

## Perspectives on entrepreneurship; Cultures and Contexts

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This special edition contains a selection of papers first presented at a conference held at Aberdeen Business School. It was jointly organised by Aberdeen Business School (Robert Gordon University, Scotland) and CERVEPAS (Sorbonne Nouvelle, Paris) and reflects the increasing interest in how entrepreneurship is influenced by cultures. The conference was inspired by the realisation that entrepreneurship is often promoted as if it were a universal phenomenon; such that its formation is identical regardless of location. This unchallenged assumption troubled us, because the literature has increasingly shown, since Granovetter's (1985) seminal article, that enterprise is as much a social as an economic phenomenon (Jack et al, 2008; Steyaert and Katz, 2004) and that we should "see a recognition of entrepreneurship as socio-economic process, an ongoing synthesis of self and society" (Anderson and Smith, 2007:481). Since culture, as a macro social concept, can be construed as a manifestation of what matters in a society, it is clear that it shapes how entrepreneurship itself is manifest. So entrepreneurship seems to be, at least in part, a contextual product of a society's culture.

Understanding how this operates and its ramifications, is the focus of this special edition. We present four rather different perspectives. The first by Coron, looks at the idea of the self made man. This produces some intriguing

entrepreneurial implications. For example, in the outcomes of education as she describes how in France, in contrast to the UK, many entrepreneurs seem to favour education as a precursor to entrepreneurship. Her work challenges the Schumpertian archetype and allows her to conclude “shows that new and different types of entrepreneurs have emerged, each fitting the particular national social, cultural and economic backgrounds they belong to, the specificities of the different training systems being part and parcel of the processes of entrepreneurial orientation in each country”.

Our second paper by de Koning and Drakopoulou Dodd enters into a similar spirit of enquiry. These authors take a much wider scope and look at entrepreneurial metaphors in six countries. They argue very convincingly that metaphors capture “the embedded entrepreneurial narratives”, because such narratives become taken for granted. Thus metaphors because of the very prosaicness are a way of unlocking cultural understanding of entrepreneurship. With considerable justification, the authors propose that this is a “promising approach to studying the context of entrepreneurship across borders”. They find that although there are many similarities across national boundaries, a closer analysis shows that there are also remarkable differences. Thus they conclude - “Entrepreneur” is not a dry, value-free uncontested scientific term. Rather, it is a highly mutable, divergent social construction, with substantial variation even across the English-language nations we studied.”

Our third paper by Ben Offerle takes a light hearted, by seriously grounded look at what it means to be British, or more formally, “what is the impact of being British on small UK exporters”. Developing from a historical perspective, Offerle examines internationalisation as a process of becoming involved in international markets. The paper explores a number of avenues to point out both advantages and disadvantages of what Offerle obviously sees as a distinctive British culture. He concludes that it appears that UK small entrepreneurs do not perceive cultural differences as a major obstacle to doing business in foreign markets, at least across the EU.

Our final paper by Rob Smith and Helle Neergaard takes up a similar theme to Offerle. They explore how culture has negatively impacted on promoting

enterprise in Denmark. Again employing a historic perspective, they argue that the spirit of enterprise manifests itself differently in different cultures and countries. Interestingly they show how the Jante Law, a Danish version of the tall poppy syndrome, discourages anyone from rising above their allotted station in life. Obviously this perspective acts as a cultural constraint on enterprise. But the authors also look at Danes who had migrated to the US and found a number of vivid examples of entrepreneurial success. Thus they are able to argue that the US culture was more enabling for enterprise.

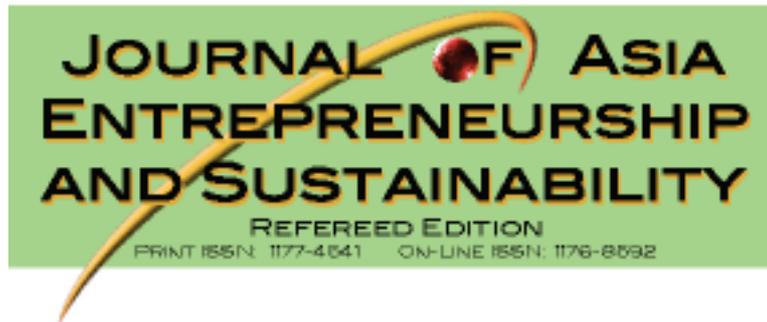
All in all we have rich crop of papers that provide convincing evidence that the cultural context shapes enterprise. Consequently we see this special edition as making a major contribution to our appreciation of culture and contexts and offering a fresh perspective on entrepreneurship.

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# The impact of Education and Training systems on Entrepreneurship: A comparative approach between the United Kingdom and France

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## Abstract:

This study seeks to identify and compare the impact of education and training systems on entrepreneurship in France and in the United Kingdom.

After defining the main concepts as well as the theoretical background related to this study, this article will review the main recent and relevant writings on the topic.

The study relies to a large extent on a comparative survey conducted on a representative sample of 50 entrepreneurs randomly selected from each country. The panel is made of great as well as average and small companies

from leading and innovative sectors of the economy such as new technologies, telecom, aerospace and engineering.

The most striking result of this survey is the difference in the number of self-made entrepreneurs which is greater in the United-Kingdom.

This enquiry enables us to define a certain number of categories which may complement Mark Casson's and Alain Fayolle's.

Both the two higher education systems as well as their entrepreneurial orientation are analyzed in order to try to understand why there is such a difference and how the two systems could be improved.

## INTRODUCTION

Entrepreneurs have become key figures in the economy in so far as they are essential in the foundation and development of companies and thus in the job creation process. This paper aims at studying the relations between entrepreneurs' personal qualities including their training, and the economic and institutional environment they belong to. In other words, this study seeks to determine whether a given national education and training system may have any specific influence on the development of particular qualities, types and numbers of entrepreneurs.

The definitions of the entrepreneur and of the self-made entrepreneur will come first. Then, the results of a comparative survey of France and the United Kingdom will be presented. Finally, I will try to determine whether there is a typical training profile of entrepreneurs both in the UK and in France.

## 1. Definitions and review of the literature

### The entrepreneur

Joseph Schumpeter (Schumpeter, 1935) first defined in 1926 the entrepreneur as someone who created innovation thanks to creative destruction. For him, the entrepreneur is the innovator who implements change within markets through the carrying out of new combinations which may take several forms. These can be the introduction of a new good or quality thereof, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply of new materials or parts, or the carrying out of the new organization of any industry.

Schumpeter equated entrepreneurship with the concept of innovation applied to a business context. As such, the entrepreneur moves the market away from equilibrium. Yet, the managers of already established business are not entrepreneurs to him. In 1976, Octave Gélinier developed the idea of the necessity for each country to be strongly entrepreneur oriented. The context of this study being a survey, the way to define the entrepreneur was inevitably biased and strongly connected to the answers to the questions of who the entrepreneur is, focusing on the individual, and thus leading to a study of typologies. This approach was criticized by William Gartner in 1988 when he focused on the question of how the entrepreneur does. Following Louis-Jacques Filion and Hans Landstrom, Alain Fayolle presented a synthesis of the three different approaches (what, who and how) in 2000. In his chart, he suggests using the who approach when looking at the educational background which is the approach favoured in this survey. According to Fayolle, the entrepreneur should be defined by his actions and behaviour (Fayolle, 2007), which is the approach chosen here.

Yet, the Schumpeterian model of the entrepreneur being the instigator of innovation is increasingly questioned. Indeed, other types of entrepreneurs influenced by cultural peculiarities can be mentioned. According to Atamer and Torres we may wonder whether the Schumpeterian model should be applied to each and all the countries in the world because even though entrepreneurship is a global phenomenon, it cannot be described as homogeneous (Atamer and Torres, 2007).

In *The Entrepreneur, an Economic Theory*, Mark Casson wrote that "most studies of the entrepreneur relied on a stereotype, that of the swashbuckling business adventurer (Casson, 1982, p. 1). His analysis tended to show that the self-made entrepreneur was a figure from the past and he defined the entrepreneur as someone who specialized in taking judgmental decisions about the coordination of scarce resources. For him, the heroic entrepreneur defined as an economically disadvantaged person would not find it easier to climb the social ladder thanks to entrepreneurship (Casson, 1982, pp. 200-202). This paper focuses on human capital, so, for us economically disadvantaged means with no higher education degree. According to Casson, academic training, and the use of academic qualifications, has a very limited role in developing and screening entrepreneurs (Casson, 1982, pp. 209-210). François Crouzet (Crouzet, 1985) also showed that during the Industrial Revolution, the middle classes were the main recruiting ground for the forefathers of the entrepreneurs: the industrialists. More recently, Alain Fayolle suggested the notion of the ordinary entrepreneur as opposed to the extraordinary extraterrestrial entrepreneur, (Fayolle, 2006).

Within the context of the survey

In order to comply with all these definitions as well as with rigorous research, I finally decided to favour the initial Schumpeterian model of the entrepreneur as someone who created a firm. However, I also took into account those who inherited their firm, from their family or thanks to their position in the firm, as well as those who purchased a business and made it flourish. Two new questions appeared at this stage. First, a distinct typology emerged in each country. In France, I found three main types which could sometimes be combined: the heirs, who inherited their companies, the traders, who purchased them, and the founders who created them. Both the heir and the trader had to be developers, in the sense that they had to innovate to make their company flourish. Olivier Basso, both in his book and in a recent article, discussed the role of the business developer, an entrepreneur who innovates within the company (Basso, 2005 and 2007).

This paper refers more particularly to this definition. In the survey, entrepreneurs are defined as being developers, founders, heirs and traders. In the United Kingdom, the study shows that there are fewer heirs and traders. Founders are more numerous and easier to find. They also tend to manage their company and become managers, whereas in France, being a manager seems more often to require a higher education background. That is why for each entrepreneur in the two countries, I had to cross examine each training profile using different sources (company websites, financial and specialized press).

The self-made entrepreneur is another concept which needs to be defined within the context of this study. The self-made man is an original American notion related to the idea of the American dream and referring to emblematic entrepreneurs like Benjamin Franklin or Rockefeller who started from nothing, socially, financially and also as far as their education was concerned. This notion can hardly be translated as such to the old and traditional British and French cultures and societies. In the following survey, self-made entrepreneurs will be defined as individuals who succeeded in creating their company without any higher education degree. The main purpose of this study is to establish whether Mark Casson's assumption concerning entrepreneurs' education was right, and whether self-educated entrepreneurs still exist.

## 2. The methodology of the survey

The method used to conduct the survey

The initial idea was to find a representative sample of 50 entrepreneurs randomly selected from each country in order to see whether the self-made entrepreneur, the entrepreneur with no higher education degree, still existed, and whether there were differences in training patterns between France and the United Kingdom. The ideal survey would include as many types of entrepreneurs as possible. However, sources were numerous and differed in each country. For instance, in Great Britain you cannot find school

directories as they exist and can easily be consulted in France. In the UK, you have access to many entrepreneurs rankings as well as books describing the success story of forty or fifty cases, whereas in France you tend to find more biographies of individuals. In this survey, entrepreneurs of small companies are under-represented. The reason is first that I had to comply with the definition of the entrepreneur which was mentioned in the first part of this paper and most small-sized company entrepreneurs usually do not fit in it. Many of them being owners of retail shops, restaurants, craftsmen, they cannot be considered as innovators. The other reasons were that it was easier to find data on this type of entrepreneurs, the time-tested aspect of their qualities, and the sample was easier to compare and finally because one would expect to find more people with a higher education in this category.

Two interviews were also very helpful. The first was with Michel Berry, who, in 1993, founded and today manages l'Ecole de Paris du Management. In 1985 he started, and now manages the French Management review *Gérer et Comprendre*. Finally, he is also heading a research team at the CNRS. Thanks to him, many French entrepreneurs could be found and studied in the minutes of the seminars organised by l'Ecole de Paris du Management or in articles from *Gérer et Comprendre*. Michel Berry also pointed out the fact that many entrepreneurs were self-made entrepreneurs and did not come from engineering or business schools (since in the French system, you can only enter most engineering or business schools after the highly selective process of a competitive exam), as one would have expected. He insisted on the fact that failure was a disqualifying process in entrepreneurship in France. Referring to his research and teaching experience and to meetings with entrepreneurs, he described the French entrepreneur as someone gifted, socially strongly motivated and determined to succeed, and who required a lot of freedom in his activities. Frances Onians, who is the Head of Key Resources Development at EADS Astrium and a British citizen working in a Franco-German company, helped me to find the link between French and British entrepreneurs. She was educated at Cambridge, so she could confirm that it was more difficult to find information about alumni there than in French engineering and business schools. She felt there were more self-made entrepreneurs in the United Kingdom than in France, which happened to be

confirmed by the survey. Finally, she told me about the fact that in the United Kingdom, when you attended University, the business world was not your first priority. University graduates would be more likely to enter the professions and become lawyers or executives. This statement is consistent, and the survey completely confirms the existence of such a division in the educational training profiles of British entrepreneurs.

Since I was looking for successful innovative entrepreneurs, I consulted the Forbes rankings as well, even though financial success was only one criterion among others. It was interesting to note that when looking at the 100 wealthiest entrepreneurs in the world, the 2007 Forbes ranking names two French men, Bernard Arnault coming 7th and François Pinault 34th, and the first British citizen is the Duke of Westminster who comes 55th. The fact that François Pinault may be considered as a self-made entrepreneur but not Bernard Arnault was also worth noticing.

The Who's Who was also helpful in some cases, but it relied on the entrepreneur's willingness to appear in it. In most cases, I had to check both the firm's website, thanks to the Kompass website for France, and press articles, ranging from financial to specialized newspapers. There I found 62 entrepreneurs for the UK and 58 for France. It corresponds to the amount of entrepreneurs selected in order to reach the 50 required at the beginning. The final results of the survey are summarized in the following chart.

**Results of the survey on entrepreneurs' training profiles in France and in the United Kingdom**

	Total	Not found		Secondary education		University Education		Engineering or business schools		Other	
France	58	3	5 %	12	21 %	21	36 %	18	31 %	4	7 %
United	62	5	8 %	28	45 %	24	39 %	1	2 %	4	6 %

Kingdom												
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Source: Survey by the author, cf. Appendix.

### The categories

Some entrepreneurs had varying academic qualifications. I only took into account the highest degree. To simplify in order to be able to compare, I divided the training profiles into three, with the self-made entrepreneur being the one who only received secondary education. A distinction is introduced between engineering or business school and university degrees to take into account the French dichotomy between academic studies and the so-called scientific (ii) studies which are very selective. That is why this category is irrelevant for the United Kingdom where the distinction is not made. Some entrepreneurs had a very specific vocational training in areas such as optics, hairdressing or midwifery studies which I found difficult to consider as secondary or academic, so I decided to leave them aside in the others column.

### The not found category

Some famous entrepreneurs apparently do not want to unveil the mystery of their training profiles. I finally decided to leave them in the survey because I think that there is a hidden message in this deliberate secrecy. Since the great majority had chosen transparency, I suppose that entrepreneurs who do not want to let people know about their training also belong to the self-educated category.

## 3. The survey: results and comments

### Results

Thanks to the results of this survey, a study of the impact of the training systems on entrepreneurship is now possible. The most striking result of this

survey is the number of self-made entrepreneurs. To be more specific, even though there are 21 % of them in France, which enables us to say that they do exist, 67 % benefited from higher education whereas in the United-Kingdom 45 % are self-made entrepreneurs. This confirms the fact that most British higher education graduates do not choose to be entrepreneurs.

In order to try to understand why there is such a difference, a look at the two higher education systems and an analysis of the major differences between the two systems might be helpful. First, we can mention the existence of a competitive exam to enter most engineering and business schools in France. However, entry into great British universities is also selective. It also seems that in the United Kingdom, you usually attend university to go into a profession. We may also notice that entrepreneurs in the UK are not afraid of starting their businesses without any degree, whereas in France they feel more secure with a strong educational training background. This is particularly the case with the smallest companies which appear in the survey. In France, entrepreneurs tend to have several degrees, whereas they are self-made entrepreneurs in the United Kingdom. This survey also shows that the business environment in the United-Kingdom is favourable to individuals without any training, which is not the case in France.

In a presentation on the recent development of the British Higher Education system at Boulogne sur Mer in November 2006, I commented on the number of students attending higher and further education in the United Kingdom from 1970 to 2003. The findings were that the number of students actually increased in the United Kingdom only in the late 1990s, which might explain some of the differences between the two countries because the great majority of the entrepreneurs in the survey created their companies in the eighties and nineties. Consequently, the impact of the increase in academic attendance cannot yet be measured.

The last argument lies in the structure of the two countries' economies. Degrees (iii) are not as fundamental in services as they are in industry.

## Women entrepreneurs

This survey also emphasized the disparity between the number of women and men entrepreneurs in the two countries. In France, according to the French National Women Entrepreneurship Observatory in 2007, 27 % of entrepreneurs were women. Yet, the MEDEF (iv) insisted that women entrepreneurs in France usually owned small firms, which can explain why the percentage in the survey is low. As shown in the following chart, the situation of women entrepreneurs is nearly the same in France as in the United Kingdom. In 2006 Raymond Béthoux published an International comparison which showed that in 2004, 29 % of entrepreneurs creating their companies were women in the UK, and that the percentage of women entrepreneurs was the same: 27 % in both countries. Now, if we concentrate on the training profiles of the women entrepreneurs in the survey, we can say that in France, all but one attended a higher education institution, whereas in the United Kingdom, five were self-made entrepreneurs and seven had been to university. Therefore, in France the proportion of self-educated entrepreneurs is much lower than the average.

### **Men and women entrepreneurs in France and in the United Kingdom**

	France	United Kingdom
Men	83 %	77 %
Women	17 %	23 %

Source: Survey by the author, cf. Appendix.

## The qualities required to make a successful entrepreneur

The results of this survey indicate that the self-educated entrepreneur still exists in a significant proportion in the two countries but more particularly in

the UK. Therefore, we may wonder whether higher education favours entrepreneurship, both in France and in the United Kingdom. Before trying to find elements to answer this question, we will first try to find out what the main qualities of entrepreneurs are, and then we will study the entrepreneurial orientation of each system, and finally see how the system could be improved.

Another main concept related to this study is that of human capital as reflecting the underlying entrepreneurial abilities of the population (Casson, 1982, p. 10). In this study, we will focus mainly on training profiles and will only allude to family background which can be considered as another essential element of human capital in entrepreneurial orientation.

According to Lazear who was writing about human capital investments, entrepreneurs perform many tasks and as a consequence must be jacks-of-all-trades. Entrepreneurs are generalists who are good at a variety of skills, although not necessarily excellent at any one. It implies that individuals who want to become entrepreneurs should have a more generalized human-capital investment strategy. Lazear is critical of the importance given to technical innovation skills in the training of an entrepreneur (Lazear, 2004).

### Entrepreneurial abilities

When looking for information on entrepreneurs for the survey, I read a number of interviews and tried to find some recurring qualities mentioned as original entrepreneurial abilities.

In France, Annette Roux, a self-educated entrepreneur, claims she succeeded because she was strong-willed and persevering as well as impassioned (Roux, 2005). Laurant Weill also mentioned persistence and passion (Vilatte, 2005). In the United-Kingdom, it is quite the same. For instance, Lizzie Vann confesses her outlook on life has always been driven by a combination of energy, passion and optimism (Bridge, 2005, p. 19). Darren Richard defines perseverance as when you think you have a good idea and

then just keep going for it (Bridge, 2005, p. 24). Mark Mills' secret of achieving success is having confidence to take risks. I have a sign above my desk that says: Failure cannot live with persistence (Bridge, 2005, p. 34). British self-educated entrepreneurs usually also insist on hard-work which is a recurrent word in their interviews. Penny Streeter learnt how to make a success from a failure and 'puts her success down to sheer hard work', (Bridge, 2005, p. 38); John Mudd and Mike Clare agree with her on this point (Bridge, 2005, p. 57 and 74). We must be careful when interpreting these statements; they also reflect the image great entrepreneurs want to show: that of a typical self-made man all the better to lure would-be customers. Nevertheless, Ted Smart in the United Kingdom and Jean-Michel Planche in France agree on the fact that you have to do things a different way and all you need is belief in your ability (Bridge, 2005, p. 70 and Claes, 2003, p.1).

In the context of entrepreneurship and training, perseverance, passion, hard-work and the right to do things differently seem to go hand in hand with the importance given to success and also to the fact that entrepreneurs are usually socially motivated to prove that they were right. I would like to mention that Michel Berry had already told me about most of these qualities in the interview I had with him. Indeed, his comments were very helpful and proved to agree completely with the results of the survey. When you take a close look at the personal history of the great majority of self-educated entrepreneurs, you find that they had something to prove, a revenge to take on life, albeit because, as for Derek Beevor, your schoolteacher had misjudged you badly. A significant number of self-educated entrepreneurs in this survey are immigrants or were brought by families who lived abroad. It is interesting to notice that, in France, the number of entrepreneurs with foreign origins is much lower than in the United Kingdom. In France, young immigrants usually tend to integrate into other types of jobs. This phenomenon may have three different interpretations: either the type of immigrants is different in the two countries or the average integration processes are easier in France, or it may be easier to start a business in the United Kingdom.

## Entrepreneurial orientation

Now, let's consider whether these qualities are fostered by the two training systems. As far as perseverance and hard-work are concerned, I believe we may assume it is largely the case in Higher Education where these two qualities are theoretically part and parcel of the main values, both in France and in the United Kingdom. However, the attitude to failure is not the same. If a training system aims at fostering risk-taking abilities, it should also give a more considered place to success and failure. When telling about his success, Laurant Weill insisted upon the fact that failure was stigmatized in France, which was not the case in the United States (Vilatte, 2005). It seems that in the British Higher Education system, failure is less stigmatized than in France. To corroborate this phenomenon the number of students who completed a first-tertiary degree is higher in the United Kingdom according to the OECD (OECD, 2002).

## Food for thought

The question of how to improve and foster risk-taking skills both at school and university remains essential. Will it ever be possible to imagine assessing the ability to learn from your failures at school and university? New methods of teaching need to be designed in order to make the number of self-educated entrepreneurs decrease, and what is more important, to take their particular abilities into account. And this need might be even more crucial in France.

## Conclusion

The Schumpeterian model of the entrepreneur being the instigator of innovation has been increasingly questioned. This survey shows that new and different types of entrepreneurs have emerged, each fitting the particular national social, cultural and economic backgrounds they belong to, the specificities of the different training systems being part and parcel of the processes of entrepreneurial orientation in each country.

The survey finally confirms the existence of self-educated entrepreneurs, both in France and in the United Kingdom. However, the self-educated entrepreneur is also an ordinary individual who succeeded. The only heroic aspect is his entrepreneurial success which is unexpected if you only focus on his training profile. Hence, this study shows that the educational and economic contexts do have an impact on entrepreneurs' training. The phenomenon is more often present in the United Kingdom. This finding questions the effectiveness of the educational systems of the two countries, in the sense that we may wonder if they really foster entrepreneurship qualities. Yet, the qualities required to become a successful entrepreneur seem to be the same in both countries, even though the training profiles may differ.

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## APPENDIX

### Survey of entrepreneurs’ educational and training profiles in France and in the UK (1930-2007)

#### FRANCE

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	<b>Name</b>	<b>Enterprise</b>	<b>Position</b>	<b>Education</b>
1	Marcel Chassagny	<i>Aviation industry</i> Matra 1945	CEO founder	Business school
2	Sylvain Floirat	<i>Aviation industry</i> Cars Saviem, Europe 1 and Matra 1957	CEO Founder Developer	Secondary education
3	Marcel Bloch	<i>Aviation industry</i> Dassault 1936	CEO Founder Manager	Engineer
4	Jean-Luc Lagardère	<i>Aviation industry, publishing business</i> Matra (1977)- Hachette/Group Lagardère/EADS	CEO Developer	Engineer
5	Guy Degrenne	<i>Cutlery</i> Guy Degrenne 1948	CEO Heir Developer	Business school
6	William Kriegel	<i>Power Generation Industry</i> Sithe Energies (1980) (subsidiary of Générale des eaux based in the US)	CEO Founder Developer	Secondary education
7	Jacques Ribourel	<i>Real estate</i> Jacques Ribourel (1975) Catherine Mamet (1984) Maisons Phénix (1989)	CEO Founder Developer	Secondary education
8	Antoine Riboud (1918-2002)	<i>Food Industry</i> BSN (1972) Gervais Danone (1976)	CEO Heir Developer	Secondary education

9	Vincent Bolloré	<i>Finance</i> Financière de l'Odet (Holding company) (Havas)	CEO Heir Raider Developer	Law degree from Nanterre University
10	Alain Afflelou	<i>Optician</i> 1st shop opened in 1972 Alain Afflelou (franchise) (1979)	CEO Founder Developer	Optics School
11	Jean-Louis Descours	<i>Shoe industry</i> André (1960)	CEO Raider	University Degree
12	Paul-Louis Halley	<i>Retailing</i> Promodès (1961) Carrefour (1999)	CEO Heir Developer	Not found
13	François Pinault	<i>Retailing</i> Pinault (1962) Conforama (1991) Printemps (1992) Redoute (1994) Fnac (1994) Group (1994)	CEO Developer Raider	Secondary education
14	Bernard Arnault	<i>Luxury goods</i> Fériel Inc. 1981 LVMH (1989) Bernard Arnault	CEO Heir and Trader	Engineer
15	François Michelin	<i>pneumatics</i> Michelin (1951)	CEO Heir	BSc from Paris University
16	Bernard Tapie	<i>Retailing</i> La Vie Claire Adidas Terrailon	CEO Trader	Secondary education
17	Jean-Marie Messier	Vivendi 1994 Multinational media conglomerate Vivendi SA	CEO Trader	Engineer and Management School

		2000-2002		
18	Jean-Paul Baudecroux	<i>Media</i> <i>NRJ</i> (1981) <i>Cheri FM</i> (1987) <i>Rires et Chanson</i> (1990) <i>Nostalgie</i> (2005) <i>TNT Network</i> (2005)	CEO Founder	Secondary education
19	G�rard Mulliez	<i>Retailing</i> Auchan (1961-1996)	CEO	Technical Higher Education
20	Jean-Claude Decaux	<i>Street furniture and billboards</i> JC Decaux (1964)	CEO Founder Developer	Secondary education
21	Jacques Servier	<i>Pharmaceutical Industry</i> Servier Group (1954)	CEO Founder Developer	Doctorate (pharmacy)
22	Yves Rocher	<i>Cosmetics</i> Yves Rocher (1958)	CEO Founder Developer	Secondary education
23	Pierre Fabre	<i>Pharmaceutical Industry</i> Laboratoires Pierre Fabre 1961	CEO Founder Developer	Doctorate (pharmacy)
24	Charles Beigbeder	<i>Finance</i> Selftrade (1997) <i>Energy Supply</i> Poweo (2002)	CEO	Engineer
25	Martin Bouygues	<i>Telecommunications</i> Bouygues Telecom (1996)	CEO Developer	Secondary education
26	Xavier Niel	<i>Internet Dating</i> Minitel Rose (1984) When he was 16 Iliad (1991) cofounder	CEO Founder	Not Found

		Worldnet (founded the first French Internet service provider) (1993) Free (1999)		
27	Marc Simoncini	<i>Internet</i> iFrance (1999) Meetic (2002)	CEO Founder	Computing engineer
28	Alain Weill	<i>Media</i> Acquired BFM radio (2002)	CEO Developer	MBA business school
29	Claude Bebear	<i>Insurance</i> AXA (1985)	CEO Founder Developer	Engineer
30	Gérard Philippot	<i>Computers</i> Informatique et Entreprise 1968 Unilog (1983-2005)	CEO Founder Developer	Engineer
31	Cédric Javault	<i>Leisure Industry</i> Altaïr (1994) Aventure Scientifique 2001	CEO Founder Developer	Engineer
32	Annette Roux	<i>Shipbuilding</i> Bénéteau 1964	CEO Heir Developer	Secondary education
33	Jean Michel Planche	<i>Telecommunications</i> Oléane 1989 Tancred Venture 2000 Witbe 2000	CEO Founder	Attended University
34	Gilbert Castro	<i>Record Industry</i> Melodie	CEO Founder	Engineer
35	Joseph Puzo	<i>Cables</i> Axon' 1980	CEO Raider Developer	Engineer and MBA Insead

36	Laurant Weill	<i>Interactive TV</i> Wisaware 1994	CEO Founder	BSc. chemistry maîtrise (computing) Paris VI University
37	Nicolas Gaume	<i>Videogames</i> Kalisto 1990-2002	CEO Founder	Technical Higher education
38	Stéphane Distinguin	<i>Spin Off companies creation</i> FaberNovel 2003	CEO Founder	Business School
39	Catherine Néressis-Jolly	<i>Media</i> Particulier à Particulier	CEO Founder Manager	Paris X University BA (Law and Art), Maîtrise in Literature
40	Jean Claude Biguine	<i>Beauty salons</i> Jean-Claude Biguine Franchise group (1982)	CEO Founder Developer	Hairstyler degree
41	Jacques Dessange	<i>Cosmetics Hairstyle franchise group</i> Dessange International 1975	CEO Founder Developer	Hairstyler Degree
42	Luc Besson	<i>Cinema</i> Europa Corp (2000 production and distribution)	CEO Founder	Secondary education
43	Pierre Burelle	<i>Chemical Industry</i> Plastic Omnium (1946)	CEO Founder Developer	Engineer
44	Aliza Jabes	<i>Cosmetics</i> Nuxe	CEO Raider Developer	Political Sciences MBA

				New York University
45	Diaa El Yaakoubi	<i>e-commerce</i> e-brands 1999	CEO Co-founder	University engineer school
46	Yazid Sabeg	<i>SSII</i> CS Communication 1991-2003	CEO Founder	PhD Economics Paris I University
47	Jean-Michel Ricard	<i>Services (aged people)</i> Siel Bleu Founder	Manager Co-founder	Studied sports Strasbourg University
48	Maëlle Urrien	<i>Catering</i> Noctudine	Manager founder	French Cuisine School
49	Pauline d'Orgeval	<i>e-commerce</i> 1001 listes (online wedding lists) 1999	CEO founder	Business school
50	Yseulis Coste	<i>e-commerce</i> 1000 mercis (online gift shop) 2000	Manager Founder	DEA Marketing Paris-Dauphine University MBA Marketing from Robert O Anderson School
51	Laurence Dugué	<i>Consulting</i> A2 partners 2004	Manager Founder	DEA (law) Paris I University Insead
52	Elisabeth Ducottet	<i>Pharmaceutical Industry</i> Thuasne	CEO Heir Developer	Linguistics psychology University
53	Vincent Pluquet	<i>Agrobusiness</i> Vegeplast	CEO Co-founder	Engineer and University degree from Pau (business)
54	Pierre Kosciusko	<i>e-commerce</i> Priceminister	CEO Founder	Business school

	Morizet			
55	Loumia Amarsy-Hiridjee	<i>Lingerie</i> Princesse Tam Tam 1985	Manager Co-Founder	Not found
56	Khalid Zahouily	<i>Chemicals</i> Photon et Polymers 2002	Manager Founder	Engineer and PhD (Sc.)
57	Anis Farhat	<i>Industrial cleaning</i> Clean confiance 2004	Manager Co-founder	DESS (University degree) business
58	Soumia Malinbaum	<i>Computer services</i> Specimen	Manager Founder	Graduated in Law

**UK**

	<b>Name</b>	<b>Enterprise</b>	<b>Position</b>	<b>Education</b>
1	Sir Richard Branson	Virgin Group	Chairman Founder	Secondary education
2	Sir Terence Conran	<i>Designer</i> Habitat Conran Holding Ltd 1990	Chairman Founder	Central School of Arts and Crafts
3	Charles Saatchi	<i>Advertising Agency</i> Saatchi & Saatchi 1970	Co-Founder	Secondary education
4	Sir Maurice Saatchi	<i>Advertising Agency</i> Saatchi & Saatchi 1970	Co-Founder	LSE 1 <sup>st</sup> class BSc economics
5	Alan Savage	<i>Engineering</i> Orion	Managing Director Founder	Technician Certificate

		1987		
6	Sir Freddy Laker	<i>Low cost flights</i> Laker Airways 1966-1982	CEO Founder	Secondary education
7	Sir Alan Sugar	<i>Computers</i> Amstrad 1968	CEO Founder	Secondary education
8	Charles Dunstone	<i>Carphones</i> Carphone warehouse 1989	CEO Founder	Secondary education
9	Richard Reed	<i>Soft drinks</i> Innocent 1999	CEO Co founder	University
10	Sir James Dyson	<i>Designer</i> Dyson Inventor of the bag less Vacuum cleaner 1978	CEO Founder	Royal College of Arts (furniture design studies)
11	Ann Rusforth	<i>Childcare</i> Scot nursing	CEO Founder	Midwife studies
12	Michelle Dewberry	<i>Outsourcing</i> Michelle Dewberry LTD	CEO Founder	Secondary education
13	Peter Crudas	<i>Finance</i> CMC Group	CEO Founder	Secondary education

14	Andrew Turner	<i>Finance</i> Central Trust 1987	Managing Director Founder	Accountancy
15	Simon Nixon	<i>Personal Finance information website</i> Moneysupermarket.com	CEO Co-Founder	Drop out university
16	Tanya Hine	<i>Corporate Graphic Design business</i> TBDA 1994	Managing Director Founder TBDA (Scotland) Ltd Pt of BAWE	Not found
17	Ruth Badger	<i>Consultancy firm</i> Ruth Badger Consultancy Ltd	Chief Executive Founder	Secondary education
18	Philip Green	<i>Retailing</i> British Home Stores Arcadia Group 2002	Managing Director Raider Owner	Secondary education
19	John Whittaker	<i>Real Estate</i> Peel Holding 2004	Executive Chairman Raider	Secondary education
20	John Caudwell	<i>Mobile phones</i> Caudwell Group	CEO Founder	Former Michelin engineer

		(Phones4U) 1987-2006 (Sold)		
21	Peter Cullum	<i>Insurance</i> Towergate Partnership 1997	Executive chairman Founder and developer	MSc, MBA FCII, ACIM
22	John Madejski	<i>Publishing</i> Auto Trader Magazine 1976 Trader Media Group	Chairman Founder	Reading Collegiate school
23	Ranjit Singh	<i>Poultry Processing industry</i> 2 Sister Food Ltd 1990	CEO Founder	Not Found
24	Brian Souter	<i>Bus Company</i> Stagecoach 1980	CEO Founder	University of Strathclyde BA Accountancy
25	Dame Anita Roddick	<i>Cosmetics</i> Body Shop 1976-2006 (Becomes part of the L'Oréal Group))	Non-executive director Founder	Newton Park College of education (Bath) (became Bath University in March 2005)
26	Martha Lane Fox	<i>e-commerce</i> Lastminute.com	Non-executive director	Magdalen College Oxford (history)

		1998	Co-Founder	
27	Dame Vivienne Westwood	<i>Fashion designer</i> Vivienne Westwood's first collection 1981	Founder	Harrow school of art (became the University of Westminster)  (1 term only)
28	Tim Bevan	<i>Independent Film Company</i> Working Title Films 1992	Co-Chairman Co-founder	Not Found
29	Justin Cooke	<i>Interactive design agency</i> Fortune Cookie	Managing Director Founder	Not Found
30	Simon Cowell	<i>Record label</i> Fanfare 1984-1989	Co-founder	Secondary education
31	David Darling	<i>Computer games software manufacturer</i> Codemasters Group LTD 1985	Director Co-Founder	Secondary education
32	Tony Elliott	<i>Travel guides</i> <i>Time Out</i> magazine	Chairman Founder	Keele University Studied French
33	Tom Hadfield	<i>Internet</i> Schoolsnet.com 1999 Soccernet (2002)	Founder	Secondary education  He is 17 and started at 12

34	Julie Meyer	<i>Networking club for new media companies</i> First Tuesday <i>Venture Capital Company</i> Ariadne Capital 2000	CEO Co-founder and founder	Valparaiso University BA 1988
35	Vijay Patel	<i>Pharmaceutical Company</i> Waymade Healthcare PLC 1984	CEO Founder	Leicester BSc. Pharmacy
36	David Sproxtton	<i>Animation Studio</i> Aardman Animation 1972	Co-founder	University (Geography and English)
37	Adam Twiss	<i>Computer technology</i> Zeus Technology 1996	Former Chief executive Co-founder	Graduated from Churchill College Cambridge University
38	Alan Yau	Restaurant chain <i>Wagamama</i> 1999 <i>Hakkasan</i> (oriental)	Owner Founder	Went to London city Poly to read politics and philosophy
39	Peter Monsoon	<i>Clothing retailer</i> Monsoon 1973	Chairman Founder	Not found
40	Lizzie Vann	<i>Food Industry</i> Organix brands	Managing Director	University of Lancaster

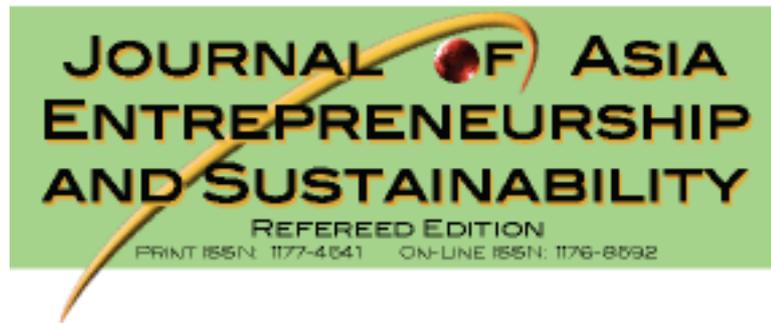
		(healthy organic food for babies) 1992	Founder	biology and ecology (course not completed)
41	Darren Richards	<i>Internet dating</i> DatingDirect.com 1999	CEO Co-Founder	Secondary education
42	Mark Mills	<i>Cashpoint machine</i> Cardpoint plc 1999	Chief Executive Founder	Secondary education
43	Penny Streeter	<i>Recruitment Agency</i> Ambition 24 Hours 1986	Managing Director Founder	Secondary education
44	Derek Beevor	<i>Computer Software for the Trucking industry</i> Roadrunner	Managing Director Founder	Secondary education
45	Trisha Mason	VEF (Vivre en France) 1987	Managing Director Founder	BSc in psychology North East London Polytechnic
46	John Mudd	<i>Food industry</i> Real Crisps Company 1997	Managing Director Founder	Secondary education
47	Mark Roy	<i>Consultancy Advising Companies</i>	Chief Executive	University BA (Hons) in

		Read Group 1991	Founder	Creative Arts from University of Kent
48	Ted Smart	<i>Publishing Company</i> The Book People 1988	Managing Director Founder	Secondary education
49	Mike Clare	<i>Furniture shops</i> Dreams PLC 1985	Executive Chairman Founder	Secondary education
50	Harry Cragoe	<i>Health drinks</i> PJ Smoothies 1994	Manager Founder	Secondary education
51	Rory Byrne	<i>Tourism</i> Powder Byrne 1985	Manager Founder	University BSc (Hons) in Maths from London University
52	Jane Packer	<i>Flowershops and school</i> Jane Packer Flowers	Manager Founder	Secondary education
53	Chris Gorman	<i>Mobile phones</i> DX Communications 1995-1999 <i>Internet Consultancy</i> Reality Group 1999-2000	Founder	Secondary education

54	Sarah Doukas	<i>Modelling Agency</i> Storm 1987	Managing Director Founder	Secondary education
55	Tim Roupell	<i>Food industry</i> Daily Bread 1986	Managing Director Founder	Secondary education
56	Daniel Mitchell	<i>Computers</i> Source 1998	Chairman Founder	Secondary education
57	Charlie Bigham	<i>Food industry</i> Bighams Ltd 1996	CEO Founder	University MA (Hons) in English Literature from Edinburgh University
58	Jim Ratcliffe	<i>Chemical Industry</i> Ineos 1998	Chairman Raider	Birmingham University graduate
59	Dr Jan Hruska	<i>Anti-virus products</i> Sophos 1985	Member of the Board of Directors Co-founder	Doctorate in Medical Engineering from Oxford University
60	Emma Harrison	<i>Outsourcing business</i> Action for Employment (A4e) 1991	Chairman Founder	Bradford University engineering degree

61	Mike Ashley	<i>Sports</i> Sportsworld International group 1990	Executive Director  Founder	Secondary education
62	Gerry Pack	<i>Leisure</i> Holiday Extras 1983	Non-executive chairman  Founder	Secondary education

Information gathered by the author in 2007



## UK small entrepreneurs as new exporters: The importance of being British?

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### **Abstract:**

Because they live on an island, the British like to believe they have a strong cultural identity of their own and that they are totally different from their continental EU partners.

This paper will attempt to establish the cultural implications of being British for small UK exporters. In a rapidly changing world, the cultural concept has obviously evolved with the times.

The first part looks at facts & figures and tries to show how nationality can influence the small business owner who wishes to expand internationally.

The second part reviews what government support is available and discusses whether there is some sort of typical British way of conducting business. It

shows that exporting goes way beyond merely selling goods to foreign countries and that basic obstacles like the language barrier remain important, although e-commerce and the Internet have definitely opened up new opportunities. However, having the international business language as a mother tongue may cut both ways.

It eventually appears that international norms are emerging and that the world of business is increasingly becoming divided into vast cultural zones in which national or local cultures now play a relatively minor role.

## **INTRODUCTION**

Even though they live on a fairly small island at the western tip of Europe, the British had once an Empire on which the sun never set. The underlying idea was not so much to run the world politically as to sell British products and impose British trade on the rest of the world, by force if necessary. This gave rise, for instance, to intense competition with the Dutch in South-East Asia during the 19<sup>th</sup> century; the “Opium wars” were launched to open up the huge Chinese market and tea production was developed in India, only to break China’s monopoly in that commodity. Those days are obviously long gone... and yet, the British still wish to believe, albeit true or not, that they are islanders with a strong cultural identity of their own.

During the 1970s, Britain had earned the unenviable title of “sick man of Europe” but over the last decade, the UK economy has posted most encouraging results which have placed Britain among the leading Western countries. One of the major reasons given for this success is the great flexibility of the British economy and its excellent adaptation to the constraints and opportunities of the increasing globalization of the world’s economy.

Although UK exports remain strong, despite a strong pound sterling, they can never catch up with imports. The current account deficit in 2006 was equivalent to 3.4% of GDP compared with 2.4% in 2005 and is at its highest percentage since 1990. The driving factor was the increased deficit on trade in goods, which rose by £14.9 billion to 83.7 billion, due to a greater rise in imports than exports across all categories [ONS, 2006]. Has the “British-made” label just passed its sell-by date or is Britain simply

facing up to the new constraints from openness to globalization which directly encourage competition from low-wage countries?

One may therefore wonder whether Napoleon was right or wrong when he once dismissed the English as a nation of shopkeepers [*The Economist*, 2007a]. In keeping with the government's official discourse, this paper considers that SMEs have an important part to play in redressing the UK trade imbalance. It cannot indeed be denied that small enterprises (0 to 49 employees) play an essential role both in terms of economic growth and employment as they comprise 99.3% of all enterprises, provide 46.8% of overall employment and 36.4% of turnover (2005) [DTI, 2006]. The figures are fairly similar for the rest of Europe.

It is therefore not surprising that many organizations, both private and government-funded — and international — try to encourage small firms to expand their business to foreign markets. The impact of the EU must not be neglected either: the Commission of the European Communities regularly publishes reports on what the Union can do for SMEs [Commission of the European Communities, 2003]. Success, however, depends on whether the business support provided meets the practical needs of SMEs in their every day dealings with foreign trade. In addition, “culture” appears as a hazy concept and is getting even more blurred against the current international context.

This contribution will attempt to establish the cultural implications of being a small British exporter, or in other words, what is the impact of being British on small UK exporters. In a rapidly changing world, the cultural concept has obviously changed too. Yet, some basic issues still pose an idiosyncratic conundrum.

## **I. THE UNBEARABLE LIGHTNESS OF BEING A SMALL UK EXPORTER**

The first problem lies in the difficulty of getting an instant picture of what the real world of exporting small SMEs looks like.

## *Facts & figures*

It is not easy to assess precisely how many small firms are exporters as figures vary widely between surveys because the studies often adopt different working definitions and base their estimates on different criteria, but it is probably true that very small firms are less likely to be experienced exporters, and more likely to export only on an occasional basis. They are also less likely to export a large proportion of their turnover. So small firms are less inclined to export in general as the propensity to export seems to increase with size of business [Bank of England, 1998].

However, the context of international entrepreneurship is undergoing constant changes and the acceleration of the globalization process is gradually involving SMEs too:

Markets used to be segmented: large companies competed in international markets while smaller businesses remained local or regional. However, the global competitive environment is changing dramatically. The drivers of globalization are removing the barriers that segregated the competitive space of the small and the large firms in the past. It is becoming increasingly difficult for independent small firms to thrive in their traditional markets unless they are globally competitive [Etemad, 2004, p .1].

It is certainly also true that “the removal of government-imposed barriers that segregated and protected domestic markets and recent technological advances in manufacturing, transportation and telecommunications allow even the smallest firms access to customers, supplies and collaboration around the world” [Dana, 2004, p. 1].

The EU also plays an important part as it has forced British firms, among others, to review their strategies and it has imposed more rigour and discipline in the traditional way of conducting business for firms of all sizes [Matlay, 2004, p. 222].

A wide body of literature exists on the export behaviour of firms such as Crick’s [2004] work. The question must then be raised as to whether most companies must move into exports after achieving first home market success. Some argue that this model does not make sense, mainly because

“companies do not have the luxury of taking time to expand from a strong home base” and “early entrants tend to gain the largest market share” [Rosson, 2004, p. 154].

It now remains to be seen how “culture” may affect forays into foreign territories.

### ***What does exporting mean?***

There is much debate about the mere definition of apparently basic terms like “internationalization” which can be understood here as “the process of increasing involvement in international markets” [Crick, 2004, p. 580]. Culture and entrepreneurship are also complex and multifaceted notions, so for the purpose of this paper, Gerard and Zahra’s definitions of “culture” and “entrepreneurship” can be adopted, namely, culture as “referring to the enduring set of values of a nation, a region, or an organization”, and entrepreneurship as “the act and process by which societies, regions, organizations, or individuals identify and pursue business opportunities to create wealth” [Gerard, 2002, p. 5].

### ***What does being British mean?***

It would, at any rate, be quite challenging to try to define British culture, especially against the backdrop of rising Islamic terrorism. Fortunately, this lies outside the scope of this paper. One can however refer to Lord Giddens and conclude that it is a fairly elusive concept:

First, I suggest that we drop the dead donkey; that is, drop the idea of Britishness. The very term “Britishness” is odd. I do not know of anyone who speaks of Frenchness, or Americanness. They speak of American values, or the French civilizing mission. I believe [...] that we should speak of Britain as a citizenship nation. That is what holds the nation together and gives us a coherent identity. If you speak of Britishness, you are looking for an elusive, essential identity which does not really exist [Giddens, 2006].

These are times of both devolution of power, regionalization and of the constitution of supra-national blocs which allow minorities to establish economic links with hyper structures and thus, by-pass the domination of central government. It appears that only the newly arrived immigrants who have eventually managed to obtain for themselves the highly-valued British passport call themselves British. The longer-standing population increasingly prefer to look upon themselves as simply English, Scottish, Welsh etc. This growing nationalism only reflects the fact that the UK is nothing but a.... united kingdom, after all. The best proof of this is the current debate over whether Scottish MPs in the London parliament should have a say about strictly English affairs [*The Economist*, 2007d].

The methodology used here is fairly empirical as the study merely attempts to trace the first steps taken by the prospective new exporter. The focus is on the EU, and more particularly France, as some work suggests that “managers start the internationalization process by serving markets that are psychologically (culturally) close to their own” [Crick, 2004, p. 581] — naturally, one hopes that France falls into that category. Turning to the Internet to check what export advice is available seems to be a reasonable starting point.

## **II. THE RELATIVE IMPORTANCE OF THE CULTURAL CONTEXT**

If they are to thrive abroad, small UK SMEs certainly need adequate business support.

### ***The importance of business support***

It must first be said that there is no shortage of Websites to visit. The EU has widely advertised the release of a new portal for SMEs [*Euro News*, 2007]. The major UK business organisations are those of the Government and of the British Chamber of Commerce (BCC).

The government agency in charge of foreign trade is called “UK Trade & Investment” (UKTI). One may recall that the Department of Trade and

Industry had been highly criticized by business organizations and that the BCC had demanded a radical transformation of the Small Business Service (SBS), the government's agency in charge of supporting small businesses [BCC, 2006]. Both bodies have been respectively renamed after Gordon Brown became Prime minister to "Department for Business Enterprise & Regulatory Reform" and "Enterprise Directorate". It remains to be seen whether the new names will be accompanied by the changes requested by business people.

The Website certainly contains a lot of information and adopts a very pragmatic step-by-step approach, as would be expected of Anglo-American countries (a quick check on the US & Australian equivalent services revealed that those countries proceed along similar lines). The British system may be more unique in its marked liking for quizz-type checklists that include an assessment report, which may appear an excellent idea, at first. The UKTI's test, entitled "Are you ready to export?" covers three steps: "About your company", "Current capabilities" and "Things to consider". The report provided at the end of the test is disappointing however, since, whatever the answers given, the final assessment remains basically the same. The Business Link's checklist is called "What do I need to export to my target country?" There, at least, the software corrects the reader when he states that he does not wish to export to the EU and then select an EU State as the choice of destination for his goods.

The UKTI exercise is fairly technical (sales turnover, financial resources etc.) and barely tackle any purely cultural issue. SBS refers to the UKTI website for detailed country information. On the face of it, "Passport to exports" seems to provide all the advice and help needed by the new exporter. However one cannot overlook the criticisms the British export support services have regularly attracted.

There is criticism at European level too: "Over 80% of FSB members want to see the provision of easily accessible 'one stop shops' for assistance and advice on regulatory matters. The current proliferation of advisory bodies for SMEs is confusing." [FSB, 2006, p. 26].

As the services try to cater for the largest public possible, they often fail to meet specific needs. What was said a few years ago, namely that "policy-

makers and practitioners need to better understand their target groups for assistance” remains valid. Customized export programmes must be better targeted to the specific situational demands of ‘micro’ and ‘small’ firms” [Westhead, 2002], since more recent reports also point out the importance of segmenting the market when providing support [EEF, 2007, p. 2].

The BCC Website has an “Export Zone” which also offers valuable export facilities, some of which are actually run jointly with UKTI. The BCC has recently (26 July 2007) launched an International Trade Survey which includes, among many other topics, questions on cultural issues as well as on the efficiency of UKTI services [BCC, 2007a]. It will be most interesting to see what their findings are.

The problem of the adequacy of export support services is further compounded when one has to deal with subcultures. It has been suggested [Crick, 1997, p. 3-18] that differences may exist between firms from particular subcultures in relation to perceived export problems and their assistance requirements. It appears however that having another cultural identity beside a “British” culture opens up new business opportunities. Chinese flair for business, for example, is recognised on its own merits, yet its combination with the flexibility the UK trade regulatory framework offers can only contribute to boosting business activity.

There are numerous examples of businesses whose exports are linked with the ethnic origins of their owners. A simple idea like distributing books and CDs in the various languages spoken in the Bradford community can rapidly turn into an international business [EBMF, 2003], with the help of Business Link, another government self-help portal for small businesses. The Cobra brand [*E-emblemNews*, 2003] is just another often quoted success story: the company was founded in 1989 by an indebted gentleman of Indian descent who has since then expanded into many business ventures. Based in London, Cobra beer Ltd is exported to over forty-five countries in the world and even has a subsidiary in... India! It must be added however that, in the last decade, there has been a significant shift in ethnic minority-owned businesses away from traditional and ethnic niche markets into more mainstream and international growth sectors [EMBF, 2003, p. 6] — Note that EMBF was disbanded in 1987.

### *The British way of conducting business*

It must first be observed that a significant number of websites and other sources offer advice on the cultural differences in, e.g., business etiquette. Those pieces make interesting reading because it is somewhat difficult to encapsulate a nation's entire culture in a couple of paragraphs. Common sense has to prevail and the right balance must be struck between stating stereotypes and zeroing in on the bare essentials.

The trouble with culture is that it may lead to narrow mindedness, as each nation remains deeply convinced that the only proper way of doing business is... their own. Measured by that yardstick, the French are described as fairly formal, which requires mastering all the nuances of when to use the "vous" and "tu" forms. They spend a lot of time shaking hands and enjoy discussing business opportunities over long lunches and dinners. The month of August should be avoided as the whole country grinds to a halt etc. Conversely, The British are presented as both more relaxed in their attitudes and much stricter when it comes to covering all the points on the agenda in the allotted time. They are more inclined to take risks, they make decisions more quickly and they expect deadlines to be respected.

There is also a time discrepancy between reality and the idea of what foreigners view as British culture. In the psyche of French people, all successful British entrepreneurs are supposed to live in Chelsea or South Kensington, beside owning a huge mansion in Buckinghamshire. This is obviously untrue, and yet, it remains vivid enough to deserve a mention in the advice given to prospective French exporters to Britain. The French are therefore reminded that they should not aim at aping their own idea of the perfect British gentleman when attempting to do business in Britain [CCFGB, 2002, p. 17-23]. At any rate, one cannot conquer the world if one must always behave like a gentleman: the British can actually be very harsh in business as well as pretty devious too, although this does not exclude appearing all smiles at all times and abiding by the rules of commonly accepted politeness.

How far this may be true does not play an essential part here as, all in all, there is not much in this that cannot be mastered quickly. Ignorance of and non compliance with these so-called basic rules may lead to a couple of blunders but ought not to prevent fruitful business operations, at least between France and Britain, when an excellent product, conveniently priced, is on offer.

More unsuspected cultural problems may arise however when two national cultures have to work alongside. It can be the case with joint ventures or in the event of sub-contracted work. The construction industry is a case in point. In Britain the consulting engineer company is in charge of all that really matters: it decides on all specifications, on the total cost of the project etc. The building contractor is expected to get on with the work and just do as he is told. As a result, meetings in Britain are most frequently about checking that the contractor has followed the contract to the letter and therefore legal staff are often present.

In France, it is somewhat different. The engineer company expects the contractor to take a more active part. The contractor must show flair and innovation and suggest what it considers as the most cost-effective way of completing the project. Site meetings are consequently much more technical in nature. This may create cultural tension however, when the two companies are unaware of the differences. The British company will tend to wonder why the contractor does not simply mind its own business, whereas the French will not understand why their own know-how is not taken into account. That surely explains too why Europe's leading consulting engineer companies are British and the most competitive building contractors are French. It appears that the former also applies to the US, while the latter is also common in Southern European countries. It may therefore be tempting to conclude to the contrast between an Anglo-American and a Southern European model. It is probably truer to fact however, that the globalization process is also affecting the changes in business cultures and is gradually giving birth to a much larger Western culture of doing business in which cross-national differences are levelled off.

It must not be forgotten either that Britain does not only export goods, it also exports manpower.

### *Exporting culture*

Immigration often hit the headlines because migration into Britain went up regularly over the past decade, from 314,000 in 1994 to 582,000 in 2004, with most of the increase occurring after 1997 [ONS, 2005]. In 2005, the figure went down to 565,000 but was still higher than all other years since the method to estimate Total International Migration began in 1991 [ONS, 2007a]. However, the UK has experienced increasing levels of both inward and outward migration in recent years. Interestingly enough, while London attracts the largest number of immigrants, it is also the city that loses every year the largest number of long-standing residents at all ages except 16-24 [ONS, 2007b].

Out-migration increased more quickly than inflows but to a lesser extent, from 238,000 in 1994 to 385,000 in the year to mid-2006. In that latter year, over half of those who emigrated were British citizens. The countries of destination are changing too. New commonwealth countries and the US used to be the favourite choices, yet they are now being caught up by EU States: in 2005, Australia was the favourite with 71,000 incomers, followed by Spain (58,000) and France (42,000) [BBC News, 2007].

Those who emigrate fall into many different categories from highly-skilled professionals after top jobs to old age pensioners. Yet, an increasing number is made up of people who simply want a change of life and wish to go abroad to set up some sort of shop. All manner of projects are possible from taking over an existing firm or creating a new one from scratch. More often than not, the emigrants have no previous experience of running a business.

Many media programmes on both sides of the Channel are dedicated to such ventures — “Get A New Life” (BBC) or “Home Truths” (Radio 4), currently off air or *Emigrate online* at <http://www.emigrate2.co.uk>. are just random illustrations.

They all give many reasons for this “pull of Provence” [The Economist, 2003] like the deteriorating quality of life in Britain (including the rise in crime), the poor weather and the relative cheapness of property on the mainland. Besides, EU legislation on freedom of movement

and residence — of workers, among others — considerably facilitates the mobility of member states' citizens within the European Union. The original decision of moving abroad is therefore made all the easier thanks to the reduction in the administrative hassle that any business venture always causes.

The numbers involved are indeed not insignificant. 20% of all property purchases in the Dordogne area originate from Britain [France-Info Radio, 2007]. Some may argue that this is merely neo-colonialism by another name. And yet again, the overall picture is not so clear cut. The Brits move to dying villages which are avoided by the locals because there is no employment. The expats are only too prompt to adopt the local mores of “bon vivre”, although they may remain cliquish in some places and still insist on playing cricket, the rules of which game still pose a mystery to the majority of the local population. This culture mix is even more striking when one comes to the second generation: it has become rather common to bump into perfectly bilingual children who speak French with a genuine *terroir* sing song and yet still retain in English the regional twang they have inherited from their parents.

A French TV programme [M6 TV, 2007] recently featured, among other French “wannabe” entrepreneurs, an English couple which was presented as fairly typical. They originally were salaried workers (a postman and a PA) who had spent a holiday in the south-west of France, had fallen in love with the place and had therefore considered to go over there to live for good. They soon gave up their jobs in Britain and sold off their property. They moved to the Midi-Pyrenees region where they bought an old farmhouse which they intended to do up and turn into a “Gîte” (a country guesthouse). There were many teething problems and the fact that neither of them spoke much French did not help, especially in their first dealings with the local builders. Cultural issues included disagreements over some of the alterations the adventurous and pragmatic Brits wished to do to their new house, either because the planned changes did not comply with France's fairly strict planning permission regulations or because they did not meet with the local residents' approval when those were not in keeping with the area's traditional style.

In the starting period, the language issue was dodged by appealing primarily to English-speaking customers. It all finally came to a happy resolution: more recent information has revealed that the business is still up and running, which is good news as there may be relatively fast ownership turnover with such projects. Nevertheless, it appears obvious that the language barrier ranks high among the cultural obstacles to be surmounted when doing business with or in foreign countries.

### ***The language barrier***

The language issue is important, first because a language is not just strings of words merely put together. It also conveys cultural values, which probably justifies the oft-quoted saying attributed to either G. B. Shaw or O. Wilde that “Britain and the US are two nations divided by the same language”. At any rate, Britain (and Ireland) are in the unique position in the EU of having the world’s business communication medium as their native language. It can be argued that this position is probably more due to US economic supremacy than to the own merits of British performance, and had not Napoleon — *him* again! — sold Louisiana to the US for 15 million dollars in 1803, the whole situation may have been different.

The privilege may lead to some complacency, as if the British needed to learn languages to make their life easier only when they go on holiday, whereas the French consider it as an invaluable asset to land themselves a well-paid job. While almost one in five teenagers have achieved the top GCSE grades, there has been another drop in the number of UK pupils leaving school with language qualifications [*ePolitix*, 2007; Gardner, 2007].

It must therefore be borne in mind that it is very much ingrained in the British mindset that the rest of the world speaks English too. This supremacy allows Britons to accept all brands of English. The French also demand that their business partners speak French, yet they expect them to speak it well and do not hesitate to correct their interlocutors when they make mistakes: “All have fluent English as their second language, but, out of courtesy, will attempt to speak French — and some idiot will always try to correct them” [*The Economist*, 2007c].

It remains however true that in business, entrepreneurs prefer to be spoken to in their own national language, or, as the Germans are wont to say: “if you buy from me, I will make the effort of speaking in English, yet if I buy from you, I will expect you to speak to me in German”.

The irresistible rise of English as Europe’s lingua franca is not without side effects and the question arises as to whether the dominance of English confers an unfair economic advantage to its native speakers and whether it is good for business. Some linguists argue that that the rush to learn English can sometimes hurt business by making it harder to find any staff who are willing to master less glamorous languages. Yet, across much of the continent, firms do the bulk of their business with their neighbours and Dutch firms, for example, need delivery drivers who can speak German to customers, and vice versa [*The Economist*, 2007b].

### ***E-commerce***

The surge of e-commerce would deserve a full development of its own. For lack of space, unfortunately, it is only possible here to scratch at the surface. The considerable development of e-commerce over the past few years offers significant opportunities for SMEs, as it is a boundaryless space which gives instant access to customers twenty four hours a day in all time zones. “The advent of e-commerce [...] changed the nature of global competition: it removed most advantages of large size, levelled the playing field, especially for agile and information-adept smaller enterprises and enabled them to provide their goods and services to the international market through e-commerce in ways unimagined a decade earlier” [Etemad, 2004, p. 27].

In fact, a large number of European companies (40%) are not deterred from trading online because of the difficulty of tackling foreign markets, strictly speaking, but more for reasons like the fear or the experience of security risks and credit card fraud [FSB, 2006, p. 13].

Starting a website is fairly easy and does not require too much extra investment. At any rate, the amount of effort to be put in is basically the same, whether the company intends to reach its home market or foreign customers. It is noteworthy that the sustainable competitive advantage of a

company cannot be derived simply from its connection to the Internet. The Web certainly enhances competitive advantage but does not create it in its own right. The competitive advantage of a company usually results from its product, service or process know-how, and its ability to satisfy chosen customer groups [Rosson, 2004, p. 149].

However, the cyberspace still remains a cultural battlefield. It is therefore always preferable to address customers in their own languages. As usual, obvious language pitfalls must be avoided, starting with the naming of the product: a perfume called “mist” will be perfectly alright for English-speaking customers, yet rather offensive to the Germans, since it means “manure” in their own language. Similarly, the original name of “Ecu” for the single currency appealed to both the French and the British. It reminded the former of an old coin and was a convenient acronym to the latter (European Currency Unit). However it was reminiscent of “die Kuh” (the cow) to German ears.

It is not even always necessary to have one’s own website, since umbrella organisations can, most of the time, host the activities of many small companies in the same business area. The example of the guest house quoted above is just one example among many — see e.g., “perfectplaces.com”.

The BCC provides a service that allows firms to review their export communications [BCC, 2007b] and can help “to communicate effectively anywhere in the world without necessarily having to learn a new language”! However the advice most frequently given relates to developing a multi-lingual website.

Some nevertheless argue [Fulford, 2006] that SMEs are at a disadvantage in comparison with larger firms because of the costs and complexities involved in maintaining multilingual and multicultural websites. Yet this is more a problem of a technical nature and should therefore not present an unsurmountable challenge to prospective UK small exporters if they can get adequate help from business support agencies.

## CONCLUSIONS

It therefore appears that UK small entrepreneurs do not perceive cultural differences as a major obstacle to doing business in foreign markets, at least across the EU. The basic problem remains to get to know the market they wish to enter, but the difficulty is no different when dealing with a new environment on the home market. Tapping new markets is merely about mastering uncertainty and “foreignity” is just an extra unknown factor in the equation.

Culture may also play a hidden part as it often induces business practices inherited from a long forgotten past. This becomes more visible when different cultures need to coexist alongside each other. New exporters must then become aware that they have only to gain from variety and diversity.

A significant amount of business support is available, both from government and private sources. Naturally, the type of help provided can always be improved upon, but it would be unfair to say that UK small entrepreneurs are on their own when they wish to expand abroad.

Further research is obviously needed to see how e-commerce has modified the rules of the traditional trading game. It would also be very useful to determine whether the business situation becomes radically different when small firms plan to tackle markets that are much further afield and more remote culturally speaking.

Finally, it must not be forgotten that the UK does most of its trade with the EU 15 member states. “While it is encouraging that almost all of the companies sell some goods to India and a little less to China, it is very easy to be carried away by the hype. Since 1998, exports of UK goods to the rest of the world have grown by 49%, to China by 279% and to India by 116%. Despite this, [UK] combined exports to China and India account for just 2.4% of total exports. In addition, a fuller analysis of 2005 data shows that the UK’s exports to emerging Europe — the new EU members and other Eastern European countries currently outside the EU including Russia — were two and a quarter times those to China and India combined” [EEF, 2007, p. 6].

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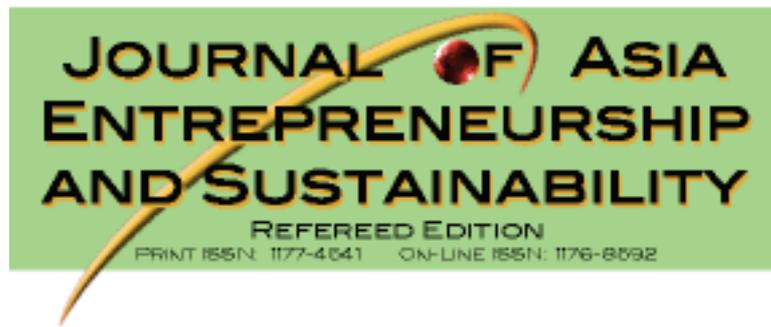
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# RESCRIPTING THE DANISH-AMERICAN DREAM: AN EXPLORATION OF THE EMBEDDEDNESS OF ENTERPRISE CULTURES AND DISCOURSES

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## ABSTRACT

INTRODUCTION: It has been documented by numerous studies that countries differ in their rate of entrepreneurial activity. The reasons why this is so are usually attributed to structural issues. However, we argue that these variations have historical and cultural roots that may originate long ago and have become institutionalized through time. We report on desk research we carried out into an emerging renaissance relating to the Danish Enterprise Culture and cultural attitudes towards entrepreneurship in Denmark. This

has been brought about by a new appreciation of the Danish-American Dream and has opened up a new discourse challenging the embeddedness of previously held negative attitudes towards entrepreneurs.

**METHOD:** We used a historical lens to examine the phenomenon of migration from the ‘State of Denmark’ and concentrated on historical epochs which perhaps influenced why Danes traditionally held entrepreneurs in poor regard. In particular we focused on the socio-cultural factor of religion. The research method thus necessitated the use of a narrative based and social constructionist framework.

**ANALYSIS:** The Danish aversion to boasting and to celebrating entrepreneurial attitudes and achievement was traced back to their humble roots as a nation of peasant farmers and to a fusion of religious beliefs which led to the formation of the Jantelaw.

**RESULTS:** This paper explores the socio-cultural and historical factors influencing the perceived low level of entrepreneurial drive of Danes at home and abroad documenting how they are changing.

**CONCLUSION:** This paper addresses the important issue of how history and culture influences the eagerness and earnestness of the entrepreneurial activity of a people and in turn shapes the entrepreneurial libido of a nation. Furthermore it demonstrates how a nation can rescript tired old narratives of enterprise which no longer accommodate their entrepreneurial spirit and enterprise cultures.

## 1. AN INTRODUCTION

nce upon a time, long, long ago, many adventurous sons and daughters of Denmark went in search of a fairytale future that became the American Dream. They worked hard in the New World and sent money home to families left behind. In time, they became proud Americans melting into an ethnic cauldron that fed American Identity. As often happens in the fullness of time their amazing stories were forgotten in their homeland. Now a new generation of Danes are breathing the spirit of a revived American Dream into a Denmark in much need of an Enterprise Culture" (Smith and Neergard, 2007).

The above rendition tells an oft forgotten tale - a Danish Success Story apparently forgotten by many self-deprecating Danes everywhere. The fairytale formula used in the ‘wonder tale’ weds the paper to narrative theory. This paper therefore tells an important story of how a social process of re-scripting ‘The Danish-American Dream’ helped change the hitherto embedded nature of enterprise cultures and discourses prevalent in contemporary Danish Society. In the telling it also serves a serious purpose in examining some socio-cultural and historical factors influencing the perceived low entrepreneurial drive of the Danish people; and perhaps also in the process helping to partly explain why traditionally Denmark does not have a vibrant Enterprise Culture. The purpose of the paper is twofold. Firstly, it is a scholarly inquiry into the state of Danish enterprise culture. Secondly, it is an attempt to assess cultural nuances affecting Danish attitudes towards entrepreneurship.

This work adopts what can loosely be described as a *Verstehen* based methodology because it considers both the historical and the social context

to determine the ideal typical social characteristics of Danes [1]. The use of this imaginative investigative, socio-historical approach was inspired by the seminal work of the economist William Baumol (Baumol, 1990) who used a similar approach to understand entrepreneurship from a historical perspective in readings of Roman, Medieval and Chinese history.

From desk research into Danish culture and history carried out by the authors for this study, it would appear that traditionally Denmark appears to have lacked a cohesive home grown Entrepreneurial Culture, albeit that it does possess a sporadic entrepreneurial culture [2]. This state of affairs has been exacerbated by the absence of a fully articulated home grown ‘Danish Entrepreneurial Dream’. These two facets of the Danish character, when combined with other socio-economic and cultural factors examined in this study, may explain what the author’s refer to as the low collective entrepreneurial libido of the Danish people. To illustrate this point, when the authors were conducting research they came across the journal - “*The Bridge*”, which is the journal of the Danish American Historical Society. In researching hundreds of articles since its inauguration in 1978 the authors were astonished to find only one article has specifically mentioned the word entrepreneur (See Jorgenson, 1998). Culturally, we find this fascinating as a cultural indicator of attitudes, because it suggests that as a collective body Danes do not appear to venerate the entrepreneur as a folk hero. Conversely, they venerate the humble migrant Dane. There are many socio-economic and socio-historical reasons for this but the ‘*Jantelaw*’ has certainly played a major role in keeping Danes in their place.

We contrast this stance with that of America which has a strong Enterprise Culture and a vibrant Entrepreneurial Dream in the form of the American Dream. Historically and culturally America has developed a considerable body of Entrepreneurial Mythology in the format of the Horatio Alger myths in which the poor-boy-makes-good. This eulogised body of Americanized-folklore represents a culture, which Robert Reich (Reich, 1987) believes is on the wane. However, we argue that literary genres have a long shelf life and can influence culture for generations. Denmark is also famous for the fairytales of Hans Christian Andersen, but in his dark tales the poor keep to their station if they have any sense at all. The spirit of enterprise manifests itself differently in different cultures and countries – for

example according to contemporary writers such as Stenum (Stenum, 2004) Danes do not welcome migrants to the shores of Denmark. We find this perplexing because of the Danish veneration of their migrant peasant stock. This points to significant differences between Danish and American entrepreneurial drives shaped by history and tradition. This cultural aversion to entrepreneurial ideology is a culturally induced, socio-historical manifestation because there is evidence that many modern Danes are beginning to admire their home-grown entrepreneurs some of whom are simultaneously *making-good* in America. With this new generation of Danish entrepreneurs a new Danish Enterprise Culture is emerging. Consequentially, this article examines why traditionally Denmark has lacked

- A cohesive Enterprise Culture;
- A home grown Entrepreneurial Dream; and
- A strong Entrepreneurial Drive.

We challenge these propositions by suggesting that history is already in the process of being re-written. Nevertheless, in Denmark there is still a lack of attention given to 'ordinary' entrepreneurs, because unlike Americans, Danes as a nation do not eulogise their entrepreneurs. In present day Denmark, ordinary entrepreneurs actually create more jobs than so-called technology and knowledge-based ventures. These remarkable people are often one wo/man companies. This elevation of the entrepreneur to the status of being a hero and role model is necessary with Denmark not being viewed as a nation of entrepreneurs. To appreciate why this is so, we peer through the mists of time and turn to history to understand the enterprise culture and discourses in Denmark.

## 2. ENTERPRISE CULTURES AND DISCOURSES

Culture, at its most basic, refers to typical way of behaving and presenting one's self. An enterprise culture is associated with being imaginative and creative, rather than being reluctant to take risks. It is easier to research enterprise cultures in a closed context such as a company. Cohen and Musson (2000) discussed enterprise discourse and how it is articulated by individuals working in small business environments. They sought to

construct and reconstruct material practices and psychological identities arguing that even if people do not take an enterprise culture seriously and feel unaffected by its values and claims, they nevertheless reproduce it via perpetuating daily practices imbued with the notion of enterprise (du Gay and Salaman, 1992). Risk taking is high on the list of values associated with participation in an enterprise culture. Being enterprising involves being prepared to take risks and think differently i.e. for one's self. For Cohen and Musson (2000), people (and thus 'a people') are constituted by the discourse of enterprise. Dodd and Anderson (2001) explore the connectivity between the concepts of culture and enterprise culture which is made up of ideal typology of broad bundle of ideas and ideologies connected to 'ways of doing'. Dodd and Anderson took cognisance of non-managerial cultures in the surrounding society, including the political and rhetorical spheres. Creating an enterprise culture is about creating positive attitudes towards entrepreneurs and entrepreneurship. It is about presenting realistic role models and media images because young people today are influenced by impressions and images. It is important to present a holistic image of what it means to be enterprising. Therefore enterprise needs to be seen and understood as a positive and worthwhile activity.

The classical text on the Enterprise Culture in Britain is that of Burrows (1991) "Deciphering the Enterprise Culture". Hakim (1988: 433) links entrepreneurial activity and self-employment to a distinctive set of attitudes, values, motivations and ambitions, which make up the ideology of the enterprise culture. Significantly, attitudes, values, motivations and ambitions are all individual constructs. In talking about enterprise cultures one is therefore talking about generalised ideal typifications of behaviour. This introduces the concepts of parody and exaggeration into the equation. Therefore, although enterprise cultures are collective constructs they are nevertheless highly individualized, personalized scripts created by the deeds and actions of hundreds or thousands of highly motivated individuals enacting culturally acceptable scripts of what it is to be enterprising. Thus one must consider a society in its totality because enterprise culture surrounds the entrepreneur. A nation's enterprise culture is therefore a collective manifestation of culturally accepted attitudes, values, motivations and ambitions, which can be articulated and expressed by an individual in

the pursuit of socio-economic success. Enterprise culture thus has an enacted quality to it. To establish how such cultures are created it is necessary to take a historical perspective and peer through the mists of time.

### 3. DENMARK AS SEEN THROUGH THE MISTS OF TIME

This section discusses why traditionally Denmark does not have a strong Enterprise Culture. It concentrates upon two socio-historical aspects of the Danish history, using them as heuristic devices. These heuristics are (1) Religion; and (2) Emigration. The primary purpose of this socio-historical investigation is to use these heuristic devices to achieve a greater analytic understanding. These aspects of Danish cultural history provide a backcloth upon which to understand the apparent Danish apathy or reluctance towards the 'Entrepreneurial'. The purpose of this section is thus to discuss the hypothesis

That traditionally the Danes are regarded as a non-entrepreneurial people.

This is achieved via interpretative readings of Danish history, culture and religion. From these readings it is possible to capture, or read out of the texts, an underlying spirit of enterprise.

It is necessary to first set the Danish attitude to entrepreneurship in its proper socio-historical perspective. Being a native of Denmark, and having lived abroad for a number of years, the author Helle Neergaard was aware of the traditional Danish attitude of ambivalence towards Entrepreneurs and Entrepreneurship. We were perturbed when initially we failed to unearth examples of Danes who became famous in their Motherland as having made it big in America in true Algeresque style. Nor initially, were we able to find a significant body of venerating lore in Danish history linking Denmark to America. These misperceptions (or perhaps myth-perceptions) will be jointly addressed later in the article. We had been confident that research would throw up many such examples of Danes made-good in America to legitimise

the inclusiveness of the model of success-making as articulated in Horatio Alger stories.

It certainly appears to us, that unlike many other European countries, in Denmark there is no accepted path to success and therefore it follows - No Danish Dream of Success. The prevailing wisdom is to ‘stick to your potato patch’. On the contrary, in Denmark, the collected wisdom as passed down the generations is that if you are successful you had better keep your head down otherwise someone will point a finger at you and possibly invent stories about where and how you got your money, something which is very well captured in the Jante Law’s 10 commandments which are outlined in the box below.

<b>Janteloven (The Jante Law)</b>
<b>Du skal ikke tro du er noget.</b> (You shall not think that you are special.)
<b>Du skal ikke tro du er lige klog som os.</b> (You shall not think that you are of the same standing as us.)
<b>Du skal ikke tro du er klogere end os.</b> (You shall not think that you are smarter than us.)
<b>Du skal ikke indbilde dig du er bedre end os.</b> (Don't fancy yourself as being better than us.)
<b>Du skal ikke tro du ved mere end os.</b> (You shall not think that you know more than us.)
<b>Du skal ikke tro at du er mere en os.</b> (You shall not think that you are more

important than us.)

**Du skal ikke tro at du duer til noget.** (You shall not think that you are good at anything.)

**Du skal ikke le af os.** (You shall not laugh at us.)

**Du skal ikke tro at nogen bryder sig om dig.** (You shall not think that anyone cares about you.)

**Du skal ikke tro at du kan lære os noget.** (You shall not think that you can teach us anything.)

Consequentially, Denmark is ripe with riches, jealousy and envy. This perhaps explains why previous generations of Danes were very sceptical of Success Stories in general. Indeed, Denmark has been referred to as a sceptical barnyard. Nevertheless, the Protestant State of Denmark has a long literary history and a reputation of having a moralistic outlook as evidenced by the genre of *Danish Morality Tales* and *Morality Plays* (such as Holberg's plays) and Hans Christian Andersen's fairy tales for which the country is famed.

### 3.1 - Setting Danish attitudes to entrepreneurship in socio-historical context

No examination of early Danish history would be complete without reference to the Viking age. Although this was not exclusively a Danish phenomenon, collectively as a people the Norse were a very enterprising people whose exploits featured heavily in the annals of the histories of the age. The author Robert Smith (Smith, 2004) researched the Norse from the perspective of being an entrepreneurial race as all Scandinavian cultures

produced more than their fair share of farmers, craftsmen and artisans, merchants traders and warriors who engaged in a 'rough commerce' with the known world. The seafaring Norsemen founded colonies in Britain, Ireland, Russia, France Iceland and Vinland, in what is now America. A truer picture of enterprising behaviour can hardly be found. These they took by force of conquest, or claimed in the true spirit of exploration.

However, ultimately, it was religion, and not the sword that tamed the Pagan Norse and unified them with Western world. The role of the Church and of the Holy Roman Empire in bringing order to Dark Age Europe and the known world cannot be overstated. Papal edicts (and the threat of excommunication) held sway across many protean Nation States as a new age of civilisation dawned. Overtime, the exploits of the Vikings faded from living memory onto the pages of storybooks where they became heroes once again. Ordinary Danes returned to the more prosaic task of farming, ship building and earning an honest living.

The role of the Church in shaping the entrepreneurial outlook of a people cannot be underestimated. For example, Historian Richard Pipes (Pipes, 1974) and Criminologist Pino Arlacchi (Arlacchi, 1983) independently examined the roles of early Church history in the formation of the Russian and Italian Peasant psyches. It could be argued that the 'other worldly' doctrines of both the Russian Orthodox and Catholic Churches served to retard the latent Entrepreneurial propensity of their Peasantry when taken into consideration alongside the repressive power of the Church and State.

Medieval Denmark was, on the whole, a settled and prosperous Nation State and despite being embroiled in various Scandinavian wars, Denmark enjoyed long periods of independence despite the political and military dominance of Sweden. When change occurred (as is inevitable) it came again in the form of Religion and the Reformation as the preaching and doctrines of the Protestant Religion swept across Europe. It was the writings of Martin Luther (1483-1546), in neighbouring Germany, which took root in Denmark and led to the formation of the Lutheran Church. The overarching doctrine and theological message espoused by Luther was the cardinal doctrines of faith, repentance, holiness and love of God. Thus, this

appears to be a very different theological drive to that which we have come to associate with Ascetic Protestantism and the Protestant Work Ethic as articulated by Max Weber (Weber, 1990). Indeed, Lutheran Religion can be very intense with many strict Lutherans known as 'Black Bible' individuals who are extremely stern and unbending in their outlook upon life. Their theological message was that all we can expect is God's wrath. As a result, ordinary Danes of Lutheran faith seeks God's love whilst fearing for the worst. A deep pessimism and a brooding darkness may therefore be an integral part of the Danish cultural psyche. Indeed, this spirit was summed up eloquently by Larson (1992) who wrote that the Danes view the world "*through a glass darkly*". The Lutheran Church is the State Religion and it is estimated that more than 80 per cent of Danes are Lutherans, making it the predominant faith. We suggest that exposure to the world and the increasing globalization has unlocked Danish entrepreneurial potential.

The Lutheran church is a Protestant sect founded upon the doctrine of Martin Luther. Since the publication of Max Weber's hugely influential work "*The Protestant Ethic and the Spirit of Capitalism*" (Weber, 1990) we have come to associate Protestantism, and those of the Protestant Faith as a vigorous strain of achievers. Indeed, many Protestant sects such as Puritans and Quakers made a significant impact upon the New World. However, not all Protestant sects follow the template of 'this worldliness' so ably articulated by Weber. It is after all presumptuous, following Weber's argument, to believe that all Protestant Sects must therefore be entrepreneurial.

Theologically, politically and demographically the Denmark of the 18th Century (1800-1900) was a well-ordered stable industrious state. Geographically, its assets were primarily agrarian for example the rich farmlands of Jutland and Schleswig-Holstein; and maritime in the form of easy access to the North Sea and the Baltic States. Denmark was therefore a 'stepping-stone' into Europe. Despite the presence of several large urban centres including the capital Copenhagen and Aarhus, the second largest city, Denmark was primarily a rural utopia. We believe that this factor, when taken into consideration with others, discussed below may help to explain the absence, or dilution, of a Danish entrepreneurial ideal. Nor should we forget the fact that Denmark at one time was a minor Colonial power. For

example, Sevaldsen *et al* (2003) make passing reference to Denmark's 'Lost Empire'.

Another facet of Denmark's hidden enterprise culture relates to the Danish West Indies, which ironically they sold to America and which are now referred to as the 'US Virgin Islands'. These Caribbean islands of Saint Thomas, Saint John, and Saint Croix, were formerly a Danish colony. This exemplifies Danish cultural attitudes of fairness because the Danes were the first European Country to abolish slavery. However, it was emigration and not entrepreneurship in the homeland that shaped Danish history.

### 3.2 - Danish emigration to the New World

Emigration plays a significant part in American Entrepreneurial mythology. It is estimated that over 50 million Europeans migrated to the new world between the years 1814-1914. Of these 90% immigrated to America. Legions of poor Scots, Irish, Poles, and Italians made the, often perilous, journey. However, it is estimated that between the years 1820-1850 only 2,000 Danes made the same crossing. This is significant because it meant that the Danes did not achieve numerical dominance, as did the Scots and Irish. There are numerous studies of the phenomenon including the works of Hale (1984) and Norman & Runblom (1987). Early Danish migration to America consisted mainly of seamen, artisans and adventurers. The high cost of travel perhaps made emigration prohibitive for the poor of Denmark and indeed, it appears that many who emigrated from Denmark were what can be described as Bourgeoisie extraction e.g. Teachers, Preachers and Tradesmen who could well afford the passage. Also, some Danish men travelled alone, later sending for their wife and family to join them. However, a significant number of Danish men married women from other ethnic origins. We found it helpful to divide these Danish émigré's into three separate types because according to the Danish historian Christianson (2005) they formed very different communities:

- City dwellers;
- Rural dwellers / Farmers;
- Religious émigré's.

This division helps explain the invisibility of Danes amongst the pantheon of American entrepreneurs, because unlike the Irish, Italians, or Poles they did not as a general rule settle in ethnic enclaves.

After 1850, Danish emigration increased. Approximately 20,000 Danes left Denmark between the years 1870 and 1895. Christianson (2005) estimates that over 300,000 Danes emigrated in the years 1840–1914. Social conditions led to a moderate wave of immigration, which reached its height between the years 1880-1920. The Danish owned ship, Frederik VIII, is credited with transporting more than half a million immigrants to America from Scandinavia. Christianson, citing other historians such as Neilson (1981), Friedman (1985), and Lovoll (1992) as sources, tells us Danes began to emigrate in significant numbers after Denmark suffered defeat by Bismarck's Prussia in 1864. In this period the majority of such immigrants came from urban backgrounds and naturally gravitated towards cities. It is helpful to discuss these different émigré communities to establish how they fared in the new world.

City Dwellers: Between the years 1895-1910, Danish immigrants settled in various cities in America, such as New York City, Chicago and Racine, Wisconsin. Many of these workers were Tradesmen. Danish Tradesmen in particular did so with the dream of establishing their own businesses and becoming independent in the American cities. Many Danish immigrants were young, single, skilled, well-educated men. This created a gender imbalance and the need to look for a non-Danish partner. Significantly, the Danes and Swedes shared a common heritage and intermingled. The Danes who settled in the ghettos of Chicago quickly assimilated and by 1920 many had moved to the suburbs. North Avenue in Chicago became a Danish – Swedish commercial centre. Christianson (2005) narrates that many Danish men became carpenters, masons, painters, furniture makers, and contractors because these were the skills in demand. Some became small-scale entrepreneurs and shopkeepers - A Scandinavian bourgeoisie of grocers, tobacconists, clothiers, hoteliers, publicans, and restaurateurs. Some enterprising Danes with rural roots relocated to the fringes of Chicago specialising in market gardening and dairying. Danish women became domestic maids or shop clerks. Christianson describes the formation of a Danish *Round Table*, which led to the setting up of a social club, a library,

an English night school, and a mutual aid fund. Several Lutheran and Baptist Churches sprung up, as did the fraternal Danish Brotherhood. A network of Danish self-help groups emerged including societies for gymnastics, cycling, football, hunting, fishing, sharp shooting, and theatre. A Scandinavian newspaper ran for 50 years until circulation declined. What Christianson describes, is in effect the formation of a Danish-American Entrepreneurial community complete with an elite of artists, sculptors, journalists, clergymen and professionals. In this respect the Danes conformed to the Entrepreneurial Community model discussed by Diamond (1970) as being a particularly American Institution. It would appear that in the process, the émigré Danes became comfortable, model Americans. They lived the American dream but faded into the obscurity of middle class America. As a result, few of their race became renowned as famous entrepreneurs or tycoons, unlike the Scots and Irish émigré's in America who produced many such cultural icons. Perhaps their Danishness and their Lutheran faith dictated that they kept their heads down and their feet firmly planted on (and in) the ground. Obviously context and opportunity also play a significant part in the perpetuation and reproduction of cultural values and in particular entrepreneurial proclivity.

Rural dwellers: Christianson (2005) further narrates that in the 1870's an agricultural depression in Denmark led many Danes of farming stock to emigrate to the American heartland, particularly the Mid-West. The States preferred by these immigrants were Nebraska, Iowa, Kansas, North and South Dakota, Minnesota, Michigan, California, Utah, Arizona and Wisconsin. In their native Denmark farmers had been held in bondage by major landowners until around 1850. Those Danes who sought to recreate the Danish rural idyll in the new world settled in communities such as Solvang. These farmers settled in remote rural enclaves where they recreated "*Little Denmark's*". Many in time became landowners, a feat which was impossible in Denmark because of the shortage of land. It must be stressed that the rural dwellers were primarily of Danish peasant stock. Indeed, Christiansen (1995) refers to rural village life in 18<sup>th</sup> century Denmark as being a peasant, and not entrepreneurial, culture.

Religious émigrés: Large-scale immigration began in 1840, when many Danes of the Mormon faith chose to emigrate. Wilde (1981) poignantly refers to these pilgrims as having “*bleeding feet, humble hearts*”. An earlier wave of Norwegian Mormons had made the journey in 1825 as a flight from religious persecution. According to Bille (1971), only Danish Mormons emigrated for religious reasons. This was not a flight from persecution but a gathering-in to "Zion" of co-religionists. Thus, religious dissent was not a major contributory factor in Danish emigration. Rather, the major cause of emigration was an increase in the birth rate and the economic difficulties of a small country faced with a rapidly increasing population. These were predominantly rural folk. Moreover, many Baptists and Mormons also immigrated to America from 1850-1870. These Danes enjoyed building churches identical to those in their homeland. Nevertheless, Nielsen describes that religiously Danes differed from other Scandinavian immigrants by joining American churches instead of Danish ones in America. Simonsen (Simonson, 1990) narrates the struggle of Danish churches in North America to maintain a sense of unity and Danish-ness in light of dwindling congregations. Conversely Norwegian and Swedish American churches flourished.

Bille (1971) argues that a common consensus amongst scholars of Danish history is that Danish Americans were unlike other Americans of Scandinavian descent. The latter congregated in enclaves with their own countrymen whilst the Danes quickly assimilated into the social fabric of America. Many Danish men married non-Danish women and therefore became Americans. Furthermore, Nielsen and Simonsen both argue that the Danes also differ from other Scandinavian immigrants by spreading thin over a wide area and thus in this way further hastening their assimilation. Their mother tongue experienced significant changes on the new continent. In sum (1) many Danes quickly identified with being American; (2) the absence of a persecution complex perhaps denied the Danes the motivation, which drove other outsider groups; (3) the Mormon Danes considered themselves as Mormons first and foremost.

For Burns (2000: 348) immigrant enterprise cultures are influenced by historical experiences that alter people's perceptions and expectations. Immigrants recognize that they differ from the norm and possess traits and

ethnic markers that differentiate them. Because they are subjected to stereotyping, they learn to emphasize these differences, often adopting a “less energetic, less materialistic” outlook than the dominant national culture (ibid: 348). This did not happen to Danish immigrants to America who wholeheartedly embraced the American Dream. It is obvious that, unlike other émigré ethnic groups, the Danes did not develop a critical mass but instead assimilated into the melting pot of America. This may explain why there seems to be an absence of a body of Danish-American success stories. Nevertheless, it is puzzling particularly because there seems to be multiple such stories. It is to this that we now turn.

### 3.3 - Danish-American success stories

As stated above, prior to our research, we were not aware of the identity of any famous Danish-American Entrepreneurs. A search of the Internet located details of August and Ane Rasmussen. A fortuitous e-mail conversation with the Editor of the Journal *The Bridge*, Dr Peter Petersen, proved to be a turning point because he provided the names of many entrepreneurial Danish Businessmen namely Peter Larson; Neils Poulsen; William Petersen; Lorentz Iversen; William S. Knudsen; Karl Mathiasen; and Eckardt Eskesen. This led to us conducting further rudimentary research on the Internet. As researcher we are frustrated at the difficulty in locating biographical information concerning their exploits. We believe that there is a need to collect the remarkable stories of enterprising Danish Americans to act as cultural role models and to make these stories available to scholars outside the Danish Cultural Community. Their micro-biographies are narrated below. The majority of the research was conducted on the Internet and often obtained from unreferenced articles.

A love story: August and Ane Rasmussen made the epic crossing in 1856 as pioneers (See [www.kalmus.dk/august/html](http://www.kalmus.dk/august/html) ). August Rasmussen from the Parish of Sæby in West Zealand was raised in abject poverty but rebelled against the prevailing social conditions and landed elite in rural Denmark, which dictated that he would never be able to afford to buy land. For four years he and Ane worked hard to save for their passage to America. They

arrived in Greenville, Michigan, USA with nothing but the clothes on their back and as a result of hard work bought a smallholding. In doing so they started a process of chain migration from their parish, which saw Greenville becoming a Danish American community. This aspect of Danes helping others of their kind is epitomised by the words of Sorenson (Sorenson, 1980) who wrote of the Danish Community providing helping “*Hands across the Sea*”. As an old man August Rasmussen wrote his memoirs, which were highly critical of the Denmark of his youth. They are not deeply dark tales but a lasting story of romance and adventure in the achievement of their Dreams. It is nevertheless an American Dream because it was not possible in parochial 19<sup>th</sup> Century Denmark for poor boys to live out such dreams.

A poor boy makes good: The American-Danish entrepreneur Peter Larson whose life story as retold by Jorgensen reads stranger than fiction in true Algeresque style. Born Peder Larsen on 11, July, 1849 in the parish of Dreslette, on the isle of Fyn he spent his youth working on his father’s farm and had little time for formal education. As Jorgensen narrates “*This was at a time when opportunities for advancement in the old world were meagre and many young people migrated to America ...*”. So Peder set off in pursuit of his dream arriving in New Orleans with no money and no grasp of the English language – but he learned fast. He changed his name to Peter Larson and by dint of hard work hauled himself up the social ladder eventually becoming a contractor before wealth enabled him to become a railroad entrepreneur. He died in 1907 in his prime at the head of a huge financial empire. Yet Jorgensen is correct to question why so few people in America or Denmark even speak his name. Jorgensen perhaps provides the answer in Larson’s fanatical modesty and his avoidance of publicity, which is consistent with the Danish attitude to entrepreneurial fame – still today. He considered himself to be of the common people. According to Jorgensen the rags to riches story of Peter Larson is one of a “*Danish immigrant youth who met and seized opportunity in America*”. Nevertheless, true to his original culture he kept his head down and never boasted or bragged of his achievements.

A man of Steel: Niels Poulsen (1843-1913) is famous for helping to create the Hecla Architectural Iron Works, which produced iron products used in the creation of several major buildings in New York City. A native of Denmark, Poulson was trained in Copenhagen as a mason-journeyman. He moved to New York City in 1864. Poulsen, like many émigrés from different cultures chose to Anglicize his surname, which became Poulson. This is significant in that it perhaps served to eradicate his Danishness from the public memory. In time, Poulson became a famous American entrepreneur and endowed the Denmark-America Foundation with well over half a million dollars, a fund which today supports the exchange of researchers between America and Denmark.

The Blacksmith who turned inventor: Danish-American Entrepreneur and Blacksmith William Petersen inventor of the ‘Vise Grip’ learned his trade in Denmark. In 1924 Petersen founded a small family business in DeWitt, Nebraska to manufacture his unique hand tool. He formed the Petersen Manufacturing Company, which by the 1980s was producing between 40,000 and 50,000 tools a day.

An Engineering Giant: Lorentz Iverson was another Dane who rose to great heights in the world of American business. Under Iverson’s leadership the Mesta machine Company near Pittsburgh became one of the world’s largest manufacturers of machinery.

A Titan in the Automobile Industry: William S. Knudsen, born Signius Wilhelm Poul Knudsen in his native Denmark immigrated to New York in 1900. Knudson is another nationally recognized Dane, who rose to the leadership of General Motors in the 1930s and became one of the highest paid executives in the nation during the Great Depression. During World War II President Roosevelt appointed Knudsen as a lieutenant general of the Army in charge of defense production. Knudsen is widely recognized today as one of the architects of the modern industrial economy. Knudsen’s son Semon “Bunkie” Knudson served as President of G.M.’s Pontiac and then Chevrolet divisions before eventually becoming President of the Ford Motor Company.

Pioneering friends: Karl Mathiasen and Eckardt Eskesen, two Danish immigrants who formed a friendship created the New Jersey Terra Cotta Company, which supplied building materials to contractors in the New York City region.

Also, Pearson (1995) narrates that the mother of the famous Oil Baron John Paul Getty was of Danish birth. She played a significant part in his moral upbringing. We find these skeletal biographies frustrating and believe that there is a real need to fill in the gaps before they pass from living memory. Also, we find it significant that the stories lack the fundamental element, which has become synonymous with the entrepreneurial dream in America. Namely, they do not narrate what the entrepreneurs have given back to the community at large in terms of being role models and providing support for new entrepreneurs (of Danish origin). This is a story that we hear time and again about American born entrepreneurs.

Although collectively, what has been presented and the discussed above may help to explain why Denmark and the Danes did not develop a 'healthy' Entrepreneurial Culture, we are well aware that it does not fully account for the whole picture. However, from what has been discussed, it can be argued that a combination of a poor theological driving force; the assimilation of the Danish émigrés into the American culture may have led to a watering down of the Danish Entrepreneurial Spirit at a time when the American Entrepreneurial spirit was in the ascendancy. The research, which went into the writing of this article, has led us to conclude that the Danish Entrepreneurial model is dissimilar to that of other countries possibly as a result of socio-cultural and historical factors. It can be seen that although Denmark is a proud example of an old world country who exported many of its sons and daughters to the dream that became America, there is little evidence that these sons returned to Denmark as Entrepreneurs or of those remaining behind having an entrepreneurial spirit. Perhaps it is such that adventures, such as immigrating to a new country, are entrepreneurial in themselves and therefore produce a more entrepreneurial mindset. Significantly, it seems that no other entrepreneurship researchers have appreciated the importance of this. Building upon this understanding the following section considers the development of a protean Danish

Entrepreneurial Dream and the influence of a reinvigorated American Dream upon this re-writing of Danish Entrepreneurial History.

#### 4 - RE-WRITING THE DANISH ENTREPRENEURIAL DREAM

Each era, or age, has its own defining spirit. And so it is with modern Denmark. It stands on the brink of a new golden age of Entrepreneurship but may not be ready to accept the painful challenge of letting go of its past. Moreover, it has new problems of its own. The State is keen on equality espoused by the social democratic movement. However, such liberal benefits also come with responsibilities and high taxation (this can be as high as 62% - also VAT is charged at 25%). For the ordinary Dane in the Street this is good news because the Danish state provides free education, health care, and a state pension you can actually live on. However, this near utopian state of affairs has the unintentional effect of creating a dependency culture, which might stifle entrepreneurial flair and spirit. When one takes cognisance of this dependency culture alongside the socio-cultural and historical factors discussed in the previous sections then one can begin to appreciate the scale of the problem. Further, many of the areas within which many other nations prove entrepreneurial are areas, which in Denmark are state-owned and managed. So, it is not as simple as letting go of the past but requires building, or possibly re-writing a brighter future.

The latest theory is that Danes who have an entrepreneurial mind today actually immigrate to America in order to follow *their* version of the American dream. A dream which might well have been enacted in Denmark, had things been just a little different. Tüchsen (2005) re-tells the stories of eight Danish entrepreneurs who have made it big in America. The entrepreneurs he discusses are: Dan Meiland (a Headhunter from Zehnder International); Henrik and Charlotte Jorst (of Skagen watches); Henrik Slipsager (of AMB Industries); Peter Martins (who runs the New York City Ballet); Lars Dalgaard (of IT business Success factors); Ole Henriksen (who runs a successful cosmetics business); and Lars Ulrich (of Metallica). Tüchsen firmly believes that the Danish dream needs to be positively cultivated in Danish schools. Tüchsen espouses individuality, not equality (in the sense that in order to treat people the same you have to treat them

differently) and argues that to create the American dream in Denmark among Danes on their own shores, the individual Dane needs more freedom. Freedom to follow their dreams! Tüchsen urges Danes to believe in themselves and forget about their inherent problems with becoming a success. According to Tüchsen, in America the cleverest children are encouraged to an extent so far unheard of in Denmark (although recently there has been talk of new private schools being started for particularly intelligent children). Americans are also better at cultivating the abilities of these children through differentiated teaching. In Denmark this has also been implemented, but has yet to work. Danes need to back the best, but often the teachers hold back the clever children – and often they are also mobbed by the other children, because it is not acceptable to be clever and to want to learn. The Jantelaw is a work even amongst youngsters, if you are clever you are not to be looked up to but to be frowned upon. The less clever are to be elevated, where as the clever should expect no special favours. In America you make your own rules, but in Denmark everything is too regulated.

## 5 - RESCRIPTING DANISH ENTERPRISE CULTURE

The need to develop a more entrepreneurial culture in Denmark was identified in a governmental report commissioned by the Ministries of Education and Science in Denmark in 2004 (No Author, 2004). The report calls for the development of a new strategy for developing and strengthening a culture of entrepreneurship and innovation in the educational system. The strategy, which spans both primary and secondary schools, focuses on developing personal qualities such as creativity, inventiveness and independent problem-solving skills. In effect what was proposed was akin to a narrative based restorying or rescripting process as advocated by Kenyon and Randall (1997). It is significant in terms of this paper that Driscoll and McKee (2007) argue that to be successful when restorying a culture one must take cognisance of ethical and spiritual values which underpin the story.

This article makes a theoretical contribution in that it has discussed important cultural variables and unearthed a narrative crying out for re-telling. It is time to rewrite a forgotten heritage of Danish entrepreneurial endeavour. Stories, whether fiction or fact, require to be told, and retold

again, and again to retain their inspirational power. Danes need to re-write their place in history for the benefit of future generations. It is heartening that as well as Dan Meiland, Henrik and Charlotte Jorst, Henrik Slipsager, Peter Martins, Lars Dalgaard, Ole Henriksen and Lars Ulrich, a new breed of homegrown Danish entrepreneurs such as Thomas Adamsen (Pilgrim), Niklas Zennström and Janus Friis (both of Skype) are acting as realistic entrepreneurial role models for young Danes to emulate. Because of this the authors are heartened that perhaps the golden age of Danish Entrepreneurship is in the coming. We therefore question the hypothesis that traditionally Danes are regarded as being a non-entrepreneurial people and suggest instead that they are a hard working self-deprecating people averse to casting themselves as heroes or the modern day equivalent – entrepreneurs.

## NOTES

[1] This article further extends the author's research output into aspects of Danish Enterprise Culture. See Neergaard and Smith (2008) and Smith and Neergaard (2007). These examine the entrepreneurial antics and activities of the Danish entrepreneurs Lene Mønster and Thomas Adamsen respectively.

[2] However, it does have an enterprise culture with a vibrant culture of family firms in traditional industries. The difference is subtle but basically being entrepreneurial means that you want more than just to be self-employed in order to support yourself and your closest family and that you have a vision of growing the business.

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## Metaphors of Entrepreneurship across Cultures

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### **Abstract**

Because metaphors represent tentative mental models, by which people create meanings and communicate those meanings to others, they offer "raw material" to the social scientists wishing to study sense-making and sense-giving processes. The sample is 150 newspaper articles about entrepreneurs and entrepreneurship, over a ten week period (Dec 2001 - Feb 2002), from nine national newspapers in Australia, Canada, India, Ireland, United Kingdom and United States. The research process was painstaking: identifying metaphors (two phases, five coders), creating a database of metaphor phrases and sufficient context, generating appropriate vehicle or

source categories and finally coding each metaphor into appropriate categories. This paper reports on our initial analysis of 22% of the database, which found 20 meaningful categories. We here give an overview of the analysis, paying special attention to one of the entrepreneurship narratives that we call “The Fight is On.” Because our data is qualitative, we believed it was important to give readers an insight into the underlying metaphors by providing extensive direct quotes from “The Fight is On category”. Despite the challenges, we show that analysis of metaphors in public discourse can be illuminating within the broader discussion of metaphors in management.

## **Introduction**

The present study explores cross-national differences in social context for entrepreneurs by analysing the metaphors used in the public discourse of daily newspapers in six English-speaking countries. Earlier studies have established differences in cross-national contexts and entrepreneurship using survey methods (e.g. Busenitz et al., 2000). Our empirical research question is: how are implicit narratives of entrepreneurship, as expressed through metaphors, similar and different in the public discourse of English-speaking nations?

Metaphor analysis permits access to elementary mental models of what it means to undertake entrepreneurship. Earlier studies (e.g. Koironen, 1995) prompted survey respondents to name metaphors for entrepreneurs, and grouped responses in categories. Inspired by these studies, we decided to analyze public discourse of entrepreneurship. Sociologists argue that newspapers can represent public discourse because publishers must create products that appeal to a broad base of readers. Although cultural differences in the ontology and ideology of entrepreneurship have often been alluded to, their study is complicated by their illusive nature. The present study overcomes this difficulty, by adopting techniques drawn from the liberal arts and using theoretical models from cognitive science. Understanding how entrepreneurs are perceived, contributes to our understanding of context for enterprise. We believe this study is unique in combining cross-national, metaphor analysis and newspaper data.

This study analyzed metaphors in articles published in 9 nationally distributed newspapers in 6 countries. The goal was to identify implicit entrepreneurship narratives that shape the debate and discussion of entrepreneurship. Looking at 6 countries helped us avoid ethnocentric bias, and gave an opportunity to compare the discourse in different countries. The paper covers both methodological issues and initial findings.

## **Theoretical Framework**

### **Social Meaning, Metaphors, and Entrepreneurship**

Metaphor analysis provides a method for examining how individuals and groups perceive their reality and – especially – what it may mean. Differently put, metaphor analysis gives access to signifiers, to that which gives meaning to the signified. Metaphor analysis has come increasingly to be used as a way of generating, extracting, or analysing the meaning of various aspects of organisations (e.g. Pitt, 1998; Garud & Kotha, 1994). In general, management scholars and cognitive scientists alike agree that, as a minimum, "metaphor can generate insight into how things are" (McCourt, 1997), that metaphors can "create realities, guide future action, and reinforce experiential coherence" (Klagge, 1997).

Accessing international differences in meaning between the environments embedding entrepreneurship is a task for which metaphor analysis is eminently suited, provided the raw data captures a society's public discourse. The present study tries to tackle precisely this issue. A growing body of work uses newspaper analysis to study values, ideas and ideologies (e.g. Alasuutari 1995, Lacey & Longman, 1993, Mann & Roseneils, 1994). Newspaper analysis is increasingly included in the methodological toolbox to examine shared meanings (Soothill and Grover, 1997).

### **Metaphors, Cognitively Speaking**

The role metaphors play, as described in current cognition research, suggests that many people will not 'notice' metaphors as they read, even if they are

looking for the metaphors. In fact, many writers will not notice each time that they are using metaphors. Gentner, Bowdle, Wolff and Boronat (2001) show that when conventional (often designated as ‘dead’) metaphors are used, our brain processes the words in a lexicographical fashion (that is, like any plain language). They argue that unless there is some level of novelty in how the metaphor is used, we are more likely to **not** notice the language. Yet, we believe that it is the conventional metaphors that are more likely to capture the embedded entrepreneurial narratives of public discourse, precisely because their meaning is taken for granted. Because we are interested in the conventional metaphors of public discourse, this became a major practical challenge to overcome.

The challenge of identifying conventional metaphors is increased when we account for the phenomenon of extended metaphors (Gentner et al., 2001). Cognitive researchers note that extended metaphors represent a wide variety of metaphors that play on an accepted relationship between the source (metaphor) and target (subject) domains. We are able to interpret these metaphors quickly, particularly in text that uses a series of related metaphors, because there is a understanding of the relationships between elements in each domain and a broadly accepted understanding that the structure of these relationships are similar. Thus the physicists may use a number of different metaphors to describe the structure of the cell, yet all the metaphors draw from the source domain of the universe. Curiously, highly novel metaphors may be constructed by a writer, yet they belong to an extended metaphor and thus readers understand the intent easily. (We observed this phenomenon among some journalists who seemed to play with a single extended metaphor throughout an article. This was especially noticeable in articles about airline entrepreneurs, where the business was described in terms of flying, birds, planes, crashes, nose-dives, etc.)

## **Research Sample and Method**

### **Sample**

The sample is a cross-national comparison of newspaper articles about entrepreneurs from 6 countries, taken from national newspapers, over a ten

week period (Dec 2001 - Feb 2002). This time period is interesting because newspaper articles include some stories related to the dot.com boom, yet the market had already crashed. Thus articles include both stories of great success and failure. They also include both the fascination with new technologies, a cynicism towards dot.com dreams, and turning towards more basic businesses and towards socially-oriented entrepreneurship.

The countries selected are Australia, Canada, India, Ireland, United Kingdom and United States. Looking at six countries helped us avoid ethnocentric bias and also gave us an opportunity to see whether cross-country differences emerged. For the larger countries, we selected two nationally distributed newspapers; for the smaller countries, one nationally distributed newspaper was selected. For Canada and India, given the language restriction we imposed on the study, our study is biased to the anglophone elements of those countries.

The articles were chosen by using the search term ‘entrepreneur\*’ – thus including entrepreneurship, entrepreneurs, entrepreneurial, etc. The articles identified by our search engines included, but was not limited to, feature articles about individual entrepreneurs. This was important because we believed that focusing only on biographical articles would create an *a priori* bias towards heroic narratives.

### **Analysis Process**

The research process was painstaking: identifying metaphors (two phases, five coders), creating a database of 5700 metaphor phrases and sufficient context for analysis, generating appropriate vehicle or source categories (using literature, inductive analysis, and Q-Sort testing with a sample of other researchers), and finally categorizing each of the metaphors into appropriate categories. Eventually, we were able to analyze the implicit entrepreneurial narratives, and to conduct a cross-cultural comparison of the metaphors in public discourse. Despite the large number of metaphors ultimately identified, we took a qualitative and hermeneutic approach in analysis and interpretation of our results.

Identifying the metaphors was particularly challenging. As discussed above, conventional metaphors are difficult for readers to ‘notice’ because they are easy to process cognitively. (Note, this is similar to the concept of ‘dead’ metaphors, but laboratory studies and literary studies show that the distinction between live and dead metaphors does not reflect the more nuanced ways in which we use and understand metaphors.) Initially, the two co-authors identified all the metaphors they could find, a total of nearly two thousand words and phrases. Despite having similar experiences as undergraduate humanities majors, the inter-rater reliability was only 30%. This finding confirmed our suspicions that metaphors in public discourse must be studied using hermeneutic methods. To confirm this conclusion, we recruited three undergraduate students who specialized in rhetoric. A rigorous protocol was created, the students were trained as coders, and the data divided so that each article was coded by two students (in addition to the co-authors). A similar low inter-rater reliability was found, if we just measure how many coders identified similar metaphors. A more statistically accurate measure, which compares agreement on which words and phrases were *not* metaphors and which ones were, should improve this measure. This does not fundamentally change the conclusions, however, that i), identification of metaphors in public discourse must be an iterative, multi-rater task, and ii), that newspapers are a rich source of metaphors in the public discourse of entrepreneurship.

### **Categorizing Metaphors**

To analyze our data, we needed to reduce the richness of the distinct metaphors by categorizing. One author began by categorizing metaphors using the categories found in the earlier studies of entrepreneurship metaphors (eg: Koiranen, 1995). The second author, in contrast, used an inductive method of categorizing. After completing the tasks, we compared our results and found quite similar categories, although the inductive method was richer and more illuminating.

To confirm the results, we took a random sample of 100 metaphors, and asked four coders to q-sort the metaphors into groups, and then to name and briefly explain their groups. Although we do not report these results in

detail, the q-sort was broadly similar across the four participants and supported the inductive categories. Discussion and iterative analysis by the authors lead to refining the inductive categories. Finally, both authors sorted about one quarter of the total database independently, compared categorizations and finally agreed on category codes through a process of hermeneutical analysis of the text and through discussion.

## **Findings**

### **Preliminary Conclusions**

Our results suggest that there are several major entrepreneurial narratives evident in all six countries, including competitive sports, warfare, pilgrimage or road trips, and games such as gambling. Other narratives were more localized, such as the Wild West metaphors in the U.S.A. The differences between the countries were most evident in two ways. First, there are differences in how much and which metaphor categories are used. Also, as we looked within the categories, to verify that the narratives were indeed similar within the categories, we found more subtle differences across cultures.

We noticed that even if the gambling metaphor is common across all five of the six countries, in Ireland and Canada gambling was only associated with losing and was an unmistakably negative narrative. We found that for the United Kingdom and Canada, the entrepreneur, although necessary for economic development, is seen to be a dangerous outsider, a greedy, shady and selfish transgressor of social norms. In Australia, he is portrayed as a swash-buckling hero, whose rational decision making and aggression are key and valued elements in business success. In the US the emphasis is on the morally perfect legend of the little guy who wins out against the large-scale by dint of his vision, hard-work and integrity, combined with magical skills. The Indian perception of the entrepreneur also emphasizes special skills, but places more weight on the need for external support for entrepreneurs, on collective action. Failure is a just punishment in the UK

and Canada, a heroic defeat in Australia, one of the inevitable pitfalls of enterprise in India, and a risk well worth taking in the US.

In this paper, we do not have the space to discuss all the metaphor categories and present sufficient examples. Thus, we will briefly list the inductive metaphor categories, and give a sense of the relative presence of these categories based on simple counts. We will then conclude the section with a fuller discussion of a few categories, including all the coded phrases. This will allow fellow researchers to get a great sense of the type of data and analysis, and we hope will be able to provide comments and further insights.

### Categories and Counts

Category	India	Australia	USA	Canada	UK	Ireland	Total
the fight is on	38	41	46	11	48	20	204
it's alive	13	12	38	8	36	6	113
what a character	3	15	23	15	34	9	99
the show must go	13	8	22	10	17	22	92
homely arts	12	14	25	5	21	9	86
myths & classics	3	15	22	11	19	15	85
road travelled	28	8	16	7	16	4	79
things of the spirit	4	4	23	9	23	12	75
woe is me	6	10	14	1	27	13	71
machine	10	9	11	2	22	14	68
ready, aim, fire	3	8	9	11	18	12	61
conquest & control	3	3	8	9	27	5	55
the family	3	6	7	8	19	4	47
let's party/let's play	4	10	7	0	11	5	37
building	12	6	8	2	7	2	37
force of nature	3	5	14	1	9	3	35
the theory is	2	8	8	2	7	7	34
gamble	1	6	8	5	2	3	25
one of us	4	1	0	4	9	6	24
crime	1	7	5	5	3	2	23

<i>Total</i>	<i>167</i>	<i>196</i>	<i>319</i>	<i>127</i>	<i>380</i>	<i>174</i>	<i>1363</i>
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Table 1 shows the list of metaphor categories used to analyze the metaphors. Note that this list includes 21 distinct categories, some of which include relatively few metaphors. The five top categories capture 50% of the metaphors, suggesting these may be dominant entrepreneurial narratives. A number of categories were kept distinct despite small numbers, such as “crime” and “gamble,” because these types of entrepreneurship metaphors are what we expected to find. In fact, the small numbers of metaphors in these categories are interesting in themselves.

Our sampling was based strictly on dates and our search term, so the number of articles and identified metaphors differed between countries. India, despite the sampling from two newspapers, had significantly fewer metaphors than the USA and the UK. To get a better sense of the relative importance of the various metaphor categories, Table 2 shows a percentage for each category by country.

Category	India	Australia	USA	Canada	UK	Ireland
the fight is on	23%	21%	14%	9%	13%	11%
it's alive	8%	6%	12%	6%	9%	3%
what a character	2%	8%	7%	12%	9%	5%
the show must go	8%	4%	7%	8%	4%	13%
homely arts	7%	7%	8%	4%	6%	5%
myths & classics	2%	8%	7%	9%	5%	9%
road travelled	17%	4%	5%	6%	4%	2%
things of the spirit	2%	2%	7%	7%	6%	7%
woe is me	4%	5%	4%	1%	7%	7%
machine	6%	5%	3%	2%	6%	8%
ready, aim, fire	2%	4%	3%	9%	5%	7%
conquest & control	2%	2%	3%	7%	7%	3%
the family	2%	3%	2%	6%	5%	2%
let's party/let's play	2%	5%	2%	0%	3%	3%
building	7%	3%	3%	2%	2%	1%
force of nature	2%	3%	4%	1%	2%	2%
the theory is	1%	4%	3%	2%	2%	4%
gamble	1%	3%	3%	4%	1%	2%

one of us	2%	1%	0%	3%	2%	3%
crime	1%	4%	2%	4%	1%	1%
misc	1%	0%	2%	1%	1%	1%

Table 2 shows that “the fight is on”, a category that includes aggressive, competitive metaphors from both team sports and the military arena, is the dominant category in four countries. Canada and Ireland lead respectively with “what a character” (including references to eccentrics, clowns and literary figures) and “the show must go on” (reference to theater and the arts in general). It is also interesting to note that USA shows a nearly equal use of “the fight is on” and “it’s alive,” a category that includes references to animals, plants and the organic lifecycle from birth to death. India stands out for its emphasis on the “road travelled,” a category that includes all kinds of movement from crawling and walking to driving and flying and sailing.

The counts and rankings of the metaphor categories is interesting, but not sufficient for interpretation. When we looked more closely, we found that similar metaphor categories could embody somewhat different entrepreneurial narratives from country to country. For example, gambling entrepreneurs in Australia and U.S.A. only win, and in Ireland and Canada they only lose.

### **Focus on *The Fight is On***

In this section we discuss the types of metaphors of that are included in the largest category of metaphors. Our goal in this presentation is to show the richness of data and to invite readers to reflect on the implicit narratives of metaphors.

*The Fight is On* captures an entrepreneurial narrative that emphasizes competitiveness against a specific ‘enemy’ or competitor, with a goal of winning at the expense of the ‘enemy.’ The metaphors suggest aggressive and fighting stances. Another aspect of this narrative is the implication that if one company or entrepreneur succeeds, then at least one other company or

person must lose. That said, not all the metaphors in this category include the extremes of battlefield aggression. Some competitive sports, such as racing, allow for second and third place competitors, yet in most of the metaphors the emphasis is on competing or battling to win. Another interesting issue is the emphasis on the individual's active and even strategic stance, even among the few metaphors that speak of losing or losers. These themes are equally evident in metaphors referencing military, pugilist and team sports competition, and the language of some of the metaphoric words and phrases can be interpreted in multiple senses.

The Indian material contains the highest percentage of metaphors classified as *the fight is on*, which refer to the inherent aggression of competition, including the **dust-up in the dotcom world**, and of entrepreneurial strategies. Some firms' niche strategy has allowed them to produce a phenomenal **hit rate**, whilst others are already **zeroing in on non-metro markets**, and may be **going very aggressive**. The dominant themes emerging from the Indian material are of enterprise development, at individual and especially group level, as a linear process capable of being controlled and directed by the use of techniques and systems, which, nevertheless, will often lead to failure.

*The Fight is On* is also the most prevalent theme within the Australian metaphor set, especially with regard to mergers and acquisitions. Disputed takeovers and legal cases are **battles**, with rivals in especially competitive markets using aggressive PR to such an extent that **shots are being fired from all quarters**. The competition are the **enemy**, highly successful entrepreneurs make a **killing**, and position themselves so that they can **move aggressively and from a unique position of strength**. Overall, the Australian sample texts paint a picture of the entrepreneur as a glamorous, exciting, aggressive, manly figure, take a positive view of competitive rivalry, and exhibit very little ambivalence towards the entrepreneur – even failure is given an heroic slant.

In Canadian public discourse, entrepreneurs who threaten the establishment become a **target** which has to be **shot down**. **Heat-seeking missile** entrepreneurs use a **tough search and destroy mentality** to seize power in a

market through **a series of lightning strikes**. The general picture which emerges from the Canadian articles is of the entrepreneur as a dangerous unstable outsider, bringing unwelcome disruption and justifiably liable to dramatic personal and commercial shame. The contrast with the Australian image of the entrepreneur could not be starker.

Within the Irish dataset, the bursting of the dotcom bubble has caused entrepreneurs to **hole up** in their offices, having brought **business optimists to their knees**, although some are already **back on the takeover trail**. In general, the Irish material shows a certain degree of cynicism towards the mythic rages-to-riches self-made man narrative of the entrepreneur, and of the business practices of some entrepreneurs. However, failure and commercial difficulties are viewed sensitively, and the importance of external shocks recognized.

The UK emphasis on entrepreneurial personality and attitude can be seen in the use of metaphors which describe entrepreneurs as **pugnacious**, and **fighting hard and dirty**, as having **battled hard**, and expended a lot of **blood, sweat and tears**. Competitors are seen by entrepreneurs as the **enemy**, disputed takeovers as **ferocious battles**, entrepreneurs' offices as **battles headquarters**, from where **tanks are put** on the competitors' **lawn**. Nevertheless, although the UK material portrays the entrepreneur as an over-ambitious, aggressive, individualistic outsider – for whom just punishment is surely waiting – they also do not hesitate to complain about the paucity of support for entrepreneurs from banks and the state, and about the lack of an enterprise culture in the UK. This is, at the very least, a confused and contradictory view of enterprise.

In the US material, several of the warlike metaphors are used to depict the entrepreneur engaged in struggle with various forms of large-scale organizations, **battling tirelessly** against regulators, holding the inner city as **the last bastion of the small entrepreneur**. Takeovers are again seen in aggressive terms, as, for example, a **strategic coup**. Overall, the entrepreneurial story is re-told as one of glamour, excitement and heroism. This is especially so for the little guy who stands up with integrity and honour, against large-scale firms.

## **Discussion**

This paper answers the question whether analysis of metaphors in public discourse can be used to elicit implicit entrepreneurial narratives. We also asked whether different countries would have different entrepreneurial narratives. We have shown that metaphor analysis is indeed very illuminating, and that countries do differ in the use of metaphors and the implicit narratives. We also found that commonalities exist across borders. Our inductive category structure shows nearly every category is represented in each country, although with different emphases. This suggests a promising approach to studying the context of entrepreneurship across borders.

Unfortunately, this single paper cannot fully develop our analysis or its implications in detail. On the one hand, it is clear that entrepreneurial narratives are shared across country borders. On the other hand, closer analysis shows interesting distinctions. *The Fight is On*, for example, is not the dominant narrative in Ireland and Canada. In addition, in India, the competitive aggression is balanced with a rather different theme we call *The Road Travelled*. These metaphors never discuss competitors or winning, but rather describe the challenge of moving forward and the goal of arriving at an unspecified destination. One is tempted to characterize this narrative as pilgrimage or road trip.

Close reading of the limited number of metaphor quotes included in the paper show that we have indeed avoided an *a priori* emphasis on entrepreneurship as persons. We have multiple units of analysis, although an interest in the entrepreneurial personality is clearer within the UK material. However, most of the quotes from India, for example, within the category *The Fight is On*, describe government policy for entrepreneurship. The other units of analysis are primarily companies, investors or individuals.

Gartner has famously argued that “who is the entrepreneur?” is the wrong question. We would suggest, nevertheless, that “who do we perceive the entrepreneur to be?” is very much one of the right questions. “Entrepreneur” is not a dry, value-free uncontested scientific term. Rather, it is a highly mutable, divergent social construction, with substantial variation even across the English-language (for which read formerly colonial) nations we studied.

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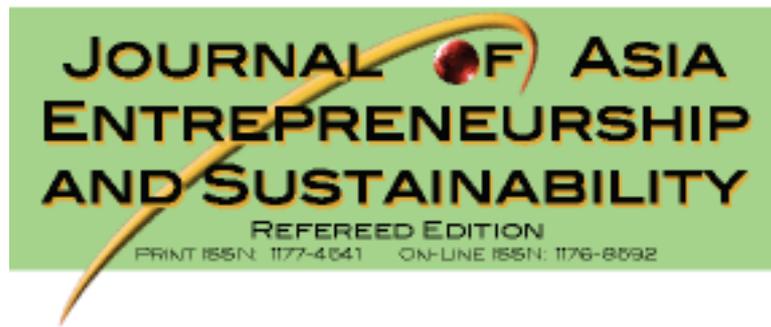
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# Contours of Entrepreneurship: The Impact of Government Policy in China and India

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## Abstract

The government policies of countries and their trajectories may be variously impacted by and impact entrepreneurship as is evidenced in the contours of entrepreneurship in China and India. Through a broad historical sweep and sensitivity to cultural values and mindsets, this paper articulates the complex fabric of entrepreneurship in India and China and its positioning in the global economy.

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## Introduction

Although interest in entrepreneurship as an academic discipline has spanned the globe, the phenomenon itself is expressed differently around the world. Furthermore, each government's policies affect entrepreneurship in different ways, as the Indian tiger and Chinese dragon reconfigure the world of powerful players in the business world. Together these two neighbouring countries represent approximately 40% of the world's population. Both have ancient historical roots and in the post-war years had some of the world's greatest developmental problems including high levels of poverty and illiteracy. Both chose their own paths to self reliance by primarily moving away from open door policies (Park, 2002; Srinivasan, 2003). In the 1950s, India chose the path towards socialism through a parliamentary democracy. China's ideology was communism with a totalitarian regime. China started opening up its economy with reforms in the late 1970's whereas India's thrust came in 1991.

As Van Dijk (2006) suggests, it is the impact of legislation and productiveness which tends to explain differences in performance in the high potential Asian economies such as India and China. The economic historian Angus Maddison noted that India's national income per head grew from \$553 in 1820 to \$673 in 1913, whereas China declined from \$600 to \$552 (Long, 2005). In the 1950s India's income was \$619 and China's \$439, yet today China has far outpaced India. Corruption is rampant in both countries and enforcement of the written word is still troublesome. In the immediate time frame, China's performance in comparison to India is superior, due to the centralized way in which China has carried out its reforms which also started at least a decade before India's, raw material is cheaper in China as is power, there is less risk of strikes in China and China is more amenable to laying off its workers (Van Dijk, 2006). But India seems to be more efficient in the use of capital and though China has invested about double the amount of India, its average growth rate is only about 50% higher than India (Long,

2005). The two countries have different concepts of freedom – hence in India everyone can vote and thus potentially has veto power, whereas in China it is still a one party dictatorship. Yet, 87% of Chinese women are literate compared with 45% in India, though both nations kill their girls due to the confluence of tradition and technology (Long, 2005). Both countries have benefited tremendously from their pool of transnational entrepreneurs and communities, with the Indian network contributing to the rise of a globally competitive software service industry, and policy makers in China aggressively courting the Chinese in USA and a focus on hardware for the local markets.

This paper does not purport to present an all inclusive review of the existing knowledge on Indian and Chinese entrepreneurship. Rather it offers a contribution to the extant scholarship by focusing on the influence of government policy on entrepreneurship. To this end it presents a broad overview through the interwoven strands of history and current events with specific reference to government policy and entrepreneurship.

The sources for this research involved a series of over one hundred interviews with entrepreneurs and officials conducted between 1995 and 2005. The section on India is based on information obtained from a variety of sources and perusal of documents at: the National Bank for Agricultural and Rural Development and from the World Association for SMEs, and the Entrepreneurial Development Institute. The section on China is based on information obtained from a variety of sources and perusal of documents at: the China Council for the Promotion of International Trade; the China Individual Labourers Association; the China International Trust Investment Co.; the Department of Science and Technology for Rural Development; the Economic Management School of Shanghai University of Technology; the Industrial and Commercial Bureau; Kunming Foreign Economic Relations and Trade Commission; the Ministry of Agriculture, particularly its Department of Township Enterprise; and the Ministry of Foreign Economic Relations and Trade, Market and Trade Development Division.

This paper is organized as follows: Section one and two focus on India and China respectively and consist of a review of the history and ensuing

entrepreneurship in each country. Section three discusses the approach of these Asian non-identical twins and their reforms in an effort to understand the impact of government policy on entrepreneurship. Suggestions for future research are offered in section four.

## India

The Republic of India covers an area of 3.1 million square kilometres, excluding Indian-administered Kashmir, with a population of 1.1 billion, and a GNP per capita of USD 720 (BBC 2007a). India's real GDP growth is forecast to slow from 8.5% in fiscal year 2005/06 (April/March) to 7.6% in 2006/07 and 7.4% in 2007/08 (EIU, 2006a). India's middle class is bigger than the entire 300 million population of the US (Johnson, 2006). Despite its burgeoning economy, the gap between rich and poor is vast and about 35% live on less than one USD per day (BBC, 2007b). The literacy rate is 59.5% (CIA, 2007a)

India is a secular democratic republic where people of diverse religions co-exist. Dana (2000) observed that a combination of historical factors, including the caste system (Gadgil, 1959; Hazelhurst, 1966; Kantikar and Contractor, 1992; Weber, 1958) British occupation, cultural values and government regulations, formerly limited innovative entrepreneurship in India. However, members of the traditional merchant communities such as the Marwaris, Jains, Sindhis, Bohras and Khojas continued to thrive, often by aligning themselves with the rulers. The Jews and Parsis who settled in India followed similar trajectories. Jains have been entrepreneurs in textiles and diamonds in western India as well as other parts of the world, for example in Africa. The Sindhis have thrived on their business acumen. Both the Jains and Sindhis are closely aligned to Hinduism in their beliefs. Other early entrepreneurs were merchants from the Islamic religion such as the Bohras from Gujarat, the followers of Zoroastrianism the religion of the Parsees, and the Baghdadi Jews who settled in India.

Ever since McClelland's (1961) investigation of need for achievement, entrepreneurs have been viewed in the West as those with a high need to achieve. In contrast, the economy of India traditionally reflected Indian culture and social structure. Pio (2005a, 2005b, 2005c, 2005d) explained

how religious and philosophical concepts still have practical applications in management in India. Indian culture often does not segment the spiritual from the secular, and spirituality is intrinsic to being Indian, for a person's specific dharma (duty) is interpreted through one's role in life, and every role has certain expectations of dharma to be fulfilled. Indeed, culture is central in explaining the social acceptability and perceived utility of entrepreneurship.

#### Ancient and Medieval India

The early history of India stretches back to Mohenjodaro and Harappan times (3000BC) well laid out cities, a script, and evidence of trade in copper, bronze and tin. The Vedic period witnessed the evolution of Brahmanism with the flourishing of philosophical treatises on life, intricate writings on medicine, astronomy and mathematics and the caste system which classified individuals based on their birth. The four castes were the: (i) brahmins or priestly class; (ii) kshatriyas or warrior class; (iii) vaishyas or merchant/entrepreneur class; (iv) shudras or those at the bottom rung of this social hierarchy, who did menial tasks. The untouchables, or harijans, fell out of this system.

The 6<sup>th</sup> century BC saw the birth of Buddhism and Jainism. Power was centralized in the 3<sup>rd</sup> and 4<sup>th</sup> century BC during the Nanda and Mauryan periods when India had extensive trade links with the Roman Empire through the Khyber Pass. During the Buddhist period of ancient India, along with travelling monks were travelling merchants, whose wealth allowed the construction of caves for residence on the trade routes between various villages and cities. The caves, often lavishly decorated with the carved images of deities and donors, were the dwelling place for monks during the monsoon season, and served as five-star hotels for the merchants. The Buddhist period saw the flourishing of major universities such as Nalanda and Taxila, resulting in a wave of Chinese monks who came to India to study and take back learnings and relics to China. Merchants also used the Silk Road which served as a significant boost to trade with many countries. In the 1st century AD, the Kushans from Central Asia came to India. The golden age of the Guptas (4<sup>th</sup> century AD) witnessed the flourishing of trade and culture. This period saw the economic organization of merchants in

collective activities, for example the nigama, the pani and sreni (Khanna, 2005).

In Southern India the dynasties of the Pandyas, Cheras and Cholas ruled during ancient times, followed by the Kalachuris and Vijaynagar and Bahmani kingdoms in medieval times. The early entrepreneurs developed intricate systems for credit and forward trading to further their entrepreneurial activities such as buying ships, goods, and investing in cargo and land. The vaishya caste was largely the source for subcastes such as the Marwaris or Banias in northern, eastern and western India. In southern India the merchants were primarily the Nattukottai Chettiars. The merchants had extensive trade links with south-east Asia, the Arabian Gulf and Africa. The medieval period spelt invasions from Central Asia resulting eventually in the Mughal empire founded in the late 15<sup>th</sup> century. The Mughals traded extensively in spices, indigo, silk, cotton and textiles, with Europe, Arabia and South-east Asia.

#### Colonial India

The Portuguese explorer Vasco da Gama reached India by sea in 1498, resulting in a prosperous spice trade. In 1667 the French traders settled in India. The Dutch, Armenians and Danes also held trading posts in India, though it was the British who established their colonial supremacy in India in the early 17<sup>th</sup> century and eventually monopolized trade. These colonial powers initially traded in pepper, cinnamon, opium, indigo, gold, silver and gems.

Entrepreneurs from various lands saw commercial opportunities in India. In the 18<sup>th</sup> century, India's share of world income was about 23%, approximately the same as Europe's (Singh, 2006). In 1790, Shalom ben Ovadiah HaCohen, a famous Baghdadi Jew, moved from Syria, to Bombay (Mumbai). He was followed by other Jewish entrepreneurs from Baghdad, Basra, Persia and Yemen. In 1832, David Sassoon moved to Bombay (Mumbai) where he became a magistrate of the cotton industry. His son Abdullah revolutionised the weaving industry and helped Bombay become an important manufacturing centre.

The occupational specialisation of the caste system ensured that the vaishya class became the merchants, the overland traders, the maritime investors for waterborne trade, and intermediaries between the European powers. Today their scions form the top management and owners of many of the large industrial organisations and conglomerates in India. The merchant communities engaged in activities such as marketing of agricultural products, financing of inland trade through bills of exchange and mobile credit known as hundi and through the arhat or indigenous form of commission agency (Ray, 1992). India's agrarian economy derived much of its national income through handicrafts and it was from the bazaar economy of the late 19<sup>th</sup> and 20<sup>th</sup> century that the Indian industrialists emerged (Ray, 1992). Their enterprises complemented those of English entrepreneurs, who allowed them to become prominent in a diversified industrial economy. The Parsi sheths by aligning themselves with the Europeans in the China trade carved out a strategic position for themselves (Ray, 1992). Other merchant communities were the Bhatias, the Khojas the Memons and the Multanis who traded not only with China but also with the Arabian Gulf countries and the west coast of Africa.

The limitations and successes of these merchant communities were closely tied to their position in the British colonial system (Ray, 1992). During the 1800s, the British discriminated against those communities who competed with English entrepreneurs in international commerce pushing many out of the business realm and local firms with established reputations were defrauded by British partners, leading to more withdrawals from the business sector. Consequently, Nafziger concluded that "the lack of indigenous entrepreneurship... stems in part from the discrimination and duplicity of the British in the 19th century (1971, p. 30)." Nevertheless, until the turn of the century, Indian entrepreneurs were central to the geographic expansion of manufacturing industries (Medhora, 1965.) In the second half of the 19<sup>th</sup> century there emerged a clear-cut racial division of economic space and in the process the bazaar was segregated from the consolidated enclaves of European banks and corporations (Dilke, 1894; Ray, 1992). Between 1912 and 1945, industrial production, in India, doubled (Balakrishna, 1961).

Williams (1942) provided a war-time account of the British colony. “Tryst with destiny,” were the words of India’s first prime minister, Jawaharlal Nehru, to describe independence on August 15, 1947. India became a republic in 1950 and the constitution indicated specifically that the state, not entrepreneurs from the private sector, would play the decisive role in building up the national economy.

### Independent India

The Small Scale Industry Organisation, established in 1954, planned the growth of small businesses as supplements to the efforts of large industries. Formerly French Pondicherry was transferred to India in 1954. Decimal system coinage was introduced in 1957. Goa, under Portuguese rule since 1510, was incorporated into India in December 1961. Patel (1987) gave a historical account of entrepreneurship development in India. Since entrepreneurship was mainly caste based, in recent years, efforts have focused on changing this mindset and creating entrepreneurs by giving youngsters the self-confidence to become high achievers (Sebastian and Thakur, 1994).

In 1975, unemployment in Rajasthan led to urbanisation. That year, Barefoot College began promoting rural handicrafts, providing artisans with access to credit, marketing outlets, and encouraging people to take risks, innovate, improvise and experiment. Economic liberalisation took effect in 1991. The official exchange rate was abolished in 1993. During the 1990s, government policy in India focused on technological development. India’s GDP grew by an average of 5.6% a year in the 1980s and by 5.8% a year from 1991 to 2003 (Long, 2005). Raghavendra and Subrahmanya (2005) found that inter-firm co-operation has increased collective efficiency in India, with a significant influence on capability.

### India Rising

Pedersen (2000) writes of a silent revolution whose impetus came from a new breed of Indian entrepreneurs who initiated and gave the thrust to the implementation of the economic reforms of 1991. These entrepreneurs were involved in the small, medium and large scale technology industries, which form the modern segment of Indian business, through a system of

professional management rather than a traditional family based system as compared to the established large family-owned conglomerates who have historically dominated the industrial sector (Dossani and Kenney, 2002; Pedersen, 2000). This resulted in a change of the pattern of political organization of Indian industry symbolized by the Confederation of Indian Industry in 1986, the new name for the Association of Indian Engineering Industry. It was the matrix of these social forces which resulted in the ability to organize autonomously and gain considerable direct and indirect influence on government policy and create a coherent policy package well before the economic crisis of 1991 (Pedersen, 2000). Changes in the economic environment since the early 1990s reduced state involvement in the use of national capital, and entrepreneurship was galvanized through venture capital from Silicon Valley Indians who utilized the potential of a large English speaking population with IT skills in India (Dossani and Kenney, 2002). Yet the IT industry employs only about one million people and makes up approximately only 4% of India's GDP (Long, 2005).

Pedersen (2002) argues that "The state is embedded in and reflects the configuration of articulated interest in its own society, and while substantial reform measures may be initiated autonomously by state officials, they will only take effect when supported by strong and organized social interests" (p. 278). To this end the software industry is a good exemplar of entrepreneurship in India's economic development (Arora and Athreye, 2002). In fact ex-employees of some of the more famous Indian IT organizations such as HCL and WIPRO have become active entrepreneurs of their own companies, due to low capital requirements and large venture interest in India resulting in a change towards entrepreneurship which is becoming lucrative and a less insecure source of income in comparison to employment (Arora and Athreye, 2002; Economist, 2006/07). Wani, Garg, and Sharma (2003, 2005) in emphasizing the importance of technology based entrepreneurship suggest effective interaction of academic institutions with SMEs.

Various agencies participate in holistic entrepreneurship development (Mishra, 2005). To coordinate and oversee their activities, the Ministry of Industry established the National Institute for Entrepreneurship and Small Business Development. In line with the observation that over-population

greatly nullifies the effect of overall development, it has been deemed in the national interest to promote birth control through a non-governmental organisation, the Progress Harmony Development Chamber of Commerce and Industry. Likewise, the Entrepreneurship Development Institute of India takes a holistic perspective and promotes independent thinking, creativity, and a spirit of innovation for adults and youth through education and training. Its Rural Entrepreneurship Development division promotes micro-enterprise and provides micro-credit.

Today's merchant princes include the Ambanis, Birlas, Tatas, Premjis and Narayanamurthys, as well as Indians of Silicon valley such as Kanwal Rekhi, many of whom are returning to India to invest and manage start-ups as well as top performing IT companies. "Indian family-run businesses have been developing rapidly from firms with limited goals that valued loyalty more than ability into dynamic professionally-managed corporates capable of taking on global competition (Skaria, 2006, p. 48)." Jain reported, "organised retail is expanding at a rate of 40 to 45 per cent each year (2006, p. 4)," and in the long run, this will have an impact on small neighbourhood shops.

While India continues to be a patriarchal society, today there are a number of Indian women entrepreneurs many of whom are highly educated and run their own businesses, as well as the larger segment of Indian women who are starting their own micro-enterprises through micro-financing schemes (Ghosh, Gupta and Dhar, 1998; Porter and Nagarajan, 2005). This is quite a change from the past when women in the early history of entrepreneurship are hard to find, though it is possible that like today, many of them were the hidden supporters, the invisible women who stood behind their men and brought up the children. At the 2004 World Economic Forum, Mirai Chatterjee spoke on behalf of India's Self-employed Women's Association.

"With Manmohan Singh, the prime minister, calling for the 21<sup>st</sup> century to be the 'Indian Century,' the geopolitical ramifications of the country's rise are attracting attention" (Johnson, 2006, p. 1). While India was a star player at the 2006 meetin in Davos, it faces challenges including the liberalisation of government regulations (Hoge, 2006), and the importance of not

assuming that its rapid growth would be sustainable despite its growing economy (Bhagwati, 2006). In this context India's current inclusive growth budget 2007-08 targets social issues, and seeks calibrated growth (Reuters, 2007).

## China

The People's Republic of China (PRC) – commonly referred to as mainland China, or China – covers 9.6 million square kilometres, with a population of 1.3 billion and GNI per capita at USD 1740 (BBC, 2006a). In 2005, the Chinese economy grew 9.9%, making it the world's fourth after the United States, Japan, and Germany (Alderman, 2006). In 2006 the year on year GDP growth reached 10.9% for the first six months and the forecast for 2007 is 9.9% (EIU, 2006b). China's current account balance is forecast at 150 billion USD or 5% of the GDP for 2007 (EIU, 2006b). China is the world's fifth largest exporter, trading extensively with the EU, Japan and the US and in 2006, 80% of the world's consumer electronics were made in China (BBC, 2006b). However the economic disparity between urban China and the rural hinterlands is among the largest in the world (BBC, 2006a).

## Ancient and Medieval China

During the first dynasty Xia period (2205-1766 BC), as in subsequent periods till 770 BC the Shang and Western Zhou dynasties ruled through a slave economy. Next followed a transition economy during the Spring and Autumn Period and the Warring States Period (770-221 BC). In 221 BC, Emperor Qin Shi Huang of the Qin dynasty (221 BC to 206 BC) united China, centralised his authority over the nation, banned slavery, and initiated the transition to feudalism. Chinese entrepreneurship developed without institutional support. Rather than foster entrepreneurship, several emperors attempted to discourage the activities of entrepreneurs. Traditional Chinese law, influenced by Confucian principles, forbade merchants from wearing nice clothes in public, from riding horses and travelling on wagons.

The Hans (206 BC to 220 AD) entrenched the feudal system in China (Edwards, 2004) and encouraged the development of agriculture, handicrafts, shipbuilding and weaving. During a horse-buying mission in 138 BC, Han-Chinese traders realised that Central Asian merchants were

willing to pay a high price for silk, and this soon became China's main export. Feudalism continued till 1911 with various dynasties such as Wei, Tang, Yuan (Mongol), Ming and Qing (Manchu). For many years, international trade occurred not because of encouragement by rulers, but rather in spite of state intervention. In 1424, Emperor Hung-Hsi of the Ming dynasty banned foreign expeditions, and in 1426 China closed its borders to keep out foreign influence (Lamb, 2004). Emperor K'ang-hsi of the Qing dynasty banned foreign travel.

Western influence in the 16th century onwards

The first recorded Westerner to sail into China's Pearl Delta was Captain Jorge Alvares, in 1513 who found Guangzhou (Canton), already a great trading city. In 1553, officials in Guang Dong accepted bribes from the Portuguese who wished to conduct trade in Macao. The Portuguese discovered that the Japanese were willing to buy Chinese silk. Since Japan's Celestial Empire prohibited business dealings between Chinese and Japanese merchants, Portuguese entrepreneurs prospered as middlemen between the two. In 1557, China allowed Portuguese merchants to establish homes and warehouses in Macao. The Portuguese supplied ivory from Africa and cotton from Goa, as well as cannons, clocks and mirrors from Europe. In exchange, Chinese entrepreneurs brought porcelain, seed pearls, and silk.

During the 1600s, English entrepreneurs decided to get silk and tea directly from China. A problem, however, was that Chinese consumers wanted nothing from England. This obstacle was resolved when Chinese entrepreneurs gave English traders silver in exchange for opium from India. The silver was then used to acquire silk, tea and a fine cotton fabric (nankeen) in China. In 1821, the English began using Hong Kong as a base for opium vessels.

1839 marked the start of the Opium War between China and the English. In 1841, the English occupied Hong Kong and in 1842 the Treaty of Nanking ceded Hong Kong to the British followed by de facto Western domination of China (Jefferies, 2006). In 1887, Portugal forced China to sign the Draft Agreement of the Sino-Portuguese Meeting and the Sino-Portuguese Treaty of Peking, allowed Portugal perpetual administration of Macao. The Sino-Japanese War, which lasted from 1894 to 1895, resulted in a shift of

dominance from China to Japan (Scidmore, 1910). By signing the Treaty of Shimonoseki, China agreed to stay out of Korea, ceded a large portion of eastern Manchuria to Japan, and gave up its sovereignty over Taiwan.

By 1898, Shanghai was one of the world's great trading centres (Bishop, 1899). Large numbers of Jews from Iraq settled in Hong Kong, Ningbo, Shanghai and Tianjin. Among the prominent Jewish entrepreneurs in China were the Kadoories and the Sassoons. Large numbers of Ashkenazi Jews began arriving in China during the Russo-Prussian War of 1905 and many settled in Harbin, Manchuria.

#### The early 20th century

In 1911, overseas Chinese entrepreneurs financed Dr. Sun Yat-Sen's bourgeois-democratic revolution, which overthrew the Qing dynasty. Following the great famine of 1920, the Communist Party of China (CPC) was established in 1921. Chitty (1922) discussed economic life in China at that time. Though China was exporting up to 4,800 tons of silk annually, things changed when 75% of its silkworms were found to be diseased in 1923 (Boulnois, 1963). In order to re-establish a significant international market presence, the International Committee for the Improvement of Sericulture in China purchased healthy silkworms in France and Italy. Yet, the 1920s were bleak. The 1926 revolution was followed by the Agrarian Revolutionary War that lasted until 1937. When the Japanese arrived in 1931, Manchuria was home to 13,000 Jews, many of these entrepreneurs with an impressive network, including two Jewish banks (Bainbridge, 1907).

#### The post war years

By the time the war was over, in 1945, millions of Chinese had been killed. Brown (1944), Stewart (1944) and Lowdermilk (1945) gave detailed accounts of enterprise in wartime China. When Hong Kong fell to the Japanese, many entrepreneurs fled from occupied Hong Kong to China. Following the National Liberation War (1945 – 1949), in 1949, Mao Zedong proclaimed the establishment of the PRC and a communist regime. From 1949 to 1952, the PRC focused on “the task of rehabilitating the national economy” (Hong, 1990, p. 11). China was transformed into an industrial

giant, farms were collectivised into large communes and resources shifted to heavy industry which was nationalized (BBC, 2006b). From 1953-1978, the economy was centrally planned, prices were fixed and advertising was banned by law.

During the First Five-Year Plan, (1953 to 1957) entrepreneurship was eliminated, in favour of a system of state production and co-operatives. Wu Fan or Three-anti Campaign was launched in 1950 against private entrepreneurs so that the government could be rid of corruption, waste and bureaucracy, and the number of private enterprises or firms employing more than eight people declined (Poutziouris, Wang and Chan, 2002), though entrepreneurship existed in the form of black market outlets (Liao and Sohem, 2001).

#### Late 20th century

In 1978, Deng Xiaoping declared that the PRC needed to “reform and open up,” thus setting the nation on the road to economic liberalisation, with a gradual transition to an open-door policy. Deng believed that the initiative of the peasants should be encouraged by giving them power to make money (Jefferies, 2006), leading to dynamism among SMEs (Wang and Yang, 2002). The state moved away from Maoism, reduced its control of the economy, and business became increasingly oriented toward sales, freeing million to work in the township and village enterprises (TVEs). Private enterprises and foreign participation was permitted, some prices were allowed to float and advertising was legalised. In 1979, the State Council of China officially endorsed a policy allowing entrepreneurship to contribute to economic development as a supplement to the socialist economy and central planning. Regulatory reform legalised entrepreneurship, and by 1980 there were over one million entrepreneurs in China. This figure changed to 8 million in 1998 (Dana, 1999a). China’s GDP grew from 9.3% in the 1980s to 9.7% between 1991 and 2003 (Long, 2005).

Chinese enterprises can be divided into three categories: state-owned (SOEs/ guoying qiye), collective-owned (COEs) and private and individually owned enterprises (IOEs/ saying qiye), providing employment for eight or more people (Dana, 1999a). A fourth category consisted of share-holding

corporations and joint ventures and family business fall within the third and fourth category (Poutziouris, Wang and Chan, 2002). Smaller firms, with fewer than eight people are referred to as getihu. The government also recognised zhuanyehu or specialised households - families who were given permission to operate family businesses. Enterprises included animal husbandry, carpentry, construction, embroidery, and fish farming. Self-employed farmers were permitted to cultivate apples, beans, corn, grapes, pears, persimmons, rice, sorghum, soy beans, sugar beets and tangerines. These dominant forms of entrepreneurship during the 1980s supported by the local governments as well as the activities of private entrepreneurs became the driving force for China's economic growth and highlight the importance of a bottom up capacity development in growth oriented entrepreneurial outlets, coupled with a strong community based mechanism for risk sharing and resource mobilization (Li and Matlay, 2006; Yu and Stough, 2006).

### China Rising

The State Science and Technology Commission encouraged the establishment of several thousand new ventures in rural areas through the Spark Programme launched in 1986. Special incentives were offered to entrepreneurs who harnessed a technology deemed to be appropriate for rural industry. This included enterprises involving agriculture, aquaculture, food processing, light industry, textile manufacturing, and the production of components. The Chinese Diaspora or the bamboo network has been a major driver of entrepreneurship particularly in China's southern regions (Saxenian, 2002).

In 1992, the Fourteenth National Congress of the CPC proposed the establishment of a socialist market economy. In the 1990s, annual growth reached 13.4%, as the orientation of firms shifted toward the market. In 1993, the China Council for the Promotion of International Trade hosted a world conference in Beijing to encourage entrepreneurship. Devaluation of the yuan, in 1994, helped Chinese entrepreneurs increase their competitiveness in export markets. The state introduced a variety of incentives for entrepreneurs who export, including tax exemptions and easy access to financing via specialised banks (Chow and Tsang, 1995).

In 1995, legislation declared 339 cities and counties open areas in which entrepreneurship could thrive, as a supplement to socialism. The Financial Security Law came into effect in October 1995, affecting entrepreneurship and covering deposit, guarantee, lien, pledge and mortgage securities. Land-use rights and social facilities were placed on the list of assets, which could be mortgaged. The All-China Federation of Industry and Commerce – with more than 80,000 members – established its Information Centre in 1995 to provide a range of assistance to foreign entrepreneurs for joint ventures. In 1996, exemptions on Value Added Tax and customs duties on imported capital equipment for foreign entrepreneurs were withdrawn, thus putting foreign and local entrepreneurs on an equal footing. In 1997 Hong Kong reverted to Chinese rule, but the Special Administrative Region of Hong Kong was allowed to keep its own legal and judicial system, as well as capitalist economy until 2047. In 1997, domestic growth slowed down, and in 1998, the state responded by launching an elaborate programme of government spending on infrastructure. In 1998 the State Economic and Trade Commission of China was restructured to include a Department of Small and Medium Enterprises. 1999 saw the return of Macao to China. Although both Hong Kong and Macao were built on entrepreneurship, they evolved differently based on their respective government's policies (Dana, 1999b).

In 2001, President Jiang Zemin declared that the CPC should recruit capitalists, and the PRC passed new rules on intellectual property. Anderson, Li, Harrison, and Robson (2003) noted the increasing role of small business in China. Ahlstrom and Bruton (2002) suggested that entrepreneurial firms employ specific tactics in order to build legitimacy and navigate China's often hostile institutional environment. Li and Matlay (2006) note that "decentralization and corresponding local empowerment was crucial to the unique brand of contemporary Chinese entrepreneurship" (p. 252), coupled with political nimbleness and interpersonal harmony (Liao and Sohmen, 2001). Hence Chinese entrepreneurs prefer to focus on short-term profits and opportunism rather than on long term strategies and in such scenarios guanxi or personal network relationships along with interpersonal harmony are useful for starting, growing and developing small businesses in periods of

economic uncertainty (Li and Matlay, 2006). In China, women entrepreneurs form 20% of all entrepreneurs (Smith-Hunter, 2006).

In 2005, the State Council released 36 articles on non-public economy. For the first time, the central government supported the entry of non-public firms into sectors previously reserved for monopolies. A three-tier system exists in China today, through the state controlled planned sector, a hybrid sector and a free market system. For China, the open policies, in particular the FDI export promotion strategy has created an attractive trade and investment environment for international investors with an expansion in exports, capital inflows, entrepreneurship and technology (Park, 2002).

While the Han-Chinese comprise 92% of China's population and have a firm-type economy, the country is also rich with minority groups who are concentrated in the bazaar economy (Jefferies, 2006; Wong, 1984). There are 55 recognised national minorities in the PRC. For example, in Xinjiang (Dana 1998) the largest administrative region in China, the Han-Chinese are a minority and most people are Muslims – the Kazakh, Uygur and Kirghiz minorities - with a Turkic language. Such minorities are emerging as a new class of international merchants has been emerging with a pan-Turkic scope and a preference to trade with co-religionists from the Turkic republics of the former Soviet Union.

Entrepreneurship has become a supplement to socialism with industrialisation complementing agriculture. Unlike other economies, which rapidly abandoned communism, the PRC is liberalising its economy slowly, avoiding spiral inflation. There is concern that China's social stability could be threatened by unrest in the countryside due to unemployment and land seizures for urban and industrial development (Jefferies, 2006), and labour shifts out of agriculture (United Nations, 2007). China is an example of a generally successful policy of gradual and partial economic reform despite set backs such as the Tiananmen Square in 1989 and China's financial system which still has pervasive state controls with persistent loss-making state enterprises (Jefferies, 2006). China's model of transition is likely to bring increasing prosperity to its people, but as Becker (2004) stated, "China's race to riches comes at a high cost to both land and people (p. 69)."

At the World Economic Forum, in Davos, Bhagwati (2006) cautioned not to assume that China's rapid growth was sustainable.

### Entrepreneurship and Government Policy

In both India and China the contours of entrepreneurship have been both a result of and cause for government policy though each country has played out its history differently. A snapshot of the two countries displaying social and economic indicators can be viewed in Tables 1, 2 and 3.

**Table 1: Social Indicators**

	Population	Fertility Children born/woman	Sex ratio Males/ females	Literacy %	Population Below poverty line %	HIV/Aids prevalence rate
<b>India</b>	1.1 billion	2.73	1.05	59.5(total) 70.2(male) 48.3(fem)	25	0.9
<b>China</b>	1.3 billion	1.73	1.12	90.9(total) 95.1(male) 86.5(fem)	10	0.1

Source: CIA (2007a, 2007b)

**Table 2: Economic Indicators ONE**

	GDP (PPP) USD	GDP (real growth)	GDP (per capita) USD	Labour Force	Unemployment Rate
<b>India</b>	4.042 trillion	8.5%	3700	509.3 million	7.8%
<b>China</b>	10 trillion	10.5%	7600	798 million	4.2%

Source: CIA (2007a, 2007b)

**Table 3: Economic Indicators TWO**

	Inflation	Industrial production growth rate	Investment (gross fixed) % of GDP	Reserves of foreign exchange and gold USD	External debt USD	Household income/ consumption by % share
<b>India</b>	5.3%	7.5%	29.25%	165 billion	132.1 billion	3.5% (lowest 10%) 33.5% (highest 10%)
<b>China</b>	1.5%	22.9%	44.3%	1.034 trillion	305.6 billion	1.8% (lowest 10%) 33.1% (highest 10%)

Source: CIA (2007a, 2007b)

China has a superior infrastructure in comparison to India, a better turnaround in its ports and 61% of manufacturing firms own generators in India compared to 27% in China, where the cost of power is 39% lower than in India (Long, 2005). China has not produced great companies though India has its Infosys, Tata Consultancy and Wipro, yet China's people have become twice as rich as India's and perhaps China's not yet famous

companies are building the foundation for the country's long term sustained growth (Long, 2005). China has used a dual track approach through liberalizing parts of the economy while controlling the rest and has had a gradual though centralized approach to reforms.

Although governments in India and China recognise the importance of entrepreneurship, their respective promotion efforts differ greatly, reflecting national priorities, demographic factors, cultural values, social norms and education. In China, entrepreneurship is being promoted as a supplement to the socialist economy. In India, entrepreneurs and their SMEs are helping the country become a superpower. China also appears to be in a superior fiscal position compared to India, though both countries have significant regional disparities in their growth, and social inequities may limit economic development in the future. Srinivasan (2003) succinctly writes that the disparities are not the real issue; rather it is policies that would enable the lagging regions to reach the levels of the forward regions. The challenge facing these countries then is to identify ways to broaden participation in economic development through government policy which priorities the reduction of poverty and the improvement of training and vocational education, coupled with tax policy and property right reforms and initiatives to include women and minorities.

It appears that the ability to produce wealth is more important than simply being endowed with natural resources. The production of wealth, however, requires institutions and the efforts of individuals. Different governments have designed a variety of programmes to promote the development of entrepreneurship, but policies which are not implemented fairly fail to have the desired effect on society. Programmes may be useful to those who know about them; often, those who could use them the most are unaware of their existence. Furthermore, factors that could facilitate entrepreneurship in these two giant economies include: education; reductions in barriers to entry; the reduction of excessive regulation, bureaucracy and corruption; flat taxes (Forbes, 2006), a stable legal framework (Smith, 1892), and the freedom to compete.

A priority for governments should be to determine the appropriate degree of regulation to enact and to enforce, such that the benefits to society exceed the costs of compliance. John Stuart Mill (1869) argued that the only purpose for which power can be rightfully exercised over a member of society, against his will, is to prevent harm onto others. While some regulation is required to ensure order, excessive intervention is counter-productive. Hence, even a culture supportive of entrepreneurship, benefits from the optimal level of regulation and government intervention. It appears that the optimal level of regulation and government intervention is culture-specific. Policy-makers should therefore keep in mind that the success of a policy or programme in the West does not guarantee equal success elsewhere, hence it is crucial to avoid trans-locating these policies and policy-makers should be aware of the cultural attributes of different ethnic groups, and take these differences into account.

The world economy is expected to decelerate in 2007 with the world gross product moderating to a pace of 3.2% from 3.8% in 2006 with the USA slowing in growth and no other developed economy expected to emerge as an alternative engine for the world economy (United Nations, 2007). Most developing economies - including India and China despite their robust growth - remain vulnerable to any slowdown in the major developed economies and to the volatility of the international and financial markets particularly a hard landing of the US dollar (United Nations, 2007). Yet “existing macro economic policy stances are not designed around the need for achieving an adjustment in the global imbalances... (but) the idea of a new Plaza Agreement on specific policy measures aimed at reducing the imbalances... may well constitute the desirable second-best outcome in the absence of any more fundamental changes to the global monetary and financial system” (United Nations, 2007, p. vii). Sustained action over time with necessary commitments of national governments is urgently required along with more voice reform and consultation with developing countries (United Nations, 2007).

#### Toward Future Research

Entrepreneurship does not guarantee prosperity for a nation. It is important to examine the broader picture. While economic growth has been prescribed

as the remedy for poverty, experience shows that growth creates problems of its own. Of what good is rapid transition if its adverse effects are uncontrolled? It is useful to look not only at the creation of wealth, but also at its distribution. Portions of the funds from India and China have been invested in other developing economies and the study of entrepreneurs in those economies and of women entrepreneurs, would be interesting, particularly since many of these instances of investment have involved government policy.

It would be a fallacy to attempt to understand entrepreneurship or innovation in isolation. What must change and what need not? The answer depends upon historical context, current situation and desired results. A variety of models can achieve different results. This is where more research is needed. Classic theories cannot simply be taken and injected into developing economies, in neglect of the environment in which they are to be placed. Historical, socio-cultural and economic contexts appear to be important factors affecting the environment for business and societies cannot all adopt legitimate entrepreneurial systems at an equal pace, nor should they be expected to.

There is no one formula for a “best” policy to promote entrepreneurship. Entrepreneurship is embedded in society, and the latter is affected by historical experience and cultural values. To understand the global nature of entrepreneurship, it to move beyond a universal model or a Western model for entrepreneurship must be understood in the context of national development, and to be relevant, government policy must be culturally sensitive.

This paper suggests that culture and history are in the experiential coding of entrepreneurs who both influence and are influenced by government policy. Today both India and China are a formidable duo for impacting contours of entrepreneurship. It would be a pity if these two countries are unable to sing a duet which will enhance the planet rather than replicate the ills of Western dominance which should remain only an evocative memory.

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