

THE IMPACT OF CHANGE IN THE KIBBUTZ ON RISK-TAKING OF ENTREPRENEURS

by

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Journal of Rural Cooperation, 37(2), 2009:242-260

Abstract

In the last decade the Israeli Kibbutz movement underwent crucial changes as to its level of cooperation. More than half of the Kibbutzim have changed towards a less cooperative system now characterized by increasing individualism. Since the process of organizational change occurred during a defined period of time, Kibbutzim can be considered a laboratory for investigating the changes in risk-taking. Thus, it is the aim of our paper to investigate the relation between the levels of inequality in Kibbutz organizations and its impact on their risk-taking propensity regarding new venture creation. We investigated 58 Kibbutzim; 36 underwent organizational change processes towards increasing individualism between the years 1997 to 2004, whereas the remaining 22 continued the traditional collective-oriented style. The comparison of differential-oriented Kibbutzim and collective-oriented ones in 2004 shows a difference of distribution of operational risk level between the two organizational cultures. We found higher degree of risk-taking in more collective-oriented organizational cultures.

Key Words: Kibbutzim; Organizational culture; Risk-aversion; Inequality-aversion