Cultural comparisons of needed qualities for becoming entrepreneur

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Abstract
Entrepreneurial education emphasizes students’ mindset, skills, and capabilities towards an entrepreneurial path. The purpose of this research was to evaluate whether unique qualities are required to start as an entrepreneur due to cultural differences. The second goal was to evaluate whether there are cultural differences between respondents who have an intention of starting a business and those who do not intend to start a business. Data was collected from 23 countries and the total number of respondents was 837. The countries were combined into nine cultural areas. Respondents were mostly bachelor level students in their twenties. Statistical analyses were done with Anova and the t-test. There were statistically significant results. Cultural differences were identified after analysing the whole sample. When divided into groups a) planning to start a business – b) not planning to start a business, cultural differences manifested themselves differently. The results indicate that in entrepreneurial education, cultural differences should be considered and, similarly, individual differences within each culture should be considered. These results can be used to enhance entrepreneurial education in institutions of higher learning.

1. The Introduction
Entrepreneurial education programs have been increasing on all contents lately. The aim of those programs is to create an impact on the students’ competences, behaviour, and attitudes towards entrepreneurial paths. Entrepreneurial career choices are impacted by entrepreneurial drive (Florin et al., 2007) and cultural values (Dahles, 2005). Culture has direct and indirect effects on different dimensions of entrepreneurship. Culture appears to play an important role in the business process, as cultural diversity can influence the predominant characteristics of entrepreneurship and thus moderate the effects of economic conditions on entrepreneurship (Jaén et al., 2017). Cultural values determine the degree to which a society views entrepreneurship as an attractive or unattractive professional outlet (Liñán et al., 2013). Thus, the level of entrepreneurship varies widely from country to country on the basis of culture (Hunt & Levie, 2003).

Studies on national culture have found interrelationships between national culture and entrepreneurship (Hofstede, 1980; 2000; House et al., 2004). The description of culture as “the collective programming of the mind that distinguishes the members of one group or category of people from another” (Hofstede, 2001, p. 5), implies that cultural norms are manifested in individuals’ values, norms, cognitions, motivations, beliefs and behaviors. Scholars have identified culture as a moderating factor in career choice to be an entrepreneur and start a new business (Moriano et al., 2012; Thornton et al., 2011), theory of planned behavior constructs (Hagger et al., 2007), and entrepreneurial intentions (García et al., 2018). Multiple studies have shown that the country’s culture has impact on students’ entrepreneurial intentions (Liñán et al., 2013; Pruett et al. 2009; Sánchez, 2010; Varamäki et al., 2013).

In this study we widened the area of cultural knowledge in relation to entrepreneurship in order to provide more culturally specific knowhow of students’ entrepreneurial tendencies and possible
limitations. This knowledge is especially useful for entrepreneurial educators. Our interest was to compare students from selected countries in terms of entrepreneurial intentions as well of knowhow and attitudes they would need in establishing the enterprise.

2. Literature review

Theory of Planned Behavior

The Theory of Planned Behavior (TPB) (Ajzen, 1991) is one of the models in the study of entrepreneurial intent in different countries (Autio et al., 2001; Moriano et al., 2012). Ajzen (1991) postulates that behaviour is a function of beliefs that influence a certain behaviour. These beliefs are considered important premises that determine 1) personal attitude, 2) intention and 3) perceived behaviour control. Personal attitude is the favourable or unfavourable assessment that a person makes on the behaviour in question. The second predictor of perceived behaviour is a social factor referred to as subjective norms. Subjective norms refer to the perceived social pressure to perform or not perform a certain action from people in the immediate environment who exert that influence and pressure. The third antecedent of intention is the degree of perceived behaviour control (PBC) over behaviour, which is the perceived ease or difficulty of the subject in performing an action based on past experiences, as well as difficulties and obstacles perceived by the subject.

The more favourable the subjective norms and attitudes towards behaviour, the greater the perceived degree of control of the individual, leading to a stronger intention to perform a certain behaviour (Ajzen, 1991). However, one of the current unresolved issues is the role of subjective norms. Some studies show a direct influence of subjective norms on the intentions to undertake a behaviour, while others do not (Fayolle & Gailly, 2004; Krueger et al., 2000). Certain authors have found a direct influence of subjective norms through personal attitude and perceived control of behaviour (Meek et al., 2010; Moriano et al., 2012).

Previous studies have used TPB to predict certain variables that are related to entrepreneurship. These variables include entrepreneurial intentions, entrepreneurial behavior and entrepreneurial skills and attitudes. Entrepreneurial skills and attitudes are necessary antecedents in the process of effective entrepreneurship. Skills and attitudes are developed through learning, experience, and environmental factors. Intention plays a central role in TPB by connecting norms, attitudes, and behavioral control with enacted behaviors. Entrepreneurial intention is the “self-acknowledged conviction by a person that they intend to set up a new business venture and consciously plan to do so at some point in the future” (Thompson, 2009, p. 676). Entrepreneurial intention is the first step towards taking entrepreneurial action such as contemplating a startup. The second variable of interest is entrepreneurial behavior. Based on the TPB, intentions are correlated with behavior and linked to behavioral control. Entrepreneurial behavior refers to entrepreneurial actions such as recognizing and exploiting opportunities by reconfiguring existing and new resources in ways that create an advantage” (Zahra, 2005, p. 25). Entrepreneurial behavior is a necessary action that puts entrepreneurial intentions into play.

Culture

Previous studies have found associations between culture and entrepreneurship. Specific cultural dimensions are likely to strengthen or weaken the relationship between individual factors and entrepreneurial intent (Schlaegel & Engle, 2013). Looking at each of the relevant dimensions, we can identify theoretical and empirical support for this assertion. Commonly used cultural dimensions at research of entrepreneurship are four dimensions from Hofstede, which are power distance (PDI), individualism (IDV), masculinity (MAS) and uncertainty avoidance (UAI). Even Hofstede has defined six dimensions, these four have been noticed to play crucial role regarding entrepreneurship.

Power distance (PDI) dimension expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally. Societies exhibiting a large degree of PDI accept a hierarchical order, control and obedience to those with power (Hofstede, 1980). Everybody has a place that needs no further justification. There are contradictory studies of power distance, some studies indicate that high PDI promotes entrepreneurial activity (Busenitz & Lau, 1996) whereas some that low
PDI is connected to entrepreneurs (Mueller et al., 2002). Connection to risk-taking propensity in entrepreneurship is moderated by PDI according to Antoncic et al. (2018).

Individualism dimension (IDV) refers to societies that prefer a social framework in which individuals are expected to take care of themselves and their immediate families. On the other hand, collectivist societies take care of the larger extended family in exchange for loyalty. According to Hofstede (1980), IDV culture that emphasize “I” rather than “we” are more likely to demonstrate entrepreneurship. This is supported Lee and Peterson (2000) who found that countries with high levels of individualism develop a greater entrepreneurial spirit. Additionally, Mueller et al. (2002) study indicated that entrepreneurs tend to have high IDV. High IDV is also related to venture-capital investments (Gantenbein, et al., 2019).

Uncertainty avoidance (UA) dimension expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. High uncertainty avoidance implies that the society exhibits strong beliefs and norms of behavior and is uncomfortable with new ideas and the unknown. Studies have found a negative relationship between UA and different attributes of entrepreneurship such as innovation (Shane, 1993), risk-taking (Kreiser et al., 2010) and early-stage entrepreneurship (Arrak et al., 2020). Accordingly, Mueller et al. (2002) find out that low UA was related to entrepreneurs.

Masculinity (MAS) represents a preference for achievement, heroism, assertiveness, and material rewards for success. MAS has also been associated with traditional male values such as compensation, recognition and career advancement (Hofstede and Hofstede, 2005). These traits are somewhat perceived to be necessary in entrepreneurship. Numerous studies found support for this perception (Heilman, 2001). However, recent studies have pointed to sociocultural biases (Pecis, 2016) and gender blindness in research may conceal the gendered nature of innovation processes (Dheer et al., 2019).

Thomas and Mueller (2000) conclude that cultural values such as individualism and uncertainty avoidance are significantly related to traits such as internal locus of control, risk taking, and innovativeness, which are associated with entrepreneurship. Some authors (Del Junco and Brás-dos-Santos, 2009) have emphasised that a country’s cultural and social values impact personal values of entrepreneurs. However, Hofstede et al. (2004) add a psychological perspective, stating that when individuals are dissatisfied, they tend to become self-employed even though the country’s culture of entrepreneurship is not favourable.

Entrepreneurship and culture

Entrepreneurship in Europe is quite different from entrepreneurship in the USA. In the United States, entrepreneurship has historically been a key driver of economic growth. Companies are created and cease to exist at a fast speed, compared to Europe, where many of the leading companies have existed for almost a century. According to Wilson (2008) there is too much focus on the SMEs in the Europe instead of growth entrepreneurship, which is the focus of United States. In Europe there is good welfare system, that may be the main reason for not taking risks in entrepreneurship (Wilson, 2008).

In the US, small businesses and start-ups play an instrumental role in the economic and cultural environments, and account for two-thirds of net employment (Dilger, 2018). A significant part of the US cultural heritage that has been linked to entrepreneurship includes the protestant work ethic, freedom and independence (Morris et al., 1994). Lee and Peterson (2000) found that weak uncertainty avoidance, low power-distance, masculinity, individualism, achievement orientation and universalism were conducive to entrepreneurship. Based on a US sample, Mueller and Thomas (2000) found evidence of high individualism and high uncertainty avoidance as being supportive to entrepreneurship. Finally, while
comparing the US culture to nine other countries, McGrawth et al. (1992) concluded that regardless of culture, individualism, high power-distance, low uncertainty avoidance and masculinity were common attributes among entrepreneurs.

Gonzales-Serrano et al. (2018) compared entrepreneurial attitudes of eastern and western parts of Europe; comparing Lithuanian and Spanish sport students. Lithuanian students had higher predictor variables for entrepreneurship, higher entrepreneurial intentions and perceived behavior control as well as personal attitude compared to Spanish students.

Earlier studies indicate that Danish and Finnish nationals have positive attitudes towards entrepreneurship (Amway Global Entrepreneurship Report, 2013), and the same tendency is widespread among those under 30 years. Most Europeans tend to have a more positive attitude towards entrepreneurship than US nationals, but interestingly, the entrepreneurial rate is higher in the USA. Although they have positive attitudes, Finnish and Danish nationals are among the lowest to actually become as entrepreneurs. One reason for this is the speculation that only 37% of US people say that they do not have fear of failure while in Europe, the fear of failure rate is 73% (Amway Global Entrepreneurship Report, 2013).

A different study found that Thai and Chinese respondents had higher intentions of starting a business within the next two years compared to Australians or Indians (Fitzsimmons & Douglas, 2005).

### Entrepreneurial education

A systematic review by Jardem et al (2021) analysed 29 entrepreneurial education programs from 24 countries. Within the context of higher education, the programs focused on the more advanced entrepreneurship concepts, namely networking, target market, definition, market research, concept prototyping, financial markets and intellectual property. The study also evaluated effects on awareness of the difficulties and obstacles to following an entrepreneurial career. In that study the focus was not on cultural differences but on the general review of the programs.

Programs target the development of entrepreneurial skills such as development of business plans and models, promotion of the skills for example in the scope of social entrepreneurship and sustainability. Some had also teamwork, self-efficacy, leadership, self-confidence, proactivity and initiative, innovation and problem-solving. (Jardem et al., 2021). As an outcome, there were focus mainly on entrepreneurial skills, but some of studies focused also attitudes and behaviour like self-confidence, spirit of initiative, innovation, creativity, risk-taking, tolerance of ambiguity, independence, finding opportunities, interpersonal skills, self-motivation and participation in society. (Jardem et al., 2021).

### 3. Research methodology

#### Sample

Data was collected from 23 countries; the total number of respondents was 837. Multicultural students were categorized as those respondents who had lived in at least one other country for at least one year.

The sample was collected from the following countries: China (n=180), Japan (n=133), USA (n=83), Lithuania (n=59), Romania (n=51) and Latvia (n=42), Finland (n=41), Germany (n=19), and France (n=15). Single answers, from one to fifteen respondents were given countries like e.g. Azerbaijan, Bulgaria, Czech, Italy, Netherlands, UAE, Jordan. The countries were combined to different cultural areas: North America-USA, Middle and South Europe, Baltic, East Europe, Nordic-Finland, Asia-USA, Asia-Japan, Middle East and also Multicultural. Table 1. Shows the sample breakdown by cultural area.
Area | n | %
---|---|---
Asia-China | 178 | 21,3
Asia-Japan | 133 | 15,9
Multicultural | 122 | 14,6
Baltic | 106 | 12,7
USA | 89 | 10,6
East Europe and Russia | 78 | 9,3
Nordic-Finland | 45 | 5,4
Middle East | 22 | 2,6
Total | 837 | 100%

Table 1. Cultural areas of the study

Questionnaires and methods

Data analyses were made with SPSS-program, using mainly Anova for statistical analyses.

Entrepreneurial Intention (EI)

EI was measured with the following question: How likely is it that you will become an entrepreneur in the next 5 years? Scale was Likert-scale (1-5): 1 = I will definitely not start a business; 5 = I will definitely start the business. Responses were divided to two groups: A) those who will start the business, including respondents who answered 4 or 5, and B) those who will not start a business, including responses of 1 and 2. The Likert-scale number 3 was not included in the groups. There were 344 respondents who answered that they will start a business and 247 who answered that they will not start a business (see Table 2).

Qualities Needed for Entrepreneurship (QNE)


4. Results

On the broad question of Needed qualities for entrepreneurship, there were only two statistically significant differences. Those who were thinking of starting a business thought that they would need more Optimism and less Mentoring than those who did not plan to start a business (see Table 2).

<table>
<thead>
<tr>
<th></th>
<th>Yes, starting a business (N=344)</th>
<th>No, not starting a business (N=247)</th>
<th>t-test sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimism</td>
<td>Mean</td>
<td>Mean</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,40</td>
<td>5,12</td>
<td>0,044*</td>
</tr>
<tr>
<td>Mentor to help me</td>
<td>Mean</td>
<td>Mean</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,12</td>
<td>5,50</td>
<td>0,002**</td>
</tr>
</tbody>
</table>

Table 2. Statistically significant differences of Needed qualities for entrepreneurship between the groups Yes – starting a business vs. No – not starting a business!

Table 3: we analysed, by country, qualities respondents thought they would need to become an entrepreneur. There were in all but two cases statistically significant differences indicating that culture has strong impact on entrepreneurial qualities needed. There were no statistically significant differences concerning the items for Taking Risks and Good Business.

The next step was to identify cultural differences among respondents who were willing to start a business. There were six statistically different results indicating that people who want to start business need different qualities in different cultures. The differences were in Self-esteem, Optimism, Resilience, Mentor to help me, team to build up the business and Good business idea. There were also six statistically different results indicating that people who do not want to start a business need different qualities in
different cultures. These differences were in Optimism, Resilience, Persistence, Decisiveness, Mentor to help me, and More Knowledge about entrepreneurship.

In all dimensions, China was among the top three. Japanese nationals rated themselves high in needed qualities.

Optimism, Resilience and Mentor to help me were high in all three groups. In case of Optimism the highest ratings were USA, China, Middle & South Europe in all three cases. Countries that thought they would not need Optimism so much were Finland and Japan. Middle East was lower than other groups but when belonging ‘Not starting a business’ they thought they would need more Optimism.

Our results show that, when wanting to start a business, Resilience was the factor with the highest score in China, Middle&South Europe and USA. Resilience had low scores in East Europe, Finland and Middle East. Mentor to help had high scores in Japan, China, USA and least scores in Finland, Baltic, Middle&SouthEurope, and the Middle East.

There were cultural differences with respect to More knowledge about entrepreneurship. In general, Middle East, Japan and China need more knowledge. In the case of those who are not planning to start business, especially East European respondents, respondents indicated a need to have more knowledge. This may imply that lack of knowledge of entrepreneurship is one of their reasons for not starting a business, and thus education should emphasize that dimension.

In case of good business idea, there were no cultural differences. In the case of respondents who want to start business, the Baltics, East Europe and China need to have tools for finding and defining good business idea compared to other countries.

<table>
<thead>
<tr>
<th>Needed quality</th>
<th>Overall comparison between cultures</th>
<th>Yes – starting a company</th>
<th>Not starting a business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three most needed qualities</td>
<td>Three most needed qualities</td>
<td>Three most needed qualities</td>
</tr>
<tr>
<td></td>
<td>Three least needed qualities</td>
<td>Three least needed qualities</td>
<td>Anova sig. between the cultures</td>
</tr>
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<td></td>
<td>Anova sig. between the cultures</td>
<td>Anova sig. between the cultures</td>
<td></td>
</tr>
<tr>
<td>1. Courage</td>
<td>Japan</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>China</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>East Europe</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>M&amp;S Europe</td>
<td>7. Finland</td>
<td>8. M&amp;S Europe</td>
</tr>
<tr>
<td></td>
<td>Finland</td>
<td>9. Middle East</td>
<td>Sig. 0.037*</td>
</tr>
<tr>
<td></td>
<td>Sig. 0.006**</td>
<td>1.China</td>
<td>2.M&amp;S Europe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.East Europe</td>
<td>3.East Europe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Japan</td>
<td>5. East Europe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Middle East</td>
<td>7. Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sig. 0.000***</td>
<td>8. Finland</td>
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<td></td>
<td></td>
<td></td>
<td>9. Middle East</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sig. 0.046*</td>
<td></td>
</tr>
<tr>
<td>9. Innovativeness</td>
<td>1. Japan</td>
<td>2. China</td>
<td>3. USA</td>
</tr>
</tbody>
</table>
Table 3. Statistical analyses (Anova), comparing 1) cultures concerning Needed qualities for entrepreneurship and 2) cultures with Yes -starting a business and No- not starting a business concerning Needed qualities for entrepreneurship. Results with statistical significance

5. Discussions and conclusion

The results indicate that culture has strong impact on needed entrepreneurial qualities. Culture had different impact when evaluating individuals who want to start a business and those who do not want to start a business. In general, when comparing individuals who want to start a business to those people who do not want to start in relation to needed qualities, there were only two statistically significant differences. However, when culture was included, there were far more statistically significant differences. In general, people who want to start business think that they need Optimism and those who do not want to start a business need more Knowledge about entrepreneurship.

When culture was included for those who want to start business and those who do not want to start a business, needed qualities: Optimism, Resilience, and Mentor to help, produced statistical differences. Respondents who wanted to start a business had statistically significant differences in Self-esteem, Team and Good business idea. Respondents who did not want to start business had statistically significant differences in Persistence, Decisiveness and Knowledge.

Cultural differences should be taken into account when planning the entrepreneurial education. In specific cases, different kinds of support and information should be given to those students who want to start business compared to those who do not want to. It is possible that attitudes towards entrepreneurship will change, for students who think entrepreneurship is not an option, given the right information and support. For example, respondents in Middle East, Japan and China needed more knowledge about entrepreneurship at a general level. However, in the case of respondents who were not planning to start a business, East European students were emphasized getting knowledge more than others. It may be that lack of knowledge of entrepreneurship is one of the reasons for resistance to start a business among East Europeans. In the case of a good business idea, there were no differences. In the case of respondents who want to start business, students from the Baltic, East Europe and China needed tools for finding and defining a good business idea compared to other countries. These aspects should be considered when educating students in the Baltics, East Europe and China.

The interpretation of the results can be also included when thinking about lowest answering groups. For example, Resilience was not so needed in East Europe, Finland and Middle East, so that might indicate that those cultures have those qualities gained in their culture, at least from an entrepreneurial perspective.
6. Limitations and direction for future research

This study has some limitations and multiple research possibilities for future. Future studies may include more relevant variables that respondents could rate and of course, amount of data can be increased by including more countries. However, our limited data demonstrates the significance of cultural differences, and how aspects of entrepreneurial education can be improved.

In future, students could do the ranking of the needed qualities and also specify what kind of enterprise they would like to start. Also, the background information could be one aspect to study, e.g., if the respondents’ parents have entrepreneurial experiences. One additional cultural aspect would be to evaluate how culture interacts with possible entrepreneurial careers.

References


