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# JOURNAL OF INTERCULTURAL MANAGEMENT

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# Sex Differences in Work Experiences and Work Outcomes among Egyptian Managers and Professionals: An Exploratory Study<sup>1</sup>

### **Abstract:**

This research examined potential sex differences in work experiences and work outcomes in a sample of Egyptian managers and professionals. Relatively little research has been un-

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1. Preparation of this manuscript was supported in part by York University and the Arab Academy for Science, Technology and Maritime Transport. We thank those assisting in the data collection and our respondents.

undertaken on potential sex differences in human resource management in Egyptian organizations and even less during and following the Arab spring. Data were collected from 121 managerial and professional employees, 77 males and 44 females, using anonymously completed questionnaires. Respondents were relatively young, had university educations, had short job and organizational tenures, and held lower level -management jobs. All measures employed here had been used and validated previously by other researchers. Work experiences included supervisor empowerment behaviors and levels of personal empowerment. Work and well-being outcomes included job satisfaction, organizational commitment, work engagement, exhibiting voice behaviors, workplace learning opportunities, intent to quit and employee health symptoms. Significant sex differences were present on most personal demographic and work situation characteristics: men were at higher organizational levels, earned more money, were older and had longer organizational tenures, among others. There were fewer significant sex differences on work experiences and work outcomes. When differences were observed here, women indicated less positive responses.

**Key words:**

**sex differences, work, Egyptian organizations, managers**

## Introduction

This study examined the relationship of perceived supervisor/leader empowerment practices, employee feelings of psychological empowerment, and important work outcomes among a sample of Egyptian managers and professionals. Empowerment research has typically focused on front-line employees in the service sector, and to the best of our knowledge, no direct research on empowerment has been undertaken in Egypt. We first review empowerment concepts and their potential implications for organizations, consider aspects of the larger Egyptian context, then examine some relevant sex and gender differences research findings from earlier Egyptian and Middle Eastern studies.

## Empowering supervisors, psychological empowerment and performance benefits

Herrenkohl, Judson and Heffner (1999; p. 375) define empowerment as "a set of dimensions that characterize an environments interaction with persons in it so as to encourage their taking initiative to improve processes and to take action". Empowerment then exists at two levels (Spreitzer, 1997): the organizational context that increases levels of employee empowerment (e.g., structure, policies, approach to decision making, centralized versus decentralized control), and employees feelings of being empowered (feeling encouraged to take risks, supported in showing initiative, having information about organizational priorities).

Measures of empowerment, not surprisingly, have addressed both organizational and individual levels. Matthews, Diaz and Cole (2003) developed a measure of organizational empowerment having three dimensions. Control of workplace decisions - employee input and involvement in decisions and policy making; Dynamic structural framework - organizational guidelines indicating levels of employee input to decision making and control; and Fluidity in information sharing - employees provided with information on company objectives, rewards, and clients/customers. Arnold, Arad, Rhoades and Drasgow (2000) created a measure of leader empowerment behaviors that included five dimensions: Leading by example, Informing employees, Coaching employees, Showing concern for the welfare of employees and interacting with them, and using Participative decision making. At the individual level, Spreitzer (1996, 1995) created a measure of personal or psychological empowerment having four dimensions: Meaning, Competence, Self-determination and Impact. There are relationships between organizational- and individual-level indicators of empowerment, with organizational-level efforts increasing individual level responses. In addition, employee feelings of empowerment would be reflected in more favorable work and well-being outcomes.

## Benefits of organizational and psychological empowerment

Lawler, Mohrman and Benson (2001) reported that over seventy percent of workplaces have initiated some type of empowerment effort in at least part of their workforce, suggesting the applicability of empowerment concepts for all organizational sectors. Since the empowerment concept seems to be a good fit for organizations, studies on the potential benefits of empowerment have been reported, particularly in the hospitality sector. Kazlauskaitė, Buciniene and Turauskas (2012), using both the Matthews, Diaz and Cole (2003) measure of organizational level empowerment and the Spreitzer (1995) measure of psychological empowerment, examined the relationship of both levels of empowerment with a variety of work outcomes in a sample of 211 front-line service employees at 30 upscale hotels in Lithuania. They reported that organizational empowerment was positively related to psychological empowerment, job satisfaction and affective commitment. Dewettinck and van Amajde (2010) employed the Arnold et al (2000) measure of supervisor empowering behaviors in a study of 381 front-line employees working in four service organizations, reporting that leadership empowerment behaviors increased levels of both job satisfaction and affective commitment, with psychological empowerment partially mediating these relationships.

## The Egyptian context

Egypt has one of the largest populations in the Middle East and North Africa (MENA) and is the fourth largest economy in this region. The Egyptian economy has not performed well over the past two decades. Egypt faces challenges of being competitive in a global economy, embracing the latest technology, and realizing the importance of human resource management

in unleashing the talents of employees (Burke & El-Kot, 2011). The Egyptian educational system does not seem to be doing an adequate job of preparing graduates for the world of work in 2015. Egypt also has high levels of unemployment particularly among educated young people and women. Unemployment among university graduates is estimated to be between 17% and 27%. Egypt has a relatively high rate of illiteracy. The public sector is the largest employer with about 30% of Egypt's workforce. The Egyptian economy has historically underperformed, corruption and cronyism being high.

The Arab Spring and massive protests in Tahrir Square in Cairo resulted in the overthrow of long-serving President Hosni Mubarak, an essentially military dictatorship, in January 2011. Mubarak "resigned" on February 4, 2011, after 29 years as President. Free elections, a rarity in Egypt, were held and Mohamed Morsi, leader of the Muslim Brotherhood, an Islamic leaning movement, was elected President in June 2012. Morsi was the first democratically elected President in Egyptian history. Morsi then faced protests in Tahrir Square, some of these involving sexual harassment and the gang rape of female Morsi supporters. During Morsi's one year in office Egypt faced economic difficulties, energy shortages, and political and diplomatic crises, though blamed on Morsi existed before he became President. Morsi was overthrown on July 31, 2013 by a military coup led by Abdel Fattah el-Sisi, who appointed a figurehead President, assuming the Vice Presidency himself. El-Sisi then announced an election for President in which he ran against one other person – a sham election. Since then El Sisi's government has suspended the constitution, reduced civil liberties, clamping down on journalists and free speech. Morsi was imprisoned where he remains, hundreds of Morsi supporters shot on August 14, 2013, and thousands of Morsi supporters imprisoned (Eltahawy, 2015).

Economic performance has gotten worse following the Arab Spring as the economy moved from the military dictatorship of Mubarak in 2011, the democratic election of Morsi, and the 2013 military coup of El Sisi. The Egyptian citizenry was seeking a more democratic society which it has not yet achieved.

Abdou and Zaasou (2011) note the following social and economic challenges now facing Egypt. These include low foreign direct investment, a high budget deficit, a high debt load, reduced tourism, high levels of unemployment, high levels of poverty, a low standard of living, increasing food costs, high inflation rates, and a need to spend money. It does not have to allay further citizen unrest.

## Status of gender equality in Egypt

The 2014 Global Gender Gap Report (World Economic Forum, 2014) ranked 142 countries in four areas: Economic participation and opportunity, Educational attainment, Health and survival, and Political empowerment, as well as developing a composite score. Egypt ranked 131, 109, 57, 134, and 129 on the composite score. In the 9 years that these data were being collected (2006 to 2014), Egypt remained at roughly the same ranking in these areas, showing little sign of improvement.

Egypt is a patriarchal society with women being only a small but growing part of the workforce. (Hofstede, 1980; Metcalfe, 2008; Ramzy, 2002; but Egypt is in transition as more women pursue higher education and more programs, often sponsored by outside organizations, are introduced to support women's advancement into managerial and professional roles.

## Managerial and professional women in Egypt

Several researchers (Jamali, Sidani & Safieddine, 2005; Tlaiss, 2014, 2013; Kauser & Tlaiss, 2011; Sidani, 2005; Sidani & Jamali, 2010), based on in-depth interviews with managerial women in various countries (e.g., Lebanon, United Arab Emirates, Egypt) have attributed the challenges and barriers these women face to the strength of cultural values and

societal expectations limiting women to traditional roles, a strong sense of patriarchy, and organizational attitudinal and structural factors; the latter including discrimination, inequalities, gender stereotypes and pay inequalities for women and men doing the same job. Egypt ranks near the top in terms of male-female wage gaps.

Sidani and Thornberry (2010) argue that productivity in the vast majority of Arab states is low and dropping. Suggested causes include corruption, mismanagement, red tape and bureaucracy, nepotism, inefficiencies, and a low work ethic. They attribute the latter to the roles of religion, family dynamics and family structures that influence personal and group development, limits in the educational system, power and leadership issues, and limited awareness and use of modern management practices.

Hassanien (2010) suggests the lack of “decent work” for women contributes to the low participation rates of women in the Egyptian workforce, Egypt having the lowest participation rates of women in the world. Women have responsibilities not only to their organization but also unpaid family and domestic work – a double burden. In addition, women must perform in ways at work to conform to cultural values and maintain their reputations. Barsoum, Rashed and Hassanien (2009) highlight the effects of lack of respect and trust from male colleagues, insults to their dignity, sexual harassment, long work hours and unequal pay.

Kattara (2005), in a study of female managers in five star Egyptian hotels, identified five factors keeping them from advancement: gender discrimination, being excluded from important networks, gender stereotyping, cultural barriers, and work-family conflict. Hotels preferred recruiting and hiring males rather than females, females needed to work much harder than males to prove themselves, belief that once married females would become less productive, and promotion might include moving to another city or country and that would not be appropriate for married females.

Burke and El-Kot (2011) examined sex differences and similarities in a sample of 242 Egyptian managers and professionals, 146 males and 96

females. Consistent with previous findings, there were considerable sex differences in personal demographics and work situation factors. Thus, females were younger, had less job and organizational tenures, were at lower organizational levels and were less likely to be married. Males and females, however, were similar on their needs for achievement, job satisfaction, work engagement and levels of job stress. Males and females differed in career satisfaction with males being higher, intent to quit with females being higher, and perfectionism, with females being higher.

Elsaid and Elsaid (2012), using samples of Egyptian and American university students, examined their stereotypes of characteristics of men, women, and successful middle managers. In the Egyptian sample, males rated men and middle managers positively and women and middle managers negatively. Females rated males and middle managers even more strongly positively and females and middle managers even more negatively. In the US sample, both males and female students had positive ratings for men and middle managers and for females and middle managers. They attributed their findings to the Egyptian cultural belief that women do not have characteristics of successful middle managers but men do. In both countries, men had less favorable attitudes towards women and managers.

Mostafa (2003), again using a sample of Egyptian students as well as older adults, reported that males held less favorable attitudes than did females, and contrary to expectations, students attitudes were similar to those held by older adults. Mostafa notes that with increasing modernity, these attitudes would likely become more favorable, a belief not borne out by the Elsaid and Elsaid (2012) study.

El-Hamidi and Said (2014) compared the extent of gender occupational segregating and wage gaps between 2000 and 2004 in Egypt and found increasing occupational segregation of women into a few jobs which increased the wage gap.

Hendy (2015) examined the low participation rate of women in the Egyptian labor market at three points in time: 1998, 2006 and 2012. Though wom-

en in Egypt are more educated than men, their participation rates remain low. In addition, the Arab spring revolution in 2011 had a negative effect on women's labor force participation. Reductions in the public sector, discrimination in the private sector, family demands, and women's preferences all were found to play a role in women's low participation rates.

Amin and Darrag (2011) write that no research on sexual harassment in the workplace in Egypt has been carried out. A primary reason for this is a political need to keep sexual harassment secret. Yet sexual harassment in Egypt has taken on epidemic proportions. Women have been sexually assaulted and gang raped in Tahrir Square in Cairo during protests against former President Mubarak in January 2011 and in more recent protests against former President Mohamed Morsi.

Managerial and professional women in Egypt seem to be facing barriers that in some cases are similar to those experienced by managerial and professional women worldwide but others unique to Egypt as well.

## The present study

In this study, we consider potential sex differences in employee perceptions of supervisor/leader empowerment behaviors, levels of felt psychological empowerment, and important work outcomes (job satisfaction, affective organizational commitment, work engagement, engaging in voice behavior, intent to quit, health symptoms) among Egyptian managers and professionals.

Three general hypotheses based on previous sex difference findings among managers and professionals in the Middle East were developed (see Burke, 2009, for a review of sex differences studies in several Middle East countries).

- 1) There would be considerable significant sex differences on personal and work situation characteristics (e.g., age, marital status, parental sta-

tus, hours worked, income, job and organizational tenures, and organizational level).

- 2) There would be fewer significant sex differences on work experiences and work outcomes (e.g., perceptions of leader supervisory empowerment behaviors, job satisfaction, intent to quit).
- 3) When significant sex differences were present, women would report less favorable responses than men would.

## Method

### Procedure

All data were collected using anonymously completed questionnaires in English. A team of MBA students approached employees in a range of organizations in Alexandria and Cairo soliciting their participation. One hundred and twenty one surveys were returned, either immediately or within a short period of time. The response rate was estimated to be approximately seventy-five percent. The sample is best described as a convenience sample.

## Measures

### Personal and work situation demographics

Personal and work setting characteristics were assessed by a number of single items. The former included: gender, age, current work status, current marital and parental status, income, and level of education. The latter included hours worked per week, organizational level, job tenure, organizational tenure, Organizational size, employment sector, and whether respondent had supervisory duties. These items served as control variables in some of our analyses.

## Supervisory empowerment behaviors

Arnold, Arad, Rhoades and Drasgow (2000) developed and validated a measure of empowering leader behaviors. They ended up with five factors: Coaching, Informing, Leading by example, Participative Decision Making, and Showing concern/Interacting with their team. In the present research, each of these five dimensions was measured by five items. Respondents indicated how frequently their supervisor exhibited each behavior on a five point Likert Scale (1=Never, 3=Sometimes, 5=Always).

Leading by example ( $\alpha =.90$ ) An item was "Leads by example."

Participative decision making ( $\alpha =.93$ ) One item was "Encourages work group members to express their ideas/suggestions".

Coaching ( $\alpha=.93$  ) An item was "Suggests ways to improve my work group's performance."

Informing ( $\alpha =.92$ ) One item was "Explains how my work group fits into the company."

Showing concern/Interacting with the team ( $\alpha =.91$ .) An item was "Shows concern for work group members well-being."

Scores on these five dimensions of leader empowerment were significantly and positively correlated (mean inter-correlation being .75,  $p<.001$ ). Thus the five dimensions were combined into a total leader empowerment measure ( $\alpha=.97$ ).

## Work outcomes

Seven work outcomes were included.

## Psychological empowerment

Psychological or personal feelings empowerment was measured by a twelve item scale developed and validated by Spreitzer (1996, 1995).

This measure tapped four dimensions, each addressed by three items. Respondents indicated their agreement with each item on a seven-point Likert scale (1=Very strongly disagree; 4=Neutral, 7=Very strongly agree).

Meaning ( $\alpha=.92$ ) "The work I do is meaningful to me."

Competence ( $\alpha=.78$ ) "I am confident about my ability to do my job."

Self-determination ( $\alpha=.76$ ) "I have significant autonomy in determining how I do my job."

Impact ( $\alpha=.85$ ) "My impact on what happens in my department is large".

Scores on these four dimensions were significantly and positively correlated (mean intercorrelation being .40,  $p<.001$ ). Thus scores on the four dimensions were combined into an overall psychological empowerment measure ( $\alpha=.87$ ).

Job satisfaction was assessed by a seven item scale ( $\alpha=.84$ ) developed and validated by Taylor and Bowers (1972). Respondents indicated their agreement with each item on a five-point Likert scale (1-Very dissatisfied, 3=Neither satisfied nor dissatisfied; 5=Very satisfied. One item was "all in all, how satisfied are you with the persons in your work group?"

Organizational affective commitment was measured by a six item scale ( $\alpha=.92$ ) developed and validated by Meyer and Allen (1997). Respondents indicated their agreement with each item on a five-point Likert Scale (1=Strongly disagree, 3=Neither agree nor disagree; 5= Strongly agree). One item was "I am proud to tell others I work at my hotel".

## Work engagement

Three aspects of work engagement were assessed using measures created by Schaufeli, Salanova, Gonzalez-Roma and Bakker (2002). Respondents indicated their agreement with each item on a five point Likert scale (1=strongly disagree, 3=neither agree nor disagree, 5= strongly agree).

Dedication was measured by five items ( $\alpha=.89$ ). One item was "I am proud of the work I do."

Vigor was assessed by six items ( $\alpha=.67$ ) An item was "At my work I feel bursting with energy."

Absorption was measured by six items ( $\alpha=.76$ ). One item was "I am immersed in my work."

Scores on these three measures were positively and significantly inter-correlated (mean inter-correlation being .64,  $p<.001$ ) thus they were combined to form a composite work engagement measure ( $\alpha=.88$ ).

### Learning opportunities

Workplace learning potential was assessed using a twelve item scale developed by Nikolova, Van Ruysseveldt, DeWitte and Syroit (2014). Four learning potential opportunities were assessed, each by three items. Respondents rated the applicability of each item to their current work situation on a five point Likert scale (1=Not applicable at all, 5=completely applicable). These four dimensions and a sample item follow.

Reflection ( $\alpha=.68$ ) "In my work I am given the opportunity to contemplate about different work methods".

Experimentation ( $\alpha=.52$ ) "In my job I can try different work methods even if that does not deliver any useful result."

Supervisor ( $\alpha=.78$ ) "My supervisor helps me see my mistakes as a learning experience."

Coworkers ( $\alpha=.76$ ) "My colleagues tell me if I make mistakes in my work."

All of the inter-correlations among the four dimensions were positive, with four being statistically significant. The four dimensions were then combined into a composite measure ( $\alpha=.76$ ), the average inter-correlation being .28 ( $p<.01$ ).

### Employee Voice

Employee voice behaviors were measured by a six item scale ( $\alpha=.92$ ) developed by Van Dyne and LePine (1998). Respondents reported how often they engaged in voice behaviors in their workplaces by indicating the frequency of each item on a five point Likert scale (1=Never, 3=sometime, and

5=Very frequently). One item was "I speak up in my workplace with ideas for new projects or changes in the way we do things."

Intent to quit was measured by two items ( $\alpha=.81$ ) used by Burke (1991). Respondents indicated "yes or no" for both items. One item was "Are you currently looking for a different job in a different organization?"

## Psychological well-being

Psychological well-being was assessed by 19 items ( $\alpha=.90$ ) developed by Quinn and Shepard (1974). Respondents indicated how often they experienced each physical symptom or condition (e. g., headaches) in the past year on a four point frequency scale (1=never, 4=often).

## Results

### Respondents

Table 1 presents the personal demographic and work characteristics of our sample ( $n=121$ ). Most were male (64%), worked full time (95%), were 30 years of age or younger (68%), were married (53%), without children (55%), had high school educations (50%), worked in their present organizations and positions for five years or less (59% and 84%, respectively), held lower level management positions (30%), had supervisory responsibilities (76%), worked between 41 and 50 hours per week (45%), a majority earned more than 80,000 Egyptian pound salaries (32%), slightly more worked in the service sector than in manufacturing (51%), worked in organizations of varying sizes up to several thousand with a slight majority working in firms of 50 or fewer employees (30%) and worked in a variety of departments (e.g., production, marketing, finance, accounting, human resources).

Table 1. Demographic characteristics of sample

<u>Gender</u>	<u>N</u>	<u>%</u>	<u>Age</u>	<u>N</u>	<u>%</u>
Male	77	63.6	30 or younger	57	49.1
Female	44	36.4	31-40	45	38.8
			41-50	9	7.8
			51 or older	5	4.3
<u>Work status</u>			<u>Marital status</u>		
Full time	114	95.0	Single	64	52.9
Part-time	6	45.0	Married	57	47.1
<u>Parental status</u>			<u>Education</u>		
Children	54	44.6	Bachelors	95	78.5
Childless	67	55.4	Masters	21	17.4
<u>Income</u>			Doctorate	5	4.1
25,000 or less	27	23.1	<u>Organizational level</u>		
25,001-50,000	32	27.3	Non-management	30	24.8
50,001-75,000	20	17.1	Lower management	36	29.8
75,001 or more	38	32.5	Middle management	30	24.8
<u>Sector</u>			Senior management	25	20.7
Manufacturing	59	49.2	<u>Supervisory duties</u>		
Service	61	50.8	Yes	90	75.6
<u>Work hours</u>			No	29	24.4
40 or less	51	42.1	<u>Job tenure</u>		
41-50-	54	44.7	5 years or less	102	84.3
51 or more	16	13.2	6 years of more	19	15.7
<u>Organizational tenure</u>			<u>Organization size</u>		
5 years or less	71	58.9	50 or less	36	29.8
6-10 years	29	23.9	51-500	33	22.2
11 years or more	21	17.4	501-4000	31	25.6
			4001 and above	21	17.4

Source: own study.

## Analysis plan

Males and females were compared on all variables using One-Way Analysis of Variance (ANOVA).

## Personal and work situation characteristics

Table 2 presents the comparisons of male and female managers and professionals on a number of personal demographic and work situation char-

acteristics. Significant sex differences were present on seven of the eleven characteristics. Males were older, more likely to be married, more likely to be parents, were at higher organizational levels, more likely to have supervisory responsibilities, had longer organizational tenures, and more likely to be working in the manufacturing than service sectors. Males and females were similar on work status (almost all worked full-time), levels of education, job tenures and worked in organizations of generally similar sizes.

Table 2. Personal and Work Situation Characteristics

Personal characteristics	Males			Females			P
	X	S.D	N	X	S.D.	N	
Age	1.8	.86	73	1.4	.63	43	.01
Work status	1.0	.16	77	1.1	.29	43	NS
Marital status	1.7	.47	77	1.2	.44	44	.001
Parental status	1.4	.49	77	1.8	.39	44	.001
Education	3.3	.58	77	3.2	.42	44	NS
Organizational level	2.6	1.09	77	2.1	.90	43	.05
Supervisory duties	1.2	.34	77	1.4	.30	42	.01
Job tenure	3.8	2.89	77	3.6	5.06	43	NS
Organizational tenure	8.1	7.64	76	4.9	4.15	43	05
Organizational size	3450.8	8456.42	77	3542.4	8606.48	42	NS
Sector	1.4	.50	77	1.6	.49	43	05

Source: own study.

## Work experiences and work outcomes

Table 3 shows the comparisons of males and females on measures of work experiences and work outcomes. There were three statistically significant sex differences ( $P < .05$ ) on these eleven measures. Males worked more hours, earned higher levels of income, and indicated higher levels of affective organizational commitment. Males also tended to be more job satisfied and work engaged ( $p < .10$ ) than females as well. There were no sex differences on presence of learning opportunities, perceptions of empowering supervisory behaviors, levels of psychological empowerment, engaging in voice behaviors, intentions to quit and levels of physical well-being.

Table 3. Work Experiences and Work Outcomes

<u>Work Experiences and Outcomes</u>	<u>Males</u>			<u>Females</u>			<u>P</u>
	<u>X̄</u>	<u>S.D.</u>	<u>N</u>	<u>X̄</u>	<u>S.D.</u>	<u>N</u>	
Hours worked	48.3	12.84	77	39.5	9.90	43	.001
Income	112054.5	140303.99	77	48986.6	61966.58	41	.01
Intent to quit	3.0	.92	77	2.8	.91	43	NS
Job satisfaction	25.3	5.28	77	23.6	5.44	44	.10
Work engagement	66.7	8.43	76	63.0	12.51	44	.10
Learning opportunities	25.8	4.43	74	27.1	4.01	44	NS
Psychological Empowerment	50.6	5.44	77	49.0	7.03	44	NS
Organizational Commitment	23.6	4.82	77	20.2	6.08	44	.01
Voice behaviors	38.3	6.22	76	36.6	7.30	44	NS
Supervisor empowering Behaviors	83.2	23.12	77	85.4	20.44	44	NS
Physical health	41.3	9.02	77	42.5	11.32	44	NS

Source: own study.

## Discussion

This investigation examined sex differences in personal and work situation characteristics as well as a range of work experiences and work outcomes among managers and professionals in two large Egyptian cities. Consistent with previous published findings, females and males differed considerably on personal and work situation factors (see Table 2). Men were older, had longer organizational tenures, were more likely to be married and to be parents, worked more hours, were at higher organizational levels, and earned higher salaries. Women were as educated as men however.

Earlier research has shown that although women are “disadvantaged” compared to men on personal and work situation measures, they tend to be quite similar on work experiences and outcomes (with the exception of sexual harassment). Our data was somewhat supportive of these previous results (see Table 3). That is there were both similarities and differences. Unfortunately when significant sex difference were present, women reported less favorable outcomes.

Similarities in work experiences and work outcomes might be attributed to the fact that both women and men had the attitudes and behaviors to be successful in their jobs. Difference may be attributed to wider cultural views on women's and men's work and roles in Egypt, family and friendship responsibilities, and women's level of ambition and aspirations. We have viewed these similarities and differences as both signs of progress and indications of what needs to be addressed in the future. It seems that some progress has taken place but Egyptian workplaces should not rest on their laurels – women managers and professionals in Egypt still face unique obstacles and constraints.

It should be noted that our sample was relatively young, highly educated, worked full-time in managerial and professional roles in Egypt's two largest cities, earned reasonable incomes, worked relatively long hours, were moderately satisfied with work outcomes and described generally positive work experiences and had, not surprisingly a low intent to quit. In addition, our data were collected in early 2015, one year after El-Sisi assumed the Presidency and some of the turmoil had likely settled down. Our respondents were functioning and surviving in a country environment characterized by economic recession, uncertainty, and still lingering tensions and conflicts.

## Practical implications

Our data, consistent with previous research on women's work and careers in Egypt, indicated that women had less favorable work outcomes (see Table 3). Egyptian organizations need to utilize the talents of all qualified women and men if they are to be successful. Fortunately, considerable knowledge on initiatives to support the careers of qualified women has accumulated (Wittenberg-Cox, 2010). Organizational leaders must be sensitized to why utilizing the talents of all talented women in creating a gender balanced workplace is a business imperative. Educational efforts to support such appreciations must be carried out for both men and women in superviso-

ry and managerial roles. A number of human resource management programs such as leadership development, identifying talented women and men, , succession planning, work-family support initiatives, holding managers responsible for developing talented women, and measuring the results of these initiatives (Bowen & Lawler, 1995, 1992).

In addition, given the barriers that Egyptian women face, country-wide efforts need to be taken as well. These would include anti-discrimination policies, equal pay for equal work initiatives, and collaboration with international labor organizations and global organizations providing support to women at work efforts. For example, Goldman Sachs created the women Entrepreneurship and Leadership Program, as part of their 10,000 women initiative in which women entrepreneurs got access to business and management education in developing countries including Egypt.

## Limitations of the research

The present research has shortcomings which should be noted to better assess the findings. First, all data were collected using self-report questionnaires with the risk of response set and common method biases. Second, all respondents came from only two Egyptian cities, Cairo and Alexandria, thus the extent to which our findings would generalize to male and female managers and professionals in other regions in Egypt is unknown. Third, it was not possible to determine the representativeness of the present sample of male and female managers and professionals as well.

## Future research directions

Several future research directions seem promising in increasing our understanding of sex differences among Egyptian managers and professionals. First acquiring a larger , more representative sample that includes longer

tenured men and women would be informative. Second, including indicators of bias, discrimination and sexual harassment would provide a more complete picture of respondent's work experiences. Third, including assessments of respondents views on their careers, career aspirations, career challenges, and efforts to self-manage their careers, would shed light on other relevant aspects of their work and well-being. Fourth, It is important to understand from Egyptian managers and professionals how the events of the past four years have affected their jobs, careers, organizations, families and their psychological well-being.

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# The Cultural Inheritance of Abilities and Skills in Entrepreneurship Domain as a Determinant of Organizational Leadership

## **Abstract:**

In this article the author attempts to present an idea that entrepreneurship understood as abilities and skills, which shape new organizational reality, flexibility and risk tolerance are the essential factors that create a leadership relationship. It is assumed that there is a relationship between entrepreneurship and organizational leadership. A leader is not an obedient performer of tasks but a creator of new activities and relationships. Entrepreneurship is treated in the accepted sense as learned skills and abilities in the process of cultural inheritance of attitudes and behavior patterns existing in family, neighborhood, places in society and environment. Hence, in the article the author attempts to outline the path from entrepreneurial attitudes and behavior observed in childhood to act in the same manner in adulthood, including influencing the actions of associates in the workplace which exist in the Polish society.

**Key words:****organizational leadership, entrepreneurship, abilities, skills**

## Introduction

The question of the cultural inheritance of entrepreneurship as an important factor shaping the leadership relationship has not been explicitly analyzed in previously conducted studies of successful leadership. This is a topic especially important in the cultural conditions existing in Poland. On the one hand, they are not very favorable in treating such an approach, because of promoted Catholic values. On the other hand, Polish conditions have predestinated people to entrepreneurship, especially in families that have demonstrated their inventiveness and activity in the creation of economic activities since the early nineties. The phenomena, which are a manifestation of entrepreneurship and leading to the creation of leadership relationships are also observed in the third sector – the emerging civil society in Poland.

The fundamental question is whether there are in Poland strong enough attitudes and behavior patterns inherited culturally, which give young people a basis for above-average activity, creativity and the ability to shape organizational reality.

The author has studied leadership relationships for the last ten years and the cultural inheritance of abilities and skills in entrepreneurship domain as a determinant of organizational leadership is one of the prospects important in better understanding leaders' attitudes and behavior. Many researchers have tried to find evidence that genetic inheritance of leadership features is possible. Their studies and analyses do not give a positive result (Kuc, 2006, pp. 380–394). The problem is to identify a set of inherited features characteristic for leaders provided for new approaches in leadership domain studies. Researchers have started looking for different sources of leadership – behavior and situation, in which someone shows above-average abilities and skills. Although there are different studies about regional,

national and organizational cultures (for example: Bjerke, 2004; Hofstede, 2000; Schein, 1985), research studies about leadership avoid the issue of the role of cultural heritage in building appropriate attitudes and skills in family and neighborhood in primary (especially early) socialization. Another important question which is difficult to find in literature is a relationship between entrepreneurship and leadership. According to previously described reasons the main purpose of the article is the description and analysis of culturally inherited entrepreneurship as an important factor, which is a foundation and shapes a leader's relationship.

The article consists of two major parts. First, which is a description of general discussion and critical analysis about cultural inheritance of attitudes and behavior. Second, which presents the results of different studies (including my own research) about culturally inherited entrepreneurship as a determinant of organizational leadership.

## Cultural Inheritance of Attitudes and Behavior

The earliest meaning of the term "succession", was legal inheritance. Colloquial language greatly expanded the scope of this concept. Biology took it as a technical term. Today, the technical term is also used in the sciences of culture (Sztalt, 2012).

According to Ossowski (1960), all three meanings of the term "legal, biological, cultural inheritance" have a common conceptual content. This common content manifests itself on three levels:

- In all three cases, followed by conformity to someone else in some way (in terms of the social situation, in terms of biological equipment, in terms of cultural characteristics).
- In all three cases, the inheritance is based on a one-way relationship: one side is a communicator, the other side is the recipient (inheritance differs from the exchange relationship).

- In all three cases, the direction of inheritance is consistent with the chronological order of coming into the world of individuals: the younger generation inherits from the elderly. They may be younger and older individuals of a social group or a chain of individuals appointed by the rights of succession (Szałt, 2012 for Ossowski, 1966). According to Ossowski, the chain can be interrupted at any cell (Ossowski, 1966, p. 60).

The term "inheritance" includes both biological and cultural inheritance. The distinguishing feature of cultural inheritance is to take over some of the features during a social contact. We can speak about inheritance (as biological and cultural) only when we are faced with an assimilated act. Inheritance cannot be equated with being subject to the influence of the previous generation through social or biological contact. Not every influence of previous generations through social contact effects the assimilation of some individuals to others. Inheritance, which is imitated action, occurs "when there is a causal link between having the same feature by person A and B" (Ossowski, 1960, p. 63). He also recognizes that awareness and inheritance will have a significant impact on the process of heritage. You can inherit consciously or unconsciously. Inheritance may be wanted or unwanted. Conscious inheritance can be accepted or consciously combated. These facts play an important role in the psychic life of the individual. Of particular importance is everything covered by the tradition of a social group, of which the individual is a member. According to Ossowski an essence of cultural inheritance are the abilities and attitudes (Ossowski, 1966). A similar approach to the issue of inheritance, taking into account both biological and cultural theory, presents a double inheritance theory. According to this theory, culture and genes create separate (but connected) systems of inheritance. (Smith, 2000, pp. 31–33; Boyd and Richerson, 1985; Durham, 1990, 1991, 1992).

In the process of acquiring certain skills and attitudes, behavior that can be understood as cultural inheritance, upbringing seems to be an important issue as it shapes attributes of the psyche and the mind within the

framework of defined predisposition of congenital structures, including the behavior patterns of cultural and social environment. Each organism grows in a particular environment, so environmental changes cause specific modifications in the functioning of an individual. Keeping lifestyles, attitudes and behavior from generation to generation, reinforced with continuous successes of "role models" and their followers cause a desire to learn these behaviors and conscious preference for a particular approach to life (Szołtysek, 2015, pp. 99–109).

Conformable action, about which Ossowski wrote, has been recognized as an important and undertaken by psychologists in the studies of the phenomenon called "imitative learning". The man, in fact, watches other people learn from their behavioral expression, targeted actions, affective attitudes and uses these instruments and symbolic systems. Learning has a place in institutions (like family – members of the older generation transmit cultural patterns) or through cooperation – learning as a result of joint exercise activities with family members, environment etc. (Tomasello, Kruger, Ratner, 1993, pp. 495–552). True imitative learning is playing someone else's behavior in a functionally relevant context, based on the understanding of the intentions underlying this behavior (Tomasello, Kruger, Ratner, 1993, p. 497) and efforts to achieve the intended results (Call Carpenter, 2002). Imitative learning seems to be the basis of cultural inheritance of different patterns of behavior in the family, neighborhood or media (Bialek, 2010, pp. 115–127). It is known that certain attitudes and behaviors in the twenty-first century, the world's dominant mass culture can be inherited, beyond the patterns of conduct observed in the family and neighborhood. An important role of shaping a young man is played by mass media. The issue of looking at reality causes duplication of certain patterns (Brodersen, Dammann, 2005, pp. 4–6), positive and negative attitudes towards specific groups of reference (Sztompka, 2002, p. 17)

The cultural development of human beings is building its human capital, their acquired knowledge, skills, experience, attitudes and values on the ba-

sis of their biological structures of personality in specific socio-cultural conditions (more about the factors that shape human capital, see. Kawka, 2012, pp. 241–249, Suchodolski, 2012, pp. 337–343, Antczak, 2014, pp. 113–132).

National character and culture play an important role in the discussion of cultural inheritance of attitudes and behavior learned in family and neighborhood conditions. National character usually means typical socially efficient attitudes and typical organizational skills – but always culturally, historically diverse and could be a relatively constant feature that occurs more frequently in one group than in others (Haromszeki, Jarco, 2012). What is important, according to Hofstede, is the dimensions of national cultures rooted in our unconscious values. Because values are acquired in childhood, national cultures are remarkably stable over time; national values change is a matter of generations (Hofstede, 2016). Behavior, which researchers have observed for last decades, shows that stability of values and attitudes of entrepreneurship and helplessness exist in different generations in family, neighborhood or local communities. More about this phenomenon and its relationship with organizational leadership is presented in the next part of the article.

## Culturally Inherited Entrepreneurship as a Determinant of Organizational Leadership

Shaping entrepreneurial attitudes, understood as a different ways of life (Sztompka 2002, pp. 229–232), runs initially in family and neighborhood conditions. Entrepreneurship as a value began to be clearly promoted in the 90s in Poland in accordance with the new cultural ideal of personality. A new way of thinking drew from and still refers to the values characteristic for the Protestant ethics and the spirit of capitalism diagnosed many years ago by Max Weber (Sztompka, 2002) carried out particularly clearly in the American ideology of success. Patterns of behavior usual in the Protestant

or Jewish families around the world were followed and inherited from generation to generation, forming the core of their success and the basis of aversion to them, presented by members of the cultures, in which they enrich themselves and entrepreneurship was something reprehensible and unworthy of an honest man. There are many publications about their successes (e.g. Landes, 2007; Brackman, Jaffe, 2011). Besides, a lot of interesting articles can be found about the formal (legal) issues of inheritance, business, wealth etc. However, it is difficult to find any information about the transfer of entrepreneurial attitudes to other generations. Definitely, there are more studies about cultural inheritance of poverty and helplessness than entrepreneurship (Tarkowska, 2006). In the study of poverty and privation, which in terms of methodology is similar to the study of entrepreneurship, researchers highlight the weakness of institutions and the strength of importance of others, so-called "role models" (just as it was many years ago in the life of Stanislaw Grzesiuk, 2005, pp. 36–57). These important others may strongly shape the young man in terms of the attitudes of passivity, pessimism and withdrawal or activity and creativity, even observed in the 21<sup>st</sup> century decreasing role of authorities in Poland.

Entrepreneurship is the basis of successful people and countries in the twenty-first century, whose "driving force" is the right attitude towards life, work, shaping reality etc. The formation of attitudes (also entrepreneurial) is carried out, in accordance with the presented ideas and results in the article, in the process of acquisition of patterns from others. Particularly appreciated or dominant in the family and environment approach to life influence individual choices, collecting and processing information. The bias of perception sometimes causes strong binding to an object – a man, an idea, technical or organizational solution etc. Entrepreneurial attitudes are particularly important in building leadership relationships which influence behavior. The transformation of attitudes in behavior depends on the type of situation which takes place. Individualizing situations depend on individual views, preferences and values. The impact on behavior in disindividualizing

situations have primarily symbols and values of the group. Besides, there are also script situations that automatically initiate a sequence of events – treated as something usual (almost unreasoning), as a way of life (entrepreneurship) promoted in the home, neighborhood etc. (Strelau, 2008, pp. 84–88). Like in Rothschild’s family – aside from the belief that entrepreneurship is inherited in the genes they took care of shaping the entrepreneurial attitudes and behavior from generation to generation by developing company and implementing a specific lifestyle (Landes, 2007, pp. 53–90).

Entrepreneurship is a kind of activity, action that is expressed in creating something new, which has its value. This requires an investment of time and effort and risk-taking. As indicated by Warneryd (1988, pp. 404–447), especially in business organizations “taking risks” differentiates an entrepreneur from a manager. It can be considered on the basis of previously conducted studies that a similar difference is also between a manager and an organizational leader (Haromszeki, 2012), whose attitude is closer to the entrepreneur e.g. in terms of dynamism and flexibility. Entrepreneurship can also be understood as a feature of certain people and therefore the willingness and ability to initiate and implement new bold actions. Psychological differentiators of enterprising individuals are: the need for achievement (McClelland, 1961), attitude to risk (March, Shapiro, 1987; MacCrimmon Wehrung, 1990; Strelau, 2008, pp. 358–359) and for leaders – the need for power (McClelland, 1975). If a person has a need for achievement and power, they create a new reality based on the work and commitment of others. According to a Warneryd’s study the entrepreneurs often have fathers who are (were) entrepreneurs. There is no reason to believe that entrepreneurship is an effect of genetic inheritance but it can be concluded that the observation of certain behavior and learning this type of activity in the family home from an early age could be a sign of cultural inheritance.

Tadeusz Kotarbiński (1965) identifies personal entrepreneurship mainly through the prism of a person full of initiative, seen as a man filled with energy and activity, who spontaneously starts the implementation of various

plans. Entrepreneurship is also defined as: foresight, resourcefulness, vigor, resilience, dynamism, diligence, perseverance in achieving goals; initiative (new actions and spirit of initiative), activity, mobility in projects, taking chances, the willingness to take risks, operability; ingenuity, intelligence, creativity, innovation, ability to cope with different situations; self-reliance, the need for achievement, quickness, brilliance, cleverness (Bieniok, 2007). The opposite of personal entrepreneurship is usually: hopelessness, helplessness, incompetence, passivity, laziness, lethargy, indolence, listless, neglect, extreme caution, cowardice, etc. (Bieniok, 2007) (e.g. described transmission of poverty and helplessness (Tarkowska, 2006).

The typically culturally understood approach to the acquisition of entrepreneurship is the maxim "everything depends primarily on our upbringing in the family and at school, as well as ourselves, our will and predisposition to the effort that we put into the process of self-improvement and conscious learning of different proactive and pro-entrepreneurial behavior (Bieniok, 2007). Besides, personal entrepreneurship is not only the activity beyond the standard behavior of other people, but also a transgression of our own previous achievements, experiences and habits. There are spontaneous acts of self-creation of new and exciting, yet unusual, behavior and solutions. According to Bieniok – "some estimate that the influence of heredity on subsequent entrepreneurial behavior ranges from 20 to 50 percent. Thus, even families of outstanding entrepreneurs have a problem with successors who are complete business losers" (see also Landes, 2007). As the results of the research show, a certain type of family, educational, cultural and social background can promote or hinder the development of entrepreneurial characteristics. Of particular importance are the dominant values in the family and school. According to psychologists, favorable conditions for the development of entrepreneurship in the family is the ability to be active and an upbringing in accordance with the principles of moderate impact – avoiding the relentless use of do's and don'ts and mindless "spoiling" a child.

In the research on the importance of education in the development of entrepreneurship, there are frequently two views. The first treats entrepreneurship as a set of features with which a man is born, and the second indicates the possibility of acquiring the entrepreneurial characteristics and competencies in the process of learning (Hadryś-Nowak, 2015). The notion of innate entrepreneurial qualities is closer to the entrepreneurs and the belief in the positive effects of entrepreneurship education currently dominates in social sciences. Increasingly, attention is drawn to the fact that entrepreneurship is a feature, skill or competence useful in every area of life, not only professional but also personal. Ojastu, Chiu and Olsen study (2011, pp. 397–434) confirms the belief that although personality traits do not change under the influence of education, it is possible to influence the attitudes of entrepreneurship in the process of education. Morris, Webb and Singhal (2013) listed thirteen entrepreneurial competencies that can be developed through education that promotes certain norms and values, but they also depend on personal traits and cognitive styles of an individual. These entrepreneurial competencies are: to recognize the opportunity – the ability to see changing environmental conditions which are a potential source of profit; assessment opportunity – the ability to assess accurately the attractiveness of emerging occasion; communication of a vision of the desired future state of the organization to their successors; tenacity/ perseverance – the ability to act against obstacles to achieving them; creative problem solving – the ability to combine objects or variables that have not had a relationship in order to produce new and useful results; mobilizing resources – the ability to organize resources that are not necessarily owned or controlled by an entity that derives benefit from them; “partisan” skills – the ability to benefit from the environment by means unknown to others, unconventional tactics; creating value – the ability to develop new products, services, business models; maintaining the direction and adaptation – the ability to balance between the desire to achieve the objective and strategic direction of the organization and the need to adjust

to the external environment; resistance – the ability to cope with stress, recovery forces and thrive even in the face of danger; belief in their own abilities/ self-efficacy – the ability to maintain confidence in carrying out their tasks at various levels of activity; building a network of social contacts – the ability to establish, develop and maintain contacts with other people (Morris, Webb and Singhal, 2013).

In a similar vein, Santi recognizes that entrepreneurship is not an innate trait but a characteristic of the spirit and activities that are the prerogative of many, but few of them shape and strengthen them (Samborska, 2015). Diagnosis and analysis also shows that entrepreneurship over the years came to be associated with analytical and communication skills, effective way of thinking and acting. Another study confirms that an enterprising person is one that is characterized by the activity and dynamism in action and the ability to adapt to constantly changing conditions and use appearing opportunities. What is the most important for the deliberations carried out in the text, according to the creators of the program for students, an enterprising person has leadership qualities characteristic for the coordinative (participatory) leadership (Balicka, 2010, pp. 4–6). A similar meaning of entrepreneurship is presented by authors in various books in this domain (e.g. Wachowiak, 2007; Jaremczuk, 2006).

If the patterns of behavior accepted and promoted by a particular culture expect from a leader assertiveness, risk tolerance and the creation of a new organizational reality (Sztompka, 2002: 381), these are ideal conditions for the formation of a system of dependence called the "leadership relationship – superordinate with subordinates (or co-workers, depending on the particular type of organizational leadership), aimed at achieving goals – a vision, dreams, plans, values – based on respect for and trust in the leader's qualifications, and often the fascination with him, rational or irrational commitment to the co-created vision of development"(Haromszeki, 2010).

It is essential for comprehensive diagnosis and analysis of the leadership relationship to examine the causes of the distinctive features and

effects of the leaders activity to modify the behavior of their supporters and third parties. The study conducted over the last few years seems to confirm that an important factor in the formation of leadership relationship is entrepreneurship of the leader. Entrepreneurial activity in leadership relationship relates primarily to creative and courageous shaping organizational reality based on a good assessment of the situation, especially social expectations. Desirable, in a given place and time, attitudes and behavior depend on the cognitive schemes and their tendency to divide people into categories. A better understanding of social expectations and the effectiveness of entrepreneurial leaders in creating acceptable solutions is easier to obtain, among others, thanks the theory of categorization of leadership and the theory of social identity and leadership. The first one assumes that people have their own ideas about the optimal behavior of the leaders in typical or specific situations based on cognitive schemes of the types of leadership. Then, it starts a process of prototyping, storing them in memory and run in a specific social context. Lord, Foti and DeVader (1984) have identified 27 prototypical characteristics of a leader. These are e.g.: dedication, goal orientation, information, charisma, determination, responsibility, intelligence, determination, organization, verbal skills. According to other studies, these factors are: dedication, intelligence, charisma, strength and sensitivity (Offermann, Kennedy, Wirtz, 1994). Besides this, effective leaders must be flexible, modify their behavior to the needs of tasks and social requirements (Hall, Workman, Marchioro, 1998; Zaccaro, Foti, Kenny, 1991). Characteristics highlighted by researchers can also be a mirror image of an entrepreneurial person. According to the above described theory, leadership is the result of individual information processing, but not the characteristic of specific social groups (Kozusznik, 2005, p. 118). This information processing takes place on the basis of patterns of understanding social reality acquired in the process of socialization and learning. While, the theory of social identity and leadership (Hogg, Martin Weeden, Epitropaki, 2001) assumes that people have a tendency to divide people into categories.

Source of positive self-esteem results from belonging to a socially relevant group. The more growing the importance of the psychological group, the more the basis for leading the social identity is becoming (importance of prototypicality instead of the leadership characteristics) (Hogg, 2001). In the cases, in which the importance of group is lower than previously described, a greater impact on choosing leaders have their individual features. According to Hogg, leadership effectuality also depends on their social attractiveness. Often a very enterprising, feisty person is socially recognized as a good leader. Unfortunately, sometimes people thoughtlessly follow them, with laziness or need to avoid the responsibility, not paying attention to their real competencies.

## Conclusion

The role of entrepreneurship as a main factor which shapes the type and character of organizational leadership is an important domain to discover. Entrepreneurship is the force that affects the quality and diversity of life. Reality shaped due to the attitude of the activity, constantly creates new possibilities for action and generates interest and admiration of society. This feature is one of the most visible extraordinary talents (ability, skill) which helps individuals to find followers of created or coordinated actions. Therefore, the entrepreneurs are often successful leaders within the initiated activities.

According to my own critical analysis of different studies (including my studies of organizational leadership and role of local leaders in three sectors of the Polish economy) and theoretical concepts (presented in this article) a very interesting issue for further analysis and research seems to be cultural inheritance of features and attitudes of an entrepreneurship. Especially important research seems to be a generation change or stability of behavior existing in families in which there are/were successful entrepre-

neurs, managers and leaders. It also important to analyze the role of Polish national culture and national character of Polish society in shaping new attitudes, especially entrepreneurship. Other direction in which the research is planned is the role of different institutions – family, kindergarten, school, local governments, entrepreneurs associations and state in promoting, creating, changing and maintaining specific cultural ideals.

Further study – questionnaire interviews and observation will be conducted especially in local communities because they are an essential part and foundation of civil society. In organizations that exist in the three sectors of the Polish economy there are people whose activities inspire other community members to start thinking in a more positive way and become a part of these new activities, they are often followers of leaders. Of course, such approach to life often evokes strong public resistance especially among people who are jealous, envious, passive and conservative.

A real chance to conduct in-depth research of this phenomenon described in this article is to observe my previous studies of local leaders and activities of local communities members (for example: Haromszeki, 2014; Haromszeki, Jarco, 2012; Haromszeki, 2012, Haromszeki, 2011a, Haromszeki 2011b), because both attitudes: activity and passivity/ hostility often relate to families and local communities. We still observe that trans generation maintains the attitude of entrepreneurship or helplessness which are difficult to modify, even with a very creative approach to education and vocational training.

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# An Analytical Model to Explain the Governance of Family Owned Businesses

## **Abstract:**

The governance of businesses tends to vary depending on the ownership, i.e., the private sector vs. the public sector, or the industry, for example, banking vs. non-banking, and many more. This paper aims to develop an analytical model in explaining the governance of family owned businesses more specifically. It argues that because of the family ownership and the family management, family businesses require a particular attention. Also, because family businesses appear to set non-financial goals in addition to financial goals the governance of family businesses cannot be equally treated as those of other firms in the private sector. Given the less developed nature of the capital markets in the developing countries such as Sri Lanka, family businesses play a significant role in the economic development of such countries. Nevertheless, family businesses face significant survival challenges, as they are likely to promote those who have family ties into management positions than the professional managers. By reviewing the existing literature critically, this paper identifies the variables, namely family power (i.e., ownership and management), experience and cultural

factors, which influence the accomplishment of financial and non-financial goals of family owned businesses, and develops an analytical model to explain their governance.

**Key words:**

**family owned businesses, governance, family ownership, family involvement, analytical model.**

## 1. Introduction

The majority of research studies on family business conducted during last couple of years have focused on their economic dominance (Chua et al., 1999; Habbershon et al., 2003). The purpose of this paper is to develop an analytical model to explain the governance of family owned businesses. The success of exploring family ownership and involvement in business mainly depends on the identification of family business as a separate type of business from non-family business. However, the existing literature suggests that it is difficult to establish sources of this uniqueness in comparative studies between family and non-family businesses. In identifying the uniqueness in family business based on prior research related to family businesses, family ownership and management in business appear to play a crucial role. Thus, this study argues that family businesses are comparatively different from non-family firms because family ownership and management play a significant role in shaping the success or failure of family businesses.

The rest of the paper is structured as follows. The next section attempts to identify family businesses more specifically. For this purpose, some definitions for family businesses given in the literature will be reviewed to identify their source of distinction. Following that the third section discusses different views of family involvement namely the general view of family business and the special view of family business. The next two sections respectively classify the family owned businesses and identify financial versus non financial goals of family owned businesses. In the penultimate sec-

tion, a framework to explain the governance of family owned businesses is introduced. The final section provides concluding remarks of the paper.

## 2. Family Owned Businesses

Family businesses may require a particular attention in governance due to their unique features over non-family businesses. This section recognizes specific characteristics of family owned businesses and explains how they are different from non-family businesses. It will first discuss some of the definitions available in the literature on family businesses, and then identify the factors that distinguish family businesses from non-family businesses.

Although many scholars attempted to define family owned businesses there is no commonly accepted definition for universal application (Klein, Astrachan, & Smyrniotis, 2005). Among them the one by Gersick et al. (1997) appears to provide a comprehensive definition of family business. They have identified three factors for the difference between family and non-family businesses, namely the higher shareholding ratio or the portion of ownership holding by a particular family compared to non-family members of the business; the family member or relative within second degree relative is acting as the president or the general manager; and family members or close relatives occupy more than half of the board of directors. In this definition, the critical shareholding rights of family members are used as the key variable for identifying family business. Meantime, the key position in the business such as the Chairman or CEO is also considered.

All or part of the entrepreneurial management levels of an enterprise seems to be based on blood or relative relationship in a family owned business, and it has certain entrepreneurial ownership and control right. Following that, family business can be defined as an enterprise with ownership effectively controlled by one or more families. The extent to which a family can control a business depends on three aspects, namely family owner-

ship, management involvement and willingness of succession (Chua et al., 1999; Habbershon et al., 2003). This definition suggests that characteristics such as family ownership, family management right, succession, family involvement, family shareholding structure and level of control by a family, make family businesses different from non-family businesses.

Nicholson (2008) points out that a family business consists of characteristics such as ownership and management right, succession and power transfer, and a team between relative and non-relative. Family members control the family business and thus the decisions regarding management rights are affected by family relationship (Gersick et al., 1997). Hence, unlike in the other businesses, family members possess most of the ownership and control rights in family businesses which are transferred between generations. For instance, elder members in the family will be replaced by the younger members in the family, i.e. family businesses have succession and power transfer characteristics.

Considering the definitions of the most recent contributions, there is a growing agreement among the researchers around two key ideas. First, family businesses are not homogeneous entities, but consist of different types (Sharma 2004; Chrisman, Chua, & Sharma, 2005). Second, all family businesses have interaction of the business entity, the family unit, and its individual members (Habbershon & Williams, 1999). Such interaction creates unique systematic conditions and constituencies that may enhance or diminish competitive advantage, and impact on performance outcomes of family business social system (Habbershon, Williams, & MacMillan, 2003).

Habbershon et al. (2003) argue that the performance of family business is a function of 'familiness' which refers to the peculiar bundle of resources and capabilities resulting from the system interactions. They use the term 'familiness' to characterize those interactions between family members, the business and the community with the potential to create competitive advantage or disadvantage for the business that creates a uniqueness to family business. While this is a useful abbreviation for what makes family busi-

nesses different from non-family businesses and their success or failure, as a concept it also provides a foundation of a theory for the family business.

Further to the views expressed from the point of view of ownership and management on the differences between family and non-family businesses, the literature suggests that customer and supplier point of views can also be used to distinguish these two types of businesses. For instance, family businesses tend to be more interested in building long-term relationships with customers and suppliers (Gomez-Mejia et al., 2001). Such actions have broadened the customer relationship and allow for a better knowledge of the client, while the personal, face-to-face involvement between family members and customers can set connections, increase mutual understanding and boost loyalty (Miller et al., 2008). For example, Buckley (2006), in his study on consumer perceptions of Irish family businesses, found that respondents had positive shopping encounters with family businesses. Their findings also suggest that family businesses are perceived to be more trustworthy and expected to hold high levels of product knowledge and customer service.

Some other researchers have identified that family connection is an important feature in family business (e.g., Morck & Yeung, 2004; Poza, 1995). This means that owners of family firms are more eager in sustaining the business because of the 'deep connections between the family and the business' which is not a feature for non-family businesses. Morck & Yeung (2004) argue that family businesses merely want to take care of their own interests. Poza (1995) suggests that family businesses enjoy a competitive advantage among other things due to family interaction. It is clearly based on these findings that family businesses are influenced by the owning family. Goehler (1993) points out that family influence forms the family business different. "At the most basic level, what differentiates a family business from other profit seeking organizations is the family's influence on the decision making and operations of the firm" (Chrisman, Chua, & Zahra, 2003).

The analysis of the definitions of family businesses suggests that family businesses are comparatively different from non-family businesses. The important features of family businesses as stated in definitions over non-family businesses include family ownership, blood or relative relationship between the ownership and management, 'familiness', customer and supplier relationships and family connection. Next section discusses different views of family involvement.

### 3. Different Views of Family Involvement in Businesses

The existing body of literature has increasingly looked into 'family' as an explanatory concept to understand organizational behavior (Sharma, 2004). This growing body of literature can be used to identify key characteristics of family businesses. Those characteristics vary, firstly creating a differentiation between family and non-family businesses and secondly even within the family businesses. Most of such studies have given prominence to family involvement, and to anticipate how this may influence family businesses and how this involvement has become a significant factor of such businesses. The previous section reviewed the definitions of family owned businesses with a view of identifying family owned businesses separately from non-family businesses. This section discusses different aspects of family involvement that lead to identify family involvement as the significant character of family business in terms of differentiating family and non family businesses.

Family membership appears to be contextual and subjective. For instance, Habbershon et al. (2003) state that 'family' is in many ways utilized incorrectly with its affiliation of a nuclear unit or an extended family that includes individuals who are directly related in organizations, or may be extended to more distant relatives (Habbershon et al., 2003). Further, Stewart

(2003) argues that it is more appropriate to talk about “kinship” rather than family businesses. Furthermore, Paredo (2003) extended this idea further, arguing that kin includes not only relations by blood and marriage but also can be included “spiritual” kin, based on characteristics such as birth place or identification with a common community. These different views of family involvement can be discussed in two ways: the general view of family businesses and the special view of family businesses in order to establish that family involvement is a major contributory factor among all other factors discussed above in relation to family businesses.

### *General View of Family Involvement*

The discussion so far in this section leads to the conclusion that family involvement in the business is what makes the family business different from non-family business. Researchers argue that family involvement will lead to distinctive goals, behaviors, and performance outcomes within and outside the family business (Chrisman et al., 2005; Dyer, 2006). Further, several studies find that family firms are performing better than their counterparts simply because of family involvement in such businesses (e.g., Anderson & Reeb, 2003).

However, some researchers argue that better performance in the family owned businesses is more likely due to the way family involvement and performance are measured in those studies (see Chrisman et al., 2010). More specifically, they reveal that family businesses have distinctive goals than non family businesses, and thus the performance of family businesses needs to be measured differently than that of non-family businesses. Moreover, some others argue that what is more important is not the definition of family businesses but how much the family is involved in the business that gives a clear difference between family and non-family businesses (Astrachan, Klein & Smyrniotis, 2002). Finally, the power of family in-

volvement is likely to depend on the extent to which family can influence on the business (Chrisman et al., 2005).

Sharma (2004) outlines several variations of family involvement in family businesses. The first is the control of the family over voting or power and day-to-day management, i.e., the family's control over governance of the business. The next two variations are the depth and the breadth of family involvement in the business (Sharma, 2004). The former refers to the involvement of family members across generations. This is most commonly referred as leadership succession within the family. The latter refers to the number of family members in the business regardless of whether they are being paid or not. This may range from the unpaid labor of housewives undertaking small tasks for the business to most or all positions by family members within the business.

This general view of family involvement reviews one important aspect. It clearly emphasizes the family business as different type of business over non family business. Further, this review of family involvement explains that not all family businesses are equal in terms of family involvement. Nevertheless, it is evident that family involvement plays a significant role in family businesses.

### *Special View of Family Involvement*

The special view of family involvement reviews the nature and the degree of family involvement in detail. Scant attention has been given to study the nature and the degree of the family involvement in businesses in the literature (Dharmadasa, 2009). Among few studies, some consider family involvement as a means of affecting the business, and analyze the relationship between the family's effect on the business and business performance. They appear to seek how the presence of family affects the performance of businesses. Astrachan et al., (2002) measure the effect of the family in terms of the fam-

ily power, experience and cultural factors. This special view of family business is likely to remain with these three factors of family business, and provides a solid ground of significance of family involvement in the business.

The family power, experience and cultural factors seem to have many advantages in assessing family involvement in the family business due to its multi-dimensional perspective. The power of family members engaging in business concentrates on the areas of family's share in ownership, management, and governance (i.e., power sub-scale); the generation that owns, manages, and governs the business, and the number of family members within and outside the business context are explained by the experience factor (i.e., experience sub-scale) of family involvement. Finally, the cultural factor (i.e., culture sub-scale) is reviewed by the family's commitment to the business and the degree of similarity between family and business values (Astrachan et al., 2002). These sub-scales are important to understand the degree to which the family is involved in and therefore influences the business.

Several studies have also investigated the effect of family involvement on business performance by using these three criteria to measure the degree of family involvement. The performance has been measured in such studies being financial related and managerial performance of businesses. Among the studies which have been carried out to investigate the former relationship, Jaskiewicz et al. (2005) find that greater family involvement (measured by the power sub-scale) is associated with better long-term performance of the companies share prices in German and Spanish. In a similar study, Alcaraz (2004) employs two methods to assess the family effect in Mexican family businesses: the three factors namely family power, experience and cultural factors, and the familial index. The familial index, which only includes the family's share in ownership and management, shows a weak positive relationship with satisfaction of financial performance. Ayranci (2009) also initially employed the three factors but later claimed that this scale, in its original form, was not appropriate for Turkish family businesses. Instead, he identified five criteria in the pilot survey

to measure the family effect namely, contribution of the family to financial decisions; loyalty and harmony related to the business; effects of spouses; effects of successors; and effects of founders. This study finds a weak negative relationship between the family effect and the satisfaction with financial performance.

Few studies have been conducted to look into the relation of family involvement and managerial performance. For instance, Jaskiewicz et al. (2006) examines the relationships between the family effect, the behavioral patterns of top management teams and business performance in German family businesses. They reveal that the presence of family causes top managers to act similarly to the family members while maintaining a focus on the firm's performance. Further, Di Pofi (2003) analyzes the relationship between the family effect and managers' satisfaction with the financial performance of their business, using data from the 2002 American Family Business Survey. While the power sub-scale is omitted, the experience and culture sub-scales showed a positive relationship with the degree of satisfaction in this study. Furthermore, Dudaroglu (2008) investigates family firms in Turkey in the automotive supplies industry using the culture sub-scale as a means of assessing the family effect. Positive relationships were found among the family effect, business performance, and the behavioral integration of the top management team in this study.

Despite the importance of the family power, experience and cultural factors in measuring the degree of family involvement in businesses, there are drawbacks using this instrument in some cases, for example, single owner managed family businesses (Ayranci, 2009), incapability of measuring all dimension of family involvement, lack of organizational aspects in the measurement (Ayranci & Semercioz, 2010). However, those who argue against these three factors believe that it is one approach among several other approaches to measure family involvement. For example, Chrisman et al. (2005) states that determining nature of business as family or non family in terms of family involvement is harder than it appears at first glance.

## 4. Classification of Family Owned Businesses

The discussion so far indicates the complex nature of the family involvement in the governance of family businesses. In order to clarify matters related to family involvement researchers have attempted to divide family firms into different categories based on their characteristics. This classification assists to identify differences within the family businesses based on the degree of family members' involvement in ownership and management. The types of family business include pure family business, quasi family business, pan family business and mixed family business (Astrachan et al., 2002). Each type is described below.

**(1) Pure Family business:** The level of control by the family in the pure family businesses is 100 percent. For example, in pure family businesses, all the property rights and voting rights are controlled by the hands of the enterprise leader or his/her family members, meanwhile all the management positions in the enterprise are held by the blood relative members of the enterprise leader. All the property rights, management rights, management personnel and control rights of the enterprise are monopolized by the family.

**(2) Quasi family business:** In this type of a family business, property rights, control rights and management positions are held by the family. The only difference is that members entering the enterprise include not only the blood relative of the enterprise leader but also the marriage relatives of the enterprise leader. At this moment, the ownership and control rights of the enterprise are still remaining within the scope of blood and marriage relatives.

**(3) Pan family business:** The pan family business includes not only the family members but also familiar people and relatives in law. The control right of pan family business is possessed by people at the external side of the family. However, the boundary of authorization is critically controlled within a narrow range.

**(4) Mixed family business:** This type of family business is the mainstream of family business. Mixed family businesses include privately held busi-

nesses and listed companies. Therefore, the management positions of mixed family business are acted by different identities of management personnel such as the family member, marriage relative, pan family member and familiar people of the enterprise leader and the personnel recruited from the society. The control right of the enterprise is further possessed by people at the external side of the family.

This classification of family businesses reflects greatly the different types of family involvement within the family businesses and facilitates to differentiate the governance of family businesses. However, in assessing family involvement in business, this differentiation can also have some limitations, for example, researchers failed to identify the exact point of deviation from one type of family business to another.

## 5. Financial vs Nonfinancial Goals of Family Owned Businesses

Another approach used to differentiate family versus non family businesses is based on the dimension of different features of family businesses performance measures. Generally, irrespective of the nature of the business, growth performance indicators such as sales and employment growth, and financial indicators in the form of ratios are being used in order to measure the performance in finance of the businesses all over the world. However, it may not be fair to measure performance purely on financial terms. This is because non-financial performance indicators should also be included as many businesses operate towards achieving non-financial goals such as self-satisfaction, business expansion, providing job opportunities, and maintaining the dignity. Such non-financial performance indicators are mostly reflected in family businesses' performance in addition to the financial business performance (Anderson & Reeb, 2003).

Naman and Slevin (1993) argue that family businesses need to have a balance between business and family objectives as family business entrepreneurs primarily focus on non financial business performance targets (family objectives) compared to those of non-family. Many research studies emphasize that profit maximization is not the only (or primary) objective of family businesses (Chrisman et al., 2005). They have other broader objectives than profit maximization such as continuing family harmony, maintaining family pride, providing jobs for family members and generational succession (Astrachan & Shanker, 2003). Such goals may lead even to constraints as they acquire costs which adversely affect business's financial performance (Chua et al., 2006). Even though such non-financial indicators are not limited to family businesses in general, their distinctiveness resides in their objectives; addressing the needs of the family like family control, involvement, reputation, and satisfaction among others.

Present generation that runs the business also matters a lot in case of differentiating family and non family firms in terms of objectives of the business. For instance, Westhed & Howorth (2006) reveal that first-generation businesses and businesses with a low proportion of managers being family members were less likely to report that family objectives have priority over business objectives. This could be due to some indications that in first-generation family businesses, the owner will probably also be the founder, and issues of survival and growth will dominate in business decisions, while family involvement may be rather limited. As the business matures, the family may turn its attention to support an increasing number of family members in the business (Gersick et al., 1997), and businesses may focus on family objectives to a greater extent than what they were used to do earlier (Dyer & Handler, 1994).

The real issue more specifically is that whether family business entrepreneurs will place family concerns over business success or growth. Based on this issue, Ward (1987) classifies family businesses depending on their preference to pursue a business-first or a family-first philosophy.

Dunn (1995) argues that business-first businesses are more likely to possess the attributes needed for growth. Further, Singer and Donahu (1992) identify two distinct types of family businesses: the family-centered business, where the business is a way of life; and the business-centered family, in which business is a means of livelihood.

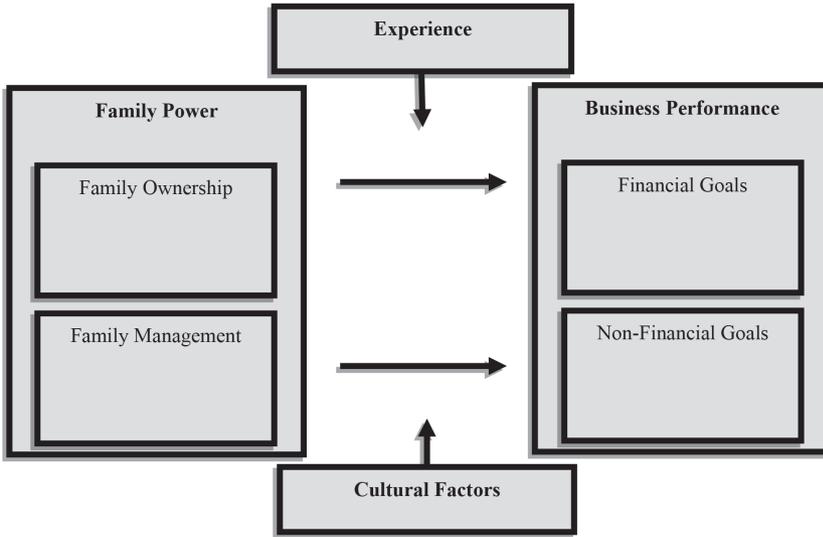
The discussion in this section suggests that family businesses may create value for the family more than for the business. The performance of family businesses, therefore, is not able to measure totally in terms of financial goals as it is measured in non-family businesses. This mutual interaction between the business and the family cannot be seen in non-family businesses. In such businesses, the ultimate objective could be to maximize profits or achieve financial goals of the firms. Therefore, it can be argued that family businesses are comparatively different from non-family businesses in terms of performance measures, and thus, in measuring the performance of family businesses, non-financial measures need to be considered in addition to the financial measures of performance.

## 6. A Framework to Explain the Governance of Family Owned Businesses

This paper argues that power of the family in family businesses depends on the ownership and the management. The former seems to be based on the ownership share of the family members in business while the latter can be depended on the degree of representation of family members in the board and the team of management. Such factors, together with the experience of the family members in owning and managing the business and the cultural factors, are likely to influence the performance measured in terms of financial and non-financial indicators. Figure 1 shows the diagram of this relationship. In sum, this paper supports the literature that argues “family businesses are comparatively different from non-family businesses” and

“family ownership and management play a significant role in shaping the family businesses” both of which have an influence on the financial and non-financial goals established by the family businesses.

Figure 1. An analytical model to explain the governance of family owned businesses



Source: own work.

## 7. Concluding Remarks

This paper reviewed the literature on family businesses. It critically examined the existing definitions on family businesses and discussed different views of family involvement in family businesses in order to identify specific characteristics of family businesses and to assess the ways in which they are different from non-family businesses. Further, family businesses were classified into four groups based on how they are owned and managed in order to identify the differences within the family businesses. Furthermore, it was revealed based on the literature review that the goals of family businesses are different from those of non-family businesses; where in the

former, non-financial goals are also established in addition to the financial goals. All these findings suggest that family businesses are comparatively different from non-family businesses and family involvement plays a significant role in shaping the degree of success of family businesses. It can be concluded that despite of all different views of definitional, involvement and performance measures, family power, i.e., family ownership and management, are core in the governance of family businesses.

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# Analysis of Media Consumption among Polish and Russian Students

## **Abstract:**

Living in the contemporary world the man adapts his knowledge and capabilities to various technological forms which are imposed on him as a result of technological progress and development. Younger and younger generations use technological innovations more and more smoothly, living with them almost round-the-clock. The topic of this paper is media consumption by the students. The paper describes surveys of the consumption of TV, internet and other media (e.g. mobile telephony) by the Polish and Russian students and analyses the purpose of their use in their private lives and in student work. In young generations the borderlines between real and virtual worlds tend to become more and more blurred because of growing consumption of spare time. Media consumption has its numerous advantages and disadvantages. The technological development is made at the expense of addictions of young people and lower labour efficiency. This issue is addressed by more and more European countries. On the other hand, smooth consumption of new media creates a lot of interesting opportunities and allows to tap hidden potential of the worker to the ben-

efit of the company he works for. It turns out that Poland and Russia have a lot in common. The surveys show that a lot of similarities are in media consumption, since both Polish and Russian students tend to spend more of their spare time with the media. Some differences are driven by various degrees of individual media consumption and by their popularity.

**Key words:**

new media, media consumption, television, the Internet, mobile phone, intercultural studies, student life.

## Introduction

21<sup>st</sup> century is the time of technological progress and development that yields solutions that support faster and more cost-effective communication in the business world. Therefore every human being living in the contemporary world has to learn how to live with the media. Various facets of life (social, professional and personal) agile usage of technological knowledge. Students are an exceptional group because of the type of learning induced by courses at universities and the way of spending their spare time. Some Internet sites offers special tools which allow students to enhance their learning and improve communication skills (Brydolf, 2009, p. 4). They consume more new technologies than other individuals. Nowadays a young man with a tablet, earphones and a mobile phone in his hand constantly connected to the Internet commenting posts is quite a common view. According to a Nielsen Media Research study, approximately 25 % students' time on the Internet is presently consumed on social media (Jacobsen, Forste, 2011, p. 275). Being online, instantly responding to every new message is a part of modern social life. It is a dominant feature of new generations' lifestyle (Gerlich, Browning, Westermann, 2010, p. 35–41). This feature depicts contemporary identity of a young person. This feature defines also a new approach to marketing strategy, which can be noticed on the basis of McKinsey 7S Framework (Landowska, 2012). The dissemi-

nation of electronic media, which was proven by McKinsey surveys, calls for the development of new selling and marketing solutions. The one-way communication model was replaced with two-way communication model, which forces companies to be constantly present on the Web via Web fora and social media. Another example is building high product awareness using model of D. Aaker (Dębski, 2013, p. 44).

Meanwhile the technological developments, which are used by the human being on everyday basis, cannot be treated only as contemporary gadgets. New communication tools lead to the creation of the new generation of people who use other communication methods, other communication standards, other values and thus they create a brand new social quality (Szafranec, 2012, p. 29). This new social quality translates into flexible using communication tools in further students work. Frequently members of teams may consist of people working in other branches, even on various continents without the necessity of physical face to face contact using teleconferences and other on-line contacts are carried out remotely in most multinational companies<sup>1</sup>. Thanks to such solutions the company makes substantial savings because of cutting business travel and accommodation costs.

Statistics showing dynamic Internet growth compared to other media are the proof of how quickly new technologies conquer the world. It took radio 38 years to reach 50 million audience, television – 13 years, cable television – 10 years, whereas Internet needed barely 4 years. This phenomenon has been further accelerated in social media: Facebook gathered the audience of 100 million users just in 9 months and it is used by 1.11 billion people on a monthly basis (United Nations Cyberschoolbus, 2013). It is estimated that currently there are 3.2 billion Web users (ICT Fact & Figures, 2015, p. 1), which indicates an astonishing feature of new com-

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1. In corporate jargon they are dubbed "conf-calls".

munication forms, which are characterized by global reach, density and frequency contacts among people.

According to the World Project Poland 2013 Report in the 15+ age group of respondents, 62% of Poles use Internet and spent 15.7 hours on the Web per week. Respectively, television is watched for 13 hours per week, radio is listened to for 12.2 hours per week, whereas other media (press) constitute for 2.5 hours per week. Moreover, 31% of Internet users own a Smartphone, whereas 12% own a tablet. 7% of Internet users have at least 3 devices connected to the Internet in their households (World Internet Project Poland 2013).

This paper presents the main findings of intercultural studies carried out on Polish and Russian students. The area of interest was narrowed to the use of new media (Internet, television, smartphones) and application of the new media at Polish and Russian students' work, studying and personal life. Their view translates into employers' approach and better understanding of organisational culture prevailing in Poland and Russia.

One of the vital questions in relation to the change of communication channels and methods for searching information in media is: "What information do the students search for in media channels?"

According to P. Chocholska and M. Osipczuk students search for information in their fields of study, they download free textbooks, search for final grade paper information or examination questions. Some students play games as a form of distraction from problems such as unhappy love life, uncertainty about the selected field of study, problems with their colleagues or family. Under such circumstances a young man escapes from the emotional world to the fictional reality and consequently he avoids his own emotions. Internet is a source of all information, base for development and way of learning about the world. Thanks to the Web access, students have a chance to get familiar with the views of other people, can develop their personality. The lack of Web access would deprive 20-year-olds of knowledge about contemporary world, professional and life opportunities (2009, pp. 35–36).

The new technology consumption in Poland is highly diversified, which was observed by Janusz Czapiński in his 2013 Social Diagnosis. This claim is confirmed by K. Szafraniec who termed this as "digital divide" that is people who find their place in the world of digital media or people who are excluded from this world. The digital user of new media is young, well educated, living in a big city, whereas the excluded individual is a person deprived of access and lacks competencies necessary to enjoy new technologies and hardware, which is the source of symbolic and communication exclusion (p. 33). The digital user meets the criteria of surveyed Polish and Russian students.

Tough relations between Poland and Russia in historical, political and social terms have undoubtedly been a barrier in mutual contacts. Therefore observation and comparison of opinions, behaviours and everyday life of Poles and Russians is an extremely interesting aspect of these studies. Are these two neighbouring nations indeed so different or perhaps they have something in common e.g. the consumption of modern technologies?

## Survey methodology

In 2013 there was carried out a survey concerning aspirations, dreams, lifestyle and life objectives of Polish and Russian students<sup>2</sup>. The researchers from both countries were interested in the opinions and views of the students on everyday life aspects vital to them, on their aspirations and future plans. The survey was designed by the project authors as a co-operation platform for researchers from selected Polish and Russian universities. The survey findings were used to carry out a comparative study of opinions and views of students in both countries on the issues covered by the scope of survey.

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2. The survey team consisted of: Agnieszka Serafin, PhD., Hanna Warsewicz-Górska, Doctor Habilitatus, Krzysztof Kandefer, PhD, Edyta Łyszkowska, PhD, Maciej Dębski, PhD, Zdzisław Sirojć, Doctor Habilitatus, Jerzy Chorążuk, PhD, a research team from The Maria Skłodowska-Curie Warsaw Academy, and Nonna Borisovna Zinovieva, Prof. and Elena Yakovlevna Galimova, Associate Professor at Krasnodar State University of Culture and Arts agreed on the concept for carrying out a joint survey, which was supposed to be an international comparative study.

In principle it was assumed that both Polish and Russian experts have freedom in the selection of a university. Consequently a decision was made to survey Polish students from the extramural course at university - The Maria Skłodowska-Curie Warsaw Academy and from Russia – also the students from only one university, the Krasnodar State University of Culture and Arts. In both cases surveyed students were attendees of the full course.

The above arrangement and the selection of university had methodological impact on the survey findings. Namely the survey findings are not representative of the opinion of surveyed academic communities in both countries. The researchers were aware of the deficiency of survey findings based on data only with from two universities from the very beginning, when the research project concept was accepted.

Such survey design was driven by the several material premises. It was assumed a priori that the selection of academia research sample was not going to be based on random rule (scheme), but rather it was a result of purposeful selection of universities in both countries. Then the selection of students from both academia was not going to be based on randomly selected sample and will not represent students from both universities. Finally it was assumed that the number of surveyed students at both universities in Poland and Russia, would be approximately around 200.

A part of the survey was concerned with media consumption. The project research problem was worded as follows: Are media consumption patterns similar or different and to what extent?

Are determinants and considerations different in both countries? The following set of research questions was developed:

- Are the students in both countries similar and to what extent? Are they different, and to what extent, in their attitudes and opinions?
- How do they spend their spare time (spare time structure)?
- Do they have their own PC and do they have Web access?
- How much time do they spend in front of a PC and TV set?
- What is the level of addiction to mass media?

- What information do they search for on the Web and what is the purpose?

The survey had cognitive and analytical dimension and focused on fact examination.

## Media in the lives of Poles and Russians – survey findings

An important issue, which is in the eye of interest of media consumption researchers is the amount of time devoted by the respondents to individual media. In the survey question asked about spare time structure 52% of Polish female students and 58% of Russian female students declared that it was their most frequent way of spending their spare time. The rates are much higher in the population of male students: Polish male students - 73%, Russian male students - 61%. This implies that media play an important role in the lives of young people and are one of the most time-consuming activities beside the time devoted to taking care of their families and housework. This is confirmed by the analysis of the spare time consumption structure where students were divided into two age categories: below 25 years of age and 26 + years of age. The survey findings show that both in Poland and in Russia, the highest amount of spare time is consumed by media in the category of students below 25 years of age. For students who are more than 26-years-old family values and house chores are of greater importance.

Respondents in both countries answered the question about the total time devoted to all media on weekdays in the range of 3-4 hours a day. The answers to this question seem not to be compatible with the next question about time devoted to PC. It might have happened that the respondents in both countries did not consider PC to belong to "all media" category. 25.9% of surveyed Poles and 23.3% of surveyed Russians declared that they spend 1-2 hours for all media consumption. 31.4% of surveyed Poles and 35.3% of surveyed Russians declared that they spent 3-4 hours for all me-

dia consumption. 16.2 % of surveyed Poles and 22.9% of surveyed Russians declared that they spent 5-6 hours for all media consumption. 18.9 % of surveyed Poles and 12.9% of surveyed Russians declared that they spent 7+ hours for all media consumption.

Table 1. Total amount of time spent on consumption of all media on weekdays

	Poland		Russia	
	No. of resp.	[%]	No. of resp.	[%]
1. below 1 hour	14	7,6%	11	5,2%
2. approx. 1-2 hours	48	25,9%	49	23,3%
3. approx. 3-4 hours	58	31,4%	75	35,7%
4. approx. 5-6 hours	30	16,2%	48	22,9%
5. 7+ hours	35	18,9%	27	12,9%
Total	185	100,0%	210	100,0%

Source: own calculations

Media consumption is correlated with age and with marital status. The surveys showed that the lower year of study at university, the more time is devoted to media. This rule applies mainly to the Polish students. Every third Polish student in 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> year spends on average 3-4 hours in front of PC. The time distribution in the population of older students is similar: 3-4 hours spent daily in front of PC. Both in the first and in the second time bracket there are approximately 27% of surveyed students.

In Russia one can observe a rule that the higher year of study, the more time student devotes to the media. 34% of students attending 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year of studies spend 3-4 hours daily in front of the media and 10 per cent more students attending 4<sup>th</sup> and 5<sup>th</sup> year. More than 22% of younger students (doing their 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year) and almost 30% of older students (the remaining years) spend approximately 5-6 hours daily in front of the media.

The amount of time spent in front of the media was not influenced by the type of studies, nor place of living (with parents or alone). Meanwhile an essential variable is the lack of partner in life. The surveys con-

firmed that being single is conducive to seeking oblivion in the media. Both in Poland and in Russia the lack of life partner leads to the situation where spare time is devoted to the media more frequently, whereas married people spent much less time on media.

The most popular media, helpful in learning and used for studying both by the Polish and Russian students, include personal computer (PC). As many as 90% of Polish students and 84.1% of the Russian students declared that they use a PC. Meanwhile 96.8% of the surveyed Polish students and 91.1% of Russian students declared that they use the Internet. Another popular tool allowing to enjoy media technologies is a mobile phone. 66.4% of Russian students and 42.1% of Polish students admitted that they use this technology to study. Similar percentages on the application of television to studying were declared both by the Poles (24.7%) and by the Russians (22%). The radio is used in Poland by 12.1% and in Russia by 6.1%, the MP3 player (music) is used by 9.5% of Polish students and 14% of Russian students. Tablets are far more popular in the population of Polish students (12.1%) than among Russian students (5.1%). Quite interesting is the percentage of people in Russia who declared other technologies (8.4%), in Poland it was (3.7%).

The students coming from the rural areas use new technologies more intensively than the students from the urbanized areas. This is the rule applicable to Poland. In Russia that rule is not applicable, namely the media are used more intensively by the students who originate from the city. Both in Poland and in Russia these differences most frequently reach a few per cent, however, a certain recurring trend can be observed.

The amount of time spent in front of a PC grows proportionally in both populations: Russian and Polish students. However, the surveys showed that more Russian than Polish students spent more than 2 hours in front of a PC (88.3% of Russian students and 73% of Polish students (Table 2)).

Table 2. Amount of time spent in front of PC

	Poland		Russia	
	No. of resp.	[%]	No. of resp.	[%]
1. below 1 hour	29	15,7%	5	2,3%
2. approx. 1 hour	21	11,4%	20	9,3%
3. approx. 2 hours	29	15,7%	52	24,3%
4. approx. 3 hours	24	13,0%	62	29,0%
5. 4+ hours	82	44,3%	75	35,0%
Total	185	100,0%	214	100,0%

Source: own calculations

Data on single students shows that above 59% of the Poles and 60% of the Russians devote more than 3 hours daily to the PC. The number of single Poles (28%) is by all means much higher than Russians (12%) who spend relatively less time in front of the PC.

Students who have relationships represent fairly specific group in terms of time spent in front of the PC. Childless young people have more time and also other values are more important for them. Meanwhile in the population of Russians that have relationships more than 93% spend 2+ hours of their time in front of PC. This is atypical behaviour, though specific to young people below 25 years of age.

The highest amount of time spent by the students from both countries sitting in front of the PC is devoted to: preparing for classes at the university (Polish students - 72%, Russian students – 84.7%) and searching for information (Polish students - 66.1%, Russian students - 74,1%). The highest discrepancy between both countries is the use of PC at work: Polish students account for 62.4%, whereas Russian students – merely 20.8%. Meanwhile Russian students spend much more time (as many as 66.7% of respondents) on conversation with their friends over Internet (chat) or e-mailing, whereas in Poland it is only every fourth respondent. In Poland the marginal percentage of the respondents admitted computer gaming, meanwhile learning of foreign languages via PC was declared by 12.7% of respondents. A reverse trend can be observed in the population of Krasno-

dar students where 11.1% admitted computer gaming, whereas only 1.3% of students (Table 3) declared using a PC for learning foreign languages.

Table 3. Utilization of time spent in front of PC

Option	Poland		Russia	
	No. of resp.	[%]	No. of resp.	[%]
1. preparing for classes at university	136	72,0%	183	84,7%
2. professional work	118	62,4%	45	20,8%
3. chatting (or e-mailing) with friends	47	24,9%	144	66,7%
4. computer gaming	11	5,8%	24	11,1%
5. information search	125	66,1%	160	74,1%
6. studying foreign languages	24	12,7%	3	1,4%
7. other	9	4,8%	12	5,6%

Source: own calculations

The PC-related activities vary a great deal not only for the breakdown by gender, but also by the country. The surveys showed that both in Poland and in Russia women are more bothered about class preparation. Class preparation is indicated as the first PC-related activity by the Polish female students (73%) and by the Russian female students (90%), and at the second place they mentioned information search on the Web. Both nations vary in terms of their attitude to work and to social life. More than 64% of Polish women stated that the Internet was a tool of their everyday work (in Russia it was merely 19%), whereas 66% of Russian women stated that they use the Internet as a tool for their social life: they chat with friends (in Poland it was only 24%).

Clearly in Russia social media and chats are widely propagated and deeply rooted in culture, since Russian men use social media to a similar degree and with similar frequency as Russian women do. Almost 47% of Poles use the Internet in their professional work (in Russia almost 10% less). What is more, almost 40% of surveyed Russians admitted that they go intensively for computer gaming. The percentage in Russia is twice as big as surveyed Poles.

The impact on the quality of time spent in front of PC has also the marital status of respondents. People staying in relationships value higher time spent away from PC, since they access the Internet mainly when they have good reason e.g. to search for information or to get prepared for university classes. Computer gaming or learning of foreign languages attract marginal number of respondents with established relationships. Besides Russian men and women make only an exception for chatting with friends.

Almost every second student in Poland enquired about the use of an e-learning method during the academic year admitted that he used this method (in Poland it was 50.3%, and in Russia 42.6%). In Russia much more students (57.4%) than in Poland (49.7%) have not used e-learning method (Table 4).

Table 4. E-learning courses used to learn during the academic year

	Poland		Russia	
	No. of resp.	[%]	No. of resp.	[%]
1. Yes	94	50,3%	89	42,6%
2. No	93	49,7%	120	57,4%
Total	187	100,0%	209	100,0%

Source: own calculations

In Poland every second female and male student used the e-learning method, while in Russia the differences in gender are marginal, whereas the percentage of students interested in e-learning method is approximately 10% smaller. In Russia the e-learning method does not arouse so much interest as in Poland, however, it is selected by the students in the initial years at university. Contrary to the basic assumption of the e-learning method i.e. it is perfect method for people living in the outskirts of the cities, this method has won the highest popularity among students living in the urban rather than rural areas.

Meanwhile the responses to the question on spending their spare time in front of a TV set turned out to be really astonishing. It has turned out that

Russian respondents declared much smaller amount of time spent in front of a TV set than their Polish counterparts. The inverse relationship is visible here. More than 54.3% of Russian students declared that they spent less than 1 hour daily in front of TV set, whereas in Poland such declaration was made by 37.8% of the respondents. Approximately 1 hour for TV watching is devoted by 21.8% of Polish students and 22.6% of the Russian students. Polish students declared two hours of TV watching ( 27.1%) and only 13.1% Russian students did the same. Approximately 3 hours daily of TV watching was admitted by 10.6% of the Polish respondents and 7% of Russian respondents. Above 4 hours daily of TV watching was admitted by 3% of Polish respondents and 3% of Russian respondents (Table 5).

Table 5. Time devoted to TV watching on a daily basis

	Poland		Russia	
	No. of resp.	[%]	No. of resp.	[%]
1. below 1 hour	71	37,8%	108	54,3%
2. approx. 1 hour	41	21,8%	45	22,6%
3. approx. 2 hours	51	27,1%	26	13,1%
4. approx. 3 hours	20	10,6%	14	7,0%
5. 4+ hours	5	2,7%	6	3,0%
Total	188	100,0%	199	100,0%

Source: own calculations

The TV watching time consumption by young women is similar in both countries. The largest discrepancies can be found in time spending declarations in the category below one hour of TV watching. Only 39% of Polish women ticked this category compared to 51% of Russian women. Almost every third Polish woman spends at least two (2) hours on TV watching. The quoted statistics show that Polish women are much more fond of TV watching than Russian women. However, a bigger gap can be observed in the male populations.

Russian men hardly ever watch television compared to Polish men. 87% of the Russian men declared that they watch television one (1) hour or less, and merely 13% of young Russian men watch television for two (2) hours and more. In Poland television watching statistics for men look entirely different. Less than one hour or one hour of TV watching was declared by almost 67% of Polish men, whereas every third Polish man watches television 2 hours or longer. The above data give testimony about different leisure culture in both countries and other ways of having entertainment in life. In Poland the entertainment is associated with television and the Internet, whereas the Russians prefer other forms of entertainment.

The same values vary a great deal in the population of students categorized by domicile. Most of Russians living in rural areas watch television less than 1 hour daily (almost 74% of them), whereas in other hour-based TV watching categories the percentages of respondents do not even reach 10%. This implies that the young people are required to help actively in farming or they prefer spending their spare time in other way than watching TV. What is more, Poles from rural areas watch television 1 to 3 hours daily (93% of them). In the population of Poles coming from urban areas TV consumption is also higher than in Russia.

The question if the students could imagine their everyday life without any indicated technology (mobile phone, television, Internet, iPod, laptop/PC) aimed at showing high dependency on a certain device, which could indicate initial phase of addiction in this area. The students would be plagued the most in their everyday lives by the lack of:

- Mobile phone: 55.7% of Polish students and 57.8% of Russian students,
- Internet: 29.5% of Polish students and 39.6% of Russian students,
- Laptop/PC: 24.7% of Polish students and 34.4% of Russian students.

The respondents would be the most inclined to give up watching TV (89.2% of the Poles and 95.3% of the Russians) and using iPod (95.6% of the Poles and 92.3% of the Russians) (Table 8). The survey findings confirm a trend among students from both countries to spend spare time on TV watching (see Table 6).

Table 6. Declarations of students on an option of not using the specified media technologies

Poland					
	YES		NO		Total answers
	No. of resp.	[%]	No. of resp.	[%]	
1. mobile phone	81	44,3%	102	55,7%	183
2. television	165	89,2%	20	10,8%	185
3. internet	129	70,5%	54	29,5%	183
4. iPod	172	95,6%	8	4,4%	180
5. laptop /PC	137	75,3%	45	24,7%	182

Russia					
	YES		NO		Total answers
	No. of resp.	[%]	No. of resp.	[%]	
1. mobile phone	89	42,2%	122	57,8%	211
2. television	201	95,3%	10	4,7%	211
3. internet	128	60,4%	84	39,6%	212
4. iPod	192	92,3%	16	7,7%	208
5. laptop /PC	138	65,7%	72	34,3%	210

Source: own calculations

The above table shows that Russian female students use mobile phones more than their Polish counterparts and could not live without them. However, they are less addicted to television, but more addicted to the Internet than Polish female students. The survey findings showed that the Russians spend less time on TV watching. The Russian men are more addicted to Internet and music listening than to television. Poles in turn could not cope without mobile phones and Internet (however, to a smaller extent than the Russians), and they also tend to spend a lot of time on TV watching. It is interesting to note that both young people in Poland and in Russia coming from rural areas tend to spend more spare time with the media. Russian respondents in this category have proportionally more declarations than Polish respondents. Perhaps the students coming from urban areas are brought up on the grounds of other cultural patterns and spend their spare time differently than their counterparts coming from the rural areas.

## Final remarks

The analysis of media and new technology consumption in everyday life shows that students in both countries tend to enjoy spending their spare time in a similar manner. More than 50% of students in each country spend their spare time in front of a PC or consuming other media. Also the percentage structure of the amount of time consumed using the media is similar: the differences are visible only when the structure is broken down into individual relationships.

The main tool for work and for contacting other people, both for Polish and Russian students, is personal computer (PC), which is also used to prepare for classes at university. However, for Russian students the PC is also entertainment centre and is used far more often for socializing.

The e-learning method is much more popular in Poland than in Russia. Both countries use e-learning method with various degrees of intensity at individual years of studies at university. Respondents' declarations on their time spent on TV watching are surprising. It seems that in Poland higher number of respondents devote their time to watching TV than in Russia. Higher addiction to media is shown by the students coming from rural rather than urban areas. These results are still better than in similar social groups, however, the fact of such high disproportions is quite disturbing. Higher amount of spare time spent on watching TV and consumption of other media means less time spent on real entertainment (forms of entertainment enjoyed in real time). The respondents in both countries disclosed their habits on the consumption of mobile phone, Internet and laptop. We can observe similar trends in other research of European students (Zawacki-Richter, Müskens, Krause, Alturki, Aldraiweesh, 2015).

However, the addictions of the students coming from the rural areas look differently – we can notice here a significant trend to spend one's spare time with a mobile phone and the Internet. Proportionally a high number of

students showed symptoms of early addiction to media. We can observe similar trends in other research of the European students.

The surveys discussed here represent a material contribution to the approach to the 21<sup>st</sup> century consumer, a consecutive generation of young people that are on the threshold of their professional lives. They show habits and opinions of young people in the field of quickly evolving consumption of media technologies.

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# Sustainability Leadership for Competitiveness in the Hospitality Industry in Mazatlán Mexico

## **Abstract:**

In recent years sustainability has become an important issue in business in a variety of industries. Those companies that succeed to integrate a fair balance between economic interests and the concerns about environment and social equity have had to integrate a core of sustainability values that guide their behavior in the way to do business. The leaders of the organizations have to design strategies not just to add value to their products or services, but to match the new frame of ethical and moral values of the company. This

new way to do business is having a deep impact in the competitiveness of organizations as a result of the savings in the supply chain and in the way they are perceived by consumers and society. The postmodern vision of the business organization has incorporated new and far-reaching modifications to the traditional view of leadership resulting in a new type called "sustainability leadership". This work uses a case study mixed method research will focus on determining and analyzing the characteristics of this new kind of leadership and its relationship with competitiveness in a very traditional and influencing hotel of Mazatlán, an important tourist destination of Mexico, which has been successful in reaching sustainability certifications for a number of years. The study will show the perception of key informants about the leadership and its degree of success regarding the business competitiveness and sustainability issues. It will also show the degree of fulfillment of sustainability according to an instrument designed for this purpose.

**Key words:**

**leadership, competitiveness, sustainability**

## 1. Introduction

The global industry of tourism and hospitality is currently experiencing a new reality where the demands of authorities and civil society regarding the environment are much stronger. That is why the industry has had to adapt, seeking new strategies where they have to take into account the sustainability factor. With the advent of globalization and new trends in the management and conceptualization of organizations in addition of new forms of competition they have had to change obsolete schemes that have undoubtedly contributed to environmental degradation of communities.

In this new reality the role of leadership has become extremely important to make more efficient and competitive organizations. It has evolved adopting new styles including one that it is related with sustainability. All of this as a consequence of the world's constant economic crisis where caring for natural resources and raw materials has become an imperative for every business because day after day they are becoming scarcer and therefore more expensive.

Years ago in the traditional world of business the purpose of the administration was to control and limit the people, imposing rules and regulations, seek stability and efficiency, design a top-down hierarchy for managing people and achieving results in the category of profits. However, today leaders have to find innovative solutions and achieve a high level of performance, administrators and business leaders require different skills to convince not only the workers but to win their hearts and minds, in order to create committed and effective teams to achieve the goals, always willing to make an extra effort and provide creative ideas.

Leaders should focus on developing people not controlling them, in order to adapt to new technologies in a difficult and constantly changing environment; all this in order to achieve a high level of performance and business effectiveness. As a result of the previous statement, a new type of leadership has arisen: that is the leadership for sustainability that as Ferdig (2011) described it needs a more holistic view of reality, more focus on creativity and openness to constant innovation.

The aim of this paper is to analyze this new type of leadership for sustainability and its impact on the competitiveness of the hospitality industry in Mazatlán, an important tourist destination of México, as well as their characteristics and traits that result in a new vision in the management of enterprises today. This paper may also contribute to enrich the body of knowledge about sustainability leadership and competitiveness by providing some definitions and schemes that can be helpful in future research.

## 2. Current state of knowledge

### 2.1. Sustainability and leadership evolution

#### 2.1.1 Sustainability in tourism and hotel industry

Tourism companies, especially hotels, are complex organizations with specific characteristics that differ from others by the deep interconnectedness

of the service provider and the user that largely determines their quality and permanence in the market (Ottenbacher, Shaw, & Lockwood, 2006). This industry, as others, is immersed in constant changes in customer needs, a very competitive market, globalization and constant technological innovation, which means that companies in this sector have to be continuously adapting to a changing and demanding complex environment (Mason, 2007).

One of the demands that are present today at a global level in the public and private sector as a group of official rules and norms, is sustainability (CREST<sup>1</sup> 2015). As a consequence the industry has had to respond to changes in the way they operate and do business. In such a sensitive industry the image that is presented to consumers is a very valuable asset so the business leaders come to understand how important the conservation of natural and cultural attractions is for tourist destinations.

In fact, the tourism industry has for a long time been emerging toward the adoption of sustainable growth models where conservation of natural resources and respect for the cultural and natural heritage of the communities is prioritized (CREST, 2015). The adoption of sustainability has become a badge that seems desirable and convenient for companies dedicated to tourism because of its impact on the very competitiveness of companies and as a way to have a good relationship with the government and society.

In this scenario the companies involved in the sector have been influenced by this trend to be more sustainable so they have had to echo the demands of the market and society in general so now sustainability is seen increasingly as a strategic objective to achieve and to determine in part the competitiveness of the organization (Lozano, 2012).

The concept of sustainability has been here for a while now. Since the first attempts to develop a real agenda and a true commitment of governments and the private sector, the role of the society and NGO's has been more and more important as drivers of this change in the way of doing business.

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1. CREST: Center for Responsible Travel

During the 1980s, environmental awareness grew linked to aspects of nature throughout the world, resulting in a considerable number of publications around the world on the academic, scientific and governmental levels. The first was the World Conservation Strategy (EMC), published in 1980 by the International Union for Conservation of Nature and Natural Resources (IUCN).

Seven years later, the WCED published a report entitled *Our Common Future*, known as the Brundtland Report. The EMC and Brundtland launched the concept of sustainability, "a new development model which meets the needs of the present without compromising the ability of future generations to meet their own needs" (UN, 1987). These principles were brought to the global stage and gradually received a wide acceptance by governments and environmental organizations, however, the concept of sustainability and its guiding principles were too broad so a plan with more specific goals and strategies that facilitates the implementation of those principles became necessary. That comes to reality at the Earth Summit in Rio de Janeiro, Brazil, when the Agenda 21 plan was launched.

Agenda 21 sets out a plan of action to implement the concept of sustainability, prioritizing environmental aspects linked to nature as one of the important aspects threatened by the development of nations mainly because the economic and social interests in many places of the world.

The growing awareness of sustainability, arising from the EMC, the Brundtland Report and Agenda 21 paved the way to generate the necessary conditions for positive global development, recognizing that the industrial and economic development contributes to the degradation of the natural and cultural environment because of their rampant self-destructive nature. It pointed that the plans and programs would have to be governed by principles that minimize such degradation and stop this self-destructive essence in natural and cultural environments around the world, through a holistic, inclusive and supportive participation of society to preserve the natural environment and its territory, which are inputs necessary for the operation of any industry.

Within this effort to include these elements in policies and development strategies, a set of principles aimed at strengthening sustainability in society in general was developed. The principles inherent in the concept of sustainability provide a more or less clear guide for application in the economy and industry, as its basic elements have been presented by governments, NGOs and numerous academic researchers reflecting a general consensus (Goodall & Stabler 1997; Jacobs, 1991; Slee, Farr & Snowden, 1997).

In an attempt to implement the principles of sustainability, after the Earth Summit, Jacobs (1991) proposed three important points regarding the term "sustainability" and how it could be effectively implemented. The first strategy is directed at institutional level - government, from which you should incorporate environmental considerations linked to nature as the main focus on logically coherent policy.

The second strategy is to generate a collective social consciousness about the exhaustion of resources with a focus on intergenerational equity in relation to the natural capital of the planet. The third strategy states that sustainable development should not be seen as synonymous with economic growth. As can be evidenced, consideration of the welfare of society, cultural values and the intrinsic value of the natural environment, at any angle of analysis, is essential to carry out a true sustainable development.

However, the shift towards a culture of sustainability has been slow, mainly due to trends such as economic neoliberalism, which prioritizes the immediate and growing profit for investors (Freeman & Gilbert Jr., 1992). This economic trend has been followed by many countries for decades, bringing serious consequences for society and the environment, especially in developing countries like Mexico, where problems of social inequality and environmental destruction are increasing in magnitude.

Recently Morelli (2011) extends the concept of sustainability to give more "clarity of purpose and direction", particularly with regard to the importance of valuing ecological services and recognition of our interconnectedness.

Today it is recognized by most of the organizations and governments that there is a need to establish processes and strategies for a balanced use of natural resources available to ensure current and future development. Referring to the fundamental importance of environmental sustainability for achieving any kind of sustainability either economic or social it is necessary to clarify that in the end the companies and firms eventually will need to obtain and use natural resources from the ecosystem so its conservation and correct use are essential for ensuring a smooth and affordable future.

There are a number of services that ecosystems provide to society and allow the development and growth of these (Morelli, 2011). These services fall into services like water supply of inputs, raw materials, energy, etc. Another service is the control such as those provided to regulate the climate, cleaning pollutants, to limit erosion and others. Support services result in soil formation, photosynthesis, dispersing and flow of water and plant and animal species. Finally the cultural services that have to do with an undercurrent of spiritual enrichment, recreation, and other cognitive development.

Trying to give a more extensive and inclusive definition we proposed that the term "sustainability" must be linked to a series of principles that determine its dynamic and lasting nature over time:

- It must be understood as an active system that feeds itself by immovable interconnections that determine the health and survival of natural ecosystems and human societies;
- its continuity is determined by actions taken at present but will impact exponentially in the future...
- and as a result a thorough review of the ecological, social and economic assets is required to achieve their wise use, aiming to ensure a balanced long-term development.

## 2.1.2. The postmodern vision of administrative practice and its evolution towards sustainable leadership

Postmodernism in organizations can be related to a cultural change in societies that comes from the adoption of a new set of moral and ethical values; Inglehart (1990) called them “post-materialist values” which are the result of the economic and physical security that has prevailed since the WWII in developed countries. These factors drift the individual to other directions aside the basic concerns of food and employment for example. The emerging values of postmodernism include the right to differ from the establishment, to raise the voice of individuals and be more influential in politics and organizations, including an emphasis on self-realization and self-expression in issues like the ones related to the quality of life.

Moreover postmodernism has a philosophical foundation as Hatch & Cunliffe (2013) state, citing authors as Foucault (1972, 1977) Bell (1973, 1976) Jencks (1977) Derrida (1976) and Lyotard (1979) among others. According to this new philosophy this movement is characterized by a widespread skepticism, subjectivism and relativism; by a general suspicion of reason; and an acute sensitivity to the role of ideology in order to assert and maintain political and economic power. That is why the study of post-modern organizations, according to Hatch & Cunliffe (2013), focuses on:

Appreciate and deconstruct organizational texts to reveal the administrative ideologies and thereby destabilize the modern ways of organizing and theorizing; promote the views of the marginalized and oppressed; encourage inclusive and reflective ways of theorizing the organization (page 39).

Under this new paradigm comes the so-called administrative post-modernism where priority is given to the extent of efficiency and increased business productivity despising the application of traditional methods apparently safe but that has no use to give the required boost to the processes within the company.

In this scenario the administrator must become the "change leader" to promote the adoption of new ways to develop new strategies, training of multitasking teams, adoption of new technologies etc., which the environment in which the company operates requires.

Postmodern company give guidelines for flexible organic models focused on the administration of the distinctive competencies of the workforce. Coordination and control in the postmodern company emphasize social cooperation. The company has to learn from the environment and modify or reinvent if necessary, and even have to create knowledge, be flexible and to be socially responsible. The above and other new features impose a new way to manage where the purpose is not only to match the demands and needs of the market but the society, the government and the environment as well.

### 2.1.3. The leadership for sustainability

Based on the evolution of markets and economic models to a postmodern view the administration practice is moving to new stages of evolution requiring a new kind of leader that has to be a creative and innovative individual. This leader is willing to be helpful and not just giving orders; is also willing to coordinate efforts and make consensus with his followers to achieve common goals including the ones that come from customers, employees, company and a society; a society that is increasingly demanding, with respect for the integrity and fair development in environmental and economic aspects.

From this perspective, leadership for sustainability is a challenge, largely due to the complicated nature of the interrelationships between social and environmental issues whose negative consequences are present everywhere and are becoming a challenge for the continuity of our way of life. Phenomena such as climate change, loss of biodiversity, freshwater depletion, social inequality, access to food and other issues related to sus-

tainability are just a sample of what is going on and cannot be ignored any more in organizations.

Moving to a sustainable path involves most of the time a conflict within stakeholders (enterprises and conservationists for example), deep ethical choices and problems related to uncertainty and the awareness or its lack of the interconnection between environmental and social economic systems. These features require a new sustainability leadership theory and its accurate practice through visible or invisible borders, a systems-oriented thinking and action (Shriberg, 2012).

According to Ferdig (2007) a sustainability leader is:

Anyone who takes responsibility for understanding and acting upon complex sustainability challenges qualifies as a “sustainability leader” whether or not they hold formal leadership or acknowledged political or social-economic influence. Sustainability leaders take conscious actions, individually and collectively, leading to outcomes that nurture, support and sustain healthy economic, environmental and social systems (page 32).

Continuing with Ferdig ideas, sustainability leaders are people who are forced to make a difference by deepening their awareness of themselves in relation to the world around them. In doing so, they adopt new ways of seeing; thinking and interacting that translate into innovative and sustainable solutions. This type of a leader is focused on the preservation and respect for the surrounding community.

Ferdig (2009) creates a relational model for sustainability leadership based on eight principles:

- Take responsibility.
- Look for holistic interconnections.
- Constructive talks convene. Create spaces and engage in constructive talks, build authentic relationships, involve experts and collaborators.
- Take a creative tension.

- Facilitate the emerging results.
- Understand the dynamics of social change.
- Experience, learn and adjust.
- Expand consciousness. (page 1)

This kind of leadership arises from the need for organizations to be more competitive in the market where social and government pressure to become more sustainable is increasing in addition to an opportunity to create a positive image to attract new market segments concerned about this issue.

Another set of features of leadership for sustainability is the one proposed by The Cambridge Programme for Sustainability Leadership, cited by Nelson (2011), which identifies the following:

- Systemic interdisciplinary knowledge
- Emotional intelligence and a caring attitude
- An orientation values that shapes culture
- A strong vision to make a difference
- An inclusive style that builds trust
- Willingness to innovate and be radical
- A long-term perspective of the effects. (page 4)

Nelson (2011) adds that “there is a growing recognition of the new kinds of leadership skills and business skills required to align the long-term competitiveness with large risks and challenges of sustainability” (page 1). Thus it is understood that the new century traditional models of leadership have to leave behind to take on the challenge of change in a world overwhelmed by the negative effects on the environment.

As can be seen, there are a lot of desirable characteristics for a leader of sustainability, but there are authors who are committed to basic and traditional models to define a good leader. For example, Kouzes & Posner (2007) argue that good leaders are honest, visionary, competent, inspiring and intelligent. In a globalized world, Morrison (2000) emphasizes the importance of developing leadership skills adapted to your company. In contrast the leader of sustainability usually includes a number of features, among which

one can distinguish the attributes, qualities or characteristics that are generally seen as enduring. According Visser & Courtice (2011, page 6) these features can be categorized as follows:

- Caring / morally-driven.
- Systemic / holistic thinker.
- Enquiring / open-minded.
- Self-aware / empathetic.
- Visionary / courageous.

Such characteristics cannot be the result of specific training or education, they are rather the result of a social environment that has evolved to new states of consciousness and a new relationship with the world and its systems that comprise either environmental, social or even mystical dimensions. Going further it can be pointed that the sustainability leaders are not just a result of a magic transformation, but the result of the integration into a specific social group. This social group is giving the messages, conscious and subconscious, associated with a deep respect for the natural balance and mutual interconnections and interdependencies between mankind and the environment. That will be reflected in their daily work and behavior trying to make this world a better place to live.

Finally the interest of the leaders for sustainability *is not simply the creation of wealth, but the creation of wellness; wellness for their companies, to their followers, for the community and the planet. It is the result of postmodernism and therefore open to new ideas and paradigms that prioritize free expression, group participation and creativity. It is not tied to traditional control schemes so their followers are with them because they are convinced that is the right thing to do, that they have the right moral compass and a firm ethic ground base, and achieving the objectives of sustainability is worthwhile.*

## 2.2. Sustainability as a way of making a more competitive organization.

With the proliferation of “green” or “friendly to the environment” products and services, companies have adopted strategies to compete in this market that is growing as a global trend, in a world where concerns about climate change are taken up by governments and individuals who are increasingly involved in the acquisition of goods labeled as “environmentally friendly”. This is confirmed by Willard (2002), who speaks about changing corporate culture to achieve benefits that together can result in a significant decrease in the percentage of fixed costs of the company, as well as an improved income from products and services sold.

Competitiveness has had multiple meanings and definitions in decades but one that comes closer to what is sought in sustainability is exposed by Feurer & Chaharbaghi (1994):

Competitiveness is relative and not absolute. It depends on the values of shareholders and customers, is the financial force that determines the ability to act and react in a competitive environment where the potential of people and technology plays a leading role in implementing necessary strategic changes. Competitiveness can only be maintained if a proper balance is maintained between these factors that can be of a conflicting nature (page 58).

This definition fits one of the essential characteristics for effective sustainability in the organization and is the existence of values. These values will be expressed in the way they develop and deliver the product or service from shareholders and staff of the company and how that will be appreciated by the consumer or end user to judge them according to a scale of prevailing values in it. If the organization and the user share a common set of values derived from sustainability it is evident that the competitive strategy will have a clear impact.

The convenience of doing business in this way is indicated by Porter & Kramer (2006) as follows:

The sustainability approach appeals to self-interest of companies, often invoking the so-called triple support economic, social and environmental performance. In other words, companies must operate in a manner that will ensure its long-term performance, avoiding short-term behavior that is detrimental to society or environmentally unfeasible (page 6).

Walsh (2005, cited by Bezengi & Lindbom, 2008) mentioned that businesses should be aware and understand the environmental changes that have recently occurred and use them as a key factor in creating a competitive advantage through the implementation of a new sustainable strategy. In this train of thought building an "eco bonus" (Esty & Winston, 2006) would be a way to get more tangible economic benefits for the company as stated below:

- 1) Company leaders reduce operating costs and environmental costs such as waste management and regulatory burdens throughout the value chain.
- 2) The company identifies and reduces environmental and regulatory risks in its operations, especially in their supply chains, to avoid costs and increase speed to market.
- 3) They find ways to boost revenue by designing market products that are superior in the environmental aspects and are compatible with the consumer wishes.
- 4) Some companies create an intangible value to their products through marketing that emphasizes its ecological advantage (page 315).

It can be concluded from the above that following the "green" route not only reflects having fulfilled a moral and ethical duty but in the end is a way to strengthen the company by making it more profitable.

According to Millman (2013), the management of sustainability and environmental awareness must be an ongoing process of training and moni-

toring the staff, and it proposes other actions involving the HR department, whose "practices can help to involve employees aimed at protecting the environment through green development, performance appraisal, rewards and recognition of best practices behaviors" (page 35). This implies a smart human talent management of the company that is the inner engine of the dynamic process of corporate sustainability; providing creative ideas that distinguish the product or services offered.

Eccles, Ioannou & Serafeim (2012) showed, in a study of the corporate culture of sustainability and corporate performance, that there is a direct relationship between market yields of securities of companies and a high degree of sustainability. This study shows that they had an increase top in the stock market by an average of 4.8%, higher than companies with low sustainability on the basis of a weighted value. Pati & Roh (2011, cited by Niță & Ștefea, 2014) also indicate that the intensity of business sustainability appears to be associated significantly and positively with a better performance based on the market.

The above data highlights the existence of a direct link between the environmental performance of the company and its financial performance, this is not just a simple cost reduction but an improvement on many other factors, such as corporate image, acceptance and community cooperation good performance of its activities, and in addition the cooperation and government support, among others.

The global nature of manufacturing companies and the constant increase in embracing sustainability are not just an effort to cut costs and encourage financially but they also reach the benefits of intangibles such as employee engagement and new possibilities for innovation and the consequent increase of competitiveness (MIT Sloan Management Review and The Boston Consulting Group, 2011). This implies a transformation in the way of initiating change and the initiatives in business strategies and policies, because from the start they have to include sustainability issues, in that way the company ceases to be "reactive" to environmental and social

problems, improving the environment and also getting the best returns.

As Haanes, Michael, Jurgens & Subramanian (2013) mentioned: "In a world of scarcity, companies must consider not only the total return on assets but resources" (page 114). Companies, for example, have to calculate what your consumption of water and electricity to relate the remuneration received by these resources within the production process. The long-term survival depends on this equation. At a conceptual level Niță & Ștefea (2014) propose a scheme where the relationship between cost control and corporate sustainability that highlights its importance is shown below:

Table 1. Cost control for business sustainability

Element	Cost Control	Business Sustainability
Waste reduction	is showing how well resources are used during the production process – respectively, if consumption is at desired levels – and encourages employees to find ways to reduce it	the less wasteful an individual, community, or country becomes, the more sustainable it becomes; mindful consumption is regarded as a key factor for reaching business sustainability
Motivation and goal congruence	holding managers accountable and rewarding them for meeting desired goals	a company should develop a strategy for business sustainability in order to include social and environmental measures to financial performance
Strategy evaluation	variances sometimes signal managers that the strategy is wrong or ineffective	long-term, comprehensive approach for performance value creation through business sustainability

From: "Cost control for business sustainability" G. Niță Cornel & P. Ștefea (2014) *Procedia - Social and Behavioral Sciences* 124 (2014) 307 – 311 Science Direct, Elsevier.

Under the previous scheme involving an effective leadership is critical to achieve the objectives of sustainability and framed by the fundamental

strategies of the organization, in this sense, motivated staff have created an enabling environment for collective work and effectiveness and desired efficiency. Importantly, this motivation will be the product of a radical change in the way of conceiving business and business relationships with the external environment.

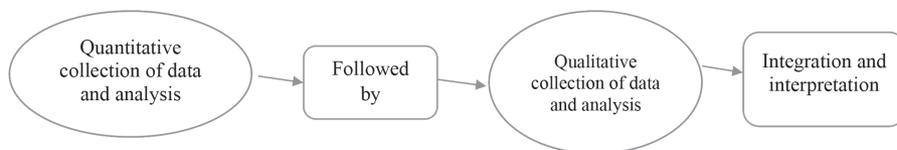
### 3. Methodology

First, a literature review was made to provide a clearer view of this new trend, leadership for sustainability, in the administration of the 21st century identifying its main features and characteristics. Complementing this effort a case study was conducted in a sustainable certified hotel of Mazatlán México, where the main elements of a sustainable leadership were compared and analyzed according to the process map that was developed as part of the study.

At this point we must clarify that in this particular case the investigation will be developed in a framework where the interpretive paradigm will prevail but a series of data of a statistical nature provide an extremely important information to answer the questions posed in this investigation were taken into account. Like Bryman (2006) that states that the purpose of a mixed methodology is to answer different research questions, in this particular case we considered that both methods are complementary and will show a more comprehensive results.

The proposal of Creswell (2013) about mixed research methods is adopted in order to have a clearer view of the studied phenomena. The following scheme will be more explicit about the development of this investigation:

Figure 1. Sequential mixed methods



From: *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. J. W. Creswell. (2013). SAGE Publications, Inc.

Three instruments were designed for this research including a fulfillment observation guide, a survey guide and an interview guide. The sample chosen for this study are the middle and senior managers of the departments that are especially important for the operation of the hotel organization such as: management (including HHRR, sales, acquisitions and warehouse), housekeeping, food and beverage, maintenance and laundry. These departments must be running, at least partially, 24 hours a day to provide service to guests and consequently they involve a major consumption of goods and resources. That is why the application of practices related to sustainability will have a much deeper impact accordingly to the importance of these departments.

The fulfillment guide includes 107 items regarding some key features of sustainability as the implementation of recycling policies, water and energy saving efforts, use of biodegradable goods, fulfillment of official environmental regulations, reduction and management of solid and hazardous waste and some others like the efforts to involve the customers and providers.

For this research Hotel Playa Mazatlán was selected because of its great tradition and influence in the development of the tourism activity in the destination, it has a total of 406 rooms and also has official environmental certifications. Ten in depth interviews between the months of May and July 2014 with managers, directors and executives and another 20 interviews with the operational personnel of the hotel were made regard-

ing issues of the strategy for environmental sustainability, corporate view on the subject, the main challenges they have faced in its implementation, their impact on competitiveness and the daily operation of the company, also an observation guide was applied whose analysis will show the way the issue has been addressed both in the aspects mentioned above and their grades of commitment and success.

A process map was elaborated to identify the main features and relationship between competitiveness and sustainability as it is shown below:

Table 2. Process map for sustainable leadership and competitiveness

Supplies	Process	Result
Vision of the future Favorable social environment Code of ethics and values for sustainability Systemic thinking Agreement with the postmodern principles of administration	Determinants of sustainability leadership.	Stable and profitable organization, Significant level of participation in the market, Satisfied customers, Innovative products and services, Favorable image with the stakeholders.
	Systemic and holistic thinking	
	Collaborative approach	
	Highly adaptive	
	Conscious of the recent trends of the "green market"	
	Search for wellness	
	Long term objectives	
	Determinants of competitiveness	
Qualified personnel Shared knowledge and values with the stakeholders. Organizational culture Technology, Market features, Legal, economic and social environment.	Value differentiation	
	Smart use of supplies and cost control	
	Continuous improvement	
	Human talent management	

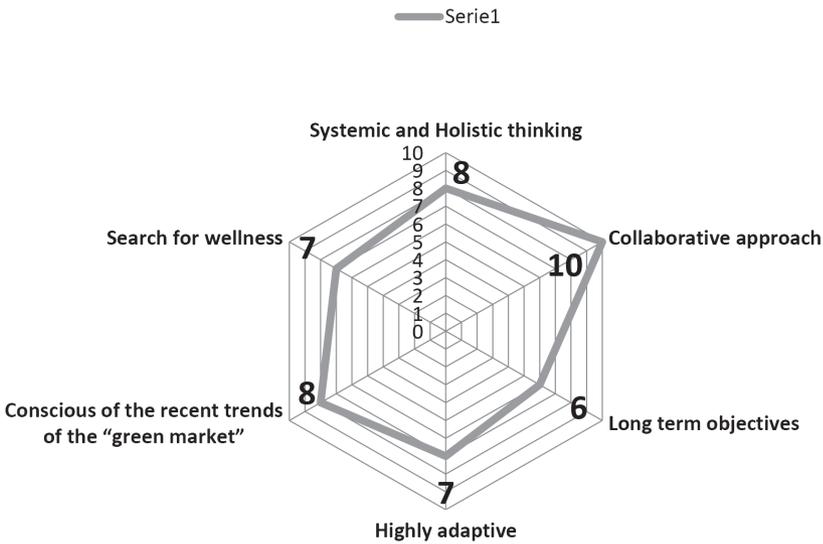
Source: own study.

According to the table above a set of questions corresponding to the variables of sustainable leadership and competitiveness was made and applied. Once the results were obtained, these were plotted as a cluster in the results section. A scale from 0 to 10 was used to qualify the determinants in each dimension that will show the degree of commitment or effectiveness from 0 the lowest to 10 the highest.

## 4. Results

Hotel Playa Mazatlán points through extensive education program based on good environmental practices and has managed to integrate an effective synergy between leaders and employees. The company is now a proactive leader who seeks not only the market position and gaining more profit but an organization that promotes sustainable development of the community.

Figure 2. Sustainability Leadership Scale



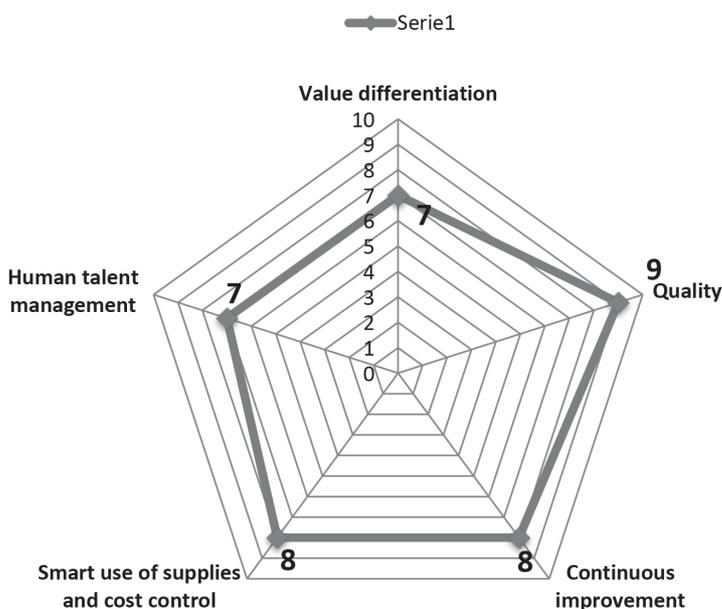
Source: own study.

Figure 2 shows the critical factors of the "Sustainable Leadership" variable valued according to the survey of key informants. In that sense it can be seen, according to the results shown in the graph, that the company management lacks a vision for long term objectives, however, it stands out a philosophy of collaborative approach in conducting employees in all staff functions.

On the other hand figure 3 shows the critical factors of the “Competitiveness” variable valued according to the survey of key informants.

In that sense we can observe in the results shown in the graph that the company does not consider significantly the management aspects of human talent and differentiation value, on the other hand we see that boast in the implementation of continuous improvement and that their quality services are among the factors that could be highlighted as significant.

Figure 3. Competitiveness Scale



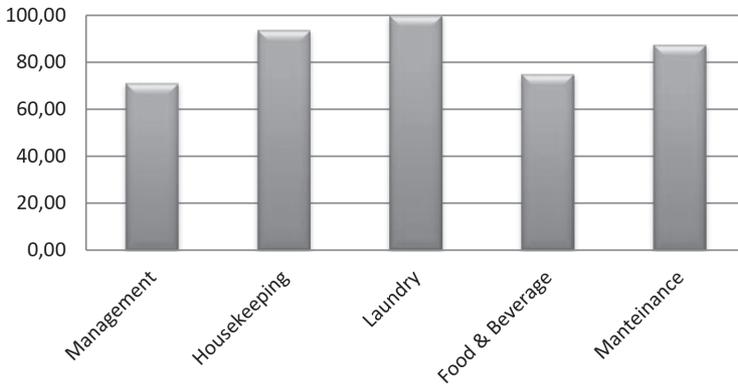
Source: own study.

Regarding the results of the fulfillment observation guide of sustainability we found the following:

- Management: 71.5%
- Housekeeping: 93.75%
- Food and beverage: 75%

- Maintenance: 87.5%
- Laundry: 100%

Figure 4. % Fulfillment by department



Source: own study.

The results shows a great compromise of two departments, housekeeping and laundry, whose leadership and guidance of the chiefs in charge are outstanding. The maintenance department also shows a remarkable commitment but needs more support to reach better results. The fact that the management has the lowest fulfillment of all shows that besides the initial commitment of the corporate leaders they did not continue following the same good practices of sustainability.

Table 3. Total fulfillment of the observation guide

Total fulfillment				
Total of ítems	Yes	No	Partial	% Total fulfillment: 84.58
107	85	11	11	

Source: own study.

Additional actions are taking place to fulfill the official Norm of sustainability in order to maintain the certification as a “Sustainable Business” according to the key informers. Some of these actions are: creating links with the community and local authorities, the search of more sustainability certifications, support the efforts of other hotels to achieve more sustainability and improve the competitiveness of the hotel and the destination in the global market.

Finally and according to the results of the interviews made with managers and operational personnel, we found that there is a conscious commitment for sustainability of the majority of them. They highlighted that these “good practices” of sustainability have made the hotel a “better place to work” and this is translated in a good organizational climate and better team work in most of the departments. The food and beverage department however, lacks of a clear leadership on this issue and they pointed that excess of work and the long hours they spend are the cause of this lack of results. Regarding the corporate offices, the results of the interview showed that some of them fail in the commitment to fulfill the “good practices” this involves, mostly because they have a “a little or no information” about it.

The manager of the hotel stated that they are very “proud of the achievements in sustainability” and they are willing to “give something back to the community” with this practices being more responsible with the environment and boosting economic and social development. The savings involved in the sustainability are also a strong motivation to go in the same track, the manager said. Despite of those assertions we found that the person on charge of this process is not the manager himself but an external consultant that works very closely with the maintenance department chief so their actions are sometimes unnoticed by the management. The creativity to solving problems about sustainability depends only on these two persons, the consultant and the maintenance chief, and there is not a direct involvement of the manager and other hotel staff. Another finding is that

the personnel of the offices is not well informed about the sustainability practices so they do not fulfill them as they should.

## 5. Conclusions

The new postmodern paradigm has a number of mechanisms that allow the various groups that shaped the company a larger space to act without rigid control systems traditionally applied. The fallacy of a leader controlling everything is gone and nowadays its new role is to become only a guide and facilitator of processes or performance of its employees.

The organization must be able to integrate the qualities of its human talent, technology and knowledge to achieve an environment where information and creativity flows freely; it should be open to internal and external stimulation which contributes to sustainability, not as a practice designed to get more economic benefits but for the ethical and moral certainty that you are doing the right thing for the organization and the external stakeholders.

To reach a stage of organizational development where continuous improvement and business excellence transcends, the goal of sustainability and all the challenges involved, becomes equally a way to be more competitive in many aspects ranging from something as tangible as cost reduction is to another seemingly intangible as the satisfaction of employees and consumers who are ultimately the drivers of change and progress of the organization.

In the case of the studied organization we found that despite the efforts to achieve sustainable corporate development it still has some shortcomings in key areas such as human capital development which is essential to achieve it. The only proactive strategy found to promote sustainability outside the organization is with the suppliers who are asked to fulfill some the requirements needed for sustainability in order to sell their products to the hotel. Besides that there is not much to tell about, it seems that they

support the sustainability efforts of others hotels but there are not specific and tangible actions for that. Despite the encouragement to follow the sustainable practices in all areas there is not much impact in some of the personnel especially in the food and beverage department and in the corporate offices. The explanation for this is linked to the absence of a clear leadership. To delegate the task to an external consultant showed that the direct involvement of the manager and owners in this matter is diminished and is not what the organization required.

Therefore the Hotel Playa would be located in phase that Ganescu (2012) describes it as a phase of "efficiency" in its way to sustainability and is defined as one in which:

Measures are taken to integrate human resource functions into a coherent management system to reduce risk and increase efficiency. Community projects were carried out only if funds are available and if they bring real benefit. And where environmental problems cause costs these are reviewed regularly to reduce them and increase efficiency (page 95).

Hotel Playa could be more sustainable and more competitive if they figure out how to work as a team with a strong leadership. Still there are some positive results but the perception is that they can do it better. The path to sustainability is not only paved with good intentions it is more profound than that. It is strongly attached to a change of culture and/or organizational culture; and the best way to do it is through a true commitment of the corporate leaders.

Sustainable leadership is not a style and guide to the destinies of the organization, it is something more, something much more ethereal perhaps, but much more linked to the assumptions and values shared by all, it is something closer to the "soul" of the organization; it is its personality whose manifestations will be manifested in a new way of doing things and to do business; It is a radical and constant change and the fruits of this philosophy are shared with all the involved inside and outside the organization.

The success of the organization then is also measured in environmental issues and not purely economic performance. This shows a paradigm shift which is not easy to insert in the organization culture. The worldwide trend is to accept sustainability as a necessity, not as an advertising idea or image but rather as a way of doing business, much more satisfying and more lucrative in many cases, which continues to be interesting for those who thought that it was only an unnecessary expense without economic benefits.

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# The Impact of National Culture on the Level of Innovation

**Abstract:**

The purpose of this paper is to ascertain whether national culture has an impact on the level of innovation. The results of the analysis of data by means of statistical tools confirm that cultural factors play a big role in creating innovations. On the basis of the research, it can be assumed that the thesis formulated by Shane (1993) assuming the correlation of low power distance and strong individualism with innovation seems to be correct if we do not refer it to the Far East Asian countries. These countries seem to be very different culturally from the rest of the analyzed cultures. Low power distance and low uncertainty avoidance countries are in most cases more innovative in European countries. Impact of individualism versus collectivism is more debatable but generally in Europe more individualistic countries achieve better innovative results.

**Key words:**

national culture, innovation

## Culture and innovation - introduction

Innovation has been the subject of several studies linking it to economic growth (Fagerberg and Srholec, 2008; Freeman, 2002; Thoenig and Verdier, 2003). On the basis of data from 115 countries Fagerberg and Srholec (2008) proved that innovation systems and governance are of particular importance for economic development. Lundvall (2007) discovered that several national aspects may influence the motivation to innovate on the national level. Lundvall (2007) emphasized the need to give more distribution of power, institution building and to the openness of innovation systems, especially in developing countries. Fagerberg and Srholec (2008) found strong support that several factors linked with National Innovation System such as the quality of governance, the political system, and openness interact with the ability to innovate. These indicators interact with the cultural dimensions identified by Hofstede (2001). The key result of research done by Jones and Davis (2000) is that national culture affects innovation. Herbig and Dunphy (1998) point that existing cultural conditions determine whether, when, how, and in what form a new innovation will be adopted. A society's values provide direction to the process of technological development, which can be fostered or inhibited. Therefore it should be explicitly considered as a factor informing the location decision for foreign innovative capabilities. Also, country-specific differences in managing R&D professionals abroad can be linked to the cultural dimensions identified by Hofstede (Jones and Davis, 2000).

Although numerous attempts have been made to explain why innovation varies considerably among nations (Porter 1990, 2000; Schmoch et al. 2006), generally accepted overall conceptual framework to explain such variations does not exist so far. The dominant view in the literature is that national culture has a strong impact on organizational culture. Hofstede (1983, 2001) argues that national culture constrains organizational culture. Au (1999) observed that multinational corporations usually have special

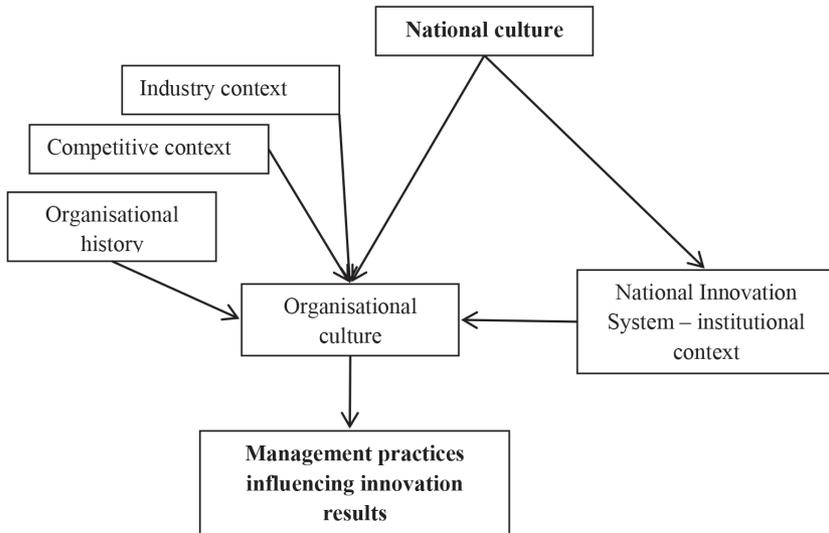
preference for workers that suit their needs and company culture<sup>1</sup>. Johns (2006) claims that national culture is a major component of the broader **contextual imperative** that constrains organizational culture. On the basis of empirical evidence Williams et. al. (2010) argue that culture powerfully shapes the character of national innovation. They supported hypotheses that culture does influence economic creativity, and economic creativity positively influences innovation implementation, which positively influences national prosperity. Newman and Nollen (1996) using data from eighteen countries and Hofstede's national culture dimension, found support for the thesis that business performance is better when management practices are congruent with national culture. Work units that are managed consistently with the values of the external culture are more profitable than work units in which the fit is achieved not so good. Therefore management practices should be adapted to the local culture to be most effective. Another view represents Gerhard (2008) who asked to what degree is national culture likely to act as a key factor in the "contextual imperative". Conceptual analysis and re-analysis of empirical evidence done by Gerhart does not support the hypothesized strong role of national culture as a constraint on organizational culture. In his opinion, organizations may have more discretion in choosing whether to localize or standardize organizational culture and related management practices (influencing innovation) than is suggested by conventional wisdom.

In this article, the main assumption is that national culture affects the National Innovation System and organizational culture in enterprises, which have strong impact on innovation results of the nations (Figure 1).

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1. G. Hofstede states that because organizational cultures are rooted in practices, they are to some extent manageable; whereas national cultures, rooted in values, are given facts for organization management, source: <http://www.geerthofstede.com/culture>, 15.05.2015

Figure 1. The relationship between national culture, organizational culture and innovation results



Source: own work.

Shane (1992), investigating the impact of Hofstede's (1980) cultural dimensions on nations' tendency to innovate, concluded that nations which are already innovative will continue to be innovative because of the national culture's impact. The current paper aims to examine whether in the age of globalization, cultural aspects can still predict a country's level of innovation.

## National culture and its dimensions

National culture can be defined as the values, beliefs and assumptions learned in early childhood that distinguish one group of people from another (Beck, Moore, 1985). National culture is embedded deeply in everyday life and is relatively impervious to change (Newman and Nollen, 1996). Similarities in national cultures are derived from common language, histo-

ry, religion (Jones and Davis, 2000). The work of Hofstede (1980) has been the basis for much of the research on most management aspects of national culture. Many other researchers built on his original work. According to Hofstede, culture may be defined as “the interactive aggregate of common characteristics that influences a group’s response to its environment.” Culture is also the “collective programming of the mind which distinguishes the members of one group from another”.

Values, behaviors, and efficacy differ across national cultures. Differences in national cultures call for differences in management practices. There is no one best way to manage a business (Newman and Nollen, 1996). Newman and Nollen (1996) found that work unit financial performance is higher when management practices in the work unit are congruent with the national culture. That is why multinational enterprises need to adapt their management practices to the national cultures in which they operate in order to achieve high business performance.

The best known and probably the most comprehensive study on national culture is the work done by Hofstede (1980). In this study the author initially identified four dimensions of culture: power distance, individualism versus collectivism, masculinity and uncertainty avoidance. Three of the dimensions included in Hofstede’s model: power distance, individualism/collectivism, tolerance for uncertainty, have a universal character, whether they concern individuals, organizational cultures or social cultures (Sułkowski, 2012, pp. 103-118). Three out of five dimensions proposed by Hofstede can become a basis for such a multidimensional model and typology (Sułkowski, 2013). Therefore I do not consider other dimensions of national culture identified by Hofstede. In this article I focus on three dimensions of national culture that were originally identified by Hofstede (1980) and further developed in the GLOBE study: collectivism/individualism, power distance, and uncertainty avoidance. These are the three dimensions that are most likely to influence innovation projects (Shane, 1994, Pandey & Sharma, 2009). Masculinity has not been found to influence innovation rates (Shane, 1994).

## Power Distance

Power distance (PDI) is the acceptance of social stratification (Jones and Davis, 2000). This dimension expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally. It reflects the degree to which individuals in a society, or its organizations and institutions, accept an unequal distribution of power (<http://geert-hofstede.com/national-culture.html>; accessed 15.05.2015). The dimension of power distance reflects a universal feature of human nature that can be found in all communities in the form of the attitude towards power in a social structure (Sułkowski, 2013). People in societies exhibiting a large degree of power distance accept a hierarchical order in which everybody has a place and which needs no further justification. In societies with low power distance, people strive to equalize the distribution of power and demand justification for inequalities of power (<http://geert-hofstede.com/national-culture.html>; accessed 16.05.2015).

In high-PDI countries, organizational structure tends to be more centralized and rigid: decision-making information is the preserve of those in authority. The key concepts in such organizations are supervision and rules (Hofstede, 2001). Jones and Davis (2000) claim that characteristics of power distance affecting innovation include the presence and level of social or organizational hierarchy, centralized power, formal vertical communication flows, top down control, formal rules and procedures, and resistance to change. Innovative success will be supported by less formal hierarchy of authority and control, free exchange of information, low power structure, decentralization of knowledge and responsibility, whereas central power, top down control, excessive rules, rigid stratification will hamper innovation (Jones and Davis, 2000). High power distance countries accept a large degree of inequality in the power structure among individuals, more centralized decision making in an autocratic manner. Lower power distance countries have more decentralized decision making and share power more

equally among their members. Shane (1992) claimed, that in low-PDI countries new organizations tend to be smaller and more organic, with high information-processing capabilities and informal communication between superiors and subordinates. Such organizations are further characterized as power-decentralized, with control systems based mainly on trust (Efrat, 2014). High-PDI countries displayed lower per-capita returns on inventions. Chandler et al. (2000) found that employees who perceived the organization reward system as rewarding innovation tended to be more strongly committed to innovation. According to Ahmed [1998], certain cultural norms, such as trust and openness, awards and rewards, and autonomy and flexibility, facilitate an innovative climate in organizations. Hofstede (2001) has shown all these norms to be closely associated with low PDI. Shane *et al.* (1995) describe how PDI can impact one's perceptions and hence one's innovativeness. Because participation is not consistent with the national culture, employees in high power distance cultures are likely to view participative management with fear, distrust and even disrespect. Therefore managers who encourage participation in these countries are likely to be seen as weak and incompetent (Newman and Nollen, 1996).

Therefore I formulated the hypothesis ***H1: Low-PDI countries achieve better innovative results.***

## Individualism versus collectivism

This dimension of culture describes "the relationship between the individual and the collectivity which prevails in a given society" (Hofstede, 1980). Members in individualistic societies are typically provided a great deal of freedom and autonomy. Collectivist societies are characterized by members identifying with the family, group, or organizations to which they belong, which in turn demands loyalty and emotional dependence. Already in the mid-twentieth century Barnett (1953) postulated a positive correlation

between the individualism of a society and its innovative potential. Characteristics of individualism versus collectivism that impact innovative capabilities include the concepts of freedom, autonomy, and independence (Newman and Nollen, 1996). Individualism (IDV) refers to the degree to which, for each individual in a given group, his or her interests prevail over the groups. In high-IDV countries each individual is expected to take care of himself or herself and his or her immediate family. Such societies emphasize individual initiative and achievements. High IDV countries have a strong entrepreneurial orientation which enables and motivates invention and innovation, both within and without formal organizational borders or existing networks (Hofstede, 2001). Eisenberg (1999) found that organizations in individualistic and collectivist cultures differ on effects of rewards on their innovation efforts. Individualistic societies value freedom more than collectivist societies and freedom is necessary for creativity (Herbig and Dunphy, 1998). Efrat (2014) emphasize that IDV and PDI share many similar characteristics in terms of facilitating innovation. Elements such as structural flexibility and employees freedom, which translate into autonomy, empowerment, freedom, trust, awards, rewards and decision making, are all determinants of innovation (Ahmed, 1998, Martins and Terblanche, 2003).

Therefore I formulated the hypothesis ***H2: High-IDV countries achieve better innovative results.***

## Uncertainty Avoidance

The Uncertainty Avoidance (UAI) dimension expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. The fundamental issue here is how a society deals with the fact that the future can never be known. Weak UAI societies maintain a more relaxed attitude in which practice counts more than principles (<http://geert-hofstede.com/national-culture.html>; accessed 30.06.2015). This dimension of

culture reflects the desire to avoid risks associated with uncertainty by emphasizing technology, laws, rules and procedures, religion and other constructs that serve to dampen ambiguity (Hofstede, 1980). Strong uncertainty avoiding countries typically feel threatened by ambiguous situations, and design ways to reduce their stress and fear of the unknown (Jones and Davis, 2000). Countries which accept uncertainty reveal a higher level of tolerance for change and ambiguity. The risks associated with an uncertain future are often accepted. Countries with strong uncertainty avoidance can be more intolerant, active or even aggressive (Brown 2000, p. 190). Characteristics of uncertainty avoidance relating to innovation include conflict handling and attitude to formal rules consensus and competition. Characteristics associated with strong uncertainty avoidance, such as the need for consensus, formal rules and procedures, are believed to inhibit innovation and an acceptance of competition and colleague dissent relate positively to innovative capabilities (Jones and Davis, 2000). In high-UAI countries, organizational culture favors a highly formalized conception of management and a hierarchical organizational structure, both contributing to the feeling of a sense of order and control (Hofstede, 2001). The findings of Shane (1995) and Martins and Terblanche (2003) indicate a possible linkage between low UAI and innovation. However, studies on UAI are unambiguous because of ambivalent perception of technology (Shane, 1993, Nakata and Sivakumar, 1996).

In this paper the hypothesis ***H3: Low-UAI countries achieve better innovative results*** is taken.

Table 1 shows the evolution of research concerning linkages between national culture and innovation.

Table 1. Research concerning national culture and innovation

Barnett	1953	Cultural change and innovation
Wilkins, Ouchi	1983	The relationship between culture and organizational performance
Jaeger, Alfred M.	1986	National culture and organization development
Schneider, DeMeyer	1991	The impact of national culture on strategic issues
Shane	1993	National culture and national rates of innovation
Morris et al.	1994	Individualism versus collectivism and entrepreneurship
Shane	1995	Uncertainty avoidance and innovation championing roles
Shane et al.	1995	Cultural differences in innovation championing strategies
Nakata, Sivakumar,	1996	National culture and new product development
Newman and Nollen	1996	Management practices and national culture
Eisenberg	1999	Individualism - collectivism on creativity and innovation
Steensma et. al.	2000	The influence of national culture on the formation of technology alliances
Jones and Davis	2000	National culture and locating global R&D operations
Yaveroglu, & Donthu	2002	Cultural influences on the diffusion of new products
Yeniyurt & Townsend	2003	Cultural influences on the acceptance of new products in a country
Dwyer et al.	2005	The influence of national culture on cross-national product diffusion
Waarts, Everdingen,	2005	The influence of national culture on the adoption status of innovations
Gerhart	2009	The influence of national culture on organizational culture
Kreiser et al.	2010	The influence of national culture on risk-taking and proactiveness in SME's
Kalanit Efrat	2014	The impact of national culture on innovation

Source: own work.

## The Rate of Innovation in European Countries

The Innovation Union Scoreboard uses the most recent statistics from Eurostat and other internationally recognized sources such as the OECD and the United Nations. Average innovation performance is measured by summarizing performance over equally-weighted 25 indicators in one composite indicator: the Summary Innovation Index. The main drivers of innovation performance external to the firm cover three innovation dimensions: Human resources, Open, excellent and attractive research systems and Finance and support. Firm activities capture the innovation efforts at the level of the firm, grouped in three innovation dimensions: Firm investments, Linkages & entrepreneurship and Intellectual assets. Outputs cover the effects of firms' innovation activities in two innovation dimensions: Innovators and Economic effects. Summary Innovation Index reflects both National Innovation System and innovative results of the countries. Summary Innovation Index was used because it is a very good comprehensive measure although the data refer only to European countries.

The Member States are classified into four performance groups based on their average innovation performance. Based on the average innovation performance, the Member States fall into four different performance groups:

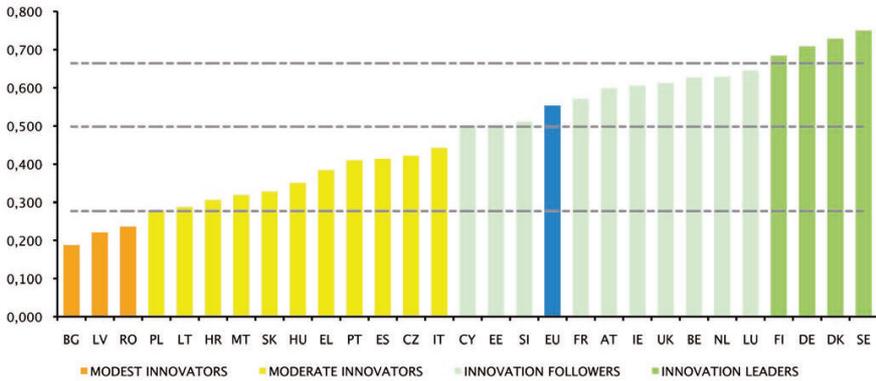
- Innovation Leaders: Denmark (DK), Finland (FI), Germany (DE) and Sweden (SE) are with innovation performance well above that of the EU average.
- Innovation followers: Austria (AT), Belgium (BE), Cyprus (CY), Estonia (EE), France (FR), Ireland (IE), Luxembourg (LU), Netherlands (NL), Slovenia (SI) and the United Kingdom (UK) are with innovation performance above or close to that of the EU average.
- Moderate innovators: Croatia (HR), Czech Republic (CZ), Greece (EL), Hungary (HU), Italy (IT), Lithuania (LT), Malta (MT), Poland (PL), Portugal (PT), Slovakia (SK) and Spain (ES) is below that of the EU average.
- Modest innovators: Bulgaria (BG), Latvia (LV) and Romania (RO) are with innovation performance well below that of the EU average (<http://>

[ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf); accessed 05.06.2015).

The most innovative countries perform best on all dimensions: from research and innovation inputs, through business innovation activities up to innovation outputs and economic effects, which reflects a balanced national research and innovation system. The differences in performance across all Member States are smallest in Human resources, where the best performing country - Sweden is performing more than three times as well as the least performing country Malta. However, particularly large differences are in the international competitiveness of the science base (Open, excellent and attractive research systems), and business innovation cooperation as measured by Linkages & entrepreneurship. In both dimensions the best performing country (Denmark) is performing more than nine and seven times better than the least performing countries, Latvia and Romania respectively ([http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf); accessed 06.06.2015).

When looking at the performance of innovation systems in a global context, South Korea, the US and Japan have a performance lead over the EU. The United States and South Korea outperform the EU both by 17% and Japan by 13%. While the gap between the US and Japan is decreasing, it widens with South Korea. China's current innovation performance is at 44% of the EU level, and continues to reduce the gap by improving faster and at a higher rate than the EU.

Figure 2. Innovation performance in EU



Source: European Innovation Scoreboard, available on: [http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf)

Poland is performing below the average of the EU for most indicators (Table 2).

Table 2. Relative strengths and weaknesses of Poland

Relative weaknesses	Relative strengths
Non-EU doctorate students, PCT patent applications in societal challenges License and patent revenues from abroad.	Non-R&D innovation expenditures Youth with upper secondary level education
<b>Strong declines in growth</b>	<b>High growth</b>
Innovative SMEs collaborating with others New doctorate graduates SMEs innovating in-house Sales share of new innovations	Community designs Community trademarks R&D expenditures in the business sector

Source: own study based on Innovation Union Scoreboard

## Methodical assumptions

The aim of the research was to ascertain whether national culture has an impact on the level of innovation. The first stage of the research was to analyze the relationship between three basic cultural dimensions of Hofstede: power distance (PDI), individualism (IDV), uncertainty avoidance (UAI) and the results on the Summary Innovation Index score in European countries. It was done by using Pearson correlation coefficient. Also to determine the magnitude of the relationship between a culture dimension (independent variable) and Summary Innovation Score (dependent variable) linear regression analysis was used, which was also presented graphically showing a linear trend. In order to assess the combined impact of cultural dimensions (PDI, IDV, UAI) on Summary Innovation Index multiple regression analysis was used.

The second stage of the research was the analysis of the cultural dimensions' impact on innovation indicators in all countries. As innovation variables the following were taken into account: exports of high technology products, expenditures on research and development activities and the number of patents. Data on national innovative variables were retrieved from World Bank database. For the analysis the data from these countries in the world for which all data were available were classified, both on innovation as well as the cultural dimensions.

## Results and discussion

The biggest differences, when analyzed three cultural dimensions in European countries, refer to the uncertainty avoidance dimension (UAI) and innovative components such as research systems, intellectual assets and linkages and entrepreneurship. Poland achieved the best results in the assessment of the following indicators: human resources, firms' investment, finance and support and economic effects (Table 3).

Table 3. Dimension of culture and innovation indicators – descriptive statistics

Dimension of culture/ innovation indicator	Poland	Average	Standard deviation
PDI	68	51,125	21,147
IDV	60	57,563	17,99
UAI	93	70,594	22,29
Human resources	0,567	0,568	0,171
Finance and support	0,418	0,492	0,204
Firm investments	0,343	0,377	0,193
Linkages & entrepreneurship	0,126	0,507	0,245
Intellectual assets	0,274	0,428	0,247
Innovators	0,127	0,490	0,220
Economic effects	0,305	0,490	0,220
Open, excellent and attractive research systems	0,128	0,458	0,284

Source: own compilation, based on Innovation Union Scoreboard and the Hofstede Centre

Pearson correlation between the variables was the strongest between power distance and the Summary Innovation Index (SII), the weakest in the case of individualism. A correlation coefficient above 0.5 indicates strong correlation between the two variables, which is statistically significant.

Table 4. Pearson correlation between culture dimensions and the Summary Innovation Index (SII)

Summary Innovation Index (SII)	PDI	IDV	UAI
	-0,648	0,531	-0,560
	p<0,000	p<,01	p<0,001

Source: own compilation

The high positive correlation (Pearson's correlation coefficient above 0.5) was found in the case of:

- individualism and open, excellent and efficient research systems;
- individualism and intellectual assets.

High statistically significant negative correlation (Pearson's correlation coefficient  $< -0.5$ ) was found in the case of:

- power distance (PDI) and elements: open, excellent and efficient research systems; intellectual assets; linkages and entrepreneurship; financial support;
- dimension of uncertainty avoidance (UAI) and elements: open, excellent and efficient research systems; linkages and entrepreneurship; human resources; financial support.

The magnitude of the relationship between a set of independent variables and the dependent variable was determined using linear regression. A linear trend was predicted with one predictor variable.

Table 5. Regression analysis with one predictor

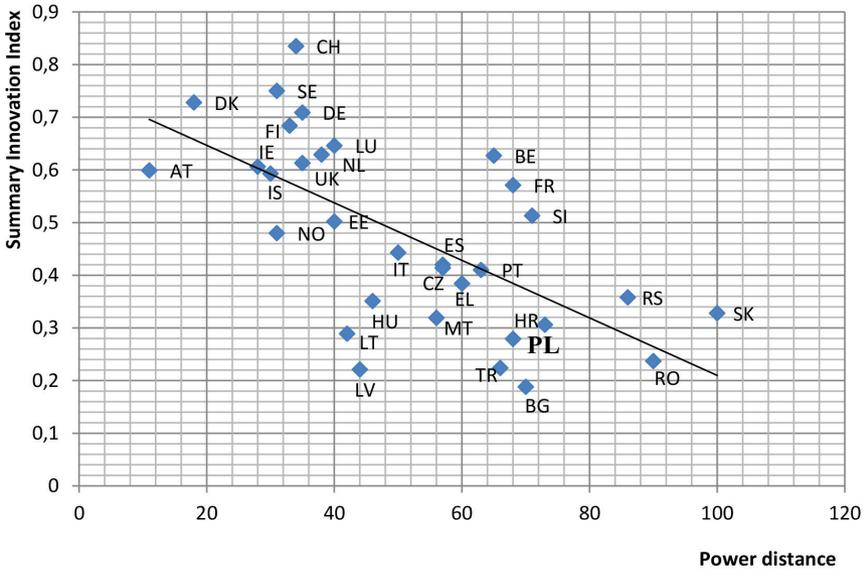
	PDI		IDV		UAI	
	R <sup>2</sup>	standardized regression coefficients beta	R <sup>2</sup>	standardized regression coefficients beta	R <sup>2</sup>	standardized regression coefficients beta
Summary Innovation Index	0,420	-0,648	0,282	0,531	0,314	-0,560

$p < 0,01$

*Source: own compilation*

Figure 3 graphically depicts the relationship between Summary Innovation Index score and power distance. Two groups of countries are visible. The first group of countries is in the upper left quadrant containing the most economically developed European countries. The second group of countries, which includes Poland, occupies the right lower quadrant of the graph. France, Belgium and Slovenia differ from these groups due to higher power distance in relation to the rate of innovation.

Figure 3. The relationship between the dimension of power distance PDI and Summary Innovation Index for European countries

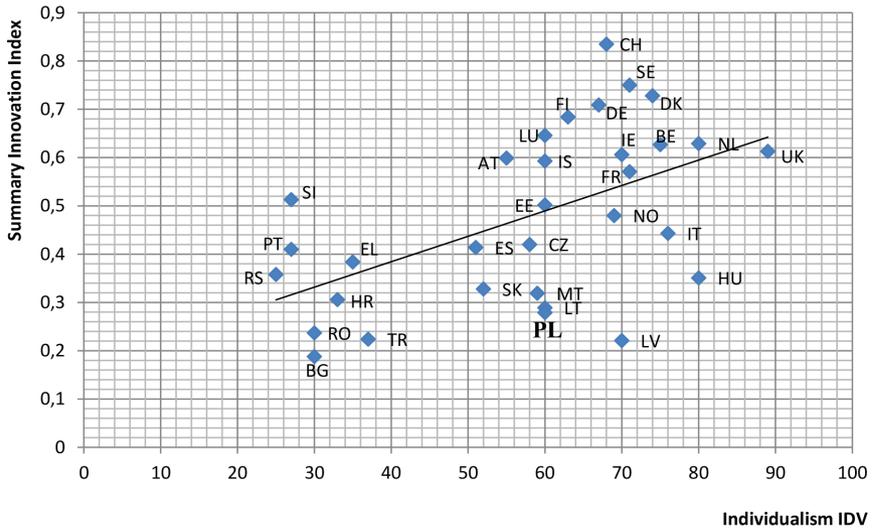


Source: own compilation

Results on individualism IDV, and a Summary Innovation Index situate Poland very close to Lithuania, Malta, Slovakia, the Czech Republic, Spain and Latvia. Significantly higher levels of collectivism characterize southern European countries: Bulgaria, Turkey, Romania, Croatia, Serbia, Portugal, Greece and Slovenia. Above the regression curve in the upper right quadrant, are the most developed European countries.

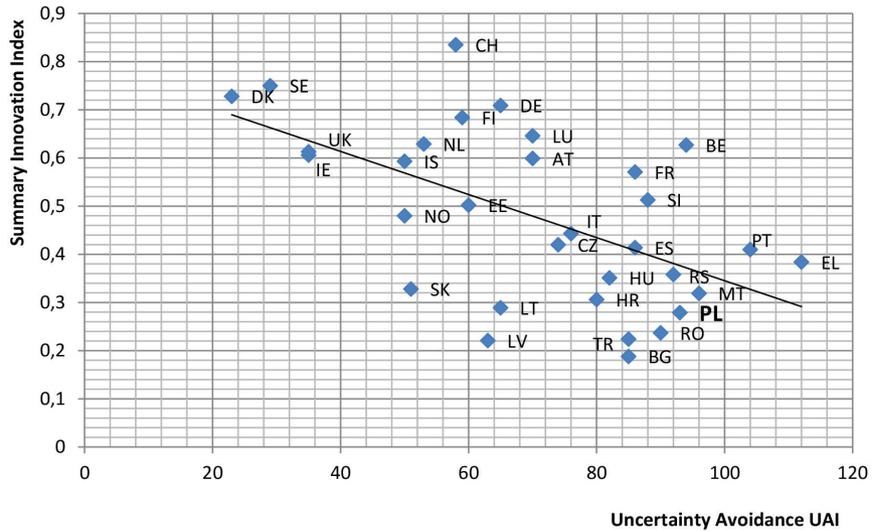
The strongest uncertainty avoidance among the surveyed European countries is in Greece and Portugal, the weakest – in Denmark and Sweden. Poland, like Romania, Malta, Bulgaria, Turkey, Serbia, Hungary, Croatia, Greece, Portugal, Spain, Czech Republic, Italy, Lithuania, Latvia, is located on the lower right quadrant among countries with a relatively low rate of innovation index and strong uncertainty avoidance (Figure 5).

Figure 4. The relationship between the dimension of individualism/collectivism and Summary Innovation Index for European countries



Source: own compilation

Figure 5. The relationship between the dimension of Uncertainty Avoidance and Summary Innovation Index for European countries



Source: own compilation

In order to clarify the combined impact of cultural dimensions (PDI, IDV, UAI) on Summary Innovation Index multiple regression analysis was used. The model is statistically significant ( $p < 0.001$ ), well suited to the data. Nearly 55% ( $R^2 = 0,549$ ) fluctuations in the innovation index is explained by examined cultural variables. Predictors do not correlate with each other so strongly that they could not be separated in order to determine the impact of predictors. Power distance and uncertainty avoidance have the greatest impact on the innovation index (standardized regression coefficients beta is showing the impact of predictors). However, p (indicating the statistical significance of predictors) is less than 0.05 only in PDI dimension. The Summary Innovation Index can therefore provide only a single predictor which is the power distance. In the case of individualism and uncertainty avoidance, anticipation may be subject to greater error.

Table 6. Beta coefficient and collinearity statistics in multiple regression

Culture dimension	Beta coefficient	Collinearity statistics	
		Tolerance	VIF
Power distance PDI	-0,435	0,524	1,907
Individualism IDV	0,195	0,540	1,851
Uncertainty avoidance UAI	-0,220	0,544	1,839

Source: own compilation

## The impact of cultural dimensions on innovation indicators in all countries

To assess the impact of cultural dimensions on innovation as innovation variables the following were taken into account: exports of high technology products, expenditures on research and development activities and the number of patents. Data on national innovative variables were retrieved

form World Bank database. For the analysis data from these countries in the world for which all data were available were classified, both on innovation as well as the cultural dimensions.

Export of high-tech products is strongly negatively correlated with uncertainty avoidance for all countries (Table 7). Due to the strong collectivism and a large power distance in many fast-developing Asian countries there was no correlation between PDI, IDV and export of high-tech products. Such a correlation exists if we exclude Asian countries from the analysis. A similar correlation was observed for 'all countries' and excluding Asian countries in the case of UAI.

Power distance is strongly negatively correlated with expenditure on R&D, both for 'all countries' and excluding Asian countries. Negative correlation with the dimension of uncertainty avoidance is also visible.

The number of patents is strongly negatively correlated with power distance, but only if we do not take into account Asian countries. A strong positive correlation between patents also occurs in case of individualism, even without Asian countries. When we take into account strong cultural collectivism and a large number of patents in Asian countries, Pearson correlation coefficient tends to reverse the sign.

The smallest differences between the group defined as "all countries" and the group of countries without Asian countries are in the case of uncertainty avoidance dimension. This dimension is correlated negatively with all the indicators that affect innovation. The largest differences were observed in the correlation results between the number of patents and export of high-tech products and the dimension of individualism in the analyzed groups of countries as well as the results of the correlation between patents and distance power. Power distance is relatively high in Asian countries, while individualism is relatively low. Moreover, Far East Asian countries have the largest number of patents.

Table 7. The Pearson correlation coefficient between the cultural dimensions and innovation indicators

	dimension					
	PDI		IDV		UAI	
	All countries	Without Asian countries	All countries	Without Asian countries	All countries	Without Asian countries
Export of high technology products	-0,17	-0,48*	0,008	0,55**	-0,52**	-0,53*
R&D investments	-0,54**	-0,66**	0,18	0,36"	-0,31"	-0,51*
Patents	-0,06	-0,5*	-0,20	0,47*	-0,22	-0,42*

" statistically significant at the significance level  $p = 0,05$

\*statistically significant at the significance level  $p = 0,01$

\*\*statistically significant at the significance level  $p = 0,001$

Therefore the hypothesis **H1: Low-PDI countries achieve better innovative results** can be confirmed for European countries and countries without Far East Asian ones. The second hypothesis **H2: High-IDV countries achieve better innovative results** cannot be confirmed for 'all countries' whereas in European and English-speaking countries, more individualistic countries are more innovative. The third hypothesis **H3: Low-UAI countries achieve better innovative results** can be considered true, however, there is a greater risk of error in explaining innovation through this dimension.

## Conclusion

The present paper examines whether national culture influences innovation. The results confirm that cultural factors do play a major role, which largely verifies Shane's thesis [1993] showing the correlation of low power distance and strong individualism with innovation. However, this does not include Far East Asian countries, which appear culturally very different from

the rest of those analyzed. Countries of low power distance and low uncertainty avoidance are more innovative in most European cases. Impact of individualism versus collectivism is more debatable but generally, in Europe, better results are achieved in more individualistic countries. Therefore, PDI is not a strong indicator of innovation if we take into account Asian countries. Therefore, Shane's hypothesis does not apply to Far East countries.

The impact of cultural dimensions on the innovation index in European countries seems to be fairly clear. It appears that countries of lower power distance and uncertainty avoidance are more innovative in most cases. Impact of individualism/collectivism is more debatable. Highly individualistic countries are very innovative. Also, some countries (Hungary, Latvia, Lithuania, Poland), which received a relatively low innovation index (a ratio below 0.4) are characterized by fairly strong individualistic attitudes. This may be due to the proximity of highly individualistic countries and the adaptation of cultural patterns by these countries. There is probably the impact of a warmer climate on the values of collectivism in countries such as Serbia, Portugal, Bulgaria, Romania, Slovenia, Greece, and Croatia.

These findings are of high practical relevance due to increasing globalization. Firms should consider national culture when establishing innovation units and organizing their management. Particularly care should be taken in assessing the cultural values and management practices in Asian countries because of their great cultural differences.

It is possible that the cultural characteristics of highly innovative European countries will predict the path of cultural changes in Poland in the future. There is a need in Poland to give more distribution of power to reduce power distance and to accept tolerance for change and ambiguity to reduce uncertainty avoidance.

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