

# Multidimensional Impacts and Adaptive Mechanisms of Cultural Embeddedness on Chinese Corporate Management

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**Abstract:** This study examines how cultural embeddedness influences corporate management behaviors and decision-making processes through various dimensions, including national, regional, and corporate cultures. Amidst the coexistence of globalization and localization, cultural embeddedness serves as the core of informal institutions. It profoundly impacts organizational performance and long-term competitiveness by infiltrating management mechanisms, employee motivation, innovation management, and social networks. Drawing on embeddedness theory and cultural control theory, and employing both quantitative and qualitative research methods, this paper analyzes the restraining and facilitating effects of cultural embeddedness on managerial behaviors. It delves into the influence of different cultural layers on the complexity of multinational corporate management. The findings reveal that cultural embeddedness enhances managerial efficiency, market adaptability, and innovative capacity through its multidimensional role in social norms, belief systems, and management practices. The paper further explores directions for improving cultural measurement methods and offers practical recommendations for cross-cultural management.

**Keywords:** Cultural Embeddedness; Corporate Management; Cross-cultural Comparison; Innovation Management; National Culture; Regional Culture; Corporate Performance

## 1. Introduction

Amid increasing globalization, companies not only face the pressures of market competition but also confront the challenges posed by managing in a cross-cultural environment. Cultural embeddedness, a deep-seated cultural factor, directly influences corporate management behaviors and decision-making processes. In recent years, cultural embeddedness has emerged as a significant area of study in management and economics, especially against the backdrop of globalization and localization. Its impact on corporate management decisions, organizational structures, and institutional designs is particularly pronounced [1]. For example, the United Nations' Sustainable Development Goals highlight cultural diversity as a key driver of sustainable economic development in a global context [2]. Furthermore, studies by the World Bank have shown that cultural embeddedness significantly affects management efficiency and organizational innovation, especially in multinational corporations, where it determines the adaptability and effectiveness of management systems [3]. Therefore, researching the impact of cultural embeddedness on corporate management not only provides theoretical support for companies operating in cross-cultural environments but also offers guidance for policymakers on corporate behavior.

However, current academic research on the impact of cultural embeddedness mainly focuses on the macro level, with few in-depth discussions on its mechanisms within corporate management systems. How cultural embeddedness specifically affects corporate management behaviors and decisions through institutions, management, and social structures remains under-researched. Thus, exploring the mechanisms of cultural embeddedness's impact on corporate management is a critical issue that needs addressing.

Cultural embeddedness refers to the process by which cultural factors are deeply embedded into organizational behaviors, institutional designs, and decision-making mechanisms, involving multiple layers such as national, regional, and corporate cultures [4]. The evolution of this concept has progressed from early studies on cultural dimensions to today's interdisciplinary integration. For instance, Hofstede's cultural dimensions theory first systematically quantified the impact of different national cultures on corporate management [5]; Bourdieu combined cultural and social capitals to explore the mechanisms of cultural embeddedness in internal corporate management [6]. However, existing studies have primarily focused on the impact of culture on management styles without fully revealing how cultural embeddedness influences corporate decisions and behaviors through specific institutions, management practices, and social networks. This gap provides both the impetus and context for this study.

The value of this research lies in its deep dive into the profound effects of cultural embeddedness on corporate management behaviors, offering new perspectives for management innovation, organizational culture building, and institutional design [7]. By examining the specific mechanisms through which cultural embeddedness affects corporate management systems, this study not only provides theoretical support for management practices in a globalized context but also supplies empirical evidence for policymaking in cultural management.

## **2. Theoretical Foundations of Cultural Influence on Corporate Management**

### *2.1. The Impact of Cultural Embeddedness on Corporate Management Norms from an Institutional Economics Perspective*

The rise of new institutional economics has significantly advanced research on the relationships between institutions, culture, and economic behavior. This theory underscores that institutions encompass both formal institutions (such as laws and policies) and informal institutions (such as culture, traditions, and social norms). Douglas North [8], a prominent figure in new institutional economics, introduced the concept of "institutional embeddedness," emphasizing the profound impact of culture, as an informal institution, on social and economic activities, particularly in corporate management. Cultural embeddedness, through social norms, belief systems, and moral standards, exerts a constraining influence on corporate management behaviors and decision-making.

In his seminal work, "Institutions, Institutional Change and Economic Performance," North first systematically proposed the framework of institutional economics [1]. He argued that institutions are divided into formal institutions, which are established through laws and regulations and have compulsory and binding effects, and informal institutions, which include social norms, cultural beliefs, and customs. These informal institutions subtly guide individual and organizational behaviors through cultural embedding [8]. As a part of informal institutions, cultural embeddedness provides value systems, belief structures, and behavioral norms, affecting corporate management mechanisms and behavioral patterns. Culture, as a key factor in institutional embedding, shapes people's psychological expectations and social behaviors, thus defining the boundaries of corporate management behavior [9]. North's theory laid a solid foundation for subsequent studies on cultural embeddedness and corporate management.

Avner Greif further expanded North's theory, suggesting that cultural embeddedness not only influences external corporate behaviors but also plays a crucial role in shaping internal management norms. Greif noted that cultural embeddedness can explain the diversity in corporate management, that is, why significant differences in management behaviors exist under similar formal institutions [10]. This variance is often guided by the informal institutions within cultures, as the social norms and moral systems deeply impact corporate behavior. In corporate management practices, cultural embeddedness manifests as a close integration of management behaviors with social norms. For instance, in cultures with high power distance, managers tend to adopt more centralized management styles, whereas in low power distance cultures, management is more democratic and participatory [11]. Thus, cultural embeddedness forms management norms within corporations through informal institutions, guiding the decision-making behaviors and management strategies of executives.

In recent years, with the intensification of globalization and the blending of multiple cultures, the significance of cultural embeddedness in corporate management has been more widely recognized [12]. Studies have shown that cultural embeddedness can influence corporate management patterns through social norms and moral systems, aiding corporations in making adaptive management decisions in complex and dynamic market environments [13]. Especially in multinational corporations, cultural embeddedness determines how companies adapt to local social norms and values in different cultural contexts. For example, when multinational companies enter new markets, they often need to adjust their management models to conform to the cultural norms of the market, thereby enhancing their competitiveness locally [12].

Through informal institutions, cultural embeddedness provides a flexible management constraint mechanism, allowing corporations to regulate their management behaviors based on social norms and cultural habits when formal institutions are inadequate. This dual constraint mechanism—the interaction between formal and informal institutions—helps corporations maintain management flexibility and institutional

adaptability in rapidly changing markets. In summary, cultural embeddedness drives the continuous evolution of corporate management practices by influencing behavioral patterns, management norms, and social responsibilities.

## *2.2. Management Control Theory and Cultural Embeddedness*

Management control theory asserts that corporations ensure the achievement of strategic objectives through a series of control mechanisms. Culture, serving as a system of beliefs and behavioral norms, plays a crucial role in corporate management control. Robert Simons' Levers of Control theory suggests that the success of corporate management relies not only on formal control mechanisms but also on cultural embeddedness, i.e., how internal belief systems and values influence management behavior [14]. As a part of informal control, cultural embeddedness shapes the beliefs and norms of corporate members, providing stability and adaptability within internal controls.

### *2.2.1. Levers of Control Theory and the Role of Culture*

Simons identifies four key levers in corporate management control systems: belief systems, boundary systems, diagnostic control systems, and interactive control systems. Among these, belief systems represent the core values and cultural foundation of a corporation. Through cultural embeddedness, belief systems profoundly impact management behavior, helping employees maintain consistent objectives and actions in uncertain environments [14]. Cultural embeddedness plays a guiding role within belief systems. Corporations embed cultural values to shape the beliefs and behaviors of managers and employees, making them more reliant on organizational cultural norms in their decision-making processes. For instance, corporate culture that emphasizes innovation, cooperation, and social responsibility infiltrates management control systems through cultural embeddedness, guiding strategic decision-making and daily operations [15].

### *2.2.2. The Impact of Cultural Embeddedness on Internal Controls*

Cultural embeddedness influences not only belief systems but also other control levers, particularly in budget control and performance appraisal. Firstly, budget control, as a part of diagnostic control systems, is typically seen as a formal control mechanism for assessing and adjusting corporate financial performance. However, cultural embeddedness can supplement budget control through informal behavioral norms. For example, in highly collectivist cultures, budget preparation and execution lean towards teamwork and collective decision-making, whereas in individualistic cultures, budget decisions may be more decentralized and flexible [16]. This cultural variance significantly impacts the execution of budget control.

Secondly, performance appraisal, a key component of internal control, traditionally relies on formal objectives and evaluation criteria. However, cultural embeddedness can profoundly influence the standards and behaviors in performance appraisals through belief systems. For example, moral norms and social responsibility indicators in performance appraisals are often closely linked to a corporation's cultural embeddedness. In cultures that emphasize social responsibility, employee performance appraisals may focus more on their fulfillment of social responsibilities rather than solely on financial performance [17].

### *2.2.3. Practical Cases*

In the context of globalization, cultural embeddedness has had a significant impact on the internal control mechanisms of multinational corporations. For instance, Toyota (Japan) has infused its management control system with the lean production philosophy through cultural embeddedness. Toyota's belief system emphasizes teamwork, lean management, and continuous improvement (kaizen) throughout the corporation, which are embedded into its budget control and performance appraisal systems through cultural embeddedness [18]. This embedding not only enhances production efficiency but also boosts the adaptability and flexibility of internal controls.

In China, Huawei has also embedded its distinctive corporate culture of "wolf spirit" and customer orientation into its management control system. Huawei's performance appraisal system emphasizes the integration of overall performance with individual contributions, focusing on teamwork while also acknowledging individual performance. Its cultural embeddedness ensures that the management control system remains consistent and flexible in rapidly changing market environments [19].

These cases illustrate the undeniable role of cultural embeddedness in management control systems. By influencing control levers such as belief systems, budget control, and performance appraisals, cultural embeddedness enhances the effectiveness of internal controls, particularly in cross-cultural environments, helping corporations achieve better management control adaptability.

### *2.3. Social Embeddedness Theory and the Role of Culture*

From a sociological perspective, cultural embeddedness is viewed as a key factor in embedding corporate behavior within social structures. Introduced by sociologist Mark Granovetter in 1985, embeddedness theory emphasizes the close link between economic actions and social relationships. According to this theory, corporate behaviors are not solely driven by economic rationality but are also deeply embedded within social relationship networks. Within corporate management, culture influences management decisions, cooperation patterns, and trust mechanisms by embedding within social networks and relationships. Cultural embeddedness shapes a corporation's social environment through relational and structural embeddedness, profoundly affecting corporate management behaviors.

#### *2.3.1. Relational Embeddedness and Cultural Impact*

Granovetter notes that corporate economic activities and management decisions are deeply embedded in social relationship networks [4]. Relational embeddedness refers to the personal relationships and social networks between corporations and managers, which affect corporate management behaviors and decisions through social capital and trust. Cultural embeddedness within relational embeddedness manifests in how cultural values and belief systems operate within a corporation's social networks. Culture is not merely a backdrop for individual interactions but influences management practices through norms, beliefs, and social expectations within these networks [20].

For example, the success of multinational corporations in new markets often depends on how effectively management can embed itself within local social networks. This embedding is achieved through cultural adaptability and the establishment of social relationships. A corporation entering a new market can greatly enhance its adaptability and competitive edge if it quickly integrates into local cultures and establishes social networks [21]. This demonstrates that cultural embeddedness is not only an external manifestation of corporate behavior but also a deep influence within management through social networks and relational embedding.

#### *2.3.2. Structural Embeddedness and Corporate Management*

Compared to relational embeddedness, structural embeddedness emphasizes a corporation's formal position and the overall structure of social networks within a social structure. Granovetter argues that a corporation's position within its social network determines its ability to access resources, establish cooperative relationships, and manage control [4]. Cultural embeddedness within structural embeddedness manifests in how culture influences a corporation's formal role and status within the social structure. For instance, a corporation may be seen as a trusted central node within a certain cultural context, where this trust stems from cultural recognition of its management norms and social responsibilities [22].

In practice, structural embeddedness can be observed through a corporation's position within formal networks like industry associations and business alliances. Through these formal networks, corporations establish close ties with other businesses, government agencies, and social organizations, and the nature of these connections is often influenced by cultural embeddedness. For example, in some cultural contexts, family businesses may rely on family networks as a primary source of social capital, significantly influencing corporate management by family culture [23]. This cultural embeddedness not only affects the management style but also impacts resource allocation and competitive advantage within the social network.

#### *2.3.3. Social Structural Embedding of Corporate Behavior*

The social embeddedness of corporate behavior is particularly important in a globalized context. Multinational corporations must embed their management behaviors within local cultures and social structures in different countries and regions, not only to adapt to local markets but also to build trust with societal stakeholders. Cultural embeddedness influences corporate strategic decisions through social structural embedding. For instance, in cultures with high collectivism, corporate management behaviors tend toward

collective decision-making and long-term planning, whereas in individualistic cultures, management focuses more on individual performance and short-term interests [11].

In the context of Chinese corporate management, the roles of relational and structural embeddedness are particularly pronounced. China's "guanxi culture" emphasizes the construction of social networks and trust, making Chinese corporations more reliant on informal relationship networks in management decisions. For example, corporations access resources and information through networks with government officials, suppliers, and customers, often placing greater importance on these relationships than on formal contracts and agreements. This social embeddedness highlights the significant role of culture in Chinese corporate management.

### **3. Research on the Impact of Different Levels of Culture on Corporate Management**

#### *3.1. Research from the National Culture Perspective*

National culture has a profound impact on corporate management decisions, especially in the context of globalization, where multinational companies face complex cultural challenges across different cultural environments. Hofstede's model of cultural dimensions provides an essential theoretical framework for analyzing the impact of national culture on corporate management decisions. Through his study of work-related values across different countries, Hofstede identified six main cultural dimensions: Power Distance, Individualism versus Collectivism, Uncertainty Avoidance, Masculinity versus Femininity, Long-term versus Short-term Orientation, and Indulgence versus Restraint. These dimensions have a profound influence on corporate management decisions, leadership styles, and communication methods.

##### **3.1.1. Power Distance and Management Decision-Making**

Power distance refers to the extent to which individuals in a society accept and expect power to be distributed unequally. Hofstede observed that in cultures with high power distance, power is concentrated in the hands of top managers, and decision-making tends to be highly centralized, while employees generally maintain a submissive attitude towards managerial decisions. Conversely, in cultures with low power distance, power is more dispersed, communication between management and employees is more open, and employees have greater involvement in management decisions.

In the management of multinational corporations, power distance significantly influences leadership style and decision-making processes. For example, in high power distance cultures like China, managers often have high authority, and decision-making is relatively centralized at the upper levels. This cultural backdrop typically results in more formal and top-down management decisions. However, in low power distance countries such as Sweden, corporate management tends towards a flatter organizational structure, with decision-making processes emphasizing teamwork and democratic participation. This difference in power distance leads to significant variations in management style and decision-making patterns across different countries.

##### **3.1.2. The Impact of Collectivism and Individualism on Management Behavior**

Hofstede (1980) defined collectivism and individualism as the cultural tendency of the relationship between individuals and groups. In collectivist cultures, individuals are typically seen as part of a group, where group interests supersede individual interests, and decision-making is group-oriented, emphasizing cooperation and collective responsibility. In contrast, individualist cultures place greater emphasis on personal achievements and autonomy, with individual interests and goals taking precedence in decision-making processes.

In corporate management, collectivist culture influences the manner and objectives of decision-making. In countries with strong collectivist cultures, such as China and Japan, corporations tend to make team-based decisions, emphasizing group collaboration and long-term objectives [11]. For example, Haier Group has adopted a "people-oriented" approach in its management practices, integrating corporate and individual goals to promote joint development of the company and its employees [24]. In contrast, in countries with strong individualist cultures like the USA, corporate decisions are more focused on individual achievements, with managers emphasizing independence and innovation, and performance assessments are more likely to evaluate individual contributions.

### 3.1.3. Long-term versus Short-term Orientation in Strategic Planning

Hofstede introduced the cultural dimensions of long-term versus short-term orientation, reflecting how a culture perceives time duration and focuses on future goals [5]. In long-term oriented cultures, corporations are more likely to develop long-term strategic plans, emphasizing sustainable development and future long-term benefits. In short-term oriented cultures, corporations tend to focus on short-term gains and immediate returns, with decision-making processes often emphasizing quick goal achievement and flexibility in responding to market changes.

China is a country with a long-term orientation culture, which influences corporate strategic planning in management decisions. Chinese corporations like Huawei typically set long-term strategic goals and maintain a firm belief in long-term development even when facing short-term challenges [19]. Conversely, American corporate culture tends towards short-term orientation, with corporations often prioritizing quarterly financial performance and shareholder interests, and management decisions are characterized by flexibility and rapid responsiveness [11].

### 3.1.4. Complexity of Multinational Corporate Management due to National Culture

Differences in national culture pose significant challenges for the management of multinational corporations. Multinationals need not only to understand and adapt to different national cultures but also to find a balance between global strategies and local cultures. Pudelko and Harzing indicate that multinationals must manage cultural conflicts in their operations, such as adapting between high and low power distance countries [25]. Multinationals need to adopt a dual strategy that maintains consistency in global strategy while flexibly adjusting to local cultural differences.

In the Chinese cultural context, managers of multinational corporations often face complex tasks of cultural adaptation. China's high power distance and collectivist culture require multinational managers to place greater emphasis on authority and collective interests in decision-making. This means managers need to balance teamwork and authoritative management to ensure that decisions not only conform to local cultural norms but also advance the corporation's global objectives [26].

## 3.2. Regional Cultural Research

The impact of regional culture on corporate management behavior and style is particularly evident in China, a vast and culturally diverse nation. Distinct regional cultural traits significantly influence management styles, decision-making processes, and corporate performance across various areas. Regional culture not only affects internal management patterns but also plays a crucial role in external market competition strategies. An analysis of the cultural differences between China's eastern coastal areas and the western inland regions can provide deeper insights into the asymmetric effects of regional culture on corporate management.

### 3.2.1. Differences in Regional Cultures Between Eastern and Western China

The eastern coastal regions of China, including the Yangtze River Delta and the Pearl River Delta, have developed a culture that aligns with global markets due to their advantageous geographical positions and open economic policies. These areas are characterized by pragmatism, innovation, and openness, with a strong emphasis on market orientation and corporate agility [27]. Consequently, businesses in these regions adopt management styles that prioritize innovation and market competitiveness, with managers favoring flexible decision-making models to swiftly respond to market changes.

Conversely, the culture in China's western inland regions is more conservative and traditional, shaped by historical, economic, and geographical constraints. Businesses here often exhibit more hierarchical and centralized management models [11]. The management style in these regions relies on traditional approaches, with centralized decision-making and limited communication between management and staff. This style may offer stability in performance but typically shows weaker market competitiveness and innovation capacity.

### 3.2.2. Impact of Regional Culture on Management Style and Decision-Making

The culture in the eastern coastal areas emphasizes market orientation and globalization trends, where managers often display a strong sense of risk-taking and innovation. For example, businesses in Zhejiang Province are known for their flexible management approaches and rapid market responsiveness. Business

owners there often focus on enhancing competitiveness through innovation and market expansion [28]. This regional culture encourages enterprises to prioritize market feedback and consumer needs in their decision-making, often adopting decentralized decision-making processes that empower lower-level staff to quickly adapt to market changes.

In contrast, the management style in western regions emphasizes centralization and hierarchy. Decision-making is typically concentrated in the hands of top managers, with low autonomy for employees and a formal, inflexible decision-making process. This management approach offers stability in conservative economic environments but often lacks responsiveness in rapidly changing markets [29]. For example, state-owned enterprises in the western regions generally adhere to traditional hierarchical management, which slows decision-making and lacks the drive for management innovation, thereby limiting their development potential.

### 3.2.3. Asymmetry Between Regional Culture and Management Behavior

There is a significant asymmetry between regional culture and management behavior, where different regional cultural traits distinctly influence management actions. For instance, enterprises in Southeast China place a strong emphasis on market-driven management innovation. Managers in these regions tend to foster competitive advantages through flat organizational structures, decentralized management, and innovative incentive mechanisms [30]. This management style is particularly advantageous in rapidly developing market environments, especially evident in technology innovation and entrepreneurial ventures.

Conversely, in the western inland regions, corporate management behaviors tend to adhere to traditional hierarchical and centralized management models, where decision-makers rely on experience and authority. While this style provides a sense of security in stable economic environments, it often shows inadequate adaptability in dynamic and competitive markets. This cultural difference results in a significant gap in market innovation capabilities and performance between eastern coastal enterprises and their western counterparts.

For example, Huawei, representing Southeast China's businesses, has leveraged the open innovation culture of Shenzhen to rapidly grow into a global technology leader through flat management and international strategies. In contrast, state-owned enterprises like PetroChina in the west, despite having advantages in resource control and traditional industries, exhibit weak innovation capabilities due to their centralized management approach, making them less competitive in fast-evolving high-tech markets.

## 3.3. *The Impact of Corporate Culture on Management and Performance*

Corporate culture, encompassing a set of values, beliefs, and behavioral norms within an organization, shapes daily behavioral patterns, decision-making processes, and management mechanisms. As an informal institution embedded within corporate management, corporate culture profoundly influences all aspects of management, particularly in a globalized and increasingly competitive context. Corporate culture not only affects the formation and development of management mechanisms but also directly relates to the achievement of corporate performance. This section explores how corporate culture enhances performance through its impact on employee motivation, innovation management, and management accounting systems, with specific case studies illustrating the pivotal role of cultural embeddedness in corporate management.

### 3.3.1. Corporate Culture and the Formation of Management Mechanisms

Corporate culture determines management style and behavioral norms by embedding within an organization's structure and management mechanisms. Deal and Kennedy argue that a strong corporate culture can unite employees around shared values and common goals, forming efficient management mechanisms [31]. As an informal control system, corporate culture regulates employee behavior and management decisions beyond formal rules and regulations. Schein further notes that corporate culture plays a crucial role in shaping organizational structure, influencing how companies handle external adaptation and internal integration [32].

The embeddedness of corporate culture through its belief systems influences the operation of management mechanisms. For example, in a culture that emphasizes teamwork and long-term goals, management mechanisms are often more flattened and decentralized, encouraging employee participation in decision-making to enhance organizational flexibility and adaptability. Conversely, in cultures that emphasize authority and hierarchy, management mechanisms might be more centralized, with decision-making power concentrated in the hands of top managers and lower autonomy for employees.

### 3.3.2. The Relationship Between Corporate Culture and Performance

The impact of corporate culture on corporate performance has been extensively studied. Research by Heskett et al. shows that corporate culture can enhance performance by improving employee job satisfaction and loyalty [33]. In high-performance cultures, the organization's values and behavioral norms are highly aligned with strategic goals, closely connecting employee behavior with the company's core mission, thereby achieving higher productivity and profitability.

Corporate culture not only affects employee attitudes and behaviors but also enhances performance by boosting innovation capabilities and market adaptability. In cultures oriented towards innovation, managers encourage creative thinking and risk-taking among employees. This cultural embeddedness provides a strong impetus for innovation, enhancing the company's capabilities in technological innovation and market expansion [34]. Conversely, in cultures that overly emphasize stability and risk aversion, innovation is often stifled, negatively affecting competitiveness and market performance.

### 3.3.3. The Impact of Corporate Culture on Employee Motivation and Innovation Management

Corporate culture influences work motivation and performance by embedding within employee incentive mechanisms. In cultures oriented towards teamwork, companies often motivate employees through team goals and collective rewards, fostering a sense of collaboration and organizational commitment [11]. In such cultures, performance evaluations focus not only on individual achievements but also on team contributions and the attainment of collective goals.

Furthermore, as a vital dimension of corporate culture, innovation culture plays a crucial role in management mechanisms and performance enhancement. In companies dominated by an innovation culture, managers encourage employees to propose new ideas and actively experiment. This cultural embeddedness enhances the company's innovation capabilities [35]. For instance, Google fosters a highly free and inclusive corporate culture that encourages innovation and exploration among employees, directly driving the company's technological innovation and global market expansion.

### 3.3.4. The Influence of Corporate Culture on Management Accounting Systems

Corporate culture also influences financial management and performance evaluations by embedding within management accounting systems. Research by Abernethy and Brownell demonstrates that the embedding of corporate culture in management accounting systems helps companies better adapt to changes in the external environment [36]. Innovation-oriented cultures tend to adopt more flexible and adaptable management accounting tools, such as dynamic budgeting and balanced scorecards, to cope with uncertain market conditions and rapidly changing customer demands.

For example, Southwest Airlines integrates customer orientation and cost control into its management accounting system through its unique corporate culture. The company not only promotes a customer-centric approach among employees through cultural initiatives but also innovates in cost control methods like "streamlined budgeting processes" and "dynamic performance assessments," ensuring a low-cost advantage in a highly competitive market [37].

### 3.3.5. Case Studies of Cultural Embeddedness

Alibaba exemplifies how a culture of "Customer First, Teamwork, Embrace Change" is embedded in every management level of the company. Alibaba's management fosters an open and innovative cultural environment, motivating employees to continually challenge the status quo and propose innovative ideas [38]. This cultural embeddedness has enabled Alibaba to maintain sustained competitiveness in the rapidly changing e-commerce market.

Conversely, Kodak's failure illustrates the risks of insufficient cultural embeddedness. Kodak's culture overly emphasized its traditional photography business and failed to adapt timely to the digital photography innovation trend. The lack of cultural embeddedness to drive innovation in technology and market strategies ultimately led to the company's decline [39].

## 4. Research Conclusions and Outlook

### 4.1. Main Research Findings



This paper delves into how culture, through a multilayered perspective of cultural embeddedness, affects corporate management behavior and decision-making processes. The research reveals that cultural embeddedness extends beyond superficial adaptation and adjustment, profoundly influencing all aspects of corporate management through deep-seated social norms, values, and belief systems. The main findings are summarized as follows:

#### 4.1.1. Core Role of Cultural Embeddedness in Corporate Management

Firstly, cultural embeddedness deeply influences management behavior and decision-making processes by embedding social norms and belief systems into corporate management mechanisms. Management style, strategic decision-making, and performance evaluations are shaped not only by formal institutional constraints but also significantly by culture. Corporate culture, national culture, and regional culture act through informal institutions to powerfully constrain and guide corporate management behaviors. For instance, decision-making mechanisms, management control systems, and employee incentive models all reflect the profound impact of cultural embeddedness [1-32].

#### 4.1.2. Variations in the Impact of Different Cultural Levels

The research identifies that cultural embeddedness is multilayered, with each level of culture impacting corporate management differently. National culture influences overall strategic choices and leadership styles through macro-level social value systems and norms. For example, in cultures with high power distance, management decisions tend to be more centralized, whereas in cultures with low power distance, management styles are more decentralized and democratic [11]. Regional culture manifests as unique management styles within specific geographic areas—for instance, businesses in Eastern China show high market adaptability and innovation capabilities, whereas those in Western regions exhibit more traditional management styles and decision-making patterns [27].

Corporate culture, as the core values and behavioral norms within a company, directly impacts the formation and development of internal management mechanisms. Studies show that innovation-oriented corporate cultures enhance performance by fostering employee enthusiasm and creativity, while highly hierarchical cultures may stifle innovation, causing firms to lose competitiveness in rapidly changing markets [35].

#### 4.1.3. Relationship Between Cultural Embeddedness and Corporate Performance

There is a significant positive correlation between cultural embeddedness and corporate performance. A strong corporate culture enhances employee loyalty and job satisfaction by uniting them around shared values and beliefs, thus driving overall performance. Particularly in cultures characterized by high adaptability and innovation, companies can better respond to market changes and maintain competitive advantages. For instance, companies like Huawei and Alibaba have successfully enhanced their market competitiveness and long-term performance by embedding an innovation culture within their management systems [38].

On the other hand, companies lacking in cultural embeddedness may exhibit sluggish and conservative responses to market changes and technological innovations. For example, Kodak's failure is partly attributed to insufficient cultural embeddedness, failing to integrate digital technology innovation into its strategic decision-making and management behaviors [39].

#### 4.1.4. Complexity of Cultural Embeddedness in Multinational Corporations

Cultural embeddedness poses complex demands on the management behaviors of multinational corporations operating across different national and regional cultures. Research suggests that multinationals should adopt flexible management strategies that combine global strategies with local cultures to achieve cultural adaptation. This flexible embedding of culture helps multinationals integrate global resources and enhance management efficiency more effectively [26]. For example, McDonald's successfully integrated its standardized operations with local Chinese dining culture when entering the Chinese market, enhancing its competitiveness. Similarly, Google has attracted a vast pool of talent globally by fostering an inclusive and innovation-oriented corporate culture, driving technological innovation [24].

### 4.2. Future Research Directions

Future research offers vast potential for deepening the understanding of cultural embeddedness in corporate management. Through cross-cultural comparative studies, further insights into the similarities and differences in corporate management behaviors across different cultural contexts are expected, particularly how companies adapt and integrate multicultural values in a globalized context [5]. Additionally, improvements in cultural measurement methods, especially through the application of big data and artificial intelligence, will provide more dynamic and precise analytical tools to overcome the current limitations of cultural measurement instruments. Simultaneously, the role of cultural embeddedness in management innovation holds significant research value. Companies can enhance management innovation through cultural integration, playing an active role in responding to market changes and driving technological innovation [35]. Furthermore, exploring the relationship between cultural embeddedness and corporate social responsibility (CSR) will provide crucial insights into how companies balance social responsibilities with economic objectives across different cultural backgrounds [11]. Overall, deeper research into cultural embeddedness will provide theoretical support for enhancing competitiveness in a complex and changing global environment and offer practical guidance for cultural integration and innovation in corporate management practices.

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