

This work has been submitted to NECTAR, the

Northampton Electronic Collection of Theses and Research.

http://nectar.northampton.ac.uk/2004/

Creator(s): Elizabeth Rozell, Wesley Scroggins, Tiit Elenurm, Ruth Alas, Aimin Guo, Simon Denny and Veronica Velo.

Title: Cultural Prototypes of the Successful Entrepeneur: A cross-cultural comparison of Estonia, The United Kingdom and China

Date: June 2009

Originally presented to: EAM-I 2009 - Managing in a Global Economy

XIII: Management Challenges for a New World

Conference URL: https://eamiconference.org/

Example citation: Rozell, E., Scroggins, W., Elenurm, T., Alas, R., Guo, A., Denny, S. and Velo, V. (2009) Cultural Prototypes of the Successful Entrepeneur: A cross-cultural comparison of Estonia, The United Kingdom and China. Seminar Presentation presented to: *EAM-I 2009 - Managing in a Global Economy XIII: Management Challenges for a New World, Rio de Janeiro, Brazil, 21-25 June 2009.*

Version of item: Author Final Version

CULTURAL PROTOTYPES OF THE SUCCESSFUL ENTREPRENEUR: A CROSS-CULTURAL COMPARISON OF ESTONIA, THE UNITED KINGDOM, AND CHINA

Elizabeth J. Rozell Wesley A. Scroggins

Department of Management Missouri State University 901 S. National Avenue Springfield, MO 65897 USA Phone: 1-417-836-5576

<u>ERozell@missouristate.edu</u> wesscroggins@missouristate.edu

Tiit Elenurm Ruth Alas

Estonian Business School Lauteri 21, Tallinn 10114, Estonia Phone: 372 – 502781 <u>tiit.elenurm@ebs.ee</u> ruth.alas@ebs.ee

Aimin Guo

Department of Business Administration
Henan University of Finance and Economics (HUFE)
80 Wenhua Road, Zhengzhou,
Henan, 45002 P.R. China
Phone: 86 371 6351 9096
Aiminguo2006@hotmail.com

Simon Denny

The University of Northampton Avenue Campus, St. George's Ave., Northampton NN2 6JD, England Phone: 01604892363 Simon.Denny@Northampton.Ac.Uk

Veronica Velo

Management and Organization Department ESC Rennes School of Business 2 rue Robert D'Arbrissel CS 76522 35065 Rennes Cedex, France Veronica.velo@esc-rennes.fr

CULTURAL PROTOTYPES OF THE SUCCESSFUL ENTREPRENEUR:

A CROSS-CULTURAL COMPARISON OF ESTONIA,

THE UNITED KINGDOM, AND CHINA

ABSTRACT

This paper reflects the results of the first stage of the international research program "Entrepreneurship Work in Organizations Requiring Leadership Development" (E-WORLD). Focus group results in the United Kingdom, Estonia, and China are compared in order to highlight implicit beliefs about successful entrepreneurs in these countries. There are common features of entrepreneurs in the three countries: determination and persistence, active communication and networking, readiness to face new challenges and risks. However, cultural differences are evident in interpreting social obligations of entrepreneurs, in linking future orientation and communication, and in perception of entrepreneurial risks and challenges.

INTRODUCTION

In recent years there has been a marked increase in the interest in entrepreneurship both in advanced and emerging market economies (Bosma et al., 2007). Schumpeter (1928) linked the role of the entrepreneur to creative destruction by transforming existing production systems. Kirzner (1978) in his theory of entrepreneurship concluded that the entrepreneur is a driving force in the market due to his or her role in discovering unused opportunities in the marketplace, and the competitive behavior of entrepreneurs is operational in restoring the equilibrium of the market. The innovative entrepreneur described by Schumpeter is more related to introducing creative business ideas that may change the nature of markets, whereas the entrepreneur

described by Kirzner is more an opportunity seeker able to perceive market gaps and mistakes made by other entrepreneurs in the situation of incomplete information supply.

Imperative to the success of entrepreneurs are those characteristics and traits linked to entrepreneurial behavior. While such characteristics have been identified (Rauch and Frese, 2007), the question remains as to how these characteristics may differ across cultures due to cultural differences. Several studies have examined how entrepreneurial attributes differ across countries (Mueller and Thomas, 2000; Thomas and Mueller, 2000). To date, the research conducted on cultural dimensions in entrepreneurial characteristics has been somewhat limited in scope (Hayton et al, 2002) involved fewer than nine countries, employed student samples (Mueller & Thomas, 2000; Thomas & Mueller, 2000) and examined few cultural dimensions (Scheinburg & MacMillan, 1988).

This study examines how entrepreneurial attributes differ across three very different countries: United Kingdom, Estonia, and China. The paper reflects results of the first stage of the broader international research program "Entrepreneurship Work in Organizations Requiring Leadership Development" (E-WORLD). At this stage, focus groups were used to explore characteristics of successful entrepreneurs in each of the countries in the current study. In the process of conducting focus groups in the three countries, various methods and procedures were applied and tested in order to develop methodology for the future large-scale cross-border research.

THEORETICAL FRAMEWORK AND RESEARCH QUESTIONS

The Cultural Context of Entrepreneurship

As far back as Weber (1904) scholars have considered the impact of culture on entrepreneurship. Building on Weber's work, McClelland (1961) theorized about the impact of

socialization on certain personality attributes (i.e. need for achievement). Indeed, McClelland predicted that cultures which valued achievement orientations would exhibit higher levels of entrepreneurship. Other studies have followed investigating various personality traits (Shane, 1992; Baum, et al., 1993; Shapero, 1975). In their review of culture and entrepreneurial potential, Mueller and Thomas (2000) note that one would expect that some cultures would be more closely associated with certain entrepreneurial orientations than others. For example, Huisman (1985) found significant variation in entrepreneurial activity across cultures and noted that cultural values greatly influence entrepreneurial behavior. Examples of personality dimensions believed to be culturally determined include innovativeness, locus of control, risk-taking, energy level (Thomas and Mueller, 2000).

Culture has been defined as a set of shared values and beliefs as well as expected behaviors (Hofstede, 1980). The value-belief theory postulates that the shared values of a culture impact the behaviors of individuals and organizations and affects perceptions of legitimacy and acceptability (Hofstede, 2001; Triandis, 1995). Indeed, Hofstede notes that the validity of a theory is constrained by its culture. Although many management theories have their roots in European thought, Western influences have significantly dictated theoretical development over the last century (Sidani, 2008). Our work relies heavily on that of House et al. (1997) and House et al. (2004) where the foundation of Hofstede's and Triandis's work have been used to establish cultural dimensions for cross-cultural research.

Hoftstede's (1980) work has been used extensively in cross-cultural research and has been effective in explaining behavioral differences in people in organizations. The Hofstede framework includes that cultural dimensions of individualism-collectivism, uncertainty avoidance, power-distance, and, masculinity-femininity (Hofstede, 1980). As such, researchers

have applied this framework in an entrepreneurial context. Hayton et al. (2002) note that most researchers have found that entrepreneurs are associated with cultures that are high in individualism and masculinity, and low in uncertainty avoidance and in power distance. Like Hofstede (1980), House et al. (2004) contend that cultural characteristics exert a significant effect on the characteristics of the organizations in that society. Further, Hayton et al. (2002) posit that cultural values serve as a filter for the degree to which a society considers certain entrepreneurial behaviors as desirable. Hence, several authors have noted the importance of understanding the impact of cultural norms on entrepreneurship (Hayton et al., 2002).

As previously mentioned, the research conducted on cultural dimensions in entrepreneurial characteristics has suffered from several shortcomings including scope limitations (Hayton et al, 2002), small sample sizes as well as the utilization of student samples (Mueller & Thomas, 2000; Thomas & Mueller, 2000), and the examination of few cultural dimensions (Scheinburg & MacMillan, 1988). The aim of the E-WORLD project is to broaden the existing cross-cultural research on entrepreneurship. In the present paper the cultural and institutional context of entrepreneurship is studied by comparing the United Kingdom as an advanced European market economy, Estonia as a small new European Union member state, and China as a large emerging Asian economy.

Implicit Leadership Theory

The theory that guides the advancement of the entrepreneurship framework used in the current study is an assimilation of implicit leadership theory (Lord & Maher, 1991) and value-belief theory of culture (Hofstede, 1980; Triandis, 1995). Implicit leadership theory purports that individuals have implicit beliefs, convictions, and assumptions concerning attributes and behaviors that differentiate leaders from subordinates and effective leaders from non-effective

ones. The beliefs and assumptions are called the implicit leadership theory. We take this same concept and apply it to the entrepreneurship area. In essence, we propose that individuals have implicit beliefs about entrepreneurs as well. That is, entrepreneurial qualities are attributed to individuals and, hence, those same individuals are accepted as successful entrepreneurs. These qualities or implicit entrepreneurship theories (IET) influence the actions and effectiveness of entrepreneurs.

Therefore, implicit/attribution entrepreneurship theory is used as the basis for conducting comparative entrepreneurship research. It is argued that cultural factors (Hofstede, 2001; House et al., 2004) affect the perceptions and attributions made of entrepreneurs in a specific country. Countries have developed different entrepreneurial prototypes based upon specific cultural factors and dynamics. It is important for entrepreneurs in a given culture to match the prototype of the successful entrepreneur for that culture. The degree to which an individual matches the cultural entrepreneurial prototype may affect the feedback received from others and their motivation to engage in entrepreneurial behavior. It may also affect the willingness of others to follow or fund them in the new business activity. The major research questions are:

- 1. Which characteristics of entrepreneurs are shared among respondents of the United Kingdom, China and Estonia?
- 2. What cultural and institutional characteristics make certain entrepreneurial characteristics more important than other characteristics in these three countries?
- 3. What specific research insights can be determined from this cross-cultural comparison?

RESEARCH METHODOLOGY

Focus groups were conducted in Estonia, the United Kingdom and China to examine perceptions and attributions made of entrepreneurs in each country. These countries provide for an excellent comparison because they are very different in terms of cultural factors such as individualism/collectivism, power distance, risk aversion, and egalitarianism. At the start of the focus groups, participants were informed that they were participating in a cross-cultural research project. Participants were also informed that the purpose of the focus group was to understand the meaning of the term *entrepreneurship* in different cultures and to gather information concerning the characteristics of successful entrepreneurs in their own countries. Participants were informed that this was the beginning step in the research project and that the information obtained would help increase understanding of entrepreneurship within and between countries. Focus groups consisted of entrepreneurs, employees of entrepreneurial ventures, entrepreneurship support organizations, and students that were involved in entrepreneurship and/or management studies.

Both focus group data and literature review information was subjected to taxonomic analysis (Krueger, 1998) to identify the attributions made of entrepreneurs in each country. This allowed for the identification of similarities and differences in entrepreneurial prototypes across the countries.

RESEARCH PROCESSES AND EMPIRICAL RESULTS BY COUNTRIES

Characteristics of Successful Entrepreneurs in the United Kingdom

Four focus groups were held in the UK. Group one participants (5) were successful entrepreneurs running micro or small businesses in Northamptonshire, UK; group two participants (7) were employees of micro or small businesses based in Northamptonshire; group

three participants (8) were staff from Business Link Northamptonshire, a new business start up support service; group four participants were entrepreneurs from the West Midlands, UK. Each focus group was asked to consider and discuss five questions designed to identify the personal characteristics of successful entrepreneurs. In each case, participants were asked to think of an entrepreneur personally known to them and, while not revealing their identity in any way, to try to describe this person as fully as possible. Several descriptors of personal characteristics of successful entrepreneurs were identified by multiple participants (e.g. all participants thought that 'drive' was a characteristic of a successful entrepreneur). All five questions were designed to elicit the same information. Table 1 presents the results of the taxonomic analysis and the implicit prototype of the British entrepreneur as described in the focus groups. A discussion of some of the more important characteristics is presented below.

In the 50s, an industrial tradition brought a large number of immigrants to the West Midlands. Some of the entrepreneurs interviewed were the children of these immigrants and mentioned as a reason for their success an internal drive for self-improvement, deriving from their necessity to succeed in a society in which they had integrated.

In the particular case of second generation British entrepreneurs of Irish origin, for example, a drive to "change things", to "overcome obstacles", a strong desire to fight for a goal and a particular "punch" necessary to start and develop a new company could be the result of a subconscious need to generate an equalitarian situation vis-a-vis their parents' experience of sacrifice and pain during their first years in the UK. In fact, these entrepreneurs refer to a generalized feeling of silent suffering perceived during their childhood while seeing their parents struggle to survive spending long hours doing a job they despised and pushing for the

constitution and development of a family in a country that did not at that stage completely recognize them as true citizens.

These second generation entrepreneurs refer to the "superficiality of relations" with other local children, referring to the fact that even when friendship could develop, trust was never deeply enrooted, as these children were never fully integrated. This feeling of frustration and partial isolation was identified as a potential source of strength and attitude that could easily translate into a necessity to prove ones' own capacity to create something new, to overcome difficulties and to achieve further in the name of ones' own identity. A continuous feeling of "I can do better than this" is repeatedly mentioned by this particular segment of entrepreneurs.

Communication with customers and with collaborators was identified as a key trait amongst entrepreneurs in the UK. In the case of relationships with customers, getting paid for one's work was noted as a key issue. Additionally, respondents stated that emotional intelligence was important in order to relate to the buyer in such a way that one is perceived amiable enough to be trusted and relied upon and called back for repeat business. Negotiation skills are considered to be the basis of good customer relations as the capacity to balance amiability with straightforwardness is paramount in small businesses.

Communication with hired co-workers was expressed as being important as well. The small size of businesses created by these entrepreneurs' calls for the necessity to work with people the leader wants to socialize with. It was noted that having the capacity to detect a good social fit sooner rather than later, as well as a good attitude towards work is important. The appropriate selection of co-workers and the capacity to maintain positive relations with them are key success factors and therefore a successful entrepreneur should be skilled at performing them.

Another trait identified by British entrepreneurs was a tendency to resist taking "no" for an answer while finding excitement and developing a significant amount of nervous energy in the achievement of personal and professional goals. This characteristic is enhanced by the decision to separate oneself from "negative people." "Can-doers" do not see themselves as genetically determined in their own behavior, but they attribute their common quality to relevant past experiences that have pushed them to develop a capacity to overcome difficulties. These could include a problematic childhood/adolescence and perceptions of success when others would have expectations of failure. Interestingly, it was noted that the successful UK entrepreneur was characteristically rebellious, and sometimes ruthless and angry. Focus group participants noted that these characteristics sometimes fed the passion, ambition, and confidence that were also noted as traits of the successful entrepreneur.

As mentioned above, many immigrant families came to the UK in the early 1950's and 1960's. The majority of work available was primarily labor intensive. The second generation saw little of their parents (particularly the father) who would often work additional overtime in order to afford small comforts for their families. These small comforts were often the driving force for many of these entrepreneurs. The second generation began to strive towards achieving goals that would enable them to afford comforts and later, luxuries. As they entered employment, having a fulltime job was not enough as many of them would work evenings and weekends buying and selling goods to earn additional income, typifying the working pattern of their parents.

The entrepreneurs interviewed noted that by working long hours they have succeeded in finding gaps in the market to start their own businesses. The driver behind all of this is that these entrepreneurs eventually wanted to remove the dependency on employers for income and become masters of their own fortunes. Several of the UK respondents noted that successful

entrepreneurs often came from poor backgrounds, were ignored by their parents, or were the less favored sibling which led to a strong "sense of drive." Additionally, it was noted that a common characteristic of UK entrepreneurs was that they suffered from poor academic performance in school.

Some entrepreneurs expressed that they experienced very negative reactions from their employers when they decided to start working on their own. Apparently, they tend to view their fellow colleagues as a serious threat or engaging in a breach of loyalty when they become a competitor. Initiatives undertaken by jealous ex-bosses could go from threats to actual law suits and boycotts. In one particular case it was mentioned that the previous employer had incurred in a legal process that he knew he would not win, but he had done that just to make sure that the entrepreneur would run out of cash even before starting operations. Entrepreneurs from this group stated that strength of character and capacity to overcome hateful reactions from envious parties was a requirement to be successful in the UK.

Characteristics of Successful Entrepreneurs in Estonia

In Estonia a two-stage procedure was applied for conducting focus group discussions. First, participants spent 20 minutes completing individual work sheets by compiling a list of at least 5 personality features that characterize successful entrepreneurs in Estonia. Participants were also asked two other questions to describe the behavior and other possible success factors of entrepreneurs currently operating in Estonia.

After this stage, participants were asked to compare successful entrepreneurs in Estonia in the 1990s with those in 2007. This comparison was discussed in 4-5 member focus groups. After 30 minutes groups presented their conclusions. Facilitators asked questions to clarify conclusions of the group. The Estonian sample consisted of 12 doctoral students from the

Estonian Business School (EBS), 32 EBS bachelor students majoring in entrepreneurship and 16 master students from the Estonian Academy of Music and Theatre majoring in arts administration. Separate focus group sessions were conducted with these categories of participants.

Table 2 presents the results of the taxonomic analysis of the Estonian focus group data and the resulting Estonian implicit entrepreneurial prototype. The following characteristics of successful entrepreneurs in Estonia in 2007 were especially noted in the focus groups:

Courage to take risks. Risks were seen both as financial risks and as risks that are linked to being the first to start an entrepreneurial venture in a new field.

Openness to new information. When explaining this characteristic at the second stage in the focus group, several respondents noted the open nature of Estonian economy and the need to use international business information. It was also noted that myriad communication skills are necessary to be successful including effective interpersonal relations, and the ability to utilize the internet for communication purposes.

Flexibility. Arguments to support this feature were based on the rapid changes in the Estonian economy and on the need to move quickly in order to take advantage of new opportunities if the business landscape changed.

Creativity. Focus group discussions gave the impression that creativity was often stressed as a value on abstract level, without reference on specific new product or technology development experiences.

Determination. The entrepreneur was seen as a self-confident person with a "firm hand" that follows his/her course of action and is determined to implement his/her decision even if there is opposition among employees or external obstacles.

Balance between work and family. Focus group members noted that current Estonian entrepreneurs are more concerned with work life issues and the balance between work and family as compared to earlier Estonian entrepreneurs.

Bachelor students majoring in entrepreneurship, 54% of whom already had some practical entrepreneurial experience, stressed self-confidence and communicative skills more often than other focus group members. Potentially conflicting personality characteristics such as egoism and empathy were noted by entrepreneurship students, whereas the students of arts administration mentioned trust and greediness. Successful entrepreneurs were not seen as ideal personalities that always present socially acceptable behaviors.

Such behavioral patterns as active involvement in networking, acquiring founding capital, selecting the right team, and following agreements were clearly described as ways to success by focus group participants that had entrepreneurial experience. Other students most often highlighted innovative behavior and the search for new knowledge.

Comparing successful entrepreneurs in 1990s and in 2007. Participants compared the most important success factors of entrepreneurs operating in Estonia in the 1990s with success factors that are more important in 2007. During focus group discussions, without any special guidance, the participants moved from general personality traits to more specific descriptions of success factors that tend to reflect some behavioral patterns. These behaviors are linked to features of the business environment; although, the majority of them are also enabled by personality characteristics.

In the 1990s the courage to take risks was linked to short-term thinking that was sometimes inevitable as "windows of business opportunities" opened and closed rapidly in the changing legal environment and macroeconomic situation. A "shoot first and then ask questions

later" approach was, however, interpreted as unsuitable for the present stage of market economy development and international competitiveness. Long-term vision and ability to link innovation and business sustainability were presented as essential risk management skills.

Such interpretations are in line with the risk underassessment and over-optimism features of entrepreneurs that were identified by Sarasvathy et al. (1998) when they compared bankers and entrepreneurs in a more advanced market economy. In Estonia, however, at the beginning of the 1990s, founding commercial banks was also an important field of entrepreneurship. Vision and a long-term perspective are seen as the success factors in present entrepreneurs assuming a link between innovation and business sustainability.

Having friends in the public sector and among early foreign investors were already a success factor for entrepreneurs in the 90s. In later stages, however, the focus moved towards more systematic lobbying in local state and municipal agencies, and also in international institutions without getting lost in the already extensive Estonian business legislation and EU regulations. Basic foreign language skills served as a tool for finding initial foreign partners in the 90s, but networking among present successful entrepreneurs is seen as using the internet to facilitate global business connections in a much broader international network. A firm hand and coping with stress were key features of a successful entrepreneur in the 90s, but have become less important compared with current entrepreneur's analytical and communication skills that enable processing of large amounts of international business information.

Teamwork was seen as an essential success factor for present and future success for Estonian entrepreneurs whereas successful entrepreneurs in 90s were perceived as more individualistic.

Characteristics of Successful Entrepreneurs in China

In China 25 MBA students from the Henan University of Finance and Economics were involved in this research project. They were first asked to complete individual assessments and then discuss links between characteristics. Individual assessments included describing a successful entrepreneur with a Chinese cultural background, giving examples about qualities and traits that contribute to a successful entrepreneur and detailing other content relevant to this study. This process helped to relate characteristics of entrepreneurs in the taxonomic analysis in order to create the Chinese entrepreneurial profile (See Table 3).

In China, passion and vision, willingness to learn, networking based on *guanxi*, reciprocal obligations towards fiends that have helped the entrepreneur, keeping promises, determination and focus on the collective gains, strong sense of social obligations and national culture were stressed by respondents. Readiness to fight and not being afraid of hardships are also presented as essential features of successful entrepreneurs in China.

The taxonomic analysis demonstrates the image of a passionate, hardworking, exploratory, and visionary entrepreneur that has high willingness to learn. There is link between communication skills and networking. Determination involves willingness, the ability to start from nothing, and persistence to overcome difficulties and failure.

The Chinese entrepreneurial prototype clearly represents a focus on collectivistic values where entrepreneurs work for the benefit of the country and customers instead of seeking personal gains. Chinese respondents in general stress strong moral character of entrepreneurs although some respondents noted that there are different types of entrepreneurs: those that have started from scratch, entrepreneurs that combine business and politics and co-operate with government-owned businesses but also entrepreneurs that have become rich overnight and tend

to lack awareness of risk. Respondents also stressed the importance of an entrepreneur in China to identify with the history and culture of the country, have ambitions to develop an international outlook, and be able to merge Chinese culture and foreign cultures in business initiatives. Linking Chinese traditions with Western and regional cultures and social obligations are perceived as important challenges for entrepreneurs. Some respondents also expressed the need for sustainable business success.

Among behavioural patterns, networking and acquiring capital, selecting the right team and following agreements were described as ways to success.

Common and Specific Characteristics of Successful Entrepreneurs in Three Countries

Comparison of focus group results produced evidence of some common features of entrepreneurs: determination and persistence, active communication and networking, and readiness to face new challenges and risks. However, there are also essential differences between perceptions of entrepreneurial success factors.

Implicit beliefs concerning attributes of successful entrepreneurs in the United Kingdom and China tend to be more focused on the entrepreneur as a hero who overcomes obstacles of a disadvantageous departure point, and as hard working and averse to failure. In perceptions of Estonian focus group participants, such entrepreneurial features are more related to 90s. The Estonian image of an entrepreneur in 2007 stresses softer values, including balance between work and family life.

The capability of an entrepreneur to cope with difficulties and to anticipate threats is more explicit in Chinese and UK discourses, whereas Estonians stress more opportunity seeking, openness to new information and the ability to process information about new trends.

In China and in Estonia proving one's entrepreneurial competence in international business, international networking, and cross-cultural communication is presented as a key challenge whereas in the United Kingdom, the need to obtain recognition inside the country appears to be a key challenge. This may be partly explained by the immigrant background of some entrepreneurs in the UK sample. Another explanation may be that both China and Estonia, although the latter to a lesser extent, can be considered countries that have cost advantage for exports. In this circumstance, successful entrepreneurs often gain profits from overseas customers, even if they are involved in subcontracting and do not export their own branded products.

Chinese respondents expressed a more idealized image of the entrepreneur than Estonian respondents who tried to reveal contractions in the nature of entrepreneurship in the transition economy. UK respondents also reported some negative traits concerning successful entrepreneurs. Estonians were eager to discuss differences between early entrepreneurs of the 1990s and entrepreneurs in the emerging knowledge-based economy of the first decade of the 21st century. UK respondents were most focused on personal background and youth years of present entrepreneurs pointing out "the need to get in back", to prove one's capabilities and to gain higher social status as a minority representative.

The desire to afford a comfortable lifestyle was stressed more by UK and Estonian focus group members, the latter also stressing optimization of work load in order to gain balance between work and family. Chinese respondents linked ambitions of their entrepreneurial prototype more with societal and cultural values of the broader community.

DISCUSSION AND IMPLICATIONS

Reflection of focus group results in the three countries leads to the conclusion that although characteristics of successful entrepreneurs such as determination to develop and implement new business ideas, readiness to cope with risks and communicative skills for clarifying the entrepreneurial vision, and gaining support of stakeholders are important in all three countries. The aforementioned characteristics and their nature and links to other entrepreneurial features depend on the business context, the degree of economic development, and on cultural values. High institutional collectivism in China (House et al., 2004) is reflected in societal values attributed to successful entrepreneurs.

Successful entrepreneurs in Estonia and in the United Kingdom were not seen as ideal personalities that always embody socially acceptable role models and avoid conflicts, whereas in China respondents had a stronger tendency to present entrepreneurs as exemplary followers of socially desirable norms. The ability to see contradictions in the societal role of entrepreneurs in Estonia and in the United Kingdom may be interpreted as evidence of lower power distance in these countries compared to China.

The interplay between cultural factors and development stages of the institutional framework and changing business environment is evident in the interpretations of business risk by focus group participants in the three countries. In the UK focus groups, entrepreneurial risks were discussed in the context of the social status of the entrepreneur, in-team communication and relations with former owners. Long-term vision and the ability to link innovation and business sustainability in 2007 versus more opportunistic short-term entrepreneurship of the 1990s were presented as an essential risk management trend by Estonian focus group participants. Entrepreneurs at the early stage of transition towards the market economy were not seen as

systematic risk takers but as sometimes over-optimistic opportunity seekers. Such interpretations are in line with the risk underassessment and over-optimism features of entrepreneurs that were identified by Sarasvathy et al. (1998) when they compared bankers and entrepreneurs in a more advanced market economy. In Estonia, however, at the beginning of the 1990s, founding commercial banks was also an important field of entrepreneurship. Differentiating entrepreneurial characteristics that correspond to the Schumpeterian (1928) innovative entrepreneur image versus opportunistic trader image developed by Kirzner (1978) may become an especially topical issue when studying characteristics of entrepreneurs in the context of the present global financial crises and international competitiveness of entrepreneurs in the new European Union member states.

CONCLUSIONS, LIMITATIONS, AND FUTURE RESEARCH

Research exists to suggest that individuals can be trained to develop entrepreneurial traits (Krueger and Brazeal, 1994). Our research is important for entrepreneurship education that takes into consideration cultural differences as well as cross-cultural training of entrepreneurial teams.

Empirical findings with regard to international entrepreneurship would enable institutions of higher education to develop specific entrepreneurial skills in students desiring to operate business ventures in various countries around the world. Further, the findings could provide training and development programs for international entrepreneurial organizations. It is possible, that through this research, entrepreneurial competencies needed for success could be identified in different cultures. Such an endeavor could promote and aid entrepreneurial ventures in being more internationally competitive.

There are several implications for future research. First, the processes by which cultural characteristics affect perceptions of the successful entrepreneur and lead to the development of

an entrepreneur prototype will need to be investigated using larger samples and through quantitative methods. Secondly, future research will need to investigate how the various entrepreneurial characteristics and traits affect the success of the entrepreneur as measured by defined results criteria. Further, the findings could provide training and development programs for international entrepreneurial organizations that bring together potential business partners from different countries.

Lastly, this study is an initial exploratory investigation into the implicit cultural entrepreneurship prototypes of these three countries. Several limitations exist that affect the validity and generalizability of the results. First, it must be noted that the sample sizes in each of the three countries is small and the backgrounds of the focus group members is different and may not be representative of entrepreneurs in that country.

Second, the process of data collection across the three countries was not standardized. Given the absence of a standardized data collection process and the small sample size employed, caution must be exercised in interpreting the results.

Applying different versions of the focus group approach can, however, be treated as opportunities to discover diverse insights for further research. In the United Kingdom the focus group process enabled open discussion about youth experiences of entrepreneurs, about psychological mechanisms behind the "can-do" attitude and success enablers of entrepreneurs from immigrant families. In China the research process was operational for creating a holistic entrepreneurial prototype. In Estonia, the comparison of different time frames for entrepreneurship helped to reveal beliefs, convictions, and assumptions concerning the changing nature of entrepreneurship in a transition economy.

REFERENCES

- Baum, J.R., Olian, J.D., Erez, M., Schnell, E.R., Smith, K.G., Sims, H.P. Scully, J.S., & Smith, K.A. 1993. Nationality and work role interactions: A cultural contrast of Israeli and U.S.Entrepreneurs' versus managers' needs. *Journal of Business Venturing* 8: 499-512.
- Bosma N., Jones, K., Autio, E. and Levie, J. 2007. *Global Entrepreneurship Monitor 2007 Executive Report.* Babson College and London Business School.
- Casson, M. 1982. The Entrepreneur: An Economic Theory. New York: Barnes and Noble.
- Hayton, J.C., George, G., & Zahra, S.A. 2002. National culture and entrepreneurship: A review of behavioral research. *Entrepreneurship Theory and Practice*, Summer 2002: 33-52.
- Hofstede, G. (1980). *Culture's consequences: International differences in work-related values.*Beverly Hill, CA: Sage Publications.
- Hoftstede, G. (2001). *Culture's consequences: International differences in work related values* (2nd ed.). Thousand Oaks, CA: Sage.
- House, R.J., Wright, N.S., & Adtiya, R.N. (1997). Cross-cultural research on organizational leadership: A critical analysis and a proposed theory. In P.C. Earley & M. Erez (Eds.), *New perspectives in international industrial organizational psychology:* 535-625. San Francisco: New Lexington.
- House, R.J., Hanges, P.W., Javidan, P.W., Dorfman, M. P., Gupta, V. (Eds). 2004. *Culture*,*Leadership, and Organizations: The GLOBE Study of 62 Societies*, Thousand Oaks,CA, Sage Publications.
- Huisman, D. 1985. Entrepreneurship: Economic and cultural influences on the entrepreneurial climate. *European Research*, 13 (4): 10-17.
- Kirzner, I. 1978. *Competition and Entrepreneurship*. Chicago: University of Chicago Press.

- Krueger, N.F., & Brazeal, D.V. 1994. Entrepreneurial potential and potential entrepreneurs.

 *Entrepreneurship, Theory and Practice, 18 (3): 91-104.
- Krueger, R. A. (1998). *Analyzing and reporting focus group results*. Thousand Oaks, CA: Sage Publications.
- Lord, R., & Maher, K.J. 1991. *Leadership and informational processing: Linking perceptions and performance.* Boston: Unwin-Everyman.
- McClelland, D.C. 1961. *The Achieving Society*. Princeton, NJ: Von Nostrand Reinhold.
- Mueller, S.L., & Thomas, A.S. 2000. Culture and entrepreneurial potential: A nine country study of locus of control and innovativeness. *Journal of Business Venturing*, 16: 51-75.
- Rauch, A., & Frese, M. (2007). Let's put the person back into entrepreneurship research: A meta-analysis on the relationship between business owners' personality traits, business creation, and success. *European Journal of Work and Organizational Psychology* 16(4), 353-385.
- Sarasvathy, D., Simon, H., Lave, L. 1998. Perceiving and Managing Business Risks: Difference between Entrepreneurs and Bankers. *Journal of Economic Behaviour and Organization*, 33: 207-226.
- Scheingberg, S. and MacMillan, I. 1988. An eleven country study of the motivations to start a business. In: B. Kirchoff, W. Long, W. McMullan, K.H. Vesper, and W. Wetzel, eds., *Frontiers of entrepreneurship research.* Wellesley: MA: Babson College.
- Schumpeter, J. 1928. The Instability of Capitalism. *Economic Journal*, 38: 361-386.
- Shane, S.A. 1992. Why do some society invent more than others? *Journal of Business Venturing*, 7: 29-46.
- Shapero, A. (1975). The displaced, uncomfortable entrepreneur. *Psychology Today*, 9(6): 83-88.

- Sidani, Yusuf. 2008. Ibn Khaldun of North Africa: an AD 1377 theory of leadership. *Journal of Management History*, 14(1): 73-86.
- Thomas, A.S., & Mueller, S.L. 2000. A Case for comparative entrepreneurship: Assessing the relevance of culture. *Journal of International Business Studies*, 31(2): 287-301.
- Triandis, H.C. 1995. *Individualism and collectivism*. Boulder, CO: Westview Press.
- Weber, Max. (1904). *From Max Weber:* Essays in Sociology. In: H.H. Gerth and C. Wright Mills, Translated and edited (1948). London: Routledge & Kegan Paul.

Tab	Table 1 British Entrepreneurial Prototype							
- Se	Rebellious							
British Prototype	Intelligent							
	Decisive							
	Risk taker							
	Knowledgeable of their business							
	Extraverted							
	Interpersonal	sometimes ruthless and angry						
		supported by friends and family						
		charming						
		approachable						
		charismatic						
		articulate						
		Skills	negotiation					
			networking					
			communication					
		Customers	loyal to customers					
			balance amiability with straightforwardness					
	Planner	willingness to learn						
		open to new ideas						
		Strategic	seeks out opportunities					
			investigate new opportunities					
			sets clear goals					
	Motivated	Characteristics	determined					
			enjoy challenges and overcoming obstacles					
			hard working					
			ability to persevere					
			driven					
			ambitious					
		Source of motivation	desire to change things					
			desire for a comfortable lifestyle					
			passion for success					
			A "can do it" attitude	prove themselves to society				
				memory of struggling parents				
				strong belief in own abilities, confident				

Table 2	Sable 2 Estonian Entrepreneurial Prototype					
nian otyp	Sometimes greedy					
Estonian Prototyp e	Risk taker					
	Honest					
	Autocratic					
	Interpersonal	communicative				
		cooperative and team-oriented				
		concern for others, empathetic				
		charismatic				
		able to motivate others				
	change oriented	innovative and creative				
		flexible				
		open to new ideas and information				
	Highly motivated	results oriented				
		workaholic				
		determined				
		ambitious: strong will-power				
		strong drive to execute plans and ideas				
	Emotionally strong	independent: strong trust in own knowledge and ability				
		positive view of self, self-confident				
		overall positive affect, positive view of situations				

Tab	able 3 Chinese Entrepreneurial Prototype							
	Passionate and hardworking							
ype	Exploratory and adventurous/visionary							
otot	Willingness to learn							
e Pr	Knowledgeable and competent							
Chinese Prototype		can judge and make decisions from the perspective of a competitor						
	Exercises good judgment	rational						
		decisive						
		natyvankad	well-connected/Guanxi					
	Communication and networking	networked	well-informed					
		good communication skills						
		willingness and ability to start from nothing						
	Determined and resolute	persistent	strong willed					
			never defeated					
			courageous when challenged by difficulties					
			do not yield when confronted with failure					
		forgiving						
		grateful						
	Strong moral character	high morals	Integrity	respectable personality				
	Strong moral character		integrity	keeps promises				
			upright					
			honest					
		collectivistic	nation	seeks a positive change for and benefit of country				
				strong sense of social obligation				
	Focus is on the collective/others		customers	seeks maximum benefit of the customer				
				creates value for the customer				
		personal gain	do not focus on personal success					
			do not seek personal gain					
		values culture	fits well into the national culture					
			values country history and culture					
	Identifies with country culture		embodies and represents the national culture					
		nationalism	strong national conscience and spirit					
			patriotic					