

## Examination of Culture and Gender effect on the Performance of Iran's Public Organization's Managers

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*This study examines the effect of gender and cultural factors on the performance of Iran's governmental organization's managers. The investigated cultural factors (institutional and national) in this study is based on Hofstede (1984, 1991) classification which is defined base on power distance (PDI), individualism (IDV), uncertainty avoidance (UAI) and masculinity (MAS). The survey method was used to test hypotheses and questionnaires were sent to directors of public companies during 2010. Results showed that the influence of Iranian culture which is influenced by Islamic principles is affected on the performance of Iran's governmental organization's managers and reducing managers' power distance and managers' individualism, base on Islam educational lessons, has improved the performance of managers. Also Masculinity- avoidance from domination- and conservatism has no influence on the performance of managers. Results show that there is a significant difference between the performance of male and female managers in public organizations and high levels of management.*

**JEL Codes:** M41 and M14

### 1. Introduction

Interests of the community are provided at the optimal level when financial resources were allocated to the best investments with higher returns. On the other hand, major part of economic activities is done by public sector in developing countries unlike developed countries which are done by private sector. In Iran, like most developing countries still most major part of economic activities is done by public institutions, organizations or companies. Because of the influence of state-owned companies in the micro and macro level of community members' live, the role of public institutions and companies as economic and political reporter units in the country, especially in developing countries, is obvious to anyone. These companies could have an important role in economic development of country in terms of government policies on economic development programs through commercial production and exploitation of national resources such as oil, gas and mines. On the other hand, given the significant contribution of public companies in the country's gross domestic product to improve the performance of public managers can have a significant impact on economic growth?

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Base on existing theoretical studies, such as Nouri and Parker (1998) and Shields and Shields (2000) several factors are involved in managers' performance improvement such as job satisfaction, participation in budget preparation, career information, culture and gender. Available literature represents the relationship between cultural dimensions and workplace and managers' professional behavior (Smith and Stephen 1997). By extension of globalization and multinational work environments around the world, research on culture and cultural values have increased. Through better understanding and awareness of cultural values and views that comes from individuals, organizations' behavior and management nature and operations are considered in a specific cultural framework.

National and organizational culture is one of affecting factors on the performance of managers. One of the problems in examining the culture factor is that culture is defined from different aspects. One way to define the culture for research purposes is describing it by combining multiple dimensions. Many researchers have studies about different cultural dimensions and Hofstede (1967, 1983b) is one of the most famous of them. Lopez et al, (2007) cite Hofstede (1967, 1983b) provide some documents to confirm existence of different values and beliefs among employees and managers in different countries and cultures. He identifies four dimensions of culture which countries were different from those dimensions. These four dimensions include power distance (PDI), individualism (IDV), Uncertainty Avoidance (UAI) and Masculinity (MAS).

Iran has been influenced by traditions of Islam, and the culture of Iranian people has been influenced by the teachings of Islam and Islamic culture. Therefore, in this study we use from Hofstede's cultural dimensions and the effect of Islamic culture on the performance of Iran's public organizations' managers has also been studied. Some scholars such as Stephen and Smith (1997) have examined the effect of gender factor on the managers' performance improvement. This study also examined the effect of gender on the performance of public managers. The main purpose of the study is examining the effect of Iran's public organization managers' gender and cultural factors, particularly the Muslim culture, on the performance of the managers of public companies in Iran.

The remainder of this paper is organized as follows. In the second section, we provide the literature of the research. In the third section, we describe the theoretical principles and research hypotheses. In the fourth section, we introduce the research method of the study. Section five provides the results of this study, and section six presents concluding remarks.

## **2. Literature Review**

Etemadi et al., (2009) examined the impact of culture, management accounting systems, and participation in budget on the performance of managers. The results of their research results showed that cultural dimensions (individualism, masculinity, power distance and uncertainty avoidance), participation in budgeting and management accounting systems has a high and interacting effect on the managers performance. Individualism, masculinity, power distance, and uncertainty avoidance has an interacting and important effect on the performance of managers.

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Stephen and Smith (1997) examines managers' cultural and gender differences on the relation between public sector accounting staff's behavior and opinions. According to Hofstede (1983a) study and his classification, countries with low power distance and high individualism (such as Australia and Canada) have a positive attitude towards Public sector accountants than in countries with high power and low individualism (such as the Philippines and Brazil). Because team members preferred to work in an environment which people consider others this means that they have a lower individualism.

Tsui (2001) explored the effect of national culture on participation in budgeting and used the culture as a dummy variable to study the effect of cultural differences between China and Western countries on the relation between managers' participation in budget and management accounting system. Dowaire (2003) investigated the effects of managers' gender differences on their performance. He executed his study among organization's board of directors (high level managers) and considered gender differences and intensive to growth as two fundamental variables of the organization and found that managers' gender differences in high managerial levels is affected on the managers performance. Although Dowaire (2003) has suggested that to investigate the gender factor, we should examine some organizational environment factors.

Hanife and Hodebi (2007) have been investigated the existence of expectations gap in audit regard to the cultural environment. Their results showed that the audit expectations gap in Britain, America and Saudi Arabia has significant differences which results from differences in cultural context and audit environment (legal and political requirements / cultural values) of Saudi Arabia. Results of Hanife and Hodebi (2007) interview showed that the influence of Islamic principles on auditing standards and professional procedures, help to reduce differences in performing the audit process in this country.

### **3. Theoretical Principles and Hypothesis**

Reviewing studies about relationship between cultural factors (institutional and national) and management performance show that cultural dimensions are of affecting factors on the performance of managers (Smith and Stephen 1997). This study examines the relation between culture of Iran and managers professional behavior. Our study is based on Gray (1988) study. Gray (1988) study the relation between a society's culture and its evaluation systems is shaped based on the attitude of the society members.

Researchers have a lot of attention to cultural differences, but the effect of gender was less considered, while gender is one of accepted fundamentals of culture (Gefen and Detmar, 1997). In this study the gender variable is also examined to determine possible differences in professional behavior of men and women managers which are result in managers' performance improvement. Conducted researches in the field of social sciences shows that one of the differences between men and women is that men are more emphasize on speech, hierarchy and autonomy while women focus on intimacy and unity (Gefen and Detmar, 1997). In this study three independent variables of managers' performance, culture and gender are examined. Here we will describe the variables.

### 3.1 Managers' Performance

Managers' performance information are achieved through a questionnaire which was designed by Mahuni et al., (1963). This questionnaire has been used in many studies and its accuracy has been confirmed in Heneman (1974) study. Among other researchers who have used this questionnaire are Brownell (1983); Brownell and Hirest (1986); Brownell and McInnes (1986); Frukort and Shron (1991); Nouri and Parker (1998); Shields et al., (2000); and Tsui (2001).

### 3.2 Culture

Independent variable of this study is "culture". Information of this variable is obtained through a questionnaire of 20 questions with 5 scales. The questionnaire has been designed by Hofstede (1994). Hofstede (1994) cultural dimensions are power distance (PDI), individualism versus Collectivism (IDV), Uncertainty avoidance (UAI), and Masculinity versus Femininity (MAS).

Power distance indicates that how much the people of a society are tolerant about inequality and discrimination in power distribution. (Stephan and Smith, 1997). This variable was defined based on Hofstede questionnaire and is calculated by equation (1):

$$PDI = -35 \times (\overline{Q3}) + 35 \times (\overline{Q6}) + 25 \times (\overline{Q14}) - 20 \times (\overline{Q17}) - 20 \quad (1)$$

Individualism versus Collectivism indicates that people of a community how preferred their relatives to others and how account themselves independent from other groups emotionally (Lopez et al, 2007). This variable was defined based on Hofstede (1994) questionnaire and is calculated by equation (2):

$$IDV = -50 \times (\overline{Q1}) + 30 \times (\overline{Q2}) + 20 \times (\overline{Q4}) - 25 \times (\overline{Q8}) + 130 \quad (2)$$

Uncertainty avoidance conservatism is called to the degree of community concern from uncertainty, unknown things and their willingness to stable and predictable events (Etemadi et al., 2009). This variable was defined based on Hofstede (1994) questionnaire and is calculated by equation (3):

$$UAI = +25 \times (\overline{Q13}) + 20 \times (\overline{Q16}) - 50 \times (\overline{Q18}) - 15 \times (\overline{Q19}) + 120 \quad (3)$$

Masculinity versus femininity demonstrates the willingness of people to masculinity values and morals such as bravery, courage and spirit of competition and materialism or femininity values and morals such as respect to education, quality of life, social relationships and interaction. This variable was defined based on Hofstede (1994) questionnaire and is calculated by equation (4):

$$MAS = 60 \times (\overline{Q5}) - 20 \times (\overline{Q7}) + 20 \times (\overline{Q15}) - 70 \times (\overline{Q20}) + 100 \quad (4)$$

### 3.3 Gender

Researchers had more attention to cultural differences, but gender effect has less been considered, while gender is one of fundamental factors of culture. According to Smith and Stephan (1997) study, the gender factor examined to determine possible differences in professional behavior of men and women which are cause managers' performance improvement.

Given the above items, hypothesis can be made as follows:

**First hypothesis:** Reducing the power distance between male/female managers in public organizations is resulted to their managers' performance improvement.

**Second hypothesis:** Reducing man/woman managers' individualism in public organizations is resulted to their managers' performance improvement.

**Third hypothesis:** Reducing male/female managers' conservativeness in public organizations is resulted to their managers' performance improvement.

**Fourth hypothesis:** Reducing male/female managers' Masculinity in public organizations is resulted to their managers' performance improvement.

**Fifth hypothesis:** There is no significant difference between male and female managers in Iranian public organizations.

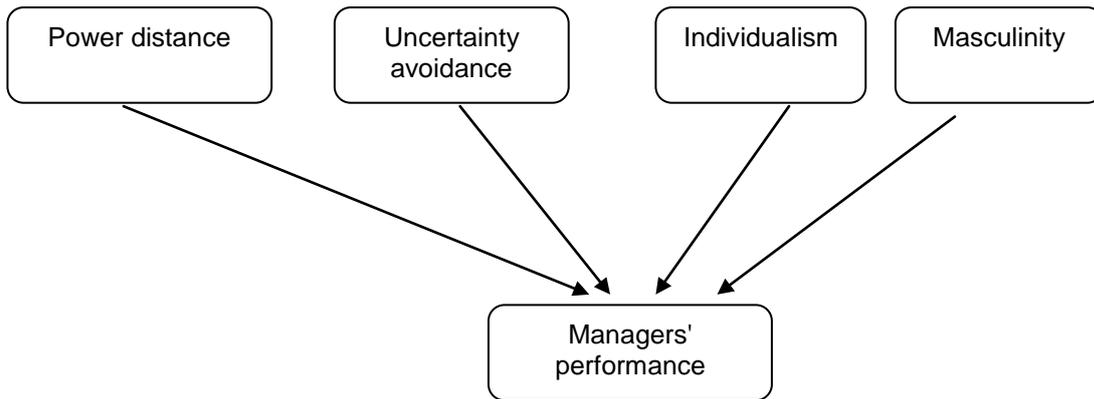
## 4. Research Method

The survey method is used in this study. Data were collected from 394 distributed questionnaires between managers of public organizations. In this study, the validity of questionnaire context is calculated by 91% through formal and sigma count method and judgment of 11 managers of public organizations. Cronbach's alpha is a coefficient of questionnaire reliability, is over than 92% (with new received questionnaires is likely to change) and show that the research tool is reliable. The statistics method of study is multiple regression analysis. To test the fifth hypothesis the t-test with two independent samples is used, and by this way we test the significance of difference between men and women group performance.

### 4.1 Research Model

Mentioned model in this study is derived from Etemadi et al., (2009) studies which were examined the effects of cultural factors on the performance of managers. Researchers studied the effect of cultural dimensions on the performance of managers which is indicated in figure 1.

Figure 1: Model of research



In the above mentioned model, performance of male managers in public organizations is evaluated by equation (5) as follows:

$$PERF_m = \alpha_0 + \beta_1 * ADU + \beta_2 * IDV + \beta_3 * DPI + \beta_4 * MAS + U_e \quad (5)$$

In this study, performance of female managers in public organizations is evaluated by equation (6) as follows:

$$PERF_f = \alpha_0 + \beta_1 * ADU + \beta_2 * IDV + \beta_3 * DPI + \beta_4 * MAS + U_e \quad (6)$$

Etemadi et al., (2009), used from Hofstede (1994) cultural factors as dimensions of organizational culture and examined the effect of organizational culture on the performance of managers, according to O'Connor (1995) study which is pointed to the relationship between organizational and national culture dimensions. In this study the effect of national culture on the performance of public organizations' managers is investigated by using Hofstede (1994) cultural dimensions.

Tsui (2001) explored the effect of national culture on participation in budgeting and in their study considered the culture as dummy variable to study the effect of cultural differences between China and Western countries on the relation between participation in budget and management accounting system. Dwyer et al., (2003) investigated the effect of managers' gender differences on their performance. He executed his study among board of directors (high level managers) and considers gender differences and intensive to growth as two essential organizational variables and found that in high managerial levels, gender differences is effective on managers' performance. Although Dwyer et al., (2003) has suggested that to examine the gender factor it is better to investigate organizational environment at first.

## 5. Survey Findings

To test the first to fifth hypothesis the multiple regression method is used. The fifth hypothesis was examined through analysis of variance. Figure 2 shows summary data of model (1) and model (2) models.

**Table 1: Summary data for model (1) and (2)**

	R	R <sup>2</sup>	AdjR <sup>2</sup>	F stat	p-value
Model (1)	0.440	0.193	0.169	7.797	0.000
Model (2)	0.524	0.274	0.178	2.836	0.042

Regard to table 1, in model 1; the significant level is 0.000 which is less than 0.05, so the model 1 is confirmed with 0.95 of confidence level. Adjusted R-Square of the model (0.169) shows that cultural dimensions are demonstrated male managers' performance by approximately 17%. In model (2) the significant level is 0.042 and less than 0.05, so the model 2 is confirmed with 0.95 of confidence level. Adjusted R-Square of the model (0.178) shows that cultural dimensions are demonstrated female managers' performance by approximately 18%.

### 5.1 First Hypothesis Test Results

The first hypothesis proposed that reducing power distance between male/ female managers in public organizations is resulted to their managers' performance improvement. Regard to table 2, Standardized Beta coefficient for male managers' power distance variable is 0.144 and the p-value is 0.008 which is less than 0.05, so with 0.95 of confidence level can be claimed that managers' power distance is affected on male managers' performance but by decreasing power distance performance of male managers does not improve. So the first hypothesis about men was not confirmed. According to table 2, p-value is 0.002, which is less than 0.05, so with 0.95 of confidence level can be claimed that reducing female managers' power distance is resulted to improve performance of public organizations' female managers.

It is so obvious that more decreasing inequality in public organizations' management structure, may lead to more improve in managers' performance, because in this way managers perceive a context to fulfill their talents and using their skills, and they feel they could achieve better and more appropriate rewards toward better performance. Etemadi et al., (2009), also refers to the inverse relationship between power distance and managers' performance which is similar to the results of testing this hypothesis among female managers, but the test result is reverse for male managers.

### 5.2 Second Hypothesis Test Results

The second hypothesis proposed that reducing man/woman managers' individualism in public organizations, may lead to their managers' performance improvement. Regard to table 2, and regression coefficient -0.024 and p-value of 0.002, with 0.95 of confidence level can be claimed that reducing male managers' individualism in public organizations, may lead to their managers' performance improvement. Regression coefficient of - 0.138 and p-value is less than 0.001, so with 0.95 of confidence level the second hypothesis about female managers in public organizations is also confirmed.

**Table 2: Table of regression coefficients and their error**

Cultural Dimensions	Men			Women		
	coef	t-stat	p-value	coef	t-stat	p-value
Power distance (PDI)	0.144	2.686	0.008	-0.018	-3.063	0.002
Uncertainty avoidance(UAI)	0.004	0.534	0.594	0.282	1.555	0.131
Individualism (IDV)	-0.024	-3.068	0.002	-0.138	-3.809	***
Masculinity (MAS)	0.028	0.525	0.600	0.153	0.883	0.384

Individualism is in opposite side of participation and if individualism prevalent among senior managers, then these managers wouldn't ask lower level managers' ideas in their decision makings and middle managers of public companies didn't have any incentives to improve their performance and even managers' job satisfaction would decrease, because their expert views are not considered and therefore managers' performance decrease. Results of Etemadi et al., (2009), also refers to the inverse relationship between individualism and managers performance and confirms this hypothesis.

### 5.3 Third Hypothesis Test Results

The third hypothesis dealt with the issue of whether reducing man/woman managers' conservativeness lead to their managers' performance improvement. Regard to table 2 and regression coefficient of 0.028 and p-value of 0.594 which is more than 0.05, the third hypothesis about male is rejected. Regard to coefficient of 0.282 and p-value of 0.131 this hypothesis about female managers is also rejected for Iranian public organizations. This means that public managers' conservativeness may lead to weaker management performance, but results showed there is no significant relationship between conservativeness and managers' performance in public organizations.

It seems that it was because of these managers' accountability regard to their responsibilities and managers of public organizations should only reach to a predetermined budgeted result, but despite of their conservatism it has no influence on their performance. Results of Etemadi et al., (2009) showed that a decrease in conservatism may lead to managers' performance increase. Possible cause of this difference in test results with Etemadi et al., (2009) test is may be in this fact that public organization managers should only reach to a predetermined budgeted result, but despite of their conservatism it has no influence on their performance. Managers of listed companies in stock exchange- sample of Etemadi et al., (2009) had more freedom relate to managers of public organizations.

### 5.4 Fourth Hypothesis Test Results

The fourth hypothesis was considered as by decreasing Masculinity among male/female managers in public organizations, the performance of public organizations' managers would increase. Regard to table 2 and regression coefficient of 0.004 and p-value of 0.6 which is greater than 0.05, the fourth hypothesis about men is rejected. Regard to coefficient of 0.153 and p-value of 0.384, this hypothesis is rejected about women managers in public organizations.

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There was no significant relation between Masculinity and public organizations' managers' performance, because today women have the same management skills and trainings like men. This in turn results to increasing female managers in macro managerial levels. This means that being male and having the men's mood does not improve the performance of managers. Result of Etemadi et al., (2009) also refers to inverse relationship between Masculinity and managers' performance and confirms this hypothesis.

**Table 4: Levin test results for equality of variances**

	Levin test		t-statistic	d.f	p-value
	F Statistic	p-value			
Assuming equal variances	0.014	0.907	2.506	392	0.013
With the assumption of unequal variances			2.514	40.975	0.016

### 5.5 Fifth Hypothesis Test Results

The fifth hypothesis deals with this issue that there is no significant difference between performance of male and female managers in Iranian public organizations. To measure the effect of gender on managers' performance it was used from T-Test with two independent variables. To measure this effect, dissimilarities and variances in two independent sample of men and women should be examined which is done by Levin test.

Regard to table 4, because p-value 0.907 is more than 0.05, so it can be argued that performance variance is equal between men and women. Now, according to the variance equality between men and women managers, we performed the t-test with two independent variable to investigate the difference between male and female managers' performance in public organizations. Regard to table 4 and confirmation of equality of performance variance between male and female groups, because the p-value 0.013 is lower than 0.05, so we confirmed that gender isn't a cause for significant difference in performance of public managers in Iran. Results of Stephan and Smith (1997) are similar to results of this research.

## 6. Conclusions and Recommendations

One of the primary tasks of managers is to provide motivation of employees to higher levels of performance, to reach to one of the common organizational goals of any type of company, public or private, i.e. optimal resource allocation. Culture and gender are as affecting factors on the performance of managers. Decreasing power distance and individualism among managers of public organizations may lead to provide cooperation incentives between lower level managers in organization, because "by cooperation, managers have the chance to present their initiatives and creative abilities to achieve their organizational goals".

Today, women have similar managerial skills and training as men. This means that managers' performance doesn't increase exactly because of Masculinity (male mood). Managers' conservatism is ineffective on their performance because managers of

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public organizations should only reach to a predetermined budgeted result, but despite of their conservatism it has no influence on their performance.

There are some researches pay attention to examining national and organizational culture factors on managers' performance, but little attention was paid about managers' gender. Regard to results of this study about having no significant difference in gender factor in public organizations' managers' performance, it shows growing trend for female managers abilities among Iranian managers.

Results of this study could have many applications. Most important user group of this research are senior managers of public organizations. By knowing effective factors on middle level managers' performance improvement, they could attempt to eliminate factors with negative effect on managers performance such as increasing masculinity and individualism and encourage factors which have positive effect on performance such as decreasing managers' individualism, and take steps toward middle level managers' performance improvements and by this way they could reach to the optimal allocation of resources. Regard to results of this study, about effectiveness of gender on managers' performance in public organizations in Iran, but having no significant difference in public organizations' average performance, it is proposed that managers considers female abilities in allocating responsibilities and use from maximum potentials to improve organizational performance.

This study was faced with limitations which are may affect on results. The main limitations are as follows:

1. Like other social science studies which may benefit from a questionnaire to collect needed data, there is a probability about miss understanding and same perceives of questions in questionnaire.
2. The questionnaire is based on people's memory, and just the things which person reports will be examined. However, sometimes it may be possible what does person be different from those stated.

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