CULTURAL VALUES AND ENTREPRENEURSHIP - PILOT STUDY

Jacek Jakubczak
Uniwersytet Marii Curie-Skłodowskiej, Poland
jakubczak.jacek@gmail.com

Anna Rakowska
Uniwersytet Marii Curie-Skłodowskiej, Poland
3ar@wp.pl

Abstract:
It is known that economical activities and decisions such as becoming entrepreneur are not only result of pure economical factors, but are also affected by cultural norms and standards. As both entrepreneurship and culture are complex areas of research identifying relations between culture and entrepreneurial aspirations or activities is not an easy task. The aim of this paper is to present results of pilot study on how cultural values and entrepreneurship education affect entrepreneurship intensions and activities of management students. Article presents issues connected with measuring cultural values on individual level. Hofstede VSM 2013 (Values Survey Module 2013) model used for collecting data in study is presented, as well as CVSCALE that is used for measuring culture on individual level. Six dimensions of culture building Hofstede model are explained from the perspective of entrepreneurship. Basic concepts of entrepreneurial education, entrepreneurial aspiration and activities are explained. Article presents findings on influence that entrepreneurial education, power distance, individualism, masculinity, uncertainty avoidance, long term orientation, indulgence and restrain has on management students entrepreneurial intensions and activities. Questionnaire used for pilot study is three part questionnaire based in first part on Hofstede Values Survey Module 2013 and CVSCALE measuring cultural values, in second part on Global Entrepreneurship Monitor Adult Population Survey measuring entrepreneurial aspirations and activities, and a third part is focused on entrepreneurship education. Questionnaire was conducted on management students.

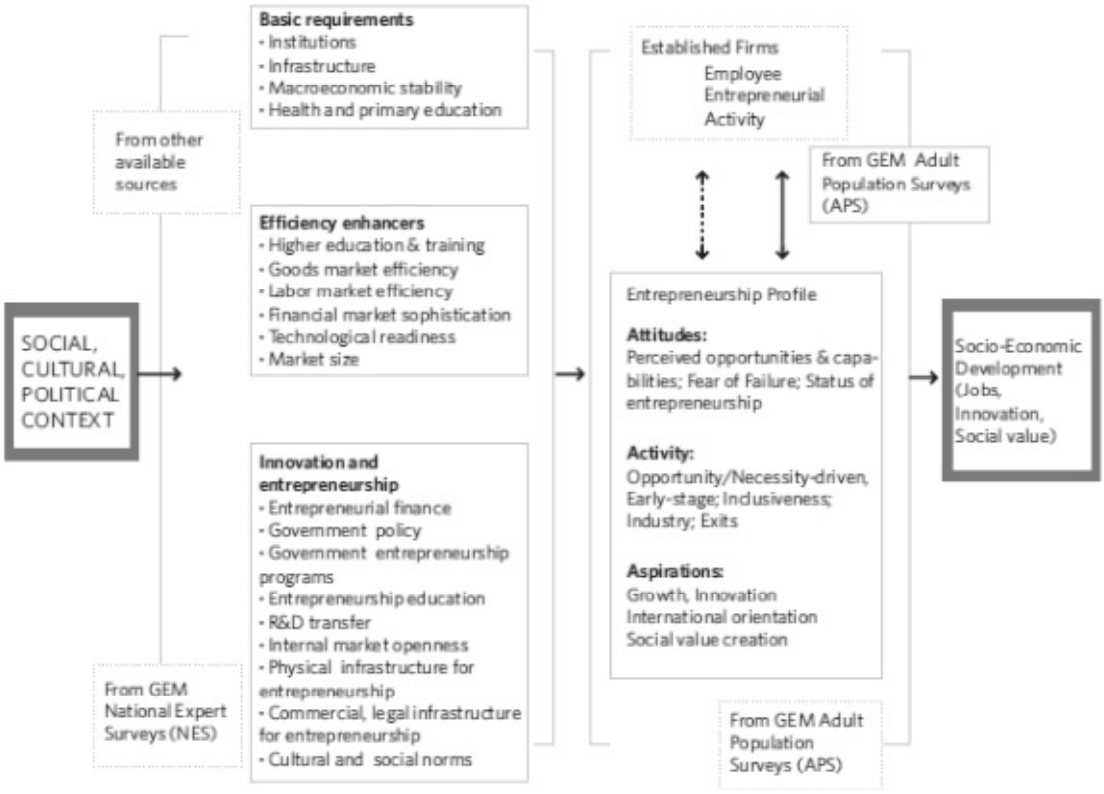
Keywords: entrepreneurship, culture, education, Hofstede, management

1. CULTURE, EDUCATION AND ENTREPRENEURSHIP

1.1. Why developed economies struggle with low entrepreneurship

Complex topic of entrepreneurship was described from various perspectives by numerous researchers. Entrepreneurship was described as economical, management and social phenomena. Certain conclusions appear from those researches: entrepreneurship is desired activity that is important drive for economical and social development. Entrepreneurship can also be valuable source of innovation and plays significant role in job creation and combating unemployment. Knowing the benefits of entrepreneurship for economy many governments tried to create conditions favourable to entrepreneurial activity. Reflecting the traditional approach of economics the main focus was usually put on creating economical incentives by tax system or social security in hope that proper economical environment would lead to entrepreneurial boom. Paradoxically with economical development from factor-driven economy to efficiency-driven and innovation-driven the level of entrepreneurial activity falls instead of rising while better conditions are present in more developed economies. One of reasons of such phenomena is changeable nature of entrepreneurial activity related with economical development. As economy grows and develops more jobs opportunities are available and so do reasons why individuals decide to become entrepreneur change from necessity driven in which case they are forced by lack of job opportunities to become entrepreneur to opportunity driven in which case perceived entrepreneurship opportunity must be more appealing to individual than employment.
Other important observation from The Revised GEM Model is that on different economical phase differed factors play critical role in increasing entrepreneurship. For factor-driven economies it is most important to provide such basic requirements as infrastructure, macroeconomic stability, health and primary educated or institutions. For efficiency-driven economies key role is played by such efficiency enhancers like: access to higher education and training, goods and labour markets efficiency, market size, technological readiness and financial market sophistication. For most developed innovation-driven economies new factors appear: culture and social norms, entrepreneurship education, internal market openness, physical structure for entrepreneurship, R&D transfers, government policies and entrepreneurship programs, entrepreneurial finance, as well as commercial and legal infrastructure for entrepreneurship. Of course key factors from previous economic phases are treated as necessity in more developed one.

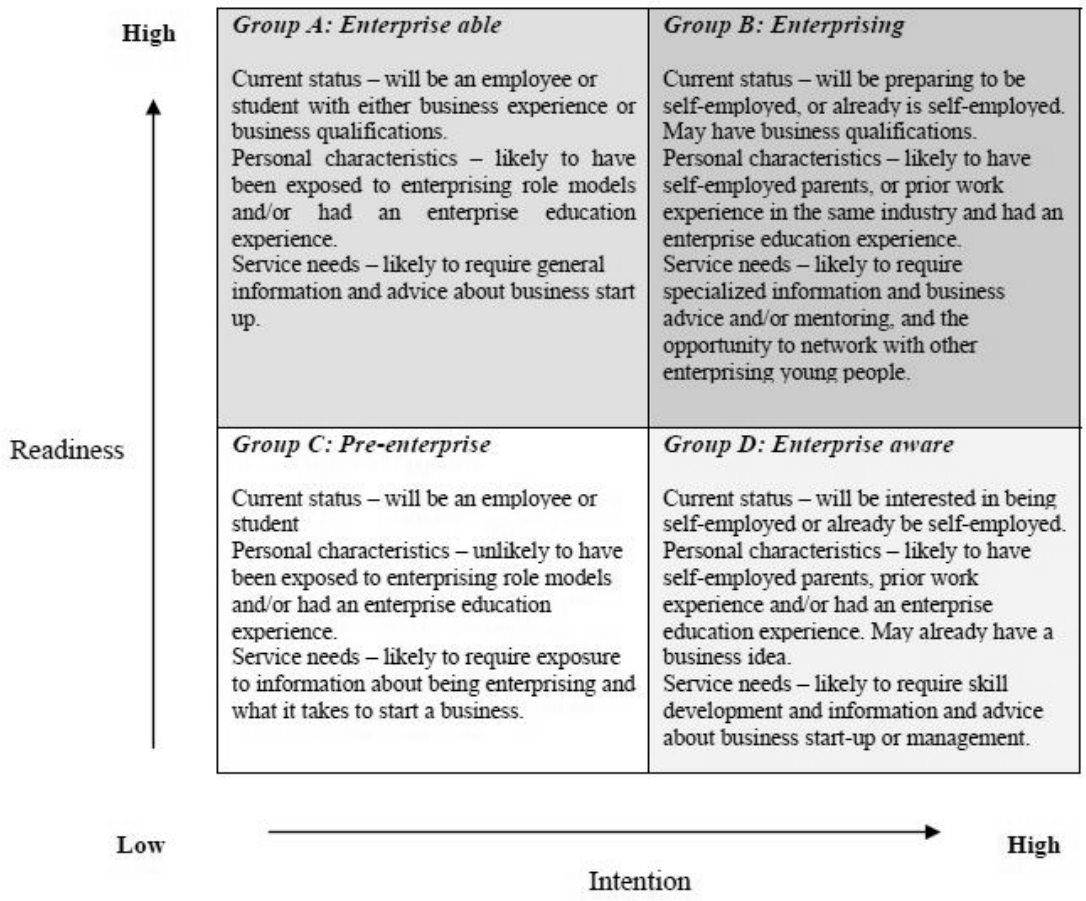
Picture 1: The Revised GEM Model



Source: GEM Global Report 2013, p. 21.

In order to increase entrepreneurial activity entrepreneurship education was introduced on various levels of education. The Levis-Clark model that describes readiness and willingness for entrepreneurial activity suggest that providing knowledge can cause activation of those who wanted to be entrepreneurship but lacked skills. As it is presented in diagnostic framework for young entrepreneurs entrepreneurial education results in movement along readiness axis from group of pre-enterprise to enterprise able (still not solving problem of lack of intensions) and from group of enterprise aware to enterprising.

Picture 2: Diagnostic framework for young entrepreneurs



Source: Stimulating Youth Entrepreneurship: Barriers and incentives to enterprise start-ups by young people, 2006, p. 11.

In developed economies characterized by opportunity-driven entrepreneurship entrepreneurial education and culture plays crucial role when it comes to decision of individuals to become entrepreneurs. Solution for lowering entrepreneurial levels is not only to provide necessary market condition but to break through barriers of low intensions and low readiness. In other words it is important to provide necessary knowledge and cultural support for decisions on becoming entrepreneurs.

The goal of this research is to investigate further into nature of entrepreneurial willingness. To understand better what factors are barriers of entrepreneurial activity despite good economical conditions and provision of necessary knowledge.

1.2. Entrepreneurial education, intention and activity

Entrepreneurship is complex process that only on the first sight seems easy to measure[1]. Using statistical data on new enterprises does not provide all necessary information on entrepreneurship and

[1] Measuring Entrepreneurship, 2009.

its barriers. Much more useful is data and methodology provided by The Revised GEM Model. At first it is important how individual perceives business opportunities, own capabilities and what is his fear of failure. Those measures (without fear of failure) tend to decline globally with economical development[2]. This means that in economies that are in efficiency and innovation driven people do not perceive so many opportunities for starting business, they feel not prepared to start one and are more afraid that if they do they would fail. Entrepreneurial education should therefore focus more on rising ones abilities, including ability to perceive or create market opportunity and building faith in their abilities[3]. Even high levels of perceived opportunities, capabilities and low level of fear of failure does not necessary result in higher levels of entrepreneurial activity – next step is to measure entrepreneurial intensions understood as desire to start business during next three years. Similarly to previous measures, entrepreneurial intensions are lower in case of more developed economies where more good employment options are possible. In The Revised GEM Model there exist three additional measures responsible for presenting social image of entrepreneurship: is entrepreneurship perceived as desirable career choice; are entrepreneurs given high status and do they receive positive media attention[4]. These measures can be classified as general culture view of entrepreneurship – positive or negative role in society, desirability and even being present in consciousness as available career option. The last measures are related to entrepreneurial activity at different stages including rate and nature of business discontinuation. These measures bring complete information on both possible and existing entrepreneurship, show where potential barriers for entrepreneurial activity can be and on witch areas entrepreneurial education should focus.

1.3. Importance of culture

It may seem that culture is neglected by traditional economical and management researchers. By its nature culture is hard to grasp and describe, not to mention measurement. It was often avoided in research as element that is given and cannot be easily changed in short term. The fault of such approach is as of course culture is not easily changeable, especially in controllable way, it doesn't mean that it cannot be changed at all. In fact culture its evolving constantly and dynamically, and if not observed it makes historical comparisons even harder and less accurate. The hardship of cultural change induced by government in revolutionary way does not raise good connotations. History through millennia remembers names of numerous leaders that began great cultural change projects. As others revolutionary changes great cultural projects of creating new man, or new society were introduced with terrible costs and often questionable results. Delicate nature of culture requires better understanding of its relations with economy. Such relations between culture and economy or management exist on almost any level, and in connection with nearly every topic. Its culture that's responsible or strongly influences for models of consumption, desired products, career choices, amount of money saved, acceptable behaviour at work, importance of personal relations for business, and even most important management challenges. Importance of culture influence on economics and management is obvious. Therefore it is surprising that some doubt if culture should be the topic of study for this branches. It is noteworthy that culture influence on economy plays important role in studies of economics fathers like Smith who attributed economical success to protestant ethics. The weight of culture will increase with intensifying processes of globalization and multiculturalism. Culture influence was hidden during era of national state, with national culture and low level of international cooperation, playing role of background. In multicultural societies market needs to cater for the needs of different communities, and new challenges arise in area of management or marketing as well. Numerous examples of multinational corporations challenges and failures are more than often connected with ignoring cultural differences.

2. MEASURING CULTURE

2.1. General difficulties

As mentioned measuring culture is not an easy task. Its visible manifestations such as material artefacts are most surface ones and do not provide much knowledge on its real depth. It is also possible to observe rituals, or institutions created by culture, but those are not the best base for formulating conclusions. The real core of culture is constructed by values, which are by their nature

[2] Global Entrepreneurship Monitor 2013 Global Report, 2014, p. 28.
[3] Peterman, 2003.
[4] Global Entrepreneurship Monitor 2013 Global Report, 2014, p. 29.

invisible, often unconscious, and hard to formulate. The values hierarchy is not easy to discover. Every individual human has its own, but still through living in society he shares common values with other people in process that allow formulating groups. In the same way different cultures are emanated in individual through his belonging to different groups. National culture, regional culture, cultures of different groups and organizations that he belongs to – they all influence his hierarchy of values. As every group is build by individuals, the same go for opposite – group culture is emanation of individual values of its member. Of course those influences are of complex and delicate matter and are not explainable by simple arithmetical calculations. It is safe to state that every group influencing its members has own culture, that can be found in hierarchy of values of its members, and every human has own values hierarchy that can reflect his group belongings and personal experiences.

Complicated nature of culture or rather many cultures coexisting on different levels make analysis of culture even more difficult task. Nearly everyone is affected by living in such cultures as national culture, regional culture, ethnical culture, religious culture, language culture, gender culture, generation culture, social class culture or different organizational cultures. Playing different social roles we rarely able to observe witch of them influence our value system in certain situations, especially as often those cultures are interconnected. There are of course some cultures with stronger effects than others, as national culture in which we are socialized from the early childhood, and which build strong and often unconscious value system. Distinguishing which culture is responsible for individual value hierarchy in which degree is not only probably impossible, but also could lead to false conclusions. It is important to focus on one chosen level of analysis, such as nation, group, or individual and use it for comparisons depending on study needs. Other important issue that need to be taken in account when measuring culture by values is to distinguish real values from those that questioned would like to think that are theirs. In other words to present the real value hierarchy of individual or group, instead of the idealised image of it.

Comparison of national cultures allows comparison of global statistics – linking certain values with overall tendencies such as average length of life, innovation rate, working conditions, or happiness can lead to discovery of many interesting correlations. National cultures form distinguish group in which we can observe culture at all levels – even treating the state itself and all its organs as institution of certain culture. Additionally national cultures are characterized by strong and long-term influence on its members value systems. Unfortunately with the demise of nation states and rise of multiculturalism comparisons of national cultures will get more and more difficult. A comparison of group cultures is not as easy task, as groups tend to have limited influence on its members. In case of groups that members can join by their free will and leave in the same manner it is possible to say that they can attract people with certain value hierarchy. Those comparisons are more applicable in management studies with goal to describe organizational culture with better efficiency in certain environment. Comparison of individuals values make it harder to identify what culture has affected their values, but its useful to understand how certain values correlate with individuals desires, and actions. Therefore from perspective of entrepreneurship study individual level seems most desired one.

Among many models describing and measuring culture Hofstede cultural values scales model is most renowned one. There are numerous reasons for this situation. As Clark observes Hofstede typology dimensions capture similarities from numerous different existing typologies and their dimensions[5]. Therefore they are well rooted in our consciousness and easy to understand. Yoo suggests that another reason of Hofstede model popularity is that it was developed in empirical way based on examination of over 100 000 surveys of IBM workers from 66 countries. Model had been thoroughly tested and verified numerous times, in many researches done by specialist from various disciplines.

2.2. Hofstede 2013 VSM

Hofstede developed cultural values scales model thanks to his work at IBM, and it was published for a first time in a book Culture Consequences in 1980. The basic idea of the model was to measure difference in preferred values between different national cultures. First model consisted of four scales on witch national cultures can be present. Model did developed through time and it latest version VSM 2013 (Values Survey Measure 2013) identifies six cultural dimensions: power distance, uncertainty avoidance, individualism, masculinity, long term orientation and indulgence versus restraint. Each

[5] Yoo, Donthu & Lenartowicz, 2011, p. 194.

national culture is described by different score on each of those scales. Power distance scale measures expected inequality of certain society members - how acceptable is unequal power distribution from perspective of those less powerful. It can tell if society values equality of status of all its members or rather tends to divide into different classes. Uncertainty avoidance presents in which way national culture deals with new, unknown situations. Cultures with high uncertainty avoidance tend to have more rules, and they are strictly obeyed, but they are also more emotional. Opposite to that national cultures with low uncertainty avoidance are more tolerant, have fever rules and are not expected to express emotions. Scale measuring individualism versus collectivism allow to present to witch extend rather group or individual is basic element of society. In individualistic cultures one should be self-reliable and responsible for himself. In collectivistic societies individuals self-identify themselves by belonging to certain groups and responsibilities toward group are more important also group ties are tight. Masculinity scale presents the gap between men and women values. In feminine countries both men and women present similar modest and caring values. In masculine countries gap between men and women values is wider, but both man and woman present more competitive and assertive approach. Fifth dimension of long-term and short-term orientation describe cultural values associated with pragmatic planning of future, persistence, adaptation and saving on one hand and preservation of tradition, keeping face and fulfilment of social obligations on the other. Indulgence versus restraint scale present extent to which national culture supports control of desires and impulses. Nations that score higher on indulgence tend to appreciate and value fun and happiness of life more and to accept all gratifications freely. Restraint cultures in opposition to indulgent ones tend to impose strict social norms.

The question is in witch way national culture described by various values on those scales can affect entrepreneurship. It may seem that low uncertainty avoidance and high masculinity of culture would create good cultural background for entrepreneurship[6]. One of important factors of entrepreneurship is innovation, and Scott Schane observed that cultures with high level of uncertainty avoidance tend to be less innovative. But it is important to state that uncertainty avoidance is not equal to risk avoidance. Masculine cultures members keep many values desired from the perspective of entrepreneurship such as competiveness in high esteem. On the other scales relation to entrepreneurship is not so obvious. Low power distance could probably result in easing decision to move from employment to entrepreneurship, but higher power distance on the other hand can result with higher status of entrepreneur and entrepreneurship being perceived as desired career choice. It may also seem that individualistic cultures should have more members oriented on personal success in entrepreneurship, but members of collective ones should be more probable to establish new business partnerships and benefit from group support. It may also seem that cultures with long-term orientation and restraint ones are promoting values associated with entrepreneurship, as they value careful saving and future planning, but this may also lead to omitting good market occasions and avoiding financing from outer sources.

2.3. CVSCALE

Unfortunately VMS 2013 is designed for comparing national culture between different countries, and is not applicable to analyse culture influence on group or individual level. Therefore as it is still useful tool to explain differences in culture between countries and general national level of entrepreneurship it does not explain why individuals do decide to take up entrepreneurial activity. Fortunately idea of applying Hofstede model for measuring culture of individual is not a new one. Yoo, Donthu and Lenartowicz committed their effort to develop CVSCALE - tool for measuring Hofstede values scales at individual level. Their work resulted in 26-item questionnaire measuring first five dimensions of Hofstede model. At current time scale for indulgence versus restraint is not available. The reliability and validity of CVSCALE were tested and confirmed in later publications. CVSCALE was successfully used and confirmed in such countries as USA, Brazil, Poland, Korea and Thailand[7]. Therefore it is best available tool to measure Hofstede values scales at individual level. CVSCALE can be used to compare individuals scales both inside nation and in international or cross-cultural comparisons.

3. TEST STUDY

3.1. Questionnaire composition and test group

[6] Hofstede, 2010, pp. 220-221.
[7] Prasongsukarn, 2009, pp1-13.

Questionnaire constructed for pilot study was build with 41 items. Six items were demographical questions, 26 items were Likert scale questions from CVSCALE measuring individual cultural values. Those 26 items consisted of 5 questions measuring power distance, 5 questions on uncertainty avoidance, 6 questions on individualism - collectivism, 4 on masculinity, and 6 on long-term orientation. Other 9 questions were based on Global Entrepreneurship Monitor Adult Survey transformed to Likert scale and additional questions from area of entrepreneurship formal and non-formal education. They measured following items: perception of business opportunities in neighbourhood during next 6 months; perception of own knowledge in area of entrepreneurship; perception of entrepreneurship as desired career choice; are successful entrepreneurs respected and given high status; intension to become entrepreneur during next 6 months or 3 years; perception of own work experience; entrepreneurship role models in close family, and assessment of received entrepreneurial education. Questionnaire provided information on each individual values at five Hofstede values scales, his entrepreneurial education background (formal and not-formal), perceived opportunities and capabilities, social perception of entrepreneurship, and entrepreneurial aspirations.
Group selected for test study consisted of 41 second year management students, aged 18-22, not running or owning own business. Group was strongly feminized consisting of 85% woman and 15% men. Dominant nationality – 93% - was Polish with only 7% Ukrainian.

3.2. Results

Test study provided interesting data. From five Hofstede value scales group scored low on power distance index and masculinity scale. Group also got low scores on perceived opportunities, entrepreneurial intensions, and really low on perception of own work experience. Pearson correlation coefficient was noteworthy in few cases. Strongest correlation exists between masculinity index and perception of knowledge and skills that one has that are necessary to become entrepreneur (0.663). Other noticeable correlation between Hofstede values scales and entrepreneurship measures was negative weak correlation between uncertainty avoidance and mentioned perception of skills (-0.357).Perception of knowledge and skills also shows correlation with entrepreneurial intensions (0.507); perceived business opportunities (0.514); formal entrepreneurial education assessment (0.445); and perception of entrepreneurship as desired career choice (0.368). Formal entrepreneurial education assessment also showed correlation with: family entrepreneurship role models (0.423), work experience (0.405); entrepreneurial intension in net three years (0.390), and perceived business opportunities (0.360). Perceived business opportunities were correlated with entrepreneurial intensions (0.561) and work experience (0.366).

4. CONCLUSIONS

In most developed economies lower rates of entrepreneurship are natural but worrying phenomenon. It is important to understand barriers that occur that cause such situation. Relying on traditional economic tools won't bring expected effects as entrepreneurship barriers are rooted in individuals readiness and intension to become entrepreneur. This requires bettering understanding how education and culture can help to overcome those barriers. Measuring culture is difficult task, and Hofstede Values Survey Measure 2013 is not applicable for research on values of individuals. Test study based on CVSCALE proved that high masculinity and low uncertainty avoidance are correlated with better perception of own skills and knowledge needed to become entrepreneur which are responsible for individual perception of entrepreneurship readiness. It didn't provided much needed information on source of individual entrepreneurship intensions. Study showed that correlation between perceived skills and entrepreneurial intension do exists. What is interesting is that pilot study shows that culture can have higher influence on perception of skills than actual entrepreneurial education. Other interesting findings support need of entrepreneurial education as it is correlated with long-term entrepreneurial intensions and better perception of business opportunities. It is important to further identify possible cultural sources of individual intension to become entrepreneur, perhaps by applying different model of cultural values.

REFERENCE LIST

1. Carayannis, E., Evans, D., & Hanson, M. (2003). A Cross-cultural Learning Strategy for Entrepreneurship Education: Outline of Key Concepts and Lessons Learned from a

Comparative Study of Entrepreneurship Students in France and the US, *Technovation, 23(9),* 757—771.
2. Conceicao, P., & Heitor, M.V. (2002). University-based Entrepreneurship and Economic Development: A Learning-centred Model. *International Journal of Technology Policy and Management, 2(3),* 220—239.
3. Entrepreneurship in the EU and beyond report. (2012). *Flash Eurobarometer 354.* European Comission. Retrived from http://ec.europa.eu/public_opinion/flash/fl_354_en.pdf
4. Global Entrepreneurship Monitor 2013 Global Report. (2014). Retrieved from http://www.gemconsortium.org/docs/download/3106
5. Global Youth Entrepreneurship Survey 2011. (2011). Youth Business International. Retrieved from http://www.youthbusiness.org/wpcontent/uploads/2012/08/YouthEntrepreneurshipSurvey2011.pdf
6. Hofstede, G., Hofstede, G. J., Minkov, M. (2010). *Cultures and Organizations: Software of the Mind. Revised and expanded 3rd Edition.* New York: McGraw-Hill USA
7. Hofstede, G. (1995). Multilevel Research of Human Systems: Flowers, Bouquets and Gardens, *Human Systems Management, 14(3),* 207-217.
8. Ives, A. (2011). Entreprenurship education as new model for leadership education. *Journal of leadership studies, 5(2),* 85-88.
9. Martinez, A. C., & Levie, J. (2010). *Global Entrepreneurship Monitor Special Report A Global Perspective on Entrepreneurship Education and Training*. Retrieved from http://www.gemconsortium.org/docs/download/276
10. Measuring Entrepreneurship A Collection of Indicators 2009 Edition OECD-Eurostat Entrepreneurship Indicators Programme. (2009). Retrived from http://www.oecd.org/industry/business-stats/44068449.pdf
11. Peterman, N., & Kenenedy, J. (2003). Enterprise Education: Influencing Students' Perceptions of Entrepreneurship*. Entrepreneurship Theory and Practice, 28(2)*, 129–144.
12. Prasongsukarn, K. (2009). Validating the cultural value scale (CVSCALE): a case study of Thailand. *ABAC Journal, 29(2),* 1-13.
13. Rakowska, A. (2008). Enterprise Education, czyli przedsiębiorcza Edukacja warunkiem istnienia innowacyjnych przedsiębiorstw w gospodarce opartej na wiedzy. In A. Glińska-Neweś (Ed.), *Zarządzanie organizacjami w gospodarce opartej na wiedzy. Zasobowe podstawy funkcjonowania i rozwoju organizacji* (pp.667-681). Toruń, Wydawnictwo Tonik.
14. Sajjad, S. I., & Shafi, H. (2012).Impact of Culture on Entrepreneur Intention. *Information Management and Business Review, 4(1),* 30-34.
15. Schoof, U. (2006). Stimulating Youth Entrepreneurship:Barriers and incentives to enterprise start-ups by young people.*Series on Youth and Entrepreneurship.* Geneva, International Labour Office.
16. Shane, S. (2004). *Academic Entrepreneurship: University Spinoffs And Wealth Creation, New Horizons in Entrepreneurship Series,* Igar, Edward Publishing, Inc.
17. Yoo, B., Donthu, N., & Lenartowicz, T. (2011). Measuring Hofstede's Five Dimensions of Cultural Values at the Individual Level: Development and Validation of CVSCALE. *Journal of International Consumer Marketing, 23*, 193–210.
18. Youth entrepreneurship Closing the gap. (2011). Youth Business International. Retrieved from http://www.youthbusiness.org/wp-content/uploads/2012/08/ClosingTheGap.pdf
19. Youth entrepreneurship Recommendations for action. (2009). Youth Business International. Retrieved from: http://www.youthbusiness.org/wp-content/uploads/2012/08/RecommendationsforAction.pdf
20. Zbierowski, P., Węcławska, D. (2012). *GLOBAL ENTREPRENEURSHIP MONITOR Poland.* Retrieved from: http://www.gemconsortium.org/docs/download/2627