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FELSMANN, Balázs

DO INSTITUTIONS MATTER IN BUSINESS STRATEGY? – THE CHANGING FOCUS OF STRATEGIC MANAGEMENT TO INSTITUTIONS: A LITERATURE REVIEW

The post-crisis managerial literature emphasizes the roles of institutional factors in any disruption of the ecosystem of market capitalism and puts it in the middle of its analytical framework. It has become clear that nowadays, scientific discussions about the measure of increase of direct state involvement in certain economic areas has become more relevant. The socio-economic model based on market coordination was no doubt shaken by the crisis in 2008 across the world and inspired various representatives of the scientific and political community to revise their theses on coordination mechanisms that support the way out of an economic downturn.

This paper intends to give a brief summary of the two leading strategic management approaches (Porter's five forces and the resource-based view of the firm) on institutions. The author's aim is to demonstrate that incorporation of the institution-based view into the mainstream theories can enrich the analytical framework of strategic management by providing deeper understanding of the contextual factors that underpin interactions between institutions and organizations.

Keywords: strategic management, Porter's five forces, resource-based view, institution-based view

The institutional environment – including regulatory bodies, state entities, governmental and municipality agencies – influences a firm's strategic decisions by creating and defining *entry and exit barriers*, *market rules* and *regulations*. Albeit the mainstream micro-economic theory traditionally paid relatively little attention to the mutual interconnections between firms and their institutional environment, perceptions of the importance of the institution-firm relationship rapidly changed after the 2008 global economic downturn. Coase and Wang (2012) note that a belief in political solutions increased when set against market economy solutions because of the limited practical usefulness of theoretical statements pertaining to economics. *"In times of crisis, when business leaders lose their self-confidence, they often look to political power to fill the void. Government is increasingly seen as the ultimate solution to tough economic problems, from innovation to employment"* (Coase – Wang, 2012, p. 36).

Economists, analysing particular market strategies, also highlight the challenges that successful corporate strategies have to face. The model of creating shared value, which is described in the study of Porter and Kramer

(2011), emphasizes that companies can only create economic value if they create social value at the same time. Innovative collaboration, focusing on the creation of value, is necessary between the government, civil sector and individual companies. However, the authors do think that the main focus of state policy still has to be regulation. It is the government's responsibility to create legislation, which makes companies more interested in shared value creation and not in short-term profit maximization. Bower et al. (2011) note the inadequacy of the institutional regime of market economies to react to the challenges of a changing world. Yet governments and international institutions appear ill equipped to handle the complex social, environmental and economic challenges such as inequality, populism, migration, environmental degradation, the decline of public health and education and the rise of *state capitalism*.

Bremmer (2014) introduces the notion of *guarded globalization* to interpret the radically changed attitude of governments – not only in the developing, but also in developed countries – as regards to foreign investments. The new way of globalization is more selective and affected by the increasing influence of the host country.

Governments tend to protect local players by curtailing market liberalization process, and envision specific sectors as being of greater strategic importance, in line with the ideology of national security. *“The objective of state capitalism is to control the wealth that markets generate by allowing the government to play a dominant role through public-sector companies and politically loyal corporations”* (Bremmer, 2014, p. 104.).

There are significant strategic differences between countries as to how they evaluate industries of national strategic importance. Companies that are active in industries affected by *guarded globalism* have to permanently monitor institutional changes, anticipate risks and react to the changing political attitudes of host countries. Ghemawat (2010) has a partly similar conclusion in that besides the definition of new strategic corporate directions, it is important to highlight the impact of strengthening *state protectionism* and the absolute necessity of managing an altered (private) corporate identity and reputation.

The above citations from the post-crises management literature reflect the changing view on institutional factors in business strategy. It seems clear that discussion about the role of institutions received deeper attention in business strategy in recent years. However some questions are still open: (1). Can we say that the institution-based approach has become a substantial part of the strategic management thinking? (2) Has the institution-based view provided a well-defined research programme for strategic management? (3) Can the institutional approach offer useful tools to solve the post-crisis strategic dilemmas of firms and managers?

The current paper aims to highlight the development of the viewpoint of the main strategic management theories on the nature of firm and institution relationship. I narrow the focus of my study and limit the research to the two most influential strategic management approaches, Porter's five forces theory and the resource-based view of the firm. After a short theoretical introduction about the institution-based view, I show the relevant statements of the strategic management theories on the firm-institution relationship. I close my paper with a review of the recent Hungarian scientific studies and suggest some areas for further research.

Institution and firm relations in economic and management theories

The general framework of institutions contains within it social, cultural, political and economic institutions. As the most commonly used definition of Douglass North clarifies (North, 1990, p. 3.): *“institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape hu-*

man interaction.” Daron Acemoglu (2008) emphasizes three essential points in this definition: *“(a) they are ‘humanly devised’, which contrasts with other potential fundamental causes like geographic factors, which are outside human control; (b) they are ‘the rules of the game’, ones setting ‘constraints’ on human behaviour; and (c) their major effect will be through incentives”* (Acemoglu, 2008, p. 2.).

There are huge number of researchers focusing on firm-market-institution relations in line with the seminal works of Coase (1937) on the costs of transactions and with Williamson (1985) on the boundaries between firms and markets. Institutions determine in different ways the opportunities had by all actors (individuals, organizations, firms) in society, and organizations look for ways to capture the benefits existing within such determinations. The institutional environment is part of a complex system, including firms and organizations at the micro-level, industries (or the competitive environment) on a meso-level, and the social, ecological, political, technological and economic environment on the macro level.

The International Society for New Institutional Economics (ISNIE) defines the research field of New Institutional Economics as an interdisciplinary combination of economics, law, organization theory, political science, sociology and anthropology. The theory's major focus is to explain, *“what institutions are, how they arise, what purposes they serve, how they change and how – if at all – they should be reformed.”* While the main role of institutions *“is to reduce uncertainty by establishing a stable (but not necessarily efficient) structure for human interaction”* (North, 1990, p. 6.), this does not mean that the institutions themselves are unchangeable. The relationship between institutions and organizations has a mutual impact: *“institutions affect the economy and are themselves shaped by the behaviour of the actors in the economy”* (Nye, 2008, p. 76.).

However, the meaning of the word institution has a complex nature. Firstly, following North (1990) we can differentiate the formal institutions, including *laws, regulation and rules* from the informal institutions such as *norms, cultures and ethics*. Secondly, we can follow Scott's approach (1995, 2014) and differentiate the institutions based on their main operational mechanism such as *regulative, normative and cultural-cognitive* systems.

The academic literature uses different words concomitantly for the institutional approach, which sometimes causes confusion in the common understanding. This situation can be traced back to the symbiotic roots of the theory in sociological, economic, legal and business sciences. The sociologists tend to use the label *“institutional theory”*, while economists got the label of

“institutional economics”. Peng et al. (2009) suggests a new word, the “institution-based view”, for the strategic management oriented research field to differentiate the management-oriented researches from existing work in economics and sociology.

This paper follows Peng’s approach. Although both the economic and the sociological theoretical background have inspired my work, I would like to tighten my focus mostly on business strategy aspects of the firm-institution relationships. My main question rests on whether the company passively adapts to the environmental changes coming from regulation, policies and dominant political ideology or in contrast, has capabilities and power to influence interactions between institutional actors and the firm.

The major management theories have a different focus on the firms’ reactions to changes in their environment, and they also differ in their interpretation of the causality of such interactions between firms, institutions and the environment. Volberda and Lewin (2003) group the main management theories by the different scopes of the firm-, meso- and macro-level factors in relation to strategic adaptation, selection and retention. The first group of theories (Resource Based View, Behavioural Theory of the Firm, Learning Theory) are concerned with capacities and strategies for adaptation and survival at the firm level, and they pay limited attention to population-level adaptation. In contrast, the meso-level theories (Transaction Cost Theory, Industrial Organization Theory, Institutional Theory, Organizational Ecology) provide a theoretical foundation for linking firm adaptation to the macro institutional and competitive environment, and they tend to ignore firm-level micro adaptation.

Figure 1

Connection between institutional-based view and the main research fields of strategic management (compiled by the author)

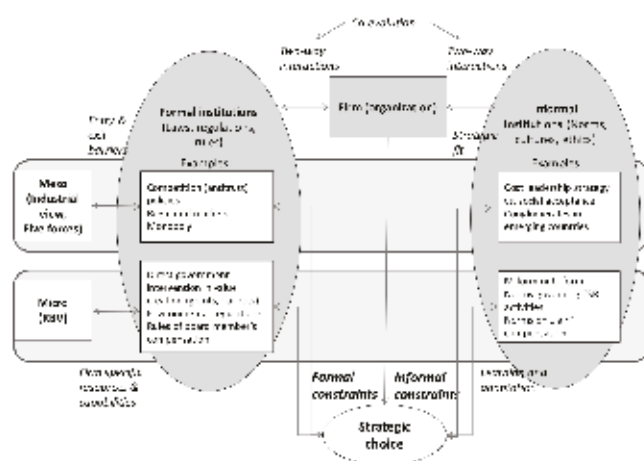


Figure 1 illustrates the analytical approach of this paper with narrowing the focus of Volberda and Lewin to the two most influential strategic management frameworks, Porter’s five forces concept and RBV.

The firm is in a permanent state of interconnection with its formal and informal institutional environment. We can identify various issues, both at the firm and industry level, where the institution-based view can enrich the industrial (meso) and firm (micro) level strategic management theories with its statements. The following section of my paper will summarize the main standings of Porter’s five forces and the RBV on institutions, highlighting the most important points for further discussion.

At the end of the methodological section I will present the *co-evolutionary framework*. The interactions between the firms and the institutional environment have much greater mutual effects on each other than a simple passive adaptation on the firm level. Figure 1 demonstrates these two-way interactions between firms and their institutional environment. The theoretical concept of co-evolution offers a powerful practical-analytical tool to describe and synthesize the different perspectives of the micro-, meso- and macro-level factors that influence firm- and sector-level evolutionary changes. The co-evolutionary theory focuses on the mutual influence and impact of organizational and environmental factors on corporate adaptation and selection mechanisms. The general meaning of the expression reflects a situation where two or more populations can causally influence each other’s evolution (Hannon et al., 2013). Corporate co-evolution is concerned with the ways in which firms and their environments develop interactively with each other over time. (Rodrigues – Child, 2003).

Figure 1 also illustrates some practical examples for further empirical research at the ‘crossing points’ of meso- and micro-level strategic management approaches and the formal or informal institutional environment. I think that the incorporation of the institution-based view into the traditional method of industry-based or resource-based views through complex empirical studies can enrich the whole research field. As Peng et al. (2009: 77) wrote about the increasing importance of the institution-based view: “it is the emergence of the third leg that sustains a strategy tripod.” I believe that the institution-based view is a very opportune third leg that can help develop the whole scientific field.

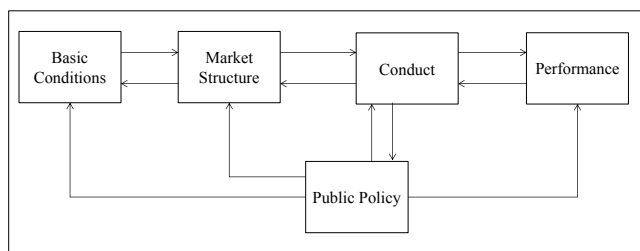
The approach of Porter and the RBV theorists on institutions

While it seems that the analytical framework of Porter’s competitive strategy concept paid relatively little

attention to the role of institutions in strategy conceptualization, he does have some noteworthy remarks to make on this topic. Porter's concept is strongly based on the structure-conduct-performance (SCP) framework of industrial organization (IO) theory (Porter, 1981). As IO theory has developed, the original concept of SCP became 'supplemented' with the effects of government policies (Carlton – Perloff, 2003). Figure 2 shows the causal relationship between public policies and the SCP framework.

Figure 2

The Structure – Conduct – Performance framework (adapted from Carlton – Perloff, 2003)



Government policies (including taxes, subsidies, anti-trust regulations, price control, international trade rules, etc.) have a strong impact on the basic conditions for and the structure of industry. Traditionally, IO characterizes the *industry structure* as an exogenous factor within the model, whereas “*the firm itself was stuck with the structure of its industry and had no latitude to alter the state of affairs*” (Porter, 1981, p. 613.). In contrast, there is a two-way interconnection between the *conduct* (pricing behaviour, advertising, research & development activities, investments, legal tactics, etc.) and the *public policy* dimensions. Although Porter notes that the determinism in the traditional IO model limits the applicability of the theory for business practitioners, the IO framework can help them better understand under what circumstances and with which type of strategic action firms can change the rules of the game for their industries.

In his book on competitive strategy (Porter, 1980 (2004)) Porter emphasizes that the forces outside the industry affect all competing companies and “*the key is to be found in the differing abilities of firms to deal with them*” (Porter, 1980 (2004), p. 3.). Porter uses the terms *government policies* and *regulation* rather than *institutions* or *institutional environment* in his book. He divides the *outside* forces into five major groups, and the institutional relations are discussed as one aspect of entry and exit barriers. He says that government subsidies to industrial firms are able to function as an entry barrier as they favour established companies over potential new

entrants. Regulatory requirements often cause potential new entrants specific disadvantages (compared to established firms) as compliance costs affect newcomers more heavily. Thus government policies can directly affect the intensity of competition: “*Government can limit or even foreclose entry into industries with such controls as licensing requirements and limits on access to raw materials*” (Porter, 1980, p. 13.).

Joan Magretta (2013), the author of a remarkable book on Porter's strategic framework, also stresses here that there are situations created by changes to the institutional environment where corporate strategy will have to be modified. “*Regulation can hold an industry in an artificial equilibrium by defining customer needs in an arbitrary way. Deregulation can unleash pent-up economic forces, allowing new needs to emerge*” (Magretta, 2013, p. 170-171.).

The entry and exit barriers are not the single elements of the five forces framework when the institutions have a strong impact on industry. The intensity of the competitive rivalry strongly depends on institutional factors. For example, when trust in the regulatory regime is falling the innovation activity can decline, which strongly impacts the pricing strategies of the industrial players. The cooperation of potential competitors, the cartel or the formal and/or informal market sharing between the market leading entities also have strong interconnections to the institution based view.

Porter's framework focuses mainly on the industrial forces existing throughout the firm, those that have a major influence on both strategic positioning and economic performance. The resource-based view of the firm (RBV) makes a point that differences in performance can be explained chiefly via differences in resource endowments. It emphasizes the importance of unique, difficult-to-imitate resources in sustaining performance (Rumelt et al., 1991). While RBV notes the internal factors to any sustainable competitive advantage in explaining performance differences between firms, the theory does not ignore the role of external factors. Yet the contradiction between the two model frameworks seems, to a degree, artificial.

As clear evidence of the combination of the two leading strategic school's viewpoints, Wernerfelt (1984) in his seminal article uses Porter's five forces' framework to explain the differences between *entry barriers* (control over critical input or a monopolistic market position) and *resource position barriers*. The notion of the entry barrier reflects the relationship between incumbents and potential new entrants, while the resource position barrier reflects also the effect of unequal resource allocation between already active incumbent players. Yet a resource position barrier would be eminently valuable in its conversion to a market entry barrier. As he

says: “an entry barrier without a resource position barrier leaves the firm vulnerable to diversified entrants, whereas a resource position barrier without an entry barrier leaves the firm unable to exploit the barrier” (Wernerfelt, 1984, p. 173.).

In comparison with the traditional framework of IO, which argues that a long-term, over-the-market profit reflects the monopoly power or collusion of actors, the RBV sees above-the-normal profits as rents for costly-to-copy assets (Conner, 1991). But this distinction does not mean that the RBV’s analytical focus neglects the institutional factors of competitive advantage. The notion of *strategic fit* (Grant, 2008) creates a connection between the industrially competitive arena and the organization. Grant explains this process in his article on the practical framework of a resource-based approach to strategy analysis as follows: “Select a strategy which best exploits the firm’s resources and capabilities relative to external opportunities” (Grant, 1991, p. 115.).

Strategic fit is critical for proper allocation of resources and capabilities. Capabilities themselves can be seen as institutions inside the firm, as they require complex patterns of coordination between physical and human resources. The way of organizational learning and routines are governed by norms and culture of the organization. The degree of control over a specific resource or a capability depends on formal and informal structures inside and surrounding the firm. For example, the human-capital-intensive industries have permanent issues on how to *institutionalize* the individuals’ performance and knowledge and how to reduce their bargaining power and increase the firm’s control over the VRIN resources and capabilities.

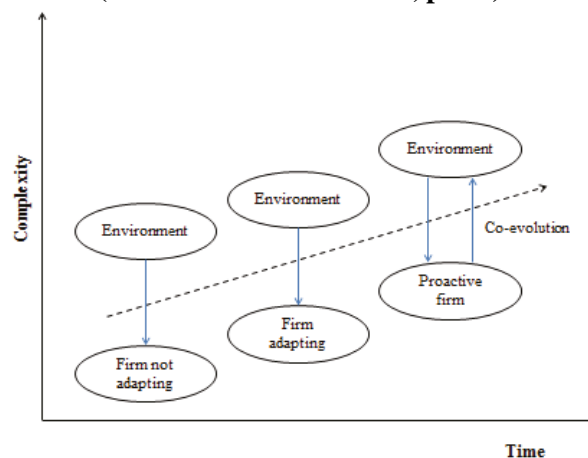
The successful strategy must be consistent with the firm’s external environment and also with its internal environment (values, goals, resources and capacities, structure and systems). *Industry attractiveness* (entry barriers, monopoly, vertical bargaining power) and *competitive advantage* (cost advantage or differentiation) are the two major sources of the above-average rate of profit in a competitive environment. The sources of the competitive advantage are limited in “efficient” markets, where the set of resources required to compete are similar for all competitors (for example in commodities or financial markets). The absence of the internal sources of long-term over-the-market returns means that differences in the performances of firms reflect more the industry attractiveness factor, such as when having different bargaining powers or a monopolistic position among sector firms. In the view of RBV – as with the school of Porter – performance differences between companies in an industry possessing homogeneous products are the result of external environmental factors, especially the successful management of institution-firm relations.

From evolutionary thinking to the co-evolutionary framework

Although a change in any institutional environment is a slow process, the distribution of resources and political institutions tend to be persistent; and this fact does not represent an unchangeable constraint but, rather, a slow, evolutionary way of modification of institutions and firms (Acemoglu, 2008). The permanent change is a pre-coded survival program for organizations because of their being in competition for scarce resources. Simon (1993, p. 132.) describes this motive as follows: “each organization competes with others for scarce resources, and their fates must consequently be decided by some combination of natural selection and rational adaptation.”

While organizations are changing, they are still in some form of permanent interaction with their environment. Strategy can be planned by the management or imposed by forces, ones outside the organization. The motivation for government action like extensive regulation or deregulation tends to be a “way of overcoming the sort of strategic inertia that has arisen as a result of strategies developing incrementally on the basis of history, experience, existing cultural norms or the compromises that come from the bargaining and negotiations of powerful groups within an organisation” (Johnson – Scholes, 2002, p. 73.). The interaction can be different in its direction (Child et al., 2013), as Figure 3 demonstrates.

Figure 3
Relationship between a firm and its environment
(Source: Child et al. 2013, p. 22.)



As the environment is changing because of the effect on it by an external body such as a government, legislative authority or a competitor, firms have three different ways to react. The less complex situation occurs when a

firm does not adapt to changes because of its own decision or because it lacks the ability to do so. The second reaction occurs when a firm understands the changes and adapts to them via a learning process. This method requires more time to react and results in a more complex answer. Proactive firms do not simply adapt to changing constraints but also try “to alter the external circumstances, such as proposed legislation, through negotiation and persuasion” (Child et al., 2013, p. 21.). This two-way, reciprocal interaction points to a more complex relationship between firms and their environment.

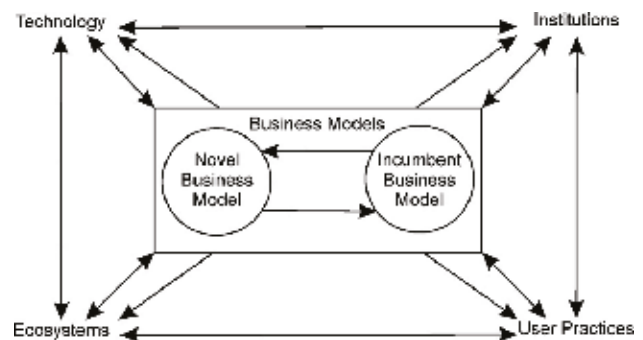
Volberda and Lewin (2003) introduced the concept of corporate co-evolution to analyse the process of firm-level adaptation and population level selection. They explain that co-evolutionary changes to the micro and/or macro level are not simple outcomes of adaptation or environmental selection, but, rather, are the mixed result of managerial intentions and environmental effects. Rodrigues and Child (2003) extended the scope of the co-evolutionary perspective from competitive industries to a highly institutionalized environment. They followed both a deductive and inductive method to formulate a relevant research framework relating to a public infrastructure organization. The main focus of their model is the two-faceted, mutual impact of performance, processes, objectives and structural forms on the macro, meso and micro levels.

In the authors’ interpretation, co-evolution is the *two-way interaction* between the meso (industrial) and micro (firm-level) factors. The performance of an industry has a strong effect on the performance of individual firms. However, a company can also influence sector conditions, principally if it has a dominant market position or a leading role as regards innovation. Sector performance also has an impact on the overall performance of an economy.

There is strong pressure on political actors to make changes in the political regime by modifying the dominant socio-economic ideology and policies if the macroeconomic indicators are underperforming. The changes in the institutional regime in combination with exogenous factors, like technology and new entrants, have a strong effect on sector business models. Modification of the business model has an effect on sector performance through changing objectives and competitive and/or political sector dynamics. Moving to firm-level effects, there is an evident two-way causal relationship between organizational performance and sector performance. Similarly, mutual interaction can be noted in the case of organizational and industrial processes. Targets, norms and objectives typifying the sector have a co-evolutionary interaction with firm-level objectives, just as the sector dynamics interconnect with organizational procedures.

Co-evolutionary research combines different methodologies and analysis procedures in order to understand the bidirectional connections between environmental factors and corporate behaviour. Foxon (2011) in his pentagonal model framework suggests the combination of the socio-technical and techno-economic transition with co-evolutionary approaches. The five key co-evolving systems in his framework are *ecosystems, technologies, institutions, business strategies and user practices*. Hannon et al. (2013) partially modified the original model of Foxon, replacing the *business strategy* dimension with the *business model* and moving it to the middle of the framework. Hannon et al. (2013) use the *business model canvas* of Osterwalder and Pigneur (2010) to represent in detail the main characteristics of the sector from in their empirical study of co-evolutionary interactions between UK energy service companies and traditional energy utilities. (Figure 4)

Figure 4
The co-evolutionary relationship between business models and the wider socio-technical system
(Source: Hannon et al., 2013, p. 1034.)



The authors distinguish the incumbent players’ business models from the newcomers’ models – and note that the incumbents typically wield more economic and political power compared to the non-incumbent or niche population of firms. The study provides both interesting theoretic insights and empirical results. By comparing the business models adopted by energy service companies and the incumbent British Energy Utility Company, the authors examine how market, technological, social and regulatory environments shape business strategy in the UK energy sector.

Suhomlinova’s article (2006) focuses on other dimensions of co-evolutionary research. Her research examines 26 transition economies of Central Eastern Europe in the period following the change of political regime. According to her model, based on the analysis of co-evolutionary effects between micro and meso level phenomena, four organizational characteristics influ-

ence organizational survival: 1) competitive structures, 2) product strategy, 3) control structure, 4) exchange strategy.

It can be concluded that co-evolutionary research studies rely on various methodologies and adopt a case-study approach with a focus on a particular sector of industry or geographical scope. All of the authors based their research into the connections between theory and practice on solid empirical results, and discovered correlations which allow for generalizations and which fit into the wider theoretical framework as well.

The institution-organization context in Hungarian strategic management literature

Although the Hungarian strategic management scholars have published several studies on the competitiveness of Hungarian firms, the institutional approach received relatively lower coverage in these studies. However, the Hungarian strategic management literature makes several notable remarks on the interactions between firms and their institutional environment. The following list (Table 1) gives a brief summary of Hungarian management scholars' recent publications with a deep focus on the institutional approach.

Balaton (2007) gives a thorough overview of organization and management theories that serve to explain organizational changes. He argues that institutional theory provides a powerful explanation for understanding the adaptation mechanism of firms in relation to their environment. Following DiMaggio and Powell (1983/2000),

he distinguishes three ways of interconnection between firm-level adaptation and the institutional environment. *Coercive institutional pressure* means direct governmental pressure on firms to adopt certain rules and traits for their operations. The *normative influence* refers to the common usage of professional industrial standards or specifications. Companies can legitimize their market activities only by following these normative rules and standards. The *mimetic process* reflects a firm's own adaptive decision to follow another firm's (possibly a competitor's) technology, organizational structure and/or procedures. Balaton highlights the importance of social embeddedness as a topic related to the institutional approach.

Czakó (2000) describes the relationship between economics and business and management studies on the development of theories of the firm. She says that „*the theoretical framework of new institutional economics can be regarded as a school aiming to establish a connection between economics and business studies as it studies the limits of the firm and its internal operations on the basis of Coase (1937) and Williamson (1985)*” (Czakó, 2000, p. 13.).

Kapás (2007) suggests an evolutionary approach can uncover a deeper understanding of the firm's development. She argues that technology, institutions and firms are developing in an evolutionary way, and this evolution from time-to-time produces new *mutant* forms of organization. She analyses the evolutionary path in a socio-technological context and distinguishes between concepts of *physical* and *social technology*. The new mutant forms of firms, such as the M-form and project organization, are a part of

Table 1
Hungarian management articles and studies with deep focus on institutional approach

Author(s)	Main focus of the study	Level of analysis	Leading empirical methods	Remarks on institution-based view
Balaton (2007)	Organizational changes after the Hungarian system turnaround	Meso / Micro	Case studies, small scale surveys	Evolutionary approach. Firm's adaptation is influenced by coercive pressure, normative influence and mimetic processes.
Czakó (2000)	Competitiveness at industry level	Meso	Surveys, case studies	New institutional economics can be promising for globalization and analysis of transnational companies.
Kapás (2007)	Evolutionary development of the organizations	Micro	-	Distinction of the role of physical and social technology in the evolution of the organization.
Kozenkow (2012)	Role of institutions in the economic performance of Hungary and Poland	Macro	Pairwise comparison of formal and informal institutions	Different political institutions have strong impact on economic performance.
Rosta (2012)	New public management and its institutional background	Macro	Quantitative modelling based on statistical data	The effectiveness of NPM depends on fit of informal and formal institutional system

social technology; and they are the results of prior technological “revolutions”. The wider institutional environment according to North might be also regarded as an aspect of social technology. Kapás says that the use of social technology is more suitable than an institution as it allows for an analysis of the effects of physical and social technologies on each other – and provides a common framework for analysing the interrelations between the two subsystems and within each independently.

Kozenkow (2012) compares Hungarian and Polish economic performances in the transition period after the political system changes of the early 1990s. She gives a detailed literature review of the development of institutional theory and concludes that the different economic performances of Poland and Hungary are predominately attributable to diversified political institutions.

Rosta (2012) in his doctoral thesis on the institutional determinants of New Public Management (NPM) emphasizes the New Institutional Theory’s influence on NPM. He gives a detailed literature review of the institutional theory’s complex research field, including the transaction cost economy, property rights-based theory, the collective action approach, the evolutionary economy and the principal-agent theory. He argues that the “*introduction of management methods belonging to this (NPM) approach can only be effective if these instruments fit in with the informal and formal institutional system being followed and applied by the society of the given country*” (Rosta, 2012, p. 13.).

There are more than a hundred working papers and articles describing various aspects of firm-level competitiveness emerging from the systematic analytical work of the Competitiveness Research Centre of Corvinus University of Budapest, highlighted by the robust longitudinal statistical database of competitiveness surveys carried out from 1995 to 2013 (Csesznák – Wimmer, 2014). Although some studies in this research program were more concerned with the role of non-economic factors (including technological, social and governmental) in relation to the competitiveness of Hungarian firms, the majority of publications considered the regulatory and institutional environment to be an exogenous factor in firm-level competitiveness.

Chikán and Czakó (2002) highlight the importance of adaptation in companies when the role of the government is to outline priorities, work to prepare development policies and to define resources and economic instruments to achieve macro-level goals. The authors made their model framework more complex in later research (Chikán – Czakó, 2009, p. 80.), clarifying the causal relationship between governmental actions and firm- and nation-level competitiveness. According to their model, governments can influence input factors, demand, organizational strategies and structures through *macroeconomic policies* and through effects had on social norms. Yet governments are

also influenced by social institutions and civil organizations – which have a direct influence on the development of *social norms*.

In his doctoral thesis, Szabó (2010) analysed the *strategic adaptation, ambidexterity* and firm level *competitiveness* of Hungarian firms between 1992 and 2010 on the basis of the competitiveness surveys’ database. He describes the *quality of legislation* and *domestic political changes* – being macroeconomic indicators of the institutional environment – as potential sources of uncertainty. Balaton (2005) demonstrated the increased role of *institutional factors* in the noted uncertainty and unpredictability of Hungarian managers at the time of Hungarian EU accession based on a comparison of the 2001 and 2004 survey data. Szepesi and Czakó (2012) also investigated the role of public policies on competitiveness. They claim that even though institutions can support firm- and nation-level competitiveness, results always depend on the interactions between individual and organizational actors. “*The features of actors concerning policy action can be put into four categories: (1) their position concerning the issue, (2) their degree of involvement in the issue, (3) the characteristics of their decision, and (4) the policy-relevant impact on them.*”

One of the reasons for the relatively limited attention given to the institutional approach in the Hungarian competitiveness literature may be a methodological one. The surveys, which were the empirical basis of the studies cited above, tried to explore general factors related to competitiveness with a relatively low degree of focus going into industry-specific effects and without analysing such industry-specific phenomena. The quantitative database did not support any thorough investigation of industry-specific variables appropriately.

The co-evolutionary approach requires thorough empirical background work. For example Rodrigues and Child (2003), studying the South-American telecommunications company, TELEMIG, interviewed almost a hundred managers, analysed more than 500 company documents, and reviewed the company’s financial reports from 1973 to 2000. Joined later by K. K.-T. Tse (Child, J. – Tse, K. K.-T. – Rodrigues, S. B., 2013), they carried out a similar analysis of the Chinese YICT container terminal, studying the interrelations between the company and surrounding institutional players.

There are only a limited number of examples of the application of a deep industry-focused, case-oriented approach in the Hungarian strategic research publications. I found only two studies concentrating on firms’ adaptation strategies with strong a sectoral focus as a result of checking the last six years’ articles of *Vezetéstudomány*. Szabó (2008) identified different adaptation strategies in the formulation of the bioethanol industry – and concluded that each adaptation strategy might be successful if given ef-

fective execution. Meanwhile Kis (2014) analysed the impact of strengthening state involvement in the Hungarian telecommunications industry.

My belief is that, contrasting with the big sample questionnaires, the case- and industry-oriented approach gives an appropriate methodological answer regarding how to successfully analyse the impacts of the institutional environment on the development, performance and competitive position of certain industrial organizations.

Conclusions

The years after the economic downturn strengthened methodology pluralism as academics had to face the fact that the explanatory power of former theories was limited. In the field of economics and management sciences, more and more proposed a rethinking of the balance between the practical usefulness and academic rigour of theories. I argued in this paper that the deeper incorporation of institution-based perspective into the mainstream framework of strategic management studies can enrich the scientific field. Although I feel the program of Peng a bit too ambitious, suggesting to build up the third leg of the strategic management on the basis of the institution-based view, I believe that the theory can deliver massive added value compared to the 'traditional methods' in regional and national focused studies.

Central Eastern Europe (and particularly Hungary) offers an excellent empirical field for institution-based studies to analyse the impacts of formal and informal institutions on business strategy. The demand for direct political influence was always present in recent decades regardless of government and political system. Liberalization and centralization periods followed each other in accordance with the existing political ideology – yet the development of the industries and firms is generally characterized by short, permissive pro-market changes and then fast regressions and corrections. The rapidly changing institutional regime significantly influences the market opportunities of the sector firms mainly in highly institutionalized industries such as banking, utility or healthcare.

I think that preparation of empirical, industry-specific studies following the institution-based view and using the co-evolutionary research framework – mainly the method developed by Child and Rodrigues – could help further explain the complex, two-way mutual interactions between firms and their institutional environment in the current turbulent period.

I defined three questions about the potential impact of an institution-based view on strategic management research in the introduction. Although it is too early to say that the institution-based approach has become a substantial part of the strategic management research field, I believe its research programme offers highly valuable

statements to the viewpoints of strategic management theories based on Porter's industrial approach and the resource-based view of the firm.

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RÉVÉSZ, Éva

CONTENT AND DRIVERS OF PERFORMANCE MANAGEMENT IN AGENCY-TYPE ORGANIZATIONS OF THE HUNGARIAN PUBLIC ADMINISTRATION

The improving performance of public administration and the reform of public financing system have been on agenda in Hungary for many years, in accordance with the international trends. However, governments have not expected and supported creating of a performance-oriented public administration in a comprehensive and explicit way. Nevertheless, there are bottom-up initiatives at organizational level, which target performance-oriented organizational function.

The research focuses on organizations of central public administration where the successful application of performance management methods is most likely based on the international literature. These are the so called agency-type organizations, which are in Hungary called autonomous state-administration organizations independent of the Government (e.g. Hungarian Competition Authority), government bureaus (e.g. Hungarian Central Statistical Office), and central offices subordinated to the government (either the cabinet or a ministry) (e.g. Hungarian Meteorological Service). The studied agencies are legally independent organizations with managerial autonomy based on public law.

The purpose of this study is to get an overview on organizational level performance management tools applied by Hungarian agencies, and to reveal the reasons and drivers of the application of these tools. The empirical research is based on a mixed methods approach which combines both quantitative methods and qualitative procedures. The first – quantitative – phase of the author's research was content analysis of homepages of the studied organizations. As a results she got information about all agencies and their practice related to some performance management tools. The second – qualitative – phase was based on semi-structured face-to-face interviews with some senior managers of agencies. The author selected the interviewees based on the results of the first phase, the relatively strong performance orientation was an important selection criteria.

Keywords: performance management, public administration, mixed methods research

The improving performance of public administration and the reform of public financing system have been on agenda in Hungary for many years, in accordance with the international trends (Bouckaert – Halligan, 2008). However, governments have not expected and supported the creation of performance-oriented public administration in a comprehensive and explicit way. Nevertheless, there are bottom-up initiatives at organizational level, which target performance-oriented organizational function.

From a theoretical point of view, this situation is exciting contrary to the countries taking a leading role in performance management reforms in the public sector.

It represents a terrain where there are no comprehensive expectations set by the central government towards public administration regarding the content or the way of performance management applications, however, these methods have already appeared in the examined organizations. This situation makes the study of the drivers and the barriers for the introduction of performance management applications easier, separated from the expectations expressed by the government, which, as the international experience shows, in many cases results only in formal adaptation.

The research focuses on the organizations of the central public administration where the successful ap-

plication of performance management methods is most likely to be based on international literature. These are the so called agency-type organizations (OECD, 2002; Verhoest, Van Thiel, Bouckaert, – Laegreid, 2012), which are called autonomous state-administration organizations in Hungary, independent of the Government (e.g. Hungarian Competition Authority), government bureaus (e.g. Hungarian Central Statistical Office), and central offices subordinated to the government – either the cabinet or a ministry (e.g. Hungarian Meteorological Service). The examined agencies are legally independent organizations with managerial autonomy based on public law. The number of this type of organizations was 75 in the beginning of 2015.

The purpose of this study is on the one hand to get an overview on organizational level performance management tools applied by Hungarian agencies, on the other hand to reveal the reasons and drivers of the application of these tools. The empirical research is based on a mixed research approach, which combines both quantitative and qualitative methods. The research structure has an explanatory sequential design, where the two phases of the research follow each other and first comes the quantitative phase. This phase of the research was a web content analysis of homepages of the Hungarian agencies, and the second part of the research was built on grounded theory and data was generated via semi-structured interviews with top managers of selected agencies.

Performance management in the public sector

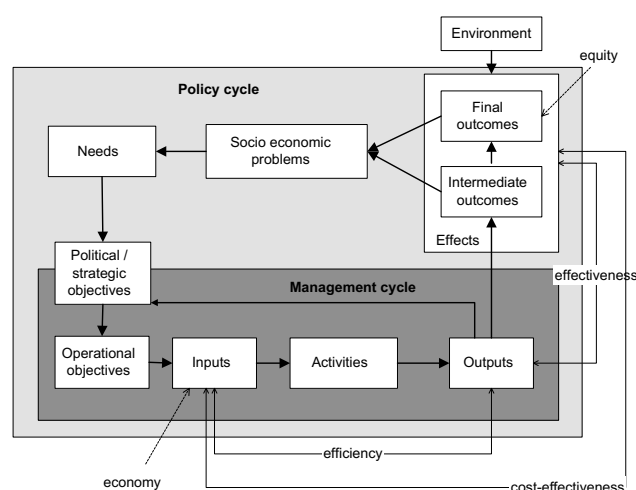
Performance-oriented function is a goal that plays an important role in the reforms of public administration taking place today (Mol – de Kruijf, 2004; Politt – Bouckaert, 2011). In a broad sense performance management means the application of different management methods in order to increase the performance (economy, efficiency, effectiveness, equity) of a single organization or a network of organizations (e.g. a region, a sector, or a country). A possible critique against using the term of „performance management” that it is an umbrella term, encompasses many different concepts, and its meaning is too board.

The exact determination of this research field makes difficult, that performance management is a buzzword both in business and public sector, and there are no common (and exact) definition in the literature (Franco-Santos et al., 2004). The main reason of conceptual uncertainty is that performance management is a multi-disciplinary research field, it can be interpreted based on many scientific field. This statement is even more true to performance management in public administration, where jurisprudence (administrative law), political

science, sociology and some fields of business administration have had also a great impact on today's thinking about performance management.

The intention of integrating various theories and approaches dealing with the same phenomenon – i.e. interpretation, measurement and management of public performance – appeared in the literature in the 90's, particularly among the academics of public management. In this regard the contribution of researchers of Public Management Institute at Catholic University of Leuven (<http://soc.kuleuven.be/io/eng/>) to formulation a theoretical framework of performance management in public sector is significant. Figure 1 shows the performance of an organisation or programme embedded in the socio-economic context. Performance management is shown as a management (or regulation) cycle, i.e. it follows the cyclical logic scheme of goal-setting and planning, measurement and feed-back – evaluation.

Figure 1
Performance management in the public sector
(based on Van Dooren, Bouckaert – Halligan, 2010)



The performance management concept of the public sector (Wouter Van Dooren – Bouckaert – Halligan, 2010) can be divided into two different levels: the level of public policy (policy cycle) and the level of management (management cycle). This study concentrates on the management cycle: the concept, the characteristics and the tools of organizational-level performance management.

Performance management at organizational level in the Hungarian public administration

The performance and performance management of public administration (and the public sector) are com-

plex concepts that are often difficult to operationalize (Takács, 2015). Therefore, it is important to outline the concepts of possible content components and interrelations, which might be found in Hungarian administrative organizations. By this I do not intend to design a normative model but to list the components which embody and support performance orientation in the central organizations of the Hungarian public administration. Various constellations and patterns of these components are possible. Several subcomponents might appear as an integral and comprehensive performance management system; however, it is more likely that even if certain elements of performance management appear in the practices of the examined organizations, these are rather isolated innovative solutions and do not apply to the overall management cycle.

Organizational level performance management (PM) in its “mature form” is a system supporting and coordinating the management cycle, i.e. the cyclically repeated planning-measurement-feedback actions, providing the most important stakeholders with relevant information and attempting to improve efficiency, effectiveness and quality at every level of the organization (Bodnár, 2005). It does not appear as an independent subsystem within the organization, but it can be interpreted as a process resulting from the cooperation of several functional areas, among which direct and strong relationships can be established: the planning system defining the objectives, the finance and accounting system, management control systems, quality management, the human resources management system as well as the information system producing information (may) belong here. Its major functions may be:

- to support managerial decisions with relevant information,
- to support strategic planning,
- to communicate objectives and requirements within the organization,
- medium-term and operative (short-term) planning,
- to design and operate measurement systems (cost-calculation, performance and quality indicators),
- analysis and feedback on the achievement of objectives, and
- to design the motivation system for the improvement of performance.

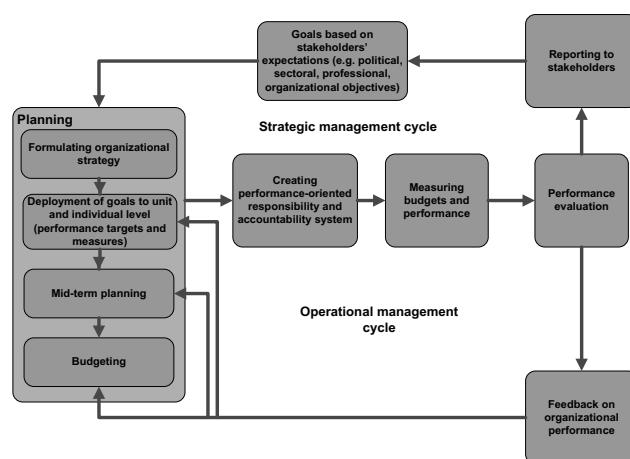
In public administration, managers who are key players in decision-making may not only be the heads of the examined organizations but also the managers of the superior organization responsible for the decisions concerning the given organization and also politicians. Therefore, apart from the support of internal decisions,

the support of external decisions may have an emphatic role in the public sector.

A possible representation of the performance management process interpreted within administrative organizations is displayed in the Figure 2.

Figure 2

Performance management system at organizational level



The strategic level of the performance management system helps to specify the long-term strategic objectives, usually defined in generic terms, as well as to communicate them within the entire organization. From a theoretical point of view, the relationship between the strategic and operative levels is established by the preparation of medium-term tactical plans derived from the strategic objectives. In Hungary the institutional budget provides the framework for the annual operation of budgetary institutions under the scope of the Public Finance Act. According to the applicable regulations, institutional budget planning does not start from the strategic or medium-term objectives but is constituted characteristically on the basis of the previous year (with a few or more modifications of the budget numbers of the previous year).

The annual plan provides the basis for everyday operation and it is broken down into the levels of responsibility centres (organizational units, projects, programmes, see (Anthony – Young, 2003) and even organization members (e.g. MBO agreements). The interim changes of the accomplishment of the operative plan may be monitored by the performance measurement system (e.g. with appropriate cost calculation), which in turn – within the framework of performance evaluation (interim monitoring) – is interpreted by creating of various analyses for decision-makers. The feedback on the operative cycle provides information primarily on the interim use of resources and makes

suggestions on the necessary interventions. The role of feedback within the strategic cycle is predominantly to help monitoring the achievement of strategic objectives, to draw attention to the unforeseen changes in time and to be able to design potential recommendations for the changes of the plan.

Starting from the components of the strategic and operative management cycles (goal-setting and planning, measuring, feed-back–evaluation), a shift towards performance orientation within Hungarian public organizations is possible in the case of the following activities.

Goal-setting and planning

The planning of the annual budget embodies the planning activity of budgetary institutions of central administration. In 2012 a government decree on governmental strategic management was established (Government Decree 38/2012 (III. 12.) on Government Strategic Management), but the formulation of organizational strategies is still not a compulsory, only a recommended activity.

The institutional budget is calculated on the basis of the previous year, and the expenses of the next calendar year are planned with respect to different types of costs (personnel expenses, material expenses, etc.). Thus, the planning is input-oriented and next year's budget is calculated on the basis of past activities, but it usually does not question the original figures. The planning activity is mechanical and instead of the entire organization, only the financial department participates in it.

This budgeting logic is suitable for national and sectoral framework planning, however, its organizational application (reverse planning) means that specialities and expected quality of the tasks to be accomplished are hardly if at all taken into account. This results, for instance, in that the need for the extension of fiscal framework is difficult to justify. The lack of clear goal-setting hinders feedback and evaluation.

Performance budgeting techniques offer an alternative to traditional input-oriented line item budgeting. A part of those is applicable at organizational level even if macro-economical budgeting takes place in the traditional (line item and input-oriented) way. Some examples of these tools include but are not limited to the following:

- instead of the previous year the overview of tasks to be accomplished and the measurement of their financing needs considered as a starting point,
 - the definition of performance objectives at different levels of programmes and organizational units as well as indicators attributed to these,
 - multi-year (business) planning, strategic planning.
- Performance-oriented planning requires profound

methodological-professional expertise and implies several difficulties. Different works discussing the selection of unsuitable goals and indicators as well as the dangers of manipulation represent a large segment of the literature on performance management in the public sector (de Bruijn, 2002; Hood, 2006).

Accounting and measurement

Planning is followed by the continuous monitoring of operation as well as the measuring of performance in the management cycle. In the Hungarian public finance organizations the requirements of budgetary accounting are to be followed. The structure of budget accounting is much more determined by the need for budget planning than by the support of the management decisions of individual organizations.

Hungarian budget accounting meant a so-called modified cash-based double-entry bookkeeping till the beginning of 2014. From cash-based perspective, transactions appear in the accounts simultaneously with the cash flow, i.e. payments and incomes are recorded. The accounting practices of Hungarian budgeting have implied numerous problems, the main reason for which is that the system focuses on the cash flows of the budgetary year. Some of the arising problems are related to the fact that certain information needs cannot be satisfied due to the way of accounting, while other problems are in connection with the fact that the accounting system – with respect to long-term economy – is unfavourably influencing the decision-makers.

Due to the above-mentioned reasons the introduction of accrual accounting in the beginning of 2014 has been a great opportunity and a significant change in the Hungarian public administration (Government Decree 4/2013 (I. 11.) on the Accounting of Public Finances). Since the regulation on accrual accounting is rather fresh, it is too early to evaluate its results after one calendar year. Anyway, it can be an important step towards performance-oriented operation.

The definition of performance requirements is unresolved and performance measurement based on financial and accounting data (the use and analysis of financial indicators) have no traditions in Hungarian public organizations.

Feedback and evaluation

The main goal of feedback (reporting) with respect to performance management is to call decision-makers' attention to the deviations from the plans, to contribute to the exploration of the reasons and also to provide an opportunity for intervention. Reporting may be related to individual performance appraisal as well, it serves as

the basis for the evaluation of managerial performance. Thus, reporting does not merely mean the preparation of financial and accounting statements but it is also an important tool of supporting managerial decision-making.

As mentioned above, the analysis and the evaluation based on financial and other data supporting decision-making are infrequent in Hungarian public organizations. However, budgetary organizations are supposed to provide other institutions (superior organizations, the Central Statistical Office, the National Tax and Customs Administration, the State Treasury, etc.) with frequent and various data. According to Zsuzsa Kassó: “The remarkable colourfulness, overlaps and deficiencies which in practice arise [in relation to reporting obligations] are almost impossible to show. However, management should take into account that the institutional system invests a considerably large amount of money and energy in preparing reports and accounting data and indeed, plenty of information is produced. The content and the form of these, however, do not support decisions; it is very difficult to find data in this data set, produced with a lot of effort, which is really useable for the management” (Kassó, 2006, p. 83).

Performance reports produced for external stakeholders (politicians, citizens, superior organizations) could have a particularly significant role in administrative organizations, as they could be the means of enforcing transparency and accountability. Apart from input data, performance-oriented reports also include data about other dimensions of performance in a clear-cut format.

Beside the content components, the extent of institutionalization and the integration of performance management elements to be analysed in the research may also offer interesting conclusions. By institutionalization I mean whether there is an organizational unit or

job within the organization in which duties related to performance management are also represented among the tasks (e.g. management control department, quality department, etc.).

The analysis of integration refers to the fact whether the elements embodying performance-oriented organizational operation are connected to each other or not. The extent of integration can be examined among the partial organizational systems covering the functions mentioned above (e.g. accounting, quality management, IT) as well as among the different levels of the organization (organization-organizational unit-individual).

Possible drivers of performance management applications

In addition to the exploration of possible content components of administrative performance management, the article also examines the question *what factors and mechanisms (drives) can be associated with the design and introduction of performance management applications*. While a large number of publications have been released on the analysis of factors related to and explaining the performance improvement of public sector organizations (Boyne, 2003; W. Van Dooren – Lonti – Sterck – Bouckaert, 2007), a significantly smaller number of research has addressed the exploration of *factors and mechanisms related to the application (design and implementation) of performance management tools* in public sector. The amount of revealed evidence is low and the research results often contradict one another. This phenomenon is due to the fact that factors or mechanisms of similar names are operationalized in different ways and measured with different methods (Wouter Van Dooren, 2006; Van Helden – Johnsen – Vakkuri, 2007).

Table 1

Main factors related to designing performance management in public administration

Contextual factors	Cavaluzzo – Ittner	Van Dooren	De Lancer Julnes – Holzer
Existence of external compulsory performance requirements (e.g. performance indicators)	Not significant		Significant
Availability of resources		Not significant	Significant
Role of trainings	Significant		Significant
Management commitment	Significant		
Decision making authority	Significant	Not significant	
Goal or mission orientation		Not significant	Significant
Ability to identify and interpret performance indicators – measurability of performance	Significant	Significant	
Internal interest groups			Significant
Size of organization		Significant	

The Table 1 summarizes the results of three researches. An article of Patria De Lancer Julnes and Marc Holzer published in 2001 was based on the analysis of a survey of 1997, for which data was retrieved in the United States at local, national and federal government agencies by interviewing their staff (Julnes – Holzer, 2001). Ken S. Cavaluzzo and Christopher D. Ittner analysed the results of a survey of organizations of the federal government, conducted similarly in the USA in the year 1997 (Cavalluzzo – Ittner, 2004). Van Dooren was carrying out research in public organizations in Belgium between 2000-2005 (Wouter Van Dooren, 2005). While in the above-mentioned two researches results were obtained based on multivariate statistical analysis of the questionnaires, Van Dooren used, in addition, some other methods such as content analysis, semi-structured and unstructured interviews.

By examining the table, it is conspicuous that although the same factor occurs in several studies, but its relation with the design of performance management tools is considered differently. There are two exceptions to this rule: the importance of the role of training and the ability to identify and interpret performance indicators, and the importance of measurability of the performance is clearly confirmed in each research.

The reason for conflicting results have already been mentioned: the presented researches have operationalized, measured, analysed the above-mentioned factors differently. In addition, the design of performance management, which was considered as

a dependent variable, was defined differently in the researches.

The contradictions in the research results indicate that, firstly, it is a ‘bumpy’ field of study, and, secondly, these contradictions raise exciting and innovative research questions. The above-mentioned surveys and their results, despite all of their shortcomings, give clues which factors and mechanisms should be examined in this research. The Table 2 summarizes the potential factors and mechanisms, which presumably are related to the use of performance management tools.

Two factors in the table above may require more detailed explanation: public interest towards the organization has a number of reasons (Moynihan – Pandey, 2005). On the one hand, a public administration organization can dispose over a large budget, and that fact alone can already be significant to the public; on the other hand, administrative organizations operating in socially sensitive areas (e.g. healthcare) might also be in the centre of attention.

Some studies categorize resources as external, some as internal factors. This can either mean the cumbersome use of the external-internal dichotomy and its questionability, or may also refer to definitional discrepancies. I regard organizational resources as both internal and external factors: internal because it is about assigning organizational resources or it can be considered as external factor, the question in this latter case is whether such obtainable resources (e.g. grants) exist that support the development of performance management tools.

Table 2

Possible factors and mechanism related to formulating performance management tools

Factors	Short interpretation
Public interest towards the organization	Due to budget size or handling of socially sensitive field
Expectations of superior organizations	They could be public administration or political organizations
International organizations and patterns	International centres of policy transfer (European Commission, OECD), or partner organizations in the world (e.g. tax authorities worldwide)
Role of management consultants	Methodological experts of performance management tools and models
Access to external resources	External resources supporting performance management
Measurability of organizational activities	Easy / difficult identification of performance measures
Training	Professional and methodological knowledge transfer
Commitment of top management	Support and expectations towards performance management
Goal orientation	Focus on results, long-term strategies
Available internal resources	Assigning of financial, human and ICT resources to performance management

Agency-type organizations in Hungary

One of the key features of New Public Management movement is the so-called ‘agencification’ phenomenon analysed by numerous researches and publications (OECD, 2002; C. Pollitt – Talbot, 2004; Wettenhall, 2005). This means formulating organizations that ‘operate at arm’s length of the government to carry out public tasks, implement policies, regulate markets and policy sectors, or deliver public services’. They are structurally disaggregated from their parent ministries, are said to face less hierarchical and political influences on their daily operation and have more managerial freedom in terms of finances and personnel, compared to ordinary ministries or departments” (Verhoest et al., 2012, p. 3.). Agency-type organizations exist in large numbers in countries which are not considered to be the forerunners of NPM, and therefore their establishment is not clearly linked to the principles of NPM – this is the case in Hungary as well (Hajnal, 2010).

In fact, there is no generally accepted definition in the international literature, and even terms can be quite diverse. They are called agencies, quasi-autonomous or semi-autonomous organizations, non-departmental public bodies, quangos, arms-length organizations etc. The diversity of definitions and terms is rooted in the heterogeneity of the examined organizations: from country to country a variety of characteristics can be found ranging from the different formal-legal solutions to various responsibilities and managerial autonomies.

In this research by “agency” I refer to legally independent public organizations directly subordinated to the government (either the cabinet or a ministry), having nationwide competences. Private or private-law based organizations established by the government are

excluded, and the public organizations subordinated to the parliament are included.

In Hungary a rapidly evolving and heterogeneous organizational circle corresponds to the agency concept. The Table 3 summarizes the typology of agencies on their legal-structural features in 2015.

The number of these organizations has changed recently: while in the nineties there were 22-25 main authorities, in the beginning of 2000 the number increased to 30, around 2010 it was between 50-60 (Lőrincz, 2005). The number of this type of organizations was 75 in the beginning of 2015, when this research was conducted.

Research design, questions and methodology

The scope of this study is to examine the design (content) and implementation of the organizational level performance management tools in the Hungarian agencies along the following questions:

What kind of performance management tools appear in the “agency”-type organizations of the Hungarian public administration?

What drivers and mechanisms may explain the design and introduction of performance management tools in the examined organizations?

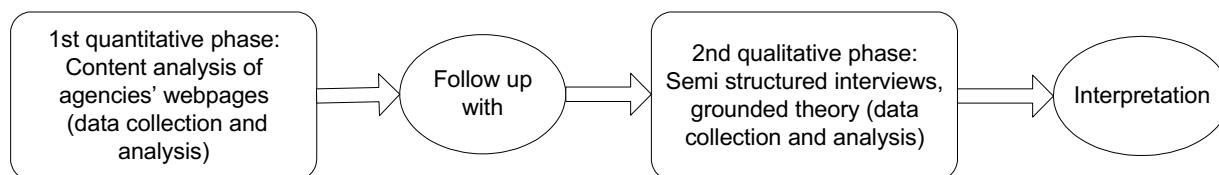
The empirical research is based on a mixed approach, which combines both quantitative and qualitative methods (Király – Dén-Nagy – Géring – Nagy, 2014). I have chosen an explanatory sequential research design (Creswell, 2009; Creswell – Plano Clark, 2011), which starts with the collection and analysis of quantitative data. The first phase is followed by the subsequent collection and analysis of qualitative data. The second, qualitative phase of the research is designed in a way that it is derived from the outputs of the first, quantitative phase. (Figure 3)

Table 3

Agency-type organizations in Hungary (based on Hajnal, 2011)

Features	Autonomous administrative organization	Independent regulatory body	Governmental bureau	Central bureau
Founder	Law	Law	Law	Government decree
Superior organ	Parliament	Parliament / Cabinet	Cabinet	Ministry
Appointment of agency head	Based on statute	Appointed by the prime minister or the president of the republic based on the proposal of the prime minister	Appointed by the prime minister based on the proposal of the superior minister	Appointed by the superior minister
Example	Hungarian Competition Authority	National Media and Infocommunication Authority	Hungarian Intellectual Property Office	National Health Insurance Fund of Hungary

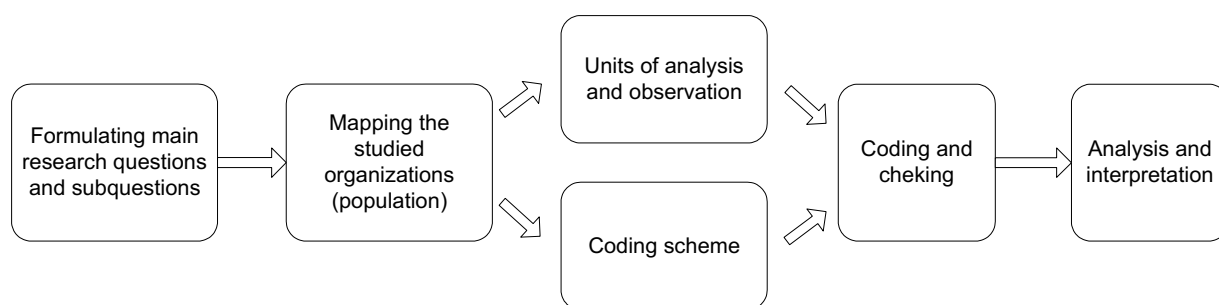
Figure 3

Explanatory sequential research design (Creswell, 2009)

The first – quantitative – phase of the research was content analysis of homepages of the examined organizations. Content analysis is an appropriate method for arranging texts into a generalized coding structure, which can be easily transformed into a database. This method draws conclusions not only on the texts themselves (homepages) but also on their context (the organizations) (Krippendorff, 2004). The aim of the analysis is to reveal statistical descriptions, like frequencies, and connections, and significant differences between topics etc. (Figure 4)

The second – qualitative – phase was based on semi-structured face-to-face interviews (Kvale, 2005) with some senior managers of agencies. The main focus of the qualitative phase was to answer the second research question (identifying drivers of applying performance management tools). The interviewees were selected based on the results of the first research phase: the relatively strong performance orientation was an important criteria. I was searching for organizations where multiple performance management tools were applied and performance management was to some ex-

Figure 4

Process of web content analysis (1st phase of the research)

I identified some kinds of performance management content (e.g. mission statement, strategy, annual report) on agencies' homepages (see coding structure in Table 2) and analyzed significant differences of content between groups by the given organizational features (e.g. number of employees, revenue, international relations etc.). As a result, I have got information about all agencies and their practice related to some performance management tools.

It is critical to keep in mind that the information on websites do not give a full and accurate picture about actual organizational processes. However, the examination of content appearing on websites (the communication of the organization on Internet) provides an opportunity to draw conclusions about agencies' attitude towards performance management and the role and institutionalization of performance orientation.

tent institutionalized. This was an important factor in selecting the interviewees because this means that they have some kind of experience and interpretation about the elements and conception of performance management and they may have an opinion about the factors supporting and hindering the application of performance management.

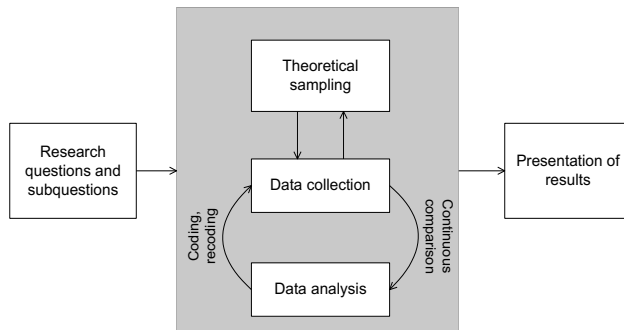
Web content analysis helped to identify also the focus points of the research. As a result of content analysis a few factors have emerged, which can have a relation with the application of performance management. Revealing these factors deeper and understanding the mechanisms have oriented the data collection and data analysis in the qualitative research phase.

In accordance with the grounded theory approach the course of interviews had been developed iteratively, i.e. first I started with open questions and later I asked about for example relationships of identified cate-

ries as well (Esse, 2012; Mitev, 2012). Analysing these interviews one could reveal how various interviewees give different interpretations to a particular social phenomenon (like performance management in Hungarian agencies), and the most important characteristics of this method is the assumption that participants (interviewees) build up the reality (Strauss – Corbin, 1998). (Figure 5)

Figure 5

The process of qualitative research (2nd phase)



In grounded theory approach data collection and data analysis cannot be strictly separated, data analysis is carried out continuously also in the time of the new interviews, thus the outcomes of a previous interview can be built in the following interviews. The way of data analysis was coding. According to Strauss and Corbin (1998) this is a multi-level process, starting with open coding, then relationships, connections are being searched in the categories identified (axial coding), finally the evolving theory is being integrated, specified (selective coding). In the coding process I used the NVivo data analysis software.

Results of the research

During the web content analysis I have gained a comprehensive picture about the Hungarian agencies (their exact number, size, age, etc.). It is also an important result because there is no formal, official list or database of Hungarian agency-type organizations (Hajnal, 2012). First, I will briefly present some characteristics of the examined organizations, what helps to understand the context, in which the results of the data analysis are valid. At the time of the research 72 agencies (out of 75) had a homepage.

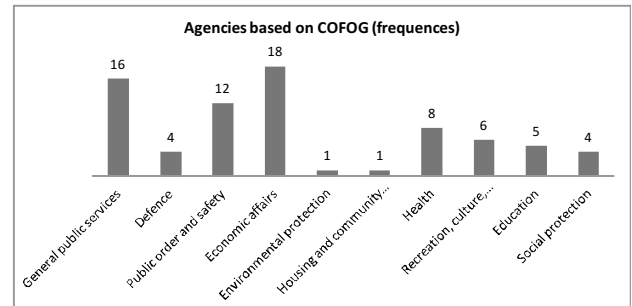
Some features of Hungarian agencies

The Figure 6 shows the governmental functions (CO-FOG, Classification of Functions of Government) of examined agencies. In organizations where more governmental functions appear at top level, I tried to identify

the dominant function. Most agencies operate in the area of economic affairs and general public services.

Figure 6

Agencies based on governmental functions



The smallest organization employed 20 people, while the largest 130.330 people at the time of data collection. The latter, however, is an extremely high number, only three agencies had more than 2000 employees. The age of the examined organizations varies widely as well, the oldest agency was 145 years old and the youngest agency was established in the beginning of 2015. (Figure 6)

An important factor regarding the stability of organizations is the time since the head of agency has been appointed. The design and the introduction of performance management tools require relatively long time (several months), and due to the cyclical nature of PM systems their results come only 1-2 years following the introduction. The expectations and the support of top management of agencies are critical in this process.

The heads of examined agencies spent on average 3.2 years in their current position. I have found only six organizations where the head has been managing the agency for more than 5 years, i.e. he or she was in the current position before the change of the government in 2010 as well. However, in half of the organizations (34 cases) heads have changed also within the last two years – even several times. (Figure 7)

Figure 7

The age of agencies and the number of years since the appointment of the head

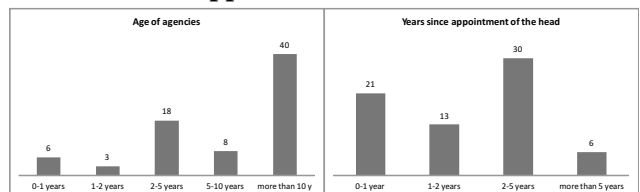


Table 4

Coding scheme related to performance management content

Main themes	Categories (codes)	Explanation
Planning	Mission statement	Mission statement / values / vision of the agency
	Strategic plan	Strategic document of the agency
	Operational plan on the website	Short-term professional-operational plan on the web
	Operational plan in organizational and operational rules (OOR)	Short-term professional plan in the organizational and operational rules (or charter) of an agency
	Annual budget	Annual budget of the agency
Reporting	Report on budget	Report on the budget
	Performance report	Report on the agency's (annual) performance
Quality management	Documents of quality management	Quality policy, certifications etc.
Institutionalization of performance management	Management control	Organizational unit or position
	Quality management	Organizational unit or position
	Strategy	Organizational unit or position

Elements of PM systems in Hungarian agencies

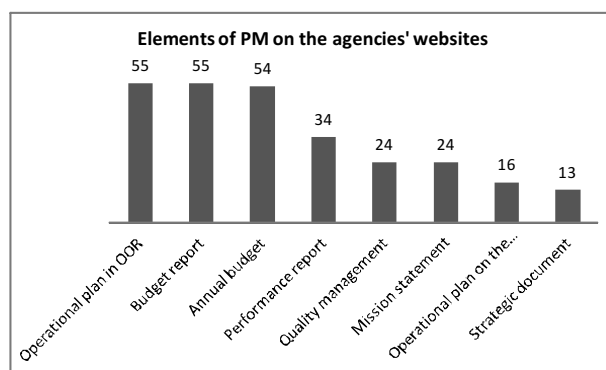
During the web content analysis only those elements of PM were examined which can be displayed on websites. The list is presented in Table 4.

It is important to note that the appearance of annual budget and budget report on the websites is not really related to performance management, because in Hungary budgeting is traditionally an input-oriented line item planning based on the previous year. The reason for examining these documents is that publishing budget information on the web increases transparency and therefore it is obligatory for each Hungarian public organization.

More than three-quarter of the examined agencies published the annual budgets and budget reports on the web. This rate cannot be assessed as high because based on regulation it is an obligatory task for all agencies.

According to organizational and operational rules (available also on the examined homepages) 55 agencies formulate annual operational plan, but only 16 organizations publish these on their websites. Formulating an annual operational plan is also an obligatory task for agencies. Nearly half of the agency-type organizations (34 cases) publishes a performance report regularly, typically on an annual basis and evaluates the professional work of the organization. 24 agencies published their mission statement on the Internet. The appearance of this topic is a sign of long-term planning,

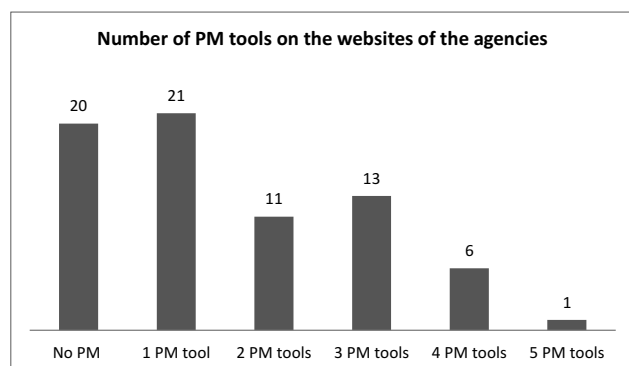
Figure 8
Elements of PM on the websites of the agencies
(frequencies, N=72)



because formulating a mission statement is part of strategy development. I have found a strategic plan on the websites of the agencies in 13 cases. One third of the organizations publishes documents related to quality management, such as quality policy statement or ISO certificate. (Figure 8)

I examined how intense the use of different methods is, this has meant the calculation of total points of the following five categories: mission statement, strategic document, operational plan on the website, performance report, quality management.

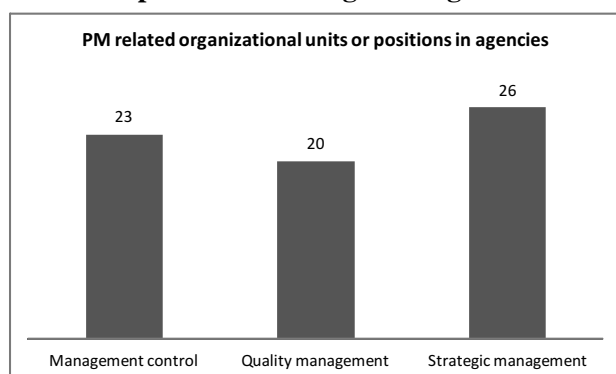
Figure 9

Intensity of the use of PM methods (frequencies)

Three quarters of the agencies publish at least one performance management tool and more than 40 per cent (31 organizations) communicate the use of at least two types of performance management tools. Of course the appearance of a PM method in itself does not mean that performance oriented function does exist, but when more PM tools are being communicated, it is more likely that a PM system is operating in the given organization. (Figure 9)

The use of PM-related organizational units or positions represents the institutionalization of performance management. The figure below summarizes the main findings regarding the appearance of quality management, management control or strategic management units / positions in the examined agencies.

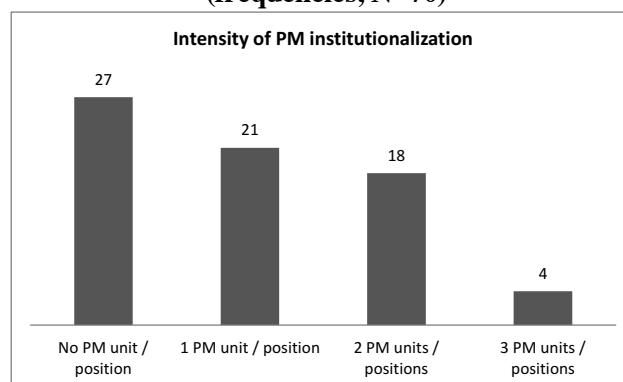
Figure 10

PM-related organizational units or positions in Hungarian agencies

Strategic departments can be found in more than one third of the agencies, management control units or positions are operated in 23 organizations and departments or positions responsible for quality management exist in 20 agencies. The intensity of institutionalization shows

how many PM-related departments or positions the organizational structure includes (see Figure 10). Approximately 40 per cent of agencies do not use the examined PM-related organizational units or position at all. In 21 organizations (30 per cent) I have found one type of department or position, in 18 agencies two examined areas were institutionalized, while four organizational structures contained all three areas.

Figure 11

Intensity of PM institutionalization (frequencies, N=70)

There is an existing and positive relation between these two variables (the correlation coefficient is 3.14, $p=0.001$): organizations which publish multiple PM methods on the Internet have institutionalized this field to a higher extent, i.e. they have more PM-related organizational units or positions. (Figure 11)

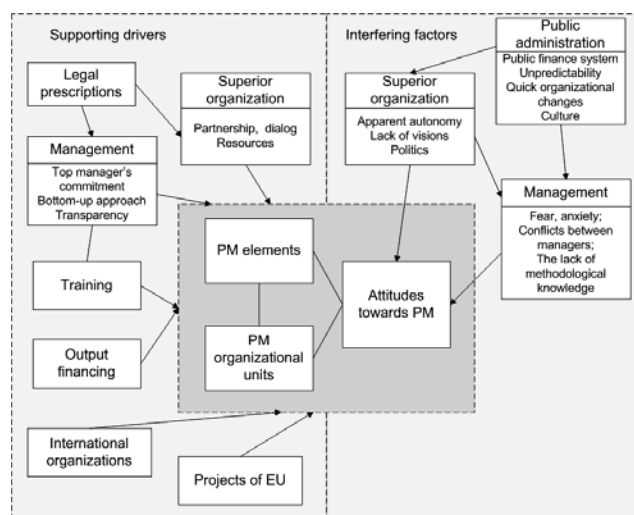
Main results of qualitative research phase: drivers of PM in Hungary

In this subchapter I will summarize the main findings of the qualitative research phase. During March-April 2015 I made 6 interviews with top managers and one interview with an expert (consultant). Interviewees were well-informed about of the potential areas where the different PM methods can be applied. Although in the selected organizations PM methods appeared with very different emphasis and roles, a series of PM tools have been applied everywhere and these agencies have PM-related organizational units as well. The relatively strong performance orientation was an important selection criteria of the interviewees.

The main results of the qualitative research phase are summarized in Figure 12 (see below), it is a system of main supporting and interfering factors influencing PM applications. Based on the grounded theory it is considered to be a middle-range substantive theory which might be taken to application only in the exam-

ined specific area or context (Glaser – Strauss, 1967). Mechanisms and relations among categories were formulated during the coding and re-coding of the the interviews, and the first phase of the research have also had an impact on identifying some of the categories.

Figure 12
The system of drivers and interfering factors influencing PM



The examined phenomenon is located in the centre of the figure: PM elements and PM-related organizational units and positions. As a result of the study I have identified another central category: managerial attitudes towards PM, which are connected to PM elements and units applied. On the left and on the right of the figure the supporting and interfering factors affecting PM can be found.

During the process of analyzing the interviews, I identified some supporting and hindering mechanisms. It was interesting that during the coding certain categories appeared simultaneously as supporting and as interfering factors. These codes were 'management' and 'superior organization', and I had to create subcategories to better understand the phenomenon.

Supporting factors

A superior organization (ministry or state secretariat) will appear as a driver related to performance management when it treats the agency as a partner, provides additional resources for the introduction of PM tools (required by the superior organ), and there is a dialogue between the two levels.

„They [the secretary of state and head of the agency] developed the annual plan together .

Then there was a regular discussion about it. This type of negotiation does not exist today. “ (I6)

An important subcategory of management is the top manager's commitment to PM application.

“If the head of the organization considered it important, you would move mountains. But if he or she did not consider PM important, it would become a struggle.” (I6)

“In the case of proactivity and interest of the top manager PM can work quite well. If commitment existed, the head would find external sources, consultants, his/her own pattern, etc.” (I5)

The personal commitment of the heads of the agencies is obviously one of the key supporting factors, however it could not have a long-term effect in the period of this study. An important finding of the web content analysis was the rapid change of the heads of the agencies, thus we can say that it is not a stable position in Hungarian agencies. Only 6 heads out of 75 were in their position before 2010.

“The head of an agency is] the lowest level of politics. And I think nothing is worse than the lowest level of politics.” (I2)

Besides the heads, their deputies could have a crucial role in supporting PM tools, and a deputy position can be a stable and committed leader role. But this hypothesis requires further investigation.

Empowerment of employees has also a supporting role in the application of PM. Appearance of transparency as a management value influences some PM tools (e.g. use of websites, public performance report).

“The main goal of our performance report is to improve the international transparency and to gain credibility and trust towards our organization.” (I1)

Legal requirements could have a positive effect on PM applications (e.g. introduction of accrual accounting in Hungarian public organizations), but a regulation itself is not sufficient, because the introduction of PM systems requires knowledge, time, additional financial resources, etc. If supporting mechanisms were not prescribed by the regulation, organizations would introduce PM only formally, or they would simply not apply the required PM methods at all.

The role of trainings is twofold: it increases the PM-related knowledge and skills of managers, and the training of the staff has a positive effect on motivation. Another important factor is output financing which

has contributed to the recognition of the role of performance management in the examined organizations.

“The management control department compares cost data from time to time and if they see something, then they try to solve it in order to generate more revenues.” (I3)

The methodological requirements of projects (co-) funded by the EU can contribute to the development of organizational performance management as well.

“In the EU projects we use Gantt charts for planning, we have to make benchmark analysis, there are indicators, these have to be reported quarterly, we have cash-flow plans...” (I6)

Hindering factors

In this subchapter I will overview the main factors hindering PM applications, based on the interviews. Some interviewees pointed out that legal and financial independence of the agency is often limited, their autonomy is apparent.

“Sometimes they treat us as a ministry department, and our institutional budget is handled by the controlling institution as if it were its own budget.” (I6)

The lack of clear visions was perceived by some interviewees due to the frequent change of ministry staff (ministers, secretaries, other decision-makers).

“We have just established a new function and they want to take it away. And we started to build it without any additional financial resources, and now they want to take the function and also budget resources. Well, we said that we’ll give back gladly all what the ministry has provided for this task. And they do not understand. Because the minister was changed as well.” (I6)

“Due to the fact that people change frequently in the ministry, we have to teach them again and again what our duty is.” (I3)

Regarding the management of the agency conflicts between top-managers appeared as a hindering factor.

“Earlier I wanted to introduce ISO, but with the former top-management I could not do that.” (I1)

The lack of methodological knowledge regarding PM is also a hindering factor. According to the interviews many managers of the agencies do not dare to be proactive and they feel anxious.

“Change of attitudes is necessary. This highly centralized system provides a very small autonomy for agencies, and the fault-finding attitude and the complete lack of empowerment are not good. So it is very hard to act like a leader and difficult to achieve results.” (I5)

The broader context of public administration is also an important category among hindering factors, it influences also the mechanisms described above. The Hungarian public finance system, the unpredictable and quick organizational changes and last but not least some cultural characteristics of public administration were the main subcategories.

“The most important value of public administration is stability, and it always goes in the direction of mediocrity. And therefore there is a constant struggle with efficiency and effectiveness.” (I2)

In summary, the possibilities of PM in Hungarian agencies can be interpreted in a complex and less supporting context. The interviewees were selected from agencies that are considered performance oriented, and even in their case, often appeared to be skeptical and with a negative attitude towards PM. I have seen examples for successful implementation of PM tools, however in order to operate stable and integrated PM systems at organizational level, many factors of the recent context should be changed.

Conclusions

The first research question focuses on performance management tools appeared in Hungarian agencies. Based on the results of the web content analysis, the conclusion is that the examined elements of PM are not completely unknown in the majority of agency-type organizations, however I have found a very heterogeneous situation. 20 organizations (out of 75) did not publish any PM-related tools on their websites, while another 20 organizations published three or more different PM tools. It is important to keep in mind that this type of information on the websites do not give a full and accurate picture about PM-related organizational processes, I cannot draw well-grounded conclusions on the characteristics of the use and on organizational embeddedness. But the appearance of PM-related organizational units (e.g. departments) or positions in organizational structure indicate the institutionalization of performance management. The result of the analysis is similar: 40 per cent of the agencies did not apply any PM-related organizational units or positions, while in 22 cases (about 30 per cent) the

organizational structure included two or three PM-related units or positions.

The second research question aimed at exploring the causes of this heterogeneous picture. I tried to identify the main factors, which influence PM applications. The qualitative research phase was based on semi-structured face-to-face interviews (Kvale, 2005) with some senior managers and one consultant. The analyzed performance management systems can be characterized by fragmentation: some elements do work well, but they are not integrated. I found only one organization where the organizational level methods and individual level tools were connected, in other cases the management cycles at strategic and operational level were disconnected.

During the analysis of the interviews a very complex context has evolved (see Figure 11). The role of management and the superior organ was twofold: many supporting and inhibitory mechanisms were identified within both categories. A superior organization can promote PM when the agency-type organizations are handled as partners, there is real dialogue between them and additional resources are provided for meeting the expectations related to PM. At the same time a superior organization could have a negative effect on performance management applications when only apparent autonomy is provided to agencies and the expectations are conflicting and changing rapidly.

The personal commitment of the head of an agency is clearly one of the most important influencing factors regarding PM, however this driver could not prevail. Based on the content analysis, the change of the heads of the agencies is relatively rapid, it is not a stable position in Hungary. In this situation the role of deputies can be an interesting question, but it requires further investigation. Transparency as a value and empowerment can contribute to the success of PM applications, however conflicts, both perceived and real, between managers and the lack of PM-related knowledge have a negative effect on PM.

During the research I found many laws or decrees which prescribe the application of specific PM tools in agencies. A law or decree alone is not sufficient for successful PM application, it requires professional knowledge, time and additional financial resources. Without any incentives the intention of legislation did not prevail: the organizations apply PM methods only formally or they do not apply it at all. The role and effects of legislation regarding PM are controversially judged by other researches as well (Cavalluzzo – Ittner, 2004; Julnes – Holzer, 2001).

Finally, I would like to outline some further research directions, which could enrich the understanding of this field. There is a question about the role of projects

(co-)funded by EU in PM-related knowledge transfer. Examining the barriers hindering the adaptation of existing knowledge could contribute to a deeper understanding of the function of public administration. Or a content analysis of agencies' performance reports could provide some insights into the measurement practices of Hungarian agencies.

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LESSONS LEARNED FROM THE EFFECT OF TIGHT MONETARY CONDITIONS AND CRISES ON CORPORATE CAPITAL STRUCTURE

The study reviews the theoretical and empirical literature on the effect of tight monetary conditions, crisis on corporate capital structure, further creates a framework for analyzing their relation, as well as sheds light on the lessons learned and open research areas.

The results highlight that the supply side of capital has an effect on corporate capital structure, though the analysis of this relation is scarce. However, the impact of tight monetary conditions on capital structure is analyzed by several studies, there is limited evidence on the financial policy and the development of financing mix during a crisis period. The impact of the 2007/08 crisis on the corporate capital structure and especially in case of firms with impaired access to external financing is scarce. The study also highlights our lack in understanding of the relation of crisis and capital structure in case of the CEE region.

Keywords: tight monetary conditions, crisis, capital structure, impaired access to financing

Based on the seminal work of Modigliani and Miller, the search for optimal capital structure generated several theories (e.g. trade-off theory, signalling, agency costs theory). In spite of the plentiful empirical testings and new theories (e.g. financial flexibility), there does not seem to be any single, universal, and empirically valid capital structure theory.

Apart from the research collected to date, some new research aspects are arising; one of these new aspects determines and measures the role of supply factors in capital structure movements, dissolving MM's assumption of the supply side's perfect elasticity (e.g. Faulkender – Petersen, 2006; Becker, 2007; Ivashina – Scharfstein, 2008; Akbar – Rehman – Ormrod, 2013; Lemmon – Roberts, 2010; Leary, 2009; Duchin – Ozbas – Sensoy, 2010; Voutsinas – Werner, 2011).

However, to measure the exact effect of supply factors on capital structure, a clean differentiation of supply and demand factors is needed. Tight monetary conditions and crisis – assuming these represent supply shock to the capital markets – offer an opportunity to measure the supply side effect of capital markets on corporate capital structure.

After introducing the tight monetary conditions and highlighting the macro environment of the 2007/08

crisis, this study develops a theoretical framework for analyzing the effect of supply factors on the basis of the works of Gertler and Gilchrist (1993), Gertler and Gilchrist (1994), Oliner and Rudebusch (1995), Bernanke, Gertler and Gilchrist (1996), Kashyap, Stein and Wilcox (1993), and Kashyap and Stein (2000). By means of the framework, identification of expected capital structure movements as a result of tight monetary conditions and crises takes place. Further, empirical results on the effect of supply shocks and crises on capital structure are reviewed in order to identify the lessons learned and open research areas. The study also focuses on the CEE region, investigating what kind of effect the region's uniqueness exerts on capital structure movements during the crises. Although the CEE region shows a unique development and status, mainly due to the transition process in 1989–91, there are limited findings for the region in the topic investigated.

According to Colombo (2001), the transition process resulted, that the size of the region's capital markets and their late progress make the general use of some external sources not possible; trade credit is commonly used owing to the past plan economy; the ownership structure may be a significant determinant of capital structure. Considering the severity of the impact of the

2007/08 crises in the CEE region, domestic loans granted in foreign currencies should get taken into account (mainly in Euros or Swiss francs due to the low interest rates). The remarkable share of this financing type became a heavy burden for borrowers by currency depreciation during the crises.

Definition of tight monetary conditions and the 2007/08 crisis

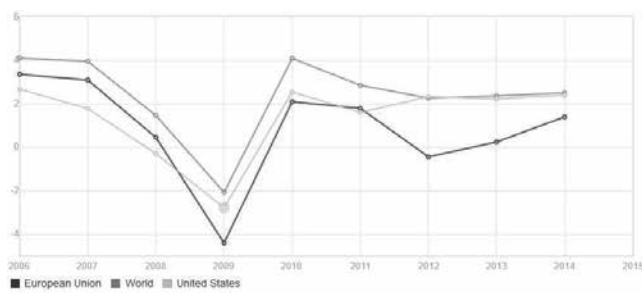
Monetary policy deals with the management of a nation's economic activity with the main goal of regulating the inflation movements within the economy. Monetary tools most widely used are the setting of discount and prime interest rates for lending money in the open market and the regulation of the money supply available in the given economy. A restrictive policy can be managed through the tightening of credit qualifications, soaking up the cash surplus of the markets and/or raising the banks' reserve requirements. Either way, tight monetary conditions may result in a decrease of credit supply.

The 2007/08 crisis, originated from the subprime crisis in the US market, created a shock to the markets (e.g. Brunnermeier, 2009). The crisis exerted a massive negative effect on the basis of all financial systems; trust started to vanish from the markets in 2007 as banks started questioning the viability of their counterparties. By the collapse of Lehmann Brothers in September 2008, trust on the global financial markets dissolved; trust in bank counterparties, trust in the overall stability of the financial system, and also the systemic trust in the financial institutions started to vanish.

Figure 1

GDP growth rate (Source: World Bank)

The annual percentage growth rate of GDP at market prices based on constant local currency



Although, at the same time the macroconditions worsened. While the period before the crisis is characterized by a high global growth and stable inflation globally, in the EU and USA, the crisis brought a slow-

down in GDP growth rate (below 2% global growth rate in 2008 compared to 3,8% in 2007) and increased inflationary pressures (reaching above 8% globally in 2008 based on World Bank data). Moreover, the reduction of monetary policy rates were used in many countries under the monetary actions taken in 2007/08; (find Figures 1-3).

Figure 2

Inflation, consumer prices (Source: World Bank)

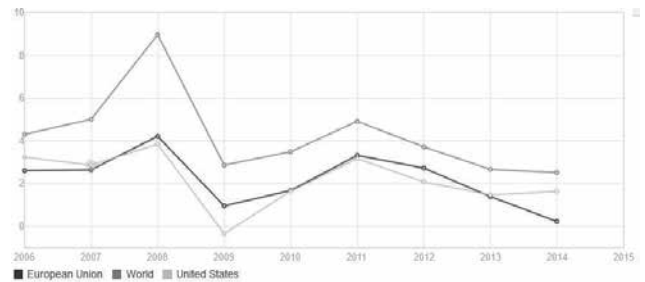
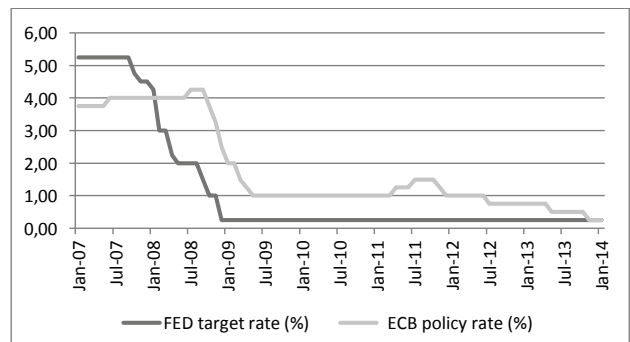


Figure 3

ECB and FED policy rate

(Source: European Central Bank, Statistical Data Warehouse, https://www.ecb.europa.eu/mopo/implement/omo/html/top_history.en.html; Federal Reserve Bank of New York, Federal Funds Data Historical Search, <https://apps.newyorkfed.org/markets/autorates/fed-funds-search-page>)



Hence, the corporate sector had to face the severe effects of the dissolving trust and the worsening macroconditions simultaneously. As a result, there is an observable and measurable impact of the global financial crisis on corporate capital structure, although, in spite of the research results to date, we do not have a clear picture about the course and scale of the evolution of capital structure components (i.e. leverage and financing mix elements). In addition, the need for clean results in the case of companies with impaired access to external financing and for the CEE region is obvious.

Theoretical framework for analyzing the supply effect on capital structure

Factors influencing capital structure in tight monetary conditions and crisis

The investigation of monetary policy's effect on the real economy has already been subject to the work of Tobin and Brainard (1963), though the relation was stated only later by Romer and Romer (1989), Bernanke and Blinder (1988 and 1990).

According to the basic idea of the monetary transmission mechanism, tight monetary policy influences the passiva side of banks, decreasing the amount of money flowing in the bank system (*money channel*). Alternatively, monetary policy measures affect the real economy by means of altering the lending activity of banks, partially through decreasing the supply of credit (*lending channel*).

Early studies investigated the transmission mechanism of the lending channel (Blinder – Stiglitz, 1983; Romer – Romer, 1989; Bernanke – Blinder, 1988; Bernanke – Blinder, 1990). The idea is that unfavourable changes in the monetary policy have an impact on banks' fund collecting activity, indirectly affecting the lending activity (*bank lending channel*). Kashyap, Stein and Wilcox (1993) emphasize that the unfavorable change in the monetary policy generates a greater decrease in supply of bank lending than in the case of the overall supply of credit, resulting in a lack of finance for some corporates.

Questioning the results of Kashyap, Stein and Wilcox (1993), Oliner and Rudebusch (1995) and Gertler and Gilchrist (1994) emphasize the transmitting role of credit supply in a broader sense, considering every financing possibility as a source of supply (*broad lending channel*). Considering the possible financing sources, Oliner and Rudebusch (1995) describe that, based on the existence of information asymmetries, external and internal sources are not perfect substitutes. Furthermore, there is a premium on the price of external sources; its value correlates with the tightening of monetary policy. The tighter the monetary policy is, the higher the premium and so is the price of external funding, possibly resulting in the fall of supply.

Further studies investigated the impact of monetary policy on corporate financing from various aspects of the broad lending channel.

In the following, the main points of the considerable works of Gertler and Gilchrist (1994), Khwaja and Mian (2008), Kahle and Stulz (2013) are reviewed.

According to Gertler and Gilchrist (1994), the financial factors, resulting from capital market imperfections, transmit the capital markets' shocks to the real economy in tight monetary periods through two chan-

nels. The *balance sheet view* declares that a corporate's wealth and assets determine its lending possibilities serving as collateral for external financing. Then, monetary policy affects the company in two ways. Its direct effect can be captured through the change of monetary instruments (e.g. interest rate), while monetary policy can also have an indirect effect by altering the demand for the company's products. Unfavorable changes in monetary policy decrease the cash flow and asset value of the company, resulting in lower capital supply.

In the *credit/lending view*, monetary policy determines the funds available for lenders by means of, for example, capital requirements, which has an effect on credit available for corporates.

Khwaja and Mian (2008) investigated the impact of a bank liquidity crisis on the economy. They identified two distinct channels, through which a liquidity crisis takes its effect. Through the *bank lending channel* liquidity shocks are passed over to borrowers by means of credit supply conditions as quantity and pricing parameters, even if the borrowers' parameters, such as credit rating, are unchanged (Kashyap – Stein – Wilcox, 1993; Kashyap – Stein, 2000; Paravisini, 2007). The *borrowing channel* represents the availability and use of alternative financing sources to bank credit. The channel gains in importance in the case of decreasing bank credit supply.

According to Kahle and Stulz (2013), impaired access to capital takes its effect on the capital structure of companies through four different channels in case of crisis. The *bank lending supply shock* describes that in cases of considerable asset losses, banks are forced to regain their healthy balance structure through active and/or passive side operations (that is, mainly through capital increase and/or asset selling). Active side operations taken for the main part are the sale of securities, stocks and bonds, termination of existing loan facilities and freezing of new credit granting. These actions result in a decreasing supply of credit.

The *credit supply shock* deals with the supply of sources in general, reviews banks and alternative financing sources as well. Due to the increased level of uncertainty and risk, investors are turning away from the credit markets, the level of investment activity is decreasing, and the liquidity vanishing from the markets. Since not only bank lending, but financing sources in general are scarce in case of a credit supply shock, lack of bank financing cannot be substituted by alternative sources.

The *demand shock* describes that the demand for goods may decrease and uncertainty about future demand may increase during a crisis.

The *balance sheet multiplier effect* points to the relationship of a company's net worth and its financ-

ing and investment policy (for a literature review see Brunnermeier – Oehmke, 2012). When asset values decrease, firms have a lower net worth, resulting in less collateral for new borrowings and for renewable loans.

Though all three works describe the impact of monetary policy on corporate capital structure similarly, different mechanisms with differing designation are identified.

Kahle and Stulz (2013) use the broadest grouping of mechanism, representing not only the supply, but the demand side as well. The direct balance sheet view of Gertler and Gilchrist (1994) conforms to the demand shock of Kahle and Stulz (2013), and the indirect balance sheet view to the balance sheet multiplier effect. The bank lending supply shock and credit supply shock of Kahle and Stulz (2013) represent Gertler and Gilchrist's (1994) credit/lending view in a more detailed manner. Since Khwaja and Mian (2008) investigate the development of bank lending, their bank lending channel is a tighter category than the credit/lending view of Gertler and Gilchrist (1994). Furthermore, Khwaja and Mian's (2008) bank lending channel acts similarly to the bank lending supply shock of Kahle and Stulz (2013). While Khwaja and Mian (2008) identifies the access to financing sources from a demand view (firm borrowing channel), the credit supply shock of Kahle and Stulz (2013) and the credit/lending view of Gertler and Gilchrist (1994) works with a supply point of view.

In the following sections, the categorization of Kahle and Stulz (2013) is followed mainly due to its very detailed manner and the fact that it best incorporates other categorizations.

Factors influencing capital structure in tight monetary conditions and crises considering access to external financing

Firm characteristics influence the credit supply and the access to external financing sources of the firm by having an effect on the degree of information asymmetry, agency costs and corporate control mechanism. As a result, firm characteristics have an indirect effect on the firm's capital structure. This effect gains importance in tight monetary conditions, like a crisis, since monetary conditions alter the relation between a firm's characteristics and information asymmetries, agency costs and control mechanism, specifically in the case of firms with impaired access to external financing sources.

Oliner and Rudebusch (1995) state that the more tightening in monetary conditions takes place, the more the relative cost of external financing sources to internal sources rises. Further, firms facing larger information asymmetries are paying larger premium for external sources than firms with lower asymmetries, which results in the former being more prone to mon-

etary shocks. According to Bernanke, Gertler and Gilchrist (1996), agency costs of lending are moving parallel with the cyclical nature of the economy. Moreover, the greater the information asymmetry, the larger the agency costs of external financing. So in case of unfavorable monetary changes and crisis, the „flight to quality” phenomena occurs and firms facing higher level of agency costs will be able to borrow less and will suffer from the economic downturn to a relatively larger extent than a borrower with a lower level of agency costs.

In order to get a meaningful and detailed picture of the topic investigated, further analysis distinguishes firms with limited access and with unlimited access to external financing. The aim is to investigate whether tight monetary conditions in a crisis have a different impact on capital structure in case of firms with different access to external financing. In the literature, access to financing is identified mostly by the firm size, the listed status or having a rating. This study takes firm size and the listed status into consideration and is further executed by means of the transmission channels of Kahle and Stulz (2013) as described formerly.

Tighter monetary policy in crisis decreases the supply of credit through *the bank lending channel*, having a more pronounced effect on firms of a smaller size with less collateral and on firms with higher leverage (Holmström – Tirole, 1996; Hancock – Wilcox, 1998; Berger – Udell, 2002; Becker – Ivashina, 2014). However, according to Khwaja and Mian (2008) the channel transmits impacts of the same intensity on smaller and larger companies. Furthermore, they state that the monetary policy has its effect predominantly through quantity constraints.

Tightening of credit supply in broader sense impacts the smaller bank-dependent firms to a greater extent through *the credit supply channel*, mainly due to the higher level of information asymmetry and agency costs and due to the fewer alternative financing possibilities of these firms (Bernanke – Gertler – Gilchrist, 1996; Gertler – Gilchrist, 1994; Oliner – Rudebusch, 1995). Based on the results of Khwaja and Mian (2008), the decrease in bank lending could be settled by alternative, non-bank sources in the case of firms of a larger size, with political embedment and/or firms of large holdings. Investigating the financing of listed companies, Bernanke, Gertler and Gilchrist (1996) state that external financing is available for these firms instead of tightening monetary conditions, mainly due to their accessible alternative financing possibilities. Oliner and Rudebusch (1995) state that, based on their results, smaller companies are affected by unfavorable monetary conditions through the credit channel, while the effect cannot be tracked in the case of larger companies.

Furthermore, the decrease in profitability and the increase in default risk is less likely to apply to larger

companies owing to their higher level of diversification. Thus tighter monetary conditions have less of an impact on the financing possibilities of larger firms through *the demand channel*.

In monetary tightening, asset values decrease and asset marketability on secondary markets worsens, resulting in a decreasing collateral value of assets. Based on the functioning of *the balance sheet multiplier channel*, financing is offered to borrowers with higher collateral values, i.e. that of a larger size (Michaelas – Chittenden – Poutziouris, 1999).

Expected development of capital structure in tight monetary conditions and crisis

Supply side capital movements exert influence on corporate finance decisions (i.e. investment, financing and dividend policies) simultaneously. As the focus of this study is on corporate capital structure movements resulting from tightening of monetary conditions and crisis, we concentrate on the development of financing decisions. Investment and dividend policies are analyzed and taken into account to the extent of their influence on the development of leverage and financing mix elements. A more complex analysis on the effect of monetary conditions, crisis on the three corporate finance policies lies beyond the limitations of this study.

Considering the above findings on the transmission channels, we can ask how monetary conditions or crisis are shaping the capital structure. What development of leverage and use of alternative financing sources, what change in the composition of financing mix can be expected as a result of the impact of tighter monetary conditions? Are different developments expected taking corporate characteristics, i.e. access to external financing, into account?

Development of leverage

Note: The development of leverage should be evaluated with caution. In the case of sudden shocks and rash changes in monetary conditions, and assuming that equity does not change in the precise moment the shock is occurring, the development of leverage purely reflects the change in debt position (e.g. fall of debt level due to cutbacks on credit lines). However, if the impact of a monetary change or crises is to get evaluated based on periodical data, rather than stock data, the effect of possible changes in equity position should be taken into account as well. It is misleading to have the total change in leverage account for the change in debt position during a period, since the equity position could have altered as well.

In tightening and crisis, companies receive less or no bank credit considering *the bank lending channel*, and thus a decreasing leverage is expected. A more pronounced decrease is expected in the case of smaller, more leveraged firms and/or in case of firms with less collateral (Bernanke – Gertler – Gilchrist, 1996; Gertler – Gilchrist, 1993; Gertler – Gilchrist, 1994; Kashyap – Stein – Wilcox, 1993; Kashyap – Stein, 2000). However leverage is shaped through the availability and quantity of alternative sources to bank credit as well. If sufficient alternative financing to bank credit is available, decreasing bank financing can be substituted with alternative financing, that is, leverage remains unchanged.

If the tightening and crisis have an impact on credit supply in general, then not only the availability of bank credit, but also that of alternative sources are affected through *the credit supply channel*, decreasing leverage is expected. Firms of a smaller size and bank-dependent ones are suffering from decreasing credit supply, while larger and/or listed companies can outweigh the impact more likely, mainly due to their more financing sources available, e.g. cash and equity-type sources (Bernanke – Gertler – Gilchrist, 1996; Gertler – Gilchrist, 1993; Gertler – Gilchrist, 1994; Kashyap – Stein – Wilcox, 1993; Kashyap – Stein, 2000).

Through *the demand channel*, a decrease in demand results in vanishing growth opportunities, which leads to a sharp fall in investments. Declining CAPEX requires less financing, both debt- and/or equity-type financing. So leverage remains unchanged or declines. (Taking periodical data, the simultaneous decrease in equity and debt is possible. If equity falls at a greater rate, then debt and leverage increase. Though this may be only a theoretical case.) A more pronounced effect is expected in the case of smaller firms.

The drop in asset values due to unfavourable monetary changes or crisis increases leverage, generating agency conflicts between lenders and owners of a firm (Jensen – Meckling, 1976; Holmström – Tirole, 1996). However, *the balance sheet multiplier channel* leaves debt unchanged; leverage is expected to remain unchanged or decline. The balance sheet multiplier effect may have a greater impact on firms with less collateral, i.e. firms of smaller size.

Summarizing the above findings, the tight monetary conditions or crises have a negative effect on leverage through every channel of the monetary transmission; leverage declines or remains unchanged, if equity decreases with the same rate as debt. Taking corporate characteristics into account, it is expected that unfavorable monetary policy or crises will have a more pronounced effect on leverage in case of smaller size and/or non-listed status.

Development of financing mix

The bank credit channel works towards the decrease in bank credit position of the firm, while the bond and equity position may rise or remain unchanged, depending on the access to financing sources. In case of larger and/or listed firms, alternative sources may substitute the tightening supply of bank credit (Leary, 2009). The development of a cash position is questionable; a decrease may occur since firms are utilizing their savings due to them running short on bank credit, though a cash hoarding strategy is also conceivable when expecting further tightening of credit supply, and a deepening of the crisis (Kahle – Stulz, 2013).

Unfavorable monetary conditions, working through *the credit supply channel* may cut back bank credit position, bond and equity issuances. The flight to quality phenomena of the markets hinders and makes issuances expensive, for larger and/or listed companies as well. The development of a cash position is questionable. The hoarding strategy may be justified by current risky operations and by the expectation of a further deepening of the crisis.

The falling demand, exerting its effect through *the demand channel*, makes assets less valuable, their secondary market struggling, resulting in a falling value of net worth and in strengthening credit conditions. A fall in demand may also turn the firm's profitability into negative, impairing access to financing, the fulfillment of debt service and covenants, the renewal of existing credit lines, the borrowing of new credit, and the financing by alternative sources in general. Further, falling profitability hinders the cash hoarding. These factors have a more pronounced effect on firms of smaller size, mainly due to their low level of diversification.

The balance sheet multiplier channel works towards a decrease in the net worth and asset value of the firm, which leads to an increasing leverage. The higher level of leverage may cause debt overhang, where the existing debt position turns out to be riskier and not only debt, but also equity issuance becomes more hindered (Myers, 1977). The multiplier channel may have a more significant effect on the financing mix of smaller companies under tight monetary conditions than on that of larger firms.

In summary, the following statements can be made: Tight monetary conditions, crises have a negative impact on the bank credit position through every channel of monetary transmission. The position decreases irrespective of corporate characteristics like size and listed status.

Bond and equity issuance may increase considering the bank credit channel in case of larger and/or listed companies, but considering the credit supply channel, there is no expectation that the tightening bank credit supply may be substituted by alternative sources, both in the case of larger and/or listed companies.

The development of cash position may be evaluated based on the functioning of the demand channel; cash hoarding is hindered by falling demand and falling profitability. This phenomenon may affect larger companies less due to their more diversified operations.

(The findings on the expected development of capital structure in tight monetary conditions and crisis considering the monetary transmission channels and access to external financing are summarized and shown in Table 1.)

Table 1

The expected development of corporate capital structure in tight monetary conditions and crisis considering the monetary transmission channels and access to external financing

Leverage and financing mix elements	Bank credit channel		Credit channel		Demand channel		Balance sheet multiplier effect	
	Access to external financing is		Access to external financing is		Access to external financing is		Access to external financing is	
	imp.	not imp.	imp.	not imp.	imp.	not imp.	imp.	not imp.
Leverage	--	-/0	-	-/0	-	-/0	--	-/0
Internal financing sources	-/+	-/+	-/+	-/+	--	-/0	NA	NA
Equity issuance	0	+	-	-	--	-	-	-/0
Bond issuance	0	+	-	-	--	-	-	-/0
Bank financing	-	-	-	-	--	-	-	-/0
Trade credit	-/+	-/+	-/+	-/+	-/+	-/+	-/+	-/+

Abbreviations: imp. impaired; not imp. not impaired; + increase; – decrease; -- large decrease; 0 no change; NA course of change is not predictable

Development of trade credit

Trade credit shows some peculiarities among the financing mix elements. In order to assess the expected development of trade credit during tight monetary conditions, crisis, a short review of theories on usage of trade credit is necessary.

There are two main theories about the utilization of trade credit (for a detailed literature review of trade credit find Petersen – Rajan, 1997).

The *transaction cost theory* describes, that trade credit may provide a way of economising on cash usage and its costs. Trade credit reduces the payment and administration costs between trade parties, e.g. by cumulating obligations for longer payment periods, by smoothing out seasonalities or uncertainties in the demand for the products and goods (Ferris, 1981; Laffer, 1970 in Kohler – Britton – Yates, 2000).

The *financing theory* of trade credit exploits the financing advantage of suppliers over intermediated credit providers. Advantages result from three main specialities of supplier-buyer relationship based on Schwartz (1974). Suppliers have an information advantage by acquiring direct and more precise information on the credit-worthiness of a buyer by means of the size and timing of orders, the ability to take advantage of early-payment discounts, etc.). Suppliers also have an advantage in monitoring and enforcing repayment, if necessary. Moreover, the products may act as a kind of collateral for the suppliers, since they have an advantage in finding a secondary market and in selling the repossessed products, goods.

Trade credit may have a substitutional or a complementary role to intermediated financing in the financing mix. The offsetting of a *substitutional role*, i.e. the functioning of a „trade credit channel” when intermediated credit is scarce and the credit and/or bank credit channels tighten, is enabled by the assumption, that in tightening, crisis the cost of finance raises less for providers of trade credit with direct access to capital markets, than the external finance premium for firms dependent on intermediated credit. A *complementary role* is also justified, when intermediated credit received signals the creditworthiness of the firm. In monetary tightening, crisis, the decreasing financing by intermediated credit cannot get substituted by trade credit, since trade credit is not supplied due to the lack of creditworthiness.

The development of trade credit usage is scarcely investigated; there is not any complex theoretical framework elaborated for assessing the impact of tight monetary conditions, crises on trade credit usage considering the transmission channels. The functioning of a trade credit channel, but also a complementary role of trade credit usage is justified.

Empirical results on the impact of tight monetary conditions and crises on corporate capital structure

Although based on the findings of a few studies, tight monetary conditions or crises seem to have no effect on corporate capital structure (Akbar – Rehman – Ormrod, 2013 in the case of l/t financing; Lemmon – Roberts, 2010), the vast majority of studies evidence the relationship. In the following, empirical literature on the impact of monetary policy and crisis on the development of corporate capital structure is reviewed, also referring to the access to external financing. Empirical results for the CEE region are also highlighted; the intention herewith is to investigate if the region's uniqueness has an impact on the investigated relationship.

Firms with impaired access to external financing

Capital structure development of firms with limited access to financing has scarcely been investigated. Concerning leverage, a decrease is evidenced by the majority of studies (Leary, 2009; Iyer et al., 2013; Szemán, 2013; Demirguc-Kunt – Martinez-Peria – Tresse, 2015), though the increase in leverage is stated by Mostarac – Petrovic (2013).

Existing studies emphasize the importance of internal financing sources (Campello – Graham – Harvey, 2010; Campello et al., 2011a; Campello et al., 2011b; Leary, 2009; Akbar – Rehman – Ormrod, 2013; Iyer et al., 2013) and the missing substitution of decreasing bank supply by alternative sources in tight monetary conditions (Leary, 2009; Akbar – Rehman – Ormrod, 2013; Iyer et al., 2013; Harrison – Widjaja, 2013).

Campello, Graham and Harvey (2010), Campello et al. (2011a) and Campello et al. (2011b) state that the 2007/08 crisis hindered, but did not cut back fully, the utilization of credit lines. Though whether a firm has impaired access or not is defined by the CFO's subjective opinion, the results support the pecking order theory, since not only firms with impaired access, but also those with access to financing, i.e. also profitable and liquid firms prefer internal to *external financing*. Leary (2009) states that the leverage and bank credit position of smaller, bank dependent firms decreased, while internal financing increased significantly during the credit crisis in 1966. Akbar, Rehman and Ormrod (2013) studied the sample of UK private companies in 2007–2009. They find that the tightening of the supply side had the greatest negative effect on the short financing channels, i.e. s/t bank credit, trade credit. Furthermore, cash and equity issuance increased, while substitution by net debt issuance and trade credit was not prevalent. Iyer et al. (2013) find that the Portuguese corporate sector was hit in diverse manners by the drop in bank financing during the 2007/08 crisis. Smaller,

younger firms, and firms with weaker bank relationships suffered more from the tightening of the bank credit supply. Substitution by alternative sources did not take place independently from firm size.

The role of *trade credit* under unfavorable monetary conditions is rarely investigated. Its substitutional and supplementary role is also reasonable. Petersen and Rajan (1996) confirm the substitutional role of trade credit, mainly in the case of firms with impaired access to financing. Though they also emphasize that trade credit may signal the quality of a firm, reducing the adverse selection, and resulting in the increase of leverage. This latter highlights the supplementary role of trade credit. Akbar, Rehman and Ormrod (2013) and Love and Zaidi (2010) state the supplementary role in case of firms with impaired access to financing.

Firms with access to external financing

The positive development of leverage is evidenced by the majority of studies (Iqbal – Kume, 2014; Fosberg, 2012 and 2013; Voutsinas – Werner, 2011), while a decrease in leverage is stated by Demirguc-Kunt, Martinez-Peria and Tresse (2015).

The importance of internal sources during unfavorable monetary conditions in the case of listed companies is highlighted by Kim, Heshmati and Aoun (2006), Voutsinas and Werner (2011) and by Harrison and Widjaja (2013). Kim, Heshmati and Aoun (2006) state having had a preference for internal financing sources during the Asian crisis, primarily for profitable firms with growth opportunities, while Voutsinas and Werner (2011) find that internal sources substituted, while alternative external sources did not replace, the shrinking bank credit for listed companies during the Japanese crisis in 1998. Harrison and Widjaja (2013) also underline the importance of internal sources for S&P 500 companies during the 2007/08 crisis.

Fosberg (2012 and 2013) find falling *debt and equity issuance* for listed US companies during the 2007/08 crisis. Specifically for *s/t financing*, a remarkable growth was observed by Fosberg (2013); the reason for this lies in the overcoming of a decrease in trade finance, i/t credits and equity-type financing by s/t credits. However, according to the results of Pattani, Vera and Wackett (2011), Kahle and Stulz (2013) and Iqbal and Kume (2014), firms with access to external financing have significantly financed their operations from the bond and equity market during the crisis. Results based on the studies of Becker and Ivashina (2014) and Adrian, Colla and Shin (2012) examining companies with bond market access, also state the substitution of falling bank credit supply through bond issuance. Concerning debt issuance, an important finding is that of Kahle and Stulz (2013). They doubt that the 2007/08

crisis had any impact on capital structure through the bank lending channel. They find that there was no larger fall in debt issuance observable in the case of bank dependent firms, as in the case of non-dependent firms.

Referring to the development of *cash position*, Kahle and Stulz (2013) surprisingly find that bank dependent firms hoarded cash to a greater extent than non-dependent firms during crisis.

Trade credit has a substituting role in case of large, listed companies during the Asian crisis (Love – Sarria-Allende, 2007) and during the Japanese bank credit crisis (Voutsinas – Werner, 2011), though a supplementary role is found for total financing (Voutsinas – Werner, 2011).

Empirical results for the CEE region

Analyzing the supply side of the development of capital structure, Ongena, Schindele and Vonnák (2014) deliver an interesting result, stating that a lower domestic interest rate expands the credit supply only in local currencies. Domestic supply of credit in foreign currencies blocks the transmission of local monetary policy through the bank lending channel only in case of local currency.

Mörec and Raskovic (2011) find, that the Slovenian corporate sector suffered from the fall in credit supply during the 2007/08 crisis. Larger firms though managed to lower their demand for financing by decreasing the level of inventories, but the SMEs did not find any viable solution for their lack of finance. Szemán (2013) also finds a fall in *external financing* during the crisis. Studying the capital structure development of the Hungarian corporate sector, Szemán (2013) states that the share of total liabilities fell during the crisis, though the fall was only immediate in the case of the *s/t debt*. Rusu and Toderascu (2014) verify the fall in bank liabilities by examining datas from seven CEE countries.

However, Mostarac and Petrovic (2013) find that the *leverage* of Croatian companies increased, mainly through the increase of s/t debt.

The substitutional role of *trade credit* cannot be verified by Szemán (2013).

The empirical results are summarized and shown in Table 2.

Lessons learned about the impact of tight monetary conditions, crisis on corporate capital structure

This study contributes to the extant literature on corporate capital structure by setting a framework for analyzing the relationship of monetary conditions and capital structure, and by identifying the lessons learned and open research areas of the topic investigated as follows.

Table 2

The expected development of corporate capital structure in tight monetary conditions and crisis considering the monetary transmission channels and access to external financing

<i>Change in leverage and financing mix elements</i>	<i>Firms investigated have</i>	
	<i>impaired access to external financing</i>	<i>access to external financing</i>
Leverage increases	Mostarac and Petrovic (2013)	Iqbal and Kume (2014) Fosberg (2012) Fosberg (2013) Voutsinas and Werner (2011)
Leverage decreases	Leary (2009) Iyer et al (2013) Szemán (2013) Demirguc-Kunt, Martinez-Peria and Tresse (2015)	Demirguc-Kunt, Martinez-Peria and Tresse (2015)
Bank credit increases		Fosberg (2013) – s/t; Iqbal and Kume (2014)
Bank credit decreases	Leary (2009) Pattani,Vera and Wackett (2011) Iyer et al (2013) Mörec and Raskovic (2011)	Pattani, Vera and Wackett (2011) Adrian, Colla and Shin (2012) Becker and Ivashina (2014) Rusu and Toderascu (2014)
Use of internal sources increases	Leary (2009) Lin and Paravisini (2010) Campello,Graham,Harvey(2010) Campello et al. (2011a) Campello et al. (2011b) Akbar, Rehman, Ormrod (2013)	Kim et al (2006) Campello,Graham, Harvey (2010) Campello et al. (2011a) Campello et al. (2011b) Voutsinas and Werner (2011) Harrison and Widjaja (2013)
Bond issuance increases		Pattani, Vera and Wackett (2011) Adrian, Colla and Shin (2012) Becker and Ivashina (2014) Kahle and Stulz (2013)
Bond issuance decreases		Fosberg (2012)
Equity issuance increases		Pattani, Vera and Wackett (2011)
Equity issuance decreases		Fosberg (2012) Fosberg (2013)
Trade credit increases		Voutsinas and Werner (2011) Love et al (2007)
Trade credit is unchanged or decreases	Akbar, Rehman, Ormrod (2013) Love and Zaidi (2010) Szemán (2013)	

I. Though the relation of tight monetary conditions and capital structure is examined by several studies (Gertler – Gilchrist, 1993 and 1994; Oliner – Rudebusch, 1995; Bernanke – Gertler – Gilchrist, 1996; Kashyap – Stein – Wilcox, 1993; Kashyap – Stein, 2000), the analysis of crisis is scarce, especially the 2007/08 crisis is not investigated throughoutly.

II. The majority of the studies analyzing the impact of crisis take the data of large, listed companies, i.e. that of firms with access to external financing (e.g. Iqbal –

Kume, 2014; Fosberg, 2012 and 2013; Harrison – Widjaja, 2013). There is a clear lack of studies involving smaller, non-listed companies.

III. In spite of the increasing number of analyses, we do not have a common understanding on the effect of the tight monetary conditions, crisis on corporate capital structure. The results are conflicting; the theoretical and empirical results do not build a coherent system.

IV. There is a conspicuous difference in case of the development of leverage. Expected decrease of lever-

age is stated by a few studies (Leary, 2009; Iyer et al., 2013; Szemán, 2013; Demirguc-Kunt – Martinez-Peria – Tresse, 2015), but there are also results on increasing leverage levels, especially in case of listed and/or firms of bigger size, e.g. in case of not impaired access to external financing (Iqbal – Kume, 2014; Fosberg, 2012; Fosberg, 2013; Voutsinas – Werner, 2011). Though the opposite relations are also evidenced; increasing leverage in case of firms with impaired access (Mostarac – Petrovic, 2013) and decreasing leverage for large and/or listed firms (Demirguc-Kunt – Martinez-Peria – Tresse, 2015).

V. The evolution of financing mix elements has not been researched comprehensively. A clear statement cannot be made regarding their development as a result of supply side effects.

- The decreasing level of bank credit financing is stated by empirical results, independently from type of access to external financing (e.g. Leary, 2009; Pattani – Vera – Wackett, 2013; Becker – Ivashina, 2014). Although there are some evidence for firms with external financing sources on increasing bank financing in crisis time (Fosberg, 2013; Iqbal – Kume, 2014).
- There is no clear evidence on the increase in importance of financing by bond and equity issuances as a result of tight monetary periods, crisis. However the increasing bond and equity issuance is evidenced by several studies (e.g. Pattani – Vera – Wackett 2011; Kahle – Stulz, 2013), Fosberg (2012) and Fosberg (2013) report adverse results.
- Further, there is a lack of evidence on the evolution of bond and equity issuances in case of firms with impaired access to external financing sources.
- Trade credit's substitutional role for large, listed companies for s/t financing is verified by several studies (Love – Preve – Sarria-Allende, 2007; Voutsinas – Werner, 2011), though a supplementary role cannot get stated for total financing (Voutsinas – Werner, 2011) and in case of firms with impaired access (Akbar – Rehman – Ormrod, 2013; Love – Zaidi, 2010; Szemán, 2013).
- The increase in usage of internal financing sources is declared for both type of firms (e.g. Lin – Paravisini, 2010; Kim – Heshmati – Aoun, 2006; Voutsinas – Werner, 2011).

VI. The implication for future empirical research in the area involving smaller and/or private companies, i.e. companies with impaired access to external financing, is set. The evolution of capital structure components, i.e. that of leverage and financing mix elements, has to be examined further in order to construct a clear picture of the role of supply factors and monetary policy

in shaping capital structure. A special need for clean results in the case of the CEE region is also obvious.

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ORGANIZATIONAL AMBIDEXTERITY AS A NEW RESEARCH PARADIGM IN STRATEGIC MANAGEMENT

Long-term survival and growth depends on the firm's ability to exploit its current competencies while exploring fundamentally new ones. Finding the balance between exploration and exploitation is called *ambidexterity* in the literature. This paper is a comprehensive review of organizational ambidexterity theory. Creating and maintaining the capacity to simultaneously pursue these contradictory activities is an extremely difficult managerial challenge. Although, several aspects are well-researched, especially structural and leadership solutions in large, multinational enterprises, but little is known about: (1) how ambidexterity forms in earlier growth stages? (2) What are the key drivers and elements of organizational context that makes organizations able to become ambidextrous? (3) What is the role of different managerial levels in this formation process? Reviewing the literature, in this article the author would like to introduce the paradox of exploration and exploitation, the tensions and different aspects of ambidexterity, the fields current stage and some important research gaps.

Keywords: organizational ambidexterity, structural ambidexterity, contextual ambidexterity, exploration, exploitation

Organizations face continuously accelerating macro-, industrial- and micro-level environmental changes that challenge them to become dynamic and adapt properly to the turbulent and heterogeneous context (Balaton et al., 2014; Balaton – Tari, 2014; D'Aveni, 1994; Mészáros, 2010; Szabó, 2008). A central concern of corporate strategy is the constraint of making definite choices about how much to invest in different types of activities. To achieve long-term prosperity, it is essential to continuously adapt to external threats and opportunities and respond with innovations and structural alignments. In stable environments, this requires “mechanistic management systems”, and under turbulent circumstances, organic systems are necessary (Burns – Stalker, 1961; Schumpeter, 1934; Tushman – O'Reilly, 2002). But there aren't any markets that are stable forever – change is inevitable. There is an interdependence between the key activities. Without exploiting existing business models, organizations cannot afford to invest in the future and sustain stability and steady performance. Burgelman (1991) in his adaptation paradox stated that concentrating on the present reduces the ability to prepare for challenges in the future.

A recurring theme in organizational literature is that successful organizations in a dynamic environment are ambidextrous: they are aligned and efficient in the pres-

ent, but able to adapt to future changes (Birkinshaw – Gibson, 2004; Duncan, 1976; Tushman – O'Reilly, 1996). Long-term success depends on the organization's ability to exploit its current capabilities while simultaneously exploring fundamentally new competencies, products, technologies and markets (Levinthal – March 1993, March 1991). An appropriate balance between exploration and exploitation is necessary for a firm to be both competitive in mature markets and innovative in emerging ones (Tushman – O'Reilly, 1996). The capacity to pursue these two contradictory objectives simultaneously, namely being both cost-effective and productive, explorative and flexible at the same time, is called ambidexterity (Smith – Tushman, 2005).

March's (1991) argument in his seminal work was that successful organizations are ambidextrous. This contributed to a general shift in organizational research to understand and perceive this issue as a paradox (Eisenhardt, 2000; Gavetti – Levinthal, 2000; Lewis, 2000), and not a trade-off that is impossible to resolve (Hannan – Freeman, 1977; McGill – Slocum – Lei, 1992).

In this article, I would like to introduce the fundamental elements and different subfields of organizational ambidexterity, because it is one of the most active

fields in strategic management literature nowadays. Little, however, is known about its evolution, therefore I would like to introduce important research gaps based on the most comprehensive typologies in the field (Lavie – Stettner – Tushman, 2010; O'Reilly – Tushman, 2013; Raisch – Birkinshaw, 2008; Simsek et al., 2009).

Literature review

Markets allocate resources efficiently to their short-term best use, whereas firms should have the capacity and managerial competence to transform them into outputs that have the potential to create new value in the long term (Birkinshaw – Gupta, 2013). Birkinshaw and Gupta (2013) therefore suggested that firms have to seek to achieve some form of ambidexterity to manage the tensions and contradictions between the two different learning activities: exploration and exploitation. March (1991) described these competing activities as self-reinforcing patterns of learning and stated that while not impossible, it is extremely difficult to overcome these path dependencies and find balance between them. Exploration requires search, discovery, experimentation, risk-taking and innovation, while exploitation consists of behavioral patterns characterized by refinement, implementation, efficiency, production and selection (Cheng – Van de Ven, 1996; March 1991). The key issue in ambidexterity is the quality of management and not its existence per se, because top managers are the only decision-makers able to make trade-offs among these competing objectives and reduce the organization's tendency to follow the easiest route (Birkinshaw – Gupta, 2013).

Ambidexterity is hard to achieve, because managers should make thoughtful trade-offs shaped by self-reinforcing routines, short-term interests and unseen factors to decide whether present benefits should be sacrificed for future success (Ghoshal – Bartlett, 1994; Crozier, 1964; March, 1991; Prahalad – Bettis, 1984; Smith – Lewis, 2011). This trade-off is the central premise of March's (1991) framework, which sets out that managers' decision-making is distracted by self-reinforcing routines, temporal contradictions and limited resources. Although both activities are critical for long-term survival and growth, they are fundamentally different logics that compete for the same scarce resources. This limited resource availability constrains firms to favor one type of activity over the other, which results in the firm becoming trapped (March 1991; Levinthal – March 1993).

Long-term effects of focus: the traps of excessive exploration or exploitation

Theoretically, organizations should trade off short-term efficiency and profit for long-term innovation to create

prospective opportunities, instead of investing only in short-term productivity (March, 1991). The returns from exploration are, however, less certain, more variable and more remote. The probability that they will occur, and the direct effect of current actions on future opportunities are less tangible and perceptible (March, 1991). The returns associated with exploitation are more certain, tangible and immediate. Without investing in exploration of new knowledge and market opportunities, however, organizations cannot ensure their future prosperity. Allocating excessive amounts of resources to the incremental development of existing technologies and processes leads to immediate reliability, effectiveness and productivity, but increases the risk of becoming obsolete in the future (Chesbrough – Rosenbloom, 2002; Holmqvist, 2004; Leonard-Barton, 1992).

A focus on stability creates structural inertia, making it difficult for the organization to adapt to environmental threats and new opportunities. Too much experimenting, however, reduces the speed at which existing competencies are refined (Hannan – Freeman, 1977, 1984; Lewin – Long – Carroll, 1999; March, 1991). Exploitation-oriented organizations face serious challenges when they are forced to change strategy and focus, because they have traded flexibility for stability in the past (Hannan – Freeman, 1977, 1984): “*an organization that engages exclusively in exploitation will suffer from obsolescence*” (Levinthal – March, 1993, p. 105.). The self-reinforcing nature of organizational learning makes it attractive for a firm to focus on the present and under-estimate the threats of environmental changes against the costs of changing current capabilities. This can cause core capabilities to be turned into core rigidities (Leonard-Barton, 1992, 1995), creating competency and exploitation traps (Ahuja – Lampert, 2001; Fauchart – Keilbach, 2009; Herriott – Levinthal – March, 1985; Levitt – March, 1988). The excessive focus on exploitation results in organizational myopia and competency traps (Levitt – March 1988). According to D'Aveni (1994), this is a very dangerous position because under hyper-competitive circumstances, no firm can build a sustainable competitive advantage, because today's strength quickly becomes tomorrow's weakness.

Instead of trying to find stability, firms must interpret their core competencies as temporary advantages and therefore actively create a series of new ones (D'Aveni, 1994), but being too explorative could be also dangerous. A failed explorative effort may disrupt successful routines and the full utilization of existing competencies without any significant financial compensation for the future loss of existing business (Mitchell – Singh, 1993; Volberda, 1996; Volberda – Lewin, 2003). In other words, explorative firms generate larger performance

variation by experiencing substantial success as well as failure, while exploitative firms are likely to generate more stable performance. Both strategies, however, are unsustainable in the long term (He – Wong, 2004).

Excessive exploration is equally destructive and can cause a self-reinforcing exploration trap. Market failure ideally leads to search and change, but new failures in this process can lead to even more change, and this focus may harm present profitability and make future operation impossible (Levinthal – March, 1993). According to He and Wong (2004), the inability of many innovative firms to achieve market success can be traced partly to their tendency to explore new products and unfamiliar markets constantly without allocating enough resources to exploit them.

Long-term success is only sustainable by balancing exploration and exploitation. Managing these contradictory activities within one organization is extremely challenging, because temporal and perceptual discrepancies in the trade-off between exploration and exploitation create path dependencies, which can distract managers' decision-making and lead to inappropriate adaptations by favoring one activity or the other (Benner – Tushman, 2002; Levinthal – March, 1993).

Historical approach of the literature's development

Organizational ambidexterity's fundamental premise is that strategic decisions are to some degree always in conflict, and managers are therefore forced to handle trade-offs. These paradoxical decisions are extremely difficult to make. Previous scholars found it hard to conceptualize how an organization could combine short-term efficiency and long-term efficacy, because these two domains were based on different competences (Christensen – Overdorf, 2000; Benner – Tushman, 2003). Earlier studies often described the trade-offs between these two activities as insurmountable (Hannan – Freeman, 1977; McGill – Slocum – Lei, 1992). Porter (1996), for instance, argued that low-cost-production and product differentiation were not compatible and combinable strategies, and suggested that organizations had to make explicit choices.

By contrast, the literature on organizational ambidexterity argues that trade-offs can never entirely be eliminated, but that to enhance long-term competitiveness and growth, organizations should reconcile them as far as possible, instead of focusing on one or the other (Gibson – Birkinshaw, 2004; March, 1991). Duncan (1976) was the first, who applied the term organizational ambidexterity, but March's (1991) seminal work was the first catalyst of the field. March interpreted *exploitation* and *exploration* as two basically different learning activities between which organizations should divide

their attention. In his definition, exploitation refers to "refinement, efficiency, selection, and implementation," whereas exploration is interpreted as "search, variation, experimentation, and discovery" (March, 1991, p. 102.).

The first and still the most popular and well-researched field of organizational ambidexterity became the *structural aspect*. This concept is based on the organizational design literature (i.e. Burns – Stalker, 1961; Duncan, 1976; Lawrence – Lorsch, 1967), which solves the paradox of concurring activities with structural separation of exploration and exploitation into independent units but with a leadership-integration and coordination at the top of the organization (Drucker, 1985; Galbraith, 2002). Tushman and O'Reilly's (1996) important article catalyzed the interest in the structural and leadership-based ambidexterity.

The second important and influential concept of organizational ambidexterity is the *contextual aspect*. Gibson and Birkinshaw (2004) in their field-changing work suggest that ambidexterity can be best achieved by building business unit context to encourage individuals to participate in both exploration and exploitation, rather than by structural separation. This model eliminates the coordination costs and facilitates whole-organization adaptation, but generates new management issues.

To conclude, ambidextrous organization achieves balance between alignment and adaptation by developing (1) dual structures (Duncan, 1976; Tushman – O'Reilly, 1996) or (2) ambidextrous organizational context (Gibson – Birkinshaw, 2004), to reconcile the conflicting demands for exploration and exploitation. Although there are differences between the subfields of ambidexterity literature, they agree that ambidextrous organizations are likely to have superior performance. Large-scale empirical studies provided evidence of the generally positive association between organizational ambidexterity and firm performance (e.g. Gibson – Birkinshaw, 2004; He – Wong, 2004; Kouropalatis – Hughes – Morgan, 2012; Lubatkin et al., 2006). In this chapter, I would like to introduce ambidexterity's fundamental premises and the two most important subfields, the *structural aspect* and *contextual ambidexterity*.

Paradoxes in the existing literature – different interpretation of the exploration-exploitation contradiction in organizational theories

Organizations are attempting to address many types of contradictions, such as exploration and exploitation, efficiency and flexibility, adaptability and alignment, and integration and responsiveness (Gulati – Puranam, 2009). Since March's seminal work (1991), the

Table 1

Paradoxes in management theories (Source own work based on Raisch – Birkinshaw, 2008), source: own work based on Raisch – Birkinshaw (2008)

Discipline	Paradox	Definition	Selected authors	Exploitation	Exploration
Organizational learning	The well-balanced combination of two fundamentally different, and basically incompatible learning types (exploration vs. exploitation (March, 1991), single-loop vs. double-loop learning (Argyris – Schön, 1978), generative vs. adaptive learning (Senge, 1990) and local search vs. long jump (Levinthal, 1997)) is essential for long-term success (Gupta et al., 2006; Levinthal – March, 1993; March, 1991).	<i>“Exploitation refers to learning gained via local search, experiential refinement, and selection and reuse of existing routines. Exploration refers to learning gained through processes of concerted variation, planned experimentation, and play”</i> (Baum – Li – Usher, 2000, p.768.).	Argyris – Schön (1978); Gupta et al. (2006); Levinthal (1997); Levinthal – March (1993); March (1991); Senge (1990)	Single-loop learning	Double-loop learning
				Generative learning	Adaptive learning
				Local search	Long jump
Organizational design	Organizations require mechanistic and organic structures to innovate and implement (Burns – Stalker, 1961; Duncan, 1976; Lawrence – Lorsch, 1967). Firms combine mechanistic and organic features within one organizational context (Gibson – Birkinshaw) or separate them structurally (Tushman – O'Reilly).	A firm's ability to operate complex organizational designs that provide for short-term efficiency and long-term innovation (Raisch – Birkinshaw, 2008).	Burns – Stalker (1961); Duncan (1976); Ford – Ford (1994); Gibson – Birkinshaw (2004); Lawrence – Lorsch (1967); Lewis (2000); Thompson (1967); Tushman – O'Reilly (1996)	Mechanistic structures	Organic structures
Organizational adaptation	Organizations need to balance continuity and change for long-term success. Long periods of continuity in organizational evolution are punctuated by short, radical transformations (Tushman – Romanelli, 1985).	An organization's capacity for change depends on its ability to balance the need to implement radical changes and to maintain daily operations (Meyers – Stensaker, 2006).	Brown – Eisenhardt (1997); Leana – Barry (2000); Huy (2002); Meyer and Stensaker (2006); Miller – Friesen (1984); Probst – Raisch (2005); Tushman – Romanelli (1985)	Continuity	Change
Strategic management	Both variation-reducing, induced strategic processes that are within the scope of current corporate strategy, and variation-increasing, autonomous strategic processes, outside current strategic scope, compete for the same scarce resources. Managers therefore need to make trade-offs between them (Burgelman, 1991, 2002).	<i>“Combination of the two strategic processes may be the most beneficial, because organizations may have to keep both processes in play at all times, even though this means that the organization never completely maximizes its efforts in the current domain”</i> (Burgelman, 1991, p. 256.).	Burgelman (1991, 2002); Ghemawat – Ricart i Costa (1993); Hamel – Prahalad (1993);	Induced strategic process	Autonomous strategic process
Innovation management	The capability-rigidity paradox describes the tensions that emerge when organizations handle both radical and incremental innovations simultaneously, because exploiting existing product innovation capabilities may have dysfunctional rigidity effects that could prevent the development of new capabilities (Leonard-Barton, 1992).	<i>“Ambidexterity is a firm's ability to simultaneously pursue both incremental and discontinuous innovation”</i> (Tushman – O'Reilly, 1996, p. 24.).	Abernathy – Clark (1985); Dougherty (1992); Dewar – Dutton (1986); Leonard-Barton (1992); Tushman – Anderson (1986); Sheremata (2000)	Incremental innovation	Radical innovation
Entrepreneurship	Entrepreneurship is the creative disruption of market equilibrium by new products and business models (Schumpeter, 1934). The continuous pursuit of innovation is an essential part of entrepreneurial behavior (Drucker, 1998), but an entrepreneur also has to pay attention to developing structures and systems to exploit opportunities (Stevenson – Gumpert, 1985).	The entrepreneur should be aware of market opportunities and able to exploit them by managing resource allocation, control and structures (Stevenson – Gumpert, 1985).	Carland et al. (1984); Cole (1968); Drucker (1969, 1998); Schumpeter (1934); Stevenson – Gumpert (1985)	Administrative management	Disruptive innovation
Growth theory	Organizations inevitably meet specific growth crises during their life cycle. These crises emerge from the imbalance between exploration and exploitation, because the previously appropriate organizational context can no longer handle increased market size, employees, processes, structures and complexity (Greiner, 1972).	A company cannot grow efficiently if growth rate is faster than the development of managerial knowledge and skills (Penrose, 1959).	Greiner (1972); Penrose (1959)	Change in quantity	Change in quality
				Growth period	Growth crisis

distinction between exploration and exploitation has been widely used in various fields outside organizational learning, including innovation management (Birkinshaw et al., 2008; Cheng – Van de Ven, 1996; He – Wong, 2004; Jansen et al., 2006; O'Reilly – Tushman, 2004; Smith – Tushman, 2005), strategic management (e.g. Winter – Szulanski, 2001), organization theory (e.g. Holmqvist, 2004; Van den Bosch et al., 1999), and managerial economics (e.g., Ghemawat – Ricart i Costa, 1993). These studies have examined in depth the organizational requirements and effects on firm performance of exploration and exploitation. They showed that exploration is associated with organic structures, loosely coupled systems, path-breaking, improvisation, autonomy and chaos, and emerging markets and technologies (He – Wong, 2004). Exploitation is associated with rigid structures, tightly coordinated systems, path dependency, processes, control and bureaucracy, and stable markets and technologies (Ancona et al. 2001, Brown – Eisenhardt 1998, Lewin et al. 1999). Birkinshaw and Gupta (2013) suggested using ambidexterity as a conceptual framework in all fields of management literature to frame research questions. Table 1. sets this out in full.

Consequently, organizational ambidexterity can be defined in multiple ways in various fields of organizational theory, for example, as firms' ability to simultaneously manage double-loop and single-loop learning (Argyris – Schön, 1978) or local search and long jump (Levinthal, 1997), incremental and radical innovation (e.g. Abernathy – Clark, 1985; Dewar – Dutton, 1986; Tushman – Anderson, 1986), and stability and transformation in organizational adaptation (Romanelli – Tushman, 1985).

The question emerges, then does ambidexterity really exist, or is it just a reinterpretation of previous findings (Birkinshaw – Gupta, 2013)? The answer is, that there is nothing new in the basic problem, but the approach. Other fields usually define exploration and exploitation of a continuum's two ends, where these activities are in insurmountable contradiction. Ambidexterity suggests, that trade-offs, however, can never be perfectly eliminated, but managers have different *structural, contextual and leadership-solutions* to reconcile this conflict as deep as possible. Therefore, Birkinshaw and Gupta (2013) interpreted ambidexterity as a universal conceptual framework to frame research questions addressing the exploration-exploitation paradox.

Different constructs of ambidexterity

According to Raisch and Birkinshaw (2008), organizational ambidexterity is becoming a research paradigm in organizational theory. There are currently several

different trends in the field but these approaches have started to merge in recent studies (e.g. Birkinshaw – Gibson, 2004; Chen – Katila, 2008; Kauppila, 2010; O'Reilly – Tushman, 2013).

Figure 1



Source: Raisch et al. (2009)

Raisch et al. (2009) defined four tensions in the field of organizational ambidexterity: *differentiation vs. integration, individual vs. organization, static vs. dynamic and internal vs. external* (see Figure 1). The tension of *differentiation and integration* separates researches in two groups. Researches articulating the importance of *differentiation* emphasize that ambidexterity can only be achieved by separation of exploitative and explorative activities into distinct structural units (Benner – Tushman 2003; Christensen 1998; Tushman – O'Reilly, 1996). According to the other group of authors, *integration* refers to the contextual approach that focuses on the creation of an organizational context to enable employees to pursue both types of activities within one business unit (Gibson – Birkinshaw, 2004). This distinction separates the two most important aspect, the *structural and contextual* ambidexterity that I will introduce in the following chapter.

Besides the differentiation-integration tension, there are other focal differences in the literature. The *individual vs. organization* tension focuses on the differences between individual or organizational level manifestation of ambidexterity. The third tension is between *static and dynamic* perspectives (Raisch et al., 2009). In the *dynamic* aspect, the majority of organizational ambidexterity research focuses on the issues, contradictions and organizational or leadership solutions required to become simultaneously ambidextrous (e.g., Gibson – Birkinshaw, 2004; Gupta et al., 2006; Raisch – Birkinshaw, 2008; Tushman – O'Reilly, 1996).

Researchers of the *static view* suggests that firms may temporarily oscillate between periods of explo-

ration and exploitation, and that sequential attention should be paid to the two (e.g., Brown – Eisenhardt, 1997, 1998; Burgelman, 2002; Gupta et al., 1996; Laplume – Dass, 2012; Rothaermel – Deeds, 2004; Sigelkow – Levinthal 2003).

Finally, the fourth tension in the field relates to *internal versus external* perspectives. According to Raisch et al. (2009), research has generally focused on how organizations address exploitation and exploration

internally (e.g. Benner – Tushman, 2003; Gibson – Birkinshaw, 2004). The typical level of analysis was organization, business unit and individual.

But there are other suggestions in the literature to structurally separate exploitation and exploration via the externalization one or the other, by outsourcing or establishing alliances (Baden-Fuller – Volberda, 1997; Holmqvist, 2004; Kauppila, 2010; Lavie – Rosenkopf, 2006; Rothaermel – Deeds, 2004; Russo – Vurro, 2010).

Table 2

Classification of ambidexterity research
(O'Reilly – Tushman, 2013; Raisch – Birkinshaw, 2008; Simsek et al., 2009)

Raisch - Birkinshaw (2008)	Simsek et al. (2009)	O'Reilly – Tushman (2013)
Contextual ambidexterity	Harmonic ambidexterity	Contextual ambidexterity
Rather than creating dual structural arrangements, leaders are expected to create a supportive business-unit context. Context refers to the systems, processes and beliefs that shape individual-level behaviors in an organization. Successful organizations are expected to balance the hard (discipline and stretch) and soft (support and trust) elements in their organizational contexts (Bartlett – Ghoshal, 1989; Ghoshal – Bartlett, 1994).	Concurrently pursuing exploitation and exploration harmoniously within a single organizational unit is inherently challenging, because each competes for scarce resources, leading to conflicts, contradictions, and inconsistencies. In the absence of partitioning, this pursuit becomes intertwined in the ongoing operating and strategic activities of the unit in its culture, structure, and systems, placing a premium on its members' integrative abilities.	Contextual ambidexterity is the behavioral capacity to simultaneously demonstrate alignment and adaptability across an entire business unit. The ability that makes the unit/organization able to balance between exploration and exploitation is the organizational context characterized by an interaction of stretch, discipline, and trust.
Structural ambidexterity	Partitional ambidexterity	Simultaneous / Structural ambidexterity
Ambidexterity in organizational structures is achieved by developing structural mechanisms to cope with the competing demands faced by the organization for alignment and adaptability (Gibson – Birkinshaw, 2004, p. 211.).	Pursuing ambidexterity requires the establishment of structurally independent units each having its own strategies, structures, cultures, and incentive systems. From a managerial perspective, several characteristics of senior management teams serve as important antecedents to this form of ambidexterity.	Simultaneous or structural ambidexterity is a way of balancing the exploration/exploitation trade-off by using organizationally separate but strategically integrated subunits with different competencies, systems, incentives, processes, and cultures, each internally aligned (O'Reilly et al., 2009; O'Reilly – Tushman, 2004). This is a leadership issue more than a structural one (O'Reilly – Tushman, 2011; Smith- Binns – Tushman, 2010; Smith – Tushman, 2005).
Leadership-based ambidexterity		
Ambidexterity is facilitated by the top management team's internal processes (Tushman – O'Reilly, 1997). Senior executives are important "in making an organization context effective and developing ambidexterity" (Gibson – Birkinshaw, 2004, p. 223; Smith – Tushman, 2005).		
	Cyclical ambidexterity	Sequential ambidexterity
	Cyclical ambidexterity, in which organizations engage in long periods of exploitation (or relative stability), interspersed with sporadic episodes of exploration (or change), is attained not by structural partitioning, but by sequentially allocating resources and attention to exploitation and exploration. This type of ambidexterity involves a system of temporal cycling in which organizations alternate between long periods of exploitation and short bursts of exploration.	Firms evolve through punctuated changes in which they adapt sequentially to environmental shifts by realigning their structures and processes.
	Reciprocal ambidexterity	
	Reciprocal ambidexterity is best portrayed as being a synergistic fusion of complementary streams of exploitation and exploration that occur across time and units.	

Drawing on these tensions, Raisch and Birkinshaw (2008), Simsek and colleagues (2009) and O'Reilly and Tushman (2013) provided deep and detailed categorization and conceptualization for the field. Raisch and Birkinshaw (2008) identified three distinct but broad subcategories within the ambidexterity literature: structural and contextual (which differ most importantly in structural integration and differentiation), and leadership-based, which focus on the responsibility of management teams in handling the contradictory forces and tensions. Simsek et al. (2009) identified two distinct dimensions of ambidexterity. The first is temporal, capturing the distinction between the simultaneous and sequential aspects. Like Raisch and Birkinshaw's (2008), their second dimension focuses on the differences between integrated and separated organizational solutions. Simsek et al. (2009) created a two-by-two typology that differentiates four types of ambidexterity: harmonic, cyclical, partitional and reciprocal. O'Reilly and Tushman (2013) reviewed the evidence and results of sequential, simultaneous, structural and contextual ambidexterity. Comparing the classifications, I suggest two important consequences. First, the integration vs. differentiation (separation) tension is the most significant in the literature, and I will discuss these aspects in more detail. Second, Simsek et al. (2009) and O'Reilly and Tushman do not differentiate between structural- and leadership-based solutions to ambidexterity. They interpret these results as complementary solutions. Table 2 sets out the classifications and definitions of the subcategories.

Structural and contextual ambidexterity, the field's two most important aspects

The structural antecedents of ambidexterity have long been a focus of research interest, other aspects of it, such as its contextual antecedents, are under-researched. A wide range of research has focused on mature, multinational corporations that have successfully applied ambidextrous structures. As Birkinshaw and colleagues (2014) argued, however, little is known about how ambidexterity, this complex and nested construct, forms and develops. Researchers need to understand how firms or business units develop organizational contexts that separate explorative and exploitative tasks at the personal level. In Table 3, I introduce and highlight the differences of structural and contextual ambidexterity, then in the following subchapters I explain these aspects in detail.

Introduction of contextual ambidexterity

Gibson and Birkinshaw (2004:209) defined contextual ambidexterity as the behavioral capacity to simultaneously achieve alignment and adaptability at business unit level, where alignment is coherence among all the patterns of activities in the business unit (exploitation), and adaptability is the capacity to quickly reconfigure activities in the business unit to meet changing demands in the task environment (exploration).

In Gibson and Birkinshaw's (2004, p. 210.) interpretation, contextual ambidexterity differs significantly from the construct of structural ambidexterity emerging from the work of Duncan (1976) and Tush-

Table 3

Comparison of structural and contextual ambidexterity

	Structural ambidexterity	Contextual ambidexterity
How is ambidexterity achieved?	Alignment- and adaptability-focused activities are carried out in separate units or teams	Individual employees divide their time between alignment- and adaptability-focused activities
Where are decisions made about the split between alignment and adaptability?	At the top of organization	On the frontline, by salespeople, plant supervisors, and office workers
Role of top management	To define the structure, and make trade-offs between alignment and adaptability	To develop the organizational context
Nature of roles	Relatively clearly defined	Relatively flexible
Skills of employees	More specialists	More generalists

Source: Birkinshaw and Gibson (2004)

man – O'Reilly (1996), because “*ambidexterity is best achieved not through the creation of dual structures, but by building a set of processes or systems that enable and encourage individuals to make their own judgments about how to divide their time between conflicting demands for alignment and adaptability.*”

The construct of *context* is based on Ghoshal and Bartlett (1994), who identified *discipline, stretch, trust and support* as key factors of the context. Discipline consists of clear standards and expectations of performance and behavior, a system of open and fast-cycle feedback, and a consistent system of sanctions. Stretch covers the management responsibilities for establishing shared ambition, creating collective organizational identity and giving personal meaning to the individual contribution to firm-level performance. Trust was interpreted as a higher level of perceived fairness in the decision-making processes, broader involvement in core activities and an increase in overall level of personal competence. Finally, support is identified as an organizational element giving greater availability of resources, greater autonomy and more support for initiatives.

Gibson and Birkinshaw (2004) noted that structural and contextual approaches cannot be concurrent, but suggest that ambidexterity is best achieved by building business unit context to encourage individuals to participate in both types of activities, rather than by task or structural separation. In their view, this is a more sustainable model because it eliminates the coordination costs of separate business units and facilitates whole-organization adaptation. Although contextual ambidexterity's basis is the unit's systems and processes, it manifests in the actions of individuals: “*when contextual ambidexterity has been achieved, every individual in a unit can deliver value to existing customers in his or her own functional area, but at the same time every individual is on the lookout for changes in the task environment, and acts accordingly* (p. 211).”

As a consequence, Gibson and Birkinshaw's (2004) results are widely interpreted as an individual approach to ambidexterity, but they clearly declared in their original article that this is a multi-level construct, where the context is the reason and behavior is the effect. They (Birkinshaw – Gibson, 2004, p. 50.) defined the construct as “*the individual's ability to exhibit ambidexterity is facilitated (or constrained) by the organizational context in which he or she operates, so contextual ambidexterity can also be diagnosed and understood as a higher-order organizational capability. At the organizational level, contextual ambidexterity can be defined as the collective orientation of the employees toward the simultaneous pursuit of alignment and adaptability.*”

Brion, Mothe and Sabatier (2010) also provided evidence of the strong impact of organizational context

on ambidexterity, and their findings emphasized the key role of managers, supporting the earlier work of Mom and colleagues (2007) and O'Reilly and Tushman (2008). They suggested that organizations should motivate managers to create an appropriate context, because developing supportive short- and long-term organizational focus increases ambidexterity. Performance management and reward systems should focus on developing both sets of competences, because the incentives given to employees through the systems of organizational context should be in line with strategic goals and activities of the top management. This alignment could lead to contextual ambidexterity at the organizational level.

Introduction of structural ambidexterity

The research on structural ambidexterity is the broadest and deepest field in the domain. Duncan (1976) argued that firms need to support constantly innovative operations with a dual structure, both to find new opportunities and to deliver results. The concept of structural partitioning/differentiation traces its roots back to the literature of organizational design, which emphasizes the importance of maintaining congruence between organizational structure and the demands of the task environment (Burns – Stalker, 1961; Duncan, 1976; Lawrence – Lorsch, 1967). The best way to create and maintain this consistency is to separate business development activities into independent units, although this creates coordination costs at the corporate level (Drucker, 1985; Galbraith, 2002; Tushman – O'Reilly, 1996). This structural differentiation can help ambidextrous organizations to maintain different competencies. It can therefore lead to superior short and long-term performance in companies facing multiple strategic challenges, for example, in an international context (Gilbert, 2005; Han 2007; Han – Celly 2008).

Scholars agree that structural ambidexterity is not just a simple organizational design solution of the exploration-exploitation trade-off, because different management teams, competencies, systems, incentives, processes and cultures need to be established, maintained and, most importantly, held together and internally aligned by a common strategic intent (O'Reilly – Tushman, 2004; O'Reilly – Tushman, 2008; O'Reilly et al., 2009; Mahmoud-Jouini – Charue-Duboc – Fourcade, 2007).

To conclude ambidexterity is more than the presence of exploration and exploitation, and this difference is articulated at the structural level. Although each unit is independent, they operate interdependently, and creating the required coordination mechanism is an issue of leadership rather than structure (O'Reilly – Tushman, 2008, 2011; Smith – Binns – Tushman, 2010; Smith – Tushman, 2005). Typical mechanisms are shared vision,

senior management team coordination, and knowledge integration systems (Jansen et al., 2008; Lubatkin et al., 2006; O'Reilly – Tushman, 2004, 2008; Smith – Tushman, 2005; Tiwana, 2008).

Current state of ambidexterity research

Organizational ambidexterity is currently taking shape as a research paradigm in organizational theory (Raisch – Birkinshaw, 2008). Ambidexterity research is still in its infancy and has previously concentrated on demonstrating that focused firms show lower performance than ambidextrous ones (Brion – Mothe – Sabatier, 2010).

At first sight, organizational ambidexterity's antecedents, which include structural, contextual, and leadership-based factors, have been implicitly conceptualized as alternative solutions. Raisch and Birkinshaw's (2008) in-depth analysis of the literature, however, revealed complementarities between the different constructs. A common culture and vision, and supportive and flexible leaders, managers, top management teams and leadership processes are essential prerequisites of structural ambidexterity (Smith – Tushman, 2005; Tushman – O'Reilly, 1996). These are very similar to Gibson and Birkinshaw's (2004) elements of "organizational context". As Birkinshaw and Gupta (2013) stated, there is no single unit of an organization that does only one thing, consequently contextual ambidexterity should rather be a complement than a concurring construct of structural ambidexterity (Birkinshaw – Gibson, 2004).

To conclude, organizational context may include the structural context. There is an important role played by top management teams in fostering contextual ambidexterity: *"organizational ambidexterity is not simply a matter of structure"* (O'Reilly – Tushman, 2007, p. 14.). Recent in-depth studies have revealed more complementarities between the different constructs of ambidexterity: companies use different combinations of these alternative solutions and change cyclical, structural and contextual ambidexterity over time, depending on their current growth stage and on external factors (e.g. Chen – Katila, 2008; Kauppilla, 2010; Laplume – Dass, 2012; O'Reilly – Tushman, 2013). It's proved, that long-term growth is impossible without the simultaneous or cyclical pursuit of exploration and exploitation activities during a company's life cycle. But environmental circumstances, path dependencies and internal capabilities could shape how an organization can become balanced and ambidextrous in different growth phases (e.g. He – Wong, 2004; O'Reilly – Tushman, 2011). For example, Kauppilla (2010, p. 284.) stated, that *"in reality, firms are likely to create ambidexterity through a combination of structural and contextual antecedents and at both organizational and interorganizational*

levels, rather than through any single organizational or interorganizational antecedent alone."

I therefore don't interpret the definition of ambidexterity as a choice between different alternatives. In my opinion, ambidexterity is the continuous and ongoing pursuit of balance between the efficient exploitation of current opportunities and the necessary exploration of new ones, using contextual, structural, or cyclical solutions or a combination of these. I believe that these constructs are complementary. I do not exclude the possibility that organizations may apply different patterns, but I assume that these differences are rooted largely in external factors. The interesting question is not whether one particular aspect is used or not, but how ambidexterity is achieved.

To conclude the current state of the field, the effect of ambidexterity on firm performance is well-researched (e.g. Gibson – Birkinshaw 2004; He – Wong 2004; Lubatkin et al. 2006). The research on the structural antecedents of organizational ambidexterity (Duncan, 1976; Tushman – O'Reilly, 1996) has been extended in the past fifteen years with the investigation of the roles played by contextual elements (Adler et al., 1999; Corso – Pellegrini, 2007; Gibson – Birkinshaw, 2004), informal networks (Gulati – Puranam, 2009), top management teams (Beckman, 2006; Lubatkin et al., 2006; Smith – Tushman, 2005), and environmental (Auh – Menguc, 2005; Jansen et al., 2008) and organizational factors (Atuahene-Gima, 2005; Lubatkin et al., 2006; Kyriakopoulos – Moorman, 2004). The fragmented literature started to integrate and standardize, but we are at the beginning of the process, therefore several important research issues remain unexplored and ambiguous (Raisch – Birkinshaw, 2008).

Research gap in organizational ambidexterity literature

Based on the current state of the field, in this chapter I would like to highlight some important research gaps. Birkinshaw and colleagues (2014) examined the dominant focus of management research and methodology and called for more in-depth field studies to understand the complex phenomena of ambidexterity:

"First, we need more field observation. With some notable exceptions, as management and organization researchers we expend a tiny proportion of our energies actually observing the phenomena we want to understand. ... The benefits of close contact are many; not least insight, inspiration, curiosity, and ecological validity. The focus on management phenomena, first of all, suggests that we have to get our hands dirty and closely observe and study, or even live with, people in organizations—rather than relying on arm's length, or

at worst ivory tower, approaches that are based on lab data or proxies.” (p. 47.)

Concentrating on organizational ambidexterity, O'Reilly and Tushman (2013) supported this critique, calling for more qualitative in-depth studies. This is because the core of ambidexterity is a complex and complicated management challenge with closely-related leadership, structural and contextual solutions, which are hardly separable. Consequently, scholars highlight the need for multi-level analyses, because ambidexterity is a nested construct spanning multiple organizational levels: leadership creates organizational context, structural solutions, planning and reward systems and decision-making processes, which in turn affect individual behavior patterns, culture, values and collective identity (Birkinshaw – Gupta, 2013; Gupta – Smith – Shalley, 2006; Raisch et al., 2009; Raisch – Birkinshaw, 2008). There is, therefore, a need to develop a deep understanding of complex managerial challenges through qualitative, in-depth field studies examining multiple levels of organizations.

Another issue in the field is that the majority of ambidexterity studies have examined large corporations and mature organizations, which have successfully applied ambidextrous management solutions. Little is known about how ambidexterity forms in a young firm and how structures, contexts and leadership patterns develop over time (O'Reilly – Tushman, 2013; Raisch – Birkinshaw, 2008). As Simsek et al. (2009, p. 888.) stated, *“it is simply not known how business units or small organizations simultaneously attain exploitation and exploration.”*

Güttel and Konlechner (2009) suggested that researchers could explore how different ambidextrous designs are connected to different developmental stages of organizations. The literature calls researchers' attention to the missing or unspecified key elements of context, because without knowledge about drivers, systems and processes, researchers cannot understand contextual ambidexterity in sufficient depth (O'Reilly – Tushman, 2013; Simsek et al., 2009). Lavie, Stettner and Tushman (2010) asked why some organizations are able to be ambidextrous and others are not. To answer this question, they recommended the systematic examination of the organizational and managerial antecedents and different types of resources required for exploration-exploitation tendencies, and the trade-offs, costs and challenges of balancing efforts.

In summary, little is known about:

- how ambidexterity develops in the early growth stages of a firm,
- the drivers of ambidextrous organizational context, and

- how top and middle managers handle the formation process of ambidexterity.

Future research plans

Little is known about how small organizations or business units develop ambidextrous contexts, the drivers of these contexts and how leaders manage these processes and develop the human capital of the firm. There is a particular shortage of field observations and qualitative case studies examining how leaders manage the interfaces between exploration and exploitation, how organizations develop their contexts over time and how they overcome path dependencies (Birkinshaw et al., 2014; Lavie – Stettner – Tushman, 2010; O'Reilly – Tushman, 2013; Raisch – Birkinshaw, 2008; Simsek et al., 2009).

My research aim is therefore to understand which systems and processes are essential to support the evolution of ambidextrous organizational context, and the lack of which systems and processes holds this back. I also want to examine the roles played by top and middle management in this formation process. To answer my research questions, I apply case study-based, qualitative methodology with a longitudinal, historic approach.

As Birkinshaw and Gibson (2004) pointed out, generalist management skills and control and reward systems become important in an integrated organizational context. I would therefore like to examine fast-growing middle-sized companies, at a point just before and after Greiner's (1972) control crisis, because this is the critical point in organizational evolution when generalist middle management becomes the catalyst for market expansion in a decentralized organizational structure after an efficiency-focused phase driven by functionalist managers. Based on the literature on punctuated equilibrium and growth, I interpret growth crises as short, revolutionary periods in an organization's life cycle, when organizational transformations are accomplished via rapid and discontinuous change over most or all domains of organizational activity, and chief executive officer succession is an important factor of transformation (Romanelli – Tushman, 1994).

To conclude, based on Birkinshaw and Gibson (2004), I assume that this is the first phase during which organizations in dynamic environmental conditions should become able to pursue exploration and exploitation simultaneously. The reason for choosing contextual, rather than structural, ambidexterity as a conceptual framework is based on the assumption that the size of the organization and the involvement of a founder-manager in exploitative and explorative activities do not make it necessary or feasible to develop separated structures. Organizations may show different patterns along differentiation versus integration and simultaneous ver-

sus cyclical ambidexterity tensions, but I assume that these differences are rooted in environmental factors, and that organizational context will integrate structural and leadership aspects in middle-sized companies.

Conclusion

This paper's aim is to comprehensively review the literature of organizational ambidexterity, as the currently most popular and active field in strategic management literature. It's well known, that successful organizations under dynamic environmental circumstances are ambidextrous, but finding the balance between the contradictory exploration and exploitation is an extremely difficult managerial challenge. In this paper I introduced (1) ambidexterity in general, (2) the traps that makes ambidexterity necessary for long-term success, (3) different aspects and subfields in the literature, (4) the theory's current state and (5) some important research gaps and my future research plans. As a result of the past 25 years' research, we know enough about different ambidexterity solutions (structural, contextual, leadership) and their performance implications, but several questions remained unanswered. The majority of prior researches examined already ambidextrous, large and mature organizations, but little is known about how ambidexterity forms in earlier growth stages. Future researches should focus on the process how this organizational ability develops and forms, and not on the verification of structural and contextual or any other approach. The current definition of organizational context (Ghoshal – Bartlett, 1994) is rough, therefore the managerial and structural drivers of ambidexterity is another important field of future researches. In my opinion, these gaps need to be investigated with qualitative, in-depth, multi-level and longitudinal methodology to better understand these uncovered questions.

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ADAPTATION AND CHANGE IN ORGANIZATIONAL LEARNING RESEARCH

To understand the role of organizational learning in the organization's endeavor to overcome challenges, organizational learning research need to be spread out to the field of adaptation and change. This paper is the first part of a bigger empirical research, a literature review that examines the link between these topics and search for gaps in prior literature. However, these phenomena are closely related in the prior literature, the thinking about organizational learning is rather idealistic than reflective and there are still research gaps regarding the following questions: (1) Is there a need to examine internal organizational challenges from the organizational learning perspective? (2) How can the earlier organizational adaptation be characterized using the constructs of organizational learning? (3) Is the earlier adaptation process or organizational learning process always good and useful for the organization? Based on reviewing prior literature the author formulated an own organizational learning definition and identified future research directions in order to fill these gaps.

Keywords: organizational learning, adaptation, internal change, learning organization, intra-organizational challenges

"We understand that the only competitive advantage the company of the future will have is its managers' ability to learn faster than their competitors."

This statement from a manager in Shell was quoted by Senge et al. (2014, p. 21.) in their work *The Dance of Change*. It highlights that the competitive value of learning and knowledge has grown. The ideas of both 'organizational learning' and the 'learning organization' have a positive and idealistic meaning in the existing literature. The common assumption is that learning in the organization is important and the main source of future competitive advantage. Although this is indisputable, we still lack a universal answer to the question of how learning really happens inside organizations. Learning has an important role in psychology research (Smith et al., 2005), includes different psychological perspectives (e.g. behavioral, cognitive and biological) and it is not only a conscious process. Therefore it is interesting question: If learning is so complex why are we so certain that it is always desirable for organizations?

The field of organizational learning overlaps with several research areas, for example, knowledge management, dynamic capabilities, ambidexterity, adaptation, and change management. In this paper, I examine

organizational learning as an organizational adaptation process in entrepreneurial firms.

Literature review

Adaptation in the existing literature

A fundamental question of strategic management and organizational theory concerns the relationship between a firm and its environment. In particular, researchers want to know how an organization is able to react fast and efficiently to the changes and challenges of the environment, and how organizations evolve, adapt and change with their environment (Smith – Cao, 2007). Adaptation research examines this organization–environment relationship. Strategic adaptation means the organizational answers to environmental challenges (Szabó, 2012).

With the growth in competition, adaptation is crucial (Lawrence – Lorsch, 1967; Duncan, 1972). It is not enough to modify or recreate your strategy, the organization or its culture must change too. Organizations that are able to learn or self-adapt can succeed (Barakonyi, 2007). Thanks to the pressures from the changing environment, only dynamic organizations will be viable, and will have to change and adapt to survive (Szabó, 2008).

Managers have the opportunity to react differently to environmental challenges under the same conditions (Dobák – Antal, 2010), but as well as the environment influencing the organization, the organization also influences its environment (Child, 1972; Dobák – Antal, 2010). Organizational adaptation and strategic behavior has long been the focus of international (Miles et al., 1978; Porter, 1993) and Hungarian (Antal-Mokos – Kovács, 1998; Antal-Mokos – Tóth, 2001; Hortoványi – Szabó, 2006a,b; Szabó, 2008) strategic research communities. There are also several studies investigating the adaptation mechanisms and strategies of Hungarian companies during periods of environmental change, for example, during economic transformation (Balaton, 1999) the EU accession (Balaton, 2005) and the economic crisis (Balaton, 2011; Balaton – Csiba, 2012; Balaton – Gelei, 2013).

“Based on Burgelman’s conceptualization (1983, 1991, 1996), major changes in an organization’s strategy need not be completely governed by external selection processes. Successful renewal is likely to be preceded by internal experimentation and selection processes” (Hortoványi, 2012, p. 47.). Burgelman (1991) interpreted this internal experimentation and selection

as an organizational learning process. This concept is related to the view of organizational ecology (Hannan – Freeman, 1989).

Smith and Cao (2007) distinguished three different perspectives in the relationship between firm and environment. Table 1 shows the comparison between (1) ecology, (2) adaptation and (3) entrepreneurial perspectives.

The ecology view (Hannan – Freeman, 1989) suggests that organizations are entirely dependent on their environment for survival. The adaptation perspective suggests that firms can adapt and change to some extent, in response to environmental change (Nelson – Winter, 1982). The entrepreneurial perspective, by contrast, proposes that:

- through entrepreneurial actions, organizations can shape and influence their environments to their own benefit,
- top management has an important role in this process,
- the initial unit of analysis focuses on managers (Smith – Cao, 2007), and in particular “how top managers search, undertake firm actions, and learn to shape the environment” (Smith – Cao, 2007, p. 331.),

Table 1

Comparison of perspectives on the firm–environment relationship

	Ecology perspective	Adaptation perspective	Entrepreneurial perspective
<i>Theoretical focus</i>	Environment selection	Environment-induced variation	Self variation
<i>Assumptions: Organizational structure Organizational change</i>	Inertial Random, accidental	Path dependent Reactive	Malleable Proactive
<i>Level of analysis</i>	Industry/population	Firm	Multilevel: managers to firm to industry
<i>Timeframe of analysis</i>	Long term	Middle term	Multitime: short to medium to long term
<i>Corresponding literatures</i>	Ecology Resource dependency theory	Fit Competitive dynamics Innovation as adaptation	Sensemaking Social cognition Entrepreneurial action
<i>Firm–environment relationship</i>	Random variations by the individual firms are selected by the environment. Over time, firms conform to the industry trend. The industry evolves through the birth and demise of individual firms.	Individual firm search to resolve misfit with the environment. The changes follow path-dependent routines and enable them to return to the fit condition.	Managers driven by belief systems engage the firm in entrepreneurial actions, which not only change their own belief systems, but also potentially change the market belief systems.

Source: Smith and Cao (2007, p. 331.)

- the goals of each search and associated action are not taken as given, and that their adjustment is an important part of the dynamic change process. The process is therefore similar to Argyris and Schön's (1978) double-loop learning (Smith – Cao, 2007), while the adaptation perspective is akin to single-loop learning. Unlike the other two perspectives, this one includes double-loop learning but focuses only on the belief system changes regarding the external environment.

There are several works that recognize adaptation directly related to the concept of learning (Crossan et al., 1999; Eisenhardt – Martin, 2000; Zollo – Winter, 2002; Easterby-Smith – Prieto, 2008). Other important contributions include:

- Senge et al. (2014, p. 24.) claimed that “All organizations learn – in the sense of adapting as the world around them changes”,
- adaptation to the continuously changing environmental conditions is linked to the continuous learning of the organization and the continuous development of learning capabilities (Bakacsi, 1999), and
- Jyothibabu et al. (2010) defined organizational learning as adaptation to the changes in operational culture, development of new ways of doing things, norms and paradigms.

It is clear from the literature that adaptation and learning are closely related. Adaptation research investigates the ability of an organization to change in response of external challenges. In my interpretation, to understand the adaptation–learning relationship, I must first examine the links between learning and change.

Link between learning and change

Learning by definition is linked to change. According to Bakacsi (2004), learning is a permanent change in behavior that is the result of experience. Organizational learning can therefore be defined as a change in the behavior of the organization (Fiol – Lyles, 1985): transformation of decision-making processes, or changes in the organizational members' routines that result in improvements in individual and organizational performance (Bakacsi, 1999). Senge et al. (2014, p. 9.) quoted from Nitin Nohria that “inadequate learning capabilities limit most change initiatives”. Bontis et al. (2002, p. 9.) differentiate between:

- feed-forward learning: whether and how individual learning feeds forward into group learning and learning at the organizational level (e.g. changes to

structure, systems, products, strategy, procedures, culture),

- feedback learning: whether and how the learning that is embedded in the organization (e.g. systems, structure, strategy) affects individual and group learning.

According to Bontis et al. (2002) learning happens at different levels and starts at the individual level. Moreover there is interaction between these levels and this interaction also results in change. These ideas suggest that it is worth examining the linkage between learning and change.

Change, however, can be interpreted in several ways, often contradictory (Senge et al., 2014):

- external changes in technology, customers, competitors, market, structure, or the social and political environment,
- internal changes: how the organization adapts to changes in the environment, and
- top-down programs, including reorganization and reengineering.

I believe that I first need to distinguish external and internal changes. External changes are outside the organizational borders. Internal changes are harder to define, not least because we can identify different aspects of them, for example:

- individual vs. organizational,
- at process/task level vs. strategic level,
- emergent/autonomous vs. induced (Burgelman 1991),
- episodic vs. continuous (Weick – Quinn, 1999),
- incremental vs. radical (Dobák – Antal, 2010), and
- cognitive vs. behavioral.

I do not wish to draw a comprehensive picture of change, but simply to highlight that the different meanings and interpretations of change can result in confusion in learning research. Table 2 shows the most relevant change types, compared by their distinguishing features and link to learning research.

Table 2 shows that:

- individual-level change can be linked to individual learning, and organizational change to organizational learning,
- double-loop learning shows up in the literature around changes in the cognitive map and on the strategic level, and
- internal non-strategic organizational-level changes (in processes, routines, behavior) are mostly related to single-loop learning. The double-loop learning aspect is missing from these studies.

Table 2

Different typologies of internal organizational change and their links to learning research

Types of change	Distinguishing feature	Link to learning research	
<i>Individual vs. organizational change</i>	Level and extensiveness of change	Individual-level vs. organization-level learning	
<i>Process level vs. strategic change</i>	Focus of change (internal or external change and challenges)	Single-loop learning in routines as internal, process level change. Double-loop learning in strategy induced by external challenges, changes in the environment.	
<i>Emergent vs. induced changes</i>	Direction and consciousness of change	Emergent/ Continuous/ Incremental change:	Induced/Episodic/ Radical change:
<i>Continuous vs. episodic change</i>	Periodicity of change	Basic territory of organizational learning research and the Learning School	No or just minor focus on this topic in organizational learning research. The field of change management
<i>Incremental vs. radical change</i>	Quality of change at organizational level	Two types of double-loop learning. More focus on the changes in cognitive maps.	
<i>Cognitive vs. behavioral change</i>	Quality of change at individual level		

Source: own work

In this paper, I will use the evolving change construct for emergent, continuous, and incremental changes, and the intentional construct for induced, episodic, and radical changes. Angyal (2009) examined the nature of changes, including undirected changes. He claimed that undirected changes can also be radical. I do not, however, wish to investigate these types of changes, which are mostly found in crisis situations.

Evolving change and learning

Mintzberg et al. (2009) described ten different schools of strategy, one of which is the Learning Schools. This looks at strategy as an emergent process. The antecedents of this school are disjointed and logical incrementalism and the evolutionary theory, resulting in a view of strategy as emergent, experimental and reflective. From the Learning School perspective, organizational learning has a huge role in the adaptation process of an organization. According to Szabó (2012, p. 17.), “strategic adaptation is one main question of the Learning School, which cannot be measured through classic financial indicators but mainly through the capability of knowledge creation and retrieval”.

Organizational learning includes the following statements based on the assumptions of evolutionary theory (Mintzberg et al., 2009):

- routines are responsible for creating change,
- the interaction between established routines and novel situations is an important source of learning, and
- the concept of emergent strategy opens the door to strategic learning because it acknowledges the organization's capacity to experiment.

The Learning School declares that deliberate strategy focuses on control, while emergent strategy emphasizes learning, and uses organizational learning to adapt to changes in operational culture. The Learning School therefore defines organizational learning as an emergent, incremental adaptation process, containing incremental change.

These declarations raise the question of whether learning as an adaptation is always an emergent, incremental and experimental change process, but not radical and induced. According to Noszkay (2008), incremental changes face less resistance and result in less subjective loss, but they are usually not suitable for solving systemic organizational problems. I suggest that organizational learning includes radical, systemic change as well. In the following section, I examine the relationship between learning and this type of change.

Intentional change and learning

Jyothibabu et al. (2010) contended that learning and change are not only parallel and simultaneous, but also interactive processes, as learning has a mediating role in the change process. They also presumed that there is constant interaction between the individual and structural levels. Reaching a structural level in the learning process means, in practice, structural changes, which in turn affect the individual level and call for more individual learning. Structural changes are the result of intentional change.

Weick and Quinn (1999) drew a distinction between two kinds of changes, episodic and continuous. They defined episodic changes as a form of short-term adaptation. Episodic change is most closely associated with

planned, intentional change that can be characterized by the Lewinian approach (unfreeze, transition, refreeze):

“Intentional change occurs when a change agent deliberately and consciously sets out to establish conditions and circumstances that are different from what they are now and then accomplishes that through some set or series of actions and interventions either singularly or in collaboration with other people” (Ford – Ford, 1995, p. 543.).

Dobák and Antal (2010) differentiated between radical and incremental change. Radical change is extensive and induced by the top management, and has influence on the whole or the majority of the organization. It is quite fast and means systemic change at all levels of the hierarchy.

In the organizational ecology view (Burgelman, 1991), there are two kinds of adaptation, induced and autonomous. I suggest that these are change processes. In the induced type, organizational learning comes up in the retention phase, and is about bases for past or current survival. “Firms are able to overcome the liabilities of newness by accumulating and leveraging organizational learning, and by deliberately combining distinctive competences in the induced process” (Burgelman, 1991, p. 254.). I regard episodic, induced and radical changes as intentional change induced by the management of the organization.

The territory of intentional changes is the field of change management research, and organizational learning research also has unanswered questions in this field. Most of the research on organizational learning as organizational development focuses on learning as an evolving change process. There are, however, some researchers who suggest that it is important to examine learning in intentional change.

According to Dobák and Antal (2010), intentional organizational change is an iterative, learning process. Change managers have to manage this learning process, which includes their own learning as well the learning of the organizational members and the whole organization. Senge et al. (2014), in their book *The Dance of Change*, used the word profound for radical change. They claimed that there is learning in profound change, and describe it as an incorporation of both an internal shift in people’s values, aspirations, and behaviors, and external changes in the fundamental thinking patterns of organizations that underlie choices of strategy, structures, and systems. They declared that it is not enough to change strategies, structures, and systems, unless the thinking that produced those also changes. This type of change therefore involves a learning process with the same characteristics as double-loop learning.

Levinthal and Rerup (2006) introduced the constructs of ‘mindful’ and ‘less-mindful’ approaches to learning. They claimed (Rerup – Levinthal, 2013) that these approaches are relatively established in the existing literature. For example the less-mindful approach is set out in the work of March and Simon, (1958), Cyert and March, (1963) and Nelson and Winter (1982), and the mindful approach in the work of Weick and Roberts (1993) and Weick et al. (1999). The less-mindful approach is related to evolving change while the mindful one is more about intentional change. Rerup and Levinthal (2013, p. 44.) suggested that:

“organizational learning must incorporate both perspectives in a broader synthesis to better understand where the benefits of less mindful processes ends and the benefits of more mindful processes begins (or vice versa), and whether the two phenomena intersect, interact, or operate in parallel.”

They also proposed that these should not be regarded as separate or parallel but co-constitutive phenomena and concluded “today we know about how the co-constitutive relationship between the two phenomena unfolds and influences organizational learning and change across a system”. Bakacsi (2010) differentiated between first- and second-order change, the interpretation of single- and double-loop learning in change management literature. He pointed out that change needs a change agent or leader, who chooses between first- or second-order change.

It is clear that intentional and evolving change can result in different learning processes. I assume that the interpretation of adaptation and organizational learning has a key role in examining organizational learning. In the next section, I set out the research gap linked to these topics.

The relation between change, adaptation and learning

I want to find an answer to the emergent mixture of entrepreneurial adaptation, change and learning. Previous efforts to grasp the phenomenon of organizational learning have mixed together change, learning, and adaption, with only casual attention to levels of analysis (Weick, 1991).

Figure 1 is a simplified version of Table 2, which tries to relate adaptation, change and learning. Based on this model, I have formulated the following propositions:

- Evolving change bears the marks of the adaptation perspective (Smith – Cao, 2007), while intentional

change is much more related to the entrepreneurial adaptation perspective (Smith – Cao, 2007).

- Adaptation research focuses on changes in strategy linked to the environment–organization relationship. The internal processes of the organization are not in its main focus.
- Evolving change in the internal organization is the main field of organizational learning research. This can be characterized as an emergent and incremental experimentation process (Mintzberg et al., 2009).
- The field of intentional change at intra-organizational process level is not the main focus of adaptation or organizational learning research. It is therefore an interesting area for entrepreneurial and organizational learning research.
- Intentional change needs double-loop learning.

Figure 1

Adaptation, learning and organizational change

	Evolving change	Intentional change
Change in strategy	Adaptation perspective	Entrepreneurial perspective
Change at process level	Emergent, incremental organizational learning	Change management

Source: own work

There is a gap in the organizational learning literature. Organizational learning is an internal adaptation process induced by the environment, but the adaptation literature does not focus on internal processes.

According to Mészáros (2010, 2011), research and strategic thinking in the 1990s focused on questions about how past practice and processes can create patterns that shape the present and the future. That resulted in an exploitation and internal focus. Strategic management was criticized for having too much focus on present performance, and only a weak relation to the future. Entrepreneurship research, however, focuses on opportunity-seeking and has a dominant future-oriented perspective (Dobák – Hortoványi – Szabó, 2012). It therefore results in a dominant future-oriented approach in entrepreneurial adaptation.

Entrepreneurial firms focus on environmental challenges and future trends and changes. This is, of course, crucial in survival and in competition, but shifts the focus of the entrepreneur to the external environment and the future. This does not force the entrepreneur to (1) seek challenges inside the organization, (2) question the earlier adaptation processes of the organization and (3)

assess whether past organizational adaptation was always well-managed. This can result in biased adaptation.

According to Rerup and Levinthal (2013, p. 39):

“Organizational actions are history-dependent, and the behavior in an organization is based on routines. Routines are based on interpretations of the past more than anticipations of the future. They adapt to experience incrementally in response to feedback about outcomes.”

Future-oriented adaptation can therefore generate change in cognition and thinking, but behavioral changes will be dominated by the past. Cognitive change without behavioral change will not lead to success.

I suggest that organizational learning is a form of adaptation. The interesting question is whether organizational learning research provides answers to the following questions:

- Is there a need to examine internal organizational challenges from the organizational learning perspective?
- How can the earlier organizational adaptation be characterized using the constructs of organizational learning?
- Is the earlier adaptation process or organizational learning process always good and useful for the organization?

To answer these questions, I examine the existing organizational learning definitions, perspectives, and models. My aim is to understand whether the dominant future-oriented and external focus is also present in organizational learning research.

Adaptation in organizational learning research

Review of organizational learning definitions and perspectives

A difficulty in investigating organizational learning is that there is no unified definition of it. Bontis, Crossan and Hulland (2000) collected together different definitions of organizational learning from the literature. There are differences in the focus of these definitions. Some highlight the process character of organizational learning (Argyris – Schön, 1978; Fiol – Lyles, 1985; Stata, 1989; Lee et al., 1992; Crossan et al., 1999). Others focus on changes in behavior (Levitt – March, 1988; Huber, 1991; Slater – Narver, 1995) or the shared nature of learning and knowledge in the organization (Cavaleri – Fearon, 1996; Schwandt – Marquardt, 2000).

Some studies have tried to capture the different aspects and concepts within this phenomenon, and from

these, I have chosen to focus on the work of Shrivastava (1983). Shrivastava (1983) developed four different concepts of organizational learning, viewing it as (1) adaptation, (2) assumption-sharing, (3) developing knowledge of action–outcome relationships, (4) and institutionalized experience.

The first perspective, adaptive learning, has an external, environmental focus, which does not deal with the adaptation processes at the level of organizational processes and practices. The adaptation takes place only at the level of goals, search and attention rules, and in strategic thinking. The second perspective is about assumption-sharing and change in the theories driving these assumptions. It includes double-loop learning at the cognition level, but does not deal with behavioral changes or rethinking organizational processes. The last two focus on the content of learning, knowledge and experiences rather than the process of learning. This differentiation shows that the perspectives of organizational learning cover the cognitive and behavioral questions and the content and process in different ways. Organizational learning as adaptation is an environment-focused question with strategic level change, but without any aspects of internal organizational operation and processes.

Hortoványi and Szabó (2006c) applied a similar differentiation of organizational learning perspectives. Their first two perspectives are the same as in Shrivastava's (1983) work. The third is resource-based learning, which introduced the knowledge-based theory of the firm (Nelson – Winter, 1982; Stein, 1995). The fourth perspective introduced the concept of the 'learning organization' (Senge, 1990).

Gelei (2002, 2005) had a different approach to the organizational learning phenomenon. He set up three interpretations of organizational learning. The first is the process of embedded practical knowledge community formation. This approach interprets learning at the level of communities-of-practice, as a social construction process. The second is a new organizational logic that emerges in the dialogic process between dominant and innovation logic. This concept focuses on the future-oriented, innovation capabilities of the organization. The last is action learning and growing organizational self-control based on the reflective re-evaluation of organizational experiences. The last approach assumes learning is a reflective process. Gelei (2002, 2005) did not, however, evaluate whether the reflection results are strategically useful for the organization, but takes reflection as a common reality and critical interpretation of organization members.

The Learning Organization

Proper knowledge management and learning are only possible in an environment where continuous learning

and experimenting are greatly valued, appreciated and supported (Garaj, 2008). The Learning Organization concept engages in the question of how to establish conditions for future competitive advantage, and to survive in the present, through learning. 'Organizational learning' and the 'learning organization' are often used as synonyms, but based on their definitions, they are not the same. According to Yeo (2005, p. 369.):

“Organizational learning is a process which answers the question of “how”; that is, how is learning developed in an organization? The term “organizational learning” is used to refer to the process of learning. On the other hand “learning organization” is a collective entity which focuses on the question of “what”; that is, what are the characteristics of an organization such that it (represented by all members) may learn? The “learning organization” embraces the importance of collective learning as it draws on a larger dimension of internal and external environments. The idea of “learning organization” refers to a type of organization rather than a process.”

To understand the learning organization concept fully, I examined Senge's (1990) and Garvin's (1993) works.

To establish a learning organization, Senge (1990) proposed five criteria:

- **Systems thinking:** This highlights the importance of interdependence and integrity. A system cannot be redesigned by dividing it into parts; it calls for collaboration and systematic thinking.
- **Personal mastery:** “Organizations learn only through individuals who learn. Individual learning does not guarantee organizational learning. But without it no organizational learning occurs” (Senge, 1990, p. 139.). This factor means the organization's members' capability for learning.
- **Mental models:** Mental models are beliefs, mind-sets, values and assumptions that determine the way people think and act.
- **Shared vision:** Shared vision is not only a belief. It focuses on mutual purpose and sense of commitment.
- **Team learning:** Team learning is a process by which capabilities of group members increase. This learning is based on shared vision.

Steiner (1998) stressed that the relationship between the five disciplines and the way each affects the others, need to be closely examined.

According to Garvin (1993), learning organizations can be characterized by five main activities: (1) systematic problem-solving, (2) experimenting, (3) learning from past experience, (4) learning from others and (5) passing the knowledge on to others fast and efficiently. These can enhance capacity to obtain knowledge, and alter behavior based on knowledge and insight. Of the five, systematic problem-solving and learning from past experience are perhaps the most crucial.

According to Garvin (1993), an organization that learns possesses the ability to analyze problems systematically, based on data and going beyond the obvious symptoms to explore the underlying causes. He claimed that otherwise “the organization will remain a prisoner of ‘gut facts’ and sloppy reasoning, and learning will be stifled” (Garvin, 1993, p. 54.). This is not a classical, data-based analysis, but an ability to understand the hidden factors, the big picture and the systemic failures. I believe that without this, double-loop learning will be stifled, and the wrong conclusions will generate the wrong routines, fixing the underlying causes into organizational routines.

Garvin (1993) also proposed that companies must review and assess their success and failures systematically and have to record lessons from this assessment. This is close to the re-evaluation of past learning processes that is an important part of organizational learning.

In my view, the Learning Organization concept is functional only in an organization which does not suffer from previous failures to adapt and learn. This concept is future-oriented, asking the question what should the organization do to be able to continuously learn?, but does not question whether learning is always useful to the organization. The underlying assumption is that learning enhances organizational abilities and is always desirable for the organization.

Nonaka (2007, p. 164.) claimed that “the knowledge-creating company is as much about ideals as it is about ideas: to create new knowledge means quite literally to recreate the company and everyone in it in a nonstop process of personal and organizational self-renewal”. I want to focus on the dominant idealistic thinking about organizational learning and learning organizations in the literature. The work of Garvin (1993) identified similar issues, which I believe are missing from most organizational learning research, but they are not yet in an integrated framework.

Reviewing the learning organization models, I suggest that these concepts show an idealistic picture of organizational learning. On the phrase idealistic I understand that they try to explain the factors that are needed to reach the ideal learning organizational state but do not deal with the change process, how an organization can become a learning organization and the facilitators

and inhibitors in this process. I assume that this kind of thinking has roots in the dominant future-oriented adaptation, resulting in less thinking about previous adaptation and learning processes, which can have a huge effect on future ability to learn.

Research gap in organizational learning literature

Lähteenmäki et al. (2001, p. 118.) made a critique of organizational learning research. They claimed:

“The literature regarding both learning organizations and organizations learning is largely prescriptive in nature and proposes how organizations should be designed and managed in order to promote effective learning. There is (a) lack of conceptualization of the true nature of (the) organizational learning process.”

This prescriptive characteristic can be traced back to future- and environment-oriented entrepreneurial adaptation. The dominant focus of adaptation results in a similar focus to organizational learning research. It also diverts the direction of research from examining past learning and existing routines to learning in the future. I therefore suggest a more integrated interpretation of organizational learning as an adaptation process, incorporating single and double-loop learning, internal and external adaptation and changes in cognition and behavior.

Routine is one basic category of organizational learning, covering the accumulated organizational capabilities, rules, and historically-evolving patterns of behavior that can be seen in the predictable and habitually recurrent behavior of organizational members (Gelei, 1993). The routine is a part of the activity called organizational memory. Routine generates single-loop learning at the organizational level (Bakacsi, 1999). Real organizational change only takes place with organizational learning when there is change in the organization’s cognitive map. This is double-loop learning at organizational level. According to Bakacsi (1999), double-loop learning does not need constant changes in the organization’s cognitive map. Instead, it is much more the capability of the organization (its members and managers) to identify these frameworks and be able to question them.

Single-loop learning is the general learning method of organizations at process level. This can be characterized as a type of behavioral learning at the level of routine creation. Real organizational change, however, can only be a source of double-loop learning, and in the literature, mostly means change in cognition, or cognitive maps. The adaptation paradox, the dominant

future- and external environment orientation, calls attention to the following:

- The future-oriented and external focus diverts attention from examining double-loop learning at the level of processes, structures and routines, which involve behavioral change and learning.
- Single- and double-loop learning are related to each other in both cognitive and behavioral change. It is therefore worth examining these phenomena together to get a more holistic picture of organizational learning as an adaptation process.

To highlight my organizational learning interpretation, I formulated my own organizational learning definition partly based on different existing definitions:

Organizational learning is an organizational ability and process of change in cognition and behavior, using both single-loop and double-loop processes. It is based on the organizational members' (individual) learning and individual and organizational level learning are in interaction. It includes interpreting and reevaluating past experiences and actions, understanding current organizational performance and environmental factors, and generating new knowledge to grow and survive in the future. Organizational learning is therefore a process of adaptation to internal and external challenges.

Table 3 summarizes the existing focus of organizational learning research and identifies a new focus to fill a gap in the literature.

Table 3

Existing and new foci in organizational learning

Existing focus	New focus
Adaptation to external environmental challenges	Adaptation to intra-organizational challenges
External focus	Internal focus
Change in strategy	Change in intra-organizational process
Through evolving changes	Through intentional changes
New knowledge creation	Existing knowledge re-evaluation
Learning in cognitive change	Learning in cognitive and behavioral change

Source: own work

Conclusion

This paper is a comprehensive literature review in investigating the link between organizational learning, adaptation and change. My aim with this paper was

to understand and explore prior literature and potential research gaps. Organizational learning research has a dominant future-oriented perspective because of the thinking on adaptation. Research on both adaptation and organizational learning has not examined the path-dependency factors in adaptation, so that adaptation and learning in the past and their effect on the present and future have not been the focus of researchers. This kind of research, in my opinion, seeks ideal ways to adapt and learn and does not deal with what is really happening inside organizations. I therefore suggest to keep these thoughts to the fore and use a more critical perspective to examine organizational learning. I propose that the explored gap in literature needs to be investigated in order to answer the defined research questions and to deeply understand organizational learning processes and change in entrepreneurial firms.

Managing change and learning challenges organizations. The understanding the role of learning in change and organizational adaptation can help practitioners in recognizing the organizational learning processes and their results inside the organization, as well it can support managers in enhancing the organizational ability to change and learn in reply to the internal organizational challenges induced by organizational growth and external challenges of the changing environment.

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DUNAVÖLGYI, Mária

WOMEN AND MEN IN SENIOR MANAGEMENT – KEY RECURRING THEMES AND QUESTIONS

Nowadays, questions on the low female participation in senior management are considered and analysed not only within the academic community, but are also discussed and debated by politicians and business representatives. The purpose of this article is to provide an overview of the key issues and possible approaches to the topic. In the first part, the author focuses on leadership styles: contemporary issues, theoretical considerations and empirical research results. Based on the findings that support the comparative advantages of diverse leadership teams, the author deals with the recommendations on the optimal gender composition of senior management teams. As empirical data are not in line with the recommendations, the author draws attention to the challenges related to talent recognition in the case of potential women leaders and the unequal opportunities in manager selection, such as important factors of low female representation in senior management. Academic articles on terminology, alternative values, special contributions, meritocracy and the social and cultural aspects of unequal opportunities are covered in order to highlight the main factors of the topics discussed.

Keywords: gender, corporate governance, management, leadership

Nowadays, questions regarding the low female participation in senior management are considered and analysed not only within the academic community, but are also discussed and debated by politicians and business representatives. The issue has been put on the agenda in the EU and has received growing attention in other countries including the USA. A number of aspects from political and economic considerations to leadership and moral concerns are included. Because of the interdisciplinary nature of the topic of female participation in senior management a number of scientific research deals with different aspects of the issue.

Developments within gender and management research were achieved in ‘waves’ (Broadbridge – Simpson, 2011). Each ‘wave’ of gender and management research builds on and helps transform the issues raised by the predecessors (Marshall, 1995).

This article discusses how these processes continue to surface in current research. Research papers on the topic emerge from an interdisciplinary academic community, across the fields of psychology, sociology, leadership, management, corporate governance, gender, finance, law, ethics, and entrepreneurship (Powell, 2012). When reviewing the literature on gender issues, I talk not only about the thesis of the ‘feminization’ of management, but also of the ‘remasculinization’ of manage-

ment. This suggests that ‘feminine’ practices and values are being brought back into the masculine domain.

The structure of the article follows the analytical framework developed by Alvesson – Billing (1997) which summarizes some dimensions of the complex relations between women and management (Figure 1). Although the title does not refer to men, because of the comparative perspective of the framework good opportunities are provided to involve men, too, in the analysis.

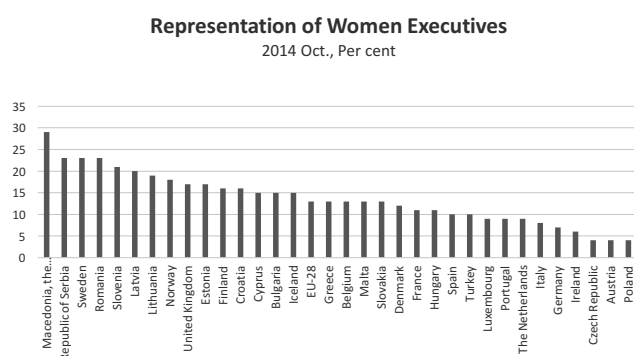
Figure 1
Approaches to analysing the relationship between women and management
(Source: Alvesson - Billing, 1997, p.171.)



Beginning with the definition of some key terms, the article follows the structure of the matrix. Starting with the issues related to gender differences that can enhance organization efficiency (the lower right corner of the table) and continuing with the alternative values represented by female stereotypes (the upper right corner), I summarize the potential special contributions that can be provided by women in management teams. Further to the qualitative analysis results, quantitative analyses are also summarized to assess the optimal gender composition of 40-60 per cent of senior leadership teams.

Empirical facts based on statistics published in October 2014 show that women accounted for only three percent of CEOs and 13 percent of senior executives in Europe's stock exchange listed blue chip companies (Figure 2).

Figure 2
Share of women amongst senior executives of large listed companies (Source: Eurostat, 2015)



In order to investigate the reasons why reality falls so far from the theoretical optimum, issues of deficiencies in the application of meritocracy and the lack of equal opportunities (the left side of the matrix) are discussed in the final two sections of this article.

Basic concepts, definitions

In order to provide clear distinctions between the everyday meanings and terminological interpretations of terms, definitions were defined for the concepts of sex (Broadbridge – Hearn, 2008), gender (Unger, 1979; Calás – Smircich, 1996; Archer – Lloyd, 2002; Powell – Graves, 2003; Lippa, 2005), gender stereotypes (Gherardi, 1994; Kite et al., 2008) and gender roles (Eagly et al., 2000; Wood – Eagly, 2010).

Gender and Sex

Terminology was defined to allow the analysis of male and female issues in a socio-economic context. The

term 'sex' is generally used to refer primarily to the categories of male and female (in a wider sense, the term 'sex' also covers other forms of identities or personal preferences). 'Sex' refers to people's biological characteristics that denote their physiological make-up and reproductive status (Powell – Graves, 2003), while 'gender' is a societal and cultural construction and, therefore, refers to more than just biological sex (Broadbridge – Hearn, 2008). In other words, the term 'gender' is applied mostly as a socio-cultural construction (Calás – Smircich, 1996) of the categories 'masculine' and 'feminine' based on what society culturally considers to be appropriate attributes and behaviour for a man or a woman (Unger, 1979). Furthermore 'gender' is used to refer to the psychosocial implications of being male or female, such as beliefs and expectations about the kinds of attitudes, values, skills and behaviours appropriate for or typical of one sex as opposed to the other (Archer – Lloyd, 2002; Lippa, 2005) including feelings, behaviour and interests.

Gender stereotypes and gender roles

'We "do gender" while we are at work, while we produce an organizational culture and its rules governing what is fair in the relationship between the sexes' (Gherardi, 1994, p. 591.). In this framework stereotypes and roles are frequently used concepts (Eagly et al., 2000; Kite et al., 2008; Wood – Eagly, 2010).

Gender stereotypes represent beliefs about the psychological traits that are characteristic of the members of each sex, whereas gender roles represent beliefs about the behaviours that are appropriate for members of each sex. In the same vein, leader stereotypes represent beliefs about the psychological traits that are characteristic of leaders, whereas leader roles represent beliefs about the behaviours that are appropriate for leaders. In order to reduce dimensions, in most cases, I use the terms of 'leader' (a person who provides vision, aligns, inspires and motivates people), 'leadership' and 'manager' (someone who deals with complexity, plans, manages and controls), 'management' (Kotter, 2001) interchangeably.

Special contribution potential: feminine leadership culture as comparative advantage (the lower right corner of the matrix, see Table 1)

The study of sex differences in leadership examines how male and female leaders actually differ in attitudes, values, skills, behaviours, and effectiveness, whereas the study of gender differences in leadership focuses on how people believe that male and female leaders differ (Powell, 2012). The 'special contributions' approach indicates that 'femininity' is an asset that holds

potential advantage in the workplace inverting the value given to difference in the management context. This kind of 'feminization of management' (Fondas, 1997) highlights a style that is oriented towards participation, power sharing and information exchange while it emphasises the differences as compared to other styles.

The similarities and differences given in Table 1 along the horizontal dimension are of equal importance, none of the factors can be ignored. As Judy Wajcman writes, "It is naive to believe that the revaluing of women's 'difference' will succeed where 'equal' opportunities have failed. Indeed, a stress on such differences can easily slide into reinforcing traditional stereotypes of women managers and gender differences more generally. Whichever way women play it, we will never make the grade as men" (2011, p. 347.).

Comparing leadership styles, Eagly and Johnson (1992) distinguished between two approaches: the way in which managers influence the actions of their subordinates and the manner in which they make decisions. In the first approach, two distinct types of behaviour were identified: the 'task' oriented style (this refers to the extent to which the manager initiates and organises work activity and defines the way work is to be done) and the 'interpersonal' style (which refers to the extent to which the manager engages in activities that tend to the morale and welfare of people). The masculine stereotype is associated with a high propensity to exhibit task-oriented behaviours, such as, setting goals and initiating work activity, while the feminine stereotype is associated with a high propensity to exhibit interpersonally-oriented behaviours, such as, showing consideration towards subordinates and demonstrating concern for their satisfaction (Cann – Siegfried, 1990). When individuals are high in the propensity to exhibit both task-oriented and interpersonally-oriented behaviour, they adopt (Hoffman – Borders, 2001) the profile of an androgynous leader, one who is high in both masculinity and femininity (Sargent, 1981). When individuals are low in the propensity to exhibit either type of behaviour and display laissez-faire leadership, however, they adopt (Bem, 1981) the profile of an undifferentiated leader, who is low in both masculinity and femininity.

In recent years, transformational and transactional leadership have become the primary focus of leadership theories ((Judge - Bono, 2000; Judge - Piccolo, 2004). The call for transformational leadership has occurred partly in recognition of the changing economic environment in which organisations operate. As global environments become more turbulent, highly competitive, and reliant on new technologies, they call for "high involvement" organisations with decentralized authority, flexible structures, and fewer managerial levels (Drucker, 1988; Lawler, 1995). Transformational leaders motivate

subordinates to transcend their own self-interests for the good of the group or organisation by setting high standards for performance and then developing subordinates to achieve these standards (Bass – Avolio – Atwater, 1996; Rafferty – Griffin, 2004). Transformational leaders exhibit four types of behaviour (Powell, 2012): charisma, inspirational motivation, intellectual stimulation and individualized consideration.

Overall, the transformational leadership style appears to be more congruent with the feminine than with the masculine gender role (Bass – Avolio – Atwater, 1996; Judge – Bono, 2000; Kark, 2004; Vinkenburg – Engen – Eagly – Johannesen-Schmidt, 2011). Transformational leadership is positively associated with nurturance and agreeableness, feminine traits, and negatively associated with aggression, a masculine trait. Individualized consideration is congruent with the feminine gender role because its developmental focus reflects a high concern with relationships and the needs of others.

Survey results revealed that women use the transformational leadership style more. In general, women, more than men, use power based on charisma and contacts (personal power), as opposed to power based on organizational position, title, and the ability to reward and punish (structural power) (Rosener, 1990).

In contrast with the transformational leaders, transactional leaders focus on clarifying the responsibilities of subordinates and then responding to how well subordinates execute their responsibilities (Bass – Avolio – Atwater, 1996; Rafferty – Griffin, 2004). They exhibit two kinds of behaviour: contingent reward (by promising and providing suitable rewards if followers achieve their assigned objectives); and management by exception (by intervening to correct follower performance either in anticipation of a problem or after a problem has occurred). Transactional leaders who engage in active management by exception monitor subordinate performance for mistakes (Powell, 2012), whereas those who engage in passive management by exception wait for subordinate difficulties to be brought to their attention before intervening. Transformational leaders may be transactional when it is necessary to achieve their goals, however, transactional leaders are seldom transformational. Both active and passive management by exception seem compatible with the masculine gender role in their focus on correcting followers' mistakes, because they stress immediate task accomplishment over long-term building of relationships and favour the use of leadership position to control others. In addition, contingent reward appears to be consistent with the masculine gender role because it is primarily task-oriented.

Managers may also exhibit different decision-making styles. A leader who exhibits a democratic style

of decision making allows subordinates to participate in decision making, whereas a leader who exhibits an autocratic style of decision making discourages such participation. These are generally considered to be opposite decision-making styles (Eagly et al., 1992). Tannenbaum and Schmidt's (1973) situational leadership theory recommends that managers become more democratic and less autocratic in decision making, as subordinates display a greater need for independence, readiness to assume responsibility, and ability to solve problems as a team. Linking styles to gender stereotypes, the autocratic style of decision making is associated more with the masculine stereotype, reflecting a greater emphasis on dominance and control over others (Eagly et al., 1992). In contrast, the democratic style of decision making is more associated with the feminine stereotype, reflecting a greater emphasis on the involvement of others.

As the main tendencies in business requires customer orientation, horizontal structures and team work increasingly requires co-operation, communication and interpersonal skills, i.e., the 'feminine' competencies became advantageous (Simpson – Ross-Smith – Lewis, 2008). Rather than a weakness to be overcome and 'solved', difference is seen as strength; as opposed to experiencing gender as a disadvantage, the special contribution approach indicates that 'femininity' is a newly recognized asset and holds potential advantage in the workplace.

Under current circumstances, individuals who are able to articulate and rally followers behind a unified vision, stimulate creativity in achieving the vision, and develop rewards, recognition, and career opportunities for high-performing specialists are best suited for leader roles in such organisations (Hitt – Harrison – Ireland – Best, 1998). Management approaches that emphasize open communication and delegation are most conducive to the rapid innovation and response to customers that organisations need to survive in such environments. As a result, successful organisations are shifting away from an authoritarian model of leadership and towards a more transformational and democratic model. In Western societies, management has been the last bastion of the autocratic style (Collins, 1997). However, consistent with the recent focus of leadership theories, fewer organisations are choosing this style (Drucker, 1988; Hitt et al., 1998; Lawler et al., 1995). This tendency underlines the growing importance of feminine stereotype characteristics (Powell, 2012).

Even though early leadership theories were developed at a time when there were far fewer women in leader roles, review of the major theories does not support that fact that leader stereotypes place a high value on masculine characteristics. At the same time, leader-

ship theories do not exclusively endorse feminine characteristics either. Instead, situational leadership theories (Hersey et al., 2008; Tannenbaum – Schmidt, 1973) recommend that leaders vary the amount of masculine and feminine characteristics they display according to the situation. Thus, leadership theories do not suggest that either feminine or masculine behaviours are the single keys to leader effectiveness (Powell, 2012).

Altogether the 'feminization' thesis has been influential in shaping beliefs about possible changes in gender positioning in society and in organizations (Broadbridge – Simpson, 2011).

Some researchers, however, pointed out the potential danger of the stereotypical 'caring' leadership associated with women managers (Billing – Alvesson, 1997). A related issue is how 'femininity' and organizations influence and develop each other and whether organizational or feminist research has paid enough attention to this factor (Ely – Padavic, 2007). The authors call attention to the danger that repetition of sex difference findings that stem from an under-theorised body of research runs the risk of reifying differences – of making them seem natural. "If study after study reports findings that align with stereotypes and does not address why, then these differences—in temperament, values, attitudes, and behaviours – take on a determinative quality. This approach also precludes new ways of thinking about gender" (Ely – Padavic, 2007, p. 1122.).

Empirical results such as (Lückerath-Rovers, 2013) (see more in section 'Quantitative analyses: What would be the ideal composition?') support the notion that companies with women on their boards have a better connection with the relevant stakeholders at all levels of the company, which also improves the company's reputation. This follows from the resource dependency theory, which states the board of directors also serves as a linkage mechanism towards all relevant stakeholders (Pfeffer – Salancik, 1977; Hillman – Parthiban – Bloom, 2007). Also (female) employees at companies with women on their boards are more motivated to excel because they all see that they can reach the top (Rose, 2007). Companies with women on their board could be more successful, because people are promoted on the basis of their capabilities and not on the basis of demographic characteristics (Krishnan – Park, 2005). These companies are more successful in making use of the whole talent pool for competent directors instead of only half of the talent pool.

Alternative values (the upper right corner of the matrix, see Figure 1)

In the matrix 'Alternative values' are located in the intersection of 'Ethical/political considerations (equality,

humanisation of the workplace)’ and gender differences. This means that those values are covered here that have stereotypically feminine nature. Unlike in the case of ‘special contribution’ the emphasis is put primarily not on economic efficiency, but more on ethics and humanization.

Humanisation of the workplace is advantageous for both women and men. Prominent in the content of gender stereotypes are two themes: the communal (e.g. sympathetic, concerned about others) qualities of women and the agentic (e.g. aggressive, decisive) qualities of men (Schein, 2004). Generally, the communal stereotype refers to an interpersonally sensitive orientation by which individuals are concerned with the welfare of others and with interpersonal relationships. Women are stereotypically viewed as kind, helpful, and empathic, as well as, motivated by needs for nurturance and affiliation. In contrast, the agentic stereotype refers to a self-interested, task focused orientation where individuals are concerned with mastery, dominance, and control. Men are stereotypically viewed as ambitious, competent, competitive, and individualistic, as well as, motivated by needs for autonomy, aggression, dominance, achievement, and endurance. In addition, gender stereotypes encompass other themes having to do with, for example, cognitive abilities and physical characteristics. As the norms are set by the agentic values, other ‘feminine’ characteristics such as friendly atmosphere (Wicks – Bradshaw, 1999), emphasising peer cohesion, or being cooperative and valuing and developing people (Phalen, 2000) cannot prevail.

Women are supposed to be more risk averse than men (e.g., Jianakoplos – Bernasek, 1998; Niederle – Vesterlund, 2007; Croson – Gneezy, 2009). Although there are some debates, it is well documented in the literature that men and women in the boardrooms differ in a whole range of respects (Joecks – Pull – Vetter, 2012): women tend to be less aggressive in their choice of strategy and more likely to invest in a sustainable way (Ertac – Gurdal, 2012; Charness – Gneezy, 2012).

The notion that female directors help create shareholder value through their influence on acquisition decisions is well exemplified and supported by a research (Maurice Levi, 2014) on mergers and acquisition. The less overconfident female directors are, the less they overestimate merger gains. As a result, firms with female directors are less likely to make acquisitions and if they do, pay lower bid premia.

Research finds that states with more women involved in government are also less prone to corruption (Dollar – Fisman – Gatti, 2001; Swami et al., 2001). Behavioural studies have found women to be more trust-worthy and public-spirited than men. These results suggest that women the “fairer sex” should be particularly effective in promoting honest government. Other research sug-

gests (Sung, 82) that the observed association between gender and corruption is spurious and mainly caused by its context, liberal democracy — a political system that promotes gender equality and better governance. Data support this “fairer system” thesis.

Other research (Wangnerud, 2014) presents evidence from 18 European countries showing that where levels of corruption are high, the proportion of women elected is low. It may be a consequence of the fact that corruption indicates the presence of ‘shadowy arrangements’ that benefit the already privileged and pose a direct obstacle to women when male-dominated networks influence political parties’ candidate selection.

A recent review of experimental evidence (Esarey, 2014) indicates that women are not necessarily more honest or averse to corruption than men in either the laboratory or the field (Frank – Lamsdorff – Boehm, 2011). Rather, the attitudes and behaviours of women concerning corruption depend on institutional and cultural contexts in these experimental situations (Alatas, 2009; Alhassan-Alolo, 2007). The authors argue that a great deal of experimental and observational evidence has shown women to be more risk-averse than men when confronting identical situations. In democratic regimes, where corruption is typically stigmatized by law and custom, corruption is a risky behaviour. Ergo, we should generally expect women to engage less in corrupt behaviour in democracies. We should also expect variations in these governments’ ability or desire to hold corrupt officials accountable to have a greater effect on women, and therefore to be reflected in variations in the inverse link between gender and corruption. The strongest relationship between gender and corruption should be where accountability is strongest.

Quantitative analyses: What would be the ideal composition?

The empirical evidence on the link between female representation on the board and firm performance is controversial. While some studies found positive correlation between women on boards and firm performance (Carter – D’Souza – Simkins – Simpson, 2010; Carter, 2011; Barta – Kleiner – Neumann, 2012), others provided negative links (Gallego-Álvarez – García-Sánchez – Rodríguez-Domínguez, 2009; Holst – Kirsch, 2014), while still others did not find any interdependence whatsoever between the two (Haslam – Ryan – Kulich – Trojanowski – Atkins, 2010).

There are a number of factors that complicate such studies. First, there is the time component (it takes time for board members to become sufficiently knowledgeable and experienced in board matters to be able to influence decisions and have impact on the organization).

Other important components are the individuals' age, experience or the relationship with the other members of the board. For example, an analysis of German banks' executive boards in the period from 1994 to 2010 at first sight showed that a higher proportion of women on the executive board resulted in a riskier business model. After a closer look, however, it became clear that "... decreases in average board age robustly increase banks' portfolio risk. This effect is statistically and also economically large" (Berger, 2013). This means that the explanatory factor was not female participation, but rather the decrease in the board members' average age, male and female alike.

Some of the differences in the studies' results may be due to the data being obtained from different countries (with differing board systems) and in different time periods, as well as, from the use of different performance measures and estimation methods (Campbell – Mínguez-Vera – 2008, p. 441.; Rhode – Packel, 2010). The Glass cliff effect (see in section *Equal chances*) may also distort some data.

Results may further be affected by studies being compared with differing ratios of women on boards (Joecks – Pull – Vetter, 2012). If we assume that the link between gender diversity and performance were non-linear and, e.g., U-shaped, in case of boards with few women, the relation between gender diversity and performance would be negative, while in a reverse case it would be positive.

This U shape assumption is built on Kanter's influential work (1977a, p. 206-242.) and (1977b) concerning gender diversity in groups i.e., the critical mass theory, in which Kanter provides insight into effectiveness and gender composition. In her analysis of group interaction processes, Kanter sets up four different categories of groups according to their composition: uniform groups, skewed groups, tilted groups, and balanced groups:

- Uniform groups are groups in which all members share the same (visible) characteristic. With reference to salient external master statuses like gender, its members are similar.
- Skewed groups (up to 20 % women) are groups in which one dominant type controls the few, thus controlling the group and its culture. The few are called "tokens." Kanter highlighted the problems faced by women in groups containing a large preponderance of men over women (the rare "token managers"): how men assigned to women based their opinion on stereotypical attributes and, through informal networking and other processes, 'closed ranks' against them.
- Tilted groups (20-40%) are groups with a less extreme distribution. Unlike in skewed groups, mi-

nority members can ally and influence the culture of the group. Members are to be differentiated from each other based on their skills and abilities. In a so-called balanced group, majority and minority turn into potential subgroups where gender-based differences become less and less important.

As regards group interaction processes, Kanter regards skewed groups to be especially problematic. Either the tokens are in the focus or they are overlooked, and they may be subject to stereotyping (1977a). For women, there are different strategies to cope with a token status (1977b). Either they pretend that differences between women and men do not exist, or they hide their individual characteristics behind stereotypes. The incumbent men, too, will also behave differently in skewed as opposed to uniform groups, leading skewed groups to be outperformed by uniform ones.

With an increase in their relative numbers from a skewed to a tilted or even a balanced group, women are more likely to be individually differentiated from each other. As a result, they might then bring in their different knowledge bases and perspectives. Although women in the boardrooms are individuals and may be different from the gender stereotypes, there is a good chance that they may add value to a male-dominated boardroom by providing new perspectives and by asking different questions (Burke, 1997; Burgess – Tharenou, 2002; Farrell – Hersch, 2005; Konrad – Kramer, 2006; Apesteguia et al., 2012).

To sum up: the critical mass theory postulates that until a certain threshold or 'critical mass' of women in a group is reached, the focus of the group members is not on the different abilities and skills that women bring into the group. In consequence, skewed groups will have lower performance than uniform or tilted and balanced groups, while tilted groups will outperform uniform and skewed groups (Konrad – Kramer – Erkut, 2008; Torcia – Calabro – Huse, 2011; Joecks – Pull – Vetter, 2012).

Several empirical evidences support the critical mass theory. In their qualitative research, Konrad, and Kramer (2006) found that a clear shift in culture occurs when boards have three or more women. At that critical mass, their research shows, women tend to be regarded by other board members not as "female directors" but simply as directors, and they don't report being isolates or ignored. In a later study, the following advantages were identified (Konrad – Kramer – Erkut, 2008, p. 146.): 'First, multiple women help to break the stereotypes that solo women are subjected to. Second, a critical mass of women helps to change an all-male communication dynamic. Third and last, research on influence and conformity in groups indicates that three

may be somewhat of a “magic number” in group dynamics’. Results of Torchia, Calabro and Huse (2011) suggest that attaining critical mass – going from one or two women (a few tokens) to at least three women (consistent minority) – makes enhancement of the level of firm innovation possible. Joecks and Vetter (2012) found that skewed supervisory boards were outperformed by tilted supervisory boards.

One of the most cited studies, prepared by Catalyst (2011), highlights similar tendencies: companies with the highest female board membership quartile had an average of 16% higher return on sales (ROS) than those in the lowest quartile and their advantage in terms of return on invested capital (ROIC) was 26%. Companies of at least three women board members who worked at least for four years outperformed the others by 84% and 60%, respectively in terms of ROS and ROIC, and 46% in terms of return on equity (ROE). The critical mass theory was proved to be true in the Chinese private, stock exchange listed companies. (Liu, 2014). Statistics show that female executive directors have a stronger positive effect on firm performance than female non-executive directors, indicating that the executive effect outweighs the monitoring effect. A Dutch study (Lückerath-Rovers, 2013) shows that firms with women directors perform better than the others. The author calls attention to the fact that having women on the board is a logical consequence of a more innovative, modern, and transparent enterprise where all levels of the company achieve high performance (Singh – Vinnicombe, 2004).

Naturally, women directors are considered to be an inhomogeneous group (Joecks – Pull – Vetter, 2012). Each woman is unique with different values and characteristics to the rest of the sub-group (Huse et al., 2009; Nielsen – Huse, 2010). This is in line with (Mansbridge, 2005), who attaches a caveat to the idea of essentialism inherent in gender quotas. Indeed, gender essentialism – the idea that all women possess some sort of shared characteristics simply because they are women – is too-frequently a side effect of the efforts to achieve equal representation of women. Essentialist understandings of gender are dangerous not only because they mask diversity among women, but also because they treat gender identity as rigid and defined by a limited set of characteristics. In exaggerating differences between males and females, the less powerful female group is often seen as more homogeneous.

Boardbridge – Simpson worried (2011) about the current conceptualizations that gender issues have been ‘solved’ with a tendency towards ‘gender denial’ in understandings of work based disadvantage. They concluded that there was still a need to continue to monitor and publicize gender differences, and clarify and con-

ceptualize emerging gendered hierarchies, as well as, reveal hidden, gendered practices.

We still should not forget the fact that even under the circumstances of a global race for management talent, female representation on the corporate boards is below 15 per cent, which means a lot waste of talent and creative energy. Indeed, there is an essential difference between the two genders that is disadvantageous for women in moving up the career ladder. A number of components of this difference is constructed by the fact that when we do business we do gender as well. The inner ambiguity of gender construction is expressed in the dilemma: how can we do gender (Gherardi, 1994) without second-sexing the female?

Exposing meritocracy (the lower left corner of the matrix, see Table 1)

Although a number of arguments supporting female participation in leadership were presented, in reality female participation in senior management is still low (Figure 1). In sections 6 and 7 I summarize the findings of research documents that investigated the reasons for this underrepresentation.

When searching for the causes of low female representation, studying gender symbols and metaphors makes it possible to use indirect speech and, discursively, to change gender relationships within organizations. Metaphors are often used for explaining certain aspects of cultures, because they represent ‘conceptual windows which help the organizational analyst gain better access to rich avenues of meaning’ (Chia, 1996, p. 128.).

The metaphor of ‘glass ceiling’ has been widely used since the late eighties (Morrison – White – Velsor, 1987; Billing, 1997; Powell G. N., 1999; Liff – Ward, 2001). According to Murrell and Hayes James (2001, p. 244.): “most well-known illustrations of discrimination in the workplace are captured by the concept of ‘glass ceiling’, which defines the invisible barrier that prevents many women and minorities from advancing into senior and executive management positions within organizations.” The reason for the name ‘glass’ is that no visible constraints may be identified, because the legal system provides equal opportunities and no open discrimination is applied.

Researchers later suggested that some new characteristics and the complexity of the issue could better be reflected by the metaphor of ‘labyrinth’ (Eagly – Carli, 2007). As ‘times have changed ... the glass ceiling metaphor is now more wrong than right’ for two reasons (p. 64.). On the one hand, positive changes made the term outdated, because of the description of an absolute barrier at a specific high level within organizations – that has changed. Also, as a result of some recent devel-

opments, female chief executives and board members were appointed, i.e.: they managed to break the glass. On the other hand, the metaphor implies that women and men have equal access to good entry- and midlevel positions and actually they do not. The new metaphor 'labyrinth' expresses the never-ending challenges that women traverse to attain and effectively exercise power and authority in the hierarchical organizations.

Survey results (Carter – Silva, 2010) revealed that even in those companies that implemented programs to fix structural biases against women and support their full participation in leadership, women continue to lag behind men at every single career stage. The management pipeline is not healthy; inequality remains entrenched. Even after adjusting for the years of work experience, industry, and region, it was found that men started their careers at higher levels than women. The finding held when only those women and men were included who said they were aiming for senior executive positions. Even amongst women and men without children, living at home, men still started at higher levels. It was also revealed that after starting out "behind", women didn't catch up. Men move further up the career ladder – and they move faster. Another research showed (Ibarra – Carter – Sylva, 2010) that differences could be recognized in favour of men even in the context of mentoring programs.

The fact that 'ceilings' can be found at every level of the hierarchy inspired the construction of the 'leaky pipeline' metaphor (Carter – Silva, 2010) and supported the 'labyrinth' metaphor, as well. Finally, the metaphor of 'glass firewall' portrays a sort of discrimination that is complex, fluid, incoherent, and heterogeneous, and stresses a processual view of discrimination as 'doing discrimination' (Bendl – Schmidt, 2010, p. 629.).

"Notions of meritocracy, based on supposedly objective criteria of education, experience and skills, have strong purchase in understandings and applications of 'fairness' at work – suggesting that women can compete for jobs and promotion on the 'same basis' as men" (Broadbridge – Simpson, 2011, p. 477.). These 'neutral' criteria on which meritocracy are based, however, do contain a gender bias (Lewis – Simpson, 2010).

The societal and cultural aspects of gender may help find the key to the challenge in meritocracy. As Billing and Alvesson explain (1997), the traditional gendered division of labour, i.e. men specialising in paid employment and women specialising in unpaid family work, has long been the societal norm. As a result, the public and the private spaces have become separate. The public sphere, with its bureaucratic organisations, is historically dominated by men. The corporate world – and especially top management circles – can thus be compared to a game that was invented by and for male

players, which follows certain rules that correspond to men's ideas and principles of work. Other authors support this idea with the reasoning that organisational cultures are often conceptualised as being more 'masculine' or 'male', indicating that they are more in line with stereotypical masculine values such as aggressiveness, competition, status-orientation, hierarchy and control (Wajcman, 1998). Historically most organisations have been founded by and are still dominated by men, especially in the higher management ranks (Terjesen – Singh, 2008). As a result, organisational cultures have been created which, intentionally or not, consider male preferences and life patterns as the norm and which value male attributes more than female ones (Meyerson, 2000). Due to socialization and family-related expectations, women may be limited in gaining the same level of experiences and skills as men. At the same time, men may be more oriented towards ambition and career due to the traditional roles of the two genders (Bagihole – Goode, 2001).

As social acceptance and personal trust are also important and men have more access to male networks where the powerful decision-makers belong to, thus, in this respect, merit does not translate the same way for the two genders. This supports Wajcman's (1998) notion of 'contemporary patriarchy', i.e. the subordination of women within a framework of equality. Modern practices of mentoring sponsoring and other personal development activities, however, may counterbalance such disadvantages if applied in the context of true meritocracy (Carter – Silva, 2010).

An example for masculine merits is the male-biased definition of commitment (Schein, 2004). Even at the time of PC-s, laptops, internet and smart phones, which provide a great deal of flexibility in work, the widespread assumption is that a committed manager is always available, accepts unpredictable working hours, works late into the evening and over weekends in the office, and shows a high degree of spontaneity and flexibility. This creates specific challenges for women who are often unable to conform to this norm due to the traditional family-related responsibilities. The work-life balance debate (Tóth, 2005) shows that the existence of such a long hour's norm, along with high demands in terms of flexibility and geographical mobility, creates working conditions that are incompatible with most women's lives. Nobody challenges this norm even if with better planning work could be managed differently, but with the same efficiency.

Even if a woman could accept the above conditions she may not even be asked due to the presumptions. A survey (McKinsey & Company, 2012) revealed cases where women applicants were rejected because of the 24/7 availability requirement; however, nobody

checked whether they would have been able to meet the requirement or considered whether unlimited availability was really necessary.

Assumed neutrality may lead to situations that Simpson, Ross-Smith and Lewis (2008) revealed: women managers rationalized observed disadvantage as the effects of personal decisions, thus avoiding reference to gendered organizational practice that worked against them. Meritocracy is a good excuse for low female representation in senior positions. An example for this is (Simpson – Ross-Smith – Lewis, p. 199-200.) that male senior managers and CEOs make frequent references to meritocratic principles in their hiring and promotion decisions to demonstrate their adherence and commitment to gender equality in their organizations.

Barriers to equal opportunities (the upper left corner of the matrix, see Figure 1)

A number of review articles such as (Ely – Padavic, 2007; Terjesen – Sealy – Sing, 2009; Broadbridge – Simpson, 2011; Powell, 2012; Danowitz – Hanappi-Egger, 2012; Kornau – Festing, 2013) discuss research outcomes on components of unequal opportunities of women to reach senior positions. Most of the research results suggest that the playing field that constitutes the managerial ranks continues to be tilted in favour of men and behaviours associated with the masculine gender stereotype, a phenomenon that occurs despite what leadership theories and field evidence would suggest.

One of the most important factors is that even if the beliefs about the personal characteristics of a successful middle-manager have changed over time, men are still believed to be better managers and better managers are still believed to be masculine. A similar pattern of results is exhibited in countries with very different national cultures such as the UK, Germany, Japan, China, Turkey, Sweden, and South Africa. In these countries both men and women believe that men are more similar to successful managers than women are, but men endorse such beliefs to a greater extent than women do (Schein – Mueller, 1992; Schein et al., 1996; Schein, 2001; Vicsek, 2002; Fullagar et al., 2003; Booysen – Nkomo, 2010).

These results suggest that international beliefs about managers are best expressed as think manager – think male, especially among men (Powell – Butterfield, 1989, 2003; Koenig – Eagly – Mitchell – Ristikari, 2011). The fact that a very high proportion of women top managers are daughters of top-manager fathers (Nagy, 2001) is in line with this belief. This model seems capable of a ‘cross-effect’ and facilitates the formation of self-confidence and role-model necessary for attaining the posi-

tion. A related finding (Alvesson – Billing, 1977) is that a high proportion of women managers identify with their fathers rather than their mothers.

One of theories to explain the phenomenon is the lack of fit model (Heilman, 1983, 1995, 2001; Haslam – Ryan, 2008). It suggests that even in cases when the female and male managers being evaluated are exhibiting exactly the same behaviour, individuals who believe that men possess the characteristics that are best suited for the managerial role more than women are likely to evaluate male managers more favourably than female ones.

Another aspect of this issue is highlighted by the role congruity theory where leader and gender stereotypes put female leaders at a distinct disadvantage by forcing them to deal with the perceived incongruity between the leader role and their gender role (Eagly – Karau, 2002). Gender role congruence is defined as “the extent to which leaders behave in a manner that is congruent with gender role expectations” (Eagly et al., 1992, p. 5). If women compete with men for leadership positions and conform to the leader role, they fail to meet the requirements of the female gender role, which calls for feminine niceness and deference to the authority of men (Rudman – Glick, 2001). At the same time, if women conform to the female gender role, they fail to meet the requirements of the leader role.

The status characteristics theory (Webster – Berger, 2006; Ridgeway, 1991, 2009) provides a possible explanation on the background of these phenomena. The theory argues that unequal societal status is assigned to the sexes, with men granted higher status than women (Nagy – Vicsek, 2008). Because of their stronger status position, men get more opportunities to initiate actions and influence decision-making, leading them to specialize in task-oriented traits. In contrast, due to their weaker status position, women are required to monitor others’ reactions to themselves and be responsive to interpersonal cues, leading them to specialize in interpersonally-oriented traits (Aries, 2006).

Sayers calls the attention to the fact that the gender wage gap is partly a result of these negative attitudes towards women indicating that broader societal expectations cause people to unconsciously believe that female work is of less value (Sayers, 2012).

According to the similarity-attraction paradigm, people make the most positive evaluations of and decisions about those whom they see as being similar to themselves (Byrne – Neuman, 1992). Kanter (1977a) characterized the results of such a preference in management ranks as “homosocial reproduction.” Uncertainty is always present when individuals are relied upon, and the effects of such uncertainty are greatest when the individual holds significant responsibility for

the direction of the organisation. One way to minimize uncertainty in the executive suite is to close top management positions to people who are regarded as “different”.

There is one exception, the ‘glass cliff’. Despite women’s difficulties in obtaining demanding assignments, other evidence shows that some women are placed, more often than comparable men, in highly risky positions (Haslam – Ryan, 2008; Bruckmüller – Branscombe, 2010). When companies are facing financial downturns and declining performance, executives have a fairly high risk of failure. Companies may be more willing to have female executives take these risks, and women may be more willing to accept such positions, given their lesser prospects for obtaining more desirable positions, or their lack of access to networks that might steer them away from such jobs. Some other research also revealed (Haslam – Ryan – Kulich – Trojanowski – Atkins, 2010) that in some cases, stock-market performance reflected the perception of organizational crisis at the time of women’s appointment to leadership positions regardless of the real performance of companies. The latter finding is supported by some further empirical results (Torcia – Calabro – Huse, 2011).

Women senior managers in skewed groups are not perceived as individuals and have to cope with a number of psychological challenges as a minority below the critical mass (see further details in section ‘Quantitative analyses: What would be the ideal composition?’).

Devaluation of women and related activities happens when abilities such as communication, empathy, caring that are stereotyped as ‘women skills’ are not considered necessary for line management, therefore women rarely have opportunities to receive such mid-manager jobs where they can practice and prove their abilities. Men encounter broader-based tasks much more frequently during their work (Eagly – Carli, 2007). They have to carry out pre-committed, quantified plans under time pressure and resource limitations, while constantly receiving criticism, which they have to learn how to handle (Bálint, 2007). Vertical segregation (Eagly – Carli, 2007; Nagy, 2007; Nagy – Primecz, 2010) means that women are typically taken into middle-management positions only in support functions such as HR, PR, marketing, accounting and finance, i.e. behind the ‘glass wall’. These areas also demand performance, but in a different way from the areas dominated by men, and so women get stuck in these functions, because there is rarely a route upwards. They have no occasion (Nagy, 2007) to learn the routines and develop the skills that render them capable of taking on a full-scale top management position. The positions are thus filled by men. Internal units operating as profit centres are still mostly bastions of the male empire.

Men’s negative attitude towards women executives partly comes from the fact that they identify these women as their competitors (Everett – Thorne – Danehower, 1996), which means, in effect, that they do not like to perceive more competitors than previously, when only other men represented a potential ‘danger’ to them.

A further disadvantage for women is the exclusion from male networks. Both sexes often form social networks dominated by their own sex, and women often experience exclusion from informal “old boys’ networks” (e.g. Katila – Meriläinen, 1999; Miller, 2002; Zahidi – Ibarra, 2010; Featherstone, 2004). Segregated networks are not optimal for women’s advancement, because networks populated by men are generally more powerful. One way to overcome this limitation is to develop mentoring relationships, which provide one way of gaining social capital and tend to enhance the individuals’ career progress (Allen, 2004). Mentors who hold powerful positions are able to offer considerable career facilitation. Yet, mentoring relationships, too, in a number of cases tend to form along same-sex lines.

Due to the pervasiveness of stereotypical competition and aggressiveness, women in highly masculine domains often have to contend with criticisms that they lack the toughness and competitiveness needed to succeed. In such settings, it is difficult for women to build relationships and gain acceptance in influential networks (Timberlake, 2005).

Lack of female support is due to the very low representation of women in CEO and executive director positions. This leads to the lack of female mentors and role models. We have already concluded that there are even less women who have managed career and family issues successfully (Liff – Ward, 2001; Nagy, 2001). Women can experience gains from relationships with other women, especially in terms of social support, role modelling, and information about overcoming discrimination (Bilimoria, 2006; Dougherty – Forret, 2004; Timberlake, 2005). At the same time there is also the ‘Queen Bee Syndrome’ (Mavin, 2008) which occurs when a female senior executive – enjoying the unique position of being the only woman visible – is unwilling to support younger women. Many senior executive women do not wish to be perceived primarily as representatives of the female gender group, but rather as competent leaders, and are thus not prepared to act as visible change agents to increase the representation of women in higher hierarchical levels.

Hierarchical structures play a role because – partly due to the socialization – more men favour power and authority than women (Schwartz – Rubel-Lifschitz, 2009; Adams – Funk, 2012). Female respondents argue that organisational culture should be less accepting of established authority (Wicks – Bradshaw, 1999) and,

instead, more participatory (van Vianen – Fisher, 2002; McTavish – Miller, 2009). It was also found that organisational practices that emphasise low power distance (House – Javidan – Hagnes – Dorfman, 2002) are correlated positively to the proportion of women in leadership positions (Bajdo – Dickson, 2001).

Women may be irritated by a highly competitive approach to business (Miller, 2002), as well as by aggressive competition at peer level. This is accompanied by political power games and involves, for instance, project rivalry and ownership claims (Simpson, 2000). Evidence also suggests that women are uncomfortable with men's management styles, as they consider them to be too aggressive and focused on status and visibility (Rutherford, 2001). Based on in-group/out-group categorisation processes, it is not surprising to find that men hold negative attitudes towards female executives with whom they have to compete and do not consider them as equally suited for management jobs (Everett – Thorne – Danehower, 1996).

Sexism in daily interactions may be experienced when leader roles' perceptions are extremely masculine and people suspect that a woman is not qualified for the position; this often results in resistance to the woman's authority (Eagly – Karau, 2002) and (Eagly – Carli, 2007). In a dominantly male environment, women often experience sexist or hostile jokes (Simpson, 2000). In its more subtle forms, negative male attitudes are revealed by ignoring women in meetings, not taking them seriously or playing power games at their expense (Phalen, 2000).

A study (Tienari, 2013) suggests that executive search consultants are generally aware of the exclusion of women in their assignments, although, they underline their limited latitude in including more women in search processes. If there is no explicit request for women candidates, headhunters – under time pressure – are not willing to extend the search outside their established network of contacts. Profiling (Mathieu, 2009) is another example for exclusion as the requirement may suggest male candidates only.

Differences between women and men may be more pronounced when women are in a position of lower access to power than their male colleagues. The good news for women is that these less masculine ways of leading have gained cultural currency as the traditionally masculine command-and-control style has become less admired than previously. This shift reflects the greater complexity of modern organizations. Evidence increasingly suggests that women tend to be better suited than men to serve as leaders in the ways required in the global economy (Powell, 2012). An appropriate manager of our time gains less from ordering others about and more from assembling a team of smart, moti-

vated subordinates who together figure out how to solve problems (Eagly – Carli, 2007).

In light of the debates on gender quota, the question of whether organisations should choose women for leader roles on the basis of their sex is a very relevant one. The challenge for organisations is to take advantage of and develop the capabilities of all individuals in leader roles and then create conditions that give leaders of both sexes true equal chances to succeed (Falkenberg, 1990; Yoder, 2001). To achieve this situation, hidden inequalities in chances and gender biased values in selection should be carefully considered. The goal should be to enhance the likelihood that all people, women and men, alike, will be effective in leader roles.

Conclusions

What does all the above tell us about women and men in senior management? Situational leadership theory suggests that leadership style should follow the nature of the situation, varying the amount of feminine and masculine features (Tannenbaum – Schmidt, 1973). Characteristics, that play key roles in good leadership and manager performance as their followers gain independence, responsibility and the ability to work well as a team, however, are more associated with female than male stereotypes (Blachard – Hersey – Johnson, 2000). In other words interpersonally orientated behaviours that use sophisticated motivation and aim satisfaction of subordinates have proven to be more efficient than task oriented approach with goal setting and initiating and checking activities (Cann – Siegfried, 1990).

In contrast with autocratic style that is associated with masculine stereotype, democratic decision making is more associated with the feminine stereotype and fits better to the fast-changing, complex and global world. Transformational leadership style appears to be more congruent with the feminine than the masculine gender role, as it is positively associated with agreeableness and negatively with aggression (Bass – Avolio – Atwater, 1996).

Although quantitative analyses resulted in different outcomes partly due to different approaches, a number of studies found positive correlation between women representation on boards and firm performance (Carter – D'Souza – Simkins – Simpson, 2010; Carter, 2011; Barta – Kleiner – Neumann, 2012). Results may further be affected by studies being compared with differing ratios of women on boards (Joecks – Pull – Vetter, 2012). If we assume that the link between gender diversity and performance were non-linear and, e.g., U-shaped, in case of boards with few women, the relation between gender diversity and performance would be negative, while in a reverse case it would be positive.

According to the critical mass theory the advantage of gender diversity in senior management teams is the highest where the representation of the minority group exceeds 30 per cent (Kanter, 1977b).

At the same time recent empirical facts show that women accounted for only three percent of CEOs and 13 percent of senior executives in Europe's stock exchange listed blue chip companies (Figure 1).

Key reasons why reality falls so far from the theoretical optimum are issues of deficiencies in the application of meritocracy and the lack of equal opportunities. A number of review articles such as (Ely – Padavic, 2007; Terjesen – Sealy – Sing, 2009; Broadbridge – Simpson, 2011; Danowitz – Hanappi-Egger, 2012; Kornau – Festing, 2013) discuss research outcomes on components of unequal opportunities of women to reach senior positions. Most of the research results suggest that the playing field that constitutes the managerial ranks continues to be tilted in favour of men and behaviours associated with the masculine gender stereotype (Powell, 2012).

Several measures have been made to increase female participation in senior management including equal treatment legislation, gender mainstreaming (integration of the gender perspective into all other policies) and specific measures for the advancement of women including recommendations and quota system in some countries (European Commission, 2016). A number of companies have introduced internal programs such as sensitivity trainings for men, career development trainings for women and mentoring schemes (Allen, 2004; Carter – Silva, 2010). The business sector, civil organizations, politicians and international organizations are making efforts to improve the situation.

As a number of obstacles are deeply rooted in culture and socialization (Alvesson – Billing, 1997; Wajcman, 1998; Heilman, 1983, 1995, 2001; Powell – Butterfield, 1989; Bagihole – Goode, 2001; Bajdo – Dickson, 2001; Nagy, 2001; Vicsek, 2002; Schein, 2004; Eagly – Carli, 2007; Terjesen – Singh, 2008; Haslam – Ryan, 2008; Schwartz – Rubel-Lifschitz, 2009; Adams – Funk, 2012) the changes are still slow. The causes are multiple, complex, and call for a comprehensive approach to tackle the problem. They stem from traditional gender roles and stereotypes, the lack of support for women and men to balance care responsibilities with work and the prevalent political and corporate cultures, to name just a few.

In order to improve the sophistication of different measures further research is needed. One issue is to find the way to achieve mutual respect and appreciation. It is proposed that senior men and women be interviewed to understand their perceptions, attitudes, feelings and beliefs about their roles and the ways of co-operation. Research conducted in the investor com-

munity could be also useful as most of them do not appear to be concerned by gender diversity in the firms' senior management teams; the reasons for this have yet to be explored sufficiently. The effects of the measures introduced by governments are also worthy of study: which management positions are filled by women, what management styles are applied by those women and what are the experiences of the other members of the management teams.

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CIKKEK MAGYAR NYELVŰ ÖSSZEFOGLALÓI

Felsmann Balázs

Mennyire számíthat az intézmények az üzleti stratégiában? - A stratégiai menedzsment változó figyelme az intézmények iránt – irodalmi összefoglaló

A válság utáni időszak menedzsment szakirodalma a korábbiaknál jóval nagyobb hangsúlyt helyez az intézményi tényezők fontosságára a vállalati stratégia kialakítása során. 2008 óta a világban számos helyen csökkent a piaci alapú koordinációs mechanizmusok működőképességébe vetett hit, ami együtt járt a közvetlen állami szerepvállalás iránti várakozások erősödésével. Ez a változás magával hozta a stratégia intézmény-központú nézőpontjának megerősödését.

Bár a tudományos és közérdeklődés láthatóan megnőtt az elmúlt időszakban, a formális és informális intézmények befolyásoló hatásainak vizsgálata már évtizedek óta jelen van a stratégiai tárgyú kutatásokban. A szerző a vezető stratégiai menedzsment iskolák ide vonatkozó megállapításain keresztül mutatja be azokat a tényezőket, amelyek az egyes iskolák nézőpontja szerint leginkább jellemzik az intézmények és a stratégia kölcsönös kapcsolatát. A témakör nemzetközi szakirodalmának áttekintése mellett a cikk kiterjed a vonatkozó hazai irodalom bemutatására is.

Révész Éva

Teljesítménymenedzsment-eszközök alkalmazásának hajtóerői és tartalmi elemei a magyar közigazgatás ügynökség-típusú szervezeteiben

Hazánkban is évek óta napirenden van – a nemzetközi reformtörekvésekkel összhangban – a közigazgatás teljesítményének javítása. Kormányzati oldalról időről időre ugyan megfogalmazódik a jobb teljesítményű közigazgatás megteremtésének igénye, ugyanakkor nincs olyan átfogó koncepció vagy program, amely explicit módon elvárja és támogatja a teljesítményorientáció javítását e szektorban. Ezzel együtt az egyes szervezetek oldaláról is érkeznek kezdeményezések, amelyek a teljesítményorientált működést célozzák.

A vizsgált szervezeti kört a hazai központi közigazgatás azon intézményei jelentik, amelyek esetében a nemzetközi szakirodalom alapján leginkább való-

színűsíthető a teljesítménymenedzsment-eszközök sikeres alkalmazása. Ezek a viszonylag autonómnak tekintett, ún. ügynökség-típusú szervezetek (angolul agencies), amelyek hazai megfelelői az autonóm államigazgatási szervek (pl. Gazdasági Versenyhivatal), a kormányhivatalok (pl. Központi Statisztikai Hivatal), és a valamely minisztérium által felügyelt központi hivatalok (pl. Nemzeti Közlekedési Hatóság). Az ügynökség-típusú szervezetek vezetői autonómiával bíró jogilag független intézmények.

A tanulmány célja, hogy áttekintést adjon a hazai ügynökségek által alkalmazott szervezeti szintű teljesítménymenedzsment eszközökről, valamint feltárja ezen eszközök alkalmazásának okait, hajtóerőit. Az empirikus kutatás kevert módszertanú megközelítést alkalmaz, amely ötvözi a kvantitatív és kvalitatív eljárásokat. A kutatás első – kvantitatív – fázisa a vizsgált szervezetek honlapjainak tartalomelemzése volt. Ennek eredményeképp minden hazai ügynökség-típusú szervezetről és az általuk alkalmazott teljesítménymenedzsment eszközök egy részéről számos információ állt rendelkezésre. A második – kvantitatív – kutatási fázisban félig strukturált interjúk készültek az első fázis eredményei alapján kiválasztott ügynökségek felsovezetőivel.

Gergelyné Kása Marianna

A szűk monetáris kondíciók és a válságok hatásainak tanulságai a vállalati tőkeszerkezetre

Jelen tanulmány vizsgálja a szűk monetáris környezet, válságok és a vállalati tőkeszerkezet közötti kapcsolatot; megteremti a kapcsolat elemzéséhez szükséges vizsgálati keretet, valamint - az elméleti és gyakorlati kutatások áttekintése alapján - levonja az eddigi eredmények alapján a következtetéseket, azonosítja a gyakorlati eredmények esetleges hiányát, valamint további kutatási irányokat azonosít.

Az eredmények alapján megállapítható, hogy a tőke kínálati oldala hatást gyakorol a tőkeszerkezetre, azonban a kapcsolatot mindeddig kevés kutatás elemzi. Csupán néhány kutatás foglalkozik a finanszírozási mix válság alatti alakulásával, így feltáratlan, hogy a mix elemei hogyan alakulnak a hitelkínálat szűkülése, válság esetén. Nem meghatározott továbbá a 2007-08-

as válság hatása, kifejezetten a külső finanszírozási forrásokhoz korlátozott hozzáféréssel rendelkező vállalatok, valamint a CEE régió vállalatai esetében.

Taródy Dávid

Szervezeti kettős képesség, mint a stratégiai menedzsment új kutatási paradigmája

Egy vállalat csak úgy lehet hosszú távon versenyképes, ha jelenlegi kompetenciáit tökéletesen ki tudja aknázni, miközben figyelmet szentel új tudás, termékek és piacok felfedezésére is. A kiaknázás és felfedezés közötti egyensúlyt a szakirodalom kettős képességnek hívja. Ezen egymással ellentétes, versengő viszonyban lévő tevékenységek szimultán kezelése rendkívüli kihívást jelent a vállalatok számára, így a vezetéstudományok különböző területei közel fél évszázada keresik a választ a dilemma feloldására. Jelen tanulmány legfőbb célja, hogy mély és részletes betekintést nyújtson a hazai szakirodalom számára is a szervezeti kettős képesség elméletébe, bemutassa a felfedezés és kiaknázás paradoxonját, az irodalom főbb töréspontjait és a terület jelenlegi állapotát. Habár a kettős képesség számos kérdése alaposan kutatott (különösen a strukturális és vezetői megoldások multinacionális vállalatok esetében), jelenleg keveset tudunk arról, (1) hogyan fejlődik a kettős képesség korai növekedési szakaszokban, (2) mik a legfőbb alkotóelemei és gátjai egy kettős képességű szervezeti kontextusnak, illetve (3) mi az egyes vezetői szintek feladata a kettős képességű szervezetek kialakulásában?

Kulcsszavak: szervezeti kettős képesség, strukturális kettős képesség, kontextuális kettős képesség, felfedezés, kiaknázás.

Ferincz Adrienn

Adaptáció és változás a szervezetitanulás-kutatásokban

Annak érdekében, hogy megértsük a szervezeti tanulás szerepét a szervezeti kihívások legyőzésében a szervezeti tanulás kutatását ki kell terjeszteni az adaptáció és a változás területeire. E cikk egy nagyobb empirikus kutatómunka első szakasza, egy szakirodalmi összefoglaló, mely e témák közötti kapcsolatokat vizsgálja és réseket keres a meglévő szakirodalomban. Habár e jelenségek szorosan összekapcsolódnak a szakirodalomban, a szervezeti tanulásról való gondolkodás sokkal inkább idealisztikus és kevésbé kö-

rültekintő képet mutat, és vannak még rések a szakirodalomban a következő kérdésekben: (1) Szükség van a belső szervezeti kihívások vizsgálatára a szervezeti tanulás nézőpontjából? (2) Hogyan jellemezhető a múltbéli szervezeti adaptáció a szervezeti tanulás fogalomkészletével? (3) A múltbéli adaptációs folyamat vagy szervezeti tanulási folyamat mindig jó és hasznos a szervezet számára? A szakirodalom feldolgozása alapján a szerző megalkotta saját szervezeti tanulás definícióját, és jövőbeni kutatási irányokat azonosított a szakirodalmi rések betöltésére.

Dunavölgyi Mária

Nők és férfiak a cégek felső vezetésében: alapkérdések és visszatérő dilemmák

A cikk annak az ellentmondásnak az okait vizsgálja, hogy míg vezetéstudomány mai ajánlásai szerinti vezetési stílus jegyei közelebb állnak a feminin, mint a maskulin sztereotípiákhoz és az empirikus vizsgálatok számos eredménye összhangban áll a „kritikus tömeg” elmélettel, addig a vállaltok felsővezetői között a nők aránya alig haladja meg a 10 százalékot.

A feminin sztereotípiához közelálló stílus vezetési előnyeinek és az alacsony női részvétel okainak tárgyalása Alvesson és Billing által kidolgozott módszertan keretben történik (1997, p. 171). A komplexsége váló, gyorsan változó világban a demokratikus döntéshozatal, a bevonáson és meggyőzésen alapuló transzformációs vezetési stílus jobban szolgálja a vállalatok sikerét, mint az autokratív, az emberi kapcsolatokat mellőző, csupán a feladatok ellenőrzésére fókuszáló módszerek. Ugyanakkor ezek az értékek számos esetben a még az érdemeket hangsúlyozó vezetői kiválasztás során sem érvényesülnek, melynek okai többek között a hagyományokban, a maskulin értékek nyílt vagy rejtett továbbélésében, a tudattalan előítéletek működésében jelölhetők meg.

Bár számos intézkedés szolgálja napjainkban a kritikus tömeget elérő részvételi arány elérését a női vezetők számára, a vállaltok felső döntéshozatali testleteiben még a valódi arány nagyon alacsony. Ahhoz, hogy lényegi változás következzen be, a kultúrának is változnia kell, a férfiak és nők kölcsönös elismerésének, a vegyes vezetői csapatokban rejlő előnyök meggyőződéssé válásának kellene bekövetkeznie. Ehhez többek között a már alkalmazott adminisztratív és viselkedést módosító módszerek finomításán, a vezetői, tulajdonosi kultúra további kutatásán és az egyes intézkedések hatásainak elemzésén keresztül vezet az út.

SZERZŐINKNEK

A Vezetéstudomány a Budapesti Corvinus Egyetem Gazdálkodástudományi Karának havi folyóirata. A lapban a vezetési és gazdálkodási tudományterületekhez kapcsolódó témakörök elméleti és gyakorlati kérdéseit elemző és vizsgáló írások jelennek meg. A szerkesztőség (vezetestudomany@uni-corvinus.hu) elektronikus formában kéri az írásokat. A cikkeket elektronikus levélben (docx fájl formátumban) lehet a szerkesztőséghez eljuttatni.

A lap tudományos folyóirat, ezért szövegközi forráshivatkozások és ezek jegyzéke nélküli írásokat nem jelentet meg. A Vezetéstudományban megjelentetni szándékozott kéziratok szerzőitől az alábbi követelmények figyelembevételét kérjük:

A cikkek szokásos terjedelme a hivatkozásokkal, ábrákkal és táblázatokkal együtt 20-24 oldal, 1,5-es sortávolsággal (12-es betűméret, Times New Roman betűtípus). A cikkek első oldalának alján tüntessék fel a szerző foglalkozását, munkahelyét és beosztását, elektronikus levelezési címét, a tanulmány elkészítésével kapcsolatos információkat és az esetleges köszönetnyilvánításokat.

A kézírathoz csatolandó egy magyar nyelvű és egy angol nyelvű rövid összefoglaló (200 szót nem meghaladó terjedelemben), valamint a cikk fő témaköreit megnevező kulcsszavak jegyzéke.

Kiemeléshez dőlt betű használható, aláhúzás és félkövér nem. Jegyzeteket lehetőleg ne használjanak, amennyiben azok feltétlenül szükségesek, szövegvégi jegyzetként adják meg.

A táblázatoknak és ábráknak legyen sorszáma és címe, valamint - átvett forrás esetén - pontos hivatkozása. Az ábrákat és a táblázatokat a kézirat végén, külön oldalakon, sorszámmal és címmel ellátva kérjük csatolni, helyüket a szövegben egyértelműen jelölve (pl. „Kérem az 1. táblázatot kb. itt elhelyezni!”).

A szövegközi bibliográfiai hivatkozásokat zárójelben, a vezetéknev és az évszám feltüntetésével kérjük jelölni: pl. (Veress, 1999); szó szerinti, idézőjeles hivatkozás esetén kiegészítve az oldal(ak) számával (pl. Prahalad - Hamel, 1990, p. 85.). Amennyiben egy hivatkozott szerzőnek több bibliográfiai tétele van ugyanazon évben, ezeket 1999a, 1999b stb. módon

kell megkülönböztetni. A felhasznált források cikk végén elhelyezett jegyzékét ábécérendben kérjük, a következő formában:

Szerző (évszám): Cím. kiadás helye: kiadó; illetve forrás. 1. példa (könyv): Porter, M. E. (1980): Competitive Strategy. New York: The Free Press. 2. példa (folyóiratcikk): Prahalad, C. K. – Hamel, G. (1990): The Core Competence of the Corporation. Harvard Business Review, május-június, p. 79-91.

A formai követelmények fentiekben érvényesített, ún. „Harvard” rendszeréről (más néven „szerző/év” vagy „név/dátum” hivatkozási módszerről) részletes tájékoztatást nyújtanak az alábbi WEB-címeiken elérhető források.

Az elektronikus forrásokra való hivatkozás aktuális probléma. Az Internet Library for Librarians egyik polca (www.itcompany.com/inforetriever/inetcite.htm) kilenc helyet gyűjtött össze e témával kapcsolatban.

Az angolszász országokban több elterjedt formája van a bibliográfiai hivatkozásnak. Ezek a formák több folyóiratban is használatosak. Közülük az ún. Harvard-stílusú bibliográfiai hivatkozások vonatkozásában ad hasznos tanácsokat a Guide to Citing Internet Sources (www.bournemouth.ac.uk/service-depts/lis/LIS_Pub/harvardsystint.html).

A Modern Language Association of America (MLA) - egyébként szintén sok helyütt alkalmazott - hivatkozási stílusával kapcsolatban ajánlható az MLA-Style Citations of Electronic Sources (www.cas.usf.edu/english/walker/mla.html).

Az APA Publication Manual Crib Sheet (www.gasou.edu/psychweb/tipsheet/apacrib.htm) az American Psychological Association (APA) idézési stílusával foglalkozó forrásokat gyűjti csokorba.

Havi folyóirat lévén és a megjelenés átfutási idejének csökkentése érdekében a Vezetéstudomány kefelevonatot nem küld, elfogadás előtt azonban a szerzőknek, ha kéri, egyeztetés céljából elküldi a cikk szerkesztett változatát.

2006. januárjától az új lapszámok cikkeit és 2004-ig visszamenőleg az összes korábbi kiadás publikációit – külön kívánságra – elektronikus változatban is hozzáférhetővé tesszük.

