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# Culture and its Effects on Modern Entrepreneurship

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**ABSTRACT:** The role of entrepreneurship is growing in modern society. This has prompted us to consider several aspects of entrepreneurship. A few prominent characteristics of entrepreneurs and entrepreneurship include making a profit, taking risks, and independence. The influence of culture and cultural factors on entrepreneurship is a crucial factor that guides people in engaging in entrepreneurial endeavors and staying connected to each other and society, but it is yet frequently ignored. In this paper, we will examine how culture influences entrepreneurship, cultural perspectives on leveraging opportunities, and the role of cultural intelligence in modern businesses to thoroughly analyze how culture plays a pivotal role in any enterprise.

**KEYWORDS:** Entrepreneurship, Modern society, Entrepreneurs, Profit, Risks, Independence, Cultural perspectives, Opportunities, Culture

## I. INTRODUCTION

Entrepreneurship is an unforeseeable journey (Barmuta, Akhmetshin, Andryushchenko, Tagibova, Meshkova, & Zekiy, 2020) that is impacted by a multitude of factors, including culture. Social networking, the environment, and moral as well as financial support likewise affect entrepreneurial ideas and activities beyond our imaginations.

In a particular nation or area, cultural values and traditions shape human conduct, entrepreneurship and relevant entrepreneurial concepts (Hassan, Saleem, Anwar, & Hussain, 2020). Globally, there has been a rise in entrepreneurship, which has fueled economic growth and improved the employment rate.

Entrepreneurs must comprehend and cope with the requirements and cultures (Khan, Salamzadeh, Shah, & Hussain, 2021) of target consumers to flourish in the global context. For instance, the extensive culture and ethical standards of the people of India stimulate local needs for handwoven clothing, pickles, spices, traditional meals and incense sticks.

### CORPORATE CULTURE’S IMPACT ON PERFORMANCE

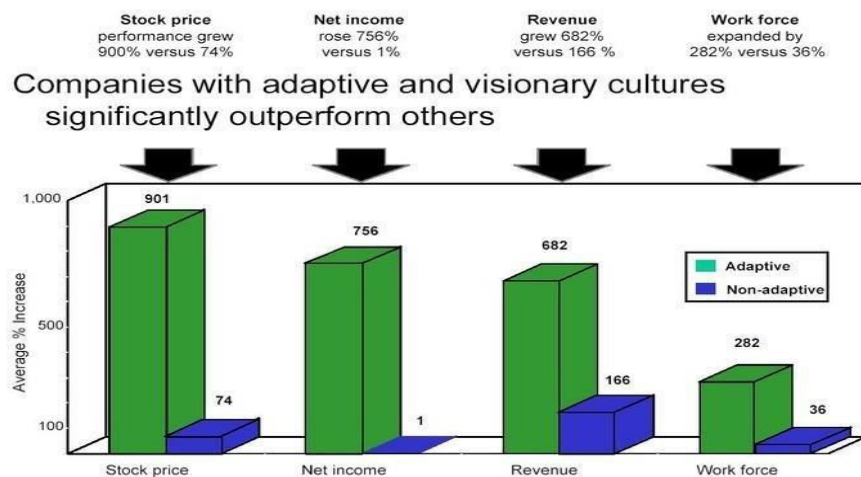


Fig.1 Impact of culture on the performance of a business

In this era of globalization, local culture aids in (Kumar, 2020) recognizing and responding to global events. In order to understand the meaning and pattern of life in modern society, it is crucial to comprehend the cultural variations



between the global and local levels. Comprehending the world via history, customs, language, as well as ethics requires an appreciation of local culture.

The expansion of secondary and higher education as well as the emergence of varied industries, are examples of how social and cultural renewal (Setini, Yasa, Supartha, Giantari, & Rajiani, 2020) has grown. The populace has successfully adjusted to new social and technological advancements without disturbing regional customs.

Entrepreneurs also attempt to modify their products to fit a variety of markets with wide-ranging demands and in accordance with various societal norms and beliefs. Differentiated product prices, various distribution channels, options, and communication are examples of adaptability. Big firms have invested large amounts of money in creating commercial strategies because they have realized that people from distinct cultural backgrounds appreciate distinctiveness, uniqueness, and local values.

## II. CULTURAL PERSPECTIVES ON RECOGNIZING AND SEIZING OPPORTUNITIES

Determining and benefiting (Cho, Moon, & Bounkhong, 2019) from opportunities is essential for successful entrepreneurship. Culture has a powerful effect on how entrepreneurs perceive and respond to opportunities. Cultural perspectives impact how entrepreneurs find, seek, and use opportunities for their profitability.

The concept of *guanxi* in Chinese culture (Lounsbury, Cornelissen, Granqvist, & Grodal, 2019) provides a unique cultural viewpoint on detecting and utilizing opportunities. This concept refers to the social networks and ties that are highly valued in Chinese culture. It is extremely important for entrepreneurs to find and benefit from opportunities. Entrepreneurs with strong *guanxi* networks (Naderibeni, Salamzadeh, & Radović-Marković, 2020) can take advantage of resources as well as knowledge to gain a competitive edge.

Another cultural perspective (Wales, Gupta, Marino, & Shirokova, 2019) is frugality in Japanese culture. This cultural perspective prioritizes saving and resourcefulness. Entrepreneurs that emphasize frugality can be more likely to recognize possibilities that require fewer resources and be inspired to implement lean company techniques.

Individualism-collectivism is also a cultural perspective that impacts identifying and leveraging opportunities. In individualistic societies like the United States, entrepreneurs are likely to recognize opportunities that align with their personal values and interests. On the contrary, in collectivist cultures, for instance, China and Japan, entrepreneurs tend to find opportunities that are advantageous for their social networks and communities.

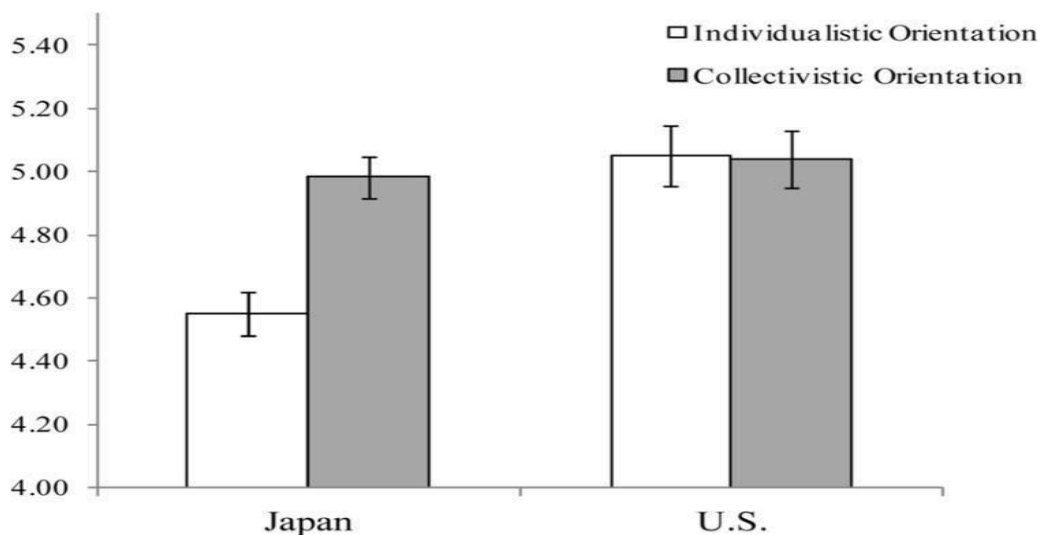


Fig.2 Individualistic and collectivistic orientations in Japan and U.S.

Also, cultural aspects like power distance might influence how businesses leverage opportunities. Cultures with high power distance follow a hierarchical structure, which might limit their access to knowledge and resources.

Entrepreneurs in such cultures rely on their connections with those in positions of power to recognize and seize opportunities.



Further, entrepreneurs who are cognizant of the aforementioned cultural perspectives like guanxi, frugality, individualism-collectivism, and power distance can use them to their advantage in harnessing opportunities in distinct cultural contexts.

### III. CULTURAL FACTORS AFFECTING ENTREPRENEURSHIP

A broad spectrum (Christofi, Vrontis, Thrassou, & Shams, 2019) of cultural influences, including values, social institutions, and conventions, drive entrepreneurship. Familiarity with how culture impacts entrepreneurial pursuits can aid entrepreneurs in navigating the obstacles and opportunities associated with establishing and expanding an organization globally. The following cultural variables influence modern businesses in myriad cultural contexts:

- Level of risk tolerance:** Cultural values affect the risk-taking capacity of people, which impacts entrepreneurship. Individuals in cultures that prioritize predictability and stability prefer jobs over following the entrepreneurship paths and are less willing to take risks (Sergi, Popkova, Bogoviz, & Ragulina, 2019). Individuals in societies that respect individual accomplishment are more ready to embark on the entrepreneurial route and encourage risk-taking behavior. Resultantly, risk tolerance varies between cultures, and entrepreneurs must take into account cultural issues while assessing the feasibility of their entrepreneurial activities.
- Family and social networks:** In many cultures, families and social networks enormously affect entrepreneurial behavior and operations. Family businesses are popular in cultures, and families pass on entrepreneurial knowledge to successive generations. Entrepreneurs use social networks to access resources, knowledge, and support to develop their businesses competently. Entrepreneurs value their relationships with communities in collectivist societies because they realize the importance of social networks for the success of their enterprise.
- Religion:** Some religious traditions, for example, Protestantism and Judaism, have been linked to higher levels of entrepreneurship due to their focus on hard work, thrift, and the desire for monetary prosperity. Understanding the cultural norms and opinions related to certain religions can assist entrepreneurs in understanding the social and institutional framework in which they operate.
- Long-term orientation:** This cultural component highlights the significance of long-term planning and investment. Long-term-oriented cultures place a significant focus on patience, savings, and investment in education and training. This can positively influence entrepreneurship as it fosters a long-term vision and a desire to invest in further development. Likewise, the long-term orientation has established a culture of creativity and risk-taking, leading to the establishment of flourishing startups and global corporations.

Cultural dimensions	Influence on entrepreneurship
Long term orientation	positive
Short term orientation	negative
Low power distance	positive
High power distance	negative – new family firms creation positive – entrepreneurship can be used to increase one’s power
Individualism	positive
Collectivism	negative – entrepreneurship is based on individualistic orientation positive – more social support is offered in collectivistic societies
Human orientation	positive
Performance orientation	positive
Future orientation	positive
Low uncertainty avoidance	positive
High uncertainty avoidance	negative – formalisation and resistance to risk is against entrepreneurship positive – quality of products and services

Fig.3 Relationship between cultural dimensions and modern entrepreneurship

- **Gender and ethnic diversity:** A team diversified as per these two parameters is likely to be imaginative, which indicates their competency to generate ideas for the progression of the organization. Furthermore, diverse employees with expertise in interacting with clientele can aid the venture in attaining a larger market share. On the other hand, an entrepreneur with cultural stereotypes and assumptions can confront barriers to capital and resources for diverse businesses, particularly women and minority entrepreneurs. So, an entrepreneur must focus on fostering greater diversity and inclusion in entrepreneurship to build a stronger and more productive business ecosystem.

### III. ROLE OF CULTURAL INTELLIGENCE IN ENTREPRENEURSHIP

Cultural intelligence is pivotal (Danish, Asghar, Ahmad, & Ali, 2019) for entrepreneurship because of the following reasons:

- **Relationship building:** Cultural intelligence assists entrepreneurs (Salamzadeh, Radovic Markovic, & Masjed, 2019) in developing meaningful relations with stakeholders from varied cultural backgrounds. Entrepreneurs can build trust with stakeholders by fathoming and adapting to distinct cultural values, which will prove to be essential in eradicating cultural misconceptions. This can be paramount for entrepreneurs aiming to develop a presence in a new market.
- **Product and service development:** Cultural intelligence enables entrepreneurs to develop products or services that fulfill the requirements of a particular cultural group. Entrepreneurs can fulfill the demands of customers from varied cultural backgrounds by comprehending their needs and preferences. This can assist entrepreneurs in setting a distinctive identity from competitors and elevating their market share.
- **Team building:** Cultural intelligence (Yun, Zhao, Jung, & Yigitcanlar, 2020) can benefit entrepreneurs in building diversified and inclusive teams. Entrepreneurs can create a welcoming workplace culture that supports a multitude of viewpoints by respecting individuals from numerous cultural backgrounds, which can increase employee satisfaction in the workplace.
- **Communication:** Cultural intelligence is instrumental for effective communication with stakeholders from distinct cultures. Entrepreneurs must be familiar with the nuances of varied cultural norms to avoid cultural misunderstandings and converse efficaciously with stakeholders. This can help a venture expand its customer base or establish an international presence.

### IV. SIGNIFICANCE OF CULTURAL INCLUSIVITY AND CONFLICT RESOLUTION IN ORGANIZATIONS

Cultural inclusivity and conflict resolution (Elnadi & Gheith, 2021) are key abilities that entrepreneurs in today's globalized environment must possess. Cultural inclusivity occurs when people from diversified cultures unite to form a group. Such collaboration aids the group in knowing distinct perspectives on a particular topic and progressing together toward a project. The combined talents of the group allow it to complete the project productively, which will improve the culture of the business and help it accomplish goals. Cultural differences, however, might lead to conflict, which can have a detrimental influence on the output and morale of the employees. As a result, companies must encourage cultural inclusivity and establish effective conflict-resolution solutions.

Cultural inclusivity teams are creative, so they have the potential to foster innovation in the workplace. They can also improve customer satisfaction by offering innovative solutions to customers. Entrepreneurs that comprehend and respect other cultures are likely to build long-term connections with customers and employees in today's world.

Cultural differences, on the other hand, might cause (Wei, Liu, & Sha, 2019) workplace friction. Misunderstandings and disagreements, for example, might occur owing to disparities in language and communication methods. Cultural standards and values can often cause conflicts and controversies. As a result, companies must establish effective conflict resolution procedures.

Promoting an inclusive culture is one method for resolving conflicts. Employees are more willing to share their ideas and cooperatively work when they feel included and respected for their differences. This can lessen the probability of misunderstandings and conflicts. Organizations can also give cultural training and education to employees in order to help them better understand and appreciate diverse cultures.

Cross-cultural communication skills are also necessary for conflict resolution. Employees should be cognizant of diverse communication styles so that they can accordingly modify their own communication styles. This can aid in the avoidance of misconceptions and the implementation of efficacious communication styles.

Leadership is also important in establishing cultural inclusivity and resolving problems. Leaders should set an example of inclusivity and consider the contribution of each employee to boost their confidence. They should likewise be conscious of their own cultural biases and overcome them. They can also encourage open communication to show a supportive approach towards all their employees and amicably resolve conflict.

Thus, cultural inclusivity and conflict resolution are vital elements for modern businesses. While cultural inclusivity can boost customer satisfaction, employee engagement, and creativity in the organization, good conflict resolution strategies can increase the productivity and morale of the workforce. Organizations can establish a productive, positive and culturally diversified work environment by creating a culture of inclusiveness, providing cultural training, and implementing effective conflict-resolution procedures.

## V. CONCLUSION

In culmination, culture has a big effect on modern businesses. Cultural values and conventions influence how entrepreneurs conduct business, establish teams, and produce goods and services. Similarly, a culturally diversified team can develop feasible and new perspectives and ideas, leading to more inventive and successful organizations. Entrepreneurs must fathom cultural differences and work to incorporate cultural intelligence into their business processes. Policymakers can also encourage entrepreneurship by incorporating cultural diversity and inclusion into their policies and initiatives. Educators play an important role in teaching future entrepreneurs to efficaciously manage cultural elements in the business. Entrepreneurs can establish more lucrative and cutting-edge companies that connect with a larger variety of stakeholders by embracing cultural diversity and taking efforts to handle communication issues, disputes, trust, and cooperation.

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