Strategy execution in emerging economies: assessing strategic diffusion in Mexico and Peru

John A. Parnell

*CENTRUM Centro de Negocios, Pontificia Universidad Católica del Perú,
Lima, Peru*

Abstract

Purpose – Middle and lower-level managers play a significant role in the strategic management process, primarily in the execution stage. However, strategic diffusion – the extent to which a strategy is effectively executed and becomes an integral part of the organization – varies across organizations. This paper aims to examine the strategic diffusion process in two emerging economies, Mexico and Peru.

Design/methodology/approach – Parnell's strategic diffusion scale (SDS) was adopted for this study. Respondents also completed Cook and Wall's nine-item organizational commitment instrument and a three-item scale measuring satisfaction with firm performance. Surveys were translated into Spanish and completed by 218 Mexican and 270 Peruvian managers.

Findings – Strategic diffusion was linked to performance satisfaction among both Mexican and Peruvian managers. Overall, Mexican managers produced higher scores on the strategic diffusion scale (SDS) than did their Peruvian counterparts. The link between strategic diffusion and organizational commitment among middle and lower-level managers remains unclear.

Research limitations/implications – This study supports the strategic diffusion construct and the SDS. Three items in the scale were problematic in certain instances, however. The present study linked strategic diffusion to performance satisfaction in both Mexico and Peru. As expected, Mexican managers exhibited higher SDS scores than did their Peruvian counterparts. The link between strategic diffusion and organizational commitment was not strong, however. Additional research is needed in this area.

Practical implications – Middle and lower level managers in different countries have different views on the process of strategic diffusion. These distinctions are cause by a number of factors, including stages in the economic development cycle, organizational culture, and widely accepted management practices. Executives seeking to implement strategies should recognize the three key components of strategic diffusion – understanding, involvement, and commitment – and how they are influenced by national contexts.

Originality/value – There is a dearth of research assessing management behaviors in emerging nations. It is also important to learn more about processes associated with strategy execution in different organizations. This paper addresses both needs by assessing strategic diffusion in Mexico and Peru.

Keywords Organizational strategy, Newly industrialized economies, Mexico, Peru

Paper type Research paper

Roles played by middle- and lower-level managers in the development and execution of an organization's strategy have been topics of keen interest among researchers (Balogun and Johnson, 2005; Bonn, 2005; Embertson, 2006; Rouleau, 2005; Floyd and Wooldridge, 2000). Traditionally, emphasis has been placed on top management, although the strategy-performance linkage may be moderated by the degree to which

middle and supervisory-level managers not only follow specified plans for execution, but also assist in integrating the content of the strategy with the intricacies of the organization at a deeper level. Attempts to measure the degree to which a strategy is disseminated throughout an organization and examine factors that influence the process have been lacking. This shortcoming is notable in emerging economies (Delmestri, 2006; Gupta *et al.*, 2004; House *et al.*, 2002; Parnell, 1999).

This paper addresses this gap by assessing the extent to which managers in Mexican and Peruvian firms see strategies permeate throughout their organization. The following sections provide an overview of the strategic diffusion construct and business environments in Mexico and Peru. The results of a survey of 488 managers are presented, followed by managerial implications and a discussion of future research directions.

Strategic diffusion
Strategic diffusion refers to the degree to which a strategy is effectively executed and becomes an integral part of the organization. It is closely linked to the strategy implementation process, although it involves a deeper penetration into the internal fabric of the organization (Parnell *et al.*, 2002). Broadly speaking, strategy execution has been a keen topic of interest in recent years, built on the prevailing assumption that failed strategies tend to emanate more from execution problems than from formulation shortcomings (Hrebiniak and Joyce, 2001; Powell, 2004; Zagotta and Robinson, 2002).

Although a number of models to strategy execution have been proposed, most emphasize similar themes. Wessel (1993), for example, identified numerous individual barriers to strategy execution associated with management involvement, including conflicting managerial priorities, a top-down management approach (i.e. lack of non-conceptual manager involvement in strategy formulation), and poor communication. Others have focused on the need for "selling" the strategy to non-conceptual managers (Hambrick and Cannella, 1989; Rouleau, 2005), but complete strategy permeation also may suggest non-conceptual manager involvement at the front end. Brache (1992) suggested that organizations consider adopting a system-oriented organizational structure to improve cross-functional communication, teamwork across functions, and a focus on system-wide goals instead of functional ones, problems that continue to plague organizations today (Hodgkinson *et al.*, 2006).

Higgins (2005) extended the McKinsey seven "S"s introduced by Peters and Waterman (1982), identifying eight "S"s of strategy execution: strategy and purposes, structure, systems and processes, style of leadership, staff, re(S)ources, shared values (organizational culture), and strategic performance. Higgins emphasized alignment among the first seven, ultimately resulting in the final factor, positive strategic performance.

Hrebiniak (2006) and Hrebiniak and Joyce (2001), building on their earlier work (Hrebiniak and Joyce, 1984), emphasized a need for alignment between strategy and structures at all levels of the organization. Each strategy must be dissected into strategic objectives that can be assessed by specific short-term metrics. Leadership, power and influence, organizational culture, and effective change management play key roles in facilitating a successful execution.

Strategic diffusion reflects the success of the strategy execution process, including the content and process concerns elaborated in extant models. In many respects, it is a

human issue whose success or failure depends on individuals throughout the organization (Goldman, 2003; Ostroff and Atwater, 2003). Middle-level managers (MLMs) play a substantial role in this process, with both their contribution to strategy content and their sensemaking and dissemination of the strategy throughout the organization (Balogun and Johnson, 2005; Bonn, 2005; Floyd and Wooldridge, 2000; Gioia and Chittipeddi, 1991; Rouleau, 2005; Tourish *et al.*, 2004). However, MLMs often report dissatisfaction with the amount of top management support for their strategy execution efforts (Embertson, 2006; Qi, 2005). Hence, it is possible for a strategy to be properly executed from a technical perspective, but never fully diffused into the organization.

Much execution research, like Higgins *et al.* (2006), is based on the notion that strategy should "fit" with a variety of organizational and environmental constructs in order to lead to superior performance (Zajac *et al.*, 2000). However, scholars have not fully considered factors associated with the organization's MLMs – and lower-level managers as well – that influence a strategy's dissemination throughout the organization. Parnell's (1999) strategic diffusion scale (SDS) represents an attempt to assess this process.

The SDS includes three dimensions of the strategic diffusion construct: Involvement, understanding, and commitment (Parnell, 1999). The first dimension, involvement, concerns the degree to which middle and lower level managers are involved in the strategy-making process (Parnell *et al.*, 2002). Such involvement can encompass numerous processes and techniques as long as it is associated with top management's active consultation with other managers in the organization. Although middle- and lower-level managers play the most significant strategic role in the execution stage, individuals tend to work harder to attain a goal when they are involved in setting it (Hodgkinson *et al.*, 2006; Locke *et al.*, 1988; Nordblom, 2006; Roberson *et al.*, 1999). Because strategy formulation encompasses some degree of implicit or explicit goal setting, greater involvement in formulation enhances efforts at execution, especially at the middle management level.

Although the notion of middle and lower level management involvement in strategy development is not a recent phenomenon, the last two decades have produced evidence to suggest that effective strategy formulation and execution can reflect a diverse array of management inputs beyond the executive level (Antonioni, 1999; Currie, 1999; Davis, 2001; Thakur, 1998). Mintzberg and Waters' (1985) notion of deliberate and emergent strategies acknowledges the significant role of top and middle managers in the strategic management process. Hiam (1993) and Nichol (1992) observed that top management cannot develop an effective strategy and plan for its implementation without assistance from middle managers.

Wooldridge and Floyd's (1990) extensive empirical analysis of middle management strategic activity found that middle management involvement in formulation typically enhances performance. Interestingly, most organizations represented in their sample deliberately involved middle managers in the process. Although their study reflects a culmination of thought acknowledging involvement beyond the top manager and even the top management team (Barker and Patterson, 1996; Powell, 2004; Schilit, 1987), most published studies utilizing perceptual data continued to rely solely on the perceptions of the top manager (Goll and Johnson, 1996).

The second dimension, understanding, suggests that it is much easier to execute a strategy when middle and lower level managers thoroughly comprehend its component parts (Wooldridge and Floyd, 1989), a notion reinforced by a number of studies (Atkinson, 2006; Athanassiou and Nigh, 2000; Meyer, 2000). Indeed, the belief that only top management needs to understand a firm's strategy is myopic and widely refuted.

Strategic management helps organizations cope with uncertainty by helping shape the competitive environment (Das *et al.*, 2000). The strategy selected by each organization determines the means by which it intends to successfully meet competitive challenges (Porter, 1990). Better information and certainty about the internal and external environments – including competition – tend to translate into superior performance (Katz *et al.*, 2000). If the management of uncertainty is the primary challenge of top management, then execution must reflect common perceptions of the strategy at all levels of management (Engdahl *et al.*, 2000).

The third dimension, commitment, reflects the degree to which managers are determined to see the strategy effectively implemented, ultimately becoming part of the organization. In the behavioral literature, commitment has been measured effectively through surveys. Whereas most of the emphasis on organizational commitment has been placed on gaining commitment to how things are done, little management emphasis has been focused on the issue of gaining commitment to what is done, the strategic dimension of the organization (Engdahl *et al.*, 2000).

Management in emerging economies: Mexico and Peru
Collectively, the three dimensions of strategic diffusion – involvement, understanding, and commitment – provide insight into the extent to which execution efforts result in a complete integration of the strategy into the fabric of the organization. Strategy processes vary across borders, however, and are often due to cultural or developmental factors (London and Hart, 2004; Parnell, 1999; Ralston *et al.*, 2008; Zhang *et al.*, 2007; Zhou *et al.*, 2006). Mexico and Peru share a number common ethnic and cultural attributes are often referenced as part of a larger, emerging Latin American category. Significant differences exist as well, however (Husted and Allen, 2006; Kumar and Chase, 2006; Lenartowicz and Johnson, 2003). This section overviews the business context of Mexico and Peru as a foundation for comparing and contrasting strategic diffusion in organizations in the two nations.

Mexico
Economic development and management practice in Mexico has been and continued to be closely linked to its northern neighbor, the United States. American business investment in Mexico has soared in recent years (Cuevas *et al.*, 2005). The prospects for continued growth of Mexican exports to the United States and Canada are strong. Nonetheless, many Mexicans still live in fear of a financial crisis, such as the one that occurred in 1994 (Bieber and Mukhtyar, 1999).

The American influence on Mexican business practice is evident in a number of studies (Ahmed *et al.*, 1997; Bieber and Mukhtyar, 1999; Gruben, 1990). One example is the notion of self-managed work teams, a concept that is gaining increased attention among Mexican organizations (Nicholls *et al.*, 1999; Katz, 2006; Stephens and Greer,

1995). There are also similarities in negotiating orientations between the two nations (Metcalf *et al.*, 2008).

Contrary to the USA, however, Mexican employees value status differentials between individuals and expect its observance when appropriate (Stinson, 1995). Class distinction is not only recognized but sought. Mexicans also accept a wide distribution of wealth and power, hesitate to admit mistakes or provide an answer to a question, and may hesitate to convey bad news. There is also evidence that Mexican managers employ substantially different reasoning processes from their American counterparts (Husted *et al.*, 1996).

Culturally, Mexico offers a blend of several cultures including indigenous peoples, the Spanish, and various other societal groups. The culture itself can be considered cohesive and the family is very important in life and in making decisions. Being respectful of the culture is of utmost importance. As such, decision-making authority tends to be centralized in Mexico, with little delegation (Morris and Pavett, 1992; Schniederjans and Zuckweiler, 2004). Although the business work system tended to be patriarchal, Mexican workers tend to be very loyal to their organizations. However, a shift toward a free flow of information, employee participation, and decentralization can also be seen in Mexican organizations (Morales, 1997; Nicholls *et al.*, 1999).

Staffing processes must be better controlled due to increased costs of termination. In addition, Mexicans do not always observe contracts; relationships must be built before doing business. Because of the cohesive culture, the notion of teamwork is becoming widely accepted throughout Mexican organizations.

Recent American business ventures into Mexico have drawn some of the widely held assumptions about Mexican workers into question. Although trade between the two countries has blossomed, most managers have encountered cultural differences much greater than expected. For example, Mexican workers have been found to value the interesting nature of work, quality production, and opportunities for learning, while de-emphasizing social interaction on the job (Katz, 2006; Noll, 1992).

Perhaps the one of the most unique approaches to business in Mexico is compensation. Although Mexican firms typically offer several bonuses on top of base pay, they are not generally based on performance. Christmas bonuses, vacation bonuses and savings funds payments are part the norm, but many employers also pay punctuality bonuses to encourage workers to get to work on time. Mexican companies tend to offer employees short-term compensation due to some high turnover and volatility within the country.

Peru
Like Mexico, Peru has deep linkages to its history and indigenous culture. As South America's third largest country, Peru has a diverse geography separated into three distinct regions, the central high sierra of the Andes, the lowland costal region that stretches to the northern Atacama Desert, and the dense forest that engulfs the headwaters of the Amazon below the slopes of the Andes.

Historically, working conditions in Peru have been difficult and even abusive. Legislation in the 1970s addressed these concerns, opening the door to collective bargaining practices designed to protect basic worker rights. Since that time, labor union movements in Peru have been common, frequently accompanied by tense management-labor relations (Collier and Collier, 1991; Haworth, 1989). Strikes were

common in the late 1980s, a factor many believe contributed to a severe economic downturn in the 1990s. As a result, President Fujimori instituted an economic restructuring plan that included market-oriented reforms, a stronger central government, and weaker unions (Parodi, 2000). Fujimori's shift away from protectionism and high tariffs – as well as the elimination of two powerful guerilla organizations – resulted in substantial economic gains (Kay, 1997; Palmer, 1992).

Following a recession at the turn of the century, Alejandro Toledo was elected President and led another round of economic development, marked by increases in foreign investment and growth in key sectors of the economy, such as textiles, mining, manufacturing, banking, and tourism. In 2002, Peru produced its first trade surplus in eleven years. Strong monetary policy in the early 2000s resulted in low inflation (EIU, 2003).

Today, Peru's economy is comprised of two major sectors one is the modern sector and the other is the subsistence sector. The modern sector is located on the coastal plains and a subsistence sector in the mountains of the interior that is isolated by poor transportation and communication. Services account for 65 percent of the gross domestic product, while industry including mining, accounts for 26 percent and agriculture for 9 percent. Mining is important for the balance of payments providing about one-half of Peru's merchandise export earnings. Manufacturing industry is fairly diverse, with food, fishmeal, metals, steel, textiles and petroleum-refining being the largest sectors.

The labor force is comprised of largely peasant farmers and underemployed shantytown dwellers. Unemployment has lingered around 8-9 percent. The service sector employs about one-half percent of the economically active population in Lima. This figure obscures the fact that most of those included in this figure extract a meager subsistence selling low-value consumer items in the informal economy or driving unlicensed taxis. The proportion of women in the urban (i.e. Lima) work force grew from about one-third in 1970 to about one-half by 2000 (Sully de Luque and Arbazia, 2005).

Agriculture, minerals, fishing, and forestry are great sources of natural resources for Peru. Traditionally, the economic culture has been divided between the formal and informal sectors. A conspicuous feature of present-day Peruvian society is the substantial scale of the informal economy, with an abundance of the traditional market or street trade. Street vendors can be found on just about every corner selling a huge variety of goods. However, there are signs that the two groups have begun to coalesce. Still, inequality and injustice are two problems that prevent Peru from promoting itself and using its resources efficiently. Although the literacy rate is in excess of 90 percent, only about half of the population has access to household water supplies.

Although there is a diversity of organizations and practices across Mexico, this situation is even more pronounced in Peru. As such, Peruvian management practice is difficult to encapsulate because of substantial differences across firms and industries. Indeed, formal human resource practices only became apparent last decade (Sully de Luque and Arbazia, 2005). While management practices at large Peruvian firms are more likely to reflect current management thinking, Peru has more than its share of small firms. In 2002, only 13 percent of organizations in metro-Lima employed 50 or more workers (MTPE, 2003). Activity in the informal economy is substantial, however, especially outside of Lima. Such workers may run factors in their homes, operate a

small shop, or function as a street vendor. Peru also has a history of strong leaders, a fact consistent with the general preference in Latin-American societies for a charismatic, team-oriented leadership style (House *et al.*, 2004; Sibeck and Stage, 2001).

Comparing and contrasting Mexico and Peru

There are a number of cultural similarities and differences between Mexico and Peru. Consider Hofstede's (1980, 1993) cultural dimensions. Uncertainty avoidance (low) and individualism (low) were similar in both nations. Two key differences were identified, however. First, Peru's power distance score was 64, 30 points below that of Mexico. Second, Peru's masculinity score was 42, nine points below the mean and 27 points below that of Mexico. Peruvian managers tend to possess a greater tolerance for role ambiguity and a preference for a lower power distance between superiors and subordinates than their American counterparts (Sully de Luque, 2000). Hence, there appears to be a trend in favor of greater management interaction, greater decentralization of decision-making, and more participative leadership styles (Buchenrieder and Heuft, 2003; Sully de Luque and Arbazia, 2005).

As emerging Latin American economies, the general business environments of Mexico and Peru share a key similarity. Executives in both nations must face higher levels of uncertainty and risk than their counterparts in developed economies when making strategic decisions (Caulfield, 2004; Elenkov, 1997; Leavy, 2007; Tsamenyi and Mills, 2002). This phenomenon affects strategy content, execution, and ultimately diffusion in two significant ways. First, strategies in Mexican and Peruvian organizations tend to be more conservative, less complex, and more flexible. As such, their success is not closely linked to intricate environmental scanning, an ongoing activity whose success is associated with the accurate and detailed competitive and environmental data that is not always readily available in emerging economies (Courtney, 2003; Mercer, 2001). In contrast, such organizations often base their strategies on "rules of thumb" or generalizations about industries and environmental trends.

Second, competent middle managers in emerging economies like Mexico and Peru are aware of the level of uncertainty their organizations face. As a result, they tend to build additional flexibility into the strategy execution phase, improvising as necessary to ensure that the strategy's essential components are implemented as the environment changes (Bordia *et al.*, 2004; Lipshitz and Strauss, 1997).

These two effects are manifested in the second strategic diffusion component, understanding. When a strategy is not clearly and explicitly defined, those responsible for its execution are less likely to understand where the organization is attempting to go and how it should get there (Courtney, 2003; Leavy, 2007). It is difficult to determine if both nations are marked with relatively equal levels of environmental uncertainty. It has been suggested, however, that uncertainty may not be as high in Mexico, with its recent economic advances and its trade linkages to the United States (House *et al.*, 2004; Sully de Luque and Arbazia, 2005; Schniederjans and Zuckweiler, 2004).

Hypotheses

Expectations and preferences concerning involvement in the strategy process vary across nations, especially when substantial cultural and developmental differences exist (Delmestri, 2006; Gupta *et al.*, 2004; House *et al.*, 2002; Javidan and Carol, 2005).

Hence, this study examines and reports on the validity of the SDS within Mexican and Peruvian contexts. Specifically, five hypotheses concerning the SDS in Mexico and Peru are assessed.

Broader managerial involvement in the strategy process has been linked to firm performance in a variety of contexts (Parnell, 1999; Wooldridge and Floyd, 1990). All things equal, organizations whose managers are involved in developing strategies, understand their content, and are committed to execution are likely to outperform their counterparts. The link between involvement and performance has been supported in a number of studies, most notably in developed Western nations (Bonn, 2005).

H1. There will be a positive association between strategic diffusion and satisfaction with performance among managers in Mexico.

H2. There will be a positive association between strategic diffusion and satisfaction with performance among managers in Peru.

Managers throughout the organization typically appreciate the opportunity to play a significant role of the strategy process, including both formulation and execution phases (Floyd and Wooldridge, 2000; Parnell *et al.*, 2002). There is evidence that such a preference tends to occur in most environments, however, from both organizational culture and national culture perspectives (Delmestri, 2006). Hence, it is believed that strategic diffusion enhances organizational commitment among managers.

H3. There will be a positive association between strategic diffusion and organizational commitment among managers in Mexico.

H4. There will be a positive association between strategic diffusion and organizational commitment among managers in Peru.

Although there are substantial cultural similarities between Mexico and Peru, Mexican firms have been incorporating contemporary management practices more rapidly than Peruvian firms (House *et al.*, 2004; Sully de Luque and Arbazia, 2005; Schniederjans and Zuckweiler, 2004). Such practices include the involvement of middle and sometimes lower level managers in areas traditionally reserved for top managers.

H5. Mexican managers will report higher levels of involvement, understanding, and commitment than Peruvian managers.

Methods

Parnell's (1999) strategic diffusion scale (SDS) was adopted for this study. The SDS contains a total of 13 items, three for involvement, four for understanding, and six for commitment. The original SDS validation included samples in both the United States and an emerging country, Egypt. Coefficient alphas for the three factor scales and the composite scale were strong, ranging from 0.67 to 0.91.

Surveys were translated into Spanish for use in the present study. Respondents also completed Cook and Wall's (1980) nine-item organizational commitment instrument, a scale that has produced coefficient alphas in excess of 0.70 in previous studies (Oliver, 1990; Sanchez and Brock, 1996).

A five-item scale measuring satisfaction with firm performance, previously validated by Parnell and Carraher (2002), was included as a surrogate of performance.

This was necessary because the sample of managers used in the study represented a variety of industries, and not all of them had access to specific, current financial performance data. Along this scale, respondents were asked the extent to which they were satisfied with current profitability, current growth, meeting objectives, overall performance, and future prospects.

Results

Surveys were completed by 218 Mexican and 270 Peruvian managers enrolled in post-graduate business programs. All three management levels were represented, with most managers serving in either lower or middle level positions. The average age of respondents was 32 years. A summary of key sample data is presented in Table I.

Each of the SDS subscales was factor-analyzed. Results generally supported the subscales, with only one item loading below 0.500 and no coefficient alphas below 0.500 (see Table II). COM3 produced a loading of 0.362 in the Peru sample. All other item loadings were in excess of 0.500.

Three-factor solutions for the strategic diffusion scale are presented in Tables III-V. The composite analysis lends strong support for the scale, although three irregularities appear when the Peruvian sample is analyzed separately. The UND1 loading was higher on the involvement subscale (0.736) than the understanding subscale (0.390). COM4 produced the highest loading on the commitment subscale (0.189), but none of the three were significant. INV3 loaded slightly higher on the commitment subscale (0.478) than on the involvement subscale (0.445).

Performance was assessed via a five-item scale designed to measure performance satisfaction across industries (Parnell *et al.*, 2006). Factor loadings ranged from 0.662 to 0.893 with a coefficient alpha of 0.862 (see Table VI).

The Mexico and Peru data generally supported Cook and Wall's (1980) organizational commitment scale, producing a coefficient alpha of 0.695. Although there were several problematic items (see Table VII), these were not deemed to draw into question the integrity of the scale.

The first and second hypotheses were supported. Table VIII presents a matrix showing the correlations among each of the three strategic diffusion factors, performance satisfaction, and organizational commitment. There was a positive and

	Composite data	Peru only	Mexico only
Frequencies			
Gender			
Males	276 (56.6%)	126 (46.7%)	150 (68.8%)
Females	212 (43.4%)	144 (53.3%)	68 (31.2%)
Management level			
Lower managers	212 (43.4%)	127 (47.0%)	85 (39.0%)
Middle managers	225 (46.1%)	119 (44.1%)	106 (48.6%)
Top managers	51 (10.5%)	24 (8.9%)	27 (12.4%)
Descriptive Data			
Age (mean)	32.07 years	31.1 years	33.3 years
Management experience (mean)	5.52 years	3.7 years	7.8 years
Experience with organization (mean)	5.70 years	4.0 years	7.8 years

Table I.
The sample: frequencies and descriptive data

	Factor loading Composite	Factor loading Peru only	Factor loading Mexico only
Understanding subscale			
UND1	0.805	0.720	0.852
UND2	0.841	0.893	0.617
UND3	0.613	0.652	0.560
UND4	0.776	0.753	0.729
Alpha	*0.750*	*0.751*	*0.584*
Variance explained	*58.3%*	*57.7%*	*48.7%*
Commitment subscale			
COM1	0.648	0.637	0.668
COM2	0.754	0.816	0.647
COM3	0.691	0.708	0.668
COM4	0.520	0.362	0.712
COM5	0.547	0.514	0.601
COM6	0.700	0.721	0.670
Alpha	*0.718*	*0.701*	*0.740*
Variance explained	*42.1%*	*41.5%*	*43.8%*
Involvement subscale			
INV1	0.773	0.809	0.726
INV2	0.731	0.757	0.696
INV3	0.707	0.696	0.723
Alpha	*0.577*	*0.621*	*0.507*
Variance explained	*54.4%*	*57.1%*	*51.1%*

Table II.
Factor analysis results:
single factor solutions

significant correlation between each of the SDS subscales and satisfaction with performance, in both Mexico and Peru.

The third hypothesis was rejected. Only one of the three SDS factors – commitment – was significantly associated with organizational commitment among Mexican managers. The link between involvement and organizational commitment (OC) was positive but not significant at the 0.05 level, although a p-value of 0.077 was generated. There was no evidence of any link between the understanding dimension of strategic diffusion and OC.

The fourth hypothesis was partially supported. Two of the three SDS factors – understanding and involvement – were significantly associated with OC among Peruvian managers. Commitment was not linked to OC, however. Interestingly, the SDS factors of understanding and commitment were negatively correlated among Peruvian managers.

The fifth hypothesis was supported. A comparison between Mexican and Peruvian managers across the three SDS factors revealed that Mexican managers reported significantly higher levels of understanding, commitment, and involvement than did their Peruvian counterparts (see Table IX).

Discussion
The present study supported the integrity of the SDS in Mexico and Peru, although the loadings were not as favorable as in earlier studies. There is evidence, however, of cultural influences on the findings. Among Peruvian managers, COM4 – "Departments

Variable	Item wording	Factor 1 Involvement	Factor 2 Commitment	Factor 3 Understanding
UND1	I fully understand the strategy my organization is attempting to implement	0.640	−0.061	0.533
UND2	I know how our present strategy differs from that which was developed last year	0.776	−0.005	0.270
UND3	Strategy is top management's problem; I don't have time to understand all of the details	0.635	−0.006	0.001
UND4	I know where our company intends to be in five years	0.778	−0.004	−0.076
COM1	I am committed to seeing that our organizational strategy is effectively implemented	0.395	0.653	0.018
COM2	I don't worry about implementing strategy; I just do my job	−0.246	0.735	0.203
COM3	I don't concern myself with implementing strategies if they are not beneficial to my department	−0.034	0.605	0.287
COM4	Departments in our company tend to be less concerned with working together and more concerned with competing for resources	−0.128	0.514	0.178
COM5	Our organizational is most successful when everyone works to implement a common strategy	0.126	0.690	−0.308
COM6	Developing our company strategy is often a waste of time	0.111	0.547	0.514
INV1	My superiors frequently ask for my input concerning the direction of the company	0.412	0.040	0.579
INV2	When strategic or policy decisions are handed down to me, they often come as a surprise	0.074	0.108	0.749
INV3	Our strategies would be more effective if I had a greater opportunity to contribute my opinions	0.089	0.185	0.559

Table III.
Three-factor solution
(composite data)

in our company tend to be less concerned with working together and more concerned with competing for resources" – registered a loading of 0.362 in the commitment subscale, whereas other items loaded above the 0.500 threshold in the subscales. In this instance, Peruvian managers may not see resource competition as diametrical to teamwork. This view is supported by the notion that resources are not always prevalent in Peruvian organizations and a successful manager must compete aggressively to secure a fair share (Sully de Luque, 2000). Hence, intense resource competition is more likely to be viewed as a way of organizational life and does not necessarily constitute a lack of strategic commitment.

Several anomalies were also found in the three-factor solutions. The loading of aforementioned COM4 did not support any of the factors. In addition, UND1 – "I fully understand the strategy my organization is attempting to implement" – produced a high loading with the involvement subscale instead of the understanding subscale.

Variable	Factor 1 Involvement	Factor 2 Understanding	Factor 3 Commitment
Understanding subscale			
UND1	0.736	0.390	− 0.069
UND2	0.436	0.730	0.130
UND3	0.153	0.619	− 0.041
UND4	0.103	0.770	− 0.011
Commitment subscale			
COM1	0.035	0.237	0.740
COM2	− 0.010	− 0.365	0.769
COM3	0.182	− 0.356	0.552
COM4	0.152	− 0.550	0.189
COM5	− 0.312	− 0.055	0.580
COM6	0.514	− 0.047	0.643
Involvement subscale			
INV1	0.728	0.400	0.081
INV2	0.815	− 0.275	0.013
INV3	0.445	0.128	0.478

Table IV.
Three-factor solution
(Peru only)

Variable	Factor 1 Involvement	Factor 2 Understanding	Factor 3 Commitment
Understanding subscale			
UND1	0.397	0.723	0.055
UND2	− 0.137	0.737	0.089
UND3	0.029	0.541	0.046
UND4	0.478	0.540	0.068
Commitment subscale			
COM1	0.209	0.387	0.508
COM2	0.234	− 0.166	0.710
COM3	0.057	0.462	0.554
COM4	0.099	0.372	0.621
COM5	0.099	0.139	0.559
COM6	0.048	− 0.086	0.763
Involvement subscale			
INV1	0.606	0.204	0.223
INV2	0.626	0.106	0.183
INV3	0.723	− 0.127	0.034

Table V.
Three-factor solution
(Mexico only)

INV3 – "Our strategies would be more effective if I had a greater opportunity to contribute my opinions" – loaded marginally on both the involvement (0.445) and the commitment (0.478) subscales. Although explanations for UND1 and INV3 are not clear, it is likely that Peruvian managers hold a slightly different view of strategic diffusion when compared to their counterparts, both in Mexico and in developed nations.

Factor loadings were strong in the Mexican sample, both in the subscales and the three-factor solutions. All items loaded in excess of 0.500. Overall, strategic diffusion

was higher in Mexico than in Peru (see *H5*). Given Mexico's proximity to the United States and the strong American influence on Mexican business practice, such support is not surprising (Cuevas *et al.*, 2005).

Support for the first two hypotheses also provides insight into the business cultures of Mexico and Peru. Although subordinate participation is generally appreciated in Western organizations, this is not always the case in nations where strict hierarchies are observed, such as parts of Asia and the Middle East (Parnell, 1999).

The mixed results concerning the third and fourth hypotheses suggest a distinction between the two Latin American nations considered in the study. Only one of the three SDS subscales – (strategic) commitment – was linked to organizational commitment. Managers who were more involved in strategy development and were more knowledgeable about strategy content were not necessarily more committed to the organization. These results suggest that strategic diffusion does not necessarily support organizational commitment among Mexican managers. This might be partially explained by the fact that Mexican managers tend to be less mobile than their counterparts in the developed world. Hence, organizational commitment may be a function or more practical considerations, such as compensation or security rather than personal preferences on the job.

The linkage between strategic diffusion and organizational commitment in Peru is confounding. The positive association between two SDS factors – understanding and

Variable		Composite	Peru only	Mexico only
			Factor loading	
PERSAT1	Satisfaction with profitability	0.662	0.641	0.508
PERSAT2	Satisfaction with objectives met	0.893	0.966	0.778
PERSAT3	Satisfaction with overall performance	0.839	0.853	0.815
PERSAT4	Satisfaction with growth	0.865	0.927	0.602
PERSAT5	Satisfaction with future prospects	0.775	0.874	0.492
Coefficient alpha		0.862	0.905	0.636
Variance explained		*65.8%*	*73.9%*	*42.7%*

Table VI.
Factor analysis:
performance satisfaction

	Factor loading Composite	Factor loading Peru only	Factor loading Mexico only
Organizational Commitment subscale			
OC1	0.523	0.645	0.832
OC2	0.634	0.500	0.101
OC3	0.793	0.520	− 0.016
OC4	0.371	0.464	0.587
OC5	0.813	0.735	0.714
OC6	0.502	0.467	0.369
OC7	0.215	0.270	0.480
OC8	0.475	0.614	0.835
OC9	0.522	0.448	0.219
Coefficient alpha	*0.695*	*0.695*	*0.608*
Variance explained	*32.2%*	*28.5%*	*29.7%*

Table VII.
Factor analysis of the
organizational
commitment scale

Variable	Perf. Sat.	Org. Comm.	SD-Underst.	SD-Commit.	SD-Involv.
Perform. satisfaction					
Composite	1.00				
Mexico	1.00				
Peru	1.00				
Org. commitment					
Composite	0.406*	1.00			
Mexico	0.266*	1.00			
Peru	0.497*	1.00			
SD-understanding					
Composite	0.774*	0.339*	1.00		
Mexico	0.762*	0.024	1.00		
Peru	0.722*	0.512*	1.00		
SD-commitment					
Composite	0.582*	0.145*	0.091*	1.00	
Mexico	0.848*	0.416*	0.506*	1.00	
Peru	0.413*	0.053	−0.193*	1.00	
SD-involvement					
Composite	0.816*	0.341*	0.494*	0.314*	1.00
Mexico	0.770*	0.120	0.359*	0.502*	1.00
Peru	0.853*	0.465*	0.529*	0.176*	1.00

Table VIII.
Correlation matrix

Note: * Significance level below 0.050

Sex	Mexico	Peru	Total	F-value	Significance
Understanding	0.493	−0.406	0.000	120.893	0.000
Commitment	0.127	−0.102	0.000	6.460	0.011
Involvement	0.211	−0.171	0.000	18.304	0.000

Table IX.
Strategic diffusion in
Mexico and Peru

commitment – was expected. The significant, but negative association between (strategic) commitment and organizational commitment was not. In other words, Peruvian managers who were more committed to executing their organizations' strategies tended to be less committed to their organizations. One possible explanation is that high SDS is most likely to be seen in managers of the highest calibre. Given the developmental cycle of the Peruvian business environment, these managers may be the most mobile and thereby be less committed to their present organizations.

Implications for managers

This study presents four key implications for managers. First, strategy execution and strategic diffusion are related but distinct processes, and both are linked to high performance. The formal steps required to execute a strategy do not necessarily foster the change in thinking throughout the organization that tends to be associated with strategic diffusion and ultimately high performance (Higgins, 2005; Hrebiniak, 2006). Strategic diffusion is concerned with the formal and informal processes that

accompany execution and improve the likelihood of success (Parnell *et al.*, 2002; Zagotta and Robinson, 2002). Top managers should not only develop specific plans for executing strategies, but should also facilitate effective diffusion through MLM understanding, commitment, and involvement.

Second, middle and lower level managers in different countries have different views on the process of strategic diffusion. These distinctions are cause by a number of factors, including stages in the economic development cycle, organizational culture, and widely accepted management practices. The present study demonstrated differences between two Latin American nations that are similar in many ways. Executives seeking to implement strategies should recognize the three key components of strategic diffusion – understanding, involvement, and commitment – and how they are influenced by national contexts.

Third, there appears to be a link between economic development cycle and effective strategic diffusion (see also Parnell, 1999). Although additional research is required for confirmation, this association is logical. Managers in emerging economies are faced with greater uncertainty in both the short and long terms (Bordia *et al.*, 2004; Delmestri, 2006; Gupta *et al.*, 2004; Lipshitz and Strauss, 1997). For this reason, middle and lower level managers may view strategy as a temporal phenomenon. Although they may take steps to execute a given strategy, it may never completely diffuse and become an accepted part of the organization.

Finally, effective strategic diffusion is linked to satisfaction with organizational performance. The associations between strategic diffusion and organizational commitment were significant and positive in many instances, but were not as strong and universal as those between strategic diffusion and performance satisfaction. The two constructs are qualitatively different, but the correlations between the SDS factors and performance satisfaction ranged from 0.413 to 0.853 (see Table VIII), suggesting that some degree of overlap is possible. Although the analysis in the present study cannot confirm or refute collinearity, the practical implication is clear. Managers perceive the component factors of strategic diffusion to be a critical part of high performance, a view generally supported in the literature (Floyd and Wooldridge, 2000; Higgins, 2005; Hodgkinson *et al.*, 2006; Hrebiniak, 2006).

For top managers, a clear diffusion-performance link reinforces the notion that crafting and executing the an effective strategy are important concerns, but middle managers should be involved in the process, clearly understand the strategy, and be committed to its success (Balogun and Johnson, 2005; Floyd and Wooldridge, 2000). Interestingly, middle managers tend to be least involved in strategic planning processes in emerging countries, and environment where strategic diffusion appears to be more difficult to engender (Bordia *et al.*, 2004; House *et al.*, 2004).

Conclusions and future directions

This study supports the validity of the strategic diffusion construct and the integrity of the SDS scale, linking strategic diffusion to performance satisfaction in both Mexico and Peru. As expected, Mexican managers exhibited higher SDS scores than did their Peruvian counterparts. The link between SDS and organizational commitment was not strong, however.

Several opportunities for future research also exist. First, there remains a dearth of research on management processes in emerging economies and work on strategic

diffusion is no exception. Future studies should consider such strategy processes in other countries in Latin America, as well as other parts of the world.

Second, strategic diffusion could moderate the relationship between strategy execution and firm performance, an intuitively appealing possibility based in part on the present analysis. Effective strategy execution has been linked to strong firm performance for several decades (Higgins *et al.*, 2006; Hrebiniak and Joyce, 1984). When strategy execution does not result in the anticipated level of performance, strategy content is often presumed to have been the problem (Floyd and Wooldridge, 2000; Hrebiniak, 2006). Poor strategic diffusion may also be a contributor in such instances, however. A study that examines strategy content, execution, diffusion, and performance could shed light on this possibility.

Third, the SDS does not take into account organization-specific factors that may mediate or moderate the strategic diffusion-performance relationship. Organizational size represents one such consideration. The strategy formulation process differs between small and large firms, with smaller firms showing a preference for simplistic models (Verreynne, 2006).

Organizational culture represents a second plausible moderator or mediator (Baird *et al.*, 2007; Smircich, 1983). Links between culture and competitive advantage are well established in the literature (Barney, 1986; Camerer and Vepsalainen, 1988; Chow and Liu, 2007; Porter, 1990). Strategic change is not easy because it is linked to organizational culture, thereby challenging the taken-for-granted beliefs of all of its members (Rouleau, 2005). It is plausible that culture may play a key role in determining the level of strategic diffusion in an organization, especially when a change in strategy is at issue (Higgins *et al.*, 2006; Rouleau, 2005; Scholz, 1987). Future studies comparing and contrasting strategic diffusion in large and small firms will be insightful. Likewise, those assessing strategic diffusion across contrasting cultures – perhaps strong versus weak or innovative versus bureaucratic – will help develop a more complete depiction of the strategic diffusion-performance relationship.

Fourth, the SDS is not designed to account for the roles played by individuals in effective strategy dissemination. Specifically, strong chief executives possess varying abilities to communicate a strategic vision and persuade members throughout the organization to adopt strategic changes. Additional work is needed that examines both top and middle managers in successful strategy implementation.

Finally, the way in which performance is measured can significant influence findings in organization studies performance (Hawawini *et al.*, 2003; Venkatraman and Ramanujam, 1986). A subjective performance measure, the performance satisfaction scale, was utilized in the present study. Viewing performance through a nonfinancial lens can provide insight into organizational processes and outcomes that cannot be seen via financial measures. Nonfinancial performance measures – often through a balanced scorecard framework or value-based management system – have become more common in organizations in recent years. They have also been linked to enhanced strategy execution (Frigo, 2002).

In many studies, however, financial measures of performance provide useful and objective artifacts of an organization's performance. Accounting data such as return on assets (ROA), return on investment, revenue growth, and market share have been applied to numerous studies. Proponents of using financial measures emphasize the objectivity associated with comparing the performance level of various business units

along standardized lines. Although financial measures remain the most popular and widely accepted approach in strategy-performance studies, non-financial measures include subjective areas of performance such as ethical behavior and stakeholder satisfaction with performance (Parnell *et al.*, 2006). Future studies that consider the performance effects of strategic diffusion may benefit from examining multiple performance measures.

References

Ahmed, S.A., d'Asous, A. and Lemire, S. (1997), "Country-of-origin effects in the US and Canada: implication for the marketing of products made in Mexico", *Journal of International Consumer Marketing*, Vol. 10 Nos 1/2, pp. 73-92.

Antonioni, D. (1999), "What motivates middle managers?", *Industrial Management*, Vol. 41 No. 6, pp. 27-30.

Athanassiou, N. and Nigh, D. (2000), "Internationalization, tacit knowledge and the top management teams of MNCs", *Journal of International Business Studies*, Vol. 31 No. 3, pp. 471-87.

Atkinson, H. (2006), "Strategy implementation: a role for the balanced scorecard?", *Management Decision*, Vol. 44, pp. 1441-60.

Baird, K., Harrison, G. and Reeve, R. (2007), "The culture of Australian organizations and its relation with strategy", *International Journal of Business Studies*, Vol. 15 No. 1, pp. 15-41.

Balogun, J. and Johnson, G. (2005), "From intended strategies to unintended outcomes: the impact of change recipient sensemaking", *Organization Studies*, Vol. 26 No. 11, pp. 1573-601.

Barker, V.L. and Patterson, P.W. Jr (1996), "Top management team tenure and top manager causal attributions at declining firms attempting turnarounds", *Group and Organization Management*, Vol. 21 No. 3, pp. 304-36.

Barney, J.B. (1986), "Types of competition and the theory of strategy: toward an integrative framework", *Academy of Management Review*, Vol. 11, pp. 791-800.

Bieber, S.M. and Mukhtyar, M. (1999), "Crisis management", *Business Mexico*, Vol. 8/9, p. 16.

Bonn, I. (2005), "Improving strategic thinking: a multilevel approach", *Leadership & Organization Development Journal*, Vol. 26 Nos 5/6, pp. 336-54.

Bordia, P., Hobman, E., Jones, E., Gallois, C. and Callan, V.J. (2004), "Uncertainty during organizational change: types, consequences, and management strategies", *Journal of Business and Psychology*, Vol. 18 No. 4, pp. 504-32.

Brache, A.P. (1992), "Process improvement and management: a tool for strategy implementation", *Planning Review*, Vol. 20 No. 5, pp. 24-6.

Buchenrieder, G. and Heuft, A. (2003), "Decentralization in Peru's agriculture policy: a critical review from 1993-1998", *Oxford Development Studies*, Vol. 31 No. 3, pp. 341-63.

Camerer, C. and Vepsalainen, A. (1988), "The economic efficiency of corporate culture", *Strategic Management Journal*, Vol. 9 No. S1, pp. 115-26.

Caulfield, N. (2004), "Labor relations in Mexico: historical legacies and some recent trends", *Labor History*, Vol. 45 No. 4, pp. 445-67.

Chow, I.H. and Liu, S.S. (2007), "Business strategy, organizational culture, and performance outcomes in China's technology industry", *Human Resource Planning*, Vol. 30 No. 2, pp. 47-55.

Collier, R. and Collier, D. (1991), *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America*, Princeton University Press, Princeton, NJ.

Cook, J. and Wall, T.D. (1980), "New work attitude measures of trust, organizational commitment and personal need for non-fulfillment", *Journal of Organizational and Occupational Psychology*, Vol. 53, pp. 39-52.

Courtney, H. (2003), "Decision-driven scenarios for assessing four levels of uncertainty", *Strategy & Leadership*, Vol. 31 No. 1, pp. 14-22.

Cuevas, A., Messmacher, M. and Werner, A. (2005), "Foreign direct investment in Mexico since the approval of NAFTA", *World Bank Economic Review*, Vol. 19 No. 3, pp. 473-88.

Currie, G. (1999), "The influence of middle managers in the business planning process: a case study in the UK NHS", *British Journal of Management*, Vol. 10 No. 2, pp. 141-55.

Das, A., Handfield, R.B., Calantone, R.J. and Ghosh, S. (2000), "A contingent view of quality management – the impact of international competition on quality", *Decision Sciences*, Vol. 31 No. 3, pp. 649-90.

Davis, T.R.V. (2001), "Integrating internal marketing with participative management", *Management Decision*, Vol. 39 Nos 1/2, pp. 121-32.

Delmestri, G. (2006), "Streams of inconsistent institutional influences: middle managers as carriers of multiple identities", *Human Relations*, Vol. 59 No. 11, pp. 1515-41.

Economist Intelligence Unit (EI) (2003), *Country Profiles, 2003*, Economist Intelligence Unit, London.

Elenkov, D.S. (1997), "Differences and similarities in managerial values between US and Russian managers", *International Studies of Management & Organization*, Vol. 27 No. 1, pp. 85-106.

Embertson, M.K. (2006), "The importance of middle managers in healthcare organizations", *Journal of Healthcare Management*, Vol. 51 No. 4, pp. 223-32.

Engdahl, R.A., Keating, R.J. and Aupperle, K.E. (2000), "Strategy and structure: chicken or egg? (Reconsideration of Chandler's paradigm for economic success)", *Organizational Development Journal*, Vol. 18 No. 4, pp. 21-33.

Floyd, S.W. and Wooldridge, B. (2000), *Building Strategy from the Middle: Reconceptualizing Strategy Process*, Sage, Thousand Oaks, CA.

Frigo, M. (2002), "Nonfinancial performance measures and strategy execution", *Strategic Finance*, Vol. 84 No. 2, pp. 6-9.

Gioia, D.A. and Chippipeddi, K. (1991), "Sensemaking and sensegiving in strategic change initiation", *Strategic Management Journal*, Vol. 12, pp. 433-48.

Goldman, H.H. (2003), "Implementing the global strategy plan: a human issue", *Strategic Direction*, Vol. 19 No. 2, pp. 2-5.

Goll, I. and Johnson, N.B. (1996), "The role of top management demographic characteristics in employee participation programs", *International Journal of Management*, Vol. 13 No. 1, pp. 76-83.

Gruben, W.C. (1990), "Mexican *maquiladora* growth: does it cost US jobs?", *Economic Review*, January, pp. 15-28.

Gupta, V., MacMillan, I.C. and Surie, G. (2004), "Entrepreneurial leadership: developing and measuring a cross-cultural construct", *Journal of Business Venturing*, Vol. 19 No. 2, pp. 241-60.

Hambrick, D.C. and Cannella, A.A. Jr (1989), "Strategy implementation as substance and selling", *Academy of Management Executive*, Vol. 3, pp. 278-85.

Hawawini, G., Subramanian, V. and Verdin, P. (2003), "Is performance driven by industry- or firm-specific factors? A new look at the evidence", *Strategic Management Journal*, Vol. 24 No. 1, pp. 1-16.

Haworth, N. (1989), "Political transition and the Peruvian labor movement, 1968-1975", in Epstein, E.C. (Ed.), *Autonomy and the State in Latin America*, Unwin Hyman, Boston, MA, pp. 195-218.

Hiam, A. (1993), "Strategic planning unbound", *Journal of Business Strategy*, Vol. 14 No. 2, pp. 46-52.

Higgins, J.M. (2005), "The eight 'S's of successful strategy execution", *Journal of Change Management*, Vol. 5 No. 1, pp. 3-13.

Higgins, J.M., McAllaster, C., Cetro, S.C. and Gilbert, J.P. (2006), "Using cultural artifacts to change and perpetuate strategy", *Journal of Change Management*, Vol. 6 No. 4, pp. 397-415.

Hodgkinson, G.P., Whittington, R., Johnson, G. and Schwarz, M. (2006), "The role of strategy workshops in strategy development processes: formality, communication, co-ordination and inclusion", *Long Range Planning*, Vol. 39 No. 5, pp. 479-96.

Hofstede, G. (1980), "Motivation, leadership and organization: do American theories apply abroad?", *Organizational Dynamics*, Vol. 9, pp. 42-63.

Hofstede, G. (1993), "Cultural constraints in management theories", *Academy of Management Executive*, Vol. 7 No. 1, pp. 81-94.

House, R., Javidan, M., Hanges, P. and Dorfman, P. (2002), "Understanding cultures and implicit leadership theories across the globe: an introduction to project GLOBE", *Journal of World Business*, Vol. 37 No. 1, pp. 3-10.

House, R.J., Hanges, P.M., Javidan, M., Dorfman, P. and Gupta, V. (2004), *Leadership, Culture, and Organizations: The GLOBE Study of 62 Societies*, Sage, Thousand Oaks, CA.

Hrebiniak, L.G. (2006), "Obstacles to effective strategy implementation", *Organizational Dynamics*, Vol. 35 No. 1, pp. 12-31.

Hrebiniak, L.G. and Joyce, W.F. (1984), *Implementing Strategy*, Macmillan Publishing Company, New York, NY.

Hrebiniak, L.G. and Joyce, W.F. (2001), "Implementing strategy: an appraisal and agenda for future research", in Hitt, M.A., Freeman, E. and Harrison, J.S. (Eds), *Blackwell Handbook of Strategic Management*, Blackwell Publishing, Oxford, pp. 602-26.

Husted, B.W. and Allen, D.B. (2006), "Corporate social responsibility in the multinational enterprise: strategic and institutional approaches", *Journal of International Business Studies*, Vol. 37 No. 6, pp. 838-49.

Husted, B.W., Dozier, J.B., McMahon, J.T. and Kattan, M.W. (1996), "The impact of cross-national carriers of business ethics on attitudes about questionable practices and form of moral reasoning", *Journal of International Business Studies*, Vol. 27 No. 2, pp. 391-411.

Javidan, M. and Carol, D.E. (2005), "Leadership across cultures: a study of Canadian and Taiwanese executives", *Management International Review*, Vol. 45 No. 1, pp. 23-44.

Katz, J. (2006), "Empowered to drive production", *Industry Week*, Vol. 255 No. 10, p. 33.

Katz, J.P., Zarzeski, M.T. and Hall, H.J. (2000), "The impact of strategy, industry, and culture on forecasting the performance of global competitors: a strategic perspective", *Journal of Business Strategies*, Vol. 17 No. 2, pp. 119-43.

Kay, B.H. (1997), "'Fujipopulism' and the liberal state in Peru, 1990-1995", *Journal of Inter-American Studies and World Affairs*, Vol. 38 No. 4, pp. 55-99.

Kumar, S. and Chase, C.P. (2006), "Barriers and success factors in the management international operations: Mexico and China overview", *International Journal of Management & Decision Making*, Vol. 7 No. 5, pp. 525-37.

Leavy, B. (2007), "Managing the risks that go with high-impact strategies in uncertain markets", *Strategy & Leadership*, Vol. 35 No. 4, pp. 43-6.

Lenartowicz, T. and Johnson, J.P. (2003), "A cross-national assessment of the values of Latin America managers: contrasting hues or shades of gray?", *Journal of International Business Studies*, Vol. 34 No. 3, pp. 266-81.

Lipshitz, R. and Strauss, O. (1997), "Coping with uncertainty: a naturalistic decision-making analysis", *Organizational Behavior and Human Decision Processes*, Vol. 69 No. 2, pp. 149-63.

Locke, E.A., Latham, G.P. and Erez, M. (1988), "The determinants of goal commitment", *Academy of Management Review*, Vol. 13 No. 1, pp. 23-39.

London, R. and Hart, S.L. (2004), "Reinventing strategies for emerging markets: beyond the transnational model", *Journal of International Business Studies*, Vol. 35 No. 5, pp. 350-70.

Mercer, D. (2001), "Fear of the future – a new management approach", *Management Decision*, Vol. 39 No. 8, pp. 654-9.

Metcalf, L., Bird, A. and Dewar, D. (2008), "Mexico and the United States: common border, common negotiating orientations", *Thunderbird International Business Review*, Vol. 50 No. 1, pp. 25-43.

Meyer, H. (2000), "Boards take on the heavy lifting", *Journal of Business Strategy*, Vol. 21 No. 4, pp. 18-23.

Ministerio de Trabajo y Promocion del Empleo (MTPE) (2003), *El Empleo en el Peru: 2002-2003*, Direccion Nacional del Empleo y Formacion Profesional, Peru.

Mintzberg, H. and Waters, J.A. (1985), "Of strategies, deliberate and emergent", *Strategic Management Journal*, Vol. 6, pp. 257-72.

Morales, O. (1997), "The flip side", *Business Mexico*, Vol. 7 No. 7, pp. 32-3.

Morris, T. and Pavett, C.M. (1992), "Management style and productivity in two cultures", *Journal of International Business Studies*, Vol. 23 No. 1, pp. 169-79.

Nichol, R.L. (1992), "Get middle managers involved in the planning process", *Journal of Business Strategy*, Vol. 13 No. 3, pp. 26-32.

Nicholls, C.E., Lane, H.W. and Brechu, M.B. (1999), "Taking self-managed teams to Mexico", *Academy of Management Executive*, Vol. 13 No. 3, pp. 15-27.

Noll, C.L. (1992), "Mexican *Macquiladora* workers: an attitude toward working", *Southwest Journal of Business & Economics*, Vol. 9 No. 1, pp. 1-7.

Nordblom, C. (2006), "Involving middle managers in strategy at Volvo Group", *Strategic Communication Management*, Vol. 10 No. 2, pp. 26-9.

Oliver, N. (1990), "Rewards, investments, alternatives and organizational commitment: empirical evidence and theoretical development", *Journal of Occupational and Organizational Psychology*, Vol. 63, pp. 19-31.

Ostroff, C. and Atwater, L.E. (2003), "Does whom you work with matter? Effects of referent group gender and age composition on managers' compensation", *Journal of Applied Psychology*, Vol. 88 No. 4, pp. 725-40.

Palmer, D.S. (1992), *The Shining Path of Peru*, St Martin's Press, New York, NY.

Parnell, J.A. (1999), "Measuring strategic diffusion: examining a strategy's dissemination within American and Egyptian organizations", *Middle East Business Review*, Vol. 3 No. 2, pp. 1-19.

Parnell, J.A. and Carraher, S. (2002), "The role of effective resource utilization in strategy's impact on performance", *International Journal of Commerce and Management*, Vol. 13 No. 3, pp. 1-34.

Parnell, J.A., Carraher, S. and Holt, K. (2002), "Participative management's influence on effective strategic diffusion", *Journal of Business Strategies*, Vol. 19 No. 2, pp. 161-80.

Parnell, J.A., O'Regan, N. and Ghobadian, A. (2006), "Measuring performance in competitive strategy research", *International Journal of Management and Decision Making*, Vol. 7 No. 4, pp. 408-17.

Parodi, J. (2000), *To Be a Worker: Identity and Politics in Peru*, University of North Carolina Press, Chapel Hill, NC.

Peters, T.J. and Waterman, R.H. Jr (1982), *In Search of Excellence*, Harper & Row, New York, NY.

Porter, M.E. (1990), *The Competitive Advantage of Nations*, Free Press, New York, NY.

Powell, T.C. (2004), "Strategy, execution, and idle rationality", *Journal of Management Research*, Vol. 4 No. 2, pp. 77-98.

Qi, H. (2005), "Strategy implementation: the impact of demographic characteristics on the level of support received by middle managers", *Management International Review*, Vol. 45 No. 1, pp. 45-70.

Ralston, D.A., Holt, D.H., Terpstra, R.H. and Kai-Cheng, Y. (2008), "The impact of national culture and economic ideology on managerial work values: a study of the United States, Russia, Japan, and China", *Journal of International Business Studies*, Vol. 39, pp. 8-26.

Roberson, Q.M., Moye, N.A. and Locke, E.A. (1999), "Identifying a missing link between participation and satisfaction: the mediating role of procedural justice perceptions", *Journal of Applied Psychology*, Vol. 84 No. 4, pp. 585-93.

Rouleau, L. (2005), "Micro-practices of strategic sensemaking and sensegiving: how middle managers interpret and sell strategic change every day", *Journal of Management Studies*, Vol. 42 No. 7, pp. 1413-41.

Sanchez, J.L. and Brock, P. (1996), "Outcomes of perceived discrimination among Hispanic employees: is diversity management a luxury or a necessity?", *Academy of Management Journal*, Vol. 39 No. 3, pp. 704-20.

Schilit, W.K. (1987), "An examination of the influence of middle-level managers in formulating and implementing strategic decisions", *Journal of Management Studies*, Vol. 24 No. 3, pp. 271-93.

Schniederjans, M.J. and Zuckweiler, K.M. (2004), "A quantitative approach to the outsourcing-insourcing decision in an international context", *Management Decision*, Vol. 42 No. 8, pp. 974-86.

Scholz, C. (1987), "Corporate culture and strategy – the problem of strategic fit", *Long Range Planning*, Vol. 20 No. 4, pp. 78-87.

Sibeck, G.P. and Stage, H.D. (2001), "Aspects of comparative management in selected Mexican and Peruvian firms", *International Journal of Organization Theory & Behavior*, Vol. 4 Nos 1/2, pp. 91-102.

Smircich, L. (1983), "Concepts of culture and organizational analysis", *Administrative Science Quarterly*, Vol. 28 No. 3, pp. 339-58.

Stephens, G.K. and Greer, C.R. (1995), "Doing business in Mexico: understanding cultural differences", *Organizational Dynamics*, Vol. 24 No. 1, pp. 39-55.

Stinson, D. (1995), "Aggressive little brewery plays giant killer in Peru's beer market", *Marketing*, Vol. 100, October 9, p. 7.

Sully de Luque, M.F. (2000), "The impact of cross-cultural differences on freedback seeking behavior: tendency to engage, strategy type, and preferred source choice", doctoral dissertation, Vol. 61 No. 7-a, University of Nebraska, Omaha, NE, p. 2808.

Sully de Luque, M.F. and Arbazia, L.A. (2005), "The complexity of managing human resources in Peru", *International Journal of Human Resource Management*, Vol. 16 No. 12, pp. 2237-53.

Thakur, M. (1998), "Involving middle managers in strategy making", *Long Range Planning*, Vol. 31 No. 5, pp. 732-41.

Tourish, D., Paulsen, N., Hobman, E. and Bordia, P. (2004), "The downsides of downsizing: communication processes and information needs in the aftermath of a workforce reduction strategy", *Management Communication Quarterly*, Vol. 17 No. 4, pp. 485-516.

Tsamenyi, M. and Mills, J. (2002), "Perceived environmental uncertainty, organizational culture, budget participation and managerial performance in Ghana", *Journal of Transnational Management Development*, Vol. 8 Nos 1/2, pp. 17-52.

Venkatraman, N. and Ramanujam, V. (1986), "Measurement of business performance in strategy research: a comparison of approaches", *Academy of Management Review*, Vol. 11 No. 4, pp. 801-14.

Verreynne, M. (2006), "Strategic-making processes and firm performance in small firms", *Journal of Management and Organization*, Vol. 12 No. 3, pp. 209-22.

Wessel, J.R. (1993), "The strategic human resource management process in practice", *Planning Review*, Vol. 21 No. 5, pp. 37-8.

Wooldridge, B. and Floyd, S.W. (1989), "Strategic process effects on consensus", *Strategic Management Journal*, Vol. 10 No. 3, pp. 295-302.

Wooldridge, B. and Floyd, S.W. (1990), "The strategy process, middle management involvement, and organizational performance", *Strategic Management Journal*, Vol. 11 No. 3, pp. 231-41.

Zagotta, R. and Robinson, D. (2002), "Keys to successful strategy execution", *Journal of Business Strategy*, Vol. 23 No. 1, pp. 30-4.

Zajac, E.J., Kraatz, M.S. and Bresser, R.K.F. (2000), "Modeling the dynamics of strategic fit: a normative approach to strategic change", *Strategic Management Journal*, Vol. 21 No. 4, pp. 429-53.

Zhang, Y., Zhang, Z. and Liu, Z. (2007), "Choice of entry modes in sequential FDI in an emerging economy", *Management Decision*, Vol. 45, pp. 749-72.

Zhou, K.Z., Tse, D.K. and Li, J.J. (2006), "Organizational changes in emerging economies: drivers and consequences", *Journal of International Business Studies*, Vol. 37 No. 2, pp. 248-63.

Further reading

Graham, J.L. (2001), "Culture and human resources management", *Oxford Handbook of International Business*, Vol. 1, pp. 503-37.

Saavedra, J. and Chong, A. (1999), "Structural reform, institutions and earnings from the formal and informal sectors in urban Peru", *Journal of Development Studies*, Vol. 35 No. 4, pp. 95-116.

About the author

John A. Parnell can be contacted at: jparnell@jparnell.com