Cultural Factors Effecting Entrepreneurial Behaviour Among Entrepreneurs. Case Study of Multan, Pakistan

Mariah Ijaz (Bahauddin Zakariya University, Multan, Pakistan)

Ghulam Yasin (University of Sargodha, Sargodha, Pakistan)

Mah Jabeen Zafar (Bahauddin Zakariya University, Multan, Pakistan)

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Abstract

The present research concentrates to explore the cultural factors effecting entrepreneurial behavior. Main research question was to study the impact of culture on entrepreneurial behavior. Besides this, the researcher also examined the role of family, peer group and education in developing entrepreneurial behavior. The universe for the present study consisted of all enterprises registered with Trade of Chamber and Commerce (Multan). Five entrepreneurs were selected for interview through convenient sampling. In depth interview method was used for data collection. The data thus collected, were analyzed using critical analysis procedure. From the analysis it was concluded that culture has stronger impact on developing entrepreneurial behaviour i.e. Family and friends, play a strong role as source for developing entrepreneurial behaviour. Their moral and financial support helps entrepreneur to take risks and inculcate new ideas in their business. It is recommended that entrepreneurial education should be included at all educational level which develop entrepreneurial intention and can contribute in socio-economic development of entrepreneur as well as the country.

Keywords: Entrepreneurship, Entrepreneur, Culture, Behaviour, Family, Peer group

Introduction:

Entrepreneurship is about those individuals who discover and assess the opportunities (Pihie 2009). It offers individuals to enjoy self-employment, economic development, innovation, job creation and social development (Turker 2009). Entrepreneurs are those people who have personality traits and intention to start a new business while using innovation as a tool to develop and enhance their business (Ahmed et al. 2010). Entrepreneurship is a dynamic process for the development of nations and regions. It has now become the priority focus for socio economic growth of the nations (Liñán et. al. 2009). It brings new ideas and maximizes profit which accelerates to economic development (Turker 2009).

Entrepreneurial behavior has been dramatically increased in last few decades due to its importance for development in many countries that have emerging trends in their socio economic development (Zain et. al. 2010). World is realizing the importance of entrepreneurship which is the source of self-employment as well as the economic development (Ali et. al. 2010).Entrepreneurial intention is influenced by the socialization process, social networking, environment, parental support and family business experience (Turker 2009).

There is a major difference in cultural values and the norms across the cultures which influence entrepreneurial activity within that country or region (Morris, 2005).Cultural values are the essential element to make sense about entrepreneurship which influences the behaviors of people in a society (Turker 2009). National culture impacts on entrepreneurial behavior through the cultural values which are the essential part of society (Kreiser et. al. 2010). As culture is the transformation of learned behavior in generation to generation through language and imitation. Culture
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includes patterns of values, ideas and symbolic features which shapes the human behavior and it is the process of distinguish of one group from another through system of values (Mueller 2000).

Values and norms are the standard patterns of human behavior to control them which shapes the human cognition and motivational variables to guide choices, commitments and standards of behaviors. The system of values which shapes human mind specifies the group or society which motivate or shape individual may not prevail in other society as the difference in values (Mueller 2000).

Culture is a scaffold through which an individual can shape their behavior as well as collectiveness in society; it is the source for creating exclusivity in business enterprise. It provides support to deal with those issues the entreprenurers confront on day to day basis (Lounsbury and Glynn, 2001). Moreover culture is the way of thinking and feeling of a “mental programming” in a patterned way which differ one person from other. Mental programming refers those ideas which are attached with the societal norms and values that pass through one generation to the next (Baughn and Neupert 2003).

Social norms are the unrecorded rules of conduct of a group which impact the individual-level decision-making process. These are shared by others and prevail in society by their approval which maintain unwanted motivations and helps an individual in decision making process. Social norms help an individual in changing behavior according to environment (Meek et. al. 2010). Subjective norms have influence on entrepreneurial behavior due to unemployment and family commitment. Expectations of family and friends influence an individual for entrepreneurial behavior (Kennedy et. al. 2003).

Family plays an essential role for economic activity for the creation of firms and their growth. Family represents the important part of culture and has the significant impact on the performance of its members. Moreover, family provides opportunities to its members to develop networking. Traditional families play important roles in business and society because of the stronger ties and relationships for the enhancement of business, for maintaining their position in society and to maintain their power as well (Steier 2004).

Peer group is the main source for social interaction as well as to develop entrepreneurial intention. Entrepreneurship education provides various opportunities for students in social interactions with their teachers and peer groups which affect on the entrepreneurial learning process and provide a source for entrepreneurial intention. Through the interaction with peers, it influences the individual and develops new ideas and helping in to recognize new opportunities as well as opportunity creation. While sharing knowledge and creative ideas with peers become the source for initiation of entrepreneurial intention (Pihie 2009).

Peers help in developing entrepreneurial knowledge and skills by sharing, learning and exchanging the information about entrepreneurship programs, events, and resources of learning when they participate in meetings and associations in and across the educational institutions. This provides opportunities for students to have social interactions with their peers from different backgrounds and entrepreneurs in various occasions (Pihie 2009).

Entrepreneurial education has gain much importance worldwide through this, institutions have started new training and courses to influence students which enhances their economic lifestyle and a source of economic development of the country. Entrepreneurial education helps in entrepreneurial intention (Izedonmi et al. 2010) to create profits from business and it also provides confidence to the entrepreneur (Ahmed et al. 2010).

Through entrepreneurial education university students have ability to equip themselves with entrepreneurial intention which helps them to meet the challenges of market needs and satisfy those needs. Those who have higher
entrepreneurial efficacy are more interested to engage themselves in entrepreneurship (Pihie 2009).

**Rational and Significance of the study**
Culture shapes social and economic institutions and also a source of personality development. Worldwide integration and development has modified the traditional identifications through which intra-national cultural differences contribute to entrepreneurial behavioral differences (Linan 2009).

To determine the entrepreneurial intention, it is very important to study the culture. Social values and beliefs concerning about entrepreneurship have an effect on the motivational background of intention, on the other hand skills are also important factor for entrepreneurial intention. Individuals who have entrepreneurial skills are more prone to adopt entrepreneurship than those who do not have those skills (Linan 2009).

This research investigates how culture plays its role in developing entrepreneurial intentions. Family commitment, expectations of family and friends influence individual for developing entrepreneurial behavior. Economic disparities having relatively distinct cultural composition also affect the entrepreneurial behavior. Education helps entrepreneurs in increasing its focus on creativity and confidence-building. Keeping in view the importance of cultural related factors that are affecting entrepreneurial behavior, present research is an attempt to study culture as a construct of developing entrepreneurial intentions.

The main research questions which were undertaken in the present research are:
Is culture a source for developing entrepreneurial behavior?
Does family business exposure help in establishing and growing entrepreneurial ventures?
Is peer group a source of entrepreneurial interest?
Does entrepreneurial education provide an opportunity to build up entrepreneurial behavior?

**Review of literature**
Entrepreneurship becomes the important tool for economic development of a country (Faltin 2001). It is the way of self-employment which is the alternative way to rout out of poverty (Bogan and Darity 2007). Entrepreneurship is to utilize the opportunities as well as the resources to receive socio-economic benefits (Thijssen and Vernooij 2007). Entrepreneurship is considered as starting owns business for freedom of activity, risk-taking and job creation. It is also considered as an organization with no boundary as well as no corporate sector. It is an important way of occupation in preference of independence and self-direction through the source of identity and flexible to adopt the situation for self-expression (Gelderen et. al. 2008). Start-up of new business has significant impact on social and economic growth and is the source of innovation. The functions, activities and actions associated with exploiting opportunities and form an organization has become a universal trait (Guerrero et. al. 2008). Entrepreneurship on one hand is a complex phenomenon but on the other hand it provides creative dimension to entrepreneurs. Entrepreneurship is the source of development as well as it interacts with social issues, identifying new technologies and understanding the market place (Faltin 2001).

Entrepreneurial process has two components, (a) an event, it is the implementation of new ideas, product or services; (b) an agent, it is the person or an individual who carries out the process of an event with responsibility. The agent is the personal characteristic which differentiates the entrepreneur from non-entrepreneur. Personal characteristics have significant impact on entrepreneurial behavior such as age, gender, family and education (Guerrero et. al. 2008).

Entrepreneurial intention is the way to create new firms within available resources. Entrepreneurial intention is based on cultural and environmental factors in which individual live. Young people are more prone to adopt entrepreneurship as career choice as it is the way for social and economic development and to meet the expectations and demands of the
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entrepreneurial behavior through the cultural values which are the essential part of society. Researchers show that there is a link between national culture and entrepreneurial activity and how culture impact on entrepreneurial behavior. Institutions are the key dimensions for entrepreneurship through risk taking, innovation and pro activeness. Individuals are more ambitious and willing to take risks and strong decision power to take immediate actions (Kreiser 2010).

Social norms are the unwritten rules of conduct of a group which impact the individual-level decision-making process. These are shared by others and prevail in society by their approval which maintain unwanted motivations and helps an individual in decision making process. Social norms help an individual in changing behavior according to environment (Meek et. al. 2010).

A person is surrounded by cultural, social, economical and cultural factors which affects on the entrepreneurial intention and helps in enhancing self-confidence, risk-taking ability and innovation. Education has significant affect on entrepreneurial intention (Turker and Selcuk 2009).

Family as unit of socio-cultural activities provides plate form for initiating economic activity for the creation of firms and growth. Family represents the important part of culture and has the significant impact on the firm performance (Steier 2004). Family business has greater influence on entrepreneurial intention because family has a greater role in career choice. Family business has stronger awareness of its impacts on new generation who want to become entrepreneur. (Carr et. al. 2007)

Peers and friends played an important part as role model. Peers have a greater role in influencing one’s decision to become entrepreneurs (Keat 2011).

Research Methodology

The universe for the present study consisted of all enterprises that were registered with Trade of Chamber and Commerce (Multan). The researcher decided to select this universe due to

environment in which they live (Aghazamani and Roozikah 2010). Entrepreneurs are those who have personality traits and intention to start a new business while innovation is a tool to enhance their business (Ahmed et al. 2010). A person is surrounded by social, economical and cultural factors which affects on the entrepreneurial intention and helps in enhancing self-confidence, risk-taking ability and innovation (Turker and Selcuk 2009). Decision to become entrepreneur based on ones’ personal attitude and the social pressure. Social values and beliefs concerning about entrepreneurship have an influence on the motivational background of intention (Linan 2008). Culture favorability has direct link to risk taking behavior of entrepreneurs in promotion of innovation and activity (Aghazamani and Roozikah 2010).

Culture is the transformation of learned behavior in generation through language and imitation. Culture includes patterns of values, ideas and symbolic features which shapes the human behavior. Values and norms are the standard patterns of human behavior to control them which shape the human cognition and motivational variables to guide choices, commitments and standards of behaviors (Mueller 2000). Culture is the way of thinking and feeling of a “mental programming” in a patterned way which differ one person from other. Mental programminings are those ideas which are attached with the societal norms and values which pass through generation to generation. Values are the practices, including rituals, symbols and traditions. Societal values are comprised with the practices of norms, social stratification and educational system (Baughn and Neupert 2003).

Culture shapes social and economic institution and also a source for development. Entrepreneurial intention is influenced by the socialization process, social networking and the environment while parental support, opinion and modeling having greater impact on entrepreneurial behavior (Linan et. al. 2009). Cultural values and the norms across the culture influences entrepreneurial activity within that country or region (Morris and Schindebutte 2005). National culture impacts on
the reason that Multan is known as one of the oldest city of this continent and has rich cultural background. The economic disparities in this area have a relatively distinct composition with different aspects of entrepreneurs. Secondly, the universe composed of different urban areas with almost same cultural patterns (with the slight difference) that can be ignored while making generalization based on the present study.

Taking in to account the peculiar nature of the study and availability of the entrepreneurs, convenient sampling technique was used. A sample of 5 respondents which were available with Trade of Chamber and Commerce (Multan) was selected. Researcher got appointment via telephone to fix a time for interview.

An interview guide was prepared for the purpose of data collection. Face to face interview technique was used for data collection. For the purpose of precision, all the conversation was recorded on an audio cassette. Later on this conversation (which was in Urdu language) was translated and written up in English language.

For the qualitative nature of this research critical analysis technique was used to understand how culture affects entrepreneurial intentions keeping in view the evidence drawn from literature.

Analysis of the Interviews:

Family business exposure is a source for entrepreneurial behavior among entrepreneurs.

- Mr. Sheikh Ghulam Hussain had a strong impact of family in developing entrepreneurial behavior. His brother was running a general store. He used to help his brother in shop after coming back from school. So he got much experience in handling of business. Later on he started doing fertilizer business. He started marketing of fertilizers by his own.
- Mr. Farman Ali has stronger impact of family on his entrepreneurial behavior. His father was a business man and he had bakery shop while his brother started the same business in Karachi and gained experience in bakery and worked few years over there, which ultimately prompted him to start a new venture in Multan. His family supported him morally and financially to start new business, especially his brother helped him a lot in start-up with his experience.
- Mr. Malik Shafiq-ur-Rehman Bhutta had strong family business exposure which helped him in developing entrepreneurial intentions. His brother was running auto-mobile business which helped him in setting up his own venture. He used to spend some time in his brother’s business during his studies. Later on when he completed graduation, his family helped him in establishing separate business for him. His family business helped him in social networking as well and he got much experience from it. He started business from auto-mobile; later on with the help and suggestions of his family he started business related to battery sales and services. His family gave him moral and financial support for starting new business.

Peer group is a source for entrepreneurial behavior among entrepreneurs.

- Friends are great source of entrepreneurial intention. For Mr. Farman, he had greater support of his friends in crafting entrepreneurial intentions while his friends also gave him moral and financial support. They also helped him in social networking for enhancing his business which ultimately led to growth of business as well as economic status.
- In case of Mr. Malik Shafiq-ur-Rehman Bhutta, he had strong ties with his friends which nourished his entrepreneurial intention. His friends were also involved in battery business and suggested him to take initiative in this business. They also helped him to
understand the nature of business such as how to deal with the customer and their queries related to battery specifications according to the nature of auto-mobile. Friends of Malik Shafiq-ur-Rehman Bhutta helped him in social networking and helped him in acquiring dealership of the nationwide manufacturer companies.

- In case of Mr. Abdul Sattar Ch., he had strong relations with friends. They helped him in social networking. When Mr. Abdul Sattar Ch. started business, his friends who have already doing the same business helped him in approaching different companies to whom they were engaged in.

- Since peer group is found to be an important source of taking initiatives and motivation to start up new business. Mr. Ijaz Ahmed has strong and educated company of friends. He had regularly been receiving financial and moral support from his closed friends in conceiving new ideas regarding business. Before grocery and bakery business, Mr. Ijaz Ahmed was doing business of cars and other vehicles as well. But later on due to loss in the business, he decided with the help of his friends to start the business of food.

**Collective culture is stronger than individualistic culture.**

- In case of Mr. Farman, there prevails a collective culture than individualistic culture. Both brothers worked together for the growth of business. They have shared the duty timings. As well as they brought new ideas according to marked and the customer demand.

- In case of Mr. Malik Shafiq-ur-Rehman Bhutta, he had stronger ties with collective culture than individualistic culture. Firstly, he worked with his brother and gained sufficient experience to start-up a new business and to handle it. He is now working in group of his relatives and children but at the dominant and leading position.

- In case of Mr. Ijaz Ahmed, there prevails a strong collective culture as he has brawny company of peer group. He takes every decision with suggestion of his friends. Bringing and implementing new ideas they support him in all aspects as well as they help him in growth of his business. His friends also help him in social networking. They help him in establishing of new branches at different areas of Multan.

**Entrepreneurial education is a cause for entrepreneurial Behavior.**

- Mr. Abdul Sattar Ch. had stronger impact of entrepreneurial education. He did B.Com and after that he attained degree in chartered accountancy. He then got 3 years of working experience while working in different companies as per degree requirement. His education and working experience developed entrepreneurial intention which helped him to understand market demands. He applied professional ethics and gained much of trust from his client companies which resulted in growth of his business.

- Mr. Ijaz Ahmed got guaranteed education in Bs. Food and nutrition and had 20 years of experience in a private company. He also got an honorary degree of MBA from UK. His education, working experience and business administration degree helped him in taking decision to become an entrepreneur. It also help him to understand market demand, how to satisfy customer and how to gain trust and attention of customer.

**Unemployment a cause for entrepreneurial behavior.**

- Mr. Sheikh Ghulam Hussain had only middle level education, so he had no opportunity to get a proper job. He then decided to do farming because his elders were landowners. But later on he preferred to do business than to do farming.
As Mr. Farman, does not have formal education, so he was unable to get a good job, but he had business family background so he started doing his own business.

Mr. Malik Shafiq-ur-Rehman Bhutta got training of flying from flying club Multan but he did not secure job in any Airline then decided to establish his business.

Culture is a source for entrepreneurial behavior.

- Mr. Sheikh Ghulam Hussain had stronger ties with culture. He learnt from his family and friends experiences. He did not hesitate in taking risks. He implemented new ideas in growth of his business.
- In case of Mr. Farman, culture has stronger impact on entrepreneurial behavior. His family norms and values helped him in choosing entrepreneurship as a career choice. His peer culture was supportive to him for business start-up. He has strong ties with culture.
- Culture has stronger impact on the intention of Mr. Malik Shafiq-ur-Rehman Bhutta in entrepreneurial behavior. Family business exposure and friends having entrepreneurial background provoked him to start his own business. Norms and values of family, friends and society helped him to take risks and bring new ideas for the growth of business. He had strong favorability of the culture.
- In case of Mr. Abdul Sattar Ch., culture had much impact on his entrepreneurial behavior. He followed the norms and values of society which helped him in getting trust of companies.
- Culture had stronger impact on Mr. Ijaz Ahmed in entrepreneurial behavior. His peer culture strongly impact on his entrepreneurial intention and had stronger support of them. Moral backup from his family helped him in bringing new ideas and taking risk as he had favorability of the culture. Norms and values of the society helped him to compete in market and face challenges in growth of business.

Discussion

Economic strength of a country is important for the social and cultural strength of a country. Without it certain factors do not flourish in the area for long term such as education (Pardeep and Poonam 2011).

Entrepreneurship provides to the individuals freedom of choice, utilization of skills, making own decisions, financial security and to bring new ideas as well as to accomplish goals related to wealth (Maalu et al 2010).

This study examines that, entrepreneurs have greater intention to pursue entrepreneurship because it is a dynamic field and is a source of identity. Entrepreneurship is chosen as career choice due to the reason that graduates unable to get jobs as these are limited in numbers. Individuals are now seeking skills and entrepreneurial knowledge to exploit the opportunities (Keat et al 2011).

It is also examines that culture is the factor which influence on entrepreneurial intention. There is an association between entrepreneurial behavior and cultural values (Morris and Schindebutte 2005). Norms and values of the society help them to move forward.

Cultural values are the essential element to make sense about entrepreneurship which influences the behaviors of people in a society. Entrepreneurial intention is based on family, gender, business experience and education. A person is surrounded by social, economical and cultural factors which affects on the entrepreneurial intention and helps in enhancing self-confidence, risk-taking ability and innovation. Education has significant affect on entrepreneurial intention (Turker and Selcuk, 2009). Culture is the source for innovation, personal freedom, intuition, creativity, vision and growth which helps an individual to live in a society to perform its
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Entrepreneurship is to utilize the opportunities as well as the resources and as a result the value is generated (Thijssen and vernooij 2007). Entrepreneurial intention is influenced by family which has strong impact in career choice (Carr et. al. 2007). Their moral and financial backup for entrepreneurs helps them to meet their demands. The major reason to become entrepreneur is to meet family requirements and encounter family friendly policies (Martino 2003). Family is an essential aspect for economic activity for the creation of firms and growth. Family represents the important part of culture and has the significant impact on the firm performance. Families play important roles in business and society because of the stronger ties and relationships for the enhancement of business, for maintaining their position in society and they use their power as well (Steier 2004).

Peer group has significant affect on entrepreneurial intention and a source for social interaction (Pihie 2009). Peers have a greater role in influencing one’s decision to become entrepreneurs and they help them in determining entrepreneurial careers which provides them information, knowledge and guidance as well as moral supports (Keat 2011).

Entrepreneurial education helps in entrepreneurial intention to create profits from business and it also provides confidents to the entrepreneur (Ahmed et al. 2010). Education provides the skills to an individual in entrepreneurial progress. Educational institutions are the places for individuals from where they decide their career choices (Aghazamani and Roozikah 2010). Unemployment is a major source of entrepreneurial intention. Subjective norms have influence on entrepreneurial behavior due to unemployment and family commitment. Expectations of family and friends influence an individual for entrepreneurial behavior (Kennedy et. al. 2003).

Conclusion

From the discussion major findings deducted from gathered data were: 1) There is an association between the culture and entrepreneurship. Entrepreneurial intention is developed among entrepreneurs through the interaction with culture. Cultural norms and values helped entrepreneur to take risks and bring new ideas. In society like Pakistan entrepreneurs have much favorability of culture. 2) Family plays stronger role in entrepreneurial behavior and helped entrepreneurs in start-up of new business through moral and financial help. 3) Peers are the main source of entrepreneurial intention. They provide entrepreneurs knowledge, skill and training and help them in social networking. 4) Social capital of entrepreneurs plays important role in market demand. It becomes the source of competition among entrepreneurs. 5) Unemployment is another factor which provokes entrepreneurs in new ventures creation to meet family demand and expectations. 6) In this society collective culture is stronger than individualistic culture. Entrepreneurs are more likely to work in group but at dominant position.

Recommendations and Suggestions

Since the employment opportunities are decreasing day by day in government sector, Government should help the people in establishing small and medium entrepreneurial ventures by providing loans to the young graduates. This can contribute positively to engage people in business related activities at all level.

Government should make flexible policies to attract young graduates to be an entrepreneur to develop their socio-economic status. Jobian families must involve in entrepreneurship. Peer should share their knowledge with one another.Elders of the families, who have already been doing family business, must disseminate business ideas among other members of the family through socialization and informal education.
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