6-11-2011

THE EFFECTS OF NATIONAL CULTURE ON ENTREPRENEURIAL PROCESSES: A MULTI-LEVEL ANALYSIS (INTERACTIVE PAPER)

Saurav Pathak
Imperial College Business School, s.pathak@imperial.ac.uk

Erkko Autio
Imperial College Business School

Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol31/iss15/18

This Interactive Paper is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
THE EFFECTS OF NATIONAL CULTURE ON ENTREPRENEURIAL PROCESSES: A MULTI-LEVEL ANALYSIS

Saurav Pathak, Imperial College Business School, UK
Erkko Autio, Imperial College Business School, UK

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: nascent, 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.

CONTACT: Saurav Pathak; s.pathak@imperial.ac.uk; (T): +44 20 7594 199; Imperial College London Business School, South Kensington Campus, London SW7 2AZ, UK.