How Does Culture Shape Entrepreneurial Behaviours?

*Ibrahim Al-Jubari, Aissa Mosbah, Zunirah Talib, Anuar Sulaiman, Yuhanis Abdul Jamal*

Faculty of Business Management and Professional Studies Management & Science University.

Corresponding Emails: *aljubari@msu.edu.my, mosbah_aissa@msu.edu.my, zunirah@msu.edu.my, mohd_anuar@msu.edu.my, yuhanis_abdjamal@msu.edu.my*

Economic development, job creation, innovation and a nation’s competitiveness are usually attributed to the entrepreneurial activities pursued in those economies. The entrepreneurship phenomena has been widely researched and many factors have been identified as main drivers of entrepreneurship, including national culture. Culture is believed to shape people’s attitudes, intentions and behaviours. Certain cultures are entrepreneurship-supportive and others are not. Therefore, this study’s main aim is to uncover the connection between culture and entrepreneurship. The finding is that national culture is an important determinant of entrepreneurial behaviours. It was also found that cultural differences have varying degrees of effect on entrepreneurial intention and subsequent behaviours.

**Key words:** entrepreneurship, culture, entrepreneurial intention.
Introduction

It is well-observed and acknowledged that entrepreneurship is gaining popularity and importance among various stakeholder sectors including policy-makers, educators, researchers, educational institutions and students (Aldrich & Yang, 2012; Heilman & Chen, 2003; Wiklund, Davidsson, Audretsch, & Karlsson, 2011). The growth that the field of entrepreneurship has witnessed over the past few decades has increased its recognition as a legitimate independent field of research and management practice (Hoskisson, Covin, Volberda, & Johnson, 2011). A further argument in this field suggests that entrepreneurship still requires a lot of work in order to recognize its distinctiveness (Shane, 2012).

Culture has been argued to be one of the main drivers of entrepreneurial activity. It is believed to influence people’s attitude, intentions and behaviours including venture creation (e.g., Baughn & Neupert, 2003; Filimonau, Matute, Mika, & Faracik, 2018; Hofstede, 1984; Liñán & Chen, 2009; Liñán, Urbano, & Guerrero, 2011; Moriano, Gorgievski, Laguna, Stephan, & Zarafshani, 2012; Sreen, Purbey, & Sadarangani, 2018). Licht (2010) mentions that the influence of culture on entrepreneurship flows through many channels; individuals’ value priorities being the most central channel. Not only the personality traits of individuals in any society will be affected by culture, but also their motivations to engage in behaviours that are not found or endorsed in other societies as well (Pinillos & Reyes, 2009). This is because people’s values and attitudes are learnt from their cultures from their early childhood (Brickman & Miller, 2001). This explains how culture, through the individual values can influence people’s attitudes and perceptions. However, cultural differences have varying degrees of influence on individuals’ intentions to be entrepreneurs, their self-efficacy perception and cognitive processes (Busenitz, Lowell W., Lau, 1996; Jung, Erhlich, & Noble, 2001; Mueller & Thomas, 2001; Urbig, Weitzel, Rosenkranz, & Witteloostuijn, 2012). Therefore, this paper explores the role of culture on shaping people’s behaviours in different cultural contexts.

Entrepreneurship: An Overview

Researchers still have disagreement on what defines entrepreneurship and many definitions were proposed as it has been seen from different angles (Bruyat & Julien, 2001; Kobia & Sikalieh, 2010; Mitchell et al., 2002). There is a strong belief among entrepreneurship
researchers that defining entrepreneurship is challenging and problematic and thus it has remained an unresolved issue (Shane, 2012; Shane & Venkataraman, 2000; Williams & Nadin, 2010) that has been explored and researched from many different perspectives. For instance, Kobia and Sikalieh (2010) indicate three approaches which are the trait, behavioural and opportunity identification approaches. Similarly, it is argued that studies on entrepreneurship can be categorised into three main approaches of research namely: a) entrepreneurship as a function of the market (what happens when entrepreneurs act), b) entrepreneurs as individuals (why they act) and c) entrepreneurship as a process (how they act) (Landström, 2005; Stevenson & Jarillo, 1990). These different approaches are discussed next:

1) The entrepreneurship as a function of the market

This approach has a long tradition within economics and seeks to know what happens to the market when entrepreneurs act. Central to this approach is that the focus is on entrepreneurial action, not on who is performing the action. According to Landström (2005), the following entrepreneurial functions can be identified: a) risk-taking/risk-managing (Cantillon, 1755; Knight, 1916), b) opportunity creation/innovation (Schumpeter, 1934), c) coordination of limited resources (Say, 1803) and d) alert seeking of opportunities (Kirzner, 1973). It is noticed that there are slight differences among economists in viewing the functions of entrepreneurs. These differences are reflected in the Schumpeterian and Kirznerian views (Hoskisson et al., 2011; Landström, 2005). For Schumpeterian, entrepreneurs’ functionality stems from being capable of innovating and breaking new ground so that imperfection or disequilibrium in the market is created as a result of such new innovations (Landström, 2005). Kirznerian’s view on the other hand is that entrepreneurs stem from being able to seek and “exploit presently available knowledge and existing opportunities” (Hoskisson et al., 2011, p.1142). In short, this approach on entrepreneurship looks at the role of entrepreneurship in the society irrespective of who exercises it.

2) The Entrepreneur as an Individual Approach

Unlike the view of Schumpeter and other economists such as Kirznerian, the entrepreneur as individual approach focuses on the entrepreneurs themselves and the traits and qualities that differentiate them from the non-entrepreneurs. The focus of this approach is answering the questions of “who are the entrepreneurs” and “why do they act” (Landström, 2005; Stevenson & Jarillo, 1990).
This approach defines entrepreneurship mostly in relation to the personality and traits of the entrepreneurs. For instance, six schools of thought that viewed entrepreneurs as individuals from a distinct point of view were presented in Cunningham & Lischeron (1991). These include great person school, classical school, psychological school, management school, leadership school and lastly, the entrepreneurship school. Each of these schools of thought define entrepreneurs differently. For instance, the Great Person school believes that entrepreneurs are born with certain qualities that cannot be found in others such as the intuitive ability or the sixth sense. The Psychological School assumes that entrepreneurs are motivated by certain values and needs such as the need for achievement and risk-taking propensities. People will look for satisfying the needs that match their values and attitudes. Entrepreneurs are seen as innovators in the lens of the Classical school of entrepreneurship. It is believed that what makes entrepreneurs distinct is their ability to use their innovativeness, creativity and sense of discovery, rather than just owning or controlling resources. In the Management school of thought entrepreneurs are viewed as organizers of their business ventures. They tend to take risk on and manage resources. Their skills can be developed and trained specific to functional areas such as planning, budgeting, organizing etc. Entrepreneurs, are viewed as leaders who can inspire people (followers) to achieve the organization goal through directing and motivating them. Here they can tailor their style of leading followers to the latter’s needs. The last school of thought is the entrepreneurship approach, which assumes that today’s nature of business organizations is complex, and that entrepreneurs can adopt entrepreneurial skills to assist such organizations in creating independent entrepreneurial units for expansion purposes. This could help these organization to survive in difficult economic times and uncertainty situations.

3) The Entrepreneurship as a Process Approach

The process approach focuses on answering the question of “how entrepreneurship is developed?” (Landström, 2005). According to Landström (2005), the shift in the view of entrepreneurship research from traits to the process approach has gained an increasingly stronger position in management studies. However, like the previous two approaches, entrepreneurship researchers have no consensus on what entrepreneurship process research should focus on. The emergence of opportunities and emergence of organizations emerged as two main interests of this approach.

a) The emergence of organization, which is similar to the behavioural approach (Kobia & Sikalieh, 2010), was referred to in defining entrepreneurship by William Gartner (Gartner, Shaver, Gatewood & Katz, 1994; Gartner, 1988). According to Gartner (1988), the entrepreneurship process starts with an idea and a decision to start a business and ends with acting upon the idea and establishment of that business venture. Likewise, the
focus of the behavioural approach is on what an entrepreneur does but not on who he/she is. The approach does not put too much emphasis on the personality traits of individuals, but rather looks at entrepreneurship from a perspective of business venture creation. “This approach therefore, looks at entrepreneurship from the perspective of creating an organization” (Kobia & Sikalieh, 2010, p. 116).

b) The emergence of opportunities focuses on defining entrepreneurship based on opportunities recognition rather than emergence of organizations (Shane & Venkataraman, 2000; Venkataraman, 1997). The argument is that the core of entrepreneurship should consider these three questions:

I. “why, when and how opportunities for the creation of goods and services come into existence,
II. why, when and how some people are able to discover and exploit these opportunities while others cannot or do not, and
III. why, when, and how different modes of action are used to exploit entrepreneurial opportunities” (Shane & Venkataraman, 2000, p. 218).

The above discussion shows how difficult it is for entrepreneurship to have a universal and unique definition. Table 1 below presents some additional definitions as compiled by Fortner (2006). Therefore, and following Gartner’s (1988) definition of entrepreneurship, it can be defined as the creation of businesses, small or medium, that resulted from discovering, evaluating and implementing of opportunities. Creating new businesses is one of the leading definitions of entrepreneurship (Griffiths, Kickul, Bacq & Terjesen, 2012) and thus what differentiates entrepreneurs from non-entrepreneurs is the act of business creation (Griffiths et al., 2012).

Table 1: Summary of Entrepreneurship Definitions

<table>
<thead>
<tr>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Entrepreneurship is defined as self-employment of any sort”. (Cantillon, 1755).</td>
</tr>
<tr>
<td>“Entrepreneurship is the bringing together of factors for production”. (Say, 1803).</td>
</tr>
<tr>
<td>“Entrepreneurship is the carrying out of new combinations. It disrupts the market equilibrium, and its essence is innovation. Schumpeter is credited with reviving the entrepreneurship concept” (Schumpeter, 1934).</td>
</tr>
<tr>
<td>“Entrepreneurship is the purposeful activity to initiate, maintain, and develop a profit-oriented business” (Cole, 1968).</td>
</tr>
<tr>
<td>“Entrepreneurship is the exploration of opportunities with the ability to correctly anticipate where the next market imperfections and imbalances will be” (Kirzner, 1973).</td>
</tr>
<tr>
<td>“Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychological, and social risks, and receiving the resulting rewards of monetary and personal satisfaction” (Hisrich, 1089).</td>
</tr>
</tbody>
</table>
“Entrepreneurship is the creation of new organizations” (Gartner, 1988).

“Entrepreneurship is the relentless pursuit of opportunity without regard for resources currently controlled” (Stevenson and Sahlman, 1989).

“Innovation is the effort to create purposeful, focused change in an enterprise's economic or social potential” (Drucker, 1995).

“Entrepreneurship is a way of managing opportunities over time. It is an approach to management that entails the continuous identification and pursuit of opportunity, the marshalling and organization of resources to address evolving opportunities, and the ongoing reassessment of needs as context changes over time” (Harvard Business School, 2002).

“Entrepreneurship is the creation and management of new businesses, small businesses and family businesses, and the characteristics and special problems of entrepreneurs. Major topics include new venture ideas and strategies; the acquisition and management of venture capital and venture teams; self-employment; the owner-manager; management succession; corporate venturing and the relationship between entrepreneurship and economic development” Academy of Management Entrepreneurship Division (Brush, Manolova & Edelman, 2008).

Source: (Fortner, 2006) with the addition of the Academy of Management definition.

An Overview of Culture

According to Hofstede, 1984), culture refers to the “collective programming of the mind which distinguishes the members of one human group from another” (p. 82). In another view by (Triandis, 1993), culture is about the “shared attitudes, beliefs, categorization, expectations, norms, roles, self-definitions, values, and other such elements of subjective culture found among individuals whose interactions are facilitated by shared language, historical period, and geographic region” (p. 156). Culture is conceptualized to consist of “patterns of thinking that parents transfer to their children, teachers to their students, friends to their friends, leaders to their followers, and followers to their leaders” (Hofstede, 1984, p. 82) as such citizens of respective countries have similar value and belief systems and views as well (Hofstede, 1984; Taylor & Wilson, 2012). The generally identified four dimensions of culture include Individualism (vs. Collectivism), Masculinity (vs. Femininity), Power Distance and Uncertainty Avoidance (Hofstede, 1984).

Although it is argued that cultures that are characterized by high individualism and masculinity but are low in power-distance and uncertainty avoidance are more conducive towards entrepreneurship (Hayton, George, & Zahra, 2002; Licht, 2010), it is a particular belief that entrepreneurial behaviour is more associated with individualism-collectivism dimensions of culture (Tiessen, 1997; Urban, 2010). Hofstede (1984) views individualistic societies to have loose relationships and individuals in such cultures are perceived as more independent, taking care only of themselves and their close ones. According to Pinillos &
Reyes (2009), “individualism is associated with the motivation to achieve and the pursuit of personal goals” (p. 24). Alternately, collectivist nations are characterized by tight social relationships and the individuals in this culture are interdependent and “expect their relatives, clan, or other in-group to look after them in exchange for unquestioning loyalty” (Hofstede, 1984, p. 83). However, the individualistic dimension of culture is also argued to be the closest of all dimensions to innovation (Taylor & Wilson, 2012) and individualistic countries may be more entrepreneurial as well (Hayton et al., 2002; Mueller & Thomas, 2001; Tiessen, 1997) and supportive of increased entrepreneurial activity (Tlaiss, 2014)

Culture and Entrepreneurial Intention

Several studies investigated the role that culture plays in people’s perception, attitudes and motivation (Iakovleva, Kolvereid, & Stephan, 2011; Liñán & Chen, 2009; Moriano, Gorgievski, Laguna, Stephan, & Zarafshani, 2012; Siu & Lo, 2013). As pointed out by Liñán & Chen (2009), there is a need for cross-cultural studies in order to better understand how culture affects peoples’ entrepreneurial attitudes and behaviours, using standardized instruments rather than the ad-hoc instruments utilized in previous studies which make cultural comparisons in this context difficult.

Siu & Lo's (2013) study was conducted in China, a highly collectivistic society to test how cultural aspects such as individualism and collectivism affect entrepreneurial intention and other perceptual factors such as attitude, social norms and efficacy. Further, they examined the moderating roles of the self-constructs of interdependence and independence which are considered in individualistic and collectivistic values. The independent aspect refers to the “bounded, unitary, stable” that is represented when detached from the social context, whereas the interdependent element emphasize connectedness with others (Singelis, 1994, p. 581). Individuals who are high in independent self-construct are more likely to put attention on their abilities, goals, feelings and actions than those of others. Likewise, people high in the interdependent self-construct will act in accordance with others and in line with their social norms’ expectations and anticipations. The findings of Siu & Lo present strong support for subjective norms but did not find support for attitudes toward entrepreneurship rather strong support was found for subjective norms and entrepreneurial self-efficacy in the Chineses context.

The Liñán & Chen study provided evidence of entrepreneurship attitude and intention from two cultural settings, Spain (individualistic) and Taiwan (collectivistic). They argued that using intention models such as the theory of planned behaviour (TPB) is supported regardless of the cultural setting. However, some differences exist. For instance, subjective norms have
stronger effect on attitude towards entrepreneurship and perceived efficacy. Further, they found that attitude exerted stronger effect on intention in Spain than it did in Taiwan. However, the perception of the self-efficacy was stronger in the Taiwanese sample. The insignificance of subjective norms and significance of attitude on entrepreneurial intention in both cultures seemed to contradict later evidence by (Siu & Lo, 2013; Maziku, 2016).

Similarly, a study comprising a sample from six countries, Netherlands, India, Spain, Poland, Germany & Iran investigated how culture shapes entrepreneurial career intention (Moriano, Gorgievski, Laguna, Stephan, & Zarafshani, 2012). Utilizing the TPB model, the intent was to see how different cultural settings could influence intention and its predictors. Liñán and Chen (2009) called for cross cultural studies on intentions in order to include more countries than in previous studies and thus to extend the body of research beyond measure of intention in a single context using different measurement tools. The findings of Moriano et al’s., (2012) study lend support for TPB in all of the six countries even though, subjective norms showed weaker influence. This could imply that taking the decision regarding career choice is more a personal decision than subject to group pressure and norms. These findings are in line with previous evidence such as Iakovleva et al., (2011); Liñán & Chen, (2009) and Liñán et al., (2011).

In the same fashion, a study that employed Hofstede’s cultural dimensions of individualism, power distance, masculinity and uncertainty avoidance to examine how barriers to starting a business influence entrepreneurial intention among students from three cultural settings including United States, China and Belgium (Shinnar, Giacomin, & Janssen, 2012). They tried to find out to what extent these barriers, lack of competency, fear of failure and lack of support, influence students’ intention to be entrepreneurs and whether they are different among males and females in the these three counters. They found out that lack of support presents as a critical barrier to starting a business among females from these cultures. Also, lack of competency and fear of failure were found to be more significant barriers for females than males in Belgium and United States but not in China.

In the United States it was evident that lack of competency led to stronger negative influence on entrepreneurial intention among females. In a more comprehensive study, Iakovleva et al. (2011) examined entrepreneurial intention in a sample from 13 different developing and developed countries including Spain, Netherlands, Brazil, Czech Republic, Australia, Canada, Mexico, Ukraine, Romania, Russia, France, Norway Germany. Again, TPB was supported in both contexts, where the model explained 62% of variance in entrepreneurial intention in the developing context and 59% in the developed context and 65% when combined. This indicates that people in developing cultural context have stronger intention
and self-efficacy perception. Nonetheless, all of the intention antecedents including subjective norms were significant in both contexts.

Certain characteristics and values including occupational intentions are assumed to be influenced by family background (Altinay, Madanoglu, Daniele, & Lashley, 2012; Jodl, Michael, Malanchuk, Eccles, & Sameroff, 2001). The entrepreneurial status of parents is believed to influence their offspring’s tendencies to be entrepreneurs (Matthews & Moser, 1996) and their entrepreneurial intention is influenced when they are exposed to their family entrepreneurial activities and they are likely to see starting a business as more feasible and desirable (Carr & Sequeira, 2007; Krueger, Reilly, & Carsrud, 2000). Additional to the influence of family entrepreneurial activity is an offspring’s ‘perception and intention, however it is believed these intentions are, to some extent, inherited because of being genetically disposed towards entrepreneurship (Laspita, Breugst, Heblich, & Patzelt, 2012; Nicolaou & Shane, 2010; Shane, Nicolaou, Cherkas, & Spector, 2010). To address the issue of genetic inheritance, a large sample size comprised of 43,764 students from 15 countries was used to examine whether entrepreneurial intention can be transmitted from parents to offspring and across cultures (Laspita et al., 2012; Mohammad, Afaneh & Khanfar 2017). The results of the study provided support that entrepreneurial intention can be transmitted from parents and even from grandparents, albeit with a weak effect, to their grandchildren (Altinay et al., 2012; Nicolaou & Shane, 2010). Further, it has been found that family entrepreneurial experience and exposure to such experiences have an impact on intentionality of students’ attitude, self-efficacy and intention to start a business (Carr & Sequeira, 2007).

Conclusion

In summary, the above discussed studies have focused on the effect of culture on entrepreneurship, entrepreneurs’ perceptions, attitudes and intentions. Cross cultural studies have been conducted in one country (Siu & Lo, 2013), two countries (Liñán & Chen, 2009), three countries (Shinnar et al., 2012), six countries (Juan A. Moriano et al., 2012) and 13 countries (Iakovleva et al., 2011). Though there were some slight differences in the findings of these studies in terms of how the perceptual antecedents predicted intention, there was consensus that culture played a vital role in shaping students’ perceptions and attitudes towards entrepreneurship.

REFERENCES


976


977


