



Contents lists available at ScienceDirect

International Business Review

journal homepage: www.elsevier.com/locate/ibusrev

A metacultural approach to predicting self-employment across the globe

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ARTICLE INFO

Keywords:

Entrepreneurial behavior
Cultural values
Meta-cultural approach
Multi-level modeling

ABSTRACT

Drawing from neo-institutional theory, we examine the relationship between preference for entrepreneurship and actual entrepreneurship behavior across multiple countries and cultures. We elucidate how multiple societal-level cultural models, namely Hofstede, Global Leadership and Organizational Behavior Effectiveness (GLOBE), and Schwartz affect the individual-level process connecting expressed preference for self-employment and actual behavior. Our hypotheses were tested using a multilevel technique on a sample of 20,755 individuals across 24 countries. The findings indicate that the moderating effect of predominant cultural cognition is partially supported. Contributions and implications for theory and practice are also discussed.

1. Introduction

Individual's entrepreneurship intention is one of the main predictors for actual entrepreneurship. Although previous research has investigated the relationship between expressed preference for entrepreneurship and actual entrepreneurship (e.g., Blanchflower, Oswald, & Stutzer, 2001; Grilo & Irigoyen, 2006), we still need to understand how national culture influences the relationship between cognition about entrepreneurship and actual behavior.

Scholars have devoted a considerable amount of attention to the antecedents of entrepreneurship at the individual level (e.g., Shane, Locke, & Collins, 2003) as well as at the organizational and national level (Liñán & Fernández-Serrano, 2014; Stephan & Uhlaner, 2010). Recent studies (see Table 1) provide insights into the effect of institutional environments supportive of entrepreneurship (i.e., national context in which rules, regulation, and non-monetary payoffs are conducive to entrepreneurship) on the rate of entrepreneurship recorded across countries (e.g., Autio, Pathak, & Wennberg, 2013; Stephan, Uhlaner, & Stride, 2014). However, comparatively few studies (e.g., Walter & Block, 2016) used a multi-level technique to shed light on the moderating effects of the national context on entrepreneurial decision-making.

To bridge this gap in knowledge, we investigate the moderating effects of the predominant cultural cognition of various societies (i.e., shared conceptions about the nature of social reality and the cognitive frames that shape decisions in a society) on the degree to which preference for entrepreneurship (i.e., an individual's drive and wish for

entrepreneurial behavior measured as the expressed preference for self-employment) (Grilo & Irigoyen, 2006; Verheul, Thurik, Grilo, & van der Zwan, 2012) is associated with actual entrepreneurship (i.e., an actual entrepreneurial behavior in the form of being self-employed) (Blanchflower et al., 2001). In other words, our study observes two stages of entrepreneurship¹ (i.e., the cognitive stage of 'wanting to be' an entrepreneur, and the behavioral stage) across countries and cultures. Preference for self-employment represents a cognitive antecedent for behavior intention and is the cognitive stage of wanting to be an entrepreneur (Blanchflower et al., 2001). We argue that preference for self-employment will relate differently to the behavioral stage of entrepreneurship (i.e., being self-employed) depending upon the dominant cultural cognition in a society.

We draw from neo-institutional theory to build a contingency model using a cultural cognition framework (Scott, 2000). From this perspective, the cultural cognitions of different countries are defined as shared conceptions about the nature of social reality and the cognitive frames that shape decisions. Country-level cultural cognition systems consist of the common frameworks of meaning and the shared values that shape perceptions of what is a legitimate behavior within a given society (Scott, 2000; Valdez & Richardson, 2013). Thus, perceptions that a certain behavior (e.g., wanting to be an entrepreneur) is desirable within the framework of societal meanings, values, and beliefs is likely to affect the likelihood of actually enacting such behavior (Hauff, Richter, & Tressin, 2015; Liñán & Chen 2009; Wennberg, Pathak, & Autio, 2013). As Liñán and Chen argue, "the 'lenses' through which each of us 'see' reality will vary depending on the cultural context"

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E-mail addresses: glaffranchini@laverne.edu, giacomo.laffranchini@gmail.com (G. Laffranchini), skim2@laverne.edu (S.H. Kim), rposthuma@utep.edu (R.A. Posthuma).¹ The present study conceptualizes entrepreneurs as persons who are ingenious and creative in finding ways to add to their own wealth, power, and prestige (Baumol, 1996). Therefore, we concur with previous studies (e.g., Douglas & Shepherd, 2002) in claiming that self-employment is more than a mere career choice but rather a basic form of entrepreneurship.<http://dx.doi.org/10.1016/j.ibusrev.2017.10.001>Received 16 December 2015; Received in revised form 27 July 2017; Accepted 9 October 2017
0969-5931/ © 2017 Elsevier Ltd. All rights reserved.

Liñán and Chen (2009, p. 610). Therefore, we argue that since social norms function like cultural cognitions and differ across countries and cultures, it should be expected that cultural cognitions will influence the relationship between preference for self-employment and actual entrepreneurial behaviors. In doing so, we extend the literature in multiple ways.

First, we theorize and then empirically test the extent to which preference for and actual entrepreneurship relates differently across countries and cultures using individuals who are either entrepreneurs (i.e., self-employed) or employees of organizations in many different countries using a multi-level technique. Our multi-level analysis of individuals across several countries is based on diverse cultural clusters (Hauff et al., 2015; Liñán & Fernández-Serrano, 2014). This enables a more broadly generalizable analysis that is not limited by the choice of a limited number of countries or cultures. Second, we focus on self-employment status in order to conceptualize entrepreneurship (as opposed to entrepreneurship intention), a choice that lends itself particularly well to cross-cultural studies (Blanchflower et al., 2001). Self-employment is a basic form of entrepreneurship that has been widely examined by many studies (e.g., Blanchflower et al., 2001; Grilo & Irigoyen, 2006). Additionally, data on self-employment are available for a large number of countries, and the construct is uniformly understood across cultures and countries. Thus, we can study how societal-level cultural cognitions alter the relationship between preference and actual self-employment across cultural clusters. The invariance in the measurement for self-employment across cultures reduces a recurrent concern in cross-cultural studies, namely the possibility that results may be driven by measurement issues. Thus, our findings are not constrained by the analysis of intention only. Rather, they extend the results to the relationship between cognition (i.e., express preference for entrepreneurship) and actual behavior across countries and cultures.

Third, we adapt a meta-cultural approach to develop a theoretical rationale explaining why the link between preference for entrepreneurship and actual behavior is expected to vary across countries around the globe. In our approach, we triangulate the theoretical justifications for the expected relationships across cultural models. Using data from the Hofstede, Global Leadership and Organizational Behavior Effectiveness (GLOBE), and Schwartz cultural models (see Section 3.1 for details), we were able to develop theory-based multicultural expectations (Posthuma et al., 2014). This meta-cultural approach helps resolve several methodological issues connected with cross-cultural research. On the one hand, researchers have been encouraged to collect original data from individuals in order to study the effects of country culture on various business concepts (Posthuma et al., 2014). However, collecting data using lengthy surveys measuring entrepreneurship-related variables while also asking many questions about national culture will likely result in low response rates or response bias. On the other hand, it is still uncertain which among the available cultural frameworks better serve the international entrepreneurship (IE) research domain (Javidan, House, Dorfman, Hanges, & Sully de Luque, 2006). Since our hypotheses are based on more than one cultural framework, we increase the likelihood that overlapping cultural cognitions are the cause of the tested relationships (Hofstede, 2006). Where multiple cultural frameworks are the foundation for similar hypotheses, it is far less likely that methodological artifacts will be a viable alternative explanation for observed relationships. Therefore, we lower the possibility that methodological factors such as the wording of survey instruments, question scaling, or data collection methods may be the source of data variance that might lower the internal validity of the study.

Our investigation of differences in cultures across countries is not

limited to a particular cultural framework. Using a meta-cultural approach thus also mitigates concerns about whether within-country cultural differences, differences in a culture across time, or differences across organizational cultures may confound the results. We were able to achieve such objective for two reasons. First, different cultural models (e.g., Hofstede, GLOBE, and Schwartz) are based on different scholars' construction of measures, with data collected at different times from different samples and using different methods. As a result, constructs from different cultural models may be similar but not identical. Second, despite these differences, there are significant conceptual similarities between constructs from different cultural models (Posthuma et al., 2014; Smith, Peterson, & Schwartz, 2002). Thus, our meta-cultural approach allows us to overcome the limitations inherent in the use of a single cultural framework. In so doing, we heed recent calls in the literature (e.g., Hauff et al., 2015; Tsui, 2007) by investigating entrepreneurial behaviors while relying on a conceptualization of national culture beyond Hofstede's (1980) cultural model and simultaneously employing measures for different cultural values.

2. Entrepreneurial behavior and culture

Entrepreneurial behavior is illustrated by an individual's decision to exploit an opportunity to be self-employed. The decision to become an entrepreneur is a complex process (McGrath, MacMillan, Yang, & Tsai, 1992; Shane et al., 2003). We focus on the relationship between two different stages of entrepreneurship: the stage of "wanting" to be an entrepreneur (i.e., preference for self-employment), and the stage of "being an entrepreneur" (i.e., self-employment status). The construct preference for self-employment represents a cognitive precursor to a specific behavioral intention and is distinguishable from actual behavior (Grilo & Irigoyen 2006). This helps explain the cognitive processes behind self-employment decisions (Table 1, Row 2). While it would not be surprising to find that a specific behavioral intention to engage in entrepreneurial behavior will be positively associated with actual entrepreneurial behavior, that relationship does comparatively little to explain why some individuals engage in actual entrepreneurial behavior and others do not.

We propose that a preference for self-employment that is a mere wish or an opinion not meant to be pursued may not in fact result in actual self-employment (Blanchflower et al., 2001; Verheul et al., 2012). That is, a preference for self-employment is a necessary but not sufficient condition for engaging in an actual self-employment behavior (Grilo & Irigoyen, 2006). We further argue that the relationship between preference for self-employment and actual self-employment will vary across countries due to differences in dominant cultural cognitions within each country.

As shown in Table 1, the extant literature on international entrepreneurship can be categorized (see Table 1, Column 1) into two streams (i.e., culture and institution). Scholars who called upon an institutional argument (Table 1, Rows 1–4) have argued that institutions, or the set of humanly-created constraints that influence individuals' behavior (Scott, 2000), can explain cross-country variance in entrepreneurship. The main focus of these studies (see Table 1, Rows 1–4) has been on a particular element of institutions, namely their regulatory element (or pillar). That is, these scholars have emphasized the notion that institutions establish rules and regulations that can significantly impact (positively or negatively) transaction costs, created risk as well as the uncertainty connected with the pursuit of entrepreneurial opportunities (Mueller & Thomas, 2001). Thus, different institutional dimensions within a country (see Table 1, Row 1), including the

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