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The Comparative Approach to the Study of Business Administration

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Q. "How's your wife?"

A. "Compared to what?"

This uncommon answer illustrates the necessity of comparison in human affairs, and represents the essence of a method which is gaining greater acceptance in the study of business administration: the comparative approach.

In other disciplines, the comparative method has been explicitly incorporated in publications, curricula and research in comparative economics, sociology, psychology, law, education, religion, literature, and so forth. In business administration, however, formal interest in the comparative method is more recent, although books, articles, courses and research projects are fast multiplying—particularly, international comparisons of marketing and management systems.¹ This cultural lag may be in part explained by: (1) feelings of U.S. superiority in the field of business administration; (2) a fairly widespread disinterest in business history; and (3) the insularity of American business, at least until the postwar period.

Conversely, greater involvement in international affairs has created the need and provided some of the data for comparative studies. Another factor has been the growing interest in developing general or universal theories in the field of business administration—an interest likely to benefit from the use of the comparative approach.

While "Compared to what?" is of the essence of the method, it has to be supplemented by the questions of "Compared as to what [elements]?", and "Compared for what [purposes]?" This paper addresses itself to these questions as well as to the methodology and prospects of the comparative method for research and teaching in business administration—especially in the fields of management and marketing.

COMPARED TO WHAT?

In its scientific form, the comparative approach consists of the systematic detection, identification, classification, measurement and interpretation of similarities and differences among phenomena.

¹See, for example, F. H. Harbison and C. A. Myers, *Management in the Industrial World* (New York: McGraw-Hill Book Co., 1959) and other publications of the Inter-University Study of the Labor Problems in Economic Development. In marketing, post-1959 textbooks have included chapters or data on international marketing, and R. Bartels has edited *Comparative Marketing* (Homewood: R. D. Irwin, Inc., 1963).

The locus of the comparison is either in time, space or among sectors:²

Temporal (historical) comparisons deal with differences and/or similarities among phenomena removed in time but otherwise identical or similar as far as space and sector are concerned.³

Spatial (geographical) comparisons focus on differences and/or similarities among phenomena located in spatially removed units (e.g., continents, cultures, nations, regions, cities and sites) but otherwise identical or similar as far as time or sector are concerned.⁴

Sectoral (sub-cultural) comparisons concentrate on differences and/or similarities among segments of a single spatial unit (e.g., a nation) at a single time (or period).⁵

The comparative approach goes beyond uncovering similarities and differences, or establishing what is "universal, related and unique."⁶ It provides interpretations that lead to the establishment of logical relationships between instances and principles, as in all true sciences. It aims at demonstrating the invariable agreement or disagreement between the presence, the absence or the change of a phenomenon and the circumstances where it appears, disappears or changes.⁷

COMPARED AS TO WHAT?

When comparing, for example, the names of U.S. corporations of various periods of U.S. business history, or British management to U.S. management, or the financing of small firms to that of large firms, *the comparison must focus on some features of the entities compared*: What in corporate names, in British

² The social anthropologist S. F. Nadel has suggested a somewhat different organization of these elements in the comparative study of societies: "(1) We could consider a single society at a given time and analyze the broad variations in particular modes of action or relationships occurring in that society. (2) We could consider several societies of generally similar nature which differ in certain modes of action or relationships; more precisely, we could here compare either different and perhaps contemporaneous societies, or the same society at different periods, if these exhibit some limited cultural changes. (3) We could compare several, perhaps numerous societies of widely different nature yet sharing some identical feature; or different periods, showing radical change, in the life of the same culture." *The Foundations of Social Anthropology* (London: Cohen & West, Ltd., 1951), 226. Chapter IX of his book contains an excellent section on "The Comparative Method."

³ For example, W. Lloyd Warner and J. O. Low have used historical data to compare the Yankee City Shoe Industry at different periods of its history as far as technology, form of division of labor, form of ownership and control, producer-consumer relations, worker relations, and structure of economic relations are concerned. *The Social System of the Factory* (New Haven: Yale University Press, 1947), 54-65.

⁴ See, for example, Harbison and Myers' *Management in the Industrial World* where the role of management as an economic resource, a system of authority and a class is compared in twelve nations.

⁵ All sorts of "sectors" can be used for comparative studies: profit v. non-profit enterprises; small v. large business; department stores v. discount houses; staff v. line; superordinates v. subordinates; negro v. white executives; sales v. production, and so on. For example, Norman H. Martin has made a comparative study of the levels of management and their mental demands: "Differential Decisions in the Management of an Industrial Plant," *Journal of Business*, 29, 4 (October, 1956), 249-60. (This article by Martin and an excerpt from the book by Warner and Low are reprinted in W. L. Warner and N. H. Martin (eds.), *Industrial Man* (New York: Harper & Brothers, 1959), 422ff, 276ff.

⁶ C. Kerr *et al.*, *Industrialism and Industrial Man* (New York: Oxford University Press, 1964), 10.

⁷ Nadel, 323.

and American management, in small and big business financing—or, for that matter, between your wife and someone else's wife—will be compared?

Quite a few things can be compared, depending on one's and other people's interests or needs, the availability of data and other resources, and the state of the art and science in the field. Yet, after allowing for the freedom of the curious, the genius and the iconoclast, it appears advisable to conduct comparative studies within a theoretical framework in the context of which hypotheses can be tested.⁸

COMPARED FOR WHAT?

Comparisons are for knowledge's sake or for action—whatever may be the relationship between the two in the short or the long run.

For Knowledge

There is afield a significant amount of interest in general and universal theories of management and marketing, although there is also disagreement regarding the remoteness or even the possibility of such theories.⁹ In any case, the development of such theories will require many comparisons.

More modest yet closer to the purpose of the comparative method is the desire to sift what is the "universal" from what is "related" or "unique" in various business, management and marketing systems. Here again numerous comparisons will be required.

Even more basic but certainly essential to the advancement of "scientific" business administration, is the realization that comparison is inherent in science.¹⁰

Science aims at uncovering regularities: such patterns can be discovered only by studying as many systems of phenomena as possible in the light of common analytical categories. Although one may well be interested in a unique event—e.g., the business philosophy of Henry Ford—, it remains that such a study can only gain perspective by being contrasted explicitly or implicitly to other business philosophies. All analytical sciences thus require the use of the comparative method.

⁸ This author has proposed that comparative analysis focus on *actors, processes, structures* and *functions*—their features, interrelationships, changes and/or strains. See: J. Boddewyn, "A Construct for Comparative Marketing Research," *Journal of Marketing Research* (February, 1966); and "Management: The Trees, the Forest and the Landscape," (unpublished manuscript, 1965). Alternative schemes for comparative analysis can be found in the writings of R. Bartels, R. N. Farmer, B. M. Richman and J. D. Thompson. See also: R. C. Macridis, *The Study of Comparative Government* (New York: Random House, Inc., 1955), 24ff.

⁹ R. W. Millman, "Some Unsettled Questions in Organization Theory," *Academy of Management Journal*, 7, 3 (September, 1964), 189-95.

¹⁰ The sociologist S. A. Stouffer stresses that: (1) all research is implicitly or explicitly comparative; and (2) research ought to fit into some overall theoretical scheme. "Some Observations on Study Design," *American Journal of Sociology*, LV, 4 (January, 1950), 355-61. This article is reprinted in F. A. Shull, Jr. and A. L. Delbecq (eds.), *Selected Readings in Management*, Second Series (Homewood: R. D. Irwin, Inc., 1962), 69-77.

In the social sciences, however, it represents the equivalent of the experimental method in the natural sciences—the experiment being nothing but the comparative method where the cases to be compared are produced to order and under controlled conditions.¹¹

For Action

In the planning stage, knowing what has worked when and where, and under what conditions, is eminently useful in identifying and selecting alternative courses of action, although indeed such knowledge does not preclude the innovation of policies and programs.

In the controlling stage, comparison is of the essence—with the past, with others, with plans or norms.

METHODOLOGICAL PROBLEMS

Among many apparent methodological problems, these seem especially worth noting:

Obviously, comparison can only be made among comparable phenomena: “The study of co-variations is bound up . . . with judgments on similarity and partial identity, the very concept of variations implying a sameness of facts which yet permits of some measure of difference.”¹²

Involved here are problems of: (1) the quantity and the quality of the data compared—an important *technical* problem which promises, however, to subside in the future; and (2) the intrinsic identity or similarity of the phenomena compared—a crucial *philosophical* problem unlikely ever to wither away. This problem of identity must be handled in one of three ways:

(a) *By assuming that identity in name is a relevant one*, i.e., that the boundaries of phenomena are prescribed by the concepts used in classifying these phenomena, and by the names given to them.¹³ In this view, for example, it is quite legitimate to label as “marketing” certain types of behavior in primitive societies and compare them with what is similarly named “marketing” in the U.S. Naturally, it is important here to guard against the twin pitfalls of assuming too much under a single name such as “marketing,”¹⁴ and using ready-made classifications such as “capitalistic” and “socialistic” which strait-jacket comparisons.¹⁵

(b) *By clarifying the contents and the context of the entities compared.*

¹¹ T. Parsons, *The Structure of Social Action* (New York: McGraw-Hill Book Co., 1937), 743.

¹² Nadel, 225. He equates the comparative method with the study of “concomitant variations” (or co-variations, for short), i.e., the study of the related presence, absence or change of two or more phenomena (p. 229). Nadel defines it also as “the analysis of social situations which are at first sight already comparable, that is, which appear to share certain features (modes of actions, relationships) while differing in others, or to share their common features with some degree of difference.” (pp. 222, 225).

¹³ *Ibid.*, 225.

¹⁴ Karl Polanyi has challenged the application of terms such as “marketing” or “economic behavior” to older and non-Western societies. *The Great Transformation* (Boston: Beacon Press, 1957).

¹⁵ Comparative economics has particularly suffered from such strait-jacketing. One is reminded here of the cautious distinction allegedly made by a Polish intellectual: “Capitalism consists of the exploitation of man by man, while communism is *vice-versa*.”

Comparative analysis—like any other type of analysis—requires that the phenomena compared be abstracted from what in practically all cases is a complex reality. Ultimately, everything hangs together; yet, for research or teaching purposes, it is usually necessary to concentrate on some aspect of the universe studied. Such loss of concreteness is largely unavoidable in scientific inquiry. It can be partially compensated by the careful delineation of the scope of the comparable study, and by judicious use of definitions and assumptions.

(c) *By subsuming what may appear at first as "apples and pears" under some higher classificatory category such as "trade" or "exchange" (in the case of marketing), or "decision making" (in the case of management). Yet, in so doing, one must guard against the pitfall of tautology, whereby the universality of a phenomenon is implicit in its broad definition.*

In the search for similarities and differences, one must assume that phenomena are not random although recognizing that there is usually some variability of behavior which falls within the normal curve of distribution:

The method of co-variations implies the general postulate that social situations are not made up of random items, but of facts which hang together by some meaningful nexus or intrinsic fitness.¹⁰

The comparative approach is also opposed to viewing events as unique.¹⁷ Instead, it views the "unique" as a residue left over after similarities and differences have been established and explained. Thus, the comparative method differs from the historical approach which—while often covering some span of time—focuses on the development of some unique event rather than on its explicit comparison with other events.

Comparison goes beyond the juxtaposition or the parallel description of phenomena which are potentially comparable.¹⁸ While more descriptive studies of the anatomy, morphology, taxonomy, and ecology of various business, marketing and management systems are needed, it is well to recognize that such studies are not comparative studies. The latter require some explicit contrast and explanation, whether done throughout the body of the study or in its concluding section.

The range of the comparisons made, i.e., the types, number or length of the times, spaces or sectors compared, is a function of the level at which comparison is meaningful and possible. Phenomena may be comparable yet yield only minor comparisons not offering an adequate range of variations; or data may be available at one level (world, culture, nation, economy, industry, firm, department,

¹⁰ Nadel, 224, 226.

¹⁷ "Uniqueness and understanding simply do not go together; nor do infinite variety and explanation. The rejection of 'types,' 'laws,' or uniformities in general, is tantamount to rejecting all that science stands for. Such an approach leads, at best, to a preliminary survey, and at worst, to some 'general picture' based on nothing firmer than the impressions of the observer." Nadel, 393. "Science (as distinguished from history or biography) is not concerned with the particular, the unique, but only with the general, with kinds, with events which recur. . . .": A. R. Radcliffe-Brown, *Structure and Function in Primitive Society* (London: Cohen & West, 1952), 190ff.

¹⁸ Although the design of its editor was different, the contents of R. Bartels' *Comparative Marketing* (Homewood: R. D. Irwin, Inc., 1963) is better represented by its subtitle *Wholesaling in Fifteen Countries*.

individual) but not at another. The range also depends on the level and the comprehensiveness of the theories available.

The comparative approach must be distinguished from the normative approach where the comparison is made to some norm, ideal or expectation. Thus, studies where the business system of a particular country at some particular time—typically, the modern U.S. business system—is used explicitly or implicitly as an ideal reference point, are really more normative than comparative.

Comparing phenomena in different spatial and temporal environments requires more holistic and interdisciplinary studies as many more things have to be considered and interpreted in such “foreign” environments. This is in contrast to typical studies of business administration in our contemporary environment which—because it is familiar—is usually assumed away as given.

PROSPECTS FOR RESEARCH AND TEACHING

The comparative approach is not completely foreign to the study and teaching of business administration. There are already quite a few courses, books (or chapters thereof), articles, monographs and dissertations that incorporate its use. However, although a bibliography of publications on the comparative study of business administration is not yet available,¹⁹ it appears safe to say that: (a) these studies are still too few; and (b) they seldom fit into a comprehensive framework of analysis.²⁰ As such, there is obviously room for more research in the field.

On the one hand, it appears desirable at this point to have some suitable body of scholars organize committees, conferences or workshops to map out the field by: (a) establishing some priorities (What countries? What periods? What sectors? What problems? How, and with what resources?); and (b) suggesting suitable conceptual schemes of analysis.²¹

Meanwhile, there is need for more systematic descriptions of “foreign” (time, place, sector) units according to some classificatory schemes, as a prelude to more and better comparative studies in business administration.

Yet, the lack of data should not prevent research at the conceptual, technique development, hypothesis-making stages since such research suggests the

¹⁹ This author is presently preparing an annotated bibliography on comparative business, management and marketing systems.

²⁰ As mentioned earlier, a notable exception is represented by some of the books prepared under the auspices of the Inter-University Study of the Labor Problems in Economic Development—notably Harbison and Myers' *Management in the Industrial World*. More recently, one may note R. N. Farmer and B. M. Richman, *Comparative Management and Economic Progress* (Homewood, Illinois; Richard D. Irwin, Inc., 1965). See also J. D. Thompson *et al.*, *Comparative Studies in Administration* (Pittsburgh, Pa.: University of Pittsburgh Press, 1959).

²¹ Special conferences and committees dealing with problems presented by the comparative method in the field of political science were organized by the Social Research Council in 1953–1954, and by the International Political Science Association in 1954 (Macridis, *op. cit.*, ix). Two conferences to exchange views on the direction and organization of research in comparative economic growth and structure were held by the National Bureau of Economic Research in 1958 (NBER, *The Comparative Study of Economic Growth and Structure*, 1959). A standing committee on comparative marketing was appointed by the American Marketing Association in 1959 (Bartels, *op. cit.*, v).

type of data needed—new, better, sustained.²² Also, more research should be designed to include hypotheses to be tested through “foreign” units.

In teaching, it should be made apparent that the comparative study of business administration does not have to be considered as a separate branch of knowledge but as a point of view, a way of approaching any significant problem. As such, it can be incorporated into any course which can at least implicitly be made “comparative” through the inclusion of “foreign” data.²³ Some schools may want special comparative courses; others may prefer to integrate comparative findings into existing advanced “theory” courses; all can include comparisons in the contents of basic introductory courses once suitable publications have become more readily available.

²² NBER, 178.

²³ The NBER study suggested the massive infusion of foreign data in standard economics courses. (NBER, 178).