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THE EFFECTS OF NATIONAL CULTURE ON ENTREPRENEURIAL PROCESSES: A MULTI-LEVEL ANALYSIS

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Principal Topic
Although the value of entrepreneurship for countries’ development is widely acknowledged, little is known how national culture molds the entrepreneurial behavior of individuals. Research to date has tended to use single indicators of entrepreneurship, as well as inappropriate applications of OLS regression techniques in clustered data. Hence, research still has little to tell in regards to whether the association between cultural characteristics and individual’s entrepreneurship is static or dynamic in nature. In this paper we begin to fill this void. Drawing upon stage-models and process-theories of entrepreneurship, we define the entrepreneurial process as comprised of three stages: nascence, being new and being established in entrepreneurship. We draw upon culture and entrepreneurship theory to outline a conceptual model and derive hypotheses’ from this to articulate the influence of national cultural orientations on different stages of the entrepreneurial process.

Method
We test our model using data from the Global Entrepreneurship Monitor (GEM) for 37 countries between 2001-2008. We complemented this with data on national cultural norms for the same countries using the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study. Our research design examines the cross-level effect of national cultural attributes on the likelihood that an individual qualifies as nascent, new or established entrepreneur. We used multi-level Generalized Least Square (GLS) modeling to show how national level cultural orientations influence the entrepreneurial process in dissimilar ways at different stages of entrepreneurship from nascent to established entrepreneurship.

Results and Implications
We found that national institutional collectivism exercise an initially negative, but thereafter monotonously positive influence on the entrepreneurial process: first inhibiting entry, then enhancing the persistence of the individual within the process, once an entry has occurred. Taken together, we contribute to process models of entrepreneurship by investigating how different stages in the entrepreneurial process are realized over time, and how cultural context facilitates or inhibits the realization of these stages. We contribute to culture theory by challenging the popular notion that individualistic societies are the most entrepreneurial is only half true. While collectivist societies tend to inhibit entry, they also support risk-taking and resource-mobilizing acts in subsequent stages of entrepreneurship.

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