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Singaprean Strategic Investment Decision Making Practises: Is Cultural or Context More Important?

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ABSTRACT

A gap in the strategic investment decision (SID) making literature shows little empirical research effectively distinguishing its effects on both context and culture. To investigate the role of context and culture in SID making practises, 9 Singaporean case studies were carried out. 3 Singaporean companies were matched equally across the primary, secondary & tertiary sectors to reflect contextual differences. The results show cultural attributes predominate over key contextual factors on certain aspects of SID making, specifically for the dimensions of intuition, power distance relationships and long term orientation. However, key contextual differences prove overriding in other aspects of SID making, such as financial expectations, flexibility in respect to financial targets, financial controls orientation and strategic approaches.

Keywords: case studies, decision making practises, strategic investment decisions, Singapore

INTRODUCTION

The rapid developments in international trade, technology and telecommunications have resulted in the globalisation of modern economies (Pudelko, Carr, and Henley 2007). It is therefore important to understand how firms operate in various contextual and cultural settings to increase future collaborative success in the global marketplace. In order to merge with the global network, companies may incur internal transaction costs and are subject to varying degrees of risk (Buckley and Strange, 2011). Global convergence (Carr, 2005; Carr and Pudelko, 2006) versus cultural differences (Harris and Carr, 2008; Pudelko, Carr, and Henley 2007) in strategic investment decision (SID) making have been widely debated. Due to the indigenous cultures of countries,

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understanding their deeply embedded differences is significant for the future of cross-country collaborations (). Despite the need for further cross-cultural understanding of SIDs, there is still little empirical research effectively distinguishing its effects on both context and culture. The role of global convergence versus cultural differences influencing SID making practises may be still inconclusive (Harris and Carr, 2008; Pudelko, Carr, and Henley 2007). Thus, we investigate the role of culture versus context in nine Singaporean cases, to determine their effects on SID making.

The first objective of this paper is to review the SID making literature. We focus on assessing traditional constructs with key attention on the consensus reached by researchers on the degree which contextual influences affect the SID. Such a consolidation of key opinions is significant due to the disoriented variations in the existing conclusions (Eisenhardt and Zbaracki, 1992). In the internationalisation of world economies, a deeper understanding of prior research work will enhance further SID making research in varying cross-cultural and contextual settings.

The second objective of this paper is to highlight the importance of including more Asian countries in future SID making studies in the context of globalisation. Most SID making propositions have been tested extensively in the Anglo-Saxon context (Carr, Kolehmainen, and Mitchell, 2010), to a lesser degree in Europe (Carr, Tomkins, and Bayliss, 1994), and only just in Japan (Hirota, 1999) and China (Lu and Heard, 1995). Existing generalised conclusions may be overly-centred on the emphasis on the relationships and long-term perspectives adopted by most Asian countries. There is still insufficient understanding of how cultural and contextual factors affect SID making outside the Anglo-Saxon context. In our research, we found that SID making knowledge involving Asian countries, especially Singapore may be underdeveloped. SID making research based in Singapore is often theoretical (Heaney, Li and Valencia, 2011). This could be due to Singapore's lag in market infrastructure compared to other developed economies, despite its central economic and regional status (Lu and Hwang, 2010).

To increase the coverage of SID making research in the Asian context, exploratory Singapore-based fieldwork is conducted to further explore global convergence themes for better cross-cultural collaboration. We investigate the SID making practises of CEOs and other key decision makers in Singapore compared to Britain, U.S.A and Japan using Carr, Kolehmainen, and Mitchell (2010)'s new contextual framework to further understand decision making differences. Our research, which is the first SID

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focused fieldwork to be conducted in Singapore, using matched industry samples is a significant step towards the further understanding of developed Asian countries, using Singapore as the primary focus for empirical research.

BACKGROUND AND LITERATURE REVIEW

Contextual influences on SIDs

SIDs can be characterised as large and long term investments affecting the long-term direction or survival of the company (Butler et al., 1991). SID making is typically complex, involving subroutines and external interruptions. Current research on SID making practises can be divided into two research streams. The first stream focuses on how capital budgeting techniques have been used across contextual settings (Verbeeten. 2006). However, SID making does not involve merely the use of financials. The evolution of strategy and the differences across cultures are important determinants. An alternative research stream debates financial versus strategic emphasis effects on single country variables (Alkaraan and Northcott, 2006), while neglecting other contextual themes. Overall, the two research streams are still underdeveloped in strategic formation with little contextual and cultural variables integration with SID making.

Carr, Kolehmainen, and Mitchell (2010) have drawn attention to these research deficiencies by constructing the four-figure typology to integrate contextual themes. The initial developments of contextual analysis have originated by dividing companies into various strategic typologies. The emergence of strategic typologies can be said to have originated from Miles and Snow (1978). The Miles and Snow (1978) framework has been subjected to continuous research attention from 1983 (Hamrick, 1983) to 2010 (Carr, Kolehmainen, and Mitchell 2010). The popularity of this framework can be attributed to its applicability to firms across industries and countries (Desarbo et al., 2005). The Miles and Snow (1978) typology classify firms in four categories (Desarbo et al., 2005). Prospectors are market seeking; Analyzers spend more time on strategy options; Defenders prefer to maintain their superior positions in stable market segments and Reactors are highly motivated by short-term environmental changes (Desarbo et al., 2005). A latter development of the framework takes some contextual variables into account, by classifying them based on their extent of “market orientation” and “need for turnaround” (Oldman and Tomkins, 1999).

Carr, Kolehmainen, and Mitchell (2010) applied Oldman and Tomkins (1999)’s

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framework to fourteen SIDs across U.S, U.K and Japan, thus converging strategic management accounting , strategic management and SID literatures. The vertical and horizontal axes are modified to integrate Oldman and Tomkins (1999) framework with the Miles and Snow (1978) typology (Carr et al., 2010). Companies' generalised approach to SID making are categorised in four contextual categories; Market Creators, Value Creators, Refocusers and Restructurers by scoring them in terms of the company's 'market orientation' and 'performance in relation to shareholder expectations' (Carr, Kolehmainen, and Mitchell, 2010) .

Carr, Kolehmainen, and Mitchell (2010)'s framework might be superior in development due to its integration of empirical literature incorporating Japan, US and UK, therefore applying the framework to developed East and the well-researched Anglo-Saxon countries. However, cultural attributes as an explanatory variable is neglected in this contextual framework (Carr, Kolehmainen, and Mitchell, 2010). We must mention that if context can be used as an explanatory variable for SID making, the country of choice should not make a difference to the SIDs' original contextual classifications. Carr, Kolehmainen, and Mitchell (2010)'s framework, while integrating the majority of contextual and strategic management accounting themes, failed to apply the framework to new Asian countries, with the exception of Japan. There is still a slight imbalance in the framework, with its use of three Japanese companies in contrast to eleven Anglo-Saxon companies. The scoring of three Japanese companies in the Market Creators' category limits this strategic classification's contextual application to the east. Yet, choosing a representative country for research is crucial to understand to what extent cultural attributes, independent of the four strategic clusters are responsible for the firm's SID making approach. With the objective to further extend the framework by incorporating two Asian examples, we matched the two Anglo-Saxon countries equally by adding Singapore as Japan's closest developed Asian counterpart for a more updated perspective. While Singapore cannot be classified as an eastern representation, Singapore serves as a developed representative of a country in between eastern and western cultures, similar to Japan.

Background of research

This research focuses on investigating Singapore culturally and contextually, as our independent representative in SID making. Singapore is a member of the Association of Southeast Asian Nations (ASEAN) which was created with the goal of uniting nation states with common goals in order to enhance the trade developments of the

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region (Anwar, Doran, and Sam, 2009). In the ASEAN network, Singapore, Malaysia, Vietnam, Laos, Cambodia and Myanmar were united in order to build a regional identity (Anwar, Doran, and Sam, 2009). Singapore is perhaps the most economically developed of the ASEAN countries due to its high GDP and government reserves and political stability. Singapore's astounding economic growth makes the understanding of her SID making strategy important for future collaborators interested in this tiny powerhouse. She is perhaps one of the most popular locations for multi-national enterprise (MNE) investments. "Real GDP growth for the second quarter of 2010 surged to an astonishing rate of nearly 19%, on top of registering nearly 17% growth in the first quarter, and that performance has now positioned Singapore to be one of the fastest growing economies in the world" (Political Risk Yearbook., 2011, p. 4). In this paper, Singapore is used as an example of a country that has developed rapidly from its prior status as an emerging economy to its present status as a developed one (Danis, Clercq, and Petricevic, 2011).

Cultural Influences on SID making practises

SID making research has been dominated by discussions on financial versus strategic technique usage (Alkaraan and Northcott, 2006) and strategic types (Carr, Kolehmainen, and Mitchell, 2010; Hambrick, 2003) with little discussion on other contextual attributes influencing cross-cultural SID making practises (Carr, 2005; Carr and Harris, 2004; Carr and Tomkins, 1998). Present contextual understanding of SID making does not involve the culture of the firm (Dimitratos et al., 2011). It is known that country attributes have a significant impact on strategic decisions (Elbanna, 2006). Studies clearly show higher financial versus strategic emphasis in the Anglo-Saxon, German and Japan context with Anglo- Saxon companies favouring formalised strategic techniques and sophisticated DCF techniques (Carr et al., 2010). Anglo-Saxon companies tend to be financially focused, short-range (Carr, 2005; Carr and Tomkins, 1998), highly aggressive and team oriented (Carr and Harris, 2004). Highly bureacratic firms with controlling and governing management orientation typically uses explicit and tacit knowledge when managing uncertainty and risk (Vasconcelos and Ramirez, 2011). However, these conclusions may not be applicable to Asia decision makers. Decision makers from different cultures make choices differently based on their personal experiences and risk tolerance (Aharoni, Tihanyi, and Connelly, 2011).

There is a significant gap in SID making knowledge, as most of its research is conducted in the Anglo-Saxon context and is often neglected in Asia, with the

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exception of China and Japan. Overall, SID making knowledge involving other Asian countries may be underdeveloped. General non-SID making discussions documented that firms in Asia are more strategic to differing extents. The significance of accounting practises as a key decision making technique might be highly disregarded in Asia, with Asians sole association of NPV with low risk projects (Mattar and Cheah, 2006). Discussions on decision making in Asia are usually centred on the emphasis on the relationships, institutional influences and executives' long-term perspectives (Lopez-Duarte, 2013). Outer-directed cultures like Japan and Singapore, who regard "working lives more as roller coasters, hurtling them up and down collectively, conveyed by forces beyond their control" (Hampden-Turner and Trompennars, 1993), may prefer to use their own experiences to guide strategic investments. High power distance might be a key feature of capitalistic countries featuring Japan and Singapore with strong ascriptive elites and organic ordering characteristics (Hampden-Turner and Trompennars, 1993). However, the weaknesses of these discussions are the lack of linkage to SID making. The reasons for Asia's exclusion can be due to the difficulty of Anglo-Saxon researchers in communicating with and accessing Asian stakeholders. Another reason is the reluctance of Asian CEO's to share confidential information on the SID to researchers. Yet, the increasing opportunities for international business in Asian economies make the understanding of SID making more vital for international collaboration as the SID impacts all aspects of the business; its business portfolio, performance and strategic expansion (Aharoni, Tihanyi, and Connelly, 2011).

In comparison to SID making contextual studies, empirical research with a worldwide focus has concentrated on cultural themes with little emphasis on their relation to SID making (Hofstede, 1980; 1983; 2010; House et al., 2004). Research on cultural attributes have made considerable headway, with the GLOBE studies encompassing 17000 organisations in 62 societies (2004) that is an attempted adaptation of Hofstede (1980, 1983)'s study, which increased Hofstede (1980, 1983)'s five cultural dimensions to nine (Hofstede, 2010). The common debate on cultural convergence between House (2004) and Hofstede (2010) revolves on the arguments that executives worldwide should follow similar patterns, disputing the time periods which the studies are conducted (Hofstede, 2010). If these generic cultural debates hold true, the cultural dimensions should apply to SID making studies.

Hence the home country's cultural influences does affect the firm's SID making practises (Dimitratos et al., 2011). However, there is no empirical evidence linking

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these two bodies of research together. We seek to answer the research proposition that link both culture and context to SID making research.

> *Research Proposition: The culture of the home country can influence SID making practises of the firm even more strongly than contextual factors highlighted in recent literature.*

The next section discusses the research approach used to answer this proposition.

METHODOLOGY

For an in-depth analysis of the complex SID, the case study approach is used to evaluate each individual firm (Yin, 2009). Non-probabilistic sampling is used where nine cases are selected where themes are observable and duplication of existing theory is probable (Eisenhardt, 1989a). Nine closely matched manufacturing Singapore companies from three representative industry sectors are segmented based on their product focus in order to keep industry as a constant variable (Hitt and Tyler, 1991). Three companies from the primary sector are processing raw materials; three companies from the secondary sector are processing intermediate components and three companies from the tertiary sector are processing finished products. Carr, Kolehmainen, and Mitchell (2010)'s two sector analysis comprises of vehicle components as the secondary sector and telecommunication as the tertiary sector. By incorporating the primary sector, the strategic typology's evaluation is increased to three sectors. The nine companies are listed in Singapore, have a total of 100-200 employees and have invested in various SIDs in the last five years. Consistently, the SID selected for our paper is the most significant strategically long-term and required the most substantive monetary input from their company in the last five years. Table 1 summarizes the company details, industry classification and the interview schedules.

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Table 1: Investment Details

Company Name	Year of Investment	Sector	Fast moving/ mature	Investment details	Investment details Approximated £000	Interviews with	Date of Interview	Average interview length/Average Transcript length
SingPri1	2007	Primary Raw materials	Mature	Competitor takeover	3,500	CEO, CFO	29-Apr-11	1 hour 30 mins/1500
SingPri2	2011	Primary Raw materials	Mature	Investment in a new production facility	500	CEO, Finance Manager	31 April 11	1 hour 20 mins/1190
SingPri3	2008	Primary Raw materials	Mature	Investment in Chinese factory	300	CEO, Finance Director	30-Apr-11	1 hour15 mins /1100
SingSec1	2008	Secondary Precision Engineering components	Semi-mature	Investment in Chinese factory	300	CEO, Finance Director	03-May-11	1 hour 10 mins /1162
SingSec2	2011	Secondary Precision Engineering components	Semi-mature	Investment in a new production facility	200	CEO, Finance Director	01-May-11	1 hour 15 mins /1071
SingSec3	2009	Secondary Precision Engineering components	Semi-mature	Investment in a new production facility	100	CEO, Finance Director	04-May-11	1 hour 10 mins /1150
SingTert1	2007	Tertiary Canned food	Fast moving	Investment in China's lottery business	2,800	CEO, Finance Manager	02-May-11	1hour 20 mins/1504
SingTert2	2011	Tertiary Dried food	Fast moving	Investment in a new production facility	5,000	CEO, Finance Manager	05-May-11	1 hour 15 mins /1200
SingTert3	2010	Tertiary Canned food	Fast moving	Investment in Vietnam's property market	200	CEO, Finance Manager	06-May-11	1 hour/1057

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In line with Yin (2009)'s recommendations, five sources of information are used to provide explicit case study evidence for maximum data accuracy and comprehensive analysis. Documentation which included notes, emails, minutes of meetings with investors and letters from the CEOs and personal assistants were collected to provide more insight on the SID beyond the questionnaire. Archival records comprising of news clippings, investment reports, annual reports and web-based research were used to further examine the background of the company with respect to the financial decision taken. Direct observations were noted where field visits guided by middle-level managers were conducted in the factory and headquarters to provoke a better understanding of the firms' operations in informal chat settings. To increase internal and external validity, replication logic was applied by interviewing 2 decision makers separately in the same function across the companies to prevent individual bias (Nutt, 2008). Eighteen semi-structured interviews incorporating semi-structured questions, structured questions and a seven-point Likert scale were conducted with the finance directors or CEOs of each firm. Field notes were taken to record the observations, facial expressions and feelings that occurred in the interview process.

Every interview transcript was sent to the CEO or CEO's secretary to check if the conversations were recorded accurately. Correspondingly, the transcripts were examined meticulously, using NVIVO to code the results into strategic themes. To investigate the SID's cultural and contextual impacts, we checked the transcripts for cultural themes discussed by Hofstede (1980, 1983), House et al., (2004) and Hampden-Turner and Trompennars (1993) and contextual themes discussed by Miles and Snows (1978), Oldman and Tomkins (1999) and Carr, Kolehmainen, and Mitchell (2010). To score the companies in the four-figure typology, their level of market orientation were tabulated from the seven-point Likert scale in the questionnaire. The annual reports from 2009- 2011 were used to tabulate their ROE, ROCE and gross profit margin in order to reflect their overall financial performance.

FINDINGS

Cultural dimensions

Table 2 shows remarkable similarities among all nine Singaporean firms, even across all three distinctly different contextual categories of Market Creators, Value Creators and Restructurers. The theme of long termism predominate with seven of the nine CEOs' agreeing that customers' relationships and long term sustainability are overwhemingly more important than short term profitability. Financial and strategic

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techniques are deliberately down-played, if not entirely disregarded in eight of the nine firms; Finance Directors question their validity in predicting future results and are highly reliant on specific and practical knowledge in decision-making. Six out of nine firms emphasise tacit knowledge and intuition. Some use is made of simpler financial techniques such as payback and ROI measure; but they make no use of more sophisticated financial tools such as IRR and NPV. Strategic management cccounting techniques are not used in any of the nine firms: some CEOs claimed some awareness of these techniques but found them irrelevant to their needs.

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Table 2: Cultural similarities

Cultural similarities	Market Creators (SingTert1- SingTert3)	Value Creators (SingPri1-SingPri3)	Restructurers (SingSec1-SingSec3)
Long term orientation	**SingTert1**, "Sometimes we have to do loss making deals because it's the long term relationships forged over time and we do not want to lose that connection. But for that short term loss, you get future businesses that are profitable and referrals which are very important for the business." **Sing Tert 3**, "we are here for many years and we have more to come. Our investments are here to stay with us."	**SingPri1**, "Our investments are for the long term. I will say that people in my same industry invest the same way. We are squeezed out of our profits and we have to be conservative and watch our spending." **SingPri3**, "if you want an absolute number, after deducing all the costs, a 5% return will be very good. But anyway, it's for the long term, for my descendants. We need the supply source."	**SingSec1**, "In the long term, we want to stabilise and strengthen our customer base. This is very important as once you acquired a customer and serve him well, the customer will stay with you and make money for you in the next 20-30 years." **Sing Sec2**, "This expansion might increase our customer base in the long run and decrease our overall cost, so we can make a better margin." **SingSec3**, " As long as the customer base is stable in the long run, we can get machinery that fits their requirement. So, we buy the machinery to suit our customers' requirements. In the short term, we may not make money, but as long overall, our business is sustainable, we are fine. We look at the big picture.
Minimum use of financial and strategic tools	**SingTert1**, "I don't believe those extrapolated figures. I will look at the real reports after investing and if I made some money, I am happy." **SingTert2**, "There is no need for calculation." **SingTert3**, "We use mainly market forecasts, observations and analysis. To understand a country, you need to go there and stay a month to see what it is like, not just one-two days."	**SingPri1**, "There is no point in making calculations that forecast into the future. Actual results are more important." **SingPri2**, "I don't believe in accounting terms even though I know what is IRR and NPV. " **SingPri3**, "We hardly forecast, nothing is stagnant."	**SingSec1**, "If we need the machinery, we buy it. No need for fancy calculations." **SingSec2**, "All financial forecasts only serve to account to the shareholders and to act as a guideline. We still have to change our strategy rapidly if the situation changes. The external environment moves too fast for us to plan anything in detail or be overly ambitious. It's best to live one day at a time." **SingSec3**, "Financial tools are mainly used to apply for the relevant grants."
High power distance	**SingTert1**, "I make the decisions, tell them to the board and they agree with whatever I say." **SingTert3**, "We tell our staff what to do and they do it without question."	**SingPri1**, "This company is mine. Why will I care about what the rest thinks?" **SingPri2**, "I make the decisions myself. And I leave my three sons to run the company" **SingPri3**, "We maintain a distance between the staff and myself to retain our seniority."	**SingSec1**, "I am the main decision maker, but I firstly consult my finance manager, who is my sister." **SingSec2**, "If I bother too much about everything else in the company, how will I find the time to play golf? As long as I make money that is the priority." **SingSec3**, "the CEO decides everything. Decisions made by the CEO and passed through the board. Still, the board consists a lot of our own people, you know."
Intuitive	**SingTert1**, "As long as I feel intuitively that the SID feels right, and I have enough budget, we will invest in it." **SingTert2**, "Based on experience and hindsight that it will make money, I invested." **SingTert3**, " I foresee that the market will pick up in 2012, and therefore I am investing more."	**SingPri1**, "We know each competitor, customer thoroughly. In fact, we are all very close. We do not need to use tools. Its all experience and common sense."	**SingSec1**, "Intuition is very important as you need the foresight to predict the economic growth in the future, the customer demand and technology requirements." **SingSec2**, "Hindsight, and the fact that I have a ready customer in China is more important for my decision."

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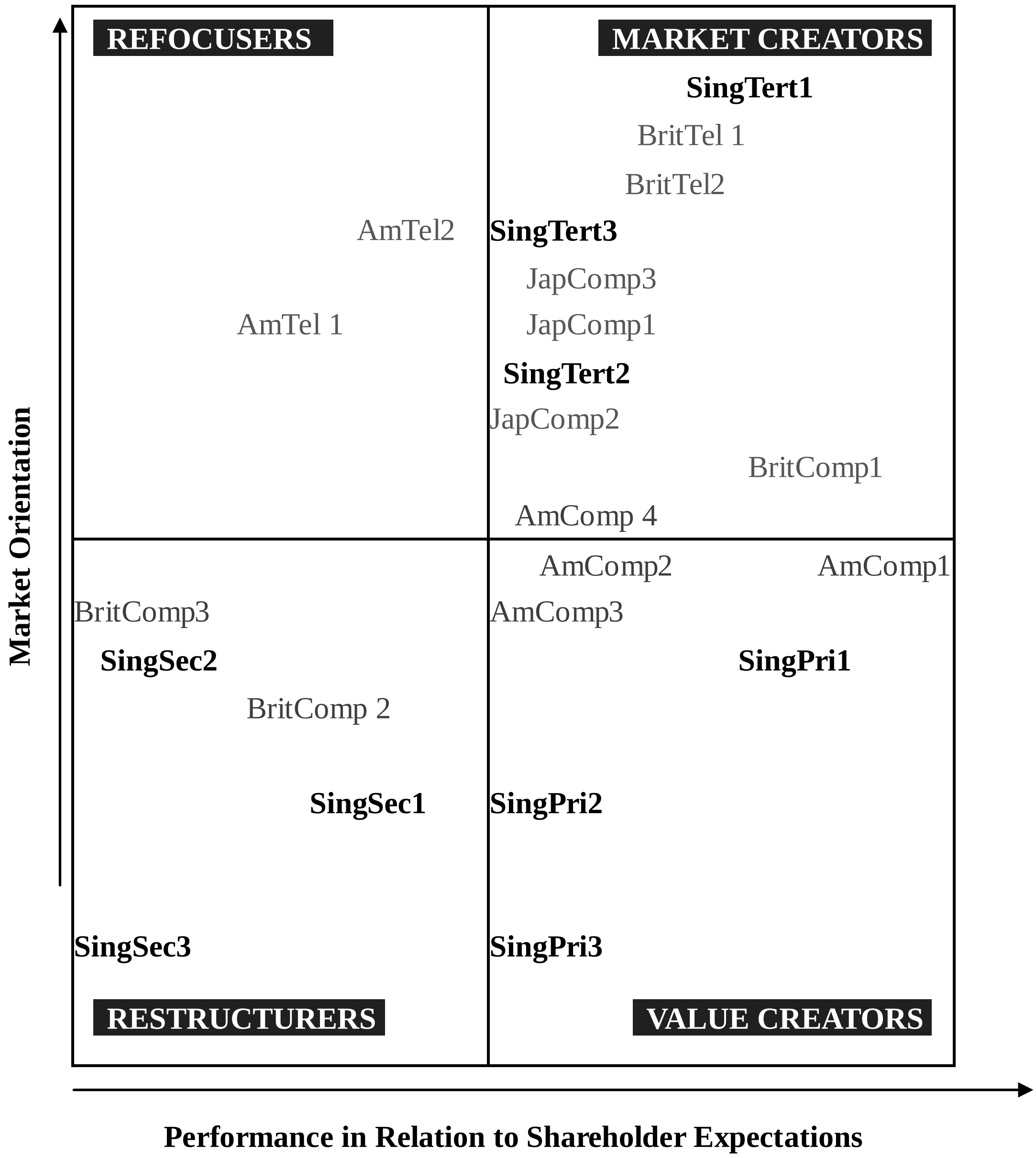
Eight of the nine Singaporean firms exhibit high power-distance relationships, preferring top-down managerial approaches - consistent with cultural traits commonly ascribed to Singapore.

Contextual differences

Figure 1 below, nevertheless showed distinctive differences in other respects when comparing Singaporean companies across different contextual categories.

Figure 1: Four-Category Contextual Typology (adapted from Carr, Kolehmainen, and Mitchell., 2010)



Three companies from the primary industry are classified as Value Creators, three from the secondary industry as Restructurers and three from the tertiary industry as Market Creators. Market Creators and Value Creators emerge as the most profitable

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categories, with profit margins ranging from 30% - 50%, compared with restructurers with profit margins ranging from -10% to 20%. The three Market Creators are highest on market orientation in comparison with the Value Creators and Restructurers. They are also highly opportunistic and hands-off in terms of controls. Value Creators, on the other hand are more highly defensive, whilst exerting moderate controls. Restructurers exert even more active controls, adopting low-cost defenders type strategies. Table 3 provides further details.

Market Creators show the highest flexibility in financial targets with the loosest financial monitoring among the three contextual categories. Due to strong financial fundamentals, CEOs and finance directors of this category tend to be willing risk takers. As the three Market Creators are selling consumer products, the environmental conditions can be considered the most turbulent and unpredictable among the three categories. Thus, financial expectations are medium as they are not overly ambitious, but expect constant investment to be able to keep up with the changes in the market place. As such, their strategic orientation is high on differentiation to keep up with the changing customer demands and they have an open prospecting strategy, welcoming unrelated investments and incoming synergistic proposals as long as the investments meet their minimum payback criteria of typically five years or ROI of 12%.

As the Value Creators are manufacturing primary or raw materials like steel components, their competitors are few. This monopolistic position gave these firms escalated market powers due to high barriers of entry as the initial start-up cost of entering the industry is high. Thus, as staying “status quo” will still yield high profits, the CEOs and finance directors of this category are very conservative and cautious towards new investments. They exert medium control over their partners as risk aversion is matched with the company’s overall exceptional financial performance. Hence, they are selective towards investments, and are highly defensive towards their existing market positions, maintaining a bid and wait policy to determine if their competitors decide to exit the market. Cash reserves are highest in this category as profits do not tend to be reinvested. Thus, it is not surprising that they have relatively flexible financial targets and loose financial monitoring. However, towards new investments, their financial expectations are the highest among the three categories, with the expectations that ROI targets of 25% and above must be met, though they are willing to invest with longer payback periods and time horizons in mind.

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Table 3: Contextual differences

Contextual Differences	Market Creators (SingTert1- SingTert3)	Value Creators (SingPri1-SingPri3)	Restructurers (SingSec1-SingSec3)
Flexibility of financial targets	**Most flexible financial targets** **SingTert2**, "Honestly we allow for fluctuations as long as we know that customers are still stable and still making orders."	**Flexible financial targets** **SingPri1**, "A 10% loss will cause some alert. However, as production profits shift month to month, this figure remains flexible."	**Tightest financial targets** **SingSec 1**, "Normally we look for a 25% potential profit margin. Anything below that is cause for re-examination."
Financial monitoring	**Loosest financial monitoring** **SingTert1**, "I trust my financial director to do the financial calculations and submit the accounts to the relevant government bodies. I don't look at them."	**Loose financial monitoring** **SingPri1**, "We are not too concerned about financial targets or financial monitoring." **SingPri2**, "the accounting schedules are incorporated into our entire accounting report. There is no separation and the investment is managed as a whole. We do not monitor loss or profit of the investment, rather as long as our company is in a financially viable position, we are fine."	**Tightest financial monitoring** **SingSec1**, "Our CEO visits China once a month for a few days to monitor the operations and revise the strategy if the restaurant is making loss or even if it is breaking even in the month." **SingSec2**, "I monitor the investment closely to make sure our funds turn around as fast as they can.. We need to account to the shareholders, so we have very close financial monitoring policies" **SingSec3**, "Accounting schedules are sent monthly to my finance manager. I then look through them, monitor the trends and take actions to prevent any problems immediately. If any shortfall in profit in a month occurs, I will talk to the managers and nip the problem in the bud. If there is a sudden loss of maybe 10%, I will make a trip to Cambodia personally and revise the planning if required."
Financial expectations	**Medium financial expectations** **SingTert1**, "But if they did not produce ROI of say 10% , we will not invest more, but rather look at other interesting investments. " **SingTert2**, "we have to ensure that our company benefits somehow from the money put in." **SingTert3**, "Of course, it must meet our minimum profitability criteria of 12%."	**High financial growth expectations** **SingPri 2**, "We have plans to accelerate the growth in our revenue base quickly in 5 years' time by setting up a resources division to tap into the fast growing thermal coal sector…our capital expenditure is expected to be 15% or more in 2012 to meet our required annual revenue growth of 50%."	**Low financial expectations due to turnaround situation** **SingSec 2,** " We have low expectations on profit, but zero loss is anticipated, we invest in something we don't expect losses" **SingSec 3**, "As long as we break even we are fine."
Strategic orientation-prospector versus defender	**Opportunistic prospector** **SingTert1**, "Strategic reasons are more important. We want to have many types of investments to reduce the risk that our core business may make less money.. I do not look for investments. They appear on my doorstep." **SingTert2**, "Investments may be anything that interest us, I don't mind new ideas anytime." **SingTert3**, "I have so much money. A little less or more doesn't matter. Why bother to look for investments?"	**Defender** **SingPri1**, "The investment is definitely related to my company's business. We only consider investments in steel and things we know well. The company that we bought over is in the same business .By buying them out, we rid the market of our supplier, making us bigger and stronger." **SingPri2,** "I am open to investing in unrelated businesses, but it must be connected to my core business." **SingPri3**," A more open and aggressive mindset can help the country advance more."	**Defender/low cost** **SingSec1**, "The key reasons are strategic. We are investing in a new production line, to service the demands of these customers and increase our potential profit margin if we can. We make little or no profit in order to maintain the relationship with our customers for future business" **SingSec3**, "We are investing with the mindset of the young. We are always looking and investing to maintain our position in the market. We invest in the machinery to lower our selling cost. We do not wish to lose our core customers due to price and end up making a loss on our existing plant."
Strategic control orientation-Hands off versus active control	**Hands-off control** **SingTert3**, "We give our partners a free hand. We look at the figures at the end. If they match up, we invest more. If not, we exit."	**Moderate control** **SingPri2**, "We select our partners carefully. Throughout the investment's relationship, regular Skype meetings and monthly progress schedules are sent to us."	**Active control** **SingSec1**, "We are wary of potential partners due to losses in previous deals that were made carelessly, and through blind trust. Any step now is taken with great caution. If we invest in something overseas, I will delegate two trusted Singaporean managers over to manage the investment. Financial reports are sent bimonthly. I will also visit the plant regularly to monitor its progress."

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The Restructurers suffer from high financial constraints as portrayed by their tight financial targets, stringent financial monitoring and low financial expectations with relation to their SIDs. Engineering and semi components in the Secondary industries tend to be low cost defenders, suffering from severe profit restrictions. They are persistent in exerting active control over their business as any misguided move might drive them out of the market. Due to similarities in their products manufactured and low barriers of entries, these firms often resort to drastic cost-cutting measures.
Our findings shows that there are subtle contextual differences within the strategy and finance function in the three contextual categories of Restructurers, Market Creators and Value Creators.

DISCUSSION

Such remarkable cultural convergence among the nine Singaporean companies, even in the most contrasting contextual differences identified by Carr, Kolehmainen, and Mitchell (2010), affords support for research proposition 1.

Discussion on SID making practises has largely focused on Anglo-Saxon countries, generally going little beyond specific financial techniques and occasionally strategic management accounting themes (Alkaraan and Northcott, 2006; Carr, 2005; Carr and Harris, 2004; Carr and Tomkins, 1998). Our re-examination here in non-Anglo-Saxon contexts, however questions some of these current contextual research assumptions regarding certain aspects of SID-making. The use of financial and strategic techniques has been regarded as a process variable in strategic investment decision-making (Carr and Harris, 2004). Yet playing-down accounting techniques and measures in Asian decision-making has also been portrayed by Mattar and Cheah, (2006), as a much more culturally-embedded phenomenon. Findings from our nine Singaporean cases lend support to the notion that financial techniques and usage may be predominately determined by culture and not contextual in nature.

Our nine Singaporean cases suggest that commonly-ascribed cultural attributes (Hofstede, 1980; 1983; 2010; House et al, 2004) are applicable to SIDs, but to varying extents depending on specific aspects of decision-making. The themes of high power distance, intuition and long-termism are apparent in most of the nine Singaporean cases. House et al (2004) scored Singapore 4.99 for power distance, ranking the country behind UK, US, Germany, Japan and China. Our results suggests that the Singaporean strategic decision is top-down in nature, regardless of contextual

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differences which implies that CEOs and top executives become perhaps even more top-down when dealing with large, complex, strategic decisions. In seven of the nine cases, the CEOs' management styles are highly conservative reflecting high levels of bureacracy. Due to conservatism, intuition is used as a decision making tool in replacement of external consultants or partners. This observation affords support to the theme that specific or tacit knowledge is used to guide hierachical organisations as a way of coping with environmental surprises and uncertainty (Lopez-Duarte, 2013). With intuitive thinking and traditional management style, it is not surprising that long termism, a common Asian observation (Lopez-Duarte, 2013) is reflected as an ongoing theme in our conversations. On the other hand, we could see no evidence of other generic cultural attributes such as assertiveness or in-group collectivism influencing the nine Singaporean case studies. Hence, such cultural traits may not be that useful to explain SID making practises.

Contextually, strategic clustering (Miles and Snow, 1978; Oldman and Tomkins, 1999) shows some significance by differentiating the SID making practises of primary, secondary and tertiary firms. Contextual distinctions are found where Market Creators, Value Creators and Restructurers show marked differences in financial flexibility, financial expectations and attitude towards financial targets (Carr, Kolehmainen, and Mitchell, 2010). Strategically, the three categories exhibit differences in their strategic and control orientation. For example, the lower IRR expectations of 10% for the Singaporean Restructurers in contrast to Carr, Kolehmainen, and Mitchell (2010)'s British vehicle component companies may be due to the differences in barriers of entry, which are harsher for Singaporean semi-component companies. Yet, the four-figure typology may not be an ideal framework for applying SID making approaches to the developed eastern countries due to the lack of use of the Refocusers category. Similar to Carr, Kolehmainen, and Mitchell (2010)'s analysis of Japanese firms, no Singaporean firms was classified as Refocusers. This leds us to question if Asian culture or context is the major contributor to the omission of Refocusers in the Eastern context.

Implications for theory

The consolidation of contextual and cultural factors pertinent to SID making practises is deeply relevant for today's researchers as we illustrated how the integration of different research streams helps solves complex research paradoxes in SID making. Existing researchers can use the contextual framework (Carr et al., 2010) to extend their research on SID making practises more specifically and reduce the confusion and prevailing gaps in SID making literature. Cultural traits like long termism and

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consistent minimum use of financial techniques may not be reflected in the control systems used by the company. SIDs and control systems can be researched separately, to investigate if these traits are consistent throughout the company. The Refocusers category can be targeted by increasing the number of matched industries to extend the framework's relevance for cross-cultural applicability. Future research work can be increased from more diverse sectors in developed, developing and transition Asian economies. These 4 contextual categories can be used for further empirical testing in the eastern context, to fully develop a SID making framework that is applicable to both eastern and western contexts that will significantly impact academics and their understanding of SID making practises.

Implications for readers

Readers of SID making literature might be confused by the array of opinions presented by different bodies of scholars. Strategy process studies are often dominated by debates on global divergence versus convergence in today's globalisation. Strategic management studies are too often been divided into generalised views debating why and how firms decide to invest (Sminia, 2009). Strategic management accounting studies often over emphasise financial variables and neglect other contextual variables in their discussion on SID making practises Thus, this study will help readers gain an overall understanding of context and culture influences on SID making and its relevance to strategy.

Implications for practice

Overall, guidance for strategy formation is still premature in development for empirical and theory formation (Sminia, 2009). Thus, practitioners looking for guidelines to follow for SID making may be misled by the literature and plan too extensively for their investments. Extensive planning is not recommended. Overly comprehensive planning measures may lead to neglect of environment conditions and result in corresponding decreased performance (Fredrickson and Mitchell, 1984).

Through identifying SID variables common to SIDs, this research aims to revalidate SID making and aid future international collaborators to work together more effectively. The lack of pre and post contractual understanding due to cultural and cognitive differentiations is a major cause of SID making failure (Mahnke et al., 2008), which may deter potential investors. Understanding the contextual and cultural influences will help deepen SID recipients' understanding of their investors' entry motivations.

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CONCLUSIONS

Our study is restricted to nine cases from three representative sectors, in a single country context, Singapore. However, this study requires CEOs' and finance directors' participations who can be regarded the most influential decision makers within the firm (Mitchell, Shepherd and Sharfman, 2011). Thus, the research can be considered sufficient to test our proposition. Contextual and cultural SID making integration has not been achieved in SID making history. The combination of both themes can be a major research contribution propelling improved western and eastern collaboration.

Overall, our research proposition broadly holds. We found that culture is an even more over-riding influence than context, though only in respect of certain aspects of SIDs making; specifically for the dimensions of long termism, intuition and power distance relationships. However, our research does support key contextual themes in Carr, Kolehmainen, and Mitchell (2010), Miles and Snows (1978), Oldman and Tomkins (1999) in other aspects of SID making; specifically in respect to their degree of financial expectations, financial flexibility and strategic approaches.

Due to the relevance of this research to today's decision makers from both eastern and western cultures, practitioners and academics alike can benefit from deeper understanding of the decision making logics adopted by key decision makers. Despite its complex and challenging nature, the subject calls for deeper and more insightful understanding to benefit the world of academics and professionals by increasing the potential success of future cross cultural and inter-industry collaboration. This research in the Asian example of Singapore will be useful for institutional leaders, for policy adoption and cross-border learning, for academics in cross-cultural SID making research and practitioners for cross-border collaboration.

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