

“Antecedents of entrepreneurship, with a focus on culture in an emerging country context”

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SECTION 1. Macroeconomic processes and regional economies management

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Antecedents of entrepreneurship, with a focus on culture in an emerging country context

Abstract

The purpose of the paper is to highlight antecedents of entrepreneurship by focusing on business regulations, culture, self, and entrepreneurial outcomes. This article provides a broad overview of the potential patterns of interactions between cultural values, personal and contextual factors, and entrepreneurial outcomes. Building on previous conceptualizations and empirical findings the article identifies salient antecedents of venture creation from established literature. A framework is then proposed, based on previous research findings to approach the interaction between the multiple interacting influences on entrepreneurship more systematically. In the proposed model, cultural values affect the perception of an individual resulting in key entrepreneurial outcomes; cultural values are depicted as a prime factor leading to entrepreneurial outcomes, which are largely dependent on the prevailing conditions in the broader environment.

Implications for entrepreneurs, educators, and policy makers are that the complexity of factors involved in enhancing or constraining entrepreneurship should all be given due consideration, without any one set of variables overshadowing the other factors. The value of the paper is that since no unified theme exists regarding the relationship between culture/self/context and entrepreneurship, the synthesis of the variables proposed in this framework offers an introductory roadmap to guide future research.

Keywords: macro-environment, entrepreneurship, culture, motivation.

JEL Classification: L26, L59.

Introduction

Worldwide, small, medium and micro enterprises (SMMEs) are seen by policymakers as the ideal way to increase sustainable development (Naude, 1998). SMMEs are pivotal to the growth and development of the South African economy (Butcher, 1999), and inextricably linked to economic empowerment, job creation, and employment within disadvantaged communities (Davies, 2001).

SMMEs have a valid claim to heightened relevance, and strategies have been developed worldwide to expand and integrate this sector into the mainstream of economic activities (Luiz, 2002). Entrepreneurship is often associated with facilitating national economic growth, creation of new businesses, re-orientation of existing business toward more entrepreneurial goals, and redirection of national institutional infrastructure. There are substantial national consequences for entrepreneurial activity, and as a global phenomenon entrepreneurial activity absorbs a substantial amount of human and financial resources. The existence of a systematic relationship between the per capita GDP of a country, its economic growth and its level of entrepreneurial activity, albeit complex, is intensifying as a result of longitudinal studies such as the Global Entrepreneurship Monitor report (GEM) (Minniti et al., 2005). Small and new organizations generate inno-

ventions, fill market gaps, and increase competition, consequently promoting economic efficiency. Moreover, there is evidence suggesting that improving the regulatory environment may have positive effects on the growth and survival of new ventures (Orford et al., 2004). Not only does the macroeconomic (national economic growth rates) environment together with the more immediate business environment affect the competitiveness and productivity of a country, such as education and training as shown by Worku (2009), but more specifically, enduring national characteristics have been predicted to have an impact on the level of entrepreneurial activity. The formation of entrepreneurial start up ventures is often cited as the most effective way to relocate labor and capital in a transition economy (Luthans et al., 2000), with recent research among European countries in transition emphasizing the point that entrepreneurship exists in every country; this spirit can be fostered with an appropriate framework. Hence, Ramsoomair and Noriega (2009) call for Eastern European countries to reorient their values and behaviors. If entrepreneurship is not valued in the culture of a particular country, then not only will it be associated with criminality and corruption but also other forms of economic encouragement will prove ineffective.

Theories of entrepreneurship that have focused on one sided determinism, where either environmental or personality variables have been specified as unique predictors of entrepreneurship, have failed to

capture the complexity of human action that encompasses the interaction of environmental, cognitive, and behavioral variables (Bandura, 1986).

The purpose and structure of this article is to first clarify the antecedents of venture creation and to conduct literature reviews on the important foundations for those encouraging more entrepreneurship within a cultural context. Secondly, and more specifically, an overview of business regulations which may enhance or constrain new business activity is interrogated. Based on these contemporary models of cultural effects on entrepreneurship, principal findings are identified which bestow new awareness to this stream of entrepreneurship research. Lastly, a framework is proposed to approach the interaction between business context, culture and entrepreneurship more systematically. Such a framework will ultimately fulfill the purpose of this article by integrating various predictors of entrepreneurship into one cohesive framework.

1. Macro-environment: business regulatory conditions

The series of reports 'Global Competitiveness' (World Economic Forum, 2009), indicates that South Africa (SA) ranks 45 out of 133 in terms of an overall index. The report also investigates the regulations affecting business activity, with an indicator set used to analyze economic outcomes and identify which reforms have worked, where, and why. The most problematic factors for doing business in SA are cited as crime and theft and an inadequately educated workforce. Despite these obstacles and SA's apparent favorably regulatory environment compared with other African countries, notwithstanding that indicators are limited in scope, SA's high ranking does not translate into high entrepreneurial activity as it is clear from the series of South African GEM reports (Foxcroft et al., 2002; Orford et al., 2003); SA has lower than expected Total Entrepreneurship Activity (TEA) rates given its per capita income (Orford et al., 2004).

In South Africa, as in many parts of the world, the schism between the poor and rich is widening and entrenched inequalities (such as the sharp division between necessity and opportunity driven entrepreneurs) act as a major determinant to growth, development, and employment creation (Lopez-Claros, Altinger, Blanke, Drezniek & Mia, 2006). Additionally, South Africa has a dual-logic economy, where, on the one side, there is a highly developed economic sector and on the other side, one struggling for survival (Maas & Herrington, 2007). These schisms in many ways parallel the NME and OME divide, and are often construed as the motivational *push-pull* dichotomy, where in developing countries one would expect greater push factors to be prevalent among entrepreneurs.

The GEM 2007 report on high-growth entrepreneurship finds that of all regions, entrepreneurial activity in Africa is heavily skewed toward low-expectation activity (Autio, 2007). Similarly, South Africa's Total Entrepreneurial Activity (TEA) rate is dominated by necessity entrepreneurs (i.e., entrepreneurs who say they are involved in an entrepreneurial effort because they have no other choice) (Foxcroft et al., 2002), where expected returns are low and intermittent, with low expectations of growth and job creation, and where motivation is personal survival (Morris & Pitt, 1995). This is in contrast to opportunity entrepreneurs, who say they are pursuing a business opportunity, and are represented by only a small proportion of all entrepreneurial activity in South Africa, but are responsible for up to 80 percent of all job creation by entrepreneurs (Autio, 2005; Orford et al., 2003; Ramachandran & Shah, 1999).

In context of discussing institutional obstacles to South African entrepreneurship, Ahwireng-Obeng and Piaray (1999, p. 78), argue that SA is currently drawn in a tide of schizophrenic development (i.e. dual economic system), but that at the level of institutional efficiency it is just another failing developing country. The political transition has generated policy risks and controversial labor, patent, and competitive legislation together with new taxes and levies have been passed; the evidence indicates that it is the convergence of institutional risks from crime and security, corruption, and dysfunctional government that poses challenges to entrepreneurs. The experiences of the former Soviet countries demonstrate that during the initial stages of transition to a market economy, entrepreneurship, as a source of economic growth, is not only unsupported but it is largely neglected and even suppressed. The 'criminalization' of the economy becomes apparent, in that small business in Russia must depend on private – and often informal or criminal – sources of credit (Luthans et al., 2000, p. 99). A conspicuous parallel to the South African money lending dilemma – with the proliferation of micro lenders in recent years – is evident. Entrepreneurship may in some instances inhibit rather than enhance economic progress, e.g. illegal enterprising and rent seeking activities (Baumol, 1990, p. 893). Correspondingly, Yu (2000, p. 179) typifies Third World countries as having failed to promote adaptive entrepreneurship; instead these states engage largely in rent seeking activities and exhibit the characteristics of 'vampire states', such as Kenya in the late 1980's whose rulers were described as predatory, i.e. their efforts to maximize the resource flow under their control erode the ability of the resource base to deliver future flows.

2. National culture and entrepreneurship

A variety of studies lend support to the argument that cultural values influence entrepreneurial behavior. Much of the study of ethnic entrepreneurs is based on issues of culture, with a growing body of literature supporting the argument that national culture influences a variety of economic/management behavior (Hofstede, 1980, 2001) and entrepreneurship (McGrath et al., 1992). The aggregate level of entrepreneurial activity is uncertain and heavily influenced by cultural traits, i.e. there is a significant difference among entrepreneurial rates of different groups, which may occur in spite of relatively modest differences among their economic and institutional characteristics. It is acknowledged that substantial variation exists in entrepreneurial activity between countries, with cultural and social norms emphasized as the major strength and weakness of entrepreneurial support structures (Reynolds et al., 2002).

Investigating entrepreneurship in the USA over time, Gartner and Shane (1995, p. 285) suggest entrepreneurship is significantly higher per capita than any other time in the last hundred years; and indeed, the USA may be undergoing some fundamental changes in how the economy is organized. It seems the individual is getting in and out of business in greater frequencies as a normal part of their work histories. Some individuals with different cultural roots tend to be more prolific in initiating ventures (Boyd, 1990, p. 54).

Based on previous research pertaining to culture, the configuration of cultural values for increased entrepreneurship is based on Hofstede's (1980) dimensions. Hofstede (2001) did not specify the relationship between entrepreneurship and culture; however, his dimensions are useful in identifying criteria of culture related to entrepreneurship. The four are labeled as power distance* (PDI), uncertainty avoidance* (UAI), individualism/collectivism* (I-C), masculinity/femininity* (MAS) and the fifth dimension, using a Chinese value survey, is long-term/short-term orientation* (LTO) in work ethic (Hofstede & Bond, 1988). *Ceteris paribus*, the greater the cultural distance from the ideal type is, the lower the level of entrepreneurship appears to be (Hayton et al., 2002: 39). Hofstede's (1980, 2001) dimensions are widely used for the following reasons: the measures are based on data from 53 developed and developing countries and subsequent studies indicate significant correlations with these dimensions when replicated (Hoppe, 1990; Sondergaard, 1994). Furthermore, country scores are validated when compared with data from other surveys and indexes measured at country level (e.g., GNP).

More recent analyses of cultural dimensions as conducted by Trompenaars (1993), i.e., achievement vs. ascription, universalism vs. particularism, individual-

ism vs. collectivism, neutral vs. affective, and specific vs. diffuse, suggest that in the different manifestations of culture that national culture occupies the highest level. Correspondingly, some researchers (Rijamampianina & Maxwell, 2002, p. 18) have proposed that cultural differences may be analyzed using a framework that takes into account the extent to which dimensions are core or periphery, visible or invisible. While other researchers (Apfelthaler & Domicone, 2008, p. 45) have criticized the dimension approaches and have suggested a more integrative approach using a grid-group-model.

Cultural values also affect the perception of an individual through cognitive schema, interpretation, and sense making; therefore, the dimensions of culture play an important role in shaping an individual schema and sense making which subsequently act as powerful filters that shape interpretation and perception which in turn leads to differences in behaviors and outcomes (Chrisman et al., 2002). Growth intentions of entrepreneurs in China were tested via a cognitions model, found not only entrepreneurial commitment, need for achievement, and social environment are important, but that a cognitive understanding of the environment also has a direct impact on growth intentions (Lau & Busenitz, 2001, p. 30).

Linking values to cognitions means that nearly all other mental programs (such as attitudes and beliefs) carry a value component. Moreover, values tap what is important, beliefs what is true. A finding by Davidsson and Wiklund (1997), that values are more important than beliefs, is somewhat surprising, since it is generally concluded in research that more proximal variables i.e., domain – specific beliefs, should have higher explanatory power with regard to specific behaviors than have distal variables such as values. When measuring these values it is worth noticing that so many value instruments exist, that a complete review is beyond the aim of this article. Some widely quoted authors on this matter are: Rokeach (1973) and Schwartz (1992), however, most of these value models have not been linked to business outcomes.

See Table 1 for a consolidation of studies of national culture and characteristics of entrepreneurs.

* Power distance, which is related to the different solutions to the basic problem of human inequality. * Uncertainty avoidance, which is related to the level of stress in a society in the face of an unknown future. * Individualism vs. collectivism, which is related to the integration of individuals into primary groups. * Masculinity vs. femininity, which is related to the division of emotional roles between men and women. * Long-term vs. short-term orientation, which is related to the choice of focus for people's efforts: the future or the present (Hofstede, 2001: 29).

Table 1. Studies of national culture and characteristics of entrepreneurs

Authors	Research question	Measures of national culture	Sample	Data source(s)	Major findings
Scheinberg & Mac-Millan (1988)	Are the motives of entrepreneurs to start a business similar or different across cultures?	Nationality	1,402 entrepreneurs: 1 country	Survey (culture measured in survey)	Indicators of motive represent six dimensions: need for approval, perceived instrumentality of wealth, communitarianism, need for personal development, need for independence, and need for escape. The importance of these motives varies systematically across cultures.
Shane, Kolvereid & Westhead (1991)	Are there significant differences across culture and/or gender in reasons given for business start-up?	Nationality	597 entrepreneurs: 3 countries	Survey (culture inferred from nationality)	Reasons for starting a business reflect four underlying dimensions: recognition of achievement, independence from others, learning and development and roles. The emphasis on each of these reasons varies systematically across countries.
McGrath & MacMillan (1992)	Across cultures, do entrepreneurs share common perceptions about non-entrepreneurs?	Three cultural regions: Anglo, Chinese, Nordic	770 entrepreneurs: 14 countries	Survey (culture measured in survey)	Across diverse cultures there is a common set of perceptions held by entrepreneurs about non-entrepreneurs.
McGrath et al. (1992)	Is there a set of values that are held by entrepreneurs versus non-entrepreneurs across cultures?	Power-distance, individualism, uncertainty, avoidance, masculinity-femininity	1,217 entrepreneurs, 1206 non-entrepreneurs: 9 countries	Survey (culture measured in survey)	Across cultures, entrepreneurs score high in power-distance, individualism, and masculinity and low in uncertainty avoidance.
Baum et al. (1993)	Does national culture moderate the association between individual needs and chosen work role (entrepreneur versus manager)?	Nationality	370 Israeli and U.S. entrepreneurs and managers	Survey (culture inferred from nationality)	Israeli entrepreneurs report higher need for achievement and affiliation and lower need for dominance than do Israeli managers. U.S. entrepreneurs do not differ significantly from U.S. managers.
Mitchell, Smith, Seawright & Morse (2000)	Does the presence of cognitive scripts associated with venture creation decisions vary significantly across cultures?	Individualism, power-distance	753 entrepreneurs and non-entrepreneurs: 7 countries	Survey (culture inferred from nationality)	Individual and power-distance are associated with entrepreneurial cognitive scripts and the venture creation decisions.
Mueller & Thomas (2000)	Do entrepreneurial traits vary systematically across cultures?	Individualism, uncertainty avoidance	1,790 students: 9 countries	Survey (culture inferred from nationality)	Cultures high in individualism are correlated with an internal locus of control. Cultures high in individualism and low in uncertainty avoidance rate highest on a measure of entrepreneurial orientation (innovativeness plus internal locus of control).
Thomas & Mueller (2000)	How prevalent are four key entrepreneurial traits (innovativeness, locus of control, risk taking, energy) across cultures?	Power-distance, uncertainty avoidance, individualism, masculinity	1,790 students: 9 countries	Survey (culture inferred from nationality)	Entrepreneurial traits (internal locus of control, risk taking, high energy levels) decrease as cultural distance from the U.S. increases.
Urban (2006)	What are the configurations of cultural values with increased intentions	Power-distance, individualism, uncertainty avoidance, masculinity-femininity, long-short-term orientation	150 potential entrepreneurs	VSM94 survey (culture inferred from nationality and ethnic groups)	Cultural value scores indicate high IDV, and relatively medium to low scores on UAI, LTO, MAS and PDI. No significant correlations between values and intentions were found.

Source: Adapted from Hayton, George and Zahra (2002: 38-39).

3. Economic activity and entrepreneurs

New ventures offer the promise of empowering marginalized segments of the population. In researching the relationship between culture and new organization formation, Davidsson and Wiklund (1997, p. 184) offer two views: Firstly, the supportive environment perspective or societal legitimization perspective, i.e. prevailing values and beliefs among others may make a person more or less inclined towards new venture formation. Secondly, a relationship may occur because some regions have a larger pool of potential entrepreneurs. This view is in accordance with McClelland's (1961), Bygrave and Minniti's (2000) and Thornton's (1999) work, which emphasize the embeddedness of entrepreneurship in social and structural relationships. As a matter of fact, it has been suggested that entrepreneurship is a self-reinforcing process (Bygrave & Minniti, 2000, p. 30). Entrepreneurship leads to more entrepreneurship and the degree of entrepreneurial activities is an outcome of a dynamic process in which social habits (entrepreneurial memory) are as important as legal and economic factors. Thus, entrepreneurs act as catalysts of economic activity, and the entrepreneurial history of a community is important. This is relevant since the human capacity to learn by observation (Bandura, 1997) enables entrepreneurs to learn from other model entrepreneurs without having to acquire model behaviors by risky trial and error. Bygrave and Minniti (2000, p. 34) propose that agent's choice is influenced by 'others' chosen paths, and claim that entrepreneurship is hence an interdependent act. Together with threshold models of collective behavior, indications are that an individual's decision does not depend on his preferences alone but is influenced by what others choose.

Similarly, the view that entrepreneurs act as catalysts resonates with Cooper's and Denner's (1998) perspective – culture as capital; a theory of social capital, which refers to the relationships and networks from which individuals are able to derive institutional support. Social capital is cumulative, leads to benefits in the social world, and can be converted into other forms of capital. Moreover, Lee and Peterson (2000) propose entrepreneurial orientation (EO), as operationalized by Lumpkin and Dess (1996), serves as a mediator in the relationship between culture and entrepreneurship. They subsequently present a cultural model of entrepreneurship, which suggests that entrepreneurship is more compatible with certain cultures, and a strong EO will ultimately lead to increased entrepreneurship. In an effort to understand the role of an EO and start up culture to enhance economic development in SA, Pretorius and Van Vuuren (2002) conclude that

culture in SA is not supportive to the development of an EO. Although empirical evidence is required to substantiate this generalization, their categorization of African culture, based on the main cultural dimensions, coincides with other African evaluations, e.g., Kinunda-Rutashobya (1999), and Themba et al. (1999).

Although contemporary research (e.g., Thornton, 1999) has boosted the demand side perspective of entrepreneurship by focusing on the influences exerted by firms and markets, over the last thirty years Weber's (1948) theory of the origin of entrepreneurship as a cultural consequence of individualism has been the meta-theory underlying the dominant supply side perspective in entrepreneurship research.

Studies have tested Weber's thesis relating a protestant work ethic (PWE) to economic success. Paradoxically, individuals in developing countries (mostly non-protestant) tend to average higher PWE measures than individuals in developed countries. Similarly, other studies have found many behavioral models include assumptions about capitalism and protestant work ethic that are not applicable in many countries (Jaeger & Kanungo, 1990). This suggests that the uncritical adoption of western concepts is often not helpful in a culturally different context. Developmental strategies that utilize socio-cultural features of indigenous society may be more desirable. Furthermore, characteristics of developing countries represent overall trends and may not hold for every country on every dimension.

The linkages between cultural dimensions and national wealth, and economic growth of certain cultures, were demonstrated by Hofstede (1980). Similarly, the findings of Johnson and Lenartowicz's (1998) study support a positive relationship between economic freedom and economic growth, with a strong relationship between uncertainty avoidance and economic freedom. However, alternative perspectives exist which maintain that economic freedom is a result, not a cause of economic growth. The mere presence of cultural values is insufficient to explain economic growth; a nation's economic progress also depends on economic freedom, which seems to be the missing link between culture and economic growth. Conversely, economic freedom may also have a negative effect on a country's level of economic development by increasing income inequality between rich and poor and widening the gap between quality of life in urban and rural areas: both of which seem to have transpired in contemporary SA. Although Hofstede (2001) did demonstrate the link between the individualism/collectivism (I-C) dimension and national wealth of a country, the reverse causality – national wealth causing individualism is more plausible and is statistically sup-

ported in the International Business Machines (IBM) case. That is, when a country's wealth increases its citizens tend to have access to resources, which allows them to do their own thing. However, the negative relationship between individualism and economic growth for the very wealthy countries suggests that this development leads to its own undoing, where wealth has progressed to a level at which most citizens can afford to do their own thing, which leads to friction losses and the national economy grows less. Summing up, wealth provides individualist choices.

Moreover, at the country level too much I-C tends to slow economic growth; this notion is reinforced when findings relating entrepreneurship to I-C were investigated by Morris et al. (1994) who found that a balanced level of I-C led to greater entrepreneurship in their multi country sample, including SA. Hence, entrepreneurial activity peaks at moderate levels of individualism, with extreme individualism promoting gamesmanship, zero sum competition, and absence of team identification, all lowering levels of entrepreneurship.

The debates in this section clearly indicate that in addition to individual and cultural differences, forces operating within other larger contexts also determine entrepreneurial activity. Simultaneously, it can be argued that greater attention is needed to document the impact of entrepreneurial processes on the development of human and intellectual capital, since it is apparent that it is not a coincidence that countries that promote entrepreneurial activities are also the most proactive in developing and nurturing their human capital.

4. Cultural values and entrepreneurial motivation

Based on cultural theoretical underpinnings, entrepreneurial motivation is likely to be a function of not only culture and personality but also the interaction between personality and the cultural values.

Certain universal principles of motivation seem to cut across cultural borders, the content domain of human needs and motives are universal. Need for enhancement, efficacy, and consistency are universal human characteristics, yet the salience of the various needs as well as the means for satisfying them, vary across cultures. Cultural values direct individuals' selective attention to stimuli in the work environment and they serve as criteria for evaluating and interpreting motivational tendencies. In some cultures people are highly motivated to be unique, whereas in others people prefer to be like everyone else. For instance, motivation in individualist cultures increases following success, whereas in collectivist cultures it increases following failure, since the individual focuses on how to change the self and improve fit between self and environment (Triandis & Su, 2002, p. 153).

Scholarly literature on entrepreneurial behavior, attitudes and intentions is substantial. At the forefront of research are the big five personality dimensions, i.e. risk taking, need for achievement, need for autonomy, locus of control, and self-efficacy (Vecchio, 2003, p. 303). Similarly, cognitive scripts explain a significant amount of variance in venture creation decisions (Mitchell et al., 2000, p. 989); at least some cultural values are related to certain of these scripts, and in some cases, cultural values also moderate the cognition-venture creation decision relationship. Because perceptions and cognitions depend on information that is sampled from the environment and are fundamentally psychological processes, culture influenced sampled information is important as cultures develop conventions for sampling information (Triandis & Su, 2002, p. 149).

Through the development of a cognitive model, Busenitz and Lau (1996, p. 25) integrate cognition with social context, cultural values, and personal variables. Their study suggests that some perceptions and beliefs among entrepreneurs transcend cultures. Similarly, Lee and Green's (1990) findings suggest cross-cultural validity of a behavioral intentions model (i.e. the Fishbein model); however, in the study the founding rates also tend to differ by ethnic groups, and so it is contended that other beliefs and values may be more culture or ethnic group specific.

Following established literature, there are a plethora of findings on motivations for start-ups, which include: the need for personal development, seeking approval, following others example, financial success, self-realization, the need for independence, drive, and egoistic passion (Shane et al., 1991; Drnovsek & Glas, 2002; Douglas & Shepherd 2002; Shane et al., 2003).

Hessels et al. (2008) provide a succinct overview of the many individual-level studies on entrepreneurial motivations, which they categorize as four types:

- ◆ studies of reasons or motives to start a business often broadly classified as necessity versus opportunity motives, akin to push and pull factors driving entrepreneurial activity (see next section);
- ◆ cost-benefit type of studies that try to explain entrepreneurship decision (intent) to start a venture;
- ◆ studies of entrepreneurial motivation investigating psychology motives, e.g., need for achievement (discussed in detail later in chapter);
- ◆ multinomial logit-type studies explaining the odds of being in a certain stage of the entrepreneurial process or the odds of actually running a business vis-à-vis the nascent stage.

See Figure 1 for a conceptual model of the linking variables for an entrepreneurial mindset.

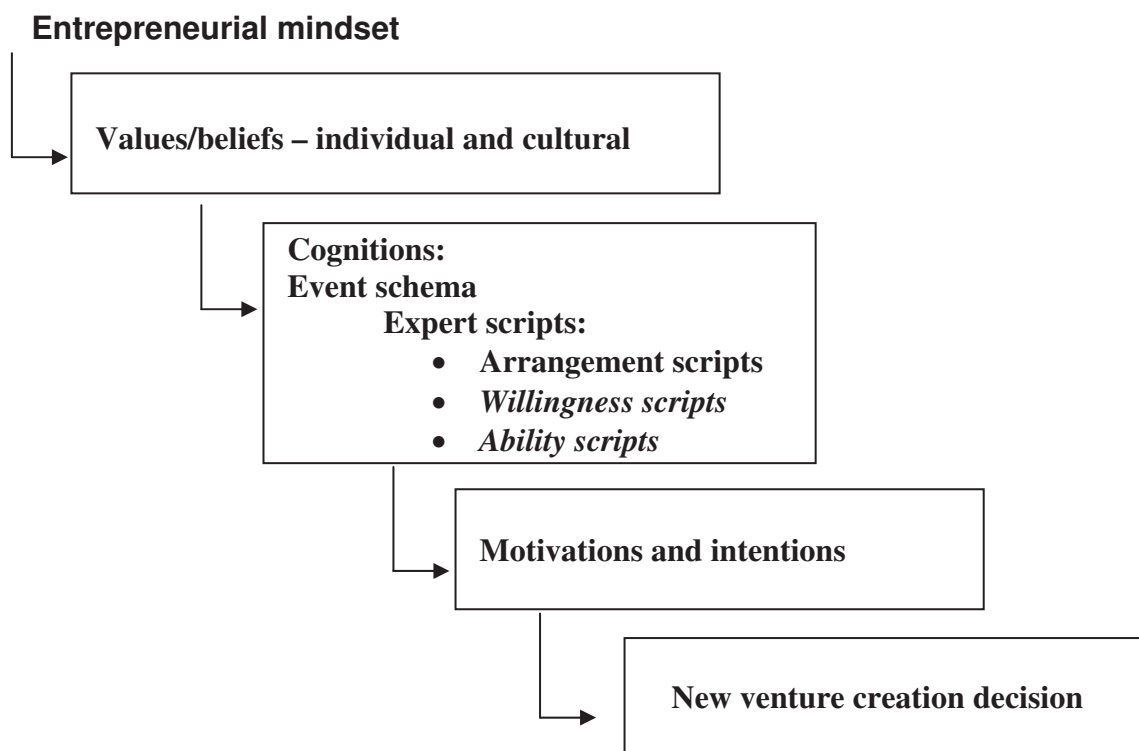


Fig. 1. Conceptual model of relationships within entrepreneurial mindset

Personal motives affect both start-up decisions and the start-up processes. Models and theories that describe how motivations influence the entrepreneurial process are copious. For instance, a model used by Shane et al. (2003) explains how the relative magnitude of how much a particular motivator matters, might vary depending on which part of the entrepreneurial process is being investigated.

Similarly, by extending existing motivational models to integrate the start up decision with issues of strategy formulation and implementation, sustained entrepreneurial behavior is described by Naffziger et al. (1994, p. 33).

Gatewood, Shaver et al. (2002) investigate the role that expectancy of entrepreneurial performance has on perceived ability in motivating persons to persevere on an entrepreneurial task. Their findings suggest that feedback which an individual receives regarding his/her entrepreneurial ability changes expectancies regarding future business start-ups, but does not alter task effort or quality of performance.

Such studies are useful in understanding how motives may influence entrepreneurial behavior. However, to make sense of all the different factors associated with entrepreneurial motivation a systematic approach is followed where the rest of the chapter is dedicated towards unpacking the complexity evident in this field.

The cultural self-representation model (see Figure 2) developed by Erez and Early (1993), posits that culture manifests itself in an individual's self-identity through basic motives for action. This model proposes that the self in terms of their contribution to

self-enhancement, efficacy perceptions, and self-consistency evaluates the potential effectiveness of various management techniques. Cultural norms and standards determine the criteria for evaluation.

Applied to the South African context, this model could be interpreted as entrepreneurial practices which are likely to be a function of not only culture and self but also the interaction between self and cultural values. In SA's multicultural context this becomes increasingly complex where varied cultural influences manifest themselves in a particular setting. This dilemma is further explored in the next sections.

5. Entrepreneurial outcomes: economic growth and innovation

Building on the links between cultural and entrepreneurship research, Tiessen (1997, p. 367) advocates two main streams of research of the effects of Individualism Collectivism (I-C) on entrepreneurship:

- ◆ the micro level stream identifies those who generate variety – founders who tend to be individualistic;
- ◆ the macro stream associates both I-C with national level of economic growth and innovation.

Based on the first stream of research and in light of contradictory empirical evidence (i.e. the economic success of several collectivist Asian countries), Tiessen (1997) acknowledges that individualism and collectivism are not negatively related: which allows one to recognize that both orientations can contribute to entrepreneurship. Likewise, Fujimoto & Gartell (2009) suggest that collectivist attitude to management may be more effective than a management

model based on privatized economic gain. Research portraying average levels of these orientations can obscure the presence of both behavior types. For instance, Confucian values motivate entrepreneurs in the Asian Tigers to establish and develop businesses in order to provide for their extended families. Similarly, US individualism does not prevent corporations from utilizing teams or from forming strategic alliances.

Even though international research conducted at the individual and firm levels lends support that entrepreneurs tend to be individualistic, studies at the national level suggest that both individualism and collectivism are positively associated with entrepreneurial outcomes. It is suggested these findings differ because micro level research focuses on variety generation (however, this focus does not identify proclivities for another entrepreneurial function – leveraging resources, which is very different from variety generation and requires creativity), while macro studies also capture the outcomes of resource leverage (Tiessen, 1997, p. 371).

Although Africa is largely characterized as a collectivist nation, there is a school of thought which believes that capitalism was practiced in Africa long before colonization; the amount of cattle possessed was the barometer for measuring an individual's wealth. Whereas a second school of thought argues that socialism has been part of Africa because it is a collectivist society. Factors that have been identified as limiting entrepreneurial activities in sub-Saharan Africa are power distance and collectivism (Takyi-Asiedu, 1993, p. 93).

A concept like Ubuntu (with an element of high community involvement) is in conflict with individualism yet differs from collectivism, where the rights of an individual are subjugated to a common good.

The African version of collective interdependence does not extend as far as the Japanese model – where the individual largely ceases to exist, instead individuality is reinforced through community (McFarlin et al., 1999). Corder (2001) proposes that individualism and collectivism are poles of a continuum within which African Humanism falls.

Moreover, there has been an emerging emphasis in describing individualism and collectivism in terms of a specific reference group and context rather than society at large. A misconception from this is that collectivism is synonymous with communitarianism and that all collectivists are harmonious and homogeneous (Earley & Gibson, 1998).

Results from Thomas and Bendixen's (2000) study indicate considerable similarity in values, as measured by Hofstede's (2001) Value Survey Module

(VSM94) instrument, across various ethnic groups in SA; they conclude that an effective management culture is independent of ethnic group.

A surprising result from their study, when compared to the original Hermes studies (Hofstede, 1980), is the high I-C score, which contradicts many African collectivism theorists. Eaton and Louw (2000) in their study of cross cultural differences in self concepts, found that African students used higher proportion of specific and social responses when describing themselves than did English speaking students; this confirms the collectivism assumption, and in general, this type of research illustrates the usefulness and applicability of such theories in the African context. Nonetheless, in many cross-cultural studies groups are heterogeneous in terms of ethnic, religious, and cultural heritage, and a validated measure of cultural orientation for use with many different cultures in South Africa is required. Moreover, cultural differences may be overrated, and Markoczy (2000, p. 439) postulates that while culture might influence general values it does not pervade all aspects of individual beliefs. Shane et al. (1991) demonstrate that there are no universal reasons leading to new business formation across gender and national boundaries. In their three-country survey, out of thirteen factors only one – freedom to adapt ones own approach to work – can apply across countries and genders.

In two studies using Jackson's Personality Research Form (JPRF), one in Philippines and other in Zimbabwe, it was noted that ratings on associated trait descriptions, for both these countries correlated substantially less with JPRF scores than they typically do with North American data (Church, 2000, p. 651). The possible reasons for this being that respondents in collectivist cultures may find it odd to rate people on global traits without a specification of situational context.

As previously declared, it is important to remember that traits do not predict behavior both in collectivist and in individualist cultures. A probabilistic conception is that people in individualist culture sample mostly internal attributes of self, whereas collectivist cultures sample mostly the collective aspects of self. Correspondingly, Nsamenang (1999) has asserted that knowledge of self may not be considered apart from knowledge of others, since both develop simultaneously through interaction with the social and non-social world. Triandis (2001, p. 908) argues that studies are needed that will untangle the constructs from modernity, affluence, urban status, migration, and exposure to Hollywood.

To confirm the findings so far, cultural values may be a source of competitive advantage for some societies only. This line of thinking is exemplified in a

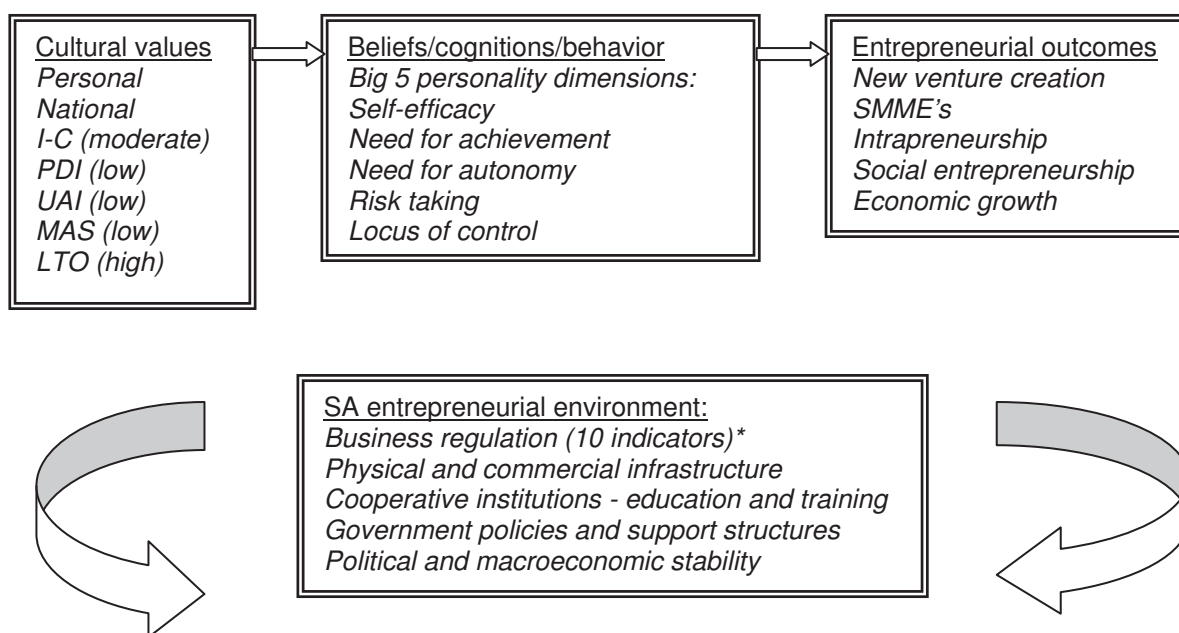
recent study demonstrating the moderating effect of culture on the relationship between entrepreneurial orientation and strategic alliance portfolio extensiveness (Marino et al., 2002), where a firm's ability to leverage its entrepreneurial orientation by an extensive strategic alliance portfolio is discouraged primarily by the individualistic aspect of an organization's national culture.

Moreover, the effect of cultural values can also be seen in a broader sense; if a society does not provide sufficient jobs for certain ethnic groups, for example new immigrants, those ethnic groups that are higher in individualistic values will be more prone to found their own venture. It has also been suggested that local entrepreneurs are socialized in the ways of indigenous populace and thus may display the broad based values of the society in which they live (Steensma Marino, & Weaver, 2000, p. 592).

In conclusion it seems much of the work on understanding self-concepts, as they may differ across cultures, makes assumptions without adequate theoretical justification. Early and Gibson (1998) suggest that it is not surprising that the two constructs – individualism

vs. collectivism and independent vs. interdependent self-construal – are found to be related. Another problem is that the individual and cultural levels of constructs are not mapped onto one another consistently suggesting conceptual muddiness. Nonetheless, the reviewed concepts and models allow for clarity and additional insight into how entrepreneurial outcomes are brought about, and these important variables are now consolidated in a framework.

Consolidating these findings, a preliminary framework is proposed which incorporates the diverse results associating context-culture-self-entrepreneurship (see Figure 2). Although the components indicate via the arrows a causal effect of cultural dimensions and self on entrepreneurial outcomes, ontological constraints are acknowledged, i.e. the objects of study prevent the ability to 'predict' the complexity of human behavior in an open environment. In the framework below selected components, based on established research, are consolidated as being the prime factors leading to entrepreneurial outcomes, which are largely dependent on the prevailing conditions in the broader environment.



Notes: * Worldbank and IFC (2006) report. Based on latest 'Doing business in 2006': Indicator set – starting a business, dealing with licenses, hiring and firing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, closing a business.

Fig. 2. Proposed framework of components to explain the role of culture as antecedent in entrepreneurship

Entrepreneurship is an important element in economic growth, in particular for countries in different stages of economic development with varied cultural contexts, such as South Africa. This is relevant insofar that entrepreneurship may in fact be a precondition for country success and survival in a global context.

As part of government's initiatives to foster entrepreneurship, policies should encourage an entrepreneurial culture and mindset, often the cornerstones of entrepreneurship to prevail within a supportive environment. Moreover, specific programs should focus on the interplay between individual entrepreneurs and environmental mechanisms, as is often recommended for developing economies where institutional conditions need to be strengthened first, before entrepreneurship flourishes.

By depicting an integrated framework of entrepreneurship, this has allowed for a broad overview of the potential pattern of relationships between culture, beliefs/cognitions/behaviors and contextual factors to emerge. The implications of this framework suggest that culture and beliefs act as catalysts rather than causal agents of entrepreneurial outcomes. Essentially this means that these antecedents need to be fostered to encourage increased entrepreneurship within a favorable environmental setting.

The theoretical implications of this framework are that it assists researchers to examine the relationship between values, cognitions and entrepreneurial outcomes holistically. For some time, entrepreneurship scholars have been searching for constructs of individual characteristics that are unique to entrepreneurs; this overarching framework suggests lack of progress in this direction of research.

Practically, the implications point to several areas of interest to entrepreneurs and policy makers; through demonstrating the complementary nature of selected constructs and their combined explanatory potential in understanding entrepreneurship, focus areas can be identified and fostered to increase entrepreneurship outcomes.

Implications for policymakers, encouraging entrepreneurship in SA, are that the complexity of factors involved in enhancing or constraining entrepreneurship should be given due consideration, without any one set of variables overshadowing the other factors. Entrepreneurs, educators, and consultants all benefit from better understanding of how various factors

merge into the intent to start a business. Training entrepreneurs to be aware of the multiple influencing factors will raise their level of sophistication and ability to correctly gauge opportunities.

Conclusion

This paper set out to provide a broad overview of the potential pattern of relationships between cultural values, personal and contextual factors, and entrepreneurial outcomes. Building on previous conceptualizations and empirical findings the article identified salient antecedents and consequences of venture creation. Cultural values were linked to the self-concept, cognitions, and personality. The study concedes that based on the reviewed studies it appears no unified theme exists regarding the relationship between culture and entrepreneurship.

Principal findings indicate that despite SA's apparent favorable regulatory environment, low entrepreneurial activity persists, and understanding the interplay between culture, self, context and entrepreneurship remains imperative for policymakers and practitioners.

On the whole, the diverse findings as presented in this paper, regarding the effects of culture, at different levels, on entrepreneurship are perhaps best encompassed through the synthesis of theoretical and empirical studies that examine the association between cultural values, cognitions/beliefs/traits, contextual factors, and entrepreneurial outcomes as depicted in the proposed framework.

The limitations of this paper include the use of the dichotomous approach of entrepreneurs, as entirely separate categories. Recently, however, researchers have questioned the separateness of opportunity and necessity drivers and argued that they co-exist in entrepreneurial motives. The co-presence of necessity and opportunity drivers among informal entrepreneurs notes that motives shift over time, and that there is a transition from necessity to opportunity orientated motives as businesses mature; indeed, necessity driven informal entrepreneurship may well provide a seedbed or platform from which opportunity-driven entrepreneurs emerge (Williams, 2008). The synthesis of the variables proposed in this framework offers an introductory roadmap to guide future research. Greater attention is required in future research to focus on theory building which encompasses the interaction of contextual, cognitive, and behavioral variables of entrepreneurship.

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