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# **Cultural contingencies in intention-behavior translation in student entrepreneurship: Do they matter?**

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# Research Motivation

- Entrepreneurship is deliberate, goal-oriented behavior, driven to a large extent by **entrepreneurial intentions**
- Yet **not every entrepreneurial intention** is eventually transformed into **actual behavior**
- There are few studies done on the **intention-behavior relationship** in **entrepreneurship** (Kautonen et al., 2013; 2015)
- Putting intentions into action may be hampered or amplified by various attributes specific to the **environment** in which an individual operates (Shirokova et al., 2016; Rauch, 2014)
- Calls for research on **cultural norms and values** with regard to intention-action transition (Schlaegel & Koenig, 2014)

# Research Question

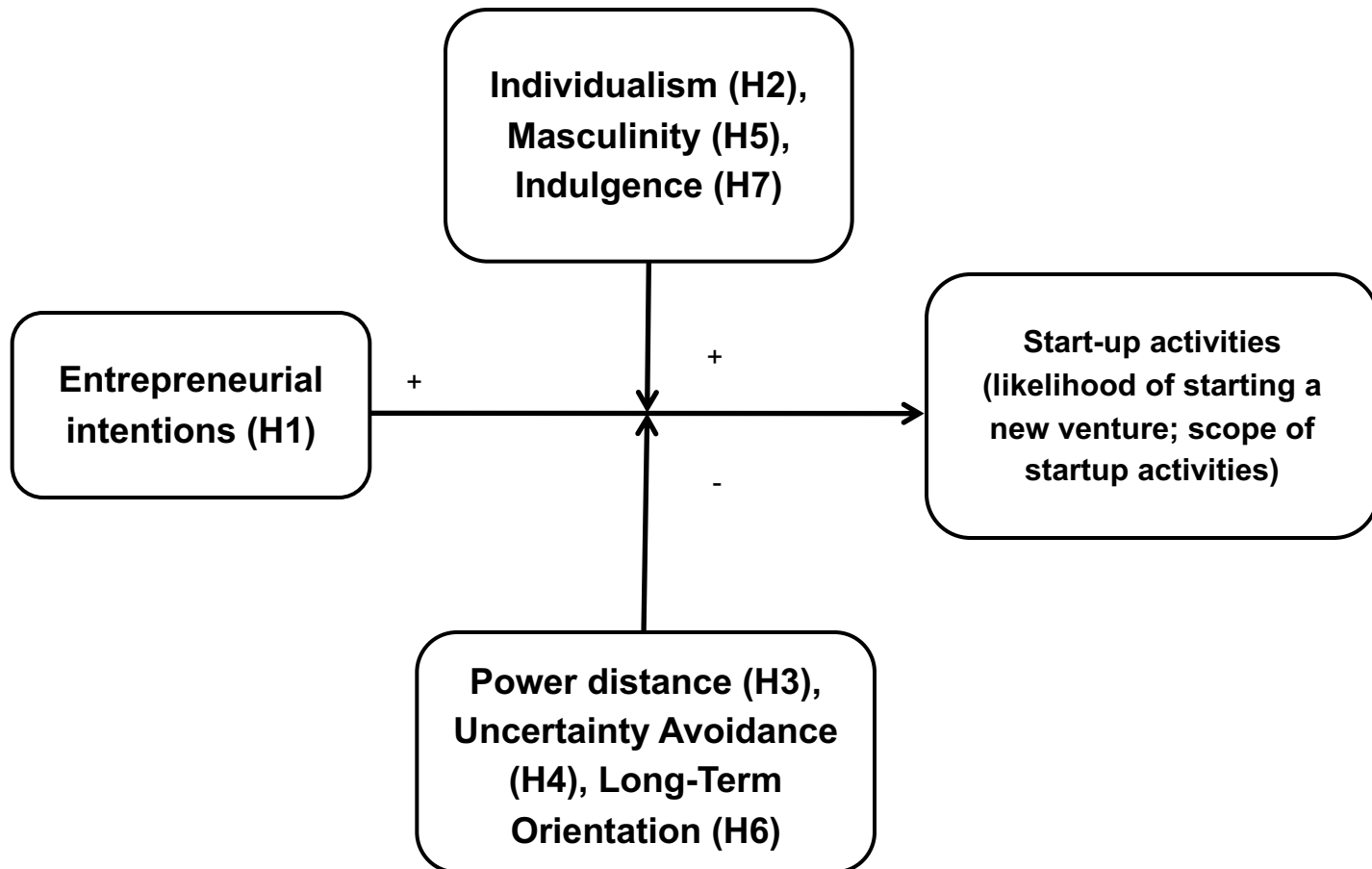
- Does a country's **cultural peculiarities** affect the entrepreneurial **intention-action gap**?

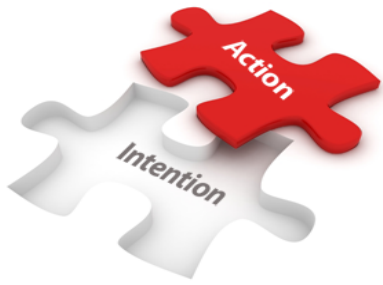


- Cultural peculiarities: **Hofstede's six cultural dimensions**
- Empirical context: **student entrepreneurs**



# Theoretical Framework





# Theory and research hypotheses (1)

- Theory of Planned Behavior: intention is a cognitive link between attitudes, subjective norms, perceived behavioral control and subsequent behavior (Ajzen, 1991), reflecting the motivational factors influencing people's behavior, and determining the amounts of effort people are willing to invest (Bird, 1988; Gielnik et al., 2014)
- Prior empirical studies in different research domains reveal the strong association between intentions and subsequent behaviors

***H1. Entrepreneurial intentions are positively associated with subsequent startup activities: (a) the likelihood of engaging in startup activities; (b) the scope of start-up activities***



## Theory and research hypotheses (2)

- Empirical evidence suggests that **individualism** is an important driver of start-up activity (Mitchell et al., 2000; Terjesen, Hessels, & Li, 2013):
  - obtaining loans and venture capital is easier (Baughn & Neupert, 2003)
  - legal protection for start-ups is considered to be more prominent (Baughn & Neupert, 2003)
  - higher internal locus of control (Mueller & Thomas, 2001), lower fear of failure (Wennberg, Pathak & Autio, 2013)

***H2: The country-level individualism reinforces the association between entrepreneurial intentions and startup activities, so that in countries high on individualism the association becomes stronger***



## Theory and research hypotheses (3)

- High level of **power distance** might impede entrepreneurial intention-action translation:
  - resources and information end up being localized at hands of the powerful ones (Grove, 2005)
  - societal inequality impacts individuals' ability and desire to track and exploit entrepreneurial opportunities (Ozgen, 2012)
  - low power distance presumes higher degree of independence and autonomy (Rusu, 2014)

***H3: The country-level power distance attenuates the association between entrepreneurial intentions and startup activities, so that in countries high on power distance the association becomes weaker***



# Theory and research hypotheses (4)

- High level of **uncertainty avoidance** might impede entrepreneurial intention-action translation:
  - societies with high UA treat conflict and competition as a source of destructive aggression (Mueller, 2001)
  - cultures with low UA cultivate values and personal traits that are congruent with entrepreneurship such as propensity to take risks (Yan, 2010), openness to new ideas, extraversion (Brandstatter, 2011), and achievement orientation (Thomas & Mueller, 2000)
  - administrative burdens related to start-ups are considered to be less restrictive in cultures low on UA (Baughn & Neupert, 2003)

***H4: The country-level uncertainty avoidance attenuates the association between entrepreneurial intentions and startup activities, so that in countries high on uncertainty avoidance the association becomes weaker***





# Theory and research hypotheses (5)

- High level of **masculinity** might foster entrepreneurial intention-action translation:
  - evidence suggests that entrepreneurs score higher on masculine values compared to non-entrepreneurs (McGrath et al., 1992)
  - masculine cultures are characterized with high performance orientation which shapes proactive strategies and enhances the number of individuals who are ready to exploit opportunities and interrelate with the external environment (Ozgen, 2012) making it easier to transform entrepreneurial intentions into a viable venture
  - the relationship between masculine and feminine values in the society to a certain extent defines the trade-off between career and family interests (Shneor, Camgoz, & Karapinar, 2013); the former often being more appreciated by aspiring entrepreneurs who are ready to invest their time into unfolding start-up activities.

***H5: The country-level masculinity reinforces the association between entrepreneurial intentions and startup activities, so that in countries high on masculinity the association becomes stronger***



# Theory and research hypotheses (6)

- **Long-term orientation** might impede entrepreneurial intention-action translation:
  - in LT oriented societies, individuals might take substantial time to carefully analyze business opportunities they have discovered against alternative possibilities to invest their savings
  - in ST oriented nations, individuals value quick results (Hofstede, 2001)
  - in LT oriented societies, individuals are eager to build solid interpersonal relationships with their potential counterparts before they engage into any business related deals (Rusu, 2014), which also may postpone their involvement into massive start-up activities

***H6: The country-level long-term orientation attenuates the association between entrepreneurial intentions and startup activities, so that in countries high on long-term orientation the association becomes weaker***



# Theory and research hypotheses (7)

- **Indulgence** might foster entrepreneurial intention-action translation:
  - feeling more freedom and having in mind the idea of control over his or her own life, an individual is more likely to exhibit EIs and transform them into start-up activities, as entrepreneurship is often a career choice made based on a desire for independence (Williams, Williams, 2012)
  - individuals exposed to indulgence cultures are more likely to leave their employers if they are not happy at the workplace (MacLachlan, 2013). As a result of dissatisfaction of working as a salaried employee, they might decide to try to start their own ventures

***H7: The country-level indulgence reinforces the association between entrepreneurial intentions and startup activities, so that in countries high on indulgence the association becomes stronger***



## Method

### Sample

- Data from the 2011 and 2013/2014 Global University Entrepreneurial Spirit Students' Survey (GUESSS)
- 1434 students from 9 countries: Germany, Switzerland, Austria, Netherlands, Estonia, Russia, Hungary, Latin America, and Singapore
- Sample selection bias control: Heckman's (1979) two-stage correction procedure

### Statistical procedure

- IVs: entrepreneurial intentions (dummy variable reflecting the desired choice of a career path), cultural indexes
- DVs: dummy variable (starting a new venture) and summative index reflecting start-up activities scope
- HLM: Hierarchical logistic regression and negative binomial estimation



## Results: Descriptives

In the student entrepreneurship context:

Baseline EIs rate:

- Out of 1434 respondents in the sample, only 141 (**10%**) declared having entrepreneurial intentions in 2011

Intentions-actions translation rate:

- Out of these “high intentions” respondents, 51 (**36%** of the “high intentions” group) translated these intentions into starting a new venture in 2013/2014



# Results: HLM Models

Predictors	Logistic Regression: Starting a new business	NB Regression: Scope of start-up activities	
Age	0.04 (0.02)	0.06 (0.03)	
Gender	-0.90 (0.08)***	-1.12 (0.07)***	
Attending an entrepreneurship course	0.43 (0.22)	0.94 (0.43)*	
University entrepreneurial environment	-0.00 (0.04)	-0.07 (0.06)	
Field of study (fixed effects)	IN	IN	
Individualism	0.03 (0.00)***	0.02 (0.01)**	
Power distance	-0.03 (0.00)***	-0.04 (0.01)***	
Uncertainty avoidance	-0.06 (0.00)***	-0.07 (0.02)***	
Masculinity	0.00 (0.00)	0.01 (0.01)	
Long-Term Orientation	-0.03 (0.00)***	0.07 (0.04)	
Indulgence	-0.07 (0.00)***	-0.01 (0.02)	
Ease of doing business	0.04 (0.00)***	0.04 (0.01)***	
GDP per capita in 2013	2.8e-5 (1.7e-6)***	-2.4e-5 (1.4e-5)	
<b>H1 Supported</b>	<b>Entrepreneurial intentions (EI)</b>	<b>21.67 (2.24)***</b>	<b>18.51 (2.98)***</b>
<b>H2 Not supported</b>	EI X Individualism	-0.03 (0.00)***	-0.01 (0.01)
<b>H3 Supported</b>	EI X Power distance	-0.04 (0.01)***	-0.09 (0.02)***
<b>H4 Supported</b>	EI X Uncertainty avoidance	-0.14 (0.03)***	-0.06 (0.01)***
<b>H5 Supported</b>	EI X Masculinity	0.03 (0.01)***	0.01 (0.00)**
<b>H6 Supported</b>	EI X Long-term orientation	-0.10 (0.01)***	-0.11 (0.02)***
<b>H7 Not supported</b>	EI X Indulgence	-0.06 (0.01)***	-0.04 (0.01)***
	Sampling bias correction: inverse Mill's ratio ( $\lambda$ )	-0.27 (0.28)	-0.11 (0.31)



# Results

- **H1**, regarding the positive main impact of **EI on the behaviors** found **strong empirical support** for both dependent variables (likelihood of starting a new venture and the scope of start-up activities)
- Impact of **Individualism** on the association between EI and actions is statistically **significant but negative** for the **likelihood** of starting a new venture, and statistically **insignificant** for the **scope** of startup activities (**no support for H2**).
- **Power distance, Uncertainty avoidance, Long-term orientation** have statistically significant negative moderating effect on the intention-action translation, weakening this link for both DVs – **in accordance with H3,4, and 6**.
- **Masculinity** strengthens the association between EI and actions (statistically significant positive moderation for both DVs) – **supporting H5**
- **Indulgence** has a significant negative impact on the intention-action translation in both models (**H7 rejected**)



## Discussion

- Although there is a significant positive association between EI and subsequent behavior, this association is reinforced or weakened by a set of cultural peculiarities of the country the entrepreneur is operating in
- Contrary to our theoretical reasoning, **Individualism** did not demonstrate the reinforcing impact on the intentions-actions translation. Tiessen (1997): the importance of collective and cooperative work when it comes to real start-up activities, while proclivity to individualism may still be a trigger for entrepreneurial intentions as such
- **Negative effect of indulgence**: the translation of intentions into actions is mostly volitional process, requiring self-discipline and self-control (Kautonen et al., 2015; Van Gelderen et al., 2015, Gollwitzer, 1999), which are more likely to be developed in the societies high on Restraint rather than Indulgence.





## Contribution

- To **comparative international entrepreneurship literature**: explaining the impact of national culture on the major building block of the entrepreneurship process – the translation of individual entrepreneurial intentions into actions, or moving from the ‘aspiring’ to the ‘active’ entrepreneurial stage.
- To **entrepreneurial intention models** and **entrepreneurial cognition** literature: specifying the contextual moderators (boundary conditions) that determine the strength of the association between entrepreneurial intentions and subsequent actions, in addition to the traditionally studied traits of the entrepreneur (Liñán & Fayolle, 2015).



# Limitations, Future Research Directions & Implications

- **Limitations and future research directions**
  - Our analysis is based on a single method (i.e., the self-report measures obtained from a single informant), potentially vulnerable to a set of biases
  - Our current research is based on a sample representing a single coherent group of subjects – university students.
- **Implications**
  - **for policy makers:** developing evidence-based ‘remediation’ plans and programs, aimed at stimulating the move between intentions and actions, or between the stages of aspiring and active entrepreneurs
  - **for aspiring young entrepreneurs:** being aware of cultural contingencies and the biases they introduce into intentions-action translation allows individuals to mitigate their possible negative influences.



**Questions?**

