

University of Groningen

Essays in Comparative International Entrepreneurship Research

Kleinhempel, Johannes

DOI:
[10.33612/diss.111582628](https://doi.org/10.33612/diss.111582628)

IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.

Document Version
Publisher's PDF, also known as Version of record

Publication date:
2020

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):
Kleinhempel, J. (2020). *Essays in Comparative International Entrepreneurship Research*. [Thesis fully internal (DIV), University of Groningen]. University of Groningen, SOM research school.
<https://doi.org/10.33612/diss.111582628>

Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

The publication may also be distributed here under the terms of Article 25fa of the Dutch Copyright Act, indicated by the "Taverne" license. More information can be found on the University of Groningen website: <https://www.rug.nl/library/open-access/self-archiving-pure/taverne-amendment>.

Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

English summary

English summary

Comparative international entrepreneurship research is concerned with variations in entrepreneurial activity across localities and collectives of individuals. Abundant evidence documents substantial differences in entrepreneurial activity that are rooted in the underlying economic, formal institutional, and socio-cultural conditions. Because differences in entrepreneurial activity are relatively persistent, socio-cultural conditions can be argued to be 'deep' determinants of entrepreneurship. However, our knowledge of the mechanisms through which socio-cultural factors influence entrepreneurial activity remains fragmented and the literature is rife with mixed and conflicting findings. Therefore, this thesis introduces fresh perspectives to guide theorizing and testing to advance the understanding of the role of socio-cultural conditions in entrepreneurship.

In the first study (Chapter 2: "*The changing role of social capital during the venture creation process: A multi-level study*"), we bridge the typically separate streams of research on (1) entrepreneurial process research and (2) contextualized comparative entrepreneurship research. On the one hand, process studies have assessed empirically how the influence of the determinants of entrepreneurship changes over the course of the new venture creation process. However, these studies have been mostly exploratory in nature and paid only limited attention to the regional social embeddedness of entrepreneurship. On the other hand, comparative research is concerned with the contextual determinants of entrepreneurship but has not incorporated an explicit process perspective. We unite these streams of research by using societal social capital theory (Putnam, 1993, 2000) as an overarching framework

that provides the theoretical link between entrepreneurial process theory and contextual comparative theory. Based on the societal-level mechanisms of social capital theory and the individual-level mechanisms of process theory, we propose that the effect of societal social capital is contingent upon the situational characteristics and hurdles faced by entrepreneurs in different stages of the new venture creation process. Specifically, the positive effect of societal social capital should be largest when individuals who want to become entrepreneurs attempt to mobilize the resources required to launch a venture formally. To assess this hypothesis empirically, we relate societal social capital indicators for 110 sub-national regions to cross-sectional information on levels of entrepreneurial engagement for more than 22,000 individuals in a sequential logit setting.

The results indicate that the overall positive effect of societal social capital changes during the venture creation process: societal social capital is most relevant for those individuals who are interested in becoming entrepreneurs by enabling them to launch a venture formally. It is, however, not associated with the likelihood that individuals become interested in entrepreneurship or the chances that young ventures, once started, survive in the market place. Societal social capital influences the new venture creation process positively, but at different stages to different degrees. We furthermore show that the positive effect of societal social capital is driven by outward-looking bridging ties that span multiple associations and networks, rather than by inward-looking bonding ties within silo-like associations. Our findings show that social capital that originates from the non-economic realms generates positive spillover effects that influence the economic realm, including entrepreneurship. Overall, our findings highlight that the underlying dynamics and the socio-contextual

embeddedness of the new venture creation process need to be considered simultaneously.

In the second study (Chapter 3: *“Cultural Roots of Entrepreneurship: Evidence from Second-Generation Immigrants”*), we focus on the identification of cultural effects in entrepreneurship. A large literature has proposed that differences in national culture are associated with cross-national variation in entrepreneurship. To date, however, the empirical evidence is mixed, partially conflicting, and of correlational nature. Given that the macro-level determinants of entrepreneurship –economic, formal institutional, and socio-cultural conditions– are inherently interdependent and co-vary across nations, it is challenging to isolate the effect of culture on entrepreneurship from other contextual conditions. To confront this challenge, we study the occupational choices of second-generation immigrants of different ancestries. Second-generation immigrants have been born and raised in the country where they live, but their parents were born in another country. If culture is durable, portable, and intergenerationally transmitted, second-generation immigrants’ of different ancestries will have different values and preferences as they are shaped by the culture of their country-of-ancestry (their parents’ country-of-origin). We use this to assess the effect of country-of-ancestry culture on entrepreneurship while holding other contextual conditions constant. Specifically, we hypothesize that individuals whose parents stem from countries characterized by a strong entrepreneurial culture are more likely to be entrepreneurs themselves than individuals whose parents stem from a weak entrepreneurial culture. Empirically, we relate differences in entrepreneurial culture –operationalized as revealed preferences for entrepreneurship in the country of ancestry– to the likelihood that second-generation

immigrants are entrepreneurs. We use multi-level modelling on two different samples: one consisting of more than 55,000 second-generation immigrants from 40 different countries of ancestry who were born in the USA, and another covering more than 2,000 second-generation immigrants from 25 different countries of ancestry who were born in Europe.

We find that second-generation immigrants are more likely to be entrepreneurs if their parents stem from countries with a strong entrepreneurial culture. The positive relation is quantitatively similar in the USA and Europe. To shed further light on the durability, portability, and intergenerational transmission of culture, we derive an alternative indicator of entrepreneurial culture by measuring variation in revealed preferences for entrepreneurship among second-generation immigrants of different ancestral-groups. We show that the likelihood that second-generation immigrants are entrepreneurs in the USA is higher if their ‘cousins’, European second-generation immigrants of the same ancestral group, exhibit strong revealed preferences for entrepreneurship (and vice versa). Taken together, these findings suggest that culture is durable, portable, transmitted intergenerationally, and influences entrepreneurship in a likely causal way. Second-generation immigrants whose parents stem from countries with a strong entrepreneurial culture are more likely to be entrepreneurs than otherwise identical second-generation immigrants whose families stem from countries with a weak entrepreneurial culture. These findings highlight the profound impact of culture on entrepreneurship.

In the third study (Chapter 4: *“How does culture influence entrepreneurship: Evidence from the aggregate traits perspective”*), we unpack distinct theoretical perspectives that suggest different channels through which culture influences

entrepreneurship. Building on Chapter 3 where we test *whether* the role of culture in entrepreneurship can be identified, in Chapter 4, we zoom in on the perspectives on *how* culture influences entrepreneurship. This is relevant because research on culture and entrepreneurship generally relies on three main theoretical perspectives: the aggregate traits perspective, the legitimacy perspective, and the social support perspective. These perspectives are based on conceptually distinct channels, highlight the salience of different cultural dimensions, and yield partially conflicting predictions as to the effect of culture on entrepreneurship. For example, on the one hand, the aggregate traits perspective predicts that individualistic cultures foster entrepreneurship by aligning individuals' values and traits with entrepreneurial behaviors. On the other hand, the social support perspective predicts that socially-supportive rather than individualistic cultures enable entrepreneurship by facilitating resource mobilization. These distinct perspectives cannot be disentangled in cross-country analyses. This poses a challenge because it complicates the analysis of the mechanisms through which culture influences entrepreneurship. In this chapter, we address this challenge by isolating the cultural effects that are proposed in the aggregate traits perspective.

Following Chapter 3, we isolate the role of culture by studying second-generation immigrants of different ancestries. This allows us to isolate the effect of culture on entrepreneurship that operates through the aggregate traits perspective from the legitimacy and social support perspective. We rely on three traits that are well-established in entrepreneurship research: risk-taking propensity, need for achievement, and need for autonomy. We conceptualize these traits as cross-cultural dimensions. We relate these aggregate cultural traits to the likelihood that second-

generation immigrants are entrepreneurs by using multi-level modeling on a sample of more than 53,000 second-generation immigrants of 36 ancestries in the USA. We find that entrepreneurship is positively and significantly influenced by cultural risk-taking propensity and cultural need for achievement. Cultural need for autonomy emerges as the quantitatively most important and robust predictor. Cultural need for autonomy also drives the effect of general entrepreneurial culture found in Chapter 3. Second-generation immigrants are more likely to be entrepreneurs if the culture in their parents' country of origin emphasizes need for autonomy. Our analyses underscore that culture influences entrepreneurship through its effect on individuals' values and traits as proposed in the aggregate traits perspective.

Taken together, the chapters in this thesis highlight three central issues in comparative entrepreneurship. First, considering the underlying dynamics of the new venture creation process in developing comparative entrepreneurship theory advances our understanding of how and when socio-cultural contextual effects matter. The impact of contextual conditions on entrepreneurship changes over the course of the new venture creation process. Second, the durability, portability, and intergenerational transmission of culture can be used to isolate cultural effects in entrepreneurship. Culture influences entrepreneurship in a likely causal way. Third, the three distinct theoretical perspectives proposed in the literature offer distinct mechanisms through which culture influences entrepreneurship. Culture influences entrepreneurship by shaping individuals' values and traits which is in line with the aggregate traits perspective. With this thesis, we demonstrate the importance of socio-cultural effects in entrepreneurship.

