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How Short-Term Orientation Dominates Western Businesses and the Challenges They Face—An Example Using Germany, the UK, and the USA

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Abstract: The current study investigates and establishes the factors that lead to short-term orientation strategies in western organisations. Moreover, this study used questionnaire-based surveys to assess the relationship between these factors and what it would take for the organisation to move to a long-term orientation strategy. At the start of the study, it was evident that the annual bonus system is a key reason for prioritising a short-term orientation strategy. The sample was composed of 300 companies of different sizes from different western countries. Furthermore, the general consensus within these companies was that most managers knew that long-term orientation was necessary; however, either their superiors/shareholders/supervisory board only reward short-term results, or the managers and stakeholders prefer short-term goals for evaluations because it is challenging to transform a long-term strategy into multiple short-term strategies and goals. At the end of the study, a basic framework has been suggested to be used as guidelines for any company moving from short-term to long-term orientation strategies.

Keywords: short-term orientation; business development; bonus system; change; long-term orientation; strategy; western businesses; leadership; performance evaluation; sustainable business development

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1. Introduction

Time orientation is generally defined as a society's attitude towards time. Time orientation can be broadly classified into two categories: short-term and long-term orientation(Sternad and Kennelly 2017). In the corporate world, time orientation is linked to strategic intent and the planning horizon of companies. Short-term orientation is an attitude that dominates in Western society, primarily because leaders and managers evaluate and judge based on their short-term successes. Kaplan (2018) argues that most managers understand the necessity of long-term orientation, but the systems that their respective organisations use only reward short-term results. One of the most common justifications for focusing on short-term goals is the extent of the challenge associated with evaluating long-term goals. This challenge can be avoided by transforming the long-term strategy into multiple short-term strategies. This transformation is complex and even impossible in some cases.

As reiterated by Saether et al. (2021), most of the current global problems (including, but not limited to, environmental, economic dependencies, and technological developments) cannot be solved with short-term orientation. They require long-term strategies. In the business world, product or business development regularly requires long-term planning and commitment. The business world is dynamic and it becomes increasingly competitive with every passing day, thus fuelling the culture of short-term reactive strategies (Brigham et al. 2014). The question raised in this study concerns whether these short-term strategies are sufficient, or whether they need to be changed. This research tries to analyse the link between short-term benefits for managers and the increasing tendency to focus on short-term strategies in business.

The research objective requires a comparison of the benefits and shortcomings of short- and long-term orientation for managers in developed nations. Research objectives are essential for any research project, as they enable a focussed approach and they help to avoid scope creep. To achieve the research objectives, a set of research questions has been defined, which would act as the guiding light for the research and analysis. These research questions are:

(1) What are the factors that have a direct impact on short-term versus long-term orientation in organisations?
(2) How can a focus on long-term orientation be achieved with the current extreme short-term system?
(3) Does the dominant western bonus system for managers support or create a short-term focus?
(4) How important is the awareness and involvement of the employees in terms of achieving long-term strategic orientation?

When seeking the answers to these questions, an attempt was made to construct the essentials of a basic framework that can be adopted by organisations wishing to adopt a long-term orientation strategy. This research project, and this article plan, contributes to the field with the latest data collected from managers of three western economies. This not only proves the existence of short-term orientation in businesses, but it also highlights how businesses prioritise personal gain over company benefit.

2. Literature Review

The concepts of short-term and long-term orientation concern the timeframe that has been accounted for during the decision-making process or when implementing an action plan. This concept can be extended to any field, including, but not limited to, business, finance, technology, global issues, environmental issues, and so on. Business managers have been using the concepts of short-term and long-term orientation for a significant period of time. By examining what might happen in the short-term and long-term, decision makers are able to understand and assess the impact of a decision (Ryu et al. 2007). Short-term-oriented decisions also specify the period of time that it will take for a strategy or decision to work before it is changed or improved. Let us look at the comparative assessments of short-term and long-term orientations in multiple fields.

2.1. Entrepreneurship

When we talk about entrepreneurship, the subject of interest under the purview of this research topic is entrepreneurial intention. The authors of a previous study established that personal characteristics and social circumstances influence any entrepreneur's decision (Roy and Das 2017). This entrepreneurial behaviour enhances the acquisition of resources, aids in the comprehension of a situation, and it provides pointers that assist with the exhaustive search of information. Bird (1988) defined intentionality as a state of mind directing a person's attention towards a specific objective or goal in order to achieve their desired outcome. Entrepreneurial intention is considered one of the most relevant variables to explain entrepreneurial behaviour. The concept of entrepreneurial intention relates to one's state of mind, which subsequently drives the decision-making capabilities of entrepreneurs.

The theory of planned behaviour explains different anecdotes that can affect the intentions of entrepreneurs. The beliefs or attitudes of entrepreneurs are directly impacted by the context or culture in which the individual resides, the feeling of viability and success towards the action taken, and lastly, the approval of the company with regard to the environmental impact of the decision (Rosique et al. 2017). The Long-term orientation (LTO) focus is the national predictor of business growth and social relationships. Karimi et al. (2017) proposed this hypothesis when researching the impact of LTO on social relationships and strong market positions. According to the findings of their study, LTO adoption requires entrepreneurial intentions, as the characteristics associated with those intentions are capable of identifying potential resources that can help create business and take advantage of such resources. The authors also demonstrated that a greater sense of motivation is required when adopting innovative behaviours in order to lead to meaningful changes in the business and at a broader societal level.

The link between entrepreneurial intention and entrepreneurial behaviour has been shown to be far stronger among individuals who were raised in societies that promote entrepreneurship (Shirokova et al. 2016). Patterson et al. (2006) evaluated the behaviour of people from multiple countries. They concluded that people in all countries tend to internalise and perceive values and beliefs which are different from the traditional ones in their home countries. Roy and Das (2017) claimed that personality traits and cultural factors influence human behaviour. One of the most critical behavioural traits in entrepreneurs is the ability to avoid uncertainty. Do and Dadvari (2017) stated in their study that people with a higher tolerance for ambiguity and uncertainty in challenging situations tend to perform well in new businesses.

2.2. Financial Performance and Business Culture

When we talk about businesses, the key criterion with which to evaluate the success of any business is its financial performance. Every company works to achieve a higher performance than its competitors in the marketplace. Profits and earnings have emerged as the two main indicators of a company's performance (Arend 2004). The success of a company can be evaluated by checking the performance of multiple factors. The most important of these factors concerns the financial managers that are responsible for financial performance (Nichols and Wahlen 2004). The financial performance of a company can be evaluated in terms of its performance in the short-term and long-term. On the one hand, accounting for financial performance requires an examination of the business's historical performance in order to predict current and future performance in the long-term. On the other hand, it is also important to consider the short-term tactical approaches taken by organisations.

Financial ratios, such as return on assets (ROA), are used to calculate short-term financial performance (Rowe and Morrow 2009). It is seen as one of the most relevant measures for examining funds in order to assess the firm's performance. From the stakeholders' perspective, a business's current performance provides information on earnings and wealth creation (Arena et al. 2015). The ROA represents current period earnings and it serves as a real-time indicator that evaluates manager performance and the company's growth path. The benefit of short-term orientation is that it allows for the quick fine-tuning of a strategy in case deviations occur. Long-term financial performance tends to evaluate the future performance of a company. Tobin's Q calculates the market value of the company divided by the total assets. This ratio has been widely accepted as a long-term measure of the financial performance of an organisation (Lee and Yeo 2016). It represents the whole value of the company and it captures the market value of the organisation. As the parameter represents the market value, it accounts for the expectations, as well as the speculations, of the shareholders. A long-term issue in evaluating financial performance is the distortion that emerges from differences in tax and accounting agreements (Dezsö and Ross 2012).

Since Tobin's Q allows for the usage of the correct discount factor, it adjusts to the risk and minimises this distortion. The culture of an organisation plays an important role in influencing and explaining the behaviour of social systems (Gray 1988). Hofstede (1980) defined culture as the collective programming of the mind which distinguishes the members of one group or category of people from another. In other words, culture is composed of implicit and explicit patterns and behaviours that are acquired and passed down from generation to generation. The core of culture comprises traditional ideas and values that connect people to the organisation. It can be a product of action or a factor of future action (Adler 2008). Culture is not limited to just the behaviour of people, but it also covers the legal and textual environments of a country, the economic systems and technological potentials of a country, and the social institutions and beliefs which define the operating environment (Gleason et al. 2000). Hofstede (1980) defined six cultural dimensions between countries, including power distance, long-term versus short-term orientation, indulgence versus restraint, masculinity versus femininity, collectivism versus individualism, and uncertainty avoidance. With regard to long-term versus short-term orientation, from a cultural perspective, long-term orientation is focused on adaptive adaptability, accountability, honesty, learning, self-discipline, and long-term relationships. On a national level, the countries which propagate long-term orientation have been successful in implementing and supporting modern ways of education to better prepare for the future. Long-term oriented countries also try to learn from other countries. A long-term oriented society seeks goodness and the upliftment of the entire society, whereas short-term orientation is limited, and is very much focused upon the self. Short-term orientation is limited to the upkeep of the social trends, whereas long-term orientation aims towards investment for the future. Companies that have adopted long-term orientation tend to stick to traditions and norms, despite the fact that they are suspicious of changes in the social environment; however, short-term orientation is more focused on efficiency, whereas the long-term orientation is more inclined towards effectiveness.

With the abovementioned arguments and review in mind, it can be safely assumed that culture plays a significant role in the time orientation of managers within organisations. Western countries have different national cultures that depend on certain norms, values, belief systems, and ways of performing tasks (Hofstede and Minkov 2010). Hassan et al. (2011), in their study, have also indicated that cultures or organisations that adopted a more short-term approach to achieving goals were focused on getting quick results for their efforts or strategies. Such an approach was termed as being tactical rather than strategic. Different cultures have different values; hence, cultures that focused upon long-term orientation with regard to work were associated with having patience, as they were willing to wait longer for results. Additionally, this long-term orientation approach, governed by managers, was based on the idea that progress is slow when the aim is to achieve long-term goals. Van der Stede (2000) highlighted that long-term orientation was based on the principles of perseverance and patience. The work environment that favours long-term orientation exudes values that allow employees to have tenured jobs and the requisite time to achieve their goals and organisational goals. This culture believes in making long-term decisions rather than accepting short-term results. It has been argued that determination and consistency are the two most impactful factors that are favoured by long-term orientation. The value system that propagates perseverance is imperative in the 21st century. The sole reason why perseverance is so necessary is because such a dynamic environment requires people who do not give up quickly and are long-term oriented (Brigham et al. 2014).

2.3. Organisation Strategy

The strategic orientation of firms has been a topic of scholarly interest for a significant period of time. Strategic orientations of organisations are often viewed as the principles and guidelines that help business managers make business decisions (Hakala 2011). The strategic orientation of the organisation can be short-term or long-term. This time-based orientation can be different depending on the scale of the organisation. The strategic orientation of a large-scale corporation does not apply to small- and medium-sized enterprises (SME) and vice versa. This is the primary reason for the differences in approach, with regard to business, between large and small organisations. Small-scale organisations are resource deprived, which is not the case with large organisations; hence, these organisations need to have a quick turnout time and rotation of resources in order to achieve the desired result (Lansiluoto et al. 2019). The scarcity of resources and managing market information are the two typical constraints for SMEs (Bocconcelli et al. 2018).

Furthermore, the schemes are highly dependent on the presence and decision-making process of the owners and managers (Reijonen 2010). Small and medium-scale businesses have been seen operating in a manner that is similar to the marketplace. Such an approach allows them to have better flexibility than larger firms, and these organisations can operate with a small customised capacity on the slimmest margins (McCartan-Quinn and Carson 2003) Such a tactical approach, wherein a business behaves more similarly to the marketplace, allows the SMEs to have closer contact with their customers, which, over time, enables the development of deep relationships; therefore, the tactical and short orientation approach of SMEs has focused more on the informal and entrepreneurial side of business than the larger companies. This entrepreneurial approach, and more informal approach to business, led to a lack of long-term strategic perspectives. These businesses are seen as more conservative in their approach, and these businesses tend to showcase the preference of owners and managers in this regard, which tends to be a more informal way of doing business (McCartan-Quinn and Carson 2003).

2.4. Global Issues

As demonstrated in the previous section, short-term orientation concerns immediate gratification taking precedence over long-term achievements or goals; however, in the modern business world, the need to change this philosophy is urgent. As Block and Andreas (2007) argue, the effects of time orientation go well beyond the organisational setting to cover almost all aspects of life. Long-term orientation is associated with pragmatic perspectives that focus on the future, which is why, in a society with long-term orientation, there is a higher likelihood of sacrificing some present comforts for future rewards (Brauer 2013). In the context of this study, some of the issues that might be impacted directly when managers adopt short-term orientation include the environment and other emerging issues, such as deglobalisation.

For example, Saether et al. (2021) investigated the relationship between long-term orientation and issues such as emission reduction, green strategies, and green innovation. Today, implementing green strategies and reducing emissions are long-term issues that must be considered when making decisions at the organisational level.

The term 'longer-term orientation' has now been replaced with the word 'sustainability'. Indeed, the continuous development and growth of humanity has left permanent footprints on the environment; this has led to the continuous and accelerating degradation of the environment (Revell et al. 2010). These degradations of the environment have triggered stricter government regulations that are now creating significant challenges for businesses as they must become more responsible for their economic operations (Cabot et al. 2009). Though profitability is still seen as the primary concern for business, sustainability is also a priority, and must be factored into business decisions (Kolstad 2007). As a result, the business managers are tasked with balancing trade-offs between sustainability and profitability which creates shareholders' wealth. Epstein et al. (2015) found that managers tend to choose profitability over sustainability in cases where the two conflict. Their study revealed that managers easily forego long-term value creation to meet short-term goals; however, the question arises as to what factors lead to such a decision where short-term benefits are chosen over sustainability. Sustainable products are indeed gaining traction, and a market for sustainable products has naturally emerged and is continuing to grow (Alberti and Garrido 2017). Companies cannot overlook sustainability when devising a new strategy or business plan; however, short-term financial value is still the primary goal of business. In board rooms, management is challenged to achieve both economic value and environmental and social sustainability in its decisions (Schaltegger et al. 2012). Some studies (Haffar and Searcy 2017; Porter and Kramer 2011; Csutora 2011) have discussed the trade-offs that organisations take to create balance. According to these studies, the trade-offs are convoluted and tend to influence each other. In such cases, management is not only discussing the reconciliation of profitability and sustainability, but which sustainability aspect needs to be targeted and how to achieve it is also noted (Hahn et al. 2012). Haffar and Searcy (2017) discussed in their work that a good sustainability performance is the by-product of good organisational decision making.

3. Materials and Methods

3.1. Mixed Methods

The mixed method research approach is one in which two or more gathering tools are used simultaneously to obtain results. This research work used both quantitative and qualitative approaches to acquire the results. Questionnaires were used as part of the quantitative strand of mixed methods. At the same time, qualitative questions were added to the questionnaire in order to ascertain the 'pulse' at the base of the organisational pyramid. The reasoning behind using a mixed methods approach is that it allows the users to triangulate results. The survey results are then compared with the interview results of 30 open conversion interviews to ascertain the consistency and reliability of the research results.

3.2. Sample and Sampling Techniques

This research uses purposive sampling in order to understand the problem at hand. Purposive sampling is a type of sampling wherein each sample or respondent has an equal and fair chance of being chosen from the population. The selection of respondents, or sample for this research project, is chosen based on simple random sampling using NCSS Statistical Software. The respondents for this research project belong to a list of 598,876 companies that were provided by the respective chambers of commerce of Germany, the UK, and the United States. A targeted total of 100 valid respondents were received from UK companies, 100 from the United States, and 100 respondents from Germany. These companies are sector agnostic, and the list consists of companies of different sizes per their turnover. Sectors that are long-term oriented by nature (such as pharma, high-tech, etc.) were excluded.

3.3. Philosophy behind the Mixed Method Approach

The philosophical justification behind choosing a mixed methods approach is based on its ability to draw upon the benefits of both quantitative and qualitative approaches. This is central in achieving data results, as a mixed approach using quantitative and qualitative tools leads to more consistent and reliable results. Using a quantitative tool, such as a questionnaire, will allow the researcher to code the most important variables that explain the problem. Coding variables later on in the research project also enables correlations between variables to be found, thus allowing the impact of one variable on the other to be explained. The coding method is straightforward and it allows the researcher to gather results. Cross-tabulation allows the researcher to study the impact of one variable on the other and fully understand the correlations between variables. Similarly, the interview tool allows the researcher to understand the deep connotations in the minds of the respondents.

3.4. Questionnaires Approach—Rationale

Questionnaires are data-gathering tools that allow the researcher to collect data with the help of a list of questions asked by respondents. This is of central importance because questionnaires allow researchers to collect data systematically. The list of questions for respondents was pre-formulated. In some cases, critics have argued that questionnaires are a weak tool because they ignore respondents' opinions, given that they are restricted to choosing from a list of given answers (Cheung 2014).

There are different types of questionnaires. Close-ended questionnaires are composed of a list of questions that have a list of answers at the end; one or more answer is then chosen by the respondents. This myopic view has limited reliability as it only includes the opinion of the researchers and it does not take any input from the respondents; hence, involving respondents and their views is central to any research findings. Open-ended questionnaires only have a list of questions formulated by the researcher. The answers are not given for these questions, rather, they are left for the respondents to highlight any important variable for that question. Critics have also criticised this questionnaire type as there exists the possibility that the respondents may lose sight of what is actually being asked. This research uses semi-structured questionnaires. These questionnaire types draw on the benefits of both open-ended and close-ended questionnaires. The list of questions was distributed among respondents. The list of questions carries a choice of answers that are given at the end. Mostly, the answers were written in an objective format so that the respondents did not become demotivated and did not have to think hard. These answers were given as choices for respondents to state their answers. A Likert scale from 1–4 (with 1 as strongly agree and 4 as strongly disagree) was chosen for the respondents. The idea of using the Likert scale is to avoid the tendency of the respondents to choose the middle value, which results in spurious outcomes.

Questionnaires were distributed among 632 managers in the companies, and the responses of 300 valid questionnaires were recorded. From each company, only the leading manager (CEO, President, or General Manager) was invited to participate.

4. Results and Discussion

The current research project seeks to investigate the factors that are directly related to the selection of the short-term orientation approach within an organisation. The questions were designed in such a format so that the respondents did not need to spend too much time on them. Moreover, the responses were recorded in such a way that data entry in Excel became easier for further analysis. The survey results presented in this chapter show managers' responses from small, medium, and large-scale organisations in three countries (Germany, the UK, and the USA). Both the qualitative and quantitative approach has been used for data analysis.

The questions were intended to record basic information about the organisation and to understand how the strategy is being implemented in the organisation. Furthermore, the data collected from the questionnaire found that multiple factors merged to contribute to the adoption of short-term orientation. Principal Component Analysis was performed to reduce these factors to limited components. Some of the key factors that emerged as part of the selection process of long-term vs short-term approaches by the managers included:

- Geographic location of the organisation;
- Age of the organisation since inception;
- Size of the organisation based on turnover;
- Performance-based approach in the organisation—annual;
- Orientation of managers.

Some of the factors have been introduced in the questionnaire, which we feel are important for long-term orientation selection, but understanding these factors at all levels is still a challenge for organisations; therefore, these factors are primarily included for data collection purposes. All sets of factors were subjected to a regression analysis to check if it would be possible to forecast the orientation of the organisation based on an understanding of the factors. These factors included:

- Adoption of long-term orientation depends on shareholders' preferences;
- Emphasis on long-term strategy;
- Finding whose responsibility it is to implement a long-term strategic orientation;
- Understanding whether global issues need long-term orientation.

Once the data were collected, the results were analysed. The analysis was performed using MS Excel as a tool. The findings are as follows:

Table 1 provides a summary of the results that have been recorded as a response to questionnaires that were circulated. The responses were purely based on the understanding of the respondents and how they interpreted the questions.

Table 1. Summary of responses.

Factors	Categories	Germany	UK	USA	Total
Age	New	33	29	43	105
	Old	37	39	22	98
	Young	30	32	35	97
Size	Large	12	13	9	34
	Medium	14	20	20	54
	Small	74	67	71	212
Annual Performance Bonus	Yes	90	96	93	279
	No	10	4	7	21
Emphasis on Long-Term Orientation	Yes	27	31	27	85
	No	73	69	73	215

4.1. Age of the Company

Next, we performed a similar analysis on the time from the inception date of the organisation to the current date; this was considered to be the age of the organisation. Three different age brackets have been defined: zero to five years (New), six to ten years (Young), and greater than ten years (Old). This distribution of the companies across geographies, based on age, is graphically shown in Figure 1:

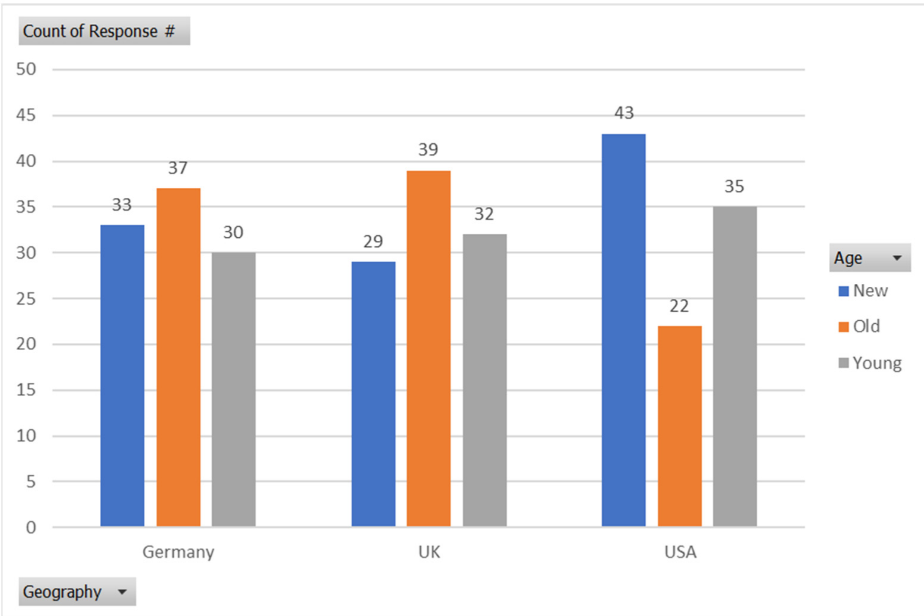

Figure 1. Age of the company by country.

The data distribution shows that the prevalence of new companies is skewed towards the USA, whereas more old companies tend to exist in Germany and the UK. The list of young companies is almost consistent, at ~32% of the total count across geographies.

4.2. Size of the Organisation

The next factor in the sequence is the turnover or size of the organisation. The size of the organisation has also been picked up as one of the factors that impacts the implementation of a long-term strategy in the organisation. Similar to the last two cases, companies have been categorised into three sizes: large, medium, and small. Large organisations have a turnover of more than USD 100 million annually; medium organisations have a turnover of USD 50–99 million annually; and small organisations do have a turnover of USD 1–49 million annually. The distribution of the companies in the sample, as per their sizes across the locations, has been shown graphically:

It can be observed from Figure 2 that the sample size population is skewed towards small-scale companies across all locations; however, the UK has the maximum number of medium and large-scale companies.

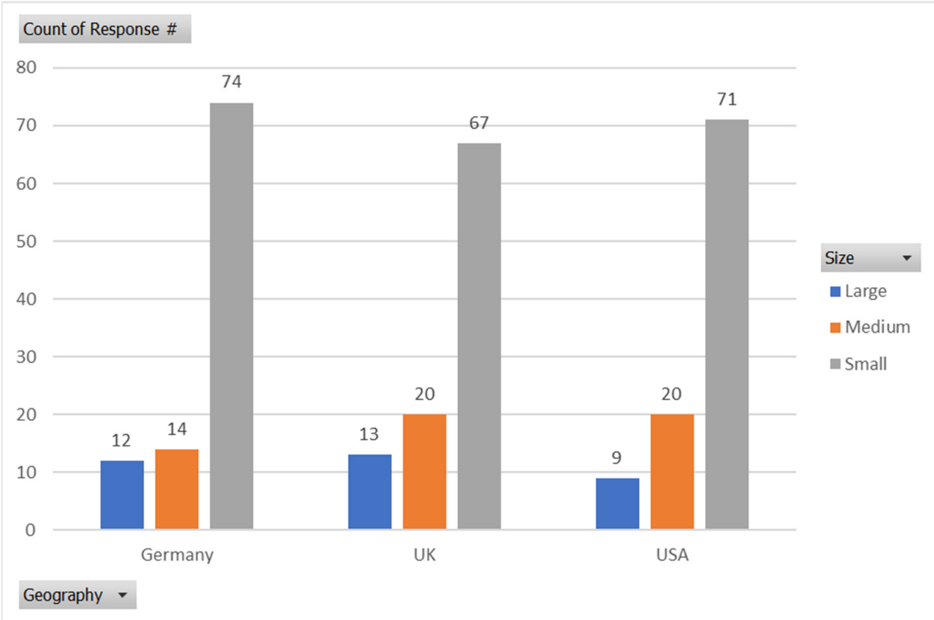

Figure 2. Size of the company by country.

4.3. Annual Performance Bonus Policy

The next factor to be discussed is the applicability of annual performance bonuses in the organisation. As discussed in our previous section, it has been observed that organisations that have annual performance bonuses in place tend to overlook long-term strategies. From the data that we have collected and shown in Figure 3, we found that ~93% of the total companies have an annual performance-linked bonus policy across geographies.

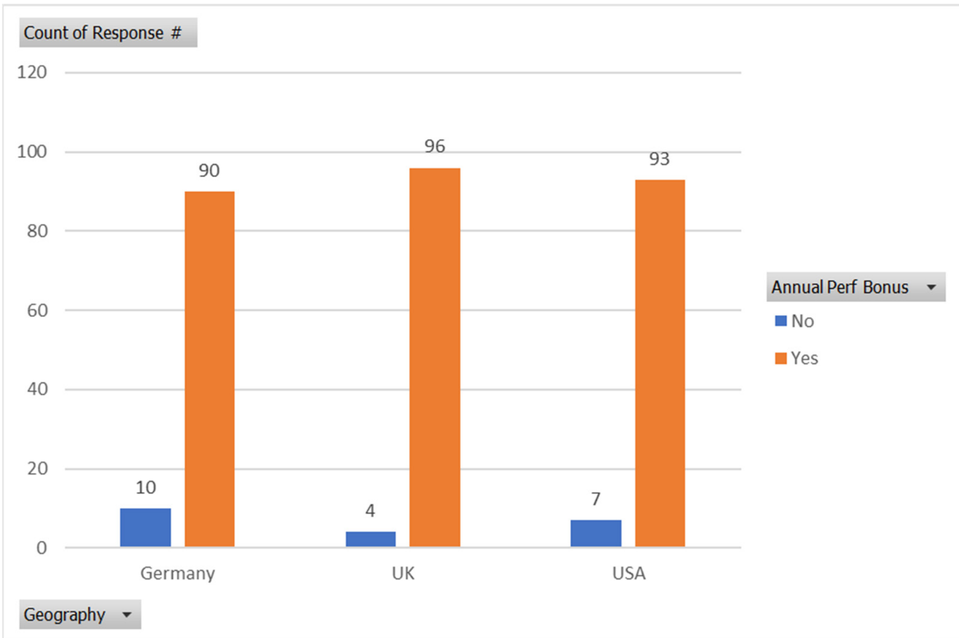

Figure 3. Existing bonus systems by country.

4.4. Orientation of Managers around LTO

In the literature review section, we noted that managers need to move towards long-term strategic orientation; this is because they mediate the gap between strategy formulation and execution. When collecting data related to this factor, we aimed to understand if the orientation of managers impacts the implementation of a long-term strategy in the organisation. The distribution of managers having long-term strategic intent is given in Figure 4:

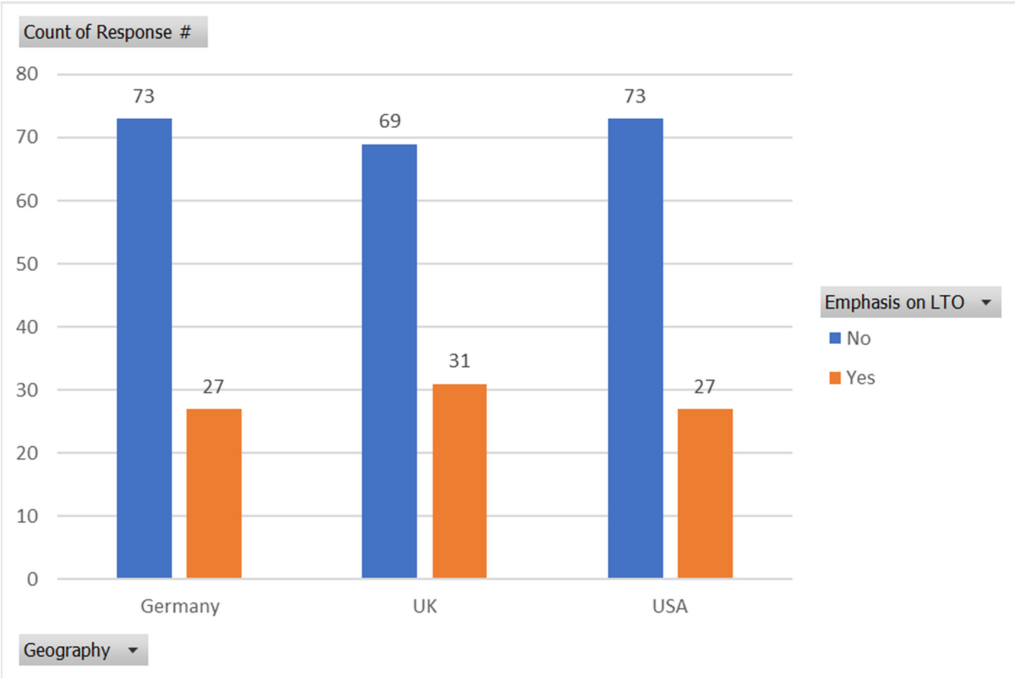

Figure 4. Long-term orientation of managers by country.

As is evident in Figure 4, more than 70% of managers/companies do not have an emphasis on long-term strategy. This is main objective of our research—to delve deeper into the reasons why managers do not emphasize long-term orientation strategies.

4.5. Awareness and Record-Keeping Factors

Several questions were asked to understand the reasons behind the lack of emphasis on long-term orientation strategies. A 4-point Likert scale questionnaire was circulated among managers to capture their input on various factors that could lead to emphasis on short term orientation within the organization.

4.6. Shareholders' Preferences and Expectations

Another factor that can influence the adoption of a strategy is the preference of the shareholders. The shareholders might be short-term oriented and they may demand a direct dividend on an annual basis. Alternatively, the shareholders might be patient, and they might have faith that the management are ready to create wealth by investing in an organisation on a long-term basis. In such a case, the profits of an organisation are reinvested for expansion and growth purposes. As the recording of these data was based on responses from the business manager population, there might be a difference in terms of what was recorded and what actually happens. This is why this particular factor has been assessed, to check the understanding level, awareness, and knowledge of the respondents.

4.7. Management Focus on Short Term Orientation Only

In an attempt to suggest frameworks for the organisation, to help them shift from a short-term orientation to a long-term orientation strategy, the baseline data must be formed in accordance with the inclinations of employees. This particular factor, of taking the viewpoints of employees into account, has been included in this study. The employees were asked to confirm whose responsibility is to implement a long-term oriented strategy. Generally, strategies tend to be formulated at the top, and then they percolate down towards the bottom of the pyramid; however, it is very important that every individual is held responsible and accountable for the implementation of the strategy, and that they follow the same strategy. Therefore, this question has been asked to collect baseline data concerning the implementation date of the strategy. The question clearly asks if management takes responsibility for long-term strategy implementation or not, and if management is focusing only on short term strategies.

4.8. Bonus Linked to Short Term Strategy

This is the most common underlying reason for managers to resort to short-term orientation. They claim that since their annual bonus is linked to short term plans and their performance on those plans, they do not feel motivated enough to adopt and practice long-term strategic intent.

4.9. Ease of Implementation

Managers often claim that short term strategies are more objective and can be measured in real time; thus, they are easy to implement and follow. This factor can be a significant motivator for managers, enabling them to rely and practice short term strategies.

4.10. Dynamic Business Environment

We are living in a continuously changing business environment. The business landscape is rapidly changing, and thus, thinking and strategizing for the long-term seems useless. This view has been appropriately supported by the recent COVID-19 pandemic, wherein great swathes of business activity came to a complete halt for more than a year (may be a greater period of time in other locations). Such a scenario is not predictable at all; therefore, managers feel that relying on short term strategies allows them to be agile and flexible when there are swift changes in the business environment. Therefore, managers feel that the benefits of short-term orientation strategies outweigh any benefits that may be obtained through long-term orientation strategies. This factor can be an important contributor towards the intent of managers to adopt short-term over long-term orientation strategies.

4.11. Self-Centered Approach of Personal Growth

There has been a culture wherein performance bonuses are given annually, and these bonuses are linked to the performance of the individual over the year. The managers are not married to the companies, and therefore, they only take a short-term, self-centered view of the strategic growth of the organization. The argument behind short term orientation is that the bonuses, promotions, and target achievements of the managers are recorded on a short-term basis, which, regarding the short-term orientation approach, helps them obtain maximum benefits.

4.12. Sustainability—Importance of Long-Term Orientation

As the name suggests, sustainability concerns maintaining the desired state for a longer period of time. Sustainability is often used as a synonym for long-term orientation; therefore, it becomes imperative to check the understanding of the relationship between sustainability and long-term orientation strategies in an organisation. Once again, the responses are based on the understanding of individuals, and this understanding can be used to define the future strategies within the organisation. If we replace sustainability with a long-term orientation strategy, as was evident from our literature review, both are compatible with one another.

Once all the factors were explained, the individual responses were recorded on a 4-point Likert scale, wherein 1 is strongly agree and 4 is strongly disagree. The descriptive analysis of the responses to the factors impacting short term orientation is given in Table 2:

Table 2. Impact factors in responses.

	Emphasis on LTO	Shareholders Preference	Bonus Linked to LTS	Ease of Managing	Dynamism in Business	Personal Growth	Management Stance
Mean	1.717	3.360	2.437	2.440	2.483	1.667	2.057
Std Dev	0.451	0.864	1.057	1.121	1.055	0.786	1.076
Skewness	−0.966	−1.363	0.082	0.101	0.070	1.247	0.617
Kurtosis	−1.073	1.181	−1.201	−1.356	−1.200	1.433	−0.919

Any mean value less than two shows agreement among the respondents, and any value greater than two represents disagreement among the respondents. The highest value was obtained for 'Shareholders' Preference', which means that the shareholders do not agree on the issue of reinvesting dividends for the growth of the organization; this is a long-term strategy. Rather, they believe in realizing short-term profits, which are primarily taken in the form of dividends. This also can be linked to dynamism in business. The dynamic business environment can be further extrapolated and applied to uncertainty in business. Investors therefore tend to prioritize realizing profits rather than consider long-term prospects. Such an approach from the investors is detrimental to the long-term prospects of the company, as the reinvestment of dividends is the cheapest funding option available to the companies. In case the shareholders demand high dividends, the management will be forced to either curtail the capital expenses or to look for external options for capital funding.

From the managers' standpoint, they are inclined to adopt short term strategies because their bonuses are clearly linked to short term strategies. This is evident from the mean value of responses to this issue, which is 2.440. Moreover, it is worth noting that the standard deviation of these responses is very high, at 1.05; therefore, there are significant differences in the responses received. Such a deviation allows us to capture underlying emotions, as indicated by the fact that the respondents chose either disagree and strongly disagree as their main choice. As the annual bonus is linked with annual performance and short-term strategy, the managers are inclined to adopt a myopic short-term approach to their company's strategy. They are likely to always be keen to have short term goals, as it tends to lead to monetary gains for employees in the form of better annual bonuses. In sum, if both managers, as well as investors, are keen to obtain financial benefits from the company, short-term strategies will always prevail over long-term interests.

A similar issue may be seen with regard to the 'Ease of Managing' and Dynamic Business Environment' factors. The management emphasizes long-term strategies here, and this is evident from the responses received from the managers; however, when it comes to the actual execution of a strategy, little action occurs. Therefore, it would be fair to infer that management talks about the long-term strategy but it fails to execute a strategy and align employee welfare with long-term orientation strategies.

Each variable in the equation represents a direction or dimension. In the above table, we have analyzed seven underlying factors; this means if we make a predictive model using these seven variables, it will be a seven-dimensional equation. However, seven variables are difficult to model and are parametrically cumbersome to handle; thus, it would be beneficial to reduce the dimensions of the model while maintaining the essence of it. For such purposes, Principal Component Analysis (PCA) was used. It is a factor reduction technique that allows one to reduce the dimensions of an equation or model.

This technique is based on calculating the eigen values and eigen matrices of the correlation and covariance of the factors. The first step is to find the covariance and then correlation. Both the calculations are tabulated in Table 3:

Table 3. Covariance matrix.

	Emphasis on LTO	Shareholders	Bonus Linked to LTS	Ease	Dynamism	Personal Growth	Management
Emphasis on LTO	−60.92	6.40	−8.12	3.60	−4.08	−4.67	−3.82
Shareholders	6.40	−223.12	16.16	−35.48	4.20	0.00	−5.88
Bonus linked to LTS	−8.12	16.16	−333.80	−17.36	−6.68	11.33	1.42
Ease	3.60	−35.48	−17.36	−375.92	47.80	−18.00	−11.52
Dynamism	−4.08	4.20	−6.68	47.80	−332.92	35.67	1.22
Personal Growth	−4.67	0.00	11.33	−18.00	35.67	−184.67	7.33
Management	−3.82	−5.88	1.42	−11.52	1.22	7.33	−346.04

4.13. Correlation Analysis

Once all these factors have been investigated individually, the next step is to check the result when all the factors work at the same time in order to establish the interrelationship between these factors, and to find out how these factors will behave when a long-term strategy is implemented in an organisation. Table 4 shows the resulting correlation matrix:

Table 4. Correlation matrix.

	Emphasis on LTO	Shareholders	Bonus Linked to LTS	Ease	Dynamism	Personal Growth	Management
Emphasis on LTO	1.00	−0.05	0.06	−0.02	0.03	0.04	0.03
Shareholders	−0.05	1.00	−0.06	0.12	−0.02	0.00	0.02
Bonus linked to LTS	0.06	−0.06	1.00	0.05	0.02	−0.05	0.00
Ease	−0.02	0.12	0.05	1.00	−0.14	0.07	0.03
Dynamism	0.03	−0.02	0.02	−0.14	1.00	−0.14	0.00
Personal Growth	0.04	0.00	−0.05	0.07	−0.14	1.00	−0.03
Management	0.03	0.02	0.00	0.03	0.00	−0.03	1.00

When analyzing the correlation matrix, it was found that the factors were significantly less correlated with each other. The maximum magnitude of correlation was 0.07 on the positive side and 0.14 on the negative side. Both the values are very low; therefore, eliminating or combining the factors using the correlation matrix was not possible, and thus, we resorted to using the PCA technique in which the eigen matrix was calculated for all the factors, along with their contribution to the model.

Once the eigen values and eigen matrix were calculated using MS Excel (using the addin tool), the eigen values for each factor were calculated. These eigen values are given below. If we assume a standard deviation of one, the sum of all the eigen values is seven. The cumulative sum of the components is also seven, and the percentage contribution for explaining the factors is given in Table 5:

Table 5. Eigen values.

	Evalue	%	% cum
PC1	1.265929	18.1%	18.1%
PC2	1.104234	15.8%	33.9%
PC3	1.061217	15.2%	49.0%
PC4	1.001677	14.3%	63.3%
PC5	0.943042	13.5%	76.8%
PC6	0.826542	11.8%	88.6%
PC7	0.79736	11.4%	100.0%
Sum	7	100%	

As is evident, the maximum eigen value of factor one is 1.265, and it contributes to 18% of the explanation of the factors. Similarly, the contribution of all the factors is given. The

PC4, or the fourth factor, is highlighted because until this point, 63% of the results could be explained; thus, we have chosen the top four factors and reduced the dimensionality of the model by three factors. If we look at the relationships between our seven initial factors with four components, we obtain the following observations. The resulting factor distribution is shown in Table 6:

Table 6. Factor distribution.

	PC1	PC2	PC3	PC4
	1.27	1.10	1.06	1.00
Emphasis on LTO	−0.13	−0.58	−0.21	−0.37
Shareholders	0.35	0.53	−0.22	−0.04
Bonus linked to LTS	−0.12	−0.38	−0.59	0.52
Ease	0.56	0.02	−0.41	0.20
Dynamism	−0.57	0.24	−0.12	−0.04
Personal Growth	0.45	−0.42	0.35	−0.17
Management	0.04	0.09	−0.50	−0.72

The highlighted cells are ones that have values above the threshold for each component. The factors 'Ease', Personal Growth', and 'Dynamic Business Environment' can be related to PC1. The factors 'Emphasis on LTO' and 'Shareholders Preference' can be related to PC2, and so on. It is worth noting that 'Emphasis on LTO' has a negative contribution to PC2 because there is little emphasis on LTO and the consensus strongly disagrees with this. This is also the case with the factor 'Bonus linked to LTS'. This factor also contributes negatively to PC3. Moreover, if one wants to understand the factors of short-term orientation and the impact this has on the company, the four factors which have been explained above would be sufficient to explain 63% of the relationship. These results are based on the overall understanding of the responses of the respondents to the questionnaire. These results might change with a change in sample size and a change in geographic composition.

Standalone analysis of the results gathered from the questionnaire responses clearly state that the managers are very selfish in their approach. Their personal gain is more important to them than company growth. This is the reason that managers always look forward to planning, executing, and achieving short term goals. Although they agree that long-term initiatives and long-term targets are important for the company, the monetary gains in the form of annual performance bonuses are linked to short term target achievement, and thus, they all tend to think and act on short term orientation strategies. This inference is in line with the studies performed by Kaplan (2018). Similarly, shareholders also want to achieve profits over a short period of time. This can be attributed to uncertain business environments, the cyclicality of the asset classes, geopolitical tensions, and the overall investment behavior of the stakeholders.

5. Conclusions

It is evident from the literature analysis of different viewpoints (sociology, finance, organizational strategy, and sustainability), as well as empirical research, that companies which are large, settled, and located in the western world are inclined to plan for long-term oriented strategies. The managers and employees understand the benefits of long-term orientation, and they are willing to work on long-term growth and a sustainable business model for the company. Several other factors have also been discussed as a part of this research, which requires work from the senior management of the organization to create a culture, motivate the managers, and convince the shareholders to develop a mindset wherein long-term orientation strategies are prioritized. The challenges that managers face are changing rapidly; therefore, adopting a long-term perspective is needed, along with a prevalent short-term tactical view. A culture that values preserving money has enough money to make long-term investments; therefore, having patience is the key for many cultures (Wang et al. 2015). As only 34% of the shareholders in our study seem to not to follow this logic, and still prefer short-term benefits over potentially higher long-term returns, the role of top mangers becomes even more important with regard to the future implementation of LTO. Similarly, employee contributions do not synergize, nor do they achieve any results for the company; it is associated with loss and shame, which has become the driving force for workers. Research conducted by Hofstede argues that since different cultures have different time orientations, most western countries, such as America, choose a short-term orientation strategy for their business. Conversely, countries such as Thailand choose long-term orientation, as it is argued that their cultures prefer long-term orientation (Bruce and Taylor 1991). It has therefore been stressed that managers that belong to countries that value long-term orientation strategies have a completely futuristic view of their strategies. This is also an important factor to consider because businesses must expect to bear the results in the long run only, and hence, short-term is considered myopic (Wang et al. 2015). Additionally, it is worth mentioning that these managers need to have a great deal of patience in order to let go of any short-term benefits and to ensure that long-term goals are achieved robustly. With regard to the example of the US, the managerial stance is skewed towards the short-term. Only 27% of all American respondents expressed a preference towards LTO. It is important to note that American culture divides its time into several categories by adopting strategies, such as meeting deadlines and making schedules (Wang et al. 2015). The discourse that centers around the field of business and finance argue that adopting short-term orientation strategies by business managers is considered to be myopic (Brigham et al. 2014); therefore, managers must consider long-term strategies to maximize the value for shareholders and stakeholders. The results of the interviews also indicate that professionally, managers do prefer long-term strategies but prioritize short-term strategies that lead to annual bonus payments. Indeed, 87% (261 out of 300) of the participants confirmed that LTO strategies would benefit the business; nevertheless, 88% of the respondents still prioritize personal gain over company benefit. This is a serious argument which must lead to an overall review of existing performance evaluation systems that involve bonuses.

As more companies commit to the United Nation's Sustainable Development Goals (SDGs), long-term orientation becomes more of a focus. Companies that wish to adopt a framework for a long-term strategic orientation need to start with the basics; for instance, creating awareness about the benefits of long-term orientation. The learning and development teams, in partnership with the HR teams of these companies, need to plan a series of training modules, and an on-the-job learning environment should be created to provide employees with a common understanding of the concept and benefits of LTO. Furthermore, managers need to play a stronger and more transparent role in communicating messages from senior management to employees, with regard to strategies and their implications. This process is not an overnight affair, but adherence to LTO will require businesses to imbibe the implications and its benefits of long-term orientation as a part of its culture. Additionally, the existing performance evaluation systems that include bonuses need to be revised to better support long-term goals; therefore, to summarize, a new framework should be focused on LTO by supporting the managers' intent, convincing the shareholders of a long-term view, and creating an overall long-term strategic culture in the organization. Each individual in the organization needs to feel a degree of responsibility and accountability so that the long-term objectives are adhered to, which should its success. Only then will organizations be able to build a sustainable business model for themselves, society, and the global marketplace at large.

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