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# Culture and its Consequences for Entrepreneurship

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# Culture and Its Consequences for Entrepreneurship

Gerard George  
Shaker A. Zahra

**T**he influence of culture on entrepreneurship has been of continued scholarly interest for over three decades. Researchers have explored the effect of national, regional, and organizational cultures on wealth creation through new venture creation, innovation, and risk taking. Using data from multiple countries and applying diverse research methods, organizational scholars have explored the relationship between cultural variables and entrepreneurial behavior and outcomes. As empirical findings corroborate some patterns and significant relationships, it is essential to review past studies and identify new avenues to be explored in future research. While considerable progress has been made, we believe that substantial components and manifestations of culture and its contingent influence on entrepreneurial outcomes are yet unexplored, providing new opportunities for scholarly inquiry.

This special issue focuses on the relationship between culture and entrepreneurship. It adopts a broad definition of both culture and entrepreneurship. Culture is used to refer to the enduring set of values of a nation, a region, or an organization. Entrepreneurship is defined as the act and process by which societies, regions, organizations, or individuals identify and pursue business opportunities to create wealth. The objectives of this special issue include: (a) synthesizing what we know about the relationship between culture and entrepreneurship; (b) identifying areas and research questions that deserve attention in future research; and (c) highlighting theoretical and methodological innovations necessary to improve research in this area. Culture is an important and complex construct. Likewise, entrepreneurship captures a wide spectrum of activities and is multifaceted. We believe that greater progress could be made in future research if methodological and theoretical innovations are introduced.

As you read the papers included in this issue, we hope that you will agree that we have assembled a number of interesting articles. We have worked hard to ensure the diversity and breadth of the contributions represented in this special issue. First, we organized a symposium on the topic in the *Academy of Management* meetings where authors of some of the papers presented their original ideas. Also, we contacted other authors, from the U.S. and elsewhere, to encourage them to submit their work for consideration and possible inclusion in this special issue. Submitted manuscripts underwent a double-blind review process with two rounds of reviews. We are pleased that the review process identified studies that have a clear message and promise to shape future scholarship in this growing area of research.

## KEY THEMES

Some clear themes cut across the articles included in the final selection:

- (1) One of the key themes is the explicit understanding that culture is manifested in various forms. Cultural characteristics could be measured at the national, regional, or societal level. Yet, studies appear to emphasize national cultural characteristics over other distinguishing characteristics. This special issue includes studies that consider both national and regional representations of culture. Interestingly, Mitchell, Smith, Morse, Seawright, Peredo, and McKenzie, in a study of entrepreneurial cognition, find that entrepreneurs across eleven countries share a common “culture” of entrepreneurship that is distinct from the beliefs of non-entrepreneurs.
- (2) A second theme is that culture is captured in different forms. As the Hayton, George, and Zahra article suggests, most behavioral studies use the Hofstede’s (1980) conceptualization of national culture. In this issue, Ahlstrom and Bruton provide an interesting treatment of social institutions as shaping entrepreneurial actions. The addition of social institutions to the repertoire of cultural icons is a step forward in behavioral research on the nexus of culture and entrepreneurship.
- (3) A third theme is the emphasis on methodological developments in studies of culture and entrepreneurship. Kreiser, Marino, and Weaver assess the psychometric properties of the entrepreneurial orientation scale in a six-country study. Tan makes a distinction between cross-national and cross-cultural effects and reports that in his sample of Chinese, Chinese-American, and Caucasian participants the national effect was stronger than the cultural effect. These studies suggest a need to pay closer attention to methodological issues in data collection and analyses.
- (4) A fourth and final theme is the treatment and measurement of entrepreneurship in behavioral research. It is important to consider different entrepreneurial outcomes and governance structures. For example, Chrisman, Chua, and Steier address family involvement and its implications for business development in Canada. The Kantor article illustrates the example of women in South Asia and the role of self-employment and empowerment in this region. Marino, Strandholm, Steensma, and Weaver analyze the impact of culture and entrepreneurial orientation on alliance formation. Consideration of different forms of governance structures, their relationship to wealth creation, and the influence of culture in these businesses constitute important additions to entrepreneurship research.

## FUTURE DIRECTIONS

The articles in this special issue highlight opportunities for future research, both theoretical and empirical. These studies offer a preliminary roadmap for conducting influential and insightful research that can enrich our understanding of the interplay between culture and entrepreneurship. Now, we suggest avenues for future research.

- (1) There is a need for greater attention to theory building in future studies on the link between culture and entrepreneurship. We are surprised at the number of studies that do not ground their analyses in established theory. Theoretical rationales drawn from, say, the resource-based view of the firm, acculturation, and social capital offer a promising approach to grounding future studies. Theories from the social sciences such as sociology would provide a fertile starting point. Relational models (Fiske, 1993) or social exchange theories (Ekeh, 1974) from anthropology and sociology are good examples.
- (2) Alternative measures of cultures and entrepreneurship should be considered. Hofstede’s measures have served the field well but we need to explore the use of other

measures to fully capture the rich variety of the dimensions of national cultures. Other measures can help also in validating prior findings using Hofstede's measures. Similarly, other measures of entrepreneurship such as self-employment growth, corporate entrepreneurship, new venture formation counts, and employment growth in businesses provide metrics that could establish differential relationships between the dimensions of culture and of entrepreneurial behavior or outcomes.

- (3) Apart from measures, it is likely to be beneficial to consider multiple manifestations of culture. Culture shapes and reinforces social institutions. These institutions, over time, reinforce cultural values. Understanding and explaining such symbiotic processes in the context of entrepreneurial behavior and outcomes is an important step for future research. An example of culture could be captured in a country's administrative heritage. The East India Company during the British rule in India exported raw materials such as cotton and tea to finish these products in the U.K. Though there are historic interpretations of their role, these companies left behind an administrative influence on the decision-making processes and structures that may continue to affect value systems and disposition towards entrepreneurial behaviors in the previously Commonwealth countries.
- (4) Future research may benefit from a closer examination of the context of the culture-entrepreneurship relationship. This relationship has an important temporal dimension and researchers would benefit from exploring the strength and direction of this relationship at different points in time. Also, changes in the political, technological, and economic environments might co-influence this dynamic relationship. Therefore, researchers need to consider these variables in their analyses.
- (5) The sub-regional cultures that exist within a nation also pose an interesting research question. These sub-cultures influence decision making about types of businesses to be created, how these businesses are managed and financed, and how these firms join and leverage their network position. Attention to regional differences can help address gaps in the literature regarding the differences that exist across regions in the rates of venture creation and organizational mortality.

We believe that this special issue provides the momentum for future research that will more closely address the relationship between manifestations of culture and forms of entrepreneurship. Numerous opportunities abound for behavioral research in the nexus of culture and entrepreneurship. Substantial gaps in our knowledge of this relationship and its contingencies need to be addressed in future research.

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