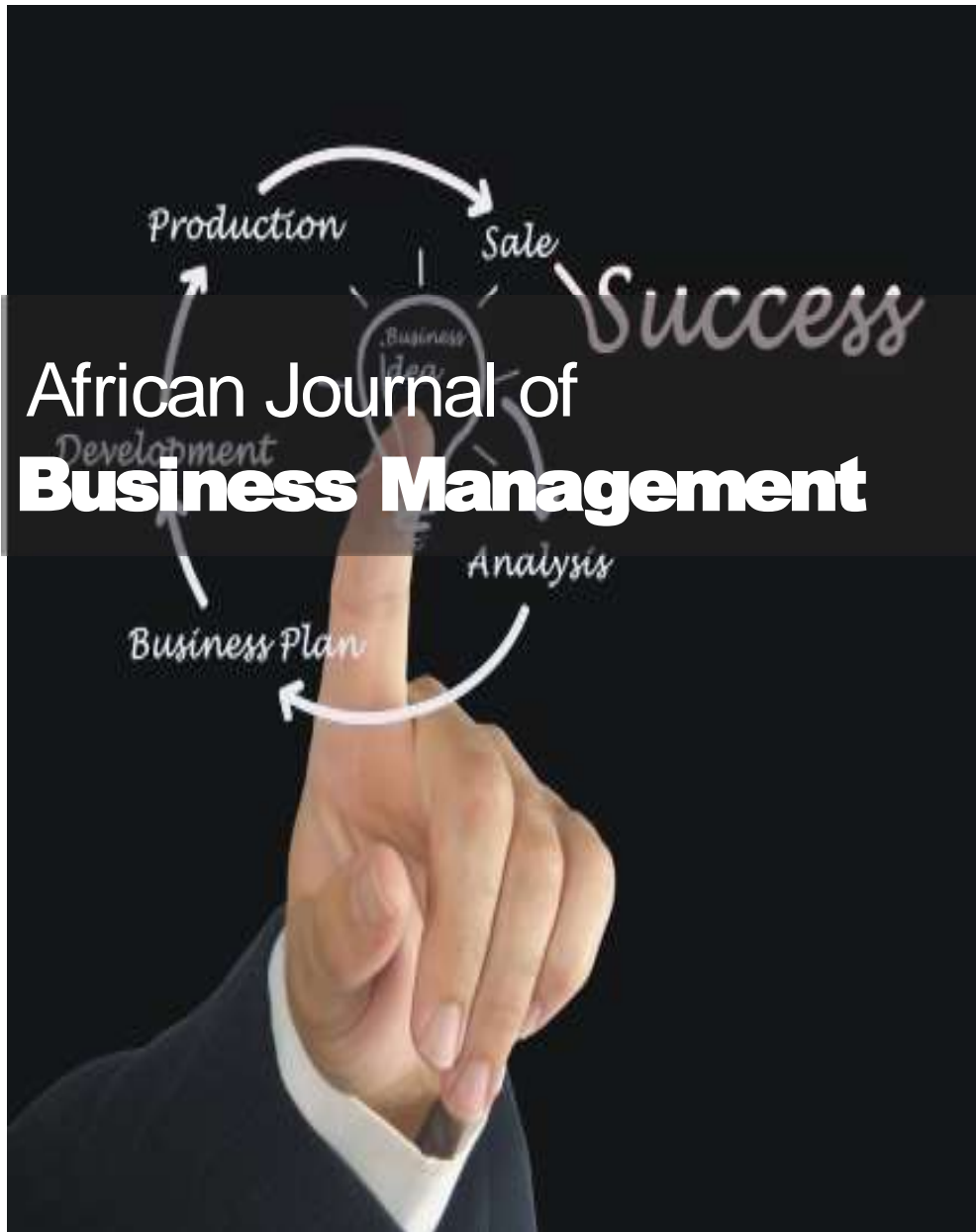


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Full Length Research Paper

Evaluating the extent to which cultural diversity is recognised in the workplace: The Cape metropolis managers' views

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South Africa has its own texture of cultural diversity unparalleled by any in the history of the world. The diversity emanates from the period of the Dutch settlers (1640s) occupying land in the country through their by conquest of the non-militant indigenous inhabitants. Soon the British arrived (1800s) and occupied more land. Before long, the two settler groups were fighting for ownership and control of the land. As soon as their conflict was resolved, the Dutch settlers now started a program of separate development by removing the indigenous people from fertile land to Bantustans. The result therefore was an uprising of the people culminating in the democracy gained in 1994, thereby bringing to an end an error of inhuman treatment in which the whites were and are still the beneficiaries. South Africa today has twelve language groups (official 11 because for no known reason the Khoisan have been excluded), and all these people meet in the workplace. The arrival of other Europeans, Africans and Asians as economic refugees has not made the situation better. The South African landscape is now more diverse than ever and this is reflected at the workplaces creating a need for diversity management. This paper focuses specifically on identifying the extent to which the managers are aware and prepared to manage culturally diverse environment. Whilst there is continued assertion by managers that they know enough about the other cultures, there is unprecedented neutrality to pertinent questions and statements dealing with the subject. The finding is that the managers who are largely white and coloured have not taken enough pain to understand and accommodate the majority 80% black who are the indigenous inhabitants.

Key words: Cultural diversity, workplace, the Cape metropolis, managers' views.

INTRODUCTION

The independence of South Africa marked by the rule of the country by the indigenous blacks meant the demise of the apartheid's separate development philosophy which kept people apart from each other by race. The advent of

black rule ushered in another error bringing more diverse groups to work together as equal before the law. It cannot be denied that the presence of black rule never meant sudden change on the leadership guard in the industry.

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The previous beneficiaries of separate development continue in control of the economy with little change in ownership in the private sector. Much of any change took place in the government and parastatals, with the introduction of women who had been excluded from the previous error. The new dynamic was the sudden emergence of diverse people having to work together (Abdul-Aziz et al., 2014: 203-212), live together and manage together, theoretically at least. Immediately there was a sudden inflow of business opportunist and economic refugees largely from Africa, Asia and Europe joining the scramble for the small cake. This ushered in a very diverse environment which overwhelmed most managers and took them by surprise. Today South Africa has a diverse workplace defined by colour, tribe, ethnicity, language, religion and difference in education. Rukumba (2016: 47-53) defines diversity as all the ways or manners in which individuals differ.

Background to the study

In the South African context, the traditional definition of diversity has always been based on the race, culture and religion. People were easily classified according to how they look since these are the first physical features that would distinguish you from the other individual. Race was therefore synonymous with culture, and race also determined your salary and consequently your lifestyle. Whilst age, gender and disability were recognised, the broad classification was your race which determined your pay cheque and hence your lifestyle. The rest of the differences would be as variety within the major racial classification. The broader definition of diversity is inclusive and more elaborate; "all the ways in which people differ" (George and Jones, 2006: 115). Berger et al. (2018: 155-174) define diversity as variations among individuals due to age, gender, race, origin, religion, socioeconomic background, education, experience, physical appearance, and any other characteristic used to distinguish between people.

The inclusive definition of diversity brings in new complications and creates much smaller groups that may be difficult to manage at the workplace. The first problem the manager would encounter is knowing pretty well that they do not belong to the other groups and yet they are expected to work with them. Inclusive diversity is shown in Table 1.

Culture as the chief determinant of behaviour

Culture is defined and /or understood differently in the South African context, largely depending on who is considering culture. The large majority of people see race as culture, and the individual behaviour is always associated with culture of that racial group. Culture is a

"set of key values, beliefs, understandings, and norms' shared by a group of people (Daft, 2010: 76; Rukumba, 2016: 47-53) either as a community or an organisation. No one is born with a culture; rather people are born into a culture in which case they learn about the values and beliefs through instruction or observation. Rijamampianina and Carmichael (2005: 109-117) and Mavunga and Cross (2017: 303-326) posit that culture is observable in three layers, which are, namely; the visible, the invisible and the assumed layers of which these inform our behaviour. The visible comprises the way we look at race, colour of skin, type of hair and possibly dress which involves religion or spiritual beliefs. The invisible are those that cannot be seen on the individual but are interpreted by the observer based on; conduct, the way we respect, how we greet, the power play, team spirit and loyalty. The assumed are largely what other people perceive about your culture building to stereotypes, biases and opinions about a certain group. These are too often based on experience with individuals, stories told, etc.

Whilst there are so many issues that make us diverse from one another, the single most aspect that distinguishes us from each other is the race. The South African context is unique in that race also determines whether one is intelligent enough or able to lead and perform certain functions. The apartheid system taught that white equals intelligent, hardworking and able to manage whereas black equals lazy, incompetent and not able to manage. Koole et al. (2001: 289-301) and Kokolakis (2017: 122-134) posit that human behaviour is based on a sense of belonging and that their behaviour, feelings, and attitudes are influenced by their past, present and how they perceive future interactions with other people to be. It is therefore easier to associate along racial lines, though apartheid is now illegal; you may not be able to change the deep-seated belief based on the colour of one's skin. These differences may affect the styles that are adopted by leaders from the different *centricisms*.

Table 2 shows Hofstee's assertions on these differences. The differences in the values depicted in Table 2 create prospects for conflicts, given the previous segregationist policies with their effects. People therefore live in segregated communities largely, and the only place they meet is the work place. Working together is not an option, but an imperative for economic, legal and political reasons. The diverse group in the workplace has different expectations, and results in the powerful being the winners; this leads to ethnocentrism.

Problem statement

Because of the diverse nature of the workplace, it is understood that people will want to relate more with those that are similar to them. On the other hand, the brutal

Table 1. Inclusive diversity apart from race at the workplace.

Age	Gender	Political power	Religion
Background	Labour union	Position in firm	Salary
Competence	Language	Previous experience	Social status
Disability	Nationality	Lifestyle	Tribe and race
Education	Personality traits	Residence	Where educated

Source: Own construction.

Table 2. Comparison of Afro and Euro centric values.

Dimensions	Afrocentric	Eurocentric
Social orientation	Collectivism	Individualism
Power distance	Large power distance	Large power distance
Uncertainty avoidance	High uncertainty avoidance	Low uncertainty avoidance
Goal orientation	Quality of life (Femininity)	Career success (Masculinity)
Relationships and rules	Particularistic	Universalist
Degree of involvement and expression of feelings	Diffuse and effective	Specific and neutral
How status is accorded	Ascription	Achievement
Time orientation	Past, present, future (Synchronous)	Present as means for future (Sequential)

Source: Own Construction plus (Amisi, 2017: 1-5).

reality is that all people involved in the workplace contribute to the overall performance of the organisation. Everyone participating wants to be appreciated and acknowledged on their contribution which is largely influenced and informed by who they are. The differences in the basic cultural structures between the Afro and Euro centric approaches become an important issue because of both; the combination of the staff compliment and the economic benefit of diversity. The government also has its own expectations as it seeks to redress the economic imbalances of the past caused by the ill-informed philosophy of separate development policies. The question therefore arises as to what-centric may be ideal for effective productivity in a country already so low in its productivity? The research sought to identify the major differences and identify those elements of leadership inherent in the two systems to enable the construction of an industry relevant leadership style.

RESEARCH DESIGN AND METHODOLOGY

The necessary theoretical background was provided in the preceding literature review and this assisted on deciding on the research design and methodology. The target population was identified and appropriate sampling techniques relevant to both the study and the population was used.

Target population

The target population for this research was managers in the industries in the Greater Cape Town Metropolis region. It was

assumed that the racial combination of the region and its diverse structure would provide a better view of what sentiments are around this topic. It is well understood from statistics that the demographic structure of the industry is not a representative of the demographics of the city.

Sampling method and sample size

There was no structured sampling technique, B. Tech Management students of the Cape Peninsula University of Technology were assigned to collect data from their managers at their workplaces. These students came from different industries and had therefore a fairly spread pool of managers from which to collect the data. This was more of convenience sampling since it was done where the students already worked and did not need to look for other managers from other firms. In all 50 managers were interviewed using the structured questionnaire on the basis of which the findings were made.

Data collection method

Structured questionnaires were administered to the individual managers by the part-time employees who worked under those managers or in the same firms with the managers. The questionnaires were by and large properly filled in and there were no invalid questionnaires from the lot that were submitted. Personal interviews were used to help remove any ambiguities and to be able to explain any concerns or areas considered to be 'unclear' to the respondents.

Data analysis

Excel spread sheet was used to analyze the data; the data were

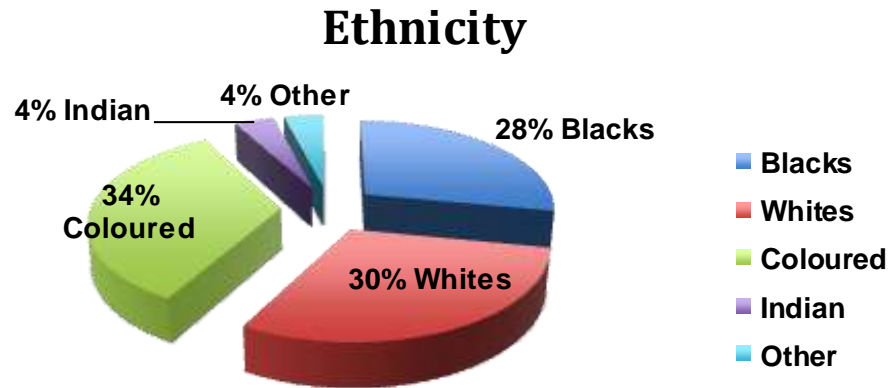


Figure 1. Distribution of respondents according to ethnicity.
Source: Data analysed from the survey.

converted to graphs, bar charts, pie charts and probability distribution tables for easy reading and comparisons, where necessary.

FINDINGS

The findings are reported in a systematic way; the question is asked as it appeared in the questionnaire, and the response follows in the form of a comment, diagram or table for every question. The questionnaire was divided into three parts, namely, Section A was on the demographics of the respondents; Section B, was the content questions or statements relating to the content of the study itself; and Section C was for open ended questions to allow respondents to state any other information they may have perceived to be relevant. It is important to mention here that the official demographics as used by the Cape Town City Council for planning is in the ratio of 1 Indian: 12 whites: 25 blacks: 31 coloureds.

Section A: Demographics

This section was meant primarily to provide insight into the type of people who were responding in terms of their ethnicity, managerial function, background and other such information as would assist in qualifying the respondents for the survey.

Question 1: What is your ethnic group?

The respondents were expected to choose the most appropriate based on how they are classified. The study is essentially on the different race-centric management styles; hence this question was important to start with. This would enable the researcher later to analyse the information based on the demographics of the

respondents in the industry. Figure 1 provides details of the response to this question.

The distribution of the responding population was 34% coloureds, 30% whites and 28% blacks with 4% Indians and 4% other. The responses showcase that the interviewees are from many different ethnic groups. It is evident that whites are disproportionately represented in management positions if comparison was to be made with the population ratios for the metropolis. The ratio is indicated earlier.

Question 2: How diverse is the staff compliment you manage?

It was necessary to see the extent of diversity in the structures. This would enable us to understand if there were any diversity challenges faced by the respondents. This would also determine if the respondents were relevant to the study. Table 3 provides the details of the responses.

According to the study, 63% workers are racially/ ethnically diverse, 17% for religious diversity, 13% considered elderly and sexual orientation at 7%. It should be noted also that apart from racial diversity, the rest are mutually inclusive and do overlap. As alluded to the aforementioned, race is the single most critical determinant of diversity in South Africa.

Question 3: Are you aware of the cultural diversity within your community?

The workplace is a microcosm of the society, but not always so in Cape Town. To date, there are residential areas where people live exclusively without racially diverse neighbours. University students coming from these areas meet for the first time students or lecturers of other races. The response to this question is reported as

Table 3. Population diversity for the responding managers.

Type of diversity	Number of diversity groups	Responding (%)
Racial diversity	38	63
Religious diversity	10	17
Sexual orientation diversity	4	7
Age diversity	8	13
Other forms of diversity	0	0

Source: Analysis of data collected for the survey.

Table 4. Perceived level of understanding the cultural differences.

Response	Number of respondents	Percentage
Fully understand	34	68
Partly understand	15	30
Do not understand	0	0
Not aware of differences	1	2
Totals	50	100

Source: Data from the survey.

follows: 90% of the participants indicated awareness of the different societal cultures and backgrounds. It is not clear whether community here referred to the society in general or the community in which they lived. The remaining 6% are not aware and 4% have not noticed cultural diversity in their community. It can be generalized that the majority of the management are aware of cultural diversity in one form or another.

Question 4: Are you aware of cultural diversity within your work environment?

This question made reference to the workplace specifically which the research is focused on; it is here that the Afro and Euro *centricism* interact and collide. The response was largely as expected though there are a handful who did not see the diversity.

A good 94% (47 out of 50) of the respondents are aware of cultural diversity within the workplace, with 4% not having noticed and 2% not being aware. The 94% can be compared with the 90% in the previous question, allowing us to generalize that managers know about diversity in the workplace. What is important however is how much they know about the diversity and whether they have made any efforts to manage this diversity.

Question 5: Do you understand the differences caused by the diversity?

It is one thing to know about the presence of cultural

diversity and yet another thing to understand the diversity. Understanding the diversity may involve having to learn, mix and read about the other cultural values, if there is to be a meaningful comprehension of the different value and belief systems. Table 4 provides details of the responses. 68% fully understand the difference in their race/ethnic diversity, but it is not clear to what extent. 30% partly understand and 2% are not aware. There is no one that does not understand the differences. Exactly the same response was provided for religious and spiritual diversity.

Question 6: How do you determine the level of respect towards the elderly?

In the African culture it is disrespectful to call an individual older than you by their first name without putting a suffix or title. In the white culture there is little consideration for age: a black grandfather will be called by his first name by a 10-year-old boy. To the extent such an old man will be called a garden boy.

Results show that age has been given a 74% response followed by authority at 16%, 10% felt that the level of respect is determined by family relation while 0% of the interviews had a perception of race as some level to determine respect towards others.

Section B: Content response

This section is derived from the literature used for the

Table 5. What takes precedence; community or individual rights.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
10%	18%	24%	38%	10%

background to this survey; the response to the statements is measured on a 5-level Likert scale. The response to each statement is supported by a bar chart, histogram, graph or any other physical illustration that makes it easy to make comparisons.

Statement 1: The good of the community must take precedence over rights of individuals

This is stated clearly by Hofstede in reference to the white culture based on individualism as opposed to the Afro-centric collectivism. The African mentality is based on “*botho*” values that state that “you are who you are because of other people.” Contrary to the Euro-centric philosophy based on individual success, Table 5 details the responses.

Statement 2: It is natural that some people should lead and others follow

Leadership is understood to follow naturally, but in the Afro-centric approach the elders reserve the right to lead to some degree. This does not translate to an absolute right, but young men are given to lead in place of the elderly who are presumed wiser than the younger. In the Euro-centric approach individuals compete to take up leadership roles.

Results show that the majority of 54% strongly agreed that it is inevitable and natural that some people will lead while others will follow, and 38% agreed giving a total of 92% in agreement. There is no disagreement on the need for leaders in both cultures, the difference may be on how a leader is chosen and for what functions. For the purposes of traditional roles, the eldest is always chosen, but the same may pass it on to a junior.

Statement 3: Traditions must be respected and followed including lessons of the past

Tradition has always been confused with customs and culture. Tradition is a belief or behavior based on the past and with symbolic meaning of some significance to the group. Common tradition in the previous structures was based on the discriminatory practices where blacks would never be managers.

Results show that 6% disagreed with maintaining of traditions and benefiting from lessons of the past.

Ambivalence is at 10%, while 84% agreed. It is not clear since there was no specific mention of what traditions; these may not relate specifically to leadership styles.

Statement 4: There is a need for increased training in cultural diversity

Though 68% of the people responding to Table 4 indicated that they understand the cultural diversity well; training in cultural diversity should be an ongoing exercise. Until the managers are able to speak the language of their subordinates, meet the subordinates in their own ‘home ground’ it may not be possible to understand the culture. The responses to this statement are depicted next.

A total of 22% disagree with the need for increased training when 50% think it is necessary to increase the training in diversity. Of particular interest is the high 28% of managers with no opinion about this statement. 68 and 30% had indicated that they understand the cultural diversity fully and somewhat, respectively. This may be the cause for no interest in the increase on training in this regard; alternatively they may have been involved in the training.

Statement 5: I will attend a cultural diversity workshop if one is conducted in my area

Bringing this to one’s area might mean convenience and possibly encourage the managers to attend. Their opinions about extended education programs on diversity were intended primarily to enable them to manage cultural diversities more effectively.

As the results indicate, no one strongly disagreed (0%), and 6% disagreed with 36% remaining neutral. In agreement was a total of 58% of those who would attend. This should be compared with the 50% who would prefer that there should be increased training on cultural diversity.

Statement 6: I would participate in group discussion on cultural diversity?

This question sought to try and establish the extent to which these managers are interested in cultural diversity as a management problem. Any manager working in such culturally diverse environment and who believes

Table 6. Group participation in discussion of cultural diversity.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
6%	4%	30%	38%	22%

Source: Survey Results.

Table 7. Use of diversity in performance appraisals.

To no extent	15	30%
To some extent	28	56%
To large extent	7	14%

Source: Data collected from respondents.

that diversity may create synergy (high productivity) and conflict (low productivity) would invest in this area of management. Table 6 provides the details of the responses.

Table 6 shows that 10% disagreed, 30% were neutral, and 60% agreed. It can be generalized that managers would be prepared to participate in discussions on cultural diversity. Those that do not want to participate or are ambivalent about participating may be the ones who have problems with culture differences and may be ethnocentric.

Statement 7: I can mentor a culturally diverse management trainee

This would be more directly affecting the managers if they would have to train one individual different from them. It is assumed that managers interested in cultural diversity may want to take up this challenge to develop their management and leadership skills.

Results show that 30% of managers are neutral, 46% agree, and 24% disagree. These results are disappointing. It would appear that fewer managers are prepared to mentor someone of a different culture from theirs; this may indicate the racist attitude of the management in Cape Town metropolis.

Statement 8: Cultural diversity is used during performance appraisal

The context in which performance is always perceived has more to do with perceived similarities between the evaluator and the evaluated. Needless to say that the culture of the evaluator is used as a standard to determine what performance should be, except where clearly defined and evaluable activities are set. Apart from the differences in perceptions about measuring performance, there is also an element of interrelationships between the two people involved in the activity. Table 7

provides details of the responses to this statement.

Respondents (56%) believe that cultural differences are used for performance appraisal in many instances. Only 14% believe that it is used to a large extent with 30% thinking that cultural diversity is never used at all. It may be difficult to know if the disputed performance feedback is the actual measure of one's inability to perform. It should be stated that by and large performance appraisal is very subjective.

Statement 9: Culture based conflicts are rare at my work place

This statement sought to identify if there were known conflicts directly related to cultural differences at the workplace. Culture based conflicts are clandestine and may surface in other issues instead. 44% of the respondents indicated no cultural conflicts - employees ignored the differences. 40% indicated open discussion on these differences to create harmony.

Statement 10: My life experiences have prepared me enough to manage religious or spiritual diversity

The greatest danger is that everyone thinks they know enough about the other person's religion. It is difficult to measure how much of another person's religion you understand without belonging to the religion.

Results indicate that 46% of respondents think that life experiences have prepared them very well to work with religiously/spiritually diverse individuals. 30% of respondents feel that life experiences have prepared them extremely well, 24% think they have adequate preparation, and no one (0%) has insufficient preparation.

Statement 11: I am well prepared to manage people who are racially diverse

Race unlike religion does not overlap in that you are

Table 8. Life experiences and readiness to manage religious diversity.

Extremely well	14	28%
Very well	23	46%
Adequately	12	24%
Insufficiently	1	2%

Source: Data collected from respondents.

How life experiences have prepared managers to work with elderly individuals

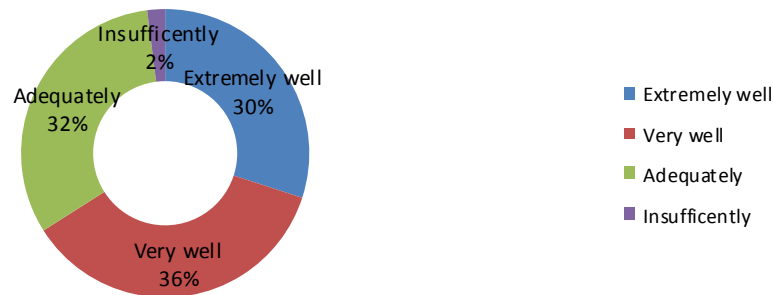


Figure 2. Preparedness to work with elderly people.
Source: Data collected and analysed from survey.

either black, coloured or white. That becomes the first layer differentiating you from the other person who is not. As indicated earlier, in the South African context, race equals culture. Of particular interest is the similarity in the figures between readiness to manage religious and cultural diversity. Table 8 illustrates the responses to the statement.

According to this study 46% of managers have been prepared very well by life experiences to work with racially/ethnically diverse individuals. 2% of managers have not had life experiences for this, 28% think they are extremely prepared whereas 24% claim they are adequately prepared.

Statement 12: I am well prepared to manage elderly people with respect

Another area of contention where it can be clearly stated that what constitutes respect in one culture may not be in another culture. In the black culture it is disrespectful to call an elderly person by their first name; it will always be better to use a title and their surname as a sign of respect. Depending on the age, titles like uncle or auntie, father or mother, would be most ideal. Whilst it may be easy to use then within a racial group, very rarely would a white manager 'call me' a black, father or uncle. Figure 2 depicts what the managers said.

Extremely prepared (30%), 36% very well prepared with 32% adequately prepared gives a 98% preparedness. The question is what preparation and in what respect, and will these elderly feel acknowledged and respected as they would in their culture? In the absence of a standard of what constitutes working well with the elderly, it may be difficult to make a conclusion especially where racial varieties are involved.

Statement 13: Management can pull together people of diverse backgrounds

Management has the responsibility to create the enabling environment for people to work. A diverse workplace is what we will always live with, and we need to find ways of staying together and working together.

According to the results, 74% of the respondents agree, that it is the management's role to pull the diverse groupings together and make them work towards achieving organisational goals. 20% are neutral and 6% disagree. It can be generalised here that managers accept that managing diversity is their responsibility.

Statement 14: A culture of cooperation exists amongst employees

This statement sought to identify what the managers'

Table 9. Importance of management and employees' cooperation in a diverse workplace.

Rating	Number of respondents	Percentage
1 (Strongly disagree)	0	0
2 (Disagree)	5	10
3 (Neutral)	12	24
4 (Agree)	21	42
5 (Strongly agree)	12	24

Source: Responses from the managers.

perception is about their diverse employees. What does a manager do if there is no spirit of cooperation amongst the employees? Do the managers ignore and wait for the workers to sort themselves out? Or does he/she work to bring about harmony before it implodes. The managers' perception about cooperation amongst the employees show that 70% of the managers agreed though the expectation was over 50% would have strongly agreed instead of 22%. However, this result allows a generalisation that the managers consider cooperation important in this diverse work environment. It will always be difficult to understand why some managers are neutral (18%) on issues that relate to their day to day activities. It can be that traditional management practices are used where if you cannot follow instructions then you leave the organisation. In such setups there is no need for cooperation; the manager's voice is final.

Statement 15: There is a culture of cooperation between management and workers

Cooperation between managers and employees is of critical importance especially where innovation has to take place. Halim et al. (2015: 85) postulate that 72% of innovation in an organisation starts with the workers at operational levels. The Cape Metropolis managers' thoughts about this are shown in Table 9.

Another surprise, the researcher expected a large percentage strongly agreeing, only 24% strongly agreed, 42% agreed (total of 66%) with 24% neutral and 10% disagreeing. Good cooperation between managers and workers allows for easy flow of information, a reduction in conflicts, and a motivated workforce leading to hire productivity. The managers responding in this survey do not think of cooperation as critical.

Statement 16: Leadership should adjust to suite the environment

The amount and nature of the power of the manager may impact on how the manager will lead. In organisations with large workforce and strong unions the leadership is more conciliatory that would be some small workforces

where the shop stewards can be victimised easily. The opinion of the managers about situational leadership is as follows: 58% of the managers (34% agree and 24% strongly agree) with an abnormally high neutral at 34%, disagree combined is at 8%. Jowah (2013: 708-719) posits that followership has an influence on the way leaders lead. The followership continuum suggests that the more the power the followers have the more they can determine a preferred leadership prototype. The concern is that a very small percentage of blacks have technical skills, reducing the impact they can have if they left the organisations. It may be the correct thing to do for management to adopt leadership systems relevant to the follower if that is what will improve productivity. Unfortunately, the large part of the labour force appears to have little power and hence reduced influenced.

Statement 17: Affirmative Action (AA) has been implemented

To redress the unfairness of the past, the current government came up with affirmative action. Evidently it has not been effective; the percentage of white managers responding in this survey is disproportionately higher than the demographic ratio of the city.

Results show that a total of 58% (36% agree and 22% strongly agree) believe that AA has been implemented. A high of 28% are neutral, while 12% disagree and only 2% strongly disagree that AA has been implemented in the organisations. The great concern is whether the mere presence of a black is an indication of effective implementation or whether the ratio of the populations is used to determine successful implementation.

Statement 18: Cultural diversity is viewed as racism

The white opposition (political parties) has constantly asked for a sunset close to the AA program. Consistently they refer to this as reverse racism, and since these opposition parties have a white constituency, in general white managers may be opposed to Affirmation Action. This may explain some of the preceding results.

This statement was not responded to decisively as

Table 10. Managers' perception about cultural diversity on work performance.

Rating	Number of respondents	Percentage
1 (Strongly disagree)	4	8
2 (Disagree)	6	12
3 (Neutral)	21	42
4 (Agree)	13	26
5 (Strongly agree)	6	12

Source: Responses from the managers.

seen by the low scores: 32% strongly disagreeing with 16% disagreeing (total of 48%) allowing for no generalisation. Those agreeing were total 28% which is about the same number of white managers responding (10 strongly agreeing and 18 agreeing) and exactly the percentage of black managers involved.

Statement 19: Cultural differences present obstacles in communication

This is one element of human behaviour and interaction which may cause unnecessary misunderstandings. Apart from language problems where the larger part of the population uses English, the percentage of people whose mother tongue is English in South Africa is estimated at 6%. There is cultural symbolism in communication that may introduce another dilemma in communication. The managers' response to this statement is as follows: 52% agree (14% strongly agreed and 38% agreed) that cultural differences cause difficulties in communication. Just over one quarter (26%) of the respondents remain neutral leaving a total of 22% to disagree. It needs to be emphasised here that communication causes problems even among people of the same culture. The major cause of communication amongst people of different cultures may have more to do with inadequate knowledge about the other culture, stereotyping of cultural groups or simply arrogance stemming from ethno-centrism.

Statement 20: Cultural differences present obstacles in work performance

If cultural differences cause communication problems, then they are enough to cause or affect performance. Failure to communicate effectively amongst the employees keeps people in their racial groups and makes them permanently reside in silos. This will create "a them and us" which may not allow for effective cooperation amongst the workers. As usual surprises come from the managers, as recorded in Table 10.

Again the neutral managers' score is at 42% leaving a small portion of 20% total to disagree and a total of 38% to agree. This may be a clear indication of the absence of

correct relevant competencies to manage effectively culturally diverse teams. The managers have no ability to separate culturally related problems from the traditional problems; this may also be a clear indication that the managers need more training in this aspect of their work.

Statement 21: Communication is a critical success factor in the organisation

This time the statement makes reference to communication in general and the managers responded overwhelmingly. The responses are as follows: 92% unusual managers accepted that communication was critical for effective organisational function. It then raises questions as to whether the managers will accept that cultural differences may create differences that might affect effective communication. Because this statement did not make reference to cultural diversity, the neutral dropped to an all-time low of 2%. Again this may create room for the researcher to hypothesize that, for whatever reason, managers were reluctant to respond to questions relating to cultural diversity.

CONCLUSION AND IMPLICATIONS

The presence of high figures of ambivalence may be an indication that the participants do not understand much about cultural diversity. Alternatively, this may be an indication of apathy to the subject of race, possibly an indication that the managers are not interested in this subject. Consequently, they find themselves in a difficult position to be responding to subjects that they may do well without. Regardless of the belief that they understand the other cultures and religions well, the failure of non-whites to progress into management positions in the white owned companies says a different story. Cultural diversity is a reality that the South African workplace will need to leave with, in as much as it may cause resentment in other quarters. It can be postulated here with very little hesitation that white ethno-centrism continues to show in the workplace, on society, business and policy makers. It can be concluded that the presence of high percentages of ambivalence should be seen as a

problem. As stated earlier, it can be due to resentment, and the white minority still hold a disproportionately high percentage in leadership and management of the businesses, seen as special in the society and the policy makers seem not to be concerned about it as they enjoy the white monopoly. The acts put to curb or readdress these differences are theoretically voiced out, but practically they are not being implemented.

Future research can be conducted in the whole city on a larger scale or in another city or country.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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Full Length research Paper

Managing value dimensions within an ecosystem framework: Reflections and empirical observations in the tourism sector

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The increasing attention in the field of value management is highlighting multiple challenges for researchers and practitioners. Building on previous managerial contributions, the paper aims to define a possible path for combining the conceptual contributions related to value in exchange, value in use, and value in context in a common framework to improve understanding of emerging social and economic dynamics under the interpretative lens provided by studies on ecosystems. Based on previous managerial contributions in the tourism management domain, the study identifies a set of variables related to the three conceptualizations of value with reference to the case of Airbnb. These variables are the host's price per night (€), host position in the Airbnb ranking, previous evaluations of the host, average number of a host's guests, availability of the host's photographs, total number of services provided by the host, physical accessibility of the host (travel distance from the airport), and number of languages spoken by the host. Combining qualitative and quantitative approaches, the impact of the identified variables and users' evaluation is investigated via structural equation modeling.

Key words: Value processes, value in exchange, value in use, value in context, ecosystem, tourism sector, Airbnb.

INTRODUCTION

Over the last 20 years, value has become a hot issue, and multiple contributions have been provided in several scientific domains (Day and Day, 1990; Woodruff and Gardial, 1996; Srivastava et al., 1999; Prahalad and Ramaswamy, 2004; Ballantyne and Varey, 2006; Flint et al., 2008; Vargo et al., 2010; Grönroos, 2011; Chandler and Vargo, 2011; Badinelli et al., 2012; Storbacka et al., 2016).

A traditional economic perspective considers value as embedded in goods and delivered to customers through market exchanges; for example, through the exchange of money (*value in exchange*) (Smith, 1776; Jacobs, 2009). However, earlier, Aristotle (384–322, BCE) and later Smith agreed that there is also another, inherently subjective conceptualization of value dependent on the utility/usefulness of a good (*value in use*) (Ballantyne and

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Varey, 2006).

Currently, the service-dominant logic mindset (Vargo and Lusch, 2004, 2016) has contributed to the shift from these two conceptualizations toward understanding value as always co-created by the interactions of multiple actors in the process of resources integration and service exchange for mutual benefit (Wieland et al., 2012). In this view, the context in which such interactions take place (Chandler and Vargo, 2011) and characteristics of the network of the involved actors that repeatedly co-create value has given rise to the conceptualization of value co-creation in service ecosystems (Vargo et al., 2015; Vargo and Lusch, 2016). Thus, value has been reinterpreted as *value in context*, because it is contingent on the integration of resources and is context specific (Vargo et al., 2010). However, even scholars of service research still do not cite value in context to describe customer value (Eggert et al., 2018).

Thus, the literature has sometimes presented these three conceptualizations of value as alternative perspectives (“a conceptual transition”) (Lusch and Vargo, 2006). However, contextual value does not exclude the existence of an exchange or use of the resources integrated by actors in their interactions (Vargo et al., 2010). Instead, value in exchange is still part of the joint sphere of interaction among actors (supplier, customer, and others), while value in use should not only be referred to the customer, but also to the joint sphere of interaction (Eggert et al., 2018). Consequently, there is a need to expand managerial models to better consider the dynamics of relationships among multiple actors and highlight their implications in specific sectors (Gummesson, 1987; Winer, 2001; Gummesson and Polese, 2009; Gummesson, 2011).

Building on previous managerial contributions, this paper aims to define a possible path for combining the conceptual contributions related to value in exchange, value in use, and value in context in a common framework to improve understanding of emerging social and economic dynamics under the interpretative lens provided by ecosystem studies. Indeed, a higher value perception derived from assessing co-creation processes is recognized as a determinant of engagement for subsequent value co-creation processes (Storbacka et al., 2016).

A few studies have attempted to provide an operational and unifying view of value, but considered only two of the three conceptualizations through quantitative modeling, neglecting important variables in the ecosystem (Durugbo and Pawar, 2014). This paper focuses on the tourism domain (Polese and Carrubbo, 2008; Polese and Minguzzi, 2009; Carrubbo, 2013; Polese et al., 2018b, 2018c), with a focus on the case of Airbnb, an example of actor-for-actor (Polese et al., 2017d; Polese et al., 2018d) interaction enabled by new ICTs. This peer-to-peer

Internet platform provider enables authentic tourist-host encounters not replicable in conventional hotels (Tussyadiah, 2016). It has become recurrent in the literature for its characteristic of embodying the sharing economy and engaging people in sharing goods and services. Based on Airbnb hosts’ offers and users’ evaluations, the relationships between eight independent variables related to the domains of value in exchange, value in use, and value in context and users’ evaluation in hospitality ecosystems have been verified (Barile et al., 2017; Troisi et al., 2018). This research answers the call in tourism for a deeper analysis of the overall customer value experience, highlighted as urgent in online information processing (Gursoy, 2018), in terms of the value sub-dimensions (Mohd-Any et al., 2015) and co-creation process (Zhang et al., 2018).

In this study, structural equation modeling (SEM) was employed since it enables analyzing the interrelations among variables that cannot be directly measured (Marsh et al., 2007). Data were collected through a web scraper. The rest of the paper is structured as follows: Section 2 describes the conceptual framework and hypotheses of the study; Section 3 explains the research design and methodology, and the results are reported in Section 4 and discussed in Section 5. Finally, Section 6 provides an overview of the key implications of the study and highlights preliminary conclusions and future research directions.

CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Value in exchange as a driver of relationships in the ecosystem

According to previous managerial studies, an appropriate approach to value in the ecosystem is adopting an extensive view by combining a common framework of contributions in multiple research streams such as systems and complexity theories (Wieland et al., 2012; Barile et al., 2016; Polese et al., 2017a; Calabrese et al., 2018; Tronvoll et al., 2018). In this view, a conceptual representation of the ecosystem requires overcoming a focus on the dyadic relation. Here, the sources of value are related to multiple actors, and their dynamics can only be captured by focusing on network dynamics (Gummesson and Polese, 2009; Barile and Polese, 2010b; Tregua et al., 2016; Di Fatta et al., 2016, 2018; Caputo et al., 2017c).

Following this approach, value in exchange can be considered the key reason stimulating the interrelation among institutions in social systems and emergence of the ecosystem (Costanza et al., 2000), because of the nature of involved actors as resource integrators (Vargo and Lusch, 2011; Pels et al., 2012).

Historically, value exchange was related to the total amount of resources an actor pays for a good or service

(Eggert and Ulaga, 2002; Simonson, 2005; Vargo et al., 2008). In this view, the price was considered as a relevant element influencing users' perceptions in the ecosystem (Chen et al., 1998). A recent study noted that price negatively impacts word of mouth, meaning that people may not like expressing their evaluation in the case of high prices (Matzler et al., 2019). Moreover, Xia et al. (2004) underline the relevant role of price in defining users' perceptions with reference to the evaluation of the quality of processes and services. Martín-Consuegra et al. (2007) demonstrated the influence of price strategy on customers' satisfaction.

The validity of these contributions confirms the need to evaluate the capability of value in exchange to act as a good first marker for analyzing the performance of companies in the tourism sector as a dynamic ecosystem (Gretzel et al., 2015a). Accordingly, it is interesting to investigate whether:

H1: There is a negative relationship between the host's price per night and users' evaluations (*reviews*).

Following the reflections herein, value in exchange emerges because involved actors may be part of an interactive process (Edvardsson et al., 2011; Di Nauta et al., 2018; Saviano et al., 2018; Scuotto et al., 2017). This opportunity is partially related to users' willingness to be involved in shared paths with companies (Karahasanović et al., 2009). Moreover, value in exchange is strictly related to the conditions that influence users' willingness to participate in a sharing process (Cova and Dallı, 2009; Barile et al., 2014).

Here, with reference to the tourism ecosystem, it becomes relevant to try to identify factors that can stimulate or obstruct users' willingness to participate and interact (Gretzel et al., 2015b). As such, Akehurst (2009) emphasized that tourism users tend to make decisions based on the suggestions and information provided by actors that previously interacted with the host. From a different perspective, Law et al. (2010) show that users' evaluations in the tourism sector tend to be influenced by the availability of information provided by previous users. Accordingly, the research reported in this paper aims to test the following:

H2: There is a positive relationship between the total number of evaluations related to the host and users' evaluations (*reviews*).

H3: There is a positive relationship between the host's position in the Airbnb ranking (*Ad Ranking*) and users' evaluations.

Value in use for the evaluation of the ecosystem proposition

According to Roggeveen et al. (2015), value is emergent,

idiosyncratic, and subjectively perceived by the beneficiary. In an ecosystem, the survival of the relational network is generally related to actors' perceptions of the value perceived in interactions in terms of feeling that their expectations have been fulfilled (Polese et al., 2015, 2016).

Typically, the user does not directly derive value from the purchasing process, but from usage, transformation, and consumption processes (Sandström et al., 2008). Furthermore, value is not simply created through the production process, but follows a co-creation process (Ballantyne and Varey, 2006; Grönroos, 2011; Saviano et al., 2017). In this sense, value is the result of the participation of all involved actors, and it acquires meaning as a consequence of its use (Vargo et al., 2008).

Building on these assumptions, value in use represents a relevant driver for evaluating the capability of all organizations to define adequate value propositions in the market (Sandström et al., 2008). Extending the investigation perspective, value in use can be related to the complex elements the user considers useful in evaluating companies' propositions (Grönroos, 2008). More recently, from a value in use perspective, the value proposition has been recognized as the "invitation to play" with enhanced knowledge sharing between supplier and customer (Frow et al., 2014). In the tourism sector, value in use could be related to the number of services provided by the host. Similarly, Law et al. (2010) demonstrate strong correlations among the number of services provided by the host and users' evaluations. In addition, Weiermair (2000) focused on how the number of services provided by the host influences users' satisfaction. Recognizing the validity of these contributions, this study aims to investigate the following hypothesis:

H4: There is a positive relationship between the number of services provided by the host and users' evaluations (*reviews*).

According to the reflections herein, users' evaluation of the host proposition is influenced by the availability of information on the general satisfaction of actors that have been part of the same service ecosystem. Extending this approach, possibly, users' evaluation is not only related to the availability of information on the host, but also by the number of guests that the host can give hospitality to (Buhalis, 1998). Accordingly, users' evaluations are affected by the choices of other actors (Akehurst, 2009). As such, Cabiddu et al. (2013) show that a high number of guests are perceived by the tourism market as evidence of the quality of the host's proposition. Therefore, considering Airbnb as a relevant source of information for tourism users, the paper aims to verify the following hypothesis:

H5: There is a positive relationship between the number

of guests the host can host and users' evaluations (*reviews*).

Value in context to improve understanding of the ecosystem

According to Polese et al. (2018a), value co-creation in ecosystems requires: a) the active role of all involved actors; b) a constant multi-directional, multi-form, multi-part collaboration; c) development of systemic interactions among all actors; d) a stable resources exchange release; e) strategic sharing of information and objectives; f) growing mutual satisfaction; g) synergic results; and h) the convergence of individual goals.

Building on these key points, the relevance of context emerges as a fundamental dimension in the study of markets and value co-creation processes (Peñaloza and Venkatesh, 2006; Mele and Polese, 2011; Aarikka-Stenroos and Jaakkola, 2012; Yi and Gong, 2013). According to Chandler and Vargo (2011), context is an important dimension for understanding value co-creation processes, because it frames exchange, service, and resources in light of actors' perspectives (Polese et al., 2017b). Context can be explored at multiple levels (from micro-dyadic exchanges to macro-ecosystems) and depends on the resources available to actors and the institutional logic they adopt to interpret the value potential of the resources. Thus, since context is continually reshaped by actors' interactions, the time and space of value co-creation become interesting when evaluating companies' performance and competitiveness in the ecosystem (Löbler and Hahn, 2013). In tourism ecosystems, the study of value in context requires investigating the structural conditions through which the host can define and formulate its value proposition (Ciasullo and Carrubbo, 2011; landolo et al., 2016). In this direction, interesting stimuli can be derived from the study of Leiper (1979) on the spatial location of a host in the tourism sector. According to the author, it exists of a halo produced by the area in which the host is located that strongly influences users' evaluation. Furthermore, Kundu and Contractor (1999) demonstrated that the area in which the host is located defines the pre-condition on which users construct their evaluation of the host's proposition.

In addition, the domain of value in context should be evaluated according to the host's image as perceived by users. Here, physical accessibility is a more tangible way for users to subjectively evaluate the host's image performance. Accordingly, Darcy and Dickson (2009) highlighted that tourism users consider accessibility relevant in evaluating the host's reliability. Cooper (2008) focused on the multiple ways in which accessibility impacted users' perceived level of satisfaction and his/her evaluation of the host. Recognizing the contributions provided by this study and considering the travel distance from the airport a good measure of accessibility, this

study attempted to contextualize previous contributions with reference to the case of Airbnb to test the following hypothesis:

H6: There is a positive relationship between the evaluation of the area in which the host is located (*travel distance from the airport*) and users' evaluations (*reviews*).

Moreover, considering that value in context emerges because of the combination of the resources both actors (host and customer) integrate, another variable related to the opportunity to effectively share resources with the host can be included (Morrison and Teixeira, 2004). Leslie and Russell (2006) showed that the existence of a cultural and language barrier to accessing tourism services is more relevant than the services per se, while Becton and Graetz (2001) noted that the possibility for users to easily interact and communicate with the host influence their perception of the tourism experience. According to these contributions, this study investigated whether:

H7: There is a positive relationship between the number of languages spoken by the host and users' evaluations (*reviews*).

Finally, a relevant influence in the tourism ecosystem is determined by the possibility that users have information about the host to evaluate the convenience in building a relationship (Goossens, 2000; Williams and Soutar, 2009; Caputo et al., 2018a). In this regard, Buhalis (1998) indicated that non-textual information strongly influences users' perception and their willingness to build a relationship with the host. Schmallegger and Carson (2008) pointed out that image communication through pictures and video could directly influence users' unconscious evaluations. Accordingly, the following hypothesis was tested:

H8: There is a positive relationship between the availability of a host's photographs and users' evaluations.

RESEARCH DESIGN

Data were collected of a population of Airbnb advertisements geolocated in the Great London Area, England through a web harvesting process (Marill et al., 2004). Geographical sampling was motivated by the existence of a famous fair event held every year in November in the Greater London area, namely The World Travel Market (WTM) (london.wtm.com).

A random sampling method was employed, and the extracted advertisements were geolocated as reported: Balham, London, United Kingdom (68%); London (19.45%); Chelsea, London, United Kingdom (3.47%); Hammersmith, London, United Kingdom (3.47%); Greenwich, London, United Kingdom (2.88%); and Fitzrovia, London, United Kingdom (2.73%). A concentration map of the extracted advertisements per borough is shown in Figure 1.

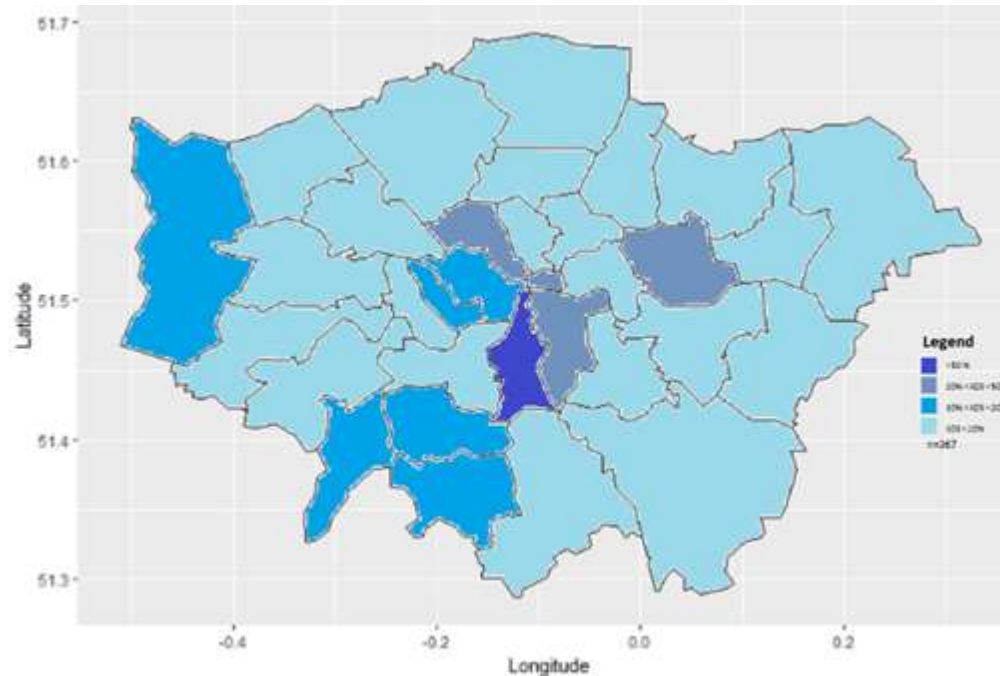


Figure 1. Concentration map of advertisements.
Source: Authors' elaboration.

Table 1. Independent variables.

Variables	Definition	Literature references
Host's price per night (€)	Providing "website housing" service to other firms or persons for a certain income	Gutt and Herrmann (2015)
Host's position in Airbnb ranking	On the Internet, marketing is the position of a pay-per-click (PPC) ad on a search engine results page (SERP)	Zervas et al. (2015)
Total number of evaluations of the host on Airbnb	This means that the more listing reviews rank at the top of Airbnb, the more are the opportunities to book.	Zervas et al. (2015)
Number of guests the host can host	The number of people who can be hosted in an apartment.	Guttentag (2015)
Availability of the host's photographs	"The more trustworthy the host is perceived to be from his photo, the higher the probability of being chosen."	Ert et al. (2016)
Total number of services provided by the host	The number of services provided by the place booked.	Ferrante (2013)
Host physical accessibility (travel distance from the airport)	The distance pending an available room and the nearest airport measured in minutes.	Lutter et al. (1992)
Number of languages spoken by the host	"This kind of relationships are clearly predicated on an asymmetrical model of communication and thus, the host-tourist relations of power by which tourism is typically organized."	Thurlow and Jaworski (2011)

Data mining was used to verify the possibility of carrying out a Big Data Analysis (BDA) of the data extracted from the Airbnb portal (Chen et al., 2012). Here, a preliminary web scraping test as a digital data extraction technique from a website through software parsing in real time instances wide spreading hyperlinks reality (Munzert et al., 2014) was carried out on a sample of 367 observations and 20 dimensions, recording about 6,500 modalities.

Based on the results, the variables reported in Table 1 were employed in the study.

To extract information from the Airbnb advertisements, a two-step process was followed: 1) The page URLs were identified, and 2) information extracted. The software used for the parsing process was Octoparse (Octoparse, 2018), a data collection application for Linux OSX and Windows, which is useful for extracting and parsing

Table 2. Hypotheses of the study.

S/N	Hypotheses
1	There is a negative relationship between the host's price per night and users' evaluations (reviews)
2	There is a positive relationship between the total number of evaluations related to the host on Airbnb and users' evaluations (reviews)
3	There is a positive relationship between the host position in the Airbnb rankings and users' evaluations
4	There is a positive relationship between the total number of services provided by the host and users' evaluations (reviews)
5	There is a positive relationship between the number of guests the host can host and users' evaluations (reviews)
6	There is a positive relationship between the host's physical accessibility (travel distance from the airport – time in minutes) and users' evaluations (reviews)
7	There is a positive relationship between the number of languages spoken by the host and users' evaluations (reviews)
8	There is a positive relationship between the availability of the host's photographs and users' evaluations

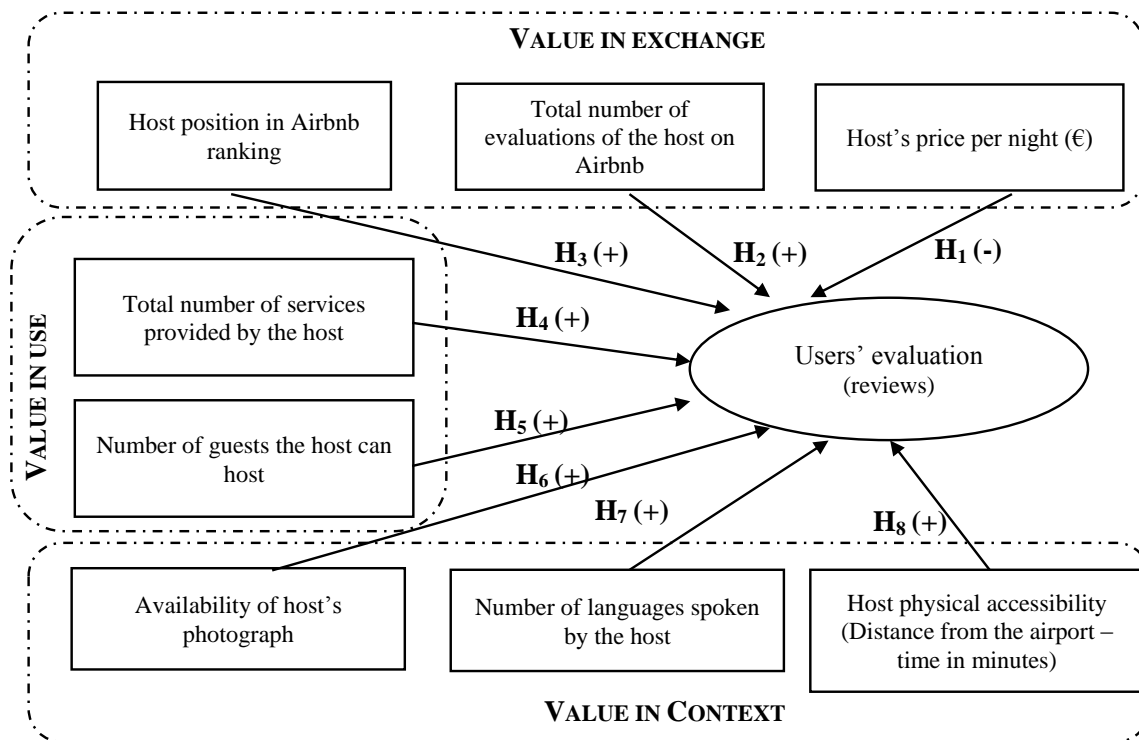


Figure 2. The conceptual model.
Source: Authors' elaboration.

digital content. The extracted data were analyzed using R software (<https://www.r-project.org/>) and IBM SPSS statistics version 22 (Hejase and Hejase, 2013) to test the hypotheses derived from the literature review. SPSS stands for Statistical Package for Social Science or Statistical Package for Social Sciences and is software designed to meet the needs of processing and statistical analysis in various application sectors such as market research and market analysis (<http://spss.com>). In our work, it was used to process the data, calculate the frequency distributions of the variables, reduce factorial dimensions, and test multicollinearity and discriminant validity.

The hypotheses are provided in Table 2. The conceptual model is illustrated in Figure 2.

RESULTS

Internal analysis and evaluation of consistency

An internal analysis was conducted to verify the consistency of the model (Fornell and Larcker, 1981). According to Cronbach and Shavelson (2004), a Cronbach's alpha higher than 0.6 but lower than 0.7 is questionable but acceptable in social studies. Hejase and Hejase (2013) add "Cronbach's alpha may decrease to 0.60 in exploratory research" (p. 570). As reported in

Table 3. Cronbach's alpha.

Cronbach's Alpha	Number of items
0.682	8

Table 4. Pearson correlations.

Parameter	I	II	III	IV	V	VI	VII	VIII
Host's price per night (€)	1.000							
Host's position in Airbnb ranking	0.057	1.000						
Total number of evaluations of the host on Airbnb	-0.237	-0.040	1.000					
Number of guests the host can host	0.886	0.124	-0.307	1.000				
Availability of host's photographs	0.799	0.073	-0.329	-0.307	1.000			
Total number of services provided by the host	0.465	0.090	-0.427	0.757	0.525	1.000		
Host's physical accessibility*	0.193	0.026	0.142	0.679	0.215	0.348	1.000	
Number of languages spoken by the host	0.017	0.036	-0.163	0.105	-0.023	0.086	0.311	1.000

* = Distance from the airport – time in minutes.

Table 5. Fitness indexes.

R	R-Squared	Adjusted R-squared	Std. error of the Estimate	Change Statistics	
				R-Squared Change	F-Change
0.708 ^a	0.501	0.448	12.76	0.501	9.478

Table 3, the model has a Cronbach's Alpha of 0.682.

Results of structural equation modeling

According to Heck and Thomas (2015), after defining the conceptual model and before testing the hypotheses, the correlations of the variables should be analyzed. Weir (2005) explains that Pearson's correlation provides evidence of the existence and intensity of relations among variables. As shown in Table 4, the correlations among variables are acceptable.

The correlations among the study variables were analyzed and the hypotheses tested through the SEM. The results are reported in Figure 3.

Fitness indices

To evaluate the fitness of the model, several fitness indices were calculated including Pearson's product-moment correlation coefficient, R-squared coefficient of determination, and standard error.

As shown in Table 5, the Pearson's product-moment correlation coefficient of the model was .708, indicating a good causal relation (Devlin et al., 1975). The R-squared coefficient of determination was 0.501, demonstrating

good capability to explain the variability of the response data.

Finally, the standard error of the estimate was 12.76. Thus, based on the *R-squared change* and *F-change* estimates as well as the values of the coefficients, the model demonstrates sound goodness-of-fit and can explain the variables under investigation.

Discriminant validity, multicollinearity test, and estimator bias

After conducting the SEM, discriminant validity was verified, estimator bias defined, and the non-presence of multicollinearity confirmed. To analyze the discriminant validity, a factor analysis was conducted to reduce the dimensions and construct a correlation matrix, within which the *average variance extracted* (AVE) and *maximum shared squared variance* (MSV) were compared (Wang and Hsiao, 2013). Since AVE (0.45) was higher than MSV (0.128), discriminant validity was confirmed.

Next, multicollinearity diagnostics were performed to verify the eigenvalues, and the percentage of variance explained for the first three dimensions. The diagnostic results are reported in Table 6.

Table 6. Eigenvalues per dimension with condition indices.

Dimension	Eigenvalue	Condition Index
1	6.901	1.000
2	0.586	3.433
3	0.266	5.097
4	0.114	7.795
5	0.067	10.139
6	0.047	12.159
7	0.020	18.401
8	0.000	196.626

The collinearity diagnostics reported in Table 6 indicate no serious problems with multicollinearity for the first three dimensions and most of the other dimensions according to the condition indices calculated as the square roots of the ratios of the largest eigenvalue to each successive eigenvalue (Wong, 2013). The threshold of 15 (indicating a possible problem with collinearity) was exceeded only for the last two dimensions.

Finally, estimator bias was tested using the standard error method. All the estimators present bias equal to 0.000, which contrary to what the term suggests, does not indicate good consistency (Iacus et al., 2017). However, they were selected because based on the population of Airbnb advertisements and according to the literature review, it was not possible to select other dimensions based on the hypotheses. In addition, working on around 6,500 modalities resulted in an elaborate computation. Thus, the choice of estimators was appropriate for this research.

DISCUSSION

The results of the SEM in Figure 3 indicate a significant negative relationship between the host's price per night and users' evaluations (reviews) (H1). This result is aligned with previous contributions regarding the impact of users' rationality in evaluating providers' propositions (Bendapudi and Berry, 1997; Hansen et al., 2008). Specifically, the negative relationship between price and users' evaluations of a host's proposal can be explained in terms of the impact of subjectivity in the evaluation of the convenience in the relationship with other competitors in the ecosystem (Lawton et al., 1999). Accordingly, a high price usually stimulates high expectations from users, and consequently, an increased opportunity for negative evaluations (Zeithaml, 1988). Other work has produced similar results in terms of price stimulation in the restaurant industry (Han and Ryu, 2009), hotel industry (Wu and Liang, 2009), and destination sector (Yuksel, 2004). In particular, according to Wu and Liang (2009), a restaurant offers a good service worth its price, showing that for digital providers, the perception of a high

price suggests to consumers high-quality service by the operator of the related industry (Li et al., 2018). Interestingly, this result is not consistent with that in a recent study (Cheng and Yin, 2019) based on a big data analysis of Airbnb review comments. The study sought to identify determinants of users' experience, which were identified as location, amenities, and the host. Moreover, the authors reported that the connectivity score of the concept price was less than 2%. It seems to be clear that, notwithstanding that people did not write about price, there is a direct correlation between their judgments and the final quantitative evaluation of the host.

The results of the study also indicate a significant positive relationship between the number of guests the host can host and users' evaluations (reviews) (H5). This result aligns with previous contributions in terms of how users build their perception based on the provider's generally perceived image (Grönroos, 1988). As such, relevant indications for tourism ecosystems can be derived from research on word of mouth (Anderson, 1998; Jalilvand and Samiei, 2012). Moreover, evidence from the study underlines the relevance of the influence of unplanned ways of communication on users' perception (Grönroos, 2000). Other works obtained similar results for product, service, and brand perception of digital providers (Ledhari et al., 2017; Widyastuti and Said, 2017; Han and Hyun, 2017). Thus, this study can represent a reference point in terms of image building and the quality of service provided by the intermediary Internet platform, considering that image building and brand perception are mainly constructed via online communication (Kasemsap, 2017) and influenced by the content of digital travel reviews (Song et al., 2018).

Furthermore, the research indicates a significant positive relationship between the availability of a host's photographs and users' evaluations (H8). These results are tangible evidence of the relevance of non-textual communication in the tourism ecosystem (Collister and Roberts-Bowman, 2018). Acting on users' unconsciousness evaluation, visual communication is a relevant driver for tourism providers (Jansson, 2007). Feighey (2003) provided evidence of the impact of visual communication on users' perceptions and perceived level

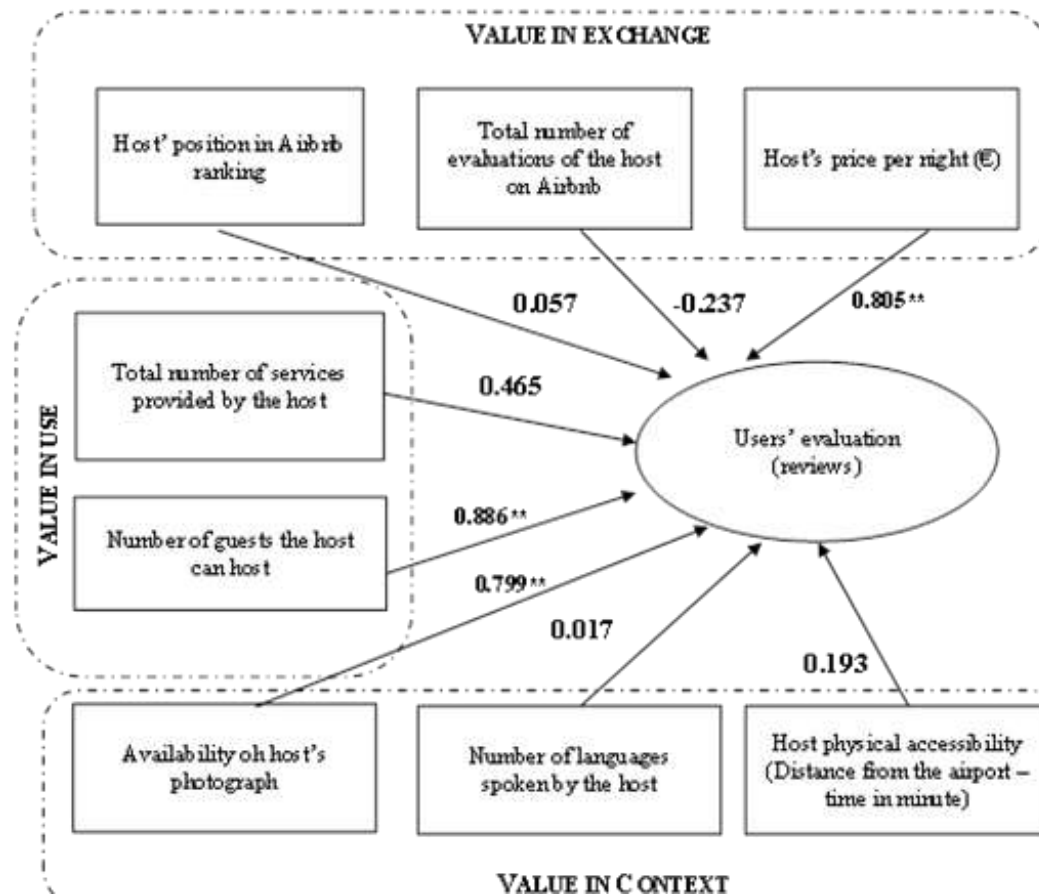


Figure 3. The research model. **Correlation is significant at the 0.01 level (two-tailed). Source: Authors' elaboration.

of satisfaction. Other studies investigated the role of non-textual communication and visual research in the tourism industry (Park and Kim, 2018), exploring the needs of tourists from different countries. The current study bridges the relevance of non-textual communication (as Airbnb's digital advertising) and users' evaluation as a strong consequence of user-generated content (Kapetanaki et al., 2017).

Finally, the research indicates a non-significant relationship between the total number of evaluations related to the host on Airbnb and users' evaluations (reviews) (H2), the host's position in the Airbnb ranking and users' evaluations (H3), total number of services provided by the host and users' evaluations (reviews) (H4), the host's physical accessibility (travel distance from the airport) and users' evaluations (reviews) (H6), and number of languages spoken by the host and users' evaluations (reviews) (H7). These results are partially inconsistent with those of previous managerial studies on users' evaluation processes (Moutinho, 1987; Xiao and Smith, 2007; Veal, 2017), the relevance for users of official peer-to-peer information (Miguéns et al., 2008; Buhalis and Michopoulou, 2011; Caputo et al., 2017a),

and the impact of rationality on users' evaluation processes (Kruchten, 2004). Similar results were obtained in other studies for physical accessibility (related to virtual accessibility) and other components of users' evaluation as indicated in their reviews and activity-travel behavior (Lavieri et al., 2018). Moreover, the number of languages spoken by the host was an important component in the decision-making process regarding accommodation providers in the tourism sector (Pappas and Papatheodorou, 2017).

These results clarify the nature of the tourism ecosystem in which dimensions traditionally considered central for market and social dynamics partially lose their relevance. These results could be interpreted as evidence of the high impact of emotional and unconscious dimensions on users' evaluations of tourism services (Del Giudice et al., 2017a, 2017b).

Conclusions, implications, and future research directions

Reviews, ratings, and reputation systems are important in

the digital marketplace. Indeed, increasing connectivity and reciprocal influence (on which emerging social and economic configurations are based) require rethinking managerial and government approaches (Barile and Saviano, 2010; Hjalager, 2010). Recognizing the relevance of this call for researchers and practitioners, this study focused on ecosystems to investigate value processes and opportunities for combining multiple value dimensions in a common conceptual framework. The tourism service ecosystem and Airbnb were analyzed to investigate the impact of a set of variables related to value in exchange, value in use, and value in context on users' evaluations of a provider.

The reflections herein and empirical results highlight price, number of guests the host can host, and visual communication as key elements affecting users' evaluation. Furthermore, the results emphasize the low significance of variables including previous users' evaluations of the host, ranking of the host, number of services provided by the host, and number of languages spoken by the host, which are usually considered important in increasing users' satisfaction.

The results also elucidate the tourism ecosystem and its strong relationship with the emotional and unconsciousness dimensions of evaluation processes (Kim and Fesenmaier, 2015). As such, several theoretical and practical implications are highlighted. Theoretically, the need to extend studies on the dimensions to employ to measure and evaluate value processes in integrated frameworks emerged. The significant variables identified through the SEM do not belong to the three conceptualization areas of value (in exchange, in use, and in context). An ecosystemic view of the service-dominant logic can contribute to identifying these variables in a specific context based on actors' relationships, resources, and institutions. Moreover, the paper opens the debate on how to summarize and combine the contributions and concepts related to the three conceptualizations of value in a common framework for a holistic view of emerging social and economic dynamics (Barile and Polese, 2010a; Caputo, 2017; Caputo et al., 2018b). Moreover, the practical viewpoint highlights the need to define new approaches and guidelines in tourism management to overcome the reductionist approach of studies inspired by the principle of users' rationality. As such, new instruments and techniques should be defined to measure users' emotional engagement in the tourism sector as a relevant driver for evaluating providers' performance. Recognizing the validity of the reflections herein, this study can be considered the first contribution investigating relationships among the dimensions of value and providing the opportunity to measure them through the definition of shared variables. Other contributions are required to expand the proposed perspective and test the validity thereof through multiple qualitative and quantitative methodologies.

According to Richard et al. (2018), the impact of service quality on customers' perception of the African hotel industry is crucially relevant, demonstrating that service attributes can strongly impact customers' satisfaction.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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Full Length Research Paper

Institutionalism and development process of family firms in Kenya

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This paper uses institutional theory to investigate the nexus between institutional context and development of the entrepreneurial process in family firms (from start-up, development, and growth to innovation and corporate entrepreneurship), focussing on the behaviour patterns of entrepreneurs. A qualitative case study methodology was used to examine 60 cases over a one-year period. Thirty of these cases were from two extreme contexts: affluent means and modest means. Six cases were considered to have entrepreneurial-development and growth potential and, thus were selected for in-depth interviews. The institutional context influences entrepreneurial development. While external institutions, such as regulatory policies and macroeconomic environment positively influence entrepreneurial development from an affluent-means context; they have no impact on entrepreneurial development in a modest-means context. Qualitative studies have ways of delving deeper into real issues that can help entrepreneurs begin to adopt modern management practices. Too many informal enterprises may never contribute to economic growth. This points to the need for academia to begin generating meaningful discourses by looking outside the traditional family research topics. If policymakers consider the implications of the study, it will change the lives of many informal enterprises and reduce poverty.

Key words: Entrepreneurship, institutional context, family enterprises, entrepreneurial development, entrepreneurial growth.

INTRODUCTION

Research in entrepreneurship is increasingly making a case for contextualized perspectives (Steyaert and Katz, 2004; Baker et al., 2005; Welter, 2011; Welter and Smallbone, 2011; Hunter and Lean, 2018), largely to recognize the diversity of entrepreneurial behaviours and the environmental conditions in which they operate (Welter and Smallbone, 2011; Jones et al., 2016). Shane (2003) argues that this would help explain 'why' and 'how' only some individuals exploit opportunities that yield

greater benefits and successfully grow their enterprises, while others do not.

Personal characteristics and entrepreneurial behaviours as evidence shows may explain how different individuals perceive and exploit opportunities (Welter and Smallbone, 2011; Upananda and Kumara, 2014). However, as Zahra and Dess (2001) argue, the nexus between the institutional context and how an entrepreneur responds to opportunities in the course of entrepreneurial

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development (start-up, development, growth, innovation, and corporate entrepreneurship) is still not fully explained in the literature.

Family enterprise

Family enterprise has not been adequately defined. This is because 'family' can be an all-embracing term; it can be the immediate family, extended family, or family by marriage. Most definitions of the family enterprise focus on who controls ownership, management, and the board. For the purpose of this paper, the definition by Chua et al. (2009) suffices: "a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (p. 25).

The family business, as many studies show, is the dominant form of business organization around the world (Aldrich and Cliff, 2003; Sharma, 2004; Morck and Yeung, 2003; Chrisman et al., 2005). More than 80% of global enterprises are family-owned (Gersick et al., 1997). Most global economies are controlled by a limited number of wealthy families (La Porta et al., 1999). As recent studies reveal, entrepreneurial intentions of starting and growing an enterprise are not uniform (Galanakis and Giourka, 2017). Instead, "the process of transforming initial entrepreneurial intentions to a growing venture demonstrates that different approaches are required in order to foster each one of the factors identified. Focussing on activities and resources one stage at the time, or presenting parallel activities that reflect the different levels of maturity of regions, institutions, individuals and societal perceptions may provide better service to nascent and active entrepreneurs" (p. 317). An earlier study (Klyver, 2007) established that the involvement of the family members differs depending on the phase of the entrepreneurial process. Family members are most strongly involved in the emergence phase when the final decision to start or not has to be made. Furthermore, involvement of family members is most common when entrepreneurs are young and have higher education of no more than three years duration. Family members tend to be males with whom entrepreneurs have strong ties and these family members tend to be more critical than other actors in other role-relationships (p. 258).

This paper, therefore, explores the influence of the institutional context on family firms and entrepreneurial development from start-up, development, growth, innovation, and corporate entrepreneurship in Nairobi, Kenya. Entrepreneurial behaviour is examined in two different contexts: affluent and modest. Institutional theory is used to examine six enterprises, three from each sector (primary, secondary, and tertiary).

Research problem

At this juncture, the importance of entrepreneurship to economic development and the lack of extensive research on the nexus between institutional context and entrepreneurial development of the family firm emphasizes the need to carefully consider this important topic (Ebner, 2005; Kasseeah, 2016). Further, the family is an important institution whose role in entrepreneurship cannot be underestimated (Aldrich and Cliff, 2003), especially in terms of resource mobilization (Steier and Greenwood, 2000; Elfring and Hulsink, 2001; Zhang et al., 2003). The nexus between the institutional context and entrepreneurial development of the family firm demands further investigation. Similarly, it should also be investigated as to why within the same environment some entrepreneurs enjoy greater benefits and their firms experience successful growth while others do not. The investigation, aimed to address these gaps in knowledge, is guided by three questions:

- (i) How does the institutional context influence entrepreneurial development of the family firm?
- (ii) In the same environment why do some family entrepreneurs enjoy greater benefits and successfully grow their firms while others do not?
- (iii) What characteristics, if any, do family members in a successful enterprise possess?

Institutionalism in this study is conceptualized through the lenses of both affluence and modest economic means. In other words, the firms studied were analysed by comparing not only the differences between the two environments within which they operate but also the emerging institutional contexts within their locations. In this paper, the environment refers to the macroeconomic environment, and the context refers to the immediate environment and the activities wherein these enterprises are embedded.

Institutional theory

Earlier research on institutional theory generally defines it as a theoretical framework used to examine interactions between organizations and institutional environments (DiMaggio and Powell, 1983, 1991; Scott, 1995; Fang et al., 2012). In other words, "the institutional context consists of regulatory, normative, and cultural arrangements that engender, enforce, and limit economic and social activities. This definition outlines both formal and informal institutions" (Fang et al., 2012: 16).

Institutional theory presupposes that organizations, over time, will adopt similar behaviours when driven by a variety of pressures within their environment. Organizations, as it is argued, look at the characteristics of the environment and then conform to the dominant

societal norms, rules, and routines (DiMaggio and Powell, 1983). For organizations to survive, they must conform to the prevailing rules and belief systems in an environment (Scott, 1995; Meyer and Rowan, 1977; DiMaggio and Powell, 1983). For example, an enterprise in the informal sector will face pressure to conform to the majority, even when the situation dictates that the enterprise must change its status to formal.

LITERATURE REVIEW

Institutional context and entrepreneurial development of the family firm

Research on family enterprises has evolved from earlier studies (Ward, 1987; Dunn, 1995; Reid et al., 1999; Poza, 2007) that largely focused on the “advantages and disadvantages of a family-or a business-first approach” (Basco and Rodríguez, 2009: 82). The present research aims to take a more holistic perspective to understand the working of the family enterprise while also paying attention to both the family and business (Stafford et al., 1999; Habbershon et al., 2003; Sirmo and Hitt, 2003; Dyer, 2006). Increasingly, new research (Shane, 2003) is showing interest in understanding ‘why’ and ‘how’ only some individuals exploit opportunities that yield superior benefits and grow successful small businesses, but others do not.

In his study, Shane (2003) raises some pertinent questions. For instance, he questions whether every family enterprise exploits opportunities. If they do not, he notes, then they are most likely not entrepreneurial and, thus, join those who fail to succeed. Entrepreneurship, he adds, is the interaction between an individual and an opportunity, with the latter possibly determining the type of entrepreneur. Upananda and Kumara (2014) note that entrepreneurs can be defined under three well-established criteria: “business ownership, decision-making role, and ability to identify and exploit opportunities” (p. 43). In the process of entrepreneurial development, different entrepreneurial skills may be required to sustain an enterprise.

Enterprise start-up

Opportunity exploitation comes after recognizing the opportunity and planning a start-up. “Opportunity recognition and opportunity exploitation are two central concepts in the entrepreneurial process” (Kuckertz et al., 2017: 78). Opportunity recognition is a creative process at the heart of the business activity (Leadbeater and Oakley, 1999) and leads to finding new exploitable ideas. The key question is where do entrepreneurial start-ups get their ideas from? As Galanakis and Giourka (2017) argue, an entrepreneurial path is explained by different

factors at each stage of entrepreneurial realization. Some of the important factors include perceived desirability, feasibility, self-efficacy, network ties, and social capital. Ideas generated from creativity and innovation are likely to have a better competitive advantage and be more sustainable with regards to entrepreneurial development.

Enterprise development and growth

Growing firms need professional support to sustain their growth. However, the most challenging part of growing a family enterprise is the decision to inject professionalism into the firm (Chua et al., 2009; Lee et al., 2003; Stewart and Hitt, 2012; Fang et al., 2012). This paper considers professionalization as a critical strategy to develop and grow the family firm; one that necessitates the adoption of professional norms (Hofer and Charan, 1984).

Professional norms are not very common. This is especially true within African communities that have underlying norms about omens: for instance, omens related to plans after death perhaps explain the absence of a will among Africans. A 2016 report by Price Waterhouse Coopers (PWC, 2016) in Kenya summed up the challenges Kenyan enterprises face: operational challenges, poor succession planning, and poor conflict resolution. These are key concerns, PWC notes for privately-owned Kenyan businesses, most of which are run by families. Literature from other parts of the world indicates that this may not be only a Kenyan problem. As Davis and Tsai (2017) suggest, the growth or decline of a family enterprise is enhanced or hindered from generation to generation due to the following reasons:

- (i) Families do not have the optimal strategy for allocating their capital for growing overall family wealth, including an objective plan for the core business, based on the industrial life cycle and competitive landscape;
- (ii) Families lose their ability to make sound business decisions to grow their wealth in later generations. Part of this may be the result of owners becoming more distant from the management of their wealth;
- (iii) Lifestyle expectations of family members increase. This results in an increase of consumption, which decreases the level of capital that can be used to generate more wealth over time” (p. 2).

Innovation and sustainability

In his Mark I theory, Schumpeter (1934) argued that the innovation and technological change of a nation come from its entrepreneurs and what he termed as “wild spirits”, where he referred to entrepreneurial activities as creative destruction. For any family or non-family organization to be sustainable, innovation must be at the core of its strategy. Sustainable enterprises destroy

existing products, disrupt orthodox production methods, consumption patterns, and market structures, replacing them with superior environmentally (Berle, 1993; Anderson and Leal, 1997; Staber, 1997; Keogh and Polonsky, 1998; Pastakia, 1998; Schaltegger, 2002; Lehmann et al., 2005; Cohen, 2006) and socially (Prahalad and Hammond, 2002; Mair et al., 2005; Bright et al., 2006; Milstein et al., 2006; Nicolls, 2006; Bull, 2008) sound products and services.

Family business studies (Carnes and Ireland, 2013; De Massis et al., 2013; Li and Daspit, 2016) confirm that innovation is at the heart of the development trajectories of these types of businesses. Li and Daspit (2016) posit that “while scholars consent that family involvement creates uniqueness in firm innovation, findings suggest that family involvement is both beneficial and detrimental to innovation success” (p. 105). However, there remain opposing viewpoints as to whether family firms are any better at innovation than non-family enterprises. While there are those who suggest that family firms are more innovative than non-family firms (Craig and Dibrell, 2006; Gudmundson et al., 2003; Llach and Nordqvist, 2010), others hold contrary opinions (Chen and Hsu, 2009; Dunn, 1996; Muñoz-Bullón and Sanchez-Bueno, 2011).

Corporate entrepreneurship

According to Kellermanns and Eddleston (2006), corporate entrepreneurship has great potential to sustain the family firm across generations. However, this important topic is under-researched. These researchers recognized that there was not much literature in this area. Consequently, they conceptualized a framework, hypothesising that corporate entrepreneurship, as entrepreneurial activity, is influenced by a willingness to change, generational involvement, perceived technological opportunities, and strategic planning. They concluded that family members’ willingness to change and recognition of technological opportunity positively influence corporate entrepreneurship in family firms. This highlights the significance of the family in understanding family firm entrepreneurship and success (p. 809).

Formal/Informal enterprise in Kenya

The majority of Kenyan enterprises fall within the categories of micro, small, and medium with few large enterprises. Kenya’s 2017 economic survey established that “there were about 1.56 million licensed MSMEs and 5.85 million unlicensed businesses. These establishments were both in the formal and informal sectors. Most of the unlicensed establishments were operated at the household level” (p. 296). The report notes that 92.2% of establishments were categorised as micro, 7.2% as

small, and 7% as medium. Further, there is virtually no growth beyond the small-enterprise category, where small firms grow into large enterprises.

The institutional context, in this case, is explained by those rules, norms, regulations, culture, social networks (in terms of stability, governance, and content), and traditions that govern entrepreneurial behaviour. The institutional context, therefore, can either facilitate or constrain entrepreneurship (Welter, 2011). In the conceptual model (Figure 1), the context is dichotomised into affluent and modest. Key institutions are either external measures—formal regulations and rules and policies governments used to distinguish between formal versus informal enterprises—or internal ones. Internal measurement refers to those aspects of the culture, norms, traditions, and social networks that are either within the entrepreneur’s control or that influence his or her behaviour patterns. As stated earlier, in Kenya, enterprises operate either a formal (registered) firm or an informal one (not registered/operating in an informal environment). The interaction of these variables (as indicated in the conceptual framework) could facilitate an enterprise’s growth from start-up to corporate entity, or it could hinder its development.

Institutional context clarified

Institutions are the formally or informally developed rules that govern human behaviour (North, 1990, 1991). From a national government to an organization, there are codified, legal, and political structures that form the basis of formal rules, such as constitutions. For example, a written contract is a formal institution that reduces risk and uncertainty. Codified standards or rules that are known to all members of a group or industry are also institutions (Boettke and Coyne, 2009). These “standards may be established by the members of the group or by some external authority. In either case, the rules are formally written and binding to all members of the group” (Boettke and Coyne, 2009: 139).

Informal rules form part of virtually every organization’s informal culture. They influence how people behave outside of and beyond the company’s formal structure or organization. These informal rules include norms, culture, conventions, and values that are not supported by any legal framework. There are many other examples of informal institutions that have a far greater impact than formal institutions. These include welfare organizations that are popularly known, in Kenya, as “chamas” (corporative). They are formed outside the organization and provide an employee-support network. There are also associations centred on family structures and largely based on trust.

According to Boettke and Coyne (2009), it is the norms, customs, and values that enable us to cooperate with strangers in the marketplace that provides the foundation

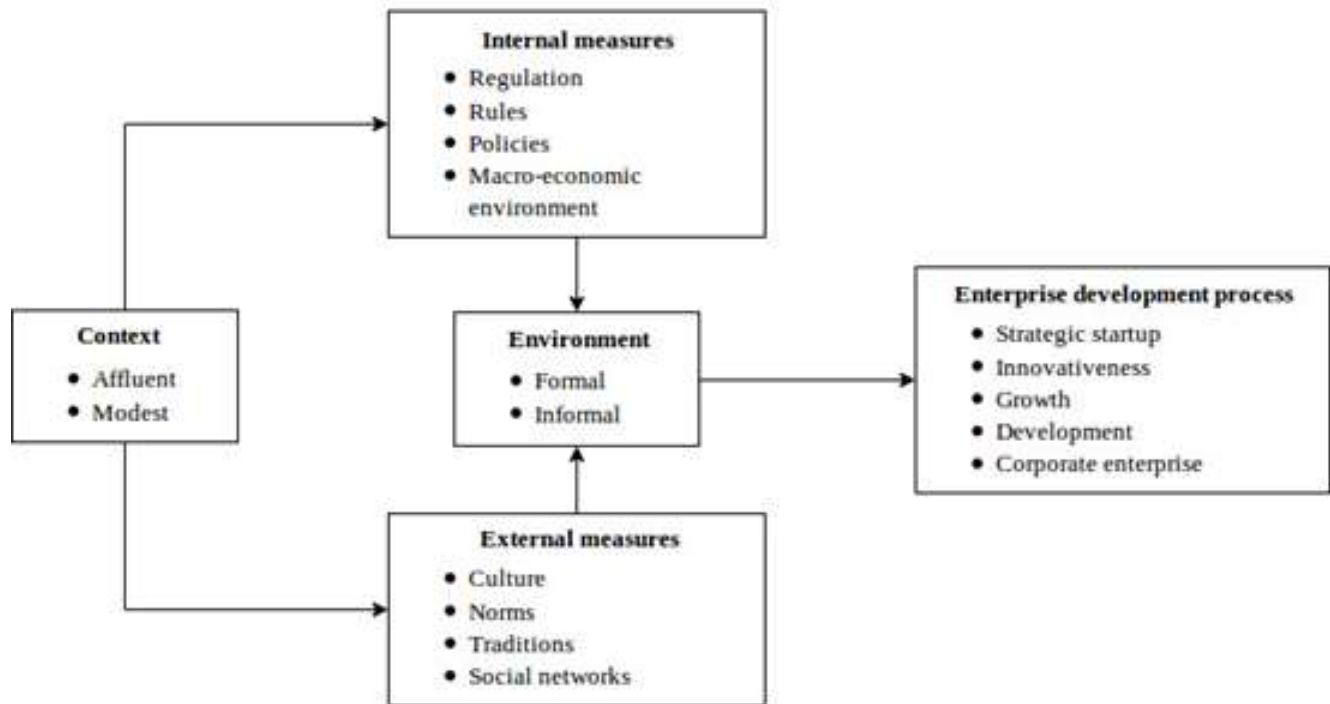


Figure 1. Conceptual framework.

for modern economic life. Central to the sustainability of informal institutions are norms and values of trust and reciprocity (see Keefer and Knack, 2005). Informal institutions largely function because of the existence of reciprocity, and a central element of reciprocity is trust. Informal interaction requires that people respond in kind and deliver on their responsibilities and agreements (p. 140).

METHODOLOGY

The study of entrepreneurship does not fit well with survey methods. Davidson (2004) suggests a qualitative design for entrepreneurial research. Entrepreneurship, he argues, is a process that cannot be captured by survey research methods. The heterogeneity of individuals makes it impossible to select a representative sample from a homogeneous population. Entrepreneurial behaviour is unpredictable, and it may be false to assume that people are engaged in entrepreneurial activities throughout their whole business life. Weis and Weber (2017) note that while a Kenyan entrepreneur may appear to be engaged in one activity, there is often side hustling underneath it all. In the light of this complex entrepreneurial behaviour, quantitative methods may not pick up any underlying phenomena.

Due to bias towards positivism, most studies (McDonald et al., 2015; John, 2017) acknowledge entrepreneurs to be homogenous. However, this is changing with more research focussing on qualitative methods to better understand entrepreneurs. As a result, new concepts are emerging. Fierro and Noble (2013) identify parallel entrepreneurship, which has the characteristics of serial entrepreneurship and is defined as one in which the actors are simultaneously involved in multiple enterprises.

To capture such unique behavioural patterns, it is imperative to use a case study analysis, which is a qualitative approach that eliminates the aforementioned issues (Yin, 2003). The case study method is thus used in this paper to analyse how the institutional context influences the family firm and entrepreneurial development. Sixty cases (30 from two contrasting contexts) were screened over a one-year period; on the basis of their growth potential, six were eventually selected for in-depth interviews.

Embedded multiple case study design

An embedded multiple-case-study design offers the means to address the research questions and compare and contrast the institutional variables in enterprises with both affluent and modest settings. This method uses an inductive, constructivist lens while also applying quantitative measures to objectively assess the specific factors common to the successful-enterprise context, whether it be affluent or modest.

Yin (2003) specifies that the case study research is most appropriate when investigators hope to "(a) define research topics broadly and not narrowly; (b) cover contextual or complex multivariate conditions and not just isolated variables; and (c) rely on multiple and not singular sources of evidence" (p. xi). This study intends to view successful entrepreneurship through multiple lenses. Rather than simply investigating one isolated characteristic, it looks at successful entrepreneurial activities as being contextually defined and complex, and it requires the application of multiple sources of evidence. As such, case study design is ideal for the needs of this study.

Context of the case studies

This study took an iterative approach to selecting appropriate

samples (Miles and Huberman, 1994). It also included two extreme contexts: a poor neighbourhood in Kamukunji, Nairobi, that is perhaps the headquarters of informality in Kenya; and Ngong Road, Nairobi, an affluent and emerging technology hub. The study applied Eisenhardt (1989)'s maximum variation strategy to select the contexts and the enterprises embedded therein. These two localities have almost homogeneous populations. Kamukunji consists of mostly high school dropouts who work in informal production centres. It has evolved to serve a nearby informal market and is quite close to the city centre and the industrial area. Here, businesses have access to their suppliers, and this is also where their customers operate from. In contrast, Ngong Road largely consists of college graduates who are trying their luck in technology ventures. It has emerged as Kenya's tech hub, simply because of the pioneering co-working space and incubator, iHub, which first opened here after Kenya built a high-speed fibre optic link to the Middle East. New tech start-ups began to leverage the proximity of iHub and, by 2010; the area became synonymous with tech development.

Initially, 30 enterprises were picked from each location. But after several iterations, using Yin (2003) as the selection criteria and participatory assessment (Dayal et al., 2000) to gain an understanding of each participating enterprise, six-three from each location-organizations were selected based on their responsiveness to suggested meetings. The research design has two units of analysis: the institutional context and the enterprises embedded within the context. Yin (2003) describes this type of design as a multiple-embedded-case design. Case studies of businesses from each location below help to gain an understanding of the needs and capacities that reside within individuals and groups.

Cases from relatively affluent Ngong Road

Case 1: In 2015, a 26-year-old engineering graduate partnered with his classmates to develop a 3D manufacturing facility. They detected an entrepreneurial opportunity in manufacturing 3D printers for schools on order. They have been busy in their venture since its inception. A 3D printer works like a robot, using a method called additive manufacturing to develop a 3-dimensional image of any shape. This new and emerging technology works by adding and shaping successive layers of material into a product of any size quickly and cheaply. Some countries, especially in the developed world, use this technology to gain a competitive advantage in the market, especially on products they traditionally outsourced to countries with cheap labour.

All three entrepreneurs graduated from a university in 2014; they studied engineering. In college, they grew interest in the university's fabrication lab, participating in a project dubbed 'Happy Feet', sponsored by the Dutch non-governmental organization, Hivos. The project devised a printer that produced customized shoes for people whose feet had been deformed due to infection from a sand flea (jigger)-considered a menace in some parts of the country. After printing several sets of shoes, they were confident to try it on their own. They also wanted to bring their production closer to the customers. However, they did not have the capital to invest in printers in every part of the country. Therefore, to advance their idea, they changed their original plan of moving into shoe manufacturing and ventured into making 3D machines. They planned to become competitive by selling each printer at \$350, which was below the price of imported ones priced at \$2,000. They also figured that they could be producing car parts to supplement their incomes.

They also began producing raw materials for their products. This mainly came from recycled plastic, which they harvested by working closely with garbage collectors. The plastics would be shredded into pallets, then processed into strands that formed the raw materials they needed to produce their plastic products. They also

began collecting waste material to recycle and increase volumes. To be competitive and make more money, they figured they needed to improve their quality and the necessary volumes.

Noticing their work, a British non-governmental institution offered them a grant to replicate their model across the country-this was indeed their original plan. Their moto: Solution providers in 3D printing technology. They aimed to scale up quickly to meet the demands of the emerging technology. And in order to do so, they needed financing. But they had not managed to secure enough to address their needs. Presently, they are working to develop a clear business plan before seeking funding from venture capitalists.

Case 2: In 2012, an Ivy League Caribbean with a doctorate in computer science and his highly educated Kenyan friend started a data-collection company, aiming to make research more accessible by reducing field costs. They provide businesses, researchers, organizations, and individuals with a platform from which to solicit feedback from individuals in a simple and efficient way. These entrepreneurs made their foray into health research through a Harvard University project in Kenya. They did it by sending follow-up surveys to the study's participants in order to assess the degree of adherence to a medication called Pre-Exposure Prophylaxis (PrEP), which reduces HIV transmission. Armed with the Harvard project experience, the start-up went on to build a team dedicated to such kinds of projects. Within a very short period after its inception, they have now facilitated global collaborations with some of the big names in health research in the U.S.

The company is scaling up fast across the African continent and the world. It now assists health researchers and practitioners by collecting feedback from study participants, patients, and the public, and by facilitating conversations between health personnel and patients. This start-up, once small, has made a huge social impact through technology. They have managed to generate and store knowledge through cloud-based storage and offer increased data security. Unlike in the past when researchers relied solely on field enumerators, they use digital links to access respondents in remote locations and also to follow up with them over the longer term of a project. These entrepreneurs' value proposition includes the anonymization of data and the removal of paper-based records so as to increase confidentiality and allow researchers to analyse data in real-time. Their digital platform has greater implications for research, policy, and practice since research shows that respondents are often more honest when they answer sensitive questions through short messaging services (SMS) than in face-to-face encounters. This reduces bias and improves data quality. Through SMS, it takes only minutes to send a survey to thousands of people, meaning that sample sizes can now be larger and, in some cases, cover an entire population even in extremely remote areas.

Overall, collecting data this way saves time and, thereby, increases the pace at which knowledge/research is disseminated. This is, perhaps, why investors are betting on this particular company. After early stage fundraising, the founders have improved their product and were able to poach high-quality staff from top technology companies across the world, including Silicon Valley. The culture within the organization has changed to accommodate the company's international character. It is growing fast and, as it grows, it has adopted a professional approach by appointing an advisory team. Further, the staff are incentivized to innovate within the enterprise, and the response to their series-A fundraising has been tremendous.

Case 3: This small creative-arts company is in the textile sector and focuses on women's wear. Although it is situated along Ngong Road, it is not quite a tech company, but it heavily leverages technology to grow its brand. The company was launched in 2011 by a young lady with virtually no experience in the textile industry. She went through a learning curve and successfully started scaling up her business. Her dream is to follow the footsteps of Zara, the Spanish clothing store giant and become the Zara of Africa. A

graduate of a top Canadian university, she began her banking career immediately after college. She later quit banking to complete her MBA in South Africa. After 20 years in various international jobs, she founded her company. Her brand has picked up in Kenya, and it has been growing on a year-to-year basis by between 30–50%. With more than seven outlets, she is looking to scale up throughout the country. One of the areas it is growing fast in is the online sales, and the local logistics firms have risen to the occasion in terms of growing the brand. In fact, these firms always meet their customers' needs on time and can, therefore, be counted on over the medium and long term.

Although at the beginning this entrepreneur did everything herself—as those in many start-ups do. Without the services of professionals, she realized she may not scale the business as fast as she wanted. In addition to employing professional service, she also appointed a board of directors to provide her with strategic leadership. Indeed, the company is on the upward trajectory, with more than 40 employees and in search of facilities to expand. She is now at an early stage of building a new model that outsources production as she focuses on sales and distribution. The challenge, however, is finding the right skill mix to separate manufacturing from distribution—there is a marked dearth of polytechnics in Kenya, a fact that has had a negative impact in terms of improving mid-level skill sets in the labour force.

In a country with high youth unemployment, she notes, it is ridiculous that one has to seek such skills outside the country. The few workers who have the right qualification also disappoint as they lack the emerging computer-assisted manufacturing in virtually all sectors of the economy. Further, college instructors are using old sketchbooks in their teaching. Therefore, college administrators need to upgrade their curriculum to include computer-assisted techniques. If the industry is to grow, as it should, then there is a dire need for a textile design studio for knitting, weaving, or printing. This is an imperative that will be foundational for the design and technology necessary for the development of the textile design.

Despite these shortcomings, this firm has got into Big Data through its loyalty program. Here, the owner collects customer data and uses it to study behaviour patterns as well as plan for production. She has learnt about the colours or designs that bring in the greatest amount of resources. The information is used for decision-making that minimizes waste and relayed to production and procurement. Since she has also devised a strategy, according to which she uses imported Jersey fabric—a stretchy material—to accommodate up to three sizes of fitting, she is now able to cover diverse interests in clothing.

The owner wants to do even more with the data. She wants to use it, for example, to decide where to establish the next outlet. She desires to leverage technology throughout her network using the cloud-based enterprise resource planning (ERP) system, which would guarantee data security. The most important item on her agenda is automating her branch network, something that will unleash huge payoffs as it will facilitate managing costs better and improve the business model. She is well aware that global retail giants are targeting Kenya due to its growing middle class and, therefore, she knows she has to innovate quickly. Like the food sector, new multinational clothing stores are taking up space in many of the new malls in Kenya. She has decided to take them on, but with a slightly different strategy of embracing data-driven decision-making. She is attuned to the fact that the fashion industry is very dynamic and subject to disruptions. Hence the reason she looks up to the strategies of Zara is to remain competitive, at least for now, before giant stores begin their expansion in Kenya. She has to start thinking about changing her product line to remain competitive. One of her advantages is the use of social media for marketing. A country like Kenya, comprised largely youths needs social media. She uses social media to build her brand and has already recruited brand ambassadors with its help. In addition, she also reads widely to stay up to date with trends.

Perhaps, her best strategy is to provide high-quality products at a reasonable price to compete with used-clothing and give Kenyans the opportunity to buy new clothing, according them the dignity they deserve. In terms of her expansion strategy for her business model, she feels comfortable with joint ventures instead of franchising. She needs to decide on her business model and solidify her strategy without necessarily stretching the management team. Even though there are challenges, especially associated with low margins, the enterprise has potential. Leveraging technology will create the necessary efficiencies for a sustainable future.

Cases from modest Kamukunji

Case 4: After three years of looking for a job, this entrepreneur settled for work at his cousin's open-air blacksmith workshop in Kamukunji, a historical district in Nairobi renowned for its African uprisings against the White rule. The old colonial homes still stand, providing housing to many lower-income Nairobians. The area borders the central business district, the famous Gikomba market, and is close to the industrial area. These advantages, as well as its close proximity to suppliers and customers, make Kamukunji an attractive place to establish an informal enterprise.

Kamukunji is a busy place. The noise is deafening: artisans continually pound steel drums, fashioning them into cooking utensils, wheelbarrows, and other products. After ten years in the area, the entrepreneur managed to set up his own workshop and bring more of his relatives to the area as apprentices. The city's proximity to hardware shops has also allowed him to develop close links with good businesses, one of which helped him purchase an old car. He needs the car, he says, to manage his "empire". He has another similar business in Kariobangi, manufacturing weighing machines. When asked why he does not consolidate these enterprises, he says that the tax people are getting cleverer. Informality, he notes, has bought him land in Kitale, to the west of the country, where he owns a thriving dairy farm. He has no plans to scale up the enterprise. Instead, he hopes to join politics. "I have assisted many young people from my village to eke a living in Nairobi", he says. "Now, it is their turn to reciprocate by electing me". Having been a chief campaigner for a local member of parliament, he has developed a good political network. And his demeanour and quality of clothing suggest that he is no longer poor.

Case 5: A young man, now aged 30, came to Nairobi in his early 20s, as many high school graduates do. At first, a relative employed him to supervise the construction of an apartment block. Here, he interacted with many contractors and befriended some of them. After the project was completed, he enrolled in a commercial college to study business management, but his lack of resources did not let him finish the course. He sought out one of the contractors from the project and, luckily, was employed as a bookkeeper. After a year, he quit coming to Kamukunji as an apprentice welder with a contractor he had met during the apartment project. Through his relative, he also helped contractors obtain good business, for which he earned commissions, helping him raise sufficient resources to purchase his own welding tools and start his own business. This enabled him to do smaller contracts on his own. But when the projects grew in size, he collaborated with his contractor friend. After less than five years in his welding venture, he managed to hire six apprentices and a sales and marketing person, the latter whom he pays on commission.

This entrepreneur never regrets having set up his enterprise as he has bought himself a plot in Kayole Estate (south of Nairobi), where he is now building a home. Just like his fellow informal-sector entrepreneurs, he measures success by what he has done for himself, his family, and "his people" (fellow tribesmen). It takes a while to understand why he emphasizes his people in the

enterprise. Through the welfare society they created, they have managed to make investments in their ancestral home. These people are the insurance policy for his business, his health, and the health and education of his little children. He attributes his success to the welfare society that helps to bring his wealthier relatives closer to each other. He takes advantage of such meetings by seeking contracts from them. He plans to eventually start his own construction company and become a major contractor.

Case 6: This case relates the story of a 35-year-old man who came to Nairobi after completing high school. Employed as a clerical officer by the city authorities, his responsibilities entailed issuing permits to informal enterprises that wished to operate on public land, mostly along the road reserves. During his work, he got to know many of the people he assisted. When he was fired from his job, he found solace in Kamukunji, often helping many of the people there navigate the city's authorities. Soon, he began to charge people for running errands, such as resolving issues of rent arrears with the city council. He also hired a pushcart to help producers transport their manufactured goods to Gikomba and other destinations. Within three years, he bought his own pushcarts, which he had hired out. All along, he had no idea that his was a courier business, and when motorbikes became a major transportation mode, he bought two to help transport customers' products to wherever they wanted. With this faster mode of transportation, the scope of his operation expanded.

Working with many of the welders in Kamukunji, he innovatively modified one of the motorbikes to make it carry more luggage. Retail shop owners, some of whom he had helped during his former employment, hired his new contraption to deliver supplies in much of Eastlands, Nairobi.

Presently, he has six motorbike operators, three pushcart operators, and a small car he uses to travel around and market his services. Since courier services are regulated, and he operates informally, he is sometimes harassed by the authorities. His greatest advantage is the fact his knowledge of the region, which has no street addresses, is unparalleled. Even if the postal services were to begin delivery services here, they would need his extensive knowledge. Six years into his business, he has managed to educate his children in good schools. He will give them the best education they want, he swears, because they are the ones who motivate him to wake up every day and struggle in this complex city.

FINDINGS AND ANALYSIS

An analysis of the institutional context (Table 1) shows that it can influence entrepreneurial development. External institutions, such as the regulatory framework and its rules and policies, necessitate the modern management practices that are essential for a firm to attain the requisite growth trajectory to become a corporate enterprise. Although successful in some aspects, enterprises within the modest (informal) context are limited by entrepreneurs' fear of compliance with the law. Success at the informal level is measured by the other side activities the entrepreneur has managed to develop, such as helping a relative (fosters internal institutions), setting up another side enterprise, or building their own home-any or all of which may not be directly complementary to the enterprise.

The six case studies demonstrate that while entrepreneurs in the affluent context leverage on opportunity recognition, informality is based on strong

family ties, culture, and social networks. The affluent context is closely linked to formal enterprises, while informal enterprises are closely associated with the modest context. Formal enterprises, especially those that take advantage of information and communication technologies (ICTs), must adhere to certain global norms due to the nature of their business links outside the country. This is because, in most cases, their enterprises depend on venture capitalists to finance their growth.

The differences between formality and informality are significant, reflecting the behaviour patterns between college and high school-educated entrepreneurs. Also highlighted are the differentiating factors that may not just be education, but rather entrepreneurs' orientation towards internal institutions and whether there is a failure to seek out and exploit opportunities. Within the modest context, entrepreneurs do not seem to seek out opportunities; rather, in all the observed cases, they are swept into and duplicate what their relatives are doing. By contrast, those within the affluent context seek out opportunities and leverage modern management practices to sustain their enterprises.

The growth trajectory of family firms in the affluent context is intertwined with the ability to raise capital from venture capital sources. This, in turn, has forced the development of a new culture that looks at the numbers and adheres to global standards. This contrasts with those firms from the modest context, which grow organically or leverage other internal institutions in order to meet their financial requirements. These entrepreneurs perform differently, with some succeeding and others failing, largely because of the influences of the business culture they adopt.

CONCLUSION AND IMPLICATION

This study seeks to understand how institutional context influences entrepreneurial process in the family firm. It seeks to discover why entrepreneurs perform differently, and the characteristics, if any, that family members in successful enterprises possess. In all, the study confirms the theoretical assumptions. First, there are variations in the interactions between external and internal institutions as they relate to entrepreneurial development. How this happens depends on the environment in which the family enterprise is embedded in. Although the contexts are situated within one large city, the absence of external institutions (those that heavily influence the entrepreneurial development in affluent areas) in families within a modest context hinders them in terms of the same development trajectory that is enjoyed by the affluent who embrace these institutions.

Internal institutions encourage inward-looking tendencies that blur the enterprise-development process. Although innovativeness exists in a modest context, it happens intermittently, disrupted by the behaviour of starting multiple unrelated enterprises. This perhaps

Table 1. Context analysis.

Measurement of context	Context	
	Informality	Formality
External measures		
Regulation	Low	High
Rules	Moderate	High
Macroeconomic policies	Moderate	High
Internal measures		
Norms	Low - moderate	High
Traditions	High	Low
Culture	High	Low
Social networks	High	Low
Solidity	Homogenous	Heterogeneous
Governance	Family ties	Relies on expertise
Content	Low in value	High in value
Success measures		
Opportunity recognition	Low	High
Start-up (implementation)	High	High
Growth development	Low	High
Innovativeness	Moderate	High
Corporate entrepreneurship	Unlikely	Very likely

explains why there is a large informal sector in developing countries. Policy interventions include incentives to formalize enterprises, training programs on enterprise scaling and developing innovative and entrepreneurial clusters. The number of enterprises within the informal environment is too large to ignore. As entrepreneurs are the engine of economic growth, entrepreneurship needs to grow; at the moment, there is not enough to support Kenya's economic growth.

In practical terms, the study makes a meaningful contribution to the way we research family enterprises. Quantitative methodologies often fail to capture the nuances associated with entrepreneurs. Moreover, nonverbal actions and issues of trust matter in getting to the bottom of research. This study brings a different theoretical dimension to the study of the family enterprise, especially in developing countries where such investigations have focused only on the benefits of these types of enterprises and issues of succession.

Limitations and future study

In any research where the sample is too small, there is always a concern that the outcomes do not yield to generalisations. Nevertheless, the study generates a useful discourse that can lead to a better understanding of how institutional context influences entrepreneurial development. The study raises some curious questions

that need further research. The behaviour patterns of entrepreneurs in the modest context appear to show that they are content with their modest achievements. This raises the question: does entrepreneurship in developing countries plateau when an entrepreneur attains modest achievements?

CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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