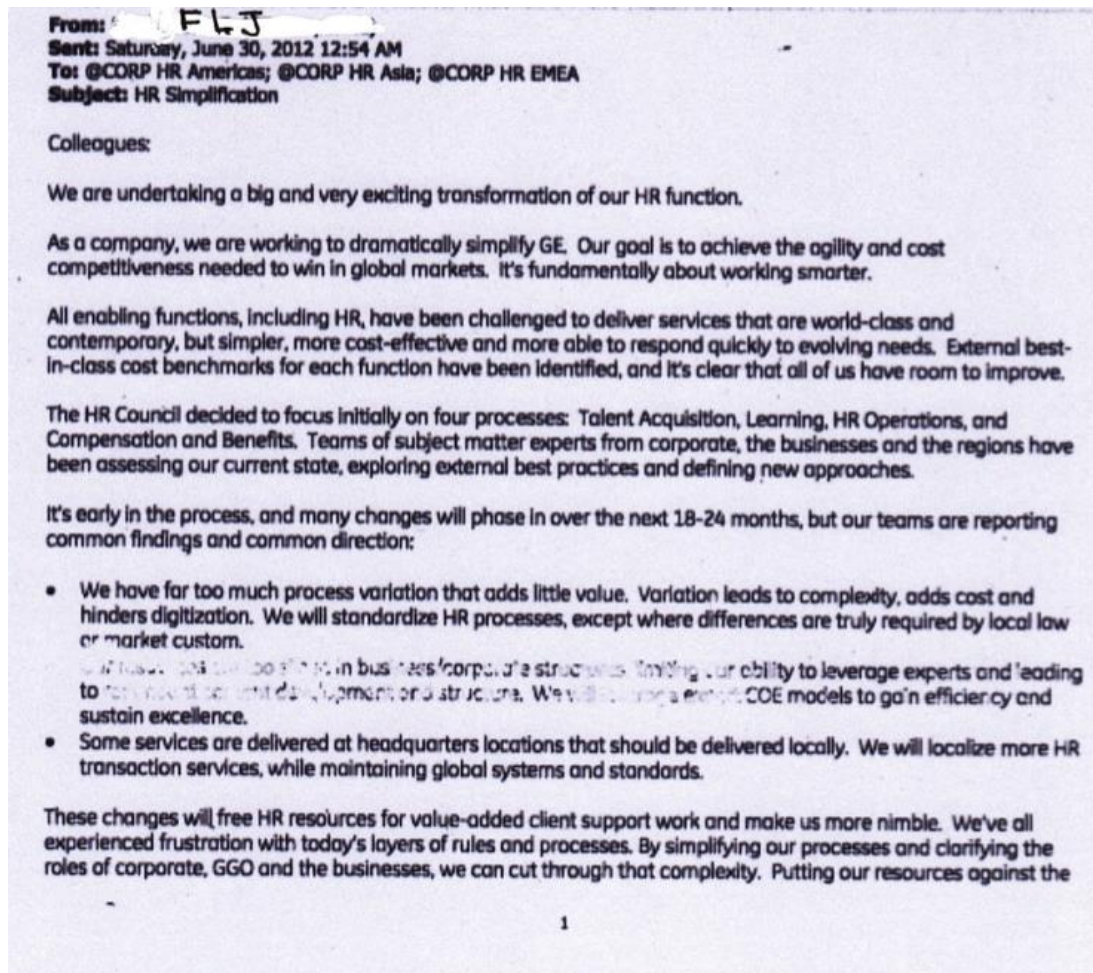
Mob: 00971 56 6836936

Building #18, Knowledge village  
Dubai Internet City  
PO Box 11549

- An example of headcount justification. The approval system involved several functions locally and globally, which delayed the actual approvals.

<b>Head Count Justification – No COS no.</b>			
Position	Gulf Sales Manager	Reporting to	ME Sales Manager
Function/Modality	Sales / Multi-modality	Country - LCT	U.A.E.
Does the Position already exist {same modality/LCT/coverage}yes/no?	No	How many similar incumbents	0
Number of headcounts requested	1		
Coverage { Products/ Territory/ Customers/Key Accounts }	U.A.E./Kuwait/Qatar/Oman/Bahrain/Yemen		
Why can't current incumbents do the job	This is a replacement of Mohd Mishmish who is moving to Ultrasound and there is no one from the current team who can do the job		
Return on Investment in orders if recruited{Financial Impact}	\$ 16.1 million	By when {Q2-3-4?}	Regular flow
Return on Investment in sales/revenue if recruited{Financial Impact}	\$ 15.4 million	By when {Q2-3-4?}	Regular flow
Impact on Business If HC is rejected{please specify in figures if direct financial impact on committed targets, both orders and sales/revenues}	All our Gulf numbers mentioned above will be at risk as there will be no one to prepare quotations, margin analysis and check orders		
Final Comments {any other non-financial impact; reputation, contractual obligations, service issues, etc..}	In LCS the Sales manager handles all day to day business and manages all distributors in his area.		
Regional Director Comments			

- A Special message from global Human Resources, trying to position the addition of another separate corporate function as a supporting element. The new model would take away responsibilities and authorities from the business and move it to corporate.



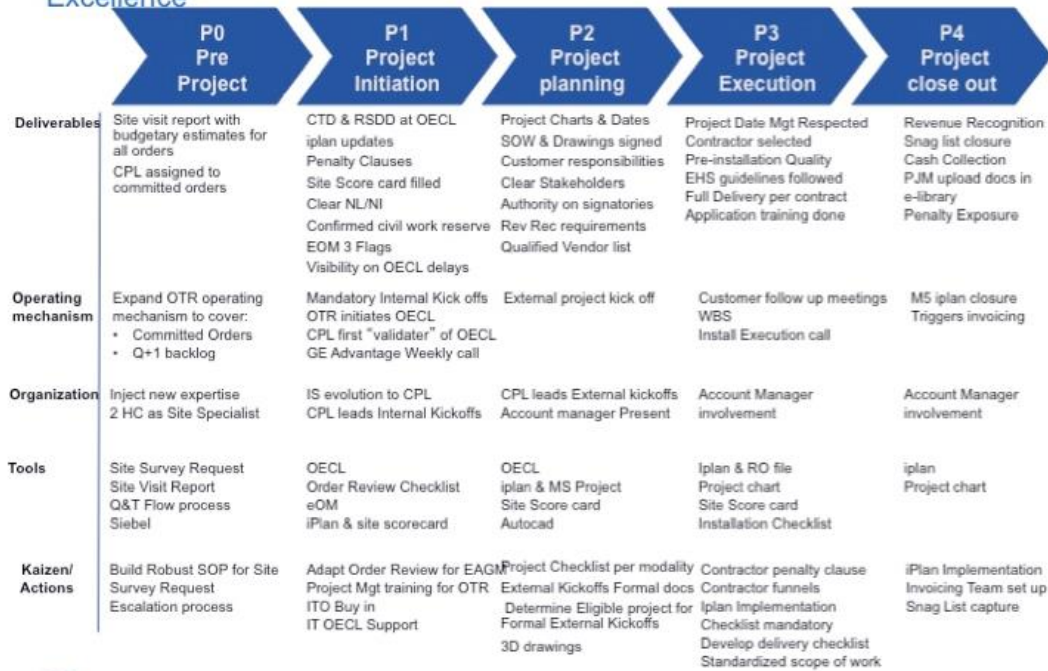
## **8. Internal Business Presentations/ ODI Examples:**

Following is a sample of 2 attempts to develop an ODI. The first came in response to continuous problems facing the specific function responsible for delivering the contracts, however suffering from the lack of authority and inability to force decisions among the different parties involved. The model was developed by the researcher and shared then endorsed by the business. The second addressed the challenge in reaching decisions when going to the market and approaching clients where business was lost due to multiple parties and decision makers involved.

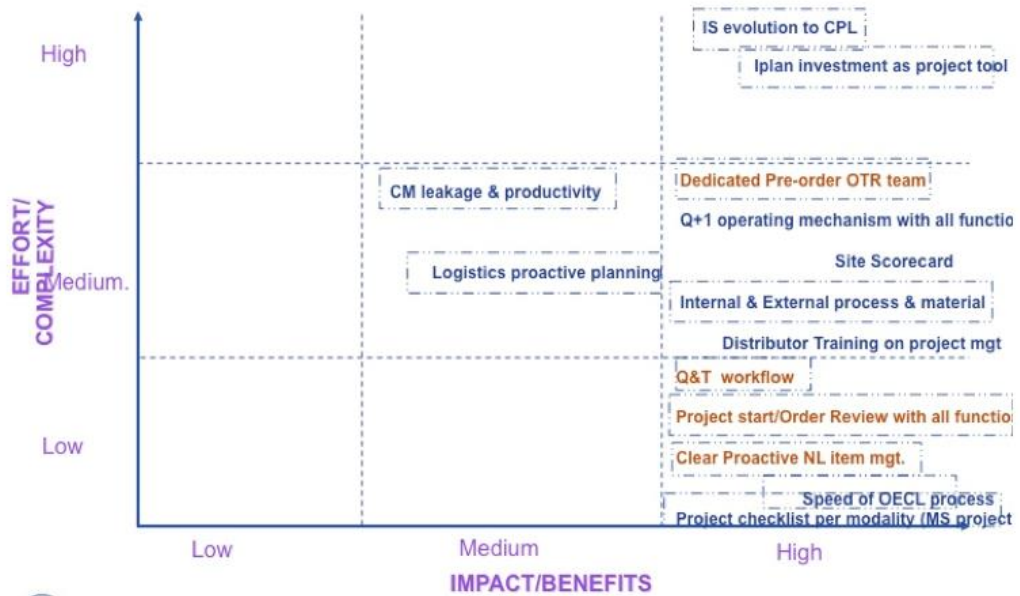
# OTR TOP 5 Areas in 2012

- ✓ **Pre-order review** ... how to ensure 100% of quotes are done with OTR inputs
- ✓ **Project execution kick off** ... formalized & cross functional order review
- ✓ **HCS Sales forecast** ... standardized & robust process across regions
- ✓ **Project Management** ... clarify Roles & Responsibilities, standardize Operating Procedures (SOPs)
- ✓ **NL items management** ... provide sourcing and procurement solutions to regions

## OTR Middle East Back to basics... Roadmap to Execution Excellence



## ME OPERATIONS Kaizen Priority (from staff meeting)



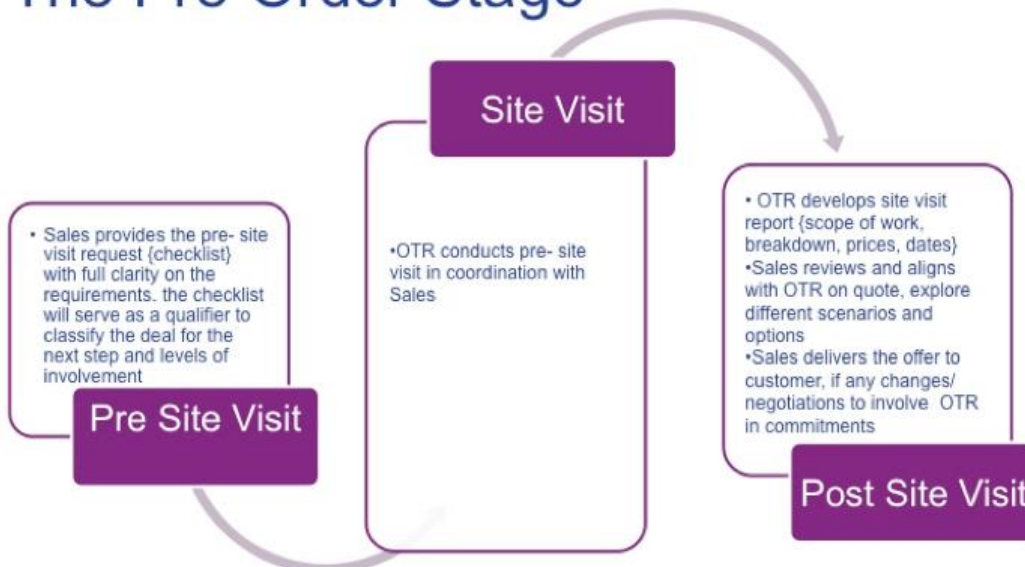
# OTR Workflow Enhancement

ME Leadership Team  
Workout  
Beirut 2012

# ME leadership workout session Beirut April 2012 Scope: OTR Execution

The following is the outcome of a fruitful brainstorming session, where the ME leadership team agreed and confirmed their commitments to enhancements in the process mapping and workflow for all OTR activities, with the aim of removing all obstacles and significantly improving productivity and quality delivery of all projects at optimum cost and time

## The Pre-Order Stage



Owner : Sales/Account Manager



## Next Steps-Commitments

Action	Owner	Comments
Develop the pre-site visit checklist/brief	Feras	Serves as a classification tool that will decide level of involvement from OTR and need to visit site
Explore potential scenario development training/ workshop	Feras-Khaled	In addition to exploring competence gaps and development needs for the OTR team
Potential Bonus / Incentive Scheme for OTR team	Feras-Khaled	Coordinate with Comp. & Ben. Team

5  
ber  
11/13

## Order Review meeting: First step in project Kickoff

Issue	Brief	Comments
Owner	OTR	
Participants	Account manager, modality manager, Installation Spec., PJM, Service, Finance	Feras to develop the segmentation criteria/ threshold That will determine eligibility for an order review
Outcomes	Agree on specific roles, steps, timelines, issues to look out for	Identify bottle necks, actions needed to address
Timeline	Agree on Customer request date and project milestones	
Timing	To be linked with QMI timing	

# One GEHC- Road to Perfection

## The Operating Multi-Modality Mechanism developed for The Gulf Zone

October 2011

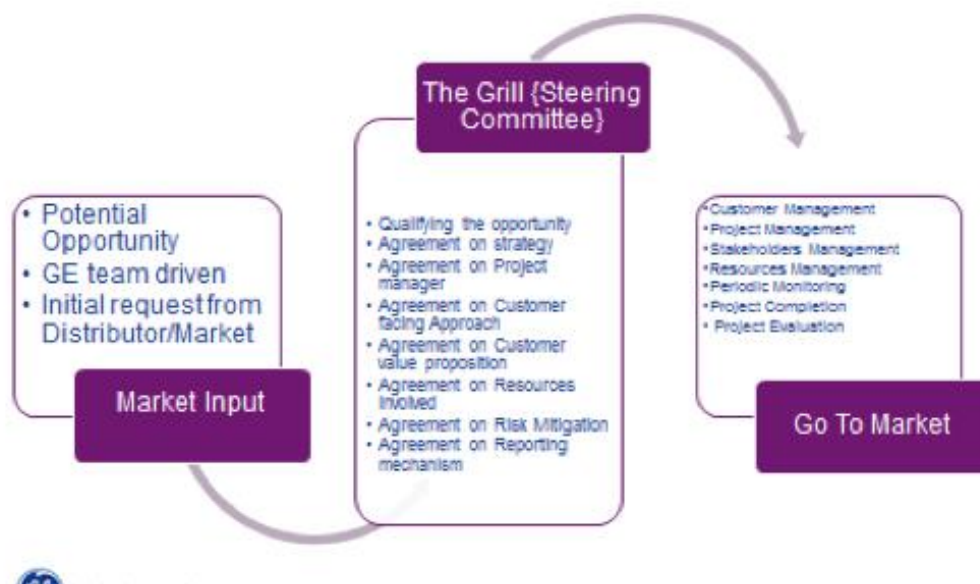
### Background

1. Increasing market competition that requires a more integrated approach
2. Growing market trend of turn-key and comprehensive deals
3. Negative feedback from customers as regards having too many GE representatives
4. Mixed messages concerning performance levels from GE employees versus distributors
5. Obvious lack of communication and cooperation between our different modality and business representatives when approaching customers

## Objectives

1. Create a dynamic operating mechanism that ensures an effective aligned approach when going to the market
2. Maximizing the volume and value of potential business deals secured through the integrated approach
3. Ensuring a flexible customer-oriented strategy is developed and applied in every potential *{Qualified}* deal
4. Fully utilizing the capabilities and strength points of every GE representative { both internal and external}
5. Ensure a robust management, evaluative and corrective mechanism is consistently applied

## The Framework



## How It works-

- Criteria for qualifying the Opportunity:
  1. Size of the deal: not less than 1 million dollars
  2. Multi-modality/ P&L: minimum 2 P&Ls
  3. Customer Past Performance
- Criteria for Project Owner/Manager and customer facing party Selection:
  1. Validated prior commitment
  2. Validated customer preference
  3. Validated customer access
  4. More prevailing modality/ P&L
- Decision Rules:
  1. Decision based on joint open discussions
  2. Once opportunity is identified and template sent to team, members should communicate directly to David Mezher (Zone Manager), if any preference exists
  3. David will recommend the optimum option for the project, in case there are any concerns, David will call for a committee meeting to discuss the opportunity in full and agree on a final decision
  4. In case the team fails to reach one decision, David will take the final decision as regards the project manager and the customer facing approach

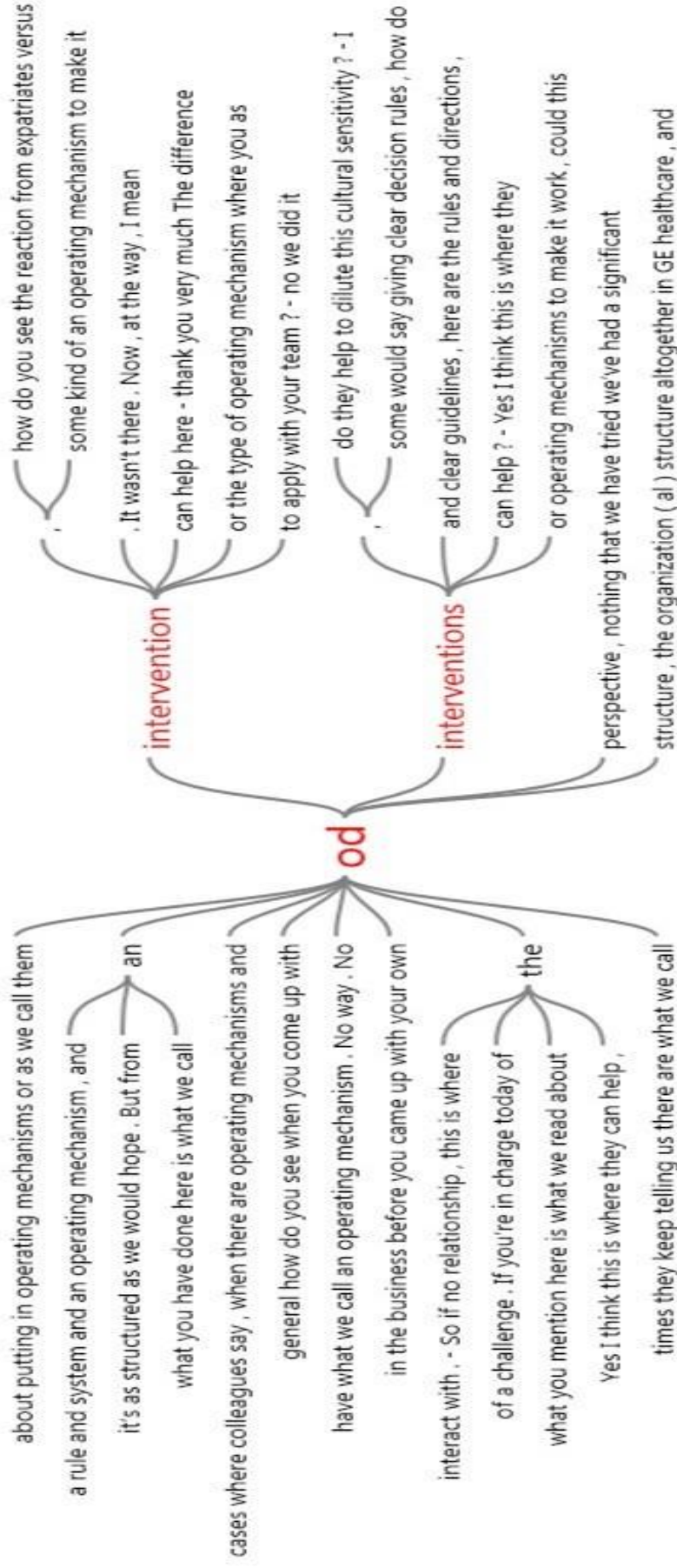
## Market Opportunity Template{Initial Draft}

Customer		Type of Business	
Main Contact Person		Title	
Customer Preference		Historical business with customer	
Deal Breakdown (Products-quantities)		Special conditions/ Constraints	
P&Ls Involved in the deal		Potential Size of the deal	
Source of Potential opportunity			
Any initial proposal for go to market approach			
Justification for proposal			
Final Decision			
Follow Up mechanism			

## **9. Variables/Word Tree Associations (Nvivo Samples):**

Following is a sample of the specific word tree associations as repeated in the interviews (Nvivo outcome), a partial sample for the word (OD Intervention). The same exists for all either key words as per the coding and categories model; however the word selected allows to display the outcome, while other words and expressions which were repeated more frequently are difficult to display in a word document.

## OD Intervention - Results Preview



## 10. Variables/Word References from Interviews (Nvivo Samples):

Below is a sample of the specific word references as repeated in the interviews (Nvivo outcome), a partial sample for the word (Decision). The same exists for all either key words as per the coding and categories model.

<Internals\A.Y.> - § 7 references coded [0.46% Coverage]

Reference 1 - 0.07% Coverage

day basis in terms of decision making, reporting, accounting, but overall

Reference 2 - 0.07% Coverage

us to make a right decision.

In Iraq as you know

Reference 3 - 0.07% Coverage

the matrix had the clear decision to do this. Tell me

Reference 4 - 0.07% Coverage

place it's not an easy decision for the line manager.

Nobody

Reference 5 - 0.07% Coverage

because of the lack of decision rules, it gives them the

Reference 6 - 0.07% Coverage

of wide space area, no decision rules, a lot of vagueness

Reference 7 - 0.07% Coverage

more of an operating mechanism, decision rules, less layers, less complexity

<Internals\A.S.> - § 3 references coded [0.16% Coverage]

Reference 1 - 0.05% Coverage

was no clear model or decision role, who was responsible or



Reference 2 - 0.05% Coverage

that there are no clear decision rules, and you're telling me

Reference 3 - 0.05% Coverage

work that they reach the decision and they take the action

<Internals\A.> - § 7 references coded [0.25% Coverage]

Reference 1 - 0.04% Coverage

you can make your own decision, they're measured on net income

Reference 2 - 0.04% Coverage

conflict there is no clear decision rule, how the decision is

Reference 3 - 0.04% Coverage

clear decision rule, how the decision is gonna be taken?

Reference 4 - 0.04% Coverage

is the CEO be the decision maker, again he sets the

Reference 5 - 0.04% Coverage

you need to make a decision. But building consensus and convincing

Reference 6 - 0.04% Coverage

the world changes dramatically, your decision making process has to adapt

Reference 7 - 0.04% Coverage

the matrix stops and the decision making has to move on

<Internals\B.J.> - § 13 references coded [0.93% Coverage]

Reference 1 - 0.08% Coverage

- no clear authority, to take decisions on a local level, for

Reference 2 - 0.07% Coverage

- UK and all. So some decision which could be taken in

Reference 3 - 0.07% Coverage

- multiple people to take the decision, so nobody has the full

Reference 4 - 0.07% Coverage

- clear, there were/are no decision rules, right? So how did

Reference 5 - 0.08% Coverage

- have the authority to take decisions. Now, For example, the Abu

Reference 6 - 0.08% Coverage

- are issues here that need decisions, tell me about this.

Reference 7 - 0.07% Coverage

- been escalated and a clear decision rule is there, so it's

Reference 8 - 0.07% Coverage

- it's not really a matrix decision it's gonna be... If you

Reference 9 - 0.07% Coverage

- Would it be more like decision rules or more... or is

Reference 10 - 0.08% Coverage

- level employees are not taking decisions. For each and every small

Reference 11 - 0.07% Coverage

- For each and every small decision if it has to go

Reference 12 - 0.08% Coverage

- the authority to take appropriate decisions and is held accountable for

Reference 13 - 0.08% Coverage

- is held accountable for the decisions he make.
- Okay, okay, beautiful

<Internals\C.> - § 8 references coded [0.42% Coverage]

Reference 1 - 0.05% Coverage

and no body has the decision there.

Reference 2 - 0.06% Coverage

people are not moving, or decisions are not being made, it

Reference 3 - 0.05% Coverage

cases you don't have the decision there?

Reference 4 - 0.05% Coverage

if they will accept his decision, however he knows where I

Reference 5 - 0.05% Coverage

so he can base his decision, completely understanding my perspective.

Reference 6 - 0.06% Coverage

materialized maybe faster, reaching the decisions faster, getting what you want

Reference 7 - 0.05% Coverage

know then they don't make decision that's beneficial for them of

Reference 8 - 0.05% Coverage

Would it be like clear decision rules for example or something

<Internals\C.J.> - § 13 references coded [0.70% Coverage]

Reference 1 - 0.05% Coverage

- model where people like, the decision is...
- Very much a pyramid

Reference 2 - 0.05% Coverage

- that there is no clear decision rules, for example? Or where

Reference 3 - 0.05% Coverage

- would think, would make the decision, turn to (jellow) when the

Reference 4 - 0.05% Coverage

- turn to (jellow) when the decision (hits), excuse me, and they

Reference 5 - 0.05% Coverage

- me, when I make a decision, I stand behind my business

### 11. Variables/Words Frequency Pattern (Nvivo Samples):

The following provides a sample of the word frequency as displayed by Nvivo, for every code/ category within the research, specifying the frequency of repetition by every interviewee, which was consequently analyzed and linked to roles, functions, and seniority level and cultural background. The sample partially covers the word (personal), however there are similar samples for all codes and categories

