



# LATITUDE

UNIVERSITY of LOUISVILLE  
PANAMA

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## Women's Role in Panama

**Alejandro Escobar**

Editor

Panama is masculine-oriented country where men and women have very traditional roles - men provide support and women take care of the home - or at least that's what I thought when I first arrived to Panama a few years ago. My perception did not change at first, but recently I started to pay more attention to my environment.

Not long ago, I got the opportunity to start working at a big firm in Panama, and to my surprise, more than 50% of the leadership positions were held by women. In fact, the male/female ratio in the department I work for is 1:4 - there are 4 females for each male. I never thought this could be possible in a country as young as Panama, but I was pleasantly surprised. After my amazement, I started paying close attention to the proportion of male/female at everyplace I went thinking that the firm I work for could have been an outlier.

Just a few days ago, I was at a meeting with top executives from a local bank, and women executives were majority with just two or three men in the room.

I cannot confirm that this is the trend across Panama, but I'm sure that women are not a "minority" as many people tend to think.

At the University of Louisville-Panama, women are the majority and men the minority. Apparently, this is the same in the other universities in Panama, which leads me to think that women are taking their education more serious than men. This could be the reason why many women are occupying leadership positions in the country.

The leadership role of women in Panama is more important than what I thought, they are taking control of the country and this could be a good thing. I do not have any proven numbers, statistics or facts, but I do know that Panama had a female president a few years ago. Personally, I think this is more representative than any number or statistics about the leadership role of women in Panama.

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## PANAMA: A Work In Progress

By Divya Mehta  
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Since the past few years, Panama has become a country that is always on the top of lists in its region. The immense growth that Panama is witnessing is proof of the great resources it possesses. However, most of the growth in the nation can be accredited to increased foreign investments, be it in the form of multinationals coming in, foreign projects, banking, or foreign entrepreneurial activity. As the economy continues to improve, the question that arises is whether there is a growth in the local human resources as well. It is a well-known fact that with

the kind of success the economy is seeing, better leadership and management is required. Furthermore, entrepreneurial activity should increase as a result of better opportunities; thus, creating a cycle of continued and stable growth. This article examines Panama's quality and current situation in managerial, leadership and entrepreneurial activity with the purpose of seeing how it ties to the present of the country and what it indicates about the future, since these three areas are the key to success in any country's development and improvement.

## MANAGEMENT

According to studies done by Manpower Group, Panama is undergoing a serious problem with lack of adequate employees in general. In the survey conducted, 47% of employers reported that it was difficult to find talented people in the Panamanian labor market (Caicedo). Employers claim that the only thing holding Panama back is the lack of skilled labor. These claims are supported not only by national, but also, international studies that have tested the Panamanian education system. As reported by PRS,

*“the September 2011 World Economic Forum Global Competitiveness Report ranked Panama 133 out of 142 countries for quality of education. This poor showing underscored the 2010 OECD Program for International Student Achievement (PISA) analysis, which ranked Panama second worst among participating Latin American countries.”*

As far as managerial positions and management in general are concerned, Panama is going through something very close to a crisis. Recent analyses and reports suggest that almost 80% of management positions in Panama are held by foreigners or Panamanians that have been educated outside the country. As reported by local newspaper, during a study conducted by Deloitte Panama regarding human capital, 64% of the studied companies said it was extremely difficult to fill in management positions; they were very often empty. The study also showed that most companies would depend on current employee references when looking for prospective managers. This scarcity is mainly due to a lack of analytical and numerical skills, and the inability to communicate effectively in English, which are key elements for management positions in recent times.

## Management style in the country

Managers in the nation need to realize the importance of relationship building; management in Panama is all about adherence to hierarchical roles, respect to superiors, a lot of networking, and, essentially, knowing the “important” people. Although Panama is good at adapting to change, things move at a very slow pace. Thus, change is supposed to be introduced slowly and adjustment takes time. One of the most important characteristics a manager in Panama needs to possess is patience, since the concept of time in Panama is very “flexible.” Furthermore, management in Panama needs to be able to deal with functional silos and strong departmentalization within an organization (Kwintessential).

## LEADERSHIP

Leadership is all about placing yourself in a position where others will look up and follow; the leader will show the way. It depends a lot on cultural views. This is a theory that was proven by researchers of GLOBE, a project that provided information on six “global leadership behaviors,” namely: charismatic/value based, team-oriented, participative, humane oriented, autonomous, and self-protective. The researchers claimed that different regions and nations worldwide ranked differently on each of these styles, which meant that, for example some were more charismatic/value based, whereas others were autonomous leadership based. As indicated in their research, like most Latin American countries, Panamanian firms benefit most from leadership behaviors based on:

- **Charismatic/value based leadership:** this kind of leadership, as defined by GLOBE researchers, “reflects the ability to inspire, to motivate, and to expect high performance outcomes from others on the basis of firmly held core values.” It is

about leaders being perceived by followers as empathically and exemplary.

- **Team-oriented leadership:** this kind of leadership, as the name suggests, is about team building leaders who focus on common goals and purposes for a group of people and motivate them to use synergy. This leadership style requires “diplomatic” and “collaborative” traits.

In Panama, most successful companies focus on having leaders with similar qualities and direction. As mentioned before, Panama is all about building relationships and getting work done around those relationships. Therefore, charismatic leadership is necessary. Even if it is not about inspiration and motivation, it has to be about making people feel “good,” since Panamanian culture is deeply rooted in emotional values.

## ENTREPRENEURSHIP

As defined by New York University (NYU), entrepreneurship means “seizing opportunities,” which is exactly what people ingrained with business philosophies do. Entrepreneurship is all about getting into ventures that bring innovation, fulfill unmet needs, create jobs, or take advantage of attractive markets. Research from International Entrepreneurship, a website created by two acclaimed entrepreneurs and professors, indicates that Panama enjoys a strong entrepreneurial culture and community; entrepreneurs are a key piece in the country's overall economy. They state that there are a lot of “opportunities for entrepreneurial activity in the higher-growth sectors of financial services, logistics, telecommunications, retail, and tourism.”

Despite the enormously favorable conditions in the eyes of many, very few Panamanian locals actually got into entrepreneurship, as data from 2009 indicated. Most of the businesses in Panama are

either owned by foreigners, who take maximum advantage of the attractive market, or are passed along as family enterprises, which are usually owned by the wealthy few nationals in the country (Samuel Taliaferro). In the Colon Free Zone, for example, most of the biggest companies were established by foreigners or Panamanians that have foreign ancestry.

Given that articles from La Prensa - Nicaragua suggest that 100,000 youngsters in Panama are unemployed after they graduate from university, the highest number in the region; the lack of entrepreneurial activity by Panamanians is just sad. Most aptly put, the education system in Panama and the culture of the country has created in people an aversion to action. Even if somebody has an idea, they are fearful to implement it or do something about it because risks run high. An article by Mary Triny Zea for La Prensa in 2010 pointed out that “68% of Panamanians want to build a business, but only 14% said they would dare to take that route in three years. Young people under 25 are the least likely to risk riding the wave.”

However, change is taking place in Panama, slowly, but surely. An article in Revista Summa stated that according to the Global Entrepreneurship Monitor (GEM), during 2011-2012, 20% of Panamanians started their own businesses or managed one that was recently established. They also pointed out that 1 out of every 5 Panamanians has the willingness to start his/her own venture. These data indicate great results, since, as we all know, one can easily provide tools to people but not the willingness if they do not have it. Fortunately, a lot of effort is being put in for the encouragement of entrepreneurial activity. The City of Knowledge is one of those groups that is trying to create awareness about entrepreneurship in Panama. With a group like Accelerador de Empresas de Panamá (AEP) that promotes and aids people who want to start their own business ventures, various educational courses, and sponsors and partners like

Banco General, UN commissions in Panama, ADEN business school, and others, the City of Knowledge is providing a great platform for talent in Panama. In addition, government-sponsored organizations like AMPYME are spreading awareness and giving encouragement to small entrepreneurs in the country.

Many people from small provinces in Panama are trying to develop their micro-businesses in the hopes of reaching somewhere bigger in the future. In addition, youngsters are taking initiative, seen in companies like PLC (Panama College Link), something that will prove very beneficial for Panama in the long run.

## FINAL OBSERVATIONS

As can be seen through the reading of this paper, the current scenario in Panama is a work in progress. In some areas, the country is doing wonders, especially from the international perspective on economic potential and growth. In other areas,

Panama needs a lot of work. Management is one of the sectors that requires special attention. I believe that the main driver for guaranteeing growth for Panama is the improvement in the educational system and overall culture. More proactivity, awareness, and responsibility is required. Tools can be given, yet some things need to be changed from the root or else they become endemic. Talent in the country needs to be cultivated by better means of training, appraisal, education, and hands-on-experience. Leadership is based on sound models, like the charismatic/value-based and team-oriented leadership; nonetheless, it requires polishing. More innovative, motivating, and goal-oriented leaders, in the business context, will strengthen Panama's global standing. Lastly, entrepreneurship in the country has a lot of potential because the ideas are many. The only thing that is missing is the courage to take that step, and this can be done through the provision of encouragement like what is being done by Ciudad del Saber.

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Picture by [CSA Travels](#)

## GUATEMALA: Its Leadership, Managerial and Entrepreneurial Potential

By Keisha De Sedas  
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Guatemala is a country mostly known for being the heart of the Mayan civilization and for its rich culture, which have catapulted it as one of the best places for tourism. With a population of approximately 14,720,000 inhabitants, Guatemala has a lot of potential for it to become a developing country that can compete with other well-positioned countries in the region, especially in the economic field. However, in order to achieve this there are some things that require improvement, especially in the area of

education and politics. This article analyzes Guatemala's leadership and management styles, as well as the entrepreneurial capacity of the country.

### LEADERSHIP

In Guatemala, there are two common leadership styles, the autocratic and the paternalistic. The Business Dictionary defines autocratic leadership style as one in which the leader "dictates policies

and procedures, decides what goals are to be achieved, and directs and controls all activities without any meaningful participation by the subordinates.” Autocratic leaders focus on obtaining short-term efficiency, rather than having a vision or strategy for the future (De Aguirre). Their authority comes mainly from the position giving to them within the company; thus, they are very “status conscious”.

On the other hand, we have the paternalistic style of leadership, which the Business Dictionary defines as “A type of fatherly managerial style, typically employed by dominant males where their organizational power is used to control and protect subordinate staff” This style is easily seeing in small and medium businesses, which is the majority in Guatemala. Paternalistic leaders are very emotional when dealing with employee’s issues; thus, the working environment may become tense and competitive since inequality and favoritism tends to emerge. They look forward to establish a strong bond with their subordinates and gain their trust, which is why they value the views of their workers and pay attention to their social needs. Overall, attaining efficiency in a business with a paternalistic leader becomes a challenge due to their personal attachment to it and the lack of innovation when it comes to new managerial techniques (De Aguirre).

It is important to note that Guatemalans acknowledges the need to create new types of leaders; it is understandable that neither autocratic nor paternalistic leaders truly satisfy their expectations of how “true” leaders should be. Guatemalans consider that applying the democratic leadership style, in which leaders and followers collaborate in the decision-making process, is the most likely solution. However, accomplishing this will be very challenging for this country considering that their current political leaders are working in a government system that is considered half-authoritarian and half-democratic, which gives a

feeling of uncertainty and political instability (Fuentes).

## **MANAGEMENT: SMB IN GUATEMALA**

Guatemala’s economy is highly influenced by its informal sector. According to the Center of National Economic Investigations, 95% of the businesses in Guatemala are micro-companies. This large percentage shows that small and medium businesses (SMB), located both in rural and urban areas, have become the trend after the crisis of 1979 – 1985 (Walter and Rosales). As seeing in the following chart, the majority of these businesses do not have many employees, which leave us to wonder, what is the business management style in Guatemala?

First, I think we take a look at the structure of the businesses in Guatemala and the way they are organized. Most of the companies in this country have an autocratic hierarchical organization (Intercultural Management). This means that companies have a strict vertical structure in which the decisions or orders flow from top (CEO or owner) to bottom (subordinates). Each layer or departments of the organization tend to concentrate on achieving their functional goals and not necessarily the general goals of the company. Crossfunctionality is not much likely to occur since all divisions of a company tend to work as functional silos.

Taking in consideration that the organizations in Guatemala follow a hierarchical structure, it is no surprise that managers in this country are autocratic - more so than in other countries of the region. When it comes to decision making, there is no such thing as consensus or having open discussions about it, since all the orders are given by the top managers and decisions are taken in a centralized way. Employees need to be careful as to whom and how they express their ideas about a decision or initiative taken, since hurting egos or challenging someone’s authority can be dangerous (Cultural Information). One of the key tools for a manager to succeed in the

business world in Guatemala is having a database of people and networking skills. Due to the strict hierarchical system, it can become difficult trying to do something through the normal path, which tends to be full of red tape and bureaucracy.

## ENTREPRENEURSHIP: POTENTIAL AND CHALLENGES

In 2011, Guatemala managed to be at no. 7 in the Global Entrepreneurship Monitor (GEM) among 54 countries that were evaluated. This definitely shows the great entrepreneurial potential this Latin American country has despite all the issues and situations that hinder its development. The GEM catalogued Guatemala as a factor-driven economy, which means that its economic development is driven by the development of infrastructure, institutions, macroeconomic stability, health and primary education (Kelley, Slavica, and Mike, page 27). They are majorly consumer oriented, and they show a good perception towards entrepreneurial opportunities.

% of Companies registered in Guatemala	Number of Companies	Number of Workers
95%	175,566	Micro-companies 1-9 workers
	5,816	10 - 19 workers
5%	3,086	20 -49 workers
	811	50 - 99 workers
	604	More than 100 workers

Another study made by the Economics Faculty of the University Francisco Marroquín (UFM) in which they evaluated 2,398 entrepreneurs in Guatemala, presented the following findings:

- 29% of those interviewed had a business idea in mind.
- 19.31% opened a new business that year (2011).
- 3.8% have had a business for three years and a half (TEA – Early Entrepreneurship Rate).
- 29.21% of adults have the potential to become entrepreneurs.
- 55% of entrepreneurs are between 18 and 34 years old, and 22% have between 35 and 44 years old
- 31% of entrepreneurs have not been to high school, and 52.9% do not have a college degree.
- 2.54% of entrepreneurs close their businesses after three years and a half.

### Challenges

There are some challenges for entrepreneurs in Guatemala, some of the most critical ones are:

#### 1. Lack of Resources

The World Bank noted that “Guatemala has a poor performance in regards to innovation in areas such as: number of patents, number of scientific publications, investigation and development expenses” (Centro de Investigaciones, page 24). This is understandable considering the country’s economic situation, as well as the fact that institutions created with the purpose funding business initiatives lack the mandates, capacity and resources to promote innovation in the country.

#### 2. Criminality

Since the majority of businesses are small and medium companies with few employees, whatever happens to the owners will have a direct implication on the success of the business. Extortions and robberies are some of the crimes that commonly affect businesses and their

owners, not only emotionally but economically as well. According to Javier Calderon, who is an external investigator of GEM, entrepreneurs have to invest around 20% of their earnings to protect themselves and their businesses from crimes (Batres).

### 3. Risk Aversion

Guatemalans are not very fond of changes and risk; the fear of embarrassment and of failing has stopped many from taking new business ventures (Intercultural Management). Eliminating this fear will not be easy since it has already been engrained in the minds of people; however, if the proper economic support and coaching was provided by the government and institutions in charge of innovation and development, people will feel encouraged to take the first steps to become entrepreneurs.

## CONCLUSION

After analyzing the situation of the country, it is clear that Guatemala has a vision, but also many stones in its path that make it a lot harder for it to become a prosperous developing country. One of these "stones" is the government and its leaders, which have not being able to establish democracy as the basis of the governmental system. This has created a trickle-down effect, which can easily be seen by the leadership and management style used in this country: the autocratic. On the other hand, good things can be said about Guatemala's entrepreneurial capacity. However, there are social issues that need to be taken care of so that people can prosper. Unfortunately, the government needs to change first. If those at the top do not change their ill leadership style nor give their followers any direction, then the country will remain stagnated in an environment that does not enable success or growth.

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## PERU: Organizational Leadership and Management Style

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The Republic of Peru is one of the most interesting countries in the American continent due to its rich historic and cultural heritage that dates back to the Inca Empire, the largest state in Pre-Columbian America (*The World Fact Book, Peru's Background*). Many aspects of the Peruvian heritage have become part of modern Peru in traditional fields including culture, politics, and religion, and have spread out to the organizational setting. As a result of the influence that history has in their culture, Peruvians have developed a different approach in important business applications such as Management and

Organizational Leadership than other Latin American countries.

The establishment of the Inca Empire, which was the largest and most advanced civilization in America, was the first example of the use of effective leadership and management in Peru. The term "*inka*" which means ruler or lord, is the first term in Peru's history linked to leadership (Clark, L.). In this case, the Sapa Inca played the role of the maximum authority and leader of the Inca Empire up to the day of the Spanish conquest when the empire was defeated. One of the main reasons of the defeat of

the Inca Empire was and is still found today in modern Peru: the desire of power by individuals who put individual gain first over collective gain. This, made it easier to the Spanish conquerors to take advantage on the situation by offering power to the less loyal individuals in the empire (Mcintosh, T.,p.13).

After the defeat of the Inca Empire, the second historic event that heavily affected the Peruvian society was the Spanish conquest and the adherence of Peru to New Spain. As in the empire, Spanish conquerors follow the approach of centralized government, which refers to the control of power only by few individuals (Mcintosh, T., p.15). In this period, as well as during the Inca Empire, Peruvian society was divided into classes where a big gap was present between Spanish rulers and the Incas of lower classes. Similar to this historic period of the country, modern Peru is still control by a centralized government. It is divided into classes that suffer from a great distance between the high and lower levels. As a result of this gap, 31.2% of the population lives under the poverty line (*The World Fact Book, Peru's Economy*).

In addition, the leadership style that Peruvians had, which was a reflection of the one during the Spanish conquest period, up to the following periods before the country's independence is called "caudillo" or "caudillaje". This style refers to a political-military leader who is the head of an authoritarian power. This type of leadership, which might seem as a negative approach, can still be found in Peru's modern government according to many. Both periods in the history of Peru have become the pillars of what Peru's society is today. Modern Peru combines aspects of the previous leadership and management styles with new approaches.

## **LEADERSHIP STYLES IN PERU**

The Leadership style in Peru can be considered a consistent one over the years, because it has been following the same path for a long period. However,

some aspects have evolved and have made leadership to develop a more positive view. Additionally, Peruvian leadership is characterized by a specific set of attitudes that the majority of leaders share in common. The first attitude that can be found in Peru's leadership is Authoritarian/Unethical/No-Team-Work. This attitude is the result of the enjoyment of Peruvian leaders to concentrate all the organizational power in themselves. In addition, the desire of possessing all the power for oneself is a typical caudillo trait, which proves the high influence of historical events in the attitude of present leaders. Second, the lack of planning and discipline is another attitude found in Peruvian leadership. Problems in many organizations are often related to the lack of planning and poor time management by their leaders. Also, people do not take punctuality as important and as a result, tardiness is a common aspect in politics and church (Mcintosh, T., p.106).

On the other hand, leaders in Peru also possess positive attitudes that are key in leadership practice. Being persuasive is one of them. Peruvian leaders tend to have the ability or facility to use words. In Peru, people who convince others in the field of religion, politics, and social work are view as having superior leadership ability in the society (Mcintosh, T., p.107). At last, resourcefulness is another attitude that can also be found in Peruvian leadership. This means that leaders in Peru are ingenious, capable, and full of initiative in moments of getting results (Cox, A.). However, many consider that these skills are used negatively and only to obtain individual gains.

Moreover, Peruvian leaders also shares a specific type of character that have allowed them to gain the position of important figures. On one hand, Peruvian leaders are considered to be charismatic, meaning that they easily appeal to the popular sectors of the population. This charisma is also an important trait to organizational leaders who need to build strong relationships with their followers in order to get the results they are want to achieve. On the other hand,

leadership in Peru tends to follow the motivational path, where leaders try to give their followers a motive to believe in and inspire them to behave in a specific way. Very often, this can be related with manipulation, which many Peruvians consider to be a main technique used by leaders in their country (McIntosh, T., p.107).

Another important aspect found in Peruvian leadership is competency. The main competency that can be found in Peruvian leaders is the extraordinary ability to communicate with others. As mentioned in the attitudes and character of leaders in Peru, they tend to use persuasiveness and motivational tactics in order to obtain or maintain their followers. This competency is mainly found in the fields of politics and religion, where leaders seek to gain big quantities of followers in order to succeed (BOOK P. 108).

## MANAGEMENT STYLES IN PERU

In the case of the management styles that are found in Peru, there are several approaches followed by managers in the country. Because managers are task oriented and are focused in doing things right, management in Peru pursues certain guidelines in order to adapt with the Peruvian context. First, it is important to mention that the business setting in Peru is very formal and the use of courtesy at all times is crucial. Managers in Peru consider their position as very important to the organization, as a result they look for their employees to treat them with respect. Also, management in Peru values strong relationships; thus, maintaining them is essential to keep their management position (*Intercultural Management- Peru*).

Furthermore, the role of a Manager in organizations in Peru is based on being able to attain cross-cultural communication due to the variety of cultural backgrounds that are found in the workplace.

In regards to the approach of Peruvian manager's to time and priorities, they often found difficulties due

to the culture's attitudes toward time. Deadlines and timescales are fluid in Peru. Patience plays an important part in successful cross-cultural management. While timescales and deadlines are set in advanced as part of the organization's routine, they are many times considered as flexible by employees (*Intercultural Management- Peru*).

In Peru, as in other hierarchical societies, managers take a paternalistic attitude with their employees. They may demonstrate a concern for employees that goes beyond the workplace and strictly professional concerns. This may include involvement in their family, housing, health, and other practical life issues. This might be a problem when manager's attitude might reflect sympathy to their employees, instead of empathy (*Intercultural Management- Peru*).

Another important part of management styles is the decision making process. In the case of Peruvian organization, decisions are taken at the top of the company, often after seeking input from all the stakeholders. Since Peruvians believe businesses should be "win-win" scenarios, they attempt to find solutions that are in the best interest of all concerned. In addition, Peruvian managers tend to be more autocratic in comparison to other countries. A manager's role in a Peruvian organization is basically to delegate tasks to their subordinates and be clear about how they expect them to perform the assigned task. This results in employees following instructions without making comments or complaining, since it would be considered rude to challenge the instructions of an individual in a higher position. With this in mind, when working in an organization in Peru, it is very important to understand the role that hierarchy plays. Traditionally, the supervisor is seen to hold that position because of superior knowledge and skills. It would traditionally have been unthinkable for someone of a higher position to collaborate with someone from a lower status. However, this organizational situation is changing in younger generations, particularly those employed by



multinational corporations (*Intercultural Management- Peru*).

At last, another essential aspects that should be considered in management are the negotiation and communication styles. In Peru, personal relationships are important. They prefer to deal with those they trust; therefore, much time is spent in developing organizational relationships. It will usually take several visits to close a business deal since Peruvians need to know who they are doing business with before they can come to an agreement. Relationships are more important than business documents. Negotiations and decisions take a long time, so patience is necessary. Overall, companies are hierarchical and decisions are made by the person with the most authority (*Intercultural Management- Peru*).

## CONCLUSION

As part of the Latin American region, Peru leadership and management styles are a combination of historical influence coupled with modern approaches. Peruvian leaders are characterized by a set of attitudes, character and competencies. In the case of attitudes, Peruvian leaders are authoritarian, persuasive, and are resourceful. Moreover, the character of leaders in Peru is being charismatic and motivational. At last, their competency is the ability to communicate with other people.

In addition to the Leadership styles, Management style in Peru is based on the ability of managers to carr cross-cultural communication. Also, the position of managers is considered very important and should be respected. In brief, Peru organizational Leadership and Management styles are a reflection of the cultural background of the country.

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## THE BAHAMAS: Its Pathway Towards Leadership, Managerial And Entrepreneurial Improvement

By Rivca Zayat  
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The fact that The Bahamas has an idealist view of what their population should be according to historical events and symbolisms does not mean the country applies the leadership characteristic portrayed in the elements such as the flag and the coat of arms. Leadership, Entrepreneurship and Management in The Bahamas are affected by its culture, politics, legal system, religion, economic system, and education.

### LEADERSHIP IN RELATION TO POLITICS AND CORRUPTION

The Chief of state is Queen Elizabeth II, and Governor General Sir Arthur A. Foulkes represent her. The head of the government is Prime Minister Perry Christie (Central Intelligence Agency). The legal traditions are very close to the ones in the United Kingdom and the Westminster system. The degree

of political freedom influences the willingness and ability of Bahamians to have a broad range of political rights. Constitutional rights include: freedom of speech, press, worship movement and association.

The Bahamas is an Individualistic society, which guarantees freedom of expression and individuals' economic best interest for the greater good of the society. Individualism goes hand in hand with free market economies, international businesses, and entrepreneurial abilities. Bahamians have the ability to become resourceful, to influence others, and take action in what is necessary to keep innovating. Political leaders and institutions need to set the example to corroborate the application of what is being theoretically said. Transparency International, which is a global civil organization fighting against corruption, does the corruption perception index and it ranks countries on how corrupt public sectors are perceived to be. The scores range from 0 (most corrupt) to 100 (most clean.) Bahamas scored 71/100 and ranked 22 out of 176 countries in 2012. In addition, the Bahamas scored 1.354 in the Control of Corruption scale.

The Bahamas is considered one of the richest countries in America in regards to its GDP per capita, right after The United States and Canada. A reliable measure used by the United Nations is the International Human Development Indicators, which published the Human Development Index (HDI). The HDI of the Bahamas measures the quality of human life based on (Global Business Today, pg. 66):

- Life expectancy at birth (a function of health care),
- Educational attainment (measured by a combination of adult literacy rate and enrollment in primary, secondary and tertiary education),
- Whether the average incomes are sufficient to meet the basic needs of life in a country (adequate food, shelter and healthcare).

The Bahamas is above the regional's average HDI with a 0.771 and it ranked 53 out of 187 countries (International Human Development Indicators - United Nations Development Programme.)

## **ENTREPRENEURSHIP OPPORTUNITIES IN THE BAHAMAS**

Bahamian small businesses require entrepreneurship abilities, and according to the author of the seventh edition of Good Small Business Guide, Branville McCartney, "The Bahamas has to create an environment that encourages entrepreneurship." Bahamian entrepreneurs are provided with the tools they need in order to expand their ability to succeed in startup business. Besides, businesses are the central source of Bahamas' economy (Rotarian of Nassau Sunrise Club). Leaders hire for attitude and train for skills; many times Bahamians do not have the professional business education or experience, but they have the right attitude and the commitment to continue after failing (Appleton.)

The fact that the government encourages foreign and local investment makes the Bahamas attractive for local and foreign entrepreneurs. The government reserves sections of incentives strictly to the Bahamians so foreigners do not take over the country. Reserved businesses are wholesale and retail operations, commission agencies engaged in import/export, real estate and domestic properties management agencies, specific nightclubs and restaurants, shallow water fishing, public transportation, among others. Foreign investment is reserved for tourist resorts, high-tech services, food processing, international business centers, ship registrations, agriculture, and food processing, among others. There are entrepreneurial opportunities for both locals and foreigners and the government has the divisions established. (Doing Business in the Bahamas)

## MANAGEMENT AND BUSINESS ENVIRONMENT IN THE BAHAMAS

Business scenarios in the Bahamas are generally straightforward and English based. It is important to keep in mind that intercultural management is of great importance in the Bahamas due to its great involvement in international trade, investment, and broad range of cultures. (Global Business Today, pg. 37) According to Kwintessential, an ISO:9000 registered firm focused on cultural awareness, states that in order to manage in the Bahamas it is important to acknowledge that each person has a specific role, and managers need to address each role in accordance to its necessities (Intercultural Management- Bahamas).

Furthermore, they have a hierarchical supervision culture. People believe that ranks are elected in regards to experience and no questions need to be asked to lower rank managers in order to make decisions, but tools and clear instructions are expected by inferiors in order to complete tasks. There is respect and trust given to superiors, but it is of most importance to treat everyone with respect and dignity in the Bahamas.

The Bahamas has a management style based on rewards. Managers are accustomed to reward employees privately. Other cultures might view this as bribery and unfair treatment, but in the Bahamas, employees expect to be recognized in a fair and equal way in accordance to their performance. Also, Bahamian managers have a positive approach to uncertainty and change. Even if change is risky and complex, they know that with higher risks come higher rewards, and current sacrifices being done will be viewed as a step towards improvement. Time and punctuality need to be taken into consideration when managing any business. Given the flexible time culture in Bahamas, time is not taken very seriously. When doing business with Bahamians, it is important to always reinforce the deadlines and appointment

times in order to receive the appropriate compliance form the Bahamian party.

Teamwork in the Bahamas has evolved over the course of time. In the past, due to the hierarchical division of tasks, supervisors were not involved in teamwork since that implied interacting and being said what to do by inferior rank employees. Due to the increase in multinational corporation presence in The Bahamian market, the management trend has shifted to a non-threatening, participative and communicative one (Intercultural Management- Bahamas).

There is not a great presence of communication issues in the Bahamas. They tend to pay attention to details, they are friendly, but are always prompt and ready to discuss business matters as soon as possible. As we live in a globalized world, the Bahamian younger generation is adapting fast. Small talk is not a necessity anymore and business matters are addressed right away without offending the Bahamian party (Doing Business in the Bahamas).

## ISSUES THAT AFFECT LEADERSHIP, MANAGEMENT AND ENTREPRENEURIAL ABILITIES

### 1. Inequality

Inequality makes it more difficult to create a healthy environment for the development of a highly motivated population. The GINI coefficient measures the inequality on a scale from 0 to 1, and the Bahamas scored 0.57. It is clear that the gap is increasing and that more and more jobs and important positions are given to the people in the higher level of society.

### 2. Learning Crisis

If the learning gap increases in the Bahamas, it will have fewer opportunities to keep up with other developing countries whose educational resources are increasing. According to the Bahamas General

Certificate of Secondary Exam (BGCSE), the average scores of students are D+ and D- (Massey,1). Education is of great importance for the development of future Bahamian population; if people are not educated they will have less chances to become the future leaders of the nation. The solution relies on given the tools for people to develop critical skills for the upbringing of the national business sector of the country. The result of the educational crisis is a poorly educated workforce, which diminishes the chances of remaining in a global competitive stance with those developing countries that have a thriving educational system.

### 3. The government

There are many barriers to making business in the Bahamas and one of them is the government and political instability. Politicians need to address economic problems and plan for the future instead of making the opposite party seem weak. Being a good leader is a not bringing others down, rather it is providing them with the tools to become stronger and give them guidance towards success. In addition, corruption is present in the government, but not to a big extent as we saw earlier. On another point, there have been inconsistencies in policymaking. Inefficient and ineffective policymaking is a barrier for foreign and local investment.

### **WHAT IS THE BAHAMAS CURRENTLY DOING TO IMPROVE?**

Training solutions (TS) is an institution that provides computer related/ instructor led training in the Bahamas. They have courses in technology, design, languages, career certification and most importantly, business. TS is addressing issues of management and leadership roles in businesses.

In management it is important to promote good customer service and business etiquette. Because the majority of The Bahamas' GDP income comes from tourism, TS delivers Business Etiquette and

Professionalism Certification in order to manage multi-cultural challenges and overall etiquette. Also, Customer Service Certifications are given to improve communication skills, time management strategies, and stress management strategies among others.

In regards to improvement of leadership abilities, there is also a Leadership Certification Course. This course addresses introduction to effective leadership, choosing the appropriate leadership style in regards to a situation, developing a vision and a mission, effective decision-making, and team motivating leaders.

TS also has a Certification in Business Management, which goes from introduction of business, technology, marketing, operations, financial management, HR, and risk management to organizing and prioritizing when managing. Furthermore, there is a focus on Project Management Certifications for the further development of professional skills in a project's initial, planning and closing stages.

### **CONCLUSION**

In conclusion, even with setbacks such as the lack of protectionism, bureaucracy in the investment sector, and a sluggish improvement of a dynamic private sector, The Bahamas is the 35th most free nation in the 2013 Index and the 3rd in the Regional Ranking as seen in Figure 1.7. There has been a decrease in corruption, an increase in economic freedom, an improvement in the pillars of economic freedom, and a small reduction in tariffs, which are placing Bahamas in a very good standpoint in global trade competition. In addition to this, the regulatory system has improved making it attractive for entrepreneurial activity. Furthermore, its lack of skilled workers has stressed an importance on education for the upbringing of future country leaders who will shift towards innovation, change, simplicity, and equality.

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## BOLIVIA: a Country shaped by its Economy

By Alejandro Escobar  
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Bolivia is a country where different cultures are merged together. Its business style is dictated by its economy, employments and the people. Bolivia is one the poorest countries in the world where more than 50% of the population lives in poverty conditions despite having large reserves of natural resources such as gas and lithium. There are high levels of inequality among the population where only a small portion of Bolivians have enough income to support themselves and their family (World Bank).

This situation has affected the leadership and management style, as well as entrepreneurship trends. Culture is highly important for Bolivians and their hierarchical society. Bolivians are very traditional and have a strong cultural background, but the economy is the one that shapes their modern culture and business trends. Furthermore, the lack of economic and educational resources has limited the development of the population where most depend on informal businesses to subsist.

## LEADERSHIP IN BOLIVIA

Bolivian economy and society is characterized by high levels of inequity among the population. The main economic and social problem that Bolivia faces today is inequality in the distribution of income and benefits. According to numbers provided by the UNICEF, by 2002 more than 59% of the population lived under poverty conditions, and around 24% live under extreme poverty condition (Poverty).

The short-term perspective for Bolivia is not very good. The country has a lack of local and foreign investment, internal confidence, high uncertainty, and lack of credibility in the political system among other problems.

There is a continuous dissatisfaction from the people towards the current situation in Bolivia, which has lasted for decades. Many of Bolivian citizens are acclaiming for a change to improve the conditions of a one of the countries with the largest reserve of gas and lithium decades ago, but this change has not arrived (Liderazgo Politico). The economic conditions and the continuous dissatisfaction have shaped the leadership style and trend in the country.

### Political Leadership

The economic and social situation in Bolivia has led to several changes in the political leadership style in the country in the last decade. The political leadership is in charge of President Evo Morales, leader of the Movement for Socialism party. He is the first president that has Indian origins and to come from a very poor family. He has not earned any higher education title, and before becoming the president of the country, he used to grow coca. His main supporters are the low-income families and workers who live in poverty. Indigenous are special supporters of his presidency.

The leadership style used by President Morales is a commanding and autocratic in style. He makes all

the calls and does not care about who is being affected. He is in a permanent fight against the wealthiest people in the nation; very similar to what Hugo Chavez does in Venezuela. This is driven by the existent inequality in the country were most on the national income and benefits goes to a few families.

It has been said that before Mr. Morales, the previous political leaders were traditional in their attitudes and character (Political Leadership in Bolivia). They were well prepared with prestigious degrees from the best universities in the world and from wealthy families. However, they had a limited perception of the reality of the country, usually ignoring the marginalized classes.

### Leadership Crisis

Leadership in Bolivia is going through one of its toughest moments in history. Bolivians are divided and do not trust anyone. At this point, they are very vulnerable. The leaders, in the pursuit of their own frivolous goals, have left their supporters unattended.

A recent research by a private Bolivian university shows that leadership in the country is going through a crisis. In a survey conducted to 1500 people, 52% think that political parties are necessary while 31% believe they are not; 71% think that those parties are not doing their job, and 63% said that if there was an election they would not vote for any political party (Political Crisis). According to the survey, Bolivians do not believe any more in political parties and they prefer to stay away from them. The credibility of the political parties is damaged, and the leaders of those parties are the responsible for the situation. They are losing their supporters and a political party without supporters is doomed.

## ENTREPRENEURSHIP

A study conducted by the Global Entrepreneurship Monitor (GEM) in 2010, found out that in relation to



other 59 countries Bolivia has a very favorable attitude towards entrepreneurship: 76% of Bolivians consider they have capacity to be entrepreneurs, 58% believe there are opportunities to be entrepreneurs, 54% have intentions to become entrepreneurs, while only 29% have fear of failure.

In Bolivia, there is an active involvement in entrepreneurship from people between 18 to 64 years old. By 2010, 38.6% of those people were participating in the early stages of new ventures, reporting a 29.5% participation increase since 2008. This is the second highest participation level among the 59 countries that participated in the GEM 2010.

The GEM reports that 18.5% of the Bolivian population between 18 and 64 have a established venture with 3.5 or more years of operations. This means that by 2010 more than 50% of the Bolivian population is participating in some kind of entrepreneurship.

### **Entrepreneur Profile**

The Bolivian entrepreneurs are most likely to be men with an elementary education, between 25 and 34 years old, and a monthly income of USD200. The main driver to become an entrepreneur is the opportunity to increase income. Women are part of a little less than half of new ventures, but there is a positive trend in their participation with a steady increase over the years. It is important to mention that some entrepreneurs do not have a formal education beyond high school and most of them beyond elementary school, which translates in severe technical deficiencies. Most of them are unemployed or consider themselves independent. Two thirds of Bolivian entrepreneurs do not make more than USD500 per month, which explains why the opportunity of increasing income is the main driver for Bolivian entrepreneurs.

### **Motivation and Drivers**

The driver for people to become entrepreneurs can vary widely in different countries. In Bolivia, 38.5% of the people reported that the principal motivation to start a new venture is the desire to increase their personal income. This makes great sense if we take into consideration that more than 50% of the population lives in poverty and more than 20% in extreme poverty. Around 21% reported that necessity was their main driver, 18% said that independency, and 21% said it was a mix of all those factors (GEM).

### **Innovation**

The degree of innovation in Bolivia is very limited, only 16% of new ventures are reporting to be innovations in some way. This is very low compared to the 28.3% reported by entrepreneurs in Latin America.; 84% of new ventures do not offer anything new to the market and are very limited in innovation, and 90% of established ventures with 3 or more years do not have an innovative proposal (GEM).

### **MANAGEMENT IN BOLIVIA**

In order to conduct business in Bolivia the management style must be very formal and courteous at all times (Multicultural Management). People in top position must be treated with special respect, their authority is unquestionable and it should not be putted into doubt at any time while conducting business. In Bolivia is preferred to be overly formal than informal. Business is considered to be very serious and at no times people should take it lightly; especially foreigners. The rule of thumb is to be formal at all times no matter the situation.

### **Managers' Functions**

The communication across the organization is key in Bolivia. Cross-cultural management is highly

important in order to be effective. People in Bolivia are very task oriented and managers must remember that each one has different role within the organization. People believe that those at the top positions are there because they have more experience than those in lower position. It is normal and accepted that managers and directors do not consult other people in lower position during the decision making process; in some cases, consulting other people is even considered as inappropriate (Multicultural Management).

Bolivia has a very hierarchical and structured society. Positions are well defined and nobody should take responsibilities or decisions that do not concern them. It is a common practice that manager's in Bolivia take a paternalistic attitude towards employees. Managers may be involved in employees' life well beyond the professional environment.

## **APPROACH TO CHANGE**

While Bolivians welcome change, it is usually difficult or slow to implement it; they prefer traditions. Managers must approach changes in policies, strategies, and procedures very carefully. Introducing rapid change can be harmful for the organization (Multicultural Management).

## **Time Management and Decision Making**

Patience is highly important for Bolivians. Being on time is necessary, but it is not considered essential. Deadlines are flexible and managers need to understand this. Deadlines need to be established well in advance and managers need to constantly remind employees of such deadlines. Completing a simple task can take several weeks (Management Style)

Bolivians believe that business should be a win-win situation for all parties involved; thus, they try to find a solution that fit all the stakeholders involved.

Decisions are made at the top of the hierarchy and they should not be questioned by lower-ranking employees.

The management and decision making style is autocratic. Managers tell employees what they want and how they want it. Employees are expected to follow instruction without question. Challenging a manager's decision is considered rude and inappropriate and must be avoided at all times.

## **Communication and Negotiation Styles**

Bargaining is common in Bolivia and should not be considered rude at any time. Bolivians are skilled negotiators and only deal with those they trust. They prefer to develop personal relationships with whom they negotiate. Changing personal during negotiations is counterproductive and can delay the process. Personal negotiations are the key for a successful outcome. Negotiations must be face-to-face and the person is responsible for any problem that might occur, not the company.

## **CONCLUSION**

Bolivia is a country shaped by its economy and culture. Its high levels of entrepreneurship is highly related to the current situations of the economy where many people live in poverty and are forced to look for other ways to generate income. On the other hand, the management style is very traditional, which is a clear sign of the deep roots of their culture; it dictates what is good and what is wrong in the business environment. Finally, the poor situation of the economy has caused profound chagrin among the population, which has translated into a leadership crisis where people do not trust their leader. The future generation of leaders has been compromised due the poor educational infrastructure and the limited access to training. This is a trend that the government should watch closely and take the necessary actions to correct it.

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# TOEFL® iBT

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## TOEFL: Is it the Best Option?

By Sarah Mendoza  
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It is the fate of non-native English speakers who want to study abroad to provide proof of their proficiency in English. For most prospective students, this means having to take a standardized English language test. In Panama, the automatic choice seems to be the Test of English as a Foreign Language (TOEFL). It is naturally given that the TOEFL is an American test and that most things related to English in Panama are also related to the United States (US). But it has also been my experience that few Panamanians are aware that there is an alternative: IELTS. It "has long been the dominant test for students ... seeking to enroll in English-speaking [universities in the] nations of the British Commonwealth" (Jaschik). This article aims to provide a broad introduction to IELTS and to explain

why some people believe it to be a superior test of a student's English language skills than the TOEFL.

IELTS stands for 'International Language Testing System'. The exam is jointly administered by the University of Cambridge ESOL Examinations, the British Council, IDP Education Australia and IELTS Australia. On paper, it looks almost identical to the TOEFL, as both tests consist of four papers, each one related to one of the four language skills: reading, writing, listening and speaking. There are a number of subtle differences between them; however, many believe it makes all the difference.

The first clue to IELTS's superiority can be found in its name: it is truly a test of international English

# IELTS™

## English for International Opportunity

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(despite the fact that it has simplistically been labeled the British equivalent of the TOEFL). The listening component is a good example of this: "the passages in [it] are intentionally a mix of styles of what might be used at universities in Australia, Britain, Canada and the United States" (Jaschik). On the other hand, in the listening component of the TOEFL test, candidates are exposed almost exclusively to American accents. Another example relates to spelling on the writing paper. IELTS permits the use of both British and American spelling, as long as it is used consistently. One TOEFL website, however, advises students that "it is important to know the American English spellings of words because the TOEFL is an American test" [original use of italics]. British spelling would thus be considered incorrect. (Can you find the spelling "mistakes" in this article?) In a world where more and more young people are choosing to study at English-speaking universities, either outside their own borders or at branches in their own countries affiliated with internationally established higher education organizations, such a US-centric approach does not seem especially wise.

Although the two tests look very similar, IELTS is slightly more demanding. As the Education USA website points out, "IELTS uses many different question types [on the reading and listening papers] and the instructions are often slightly different every time. That makes it harder to prepare for." Many students, of course, would consider this a point in TOEFL's favour, but for educational institutions serious about finding the best talent, IELTS is the test that most accurately and reliably reflects a prospective student's language ability. More

accurate, firstly, because having to copy down or write short answers that will be evaluated in terms of grammar and spelling has more validity than choosing between A, B, C or D (the TOEFL listening and reading papers consist of multiple choice questions throughout). More reliably, secondly, because more preparation is required, making it harder to coach students in "various less-than-educational ways to inflate their scores beyond their actual skill levels" (Jaschik), a frequent criticism of the old, paper-based version of the TOEFL.

Another failure of the old TOEFL test is the lack of a speaking component. One was added recently, with the introduction of the internet-based (iBT) tests, but it assessed speaking in a way that is vastly different from IELTS. In the iBT speaking test, students answer a number of questions into a microphone, their answers are recorded, and their performance evaluated by a panel of assessors. The IELTS speaking test, by contrast, consists of a face-to-face interview with a trained examiner. According to Peterson's, expert in all matters related to higher education in the US, "[w]ith its live, one-on-one component, the IELTS has been viewed by many as a superior exam for evaluating the spoken English skills of potential students." It is true that some students may prefer the format of the TOEFL because it is less nerve-wracking, but others claim that attempting to converse with a computer is actually a lot more challenging as it is not natural. As far as assessment is concerned, the IELTS test is likely to provide a more accurate reflection of a candidate's true abilities simply because the test better reflects reality. An admissions director for the University of Minnesota also makes the point that "[i]n IELTS, the [assessor] is trained to gauge the student's ability, and to increase or decrease the difficulty of the conversation to tell more" (qtd in Jaschik). Beryl Meiron, the executive director of IELTS international, adds: "You really need to be able to manipulate the language well to do well on our test" (qtd in Jaschik).

The only area in which the TOEFL test seems to have a distinct advantage over IELTS is the iBT. With as many as 96% of test-takers reportedly opting to do the internet-based test (Labi), it would seem that IELTS is seriously lagging behind in having only rolled out a computer-based version of the test in a select few locations. According to Ms Meiron, however, "we've found ... that a lot of students and applicants prefer to take a paper test, because it is a clear measure of English-language proficiency rather than computer skills" (qtd in Labi). Although I think there is some truth in what she is saying, it is probably quite a simplistic view. There are likely many candidates who would prefer to do a computer-based test, and this is certainly one area that IELTS needs to focus on improving as a matter of priority. However, I do not think that the extraordinarily high number of candidates that do the iBT TOEFL is purely an indication of the popularity of the internet-based format. It is widely recognized that the new version of TOEFL is far superior to the paper-based one (Jaschik), not least because of the introduction of the speaking component, which goes some ways to explaining why so many test-takers opt to do it.

Despite the vast improvements made to the TOEFL test, it is obvious that IELTS is gaining ground and,

according to Labi, it "claims the title of the largest test provider globally". This is apparent when one considers that 1.7 million students sat an IELTS exam in 2011 (it is impossible to compare this with the TOEFL as its number of test-takers is considered "proprietary" (qtd in Labi)). What is more, the number of universities and colleges that accept IELTS is growing too, with three thousand US universities now on the list of accredited organizations. (Peterson's) These include all eight Ivy League schools, as well as other top educational institutions such as Carnegie Mellon University, Stanford Business School and the Massachusetts Institute of Technology (MIT).

With so many universities in the US and worldwide now accepting both TOEFL and IELTS scores as proof of language proficiency, it has become more difficult for students to make the choice between the two. And it is not a choice that should be taken lightly. As Labi correctly points out, "these exams can hold the key to life-altering opportunities." I hope that this discussion has opened a new door to those readers who need to take an English language test in the future but were not even aware that they had a choice beyond the TOEFL test.

If you would like more information about the IELTS test and where in Panama you can take it, please visit **[www.ielts.org](http://www.ielts.org)**.

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