

Examining Principal and Agent Relationships in Cultural Context within the Framework of Social Network Theory by Using Social Network Analysis

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Extensive Summary

The aim of this study is to evaluate the relationship between principals and agents in Turkish cultural context within the framework of social network theory by using social network analysis. One of the biggest critiques made for principal-agency theory is that it's a theory which is derived from and constructed on western cultural context. But it's important that it should be evaluated by other cultural contexts. In this study principal and agency theory is examined through by Turkish cultural context.

One of the other critiques made for this theory is that it has been just seen as an economical theory and it has been looking events from a rigid perspective deriving from this economical viewpoint. But it's important that it should be evaluated from social perspectives which seems person as a psychologic alive rather than this rigid point of view. By this way new research questions can be constructed for new studies.

When made a literature review, a research topic constructed on these three topics, GLOBE research (culture), social network theory and principal-agency theory has not been reached yet. The study can also be seen important especially for domestic literature for giving detailed information for each step followed by social network analysis (UCINET 6.0). In this study first of all, these three topics are explained theoretically. After these explanations, the literature review which makes us reaching the two hypotheses are given within the framework of nearly related studies. Then methodological part is detailly described in the direction of the steps followed in the research. Analysis and findings of the research follow this part. The essay is concluded by conclusions and discussion related with the results.

Social network theory examines the relationships between actors. People, organizations, groups can be defined as actors. It includes two important concepts

which are embeddedness and social capital. Embeddedness emphasize the inseparable connection of people within their surroundings. Social capital can be described as the resource which person achieves from his/her relationship.

Principal-agency theory is an economical based theory which seems person from an economical perspective and undervalue its psychological aspect. The idea it's constructed on is that agent can misuse principal on behalf of his self-interest. In order to block this threat, principal should take precautions by using some informational control systems.

The third topic used in the study is culture. Culture is a multi-disciplinary concept. Hofstede defines it as a mental process people, which constitutes groups, tribes or geographical regions, have. Culture can also be defined as the answer of the question "what makes us people?". There are so many researches (Hofstede's, Rokeach's, Schwartz's, Trompenaars and Humpden-Turner's, GLOBE Project) in order to analyse culture. In this study GLOBE Project's results for Turkey are used.

Because of the critiques made for the principal-agency theory, some researchers (Sharp ve Salter, 1997; Ekanayake, 2004; Johnson ve Droeger, 2004; Lubatkin ve diđ., 2005; Licht ve diđ., 2005; Lubatkin ve diđ., s. 2007; Fidrmuc ve Jacob, 2010) advice to emphasize on this theory within the framework of culture concept. According to GLOBE research, it's found that Turkey is a country which power distance, assertiveness and in-group collectivism is very high. In the direction of these results and related studies about principal-agency theory (Uyguç ve Sabuncuođlu, 2010; Üsdiken ve Öktem, 2008; Arıkbođa ve Menteş, 2009), it can be proposed that principals in Turkey select their agents from people which they have strong ties or they appoint their agents by the help of their brokers. The first hypothesis is created on strong ties aspect in social network theory. The second one is generated from structural holes theory.

The research in order to evaluate the hypotheses are made in an oil energy company in Turkey. It's a family company. Social network analysis is used to test the hypotheses. There are some computer programs like PAJEK, UCINET etc. in order to use social network analysis. In this study UCINET 6.0 is used. Roster method is used for gathering data and data is entered to neighborhood matrix in the UCINET program.

When the data gathered from agents and principals are entered to the program, the hypotheses are accepted and it's approved that principals make selections using their social network ties such as strong ties or brokers broking the structural holes when determining their agents.