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Abstract

This paper focuses on the influence of CEO social class background on risk taking, individualism and collectivism in Serbia. The analysis explores the characteristics which make the successful CEO. This interest stems from the fact that CEOs, as one of the most important assets in the company, should have the primary task to manage the company in order to maximize its profit, achieve goals related to its mission and make decisions on its strategy. For this study 44 cases were randomly selected for CEOs of companies, belonging to different industries. The method used in this study is structured questionnaire completed by CEOs having different gender, education, industry, business field, company size. Findings show that there is no statistically significant difference on following: CEOs that grew up in the lower and the middle social class on risk taking behavior, risk taking behavior between the upper and the middle social class, social classes on individualism and collectivism, men and women on risk taking behavior. However, there is a difference when it comes to risk taking behavior between younger and older CEOs as well as their experience. Practical implementation of research includes collection of different insights into the CEOs characteristics.

Abstrakt

Dieses Papier konzentriert sich auf den Einfluss des sozialen Hintergrunds von CEOs auf die Risikobereitschaft, Individualismus und Kollektivismus in Serbien. Die Analyse untersucht die Eigenschaften, die den erfolgreichen CEO ausmachen. Dieses Interesse ergibt sich aus der Tatsache, dass CEOs, als eines der wichtigsten Güter im Unternehmen zu führen, um seinen Gewinn zu maximieren, Ziele im Zusammenhang mit seiner Mission zu erreichen und Entscheidungen zu treffen, die verschiedenen Branchen angehören. Die in dieser Studie verwendete Methode ist ein strukturierter Fragebogen, der von CEOs mit unterschiedlichem Geschlecht, Bildungsgrad, Branche, Geschäftsfeld und Unternehmensgröße ausgefüllt wird. Die Ergebnisse zeigen, dass es keinen statistisch signifikanten Unterschied bei der Verfolgung gibt: CEOs, die in der unteren und mittleren Gesellschaftsschicht aufgewachsen sind, über Risikogespräche und Risikoverhalten zwischen der oberen und mittleren Gesellschaftsschicht und Individualismus und Kollektivismus der sozialen Schichten, Männer und Frauen über Risikoverhalten. Es gibt jedoch einen Unterschied, was das Risikoverhalten zwischen jüngeren und älteren CEOs sowie deren Erfahrungen. Die praktische Umsetzung der Suche beinhaltet die Sammlung verschiedener Erkenntnisse über die Eigenschaften des CEOs.

1. INTRODUCTION

One of the most significant factors determining the way individuals develop and progress in life are their social class and the society where they grew up. Many research papers were written on the topic of managerial effects, however, the relationship between individual's childhood social class, society where they grew up, individualism and collectivism, risk attitude and later overall impact on the organizations in which they operate is neglectable.

There are various theories existing in the literature, such as the imprinting theory and the upper echelons theory that try to clarify this complex connection and the effect it produces. Individuals who grew up in higher or lower social class will differ through their educational choices, express more or less individualistic or collectivistic behavior, and their career development will also change differently which will in the end reflect the way they behave and work in the business world. They will also vary depending on functional experience, chosen industries and length of working experience. All of the above mentioned factors will especially influence the way how they manage their team, profits, as well as the negotiation with their business partners. It will also affect their business choices and the amount of risks they take in business world.

The interest for this topic comes from the fact that CEOs, as one of the most important people in the company, should manage the company in the way to try to maximize company's profit, to achieve goals related to organization's mission and make decisions on organization's strategy. Since they are link between the company and external word, their choices will reflect themselves in the way the company operates, which will have long-term effect even after they leave the company (Hannan, Burton, & Barton, 1996). They will certainly leave their imprint on the organization (Marquis & Tilcsik, 2012). This shows that organizations will not be immune to any CEO changes, that will in the end show whether chosen CEO will guide the company in the right direction, moreover inspire their employees to overall achieve better company results. The main question stays to see if the following characteristics such as childhood social class, age, gender and experience will influence risk taking behavior, moreover whether CEOs will be only interested in their own personal goals (i.e. express more individualistic behavior) or in their in-group goals (i.e. express more collectivistic behavior), considering the background from which they are coming from.

Since executives are very difficult to approach and have high time constraint, Serbia was a chosen country because of the convenience of sampling, where data could be gathered with high response rate. Moreover, Serbia has obvious social contrast between the generations that grew up in Communism and the ones that grew up in the Market economy. Because of all of the above mentioned, country was a good example where individualism and collectivism could be tested.

The master thesis is structured as follows: First, the theoretical framework is presented, especially focusing on research study from Kish-Gephart and Campbell (2015) which is used as basis of this research. Then I will further analyze all factors taken into consideration for this research. All chosen variables such as social class and risk taking are thoroughly explained as well as their connection to other variables. The research brings out the overview of research studies which was used as a mean in developing the desired hypothesis. Hereafter, follows a section on research methodology. An online questionnaire containing 19 questions was distributed to a sample of chosen CEOs via Email. Following the research procedure, research results collected from CEOs were analyzed in SPSS program. Next, a section on findings is presented and, finally, a conclusion, limitations and suggestions for further research are offered.

2. Theoretical background

Research paper written by Kish-Gephart and Campbell (2015) is the basis of this research offering the overview of the social class as one of the most important executive factors, which hasn't been sufficiently examined, but that continues on the theory of Upper echelons. While the theory of Upper echelons, developed by Hambrick and Mason (1984), explains that organizational outcomes can often be predicted by managerial background characteristics, in this paper authors pointed to the significance of social class and its influence on individual and its decision making (Côté, 2011; Fiske & Markus, 2012; Liu, Ali, Soleck, Hopps, Dunston, & Pickett, 2004).

Kish-Gephart and Campbell (2015) discovered the influence of executive's childhood social class and its connection to risk taking behavior in a company. This study refers to Liu et al. (2004) who initially defined a social class as "a person's perceived place in an economic hierarchy" (p. 9). Individual's experience with certain social class and its access to amount of resources, will shape its attitude to be

either towards the opportunity or to reflect risk-avoidance (Kish-Gephart & Cambell, 2015). Having more available resources and feeling safer than individuals from middle social class, Kish-Gephart and Cambell (2015) claimed that upper social class will rather engage in riskier behavior.

Risky behavior was defined as “the threat with very poor outcome” (March & Shapira, 1987, p.1407). As a result of having more available resources, individuals from upper social class will be more risk tolerant and optimistic, than the ones from middle or lower social class. On the other hand, Shipler (2004) stated that individuals from lower social class will avoid risky situations since having more experience with the uncertainty.

The research of Kish-Gephart and Cambell (2015) supported the opposite opinion, claiming that the people from lower social class will be more likely to engage in risky behavior compared to those from middle social class. This assumption originates from previous studies, where it was found that middle class will try to keep their status quo and not risk too much in order not to lose their current position (Schwalbe, 2008; Smith, 1982).

The authors also discussed the elite education as a moderator variable between social class and risk behavior. Results showed that the elite education does not enhance risk taking with the individuals from the upper social class as well as it does not reduce tendency of CEOs from the lower social class to engage in risk taking (Kish-Gephart & Cambell, 2015). In this case, however, since no connection was found in their research and taking into consideration that the sample will be part of the study carried out in Serbia where does not exist the difference between elite and non-elite education, this variable will not be examined in this study. Besides the elite education, authors Kish-Gephart & Cambell, also insisted on the functional experience perceived as a career background, to be very important variable influencing the risk taking behavior (2015). In the study it is explained that the more experience a person has, the better he or she will feel free to engage in the risk taking. The following hypothesis comes from the theory stating that as a result of diverse experience a person will have more social connections which implies wider social network and open-minded perspective (Geletkanycz & Black, 2001).

There are many studies supporting the imprinting theory (e.g. Marquis & Tilcsik, 2013; Baron, Burton, & Hannan, 1999; Burton & Beckman, 2007). The concept of “imprinting” was firstly mentioned by Stinchcombe (1965) in organizational research, pointing out that environmental and socio-economic

conditions influence organizations. Later on, the discussion was established in order to find the reason why organizations that were developed in the same time period were similar and acted similarly, e.g. had similar employment patterns.

Even though it was not directly specified by the name “imprinting”, the author Stinchcombe was mostly referring to the described phenomenon in organizations. Recent studies, however, distinguished between ‘meso’ and ‘micro level’ of imprinting (Marquis & Tilcsik, 2013). While on the meso higher level organizations apply certain routines such those which reflect some outside or inside factors that influenced their creation (Burton & Beckman, 2007). Especially interesting is micro level where experiences gained in the early age have long term effects on their lifelong career (Tilcsik, 2012).

The definition of imprinting offered by Marquis & Tilcsik (2013) says that imprinting is “a process whereby, during a brief period of susceptibility, a focal entity develops characteristics that reflect prominent features of the environment, and these characteristics continue to persist despite significant environmental changes in subsequent periods” (p. 11). This means that all three characteristics from this definition are necessary to call the phenomenon imprinting. The same authors clearly define all three characteristics, first of all referring to “sensitive period” which means that the entity is clearly more receptive to any external influence, and when this period is over, it is less possible that the impact can have any long-lasting effect. In the organizational sense, it is considered that sensitive period represents its creation (Johnson, 2007), while for individual it can be the beginning of its career (Higgins, 2005). In addition, the authors Marquis and Tilcsik (2013) discussed that those sensitive periods can happen more than once in the life and they might be repeated in later periods.

Another important characteristic explained by Marquis and Tilcsik (2013) is so-called “stamp of the environment” meaning the features that get transferred from the environment to the entity. Those features can be economic, technological, or can have government context (Baron, Burton, & Hannan, 1999a). This explains how and why the sample of younger and older CEOs and their organizations in this study, could be influenced by different socio-economic conditions. Therefore, the conclusion is that organizations are created to fit the current conditions and because of their inertia, they still continue to carry those characteristics to the future (Marquis & Tilcsik, 2013). “The longevity of imprints” is the

last necessary element that stays even if the environment changes significantly. This phenomenon can be explained through organization inertia (Hannan & Freeman, 1984).

Similar to imprinting is the Cohort effect, however, those two concepts are still defined differently. Cohort effect is explained as a combination of all factors, both individuals and organizations, having the same experiences, because they share same characteristics e.g. the same year of the birth or they began their carrier at the same time (Franz, & Martocchio, 2010). It can be noticed that not all Cohort effects occur because of imprinting, but what distinguishes them is the fact that individuals have identical repeated experiences through their lifetime (Ryder, 1965), while imprinting is related to shorter periods of openness.

The sample in the research includes CEOs of different age that grew up in completely different sensitive periods. Older generation that were born and grew up in Yugoslavia in the period of Communism that lasted until the end of 80ties and the generation that grew up after the Communism era in new Yugoslavia (later Serbia), during the war period and after that Democracy system and the Market economy. Assuming that both generations will have imprinting traces as a result of the strong environmental influence. This effect will later influence their career choices and the certain way they behave in the sense of risk, individualism and collectivism. There are numerous examples of imprinting throughout the literature, occurring from the organizational level to the level of individual.

Imprinting at the Level of Organizational Collectives. In the research conducted by Clemens (2002) it is discussed that organizational forms that arose in a certain period of time are carrying the specific sign of the economic and technological conditions that were present in that particular time. Another example supporting this idea is the way imprint is transferred from country to organizational collectives, and obvious example in the today's globalization era is the way multinational companies adjust to the local culture, in this case specific home country (Kogut, 1993).

Imprinting at the Organizational Level. Numerous studies have been done on the topic of change from socialist to capitalist economies that were happening in Eastern Europe and left strong imprint and traces even after the change had happened (Shinkle & Kriauciunas, 2012). In the study analyzing the situation in China, Marquis and Qian (2012) identified that companies established in the Communistic era are less likely to adapt to new authority processes. Another influence on the individual level, shows the

cases in which the rules established by the founder will be active, even though the founder is no longer at the company (Hannan, Burton, & Barton, 1996). This explains why organizations continue to apply certain processes and continue in their inertia, even if their environment changes.

Imprinting at the Level of Organizational Building Blocks. Organizations are constructed from the functional parts such as jobs, departments, routines, etc. This means that organization is not only influenced by technology, but also the available resources that have impact on, for instance, job position and job structure. It takes major reorganization to take place in order to reorganize and to reconstruct such system to adjust to the new era.

Imprinting at the individual level. Functional background and economic conditions that individuals experienced, such as recession at the beginning of their career, are more conservative when making decisions (Marquis & Tilcsik, 2013). Macroeconomic conditions experienced in early life stages are proven to have long lasting effect on one's eagerness when taking financial risks (Malmendier & Nagel, 2011). On the organizational level, Kacperczyk (2009) stated that the amount of financial risk that person experiences in the early career impacts him long-term. It is clear that not only individuals influence organization, but also this effect is double-sided. Higgins (2005) discussed that organizational culture form a human and its beliefs and assumptions. Theory of Upper echelons explains the similar phenomenon, saying that managerial background will influence organizational outcomes (Hambrick & Mason, 1984). Furthermore, the authors also said that executive's demographic characteristic can be used as predictor variable for their cognitive foundation and values.

Referring to the upper echelon's theory, Kish-Gephart and Campbell (2015) found the connection between executive's social class background and strategic risk. Their research additionally took into consideration the moderating effect of two variables such as "education" and "CEOs work experience", implying that those can also shape executive's risk perception. Results of the study of Kish-Gephart and Campbell (2015) showed that "social class origins are not easily shed as he or she rises to the corporate elite; rather, social class origins, and the experiences inherent in them have a lasting and differential impact on the individual's risk taking preferences" (p. 2).

Many authors also thoroughly took manager's emotional intelligence into consideration and an obvious example that is considered as a pioneer in this area is the study of Daniel Goleman (1998). Goleman

(1998) divided emotional intelligence into five components: (1) self-awareness, (2) self-regulation, (3) motivation, (4) empathy, (5) social skill of leaders. By that Goleman (1998) meant that predictors such as intelligence and toughness are required for the effective leadership, but they are not sufficient. The leaders need more in order to perform well. In executives' personal characteristics were explored following factors such as charisma (Waldman, Javidan & Varella, 2004), neurocentrism and extraversion (Boudreau & Boswell, 2001), and narcissism (Chatterjee & Hambrick, 2007). Often analyzed was the connection between CEOs education and his or her behavior (Palmer, Jennings, & Zhou, 1993) and more importantly executive's education, compensation and firm performance (Jalber, Rao & Jalbert, 2002).

2.1. Social Class Background

As defined earlier social class is "a person's perceived place in an economic hierarchy" (Liu et al., 2004, p. 9). Even though Hambrick and Mason (1984) mentioned social class as one of the characteristics of manager's social class background, this concept was not enough researched in the literature. Person could either grow up in the upper, middle or lower social class (Fiske, Moya, Russell & Bearn, 2012). According to Bourdieu (1984), subjective and objective vision of the social class are highly interrelated. When thinking about the social class, person will often recall the amount of material resources that one had while growing up. This will form its perceptions where individual stands in comparison to others (Kraus, et al., 2012).

Individuals from upper social class, since experiencing resource abundance in their childhood, also felt important psychological security and therefore will perceive their surroundings as a safe place full of opportunities (Kusserow, 2002). On the other hand, middle social class was defined with having fair amount of resources, meaning necessary essentials, yet significantly smaller amount of resources when compared with upper class (Williams, 2002). In the end lower class, it is experienced significantly less amount of resources, often struggling to cover most of necessities such as education or vacation. Both individuals, from the middle and lower class, will be motivated to move up on the scale, except those from middle class who will additionally have "fear of falling" (Ehrenreich, 1989).

Kraus, Piff, Mendoza-Denton, Rheinschmidt and Keltner (2012) concluded that one of the main differences between social classes is in perceived control (Figure 1). People belonging to lower social

class will feel lack of control which will result in them perceiving social inequality. Because of low available material and psychological resources, lower class will therefore feel high uncertainty, lack of control, moreover overall social inequality. On the contrary, middle and higher social class who had more available resources will have belief of higher control. The same authors reported that individuals belonging to lower social class compared to the middle and higher social class, will better judge other people's emotions, have better interdependent social relationships and will score higher on empathy.

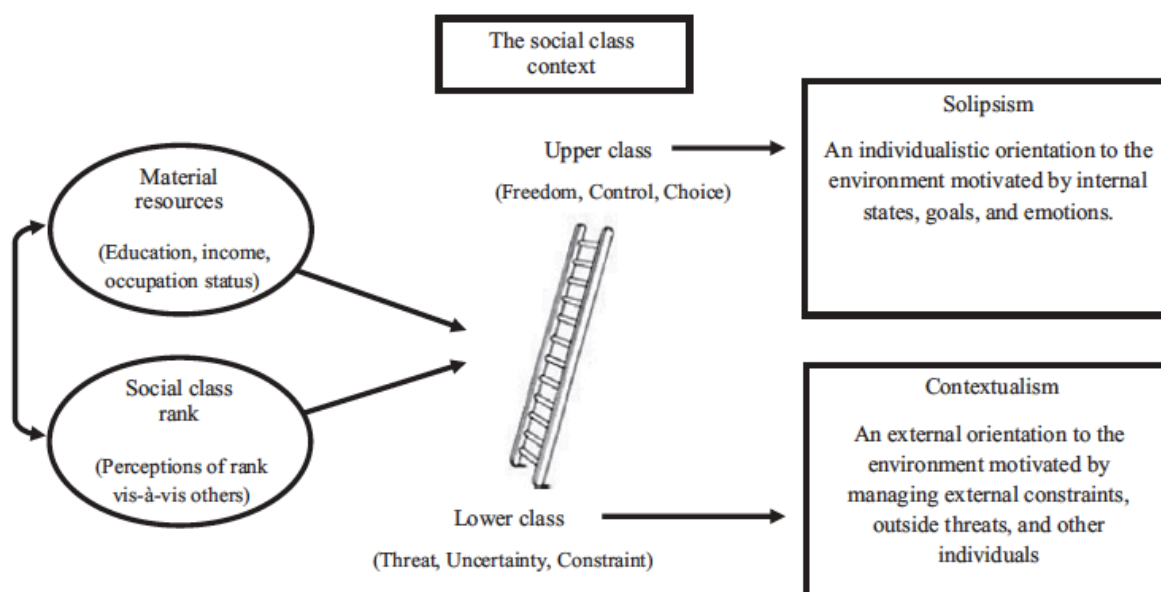


Figure 1: Model of the way in which middle- and working-class shape social cognition, as proposed by Kraus et al. (2012).
Source: Kraus et al. (2012), p. 549.

In the research done by Piff, Stancato, Côté; Mendoza-Denton, and Keltner (2012) it was found that compared to the lower social class, people from higher social class will be more prone to unethical behavior at work as well as to lie and cheat in negotiation. Therefore, they will be more concerned of their own benefit, rather than the welfare of others.

Bourdieu (1984, 1994) considered that people from the same social class will share the same social capital, such as contacts and networks, and besides that cultural capital, as for example, tastes. Social networks that include friends or relatives that have university education or managerial qualifications will influence the person to be more likely to gain one themselves (Manstead, 2018).

That being said, as Kish-Gephart and Campbell stated that it is still unknown what exactly is happening when one changes social class, meaning moves up on the social ladder (2015). This is exactly the situation when individual from lower social class becomes the CEO. Mahony and Zmroczek (1997) concluded that “class is deeply rooted, retained and carried through life” (p. 4).

As explained, social class leaves “imprinting” traces on individuals which they transfer to the organization and the organizational collective (Marquis & Tilcsik, 2013). One of the ways that individuals perceive their surroundings in the childhood has to be storytelling from their family members (Miller, Cho & Bracey 2005). Kish-Gephart and Campbell (2014) argued that “imprinting theory thus provides support for the longevity of the effects of social class origins even after movement from one’s childhood social class into a new social class standing” (p. 4). Imprints can also be in the macroeconomic sense in which the influence of the longevity of beliefs and behavior is shown (Bianchi, 2013).

2.2. Factors of Risk Taking

What will influence one’s risk profile are risk perception, willingness to take risk and expected benefits (Blais & Weber, 2006). However, what will shape one’s risk profile certainly depends on many different variables. Most of the factors that many authors connected to risk taking attitudes are: gender, age, education, culture, employment, experience, number of children, and home ownership (Jianakoplos & Bernasek, 1998; Grable & Lytton, 1998; Weber & Hsee, 1999; Fan & Xiao, 2006).

Risk preference, as already mentioned, depends on many different factors and it occurs in everyday life, but it is most often analyzed in the financial field. The most important questions posed by Weber, Blais and Betz (2002) are *who* exactly takes risks (meaning differences between gender and age) and *when* (refers to positional differences).

Weber (2002) constructed specific DOSPERT scale measuring risk taking in six different areas: (1) ethics, (2) investment, (3) gambling, (4) health/safety, (5) social interaction, and (6) recreation. Scale was later revised with many items being adjusted and modified. It measures not only the risk taking, but also it is possible to get results about how individuals perceive expected benefits and how they perceive risk of those activities. Although respondents can score high on one of the items of risk behavior, they can stay risk averse on others.

When it comes to *gender* many studies found out that male respondents are willing to take more risk than female (Weller, Levin, & Bechara, 2010). The question why is this the case, can be answered with the risk taking, depending on the cultural differences which mediate connection between perceptions of risk and risk benefit, and not distinguishing in risk attitude (Weber, 2010). Of course, higher expected return will make risk behavior being more attractive. This assumption also originates from the stock market where people are more willing to invest in volatile financial instruments, even though they receive higher compensation in return. The coefficients presented in the DOSPERT scale show that women see higher risk in financial, ethical and recreational items, but lower in the social domain. (Figner & Weber, 2011). However, if taking into account the risk perception and risk taking, results will show no gender differences in risk attitude (Figner & Weber, 2011).

When it comes to *age*, same authors also researched adolescent risk taking. Even though adolescents are in general perceived as prone to risks, studies showed that they will differ in risk taking behavior only in the case of dynamic situations where risk can rise over the time (Figner & Weber, 2011). Another study mentioned that older investors will be more risk averse since they have less time to return their investment (Jianakoplos & Bernasek, 2006), while other researchers found exactly the opposite. On the contrary, older people will make higher and riskier investment than the younger ones (Grable & Lytton, 1999a). Finally, in some of the studies there was no connection (Grable & Lytton, 1998; Weber, Weber, & Nosić, 2013).

The common opinion is that risk tolerance is a U-shaped curve and that it increases with age to a certain point. This point is still discussed in the literature, after which it is foreseen that a fall will occur. The authors Jianakoplos and Bernasek (2006), determined the mean to be age between 30 and 54. Research done by Hallahan, Faff and McKenzie (2003), established the differences between single men and women in risk tolerance, and what is more how it develops by age, meaning that women are more risk seeking than men when approaching their forties. However, after this point is reached, the risk tolerance stays the same until the age of 65, and afterwards it rapidly declines. Finally, some authors found concave effect of age to risk taking (Hallahan et al., 2003).

One of the most important factors when it comes to risk tolerance is *education*. General opinion stands for the proposition, that educated people are more prone to investment risk (Guiso & Paiella, 2008;

Farrell, 2014). This would mean that education increases our ability to understand risk and therefore increase risk tolerance level (Baker & Haslem, 1974; Farell 2014; Guiso & Paiella, 2008). It is considered that the effect of education on risk taking is linear. Many authors considered education as one of the most important variables of influence on risk taking (Grable & Lytton, 1999a; Riley & Chow, 1992). In this research, parental education was used as one of the variables to check validity of CEOs subjective vision to the social class. Moreover, parental education was also found to influence the risk taking. In a study conducted by Dohmen, Falk, Huffman, Sunde, Schupp, and Wahner (2011) (2011), it was found that children from fathers who passed Abitur exam were more risk tolerant than those who did not pass the exam, while mother's education didn't have any influence. However, in a study carried on by Ermish and Francesoni (1997, 2000) the connection was found between the parent's employment, their educational level and child's education. It is explained that usually mothers are one of the parents who spends more time with their child. This implies that if mothers are employed they will spend less time with their kids, meaning that children will have lower educational level than those, whose mothers spend more time with them (Ermisch, 2000).

Another important factor influencing the risk taking is *culture*. It is well known that there is a difference between collectivistic and individualistic cultures when looking at investor's risk taking (Fan & Xiao, 2006; Weber & Hsee, 1998).

2.3. Individualism and Collectivism

Individualism and collectivism are typically terms used to distinguish various cultures. According to Hofstede (1991) people living in wealthy, urbanized and industrialized cultures are typically individualistic, while people originating from poorer, rural and traditional societies remain collectivists. In addition, Hofstede (1980) found that there is a major difference between Chinese and American nations based on individualism and collectivism. This clearly refers to the difference that people originating from collectivistic cultures will treat differently members of their in-group, both those within their social network and those who are not. While one defined independence and freedom as individualistic values, another will appreciate more family values and togetherness.

When comparing these two nations, it is clear that American children express independence much earlier than Chinese and in the same time Chinese children grow up mostly in extended families and have closer

family connections. Chinese children enjoy higher family and social group support. The research by Fan and Xiao (2006) confirmed the theory of Weber and Hsee's "cushion theory" stating that Chinese have their families and friends to provide them with the necessary support, meaning "cushion", when needed. A big difference between the cultures of China and USA is well known and this is why many authors were intrigued by these two nations. One of the reasons is that they have completely different political system. On the one hand, China is perceived as collectivist and hierarchical country, while on another Western countries such as USA, are certainly defined as countries with more individualistic values (Kan Tu & Ha, 2017).

In the research paper from Douglas and Wildawsky (1982), it is found that individualistic cultures, such as USA, will more value uncertainty and therefore will be more risk-seeking. On the contrary to the market orientated countries, hierarchical and bureaucratic nations such as Chinese, were defined as being more careful and therefore risk-averse. Referring to this study, Weber and Hsee (1999) explored whether there are systematic differences between Chinese and American nations in the risk taking, while they faced respondents with options such as "winning \$400" as a secure payoff or rather chosen option "winning either \$2000 or nothing with equal probabilities" (p. 166). Even though authors assumed differently, their findings showed surprising results. It was found that Chinese nation is more risk seeking than Americans, but only when it comes to the investment decisions. However, they are risk averse in other fields, for instance when it comes to medical and educational decisions.

Following cited findings, Weber and Hsee (1999) approached the famous "cushion" hypothesis, suggesting that "people in a collectivist society, such as China, are more likely to receive financial help if they are in need (i.e. they could be 'cushioned'), and consequently, they are less risk averse than those in an individualistic society as the USA"(p. 165). Based on the famous stereotypes through media which shows Americans as more risk seeking, both Americans and Chinese predicted that Americans will be more risk-seeking. Weber and Hsee (1999) also concluded that "one relies more on stereotypes when one predicts the risk preference of someone in another country than when one predicts the risk preference of someone in one's own country" (p. 172).

Later research done by Fan and Xiao (2006) who used a non-student sample, showed that findings of Weber and Hsee (1999) that resulted in the famous cushion hypothesis, were confirmed again for both

cultures, Chinese and American. At the beginning, authors assumed that previous findings were unusual because the sample was composed of students. However, even with a non-student sample and taking into consideration that Americans, on average, have more financial resources, the authors found that they are more risk averse (Fan & Xiao, 2006). Fan and Xiao (2006) also noticed that “the fact that more demographic variables are significant predictors of risk taking in the American sample than in the Chinese sample, offers further evidence for the cushion hypothesis” (p. 70). This all implies that cushion hypothesis is once again confirmed, which leads to the fact that people in a collectivistic society will help in-group members when they are in need.

Hofstede’s theory defined national differences on topics of: individualism/collectivism, power distance, uncertainty avoidance and masculinity/femininity (1983). Later, Hofstede (2001) added two more dimensions: long term or short-term orientation and indulgence or restraint. Hofstede’s scale explains all items on a scale from 1 to 100 points, meaning that certain item will be more expressed with higher points achieved.

Sample that is the subject of this research was gathered in Serbia which was described by Hofstede as high in power distance with score of 86 points, explaining how people deal with inequality (1983). This means that similar to Chinese, Serbian society highly values hierarchical order, believing that people are not equal and respecting authority. This refers not only to the society, but also to the organization. Considering the scale of individualism, country score was very low i.e. only 25 points (from 100 points), which is explaining that Serbians have higher orientation to “we” rather than “I”. This implies a very collectivistic and family orientated society which supports the members of their in-group. On the uncertainty avoidance level, Serbia scored extremely high with 92 points, showing very high risk-aversion, which is the characteristic of collectivistic society according to Hofstede (1983). Based on this scale, Hofstede (1983) also concluded that wealthier countries are more individualistic, while collectivism is characteristically attached to countries who have low GDP per capita.

However, according to Allik and Realo (2004), individualism is nowadays emerging in all democratic, secular and egalitarian societies. Most of the authors discussed that there must be a separation between the individual and the collective level in individualism and collectivism (Hofstede 1994; Smith & Schwartz, 1997). Due to the global process of modernization, individualism is inevitable and therefore

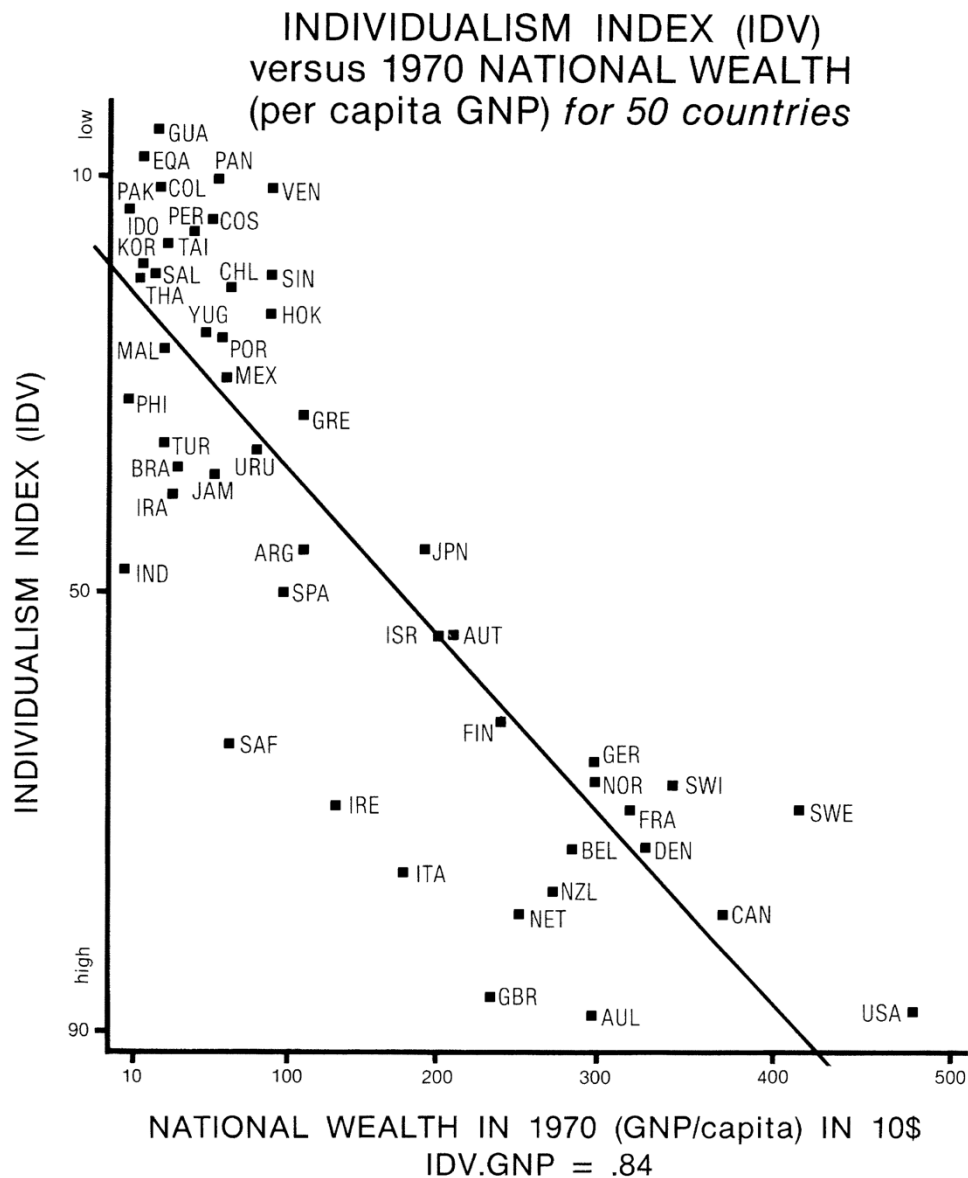
becomes one of the characteristics of modern societies (Allik & Realo, 2004). It is considered in the convergence theory, that all societies will eventually adopt Western modernization, meaning that they will adopt their values, institutions and cultural practices. This leads to the movement towards the market economy, liberal and democratic society (Eisenstadt, 2000).

Even though Hofstede (1980) defined individualism and collectivism on a country level, the author detached his research from individualistic behavior. It is mentioned that variations are possible in the case when a person holds more individualistic characteristics even though the origin comes from collectivistic culture. The results were also influenced by economic and historical circumstances during the time data collection in the 70-ties. Once the research was repeated with the same country sample, changes in individualism and collectivism were visibly shown on the example of Japan (Oyserman, Coon & Kemmelmeier, 2002). In the following figures, Serbia (former part of Yugoslavia, Figure 2) was shown on the scale of individualism and collectivism and compared to other countries.

FIGURE 1.
The Countries and Regions

ARA	Arab countries (Egypt, Lebanon, Lybia, Kuwait, Iraq, Saudi- Arabia, U.A.E.)	JAM	Jamaica
ARG	Argentina	JPN	Japan
AUL	Australia	KOR	South Korea
AUT	Austria	MAL	Malaysia
BEL	Belgium	MEX	Mexico
BRA	Brazil	NET	Netherlands
CAN	Canada	NOR	Norway
CHL	Chile	NZL	New Zealand
COL	Colombia	PAK	Pakistan
COS	Costa Rica	PAN	Panama
DEN	Denmark	PER	Peru
EAF	East Africa (Kenya, Ethiopia, Zambia)	PHI	Philippines
EQA	Equador	POR	Portugal
FIN	Finland	SAF	South Africa
FRA	France	SAL	Salvador
GBR	Great Britain	SIN	Singapore
GER	Germany	SPA	Spain
GRE	Greece	SWE	Sweden
GUA	Guatemala	SWI	Switzerland
HOK	Hong Kong	TAI	Taiwan
IDO	Indonesia	THA	Thailand
IND	India	TUR	Turkey
IRA	Iran	URU	Uruguay
IRE	Ireland	USA	United States
ISR	Israel	VEN	Venezuela
ITA	Italy	WAF	West Africa (Nigeria, Ghana, Sierra Leone)
		YUG	Yugoslavia

Figure 2: List of regions and countries. Source: Hofstede (1983), p. 6



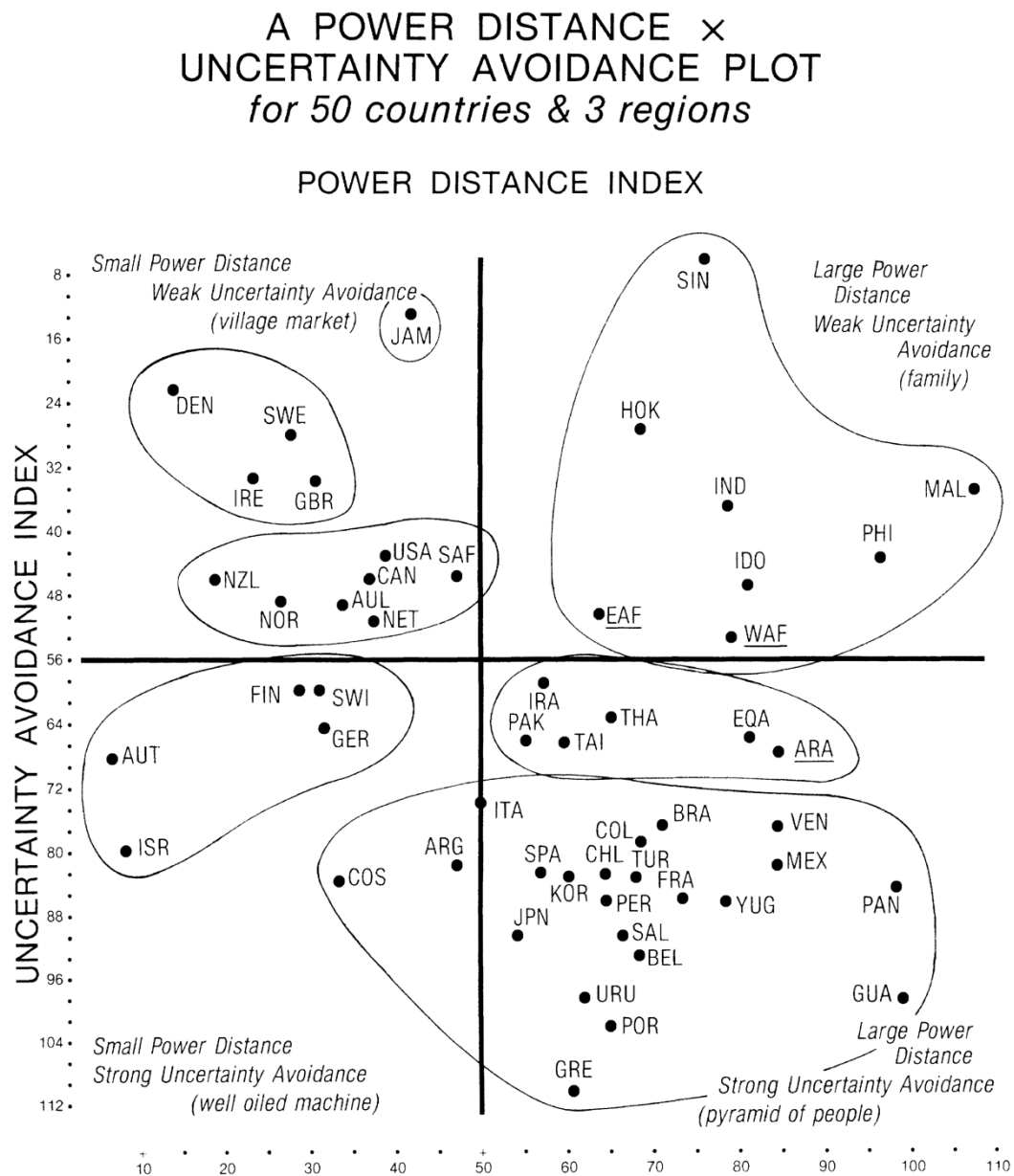
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Figure 3: The position of 50 countries on their individualism Index (IDV) versus their 1970 National wealth. Source: Hofstede (1983), p. 7

In the above presented overview, Serbia was still a part of Yugoslavia (YUG), which can be seen at the top left corner as very low on individualism scale (Figure 3). As a third dimension is uncertainty avoidance classified, which means that people who score low on this scale will easily take risks, and the ones who score high will prefer security (1983). Once again, it can be seen that Yugoslavia is at the

bottom right corner with, both high-power distance and uncertainty avoidance (Figure 4). It is explained that Yugoslavia is very high on uncertainty avoidance, meaning that people will be more risk averse, moreover highly respecting authority and social hierarchy.

FIGURE 4
The Position of the 50 Countries on the Power Distance and
Uncertainty Avoidance Scales:



The last dimension determined by Hofstede (1983) are masculinity or femininity, showing the values which are appreciated by the society, for instance, making money or putting social relationships before money, showing off or helping others. Serbia is described as moderately feminine scoring 43 points, which means that people value solidarity and quality of lives.

According to Triandis (2001), people from collectivistic cultures will clearly see themselves as part of a group, will give priority to group goals and will try to stay humble and unnoticed. Whether someone grew up in collectivistic or individualistic culture, will influence his conclusions, emotions and motivation (Markus & Kitayama, 1991).

3. Social Class and Risk Taking

Childhood social class is one of the least considered factors in organizational field yet proven in psychology science to have a large impact on one's overall life. Social class will influence person's feelings, thoughts and will have long-term impact on his or her social behavior (Manstead, 2018). Executives who grew up in various social classes, it is expected that they will behave differently in the sense of risk, especially investment risk taking. Social class differences will not only be visible in the difference on financial resources, but also in social networks and cultural capital (Savage, Devine, Cunningham, Taylor, Li, Hjellbrekke, Miles, 2013). According to Kish-Gephart and Campbell (2015) CEOs from the lower and higher social class will behave riskier, than CEOs who grew up in the middle social class. This is explained with the assumption that CEOs from the lower social class would feel eager to move up to a higher social class on the social ladder, whereas the higher social class would always feel financial and psychological support from their rich background, regardless of their decisions. Middle social class, on the other hand, would feel pressure to keep their current state as being afraid to fall down on the social ladder (Ehrenreich, 1989). According to Piff, et al. (2012), people from higher social class will be more prone to unethical behavior at work in order to gain their benefits. Therefore, they will be more concerned of their own achievements, rather than the welfare of others.

Therefore, it is expected that CEOs from the lower and higher social class will behave riskier than CEOs that grew up in the middle social class (Kish-Gephart and Campbell, 2015):

Hypothesis 1a: CEOs that grew up in the lower social class will take more risks than CEOs that grew up in the middle social class.

Hypothesis 1b: CEOs that grew up in the higher social class will take more risks than CEOs that grew up in the middle social class.

4. Social class, individualism and collectivism

Hofstede (1983) concluded that people from collectivistic cultures live in poor countries, while rich countries will typically be more individualistic. Collectivistic people are also described as people with more sense of “togetherness” and people that are more focused on “we”, rather than “I”. Even though Hofstede described both variables on a country level, he did mention possibility that people within both individualistic and collectivistic cultures might have different features from the majority of people in that country (1980). It is known that the results of this research are based on the data collection from the 70ties, thereby influenced with economic and historical circumstances. Since then much has changed, especially in the countries that reformed economic and social system.

For instance, political and social system has drastically changed in Serbia, transferring from Communism, where country was similar to China until the late 80ties, to the period of Transition and Privatization, and eventually to the Market economy. Finally, it is considered that all countries, that accepted Democracy and its system based on the globalization process, will also adopt individualism (Allik & Realo, 2004). Also, according to the convergence theory, all societies will with time adopt the Western modernization and their values, cultural practices and the Market economy (Eisenstadt, 2000). Since CEOs are considered highly successful people in the business world, they are still different when it comes to the social background. Therefore, the assumption is that CEOs who come from the higher social class will have more individualistic features than CEOs who come from the lower social class.

Hypothesis 2a: CEOs that grew up in the higher social class will express more individualistic features than CEOs that grew up in the lower social class.

Hypothesis 2b: CEOs that grew up in the lower social class will express more collectivistic features than CEOs that grew up in the higher social class.

5. Gender and Risk Taking Behaviour

Throughout the literature, different opinions and conclusions were expressed when considering gender and risk behavior. Women are typically considered to be more cautious and risk averse, while men are considered to be more daring and risk prone. The DOSPERT scale presented women as having lower risk behavior in financial, ethical and recreational items, but higher in a social domain (Figner & Weber, 2011). Other authors came to similar conclusions defining men as more risk seeking (Weller, Levin, & Bechara, 2010), while Figner and Weber (2011) noticed no gender difference when it comes to risk perception and risk taking. However, there was no gender difference in risk attitude, when taking into the account risk perception and risk taking (Figner & Weber, 2011).

Therefore, we have next assumption to check whether women will be more risk prone in investment field:

Hypothesis 3: Men and women CEOs will differ on risk taking behavior.

6. Age and Risk Taking Behaviour

Age is another thoroughly analyzed risk variable. Studies showed that older people will be less risk prone and one of the explanations is that in a case of poor decisions they are left with the less time to return their investment compared to younger people (Jianakoplos & Bernasek, 2006). However, others claim that older people will make bigger and riskier investments than younger would do (Grable & Lytton, 1999a). Studies on adolescents found that they will behave riskier only in dynamic situations where risks increase over time (Figner & Weber, 2011). The authors Grable and Lytton (1999a), however, insisted on the completely opposite view. Finally, various authors did not find any connection between the age and risk behavior. The authors Jiankoplos and Bernasek (2006), found the mean to be between age 30 and 54. Considering the fact that CEOs need both, years of experience and completed education, which is reachable until the middle of their career, there is assumption that after a certain cut off point older CEOs will differ from younger CEOs on the risk taking.

Therefore, we have next assumption:

Hypothesis 4: Younger and older CEOs (older than 45 years) will differ in the risk taking behavior.

7. Experience and Risk Taking Behaviour

In the research conducted by Kish-Gephart and Campbell (2015), functional background was found to be a significant influential variable when it comes to risk taking behavior.

Current economic conditions at the beginning of one's career such as in recession, will have high impact on person's risk taking behavior by shaping them to be more conservative (Marquis & Tilcsik, 2013). Economic conditions that one experienced in its early life will have permanent influence to his or her desire to take risks (Malmendier & Nagel, 2011). It is explained, that people who gained the experience from several different industries or jobs, will feel more secure to make decisions and take risks (Kish-Gephart & Campbell, 2015). These individuals will feel more secure to make decisions, because they have wider social connection networks and more open-minded perspective (Geletkanycz & Black, 2001).

CEOs should already have significant years of experience, meaning the older they are the more experience and wider social network they will have. It is considered that this will certainly influence their risk behavior. CEOs with more experience will be more daring and involving themselves in risk behavior. Therefore, the assumption on risk behavior:

Hypothesis 5: CEOs that have more experience (more than 15 years) will differ from CEOs that have less experience for risk taking.

8. Methods

8.1. Sample and procedure

Since CEOs have high time constraint and therefore are really difficult to approach, data were collected using a non-probabilistic referral or better known as snowball sampling method. Initial respondents were first chosen based on a judgement method, which then identified other members of the targeted population.

Initial sample was set to 70 CEOs, while the completed questionnaires came from 44 respondents, which gave total response rate of 62.86%. High percentage rate was mostly due to the chosen sampling

method. Sampling was performed in August 2018, which gave results of 44 CEOs based in Serbia from 15 different industries.

As expected due to the studies that were done in the past, more than two thirds of the respondents were male (70.5%) and less than one third were female (Graph 1). Serbian society traditionally holds male family members as head of the family, but this trend is slowly changing, because of the globalization influence and because the society transferred to the Market economy during the 80ties and 90ties.

CEOs answered to the online questionnaire containing 19 obligatory questions in total (Appendix: Questionnaire) which were translated into Serbian language for the research purpose. The questionnaire began with the introductory message, following the purpose of the study and the fact that the research was completely anonymous. The demographic data were asked at the beginning of the questionnaire as well as the scale questions about risk taking behavior, individualism and collectivism which were placed at the end. The respondents were asked to choose from the fifth Likert scale, deciding between 1 (“Never”) and 5 (“Always”), or 1 (“Very Unlikely”) and 5 (“Very Likely”). Estimated duration of the questionnaire was from 7 to 10 minutes.

From the basic demographic data CEOs were asked to answer the question about their age, which gave the mean of 46.61 years. Regarding education, most of the respondents, as being expected, have a University degree (36%), followed with the Master’s degree (27%), and PhD (18%). It can be seen that the minority of the respondents do not have any University degree (Graph 2). As assumed, most of the participants answered that they speak English language (79%), making this language group to be the considerably the largest. Considering the Communism influence and tight political and economic connections that the selected country has with Russia, Russian speaks one fourth of the entire sample (25%). Lastly, German language speaks only 11%, whereas Italian 5% and minority of almost 7% does not speak any foreign language (Graph 3).

Most of the companies, which participated in the study, were defined as SMEs using country classification (Graph 4). According to APR¹ (Regional Business Registers Portal Serbia) all companies were diversified into micro and small, medium and large companies and have to fulfill at least 2 out of

¹ According to the Serbian Business Registers Agency, the average number of employees in micro companies is 10, with 50 in the small ones and 250 in the medium ones (The criteria for classification, 2016).

the 3 possible conditions, i.e. number of employees, business income and business property. For this sample all of the calculated values were taken into consideration, giving the following results: 75% of entire sample presents small companies, 18.18% medium and 6.82% large companies.

Companies vary by the industry, taking into an account that a small sample out of 44 CEOs is presenting 15 different industries (Graph 5). Industry classification was done using The International Standard Industrial Classification of All Economic Activities (ISIC) from 2008 which distinguishes a total of 21 industries. The vast majority of analyzed companies were from Other service activities (9) while from Wholesale and retail industry almost half as many (5). Average number of employees in analyzed companies is 303.

Currently, more than a half of the companies run their business only in the Serbian market (54.5%) while the rest is operating internationally as well (Graph 6). Another considered variable was the CEOs experience that was examined with the question: “How many years of total work experience do you have?”, leading to the average response rate out of 22.73 years, following with the average of 10.57 years in which are CEOs working on their current position. The percentage of the companies established by CEOs is 45.5%, and ownership holds 59.1% of the sample (Graph 7 & Graph 8).

8.2. Measures

8.2.1. Independent variables

Social Class. The measure of social class was taken from the research paper which represents the basis for this research. Respondents were asked to subjectively judge their childhood social class. This was examined with the following question u Kish-Gephart and Campbell (2015), asking “Which of the following best describes your family’s socioeconomic situation while you were growing up?” (p. 9). Respondents could choose between five options: (1) lower, (2) lower-middle, (3) middle, (4) upper-middle, and (5) upper social class (Jackman & Jackman, 1973). The participants responded with the following answers: 4.55% lower, 15.91% lower-middle, 59.09% middle, 18.18% upper-middle, and 2.27% upper social class (Graph 9).

As already mentioned and according to Bourdieu (1984), subjective and objective vision of one’s social class should be highly correlated, as an individual will often recall available amount of financial

resources while growing up. Therefore, as a result of that experience a person will compare himself or herself to others (Kraus et al., 2012). In order to check this, meaning to validate respondent's subjective judgement, two questions were asked to confirm the social class claim: parental occupation (father or mother) and highest completed level of parental education (father or mother) (Kish-Gephart & Campbell, 2015). The two asked questions are: (1) "What is the highest level of school that one of your parent's has completed or the highest degree one of your parents received?" and (2) "What is the highest level of one of your parent's occupation?".

According to Adler, Epel, Castellazzo and Ickovics (2000), parental education was divided into five different categories and adjusted to Serbian education system categories, i.e. (1) less than high school, (2) high school/Gymnasium, (3) University, (4) Master's degree and (5) PhD degree. The same authors classified parental occupation into three categories (1) blue collar or service, (2) clerical or self-employed and (3) professional or managerial.

In order to check the validity of subjectively defined social class (Kish-Gephart & Campbell, 2015), the correlation was firstly calculated between subjectively defined CEOs' childhood social class and parental education (Table 1) and then between the social class and parental occupation (Table 2). Both correlations were determined by using Spearman's Rho test since the both variables were measured on the ordinal scale. Results of the test highlighted that there is a strong and positive significant correlation between subjectively defined social class and parental education ($r=.505$; $p=.000<.01$) and strong positive correlation between subjectively defined social class and parental occupation ($r=.505$; $p=.000<.01$). The results show the strong positive correlation between subjective and objective perception of social class (Côté, 2011). This justifies subjective view of CEOs childhood social class.

Social class was then summarized to final three groups: (1) lower, (2) middle and (3) upper social class for the purpose of testing the hypotheses.

Age. Instead of using age groups, age was more precisely measured with the simple question: "What is your age?". The Mean showed result of 46.61 years. The youngest CEO is 30 years old and the oldest one is 65 years old. It is expected that there is a difference between older and younger CEOs in risk taking behavior. According to Jiankoplos and Bernasek (2006) the mean age for risk taking was between 30 and 54 years. Since older CEOs grew up in the time of Communism (older than 45 years) which was

the time of safety and high collectivism as measured by Hofstede (1983), it is expected that they will differ from the younger ones that grew up in the age of unstable economic situation and the Market economy. According to the cushion theory, members of the in-group will support their members when they get into difficult period (Weber & Hsee, 1999). Economic conditions presented at the beginning of one's career significantly influence the amount of risk one will take (Marquis & Tilcsik, 2013). If the individual grew up in the recession time, this will be expressed throughout the career as one is more risk averse (Marquis & Tilcsik, 2013).

Total work experience (Functional background). Another relevant variable expected to influence the risk behavior is certainly experience. CEO answered the following question "About how many years of total work experience do you have?". This gave the average result of 22.73 years. Minimum working experience in this sample is 5 and maximum is 42 years. It can be concluded, that people with more experience will feel more secure to take risks (Kish-Gephart & Cambell, 2015). Due to their wider social connection, they will feel more secure to take risks (Geletkanycz & Black, 2001).

8.2.2. Dependent Variable

Risk taking. Risk taking behavior was measured with the DOSPERT scale which analyzed risk taking and risk perception behavior on multiple items such as: ethical, financial, health/safety, social and recreational risks, measuring them on a 7-point Likert scale (Blais & Weber, 2006). Internal consistency found by the authors was reported to be between .70 and .84 on 48-item Likert scale. Authors also mentioned that each item could be used separately in order to analyze both of risk responses.

Since the financial risks were the most relevant for this research, four chosen financial questions were used to check respondents risk taking behavior. Scale was slightly modified and instead of using 7-point Likert scale, items were measured on a 5-point Likert scale with answers ranging from 1=Very Unlikely to 5=Very Likely (Appendix: Questionnaire).

In this sample due to the number of items (N=4), internal consistency was slightly lower comparing to the previous research ($\alpha=.537$; Table 3). Risk taking measure was then computed in SPSS program with risk taking average by summarizing all four items and dividing them by four.

Individualism and Collectivism. According to Triandis and Gelfand (1998) the scale in order to check both variables is used, taking into consideration that the scale of 16-items was measuring exactly four dimensions:

1. Vertical collectivism – how individual sees itself as part of a group, and whether he/she is capable to accept hierarchy or inequality within the group.
2. Vertical individualism - how individual sees itself as fully independent, but noticing inequality will exist between him and others, and accepting it.
3. Horizontal collectivism – how individual sees itself as part of a group and considering that all group members are equal.
4. Horizontal individualism - how individual sees itself as fully independent and believing that equality between people is perfect.

The scale was slightly adjusted and instead of using 9-point scale, the 5-point Likert scale was used following answers from 1 = never or definitely, meaning no to 5 = always or definitely, meaning yes. As mentioned before, assumption is based on the cushion hypothesis (Weber & Hsee, 1999), saying that more individualistic people will behave less risky than people in collectivistic culture. This is not supported when it comes to bad investment, therefore people will behave more cautious. Calculated reliability measure gave slightly lower result of Cronbach's alpha than expected for individualism ($\alpha=.668$; Table 4) and for collectivism (.524; Table 5).

9. Results

Since the sample was big enough to take parametric tests ($N=44$), several assumptions needed to be tested in order to take corresponding tests. All hypotheses were tested with independent samples T-test. Requested assumption of independent observations was fulfilled for all hypotheses. The next tested assumption was the normality of all dependent variables for each category of the independent variable. The results showed that sample was normally, but not perfectly normal distributed as expected, while skewness and kurtosis showed results within accepted limits (-1.96 to +1.96).

Kolmogorov-Smirnov test for Hypothesis 1a and 1b showed expected result ($H1a$ and $H1b$: $p_l, p_m, p_h = .200 > .05$) for all social class levels, leading to the acceptance of the null hypothesis which means that collected sample is normally distributed.

Kolmogorov-Smirnov test for Hypothesis 2a on individualism and 2b on collectivism also showed expected result (H2a: $p_l=.0.200>.05$; $p_m=.098>.05$; $p_h=.134>.05$ and H2b: $p_l=.0.096>.05$; $p_m=.200>.05$; $p_h=.200>.05$) for all social class levels, leading to the acceptance of the null hypothesis, which means that collected sample is normally distributed.

Kolmogorov-Smirnov test for Hypothesis 3 showed normal result (H3: $p_m=.200>.05$; $p_l=.200>.05$) all levels, leading to the acceptance of the hypothesis which means that collected sample is normally distributed.

Since the normality and independent observation assumptions were fulfilled, T-test was done for all hypotheses that includes the Levene's test of equality of variances.

Hypothesis 1a and 1b assumed that both CEOs coming from the lower and higher social class will take more risks than CEOs from the middle class. Results of the Levene's test showed expected results for both hypotheses, therefore proved homogeneity of variances, i.e. that variances are equal in both hypotheses, meaning variances between the lower and the middle social class ($F(33, 18.99) = .627$; $p_{1a}=.434>.05$; Table 7) and between the upper and the middle social class ($F(33, 19.49) = 1.575$; $p_{1b}=.218>.05$; Table 9).

Results of the T-test for Hypothesis 1a showed that there is no statistically significant difference on risk taking behavior ($t(33) = 1.957$, $p=.059>.05$; Table 7) found between CEOs that grew up in the lower social class (2.55, .58) and CEOs that grew up in the middle social class (1.99, .79) (Table 6).

For Hypothesis 1b, results were similar showing that H_0 cannot be rejected. It was found that there is no statistically significant difference on risk taking behavior ($t(33) = -1.095$, $p=.282>.05$; Table 9) between CEOs that grew up in the upper social class (2.30, .56) and CEOs that grew up in the middle social class (1.99, .79209) (Table 8).

The Levene's test for Hypothesis 2a and 2b also showed homogeneity of variances which justified usage of independent samples T-test because variances are equal between the lower and the higher social class when it comes individualism ($F(16, 15.70)=1.735$, $p=.206>.05$; Table 11) and the lower and the higher social class considering collectivism ($F(16,15.94)=.060$, $p=.810>.05$; Table 13).

Results of independent samples T-test for Hypothesis 2a showed that results are not significant, therefore H_0 can't be rejected. Therefore, there is no statistically significant difference on individualism ($t(16) =$

-.632, $p=.536>.05$; Table 11) found between CEOs that grew up in the lower social class (3.73, .54) and CEOs that grew up in the upper social class (3.91, .47) (Table 10).

Results of independent samples T-test for Hypothesis 2b showed that results are also not significant, therefore H_0 can't be rejected. There is no statistically significant difference on collectivism ($t(16) = -.081$, $p=.937>.05$; Table 13) found between CEOs that grew up in the lower social class (4.04, .37) and CEOs that grew up in the upper social class (4.05, .35) (Table 12).

The third hypothesis stated the difference between genders on risk taking behavior. The Levene's test showed that two groups belong to the same population, therefore they have equal variances ($F(42, 24.07) = .019$; $p=.892>.05$; Table 15). However, the results of the T-test showed that there is no statistically significant difference on risk taking behavior ($t(42) = .879$, $p=.384>.05$; Table) between men (2.23, .75) and women (2.01, .70) (Table 14).

The Hypothesis 4 was examining the difference on risk behavior between older and younger CEOs and all this because older CEOs grew up in different social and political circumstances. The Levene's test showed that two different groups belong to the same population, therefore have equal variances ($F(42, 31.75) = .938$; $p=.338>.05$; Table 17). Also, the results of the T-test showed that there is statistically significant difference on risk taking behavior ($t(42) = -.3.034$, $p=.004<.05$) between older (1.91, .61) and younger CEOs (2.54, .75) (Table 16).

Finally, the Hypothesis number 5 also had confirming results of the Levene's test presenting that the variances are equal as assumed ($F(42, 20.98) = .017$; $p=.897>.05$; Table18). The T-test confirmed that there is a statistically significant difference on even greater level ($t(42) = -3.896$, $p=.000<.01$) between CEOs that have more experience (1.92, .62) and CEOs that have less experience (2.75, .67) (Table19).

10.Conclusion

Given results of test for Hypotheses 1a show that there is no significant difference between CEOs that grew up in the lower and the middle social class on risk taking behavior. Results for Hypothesis 1b also show that there is no difference on risk taking behavior between the upper and the middle social class on risk taking behavior. Results of this research are however different from the results of Kish-Gephart and Campbell (2015) that proved differences between social classes when it comes to risk taking.

However, this result can be the case of the scale difference which is applied between researchers on risk taking.

Kish-Gephart and Campbell (2015) used the scale that concentrated on strategic risk taking which included R&D costs, capital expenditures and firm's debt. Here risk taking was measured on financial field which concentrated more on CEOs attitude toward financial risk in general, not necessarily taking the company measures.

Results of the Hypotheses 2a and 2b showed that there is no difference between social classes on individualism and collectivism. Hypothesis 2a did not find statistically significant difference that CEOs that grew up in the upper social class will be more individualistic, neither did Hypothesis 2b show that CEOs that grew up in the lower social class will be more collectivistic. Serbia is characterized as mostly collectivistic society and considering this, when Hofstede did a research on this country it was in a period of Communism. A lot has changed since then and since many authors discussed about adopting Western values meaning individualism and the Market economy, it was reasonable to expect that situation has changed (Eisenstadt, 2000). Sample was constructed from CEOs that grew up in different periods of country development and it hasn't been controlled by age.

Results of the Hypothesis 3 as assumed Finger and Weber (2011) found no statistically significant difference between men and women on risk taking behavior also in this case. Various discussed topic through literature shows different results and this probably because of the sample and the scale difference.

Hypothesis 4 questioned whether age will influence risk taking. Average age of 45 years was break point to distinguish between CEOs that grew up in Communism and the ones that grew up in the Market economy. It was found that results were statistically significant and that there is a difference when it comes to risk taking behavior between younger and older CEOs ($p=.004<.05$). This proves the Hypotheses and the assumption that age does influence risk taking behavior.

Finally, when it comes to CEOs experience for Hypothesis 5, also called the functional background by Kish-Gephart and Campbell (2015), results showed statistically significant difference on even higher level ($p=.000<.01$). The measure for the experience was that CEOs have at least 15 years of experience or more. The reason for this is that by the time they finish University and start working, collecting this

amount of experience should be enough to make them CEOs. Kish-Gephart and Campbell (2015), however, used different scale whether CEOs have the experience in various fields such as R&D, law, finance or others in order for the experience to moderate the relationship between the social class and risk taking behavior. In this research it was more about the years of experience and making wider social networks in order to feel more secure to take risks (Geletkanycz & Black, 2001).

Finally, results show that age and experience, even experience only counted as number of years, will be both relevant factors that will influence risk taking behavior. Both variables influence risk, regardless the risk taking measure and show significant results.

11.Limitations and Further Research

There are many limitations to this study mostly due to the time constraints. Firstly, one of the limitations is certainly the sample size. Even though the sample was sufficient to take parametric tests (N=44), it was rather small to find any statistically significant differences for Hypotheses 1a and 1b, as well as 2a and 2b. Considering the participants that are characterized as individuals with extreme time constraint, unfortunately it was very difficult to generate a bigger sample. Sample which was the subject of this research was six times smaller compared to the sample generated by Kish-Gephart and Campbell (2015). Research should be repeated on a bigger sample.

Secondly, there is no reciprocity between the size of analyzed companies since 75% of this sample is compiled of small companies and 25% consists of medium and large companies. Compared to the research done by Kish-Gephart and Campbell (2015) sample consisted of the first 1500 companies from S&P list. It is, however, very difficult to approach the CEOs of large companies, and the response rate, if only they would be targeted, would be much smaller. It is recommended that the research should be repeated on a bigger sample that will take reciprocity of analyzed companies into consideration.

Thirdly, the question of generalizability of results is also one of the points that needs to be questioned. It is unknown whether these results could be projected to entire population or if they are just results valid for this specific territory. As mentioned by Kish-Gephart and Campbell (2015), their results were concentrated on the North American territory and authors suggested that research should be tested in another social and institutional settings. Clearly North American culture is much different than Serbian

culture and two territories are completely different in any sense. Therefore, it is advised that the same research should be done on some other Eastern European territory.

In addition, the choice of the Likert scale with five pre-coded responses might have possibly influenced the results.

Finally, generated results from this research may be under the influence of other unexplored variables that could act as moderators or mediators or simply by the various factors such as economy factors, chosen companies, war, etc. This research is partially a replication of previous studies with combined CEO characteristics.

12. Conclusion

Even though psychology takes childhood social class as one of the most significant factors that influences life of every individual, results of this study did not prove this. Considering the process and targeted respondents, study did not manage to prove Hypotheses 1a and 1b that assumed differences between social classes on risk taking behavior and Hypotheses 2a and 2b that assumed differences between individuals originating from the lower and the upper social class on individualism and collectivism. Considering the relevant theories such as the upper echelons, the imprinting theory and the cushion theory, assumed long-term differences were not proven in this case. The same results were in the case of gender, however several authors did come to the same conclusion, that there is no gender differences when it comes to the risk taking.

It can only be concluded that the experience and age are definitely factors that influence risk taking behavior.

This study should certainly be replicated in order to see whether obtained results are just applicable to this sample and the analyzed country or the repeated research would give different results.

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14. Appendix

Questionnaire completed by CEOs in English language

Welcome to the survey on CEO opinions for Master Thesis!

This study examines your opinions and preferences on various topics.

Please note:

- It is important that you read the questions accurately and calmly and follow the instructions.
- There are no right or wrong answers. We are only interested in your honest, personal assessment.
- All your information will be treated anonymously and absolutely confidential.
- We assure you that the data will only be used for this survey and will not be shared with third parties.

Answering the questions will take about 10 minutes of your time.

Thank you for your support,

Aleksandra Rasevic

Master Student

University of Vienna.

1. What is your gender?
 - Men
 - Woman
2. What is your age? _____.
3. What is the highest level of education you have completed?
 - High School or Gymnasium
 - College
 - University
 - Master's/Magister degree
 - PhD
4. Which foreign language(s) do you speak?
 - English
 - German
 - Russian
 - Italian
 - Spanish
 - some other foreign language
 - I do not speak any foreign language
5. About how many years of work experience in general do you have? _____.
6. About how many years have you been at your current work position? _____.
7. Did you found the company you are managing?
 - Yes
 - No
8. Do you hold any ownership percentage in a company?
 - Yes
 - No
9. About how many employees work at your company? _____.
10. My company operates only in Serbia?

- Yes
- No

11. Which of the following best describes the principal industry of your organization (Global Industry Classification Standard):

- Agriculture, Forestry and Fishing
- Mining and Quarrying
- Manufacturing
- Electricity, Gas, Steam and Air Conditioning Supply
- Water Supply; Sewerage, Waste Management and Remediation Activities
- Construction
- Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles;
- Transportation and Storage
- Accommodation and Food Service Activities
- Information and Communication
- Financial and Insurance Activities
- Real Estate Activities
- Professional, Scientific and Technical Activities
- Administrative and Support Service Activities
- Public Administration and Defense; Compulsory Social Security
- Education
- Human Health and Social Work Activities
- Arts, Entertainment and Recreation
- Other Service Activities
- Activities of Households as Employers; undifferentiated goods- and services-producing activities of households for own use
- Activities of Extraterritorial Organizations and Bodies

12. In your opinion, what would you say in which social class did you live in your childhood?

- Lower

- Lower-Middle
- Middle
- Upper-Middle
- Upper

13. What is the highest level of school that ONE of your parent's has completed or the highest degree one of your parents received?

- Less than High School degree
- High School degree or Gymnasium
- College degree
- University degree
- Master's degree
- PhD degree

14. What is the highest level of ONE of your parent's occupation?

- Blue collar or Service
- Clerical or Self-employed
- Professional or Managerial

15. For each of the following statements on a scale from 1 (=very unlikely) to 5 (=very likely), please indicate the likelihood that you would engage in the described activity or behavior, if you were to find yourself in that situation.

	Very Unlikely			Very Likely	
Betting a day's income at a high-stake poker game	1	2	3	4	5
Investing 5% of your annual income in a very speculative stock.	1	2	3	4	5
Betting a day's income on the outcome of a sporting event (e.g., baseball, soccer, or football).	1	2	3	4	5
Investing 10% of your annual income in a new business venture.	1	2	3	4	5

16. On a scale from 1(=never, or definitely NO) to 5(=always, definitely YES), please indicate how much each of the following statements best describes you.

	Never (definitely NO)			Always (definitely YES)	
I'd rather depend on myself than others.	1	2	3	4	5
I rely on myself most of the time; I rarely rely on others.	1	2	3	4	5
I often do "my own thing."	1	2	3	4	5
My personal identity, independent of others, is very important to me.	1	2	3	4	5

17. On a scale from 1(=never, or definitely NO) to 5(=always, definitely YES), please indicate how much each of the following statements best describes you.

	Never (definitely NO)				Always (definitely YES)
It is important that I do my job better than others.	1	2	3	4	5
Winning is everything.	1	2	3	4	5
Competition is the law of nature.	1	2	3	4	5
When another person does better than I do, I get tense and aroused.	1	2	3	4	5

18. On a scale from 1(=never, or definitely NO) to 5(=always, definitely YES), please indicate how much each of the following statements best describes you.

	Never (definitely NO)				Always (definitely YES)
If a co-worker gets a prize, I would feel proud.	1	2	3	4	5
The well-being of my coworkers is important to me.	1	2	3	4	5
To me, pleasure is spending time with others.	1	2	3	4	5
I feel good when I cooperate with others.	1	2	3	4	5

19. On a scale from 1(=never, or definitely NO) to 5(=always, definitely YES), please indicate how much each of the following statements best describes you:

	Never (definitely NO)			Always (definitely YES)	
Parents and children must stay together as much as possible.	1	2	3	4	5
It is my duty to take care of my family, even when I have to sacrifice what I want.	1	2	3	4	5
Family members should stick together, no matter what sacrifices are required.	1	2	3	4	5
It is important to me that I respect the decisions made by my groups.	1	2	3	4	5

Thank you for your participation!

15.List of Tables

Table 1. Correlation Childhood Social Class and Parental Education			Table 2. Correlation Childhood Social Class and Parental Occupation		
Correlation coeff.	1,000	,505	Correlation coeff.	1,000	,505
Sig. (2-tailed)	-	,000	Sig. (2-tailed)	-	,000
N	44	44	N	44	44
Correlation coeff.	,505	1,000	Correlation coeff.	,505	1,000
Sig. (2-tailed)	,000	-	Sig. (2-tailed)	,000	-
N	44	44	N	44	44

Table 3. Cronbach's Alpha Risk Taking		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N if Items
.537	.511	4

Table 4. Cronbach's Alpha Individualism		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N if Items
.668	.683	8

Table 5. Cronbach's Alpha Collectivism		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N if Items
.524	.506	8

Table 6. In your opinion in which social class did you live in your childhood?					
RISK TAKING		N	Mean	Std. Deviation	Std. Error Mean
	Lower	9	2.5556	.58333	.19444
	Middle	26	1.9904	.79209	.15534

Table 7. Independent Samples Test Hypothesis 1a		Levene's Test for Equality of Variances				t- test for Equality of Means				
RISK TAKING		F	Sig.	t	df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.	95% Confidence Interval of the Difference	
	Equal variances assumed	.627	.434	1.957	33	.059	.56517	.28884	-.02249	1.15283
	Equal variances not assumed			2.271	18.995	.035	.56517	.24888	.04426	1.0860

Table 8. In your opinion in which social class did you live in your childhood?					
RISK TAKING		N	Mean	Std. Deviation	Std. Error Mean
	Middle	26	1.9904	.79209	.155534
	Upper	9	2.3056	.56978	.18993

Table 9. Independent Samples Test Hypothesis 1b										
		Levene's Test for Equality of Variances				t- test for Equality of Means				
RISK TAKING		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std.Error Dlfference	95% Confidence Interval of the Difference	
									Lower	Upper
	Equal variances assumed	1.575	.218	- 1.095	33	.282	-.31517	.28786	- .90083	.27049
	Equal variances not assumed			- 1.285	19.492	.214	-.31517	.24536	- .82785	.19751

Table 10. In your opinion in which social class did you live in your childhood?					
IND_ AVR		N	Mean	Std. Deviation	Std. Error Mean
	Lower	9	3.7639	.54645	.18215
	Upper	9	3.9167	.47599	.15866

Table 11. Independent Samples Test Hypothesis 2a										
		Levene's Test for Equality of Variances				t- test for Equality of Means				
IND_AVR		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std.Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
	Equal variances assumed	1.735	.206	-.632	16	.536	-.15278	.24156	- .66487	.35931
	Equal variances not assumed			-.632	15.704	.536	-.15278	.24156	- .66565	.36010

Table 12. In your opinion in which social class did you live in your childhood?					
IND_ AVR		N	Mean	Std. Deviation	Std. Error Mean
	Lower	9	4.0417	.37500	.12500
	Upper	9	4.0556	.35417	.11806

Table 13. Independent Samples Test Hypothesis 2b										
		Levene's Test for Equality of Variances				t- test for Equality of Means				
COLL_AVR		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std.Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
	Equal variances assumed	.060	.810	-.081	16	.937	-.01389	.17194	- .37838	.35060
	Equal variances			-.081	15.948	.937	-.01389	.17194	- .37847	.35070

	not assumed									
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Table 14. What is your gender?

		N	Mean	Std. Deviation	Std. Error Mean
RISK_TAKING	Male	31	2.2339	.75259	.13517
	Female	13	2.0192	.70313	.19501

**Table 15.
Independent
Samples Test
Hypothesis 3**

		Levene's Test for Equality of Variances				t- test for Equality of Means				
RISK_TAKING		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std.Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
	Equal variances assumed	.019	.892	.879	42	.384	.21464	.24412	- .27801	.70729
	Equal variances not assumed			.905	24.077	.375	.21464	.23728	- .27499	.70428

Table 16.

		N	Mean	Std. Deviation	Std. Error Mean
RISK_AVR	>=45	26	1.19135	.61621	.12085
	<45	18	2.5417	.75367	.17764

**Table 17.
Independent
Samples Test
Hypothesis 4**

		Levene's Test for Equality of Variances				t- test for Equality of Means				
RISK_TAKING		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std.Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
	Equal variances assumed	.938	.338	- 3.034	42	.004	-.62821	.20704	- 1.04603	-.21038
	Equal variances not assumed			- 2.924	31.752	.006	-.62821	.21485	- 1.06598	-.19044

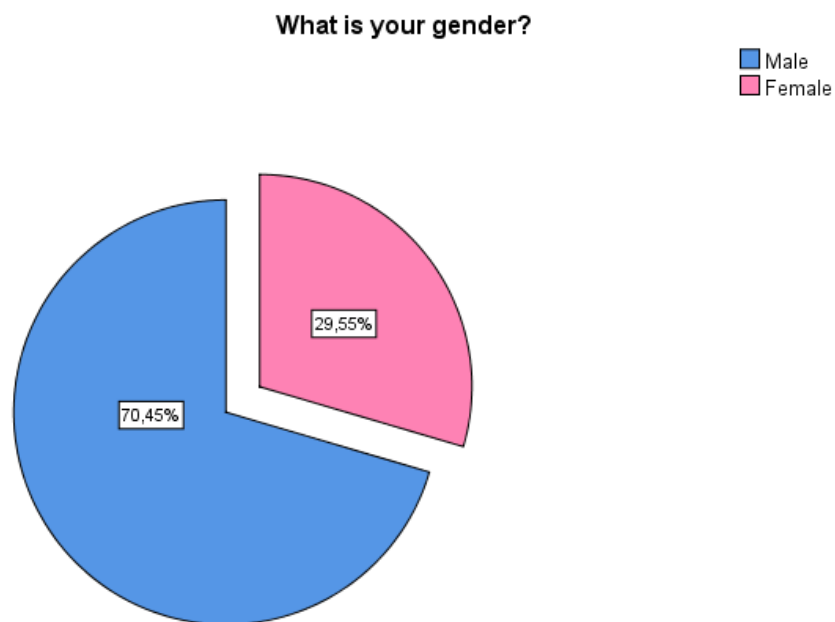
Table 18.

		N	Mean	Std. Deviation	Std. Error Mean
RISK_AVR	>=15	31	1.9274	.62314	.11192
	<15	13	2.7500	.67700	.18777

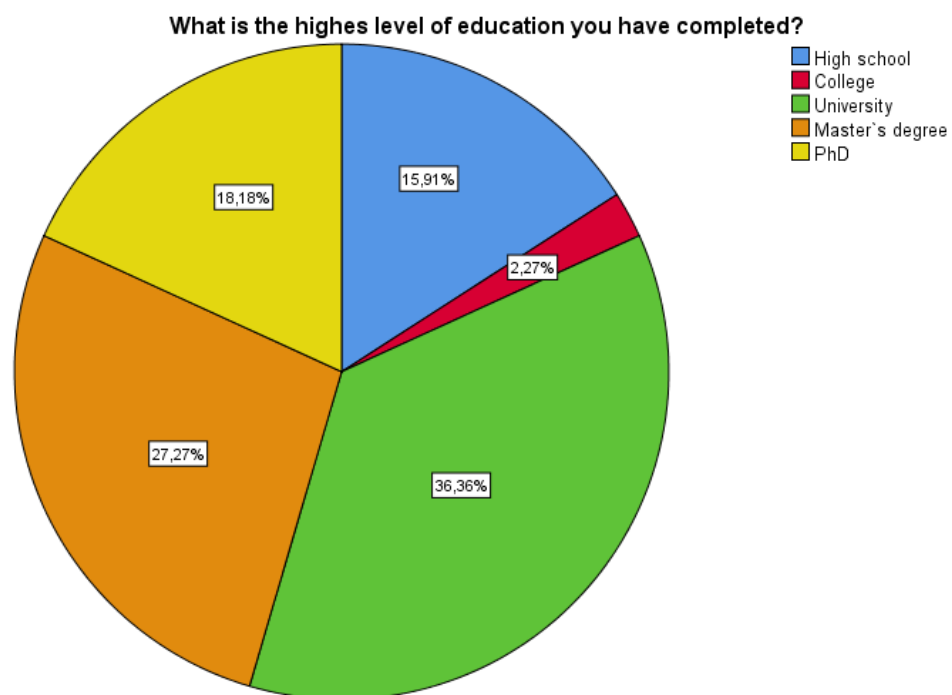
Table 19. Independent Samples Test Hypothesis 5										
		Levene's Test for Equality of Variances				t- test for Equality of Means				
RISK TAKING		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std.Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
	Equal variances assumed	.017	.897	- 3.896	42	.000	-.82258	.21114	- 1.24868	- .39648
	Equal variances not assumed			- 3.763	20.982	.001	-.82258	.21859	- 1.27719	- .36797

16.List of Graphs

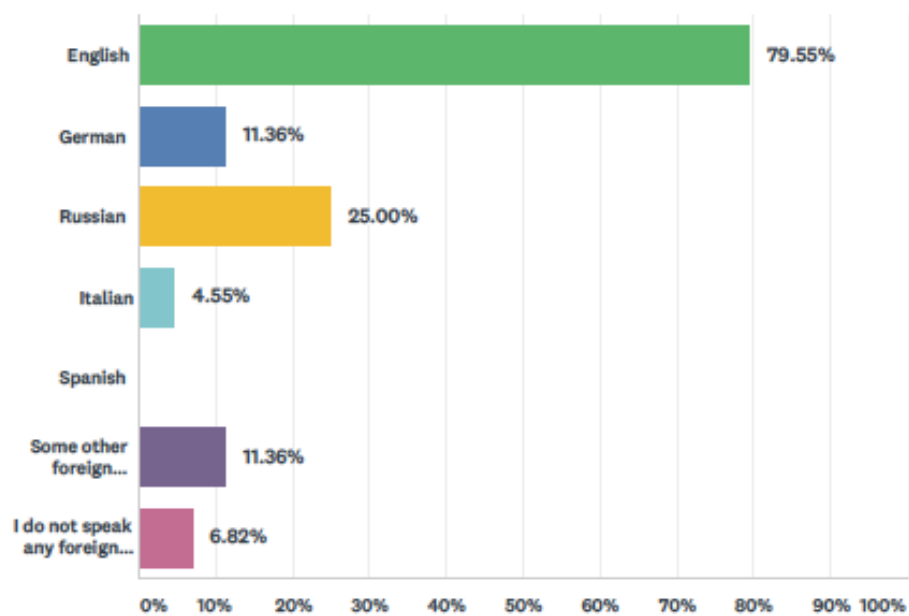
Graph 1: Gender frequency



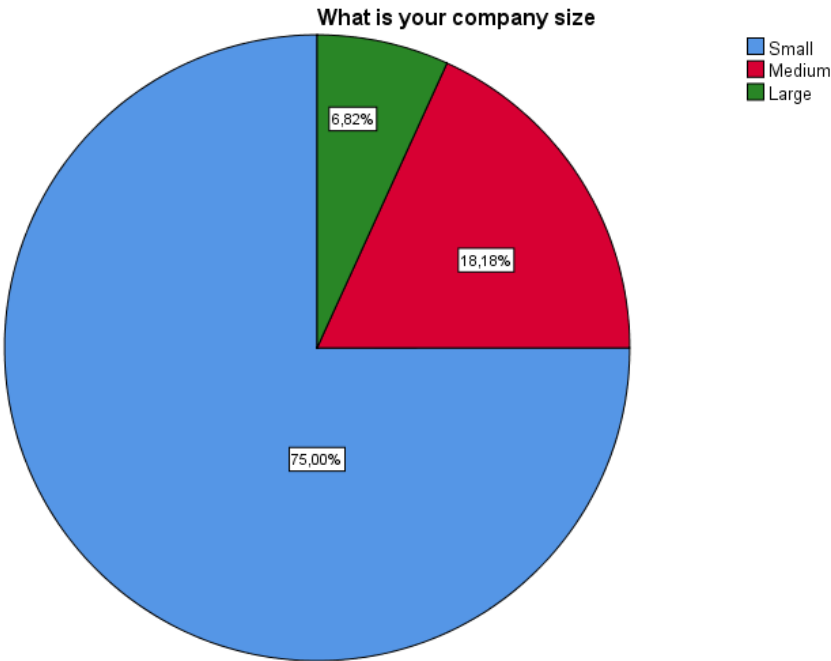
Graph 2: CEOs highest completed education



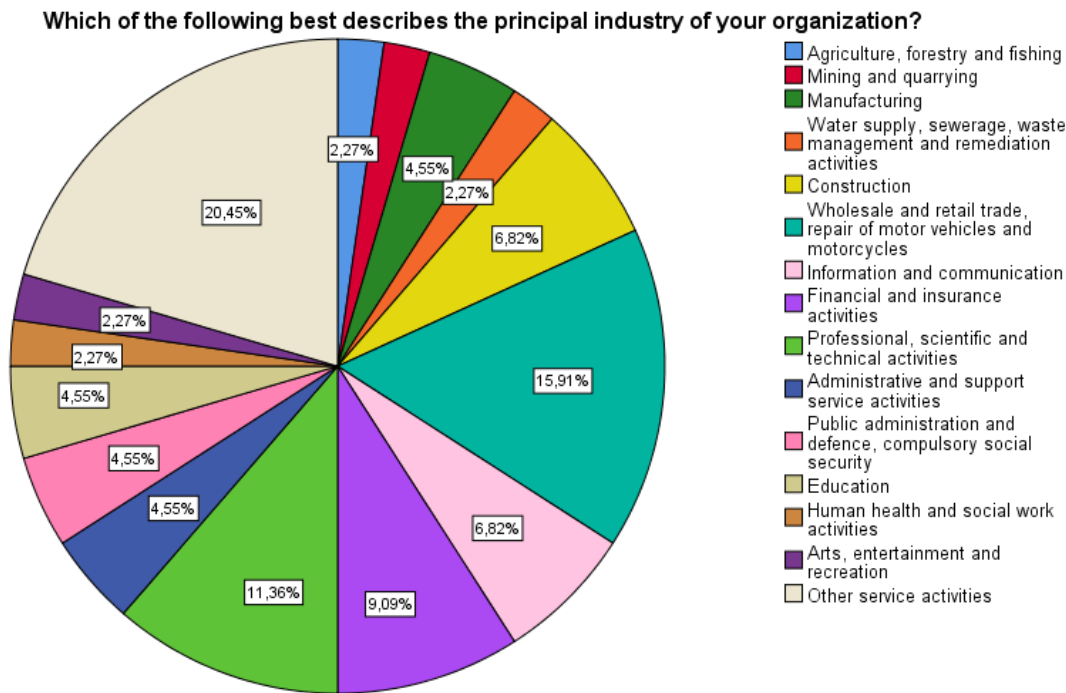
Graph 3: Foreign languages that CEOs speak



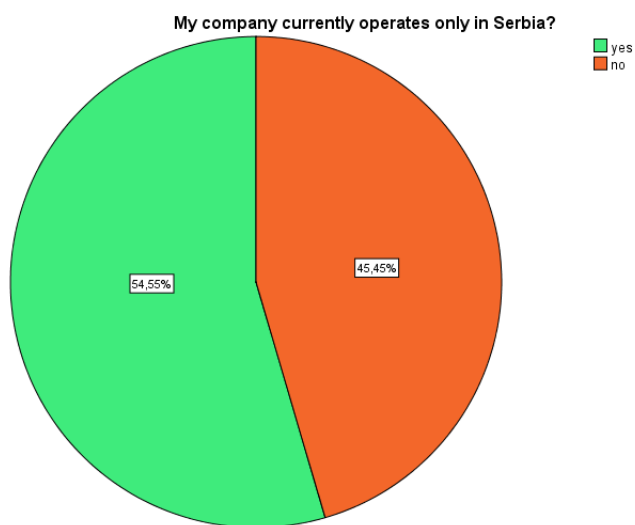
Graph 4: Size of the company



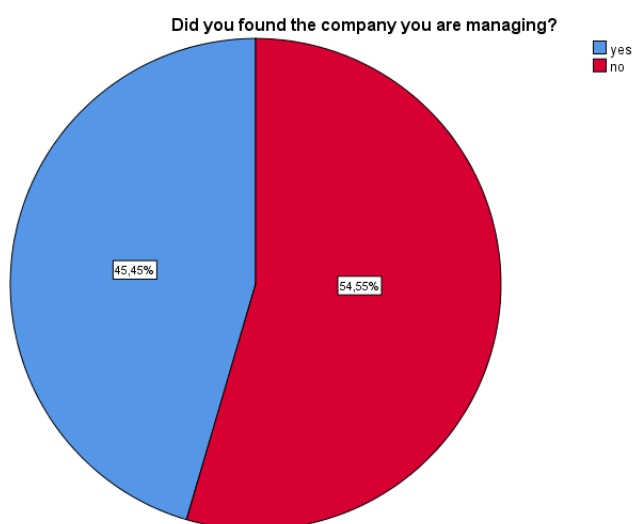
Graph 5: Principal industry percentage



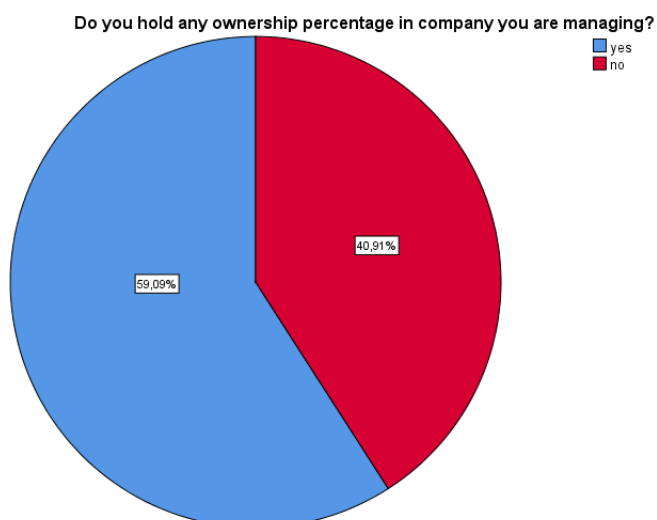
Graph 6: Business field



Graph 7: Founder frequency



Graph 8: Ownership frequency



Graph 9: Social class frequency

