

**Entrepreneurship Study Proposal**  
**Ratan Dheer, Ph.D.**

**Culture and Entrepreneurship: The Role of Trust**

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**Abstract**

Improving productive entrepreneurship has taken the forefront of scholarly and policy debates. However, our understanding of its antecedents remains underdeveloped. In this study, I will leverage Hofstede's (2001) cultural values framework to derive a novel explanation of how culture impacts productive entrepreneurship. In addition, I will examine whether the level of trust in society affects this relationship. In developing this argument, I will integrate insights from entrepreneurship and social psychology research. The proposed hypotheses will be tested using multi-nation and multi-sourced data. Findings will advance the contextualized approach in entrepreneurship.

**Statement of Objective**

The importance of culture as a critical determinant of the rate of entrepreneurial activities in nations is not new. Indeed, Weber (1930) outlined that a culture of hard work, rationality, self-reliance, honesty, and thrift is vital for stimulating economic development through venture creation. Hofstede (1984) seminal work dimensionalizing culture has allowed entrepreneurship scholars to develop a finer-grained understanding of the role of cultural factors in stimulating venture creation. For instance, Pinillos and Reyes (2011) examined the impact of individualism-collectivism on cross-national entrepreneurial activities. Similarly, Uhlaner and Thurik (2010) outlined how post-materialistic values influence entrepreneurial actions across nations. Likewise, Fernández-Serrano and Romero (2014) analyzed the effect of autonomy, egalitarianism, and harmony values in explaining global variance in entrepreneurial activity.

Although the research mentioned above has generated significant insights, our knowledge of culture's impact on productive entrepreneurship remains limited. Developing such knowledge is vital as recent research suggests not all entrepreneurial activities contribute equally to the

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economic growth of nations (Acs & Varga, 2005). Fredström, Peltonen, and Wincent (2021) emphasized that “studying only the entrepreneurship level is less informative regarding economic development....as...not all entrepreneurship is productive for the economy (p. 11).” Scholars have, as such, called for research that focuses on understanding the institutional determinants of entrepreneurial productivity (Chowdhury, Audretsch, & Belitski, 2019; Dheer & Treviño, 2022). Doing so is critical to conceptualize conditions that pull entrepreneurs into more productive venture creation activities versus push them into low-quality, subsistence-type entrepreneurial activities less likely to benefit the overall society (Baumol, 1990). I contribute to this discussion by analyzing the impact of culture in explaining productive entrepreneurship.

In addition to probing culture’s impact on productive entrepreneurship, I aim to analyze the effect of social trust on this relationship. Particularly, entrepreneurship literature suggests that entrepreneurs are influenced mainly by the level of trust within their society in evaluating opportunities. Indeed, social trust allows them to access vital information, build legitimacy, and reduce the transaction costs of starting new enterprises (Welter, 2012).

### **Significance and Contributions**

This study will make three key contributions to entrepreneurship theory and practice. First, it will contribute to our understanding of the effect of culture on productive entrepreneurship, facilitating economic growth policies. Second, it will help conceptualize whether social trust impacts the culture-productive entrepreneurship link. Third, it will contribute to understanding how contextual factors impact entrepreneurship across nations.

### **Timeline**

The study will employ regression analyses on multi-national and multi-sourced data to examine proposed hypotheses. The findings can be shared by the mid-Fall 2023 semester.

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**Curriculum Vitae**

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