

How culture affects entrepreneurship including Bolivia & Britain



What is entrepreneurship?

Perhaps the Best Working Definition

“The pursuit of opportunity beyond the resources you currently control”

Professor Howard Stevenson
Harvard Business School



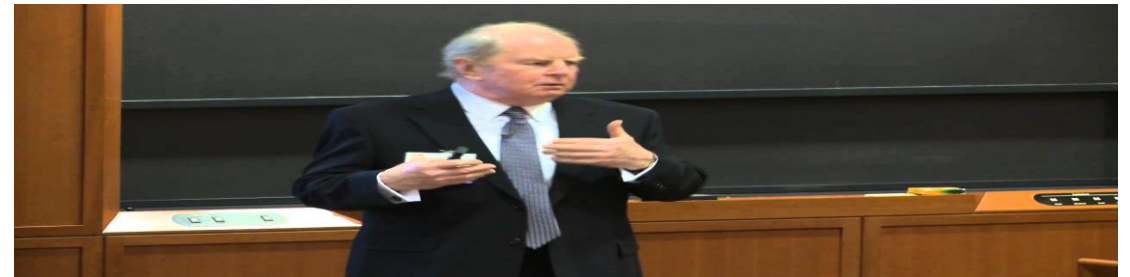
Copyright © Florida International University, Miami, FL 33199 www.entrepreneurship.fiu.edu

1. Definition Entrepreneurship

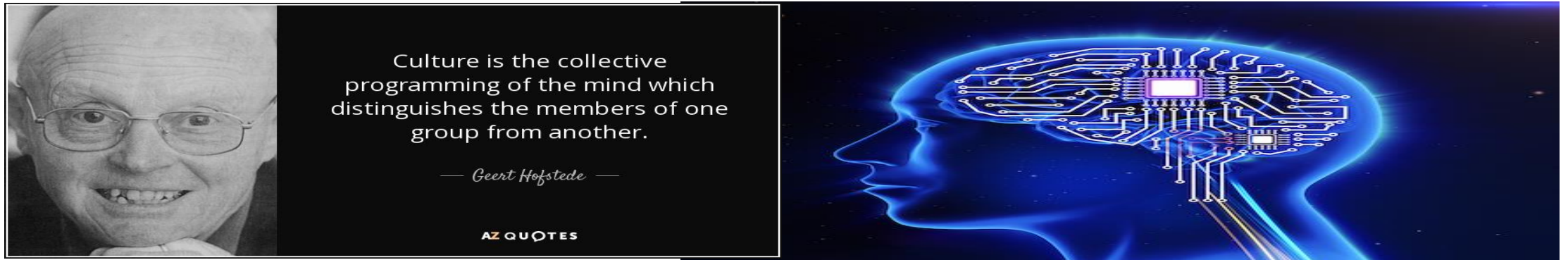
“Entrepreneurship is the action of mobilizing resources to launch projects and create firms whose products and services meet the needs of society.” (Gasse, 2007 in WÜSTENHAGEN)

4 Paradigms in Entrepreneurship theory (Verstraete & Fayolle, 2005 in WÜSTENHAGEN):

- opportunity recognition
- business creation
- value creation
- innovation



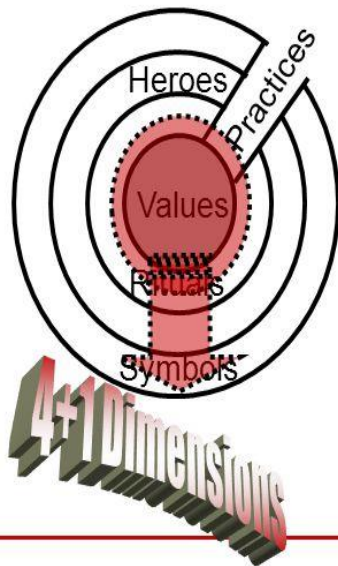
What is culture?



- Hofstede describes culture as: *how you were raised. It developed while you grew up. With a computer metaphor, culture is the software of our minds. We need shared software in order to communicate. So culture is about what we share with those around us* (Hofstede & McCrae, 2004).
- 6 fundamental dimensions of national culture (Hofstede, 2010).
- Mead & Andrews (2009) argue it is not objective to say one nation has one culture. China, for example, has 56 ethnic minorities. They argue that relations between main cultures and subcultures are shifting by influence of political, economic and historical factors .

Hofstede's Dimensions of Culture & Onion

2.2 Dimensions of Culture – Hofstede's Onion



Values determine the definition of good and bad, logical vs. paradoxical ...

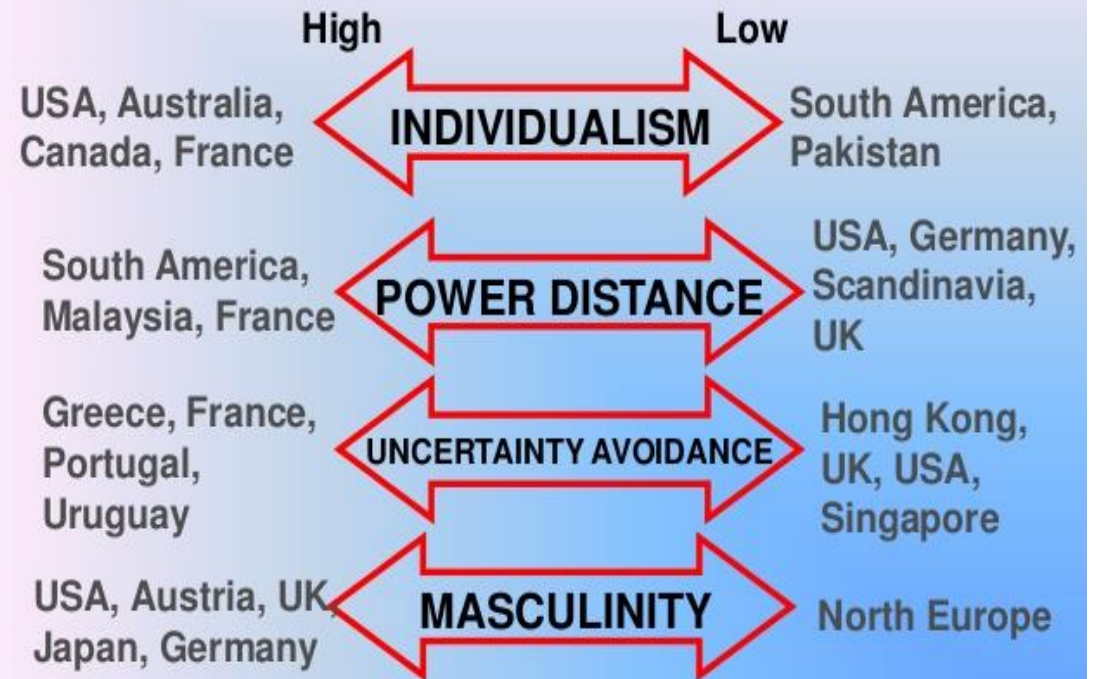
Rituals: Collective activities which are considered socially essential.

Heroes: Represent characteristics which are highly prized in a culture.

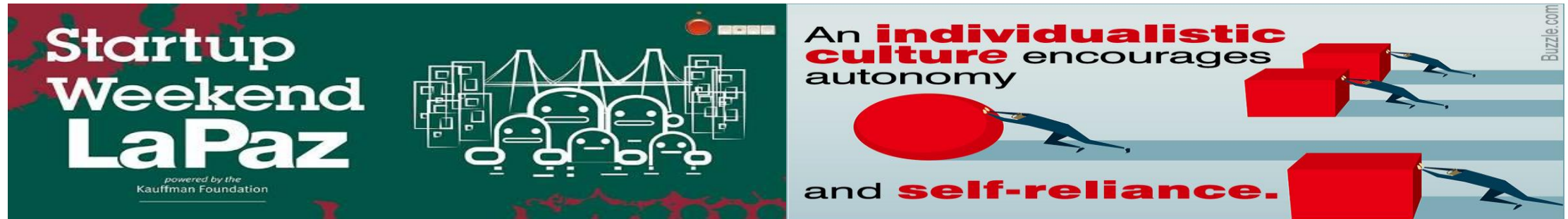
Symbols: Words, gestures, objects which carry a specific meaning which is only recognised within the culture

"Practices" are visible to outsiders and therefore can be learned.

Hofstede's Dimensions of Culture



Individualism



- Individualism reflects how decisions are made, taking into account societies that include either a strong collective mentality or a very individualist society (Hisrich, 2015).
- Bolivia is a factor-driven, collectivist country, with decisions being based on what is best for society (GEM, 2014).
- Each year, the municipal government of La Paz holds a start-up contest, with the winner provided with a dedicated physical base and access to training services. It has been very effective in nurturing the entrepreneurial community and in helping early-stage entrepreneurs get the knowledge and tools required to develop their ideas and businesses (WEF, 2018).
- German entrepreneur Herman Hauser (Times Higher Education, 2016) states an ideology of individualism explains why Britain has lagged so far behind Germany in building a state-backed system to commercialise academic research. <https://www.timeshighereducation.com/news/individualism-explains-uks-failure-to-translate-research>
- According to an article in the Independent (2017) Britain is the most individualistic country in the European Union. <https://www.independent.co.uk/news/uk/politics/brexit-britain-eurobarometer-individualism-solidarity-eu-politics-a8118581.html>

Power distance



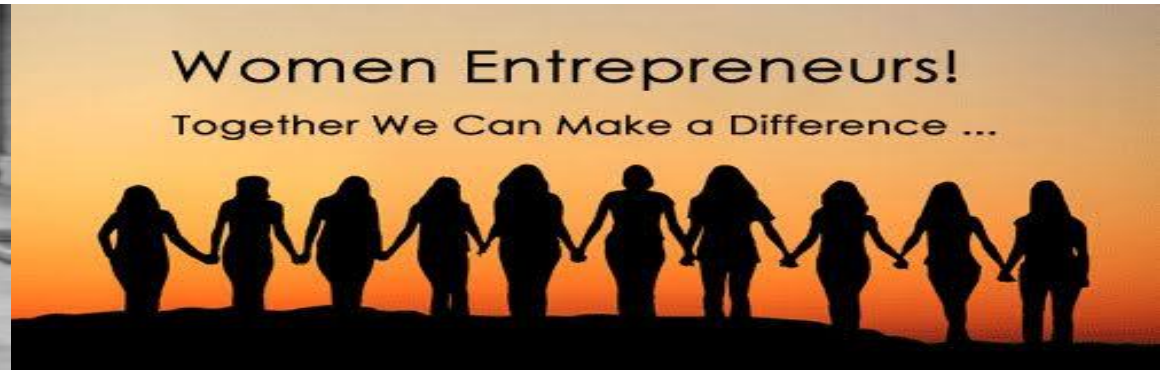
- A high power distance culture is defined by inequality and hierarchies (Hofstede & McRae, 2004).
- Bolivia has a teacher-based education system where there is a high power distance between teacher and pupil. Pupils are not allowed to question or interact with their teachers (Inc, 2018).
- The case of 21 year old Bolivian entrepreneur Alejandro Rioja, who one day wishes to return to Bolivia as president, highlights how many young Bolivians have to move to study in the United States if they are to become sophisticated entrepreneurs (Inc, 2018). <https://www.inc.com/john-white/how-this-ucla-grad-plans-to-become-the-president-of-bolivia.html>
- A low power culture is defined by the equal distribution of power between individuals (Tukur & Adam, 2017)
- The UK has a low power culture where pupils receive student-based learning, encouraging students to think 'outside the box' (GEM, 2017).

Uncertainty avoidance



- Uncertainty Avoidance focuses on the level of tolerance for uncertainty and ambiguity within the society, for example, unstructured situations (Hisrich, 2015)
- Entrepreneurs living in cultures with a low degree of uncertainty avoidance are likely to thrive in uncertain environments. Bolivian entrepreneurs are traditionally driven by necessity and therefore have a disregard for uncertainty (Gem, 2014)
- Many UK entrepreneurs have a culture of high uncertainty avoidance and require certainty of funding before starting new enterprises (Guardian, 2017)
- UK government is currently guaranteeing loans to entrepreneurs through the Enterprise Finance Guarantee Scheme (GEM, 2017).
- UK government also provides financial incentives for angel investors through its Enterprise Investment Scheme (EIS) which provides funding for businesses in times of economic turmoil and depression (GEM, 2017).

Masculinity v Femininity



- Masculine culture has traditionally been based on earnings, advancement and respect (Hisrich, 2015).
- Whilst women make up over 50% of the population of Bolivia, they do not live in conditions of equity with regard to men (Unicef, 2018) https://www.unicef.org/bolivia/children_1538.htm
- Feminine culture promotes goals such as a friendly working climate and co operation between work colleagues (Hisrich, 2015).
- The UK economy misses out on more than 1.2 million new enterprises by failing to embrace women entrepreneurs (GEM, 2017).
- 900,000 businesses would be created if the UK achieved the same level of female entrepreneurship as its US counterparts (Small Business, 2017).

Indulgence



- Indulgence is defined as *the extent to which people try to control their desires and impulses, based on the way they were raised* (Hofstede Insights, 2018).
- On the back of a wealthy economy, British culture is classified as Indulgent (The Guardian, 2016).
- In 2016, UK government finance minister Liam Fox called small British firms “fat and lazy”, suggesting intrapreneurs would rather “play golf on a Friday afternoon, than arrange export deals (The Guardian, 2016). <https://www.theguardian.com/small-business-network/2016/sep/12/outraged-small-firms-hit-out-liam-fox-fat-lazy-jibe>
- Bolivians are restrained (GEM, 2014).
- With a traditionally uncertain economy and strict government regulations, Bolivian entrepreneurs are unable to indulge in impulsive behaviour for fear of losing their income/business (GEM, 2014).

Long-term v Short-term orientation



HOFSTEDE'S CULTURAL DIMENSIONS



- Short term orientation is when results and achievements are set and can be reached within a certain timeframe (Hofstede, 2010)
- As a poor economy based on a quick turnaround of natural resources and unskilled labour, Bolivia currently has a high rate of short-term entrepreneurship within the country (GEM, 2014).
- Bolivia ranked 6th in total early-stage entrepreneurial activity (TEA) on the GEM Monitoring Report 2016 .
- Long term orientation is the acceptance that business results may take time to achieve and that employees wish to have a long-term relationship with companies (Hofstede, 2010).
- With an intermediate score of 51 on the Hofstede index (Hofstede Insights, 2018), a dominant preference in British culture between long-term and short-term orientation cannot be determined.
<https://www.hofstede-insights.com/country-comparison/the-uk/>

Global Entrepreneurship Index

Bolivia



Overall
GEI score

20%

Individual
score

64%

Institutional
score

29%

Improving the conditions
for entrepreneurship by
10% could add

\$ 22 billion

to the economy

#97

of 137
countries
globally

#14

of 24 in the
South and Central America /
Caribbean region

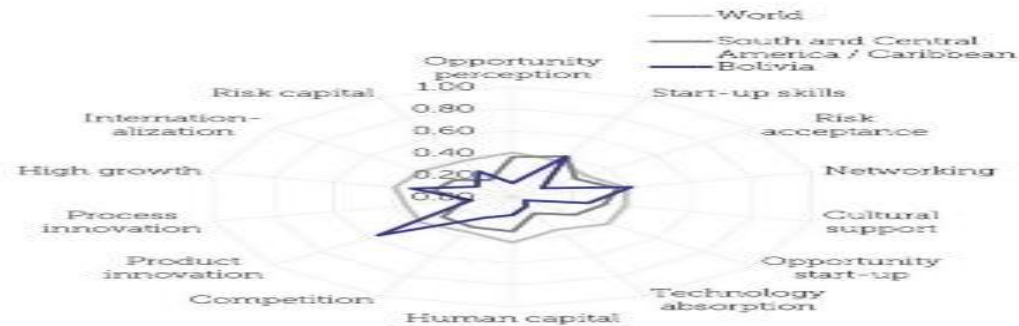
Strongest area: Product innovation

Weakest area: Opportunity start-up



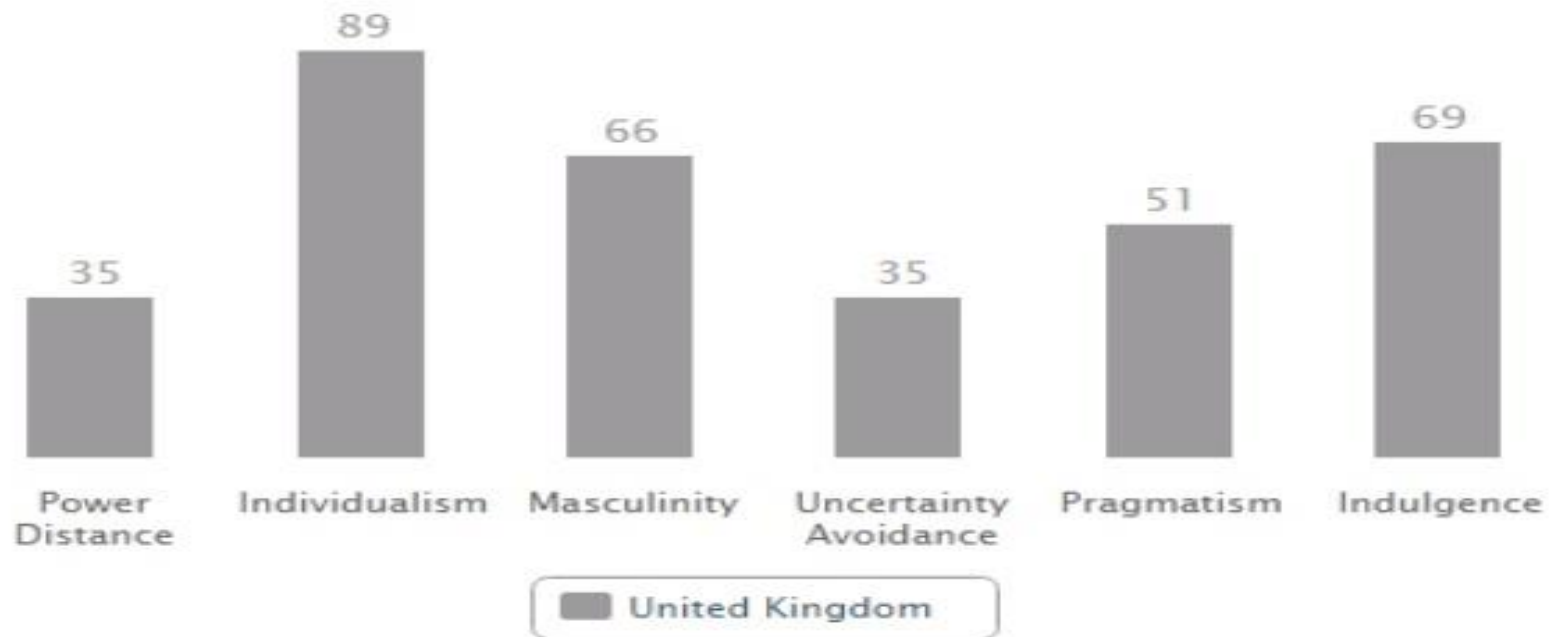
14 Pillar Performance:

Opportunity perception	0.12
Start-up skills	0.41
Risk acceptance	0.12
Networking	0.43
Cultural support	0.25
Opportunity start-up	0.05
Technology absorption	0.10
Human capital	0.17
Competition	0.21
Product innovation	0.56
Process innovation	0.14
High growth	0.34
Internationalization	0.18
Risk capital	0.25



Hofstede's dimensions from high to low (100 = high)

6-D Model, United Kingdom



Developing Entrepreneurial Culture

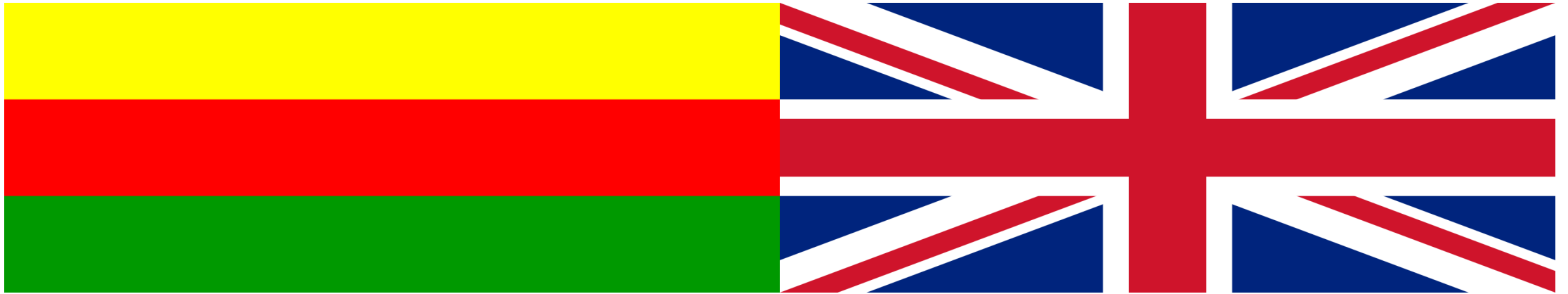
- Entrepreneurial leaders must create a unique organizational culture that supports a global mindset and continuous innovation. Successful 21st century organizations should develop the entrepreneurial skills of administrators, faculty, staff and students by encouraging entrepreneurial thinking and behavior. Entrepreneurial leaders must develop a culture throughout organizations designed to:
 - **Create and communicate a vision that is relevant to the dreams and aspirations of colleagues and constituents** while encouraging individuals to develop their personal goals and vision
 - **Inspire and motivate others to** make the organizational vision a reality by creating a sense of belonging and personal fulfillment
 - Develop a **global mindset in individuals** and organizations that embraces innovation, which includes change, technology, diversity, fun, creativity, collaboration and a strong orientation towards the future
 - **Empower individuals** by helping them develop a more internal locus of control, a higher need for achievement and increased risk taking propensity while tapping into their aspirations, passions, strengths and talents
 - **Leverage both human capital** (knowledge, skills and abilities) and social capital (networks and relationships) at the individual and organizational levels
 - **Value social responsibility, time and intuition**

How the culture of entrepreneurial leaders affects entrepreneurship



- British Business leaders, such as Richard Branson, are trying to create a culture in Britain that cultivates entrepreneurship (Virgin, 2018). <https://www.virgin.com/richard-branson/cultivating-culture>
- Branson argues that people are fundamental in driving the success of a business and that *if you treat your staff like the smart and capable adults they are, and give them choice to make informed decisions* - you will create an environment in which intrapreneurs can flourish (Virgin, 2018).
- In 2018 a group of 7 entrepreneurial leaders from Bolivia travelled to Washington USA to explore grassroots government programs that support the development of business owners and foster the advancement of small enterprises and entrepreneurship (Meridian, 2018). <http://www.meridian.org/project/bolivia-entrepreneurship/>
- During the 21-day study tour, the visitors discovered the social, economic, and political factors that influence and encourage the development of private enterprise in the USA (Meridian, 2018).
- Between 2007 & 2013, Gretchen Hernandez, a leading Bolivian entrepreneur, helped train 4000 indigenous people to leverage and build on existing assets to improve their community (Simon Fraser University, 2015). <https://www.sfu.ca/sfunews/stories/2015/sfu-convocation-october-2015/academic-social-entrepreneur-fosters-bolivian-development.html>

Conclusion



- 1) Culture plays a major role in affecting entrepreneurship in Bolivia and Britain. The culture of these countries is traditional, and also evolving, shaped by the political and economic climate of the time.
- 2) The culture of entrepreneurial leaders in Bolivia and Britain also affects the way these countries do business.

Recommendations

Bolivia and Britain must take the above factors into consideration if their entrepreneurs are to thrive in the future

Reference List

- Andrews, T.G. and Mead, R. (2009) *Cross-cultural Management*. Routledge Major Works.
- Burns, P. (2016) *Entrepreneurship and small business*. Palgrave Macmillan Limited.
- Global Entrepreneurship Monitor (2014) Country profile of Bolivia. Available at: <http://gemconsortium.org/country-profile/43> (Accessed 29th April 2018).
- Global Entrepreneurship Monitor (2017) Country profile of the UK. Available at: <http://gemconsortium.org/country-profile/121> (Accessed 10th May 2018).
- Hisrich, R.D. (2015) *International Entrepreneurship: Starting, Developing, & Managing a Global Venture: Starting, Developing, and Managing a Global Venture*. Sage.
- Hofstede, G. (2010) Geert Hofstede. National cultural dimensions.
- Hofstede, G. and McCrae, R.R. (2004) Personality and culture revisited: Linking traits and dimensions of culture. *Cross-cultural research*, 38(1), pp.52-88.
- Hofstede Insights (2018) Country Comparison- the UK. Available at: <https://www.hofstede-insights.com/country-comparison/the-uk/> (Accessed 28th April 2018).
- Inc (2018) UCLA graduate plans to become president of Bolivia. Available at: <https://www.inc.com/john-white/how-this-ucla-grad-plans-to-become-the-president-of-bolivia.html> 2(Accessed 10th May 2018).
- Independent (2017) Brexit Britain Individualism and solidarity. Available at: <https://www.independent.co.uk/news/uk/politics/brexit-britain-eurobarometer-individualism-soldarity-eu-politics-a8118581.html> (Accessed 27th April 2018)
- Meridean (2018) Bolivian Entrepreneurship. Available at: <http://www.meridian.org/project/bolivia-entrepreneurship/> (Accessed 26th April 2018).
- Simon Fraser University (2015) Social Entrepreneur fosters Bolivian development. Available at: <https://www.sfu.ca/sfunews/stories/2015/sfu-convocation-october-2015/academic-social-entrepreneur-fosters-bolivian-development.html> (Accessed 24th April 2018).
- Slide share (2018) Global Entrepreneurship. Available at: <https://www.slideshare.net/ofoymunguvivian/global-entrepreneurship-023> (Accessed 28th April 2018).
- Small Business (2017) Female Entrepreneurs. Available at: <http://smallbusiness.co.uk/female-entrepreneurs-2539493/> (Accessed 30th April 2018).
- The Guardian (2016) Outraged small firms hit out at Liam Fox. Available at: <https://www.theguardian.com/small-business-network/2016/sep/12/outraged-small-firms-hit-out-liam-fox-fat-lazy-jibe> (Accessed 26th April 2018).
- The Guardian (2017) Rich Privileged Entrepreneurs. Available at: <https://www.theguardian.com/small-business-network/2017/feb/20/rags-riches-privileged-entrepreneurs-business-resilience-michelle-mone> (Accessed 26th April 2018).
- Times Higher Education (2016) Individualism explains UK Failure to translate research. Available at :<https://www.timeshighereducation.com/news/individualism-explains-uks-failure-to-translate-research> (Accessed 30th April 2018).
- Unicef (2018) Women do not live in conditions of equity with regard to men. Available at: https://www.unicef.org/bolivia/children_1538.htm (Accessed 10th May 2018).
- Virgin (2018) Virgin Group – Cultivating culture. Available at: <https://www.virgin.com/richard-branson/cultivating-culture> (Accessed 10th May 2018).
- World Economic Forum (2018) Available at: <https://www.weforum.org/> (Accessed 30th April 2018).

Any questions?



I welcome any questions on how culture affects entrepreneurship with specific reference to the UK and/or Bolivia