Family Business Management Culture in a Developing Economy: Samoa as an Example

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Abstract

This empirical study investigates what makes family-firm culture in a developing economy unique by comparing the values and beliefs of Samoan family-business members with that of government workers within American Samoa and with family-business members in the U.S. Family-firm literature stresses the differences between family-firm and non-family management in terms of culture, goal-setting, and strategy. Family-firm culture is said to be a resource leading to competitive advantage. This study is based on a survey comparing 90 American Samoa family-firm members with 58 Samoan government workers, as well as with 87 family-firm members in the U.S. Statistically significant differences between the culture of members of family-owned firms and government workers were found within Samoa as well as between Samoan family firms and family firms in the U.S. Nationality had the strongest effect on responses but family-firm membership had a secondary but still significant effect in five culture constructs. We can conclude that differences in Power Distance, Social Cynicism, Social Flexibility, Spirituality and Fate Control describe fundamental aspects of family-firms in American Samoa and may illustrate at a fundamental level how an island economy differs from a developed continental economy. In-depth culture studies involving family-firms in island economies, such as this one, may have broad application for the special challenges facing economic development in small island states.

Introduction

This is a study of family businesses in American Samoa which empirically investigates the cultural foundations that may underlie the family-firm's goal-sets, strategy and structure. Although family-owned firms predominate in most countries, they are seldom studied, especially outside of the U.S. The implications of family business are especially relevant for island economies such as Samoa, as these economies are dominated by government spending while the private sector is composed of mostly family firms.

It is commonly assumed that firms are managed to maximize the returns of owners (Varian, 1978), but managers may maximize their self-interest in the same way owners do, making decisions that further their own interests but do not promote the interests of shareholder (Berle & Means, 1932). Strategies and structures that maximize ownership value will more likely be found in companies that have a large amount of ownership control than in companies without (McEachern, 1975). Family-owned businesses should be the strongest examples of these.

The family organization is probably unequaled in the transfer of culture between generations (Gersick et al., 1997). In a family firm, the family's values become the company's cultural values. An inimitable culture can be a resource which leads to sustained competitive advantage (Barney, 1986). If cultural values that are valuable to success are embedded in a family organization then this may lead to a competitive advantage.

Family-firm literature strongly suggests that family-firm culture has a major effect on goal-sets (Sharma, Chrisman & Chua, 1997), strategy (Davis, 1984; Dyer, 1994; Sharma, Chrisman & Chua, 1997; Hall, Melin & Nordqvist, 2001), and performance (Dyer, 1986; Ram & Holliday, 1993; Whyte, 1996). Although visible cultural attributes of family firms have been described and compared with non-family firm culture, little empirical work in the way of quantifiable cultural comparisons has been presented. Hall, Melin and Nordqvist (2001) conclude that similarities and differences in cultural characteristics between family firms in different countries should be researched using cross-cultural comparative studies of family businesses. This study begins to bridge this gap by empirically describing the value and belief cultural attributes of Samoan family-owned firms which serve to differentiate them from family firms in the U.S. as well as government workers within American Samoa.

Competitive Advantage of Family Business

Despite all of their perceptible disadvantages, family firms have been so successful in all times and places that kinship must supply major benefits that more than balance the costs (Goody, 1996). Much family business research shows family organizations having large competitive advantages. Family firms have the kind of management practices and business values which are needed to be competitive (Prokesch,1986; Aronoff, Astrachan & Ward,1996). Family firms have a large competitive advantage and are more likely to succeed (Brokaw,1992). Aronoff and Ward, (1995), among others, argue that the family firm is a superior model for success. Daily and Dollinger's (1992) research also found that family control resulted in performance advantages.

Family firms may have an organizational-culture-based competitive advantage. Barney (1986) holds that a source of sustained competitive advantage can arise from an inimitable culture. Thus, if values that are valuable to success are embedded into the family, the family organization may have a competitive advantage. There are two important factors that drive behavior in family organizations: familial goals and values (Dyer, 1986; Tagiuri & Davis, 1992; Fukuyama, 1995). Family goals generally include development and support of family members. Firms, however, seek profit and use economic criteria such as profits, market share, and efficiency to measure performance. Family firm research indicates that, despite economic pressures, family goals and needs often drive decisions regarding plant location, financial strategy, and business strategy (Ward, 1988; Kahn & Henderson, 1992; Mishra & McConaughy, 1999). Values of altruism strongly influence the dynamics of family businesses, creating bonds of trust and loyalty that make family membership valuable in ways that may be difficult for non-family firms to imitate (Schulze, Lubatkin, Dino, & Buchholtz, 2001).

Ward (1988) finds that family businesses encourage family-oriented environments and inspire strong employee loyalty. Although managerial influence may be based on kinship rather than expertise (Greenhalgh, 1994) family-firms tend to bring out better performance in their employees (Moscetello, 1990), and are seen to have greater trustworthiness (Ward & Aronoff, 1991; Tagiuri & Davis, 1996). Family firm members are more committed (Mattessich & Hill, 1976), harder working (Benedict, 1968; Ram & Holliday, 1993), and longer-serving than non-family members (Wong, 1988; Song, 1999).

Family businesses may have a greater reputation for integrity and ethical behavior and develop stronger long-term business relationships. Family values take precedence over corporate values and family business managers have a reputation for integrity (Lyman, 1991). Family-firms generally do not formalize codes of principles but tend to establish norms of behavior using role modeling (Adams, Taschian & Shore, 1996). In a family firm, family values become organizational cultural values. A family business's culture is the product of beliefs, values, and goals embedded in its history and social ties (Hall, Melin & Nordqvist, 2001). The generational transfer of beliefs and values creates a stable family culture and family business. A family-firm's reputation with suppliers and customers is stronger than those of non-family firms (Lyman, 1991). The national culture barriers of international business can be crossed more successfully by family-firms (where family values are shared across national cultures) than by non-family companies (Swinth & Vinton, 1993).

Kets de Vries (1996) found that family-firm founders exhibit stronger requirements for control. Founders are less likely to delegate power, and family firms tend to be centralized and controlled by the founder's beliefs (Kets de Vries, 1996). Coffee and Scase (1985); Hall (1988); Tagiuri and Davis (1996); Poza, Alfred, and Maheshwari (1997) also find that decision-making is centered with the top family members in family-firms. Family businesses thus foster closer alignment between organizational culture and strategy and greater commitment to the strategy. Davis (1984) emphasizes the importance of culture to strategy by arguing that strategy arises from guiding beliefs which are why the organization wants to accomplish the strategy. Internalization of these beliefs by firm members leads to higher performance (Dyer, 1986). Johnson (1986) and Schoenenberger (1997) state that firm strategy has its origins in firm culture. Family goals and family-firm business strategies tend to be closely aligned, allowing commitment to a more successful long-run strategy (Aronoff & Ward, 1994).

Family organizations are faster to respond to business environment shifts (Dreux, 1990), are less environmentally dependent, and are thus less vulnerable to economic reversals (Donckels & Frohlich, 1991). Family businesses react less to economic cycles because they have a long-term vision (Ward, 1997). Family firm members are easier to coordinate and are more adaptable when conditions change because of their tacit knowledge of each other and of the firm (Benedict, 1968; Greenhalgh, 1989; Ram & Holiday, 1993). Family firms use a short-term planning horizon in response to uncertain environments and very long time horizons in stable environments (Bruun, 1993; Whyte, 1996; Perez-Lizaur, 1997).

The literature shows that the competitive advantage of family firms are based on their organization's inimitable family-based culture. Specific and distinctive qualities of family firms include goals that support family members and values of altruism. This culture leads to the encouragement of a family-oriented environment, stronger employee loyalty, greater reputation for integrity and ethical behavior, closer alignment between organizational culture and strategy, faster response to environmental shifts, and a longer term viewpoint that is less reactive to economic cycles. Family firms also tend to coordinate family members in the firms better than non-family firms do their executives and staff.

Metrics of Family Business Culture

The literature identifies a wide range of culture-based behaviors which may be different for family firms and which may provide some competitive advantage to the family firm. But before culture's impact on the strategy and performance of family firms can be examined, there must be some way of establishing cultural benchmark measures for both family and non-family firms. Fortunately, another body of literature, that of cultural constructs, has developed measures of culture. These measures have mainly been used to compare culture at the level of the nation, but some can be used at the organizational level to compare family and non-family firms.

Geert Hofstede (1980, 1991, & 2001) has shown that his instrument items for Power Distance and Masculinity-Femininity are suitable to measure the cultures of occupational groups as well as for the cultures of entire nations. Hofstede states that social classes, which are closely linked with occupation, carry different class cultures (Hofstede, 1991). His findings showed that Power Distance measurements varied significantly by occupation, both across national cultures and within national cultures. The lowest status occupations and education measured highest on Power Distance and occupational differences were largest in countries with the lowest Power Distance scores (Hofstede, 1991). Leung, Bond et al. (2002) have empirically shown that beliefs correlate more closely to managerial behavior than do surveyed values or attitudes. Their five measurements of social axioms are designed for the personal level rather than the national level (Leung & Bond, 2004) and can be used to differentiate both national culture and sub-national groupings.

In this study, we view family businesses as a subgroup with hypothesized cultural attributes distinct from non-family businesses. In this way, we see family business owner-managers as kind of occupational grouping. We then use both Hofstede's and Bond's measures to look for significant differences that may make family firms distinctive. We look for differences between family and non-family firms within two nations. In addition we look for similar differences between family and non-family firms across nations, seeking to uncover cross-national commonalities in family business culture. Identifying such distinctive cultural attributes could be the first step in understanding the hypothesized culture-based advantages of family firms.

Hypotheses

Every culture includes a range of values and beliefs which can be measured via survey questionnaires. This study used cultural measures to look at family-business culture in American Samoa and in comparison with government workers of the same nation. Cultural measures have been shown to differ significantly between some occupations as well as between national cultures (Hofstede, 1980 & 2001). Family-business owners and managers may be seen as both classes and occupational categories. We thus expect that the values/beliefs that drive the family business may diverge significantly not only from those of family firms in other nations, but also from the average values/beliefs of professional managerial culture in the same nation.

H1: Culture construct mean scores collected from Samoan family-firm members will significantly differ from mean scores for U.S. family-firm members and also from mean scores for Samoan government workers.

Our second set of hypothesis addresses the specific differences we expect to find on our culture measures between family firms and government workers in American Samoa.

Kets de Vries (1993), Dyer (1994); along with Gersick et al (1997) label family firms as often being inward-looking, traditional, unyielding, and difficult to change. Kets de Vries (1996) states that two common characteristics of family-firm founders are mistrust and a requirement for control. Founders usually do not like to delegate power, and their firms are usually centralized and controlled by the founder's beliefs (Kets de Vries, 1996). Coffee and Scase (1985); Hall (1988); Tagiuri and Davis (1996); Poza, Alfred, and Maheshwari (1997) also find that decision-making is centered with the top family members in family-firms. These descriptions suggest that family firms may score high in the Power Distance dimension. Hofstede (1991) states that his Power Distance measurement will be lower in groups with higher education, class, and occupational status. Thus government workers may have relatively lower scores in this dimension.

H2a: Mean *Power Distance* scores for Samoan family-firm members will be higher than the mean scores for Samoan government workers.

It should be noted that the above references to founders' rigidity, mistrust, and control seem to contradict the earlier references to the stronger culture of trust and loyalty found in family firms. Thus, it seems possible that the results could go either way. We have predicted an outcome that seems to align with the preponderance of the literature.

Hofstede's definition of the Masculinity/Femininity dimension (Hofstede, 2001) states that groups scoring low on Masculinity (that is, high in Femininity) would be more tender with a greater concern with quality of life and other welfare issues. Stewart (2003) states that leaders of kinship-based firms may need to display conspicuous generosity towards family. Schulze et al. (2001) also say that altruistic values influence family businesses and that family altruism makes family-business membership valuable in ways that is not usually found in membership with other kinds of firms. Thus it may be expected that members of family-firms will be more concerned with welfare and quality of life issues than would government workers, and will score higher on Feminity (lower on Masculinity).

H2b: Mean *Masculinity* scores for Samoan family-firm members will be lower than the mean scores for professional managers of Samoan government workers.

Leung and Bond’s (2004) research finds that Social Cynicism relates positively to lower life satisfaction, lower satisfaction toward one’s company, a faster pace of life (possibly related to a business-like transactional approach to life), a rejection of value-based leadership, and more disagreement with the in-group. On the other hand, Dyer (1986); Tagiuri and Davis (1992); and Fukuyama (1995) find that family goals and values are the factors driving family business behavior. Family firms generally have family-oriented workplaces which inspire stronger than usual loyalty (Ward, 1988). Family relationships generate higher than usual motivation, loyalty, and trust (Tagiuri & Davis, 1996). Family values and personal relationships take precedence over the usual values found in corporations; and family firm members exhibit high integrity and relationship commitment (Lyman, 1991). Thus it is expected that family-firm members will score relatively low on Social Cynicism.

H2c: Mean *Social Cynicism* scores for Samoan family-firm members will be lower than the mean scores for professional managers of Samoan government workers.

Leung and Bond’s (2004) research finds that Social Flexibility relates positively with a belief in the lack of rigid rules, the existence of multiple solutions to a problem and inconsistency in human behavior. Family firm members are more adaptable than non-family firms in changeable conditions (Benedict, 1968; Greenhalgh, 1989; Ram & Holiday, 1993). Family firms are more flexible in reducing consumption during economic downturns and expanding working hours during economic upturns (Blim, 1990; Song, 1999). Family firms have greater flexibility than non-family firms in using a short-term planning horizon in uncertain environments and very long time horizons in stable environments (Bruun, 1993; Perez-Lizaur, 1997; Whyte, 1996). Thus it is expected that family firm members will score relatively high on Social Flexibility.

H2d: Mean *Social Flexibility* scores for Samoan family-firm members will be higher than the mean scores for professional managers of Samoan government workers.

Leung and Bond’s (2004) research finds that Reward for Application relates positively to higher reliance on superiors, lower reliance on specialists, as well as a lower emphasis on mutual attraction, education and intelligence. It is also related to a lower tolerance for divorce. Kets de Vries (1996) found that family-firm founders exhibit stronger requirements for control. Founders are less likely to delegate power, and family firms tend to be centralized and controlled by the founder's beliefs (Kets de Vries, 1996). Coffee and Scase (1985); Hall (1988); Tagiuri and Davis (1996); Poza, Alfred, and Maheshwari (1997) also find that decision-making is centered with the top family members in family-firms. Managerial influence may be based on kinship rather than expertise (Greenhalgh, 1994). Thus it is expected that family firm members will score relatively high on Reward for Application.

H2e: Mean *Reward for Application* scores for Samoan family-firm members will be higher than the mean scores for professional managers of Samoan government workers.

Leung and Bond’s (2004) research finds that Spirituality relates positively with a stronger endorsement of humane leadership, longer working hours, more frequent church attendance and a higher level of agreeableness. Family firm members are more committed (Mattessich & Hill, 1976), harder working (Benedict, 1968; Ram & Holliday, 1993) and longer-serving than non-family members (Wong, 1988; Song, 1999). Moscetello (1990) finds that family organizations have less managerial politics. Adams, Taschian, and Shore (1996) find that a family firm's leadership is more unlikely to impose bureaucratic codes of ethics and is more apt to lead using role modeling. Lyman (1991) states that family values are emphasized over corporate values and family-firm leaders more likely to exemplify integrity and commitment to relationships. Thus it is expected that family firm members will score relatively high on Spirituality.

H2f: Mean *Spirituality* scores for Samoan family-firm members will be higher than the mean scores for professional managers of Samoan government workers.

Leung and Bond's (2004) research finds that Fate Control relates positively to lower work ethics, lower endorsement of team-oriented and charismatic leadership, and lower satisfaction of life and towards one's company. These findings are consistent with the idea that people high in fate control respond passively to events that occur to them. Ward (1988) finds that family businesses inspire greater employee loyalty than non-family firms. Family organizations give employees higher pay (Donckels & Frohlich, 1991). Moscetello (1990) says that family firms bring out the best in their employees. Family firm employees have more flexibility in working arrangements according to Coffee and Scase (1985). Human resource management in family organizations is less expensive and more effective (Levering & Moskowitz, 1993). Adams, Taschian, and Shore (1996) find that a family firm's leadership is more likely to use a role modeling type of leadership. Lyman (1991) states that family-firm leaders are more likely to exemplify integrity and commitment to relationships. Thus it is expected that family firm members will score relatively low on Fate Control.

H2g: Mean *Fate Control* scores for Samoan family-firm members will be lower than the mean scores for professional managers of Samoan government workers.

Methods

Sample and Instrument

Small to medium-sized family-owned firms were sampled in American Samoa (a developing economy) and from the U.S. (a highly-developed economy) and compared. The Samoa Family Firm sample was also compared with responses from Samoan government workers. The family firms were predominately retail 'brick and mortar' businesses; none of which were engaged in farming, fishing or financial services. Family ownership status was self-reported and firms were in all cases 100 percent family-owned. Only family firm members who participate in their business were surveyed. Government workers are an appropriate comparison group in American Samoa because government employment is the largest employment alternative to family business in the territory.

For American Samoa, the survey was conducted predominately in the city of Pago Pago. 90 family-firm and 58 government worker surveys were returned. In the case of samples from the U.S., ethnically homogenous samples (European-American family-firm members in the Madison Wisconsin area) were initially contacted by telephone. Family firms were chosen from a family business center membership list. 87 family-firm and 69 bank manager surveys were returned.

Hofstede's instrument items for Power Distance and Masculinity-Femininity (Hofstede, 1980 and, 1991) and Leung and Bond's (2002) five measurements of social axioms were used for identifying and comparing cultural variables. Culture items were scored according to a 5-point Likert scale.

Results

Table 1 gives the relevant descriptive statistics and Table 2 shows the correlations between constructs within each country. The MANOVA results (see Table 3) suggest that there are effects for

Table 1
Descriptive Statistics

	N	*Min.*	*Max.*	*Mean*	*Std. Deviation*	*Skewness*	*Std. Error*	*Kurtosis*	*Std. Error*
Samoa, Family Firms									
PDI SCORE	90	1.000	4.000	2.220	0.730	0.249	0.254	-0.776	0.503
MAS SCORE	90	1.000	4.250	2.272	0.769	0.228	0.254	-0.867	0.503
SC SCORE	90	2.368	4.895	3.321	0.502	0.677	0.254	0.807	0.503
RA SCORE	90	1.357	4.214	3.222	0.511	-0.921	0.254	2.131	0.503
SF SCORE	90	1.438	4.733	3.349	0.499	-0.888	0.254	2.439	0.503
S SCORE	90	1.667	4.333	3.119	0.521	-0.097	0.254	0.094	0.503
FC SCORE	90	2.000	4.500	3.072	0.506	0.470	0.254	0.263	0.503
Samoa, Government Workers									
PDI SCORE	58	1.250	3.750	2.672	0.649	-0.137	0.314	-0.865	0.618
MAS SCORE	58	1.250	3.500	2.049	0.517	0.879	0.314	0.411	0.618
SC SCORE	58	1.579	4.000	2.773	0.540	0.094	0.314	0.068	0.618
RA SCORE	58	2.538	4.214	3.516	0.382	-0.402	0.314	-0.194	0.618
SF SCORE	58	2.438	4.667	3.748	0.452	-0.480	0.314	0.802	0.618
S SCORE	58	2.583	4.667	3.418	0.455	0.645	0.314	-0.006	0.618
FC SCORE	58	1.500	3.875	2.825	0.609	-0.057	0.314	-0.788	0.618
USA, Family Firms									
PDI SCORE	87	1.500	3.500	2.382	0.448	0.381	0.258	-0.348	0.511
MAS SCORE	87	1.000	3.000	1.960	0.407	0.067	0.258	-0.216	0.511
SC SCORE	87	1.263	3.105	2.109	0.365	0.250	0.258	0.135	0.511
RA SCORE	87	2.938	4.125	3.629	0.286	-0.315	0.258	-0.475	0.511
SF SCORE	87	2.929	4.000	3.354	0.225	0.687	0.258	0.724	0.511
S SCORE	87	2.417	4.000	3.397	0.373	-0.741	0.258	0.100	0.511
FC SCORE	87	1.500	3.875	2.506	0.510	0.245	0.258	-0.260	0.511

national setting, for family/nonfamily, and an interaction between organization type and national setting. This suggests that the pattern of findings for the seven scales depends both on individuals' national settings and their family/nonfamily organization status. First, the MANOVA results suggest the country samples differ significantly on the dependent variables (that is, the seven culture scales). Second, the nonfamily/family grouping also differs significantly on the culture scales. Third, there are significant interactions present; that is either the family business effect is stronger or the nonfamily business effect is stronger in one country across the seven scales. This provides a simultaneous test of the relationship of an individuals' national status and their business status on the seven cultural measures. While national culture may be causing the greatest observed differences in the constructs, business type and the interaction of business type with national setting also play an important role in explaining subjects' responses to the questionnaire.

Table 2
Pearson Correlations

		PDI SCORE	MAS SCORE	SC SCORE	RA SCORE	SF SCORE	FC SCORE	S SCORE
Samoa	PDI SCORE	1.000	0.380**	0.225**	-0.327**	-0.391**	0.017	-0.249**
N=148	MAS SCORE	0.380**	1.000	0.202*	-0.201*	-0.105	0.191*	-0.108
	SC SCORE	0.225**	0.202*	1.000	-0.142	-0.036	0.670**	-0.046
	RA SCORE	-0.327**	-0.201*	-0.142	1.000	0.626**	-0.062	0.538**
	SF SCORE	-0.391**	-0.105	-0.036	0.626**	1.000	0.149	0.659
	FC SCORE	0.017	0.191*	0.670**	-0.062	0.149	1.000	-0.041
	S SCORE	-0.249**	-0.108	-0.046	0.538**	0.659	-0.041	1.000
USA	PDI SCORE	1.000	0.346**	0.279**	-0.126	-0.143	-0.015	-0.090
N=156	MAS SCORE	0.346**	1.000	0.274**	-0.110	-0.336**	0.002	-0.151
	SC SCORE	0.279**	0.274**	1.000	0.287**	-0.178*	0.279**	0.145
	RA SCORE	-0.126	-0.110	0.287**	1.000	0.039	0.109	0.372**
	SF SCORE	-0.143	-0.336**	-0.178*	0.039	1.000	0.132	0.024
	FC SCORE	-0.015	0.002	0.279**	0.109	0.132	1.000	0.054
	S SCORE	-0.090	-0.151	0.145	0.372**	0.024	0.054	1.000

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Note: the USA sample includes 69 non-family firm workers not referenced in this study.

Table 3
MANOVA Tests

Effect	Multivariate Tests(c)	*Value*	*F*		*Hypo. df*	*Error df*	*Sig.*	*Partial Eta Squared*	*Noncent. Parameter*	*Observed Power(a)*
Intercept	*Pillai's Trace*	0.218	12.779	(b)	7.00	321.0	0.000	0.218	89.450	1.000
	Wilks' Lambda	0.782	12.779	(b)	7.00	321.0	0.000	0.218	89.450	1.000
	Hotelling's Trace	0.279	12.779	(b)	7.00	321.0	0.000	0.218	89.450	1.000
	Roy's Largest Root	0.279	12.779	(b)	7.00	321.0	0.000	0.218	89.450	1.000
nation	*Pillai's Trace*	0.736	127.557	(b)	7.00	321.0	0.000	0.736	892.898	1.000
	Wilks' Lambda	0.264	127.557	(b)	7.00	321.0	0.000	0.736	892.898	1.000
	Hotelling's Trace	2.782	127.557	(b)	7.00	321.0	0.000	0.736	892.898	1.000
	Roy's Largest Root	2.782	127.557	(b)	7.00	321.0	0.000	0.736	892.898	1.000
family	*Pillai's Trace*	0.348	24.474	(b)	7.00	321.0	0.000	0.348	171.317	1.000
	Wilks' Lambda	0.652	24.474	(b)	7.00	321.0	0.000	0.348	171.317	1.000
	Hotelling's Trace	0.534	24.474	(b)	7.00	321.0	0.000	0.348	171.317	1.000
	Roy's Largest Root	0.534	24.474	(b)	7.00	321.0	0.000	0.348	171.317	1.000
nation * family	*Pillai's Trace*	0.237	14.238	(b)	7.00	321.0	0.000	0.237	99.666	1.000
	Wilks' Lambda	0.763	14.238	(b)	7.00	321.0	0.000	0.237	99.666	1.000
	Hotelling's Trace	0.310	14.238	(b)	7.00	321.0	0.000	0.237	99.666	1.000
	Roy's Largest Root	0.310	14.238	(b)	7.00	321.0	0.000	0.237	99.666	1.000

a. Computed using alpha = .05

b. Exact statistic

c. Design: Intercept+nation+family+nation * family

A discriminant analysis was used to follow-up which of the dependent variables are most responsible for the group differences. Overall, 78 percent of individuals were correctly classified by the model. Results suggest there are two functions that describe differences among the groups. The first is strongly related to discriminating among national groups and the second is moderately related and describes the effect of family/non-family status. Thus, MANOVA and discriminant analysis provide support for the construct validity of the measures by showing that national groups and non-family versus family business groups differ significantly on the set of constructs.

H1 Findings

Table 4: Score Variations

	Means		
	Samoa Family	**Samoa Government**	**USA Family**
PDI (Power Distance)	2.220*	2.672*	2.382
MAS (Masculinity)	2.272	2.049	1.960
SC (Social Cynicism)	3.321*	2.773*	2.109
SF (Social Flexibility)	3.222*	3.516*	3.354
RA (Reward for Application)	3.349*	3.748*	3.629
S (Spirituality)	3.119*	3.418*	3.397
FC (Fate Control)	3.072	2.825	2.506

* = differences significant at 0.0036 (two-tailed test)

H1 proposed that the values/beliefs that drive the Samoan family business would diverge significantly, not only from mean scores for U.S. family-firm members, but also from the average values/beliefs of Samoan government workers. Within Samoa, all constructs showed significant differences between family-firm and non-family scores except for Masculinity and Fate Control, as shown in Table 4. Thus, even with the conservative alpha level of *p*=.0036 instead of the traditional *p*=.05, the results show support in 7 of 7 cultural constructs across countries and 5 of 7 cultural constructs within Samoa (71.4 percent), providing considerable support for H1.

H2 Findings

Hypothesis' H2a through H2g predict the direction family-firm scores will differ from professional manager scores on each construct across national cultures. All of the five significant results for Samoa align opposite with the predicted direction. We noted above the conflicting suggestions from the literature about Power Distance. Our results provide support for lower Power Distance in family firms. Our results also provide support for greater Social Cynicism, lower Social Flexibility, lower Reward for Application, and lower Spirituality in Samoan family firms. See Table 6 below for complete results.

Table 6: Actual Family-Firm Score Variation vs. Predicted Direction*

		Predicted Direction of Score Variation (Family Firms vs. Gov't Workers)	**Actual Direction of Score Variation (Family Firms vs. Gov't Workers)**
H1:	PDI (Power Distance)	Higher	Lower**
H2:	MAS (Masculinity)	Lower	Higher
H3:	SC (Social Cynicism)	Lower	Higher**
H4:	SF (Social Flexibility)	Higher	Lower**
H5:	RA (Reward for Application)	Higher	Lower**
H6:	S (Spirituality)	Higher	Lower**
H7:	FC (Fate Control)	Lower	Higher

* = Samoan family-firm scores as compared to Samoan government worker scores
** = significant differences between Samoan family-firm and government worker scores

Discussion

Value and belief cultural characteristics in family firms in American Samoa were empirically researched by this study. This study's results align with findings in the literature that social classes, which are closely linked with occupation, carry different class cultures (Hofstede, 1991). Until this study, family-business members have not been studied in these terms. Family business literature often points to family-firm culture as being different than professional management culture, as well as being a source of sustainable competitive advantage; however, most studies only focus on observable behavior resulting from these differences. The literature has provided little in the way of empirical quantitative data to delineate exactly what the cultural values or beliefs in question might be.

This study found that the values/beliefs that drive the family business in Samoa diverge significantly from the average values/beliefs of family businesses in the U.S., as well as that of government workers in Samoa. The literature already connects family-firms to different goal-sets which lead to different strategies. The results of this study allow us to connect specific differences in Samoan family-firm cultural values and beliefs to those findings. This represents the first empirical data indicating specifically what basic cultural attributes might give family business a competitive advantage.

Differences between Samoan and U.S. family firm scores were significant in all cultural constructs and differences between Samoan family firm scores and Samoan government worker scores were significant in five out of seven constructs.

Power Distance is defined as the "extent to which the less powerful members of institutions and organizations within a society expect and accept that power is distributed unequally" (Hofstede, 2001) and is related to the degree of autocratic leadership that is preferred. Family firms in Samoa scored significantly lower Power Distance scores than family firms in the U.S. as well as significantly lower than Samoan government workers.

The literature is mixed concerning the family versus professional aspect of this construct, with some studies indicating that family firms might score higher on the Power Distance dimension (Kets de Vries, 1996). On the other hand, Hofstede found that the Power Distance measurement would be lower in groups with higher education, class, or occupational status (Hofstede, 1991). Members of family-firms may have a special social status and class which in many nations is higher than employees, no matter how professional. If this is the case in Samoa then our results support Hofstede's results. Our results suggest that lower Power Distance could be a distinctive Samoan family-business attribute, and as such, possibly a competitive advantage.

Masculinity scores for Samoan family firms were on the lower side of the scale, although significantly higher than those in U.S. family firms, while the difference between family and non-family scores in Samoa was not significant. Because altruistic values influence family businesses it was expected that members of family-firms would be more concerned with welfare and quality of life issues (more Feminine) than would non-family professionals. The lack of significant results in Samoa could be due to the national culture being extremely low on the Masculine score (high in Femininity) as a whole. Samoa is said to be exceptionally family and welfare oriented. It is likely that the values of low Masculinity (high femininity) are universal within Samoa. Further research is needed.

Social Cynicism is the belief that manipulation is effective in getting ahead of others. It also includes a negative view of people and groups as well as a mistrust of social institutions. Leung and Bond's (2004) research finds that Social Cynicism relates positively to lower life satisfaction, lower satisfaction toward one's company, a faster pace of life (possibly related to a business-like transactional approach to life), a rejection of value-based leadership, and more disagreement with the in-group.

Samoa's family firms scored in the higher half of the scale while the U.S. scored in the lower half. Samoa's family firms also scored higher than did Samoan government workers. Family-firm literature leads to the expectation that family-firm members would score relatively low on Social Cynicism. The fact that Samoan family-firms scored high on this scale (opposite that of Samoan government workers) may reflect the state of a developing economy that whose government is the largest employer. Cynicism towards government runs deep in Samoa, where any successful politician is regarded with the suspicion of being corrupt. Results for this construct may reflect the more difficult position small independent businesses have, relative to the safer more stable careers government workers experience. It is the business owner who will more often need to personally deal with any government corruption.

Social Flexibility measures the contradictory nature of social behavior, a belief in the lack of rigid rules, and the existence of multiple solutions to a problem. Samoa measured high on this construct as did the U.S., with Samoan family firms scoring significantly lower than government workers. The high Samoan score may again reflect the nature of generations living under island cronyism and corruption. The differences between Samoan family and government worker scores is opposite family-firm literature that concerns the superior flexibility and survivability of family-firms over non-family organizations. Our results suggest that lower Social Flexibility is another defining characteristic of Samoan family-firms.

Reward for Application is the degree of belief that trying hard and being persistent will pay-off. Leung and Bond’s (2004) research finds that Reward for Application relates positively to higher reliance on superiors, lower reliance on specialists, as well as a lower tolerance for divorce. Founders are less likely to delegate power, and family firms tend to be centralized and controlled by the founder's beliefs (Coffee & Scase, 1985; Hall, 1988; Kets de Vries, 1996; Tagiuri & Davis, 1996; Poza, Alfred & Maheshwari, 1997).

Family firm literature leads to the expectation that family firm members will score relatively high on Reward for Application compared with professionals. Samoan family firm scores were high on the scale, as were those of the U.S. although significantly lower than those of Samoan government workers. Thus, our results suggest that relatively lower Reward for Application is another defining characteristic of Samoan family-firms.

Spirituality is the degree of belief in the supernatural or religious factors of existence. Research finds that Spirituality relates positively with a stronger endorsement of humane leadership, longer working hours, more frequent church attendance and a higher level of agreeableness. Samoa measured high on this construct as did the U.S., with Samoan family firms scoring significantly lower than Samoan government workers. The difference between family and professional scores is opposite with family-firm literature as it was expected that family firm members would score relatively high on Spirituality. Our results suggest that relatively lower Spirituality is another defining characteristic of Samoan family-firms.

Fate Control is the degree of belief in whether events can be controlled. Leung and Bond’s (2004) research finds that Fate Control relates positively to lower work ethics, lower endorsement of team-oriented and charismatic leadership, and lower satisfaction of life and towards one’s company. These findings are consistent with the idea that people high in fate control respond passively to events that occur to them. Ward (1988) finds that family businesses inspire greater employee loyalty than non-family firms. Family organizations give employees higher pay (Donckels & Frohlich, 1991). Moscetello (1990) says that family firms bring out the best in their employees. Family firm employees have more flexibility in working arrangements according to Coffee and Scase (1985). Human resource management in family organizations is less expensive and more effective (Levering & Moskowitz, 1993). Adams, Taschian, and Shore (1996) find that a family firm’s leadership is more likely to use a role modeling type of leadership. Lyman (1991) states that family-firm leaders are more likely to exemplify integrity and commitment to relationships. Thus it is expected that family firm members will score relatively low on Fate Control.

While U.S. family firms scored on the low side of the scale as predicted, Samoan family firms scored on the high side. Samoan family firms also scored significantly higher than did Samoan government workers. The cross-cultural results indicate that Samoan family firm members respond in a more passive way to events than do family firm members in the U.S. Results comparing family firms with government workers indicate that Samoan government workers may be more satisfied and secure in their positions than are family firm members. Again, as in previous findings, this may be related to the current state of Samoan society. Whereas business ownership in the U.S. may be related to financial independence and security, in Samoa a government position seems to engender greater feelings of security.

Implications for Research

This study is the first of its kind to provide details of the cultural values and beliefs of Samoan family firms. Family-businesses may be seen as both a class and an occupational category and the fundamental value and belief cultural traits of family-firms can be quantitatively measured and compared. These measurements illustrate the distinctiveness of family-firms and can form the basis of understanding the uniqueness of family-firms in goal-setting, strategy, and competitive advantage. Further study of family business culture across more countries will deepen our understanding of the distinctiveness of family firms both within their home country and in comparison with family firms across nations. A study in a larger number of countries may either find universal, or near-universal, attributes of family businesses that tend to give this business form its culture-based advantages, or conversely, may find that family firms and their distinctive family/organizational cultures are idiosyncratic responses to their own national cultures.

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