

VIVE LA RÉSISTANCE: EXAMINING THE RELATIONSHIP BETWEEN
RESISTANCE AND MANAGEMENT INNOVATION

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ABSTRACT

This research examines the development of management innovation (MI) through resistance encountered in international settings. MI literature is at an embryonic stage and has been missing from the international business discipline even though it has been shown to be a sustainable competitive advantage for firms. This leads to the overarching research questions for this study: How is MI developed in international organizations? The underlying theoretical foundation is based on hybridization, which proposes mixing organizational climate and local culture creates mimicry and resistance. Resistance can be seen in adaptations of policies, practices, and procedures, also known as organizational climate. The initial study links the outcome of hybridization to the current MI process model. The second study delves into the attributes associated with resistance being converted to MI. These empirical studies show MI being created through resistance in international settings and lay the groundwork for additional discoveries.

The methodological approach for these studies is nontraditional. The first study was a qualitative deductive case study with analysis including a priori coding, thematic analysis, and pattern matching. The results supported the proposition that resistance, through hybridization, can create MI in international organizations. Building on the initial findings, the second study used fuzzy-set qualitative comparative analysis (fsQCA), which goes beyond linear regression analysis, to identify combinations of attributes that result in MI. Theoretical cues from innovation and cross-cultural literature were referenced to select relevant conditions. The study setting was not a private firm but instead the U.S. Department of State (DOS). The data was composed of reports

generated through qualitative methods by the Office of Inspector General (OIG) at 15 large embassies and consulates. This unique data source provides plethora of rich context and a glimpse into the black box of resistance.

The results of both findings contribute to the fledgling MI literature and create additional interdisciplinary research avenues. The theoretical contribution extends hybridization theory beyond simplistic outcomes of mimicry and resistance and further links it to the MI process and the creation model. This study also contributes to methodology literature since the methods of both studies are still scarce in business studies. The empirical findings build on proposed theories and bolster the methodological approaches.

Practitioners will also find the results useful and operational. These findings support shifting the view of resistance as merely tolerated or as an obstacle to overcome, to a possible competitive advantage in developing MI. The overarching goal is to encourage a renewed look at resistance so that scholars and managers will embrace the forgotten view of “Vive la Résistance.”

Key Words: Resistance, Management Innovation, Hybridization, fsQCA, Deductive

DEDICATION

This manuscript is dedicated to my
ever-supportive husband, Darya Chehrezad,
my amazing children, Kayla, Gabriela, and Owen,
and a beloved mentor gone too soon,

Kevin Fandl.

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1. INTRODUCTION

The disruptive power of new technologies has drastically changed the global business landscape with some dubbing it “The Forth Industrial Revolution” (Schwab, 2016). A stable economic framework has been upended with changes in how and where money is made, customer and employee demographic makeup, and skills workers need to succeed (Roy, 2019; Schulze, 2019). Couple these disruptions with the globalized trend of increased flows of trade, capital, information, and people (Donnan & Leatherby, 2019; Ghemawat & Altman, 2019) and the opportunities seem endless. But like any other revolution, the opportunities come with risks, one of which is for multinational enterprises (MNEs) to effectively manage across cultures and borders. How managers are adapting to meet diverse cultural expectations and where those changes are created are two questions yet to be fully addressed by scholars and practitioners.

The motivation for this research stems from the reality that firms operate differently in different countries. The differences may be positive or negative, but adaptations cannot be avoided as you cross borders and cultures. While this phenomenon is recognized and accepted by scholars and practitioners, there is still a gap in understanding how adaptations are created. This research proposes that adaptations are created when local cultures interact with organizational climates. In the literature, hybridization theory presents the interaction of local cultures and organizational climate as creating mimicry and resistance (Bhabha, 1994). The effects of resistance can be seen as noncompliance or adaptations to organizational policies and procedures. What has been missing is a focus

on the development of adaptations. This research aims to reframe adaptations from something that is simply tolerated to the possibility of developing management innovation (MI). This conceptual approach is truly interdisciplinary as it relies on cross-cultural, organizational climate, hybridization, and MI literature.

A fundamental premise of this research is that a mismatch between local cultural values and organizational policies and procedures is a strong enough force that employees may resist simple adoption and instead create new ways of work. While some of these new ways of work may not be accepted by the parent organization, those that are, usually result in incremental operational improvements. Because these changes are new to the organization and improve overall performance, they meet the definition of MI. MI is distinct from product innovations because it does not create tangible things but instead alters the organization's internal operations (Birkinshaw, Julian et al., 2008; Khosravi et al., 2019). MI is not only hard to study, given its intangible nature, it is also hard to replicate, making it a source of competitive advantages (Hamel, 2006; Mol & Birkinshaw, 2009). Due to this benefit, it is surprising that MI has not received more attention from scholars or practitioners, an oversight this study hopes to remedy.

Local culture has been part of the international business lexicon for decades. It is recognized as having a strong influence on organizational performance, yet, exactly how to measure local culture and the strength of its impact is still up for debate (Beugelsdijk et al., 2015; Rinne et al., 2012; Tung & Verbeke, 2010). This fact points to a complex causal relationship, which requires holistic data analysis. Therefore, this study used both

a qualitative deductive and mixed methods case study approach. The initial study used a priori coding, thematic analysis, and pattern matching to test the proposition to ensure rigor, reliability, and validity. The use of fuzzy set qualitative comparative analysis (fsQCA) in the second study combines qualitative and quantitative methods into a single instrument (Ragin, 2000). This approach moves from a variable-centered method to a set orientation where configurations and diverse levels of membership illuminate causal combinations of attributes (Ragin, 2000). fsQCA is particularly applicable when studying cultural phenomena, in case studies, and when there is a small to medium N (Ragin, 2000). This study has an N of 15, with only large overseas locations being included.

Organizational climate generally refers to the policies, practices, and procedures an organization adopts and rewards (Schneider, B. et al., 2013). It is through organizational climate that firms create the expectations for employee behavior. A strong climate is more structured and controlled, while a weaker climate is more open and flexible (Schneider et al., 2013). Each type of climate has benefits and drawbacks; however, open climates have been shown to be positively related to product innovativeness (Henry, 2001; Mutonyi et al., 2020; Schake, 2012; Thiruvankadam & Kumar, 2018). This research used the U.S. Department of State (DOS) as its study setting, which tends to have a very strong climate. While that might be seen as a challenge, the finding that MI is created at DOS suggests other organizations, with more open climates, may have an even easier time cultivating MI. Additional benefits of using DOS include their expansive reach across the globe and the transparency into their management operations through public reports by the Office of Inspector General (OIG). The OIG reviews embassies and

consulates for incidents of noncompliance (i.e., resistance), which serve as the data for this research. The OIG uses consistent investigation techniques that align with qualitative study methods, further adding to the rigor of this work. Lastly, there is ample data to analyze. Between 2015 and 2020, the OIG conducted 93 inspections; however, this research focused on the largest locations, leading to 15 countries.

The literature review provides a brief overview of the historical progression of management, cross-cultural, and organizational climate disciplines to showcase the similarities between the epistemological and ontological changes. The historical perspective shows the need for interdisciplinary and complex modeling to better understand the phenomenon. Additional detail is provided for MI, hybridization, and the organizational climate at the DOS. The initial study provides support for the overall premise of the research. The findings point to MI being created from resistance in international settings. The second study is a deep dive into the diverse pathways for resistance to create MI. The results provide additional insight into cultural and economic development combinations which facilitate or hinder MI development.

The overarching contributions of this research are threefold: 1) addressing literature gaps, 2) making methodological advancement, and 3) providing practical applications. The largest literature gap within the study discipline areas lies with MI. Overall, MI research is at an embryonic state, but the lack of international perspectives is the most overlooked. Scholars have proposed a link between MI and large international organizations but calls for cross-border research have thus far gone unanswered (Mol & Birkinshaw, 2010;

2014). Within the MI literature, the first study provides empirical support for adding organizational climate and local culture as antecedents to the current MI model. This study also utilized a scantily used method of a deductive qualitative approach. While the method is supported in the literature (Pearse, 2019; Sinkovics, 2018), this empirical study contributes to the emergent literature.

With the addition of organizational climate and local culture to the MI model, the complexity of MI creation also increases. For a more holistic approach, another novel method was employed for the second study. Qualitative Comparative Analysis (QCA) is a mixed method with a set theoretical underpinning and can be applied to dichotic and continuous variables through fuzzy-set QCA (fsQCA). While fsQCA is gaining steam as a mixed-method approach (Fiss, 2007; Misangyi et al., 2017), this research adds to the scant literature using this methodology.

Finally, this study hopes to provide practitioners with a renewed look at resistance and adaptation as one way to identify and capitalize on MI being created within their organization. Innovation has dominated the business landscape not only because of its direct financial contributions but also because of its necessity to compete. Peter Drucker's declaration, "Innovate or die!" still holds true and this research points to possible internal sources of MI that are going unnoticed. The outcome from adopting, or at least accepting, MI developed in subsidiary locations has the potential to create sustaining competitive advantages. While this research contributes greatly to the

theoretical and methodological research literature, the most important impact may lie with its applicability for practitioners.

2. LITERATURE REVIEW

Studying policies, practices, and procedures facilitating organizational change, competitiveness, and effectiveness is at the core of management studies (Damanpour, 2014; Hamel, 2008; 2011; Mol & Birkinshaw, 2009; Wright et al., 2012); however, this paper also incorporated concepts from organizational climate, and cross-cultural studies. Through the intertwining of these disciplines, a full picture of hybridization and management innovation (MI) can be captured. This literature review will focus on how each discipline has evolved in parallel or as a response to previous work and shifting business needs. Each section will provide basic definitions of terms and concepts followed by a thematic overview of each discipline.

Researchers have utilized various methods, paradigms, and analysis levels to create theories and practical applications for international management, culture, and climate studies. Given that the primary goal of this study is not an in-depth theoretical review of each discipline, the literature review will apply Gunther McGrath's (2014) framework of execution, expertise, and empathy eras to each field. Management, organizational climate, and cultural studies have followed similar and often overlapping paths of development. In each of the early stages, the execution era, there is a focus on binary relationships, tool development, and effectiveness. As organizations and industries grow, the focus shifts towards efficiencies, specialization, and consistency moves to the expertise era until finally leading to the empathy era recognizing the interconnectedness, recombination, and dynamic relationships of today's complex world.

Management Studies

Early management studies comprising the execution era, also known as ‘Classical Management,’ gained steam during the industrial revolution and lasted through the 1940s (Gunther McGrath, 2014; Pindur et al., 1995). Before that time, management was only seen as part of the military or religious organizations and not directly tied to business (Pindur et al., 1995). Organizations began growing, which increased complexity and brought about the need for professional management. The U.S. opened its first institution dedicated to higher education in management in 1881, the Wharton School, followed by other schools and Harvard Business Review in 1922 (Gunther McGrath, 2014). During this period, many of the foundational management concepts were developed and continue to be used today. The theories developed in this era can be divided into two schools of thought. The first viewed employees as individuals as part of “scientific management” while the second addressed the entire organization through ‘administrative management’ (Pindur et al., 1995). Both conceptualized an organization as a ‘machine’ with goals of optimizing outputs generated from specific inputs by focusing on mass production, specialization of labor, standardized processes, consistency and quality of production, and predictability (Gunther McGrath, 2014).

Robert Owen (1813), often seen as the father of modern management, was fundamental in the scientific management arena, as he built upon Watt and Boulton’s basic welfare programs by promoting improvements in working conditions and wages to make factory life more attractive. Frederick Winslow Taylor (1911) developed the theory of labor and management cooperation through shared interest, which was further expanded upon by

his colleague Henry L. Gantt's (1919) system of bonus incentives for work completion (Pindur et al., 1995). While these scholars primarily focused on individuals, administrative management took a more holistic approach (Pindur et al., 1995). Henry Fayol (1949) introduced the concept of universal management functions, which was further developed by Luther Gulick (1937) with his seminal work in developing POSDCORB: planning, organizing, staffing, directing, coordinating, reporting, and budget (Pindur et al., 1995). Gulick agreed with Mark Weber's (1947) hierarchical design of the workplace and structured accountability, both of which were built upon by Lyndall Urwick's (1943) focus on structured management and functions of executives (Pindur et al., 1995). While many others also contributed to management theory during this time, the focus continued to emphasize efficiency, lack of variation, consistency, and predictability as domestically focused firms faced limited competition and continued to expand (Gunther McGrath, 2014).

The limited views of employees as tools to be utilized within the organization and those workers were solely incentivized by income held until firms became more complex (Pindur et al., 1995), ushering in the new era of expertise in the mid-twentieth century (Gunther McGrath, 2014). This period saw an increase in cross-discipline theory development from sociology, psychology, and statistics, which led to a behavior management trend and the emergence of human resources and organizational behavior (Gunther McGrath, 2014; Pindur et al., 1995). Mary Parker Follett (1941) was one of the first to move from studying individual actions to group behaviors with a focus on conflicts, while at the same time, Elton Mayo (1933) and Fritz Roethlisberger (1939)

discovered internal dynamics with relationships between superiors, subordinates, and peers (Pindur et al., 1995). As the focus shifted from individuals to groups, the measurements also shifted towards qualitative methods as science-based approaches led to the development of Six Sigma, the “waterfall method of software development, reengineering, etc. (Gunther McGrath, 2014; Pindur et al., 1995).

The numerous theory advancements of this period started shifting from viewing organizations as machines towards the management of ‘knowledge work’ named by Peter Drucker (1954), one of the first to achieve guru level in management (Gunther McGrath, 2014). The new focus emphasized motivation and engagement of workers first proposed through Abraham Maslow’s (1958) hierarchy of needs and further expanded by Douglas McGregor (Pindur et al., 1995). McGregor’s (1960) theory X first proposed managers had to coerce, control, or threaten employees, while later his theory Y suggested people were mature and could be responsible, especially when their basic needs were met, and organizations could focus on providing higher-level social enjoyment (Pindur et al., 1995). From these earlier theories, specialized management fields began to develop, including the process approach, the systems approach, strategic management, the contingency approach, the Japanese management approach, and the excellence approach, which have been integrated as a framework for modern management (Pindur et al., 1995).

A significant contribution during the expertise era was a shift from viewing employees as tools to the recognition of employees as valuable resources. However, this period still could not predict behaviors, and many of the complex systems were not adopted by

managers leading to another shift in emphasis (Gunther McGrath, 2014; Pindur et al., 1995) to what Gunther McGrath coined the era of empathy, stating:

“If organizations existed in the execution era to create scale and in the expertise era to provide advanced services, today many are looking to organizations to create complete and meaningful experiences. I would argue that management has entered a new era of empathy. This quest for empathy extends to customers, certainly, but also changes the nature of the employment contract, and the value proposition for new employees. We are also grappling with widespread dissatisfaction with the institutions that have been built to date, many of which were designed for the business-as-machine era. They are seen as promoting inequality, pursuing profit at the expense of employees and customers, and being run for the benefit of owners of capital, rather than for a broader set of stakeholders. At this level, too, the challenge to management is to act with greater empathy.”

The era of empathy highlights the need to understand the complexities of the new world of work. Globalization and technological gains in communication have exponentially increased the interactions, variables, and possible outcomes managers must balance. The days of viewing management tools as scientific or systematic are fading as leaders yearn for flexible and inclusive management policies, practices, and procedures. This study aims to return to the days of interdisciplinary theory integration to identify and develop MI with contributions from the fields of organizational climate and national culture.

Management Innovation

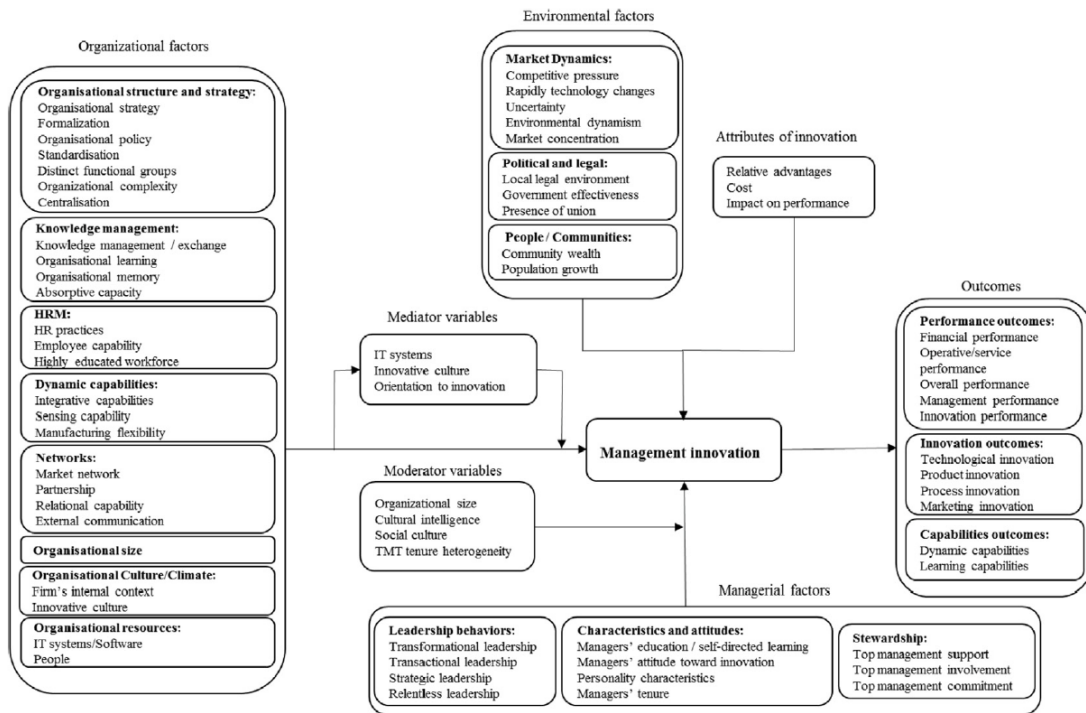
MI is seen as novel ways of managing people and achieving organizational goals.

Examples of state-of-the-art MI date back to the 15th century when double-entry bookkeeping was introduced and the creation of the Limited Liability Company in 1856

(Birkinshaw, J. M. & Mol, 2006; Hamel, 2006). New quality control methods emerged from the manufacturing industry, like the Ford moving assembly line in 1913, Toyota Motor's focus on quality control in 1945, and Motorola's Six Sigma Methodology (Hamel, 2006). Financial control functions have also seen a fair share of innovation by introducing discounted cash-flow analysis, capital budgeting, and activity-based costing (Birkinshaw & Mol, 2006). These innovations were created internally and led to competitive advantages until they were eventually emulated and adopted by other companies. The external diffusion of MI is typically slower than product innovations, which tend to be more tangible and easily copied (Birkinshaw & Mol, 2006; Hamel, 2006). Current literature has identified some preliminary variables, units of analysis, and processes for MI creation.

Khosravi, Newton, and Rezvani's (2019) meta-analysis of MI identified four antecedent categories of MI: (1) organizational, (2) environmental, (3) managerial, and (4) attributes of innovation. They also found three types of outcomes: (1) performance, (2) innovation, and (3) capabilities, but found few studies between the various characteristics (See Figure 1: Management Innovation Model). The unit of analysis varied for each antecedent from individual managers to organizations, industries, and countries. Outcomes were measured by specific management policies or procedures developed to organizational level performance and capabilities. The model also identified resource and capability-based theory and organizational learning as the most applied theoretical frameworks.

Figure 1: Management Innovation Model



Source: Khosravi et. al 2019

One drawback to MI studies is that most businesses do not have a formal mechanism to encourage or capture innovative policies, practices, and procedures (Birkinshaw & Mol, 2006). This has made studying MI difficult and contributed to the process unfolding “despite the system” not because of it (Birkinshaw & Mol, 2006). This challenge may be a reason MI has not been fully embraced by scholars and practitioners.

Organizational Climate

Much academic research has focused on national culture and organizational climate, leading to many definitions and concepts (Glisson, 2007; Schneider, B. et al., 2011; 2013). In academia, organization climate and organization culture studies are somewhat overlapping but are ultimately distinct business phenomena (Glisson, 2007; Schneider, B. et al., 1996; Schneider et al., 2011; 2013). Organizational climate has been accepted as, “the shared perceptions of and the meaning attached to the policies, practices, and procedures employees experience and the behaviors they observe getting rewarded and that are supported and expected Ostroff et al. 2003, Schneider & Reichers 1983 et al.” (Schneider et al., 2011). While organization culture has been defined as, “the shared basic assumptions, values, and beliefs that characterize a setting and are taught to newcomers as the proper way to think and feel, communicated by the myths and stories people tell about how the organization came to be the way it is as it solved problems associated with external adaptation and internal integration” (Schein, 2010; Trice & Beyer, 1984; Zohar & Hofmann, 2012).

Both organizational culture and climate studies are utilized to understand how people experience their work environment, with culture studies focus on intangible values and beliefs, but climate studies assess tangible behaviors needed for specific outcomes (Schneider et al., 2013). The term organizational culture has been more popular with practitioners (Schneider et al., 2011). It has been pushed by consultants to include intangibles like brand and image; however, many studies claiming to discuss organizational culture come closer to examining organizational climate (Fey & Beamish,

2001). This study explored the tangible policies, practices, and procedures implemented in a cross-cultural setting, and therefore adopted Schneider et al., (2013) definition of organizational climate, from now on referred to as climate.

Organizational climate studies date back to the late 1930s with Lewin, Lippitt, and White's (1939) introduction of "social climate" to understand patterns of behavior that emerged between boys and their teachers (Schneider et al., 2011). This concept was applied to business and industry in the 1950s and early 1960s with a very narrow focus on employee morale (Schneider et al., 2011), similar to the execution phase of management. "Managerial Climate" arrived in the 1960s with McGregor's famous Theory X and Theory Y, which focused on the role leaders played on positive and negative employee experiences and was the first link between management and organizational climate (Schneider et al., 2013). What quickly followed was Likert's (1961) four-system typology to pursue organizational effectiveness (Schneider et al., 2011). During this time, climate studies homed in on observable practices that could be compared across organizations (Fey & Beamish, 2001). These were many of the foundational works on climate research during the execution era.

The early concepts of climate were binary in nature (Lauring et al., 2018). The studies focused on employee experiences and how organizational design could influence efficiency without looking at the organization as a full system (Schneider et al., 2011). This led to very general practices and procedures that soon fell short in practice, launching the discipline into the expertise era. What followed was a borage of dimensions

and surveys to measure climate. Some focused on individual data like Payne (1976), Pugh (1966), Forehand (1964), and Gilmer (1964), while others surveyed for organizational level results like Schneider and Bartlett (1968) and Litwin and Stringer (1968) (Schneider et al., 2011). Due to the intricacies, lack of uniformity for measurements, and diverse levels of analysis, organizational culture was not treated as a scientific theory; instead, it was seen as a variable being studied by sociologists and anthropologists (Schneider et al., 2011). Specialized studies of climate concerning overall organizational systems, strategic outcomes, developing product innovation, and topics such as fairness, burnout, ethics, diversity, and many others began popping up in the literature in the late 20th century (Schneider et al., 2011).

In the last 20 years, climate has moved beyond a dichotomy of cultures to one of complexity and interconnectedness. As Schneider et al. (2011) state, “Focusing just on values is not good enough; one must also focus on strategic behavior. Focusing on people is not good enough; one must also focus on important strategic outcomes. Focusing on policies, practices, and procedures is not good enough; one must also focus on socialization, practices, myths, and stories.” And so, climate studies have accompanied management into the era of empathy. Aiding this shift towards a more holistic view of climate has been a new approach to international business. This era shows MNE subsidiary-specific advantages (SSA) being combined with firm-specific advantages (FSA) and influenced by country-specific advantages (CSA) (Mudambi, 2018; Rugman & Verbeke, 2001) to create value and innovation. Many argue that subsidiaries can create knowledge leading to value creation within a global supply chain (Balogun et al., 2011;

Beaumont et al., 2016; Gonzalez & Chakraborty, 2014; Rugman & Verbeke, 2001). The interconnection between country, firm, and subsidiary advantages show the need to embrace a dynamic approach and move away from binary views of climate.

DOS Climate

With a \$40 billion-dollar annual budget, nearly 70,000 employees globally, and 250 overseas locations in 168 countries, the US Department of State (DOS) has an international footprint rivaled by few other organizations (*Global Diplomacy Index*. 2020; *A U.S. Embassy at Work*. 2020). For the past 40 years, DOS has been pushed to operate in a more business-like fashion and has adopted a hierarchical structure, service functionality, and management practices that overlap with many private management best practices. While often seen as bureaucratic, DOS has comprehensive guidance for employees in the form of the FAM (Foreign Affairs Manual¹). This resource serves as a repository of employee guidelines (i.e., employee handbook), standard operating procedures (SOP), and general policies. In this sense, DOS has followed NPM literature guidance by developing performance management and measurement systems, emphasizing a robust organizational climate, and focusing on high-quality management and leadership (Diefenbach, 2009). All of which has led to a more business-like environment and expectations from DOS staff and stakeholders, and a strong organizational climate.

¹ The Foreign Affairs Manual (FAM) and associated Handbooks (FAHs) are a single, comprehensive, and authoritative source for the Department's organization structures, policies, and procedures that govern the operations of the State Department, the Foreign Service and, when applicable, other federal agencies. The FAM (generally policy) and the FAHs (generally procedures) together convey codified information to Department staff and contractors so they can carry out their responsibilities in accordance with statutory, executive and Department mandates (Data Catalog, 2020).

To accompany DOS's complex and extensive procedures, foreign service officers and staff are mandated to significant training programs. DOS established the Foreign Service Institute (FSI) over seventy years ago to provide graduate-level training for foreign service officers (*Foreign Service Institute. 2020*). Starting with only 13 languages and a few other courses, FSI now offers over 70 languages and 800 courses through its School of Language Studies, the School of Professional and Area studies, the School of Applied Information Technology, the Leadership and Management School, the Office of the Historian, and the Transition Center with over 225,000 enrollments annually (*Foreign Service Institute. 2020*). All DOS officers attend training at FSI before being assigned to their first post, and many continue to take courses throughout their careers. The breadth of courses offered and strict requirements for promotion opportunities give FSI direct influence over the DOS climate. Due to the standardization of both policies and procedures and employee training curriculum, DOS can regulate management expectations and climate.

Cross-Cultural Studies

The original goal of cross-cultural studies was to categorize cultural attributes to predict behaviors and outcomes that could benefit MNEs (Rugman et al., 2011). Before this time, culture was not addressed in the literature, and success in international business was solely linked to national competitiveness and country-specific assets (CSA) (Giorgi et al., 2015). To overcome the liability of foreignness (LOF) facing international business, a need to conceptualize and measure culture emerged (Rugman et al., 2011). This concept of being able to predict behaviors through culture aligns with the execution era for cross-

culture studies. Geert Hofstede was one of the first scholars to bring attention to the importance of cross-cultural understanding for management studies, and he remains the most utilized scholar. In his seminal study Hofstede developed four cultural categories, adding long-term orientation as an additional dimension in later publications (see Table 1: Hofstede Cultural Categorizations) (Hofstede, Geert, 1980; 1983a; 1983b; 1984). However, his findings are not without controversy.

Table 1: Hofstede Cultural Categorization

Dimensions	Definitions	Clusters	Countries
Power Distance Index (PDI)	The extent to which the less powerful members of organizations & institutions (like the family) accept and expect the power is distributed unequally.	Anglo Cluster	Australia, Canada, Great Britain, Ireland, New Zealand, United States
Uncertainty Avoidance Index (UAI)	Deals with a society's tolerance for uncertainty & ambiguity ultimately refer to man's search for truth.	Nordic Cluster	Denmark, Finland, Netherlands, Norway, Sweden
Individualism Index (IDV)	The degree to which individuals are integrated into groups.	Germanic Cluster	Germany, Switzerland, Austria
Masculinity Index (MAS)	The distribution of roles between the genders is another fundamental issue for any society to which a range of solutions is found.	East Asian Cluster	Hong Kong, China, Taiwan
Long-Term Orientation (LTO)	Values associated with LTO are thrift and perseverance; values associated with short term orientation are respected for tradition, fulfilling social obligations, & protecting one's "face."	Independent Cluster	Japan

Criticisms of Hofstede's work range from its methods and interpretation to its conceptualization and value dimensions (Touburg, 2016). Given that this is not a methodological review, the later criticism will be addressed. Hofstede defines culture as, "the collective programming of the mind that distinguishes the members of one group or category of people from others" (Hofstede et al., 2010: p.6). This view has come under assault in three ways (Touburg, 2016). First, critics disagree with Hofstede's notion that culture can predict behavior, pointing to human actor's agency (McSweeney, 2012). The second is related to the idea that culture is a "thing" that individuals have and take with them, leading to the third criticism of cultures being viewed as static and unchanging (Magala, 2005; Snel, 2003). While these points are not without merit, a closer look at subsequent work supports Hofstede's findings and its stability over time (Beugelsdijk et al., 2015).

Additional critiques focus on the level of analysis, some pointing to national borders as too broad to capture internal diversity (McSweeney, 2012) with others arguing for a more regional approach (Magala, 2005). These arguments appear valid on face value; however, boundaries must be drawn to limit the scope, as with any empirical study. The boundaries also impact the generalizability and applicability of findings. Therefore, it would be erroneous for research to use Hofstede's dimensions for anything other than a country-level analysis. Doing so would be a methodological error on the researcher's part in his use of the typology, not an inherent problem with the initial study.

The final set of counterarguments focus on additional external factors beyond culture and a possible western bias (Touburg, 2016). Some scholars have argued for more intertwined dimensions, including legal systems, economic factors, etc., instead of cultural values (McSweeney, 2012). While some cultural dimensions have been shown to directly correlate with economic development (Hofstede, Geert, 2011), to assume that all cultural aspects can be represented in such a way would be overly simplistic. A jump to large-scale variables capturing nuanced cultural differences would fall victim to critics in the level of analysis. Finally, the view that the development and focus of the initial studies taking place in the West is valid. Hofstede had access to IBM, which was primarily located in developed countries, thereby limiting the scope of his study. This should not be seen as a flaw of his work, but instead a study limitation and literature gap to be filled.

Crossing the paradigm divide from positivist to interpretivist, convergence theory proposes another approach towards culture. One of the hallmarks of globalization has been the widespread dissemination of Western views and practices. Western views have been presented as “best practices” with generalizable applicability as part of the expertise era. Convergence theory postulates a shift towards a homogeneous global culture driven by North American business practices (Bird & Stevens, 2003; Ohmae, 1987). This ‘melting pot’ concept was seen as assimilation on the path to becoming mainstream and legitimate (Leung et al., 2005). Adoption rates of Western mass media and marketing trends, a move towards Western-style capital markets, and globalized consumer markets have been touted as evidence of convergence (de Sousa Santos, 2006). However, scholars

have mistakenly substituted structural changes, like capital markets, for actual shifts in cultural values (de Sousa Santos, 2006).

The cultural expertise era supports the notion that cultures can and will change while maintaining a national level of analysis. This period also suffers from overgeneralization, with empirical evidence showing very few genuinely global organizations (Rugman & Verbeke, 2004). Convergence has been criticized as purely theoretical (Noh, 2007), and practitioners continue to look for enlightenment for overcoming cultural divides.

Ultimately, dichotomous views have given way to interdisciplinary perspectives of culture through hybridization.

Hybridization

Hybridization proposes that the interaction of culture and climate is an ongoing process of reformulating national identities and cultural beliefs (Bhabha, 1994; Frenkel & Shenhav, 2006; Yousfi, 2014). In one sense, this view is aligned with the ontology of convergence theory showing that cultures adapt to each other; however, there is a stark difference. Bhabha (1994) argues that everyone is exposed to a myriad of cultures, creating an opportunity for “creative heterogeneity,” ultimately guiding behaviors and environmental interpretations (Frenkel, 2008) which aligns with Kraidy and Leung et al.’s claim of longstanding hybridization. This view provides for an explanation of why hybridization occurs as a process of creatively adopting heterogeneous beliefs and aligns with the era of empathy (Bhabha, 1994; Frenkel, 2008). This translates into the

possibility of multiple management hybridizations being created across diverse locations and organizations, hence, challenging the convergence theory of a homogeneous culture.

Like convergence, hybridization rejects culture as fixed and instead shows a dynamic view of cultural adaptation and evolution, moving cross-culture studies into the empathy era. Kraidy (1999) later coined the term, “*glocalization*” claiming “cultural hybridity is the rule rather than the exception in that what we commonly refer to as “local” and global” have been long hybridized with an understanding that cultural changes are more common than previously assumed” (Leung et al., 2005). Kraidy advocates for hybridization as an umbrella term to include the mixing of cultures that also recognized diverse power dynamics (Kraidy, 1999; 2002). Bhabha views globalization through a cultural lens based on “unsatisfaction” with power dynamics leading to resisting, ‘homogenization, standardization, cultural imperialism, westernization, Americanization’ (Bhabha, 1994: 76; Gikandi, 2001). It is the “unsatisfaction” manifested as resistance, both overt and ambiguous.

The inverse of resistance is mimicry, which Bhabha views as an attempt by lower power actors to behave like dominant cultures and, in so doing, transforming the unfamiliar into something familiar (Frenkel, 2008; Shimoni, 2008). In this sense, mimicry is dual purposed, first as an attempt to change subsidiary location behaviors and secondly to adapt to external influences (Frenkel, 2008). Often, the successful integration of foreign subsidiaries is evaluated by their ability to mimic and is measured through standardization (Frenkel, 2008; Meyer, 2002). By definition, this view does not embrace

learning from the third world or local culture and may inhibit large organizations from learning of MI being developed in subsidiary locations.

Third spaces are where mimicry and resistance collide to create hybrid cultures (Bhabha, 1994; Frenkel, 2008). Bhabha argues that the resulting “in-between” created and renegotiated on an ongoing basis is represented as the third space (Frenkel & Shenhav, 2003). Frenkel (2008) moved Bhabha’s theory forward to propose that MNEs serve as third spaces. Employees at international organizations are continually exposed to diverse cultures and unique systems and structures, which span borders, customs, and values. It is in these third spaces where globalization and localization intersect. Hybridization studies have been primarily focused on if third spaces are created, where they are, and what contributes to their creation (Yousfi, 2014). Very few scholars have evaluated third space practices and those who have had a very limited scope. This study relies on Bhabha’s perspective of hybridization, third spaces, mimicry, and resistance to assess MI across countries and cultures. While hybridization theory has been housed primarily in critical studies, this research provides an interdisciplinary lens for analysis within international business.

In sum, culture, climate, and management studies have evolved side-by-side (see Table 2: Interdisciplinary Literature Review Summary). As each discipline has matured it has become more complex and interdisciplinary to provide practical applications. The current state of each field points to the need for a focus on innovation, adaptation, and flexibility. Past approaches have straddled the paradigm divide as positivist, interpretivist, and

critical. At the same time, methodologies and units of analysis continue to shift, and scholars push for more clarity, and practitioners clamor for better tools to overcome cross-cultural challenges. This study aims to expand the development and understanding of international management hybridization and draw ties to the creation of MI. An assumption for this study, and those mentioned here, is that organizations recognize the importance of national culture and standardized climate practices and would, therefore, be motivated to learn and adopt MI.

Table 2: Interdisciplinary Literature Review Summary

		Execution Era: binary, tool development, effectiveness	Expertise Era: efficiencies, specialization, consistency	Empathy Era: dynamic, evolving, relational
Management	Management: Policies, practices, and procedures facilitating organizational change, competitiveness, and performance			
	Theoretical Focus	Classical, Scientific, & Administrative Management	Behavioral Management, Human Resources, Organizational Behavior	Meaningful experiences, expanding view of stakeholders
	Construct Evolution	Organizations as machines	Knowledge Work	Network management
	Goals	Optimizing outputs, standardization	Value creation through control and authority	Innovation
	Thought Leaders	Owen 1813, Taylor 1911, Gantt 1919, Fayol 1949, Gulick 1937, Weber 1947, Urwick 1943	Follett 1941, Mayo 1933, Roethlisberger 1939, Drucker 1954, Maslow 1943, McGregor 1960	McGrath 2014, Birkinshaw 2006, 2008, Damanpour 2009, 2014, Mol 2009, Hamel 2006, 2008
Organizational Climate	Climate: Shared perceptions of and meaning attached to policies, practices, & procedures employees experience & behaviors they observe getting rewarded			
	Theoretical Focus	Employee morale, organizational effectiveness	Measures, dimensions, categorization	Country specific, firm-specific, & subsidiary specific assets
	Construct Evolution	Social Climate; Managerial Climate	Organizational systems, strategic outcomes, technology	Interconnected
	Goals	Observable Practices	Competitive Advantage	Flexibility
	Thought Leaders	Lewin 1939, Lippitt 1939, White 1939, McGregor 1960, Likert 1961	Schneider 1996, 2011, 2013, Macey 2011, 2013, Bartlett 1968, Payne 1976, Pugh 1966, Forehand 1964, Gilmer 1964, Litwin 1968, Stringer 1968	Rugman 2001, 2004, 2006, 2011, Verbeke 2001, 2004, 2011, Mudambi 2002, 2018
Local Culture	Culture: Shared values & beliefs shaped by collective experiences guiding behavior & give meaning			
	Theoretical Focus	Country specific assets, the liability of foreignness	Globalized markets, Internationalization	Mimicry, resistance
	Construct Evolution	Categorization	Convergence, Melting Pot	Hybridization
	Goals	Predict behavior	Western “best practices”	Adaptability
	Thought Leaders	Hofstede 1980, 1983, 1985, 2001, GLOBE 2004	Leung 2005, Bird 2003, Stevens 2003, Ohmae 1987	Bhabha 1994, Kraidy 1999, 2002, 2006, Frenkel 2003, 2006, 2008, Shimoni 2008, 2011

3. VIVE LA RESISTANCE: THE RELATIONSHIP BETWEEN RESISTANCE AND MANAGEMENT INNOVATION

Abstract

Innovation continues to be an important topic for businesses across the globe. Most academic research has focused on product innovations while overlooking management innovation (MI) (Birkinshaw et al., 2008; Crossan & Apaydin, 2010; Damanpour & Schneider, 2009), even though studies have shown that MI creates more sustainable competitive advantages (Hamel, 2006; Mol & Birkinshaw, 2009) and supports product innovation (Janka et al., 2020). The literature on MI is immature, especially in diverse geographic locations (Khosravi et al., 2019). This literature gap leads to the overarching research question for this study: How is MI created in large international organizations? This study links current MI literature to hybridization theory by introducing organizational climate and local culture as antecedents within multicultural locations. Utilizing hybridization as the theoretical underpinning, this qualitative and deductive case study provides empirical evidence of MI developed in international organizations. Data analysis of resistance, in the form of noncompliance, between 2015 and 2020 at 15 large U.S. Embassies across the globe, shows a nonlinear relationship between resistance and MI. This suggests the need to balance quashing noncompliance while allowing novel management tools, practices, and structural changes to emerge. This study has direct implications for practitioners and expands current MI literature.

Key Words: Resistance, Management Innovation, Hybridization

Introduction

One of the best examples of successful resistance is the French during World War II. In May of 1940, the Germans invaded France, by mid-June, the French had conceded defeat, and Vichy France was born (History.com, 2010; Jewish Virtual Library, 2020). At the same time, the French Resistance was also emerging. Momentum built slowly, leading to direct opposition and sabotage actions (Jewish Virtual Library, 2020). What started as a small group of discontent, inexperienced citizens became an organized counter-intelligence force through utter grit and perseverance. The human ability to withstand, oppose, and resist is impressive, but the outcome of such resistance is not always as black and white. For the Allies and the French, the resistance was a success; the persistent opposition overcame the Nazi oppression. Since the end of WWII, the perception of resistance has soured. Subsequent conflicts in Vietnam, Korea, and the Middle East have led to an overarching sentiment that resistance should be avoided or eliminated. The negative connotation of resistance has spilled over into the business world as well. Management gurus tout standardization as a best practice, and so, in business, resistance has become an impediment to overcome. Managers at large international organizations hope for compliance and try to avoid resistance. But what if resistance could lead to innovation?

A premise of international business is an expectation of resistance when entering new markets and expanding internationally. Large international organizations recognize the importance of effective management strategies and usually strive to achieve standardized implementation across their portfolio of locations (Muenstermann et al., 2010;

Schafermeyer et al., 2010; Wright et al., 2012). Best practices in the management literature promote standardization to create a strong organizational climate. However, they often face management challenges and resistance through local cultural differences while disseminating their unique organizational policies and practices (Adler, 1983; Gerhart, 2009; Schneider, S. C. & De Meyer, 1991). The acceptance, adoption, and implementation of organizational climate has been linked to local cultural perspectives (Ansari et al., 2014; Kraidy, 2006; Leung et al., 2005). Tensions between organizational climate and local cultures lead to ongoing negotiation and adaptation of practices and policies across borders, known as hybridization (Frenkel & Shenhav, 2003; Shimoni, 2011). Hybridization proposes that mimicry and resistance occur when corporate practices mix with local cultures (Bhabha, 1994; Frenkel, 2008; Kraidy, 2002). Resistance in subsidiary locations is classically linked to conflict and counter-productivity and viewed as something that should be squashed or avoided (Waddell & Sohal 1998; Milton et al., 1984). If these tensions did not exist, the work of international business and management would be simple, and there would be no need for MI as proven best practices would be quickly adopted. However, an in-depth analysis of the outcomes of resistance is still needed.

Studying the way MI is developed in international organizations has been neglected (Birkinshaw & Mol, 2006; Damanpour, 2014; Mol & Birkinshaw, 2010; 2009). Results from this study align with recent research focused on product innovations created in subsidiary locations (Iturrioz et al., 2015; Michailova & Mustaffa, 2012; Mudambi, 2002) and provide empirical evidence for the creation of MI in international organizations. The

findings show a nonlinear relationship between resistance and MI. By examining MI in diverse geographic locations, this study directly contributes to the fledgling MI discipline.

The study is a qualitative case study with a deductive approach. The study setting required multiple and diverse international locations, a strong organizational climate, and rigorous policy and practice evaluations to test the proposition of resistance leading to MI. The U.S. Department of State (DOS) meets all three of these criteria. For the past 40 years, DOS has been pushed to operate in a more business-like fashion and has adopted a hierarchical structure, service functionality, and management practices that overlap with many private management best practices. While there are differences between private firms and government entities, this paper proposes a link between management at DOS embassies and consulates with the management of large international organizations. The argument for this link will be further presented in the research setting section, and additional limitations will also be acknowledged. The following sections provide the current theoretical frameworks for resistance through hybridization and MI. A conceptual discussion of the similarities and differences between MNEs and DOS is followed by an overview of methods, research setting, sampling strategy, data analysis, and results.

Resistance Through Hybridization

The Merriam-Webster Dictionary defines resistance as “to withstand the force or effect of...” or “to exert force in opposition.” These definitions conjure both a positive and negative connotation. Being able to “withstand” is akin to the French Resistance and seen

as a positive. While the second, exerting “opposition,” could be taken as more aggressive and confrontational, suggesting it should be avoided. Both definitions can be applied in this study using hybridization theory. Bhabha (1994) proposed that the presentation of hybridity in practice can be seen through mimicry and resistance in third spaces.

Hybridization is the interaction of culture and climate as an ongoing process of reformulating national identities and cultural beliefs (Bhabha, 1994; Frenkel & Shenhav, 2006; Yousfi, 2014). Resistance is often represented as ambivalence, which aligns with the first definition of locals’ efforts to withstand outside influences. But it can also be a conscious decision to creatively subvert the imposed culture, which aligns with the second definition of opposition (Frenkel, 2008; Yousfi, 2014). In practice, resistance can be seen when organizational policies, practices, and procedures are not in compliance. Straying from standardization, resistance can manifest as deviance or unauthorized workarounds, to outright refusal. This study proposes that not all resistance is negative, and that some noncompliance may lead to the creation of MI.

Organizational culture and organizational climate studies focus on understanding how people experience their work environment, with culture studies focus on intangible values and beliefs. Much academic research has focused on national culture, leading to many definitions and concepts (Glisson, 2007; Schneider et al., 2011; 2013). National culture, which will be referred to as “culture,” is widely recognized to be multifaceted and influenced by language, education, religion, social structure, political philosophy, and economic philosophy (Hill & Hult, 2018). Culture is, therefore, generally accepted as, “shared values and beliefs shaped by collective experiences that guide behavior and give

meaning” (Hofstede, 1980; 2001; Javidan & House, 2002; Trice & Beyer, 1984). Culture has also played a significant role in organizational climate and management studies. Organizational climate assess “tangible behaviors needed for specific outcomes” recognized as “the shared perceptions of and the meaning attached to the policies, practices, and procedures employees experience and the behaviors they observe getting rewarded and that are supported and expected” (Schneider, B. & Reichers, 1983; Schneider et al., 2011; 2013). This study explores the tangible policies, practices, and procedures implemented in a cross-cultural setting. Therefore, it adopts Schneider et al. (2013) definition of organizational climate, referred to as climate.

Management Innovation

MI has been gaining steam (Khosravi et al., 2019). Some academics claim it is one of the most vital and sustainable sources of competitive advantages and crucial for enabling product innovation (Mol & Birkinshaw, 2009). Traditionally scholars have focused more on product innovation, which has been considered one of the most critical sources of sustained firm success (Camisón & Villar-López, 2014; Chang & Hughes, 2012; Iturrioz et al., 2015; Khosravi et al., 2019). Due to the immaturity of MI studies, the definition of the business construct varies. This study views MI as new to the organization tools, techniques, and practices for improving organizational competitiveness and effectiveness to further organizational goals (Birkinshaw et al., 2008; Janka et al., 2020; Khosravi et al., 2019; Volberda et al., 2013). By this definition, MI is neither disruptive nor radical but can be classified as incremental. The overall aim of MI, “should be to create ideas whose application improve the practice of management in an ever-shifting context”

(Reeves & Whitaker, Forthcoming). The innovations being new to the organization are not necessarily state of the art but are seen as being developed more by practitioners than by scholars or consultants (Reeves & Whitaker, Forthcoming).

Current literature has identified some primary variables, units of analysis, and processes for MI creation, but it is still a young discipline. Khosravi, Newton, and Rezvani's (2019) meta-analysis of MI identified four antecedent categories of MI: (1) organizational, (2) environmental, (3) managerial, and (4) attributes of innovation. They also found three types of outcomes: (1) performance, (2) innovation, and (3) capabilities. In alignment with this model, the unit of analysis varied for each antecedent from individual managers to organizations, industries, and countries. Outcomes were measured by specific management policies or procedures developed to organizational level performance and capabilities.

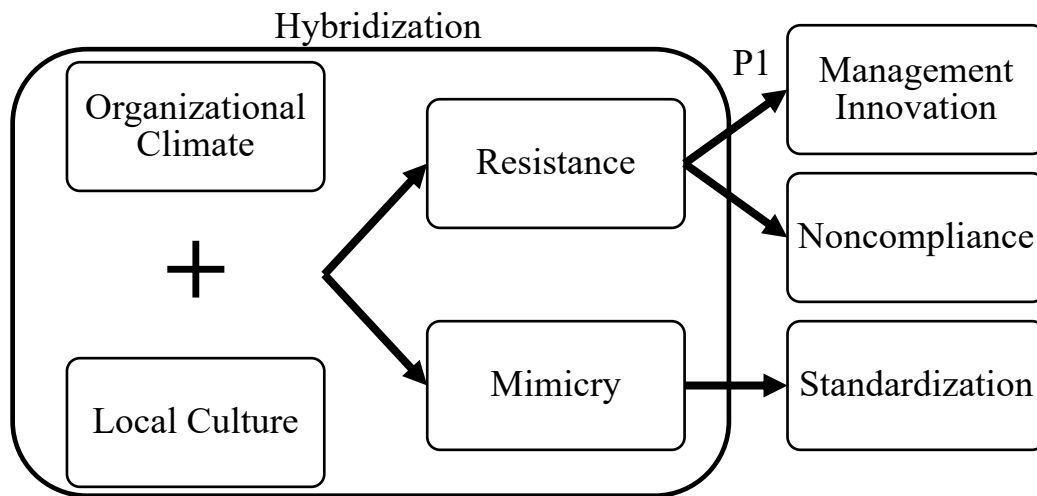
The current MI model classifies organizational culture/climate as an organizational factor; however, national culture has only been viewed as a component of individual managers and their experience (Khosravi et al., 2019). A study by Ali and Park (2016) examined innovative culture as “shared assumptions, values, beliefs, attitudes, and behaviors” whereby the organization encourages employee engagement in innovation. This study followed the academic definition and measurements for organizational culture but did not examine organizational climate. Their results indicate that innovative culture has a positive relationship with absorptive capacity. Their study did not include organizational climate as an antecedent, a literature gap this study hopes to fill.

Within the environmental factors, cultural differences are absent. Mol and Birkinshaw (2009) assessed internal context concerning the firm's size, managerial education level, geographic scope, knowledge sources, internal sources, market sources, and professional sources. However, geographic scope was measured on a simple local, regional, national, or international scale without examining cultural factors. The study did find a positive impact of geographic scope on the amount of MI being introduced. They also found internal sources of MI were positively related to geographic scope, inferring a positive relationship between MI and diverse organizational locations. These findings support the premise that MI is created in MNEs but do not explain why or how. While Mol and Birkinshaw's (2009) study included geographic scope as an internal organizational variable, while this study introduces culture as an environmental antecedent. The scant research that has addressed culture treated it as a moderating variable of managerial factors. Those studies viewed social culture as a variable tied to the individual manager, not environmental (Hambrick & Mason, 1984). The lack of research on culture may be related to the trend of MI studies being centered in the U.S. or a single country, showing yet another literature gap.

Organizational size has been the most studied variable in MI research. It is viewed as both an antecedent under organizational factors and as a moderator between management factors and MI (Khosravi et al., 2019). Organizational size has been positively related with the adoption of MI (Damanpour & Schneider, 2009; Ganter & Hecker, 2013) while at the same time also been negatively linked to knowledge exchange based on the public

choice theory of large organizations as inefficient (Boyne, 2002; Khosravi et al., 2019). A meta-analysis of organizational size in MI studies showed a positive and significant relationship between organizational size and MI, with an even stronger relationship for service firms (Camisón-Zornoza et al., 2004). This study has an initial proposition of an alternative model of MI with organizational climate and national culture as antecedents and MI as an outcome from hybridization (See Figure 2: Management Innovation Through Hybridization).

Figure 2: Management Innovation Through Hybridization



Source: Author

Management Innovation Process

One drawback to MI studies is that most businesses do not have a formal mechanism to encourage or capture innovative policies, practices, and procedures (Birkinshaw & Mol, 2006). This has made studying MI difficult and contributed to the process unfolding

“despite the system (Birkinshaw & Mol, 2006). Birkinshaw and Mol (2006) have proposed a four-step process for MI development. Step one links the need to innovate to internal dissatisfaction. The most common dissatisfaction they found was a strategic threat, but others included operational efficiency needs and responses to a pending crisis. No matter the type of dissatisfaction, they can all be categorized as resistance to the status quo. The second step is inspiration derived from diverse sources. They found that generally, inspiration was initiated outside the firm or from individual managers with various functional and cultural backgrounds. Step three is the invention, though few examples of “Eureka” type moments were uncovered. Typically, managers pieced together the underlying problem areas with groups of possible solutions and slowly iterated to solve the issue. Once a possible innovation is developed, the final step is to create internal and external validity. Just like other forms of innovation, MI benefits have to outweigh the costs and overcome risks and resistance. This process also aligns with the notion that most MI is created in practice (Reeves & Whitaker, Forthcoming). This study utilizes this framework to identify and evaluate MI developed through cultural resistance.

The first step of dissatisfaction in Mol and Birkinshaw’s MI process framework specifically mentions resistance as a method. The subsequent step links to diverse ideas and increased exposure to cultures and novel procedures. The interaction of these constructs overlaps with environmental (i.e., local culture) and organizational (i.e., organizational climate) factors presented by Khosravi et al. (2019) through Bhabha’s (1994) theory of hybridization. Organizational size has been included as a boundary condition for this study with an initial proposition of:

P1: Resistance, through the mixing of organizational climate and national culture, can create management innovation in large international organizations.

This proposition is rooted in the most recent literature from hybridization and MI.

Research focused on organizational climate, national culture, hybridization, and MI is not new but is built upon and theoretically linked. This case study examines organizational climate adaptations using Bhabha's model of hybridization. Current MI literature has prompted the inclusion of international perspectives and organizational size (Damanpour, 2014; Hamel, 2006; Mol & Birkinshaw, 2010; Mol & Birkinshaw, 2009), and this study is answering that call.

Methodology

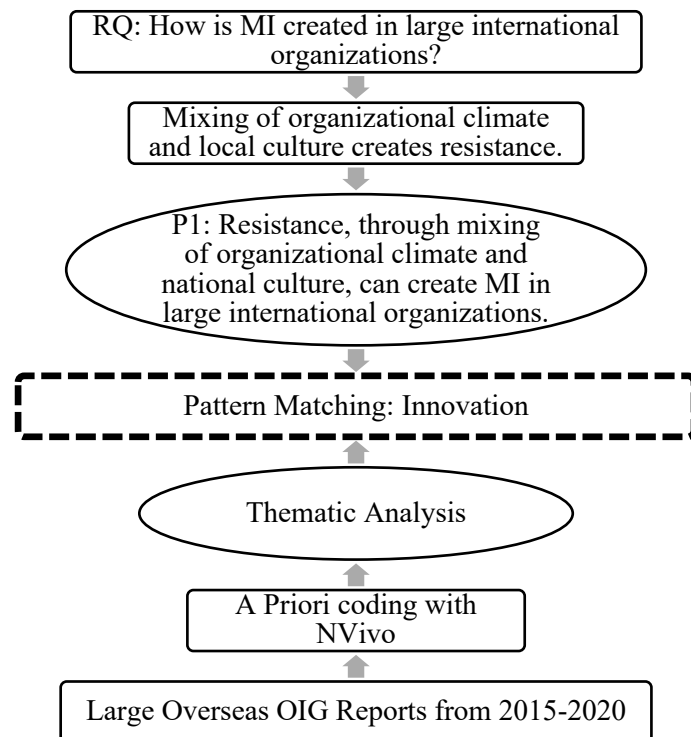
This is a deductive qualitative case study to examine management practices, tools, and structures that are resisted at the organizational level. Case study methodology is ideal for studying real-world questions of process while allowing for the (Myers, 2019; Yin, 1994; Yin, 2017). The theoretical framework is simultaneously building theory inductively while also testing the theory deductively through propositions. This hybrid approach is supported in the literature (Almutairi et al., 2014; Fereday & Muir-Cochrane, 2006; Hyde, 2000; Pearse, 2019; Sinkovics, 2018). The addition of climate and culture as antecedents to the current MI literature builds upon established theory to address how MI is developed, consistent with using (Eisenhardt & Graebner, 2007; Siggelkow, 2007; Yin, 2017). In alignment with Yin's (2017) view of case studies, this research starts with a

proposition that is tested using qualitative data analysis. This methodology is still novel and will contribute to expanding diversity in methodological approaches in international business (Aguzzoli et al., 2021).

Following Pearse's (2019) seven step process for deductive pattern matching, this study has already completed three steps: developing the conceptual framework, establishing propositions, and designing data collection method. The additional steps include developing a codebook, creating a question matrix, connecting codes through patterns, identifying themes, and identifying the theory that best fits the data (Pearse, 2019; Sinkovics, 2018). The a priori codebook and questions matrix can be found in Appendix A. Internal validity is achieved through the OIG methodology developed over many years and evenly applied across diverse locations and departments. The objectivity of the reports adds to the authenticity, credibility, and representativeness of the data (Myers, 2019). Each report was treated as an individual case with attributes such as region and staffing allocation ratios identified. The final stage in the analysis followed Sinkovics' (2017) adaptation of Trochim's (1989) pattern matching general logic (See Figure 3: Data Analysis Model). The analysis approach is both top-down based in current hybridization and MI literature and bottom-up through a priori codes (Crabtree & Miller, 1992), thematic analysis, and pattern matching (See Figure 3: Data Analysis Model) (Fereday & Muir-Cochrane, 2006; Pearse, 2019; Sinkovics, 2018). Including various data analysis methods enhances the trustworthiness of the results (Cuervo-Cazurra et al., 2020). The computer-assisted qualitative data analysis software (CAQDAS) NVivo was used to

organize, code, and analyze the data (Miles & Huberman, 1994; Saldaña, 2015; Yin, 2017).

Figure 3: Data Analysis Model



Source: Author, adapted from Sinkovics (2018)

Research Setting

The study setting required multiple and diverse international locations, a strong organizational climate, and rigorous policy and practice evaluations to test the proposition of resistance leading to MI. DOS meets all three of these criteria. With a \$40 billion-dollar annual budget, nearly 70,000 employees globally, and 250 overseas

locations in 168 countries, DOS has an international footprint rivaled by few other organizations (*Global Diplomacy Index*. 2020; *A U.S. Embassy at Work*. 2020). To manage the diverse portfolio, DOS promotes a strong organizational climate and developed the Foreign Affairs Manual (FAM), which details the regulations and policies for department-wide structure and operations (Data Catalog, 2020). The FAM currently totals over 25,000 pages and is publicly available (Data Catalog, 2020). To ensure compliance DOS relies on the Office of Inspector General (OIG) to identify non-compliance incidents related to FAM policies. OIG investigation teams travel to embassies and consulates, where they conduct inspections focused on management policy, practices, and procedural efforts. Reports are made public, and each one identifies areas of non-compliance, which are viewed as resistance.

While there are differences between private firms and government entities, this paper proposes a link between management at DOS embassies and consulates, with managing a large international organization. Debates about the differences between public and private management have been ongoing for decades (Andrews et al., 2011; Box, 1999; Boyne, 2002; James, 2001; Lau & Pavett, 1980; Meier & O'Toole Jr, 2011; O'Toole et al., 2009; Van Der Wal et al., 2006). Many researchers view differences between public and private entities regarding ownership, source of financial resources, and social control model (Andrews et al., 2011; Meier & O'Toole Jr, 2011). Others have introduced values measures and performance outcomes (Van Der Wal et al., 2006), environment, goal, and structural differences (Boyne, 2002), and functions (Box, 1999) however, evidence of significant differences between public and private management is scant (Boyne, 2002).

DOS has taken cues from private industry in its management approach by adopting structured performance evaluations, extensive staff training, reporting requirements, and process standardization. During the 1970s, literature called for public organizations to use New Public Management concepts to improve efficiencies and decrease bureaucracy (Bendor & Hammond, 1992; Diefenbach, 2009). Reforms started in the 1970s and have contributed significantly to current DOS operations. The shift towards “modernization” can be seen through the structure, functions, and management currently implemented by DOS. There is evidence that DOS has adopted many of the components of NPM, which have pushed the organization to operate in a more business-like fashion (Diefenbach, 2009). In reality, DOS managers face many of the same cross-border challenges and opportunities as private managers.

The existence of differences between behaviors of public and private managers is still up for debate. Several studies have reviewed recent and longitudinal evidence comparing public and private managerial behavior with mixed results (Baarspul & Wilderom, 2011; Boyne, 2002; Poole et al., 2006). Admittedly, some studies did find differences between public and private managers, such as public managers being less materialistic and having weaker organizational commitment (Boyne, 2002) and civil servants showing higher levels of commitment (Baarspul & Wilderom, 2011). A convergence proposition between the two sectors was not fully supported or rejected but instead uncovered additional complexity and nuance (Poole et al., 2006). These differences are not conclusive to support the existence of a significant chasm between public and private management

behaviors. The one takeaway from this synthesis is that scholars agree there is not sufficient evidence to support the long-held notion of huge differences in public and private management, and additional research is needed (Andrews et al., 2011; Baarspul & Wilderom, 2011; Boyne, 2002; James, 2001; Lau & Pavett, 1980; Meier & O'Toole Jr, 2011; O'Toole et al., 2009; Poole et al., 2006; Rainey & Bozeman, 2000; Van Der Wal et al., 2006; Weinberg, 1983).

Finally, an additional difference is access to internal practices. The ability to study resistance in a private organization is quite difficult. Most organizations keep internal workings and management practices hidden unless scandals erupt. DOS is forced to allow transparency through the OIG reports, which offers a unique opportunity to see into the black box of cross-cultural resistance and MI development. In this case, the difference between public and private is a benefit for advancing international business scholarship.

Data Collection

Data for this study includes published reports from the DOS Office of Inspector General (OIG). There are several advantages to using OIG reports for this study. First is the consistency in data collection and reporting. This study utilized inspection reports for overseas locations. Each inspection evaluates DOS's "mission leadership, policy implementation, resource management, and management controls" to assess "effectiveness of programs; identify potential efficiencies and cost-saving measures; encourage self-evaluation and correction; and identify problems and recommend solutions" (U.S. Department of State OIG, 2014). The OIG investigation procedures

mimic those of academic qualitative methods (Miles & Huberman, 1994; Myers, 2019) and case studies (Gibbert et al., 2008; Yin, 1994). Each inspection uses qualitative case study data collection methods, including interviews, participant observations, document reviews, open-ended surveys, and others (Yin, 2017: 114).

Second, accompanying each recommendation is descriptions and observations by the OIG team, providing rich context for in-depth analysis. Investigations also include thematic reviews of programs and operations such as foreign assistance oversight, U.S. embassy security, etc. Finally, ample data is available from OIG inspections. This study utilized inspection reports from 2015 through 2020. Over these five years, 93 inspections were conducted, and 1,767 recommendations were made. This study is limited in scope to large overseas missions, defined as having at least 500 employees (OECD, 2020) and more than one location in the country (i.e., a minimum of an embassy and a consulate) or at least 1,000 employees. Each of the 93 reports was reviewed to identify locations meeting the established size requirement. The initial study examined 15 reports with 473 recommendations (See Table 3: OIG Reports: Large Overseas Missions). Each geographic region includes at least two locations, providing global representation.

Table 3: OIG Reports: Large Overseas Missions

Country	DOS Region	Year	Recommendations
Ethiopia	African Affairs	2018	30
Kenya	African Affairs	2018	33
South Africa	African Affairs	2020	21
Australia	East Asian & Pacific Affairs	2020	22
China	East Asian & Pacific Affairs	2017	29
Japan	East Asian & Pacific Affairs	2016	65
United Kingdom	European & Eurasian Affairs	2020	22
Turkey	European & Eurasian Affairs	2016	30
Egypt	Near Eastern Affairs	2016	20
Saudi Arabia	Near Eastern Affairs	2018	29
India	South & Central Asian Affairs	2018	39
Kazakhstan	South & Central Asian Affairs	2015	14
Pakistan	South & Central Asian Affairs	2017	15
Colombia	Western Hemisphere Affairs	2019	39
Mexico	Western Hemisphere Affairs	2015	65

Data Analysis

Each country report was coded based on the official recommendations by the OIG and any mention of compliance issues that were corrected during the inspection. The first coding stage classified each recommendation as resistance, innovation, or not resistance (See Appendix A: A Priori Codebook). Recommendations not directed towards the embassy or consulate but instead towards headquarters were classified as “not-resistance.” Recommendations that identify a policy or procedure that was out of compliance were coded as “resistance.” The final code of “innovation” was reserved for

recommendations identifying new management tools, practices, or structural changes. Innovations were identified through “Success Spotlights” highlighted by the OIG and contextual notes by the inspectors.

Based on the MI process model (Mol & Birkinshaw, 2009), several questions were asked of the text. First, what is being innovated? Is it a practice, process, tool, or structural change that will affect everyday management? Second, is it state-of-the-art or just new to DOS? Third, is it purely conceptualizing a new practice, implementing a new policy, or both? And finally, does the innovation contribute towards the organizational goals, rather than an activity for its own means? This initial coding used the contextual and background text to analyze each recommendation resulting in 651 incidents of resistance and 40 innovations (See Table 4: Management Innovation and Resistance Data Summary). These findings support this study’s premise; MI can be created in large international organizations. The data was further analyzed to identify the functional sources and types of MI and the development process. This analysis was further validated through thematic analysis and pattern matching, both discussed in the subsequent sections.

Table 4: Management Innovation and Resistance Data Summary

Country	Total Resistance	Total Innovation	MI: Executive Direction	MI: Mission Support Services	MI: Policy & Program Implementation	MI: Resource Management
Australia	35	3	1	0	0	2
China	32	4	1	0	3	0
Colombia	53	2	1	0	1	0
Egypt	47	3	1	0	1	1
Ethiopia	36	1	1	0	0	0
India	67	3	1	0	2	0
Japan	72	0	0	0	0	0
Kazakhstan	31	2	0	1	1	0
Kenya	43	7	4	0	2	1
Mexico	62	5	1	0	4	0
Pakistan	19	1	0	0	1	0
Saudi Arabia	38	3	0	0	1	2
South Africa	49	1	0	0	1	0
Turkey	41	3	1	0	2	0
U.K.	26	2	0	0	1	1
Total	651	40	12	1	20	7

The source of MI spanned four main functional areas of DOS; (1) Executive Direction – the Ambassador and Consulate leadership staff, (2) Mission Support Services – the health unit and community liaison office, (3) Policy and Program Implementation – external functions of the embassy such as consular services and public affairs, and (4) Resource Management – traditional internal functions including human resources, financial management, and others (See Table 4: Management Innovation and Resistance Data Summary). The majority of MI are attributed to the external embassy functions, aligning

with current MI literature (Birkinshaw & Mol, 2006; Mol & Birkinshaw, 2014).

Leadership in each location was also responsible for many innovations created, while internal functions were rare. These findings ally with the notion that DOS takes its management cues from the business world and is not overly innovative in traditional internal management functions like human resources and financial management. They are creating MI within functions highly related to their mission and in areas with more external interactions.

A closer look at the data shows several types of innovations stemming from diverse management areas (See Table 5: Management Innovation Sources and Types). The most common type of MI were new practices, with 19 examples. The second was 15 tools, and finally, six structural changes. All but one of the structural changes were initiated by the embassy leadership, suggesting a relationship between structural changes and leadership initiation, which is not surprising. In general, organizational leaders are tasked with designing internal structures; therefore, changes to those structures would most likely be initiated by those with said authority. Whereas implementing new practices can be a grassroots initiative. Developing new tools requires resources and would need leadership buy-in, suggesting a link between executive direction openness to innovation and the development of MI tools.

Table 5: Management Innovation Sources and Types

Country	Innovation	Functional Area	Management Area	Type of Innovation
Australia	Pre-Visit Coordination Letter	Executive Direction	Communication & Coordination	Practice
	Process Audit Improved Financial Management Procedures	Resource Management	Financial Management	Practice
	Information Systems Center Group Policy Management	Resource Management	Information Management	Tool
China	FAST Officers as Team Leaders	Executive Direction	Strategic Planning	Structural Change
	China Economic Diplomacy Initiative	Policy & Program	Foreign Assistance	Tool
	Improved Crisis Readiness	Policy & Program	Consular Affairs	Tool
	Fraud Prevention Tool Flags High-Risk Applicants Consulate	Policy & Program	Consular Affairs	Tool
Colombia	Leahy Local “Courtesy Vetting”	Policy & Program	Political & Economic	Practice
	Innovative Use of Geospatial Mapping Software	Executive Direction	Strategic Planning	Tool
Egypt	Maximizing Local Staff Skills	Resource Management	General Services Operations	Practice
	Exchange Alumni Help Sponsor Job Fair	Policy & Program	Advocacy & Analysis	Practice
	Interagency Communication and Coordination	Executive Direction	Communication & Coordination	Practice
Ethiopia	Collecting Community Feedback Mechanism	Executive Direction	Communication & Coordination	Practice
India	Integrated Country Strategy (ICS) Leadership Tool	Executive Direction	Strategic Planning	Tool
	Business Travel Program	Policy & Program	Consular Affairs	Practice
	Mission Staffing, Planning & Visa Demand Tracking System	Policy & Program	Consular Affairs	Tool
Kazakhstan	Demarch Effectiveness	Policy & Program	Political & Economic	Tool
	Driver Medical ID Cards	Mission Support	Health Unit	Practice

Kenya	Staff Feedback and Identifying Areas for Improvement	Executive Direction	Communication & Coordination	Tool
	Using the ICS to Drive Interagency Coordination	Executive Direction	Communication & Coordination	Structural Change
	Building Crisis Readiness at the Alternate Command Center	Executive Direction	Internal Controls	Structural Change
	Fostering a Culture of Respect and Tolerance	Executive Direction	Communication & Coordination	Practice
	Quarterly Trips to Deliver Consular Services to Somalia	Policy & Program	Consular Affairs	Practice
	Media Literacy Campaign	Policy & Program	Public Diplomacy	Tool
	Drive-Cam Program Improved Driver Safety	Resource Management	General Services	Practice
Mexico	Consistent, Structured, Missionwide Program	Executive Direction	Strategic Planning	Structural Change
	SamePage: Project Management Application	Policy & Program	Foreign Assistance	Tool
	Foreign Assistance Financial Management Module	Policy & Program	Foreign Assistance	Tool
	Spanish-Language Outreach to Mexican Migrant Communities	Policy & Program	Consular Affairs	Practice
	Mission Mexico's "Get Documented" Program	Policy & Program	Consular Affairs	Practice
Pakistan	Community Wardens and "Flyaway" Kits	Policy & Program	Consular Affairs	Practice
Saudi Arabia	New Facility Checklist	Resource Management	General Services	Tool
	Educational Advising YouTube Series	Policy & Program	Public Diplomacy	Tool
	Beginning of Day Report	Resource Management	Information Management	Practice
South Africa	Public Diplomacy Staff in Executive Corps	Policy & Program	Public Diplomacy	Practice
Turkey	Consular Staff Rotational Position	Executive Direction	Strategic Planning	Structural Change
	START- Model for Diplomacy in Dangerous Environments	Executive Direction	Advocacy & Analysis	Tool
	Syria Transition Assistance Response Team	Policy & Program	Foreign Assistance	Practice
United Kingdom	Joint Fraud Investigations Team	Policy & Program	Consular Affairs	Structural Change
	Grassroots Mentoring Program	Resource Management	Human Resources	Practice

As Birkinshaw and Mol (2006) defined, the process of MI was also present in the data. Examples of dissatisfaction, inspiration, and validation were often explicitly mentioned in the context of the reports; a few examples are provided in Table 6: Management Innovation Process at DOS. The extent of dissatisfaction ranged from simple internal miscommunication to killings of American citizens. Inspiration was derived locally and self-initiated by each embassy/consulate, while validity and dissemination also ranged from local to global. This evidence further supports P1 and aligns with MI literature. An analytic coding memo was used, and full details of the coding process are included in Appendix B: Coding Protocol. Thematic analysis and pattern matching were conducted for additional rigor.

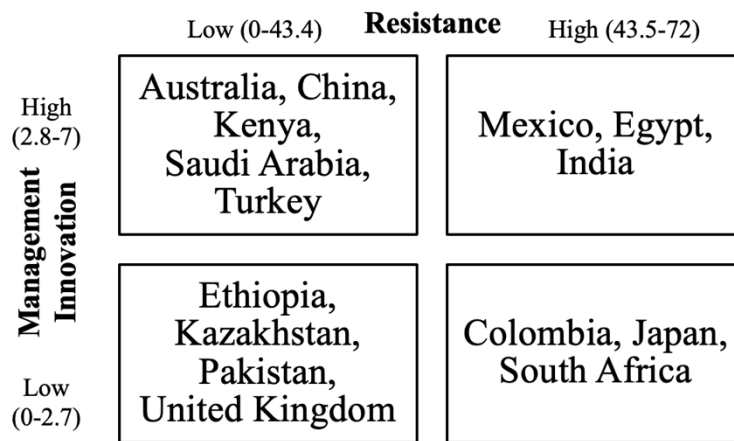
Table 6: Management Innovation Process at DOS

Step 1: Dissatisfaction	“The financial module incorporates some 400 individual spreadsheets into an automated format to provide instant and accurate budget figures, facilitating financial reporting that formerly could take days to research...”
	“The Front Office implemented this change following incidents in which mission staff were not included in meetings with high-level visitors and their Australian counterparts.”
	“The embassy’s ICS included a goal to improve consular capabilities in Somalia. The importance of this goal was underscored when two terrorist truck bombs exploded in Mogadishu in October 2017, killing hundreds of people, including three U.S. citizens.”
Step 2: Inspiration	“On its own initiative, INL Mexico developed a project management application, called....”
	“Recognizing the popularity of social media with youth in Saudi Arabia, the embassy created this animated YouTube video series to promote...”
	“Beijing’s Minister Counselor for Consular Affairs recognized a need to improve crisis readiness in the mission’s six different consular sections... “
Step 3: Innovation	See Table 5: Management Innovation Sources and Types
Step 4: Validity	“The morale survey has been presented at chief of mission conferences, the Foreign Service Institute, and the Office of the Director General of the Foreign Service, as well as to leaders in the regional bureaus. It is available to all chiefs of mission.”
	“The Regional Security Officer told OIG he plans to share the tool with other U.S. embassies in the region, security counterparts at other foreign missions in Colombia, and with the Overseas Security Advisory Council.”
	“OIG also found that START’s model may lend itself to future operations in other high-risk environments in the region and beyond, where U.S. interests call for engagement, but security threats preclude a U.S. diplomatic mission inside the country.”

Thematic Analysis

The next step in the analysis model is to apply thematic analysis (Fereday & Muir-Cochrane, 2006; Pearse, 2019). Several themes were noted in the reports, such as the functional areas associated with each MI. In the coding process, additional categories were assigned to each MI (i.e. practice, tool, structure). Through an additional process of thematic analysis, several trends emerged. A quick look at the data summary pointed to a possible connection between economic development level and MI creation. The three countries with the highest amount of MI were Kenya, Mexico, and China. To further examine this relationship, the mean of the total amount of resistance across all countries was calculated, the same was done for MI created. The mean of each was used as a cross-over point to indicate high or low resistance and MI. When comparing the amount of innovation to resistance, countries fall into four categories: Low Resistance and Low Innovation, Low Resistance and High Innovation, High Resistance and High Innovation, or High Resistance and Low Innovation. Each country was then placed in a two-by-two matrix to compare the distinct levels of resistance and MI (See Figure 4: Innovation vs. Resistance Matrix). This matrix strengthens support for a possible relationship between economic development level and MI creation given that all but one of the highly innovative countries is considered a developing nation according to the United Nations (United Nations, 2021).

Figure 4: Innovation vs. Resistance Matrix

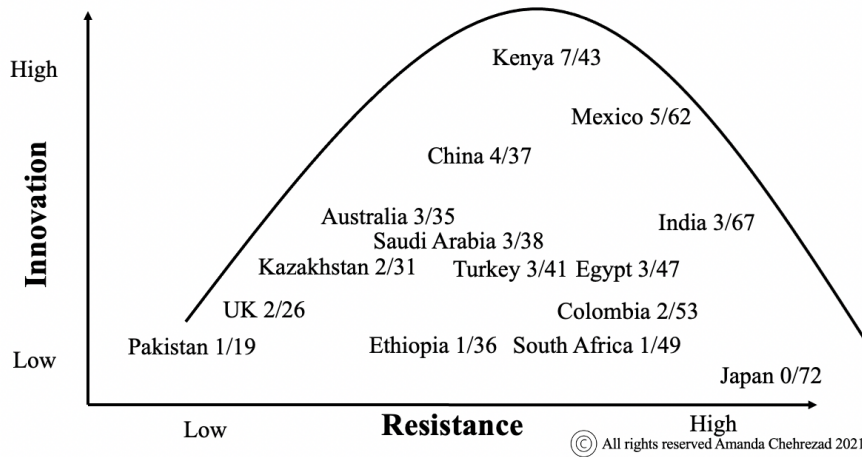


These findings suggest that some resistance is needed to help develop MI, while at the same time, too much resistance may stifle innovation development. An interesting trend that is not observed is related to regional clusters. Within each quadrant there is a diversity of countries from across the globe. This suggests that multiple factors, beyond host country culture may be at play in the relationship between resistance and MI. Additional themes could also be explored, such as local employee to foreign employee ratios, cultural dimension differences or alignment, cross-country contextual relationships, etc. Given the multitude of options, this study analyzed the most prominent theme, economic development level, that was found in the 2 x 2 matrix.

The data also suggests a nonlinear relationship may exist (See Figure 5: Innovation vs. Resistance Paradox). Not only are locations with limited resistance producing fewer MI, but locations with high resistance levels also see a decrease in innovativeness. The

extreme example is Japan, which has the highest amount of resistance and was the only location that did not create any MI.

Figure 5: Innovation vs. Resistance Paradox



Pattern Matching

For additional rigor, pattern matching analysis was conducted utilizing a concept from innovation theory. This concept links the development of MI to external influences. Several scholars in MI have shown a positive relationship between external influences and the creation of MI (Almeida & Phene, 2004; Mol & Birkinshaw, 2014; 2009; Slade, 2020; Tidd & Thuriaux-Alemán, 2016) as well as a link to innovation development in subsidiary locations (Cantwell & Mudambi, 2005; Isaac et al., 2019; Mudambi & Navarra, 2015). Theories in product innovations also include external interactions as sources (Tushman, 1977; Utterback, James, 1994; Utterback, James M., 1971). A closer look at MI created in the policy and program implementation function was examined to apply this lens. The policy and program implementation function includes the Public Affairs, Political Affairs, Economic, and Consular Affairs sections. These are all external-

facing functions. Services to the public are provided through the Consular Affairs section. The Economic Affairs section advises U.S. businesses on local trade laws and procedures and reports on local and national resources, trends, and potential impacts (*A U.S. Embassy at Work*. 2020). Public affairs officers serve as spokespersons for the embassy and U.S. interests, while political officers analyze political developments and their impacts (*A U.S. Embassy at Work*. 2020). These management functions have the most external interactions within an embassy and were used for the pattern matching analysis.

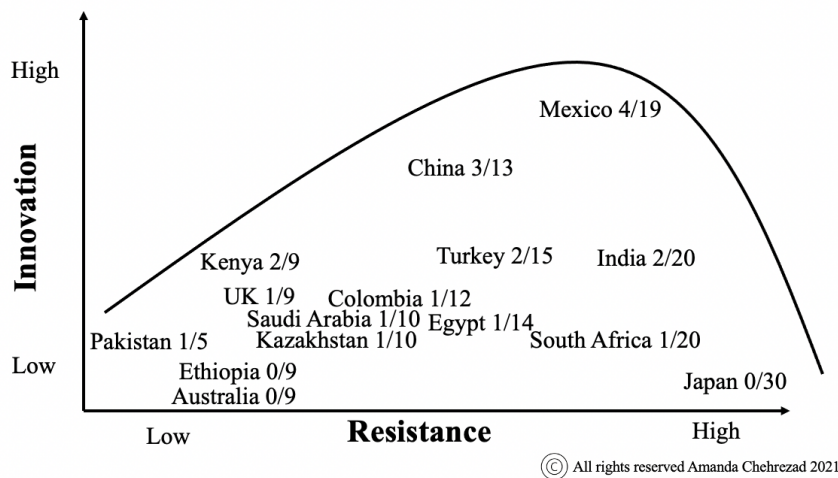
The data from the policy and program implementation sections was analyzed using the same method as in the thematic analysis process. The same four categories are also present (See Figure 6: Innovation vs. Resistance in Policy and Program Implementation Matrix). This fine grain view at the relationship between innovation and resistance within a specific function holds with this study’s findings.

Figure 6: Innovation vs. Resistance in Policy and Program Implementation Matrix

		Resistance	
		Low (0-13.7)	High (13.8-30)
Management Innovation	High (1.4-4)	China, Kenya	India, Mexico, Turkey
	Low (0-1.3)	Australia, Colombia, Ethiopia, Kazakhstan, Pakistan, Saudi Arabia, United Kingdom	Egypt, Japan, South Africa

A similar pattern of very high and very low resistance levels suppressing the development of MI (See Figure 7: Innovation vs. Resistance in Policy and Program Implementation). These results are consistent with innovation theory and further support P1. This analysis completes the methodological process outlined by Pearse (2019).

Figure 7: Innovation vs. Resistance in Policy and Program Implementation



Results and Discussion

The results of this study support P1: Resistance, in the process of hybridization, can create MI in large international organizations. A priori coding identified 40 instances of MI being created through resistance and hybridization. Thematic analysis showed additional support through a nonlinear relationship between resistance and innovation. Finally, pattern matching with innovation theory further supported P1 through external influences. The overall results support current literature and directly impact international business scholars and practitioners in several ways.

First, this study provides empirical evidence supporting Birkinshaw and Mol's (2006) MI process model and expands MI theory with organizational climate and national culture as antecedents for MI modeling. The current MI model has been limited due to a lack of international and cross-cultural studies. Specifically, this study contributes to filling this literature gap by examining organizational dynamics across multiple borders. The findings provide initial insights into how MI are created in international organizations. For practitioners, understanding the process of hybridization and the creation of MI could assist international organizations with strategic decision-making and global development. Identifying new tactics for capturing MI practices can translate into competitive advantages (Birkinshaw et al., 2008; Mol & Birkinshaw, 2009). The use of resistance as a MI identification tool bolsters the current literature and challenges current international business best practices.

Secondly, it has also been proposed that international organizations may be a “fertile breeding ground for management innovations” given their unique context and “partly or even largely inspired by the local environment the firm operates in” (Mol & Birkinshaw, 2010: 483). These results support the assertion that the operating environment can influence MI and directly links to hybridization theory. These theoretical underpinnings point to a relationship between economic development level and the creation of MI and suggesting a strong tie with resistance. This is the first known study providing empirical evidence in an international setting. The nonlinear relationship needs further investigation to be operationalized and should include additional attributes to measure differences

between economic development levels for diverse countries. To gauge the prevalence of cross-cultural MI additional studies should compare domestic and international organizations not only dispersing MI (Mol & Birkinshaw, 2010), but also their creation.

Thirdly, while MI is distinct from product innovations, this study shows some sourcing overlap. The dominant functional area developing MI has the largest external influence but is also the most directly tied to the DOS mission. How DOS executes diplomacy and public services are their primary external functions but also the practices and policies that make DOS unique. In a sense, these are the areas of competitive advantage; without those functions, DOS would not need to exist. This, too, overlaps with innovation theory of product innovations creating competitive advantages (Birkinshaw & Mol, 2006; Mol & Birkinshaw, 2014). This study shows support for external influences having a positive impact on innovation creation but does not address the dispersion of such innovations. It is unclear if MI would follow the product innovation adoption cycle.

One area of divergence from innovation theory is the concentration of MI created in developing countries. Traditionally researchers have found product innovations concentrated in developed countries due to their access to highly skilled workers, financial resources, and established infrastructure (Shane, 1993). A possible explanation for the prevalence of MI from developing countries could be tied to a mentality of resiliency developed necessity, scarcity, and resourcefulness (Gobble et al., 2017). In the literature, a resourceful mindset has been associated with product innovation from developing countries as frugal innovations (Hossain, 2018), Jagaad (Prabhu & Jain,

2015), Gandhian innovation, Indigenous innovation, and bottom of the pyramid innovation (Agarwal et al., 2017). Each of these concepts has a foundation of improvisation and pragmatism associated with the societal, economic level (Agarwal et al., 2017; Prabhu & Jain, 2015). If a scarcity of resources can lead to an innovative mindset, it is not surprising to find the same dynamics at play to create MI.

Finally, linking management at DOS to the management of MNEs opens a new research avenue. While some DOS information is classified and unavailable, there is a large and growing repository of documents and data publicly available. Large MNEs are known for protecting their operating methods, creating many challenges for researchers. Flipping the traditional model of public organizations adopting private business best practices to private firms learning from DOS is ripe for examination. The support for the conceptual link between DOS and MNEs can also be extended to hybridization theory. DOS embassies and consulates can be considered third spaces, just like MNEs. The unique positioning of DOS locations across the globe offers viable, diverse environments for further interdisciplinary studies. The role of DOS in U.S. national security cannot be overlooked and could be positively affected by new developments identified through MI. MI identified in regions or across departments may streamline and support better overall organizational performance. In this sense, the learning cycle could be reversed whereby businesses can learn to identify and capitalize on MI from DOS.

Like all academic research, this study has several limitations. The first is the fact that DOS is not a true MNE. Some of the differences between the public and private sectors

may affect the types of management processes, practices, and policies in place and what may be resisted. For a full picture of private sector MI, additional studies will be needed. Second, the initial data analysis only included large overseas missions. Including smaller missions would provide more data and identify additional attributes related to the development of MI. Narrowing this study's scope solely to assess resistance resulting in MI is also a limiting factor. Expanding the scope to review trends in general noncompliance and their possible antecedents would require additional research. Finally, new insights into resistance could be uncovered with a more direct examination of their types, sources, and attributes. The process of converting resistance to MI is still needed.

Conclusion

International businesses have pivoted to capitalize on product innovations developed in subsidiary locations (Iturrioz et al., 2015; Michailova & Mustaffa, 2012). This study suggests they should do the same to identify MI. While MI studies are scant in international business, this study's findings provide empirical evidence linking the development of MI in large international organizations to cultural resistance. Contrary to current organizational climate literature, firms should be taking a renewed look at resistance as part of the MI process and not as a strategic threat. The nonlinear relationship that has been uncovered complicates operationalizing these results without further studies. Practitioners will need to find a balance between embracing resistance leading to innovations and resistance that is counterproductive. Scholars should further examine the process of converting resistance into MI. The contributions of this research include addressing the literature gap in MI from an international perspective, enhancing

the MI model with climate and culture as antecedents, and identifying a new research avenue with DOS. These results should have managers and scholars saying, “Vive la Résistance!”

4. CAUSAL COMPLEXITY

Business phenomena are inherently complex and closely tied to rich contextual causes, hence the centuries old studies examining relational causality that continue through today. While simplistic in theory, the process of identifying and analyzing antecedent and outcome variables is never ending. There is yet to be a universal business theory that can be applied across firms, countries, and industries precisely because of causal complexity. Not only is finding and understanding causation a challenge, but consistent replication can be nearly impossible. Given this reality, scholars are moving towards a new research approach and analytical technique, qualitative comparative analysis (QCA). QCA uses qualitative and quantitative methods to identify and test set relationships occurring in the real world, making it ideal for this study.

Qualitative and quantitative analysis have a rich history, which have sparked debates but ultimately are both acceptable rigors research methods. Most commonly, new research disciplines are inundated with qualitative studies focused on outlining, defining, and identifying applicable variables and outcomes (Miles & Huberman, 1994; Myers, 2019). Ample approaches have been utilized, case studies, action research, experiments, etc. with most analysis consisting of coding or grouping concepts with contextual links. Qualitative studies tend to be the building blocks for quantitative research, which assigns numbers to concepts for easier measuring. The quantitative approach relies on analyzing relational hypothesis, which tend to be derived from the earlier qualitative findings. Finally, mathematical equations are applied to individual variables, while holding other variables or contexts constant. The results help identify independent factors that have the

most or least effect on the desired outcome or lack thereof. The qualitative and quantitative interdependence has successfully developed business theories for years, however, operationalizing the theories continues to be a challenge. Practitioners are faced with situations where variables cannot be held constant and therefore do not turn to academia for applicable theories. QCA has the potential to bridge the academic-practitioner gap because of its wholistic, theoretical-set approach.

Neoconfiguration Approach

“The application of QCA’s theoretical and methodological approach enables researchers to conceptualize and embrace the facets of causal complexity—conjunction, equifinality, and asymmetry—and to advance a neoconfigurational perspective.” (Misangyi et al., 2017 p. 275)

QCA is based on a set-theoretical model with both antecedents and outcomes being viewed as a configuration of variables, i.e., conditions (Fiss, 2011; Greckhamer et al., 2018; Ragin, 2006). A configuration approach expects complexity in the causal relationships and therefore conceptualizes cases as configurations of attributes (Misangyi et al., 2017). This is in stark contrast with regression analysis, which focuses on independent variables while holding additional attributes constant (Fiss, 2011). Three keys to a configuration perspective are conjunction, equifinality, and asymmetry.

Conjunction proposes that outcomes rarely have a single cause but instead are comprised of multiple variables (Fiss, 2011; Ragin, 2000; 2008). The combination of these variables or attributes is treated as “sets,” which result in the business phenomenon (Ragin, 2006).

Equifinality suggests that there is more than one combination leading to the outcome

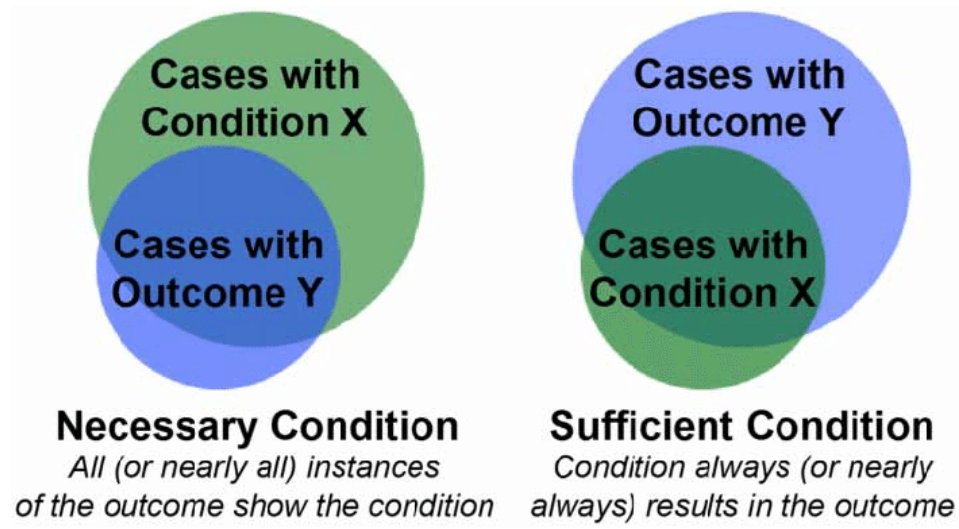
(Fiss, 2011; Ragin, 2006). In other words, there is more than one set or pathway to create the outcome. Finally, asymmetry is the concept that variables that lead to the outcome in one set may not appear in another and may even be inversely related (Ragin, 2000; 2014; 2006). The analysis of these effects is conducted using Boolean algebra.

The QCA analytical technique views condition sets in terms of necessity and sufficiency and their corresponding consistency and coverage. The fundamental process of analysis is based in cross-case comparison. Necessary conditions are identified as conditions, always or almost always, present in the outcome (Fiss, 2011; Ragin, 2006). To understand the relationship between a necessary condition and the outcome, one looks at the consistency and coverage measures. A simplistic example would be if we were analyzing fortune 500 company CEOs and their characteristics. At first pass it would be easy to say that being male is necessary to being the CEO of a fortune 500 company. While not all CEOs are male, the consistency for this attribute would be very high since less than 5% of CEOs are currently female. However, when looking at coverage, the number of males, from the entire male population, that become CEOs is very small. This indicates that while being male is consistent it is not theoretically relevant because of the low coverage level. This is an overly simplistic example, but it demonstrates, not only the use of necessity, consistency, and coverage, but also the importance of condition selection based in theory or context.

The next step in the analysis would be for sufficiency. Sufficiency shows the relationship between conditions being present which result in the outcome. Necessity is a top-down

analysis looking at the outcome and finding any conditions that appear in nearly all the outcomes. Sufficiency is bottom-up, whereas when a condition, or set of conditions, is present the outcome is almost always present (See Figure 8: Causal Condition Measurements). Going back to the CEO example, a sufficient condition set could be female, extroverted, ivy league college graduate, ivy league MBA graduate, 20 years with the same company, and 7 years or more in a C-suite position. Another solution set could be male, introverted, relative of company founder, and MBA graduate. These two “causal recipes” demonstrate the three keys of QCA. Conjunction because they are combinations of conditions resulting in the outcome, equifinality because there are multiple sets leading to the outcome. Finally, asymmetry is seen through the introvert/extrovert condition. In the first solution extroverted, in combination with other conditions, leads to the outcome, while in the second solution the opposite, in combination with other conditions, also leads to the outcome. The asymmetry point to interactions between the conditions are leading to the outcome, not a single condition on its own. Again, the consistency and coverage would need to be assessed and the threshold levels are related to theoretical findings.

Figure 8: Causal Condition Measurements



Source: Ragin 2008 p. 44-45

Fuzzy-set Qualitative Comparative Analysis

Within QCA literature there are two approaches, crisp-set and fuzzy-set. The difference between fuzzy-set and crisp-set QCA lies with the treatment of the conditions and outcomes. In crisp-set analysis the conditions and outcomes are dichotomous with 0 representing non-membership and 1 representing full membership (Ragin, 2000; 2009). On other words you are either fully in or fully out, there is no room for variation, which limits this approach to dichotomist conditions. Fuzzy-set is designed to capture degrees of membership based on theoretical and case-specific knowledge thresholds (Ragin, 2000; 2009). The process of assigning the degrees of membership is calibration.

“For both crisp and fuzzy sets, effective calibration is a half-conceptual, half-empirical process of identifying thresholds that meaningfully represent differences in kind and differences in degree among cases. This process should

follow three principles: (1) to clearly define each set representing outcome and causal conditions (e.g. the set of large firms); (2) to use appropriate theoretical and substantive knowledge to identify sensible thresholds (or “anchors”) to determine, for example, which cases can be meaningfully considered to be fully in versus fully out the set of large firms in a given study setting; and (3) to transparently report chosen thresholds so that readers can assess the validity and robustness of the calibration process and the resulting sets” (Greckhamer et al., 2018 p.488).

The relationship between resistance and MI includes dichotic, categorical, and continuous variables. Both dichotomous and categorical conditions are considered crisp sets, i.e., you are either in or out, one or the other. On the other hand, cultural dimensions are continuous attributes calling for the use of fuzzy-set QCA (fs-QCA) so that degrees of differences between cultures can be examined (Greckhamer et al., 2018; Kraus et al., 2018; Misangyi et al., 2017; Ragin, 2000). Cultural dimensions are not exclusive (i.e., you are PDI or not), they range from high to low. Using fsQCA allows for analyzing cultural profiles instead of independent cultural dimensions (Ragin, 2000; Rinne et al., 2012). Similarly, economic development level has varying degrees. The UN classifies countries as least developed, developing, transition, and developed (United Nations, 2021), which is to say that no country would be considered not developed at all and fuzzy-set analysis is more appropriate than crisp-set. This study used four-value fuzzy set values (See Table 7: Calibration Values).

Table 7: Calibration Values

Crisp set	Three-value fuzzy set	Four-value fuzzy set	Six-value fuzzy set	"Continuous" fuzzy set
1 = fully in	1 = fully in	1 = fully in	1 = fully in	1 = fully in
			0.8 = mostly but not fully in	Degree of membership is more "in" than "out": $0.5 < x_i < 1$
	0.5 = neither fully in nor fully out	0.75 = more in than out	0.6 = more or less in	.5 = cross-over: neither in nor out
			0.4 = more or less out	Degree of membership is more "out" than "in": $0 < x_i < .5$
		0.25 = more out than in	0.2 = mostly but not fully out	
0 = fully out	0 = fully out	0 = fully out	0 = fully out	0 = fully out

Ragin, 2000 p. 156

Causal Complexity of Management Innovation

The current model of MI is already complex (see Figure 1: Management Innovation Model). Each antecedent category has multiple variables identified, while others are yet to be added. The first study supported adding national culture and organizational climate to the model. The thematic analysis identified economic development level as an additional possible factor. Using a traditional quantitative variable based approach to analyze MI development in an international setting would prove difficult given the large number of variables that could be included. The ample literature on product innovation provides theoretical background as a starting point and QCA is an ideal approach to further examine the creating of MI.

fsQCA is ideal for case studies, particularly in an international setting, because it captures real-world phenomenon (Fainshmidt et al., 2020; Kraus et al., 2018). The QCA method was specifically designed to conduct cross-case analysis. Context is included in both the research approach and analysis through the selection of conditions and their calibration. Without the constraints of regression analysis, the results of fsQCA are more applicable for practitioners and expand the current theoretical literature.

5. VIVE LA RESISTANCE: HARNESSING THE POWER OF RESISTANCE

Abstract

Historically, resistance has been viewed as good or evil, productive or harmful, accepted or avoided, but little is known about harnessing the power of resistance. This study views resistance as an outcome of hybridization and as an antecedent to management innovation (MI), but only under certain conditions. It has been shown that the mixing of organizational climate and local culture creates resistance that can result in MI. Yet, the relationship between resistance and MI is opaque. Multiple attributes may contribute to the relationship, which suggests causal complexity. To analyze these interactions, a fuzzy-set qualitative comparative analysis (fsQCA) was employed to answer the questions: under what circumstances is resistance converted into MI? Cultural dimensions based on Hofstede's seminal work, economic development levels assessed by the United Nations, and theoretical underpinnings from product innovation literature guide this study. The research setting was 15 large U.S. embassies and consulates. Inspection reports from each location were coded for resistance and innovation and assigned additional attributes based on the literature. The results identified cultural and economic development attributes that contribute to converting resistance into MI. These findings are directly applicable to international managers wishing to harness the power of resistance while filling a literature gap.

Key Words: Resistance, Management Innovation, fsQCA

“To fly we have to have resistance.”

Maya Lin

Introduction

Resistance is a central tenant for international business. Decades of research have contributed to our current understanding of internationalizing business operations while overcoming resistance from the local workforce, customers, governments, and partners. Resistance has taken on a negative connotation within business circles, although organizations have accepted the need to allow for some local adaptations to management practices and policies. Local culture and organizational climate have been linked as causes of resistance through hybridization (Bhabha, 1994). Ample research on overcoming the liability of foreignness and decreasing cultural distance aim to diminish resistance; however, this view may be short-sided. Resistance is a powerful force, and if it can be harnessed for good, there is no telling how high it can go, because as Maya Lin points out, without resistance, flight would not be possible.

Innovation is another powerful force in the business world. Most research has focused on product innovation (Birkinshaw et al., 2008; Crossan & Apaydin, 2010; Damanpour & Schneider, 2009). What has not received as much attention is management innovation (MI), even though it has been linked to supporting product innovations (Janka et al., 2020) and touted as the most sustainable type of innovation (Hamel, 2006; Mol & Birkinshaw, 2009). While still in its infancy, the MI discipline can look towards product innovation literature for guidance. Both local culture and organizational climate have been shown to affect product innovation, which may also be the case for MI. Studies of MI in international settings are sorely lacking; therefore, culture and climate effects on

MI are also under-researched. Another factor that appears to have an influence is the economic development level of the country. Again, research in this area is absent. This study aims to address this literature gap by asking: Under what circumstances is resistance converted into MI?

A key to understanding resistance is not just recognizing how it is created but also how it affects an organization. Scholars and practitioners have attempted to understand resistance by examining cultural differences, and it is easy to find studies on the detriments of resistance to organizational change efforts, new technology adoption, integration efforts, etc. but little exists on how resistance may be converted into good. This study explored how the power of resistance may be harnessed and how different levels of resistance contribute to the conversion process. Given the complexity of both antecedents and possible outcomes, a neo-configuration perspective was adopted with an inductive and exploratory approach. The use of cultural dimensions calls for fuzz-set Qualitative Comparative Analysis (fsQCA) (Misangyi et al., 2017; Ragin, 2000; Tekic & Tekic, 2021). Initial guidance from innovation literature was employed for the theoretical foundation and threshold selection.

Fifteen US embassies and consulates serve as the research setting, with document analysis of reports from the Office of Inspector General (OIG) as the data source. Using a single organization embedded case study will hold all organizational factors constant and allow for a more in-depth look at environmental influences. Using fsQCA resulted in multiple “recipes” in terms of combinations of cultural dimensions and economic

development levels, leading to high levels of MI and those leading to lower conversion rates. The findings contribute to both MI and cross-cultural literature. This study expands the limited research on MI in international settings and provide a more fine-grained look at the creation of MI. The use of fsQCA provides new insights for cross-cultural studies with a renewed view of cultural profiles instead of individual cultural dimensions.

Resistance Through Hybridization

In the most general terms, hybridization is combining two things to create something new. The foundational theoretical concepts are a mixing of organizational climate and local cultures to create mimicry and resistance (Bhabha, 1994). Mimicry, which could also be viewed as standardization or compliance, is the main goal for large international organizations that want to promote a strong organizational climate. Therefore, resistance is viewed as a downside of management hybridization. In this sense, resistance is the product of a mismatch between local cultural values and organizational policies, practices, and procedures. Resistance can range from ambivalent to overt actions and behaviors (Bhabha, 1994; Frenkel, 2008). In practice, resistance can manifest as workarounds, feigned ignorance, or insubordination. The types of resistance may impact the tolerance level they are allowed. Scholars and practitioners have recognized the importance of allowing some local adaptations but have not embraced resistance as a possible benefit. This study focused on resistance that creates workarounds or novel practices, which ultimately improve organizational performance. Using resistance to identify possible MI could be highly beneficial to international organizations. This study

assumes that organizational performance, even though derived from resistance, would be embraced, and valued.

National Culture Dimensions

National culture has been a topic for international business since the 1980s, yet its direct impact and measurements are still up for debate. Many different measures have been developed to assess and study cultural effects, but the most prolific is Hofstede (Tekic & Tekic, 2021; Touburg, 2016). Hofstede's seminal study from 1980 collected data from the IBM worldwide workforce and identified four main cultural dimensions, Power dynamic (PDI), Individualism (IDV), Uncertainty (UAI), and Masculinity (MAS). Two additional dimensions were added in subsequent studies, Long-Term Orientation (LTO) and Indulgence (IVR). In short, high PDI represents the expectation that power within the society is equally distributed. High IDV shows a low amount of societal interdependence, whereas low IDV is more collectivist. High UAI can be seen in the beliefs and institutions created in a society to avoid ambiguity. MAS is linked to the motivation of a nation's members. More masculine societies are driven by doing the best possible, and more feminine are rooted in doing what you like. Countries with high LTO scores are less likely to value long-term historical perspective, i.e., traditions but due plan and save for the future, while low LTO countries hold on to traditions of the past and are less likely to save. Finally, IVR measures a society's propensity to control its desires and impulses. High scores in IVR are societies that value leisure time and enjoying life.

The initial four dimensions were derived from 70 countries between 1967 and 1973. From the largest group of respondents, Hofstede's initial study included 40 countries and was later expanded to 50 countries (Hofstede, G., 2021). Validation studies have continued in additional countries leading to a database of scores for 76 countries (Hofstede, 2021). Hofstede is credited with over 200,000 citations in Google Scholar, clearly pointing to his dominance in the field. This study used Hofstede's cultural dimension as conditions within the fuzzy-set analysis. It is easy to point to the overwhelming use of Hofstede's research as a justification; however, there are additional reasons his findings are specifically relevant for this study. First, because Hofstede's work is so pervasive, it provides ample empirical and theoretical work in the innovation literature, which helped form the theoretical foundation for this study. Second, while one of the criticisms of Hofstede's work is its scope of only one organization, his design held organizational climate constant, and this study is following suit. Finally, one premise of Hofstede's work is based on cultural profiles implying that diverse cultural dimensions form the broader cultural environment. This aspect of his work has been overlooked by scholars employing regression analysis of individual dimensions. This study uses the same view and adopts fs-QCA to uncover diverse cultural profiles that can contribute to MI.

Culture and Innovation

Findings in product innovation development guided this study due to the lack of research on the relationship between MI and culture. Various studies have been conducted related to Hofstede's cultural dimensions and the creation and dissemination of product

innovations. While some dimensions have been consistent across studies, others have been mixed and even contrary, leaving room for additional research. Shane (1993) was one of the first to examine the influence of cultural dynamics and innovation. Additional scholars have partially supported his findings (Rinne et al., 2012), while others have found contradictory results (Erumban & De Jong, 2006; Van Everdingen & Waarts, 2003). A recent literature review shows additional complexity in the relationship, but overall high PDI and UAI are negatively associated with innovation development, with high LTO having a positive effect (Tian et al., 2018). IDV and UAI are more nuanced (See Table 8: Culture and Innovation). IVR is the most recent dimension added by Hofstede and is still under-researched. What these studies seem to have overlooked is the interaction between the diverse cultural dimensions. Each of these studies used a regression model based on individual variables, which may contribute to the inconsistent results.

Table 8: Culture and Innovation

Author	Overview	High PDI	High IDV	High UAI	High MAS	High LTO
Shane, 1991	Cultural values influence national rates of innovation.	Negative	Positive	Positive	Negative (not significant)	n/a
Rinne, Steel, & Fairweather, 2012	The role culture plays in influencing national levels of innovation.	Negative	Positive	Unrelated	n/a	n/a
Erumban & Jong, 2006	Cultural setting of a society plays an important role in information and communication technology adoption.	Negative	Positive	Negative	No significant difference	Negative (not significant)
Van Everdigen & Waarts, 2003	Investigating the role of national culture to explain differences in adoption rates across countries.	Negative	Positive (only early adoption)	Negative	Negative	Positive
Tian, Deng, Zhang, & Salmador, 2018	Systematic literature review of the studies that have analyzed the impact of culture on innovation.	Negative	Positive & Negative (patriotism)	Negative	Positive & Negative	Positive

A more recent study, using fsQCA, assessed national levels of innovation with combinations of Hofstede’s cultural dimensions (Tekic & Tekic, 2021). Their analysis did not find any individual cultural dimension necessary for high levels of innovation and

only low IND as a necessary antecedent for low innovation (Tekic & Tekic, 2021). Additionally, no individual dimension was sufficient for high or low innovation levels (Tekic & Tekic, 2021). These findings support the premise that combinations of cultural dimensions have more causal effects. Their analysis of sufficiency resulted in four solutions leading to high innovation: 1. Low IDV and Low PDI combined with all other dimension levels, 2. High IDV, Low MAS, and High UIA combined with all other dimension levels, 3. High IDV, High UIA, and High LTO combined with all other dimension levels, and 4. High PDI, Low IDV, High MAS, Low UIA, and High LTO (Tekic & Tekic, 2021). They also found one solution leading to low innovation: High PDI, Low IDV, and Low LTO combined with all other dimension levels (Tekic & Tekic, 2021). While these results are related to product innovation and culture, they can be used to guide possible solutions for MI.

Innovation and Development Level

Traditionally, product innovation development has been concentrated in developed countries and pushed to subsidiary locations for production and adaptation (Cantwell & Mudambi, 2005). However, this trend has been shifting as large international organizations begin to recognize additional creativity being developed in subsidiaries (Cantwell & Mudambi, 2005; Isaac et al., 2019). One such area has been dubbed “frugal innovation.” The study of frugal innovations has been increasing (Weyrauch & Herstatt, 2019), however it is lacking in the MI literature. At its core, frugal innovations use fewer resources, include minimal product functions, and are lower price (Basu et al., 2013; Bhatti, 2012; Hossain, 2018), but the development of frugal innovations has also been

linked to a frugal mindset (Soni & Krishnan, 2014). From the perspective of MI, a frugal mindset may be a driving factor to overcome cultural resistance to solve problems. Frugal innovations have been linked to grass roots initiatives as well as MNE subsidiaries through a resource-based view of the firm (Hossain, 2018). DOS is not low in resources, but local staff in developing countries may have developed a frugal mindset from their exposure and experiences in resource constrained environment. Additionally, the fact the MI changes the way people work, which often does not require additional resources, it can be viewed as a type of frugal innovation (Soni & Krishnan, 2014). An overlay of a “frugal innovation” mindset being prevalent in developing countries (Hossain, 2018; McMurray et al., 2019) was applied through a developed vs. developing condition. If a scarcity of resources can lead to product innovations, it would not be surprising to find similar findings for MI.

Organizational Climate

National culture is not the only cultural aspect affecting international business. Organizational climate, defined as, “the shared perceptions of and the meaning attached to the policies, practices, and procedures employees experience and the behaviors they observe getting rewarded and that are supported and expected,” (Schneider et al., 2011: p. 362) is critical in international business. Organizational climate is distinct from organization culture in that culture focuses on values, beliefs, and assumptions within a group due to socialization (Schneider et al., 2011). Culture is, therefore, more intangible, while climate can be directly observed through policies, practices, and procedures. The

use of a single organization in this study limits the influence of organizational culture while allowing for the examination of climate differences.

An additional focus in climate research is on organizational climate strength. A strong climate is seen to provide consistency in employee experiences through clear guidance and expectations, which leads to further strengthening of climate (Schneider et al., 2011). A strong organizational climate is linked to higher process and outcome goals for the firm (Schneider et al., 2011); however, local adaptations still occur. This study is specifically interested in the adaptations that occur and under what conditions. DOS has a strong organizational climate that discourages local deviation. The extensive rules and regulations coupled with congressional oversight and OIG inspections aim to cripple resistance and limit ambiguity. Yet, resistance and MI are still being discovered.

Climate and Innovation

Within climate studies, the relationship between climate and innovation has been receiving attention. Climate is positively related to firm innovation (Mutonyi et al., 2020; Shanker et al., 2017); however, the type of climate matters (Thiruvankadam & Kumar, 2018). Scholars have identified the need for an “organizational climate for innovation” (OCI) to leverage innovativeness within the organizations (Shanker et al., 2017). OCI is characterized across eight factors: “Characteristics of work; Support of management and Co-worker; Emotional Safety; Resource availability and accessibility; Diversity of the workforce; Risk-taking capabilities and Dynamism; System, Procedures, and Processes in the organization” (Thiruvankadam & Kumar, 2018 p. 165). More generally, an OCI is an

open climate that encourages risk-taking, tolerates dissent and failure, and is accepting of new ideas (Mutonyi et al., 2020). Henry (2001) goes on to recommend, “flexible organizational structure (flatter, decentralized), freedom to employees, integrated procedures (multidisciplinary teams), ensuring the spirit of collaboration, attending to social needs of the group and protecting the team from unnecessary obstacles” (Thiruvankadam & Kumar, 2018: p.166). An OCI is also positively linked to individual creativity levels (Shanker et al., 2017). Given the current literature on OCI, DOS would not meet the recommendations for creating an innovative climate.

DOS has implemented a very strong and standardized climate. OIG evaluates each embassy and consulate based on set guidelines, and deviation is discouraged. DOS does not encourage innovation through its organizational climate nor its structure. DOS has taken cues from industry in its management approach by adopting structured performance evaluations, extensive staff training, reporting requirements, and process standardization; however, the overall structure is highly centralized and hierarchical (Diefenbach, 2009). These characteristics, being a large, centralized organization with a strong climate, were held constant in this analysis.

Management Innovation

MI research has been gaining steam in recent years; however, most studies focus on the dissemination and adoption of MI. This focus had led to various definitions ranging from new management tools, techniques, and practices in the sense of state of the art to simply new to the firm. This study considers MI as new to the firm practices, tools, and

structures that create incremental improvements for organizational performance. Given that MI does not create a product or technology, it would be very difficult to find MI meeting the standard of disruptive (Christensen & Overdorf, 2000) or radical innovation (Tellis et al., 2009). MI is much more likely to be found as incremental innovations focused on increasing organizational performance.

The current MI model includes three categories of antecedents (organizational, environmental, and managerial), three types of outcomes (performance, innovation, and capabilities), and several moderators and mediators (Khosravi et al., 2019). Given that MI is still a fledgling discipline, the interaction of the different antecedents has not been fully explored. While the MI model is somewhat simplistic because of the scant research, it also shows the phenomenon's complexity. The causal complexity calls for a configuration approach to further illuminate the relevant relationships.

In a sense, MI is distinct from product innovation because it requires resistance to the status quo to make improvements. Organizations do not have divisions or employees dedicated to creating MI, which means they emerge despite the system (Birkinshaw & Mol, 2006). Another difference is the source of MI. Product innovations are often attributed to a “eureka idea” that is made a reality, but MI is found to begin with “dissatisfaction” (Birkinshaw & Mol, 2006). These distinctions may affect the creation of MI and the adoption and dissemination in distinct ways from product innovation. This study may uncover some of these differences.

Methodology

The use of fsQCA in international business literature is limited but has become a growing trend (Fainshmidt et al., 2020), which this study will address. Due to the lack of research in this area, this study was inductive and exploratory. Initial a priori coding was completed to identify resistance and MI (See Appendix A: A Priori Coding and Appendix B: Coding Protocol). The results show that the relationship between resistance and MI is complex and includes multiple variables, which is ideal for Qualitative Comparative Analysis (QCA) (Greckhamer et al., 2018; Misangyi et al., 2017; Ragin, 2000).

Regression models treat each variable separately and in competition with others (Fiss, 2007), which can limit understanding of complex relationships. A configuration approach is more holistic and allows for examining multiple variables and their combined effects on the subject outcome (Fainshmidt et al., 2020; Misangyi et al., 2017; Ragin, 2000). The outcome of QCA data analysis are causal recipes which can include multiple conditions.

To identify membership or non-membership of attributes, a theoretically based threshold was developed. Causality was then related to necessity and sufficiency (Greckhamer et al., 2018; Misangyi et al., 2017; Ragin, 2008). Necessary conditions were identified by examining the antecedents of MI that are always present (Ragin, 2000). This process works from the outcome backward, whereas sufficiency works from the antecedents to the outcome. Sufficiency would have been established if an antecedent always results in the outcome (Ragin, 2000). Necessity and sufficiency were tested for each outcome condition.

Research Setting & Sampling Strategy

This study uses data collected and initially analyzed in the previous study. DOS is the research setting due to its large international footprint, strong organizational climate, and rigorous evaluation system. DOS is fundamentally a large service organization. Specifically, it provides services to American citizens living, working, and visiting overseas, and it processes immigrant, work, and tourist visas for foreigners. More broadly, by developing, maintaining, and expanding diplomatic relations with foreign countries, DOS facilitates greater access to foreign markets. Bilateral relations, trade agreements, and import regulations are facilitated through DOS and other US government agencies. DOS provides direct support to US businesses, expands market opportunities, and supports stability through their safety initiatives. The strong DOS climate, and its association as a service organization, were held constant in this study.

Fifteen OIG reports from large embassies spanning the globe were coded and processed through thematic analysis and pattern matching. The results point to MI being created in diverse locations with a nonlinear relationship between resistance and MI creation. This study expands upon these findings using additional demographic conditions (See Appendix C: Demographic Attributes) and fsQCA. The inclusion of 15 locations is quite large for a case study and yet considered small for a quantitative study, however it is ideal for medium N studies and QCA (Fainshmidt et al., 2020; Ragin, 2000). Limiting the study to large embassies also ensures capturing causal complexity, given that large organizations are more complex (Ragin, 2000). Future studies could expand the data sample to test for validity.

Data Analysis

Creating MI has been linked to many attributes, far too many for one study to address. To ensure a full picture of MI, the factors identified in the theoretical foundation were used. Calibration standards and qualitative thresholds were established to create fuzzy sets (Misangyi et al., 2017; Ragin, 2008) to measure environmental factors of culture and economic development. Each outcome condition was tested. The organizational factors for this study were static, given that only one organization is being examined. The complexity of operating in international settings necessitates the use of configuration theories to more closely align with real world situations (Fainshmidt et al., 2020).

This study utilized fsQCA 3.1b software (June 2019 Version) for analytical testing. Best practices for fsQCA as a research approach and analytical technic were adopted from Parente and Federo (2019), Greckhamer et al (2018), Kane (2014), Fiss (2011), and Ragin (2000; 2009). Using fsQCA, allows for the analysis of necessity and sufficiency through Boolean logical algebra. Necessity is a top-down analysis to identify instances of a condition that almost always result in the outcome (Ragin, 2000). In this case, the condition is a superset of the outcome (Fiss, 2007). In other words when the outcome is present the necessary condition is also present. Sufficiency is, “a test of whether the cases displaying the causal conditions form a subset of the cases displaying the outcome” (Ragin, 2000 p. 233). Therefore, when a condition, or set of conditions, is present so is the outcome.

Necessary conditions are not always sufficient, it is therefore required to conduct both analytical processes. If both analyses fail to identify single necessary or sufficient conditions the resulting combinations of sufficient conditions are known as INUS conditions. INUS conditions are, “insufficient but nonredundant parts of a condition which is itself unnecessary but sufficient for the effect” (Peer et al., 2013 p.6). INUS conditions assess the most complex causal conditions resulting in “causal recipes” or “constellations of causal factors” that result in the outcome (Peer et al., 2013; Ragin, 2000). In the social sciences, INUS conditions are the most common and complex (Ragin, 2000).

Within the analysis of necessity and sufficiency measures of consistency and coverage are generated. Consistency represents the overall fit of the set-theoretic relationships present in the outcome (Fiss, 2011). In other words, consistency measure how close to perfect the subset/superset relationship is, a 1 would be considered a perfect match. Thresholds for consistency of necessity and sufficiency vary, with a higher standard being established for necessity, usually 0.9, and slightly lower for sufficiency at a minimum of 0.75. Complementary to consistency is coverage, which demonstrates the relevance or importance of the relationship (Fiss, 2011). Coverage is key for assessing necessity because low coverage of a consistent condition indicates that it is irrelevant to the outcome. When assessing sufficiency, coverage is partitioned into “raw coverage” and “unique coverage” to denote importance when there is equifinality (Ragin, 2008). Raw coverage indicates the total coverage of a solution, including any combinations that may overlap with other solutions, while unique coverage is the percent of instances of the

outcome attributed only to that/those conditions (Ragin, 2009). In short, consistency and coverage measures are used to assess the overall fit and importance of conditions in relation to the outcome.

Calibration

The conditions for calibration are presented in Table 9. The country culture scores were taken from Hofstede’s personal website (Hofstede, 2021). Three scores (denoted by * in the table) were adopted from the score for “West Africa” because an individual country score was not provided.

Table 9: Calibration Conditions

Country	PDI	IDV	MAS	UAI	LTO	IVR	Development
Australia	38	90	61	51	21	71	Developed
China	80	20	66	30	87	24	Developing
Colombia	67	13	64	80	13	83	Developing
Egypt	70	25	45	80	7	4	Developing
Ethiopia	70	20	65	55	32*	46	Least Developed
India	77	48	56	40	51	26	Developing
Japan	54	46	95	92	88	42	Developed
Kazakhstan	88	20	50	88	85	22	Transitioning
Kenya	70	25	60	50	32*	40*	Developing
Mexico	81	30	69	82	24	97	Developing
Pakistan	55	14	50	70	50	0	Developing
Saudi Arabia	95	25	60	80	36	52	Developing
South Africa	49	65	63	49	34	63	Developing
Turkey	66	37	45	85	46	49	Developing
UK	35	89	66	35	51	69	Developed

Culture: Previous studies have used several approaches to calibrate cultural dimensions. One approach selected the median as the mid-point of the dimensional scores and added one standard deviation above for the high point and one standard deviation below (Yong et al., 2020). This approach takes into consideration the range of diversity within each dimension but is also susceptible to being skewed if any outliers appear in the data. Others assigned values of the top 20% as “very high,” mid-range of 60% as “high-moderate-low,” and the bottom 20% as “very low” (Woodside et al., 2011). This approach is more contextual because it calibrates the dimensions using the highest and lowest values, however the “high-moderate-low” calibration may be very broad. For example, if a dimension shows the top 20% being a score of 70-85 and the low 20% scores as 15-30 the mid-range scores would be 31-69, allowing for countries with dimension scores of 31 and 69 to be seen as the same. This decreases the ability to have a fine grain view of the data. Most recently, Tekic and Tekic applied:

“Hofstede’s dimensional scores range from 0 to 100, we refer to a half-way score of 50 as the crossover point that is widely accepted as a threshold for determining whether a country scores high or low on a specific cultural dimension..... Membership in a condition set is coded 0 if a cultural dimension shows a score lower than or equal to 25 (i.e., the halfway point between 0 and 50) and is coded 1 if a cultural dimension shows a score higher than or equal to 75 (i.e., the halfway point between 50 and 100)” (Tekic & Tekic, 2021 p.389).

This method assumes an equal valuation across all dimensions. For example, a country with a score of 50 in long-term orientation and uncertainty avoidance would suggest the

country has an “average” score for these dimensions. However, with closer examination of the Hofstede data, the average score for all countries in long-term orientation is 45.48 and uncertainty avoidance is 67.36. Therefore, this approach may be overly simplistic.

For this study, a hybrid approach was used, which attempts to mitigate the challenges stemming from previous calibration methods. The first step was to create descriptive statistics for each of Hofstede dimensions. This process included all the data points Hofstede has collected across the globe, not just the countries included in this study. The broader data set brings a more holistic view to the analysis based on where each country falls within the spectrum of dimension scores. The second step is to use the standard deviation to create upper and lower limits of plus or minus one standard deviation from the mean (See Table 10: Hofstede Dimension Statistics). A quick glance at these results clearly shows that none of the dimensions fall neatly into a raw score 25-50-75 split.

Table 10: Hofstede Dimension Statistics

	PDI	IDV	MAS	UAI	LTO	IVR
Mean	59.23	45.17	49.14	67.36	45.48	45.43
Standard Deviation	21.01	23.97	18.62	22.54	24.23	22.17
Lower	38.22	21.20	30.52	44.82	21.25	23.25
Upper	80.24	69.14	67.76	89.90	69.71	67.60

These limits are then translated into the calibration measures for each dimension (See Table 11: Cultural Dimension Calibrations). When a country’s dimension score falls on a threshold number it actually fell within the threshold because these numbers have been

rounded. For example, Australia scores 38 on PDI, the low limit for PDI is 0-38, therefore Australia was coded as a 0 for PDI. The reason for this is due to the underlying knowledge that the threshold score of 38 represents 38.22, and therefore to bump into the next calibration a country would need a score of 39. This approach combines principles from previously used methods for a more robust analysis. The use of plus one and minus one standard deviation mimics that of Young, Mannucci and Lander, while incorporating Tekic and Tekic’s method of using four calibration thresholds, therefore also overcoming the overly simplistic approach from Woodside, Hsu, and Marshall. This method also captures true differences in cultural combinations. Using Australia and PDI as an example again, the score of 38 in a simple 25-50-75 split would indicate a country with a somewhat low power dynamic culture, however, in comparison to global scores, it is a country with a very low power dynamic. Given that this study is interested in the outcome of differences between cultures, this nuance is key for the analysis.

Table 11: Cultural Dimension Calibrations

Calibration	PDI	IDV	MAS	UAI	LTO	IVR
0	0-38	0-21	0-31	0-45	0-21	0-23
0.25	39-59	22-45	32-49	46-67	22-45	24-45
0.75	60-80	46-69	50-68	68-90	46-70	46-68
1	81-100	70-100	68-100	91-100	70-100	69-100

Economic Development: The United Nations (2021) assigns three development categories to countries: developed, transitioning, or developing, with an additional

designation of Least Developed Countries (LDC). LDCs have a gross national income per capita of \$1,018, a human assets index of 60 or below, and an economic vulnerability index of 36 or above (United Nations, 2021). These categories were used to calibrate the economic development condition for each country. Using the UN economic development designations captures multiple variables into a unique measurement. The aggregated data from the UN includes weighted averages and multi-year growth rate averages, which prevent large swings from possible outlier years. The classifications represent the overall country economic conditions based not only on GDP per capita, but also amount of debt, fuel resources, unemployment, inflation, etc. This condition is relevant as it relates directly to the development of a frugal mindset for local staff. Full membership at 1 was applied for developed, .75 for transitioning, .25 for developing, and 0 for least developed countries.

Outcomes

The complexity of creating MI is not limited to environmental factors but is also attributed to resistance. The previous study found a nonlinear relationship between resistance and MI. Low amounts of resistance created low amounts of MI; however, no MI was developed without any resistance. Additionally, moderate amounts of resistance resulted in higher amounts of MI in some locations and low amounts of MI in others. Finally, the highest amounts of resistance resulted in the least amount of MI. These findings lead to four possible outcome conditions: 1. High Resistance/Low MI, 2. High Resistance/High MI, 3. Low Resistance/Low MI, and 4. Low Resistance/High MI (See Table 12: Outcome Conditions). Each of these conditions was examined.

Table 12: Outcome Conditions

Conditions	Low Management Innovation	High Management Innovation
High Resistance	1	2
Low Resistance	3	4

The boundaries for high and low resistance and high and low MI follow the same approach as the condition calibration process. The descriptive statistics for MI and Resistance are presented in Table 13, along with the calibration limits. One difference in the outcome calibration is a dichotic measure of either high MI or low MI and either high resistance or low resistance, using the mean as the threshold.

Table 13: Outcome Descriptive Statistics

Outcome	Management Innovation	Resistance
Mean	2.67	43.40
STD	1.76	15.12
Low = 0	0 - 2.7	0 - 43.4
High = 1	2.8 - 7	43.4 - 77

The calibrated outcomes of resistance and MI are then converted into a single, combined outcome score. Countries with low MI received scores below the 0.5 threshold, with high resistance assigned 0 and low resistance 0.25. High MI and high resistance was calibrated to 0.75, which low resistance and high MI as full membership at a score of 1 (See Table 14: Outcome Calibration). The full list of condition and outcome calibrations is presented in Table 15: Condition and Outcome Calibrations.

Table 14: Outcome Calibration

Outcomes	Low MI (0 – 2.7)		High MI (2.8 – 7)	
High Resistance (43.5 – 77)	0	Colombia, Japan, South Africa	0.75	Egypt, India, Mexico
Low Resistance (0 – 43.3)	0.25	Ethiopia, Kazakhstan, Pakistan, UK	1	Australia, China, Kenya, Saudi Arabia, Turkey

Table 15: Condition and Outcome Calibrations

Country	PDI	IDV	MAS	UAI	LTO	IVR	Dev	Outcome
Australia	0	1	0.75	0.25	0	1	1	1
China	0.75	0	0.75	0	1	0.25	0.25	1
Colombia	0.75	0	0.75	0.75	0	1	0.25	0
Egypt	0.75	0.25	0.25	0.75	0	0	0.25	0.75
Ethiopia	0.75	0	0.75	0.25	0.25	0.75	0	0.25
India	0.75	0.75	0.75	0.25	0.75	0.75	0.25	0.75
Japan	0.25	0.75	1	1	1	0.25	1	0
Kazakhstan	1	0	0.75	0.75	1	0	0.75	0.25
Kenya	0.75	0.25	0.75	0.25	0.25	0.25	0.25	1
Mexico	1	0.25	1	0.75	0.25	1	0.25	0.75
Pakistan	0.25	0	0.75	0.75	0.75	0	0.25	0.25
Saudi Arabia	1	0.25	0.75	0.75	0.25	0.75	0.25	1
South Africa	0.25	0.75	0.75	0.25	0.25	0.75	0.25	0
Turkey	0.75	0.25	0.25	0.75	0.75	0.75	0.25	1
UK	0	1	0.75	0	0.75	1	1	0.25

Analysis of Necessity

The thresholds established for necessity follow the current literature standards of 0.9 for consistency and 0.6 for coverage (Ragin, 2000; Tekic & Tekic, 2021). The results, presented in Figure 9: Test for Necessity, show that no single condition's presence nor absence is necessary for the outcome. This is not surprising given the complex nature of cultural interactions. Surely if a single cultural dimension could result in being more innovative it would have been evident in previous studies. This is also consistent with other studies using fsQCA to assess causes for innovation (Tekic & Tekic, 2021; Xie & Wang, 2020). This result further supports this study and the premise of causal complexity.

Figure 9: Test for Necessity²

	Consistency	Coverage		Consistency	Coverage
PDI	0.757576	0.694444	~PDI	0.363636	0.500000
IDV	0.393939	0.590909	~IDV	0.696970	0.605263
MAS	0.727273	0.558140	~MAS	0.454545	0.882353
UAI	0.545455	0.600000	~UAI	0.636364	0.700000
LTO	0.515152	0.586207	~LTO	0.636364	0.677419
IVR	0.606061	0.588235	~IVR	0.454545	0.576923
Dev	0.424242	0.560000	~Dev	0.727273	0.685714

Analysis of Sufficiency

The thresholds for sufficiency were also adopted from the literature (Ragin, 2000; Tekic & Tekic, 2021). Given the moderate sample size the frequency threshold was set at 1, consistency at 0.8, and no coverage threshold was established, given that low coverage when multiple solutions are present does not represent theoretical irrelevance for

² ~ Denotes the logical "negative"

sufficiency (Ragin, 2000; Tekic & Tekic, 2021). No individual condition was found to be sufficient, but the results yielded five condition combinations leading to the outcome (See Figure 10: Truth Table). The combinations represent INUS conditions that meet the consistency threshold and combined cover 72.7% of the outcome. Of note is the presence of PDI, IDV, MAS, UAI, IVR, and DEV (economic development level) in each of the combinations, with the addition of LTO in four solutions. This supports the premise of causal complexity and further strengthens the use of fsQCA for analysis. The relatively low unique coverage scores is also to be expected for the sample size and number of conditions being evaluated.

Figure 10: Truth Table³

```

---- TRUTH TABLE SOLUTION ----
frequency cutoff: 1
consistency cutoff: 0.875
Assumptions:

```

	raw coverage	unique coverage	consistency
PDI*~IDV*MAS*~UAI*~IVR*~Dev	0.393939	0.181818	0.928571
PDI*~IDV*~MAS*UAI*~LTO*~IVR*~Dev	0.272727	0.060606	0.9
PDI*~IDV*~MAS*UAI*LTO*IVR*~Dev	0.212121	0.060606	0.875
~PDI*IDV*MAS*~UAI*~LTO*IVR*Dev	0.212121	0.121212	0.875
PDI*IDV*MAS*~UAI*LTO*IVR*~Dev	0.212121	0.090909	0.875

```

solution coverage: 0.727273
solution consistency: 0.96

```

The results include six of the eight countries calibrated at 0.75 or 1 in outcome (See Figure 11: Country Combinations). Each solution differs by more than one causal condition and therefore cannot be further combined.

³ * Denotes the logical “and”

Figure 11: Country Combinations

PDI*~IDV*MAS*~UAI*~IVR*~Dev: China (0.75,1), Kenya (0.75,1)
 PDI*~IDV*~MAS*UAI*~LT0*~IVR*~Dev: Egypt (0.75,0.75)
 PDI*~IDV*~MAS*UAI*LT0*IVR*~Dev: Turkey (0.75,1)
 ~PDI*IDV*MAS*~UAI*~LT0*IVR*Dev: Australia (0.75,1)
 PDI*IDV*MAS*~UAI*LT0*IVR*~Dev: India (0.75,0.75)

Mexico and Saudi Arabia are absent because of their close cultural ties with Colombia, which received a 0 calibration for outcome. A solution, with a consistency score of 0.714, can be reached for the three countries (See Figure 12: Inconsistent Solution), however this lowered threshold mixes two countries with high MI with Colombia, which has a low MI level. This warrants additional contextual analysis of each case.

Figure 12: Inconsistent Solution

```

--- TRUTH TABLE SOLUTION ---
frequency cutoff: 1
consistency cutoff: 0.714286
Assumptions:

```

	raw coverage	unique coverage	consistency
PDI*~IDV*MAS*UAI*~LT0*IVR*~Dev	0.30303	0.121212	0.714286

PDI*~IDV*MAS*UAI*~LT0*IVR*~Dev: Colombia (0.75,0), Mexico (0.75,0.75), SaudiArabia (0.75,1)

Mexico has the 15th largest economy in the world and a population of 130 million (*The World Bank*. 2021). Saudi Arabia boasts the 20th largest economy and over 34 million citizens (*The World Bank*. 2021). Both of these countries have unique economic attributes, Mexico with its close proximity and fair-trade agreement with the United

States and Canada, and Saudi Arabia with its large oil supply. One benefit of using the UN economic development standards is that the measure includes multiple data points such as growth rates, human capital index, economic vulnerability, highly indebted scores, unemployment, GDP per capita, etc. It is the combination of these factors that assign the economic development level, which may overshadow some of the unique economic strengths of these countries. An even closer look at the innerworkings of these economies, compared to Colombia and that of developed nations shows some similarities and differences (See Table 16: Economic Detail Comparison).

Table 16: Economic Detail Comparison ⁴

Country	Real GDP Rate of Growth	Unemployment Rate
Colombia	3.3%	11%
Mexico	1.6%	3.7%
Saudi Arabia	1.9%	6.4%
USA	1.8%	3.7%
European Union	1.7%	6.1%
Developed Nation Average	1.7%	4.9%

This table clearly shows the Mexican and Saudi Arabian economies in alignment with more developed nations in these two areas. Traditionally, developing countries grow faster than developed countries and have higher unemployment rates (United Nations, 2021). However, Mexico and Saudi Arabia are similar to developed nations. This begs the question if these countries should be calibrated as developing (0.25) or as transitioning (0.75) economies. For the sake of discussion, a second analysis was

⁴ Presenting 2019 statistics from United Nations World Economic Situation and Prospects 2020 report.

conducted with both Mexico and Saudi Arabia calibrated as transitioning countries with a 0.75 value. The results for necessity show a slight change in Dev and ~Dev consistency and coverage but does not show necessity (See Figure 13: Altered Test for Necessity).

Figure 13: Altered Test for Necessity

```

Outcome variable: Outcome

Conditions tested:

```

	Consistency	Coverage
PDI	0.757576	0.694444
IDV	0.393939	0.590909
MAS	0.727273	0.558140
UAI	0.545455	0.600000
LTO	0.515152	0.586207
IVR	0.606061	0.588235
Dev	0.545455	0.620690
~PDI	0.363636	0.500000
~IDV	0.696970	0.605263
~MAS	0.454545	0.882353
~UAI	0.636364	0.700000
~LTO	0.636364	0.677419
~IVR	0.454545	0.576923
~Dev	0.606061	0.645161

Also as expected, the altered truth table now shows the cultural combination of PDI*~IDV*MAS*UAI*~LTO*IVR*DEV for Mexico and Saudi Arabia as a sufficient combination to create MI (See Figure 14: Altered Truth Table). On the surface this altered analysis seems to contradict support for the Development condition, however, the UN classifications from Developed to Least Developed includes many facets. A frugal mindset has been linked to resourcefulness which may be more directly tied to how people live, education, health care, human rights, etc. which is then applied in the workplace in different ways and potentially tied to broader economic conditions like unemployment and GDP growth. It is unclear without further analysis.

Figure 14: Altered Truth Table

```

--- TRUTH TABLE SOLUTION ---
frequency cutoff: 1
consistency cutoff: 0.818182
Assumptions:

```

	raw coverage	unique coverage	consistency
	-----	-----	-----
PDI*~IDV*MAS*~UAI*~IVR*~Dev	0.393939	0.181818	0.928571
PDI*~IDV*~MAS*UAI*~LTO*~IVR*~Dev	0.272727	0.0606061	0.9
PDI*~IDV*~MAS*UAI*LTO*IVR*~Dev	0.212121	0.0606061	0.875
~PDI*IDV*MAS*~UAI*~LTO*IVR*Dev	0.212121	0.121212	0.875
PDI*IDV*MAS*~UAI*LTO*IVR*~Dev	0.212121	0.0606061	0.875
PDI*~IDV*MAS*UAI*~LTO*IVR*Dev	0.272727	0.121212	0.818182
solution coverage: 0.848485			
solution consistency: 0.933333			

```

Cases with greater than 0.5 membership in term PDI*~IDV*MAS*~UAI*~IVR*~Dev: China
(0.75,1),
  Kenya (0.75,1)
Cases with greater than 0.5 membership in term PDI*~IDV*~MAS*UAI*~LTO*~IVR*~Dev: Egypt
(0.75,0.75)
Cases with greater than 0.5 membership in term PDI*~IDV*~MAS*UAI*LTO*IVR*~Dev: Turkey
(0.75,1)
Cases with greater than 0.5 membership in term ~PDI*IDV*MAS*~UAI*~LTO*IVR*Dev: Australia
(0.75,1)
Cases with greater than 0.5 membership in term PDI*IDV*MAS*~UAI*LTO*IVR*~Dev: India
(0.75,0.75)
Cases with greater than 0.5 membership in term PDI*~IDV*MAS*UAI*~LTO*IVR*Dev: Mexico
(0.75,0.75),
  SaudiArabia (0.75,1)

```

Analysis for Negation

Along with assessing causal conditions, fsQCA allows for asymmetric analysis, wherein the lack of causal conditions is linked with the outcome through sufficiency. Consistency for this analysis was set at 0.7 and results are presented in Figure 15: Negative Truth Table. The resulting five causal combinations contain all seven conditions, again supporting the use of fsQCA and the identified conditions.

Figure 15: Negative Truth Table

```

--- TRUTH TABLE SOLUTION ---
frequency cutoff: 1
consistency cutoff: 0.7
Assumptions:

```

	raw coverage	unique coverage	consistency
~PDI*~IDV*MAS*UAI*LT0*~IVR*~Dev	0.222222	0.0740741	0.75
PDI*~IDV*MAS*~UAI*~LT0*IVR*~Dev	0.259259	0.148148	0.7
PDI*~IDV*MAS*UAI*LT0*~IVR*Dev	0.259259	0.111111	0.7
~PDI*IDV*MAS*UAI*LT0*~IVR*Dev	0.185185	0.0740741	0.714286
~PDI*IDV*MAS*~UAI*LT0*IVR*Dev	0.185185	0.111111	0.714286

solution coverage: 0.703704
solution consistency: 0.863636

Five of the seven countries with outcome calibrations of 0 or 0.25 are represented by the solutions (See Figure 16: Negative Country Combinations). Colombia and South Africa are absent.

Figure 16: Negative Country Combinations

```

~PDI*~IDV*MAS*UAI*LT0*~IVR*~Dev: Pakistan (0.75,0.75)
PDI*~IDV*MAS*~UAI*~LT0*IVR*~Dev: Ethiopia (0.75,0.75)
PDI*~IDV*MAS*UAI*LT0*~IVR*Dev: Kazakhstan (0.75,0.75)
~PDI*IDV*MAS*UAI*LT0*~IVR*Dev: Japan (0.75,1)
~PDI*IDV*MAS*~UAI*LT0*IVR*Dev: UnitedKingdom (0.75,0.75)

```

Discussion

Understanding the complex relationships between national cultural values and types of innovation varies. The current MI literature lacks international perspectives, while product innovation is littered with contradictory perspectives based on correlation and regression analysis. The results from this study show the need for a new approach. As

expected, no individual cultural dimension was associated with converting resistance into MI. This reflects the reality of situational diversity and points to the need for set-configuration theory.

Tekic and Tekic (2021) also embraced set-configuration theory for assessing culture and innovation. Several of their results align with this study. First, their study found no individual causal condition necessary for innovation, which is consistent with these findings. Second, their fourth sufficient causal combination (PDI*~IDV*MAS*~UIA*LTO) is represented in this study's second solution (PDI*~IDV*MAS*~UIA*~IVR*~DEV – China and Kenya). Even though Tekic and Tekic did not include IVR and DEV conditions, the results are aligned. Finally, their negation solution (*PDI*~IDV*~LTO) is also present in this study's second solution for negation (*PDI*~IDV*MAS*~UAI*LTO*IVR*~DEV - Ethiopia). These consistencies suggest some overlap between the causal conditions of product innovation and MI, as well as the constraints.

Two of their other solution combinations (~PDI*~IDV and IDV*~MAS*UIA) were not present in this study's data and were therefore not analyzed. One inconsistency between the two studies lies with Tekic and Tekic's solution IDV*UIA*LTO. This combination is found in the causal combination for Japan, which was calibrated a 0 for outcome, and in fact was the only country which didn't create MI. There could be several reasons for this discrepancy. First, this study included additional causal conditions which may have affected the outcome. Second, the OIG report for Japan may have overlooked some MI.

Japan was not only the only country without MI it also had the highest amount of resistance. The increased resistance may have skewed the findings. One additional factor was also Japan's unique leadership. During the OIG report the ambassador to Japan was neither a life-time DOS employee nor a business leader, but instead a politician with little experience. Forth, the Tekic and Tekic study was for product innovation and this discrepancy may point to a difference between MI and other types of innovation development. Ultimately, additional studies are still needed.

One interesting finding of this study relates to the solution countries. While China and Kenya (Solution 1) and Mexico and Saudi Arabia (Altered Solution 6) show cultural alignments they have not been traditional seen as similar. Hofstede's studies pointed to cultural clusters (See Table 1: Hofstede Cultural Categorizations), however, these pairs do not align with his findings. This suggests the need for additional studies with larger sample sizes. With additional data points the complexity of the cultural interactions may become more apparent and fall in line with Hofstede's findings or aluminate new discoveries.

An additional area of study could focus on the types of MI being created. This research did identify the types of MI as practices, tools, or structural changes, but they were not included as outcome conditions due to the sample size. More analysis in this area could identify fine grain nuances related to how different types of MI are created. This could be taken even further to examine the functional areas of MI development and ultimately lead to more understanding of MI acceptance and adoption.

Conclusion

In an ever-globalizing world, the relationship between headquarter and subsidiary locations has been evolving but remains key for international business success. The ability to identify and capture innovations, be they managerial or technological, will only increase in diverse locations. The lack of research MI in international locations cannot be overstated. As one of the first studies in this area, the results provide an empirical based scaffolding to begin a research agenda into MI creation and dissemination across diverse global locations. In addition, the use of fsQCA contributes to a growing body of neoconfiguration literature.

This research has practical implications not only for the countries studied here, but also more broadly as a way for managers and executives to embrace a new perspective of cultural resistance. Findings from this analysis provide an initial view of relevant cultural and economic development aspects affecting the conversion of resistance into MI. The results provide “causal recipes” (Ragin, 2008: 109) for producing MI in cross-cultural environments, which have direct implications for practitioners in their treatment of resistance from subsidiary locations. Executives may alter the strategic placement of resources based on the local context and its ability to convert resistance into MI.

6. REFLECTION

This study has been strongly motivated by my personal experiences living and working outside the U.S. as part of the foreign service community for the past 15 years. I have a unique hands-on perspective of DOS that is also pertinent to this study. Since 2005 I have been a direct employee at the embassy, a third-party contractor to the embassy, a board member for the embassy employee association, an employee at a public-private-partnership organization, and a foreign service spouse. I have had ample exposure and obtained an exceptional understanding of DOS and its operating model. These experiences helped interpret the OIG reports and other government documents since I understand the lexicon and practical implications. An additional motivation for this research lies in the fact that I have experienced a diverse range of support from DOS in different countries. Even though the FAM outlines how everything should be done and by whom, those standards are not always met. I hope that this study uncovers some of the differences and why they have occurred.

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APPENDICES

A: A PRIORI CODEBOOK

Codes: Applied to each recommendation identified in the OIG report⁵.

Resistance	Policy, practice, or procedure out of compliance with regulations.
Not Resistance	Recommendation to headquarters to support overseas operations. No evidence of non-compliance by embassy or consulate.
Management Innovation	Innovation following theoretical framework process model driven by cultural resistance.

Case Attributes for each OIG report

DOS Region	Bureau of African Affairs Bureau of East Asian & Pacific Affairs Bureau of European & Eurasian Affairs Bureau of Near Eastern Affairs Bureau of South & Central Asian Affairs Bureau of Western Hemisphere Affairs
Staff	US Direct Hire (FSO) US Local Hire Locally Employed Staff (FSN) Total Staff

Question Matrix

Code	Guiding Questions
Management Innovation	<ol style="list-style-type: none"> 1. What is being innovated? Is it a practice, process, tool, or structural change that will affect everyday management? 2. Is it state-of-the-art or just new to DOS? 3. Is it purely conceptualizing a new practice, implementing a new policy, or both? 4. Does the innovation contribute towards the organizational goals, rather than an activity for its own sake?

⁵ Recommendations redacted for security were not analyzed.

B: CODING PROTOCOL

Code each report separately using NVivo.

A Priori Codes

- Resistance
 - Recommendations aimed at Embassy or Consulate for action – Identified as an official recommendation in the text.
 - Noncompliance corrected during the inspection – Identified in the contextual content in the reports.
- Not Resistance
 - Recommendations not actionable by the Embassy or Consulate – Report assigns action to DC/Main State department or function.
- Redacted
 - Recommendation text not included in report for security reasons
- Innovation
 - Report Highlights: Spotlight on success/Innovative Practice – only those that related to new tools, practices, or structures for ways of doing work
- Type of Resistance (Assigned to all Resistance codes)
 - Ongoing Resistance - Report mentions issue preceded report and continues to be unaddressed (Only for some Resistance codes – in addition to other type of resistance)
 - Department Wide Resistance - Report mentions issues related to main state deficiencies (Only for some Resistance codes – in addition to other type of resistance)
- Type of Innovation (Assigned to all Innovation codes)
 - Practice
 - Tool
 - Structural Change

A Priori Cases

- Assign to each Resistance & Innovation Code
 - Executive Direction
 - Adherence to Internal Controls
 - Communication & Coordination
 - Strategic Planning
 - Mission Support Services
 - Community Liaison Office
 - Employee Association
 - Health Unit
 - Policy & Program Implementation
 - Advocacy & Analysis
 - Consular Affairs
 - Foreign Assistance

- Political & Economic Sector
- Public Diplomacy
- Resource Management
 - Financial Management
 - General Services Operations
 - Human Resources
 - Information Management
 - Management Operations

Case Demographic Information (Assign all to each report):

Staffing

- Number US Direct Hire Employees
- Number of Other US Employees
- Number of Local Staff
- Total Staff

Leadership

- DOS Ambassador
- Private Ambassador
- New DOS Ambassador (less than one year at post when investigation began)
- New Private Ambassador (less than one year at post when investigation began)
- Charge de Affairs

Context

- Bilateral Relationship
- Mission Priorities
- Trade

Hofstede

- IND
- IND Difference from US
- MAS
- MAS Difference from US
- PDI
- PDI Difference from US
- UAI
- UAI Difference from US

Not assessing budgetary spending due to diversity of cost-of-living levels and local labor expenses.

C: DEMOGRAPHIC ATTRIBUTES

Case Attributes for each Innovation and Resistance

Management Area (Categorical)	Executive Direction Mission Support Services Policy & Program Implementation Resource Management
Management Function (Categorical)	Executive Direction <ul style="list-style-type: none"> • Adherence to Internal Controls • Communication & Coordination • Strategic Planning Mission Support Services <ul style="list-style-type: none"> • Community Liaison Office • Employee Association • Health Unit Policy & Program Implementation <ul style="list-style-type: none"> • Advocacy & Analysis • Consular Affairs • Foreign Assistance • Political & Economic Sector • Public Diplomacy Resource Management <ul style="list-style-type: none"> • Financial Management • General Services Operations • Human Resources • Information Management • Management Operations
Type of Innovation (Categorical)	Practice Tool Structural Change

Case Attributes for each OIG report

<p>Size (Categorical)</p>	<p>Small – 199 employees or less Medium – 200 to 499 employees with more than one location or 200 to 999 employees in one location Large - 500+ employees and more than one location or 1,000+ employees in one location</p>
<p>Economic Level⁶ (Calibrated)</p>	<p>Developed Transitioning Developing Least Developed</p>
<p>Leadership Type (Categorical)</p>	<p>DOS Ambassador (Internal) Private Ambassador (External) New DOS Ambassador (less than one year at post when investigation began) New Private Ambassador (less than one year at post when investigation began) Charge de Affairs (Internal)</p>
<p>Hofstede Dimension (Calibrated)</p>	<p>PDI - Power Distance Index UAI - Uncertainty Avoidance Index IDV - Individualism Index MAS - Masculinity Index LTO - Long-Term Orientation</p>

⁶ Based on United Nations official designations (United Nations, 2021).