3 Culture and Entrepreneurship

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Introduction

Entrepreneurial activities have a great impact on the economy as a whole. They are crucial to the economic growth and employment opportunities in any country, but particularly in developing countries. According to Guasch *et al.* (2002), a lack of strong entrepreneurial culture could be the source of macroeconomic and even institutional instability in these countries. As culture influences business development (Etzioni, 1987), investigating the influence of culture on entrepreneurship has received much attention from researchers. Culture may also influence the psychological characteristics of individuals in a society; therefore it influences the supply of individuals with entrepreneurial potential. Consequently, several studies have investigated the relationship between national culture and entrepreneurial characteristics and traits (Hayton *et al.*, 2002).

In this chapter, previous research, discussions and models on entrepreneurship and culture are reviewed and new avenues for future research are explored. The chapter aims to contribute to the advancement of the body of knowledge in the area within the context of hospitality and tourism.

The objective of this chapter is to develop your understanding of the relationship between culture and entrepreneurship. More specifically, by the end of this chapter, you should be able to:

■ Explain various factors, including culture, that may influence an individual's entrepreneurial intention;

- Explain cultural differences based on Hofstede's dimensions;

- Explain the effect of cultural dimensions on entrepreneurial potential, intention and the traits of an individual;

- Assess whether there may be universal values that can affect an individual's entrepreneurial intention;

- Compare and contrast models developed to understand the relationship between culture and entrepreneurship.

The chapter begins by defining entrepreneurship and culture. Famous frameworks with a special emphasis on Hofstede's Theory of Cultural Dimensions proposed to evaluate the impact of culture on entrepreneurship are explained and then universal values that may motivate entrepreneurial behaviour and attitudes are explored. Finally, the chapter concludes with important conceptual models offered to analyse venture formation by tapping into the influence of culture.

Entrepreneurship and culture

There are many definitions of entrepreneurship. However, as various authors (e.g. Cunningham and Lischeron, 1991; Steward and Roth, 2001; Kirby, 2005; Zhao et al., 2011) point out, there is no universally accepted definition of entrepreneurship. Gartner (1990) identifies eight themes repeatedly utilised in defining entrepreneurship in the literature: the entrepreneur (personality traits), innovation, organisation creation, creating value, profit or non-profit, growth, uniqueness and the owner-manager. Gartner (1988: 26) argues that organisation creation separates entrepreneurship from other disciplines and therefore defines entrepreneurship as "the creation of new organizations". In essence, entrepreneurship is the initiation of change through creation or innovation that usually involves risk (Zhao et al., 2011). As Morrison (2000) states, this initiation has its foundations not only in persons and institutions, but also in society and culture.

Accordingly, when the literature on entry into entrepreneurship is reviewed, two streams of enquiry emerge. While the first stream of research focuses on 'the person', the second highlights the importance of 'the environment' in stimulating entrepreneurial initiatives. Research that focuses on the individual is primarily concerned with the psychological characteristics of the enterprising individual (Zhao et al., 2011). According to Mueller (2004: 200), a potential entrepreneur is an individual (male or female) "within a given population or society that possesses a particular set of personal traits, skills, aptitudes and desires believed to motivate entrepreneurial behaviour or at least increase its likelihood". According to this stream of research, entrepreneurs possess innate, genetic entrepreneurial

traits which cannot be learned or taught (Martinez, 2014). As stated by Zhao e*t al.* (2011), this stream of research also emphasises the importance of human capital and availability of required resources. However, this topic has not been adequately addressed within a tourism context.

The second stream of research investigates the effect of the social and cultural environment upon entrepreneurial formation (Martinez, 2014). Culture is defined as a set of shared values and beliefs (Hofstede, 1980). These values shape the development of certain personality traits, and therefore motivate individuals in a specific group or society to engage in behaviours that may not be evident in others (Mueller and Thomas, 2001). Cultures that value and reward entrepreneurial behaviours such as risk-taking and independent thinking, promote a propensity to develop innovative entrepreneurial individuals, whereas cultures that reinforce values like conformity, group interests and control over the future do not promote risk-taking and entrepreneurial behaviour (Hayton e*t al.*, 2002). By cultivating the mind and character of the potential entrepreneur, a supportive national culture increases the entrepreneurial potential of a country (Mueller and Thomas, 2001).

Cultural differences and their implications for organisations have been investigated by many previous researchers and several frameworks or models have been proposed to evaluate the impact of culture. The most widely used models are those which have been developed by Kluckhohn and Strodbeck (1961), Hall (1977), Hofstede (1980), Laurent (1983) and Trompenaars (1993). These models can all be used to make cross-cultural comparisons on a range of dimensions, although their limitations have been identified. Kluckhohn and Strodbeck (1961) think that cultures can be compared on the basis of their different, but constant orientation towards the world and other human beings, although their research does not consider the implications for management. Hall's (1977) research emphasises that members' experiences of context influence how they communicate and therefore different cultural groups respond to their contexts in dissimilar ways. Hall's model is built on qualitative insights rather than quantitative data and does not rank different countries. Laurent (1983) uses the concepts of culture, status and function to examine how far status is carried outside the workplace to assess managers' capacity to avoid hierarchical levels and to explain managerial roles. Trompenaars (1993) has attempted to draw together and apply the ideas developed by previous researchers to develop a model which is considered to meet practical needs of business people and consultants rather than academic needs. However, the lack of detail and homogeneity of the informants, resulting in inaccurate comparisons between cultures, is considered to be the main weakness of his research.

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