

How To Move Towards a Cross Cultural Perspective applied to Entrepreneurship? The Integrative Propositional Analysis

Entrepreneurship is a complex phenomenon that considers many aspects of management, highlighting the factors that governments and top managers can use to increase entrepreneurial orientation. Scholars give varied definitions of entrepreneurship including: “processes of discovery, evaluation, and exploitation of opportunities” (Shane and Venkataraman, 2000, p. 218), “acts of organizational creation, renewal, or innovation that occur within or outside an existing organization” (Sharma and Chrisman, 1999, p.17). Kirzner (1973, 2009) recognizes as the main property of entrepreneurship: alertness. In the same way, Shapero (1975) underlines entrepreneur's readiness to act, i.e. entrepreneurs’ inclination to act when new opportunities emerge. Although differences do exist, definitions include some common elements as well. They all focus on newness, and on the inclination to face and manage risks. This orientation, generally known as entrepreneurial orientation (EO), is one of the most studied aspect of entrepreneurship (Lumpkin and Dess, 1996; Knight, 1997; Lee and Peterson, 2001; Lumpkin and Dess, 2001; Wiklund and Shepherd, 2003; Ireland et al., 2003; Rauch et al., 2009).

Because of its economic and social implications, entrepreneurship has been studied through different perspectives and, thanks to the influence of the sociological and anthropological streams, a new field of research has developed: International Entrepreneurship (IE). It applies comparative studies of entrepreneurship across borders, as well as the start-up of Born Global firms or international new ventures (Coviello et al., 2011). The comparative analyses usually look for factors able to explain the different degrees of entrepreneurship across countries, and rely either on economic factors - connected to wealth, work conditions, stage of development, employment conditions - either on institutional factors - related to the socio-cultural environment: the legitimization of entrepreneurs, the cultural values inspiring or re-enforcing entrepreneurship, the political consensus or the social barriers to entrepreneurship development. Cross-country analyses start from the observation that countries show different degrees of entrepreneurship: new firms’ creation varies across countries and differences exist even among countries, which have similar degrees of socio-economic development (Krueger and Brazeal, 1994; Moore et al., 1986). Scholars have consequently considered cultural values as factors affecting entrepreneurship, and cross-cultural entrepreneurship has gradually emerged as a specific branch, aimed at developing knowledge about the cultural norms and values which impact on the inclination towards entrepreneurship in different countries (Engelen et al., 2009). Looking specifically to EO, scholars explore the influence of cultural values on it (Lumpkin et al., 2010; Breton-Miller, Miller, 2006; Man et al., 2002; Wiklund, 1999). According to Hofstede (1980) and Schwartz (1994), culture is meant as a set of values, peculiar to a specific group or society, which shapes the development of certain personality traits, and motives. It affects work ethic, individual need of achievement, the way people feel legitimated. Culture shapes the orientation of individuals to take initiatives, and it shapes the orientation of social group to positively evaluate personal initiatives (Baughn and Neupert, 2003). Values act at an individual level, too. They impact on personality and can prompt entrepreneurial orientation of individuals to become an entrepreneur (Busenitz and Lau, 1996; Kreiser et al., 2010; Lee and Peterson, 2001; McGrath et al., 1992b; Mitchell et al., 2000; Mueller and Thomas, 2001), on their inclination to firms’ creation and self-employment (Lee and Peterson, 2001).

Most cross-cultural entrepreneurship contributions refer to Hofstede’s cultural dimensions (McGrath et al., 1992b; McGrath et al., 1992a), and show that entrepreneurial orientation is higher in countries with high Power Distance, Individualism and Masculinity and lower degree of

Uncertainty Avoidance. Mueller and Thomas (2000) observe that individualistic countries show a greater internal locus of control orientation, which contributes to country's entrepreneurial orientation. While focusing on entrepreneurial orientation, Lee and Peterson (2001) find similar results. However, although authors agree on the deep impact of cultural dimensions on entrepreneurship, they do not reach homogeneous conclusions. As an example, in contrast with the former literature, Baum et al. (1993) hypothesizes a reverse role of individualism, arguing that in collectivistic society people are not able to satisfy their emotional needs within institution and organization and consequently they are more inclined to self-employment, which is an important motivation for new start-ups.

While interesting, the current approach to Cross Cultural Entrepreneurship (CCE) suffers an excessive degree of inhomogeneity and contradictions. These conflicting results may confuse practitioners and impede the development of policies and practices for supporting national and international entrepreneurship. A variety of factors seem responsible for those conflicts and confusions. First, as noted by Pinillos and Reyes (2011), culture plays a different role according to the degree of national wealth, and commitment is an important driver of entrepreneurial orientation because it positively influences both individual inclination to entrepreneurship, and societies evaluation of personal initiatives. In addition, results depend on the focus of the analysis, which sometimes is the entrepreneur, others the entrepreneurial organization (Tiessen, 1997). A third reason can be found in the circumstance that authors employ different methodologies and refer to different databases, and this make results far less comparable. Indeed, the significance of those difficulties are underlined by Engelen et al. (2009) showing that contributions in this field are still at an embryonic level and more efforts are needed to find right methodology and develop a consistent theory.

Another problem could derive from an inappropriate use of cultural dimensions. As Hofstede himself notes, cultural dimensions count just for comparisons, i.e. they are useful to compare different cultures and to let peculiarities and differences emerge. Last, but not least, scholars generally focus on specific dimensions, but the correlation existing among them should impel scholars to consider this social construct according to a systemic perspective in which each factor (value or dimensions) is important to understand the other and the effects they all have on phenomenon. In order to contribute to this perspective, an innovative approach –we propose the Integrative Propositional Analysis (IPA) – could be of interest for investigating the linkages between different cultural dimensions and to get a more systemic view of the phenomenon.

IPA is a methodology developed by S. Wallis in 2008 as an evolution of the Reflexive Dimensional Analysis (RDA). Conceptually, IPA follows the stream of research related to Integrative Complexity (IC), which reflects the idea that greater inter-connectedness among a theory's concepts provides a more complete understanding of reality, because the real world is inter-connected (Wright and Wallis, 2015). IPA is used to analyze and integrate sets of propositions stated in different theories and studies, and helps in combining them according to a systems thinking perspective (Wallis, 2014b). IPA is useful because it is objective and includes the advantages of both qualitative and quantitative analyses: it starts from the identification of propositions, and the causal linkages suggested by those propositions among the different concepts. The qualitative method is then completed by a quantitative analysis aimed at measuring the Complexity and Systemicity of propositions. Complexity and Systemicity allow us to improve our models so that they may be more useful in practical application (Wallis, 2014)

The measures of IPA are reached by following these six steps (Wallis, 2013).

- a) Identify propositions within one or more conceptual systems (models, etc.)

- b) Diagram those propositions with one node for each concept and arrows indicating directions of causal effects
- c) Find linkages (and overlaps) between causal concepts and resultant concepts between all propositions
- d) Identify the total number of concepts (to find the Complexity)
- e) Identify concatenated concepts (nodes with two or more arrows pointing toward them)
- f) Divide the number of concatenated concepts by the total number of concepts in the model (to find the Systemicity).

This analysis allowed us to verify if the simultaneous consideration of all the six Hofstede's dimensions and of all factors usually associated with EO serves to provide deeper insights about the relationship between culture and EO.

In order to develop our propositions, we started our analysis with a systematic literature review of the CCE literature. We considered the most cited papers, identified the propositions suggested and/or tested within those papers, and identified links between Hofstede's cultural dimensions, on one side, and the features of entrepreneurial orientation, on the other.

We relied on Hofstede's model for the following reasons: a) it offers a wide range of data and considers a large number of countries; b) it is widely applied in existing IE analyses; c) there are some interesting juxtapositions among the dimensions within the model, and we believe that these juxtapositions can be used to develop a more complex but a more real/accurate/useful picture of cultures and of their effects on entrepreneurial orientation.

Starting from the basic need to direct more light on the effects of culture on behavioral and attitude aspects of entrepreneurs, our assumption was that EO is associated with different factors, and that cultural values can have different effects on each of them. Then, our main research question was the following:

RQ: *How might IPA be used to understand, integrate, and improve cross-cultural entrepreneurship approach?*

While explorative, the IPA approach allowed us to highlight the main cultural values associated to entrepreneurial orientation, and to verify the level of integration between different theories and contributions on the topic.

Keywords: International Entrepreneurship; Entrepreneurial Orientation; Cross-Cultural Research; Cultural Values; Systematic Literature Review; Integrative Propositional Analysis.

References

- Baughn, C.C. and Neupert, K.E. (2003). "Culture and National Conditions Facilitating Entrepreneurial Start-ups." *Journal of International Entrepreneurship*, 1(3): 313-330.
- Baum, J. R., Olian, J. D., Erez, M., Schnell, E. R., Smith, K. G., Sims, H. P, Scully, J.S., and Smith, K. A. (1993). "Nationality and work role interactions: A cultural contrast of Israeli and US entrepreneurs' versus managers' needs." *Journal of Business Venturing*, 8(6): 499-512.
- Breton-Miller, L., and Miller, D. (2006). "Why Do Some Family Businesses Out-Compete? Governance, Long-Term Orientations, and Sustainable Capability." *Entrepreneurship Theory and Practice*, 30(6): 731-746.
- Busenitz, L.W., and Lau, C.M. (1996). "A Cross-Cultural Cognitive Model of New Venture Creation." *Entrepreneurship Theory and Practice*, 20(4): 25-40.
- Coviello, N. E., McDougall, P. P., and Oviatt, B. M. (2011). "The emergence, advance and future of international entrepreneurship research—An introduction to the special forum." *Journal of Business Venturing*, 26(6): 625-631.

- Engelen, A., Heinemann, F., and Brettel M. (2009). "Cross-cultural entrepreneurship research: current status and framework for future studies." *Journal of International Entrepreneurship*, 7(3): 163–189.
- Hofstede, G.H. (1980). *Culture Consequences: International Differences in Work-related Values*, Sage Publications: London.
- Ireland, R. D., Kuratko, D. F., and Covin, J. G. (2003, August). "Antecedents, elements, and consequences of corporate entrepreneurship strategy." In *Academy of Management Proceedings* (Vol. 2003, No. 1, pp. L1-L6). Academy of Management.
- Kirzner, I. M. (1973). *Competition and Entrepreneurship*. Chicago, IL, US: University of Chicago Press.
- Kreiser, P.M., Marino, L. D., Dickson, P. and Weaver, K. M (2010). "Cultural Influences on Entrepreneurial Orientation: The Impact of National Culture on Risk Taking and Proactiveness in SMEs." *Entrepreneurship Theory and Practice*, 34(5): 959-984.
- Krueger, N. and Brazeal, D. (1994). "Entrepreneurial potential & potential entrepreneurs." *Entrepreneurship Theory and Practice*, (18)3: 91–104.
- Lee, S.M. and Peterson, S.J. (2001). "Culture, entrepreneurial orientation, and global competitiveness." *Journal of World Business*, 35(4): 401–416.
- Lumpkin, G. T., and Dess, G. G. (1996). "Clarifying the entrepreneurial orientation construct and linking it to performance." *Academy of Management Review*, 21(1): 135-172.
- Lumpkin, G. T., and Dess, G. G. (2001). "Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle." *Journal of business venturing*, 16(5): 429-451.
- Lumpkin, G. T., Brigham, K. H., and Moss, T. W. (2010). "Long-term orientation: Implications for the entrepreneurial orientation and performance of family businesses." *Entrepreneurship and Regional Development*, 22(3-4): 241-264.
- Man, T. W., Lau, T., and Chan, K. F. (2002). "The competitiveness of small and medium enterprises: A conceptualization with focus on entrepreneurial competencies." *Journal of Business Venturing*, 17(2): 123-142.
- McGrath, R. G., MacMillan, I. C. and Scheinberg, S. (1992a). "Elitists, risk-takers, and rugged individuals? An exploratory analysis of cultural differences between entrepreneurs and non-entrepreneurs." *Journal of Business Venturing*, 7(2): 115-135.
- McGrath, R. G., MacMillan, I. C., Yang, E. A. and Tsai, W. (1992b). "Does culture endure, or is it malleable?" *Journal of Business Venturing*, 7(6): 441–458.
- Mitchell, R. K., Smith B., Seawright, K. W. and Morse, E. A. (2000). "Cross-cultural cognitions and the venture creation decision." *Academy of Management Journal*, 43(5): 974-993.
- Moore, C. F. (1986). "Understanding entrepreneurial behavior." in J.A. Pearce & R.B. Robinson, editors, *Academy of Management best papers, Forty-Sixth Annual Meeting, Academy of Management*, Chicago.
- Mueller, S. L., and Thomas, A. S. (2000). "A Case for Comparative Entrepreneurship: Assessing the Relevance of Culture." *Journal of International Business Studies*, 31(2): 287-301.
- Mueller, S. L., and Thomas, A. S. (2001). "Culture and entrepreneurial potential: A nine country study of locus of control and innovativeness." *Journal of Business Venturing*, (16)1: 51–75.
- Pinillos, M.J. and Reyes, L. (2011). "Relationship between individualist–collectivist culture and entrepreneurial activity: evidence from Global Entrepreneurship Monitor data." *Small Business Economics*, 37(1): 23-37

- Rauch, A., Wiklund, J., Lumpkin, G. T., and Frese, M. (2009). "Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future." *Entrepreneurship theory and practice*, 33(3): 761-787.
- Schwartz, S.H. (1994). "Beyond individualism/collectivism: New cultural dimensions of values." in U. Kim, H.C. Triandis, C. Kagitcibasi, S. Choi, S. and G. Yoon, (Eds.), *Individualism and collectivism: Theory, method and applications* (pp. 85-119), Thousands Oaks, CA: Sage.
- Shane, S. and Venkataraman, S. (2000) "The promise of entrepreneurship as a field of research." *Academy of Management review*, 25(1): 217- 226.
- Shapiro, A. (1975). "The displaced, uncomfortable entrepreneur." *Psychology Today*, (9)6: 83-88.
- Sharma, P. and Chrisman, J. (1999). "Toward a reconciliation of the Definitional Issues in the Field of Corporate Entrepreneurship." *Entrepreneurship Theory and Practice*, 23(3): 11-27.
- Tiessen, J. H. (1997). "Individualism, collectivism, and entrepreneurship: A framework for international comparative research." *Journal of Business Venturing*, 12(5): 367-384.
- Wallis, S.E. (2008). Validation of Theory: Exploring and Reframing Popper's Worlds. *Integral Review* 4(2), 71-91.
- Wallis, S. E. (2013). "How to choose between policy proposals: A simple tool based on systems thinking and complexity theory." *Emergence: Complexity and Organization*, 15(3): 94.
- Wallis, S. E. (2014). "A systems approach to understanding theory: Finding the core, identifying opportunities for improvement, and integrating fragmented fields." *Systems Research and Behavioral Science*, 31 (1):23-31.
- Wallis, S. E. (2014b). "Structures of logic in policy and theory: Identifying sub-systemic bricks for investigating, building, and understanding conceptual systems." *Foundations of Science* no. 20 (3):213–231. DOI 10.1007/s10699-014-9360-4
- Wiklund, J. (1999). "The sustainability of the entrepreneurial orientation-performance relationship." *Entrepreneurship theory and practice*, 24(1): 37-48.
- Wiklund, J., and Shepherd, D. (2003). "Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses." *Strategic management journal*, 24(13): 1307-1314.
- Wright B. and Wallis, S. E. (2015), Using Integrative Propositional Analysis For Evaluating Entrepreneurship Theories. *SAGE Open*, July-September: 1-9. DOI: 10.1177/2158244015604190

Diagram 1. Relationship between cultural dimensions and factors connected to EO



