



The general theory of culture, entrepreneurship, innovation, and quality-of-life: Comparing nurturing versus thwarting enterprise start-ups in BRIC, Denmark, Germany, and the United States[☆]



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ABSTRACT

This study examines influences on quality-of-life of national cultures as complex wholes and entrepreneurship activities in Brazil, Russia, India, China, Germany, and the United States (the six focal nations) plus Denmark (a small-size, economically-developed, nation). The study tests McClelland's (1961) and more recent scholars' proposition that some cultural configurations nurture entrepreneur startups while other cultures are biased toward thwarting startups. The study applies complexity theory to develop and empirically test a general theory of cultures', entrepreneurship's, and innovation's impact on quality-of-life across nations. Because culture represents a complex whole of attitudes, beliefs, values, and behavior, the study applies a set-theoretic approach to theory development and testing of alternative cultural configurations. Each of 28 economical developed and developing nations is scored for the level of the national cultures for each of six focal countries. The study selected for the study enables multi-way comparisons of culture-entrepreneurship-innovation-QOL among large- and small-size developing and developed nations. The findings graphically present the complex national cultural configuration (x-axis) with entrepreneur nurture/thwart (y-axis) of the 28 nations compared to the six focal nations. The findings also include recognizing national cultures (e.g., Switzerland, USA) nurturing entrepreneurial behavior versus other national cultures (e.g., Brazil and India) thwarting entrepreneurial behavior. The study concludes with a call to recognize the implicit shift in culturally implicit thinking and behavior necessary for advancing national platforms designed to successfully nurture entrepreneurship. Entrepreneur strategy implications include the observation that actions nurturing firm start-ups by nations low in entrepreneurship will unlikely to be successful without reducing such nations' high levels of corruption.

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1. Introduction: National cultures, capitalism, entrepreneurship, and computing cultural complex wholes

The present study quantifies (i.e., models) and empirically examines national cultures as complex wholes and confirms how a few unique cultural configurations nurture, while others thwart, replicative (i.e., frequently observed new small shops) and innovative (usual and often high-tech) entrepreneurial start-ups. The study supports and

deepens McClelland's (1961) perspective on how personal achievement motivation favorably impacts entrepreneurial behavior and Schumpeter's (1942/1976) theory of how entrepreneurship as innovation favorably impacts a nation's quality-of-life.

The present study performs "qualitative comparative analyses" (Ragin 2008) to differentiate large versus small nations with cultures that support high entrepreneurship and innovation that indicate high QOL as well as large versus small nations with cultures that thwart entrepreneurship and innovation that indicate low QOL. The study shows that while the USA and Denmark rank among the top ten in entrepreneurship, both display similar factors in their cultural configurations that support high entrepreneurship activity, but also unique factors in these configurations that express cultural nuances between the two nations. "Culture configuration" represents the complex whole of a culture at the national level, a nation's DNA. Using Hofstede's (2001) cultural values, the foundational cultural codes for the USA and Denmark differ on one of four major values: masculinity (MA), individualism (ID), power distance (PD), and uncertainty avoidance (UA).

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The following brief elaboration describes a useful method of quantifying cultures as complex wholes that appear in the main study in this article. With the numbers representing calibrated membership scores that range from .00 to .99 and the total score equal to the Boolean algebra combination of the four scores, here are the cultural complex wholes for the USA and Denmark for the cultural configuration maximizing the total score for the USA (the mid-level dot, “•” represents the logical “AND” condition in Boolean algebra and the tilde, “~” represents the negation operation):

USA_{usa}: (MA = .67)•(ID = .99)•(~PD = .72)•(~UA = .85), total = 0.67

Denmark_{usa}: (MA = .05)•(ID = .85)•(~PD = .96)•(~UA = .69), total = 0.05.

“USA_{usa}” refers to computing the cultural configuration for the USA using positive or negation calibrated scores that provide the highest score possible (i.e., the USA culture as the focal culture for the computation. The USA’s calibrated scores for MA and ID above the mid-range of scores (0.50), thus positive scores for MA and ID are used in the USA cultural complex whole; the USA is below the mid-range score for PD and UA, thus, the negation (“~”) for PD and UA are used for USA cultural complex whole. The USA cultural complex whole includes MA•ID• ~ PD• ~ UA; this configuration represents the USA cultural complex whole using Hofstede’s cultural values paradigm. Calculating each nation’s cultural complex whole membership score on the configuration for the USA (or any other nation’s) cultural complex whole is possible. Thus, for the USA cultural complex whole, Denmark_{usa}’s culture score is very low (i.e., .05). Comparing scores of each country’s complex whole score on a given focal nation’s complex whole configuration informs the degree countries are similar and different from the focal nation.

The total score for a configuration equals the lowest score appearing among the factors in the configuration. For example, for the USA MA has the lowest factor score (MA = .67) and thus this score is the score for the total cultural complex whole. Thus, the total score represents how much common membership the factors share in the configuration (Ragin, 2008). Here is an example of computing a negation of a membership score: the PD member score for the USA equals .28, the negation of .28 equals .72 (1–.28 = .72). Any one nation can be selected as the focal nation for computing cultural configurations in comparison to the cultural configuration of the focal nation. Thus, selecting the USA as the focal nation, the USA’s fundamental cultural configuration using Hofstede’s four cultural values equals: MA•ID• ~ PD• ~ UA, the computation of all other nation’s membership score for the USA cultural value configuration permits evaluating how close and far away other nations are from the USA configuration and XY plots of nations on the USA cultural value configuration and entrepreneurship behavior.

Applying the cultural configuration that maximizes the membership scores for Denmark (i.e., the score that maximizes Denmark’s cultural complex whole includes ~MA, ID ~PD and ~UA because Denmark below the mid-range of .50 for MA, PD, and UA, and above the mid-range for ID) provides the following computations and total scores for the USA and Denmark:

USA_{Denmark}: (~MA = .33) • (ID = .99) • (~PD=.72) • (~UA = .85), total = 0.33

Denmark_{Denmark}: (~MA = .95) • (ID = .85) • (~PD = .96) • (~UA = .69), total = 0.69.

Masculinity scores indicate a difference between these two configurations of complex wholes. Thus, while both the USA and Denmark rank among the top ten globally in entrepreneurial startups (Ács, Szerb, and Autio, 2015), the USA scores high and Denmark scores low for the

masculinity cultural value. Countries with similar configurations to Denmark’s tend to have a low Gini index (income distribution, a measure of inequality), high personal income taxes for high income households, and generous social programs to support families, preschool education, and low-income households), and they have low levels of government/business corruption. Examining cultures as complex wholes provides clues as to how two countries can achieve relatively high scores for entrepreneurship as well as quality-of-life (QOL, see evidence below for QOL estimates) and yet still differ dramatically in income distributions and support for the well-being of a large share of their residents. The Danish custom of referring each other to the “First rule in the ‘Danish Law of Janteloven’” (i.e., “You’re not to think you are anything special”) frequently may be an attempt to keep-in-check the nation’s very high score for ID—the ID score for Denmark is nearly as high as the ID score for the USA.

While Shane and Venkataraman (2000) recommend defining “the field of entrepreneurship” as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited, the present study defines “entrepreneurship” as the start-up of a new business firm or organization having its own legal and/or societal identity. The focus of this study is on constructing and testing an innovative macro-level theory to describe and explain the antecedents and outcomes of the frequency of occurrence of entrepreneurial start-ups. The study here proposes viewing national cultures and entrepreneurial nurturing and start-ups as complex wholes, that is, as configurations of factors. “Quality-of-life” (QOL) is the final outcome in the theory and empirical study; for QOL the study applies a proxy configuration of national levels of health and wealth. Morris and Lewis (1991), p. 32 provide a literature review on the issue and conclude, “... little focus has been given to entrepreneurship as a causal influence [on societal QOL].” Since Morris and Lewis (1991) the most recognized body of work on testing the proposition that increases in entrepreneurship serves to increase a region’s or nation’s QOL includes the field experiments by Banerjee and Duflo (2011); the body of work by Banerjee and Duflo (2011) shows that enabling start-ups increases regional well-being. The reductions in regional poverty and hunger are additional measures of QOL as well as including a measure of happiness that appears in other studies (e.g., Shin and Johnson, 1978). Thus, alternative measures of QOL are possible and the present study makes use of only one configuration (i.e., a configuration of health and wealth) for the nations in the study. The perspective the high entrepreneurship activity has a positive impact in a country’s QOL is central to McClelland’s (1961) rationale for nurturing individual initiative and risk-taking as well as Schumpeter’s (1942/1976) expresses the necessity for “creative destruction” for national growth and well-being. This study focuses on constructing and testing a macro-theory of entrepreneurship (start-ups) rather than developing a behavioral theory of the antecedents, actions, and outcomes of the entrepreneurial firm.

The present study asks the following research questions and tests answers to these questions via theory and empirical research using data from primary and secondary sources. First, do alternative cultural configurations indicate (a) potential for a high versus low number of entrepreneurial start-ups and (b) high versus low nurturing behavior for business start-ups? Second, do alternative configurations of national efforts to nurture business start-ups indicate a high frequency of successful business start-ups? Third, do configurations of (a) high nurturing activity for entrepreneurial actions and (b) a high frequency of business start-ups associate with high business innovative behavior? Fourth, are configurations of (a) nurturing business start-ups, (b) the frequency of business start-ups, and (c) business innovations indicative of high national QOL?

Following this introduction, Section 2 briefly describes prior scholarly work relating to the research questions in the present study. Section 3 describes the tenets complexity theory and their relevancy to theory construction in the present study. Section 4 discusses the asymmetric

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