The Moderating Role of National Culture in the Relationship between University Offerings and Student Start-up Activities: An Embeddedness Perspective

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Tehran, 22-23 February, 2016

*Research conducted with support from Russian Science Foundation grant (project No.14-18-01093)
The role of context

• **Context** is a critical factor in explaining entrepreneurial activity [Welter, 2011]

• The spirit of the educational context, its shared values and norms can **affect entrepreneurial intentions and actions**
  • Preliminary evidence that university context can impact entrepreneurial activities undertaken by students [Bae et al., 2014]
  • University entrepreneurial environment can be seen as the number of interrelated parts that may impact student entrepreneurship [Morris, Shirokova & Tsukanova, 2016]

• **National culture** may impact the supportiveness of the external environment for new venture creation [Etzioni, 1987; Hayton, George & Zahra, 2002] and explain the difference in the levels of entrepreneurial intentions and startup activity in different countries
RQ: How do the university environment and national culture impact student entrepreneurial behavior?

- Embeddedness perspective & entrepreneurship research

- Entrepreneurship behavior:
  - **Start-up activities** are the events and behaviors of individuals who are engaged in the process of starting a new venture [Gartner, Carter & Reynolds, 2004]

  - Entrepreneurs who were engaged in **more start-up activities** were more likely to continue the organizing effort and create a venture [Brush, Manolova & Edelman, 2008]
Embeddedness

- **Embeddedness concept** enables understanding of how involvement in different social groups and places influences and shapes actions [McKeever, Jack & Anderson, 2015]

- **Two levels** of embeddedness for student entrepreneurial start-up activities:
  - (1) **university environment** explains impact of different types of university offerings, conventions, norms, values and beliefs which are common in the university context where students are embedded, and can influence their entrepreneurial behaviors
  - (2) **national culture** uncovers the influence of social conventions, norms, attitudes, values and beliefs of the nation where students were brought up and within which they make their decisions and the real entrepreneurial actions take place
University Context

• Universities are potential facilitators of student entrepreneurial behavior

• **Three basic types** of university resources (offerings) related to entrepreneurship and start-up activities:
  • (1) lectures and seminars about different topics (curricular programming)
  • (2) networking and coaching opportunities (co-curricular programming) and
  • (3) financial resources for founding a business [Kuttim et al., 2014]

• We hypothesize that
  • **H1.** The engagement of students in entrepreneurship-related curricular programs is positively related to the scope of their start-up activities.
  • **H2.** The engagement of students in entrepreneurship-related co-curricular activities is positively related to the scope of their start-up activities.
  • **H3.** The engagement of students in financial support programs for student entrepreneurs is positively related to the scope of their start-up activities.
National Culture

- **Culture** determines the mental models and the way how the information is managed by a person.
- Cultural dimensions developed by Hofstede (2001), *individualism, power distance, and uncertainty avoidance* can help to understand the “how” and “why” of student entrepreneurship.

- **We hypothesize that** the positive relationship between students’ engagement in (a) entrepreneurship-related curricular programs; (b) entrepreneurship-related co-curricular activities; (c) programs offered financial support for student entrepreneurs and scope of their start-up activities will be:
  - **H4.** stronger in high individualistic countries than in low individualistic countries (students take advantage of education)
  - **H5.** weaker in high power distance countries than in low power distance countries (more empowered to make a difference)
  - **H6.** stronger in low uncertainty avoidance countries than in high uncertainty avoidance countries (willingness to pursue entrepreneurial initiatives)
Theoretical Framework

- University Curricular Programs
- University Co-curricular Activities
- University Financial Support

Individualism

Power Distance

Scope of Start-Up Activities

Uncertainty Avoidance

Controls:
- age, gender, field of study, degree level, family background, GDP (log), NEA, internal locus of control
*The standard errors are clustered at the university level
Methodology

Sample & Descriptive Statistics

• Data from **Global University Entrepreneurial Spirit Students’ Survey (GUESSS) 2011**, a biannual online survey of students from 26 countries
• Secondary data on cultural dimensions for the involved countries
• Our sample: N = 30,061 “intentional founders” among students from 23 countries and 273 universities
• Students were, on average, 24 years old, 47% were female, and 54% reported that their parents/relatives were or had been entrepreneurs

Statistical Procedure

• DV= count number of start-up activities;
• IVs= as the number of courses/activities engaged in by students
• Controls: age, degree level, family background, prior experience, GDP
• Hierarchical OLS Regression (STATA) + we clustered the standard errors at the university level to account for the possibility of non-independence of observations
Results

• Students’ engagement in entrepreneurship-related curricular programs is positively related to the scope of start-up activities undertaken by students ($H1$, confirmed)

• Students’ engagement in entrepreneurship-related co-curricular activities is positively related to the scope of start-up activities among students ($H2$, confirmed)

• Students’ participation in financial support programs at universities is negatively related to the scope of their start-up activities ($H3$, rejected)
Results

• The positive impact on the scope of start-up activities of entrepreneurship-related curricular programs and co-curricular entrepreneurship-related activities in high individualistic countries was stronger compared to low ones (H4a and H4b were confirmed)

• In high power distance countries the positive effect of entrepreneurship-related curricular programs and co-curricular entrepreneurship-related activities on the scope of student start-up activities was weaker (H5a and H5b were confirmed)

• High uncertainty avoidance in the society diminishes the positive effect of entrepreneurial courses on the number of student start-up activities (H6a was supported).
Results

Diagram showing the relationships between Individualism, Power Distance, Uncertainty Avoidance, University Curricular Programs, University Co-curricular Activities, University Financial Support, and Scope of Start-Up Activities. The diagram includes significant and insignificant results represented by arrows and asterisks.

Controls:
- age, gender, field of study, degree level, family background, GDP (log), NEA, internal locus of control
- *The standard errors are clustered at the university level
Main Findings

- Start-up activities of students embedded in a university context are impacted by the entrepreneurship-related offerings and activities available within that context.
- University financial support had a negative impact on the scope of student start-up activities.
- Student start-up activities are also embedded in the cultural context of their country. The findings indicate that in highly individualistic countries the positive relationship between curricular and co-curricular entrepreneurship programming and the scope of student start-up activities is stronger than in more collectivistic countries.
- In high power distance countries the relationship between curricular and co-curricular programs and scope of student start-up activities will be weaker than in low power distance countries.
- Uncertainty avoidance influences the link between traditional entrepreneurship-related curricular programs and student entrepreneurial activity.
- We didn’t find any effect of cultural dimensions on the relationship between university financial support and the scope of student start-up activities.
Conclusions

• Entrepreneurship can be considered as a learned phenomenon---university E programs matter

• Culture can be depicted as a moderator of the relationship between university offerings and student entrepreneurship and its effect can’t be ignored

• **Contribution:**
  • Understanding of how university students’ entrepreneurial intentions are translated into entrepreneurial actions
  • Understanding of the impact of key elements of the university environment on student start-up activity
  • Insights regarding the role of national culture in moderating the impact of the university environment on students’ start-up behavior
Issues and Ongoing Research

- The critical importance of both content/theory and classroom learning, but also of experiential --- what’s the right relative balance? how do we integrate the two and ensure they reinforce one another
- Question marks about the role of investment programs, and/or about how they designed and managed
- Dangers of simply replicating what different universities are doing without taking culture into account---the country context matters when it comes to the outcomes of education
- But can those within the academic environment do things to offset the influence of the cultural milieu?
- Characteristics of students that might offset cultural factors (e.g. experience, cognitive reasoning)
Thank you for your attention!