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## A CULTURED ENTREPRENEUR

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### ABSTRACT

*In today's world entrepreneurship is gaining importance. Not only in the world but also in India entrepreneurship is fast gaining pace. This has led us to examine the different dimensions of entrepreneurship. Profit making, risk taking, autonomy etc are some of the elements which are associated with entrepreneur and entrepreneurship. One key variable which is often not taken into account is the role of culture and cultural variables in shaping the entrepreneurship. Culture guides people about the entrepreneurial activity, associates them with their fellow beings and with society. In this paper we analyze the role of culture in affecting the entrepreneurs and how entrepreneurs get affected by culture. A detailed descriptive analysis of the two way relationship is done citing the important studies and findings done in the respective field.*

**KEYWORDS:** Culture, Entrepreneur/  
Entrepreneurship, Values, Family

### INTRODUCTION

Culture is an important variable/factor which directly or indirectly affects each and every individual. A person is affected by values, emotions, societal norms, group behavior etc. An economic principle doesn't take these factors into account rather economic principles are formulated for a rational man. This is a major fallacy in the economic principles. In this paper we intend to discuss one such behavior of a man i.e. entrepreneur/entrepreneurship. According to economics the main reason for carrying out entrepreneurship is to derive profit. Other reasons may be to capture market, to innovate and sales maximization. But when observed it is found that there are other factors like prestige, honor, individualism etc which are responsible for entrepreneurship. These factors have long been neglected and not taken into account. In the following discussion we intend to focus on this aspect of entrepreneurial activity.

### REVIEW OF LITERATURE

Extended family contributes positively to the beginning of new entrepreneurial activities. (S. Khalif and E. Shwayri, 1966; B. Benedict, 1968; E.W. Nafziger, 1969)  
Cultural variables are more important than economic variables while explaining the differences observed in entrepreneurial activity among countries. Cultural variables are more permanent nature than economic variables. (Hofstede 2001; Wennekers et al. 2007).  
Collectivist culture promotes entrepreneurial activity. This study is based for medium or low level of income. (María-José Pinillos and Luisa Reyes)  
Hofstede (2001) mentions that in cultures dominated by collectivist behavior entrepreneurs prefer to employ their own family members or relatives of their employees.

## CULTURE

Culture has been defined differently by various communities and societies. Some societies define it as culmination of values passed from one generation to other. The values may be religious, social, political, economical etc. The term “culture”, as we define it today, was first used by Cicero in his work *Tusculanae Disputationes* (circa 45 BC) to metaphorically express the cultivation of the philosophical soul. <sup>5</sup>Marx defines culture as sum of social values. Culture can be defined as group shared ideas, behavior theories or mental parameters (Allaire and Firsirotu 1984, Hofstede, 1994), <sup>6</sup>values, norms, attitudes, beliefs of the society (Asante 1991), <sup>6</sup>cooperation, sharing, care and compassion (Nyerere, 1968), <sup>7</sup>group shared ideas, behavior theories or mental parameters (Hofstede, 1980, 1984, 1994), <sup>8</sup>primacy of family and community over individual, discipline over permissiveness and autonomy.

## CONCEPT OF ENTREPRENEUR/ENTREPRENEURS HIP

In the 16<sup>th</sup> century the in charge of army was called as entrepreneur. In his article ‘Essays on the Nature of General Commerce’ published in 1755, Richard Cantillon described entrepreneur as anyone who is engaged in economic activity. Entrepreneur can’t be defined in isolation because there are many other factors like political, sociological, psychological, economical etc on which an entrepreneur is dependent and in turn affects it. These factors together define the nature, dimensions and personality traits of an entrepreneur. Factors which define entrepreneur/entrepreneurship are achievement motive (McClelland 1961), optimistic approach (Cooper 1988), and propensity to take risk (Stewart and Roth 2001), and demographic factors like level of education (Bates 1995), unemployment status in a region (Ritsila and Tervo 2002), age (Bates 1995), marital status (Evans and Leighton 1989), level of income (Amit et al. 1995), career experience (Evans and Leighton 1989), societal relations (Aldrich 1987) and social skills (Baron 2004). Entrepreneur/entrepreneurship has been defined by economists based on various factors. <sup>1</sup>Walras refers an entrepreneur as fourth factor of production. For <sup>2</sup>F. H. Knight an entrepreneur is as a person who bears the risk and for <sup>3</sup>J. Schumpeter he is a person who innovates.

## CULTURED ENTREPRENEUR

A ‘cultured entrepreneur’ is a person who takes values, emotions, group shared behaviors, cultural variables, customary beliefs etc while making entrepreneurial decisions. It can be understood with the help of an example. Suppose a person in India wish to start a business. He would

like to take the services of his near and dear ones and in some cases of his relatives as well. This will help him in minimizing the cost of starting the business. The necessity of involving family members in the business arises because of the family pressure also. Mostly the unskilled works in the business will be carried by family members and if available the services of skilled family member is also taken. The story doesn’t stop here. The business if successful would be passed from one generation to another. There are many big business houses which adhere to this rule. This behavior may be explained using cultural values in-built in individuals. Societal pressure, family pressure, need for peer association, primacy of cultural values etc are normally cited reasons for this behavior.

An entrepreneur not only works with the motive of profit but cultural values do affect entrepreneurial decisions. These are also supported in many other studies. <sup>9</sup>Studies show that contribution of family have positively contributed to entrepreneurial activities (S. Khalif and E. Shwayri, 1966; B. Benedict, 1968; E.W. Nafziger, 1969). <sup>9</sup>Sixty percent of family firms are controlled by brothers and their married sons and forty percent by parent-son (married or unmarried). <sup>10</sup>Empirical evidence shows that (Noorderhavene 2004; Wennekerset 2007) culture more than economic variables plays an important role in explaining the differences in entrepreneurial activity in different countries. <sup>11</sup>Hofstede (2001) also points out that cultures which value collectivist behavior entrepreneurs prefers first their own family members and after that the family members of their employee.

## CULTURE DOES MATTER

The main idea which this paper intends to focus is the importance of culture in taking entrepreneurial decisions and its role in entrepreneurship. Economic principles are formulated for a rational man whose decisions are affected by price, quantity, productivity, profit etc but in reality there are other factors which affect economic principles. Cultural variables or cultural factor is one such factor. It is suggested that the cultural factors should be taken into account while making economic decisions.

## CONCLUSION

Cultural plays an important role in shaping and guiding the entrepreneurial activity. From the above discussion we can see that cultural variables do affect entrepreneurial activity. Countries of the world need to emphasize on this aspect to promote entrepreneurship. When a person takes any entrepreneurial activity he is influenced by the culture in which he/she belongs. A society which promotes entrepreneurship in that it is found that

number of people venturing in these activities increases. Further preferences are given to family members and relatives in organizations.

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