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Chief Editor:

Ahmad Tootoonchi
College of Business
Frostburg State University
101 Braddock Road
Frostburg, Maryland 21532
Tel: 301-687-4740
Tootoonchi@frostburg.edu

Editor:

Jill A. Morris
Department of English
Frostburg State University
101 Braddock Road
Frostburg, Maryland 21532
Tel: (301) 687-4238
jamorris@frostburg.edu

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Editorial Note

The May 2016 issue of the *Journal of International Business Disciplines (JIBD)* has been the result of a rigorous process in two stages:

- Stage 1: all papers that were submitted to the 2015 IABD conference went through blind reviews, and high quality papers were accepted for presentation at conference.
- Stage 2: approximately ten percent of the accepted articles and one invited manuscript were selected for possible publication in *JIBD*, and the respective authors were contacted and asked to resubmit their papers for a second round of reviews. These manuscripts went through a rigorous review process by the editorial board members. In the end, three articles were recommended by the editorial board for publication in the May 2016 issue of *JIBD*.

JIBD is committed to maintaining high standards of quality in all of its publications.

Ahmad Tootoonchi, Chief Editor
Journal of International Business Disciplines

Journal of International Business Disciplines

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THE RELATIONSHIP BETWEEN DEMOGRAPHIC PROFILES AND ATTITUDES REGARDING BUSINESS OUTSOURCING TECHNIQUES AND STRATEGIES

Lucinda L. Parmer, Miami University
parmerl@miamioh.edu

ABSTRACT

The world is a global marketplace; however, much controversy has been created regarding American-based companies relocating departmental operations offshore to foreign territories. The main reason for moving offshore is to cut costs and to maximize on cheaper labor pools in the host country. There are cultural and language barriers that complicate matters, as well as the media, as reported by Dobbs (2004). This study quantifiably examined the relationship between participants' demographic profiles and attitudes regarding business outsourcing techniques and strategies utilizing the Chi-Square and Fisher's Exact tests. Significant differences were found in all of the demographic variables of ethnicity, gender, number of children (e.g. family size), age, education level, marital status, and annual household income.

INTRODUCTION

Deciding to outsource a company's products or services offshore to another country is not a casual decision for any business to make. Furthermore, these offshore operational decisions pose challenges for company executives, employees, and their residing communities at large. Numerous factors go into consideration when determining to move a portion of a company's organizational processes overseas. Whitfield and VanHorsenn (2008) conveyed that the most common elements that make up this complex decision to relocate are comprised of the differing cultural sets and languages spoken in the foreign country, as well as piracy, political instabilities, and local governance differences in the host countries.

American-based businesses struggle with the reality of saving money by moving particular operations overseas, and by keeping products and services sold in the United States made there too. Halzack (2013) stated that manufacturing jobs in America have diminished due to assembly line automation and jobs moving overseas to exploit cheaper labor teams. Additionally, many Americans express discontent by having business operations moved overseas due to this taking jobs, as well as opportunities, away from the American people. This paper examines the relationship between participants' demographic profiles and their attitudes regarding business outsourcing techniques and strategies to gain a better understanding of American employees' belief systems, in regards to businesses engaging in outsourcing operations, particularly offshore outsourcing operations. In this paper numerous strategic dimensions of sourcing and shoring techniques and strategies are defined, however, "outsourcing" is the term that is commonly used

in this study to refer to any one of these techniques. Dolgui and Proth (2013) defined outsourcing as, “the act of obtaining semi-finished products, finished products or services from an outside company if these activities were traditionally performed internally” (p. 6769).

LITERATURE REVIEW

Strategic Dimensions of Sourcing and Shoring Techniques

There is a multitude of strategic dimensions associated with sourcing and shoring techniques in the marketplace, conducting business abroad, and conducting business on the home front, or near the home place. These strategic dimensions include (a) domestic outsourcing, (b) insourcing, (c) back sourcing, (d) offshoring, (e) offshore outsourcing, (f) onshoring, (g) nearshoring, (h) strategic outsourcing, (i) business process outsourcing (BPO), and (j) offshore service providers (OSPs). These sourcing and shoring techniques and strategies can be complicated. Koku (2009) stated that *domestic outsourcing* is when a company decides to let go of an in-house job to go to another domestic company to perform. Nodoushani and McKnight (2012) specified that *insourcing* is bringing back work internally that was previously outsourced. Chadee and Ramen (2009), and Koku (2009) indicated that *back sourcing* is rescinding the product or service back to the home country where it came from originally. *Offshoring* is when a company from one country outsources work with businesses in another country by either conducting operations in the foreign country, or subcontracting this work out through outsource providers who then transfer this work overseas.

Additionally, Koku (2009) reported that *offshore outsourcing* is a hybrid of domestic outsourcing and offshoring in which a company totally transfers jobs to another company that is foreign-based which has no relation whatsoever to the domestic affiliate. For example, Delta Airlines is contracting out its reservation services to a call center in Manila, Philippines. Bodamer (2012) declared that *onshoring* is bringing jobs back to the home country, whereas Worley (2012) accentuated that *nearshoring* is offshore outsourcing a percentage of a business's operations to a nearby country. Ikerionwu, et al., (2014) and Ahmed, et al. (2014) explained that *strategic outsourcing* is the use of multiple vendors for short run contracts. *Business process outsourcing* (BPO) is indicative of a when a particular business function of a company is outsourced, for example research & development (R&D) or payroll. *Offshore service providers* (OSPs) are companies that manage, facilitate, and administer an organization's offshore operations. These OSPs can specialize in a certain business function or be considered a universal agent for companies.

Advantages and Disadvantages of Outsourcing

Koku (2009) conveyed that the advantages of outsourcing are cost benefits, flexibility with operational options, simplification of business processes, accessibility of newer equipment and

technology, reductions in the payroll and overhead costs, economic and business development in the host country, enhanced global relations, and freed up capital for core investments from offshore savings. The disadvantages associated with outsourcing are loss of control over certain functions within the organization, the releasing of sensitive subject matter such as trade secrets, loss of jobs from home country employees, and backlash in the homeplace community. Additionally an abundant amount of time is needed in order to get the outsourced provider equipped and fully functioning.

Works Management (2009) found that the U.S. economic recession prompted many companies to outsource non-core competencies, such as customer service call centers. Sharma (2011) reported that consumers, when analyzing product and service quality, typically scrutinize the superiority of the product or service by way of questioning personal satisfaction levels, determining repeat purchase motives, evaluating problems or complaints associated with the product or service, considering brand image effects, and individual brand loyalty intentions. All of these factors can affect a company positively or negatively when a consumer has to interact with a call center representative from another country.

Sharma (2011) further found that customers who are high on consumer ethnocentrism tend to be more concerned about the overall quality of the customer service offered by offshore service representatives. Ethnocentrism is judging another culture based on the values and standards of one's own culture. Consumers who are high on ethnocentrism will typically have greater dissatisfaction levels with his/her experience while talking to a foreign call center employee, which in turn spurs an increase in consumer complaints, as well as a decrease in repeat purchases.

Sohn (2011) stated that the reason many American-based companies decide to outsource a portion of their operations is that the reality of running a business singlehandedly is not an easy task, so outsourcing is a viable option for these organizations. Moreover, outsourcing helps to control costs. Nevertheless, certain American-based companies do try to stay within the perimeters of the U.S., working off the cultural belief that it makes good global sense to outsource within the U.S. as opposed to a foreign country, mainly due to the huge time zone differences associated when doing business abroad.

Types of Business Operations Outsourced

Keating (2012) reported that the outsourcing services that are most common today are accounting, financial, customer service, manufacturing, information technology, engineering, human resources, R&D, data processing, and sales services. Through the outcomes of globalization, as well as companies eager to obtain impressive short-term results, outsourcing has become a practical alternative. More specifically, Kvint (2016) stated that banking and insurance sectors are popular company operations to offshore outsource in countries that have less restrictive regulations, such as in Panama and Costa Rica. Su (2015) conveyed that China's software and information technology (IT) service industry has landed contracts with major clients from the world's largest economics: the United States and Japan.

Mantalay and Chakpitak (2015) indicated that a new dimension of offshoring is happening in which companies are no longer moving industrial jobs, for example, overseas, but now companies are transferring knowledge and innovation activities overseas through offshore outsourcing operational endeavors. Companies who are offshoring knowledge activities and innovation require personnel who are capable and competent to manage, lead, and recruit host country knowledge workers who are doing knowledge-based activities as part of their core job requirement within a global, offshore outsourcing, management environment.

Top Offshore Outsourcing Destination

Keating (2012) found that India was originally the go-to place for globalized call center setups. Currently, Brazil, the Philippines, Mexico, and Vietnam are gaining market share over India for outsourcing call centers. India has fallen from having 80% to 60% of the overall call center market share. Brazil is now a new hot spot destination for offshore outsourcing for American-based businesses. Brazilian-based customer support services over American-based companies grew at a compound annual growth rate of approximately 27% during 2005–2010, compared to 21% from other regions. The cost per agent is cheaper in Brazil in comparison to India, the Philippines, and Canada, where the costs are rising (Keating, 2012).

Datamonitor (2006) reported that the main problem with utilizing Brazil as an outsourcing hub is the language barrier. Considerably, parts of the world are not confident in Brazilian-based call centers being able to effectively handle additional languages when dealing with customer support services. The perception of the stability of the government associated with Brazil is additionally low which compounds problems even further for Brazil being seen as a sustainable player in outsourcing efforts. However, the number of Latin-American contact center agents servicing offshore clients nearly tripled from 16,200 in 2005 to 44,900 in 2010, and are still growing today (Datamonitor, 2006).

Offshore Outsourcing and Trade Barriers

Jones (2009) conveyed that marketing goods and services abroad is not a stress free task for any organization. Negative global relations can impact international trade in times of inter-country feuding. This can spill over into neighboring countries that are not even at odds with one another due to the outsourcing business activities taking place. Consequently, top executive leaders need to take into consideration the consequences of cross-country clashing, and how this can impact a company's profit and international trade relations in general.

Jones (2009) further stated that conducting business abroad, although it may save the company money on production or service costs in the short-run, adds another compelling dimension when different cultures and languages are thrown into the mix. With the decline in trade barriers, and the use of the Internet, it is easier and more cost-effective to outsource into foreign countries today. External factors can contribute to the overall success or failure of the outsourcing business

venture. The type of technology used, type of market targeted, the geographic location of the outsourcing business, and the amount of experience the people involved in the outsourcing operations have can greatly impact the success or failure of the new strategic direction.

Ghandi et al., (2012) found that the global marketplace has become smaller and highly competitive in part due to cheaper labor costs and operating expenditures. Numerous people in the U.S. have a strong criticism towards outsourcing due to American workers losing jobs to workers overseas. It has become a highly controversial topic. The Internet has made communicating with people across the globe fast, simple, and easy. This has further added to the global marketplace becoming a more tempting field to conduct business in for American-based companies.

Attitudes Towards Outsourcing

Mansfield and Mutz (2013) stated that typically the decision to outsource is based upon production constraints, whereas companies outsource to lower these production costs and then pass on the price savings to consumers. Nevertheless, nearly 69% of Americans feel that outsourcing hurts the U.S. economy, compared to only 17% of Americans who actually thought that outsourcing helps the American economic structure. There is an “us” versus “them” mentality that shapes Americans’ attitudes towards outsourcing. Economists refer to outsourcing as international trade, whereas Americans typically have a different view on this.

Debate.org (2015) administered a national poll regarding if outsourcing affects Americans’ attitudes regarding outsourcing endeavors, and 68% of the respondents said that the impact of outsourcing has negative effects on Americans and the economy. The reasons indicated by the poll included that the poll participants felt that outsourcing takes jobs away from people who are already struggling in America to make ends meet, whereas continued outsourcing would just promote an upper-class mentality by destroying the middle class. Additional complaints argued that outsourcing lifts the burden of heavy taxes off of American businesses therefore trickling down to not as much funding for schools and the education systems, thereby creating a snowball effect, which cripples many industries.

American Media and Outsourcing

For years, media and political relations in the U.S. tended to shed a negative light on outsourcing throughout the American public. Dobbs (2004) reported that the shipment of American jobs to low-cost foreign labor markets threatened millions of workers, their families, and the American way of life. Kerry (2004) criticized President George Bush for giving tax breaks to American-based companies that outsourced part of their business operations outside of the country instead of making new jobs for Americans. Williams (2015) claimed that nearly every outsourcing job does come with layoffs to the American workers.

Corbett (2004) discussed more global competition will be by way of American workers having to compete with workers in India, the Philippines, China, Eastern Europe, Afghanistan, Thailand, and Vietnam that will work for a fraction of the salary. Outsourcing will change the responsibilities of managers to become agile leaders whom are able to think strategically, to make deals, to administer partnerships and outsourcing contracts, and to manage change. Managers with project leadership skills will be essential in order to produce teams to accomplish detailed tasks to attain explicit results.

METHODOLOGY

Sample and Procedure

This study's sample base was comprised of 209 working professionals from the Houston, Texas metropolitan area. The data was collected electronically utilizing a web-based survey created at www.surveymonkey.com during the years of 2013 and 2014. The participants were invited by e-mail to participate in the study. The full demographic characteristics are summarized in Table 1.

Instrument Design

The instrument design for this study consisted of 38 items. There were seven demographic questions, as well as one informed consent question at the beginning of the survey. The remaining 30 questions aimed to identify Americans' attitudes, perceptions, beliefs, and opinions towards business outsourcing techniques and strategies. The 30 outsourcing based questions with responses are displayed in Table 2.

Statistical Analysis

The demographic characteristics of the sample were summarized as frequencies and percentages, and the responses to each item were derived from a 5-point Likert scale summarized as percentages. Responses were then dichotomized into those who agreed with the statement (comprising of agree and strongly agree responses on the Likert scale) and those that did not agree (e.g. neutral, disagree, or strongly disagree responses). The percentage of respondents who indicated agreement with each item was then compared across demographic groups using the Chi-square or Fisher's Exact Test where appropriate. Due to the number of items in the study, only those for which the responses differ significantly between demographic groups were displayed. Analysis was conducted using Stata 11MP and p -values < 0.05 were considered statistically significant. P -values < 0.05 are indicated as *, $< .01$ as **, $< .001$ as ***.

Results

The demographic characteristics of respondents are summarized in Table 1. A total of 209 respondents completed the survey, and the profiles are as follows, under the age of 25 (26.9%), 26 - 35 years old (39.9%), 36 - 45 years old (22.6%), and 46 years or older (10.6%). The highest ethnic group was white (41.6%), with Hispanics being the second highest ethnic group (24.9%). African-American respondents came in third highest (13.9%), whereas Other and Asian ethnic groups followed (11.5%, and 8.1% respectively). The “Other” ethnic group is considered to be primarily of Middle Eastern descent. The majority of the respondents were female (62.9%). Nearly half of the respondents were college educated with a four year college degree or higher (44%). Just over half of the participants were married (53.6%), while just under half had no children (45.2%). Lastly, the strongest annual household income was reported as \$35,000 - \$74,999 (37.5%), and the respondents within the income bracket of \$125,000 or more was the lowest reported (14.4%). The participants who self-disclosed an annual income within \$75,000 - \$124,999 were the 2nd highest (31.7%), and lastly, respondents self-disclosing income of less than \$35,000 were the 3rd most popular (16.4%).

TABLE 1: DEMOGRAPHIC PROFILES

	N*	%
Age		
18-25	56	26.9
26-35	83	39.9
36-45	47	22.6
46+	22	10.6
Ethnicity		
White	87	41.6
Hispanic	52	24.9
Asian	17	8.1
African-American	29	13.9
Other	24	11.5
Gender		
Female	129	62.9
Male	76	37.1
Level of education		
High school/Some college	49	23.4
2 - year college degree	68	32.5
4 - year college degree or above	92	44.0
Marital status		
Single	60	28.7
Married	112	53.6
Divorced	14	6.7
Relationship/domestic partnership	23	11.0
Number of children		
None	94	45.2
1 – 2	83	39.9
3 or more	31	14.9
Annual household income		
Less than \$35,000	34	16.4
\$35,000 - \$74,999	78	37.5
\$75,000 - \$124,999	66	31.7
\$125,000 or more	30	14.4

*Complete Data Only

The responses to each item in the questionnaire are summarized below in Table 2. The majority of respondents strongly agreed that offshore outsourcing helps foreign countries' economies (60.0%), helps the people in the foreign country be able to have a job (66.8%), allows a person in a host country to better him/herself (55.6%), that doing business with other countries is necessary in order to strengthen ties globally (60.1%), and helps the U.S. to stay competitive in the marketplace (48.1%). However, the majority also strongly agreed that a manager who outsources is looking to cut costs (55.6%), and even if he/she is operating with a global mind-set when doing so (48.3%), it takes jobs away from people in existing companies (54.3%) and Americans (44.7%). Americans do strongly agree with having a preference in certain countries over others when it comes to outsourcing efforts (39.6%), but would not have a problem working with a company that engages in outsourcing business strategies (40.7%). The majority feels that if a manager does engage in offshore activities he/she should learn the language and/or culture of the host country (45.6%).

The majority of the respondents disagreed that offshore outsourcing does not have a huge impact on the American economy (56.3%), and also believed a manager who outsources in a foreign country is more concerned with the welfare of the people in that country as opposed to the welfare of the people in his/her own country (54.1%). The respondents disagreed that when a manager engages in offshore outsourcing it helps to make America stronger (67.7%). The respondents also disagreed that there is really no need to educate the offshore outsourcing sites on American cultures or languages other than the people who work in the call center (50.2%). Additionally, the respondents disagreed that a manager who engages in offshore outsourcing does not care about the well-being of his/her existing employees' jobs or futures (52.7%). The respondents also disagreed (44.4%) that when a manager engages in offshore outsourcing, he/she is admired and respected more, and they disagreed that a male manager is more adept to head offshore outsourcing operations (34%). 38.5% believed that it is actually the U.S. government's fault for permitting American-based companies the opportunity to outsource operations.

Americans are neutral when it comes to whether Brazil is the next rising star for offshore outsourcing destinations (57.3%), if India still maintains the best place for offshore call center activities (40.6%), as well as whether or not a manager is better if he/she participates in domestic outsourcing efforts as opposed to offshore outsourcing endeavors (41.1%). The respondents were also neutral to the statement regarding how offshore outsourcing allows foreign countries to get an upper hand on global operations, which in turn could have adverse effects to the American economy (58.5%). Lastly, the respondents are neutral regarding whether a manager who participates in any type of outsourcing is probably just doing what he/she has been told to do by his/her boss (32.5%), and if offshore outsourcing is the way of the future that American companies need to get on board before they get left behind (36.5%).

TABLE 2: ATTITUDES CONCERNING OFFSHORE OUTSOURCING (PART 1 of 2)

	SD	D	N	A	SA
Offshore outsourcing helps a company in the long run	7.7	14.8	26.8	9.6	41.2
Offshore outsourcing helps a company in the short-run	1.0	17.7	29.7	11.5	40.2
Offshore outsourcing helps the foreign countries' economy	2.0	3.9	5.9	28.3	60.0
Offshore outsourcing takes jobs away from Americans	1.4	12.5	13.5	27.9	44.7
Offshore outsourcing does not have a huge impact on the American economy	23.3	56.3	13.1	1.0	6.3
Offshore outsourcing helps the people in the foreign country have a job	1.4	1.0	5.8	25.0	66.8
Offshore outsourcing allows a person in a foreign country to better him/herself	1.9	2.9	22.2	17.4	55.6
Companies today should operate with a global mindset	1.4	2.9	21.1	27.3	27.4
Doing business with other countries is necessary in order to stay competitive in the marketplace	2.9	6.7	13.0	29.3	48.1
Doing business with other countries is necessary in order to strengthen global relations	1.4	4.3	10.6	23.6	60.1
I prefer some foreign countries to others when it comes to United States companies participating in offshore outsourcing	3.4	11.6	28.5	16.9	39.6
The next rising star country for offshore outsourcing is Brazil	1.5	7.3	57.3	4.9	29.1
India still maintains the best place for a company to go to for call center activities	5.3	16.9	40.6	5.8	31.4
I would not have a problem with my organization engaging in offshore outsourcing activities	9.1	21.1	21.5	7.7	40.7
It is the U.S. government's fault on allowing companies to outsource	10.1	38.5	28.4	5.3	17.8
A manager that uses offshore outsourcing is looking to cut costs	1.5	4.8	16.9	21.3	55.6
A manager that uses offshore outsourcing techniques and strategies is operating with a global mind-set	1.5	8.2	30.4	11.6	48.3
A manager that participates in domestic outsourcing would be better than a manager who does not	6.8	24.6	41.1	3.9	23.7
A manager who participates in any type of outsourcing is probably just doing what he/she has been told to do by his/her boss	3.4	24.3	32.5	7.8	32.0
A manager who enforces a "made in the U.S.A." policy is looking out for the overall welfare of the American people	2.9	11.5	26.9	15.4	43.3
A manager who outsources to another country should learn to speak the language of that country	1.5	13.0	22.2	17.4	45.6

TABLE 2: ATTITUDES CONCERNING OFFSHORE OUTSOURCING (PART 2 of 2)

	SD	D	N	A	SA
When a manager engages in offshore outsourcing it helps to make America stronger	12.9	67.7	33.5	2.9	21.1
When a manager engages in offshore outsourcing he/she is admired and respected more	11.1	44.4	34.8	1.5	8.2
A male manager would be more adept to head offshore outsourcing operations for his company over a female manager	16.8	34.0	2.9	3.4	22.0
Offshore outsourcing is the way of the future and American companies need to get on board before they get left behind	8.7	24.0	36.5	3.9	27.0
There really is no need to educate the offshore outsourcing sites on American cultures or languages, other than the people who work in the call center	25.1	50.2	13.5	1.0	10.1
Outsourcing takes jobs away from people in existing companies	0.5	12.0	19.2	13.9	54.3
Offshore outsourcing allows foreign countries to get an upper hand on global operations, which in turn could have adverse effects to the American economy	2.9	26.1	58.5	8.7	33.8
A manager who engages in offshore outsourcing does not care about the well-being of his/her existing employees' jobs or futures	9.2	52.7	23.2	4.8	10.1

SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree

The ethnicity group in Table 3 observed numerous differences in outsourcing attitudes. Hispanic respondents were the most likely to agree that outsourcing helps a company in the long run, while White respondents were the least likely to agree (67.3%, $\chi^2(4, n = 209) = 15.5, p = .004^{***}$). White respondents were the most likely to agree that outsourcing takes jobs away from the American economy (83.9%, $\chi^2(4, n = 208) = 13.3, p = .010^{**}$), and that outsourcing takes jobs away from people in existing companies (77%, Fisher's exact ($n = 208$), $p = .017^*$). Hispanic respondents were the most likely to agree that companies today should operate with a global mindset (88.5%, Fisher's exact ($n = 208$), $p = .009^{**}$). The Hispanic respondents were dominant in agreement regarding that doing business with other countries is necessary in order to stay competitive in the marketplace (94.1%, Fisher's exact ($n = 208$), $p = .003^{***}$), and that if a manager is participating in offshore activities, he/she is operating with a global mind-set (82.4%, $\chi^2(4, n = 209) = 15.5, p = .001^{***}$). The Asian ethnic group agreed that there really is no need to educate the offshore outsourcing sites on American cultures or languages other than the people who work in the call center (37.5%, Fisher's exact ($n = 208$), $p = .041^*$). The Other ethnic group (chiefly Middle Eastern descent) strongly agreed that offshore outsourcing allows a person in a foreign country to better him/herself (95.8%, Fisher's exact ($n = 208$), $p = .005^{**}$).

TABLE 3: AGREEMENT WITH STATEMENT BY ETHNIC GROUP

	White	Hispanic	Asian	African – American	Other	$\chi^2_{(df = 4)}$	<i>p</i> -value
Offshore outsourcing helps a company in the long run	35.6	67.3	64.7	51.7	58.3	15.5	0.004
Offshore outsourcing takes jobs away from Americans	83.9	73.1	58.8	60.7	54.2	13.3	0.010
Offshore outsourcing allows a person in a foreign country to better him/herself	70.1	72.6	88.2	53.6	95.8	FE	0.005
Companies today should operate with a global mind-set	67.8	88.5	88.2	58.6	79.2	FE	0.009
Doing business with other countries is necessary in order to stay competitive in the marketplace	70.1	94.1	88.2	65.5	75.0	FE	0.003
A manager that uses offshore outsourcing techniques and strategies is operating with a global mind-set	46.0	82.4	64.7	71.4	45.8	21.4	0.001
There really is no need to educate the offshore outsourcing sites on American cultures or languages, other than the people who work in the call center	10.3	7.7	37.5	6.9	8.7	FE	0.041
Outsourcing takes jobs away from people in existing companies	77.0	51.9	76.5	75.9	56.5	FE	0.017

FE = Fisher's Exact Test

Table 4 shows agreement by gender. The male respondents more likely agreed that offshore outsourcing allows a person in a foreign country to better him/herself (81.6%, $p = .041^*$), that companies today should operate with a global mind-set (84.2%, $p = .016^*$), and that India still maintains the best place for a company to go to for call center activities (51.4%, $p = .003^{***}$). The male respondents further agreed over female respondents that when a manager engages in offshore outsourcing it helps to make America stronger (32.9%, $p = .030^*$), that when a manager

engages in offshore outsourcing he/she is admired and respected more (17.3%, $p = .006^{**}$), and that offshore outsourcing is the way of the future, and American companies need to get on board before they get left behind (40.8%, $p = .013^{**}$). The female respondents more likely agreed that a manager who enforces a “made in the U.S.A.” policy is looking out for the overall welfare of the American people (64.1%, $p = .048^{*}$).

TABLE 4: AGREEMENT WITH STATEMENT BY GENDER

	Female	Male	$\chi^2_{(df=1)}$	p -value
Offshore outsourcing allows a person in a foreign country to better him/herself	68.5	81.6	4.2	0.041
Companies today should operate with a global mind-set	69.0	84.2	5.9	0.016
India still maintains the best place for a company to go to for call center activities	30.2	51.4	8.9	0.003
A manager who enforces a “made in the U.S.A.” policy is looking out for the overall welfare of the American people	64.1	50.0	3.9	0.048
When a manager engages in offshore outsourcing it helps to make America stronger	19.4	32.9	4.7	0.030
When a manager engages in offshore outsourcing he/she is admired and respected more	5.5	17.3	7.5	0.006
Offshore outsourcing is the way of the future and American companies need to get on board before they get left behind	24.2	40.8	6.2	0.013

Differences in beliefs were also observed by number of children (e.g. family size) in Table 5. Respondents with no children were more likely to believe that offshore outsourcing helps a company in the long-run (60.6%, $\chi^2(3, n = 208) = 7.3, p = .026^{*}$), companies should operate with a global mind-set (86.2%, $\chi^2(3, n = 208) = 12.3, p = .002^{***}$), that when a manager engages in offshore outsourcing he/she is admired and respected more (17.4%, Fisher's exact ($n = 206$), $p = .004^{***}$), and that offshore outsourcing is the way of the future and American companies need to get on board before they get left behind (39.4%, $\chi^2(3, n = 207) = 8.5, p = .014^{**}$). Respondents with three or more children were more likely to agree that it is the U.S. government's fault for allowing companies the opportunity to participate in outsourcing activities (45.2%, $\chi^2(3, n = 207) = 9.9, p = .007^{**}$), outsourcing takes jobs away from people in existing companies (90.3%, Fisher's exact ($n = 207$), $p = .009^{**}$), as well as offshore outsourcing allows foreign countries to gain an upper hand on global operations, which in turn could have adverse effects on the American economy (63.3%, $\chi^2(3, n = 206) = 6.4, p = .040^{*}$).

**TABLE 5: AGREEMENT WITH STATEMENT BY NUMBER OF CHILDREN
(PART 1 of 2)**

	None	1-2	3+	$\chi^2_{(df=3)}$	<i>p</i> -value
Offshore outsourcing helps a company in the long run	60.6	43.4	38.7	7.3	0.026
Companies should operate with a global mind-set	86.2	65.1	64.5	12.3	0.002
Doing business with other countries to stay competitive	83.9	68.7	83.9	6.6	0.036
It is the U.S. government's fault on allowing companies to outsource	19.2	19.5	45.2	9.9	0.007
When a manager engages in offshore outsourcing he/she is admired and respected more	17.4	3.6	3.2	FE	0.004
Offshore outsourcing is the way of the future and American companies need to get on board before they get left behind	39.4	19.3	33.3	8.5	0.014
Outsourcing takes jobs away from people in existing companies	62.4	66.3	90.3	FE	0.009
Offshore outsourcing allows foreign countries to get an upper hand on global operations; this in turn could have adverse effects on the American economy	37.2	41.5	63.3	6.4	0.040

FE = Fishers Exact Test

Fewer responses differed by age, level of education, marital status and annual household income, though some differences were observed in Table 6. Respondents in the age bracket of 36 – 45 years old were more likely to agree that it is the U.S. government's fault for allowing companies to outsource (40.4%, $\chi^2(3, n = 207) = 10.5, p = .015^*$). The age group of 46 or older were more likely to agree that a manager who enforces a "made in the U.S.A." policy is looking out for the overall welfare of the American people (81.8%, $\chi^2(3, n = 207) = 13.8, p = .003^{***}$). Respondents who had some college were more likely to agree that a male manager would be more adept to head offshore outsourcing operations for his company over a female manager (32.7%, $\chi^2(2, n = 209) = 7.1, p = .028^*$). Single respondents were more likely to agree that offshore outsourcing helps a company in the long-run (68.3%, Fisher's exact ($n = 209$), $p = .007^{**}$), whereas respondents who identified themselves as being in a relationship or a domestic partnership more likely agreed that offshore outsourcing helps the people in the foreign country have a job (100%, Fisher's exact ($n = 208$), $p = .010^{**}$), and that a male manager would be more adept to head offshore outsourcing operations for his company over a female manager (43.5%, Fisher's exact ($n = 209$), $p = .029^*$). Participants who made \$35,000 annually or less were more

likely to agree that offshore outsourcing allows a person in a foreign country to better him/herself (91.2%, Fisher's exact ($n = 206$), $p = .027^*$), and that a manager that uses offshore outsourcing techniques and strategies is operating with a global mindset (79.4%, Fisher's exact ($n = 206$), $p = .027^*$). Lastly, participants whose annual income was in the \$75,000-\$124,999 range were more likely to agree that outsourcing takes jobs away from people in existing companies (77.3%, $\chi^2(2, n = 207) = 10.8, p = .013^{**}$).

TABLE 6: AGREEMENT BY AGE GROUP, EDUCATION LEVEL, MARITAL STATUS, AND INCOME (PART 1 of 2)

	Age (Years)					
	18 – 25	26 – 35	36 – 45	46+	$\chi^2_{(df = 3)}$	<i>p</i> -value
It is the U.S. government’s fault on allowing companies to outsource	17.9	17.1	40.4	22.7	10.5	0.015
A manager who enforces a “made in the U.S.A.” policy is looking out for the overall welfare of the American people	58.9	45.8	71.7	81.8	13.8	0.003
	Education Level					
	Some College	2-Year College Degree	4-Year College Degree+		$\chi^2_{(df = 2)}$	<i>p</i> -value
A male manager would be more adept to head offshore outsourcing operations for his company over a female manager	32.7	32.4	16.3		7.1	0.028
	Marital Status					
	Single	Married	Divorced	Relationship/ Domestic Partnership	$\chi^2_{(df = 3)}$	<i>p</i> -value
Offshore outsourcing helps a company in the long run	68.3	44.6	28.6	47.8	FE	0.007
Offshore outsourcing helps the people in the foreign country have a job	98.3	88.3	78.6	100.0	FE	0.010
A male manager would be more adept to head offshore outsourcing operations for his company over a female manager	31.7	20.5	7.1	43.5	FE	0.029

TABLE 6: AGREEMENT BY AGE GROUP, EDUCATION LEVEL, MARITAL STATUS, AND INCOME (PART 2 of 2)

	Income				or $\chi^2_{(df=3)}$	p-value
	Less than \$35,000	\$35,000-\$74,999	\$75,000-\$124,999	\$125,000 or more		
Offshore outsourcing allows a person in a foreign country to better him/herself	91.2	63.6	72.7	75.9	FE	0.027
A manager that uses offshore outsourcing techniques and strategies is operating with a global mind-set	79.4	59.0	59.4	43.3	8.9	0.031
Outsourcing takes jobs away from people in existing companies	54.6	73.1	77.3	50.0	10.8	0.013

FE=Fisher's Exact Test

CONCLUSION

In closing, this study indicated that the participants had strong opinions towards the research question regarding outsourcing and how this shapes Americans' attitudes based upon demographic profiles. The demographic differences do show that Hispanics in America are more favorable of companies who do outsource a portion of its operations overseas. Hispanics feel that the company is operating with a more global intent and that outsourcing operations is simply an essential part of doing business in the global marketplace in which companies reside today. The White ethnic group was the least favorable of outsourcing in America, and this group feels that a company who practices outsourcing techniques and strategies is taking jobs away from Americans, and directly from the people who work for the particular organizations. The Asian ethnic group felt the strongest on the fact that educating indirect workers in the foreign country on the American culture and language was not needed.

In regards to gender differences, the male respondents were more favorable of outsourcing helping the people in the foreign country better themselves, and that outsourcing is a way for a company to operate with a global mind-set. Males also felt that India is still the best country to go to for outsourcing call center activities. Males were also more favorable over females in outsourcing activities helping to make America stronger, and that these techniques and strategies are the way of the future, and America needs to get on board before she gets left behind. Males also felt more strongly regarding a manager who engages in outsourcing events is respected and

admired more by his/her followers. However, females did feel stronger over males that if a manager enforces a “made in the U.S.A.” policy he/she is looking out for the welfare of the American people.

Family size was significant in which respondents who had no children had stronger opinions regarding outsourcing in America; for example, these respondents did feel that outsourcing helps a company in the long-run, companies should operate with a global mind-set, doing business with other countries is necessary in order to stay competitive, a manager is admired and respected more if he/she engages in outsourcing, and America needs to get on board with outsourcing techniques and strategies before she gets left behind. Respondents with three or more children felt more strongly in regards to the idea that outsourcing takes jobs away from people in existing companies, and that offshore outsourcing has allowed foreign countries to gain an advantage over the American economy.

The age group of 36-45 years was dominant in the belief that it is the U.S. government’s fault for allowing companies the opportunity to offshore outsource. Respondents who were 46 years of age or older were dominant in believing that a manager who enforces a “made in the U.S.A.” policy is looking out for the welfare of the American people. Respondents with only some college felt that a male manager would be better at heading offshore outsourcing operations for a company over a female manager. Respondents who were either in a relationship, or a domestic partnership, were dominant in the attitude that offshore outsourcing helps the people in the foreign country to have a job, and that a male manager would be more adept to head offshore outsourcing operations over a female manager. The single age group had stronger feelings that offshore outsourcing helps a company in the long run. Lastly, respondents who made less than \$35,000 annually had stronger beliefs regarding offshore outsourcing allows a person in a foreign country to better him/herself, and that a manager who uses offshore outsourcing techniques and strategies is operating with a global mind-set. The respondents in the \$75,000-\$124,999 income bracket believed stronger that outsourcing takes jobs away from existing companies.

LIMITATIONS

The aim of the study was to describe attitudes towards outsourcing across different subgroups of the U.S. population, particularly offshore outsourcing efforts. It was not designed, or planned, to conduct multivariate analyses to identify independent predictors of responses. A minimum of agree and disagree responses would be required per variable in a multivariate logistic regression model. Based on this, the sample size would not be sufficient to adequately adjust for all demographic characteristics included in this study. This means it is not possible to determine whether, for example, differences by ethnicity could be explained by age differences in the ethnic groups. However, this study does offer an indication of the demographic groups whose attitudes, beliefs, feelings, and opinions differ from one another.

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EXPLORING THE CULTURAL FOUNDATIONS OF LEADERSHIP IN ECUADOR

Jeffrey L. McClellan, Frostburg State University
jlmcclellan@frostburg.edu

ABSTRACT

Leadership is a cultural phenomenon that, to be understood requires an understanding of the cultural foundations upon which it is based. This article explores the cultural foundations of leadership in Ecuador by examining and comparing the sources of power, goals, and means of influence used by leaders in the precolonial indigenous societies, the Inca Empire, and Spanish Colonial system. The connections between these foundations and modern managerial/leadership culture and practices are also explored.

INTRODUCTION

In recent years, a significant increase has occurred in the number of cross-national, international and global leadership studies. Scholars have found the exploration of differences across international boundaries to be a fertile field for research and publication. As a result, tremendous insights have been gleaned from this proliferating body of literature. Nonetheless, there is a need for research that probes more deeply into the structural and historical accounts of leadership with different societies. As Dickson, Castano, Magomaeva, and Den Hartog (2012) explained, “level of analysis is one of the main concerns between universality and cultural contingency. Multi-level research suggests that to make conclusions about a certain phenomenon across cultures, it has to be studied at the individual, organizational, and national level” (p. 487).

Schein (1992) argued that in relational to cultural development and leadership, “A group has a culture when it has enough of a shared history to have formed such a set of shared assumptions” (p. 12). Consequently, he defined culture as

...a pattern of shared basic assumptions that the group has learned as it solved its problems of external integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think. And feel in relation to those problems. (p. 12)

Furthermore, he believed culture is heavily dependent upon initial conditions. For example, in organizations, the values and practices of founders lay a cultural foundation that typically continues to drive the evolution and expression of culture long after the founders have left the organization. The same can be said of countries. Consequently, it is essential for leadership scholars to explore the cultural foundations of nations in order to better understand the modern contexts in which their studies take place. Similarly, it is valuable for practicing managers to

understand the cultural underpinnings of modern practices in order to increase their cultural intelligence. To this end, this article explores the cultural foundations for leadership in one Latin American Country, Ecuador, and addresses how these foundations relate to modern practices and the development of cultural intelligence.

Leadership in Ecuador is currently an understudied phenomenon. Consequently, this article takes an historical approach to the study of leadership cultural models in Ecuador. In particular, three historical groups and periods that influenced the foundation of Ecuadorian leadership culture are explored and examined to identify the dominant sources of power, goals, and means of influence that drove leadership within each cultural context. These contexts include the precolonial indigenous society of Ecuador, the Inca society that overlaid this foundation during the conquered period, and the Spanish colonial social structures that overlaid both of these cultural foundations. Finally, the impact of these models and the value of understanding them in relation to modern managerial practices will be explored.

INDIGENOUS LEADERSHIP TRADITIONS

Prior to the colonization of Ecuador by Spain, the country was inhabited by various different tribal and agricultural societies that remained largely politically independent. The country is divided into three main regions: the Costa (the western coastal plain), the Sierra (the mountainous highlands), and the Selva (the Amazon Basin). In the Sierra, a "general dispersal of houses and small settlements prevailed.... Common religious devotion brought people from fairly wide areas to worship at central temples or shrines, while needs for defense were met by mountain forest in which the common people found refuge" (Steward & Faron, 1959, p. 58). Although large scale political integration was rare, social and economic interaction were common as family-oriented societies and groups collaborated and united, or traded and interacted, with other groups. In some cases, these social groups became quite large.

These societies were referred to by the chroniclers as *cacicazgos*, or chiefdoms. Bray (2008) explained "each *cacicazgo* was composed of numerous villages, or *llacta*" (p. 24). These consisted of small groups of people who held hereditary rights to the land and often practiced a certain skill or produced a certain commodity. They were led by a *cacique*, or chief. The head of the most powerful *llacta* was recognized as what would later be called the *caudillo*, or "ruler among caciques" (Hamill, 1992, p. 10). In general, *caciques* practiced leadership through reciprocity where, in exchange for labor and obedience, they collected and distributed resources acquired through trade and agricultural production. Thus resources, access to resources, and the size of one's house were indicators of status, power, and wealth (Salomon, 1986). It is likely a *cacique* or *caudillo*'s power was absolute and authoritative, as in many cases they appear to have held power even over the giving and taking of wives and children. Many of these leaders ruled through fear and used corporal punishment (Salomon, 1986). Though rarely fully established as states or kingdoms in the traditional sense, these *cacicazgos* "were highly stable and successful political entities that produced surplus, had considerable wealth, and participated in a complex web of strategic interactions with neighboring groups" (Bray, 2008, p. 25).

The level of integration and collaboration among social groups in the Sierra proved unique in comparison to some of the tribal societies of the amazon and those of the costa. In the amazon in particular, societal groups were much smaller and more clan like (Steward & Faron, 1959). Structured more around religion and hunting/fighting, these tribes were typically led by either shamans or warriors who influenced others through kinship relations, religious prowess, and/or strength. Communities in the costa were also often smaller in size than those in the sierra and more localized (Steward & Faron, 1959). Nonetheless, they tended to be larger and more structured than those of the amazon, where it was more difficult to generate the resource surpluses necessary to sustain larger and more stratified social structures (Steward & Faron, 1959). Thus, the larger and more stratified societies generally demonstrated clearer distinctions between leaders and followers and their roles and privileges. Nonetheless, formal leadership tended to be patriarchal in nature and characterized by reciprocity and redistribution of resources. The basis for leadership, however, varied depending on each society, with an emphasis on religion, strength, and wealth/power as a primary means of acquiring and exercising power and influence.

While what we know about these precolonial societies is limited, some generalizations can be made about the nature of leadership in precolonial Ecuador. Most leaders appeared to have derived their authority from their wealth, religious power, or strength (Bray, 2008; Salomon, 1986; Steward & Faron, 1959). This allowed them to acquire positions of influence and establish networks of influence that facilitated strategic alliances and trade. Through these they acquired additional wealth which they redistributed to those they led. This allowed them to increase their status and authority.

As leaders, they appear to have been focused on increasing status and wealth so as to generate the surpluses necessary to structure society and engage in redistribution which allowed for the paternalistic care of followers. This provided them with the means to exact obedience and labor from those they led. In accomplishing these goals, they used the following means of influence: authoritative decision-making, demonstrations of strength and courage, fear and corporal punishment, management of strategic relationships, acquisition of resources through trade, and redistribution of resources. This model is depicted in Table 1.

TABLE 1. PRECOLONIAL INDIGENOUS LEADERSHIP IN ECUADOR

Sources of Power	Goals as a Leader	Means of Influencing Others
Social Status	Increase status	Authoritative decision-making
Networks of Influence	Increase wealth and	Demonstrations of strength and courage
Wealth, religion, and strength	surpluses	Fear and corporal punishment
	Exact obedience and labor	Redistribution of resources
Positions of Power	Take care of followers	Manage strategic relationships
		Acquire resources through trade
		Reciprocal Relationships

THE INCA INFLUENCE

While the Inca only governed a geographically narrow portion of Ecuador (never venturing much beyond the Sierra) for a relatively short period of time, their influence on leadership culture and identity was significant. This is evidenced by the general perception that the last Inca king is often revered as being Ecuadorian, given his birth to an Ecuadorian mother in Quito (Handelsman, 2000).

In Inca society, all leadership power and influence radiated from the Sapa Inca (Steward & Faron, 1959). His authority was derived from a combination of military prowess, divine right, and kinship. His paternal and maternal heritage defined his right to the throne, while his military success typically determined his ultimate access to power and provided the basis for maintaining his authority. Often supernatural assistance was inferred as a source of legitimacy and there is evidence to suggest Inca expansion was, at least partially, a result of a desire to evangelize and civilize as well as to conquer. Effective oratory skills were also highly respected among the Inca (D'Altroy, 2002).

Once in power the Inca ruled via the principles of reciprocity, effective bureaucratic organization, divine right, and strength. This is not to suggest the Inca's power was absolute, as there is sufficient evidence a powerful aristocracy had some influence over the kingdom. Nonetheless, power generally flowed from the top down (D'Altroy, 2002).

At local levels, and for practical purposes, the Inca generally relied on previously existing caudillo structures, which often resembled those of the Sierra in Ecuador, to oversee the regional areas of the empire (Salomon, 1986). The individuals in power were responsible for collection of the mita (labor tax) and the redistribution of goods and resources, as all property and goods were "owned" by the Inca (Hurtado, 1985). However, groups that opposed the Inca were usually dealt with harshly through military conquest and resettlement practices, (Hurtado, 1985)

In Ecuador, the Inca influence was more significant as some more resistant populations, such as the Canari, near modern day Cuenca, were nearly decimated in the conquest and were then reorganized consistent with the methods used by the Inca to deal with societies that were perceived as threats to security (D'Altroy, 2002). In Quito, in contrast, the Sapa Inca founded a city that ultimately became a second "capital" from which he lived and ruled the empire for a time. Thus, the influence of the Inca was likely quite significant in Ecuador.

With regards to leadership, the Inca invasion and reign likely reinforced traditional leadership structures and processes, while at the same time adding an increased acceptance of and deference to, even if reluctantly, a higher ultimate authority than that of local, kin-based leadership (Salomon, 1986). Additionally, the Inca rule likely weakened the concept of private land ownership, while further strengthening the idea that labor is owed to leaders (Hurtado, 1985). Finally, Inca leadership was more bureaucratic and structured, focused more on military strength, and emphasized an evangelical, expansionist mission and oratory skills than was likely the case in Ecuadorian indigenous societies.

Based on what is known about Inca leadership, it appears the sources of leadership power included: kinship, divine right, and military prowess (D'Altroy, 2002; Steward & Faron, 1959). Once in power, leaders were focused on military expansion, resource and wealth acquisition, and maintenance of authority (D'Altroy, 2002; Hurtado, 1985; Salomon, 1986). These goals were achieved through strong oratory skills, effective bureaucratic organization, redistribution of resources, demonstrations of strength and courage during military campaigns, use of pre-existing power structures, reciprocal relationships, decisive and authoritative decision-making, and punishment of those who opposed their rule (D'Altroy, 2002; Hurtado, 1985; Salomon, 1986; Steward & Faron, 1959). Thus, while Inca leadership had some things in common with the traditional leadership structures of the people over whom they ruled, namely the dependence on traditional structures and processes, the Inca added a layer of leadership that was more complex and structured than traditional pre-colonial societies. For more information, see Table 2.

TABLE 2. MODEL OF INCA LEADERSHIP

Sources of Power	Goals as a Leader	Means of Influencing Others
Kinship	Expansion of	Strong oratory skills
Divine right	kingdom	Effective bureaucratic organization
Military prowess	Increase Wealth	Redistribution of resources
	Maintain Authority	Demonstrations of strength and courage
		Use of preexisting power structures
		Reciprocal relationships
		Decisive and authoritative decision making
		Punishment of opposition through military campaigns and conquest

SPANISH CULTURAL INFLUENCES

In the late 1400s, the Iberian Peninsula had undergone significant changes, having fairly recently driven the Moors from Spain. With the monarchy firmly established and feudalism serving as the dominant political and social structure of society, Spain possessed a unique leadership culture that would ultimately facilitate the conquest of the new world and further influence the leadership culture of all of their territories, including modern day Ecuador.

Spanish society was culturally dependent upon a combination of Catholic (especially the works of Thomas Aquinas), Roman, and Renaissance philosophy, such as Machiavelli (Dealy, 1992; McIntosh, 2011). Spanish society was also feudalistic and monarchical in nature with a strong Roman cultural heritage. Illiteracy rates were high and years of war and disease created a limited labor pool. Power came from hereditary wealth and centered on the importance of relationships. At the same time, the crown was striving to create a commonwealth society based in the ideals of the enlightenment (Behrens, 2009). This effort would ultimately have more of an impact on society in Spain than in the colonies, where the founders of Latin American society “were the

cultural heirs of the *reconquistadores* of Iberia, [such as] warriors like the Cid who re-established Christian culture and society behind a moving frontier” (Johnson, as cited in McIntosh, 2011, p. 15).

As a result, the men who conquered western South America carried with them certain cultural tendencies that would help shape the nature of leadership in Ecuador and the surrounding countries. Most of these men were adventurous individuals who were seeking to elevate their status in Spanish society through service to the crown and the acquisition of land, wealth, and power (Kryzanek, 1992). The means whereby they sought to do so was through cultural domination and resource acquisition. Cultural domination was sought through military and missionary efforts to bring the populous into submission. Once this was achieved, the indigenous people were used as a means of acquiring and extracting resources for the benefit of the crown (Kryzanek, 1992). In the process, the conquistadores acquired immense wealth and significant power over the population. In doing so they left a legacy of authoritative, fear-based leadership. Courage, strength, and daring characterized their exploits. Their administration of the areas they conquered was characterized by limited planning, authoritative decision-making, limited concern for royal authority, and distribution of wealth and power among friends and family (Kryzanek, 1992). These patterns laid a foundation for some of the leadership trends that would follow as the Spanish crown sought to curb the excesses of the conquistadores and bring more structure to the new world.

As a result of Spanish cultural heritage (via the conquistadores) and the contextual contributions of the environment, Latin America developed a unique leadership approach known as *caudillaje*, rule by caudillos or strongmen (Spillan, Virzi, & Garita, 2014). *Caudillaje* refers to a style and approach to leadership characterized by authoritarianism, charisma, and personalism that was often legitimized through formal political processes (Hamill, 1992). This approach to leadership was undergirded by a set of rational virtues (Dealy, 1992). These included: *dignidad*, *leisure*, *grandeur*, *generosity*, *manliness*, and *deception*. The practical leadership of colonial Ecuador exemplified these virtues.

Dealy (1992) defined *dignidad* as the acquisition of a “personal presence wrought out of multiple traits known to accentuate the individuals impact upon significant others” (p. 99). Key components of this dignified persona are wrapped up in social conventions and appearances grounded in an inherent belief in the rank order of society and what it means to be noble. Consequently, “dignity is synonymous with rank” (p. 100). Furthermore, rank is reflected by ones behavior and appearance. As a result, social customs reflecting nobility and manners were central to the perception management processes of caudillos. These customs and manners are reflected in the other virtues of caudillo society.

Leisure was a particularly important component of caudillo society. As Dealy (1992) explained, “the caudillaje vision of social ascendancy, and the roads leading thereto, requires depreciation of toil” (p. 113). Simply put, a noble person did not work. The nobler one was the less work one did. Furthermore, as perception of nobility was more important than nobility itself, indolence became a virtue that reflected one’s status that all social groups sought to demonstrate to the best of their ability.

The third virtue of caudillaje society is grandeur, or charisma. Charisma, in Latin America, places a high value on charming personal interaction and tremendous, emotive oratory skills. Bordas (2007) defined it as “a special quality that gives a leader the ability to convey ideas with influence and power so that people are inspired and moved to action” (p. 130). In Latin America, charisma is characterized by passion, humor, charming interpersonal skills, and flowery and highly emotive verbal fluency that gives rise to a populist, paternalist approach to leadership (Behrens, 2009; Bordas, 2007; Dealy, 1992). The four time president of Ecuador, Velasco Ibarra, is commonly cited as a stereotypical charismatic Latin American caudillo leader who reflects this tradition (Behrens, 2009; Hurtado, 2010; Margolis, Byrnes, & Conger, 2008; McIntosh, 2011; McIntosh & Irving, 2010).

Generosity is the fifth virtue of caudillo society, according to Dealy (1992). It is reflected in the hospitality and willingness of Latin Americans to give to others even when they themselves have very little (Bordas, 2007, 2013). In relation to leadership practice, it is grounded in the paternalistic concept of the leader as a parental figure who is bound to reward followers for their service based on reciprocity (Dealy). On a societal level it is manifest in the generosity that accompanies family relationships, compadrazgo (the tradition of Godparents), and personalism in Ecuadorian society. Dealy explained that this value often caused leaders to lead through intermediaries or overseers when taking actions that would be seen as contrary to this ideal. In contrast, they operated in person with followers when they exhibited generosity.

Perhaps the most widely recognized of the caudillo virtues is manliness, or machismo. Characterized by female domination through sexual conquest, authoritative family relationships, fearlessness in society, and physical violence when dishonored, machismo represents a lingering ideal of Latin American leadership that traces its roots to precolonial Spain and the conquest (McIntosh, 2011; Moser, 2009). Furthermore, it represents a prevalent component of Ecuadorian culture (Handelsman, 2000; Moser, 2009), with some travel experts arguing that Ecuador is one of the stronger machismo cultures in Latin America (Foster, 2002).

The final virtue delineated by Dealy (1992) is deception. Throughout Latin America this manifests itself in the general disrespect for laws and the value placed on actions that circumvent the bureaucratic system to benefit the individual and his family network (Behrens, 2009; McIntosh, 2011).

The manifestations of these values in Ecuadorian society were evident in the cultural characteristics of the Audiencia of Quito as outlined by Hurtado (2010). One of these core characteristics was the highly stratified and exclusivist society. As Hurtado explained:

...the Spanish came from a hierarchically organized society dominated by the nobility that benefited from land ownership, the economic surpluses that compulsory work generated, and the tribute paid by peasants subject to the status of servitude. It was widely held that land constituted the main source of wealth, as a result of which other economic activities and manual labor were disparaged. (Loc 72-76)

In Ecuador, nobility came to be defined by one's ethnic and cultural status. At the top of this social hierarchy were the Spaniards. This social status was held only by those born in Spain. To

these individuals belonged the rights of leadership and governance. Most of the highest positions in government and the church were reserved for those of this status (Hurtado, 2010). Next in line were the Criolles, individuals born in the colonies to those of pure Spanish descent. Throughout the colonial period, most of the higher positions of authority were held by individuals from these two upper class groups either through appointment or as a result of the purchasing of an appointment (Burkholder & Johnson, 1998). As part of the *encomienda* system, individuals were given control over the land and the conversion of the Natives. In practice, though contrary to royal law, this gave them control, even ownership, of those who lived on and worked the land (Hurtado, 1985, 2010).

Next in the hierarchy came the mestizos, individuals of mixed Spanish and indigenous decent. One's status within this group was largely determined by his or her skin color and lifestyle. The lighter one's skin and the more one appeared, through dress and lifestyle, to be of noble birth, the higher his or her status (Hurtado, 2010). This group often included individuals who had been chiefs or *caciques* in the pre-colonial societies and whose power was sought and supported as a means of managing the population.

Beneath the mestizos were the blacks, mulattos (those of mixed European and African heritage), and the indigenous people of Ecuador, whose status as servants was justified philosophically due to their natural inferiority (Hurtado, 1985). As a result, racial and ethnic characteristics became a central component of leader-follower relations in Ecuador as those of higher status were expected to direct and to be served by those of lower status.

A second characteristic of colonial Ecuador that impacted leadership was widespread idleness. Based in the *caudillo* value of leisure as the highest ideal and the demonstrable evidence of one's nobility, to be a leader meant one did not engage in manual labor. As a result, while the white nobility controlled much of the land, the mines, and the *obrajes* (workshops), few were actively engaged in working the land or directly overseeing this work. Instead, a hierarchy of overseers, usually from lower class individuals or former *caciques*, was instituted to direct the actual labor of the people (Hurtado, 1985, 2010). As these individuals sought to demonstrate their own status, they tended to pursue a similar lifestyle of leisure, to whatever extent possible. Thus the desire to avoid work by delegating it to others became a cultural ideal.

The third characteristic of colonial society in Ecuador with implications for leadership was the general lack of entrepreneurial spirit. As an extension of the idleness of the people, Hurtado (2010) argued colonial society was characterized by a general lack of effort to make improvements in production or financial, economic, or structural development. Indeed, the only creative endeavors that seemed to merit the attention of society were the construction of churches and convents. As a result, visionary leadership grounded in daily activities was all but absent.

One of the characteristics that most influenced leadership was the paternalistic nature of society. Paternalism refers to a system characterized by a hierarchy within a group, by means of which advancement and protection of subordinates are expected in exchange for loyalty, usually to a father figure, or patriarch, who makes decisions on behalf of others for their good even if this may be against their wishes. (Behrens, 2010, p. 21)

This style of leadership was pervasive in Latin American society and manifested itself in all aspects of life, including the selection of Godparents and the formation of social networks upon which people depended for meeting their daily needs. Furthermore, it created a commitment to individual leaders resulting in the highly personalistic nature of political and business leadership in Ecuador. This manifests itself in the person focused as opposed to philosophy or issues based parties of the country.

The resultant impact of paternalistic leadership was that followers tend to become docile, highly dependent on leaders, and prone to focus on currying favor, petitioning leaders and building relationships as opposed to seeking recognition for work achieved or pursuing personal development (Osland, Franco, & Osland, 2007). This can lead followers to “decrease effort if they know the leader well, thinking that a good relationship will make up for a lack of effort” (McIntosh, 2011, p. 51).

Another byproduct of this approach to leadership is what Osland et al. (2007) referred to as the leader who is a “good cop” and his assistant and second-in-command, who plays the “bad cop” in the organization. (p. 229). This approach was common in the haciendas in colonial and post-colonial Ecuador where the owners, as mentioned previously, left the day-to-day oversight to others who punished and drove the employees, often mercilessly, while the paternalistic leader maintained his benevolent fatherly status (Lyons, 2006).

Paternalism, though likely an extension of pre-Columbian traditions as well as colonial activities, represents a lasting cultural element of Latin American leadership. Thus it represents a major theme in much of the literature on leadership in Latin America (Behrens, 2010; Dorfman et al., 1997; McIntosh & Irving, 2010; Osland et al., 2007).

Another characteristic of colonial society outlined by (Hurtado, 2010) was the limited commitment to education and knowledge creation and acquisition. Based in the leisure society of the era and the catholic opposition to scientific knowledge, colonial Ecuador placed little emphasis on learning. Schooling was limited primarily to the children of Spaniards. Even then, the quality of education was severely lacking. As a result, leadership was likely not grounded so much in educated planning and decision-making as it was in intuitive and authoritative declarations.

Non-compliance with the law represented a final characteristic of colonial Ecuador that shaped the culture of leadership in the country (Hurtado, 2010). As indicated previously, disrespect for laws was a core value of caudillo culture. The implications for leadership are significant. If the ability to engage in cunning behaviors that circumvent the directives of leaders is valued at all levels of society, a strong leader-follower ethic becomes all but non-existent. Obedience would, therefore, be reserved for leaders who are able to command respect through personal relationships or the provision of actual rewards and punishments. Laws, declarations, or orders, in the absence of such immediate reinforcement activities, would have little impact on followers.

As a result of the virtues and characteristics associated with leadership in colonial Ecuadorian society, a philosophical foundation was laid for leadership in Ecuador that has changed very little until recent decades. This model of leadership, as seen in Table Three, is grounded in the

motivational drive of leaders to develop strong relational networks to help them seek positions of power and authority. In so doing, they are dependent upon their social status, as a result of their ethnicity and race, and their ability to access wealth sufficient to allow for a noble, leisurely, lifestyle and redistribution to support and expand their networks. However, they must not place too many demands on followers that will limit their ability to live a leisurely lifestyle or damage their relationships, which will lead to disregard for their authority and decrees.

Once in power, they are driven to seek to benefit, or care for, those they lead in return for their loyalty and obedience and to maintain a leisurely lifestyle. This requires that they continue to increase their status, expand their networks, and acquire additional wealth. To do so, however, they must maintain their positions of authority, which is a key component means of achieving one's goals in a monarchical, highly stratified society.

The means whereby they influence others includes perception management, in that they must display the values of caudillaje so as to be perceived as a leader. This involves, of course, strong oratory and charismatic skills, developing and maintaining strong reciprocal relationships, demonstrating strength, courage, and the ability to subdue women (machismo), directive and authoritative decision-making, punishment when necessary through intermediaries, and redistribution of resources.

TABLE 3. MODEL OF COLONIAL ECUADORIAN LEADERSHIP

Sources of Power	Goals as a Leader	Means of Influencing Others
Social Status and Kinship	Increase Status	Perception management
Networks of Influence	Expand Networks	Charismatic interpersonal skills
Wealth	Increase Wealth	Reciprocal relationships
Positions of Power	Maintain Authority	Consolidation of power
Charisma	Take care of followers	Demonstrations of strength and courage
	Live in Leisure	Dominance over women and sexual prowess
		Decisive and authoritative decision making
		Punishment via intermediaries
		Redistribution of resources

This model of leadership is grounded in the cultural patterns of the indigenous traditions that preceded the conquest, as well as the cultural patterns of the Spanish conquest and colonization of Ecuador. Thus it represents a snapshot in the evolution of leadership culture in Ecuador that has shaped and influenced the practice of leadership up to the modern era.

TRADITIONAL LEADERSHIP AND MODERN MANAGEMENT PRACTICES

This snapshot is particularly valuable as it provides some perspective regarding the current managerial practices that are common within a Latin American context and provides some

insight on how these might vary within Ecuador. Unfortunately, very little has been done to explore managerial practices within Ecuador. Furthermore, what little literature exists is focused on the leadership function. Based on this research we can suggest that modern Ecuadorian leadership is characterized by high power-distance, collectivism, masculinity, and uncertainty avoidance (Hofstede, 1980, 2001). In relation to collectivism, the emphasis is more on in-group collectivism than on institutional collectivism (House & et al., 2004). Furthermore, this collectivist nature correlates with an increased likelihood to use both directive and supportive leadership at the same time, which implies a more paternalistic approach to leadership (Lenartowicz & Johnson, 2003).

With regards to uncertainty avoidance, Ecuadorians appear to value the idea more than it is practiced (House & et al., 2004). In addition, they are relatively assertive with relatively low gender egalitarianism (House & et al., 2004), suggesting support for the continued emphasis on machismo in leadership. Finally, while their values and perceptions of what it means to be an effective leader suggest the importance of high performance and future orientation, their leadership practices do not appear to reflect this value (House & et al., 2004). This suggests that changes in leadership practices, which appear to be more aligned with the historical models provided here, are lagging behind shifting values and philosophies. Furthermore, the leadership values in the Andean region appear to differ significantly from Brazil, Mexico, northern South America, and the southern cone in that they display a significantly higher value for self-direction and security while demonstrating a lower value for achievement. Finally, Ecuadorian leaders score relatively low in their willingness to rely on subordinates for information or as targets of delegation (Vliert & Smith, 2004).

These tendencies reflect closely those of Latin America in general (Hofstede, 2001; House & et al., 2004; Osland et al., 2007). This alignment suggests that managerial practices in Ecuador would also likely be similar to those within the region in that they would be characterized by a low emphasis on planning, limited reliance on teams and delegation in the workplace, highly centralized decision-making, a high emphasis on family run businesses, and tendency to practice a charismatic, machismo oriented, paternalistic leadership style (Dorfman et al., 1997; Osland et al., 2007; Romero, 2004). Having addressed these common themes, it is worth noting that there is sufficient evidence to suggest that practices and approaches to leadership are changing in Latin America and that there may be more variation in approaches than what the current research suggests (Behrens, 2009; Hidalgo, 2012; Romero, 2004). Nonetheless, the connections between these modern leadership characteristics and managerial practices and the traditional leadership models presented in this article are significant. To provide one very specific example, Osland et al. (2007) mentioned that in their experience in Latin America, they have witnessed a tendency for CEOs to practice what they call a “good cop/bad cop” approach to leadership, where they act as the “good cop” and their second in command plays a more disciplinary “bad cop” role. It is likely that such an approach emerged from the “punish via intermediaries” approach of leaders in the colonial period. Additional conceptual connections between the modern characteristics and approaches and the cultural models outlined herein are displayed in Table 4.

These models facilitate the identification and understanding of some of the connections between the managerial practices in Ecuador and the underlying traditions of the past. It is worth noting, however, that these connections are conceptual in nature. Thus more research is needed

regarding specific managerial practices within Ecuador and to bridge the conceptual gap between these practices and the underlying cultural traditions summarized here. This is particularly important given that aspects of culture in Ecuador, such as the number and the political influence of the indigenous populations (Handelsman, 2000; Lauderbaugh, 2012; Meisch, 2002), could alter the nature of managerial practices and the trajectory of change in relation to these practices.

TABLE 4: CONNECTIONS BETWEEN MODERN CHARACTERISTICS AND PRACTICES AND INDIGENOUS, INCA, AND COLONIAL SPANISH LEADERSHIP MODELS

Modern Managerial Practices	Ecuadorian Leadership Research	Indigenous Model	Inca Model	Colonial Model
Limited planning	Low practice scores in uncertainty avoidance and future orientation		Effective bureaucratic organization (suggesting a greater emphasis on planning)	Live in Leisure
Limited use of teams and delegation	Emphasis on collectivism, high power-distance and paternalistic leadership with low reliance on subordinates		Maintain authority	Consolidation of power Maintain Authority
Centralized decision-making	High power distance and self-direction	Positions of power and authoritative decision-making	Decisive and authoritative decision making, use of preexisting power structures and divine right	Decisive and authoritative decision making and consolidation of power
Charisma			Strong oratory skills	Charismatic interpersonal skills
Machismo	High assertiveness with low gender egalitarianism and high masculinity	Demonstrations of strength and courage	Punishment of opposition through military campaigns and conquest and demonstrations of strength and courage	Demonstrations of strength and courage and dominance over women and sexual prowess
Paternalism	High collectivism, supportive leadership, and directive leadership	Fear and corporal punishment combined with reciprocal relationships and taking care of followers	Reciprocal relationships and redistribution of resources	Perception management, reciprocal relationships, punishment via intermediaries, redistribution of resources, and take care of followers
High emphasis on family run businesses	High in-group collectivism with lower institutional collectivism. High emphasis on security	Kinship based societies and networks of influence	Kinship	Social status and kinship and expansion of networks

Thus more research is needed to further develop and disseminate this knowledge. With such increased knowledge, both from this and further research in this area, managers should be able to enter the Ecuadorian cultural environment with a greater sense of context-specific cultural intelligence.

INCREASING CULTURAL INTELLIGENCE

As mentioned previously, it is essential that leadership scholars explore the cultural foundations of nations in order to better understand the modern contexts in which their studies take place. The same can be said for managerial practitioners. Through the study of the cultural foundations for leadership within a given country, managers can develop greater cultural intelligence. Cultural intelligence refers to “an individual’s capability to function and manage effectively in culturally diverse settings” (Ng, Van Dyne, & Ang, 2012). Grounded in the four basic intelligences (motivational, cognitive, metacognitive, and behavioral), cultural intelligence scholars proposed a four factor model of intelligence (Ng et al., 2012). Livermore (2010) identified these four factors as: CQ motivation, one’s interest in learning about and experiencing other cultures; CQ knowledge, one’s awareness of differences one is likely to experience in cross-cultural interactions; CQ strategy, the ability to be aware of differences, plan responses, and verify and adjust as necessary; and CQ Action, the ability to display appropriate verbal and non-verbal behaviors.

As one develops his or her capacity in relation to these four areas, his or her cultural intelligence increases. Based on research findings, these increases contribute to improved cross-cultural judgment, lower cross-border environmental uncertainty, improved cultural adjustment, lower emotional exhaustion, increased trust, as well as more cooperative behaviors and individual performance in cross cultural contexts (Ng et al., 2012).

Given the value of cultural intelligence, managers benefit significantly from increasing their awareness of cultural differences that facilitate their growth in cultural intelligence. By understanding the foundations of leadership culture in the countries in which one is going to work, an individual is able to promote all four components of cultural intelligence. First, the study of the cultural history and foundations encourages and promotes greater interest and curiosity in understanding cultural differences in a specific country (CQ Drive). In addition, one’s ability to understand the cultural differences one encounters and to understand the historical context for these differences deepens one’s knowledge of cultural differences (CQ Knowledge). Armed with this knowledge, managers are able to plan for differences, recognize variations in cultural differences, and reflect on these differences within a framework of understanding (CQ Strategy) that facilitates their ability to respond in culturally appropriate ways (CQ Action). Thus, the knowledge acquired from this examination of the cultural roots of leadership in Ecuador and their relation to managerial practices both contributes to the body of literature on international leadership as well as the tool kit of managers who are interested in developing their cultural intelligence and applying it within Ecuador.

CONCLUSION

This article explored the cultural foundations for leadership in Ecuador by examining the sources of power, goals, and means of influence used by leaders within the three major founding societies of the region: the indigenous people, the Inca, and the Spanish colonizers. Ecuador's current leadership practices and culture have been heavily influenced by these historical models and approaches to leadership. While modern influences that have altered Ecuadorian culture are abundant and changes have occurred over time to the leadership dynamics discussed herein, resulting in what is likely a tremendous diversity of approaches to leadership. This diversity and variation has emerged from a common cultural core that shapes and flavors the expression of leadership in the modern era. Furthermore, it is likely these cultural foundations will continue to shape the future of leadership in Ecuador for many years to come.

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EXECUTIVES' ABILITY TO CONDUCT BOUNDARY SPANNING ACTIVITIES: THE ROLE OF PERSONALITY, EMOTIONAL INTELLIGENCE AND TRUST

Uyi Lawani, Marshall University
lawani@marshall.edu

ABSTRACT

Several studies on the social ties of executives have focused on their effect on organizational strategy and performance. These studies highlight the benefits that accrue to a firm owing to the boundary spanning activities of executives. So far, researchers have paid minimal attention to the discreet, underlying personality factor(s) that may enable the successful initiation and sustenance of these inter-organizational relationships. This paper examines the role of personality factors on the ability of executives to forge ties and enhance their organization's overall performance. The suggestion is that affective and cognitive trust mediates the relationship between personality factors and positive social ties.

INTRODUCTION

Organizational theory and strategic management researchers have continuously focused on the study of strategic inter-firm alliances and networks for some time now. The tempo of research focus in this area has barely waned since it blossomed into something of an industry from the late 80s through the 90s (Koza & Lewin, 1998) and to the present. Sociologists have vehemently argued that the performance of markets and organizations is profoundly impacted by the embeddedness of economic behavior in networks of social ties or affective interpersonal relationships (Coleman, 1984; Turner, 1999). Gulati (1998) further emphasizes that structural sociologists suggest that "the most important facet of an organization's environment is its social network of external contacts" (p. 295). Networks are therefore very important because they build on the concept that economic actions are affected by social activities and by the position of actors in these networks.

For networks to be meaningfully sustained, they have to be driven by collaborative relationships. These relationships rely on relational forms of exchange characterized by high levels of trust (Dwyer, Schurr, & Oh, 1987). Network participants view trust as an explicit and primary feature of the relationship. Besides contextual exigencies (e.g. environmental uncertainties, transaction costs dynamics, etc.), personality traits can be drivers in the willingness and ability of individuals to forge and sustain trust-based relationships.

The big five personality dimensions originally defined by Norman (1963) and modified by Barrick & Mount (1991) suggest that affect based trust can be driven by extraversion, emotional stability, and agreeableness. Cognition-based trust, on the other hand, could be driven by

conscientiousness and openness to experience. According to Wong & Law (2002), the quality of interactions can be affected by emotional intelligence (EI) because it (EI) concerns the ability of leaders to be both emotionally aware and emotionally regulated. In effect, the level of EI could predispose the ability to forge trust-based relationships. EI should be expected to engender both affect and cognition-based trust. As a leadership quality, Salovey & Mayer (1990) define EI as the ability of people to deal with their emotions—the subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions. It includes the ability, therefore, to discriminate among these feelings and emotions and to use this information to guide one's thinking and actions (Salovey & Mayer, 1990).

This paper examines the relationship between personality and the ability of executives to network and conduct boundary spanning activities. The mediating role of trust in this relationship is also considered.

LITERATURE REVIEW

Boundary Spanning

The distinction between members and non-members of an organization serves as a minimal defining trait of the formality of that organization (Aldrich & Herker, 1977). Organizations, therefore, exist to the extent that some individuals and/or entities are admitted while others are not. In essence, boundaries can be drawn around an organization (Thompson, 1962). This definition of organizations in terms of boundaries also provides a lens for identifying the role of formal authority (Aldrich, 1971). Those charged with this role apply organizational rules in deciding who enters and exits the firm at different points in the life of the firm.

Given that organizational boundaries exist, spanning activities therefore suffice to maintain the integrity and sustainable survival of the organization. Aldrich & Herker (1977) posit that there are two classes of functions performed by boundary roles: “information processing and external representation” (p. 218). Whereas information flows into the organization through boundary spanning, external representation (via boundary spanning) exists through the links between organizations' structure and environmental elements. Boundary role personnel may include sales persons, marketers, purchasing agents, recruiters, shipping and receiving agents, and so on and so forth. But the concern of this paper is with the role of organization executives as boundary spanners—as channels of information for and representatives of—the firm. Specifically, this paper dwells on the question: how does personality affect executives' ability to forge ties, engage social networks, and conduct boundary-spanning activities?

Social Networks, Ties and Trust

Gulati (1998) informs that networks are crucial because organizations build on the logic that their economic actions are influenced by social contexts. Galaskiewicz (1996) has described the research in networks as a “handmaiden theory.” He describes it as such because the theory has often been used as a support for the amplification of other theories but rarely as a focus for its own development. The social network perspective evolved as a pattern that provides a theoretical framework for the guiding of data collection and analysis aimed at advancing the model of organizations as social entities beyond the metaphorical stage (Tichy, Tushman & Fombrun, 1979). Network data can presently be organized and tested to identify significant organizational processes at different levels of analysis. Social network theory is able to link the micro and macro approaches to organizational behavior (Crozier, 1972). The network perspective thus has a multi-level applicability.

Laumann, Galaskiewicz, and Marsden (1978) define a social network as “a set of nodes (e.g. persons, organizations) linked by a set of social relationships (e.g. friendship, transfer of funds, overlapping membership) of a specified type” (p. 458). Sociologists have vehemently argued that the performance of markets and organizations is profoundly impacted by the embeddedness of economic behavior in networks of affective interpersonal relationships (social ties) (Coleman, 1984). Further, Gulati (1998) emphasizes that structural sociologists suggest that “the most important facet of an organization’s environment is its social network of external contacts” (p. 295). These sociologists, he asserts, insist that “economic action—like any other form of social action—does not take place in a barren social context but rather, is embedded in social networks of relationships” (Gulati, 1998, p. 295).

This study adapts the definition of social networks from Mitchell (1969) – “a specific set of linkages among a defined set of persons, with the additional property that the characteristics of these linkages as a whole may be used to interpret the social behavior of the persons involved” (p. 2). The social network perspective views organizations as a system of objects, e.g., people, groups and organizations, joined by a variety of relationships. By applying the network approach at the inter-organizational level, the web of direct and indirect relationships between organizations could be made more explicit (Aldrich, 1977; Evan, 1966; Pennings, 1978).

Unlike a firm’s internal material resources, network resources are similar to social capital (Coleman, 1984) because they exist normally in the structure of relations between firms, rather than within the firms themselves. Inter-firm networks confer advantages in that firms learn about new opportunities through them (Gulati, 1999; Kogut, Shan & Walker, 1992), access information about environmental conditions, and augment their innovative capabilities (Ahuja, 2000). In the face of uncertainties, firms vicariously learn from the insights, experiences, or abilities previously accumulated by linked organizations (Darr, Argote & Eppler, 1995; McEvily & Marcus, 2005). McEvily and Zaheer (1999) found that contacts’ diversity within a firm’s network, and participation in regional associations, expose the firm to new ideas, information, and opportunities which then lead to the acquisition of capabilities. One key insight obtained from the social networks literature is the idea that intermediaries (or organizational linkages) reduce search and other transaction costs associated with exchange (Galaskiewicz, 1985). These

intermediaries serve as go-betweens for potential exchange partners who would otherwise have been disconnected (McEvily & Zaheer, 1999).

According to Rowley (1997), researchers use social network analysis to extend the understanding of many behavioral and social phenomena. Rowley (1997) goes further to posit that relational systems, though often undervalued, are aspects of social life and have aided in the increase of “explained variance” in several social science models. Social actors are embedded in a relational system and this must be considered in order to understand their behaviors. Network analysis is therefore a necessary mode for examining relational systems in which actors thrive and to determine how these relationship structures impact behaviors. Social network analysis is primarily focused on the interdependence of actors and how their positions in networks influence their chances, limitations and behaviors (Wasserman & Galaskiewicz, 1994). For example, Wasserman and Faust (1994), in attempting to understand organizations’ propensities to adopt new technology, went beyond considering the typical examination of organizational attributes like size, age, structure, etc. that most social science researchers adopt. They adopted the network analysis approach exclusively in examining the pattern of relationships between members of the relevant network and argued that the structure of the network and the organization’s position in the network determined its propensity to adopt new technologies. Social network analysis should be regarded as a complement to studies involving other theories. This aligns with Rowley’s (1997) argument that network studies are not necessarily competing views, instead they are to be regarded as a complement. They are useful in describing structural elements and influences not captured by other theories.

The characteristic of networking or of relational exchanges that enables counterparts to concentrate on strategic benefits of the relationship is a high level of trust (Ganesan, 1984). This characteristic ultimately enhances organizational performance and reduces transactions costs (Noordewier, John, & Nevin, 1990). According to Uzzi (1997), trust is expressed as the belief that an exchange partner would not act in self-interest at another’s expense. Fukuyama (1995) posited that a critical manifestation of trust as a form of social capital is the spontaneous sociability such trust engenders. Social networks and ties are driven by interpersonal relationships and trust is thus the distinguishing characteristic of such relationships (Uzzi, 1997).

As a matter of importance, managers, as boundary spanners, develop and maintain trust relationships (McAllister, 1995). Trust is both affective and cognitive-based. It is affective-based in that it consists of emotional bonds between individuals (Lewis & Wiegert, 1985). People make emotional investments in trust relationships, express genuine care and concern for the welfare of partners, believe in the intrinsic virtue of such relationships, and believe that these sentiments are reciprocated (Pennings & Woiceshyn, 1987; Rempel, Holmes & Zanna, 1985). Trust is cognition-based in that individuals choose whom they will trust—in which respects and under what circumstances (Lewis & Wiegert, 1985).

Personality, Affective Trust, and Social Ties

In response to rapidly changing business environments, firms have resorted to seeking more creative and flexible means to ensure survival (Doney & Cannon, 1997). Prominent among the methods being adopted by organizations in response to these economic and business challenges is the forging of collaborative relationships with value chain members (suppliers, dealers, and customers). Dwyer, Schurr, and Oh (1987) insist that these collaborative relationships rely on relational forms of exchange characterized by high levels of trust. Collaborative relationships (or social ties) are therefore trust based and can be assumed to subsist for as long as the trust element is sustained. Trust should be expected to play a crucial role in engendering positive social ties.

However, research evidence contends that the foundation for trust-based relationships rests on the affective and cognitive judgment of individuals engaging in these interpersonal relationships. Lewis and Wiegert (1985) inform us that trust is affective-based in that it consists of emotional bonds between individuals. The cognitive component of trust stems from the notion that individuals choose whom they will trust, in which respects and under what circumstances (Lewis & Wiegert, 1985).

Personality traits should be expected to play a role in the extent to which individuals are able trust and ultimately sustain trust-based collaborative relationships. As acknowledged above, the dual perspective of trust (affect and cognition) helps to present a more holistic view of its mediating role in the personality–social ties relationship. This therefore presents the theoretical challenge of identifying the personality traits that relate separately with the affective and cognitive components of trust which in turn relates to positive social ties.

Despite the lingering disagreements about the precise meanings of the five factor personality model, studies have found that Norman's (1963) work appears to be significant because of the widespread use of his labels in the literature (Barrick & Mount, 1991). The five factors included in this model are extraversion, which is best considered through its two main facets: ambition and sociability (Hogan & Hogan, 1992); emotional stability; agreeableness; conscientiousness; and openness to experience. *Extraversion* will be used interchangeably with *sociability* in this study because the attributes of talkativeness and gregariousness which are germane to this study are better captured by the concept of sociability. A further discussion of this follows.

Extraversion has sometimes been referred to in the literature as “surgency” (Botwin & Buss, 1989). The traits frequently associated with it include being sociable, assertive, and talkative. Sociability augurs well for expressiveness and can thus engender emotional attachment between and among individuals who possess this trait. Sociability thus relates with the affective component of trust. Emotional instability, sometimes referred to as neuroticism (Borgatta, 1964), includes traits like anxiety, depression, and anger. Similar to the case of the sociability factor, the traits included in the emotional stability factor occasion affective tendencies. The level of anxiety, the manifestation of depression, and anger can determine the level of affective trust (positively or negatively) that an individual can generate in a relationship. This factor should thus be related to the affective component of trust. The agreeableness factor includes traits like courteousness, good-nature, forgivingness, and soft-heartedness. It is often referred to as

likability (Borgatta, 1964). These traits also straddle the affective component of trust: soft heartedness and courteousness tend to evoke affection; and when an individual possesses these traits, she/he is likely capable of trusting based on affection.

Proposition 1a: Sociability is positively related with affective trust which in turn relates positively with the ability to forge social ties and network.

Proposition 1b: Emotional stability is positively related with affective trust which in turn relates positively with the ability to forge social ties and network.

Proposition 1c: Agreeableness is positively related with affective trust which in turn relates positively with the ability to forge social ties and network.

Personality, Cognitive Trust, and Social Ties

Conscientiousness or conscience (Botwin & Buss, 1989; Barrick & Mount, 1991) reflects dependability—being careful, thorough, responsible, and organized. Due to its relationship to a variety of educational achievement measures and its association with volition, this factor has also been referred to as “Will to Achieve” or just simply “Will” (Digman, 1989; Smith, 1967). Individual manifestations of these traits engender cognitive trust because these traits relate with the tendency to make choices on who to trust based on cognitive rationalizations. The openness to experience factor has been frequently interpreted as “Intellect” (Borgatta, 1964). A review of literature reveals the difficulty in identifying this factor. However, traits commonly attributed to it include being imaginative, curious, and intelligent. These are traits that also relate personality with trust by stimulating the cognitive element.

Proposition 2a: Conscientiousness is positively related with cognitive trust which in turn relates positively with the ability to forge social ties and network.

Proposition 2b: Openness to Experience is positively related with cognitive trust which in turn relates positively with the ability to forge social ties and network.

So far, it has been shown that all five personality factors relate with trust but that three of them—sociability, emotional stability, and agreeableness—relate with the affective component, while conscientiousness and openness to experience evoke the cognitive element of trust. Individuals are more like to trust affectionately when they possess the first three personality factors and cognitively when they possess the last two. It has also been shown that collaborative exchanges or interpersonal relationships are nurtured by trust.

Emotional Intelligence, Trust, and Social Ties

In recent times, scholars have increasingly argued that EI is critical to the performance of leaders (Wong & Law, 2002). It has been referred to as “a set of interrelated abilities possessed by individual to deal with emotions and when social interactions are involved, emotional awareness and emotional regulation become important factors” (Wong & Law, 2002). These factors, according to Wong & Law (2002), affect the quality of interactions. EI has its roots in the concept of social intelligence and, as mentioned earlier, social intelligence comprises of a person’s interpersonal and intrapersonal intelligences. While intrapersonal relates with one’s intelligence in dealing with oneself, interpersonal relates to one’s intelligence in dealing with others—it is the ability to notice and make distinctions among other individuals and, in particular, among their moods, temperaments, motivations, and intentions (Gardner, 1993; Wong & Law, 2002). Sternberg (1997) has provided examples to show that social intelligence may be more important than mental intelligence in insuring the success of managers and executives.

However, with relation to building trust-based relationships, EI becomes even more relevant in that it plays on both the affective and cognitive components of trust. The intrapersonal and interpersonal intelligences within the EI domain reflect the ability to regulate emotions within self (affective) and recognize emotions in others (cognitive) (Hooijberg, Hunt & Dodge, 1997). Gross (1998b) buttressed the simultaneous affective and cognitive nature of EI in his definition of emotional regulation. Emotional regulation refers to “the processes by which individuals influence which emotions they have, when they have them and how they experience and express these emotions” (p. 175).

Earlier the issue of emotions and their influence on trust was discussed. Here, the bearing of EI on emotions, both in the affective and cognitive perspective, has been highlighted. It can thus be safely inferred that the level of EI possessed by an individual would influence her/his ability to forge and sustain trust-based interpersonal relationships.

Proposition 3a: Emotional Intelligence is positively related with affective trust which in turn relates positively with the ability to forge social ties and network.

Proposition 3b: Emotional Intelligence is positively related with cognitive trust which in turn relates positively with the ability to forge social ties and network.

A model depicting the linkages among the propositions mentioned above is presented on the next page.

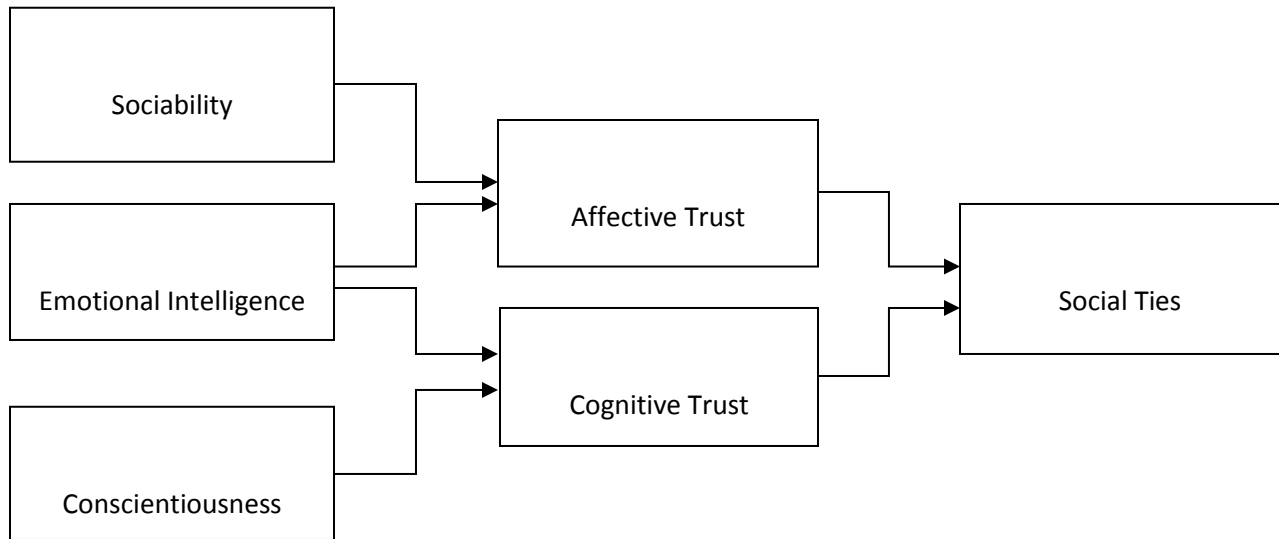


FIGURE 1: THE MEDIATING ROLE OF AFFECT AND COGNITION IN THE RELATIONSHIP BETWEEN PERSONALITY, EI AND POSITIVE SOCIAL TIES.

CONTRIBUTIONS TO THEORY AND PRACTICE

I have adopted a multi-disciplinary approach to the subject by combining literature from strategic management, organizational theory, and organizational behavior. But there are also inherent implications for Human Resource practice because I have identified underlying precursors to executive management success at the firm level. On the one hand, the study connects personality factors and emotional intelligence with social network theory, and, on the other hand, it highlights strategic human resource management. The paper identifies factors germane in explaining the ability of executives to conduct boundary-spanning activities. It also presents an integration of these various facets—strategy, organizational theory and organizational behavior—of organization science.

While there are legal and social issues involved in the hiring and firing of individuals based on personality traits, the usefulness of ensuring a proper match between a specific personality type and a particular type of job cannot be over-emphasized. For example, it is widely accepted that an extroverted person is better suited for a sales job than an introvert. This paper, therefore, has implications for HR practice and especially for selecting and deploying executives into roles that require intense levels of interpersonal relations and collaborative exchanges.

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