

THE IMPACT OF NATIONAL CULTURE ON THE EMERGENCE OF ENTREPRENEURSHIP

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Abstract

This paper views entrepreneurship as an emergent social phenomenon dependent upon a large number of inter-related economic and cultural variables. The possible effect on entrepreneurial development of four cultural values described by Hofstede (1991) are analyzed. Consequences for transferring Western concepts of entrepreneurial practices to LDCs that may not share the same value system are discussed.

Introduction

Entrepreneurship has long been identified as an engine of economic growth in capitalist societies. As envisioned by Schumpeter (1934), entrepreneurial ventures have proven to be instruments of economic transformation in the industrialized countries of Western Europe and North America by creating new businesses and introducing and commercializing innovation. Recently, as Zahra and Schulte (1994) point out, the creation of entrepreneurial ventures has been widely promoted as a means of stimulating economic growth in less-developed countries (LDCs). If the results of entrepreneurial efforts that occurred in the industrialized West can be repeated in LDCs, entrepreneurial development may prove to be an effective source of growth, increasing wealth and employment in developing countries. If this is to happen, then the concept and practices of entrepreneurship must be transferred to and accepted by potential entrepreneurs in LDCs. To assume that Western practices can be easily duplicated in the social contexts of emerging nations may not be justified and the institution of entrepreneurial systems in many LDCs may prove to be more complex and enigmatic than expected.

In order to transfer knowledge about entrepreneurial practices, it is first necessary to understand the process of entrepreneurship. Although there is little consensus regarding a generally accepted model of entrepreneurship (Wortman, 1987; Low and MacMillan, 1988; Bygrave and Hofer, 1991), Bygrave and Hofer describe several characteristics of the entrepreneurial process that are useful for analysis. The first is that entrepreneurship is "initiated by an act of human volition". This points out the fundamental importance of the individual entrepreneur who, according to Bygrave and Hofer, is "the essence of entrepreneurship" because of his/her seminal role in creating and growing new ventures. The entrepreneur, however, cannot ensure the success of entrepreneurial ventures acting alone. The process of entrepreneurship is also "dynamic" and "holistic". It is dynamic in the sense that new ventures evolve over time and holistic because the course of their evolution is influenced by a system of variables that interact to influence outcomes. Moreover, according to Bygrave and Hofer, the

evolution of entrepreneurial ventures is "sensitive to the initial conditions of antecedent variables". This is to say that the state of system variables at the inception of entrepreneurial ventures determines the context in which ventures emerge and influences the course of their development.

Bygrave and Hofer's description of entrepreneurship is valuable for two reasons: (1) it emphasizes that entrepreneurship is a process that changes and evolves over time, and, (2) it points out that the process is influenced by a complex system of variables that affect the evolution of the venture. These perspectives provide a lens through which we can analyze the development of entrepreneurial ventures in various contexts and trace the potential impact of a wide range of variables on the evolution of the venture. Although individual entrepreneurial behavior may be the "essence" of entrepreneurship, a systems perspective allows us to examine the complex, interactive forces that influence the behavior of entrepreneurs and the success or failure of new ventures.

Conceptualizing entrepreneurship in such a manner calls into analysis a large number of factors including economic, political, legal and social variables (see Baumol, 1990; Bruno and Tyebjee, 1982; McClelland, 1961; Russell, 1996). It is clearly beyond the scope of this paper to discuss all variables that impact on entrepreneurship. Instead, the focus will be on the effect of social and cultural systems on entrepreneurial practices. In the perspective taken here, the actions of individual entrepreneurs may remain a key force affecting the development of new ventures but their actions take place within a social and cultural system that can either support or retard entrepreneurial efforts. Social values, beliefs and norms are part of the "initial conditions" from which new ventures emerge. The development of entrepreneurial initiatives will be sensitive to local social and cultural precedents that will affect how entrepreneurial practices are perceived and the direction that entrepreneurship takes within the society.

Baumol (1990) makes the observation that "entrepreneurs are always with us" but their economic and social roles vary depending upon the values that a culture places on entrepreneurial activities and the social and material rewards that are provided to entrepreneurs. From this perspective, the conventional Schumpeterian concept of the entrepreneur as the agent of benevolent economic change may be valid only within social contexts that place positive value on entrepreneurial behavior. Entrepreneurship is a social as well as economic phenomenon that takes place within a complex matrix of social rules and norms which influence its evolution. In the absence of social rules and rewards that give value to entrepreneurial efforts, the attentions of potential entrepreneurs may become focused on less socially productive activities.

In the industrialized West, entrepreneurship has generally flourished within a value system supportive of individual effort and risk-taking. Capitalist societies provide rich rewards in the marketplace to successful entrepreneurial ventures and entrepreneurs usually are cast in a hero's role in the economic mythology of the West. They are generally portrayed as creative individualists - people who overcome any obstacle in their path to forge successful new businesses and create wealth both for themselves and for society. Entrepreneurs are also seen as the primary agents for creating and instituting innovation in stagnant industries, thereby re-energizing growth and employment.

The social and cultural histories of most LDCs and the industrialized West, however, are very different. This means that entrepreneurial ventures will emerge under different initial cultural conditions. What effect will these different conditions have on the rate of new venture generation and the type of ventures initiated? The purpose of this paper is to examine the impact of several dimensions of social culture as described by Hofstede (1991) on the process of entrepreneurship. Cultural differences between some LDCs and Western nations are noted and how these differences impact the process of entrepreneurial development are analyzed.

Hofstede's Cultural Dimensions

Hofstede defines culture as "the collective programming of the mind which distinguishes the members of one group or category of people from another" (1991:5). The mental programming referred to by Hofstede consists of shared values, beliefs and norms. These mental constructs influence how people socialized within a particular culture perceive events; they also help to determine what behaviors are considered appropriate or inappropriate in various social situations. Since the mental programming is shared, i.e. developed through years of socialization within a culture, it results in relatively predictable responses to commonly experienced social situations or contexts. These characteristic patterns of behavior create differences between cultures that may be observed and the influence of cultural differences on social processes such as entrepreneuring may be predicted if the underlying social values and norms are known.

In a massive study encompassing fifty-three countries, Hofstede identified four value-oriented dimensions of culture that may be used to describe and explain aspects of behavior in various cultural groups. These dimensions are: (1) power distance, (2) uncertainty avoidance, (3) individualism, and, (3) masculinity.

Power Distance

Power distance is a general measure of the degree of interpersonal influence that those who hold power in a social structure can exert over those who lack power. According to Hofstede, it is the difference between the extent to which a superior in a social hierarchy can determine the behavior of a subordinate compared to the extent that the subordinate can determine the behavior of the superior.

Power distance is seen as being socially determined and, therefore, can be used as a criterion for establishing differences between cultures. It can stand as a measure of the degree of authoritarianism that characterizes social relations within a country or region. In high power distance societies, inequality between social groups is expected as part of a "natural" order; consequently, there tends to be large social and economic gaps between those who have power and those who do not. In addition, movement between high and low power groups is restricted, creating a tendency toward distinct social classes with little exchange between the groups.

In terms of organizational relationships, superiors in high power distance societies tend to exert much influence over the behavior of subordinates who tend to be submissive rather than

independent. Organizations tend to be highly centralized with a clear-cut separation between white and blue collar workers, characterized by relatively large wage differentials between the groups. There is little opportunity for low-level employees to move up in organizational hierarchies.

In contrast, low power distance societies attempt to minimize inequality between classes, emphasizing the ideal of equal rights for all members of the society even if it is not perfectly achieved. Social mobility is relatively easy in low power distance societies and a large middle class is usually present to bridge the gap between more and less privileged groups.

Organizations in low power distance countries tend to be relatively decentralized and less hierarchical. There is relatively free access to promotions and expertise and performance rather than social position are the determinants of advancement. The preferred management style is participative rather than authoritarian or paternalistic.

Uncertainty Avoidance

Time's arrow is aimed inextricably into the future and does not permit reliable forecasts concerning its targets. Unfolding events are unpredictable by nature, creating ambiguity and anxiety among those experiencing time's changes. The level of anxiety experienced by members of a culture due to ambiguous events may vary as a function of the society's values and beliefs. Uncertainty avoidance (UA) is a measure that indicates a group's level of anxiety regarding future events. It evaluates the degree of tolerance within a culture for the ambiguity that is inherent in a continuously unfolding future.

Hofstede finds that cultures differ in their degree of tolerance for uncertainty and notes that methods for coping with ambiguity are at least partially determined by cultural programming. Societies attempt to manage uncertainty through rules, technologies, laws and rituals in order to protect members from anxiety. These devices standardize the behavior of society members and make the outcome of social processes more predictable.

In countries characterized by a high degree of UA, social relations tend to be relatively formal; rules and procedures are heavily relied on to standardize the behavior of group members. Workers in countries that score high on Hofstede's UA index tend to prefer larger organizations, seeking the security of employment that large companies can offer. Loyalty to the organization tends to be strong. Individual levels of ambition are relatively low and there is a tendency to prefer group rather than individual decision-making processes. Conflict and competition among group members is considered disruptive, creating dissension and uncertainty; therefore, it tends to be avoided rather than confronted. There is a strong resistance to change in high UA societies accompanied by a low tolerance for risk-taking behavior.

In contrast, low UA societies tend to produce less formal organizations with fewer written rules and procedures. Turnover in these organizations is often higher than in high UA regions since loyalty is not as prized. Competition and conflict among organizational members is more accepted; in fact, they are viewed as positive processes in many contexts, leading to

innovation and improvement. Risk-taking behavior is more acceptable and resistance to change is not as great in low UA than in high UA countries.

Individualism

The third cultural factor cited by Hofstede is individualism. This is a measure that indicates the degree to which individual identity and self-concept are linked to collective groups within society. In individualistic societies, personal values and goals are the prime determinant of behavior and self-identity. Conversely, in collectivist societies group values and goals predominate and individual desires are considered to be subservient to or derived from group values; consequently, self-identity is derived primarily from group membership rather than individual characteristics.

In collectivist societies, the security that derives from group or organizational membership is of great value and loyalty to social groups is emphasized. In contrast, individual autonomy is more important in individualistic societies and staying a member of a single organization is not as highly prized. In general, small organizations are favored in individualistic cultures while large organizations are more desirable in the collectivist orientation.

The process of social change has a different focus depending upon a society's orientation on the individualism scale. In individualistic cultures, social change is accomplished by converting a large-enough number of individuals to new practices or beliefs. The focus of change efforts is the individual and change occurs when a critical aggregate of individuals believe that change is necessary. The focus of change efforts in collectivist cultures is the group itself which must be converted en masse - change does not take place unless the social collectivity itself converts to new beliefs. As a consequence, social change in collective cultures is often dramatic, sudden and all-encompassing although it may take a long time to occur.

Masculinity

Hofstede's final cultural dimension is masculinity. Despite its name, this construct does not measure specific differences between male and female; rather, it refers to learned styles of behavior that have been stereotypically applied to males and females. The masculinity measure evaluates the general tendency to act either assertively (masculine) or in a nurturing manner (feminine).

In high masculinity societies, individuals tend to set high performance standards and act forcefully to achieve these standards. Achievement motivation is high within these societies and markers of achievement such as earnings, formal recognition and advancement are relatively more important than work climate and relationship issues. Independent rather than group decision-making is preferred.

In societies with a low masculinity index, nurturance issues are more prominent. A desirable work environment is defined in terms of high quality social relationships, friendly organizational climates and employment security. Achievement motivation is relatively weak

and organizational effectiveness is defined in terms of social climate and the quality of human contact. Group decision-making is preferred over individual initiatives.

Implications for the Development of Entrepreneurship

In the economic mythology of the industrialized West, the entrepreneur is seen as an independent, risk-taking maverick who boldly organizes the people and resources necessary for creating new business ventures. For such a role to emerge within a culture, at least two social conditions must exist: (1) entrepreneurs must be granted social acceptance so that the activities associated with new venture formation are accepted as legitimate and socially beneficial, and, (2) entrepreneurs must be able to gain access to and control of financial, material and educational resources necessary to initiate new ventures. Condition one requires that the entrepreneurial role be validated by a set of cultural values that recognizes the legitimacy of the entrepreneurial function; condition two requires social institutions and procedures that provide potential entrepreneurs access to necessary resources.

In high power distance countries, these conditions may be met only by individuals who are members of powerful social elites. Because of the social inequality characterizing high power distance regions, access to educational systems and economic resources may be restricted to the privileged class. Moreover, members of the lower classes may not be accepted into entrepreneurial roles or, if they assume such roles, their activities may be devalued or considered illegitimate. A good example of this situation occurred in Eastern Europe under the Soviet hegemony. The official ideology of Socialist Eastern Europe branded entrepreneurial activities as exploitive and counter-revolutionary, thereby preventing potential entrepreneurs from occupying socially legitimate positions within Socialist society. Entrepreneurs did emerge in Socialist Eastern Europe; their roles, however, were in conducting illegal, black market operations outside the boundaries of the official, sanctioned economy.

Conversely, in low power distance societies where social mobility is deemed a virtue, relatively easy access to entrepreneurial resources is permitted and even encouraged across a broad range of social groups. In comparison to high power distance regions, low power distance cultures are likely to generate a higher level of entrepreneurial activity simply because more people will assume the role of entrepreneur as well as be permitted valid access to the resources necessary to engage in new venture development.

Additionally, in high power distance organizations, less-powerful subordinates tend to be "submissive" and primarily concerned with preserving their position within a rigid hierarchy. Such individuals are not likely candidates to leave their organizations to become risk-taking entrepreneurs, further reducing the potential supply of entrepreneurs. (See Table One for a summary of cultural factors related to entrepreneurship.)

Insert Table One Here

Uncertainty avoidance is another cultural dimension closely related to entrepreneurship at least in the sense that Schumpeter (1934) described the term. In the Schumpeterian model, entrepreneurs are instruments for introducing innovative change into the economy - they are agents that instigate "creative destruction" in static economies, sweeping away obsolete products and processes through the introduction of innovation. Entrepreneurship in the Schumpeterian sense always involves high degrees of uncertainty which is inherent in the processes of initiating, developing and commercializing innovation (Van den Ven, 1986). Entrepreneurs and organizations involved in developing innovations require a high tolerance for ambiguity and a willingness to take risks. These are necessary characteristics for innovative entrepreneurs and members of entrepreneurial organizations, enabling them to navigate the risky and highly uncertain waters of new venture development.

These characteristics, however, are not likely to be widely distributed in uncertainty-avoiding cultures that value predictability and certainty over ambiguity and risk. Individuals socialized in high uncertainty avoidance cultures will tend to have a relatively low tolerance for ambiguity and an aversion to risk-taking. Such individuals will be less likely to seek out innovative ventures as commercial opportunities; moreover, even opportunities that do not involve innovation may be shunned since all forms of entrepreneurship involve some elements of risk. Additionally, even if uncertainty-avoiding individuals do participate in the development of innovative new ventures, they may have a tendency to seek premature closure of the inherently ambiguous process and not explore potential creative solutions that may lead to "breakthrough" innovations.

According to Hofstede, organizations in high uncertainty avoidance regions tend to be formalized and resistant to change. Such organizations are not likely to be sources of innovative ideas that create entrepreneurial opportunities in the marketplace through corporate entrepreneurship. Additionally, because of the value placed on loyalty to the organization and the stability of long-term employment, uncertainty-avoiding cultures are less likely to produce "break-away" entrepreneurs - individuals who become dissatisfied with working in large firms and leave to start their own entrepreneurial businesses. These individuals are a common source of new venture start-ups in Western economies.

The combination of risk avoidance, low tolerance for ambiguity and resistance to change that characterize high uncertainty avoidance regions is likely to reduce the number of individuals who step forward to initiate entrepreneurial ventures. Moreover, the entrepreneurial activity that does emerge from this social context is likely to be directed toward more predictable, stable businesses and away from risky innovative ventures. Entrepreneurs in this cultural environment may seek out positions as merchants and traders rather than as pioneers of new products or processes.

Of all Hofstede's value dimensions, the one most directly associated with Western ideals of entrepreneurship is individualism. In the Western model, the activities of the entrepreneur are quintessentially individualistic. Entrepreneurs are often portrayed as mavericks who, rejecting the common view, overcome all opposition to persevere in realizing their own unique vision. Frequently, according to the mythology, the success of the entrepreneurial vision requires that

the entrepreneur leave the security of a large organization that has rejected his/her ideas to create a new business founded on the entrepreneur's vision.

It is clear that the concept of the entrepreneur as rugged individualist is supported by cultures that score high on Hofstede's individualism scale. Individualistic cultures prize individual initiative and autonomy. Individual rather than group beliefs and needs predominate. Loyalty to organizations is relatively low, taking a back seat to individual interests. As a consequence, independent entrepreneurial behavior is valued and supported by social norms as a means of achieving personal goals. As a result, many individuals are likely to be attracted to entrepreneurship as a means of seeking their individual fortune.

Additionally, in countries that score high on the individualism dimension, there is a preference for working in small organizations. In these organizational contexts, opportunities for displaying initiative and acquiring personal autonomy are greater since managers are not bound by the bureaucratic constraints of large organizations. Since entrepreneurial start-ups are most often small, the preference for working in small firms may support entrepreneurial ventures by attracting talented, aggressive managers who help the new venture compete with larger, more resource-rich firms.

In contrast, collectivist cultures tend to discourage individual initiative and rely upon the group for action-taking. In this social context, there is a preference for working in large organizations and an emotional dependence exists between worker and organization. As a consequence, collectivist societies are less likely to reward individual entrepreneurial efforts and fewer individuals are likely to aspire to the role of entrepreneur. Consequently, the level of entrepreneurial activity is likely to be reduced in these contexts.

Hofstede's final cultural dimension is masculinity. Its relation to entrepreneurship would seem to be through the assertiveness and high need for achievement characteristic of "masculine" cultures. In fact, McClelland (1961) claims to have found a strong correlation between need for achievement and the level of entrepreneurial activity within a society. In masculine societies, the material success achieved through successful entrepreneurial ventures is valued and entrepreneurs who attain such success are recognized and esteemed. Conversely, in relatively feminine cultures, achievement motivation, at least in the material sense, is relatively weak and success is defined in terms of pleasant human relationships. Consequently, it is presumed that more individuals will be attracted to entrepreneurship as a means of achieving material benefits and social position in masculine cultures while there will be less interest in entrepreneurial activities in feminine cultures.

Discussion

An analysis of Hofstede's cultural factors indicates that a Western style of entrepreneurship is more likely to emerge within cultures that express values related to: (a) low power distance, (b) low uncertainty avoidance, (c) high individualism, and, (d) masculinity. A review of country scores in Hofstede's study indicates that this profile closely fits the U.S. and several industrialized Anglo-Saxon nations (e.g. Great Britain, Canada and Australia). This should come as no surprise since entrepreneurship as we currently know it in Western models

found its first expression in England and later flowered in the cultural context of North America. If culture supplies the initial social conditions under which entrepreneurial practices emerge, then the behaviors and practices that constitute current notions of entrepreneurship should be expected to fit the values of the cultures that generated and shaped the phenomenon.

According to Hofstede, cultural values and beliefs create a "mental programming" among society members that is used to evaluate social practices such as entrepreneurship. The mental programming present in several Anglo countries seems to support a style of entrepreneurship based on individual creativity and initiative. It has created a social context where entrepreneurial opportunities are widespread and available to many and where entrepreneurial success is rewarded both materially and psychologically. Can a similar social context be recreated, however, in nations that do not share the same mental programming and values as the Anglo-Saxon West? Do nations with dissimilar values have to go through an arduous process of social change before entrepreneurial practices can be successfully transferred or are there alternative models of entrepreneurship that may serve to achieve the economic goals of increased income, employment and innovation in developing nations?

Although the entrepreneur as rugged individualist may be a glamorous image in individualistic societies, it may be a disreputable one in collectivist cultures where personal identity is derived primarily from group membership and group decision-making is preferred to individualistic efforts. In a society where group membership and acceptance take precedence over individual considerations, it is doubtful that a style of entrepreneurship based on individual initiative will take root. There is no economic law, however, that requires new businesses to be formed by individuals. In collectivist cultures, forms of entrepreneurship based on groups may substitute for individual initiative. In many East Asian countries that score low on Hofstede's individualism scale, entrepreneurial ventures founded around the family group flourish. Additionally, in some Hispanic communities in the U.S., heirs to cultures in which collective values predominate, group entrepreneurship in the form of community-owned and operated grocery co-operatives has been observed. Some of these co-operatives have formed alliances with local food distributors and growers to create regional networks designed to produce, transport and distribute food products suited to Hispanic tastes within a geographic region. Such family and community-based structures may provide a model for the development of entrepreneurial ventures in collectivist cultures. Rather than individually-owned small businesses forming the basis of economic growth, local co-operatives, owned and operated by family or community members, could provide the building blocks for new venture growth. Furthermore, new venture co-ops could be linked with suppliers and customers in regional alliances. These entrepreneurial networks may suit the values of collectivist cultures better than individually-owned ventures. They would be community-owned and their purpose and objectives would be responsive to local values and needs. Moreover, a network of co-ops, managed by the community, conforms to collectivist values in that it provides the sense of a larger organization, creates a context for group decision-making and is operated for the benefit of the group rather than individual entrepreneur.

A second means of introducing new businesses into collectivist countries may be corporate entrepreneurship. In this mode, larger, pre-existing business firms could become agents for introducing new business ventures into local economies. Corporate entrepreneuring

has become a "hot" button for many U.S. firms who use it to create innovative new products. This process may be an effective way for collectivist countries to initiate new business ventures since larger organizations are preferred and members tend to remain loyal to their organizations in these cultures. The larger firm would be the "home" for the new business and a project team would be assigned the responsibility for developing and launching the new venture. The project team would operate under the aegis of corporate management but be responsible for making all relevant decisions regarding the development of the new venture. In order to fit the collectivist orientation, group decision-making would be the primary style of the new venture development team.

As discussed above, high power distance societies tend to restrict access to entrepreneurial opportunities and the resources necessary to initiate them to members of a privileged class. Members of less-privileged classes who are excluded from legitimate entrepreneurial opportunities may find that their only outlet for entrepreneurial drives is to become engaged in illegitimate or illegal activities. If entrepreneurial practices are not valued among the elite in high power distance societies, then few entrepreneurial initiatives may be pursued; in fact, where entrepreneurship is not valued, members of the upper classes may actively resist increasing entrepreneurial opportunities because the new business owners may be perceived as a threat to their privileged positions. In such a social context, the support of some coalition of authority figures is likely to be required before any program designed to increase entrepreneurship can be successful. In high power distance countries, entrepreneurship may need to be sponsored by government policy initiatives. Programs that provide resources to potential entrepreneurs, regardless of social position may need to be implemented. At the same time, the resistance of powerful elites must be neutralized or co-opted via programs of social and cultural change. Increasing entrepreneurial opportunities in high power distance cultures may be a difficult and long term task.

Just as high power distance countries may have a problem in expanding entrepreneurial opportunities, uncertainty-avoiding societies may have a problem initiating innovative new ventures. The development and implementation of innovative products and processes is inherently uncertain and risky. The ability to tolerate uncertainty and risk is essential to the successful execution of innovation processes. Uncertainty-avoiding cultures that are reluctant to pursue innovation could find themselves at a competitive disadvantage in global industries characterized by rapid, innovative change. Success in these industries requires the ability to generate innovation rapidly either as a means of gaining competitive advantage or responding to creative competitors (D'Aveni, 1994; Porter, 1990). Countries that operate under a set of social values that inhibit innovation may find their economies lagging as global competitors from nations with a higher tolerance for ambiguity generate a greater number of innovative products and processes.

If innovation is considered a desirable economic and social goal within developing nations, some kind of intervention to alleviate the impact of uncertainty-avoiding social values is necessary. National policy-makers may consider financial or technical support programs for innovative entrepreneurs that will reduce both risk and uncertainty for new ventures based on innovation. Similar programs, possibly using tax incentives could be instituted for corporate ventures based on innovation. Within firms desiring to compete through innovation,

organizational development programs designed to help managers increase their tolerance for ambiguity and risk could be initiated.

Masculine social values have been associated with entrepreneurship through the link between successful entrepreneurial ventures and their role in fulfilling high achievement needs. It has been presumed that feminine societies do not value entrepreneurship because it is associated with material rewards rather than nurturance issues. There is nothing to prevent, however, the creation of new ventures in countries with feminine values that respond to social concerns. The focus of entrepreneurship can just as easily be to create a nurturing, socially responsive business enterprise as well as a financially rewarding one. The work of Hawken (1983) and the emergence of large numbers of female entrepreneurs with socially-responsive agendas in the U.S. is testament to this. In fact, entrepreneurship with a socially responsive face could be a powerful force to achieve social change by focusing on human rather than materialistic values.

One of the purposes of this paper has been to point out that entrepreneurship is not a set of generalized, pre-determined practices that are equally applicable in all social contexts. Rather, it is an emergent social phenomenon that is dependent on a large number of inter-connected variables. These variables which include the cultural values and norms discussed above comprise a system that will determine the content and form of entrepreneurial practices within a society as well as influence the success and failure of entrepreneurial ventures. Any attempt to transfer a Western model of entrepreneurship to other cultural contexts will necessitate an analysis of the values and norms of that culture and may require specific interventions and social change. In any case, the entrepreneurial practices that do emerge should not be expected to mimic those found in the industrialized West. Each culture will likely produce entrepreneurial forms that are unique to its particular history and values.

Table One: Characteristics of Hofstede's Cultural Dimensions
Related to Entrepreneurship

Power Distance	
Low	High
* Achieve power through knowledge, merit.	* Achieve power through privilege and position.
* Attempts to minimize inequality	* Large gaps between those in power and those not in power.
* Decentralized, "flat" organizational structures.	* Centralized, hierarchical organizational structures.

* Independent employees.	* Submissive employees.
* Egalitarian ideals.	* Only a few should be independent.
* Trust, co-operation valued.	* Latent conflict between classes - others seen as threat to power.
Consequence: Greater access to resources and entrepreneurial opportunities - more entrepreneurial initiatives generated.	Consequence: Access to entrepreneurial opportunities restricted to the few - fewer entrepreneurs emerge.

Uncertainty Avoidance

Low	High
* Informal organizations.	* Formal organizations.
* Reliance on individual analysis of situations.	* Reliance on rules and procedures.
* Preference for small organizations.	* Preference for large organizations.
* Loyalty to employer weak.	* Loyalty to employer strong.
* Preference for individual decision-making.	* Preference for group decision-making.
* Tolerance for change.	* Resistance to change.
Consequence: Increased willingness to take risks - increased scope for individual initiative - more initiation of entrepreneurial ventures.	Consequence: General avoidance of risk - taking; fewer individual entrepreneurial initiatives begun.

Individualism

Low	High
* Collectivity orientation.	* Self orientation.
* Identity primarily based on membership in social groups.	* Identity primarily based on individual experience.
* Preference for large organizations.	* Preference for small organizations.
* Emotional dependence on organization.	* Involvement with organization primarily calculative.
* Individual initiatives discouraged.	* Individual initiative valued.
* Group decision-making norm.	* Individual decision-making norm.

Consequence: Fewer individual entrepreneurs emerge - fewer entrepreneurial ventures.	Consequence: Individual entrepreneurial activities valued - more entrepreneurs and entrepreneurial ventures.
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Masculinity

Low	High
* Social relationships, security valued in the workplace.	* Advancement, recognition and earnings valued in the workplace.
* Value for group decision-making.	* Value for individual decision-making.
* Weak achievement motivation.	* Strong achievement motivation.
* Achievement defined in terms of human relationships.	* Achievement defined in terms of recognition and wealth.
* Consequence: Less interest in entrepreneurship as a source of achievement and wealth.	* Greater focus on entrepreneurship as a source of achievement and wealth.

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