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ENTREPRENEURSHIP VARY ACROSS CULTURES? A COMPARISON OF US-BASED 
VERSUS KOREAN-BASED SMALL-TO-MEDIUM-SIZED COMPANIES 
(INTERACTIVE PAPER)

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INTERACTIVE PAPER SESSION

HOW DO TOP MANAGEMENT TEAM AND ITS EFFECT ON CORPORATE ENTREPRENEURSHIP VARY ACROSS CULTURES? A COMPARISON OF US-BASED VERSUS KOREAN-BASED SMALL-TO-MEDIUM-SIZED COMPANIES

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Principal Topic

From the upper-echelons perspective, researchers have long argued that top managers significantly influence their firms’ entrepreneurial proclivity. While this research stream has been conducted primarily in the U.S context, the culture literature suggests that managers in different nations should vary substantially in their characteristics and behaviors. Considering this, in this paper we attempt to explore cross-cultural differences in the top management team (TMT) and its effects on corporate entrepreneurship. Taking U.S. based and Korean based small- to medium-sized companies as the focus, we examine two critical aspects of a TMT: diversity and process. Essentially, we address two research questions:
(1) How does culture influence a TMT’s diversity and process directly?
(2) How does culture moderate the effects of TMT diversity and process on corporate entrepreneurship?

Method

The target U.S.-based companies were identified from D&B’s Million Dollar Database. The target Korean-based companies were members of the Korean Venture Business Association (KOVA), and the Korea Medium Industries Association. For each participating company, we collected the survey data from its CEO and the other TMT members. We tested hypotheses with hierarchical regression analysis.

Expected Results and Implications

Regarding the first research question, we expect the results to demonstrate that U.S.-based and Korean-based firms differ on five aspects of TMT diversity (diversity in age, firm tenure, team tenure, education, and functional background) and three aspects of TMT process (information exchange, collaboration, and joint decision making). Specifically, we expect that TMTs in Korean-based firms have less value on the five aspects of diversification than TMTs in U.S.-based firms. Also, while TMTs in Korean-based firms have more collaboration than TMTs in U.S.-based firms, they have less information exchange and joint decision making than their U.S. counterparts. Regarding the second research questions, we expect that the five aspects of TMT diversification have no effect on corporate entrepreneurship in U.S.-based firms, but have negative effect in Korean-based firms. At the same time, while TMT collaboration and joint decision making have greater positive effect on corporate entrepreneurship in U.S.-based firms than in Korean-based firms, TMT information exchange has less positive effect in the U.S. firm context.

By examining TMTs in U.S.-based and Korea-based firms simultaneously, this research intends to complement the existing Western-view-based studies that discuss corporate entrepreneurship from the upper-echelons perspective. In doing so, this study helps firms in U.S. and Korea understand how they should manage their TMTs and facilitate corporate entrepreneurship.

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