In Search of the Meaning of Entrepreneurship

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Abstract—The following study aims to outline, whether the perceptions of entrepreneurs about their entrepreneurial activities and the underlying meanings of their activities are universal or whether they vary systematically across cultures. In contrast to previous studies, the phenomenographical approach and the resulting findings of this study provide new insights into what constitutes entrepreneurship by drawing an inference from the perceptions of entrepreneurs in the United States and Germany. Culture is shown to have an important impact on entrepreneurship, since the underlying meanings of entrepreneurship vary significantly among the two sample groups. Furthermore, the study sheds more light on the culturally contingent ‘why’ of entrepreneurship by looking at the internal motivations of individuals instead of exclusively focusing on character traits or external influences of the respective economic environments.

Keywords—Cross-Cultural Management, Entrepreneurship, Phenomenography, Qualitative Research.

I. INTRODUCTION

The term entrepreneurship has become a widely used buzzword with a multitude of meanings and interpretations, and a topic of considerable interest for academic scholars from a variety of disciplines including anthropology, management, psychology, sociology, and economics [25]. According to Venkataraman [61], entrepreneurship as a scholarly field seeks to understand how opportunities bring into existence future goods and how services are discovered, created, and exploited, by whom, and with what consequences. Numerous other definitions of the term operate within the management domain. Despite the fact that the majorities of definitions contain similar notions, such as newness, organizing, creating, wealth, and risk taking, the fragmented nature of isolated investigations into elements of entrepreneurship has not led to clarity regarding definitional certainties within the field [32].

No one doubts the importance of entrepreneurship, but the merits of specific approaches to its study have been the subject of prolific debate. Scholars have traditionally tried to define the field in terms of entrepreneurial character traits. Thereby, researchers have generally assumed that characteristics associated with entrepreneurs in the United States, such as risk taking, the need for achievement, and innovativeness can be universally ascribed to the entire entrepreneurial community [23]. Yet, within management literature this assumption has not been substantiated enough. Especially academic scholars from the field of cultural psychology question its validity [37], [30]. According to Markus and Kitayama [37], the communities, societies, and cultural contexts in which people participate provide the interpretive frameworks—the theories, images, and concepts—by which people make sense, organize perceptions, and take action. If culture influences implicit theories and prototypical concepts associated with any object or person, it is likely that people in culturally different countries will attribute different characteristics or traits to entrepreneurs [23]. The theoretical discussion on whether and how national culture relates to entrepreneurship has persisted for almost a century [42], [54], [62]. Throughout the last two decades the number of academic articles focusing on the connection between entrepreneurship and culture has increased significantly [17], [55], [60]. However, only a few studies have been conducted in a cross-cultural context [7], [46].

Whereas entrepreneurial activities are taken for granted as a practical institutionalization of the dream of independence held by immigrants to the USA, European countries such as Germany have only recently placed the subject of entrepreneurship at the center of their economic policies [5]. According to the Global Entrepreneurship Monitor (GEM), the percentage of entrepreneurs of the overall adult population in Germany, for instance, is less than half of the United States [10]. The following study aims to investigate whether the American model of entrepreneurship is indeed reflected in the activities and perceptions of entrepreneurs in other cultural contexts. More precisely, this study aspires to draw a valid inference from the perceptions of entrepreneurs in the United States and Germany, and compare the findings of the two individual groups. By analyzing two culturally different samples, this study tries to reveal how the given cultural contexts have influenced the perception of entrepreneurial activity of two different groups of entrepreneurs. Exploring the underlying perceptions of actual practitioners will help to improve the general understanding of ‘who, how, and what is an entrepreneur’ [21].

The aim of the following study is twofold. First, prior studies on why people become entrepreneurs have typically relied on theoretical claims or deductive testing. In this investigation, the entrepreneur himself is situated at the focal point of attention to advance the understanding of why and how individuals engage in entrepreneurial activities. Through the interpretative research method of phenomenography, the study seeks to understand entrepreneurship in its contextual richness allowing for more specific and contextualized comprehension of the phenomenon. Second, the in-depth, two-country investigation allows a revision of the claim of universality of entrepreneurial activity. The resulting mapping

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of culturally contingent perceptions and conceptions of entrepreneurship outlines clear differences existing between the practitioners in the United States and in Germany.

A. Entrepreneurship and Culture

Despite the lack of consensus with respect do different aspects of entrepreneurship and despite the lack of reliable, internationally comparable data [27], [60], academic scholars seem to agree that the level of entrepreneurial activity varies systematically across countries and cultures [64], and it is generally acknowledged that culture is an important determinant of economic success [14]. Landes claims, "If we learn anything from the history of economic development, it is that culture makes all the difference" [34]. Several scholars [55], [61], have also established the fact that national cultures significantly influence productivity, innovation, and inventiveness. This leads to the assumption that culture also plays an implicit role in the theory of entrepreneurship [60].

The resulting conjectures, however, are twofold. On the one hand, entrepreneurs face resembling problems in an increasingly similar global business environment. This might lead to the development of a common entrepreneurial culture around the world [47], which implicates that some part of entrepreneurial thinking may indeed be "universal." On the other hand, due to the pervasive influence of generalized values and norms of entrepreneurship within countries, local cultures might significantly impact any "universal" values and norms that possibly exist [12].

B. Entrepreneurship in the United States

Evidence of the public fascination with entrepreneurship is readily available. In the United States being one's own boss is a deeply held ideal with historical roots dating back to the nation’s origin [59]. The country was founded and settled by innovators and risk-takers, who were willing to sacrifice old certainties for new opportunities. In spite of numerous risks, the appeal of being self-employed has lured many workers into attempts of starting their own businesses. Buoyed by prospects of greater job autonomy and the chance to be one’s own boss, the pursuit of business ownership fits perfectly into the American ideal of grasping opportunities for advancement and upward social mobility [13]. McCraw [43] defines this formation of the country as “one long entrepreneurial adventure”.

Over three decades ago, Peterson [50] pointed out that the majority of theories on entrepreneurship were based on empirical evidence from the United States. Until today, the conception of entrepreneurial characteristics in the international entrepreneurship literature assumes the universality of the “American entrepreneurial archetype” [60]. As a result, entrepreneurship researchers have uncritically adopted the assumptions about entrepreneurs rooted in the North American culture and mainly ignored the fact that entrepreneurship may manifest differently in different countries [23].

C. Entrepreneurship in Germany

Ever since its famous Wirtschaftswunder, or economic miracle of the 1950s, the rest of the world has associated Germany with a high level of prosperity and stability, providing both high employment and wage rates [3]. Despite the fact that the Mittelstand, i.e. small and medium-sized enterprises (SMEs), has been the backbone of the country’s economic success, one aspect became glaringly apparent in the 1990s - the lack of entrepreneurial activity [3]. This can be attributed to various reasons. Due to the well-developed social security system, the high level of unemployment benefits seems to have been one reason for the relatively low start-up propensity among unemployed persons [5]. Additionally, labor market regulations have always provided a high level of security for employees and thereby also reduced the incentive to start a new business [5].

Ironically, Germany is one of the leading countries in one entrepreneurship statistic: Government spending to spur entrepreneurship [5]. This can be ascribed to the fact that politics fairly recently discovered the importance of entrepreneurship in general and start-ups in particular and quickly developed a range of initiatives with the hope that the numerous promotional programs at national, Bundesland (state) and municipal level will make a positive contribution to the development of the labor market [5].

II. METHODS

A. Phenomenography as an Alternative Approach to Entrepreneurship Research

In the early stages of international entrepreneurship research, scholars primarily focused on understanding the internationalization activities of new ventures [44]. Later, the scope was extended towards new and innovative activities with the goal of value creation and growth in business organizations across national borders [45]. However, scholars considered it futile to study individuals who engage in entrepreneurship [4], [20], [33]. Along with the recent advances in international entrepreneurship research, many commentaries on the field have argued that if entrepreneurship wants to gain academic legitimacy and respectability as a field, it is important to advance the understanding of individuals who engage in entrepreneurial activities [4], [47].

The following study employs the interpretive approach to knowledge creation [6], which is predicated on the argument that there can be no understanding of the social world without interpretation [29]. The suggested research method is known as phenomenography and was first introduced by Marton in the early 1980s. Marton describes phenomenography as being a research methodology for mapping the qualitatively different ways in which people experience, conceptualize, perceive, and understand various aspects of phenomena in the world around them [38].

An interpretivist epistemology, which can also be described as constructivism, proposes a new definition of knowledge based on inter subjectivity instead of classical objectivity and truth [63]. Constructivism is beneficial, where knowledge is constructed through interaction and socialization [56]. Especially social constructivism advocates the creation of
knowledge through social processes and supports the idea that knowledge and social actions intertwine [65]. Through social interactions, individuals process stimuli from the environment and create their own meanings [11]. Drawing on these arguments, the social constructivist-interpretive approach is very suitable to form the epistemological basis of the following phenomenographic study.

The phenomenographic approach does neither solely focus on the phenomena being investigated, nor on the individuals who are experiencing it. Rather, phenomenography is concerned with the relation between the two, that is, the ways in which people experience or think about the phenomena [38]. Since different people experience or understand a given phenomenon in various ways, phenomenographers seek to identify the underlying meanings that a particular group of people have regarding this particular phenomenon.

Two important assumptions are made when conducting phenomenographic research. First, there is a limited number of ways how the key aspects of a phenomenon are being experienced or thought about. The unique and collective voices in the empirical material can usually be catalogued in so-called “categories of description” and thus become an important part of the researcher’s model [9]. Marton and Booth [40] introduced three primary criteria to judge the quality of the categories.

1) Each category outlines a distinctive feature about a particular way of experiencing the particular phenomenon.
2) The categories have to stand in a logical relationship with one another.
3) The system should parsimonious, which means that the critical variation in experience observed in the data should be represented by a set of as few categories as possible.

The second assumption underlying phenomenographic research is that a single person is not likely to express all the varying aspects or conceptions that surround a given phenomenon [31]. Sandberg [52] states that the data obtained from a single individual may be insufficient to distinguish a conception. Therefore, data from multiple individuals needs to be combined in order to understand the different ways people perceive the phenomenon in question [31]. The larger the dataset utilized in the research, the more complete and thorough saturation of all the potential ways entrepreneurs might perceive their profession.

B. Selecting the Participants

The research participants were selected from a group of German and US American entrepreneurs who had been engaged in entrepreneurial activities for at least five years, with the majority of interviewees having been engaged in entrepreneurial activities for about ten years. This pre-selection criterion was important in order to ensure the validity of the study, since recent graduates with less entrepreneurial experience might have been influenced by the latest entrepreneurship research or practices promoted in business schools. Furthermore, participants had to be natives with businesses in the respective country. According to Marton and Booth [40], the selected group of participants has to exhibit diverse professions and backgrounds, as well as represent different age groups to facilitate the maximum variation in conceptions. Therefore, the interviewees selected represent an age cluster between 26 and 63 years, they are situated in different locations across the respective country and they are all self-employed in different industries. In total, 20 interviews were conducted for this study, including ten interviews with German entrepreneurs and ten interviews with US American entrepreneurs.

C. The Research Interview

Despite the variety of ways of collecting data in phenomenographic research, the preferred method is the individual interview [39]. Marton and Booth [40] emphasized the necessity to bring the interviewee to a state of "meta-awareness" to facilitate the thematization of aspects of the interviewee's experience not previously thematized. These experiences are aspects of the interviewee's awareness that change from being un-reflected to being reflected. Marton and Booth [40] further argued that the research interview could thus become a quasi-therapeutic situation in which the researcher would need to adopt specific strategies to break down or bypass the interviewee's defense structures of denial and resistance [51]. The interview should neither have too many questions prepared in advance, nor should there be too many details determined in advance. The point is to establish the phenomenon as experienced and to explore its different aspects jointly and as fully as possible [39].

D. Data Analysis

The major outcomes of phenomenographic research are the description and organization of the variations in ‘ways of experiencing’ an aspect of a particular phenomenon [1]. These categories of description are an attempt to clarify the different ways the same aspect of the world has been experienced by a group of people who are all highly confident that their interpretation is the most reasonable [1]. Hereby, every statement is of equal value, independent of the number of entrepreneurs sharing it. This means that the individual interview transcripts cannot be understood in isolation from the others. According to Entwistle [18] it also involves the search for the underlying meanings of the various conceptions and the relationships between them. Marton [39] claims that the different ways of experiencing a certain phenomenon are representative of different capabilities for dealing with this phenomenon. Therefore, the conceptions, or the different ways of experiencing, and their corresponding descriptive categories are not only related, but they should also be arranged hierarchically [39].

According to Dahlgren and Fallsberg [16], one can divide the analysis into seven steps. The first step in this study involved the reading and re-reading of the interviews to familiarize with the data. The primary aim of this step was to identify general meanings and perceptions of engaging in entrepreneurial activities without focusing on specific questions or statements. The second step was concerned with
the compilation of answers regarding a given theme from all entrepreneurs within a group. According to Soström and Dahlgren [57], the main task in this step is to identify the most significant elements in answers given by each informant. The subsequent third step involved the condensation of the answers identified in the previous step in order to find central parts, which led to the fourth step, namely grouping similar answers. In the fifth step, the researchers tried to establish preliminary borders between the categories, which also entailed a revision of the preliminary groups. After naming the various categories in step six, to clarify their essence, the seventh and final step involved the description of the various conceptions and comparing the findings of the two different groups.

The traditional response of phenomenographers to the question of reliability has been in terms of inter-judge agreement [38]. However, the use of inter-judge reliability has been questioned in qualitative research in general [49] and also in phenomenographic research [53]. Sandberg [53] states that inter-judge reliability is a reliability measure borrowed from positivistic research conducted from an objectivist epistemology. According to Sandberg [53], the researcher’s interpretative awareness, which is acknowledging and explicitly dealing with the researcher’s subjectivity throughout the research process, is the only viable method to ensure reliability. It is also the method employed to ensure reliability in this study.

In terms of validity, it is important to note that it is generally easier for quantitative researchers to establish validity by presenting a relatively straightforward, transparent methodological account within a standardized set of procedures [36]. For the interpretivist researcher, however, the task of demonstrating methodological rigor is much more difficult and complex, because the purpose of interpretivist research is not to confirm or disconfirm prior theories, but to develop ‘bottom-up’ interpretive theories that are inextricably grounded in the lived-world [15]. The following phenomenographic investigation is directed towards the reflexive level of consciousness, describing entrepreneurship as it is experienced, or as it is thought to be experienced. The results of this approach provide a description of what entrepreneurs say about how they perceive and experience their activities.

III. RESULTS

The following sections will outline the resulting categories of description how entrepreneurs in the US and in Germany perceive their occupation and what it means to them to be an entrepreneur. The findings of the two sample groups are analyzed independently of each other and compared in the subsequent discussion section.

A. The Underlying Meaning for the US American Entrepreneurs

The reasons why the US American entrepreneurs engage in entrepreneurial activities can be categorized along four main conceptions: Income earning potential, need for achievement, autonomy and locus of control. Each conception is an objectified abstraction representing a central meaning of entrepreneurship and half of them encompass various sub-categories, which are closely linked to each other.

1) Conception 1: Income Earning Potential

The "American Dream" - the pursuit of success - has powered the hopes and aspirations of Americans for generations. Each person has the right to pursue happiness, and the freedom to strive for a better life, which includes owning things and making money, through hard work and ambition. The income earning potential of entrepreneurs is the most important conception among the American respondents, since it was mentioned by every single interviewee. The economic success of a business is pervading to all facets of the community and it has been among the key drivers for all respondents engaged in entrepreneurial activities.

The following quote illustrates the earning imperative: “I wanted to make more money, because I didn’t want to just exist. I wanted to live.” (U3VM). One entrepreneur stated that one of his impetuses to wanting his own business, was the idea “to potentially create wealth […] and thus being able to provide so well and ongoing for my family” (U2RD), or as another entrepreneur described it: “Making enough money to live comfortably and being happy” (U4MR). Furthermore, Americans report higher earnings from entrepreneurial activity compared with salary earnings derived from employment: “I am definitely earning more money than I would have done if I were still an employee” (U10JM) or “I am definitely better off now that I own my own company compared to when I was an employee” (U1ES).

However, purely making money is not the only motive: “I did not want to make money with something I don’t particularly enjoy” (U8JP). “It [money] used to be the first thing in the beginning until I realized that it wasn’t the most important thing. The moment I realized that and I stopped thinking about a business in terms of pure money, it made things a lot better” (U7MD). The American Dream is therefore evolving. Americans use their passion to build a business and thus to start a successful career: “I figured that if my personal goals were met the money would come” (U8JP). Therefore, it is fair to say that the American Dream still exists in the nation’s psyche, but the way of pursuing it has changed, which leads to the second conception and second most important factor, why Americans engage in entrepreneurial activities, namely the need for achievement.

2) Conception 2: Need for Achievement

The notion of entrepreneurial success can be stated as an equation, where success equals the outcome over the expectation, and it can either be qualitative or quantitative in nature. Therefore, entrepreneurial success for the people interviewed can be measured, for example, in financial terms, such as: “by now I probably have the most profitable store in the city” (U10JM), in qualitative terms by: “knowing that I am doing the right thing and that I am choosing the right investments and asset allocation for my clients” (U6TR) or...
simply by having “the best workholding company in the world” (U1ES).

The need for achievement among American entrepreneurs can be categorized into various sub-categories, namely achieving customer satisfaction, helping people, ensuring business survival, establishing a market presence, creating something or simply owning a business. Among those sub-categories customer satisfaction is the most important one, since four respondents claimed that they are for example “motivated to make the customer happy” (U5DT) or “I got my satisfaction from knowing that I am doing the right thing and that I am choosing the right investment and asset allocation for my clients” (U6TR).

Three entrepreneurs have the desire to help others and to make a positive contribution to the world. One entrepreneur stated: “I help women with their issues, with dry skin or oily skin for example. […] What I also do is to mentor people. I train them. I coach them. I help them starting their own business. […] The more people you can help, the more successful you will be and they will be” (U3VM). American entrepreneurs also often provide personal assistance for certain circumstances of employees, neighbors, and other members of the community. Being successful also “enables me to […] support non-profit organizations” (U2RD) and I get a great deal of satisfaction “by helping other people do well within the company” (U2RD).

Three respondents considered it to be an achievement to “have the store now for about 12 years” (U10JM), to “still here after 28 years” (U6DT) or to be “four months away from my 10 year anniversary, which statistically is very good.” (U2RD). Two entrepreneurs considered their market presence an achievement, for example because they “have established ourselves on the market and beyond the city borders” (U10JM) or they “are recognized throughout North America as one of the premier providers of custom workholding” (U1ES). Other entrepreneurs “just always know that they want to start something to create something” (U7MD) or as one the respondents said: “I always kind of had in the back of my mind that I wanted to be an owner of some business” (U2RD).

Recognizing achievement is not a ‘tick-box’ exercise, which involves a list of certain pre-defined measurements. All respondents showed a relentless need for achievement: “I have a big need to accomplish” (U5DT). They are persistent, they won’t give up until they have this sense of accomplishment and although their personal success comes in different forms and shapes, it is their ultimate reason for engaging in entrepreneurial activity.

3) Conception 3: Autonomy

As with the need for achievement, the need for autonomy has often been assumed to be related to entrepreneurial motivation. American entrepreneurs stated that they “could not imagine working in a corporation” (U6TR) or “could never work for other people” (U7MD). Autonomy has often been described as the independence spirit that drives entrepreneurship [35], but it encompasses more than just independence. Freedom and being your own boss were additional important factors mentioned by the respondents.

Entrepreneurs tend to be very knowledgeable of the opportunities that lay in their paths, “I always saw ways and things to be done better and it would frustrate me when I couldn’t do them better, because there were politicians or other people who wanted to do it another way, so I always wanted to do it on my own.” (U7MD). Despite a lack of empirical evidence, this is in line with the premise that larger firms suppress personal freedom and the potential for entrepreneurial initiative. Therefore, American entrepreneurs also do not particularly enjoy having a boss: “I never really liked working for somebody else” (U3VM). Therefore, they perceive being their own boss as very stimulating: “I don’t have to ask anybody else whether I may do something” (U10JM). Consequently, for many respondents there is only a very limited chance of ever returning to the life of a regular employee, because “once somebody gets that [taste of freedom and independence], it would be pretty difficult for that person to get back to being in a job or position and having an employer or a boss” (U8JP).

It was also mentioned that “most entrepreneurs are unemployable, because they had a taste of the freedom and independence that comes with being self-employed” (U8JP). Freedom implies the “freedom of time” (U3VM), the “freedom to do what you want and when you want” (U3VM), the “freedom of choice” (U5DT) and “the freedom to be able to set my own schedule” (U4MR) for American entrepreneurs. The perceived independence comes by being able to “decide with whom I work together and under which conditions” (U10JM). Further it was mentioned: “I can define my own pricing structure. I can also decide to give something back to the community” (U10JM).

Generally, one can conclude that Americans start their own business in order to be autonomous and it became apparent that in many cases, the success of their company is instrumental for achieving that goal. However, their individual success is also directly linked with the fourth and final conception, namely control.

4) Conception 4: Locus of Control

Locus of control is “a generalized expectancy that rewards, reinforcements or outcomes in life are controlled either by one’s own actions (internality) or by other forces (externality)” [58]. In other words, it is a concept that defines whether a person believes he or she is in control of his or her future, or someone else is in control of it. American respondents of this study want to be able to control their own destinies, and entrepreneurship allows them to do this. As pointed out earlier already, respondents of this study like being in charge, providing outstanding products to the market and excellent customer services, while balancing a myriad of responsibilities simultaneously.

“The whole idea of becoming an entrepreneur is having ownership of your life and time and money” (U3VM). As an entrepreneur “you’re pretty much running your own show. You’re calling the shots. You get to make the decisions – good
or bad - and live with them” (U2RD). Entrepreneurs want to be self-directed: “I am a much better person in giving orders than following orders” (U1ES). They want to be in control of their activities: “When I worked for somebody else, I didn’t have any control on what I did and whether work was coming in” (U4MR). “I have the feeling that when I am right in front of it and steering the pot myself, I handle things better” (U7DT). Furthermore, American entrepreneurs know what they want to do and how to do it: “I can decide for myself, whether it is a good idea or whether it is a bad idea” (U10JM).

These established four different conceptions of American entrepreneurs, reflecting their intentions for entrepreneurial activity and the ways of achieving them, thus constitute the American meaning of entrepreneurship.

B. The Underlying Meaning for the German Entrepreneurs

Four main categories emerged from the analysis of German data: Self-actualization, autonomy, responsibility and economic opportunity. They represent the most salient conceptions as expressed by the entrepreneurs.

1) Conception 1: Self-Actualization

The first and most important conception for German entrepreneurs is self-actualization. It reflects the belief that entrepreneurial activities - whether it is the process of pursuing a new venture, creating a new product or expanding into a new market - are necessary to develop oneself and achieve personal growth. Since personal development is a highly individualized phenomenon, one can categorize the conception of self-actualization into four intertwined sub-categories, namely creating something, implementing ideas, making an impact, and realizing one’s dreams. It is important to note that these sub-categories would most likely make up different conceptions in case they were analyzed individually and only in the given combination they constitute the concept of self-actualization.

As stated earlier in the definition of entrepreneurship, the behavior of entrepreneurs involves creating something new with value. For German entrepreneurs the urge and satisfaction to create something seemed to be a motivator stronger than any other, with seven out of ten entrepreneurs referring to this aspect. The process of creating something can be further broken down, for example into starting a business or creating your own work environment. The first step, namely starting your own business is obviously the recurrent theme of the entire study and thus directly linked with all other conceptions. Even in the worst-case scenario, when the company would cease existing, it was stated multiple times that a German entrepreneur would “always start a new business given the facts that there are opportunities and I have appropriate ideas” (G3RR).

Directly linked to the aspect of creating something is the desire of implementing “your own ideas and not the ideas of others” (G5MH). The entrepreneurs acknowledged that nothing beats the feeling of experiencing that your idea turned into reality: “We all had full-time jobs, but the idea appeared to be ingenious and we hadn’t heard or seen anywhere that somebody else had implemented something similar and since we were so excited about it, we said: ‘Okay, this is worth it. This is a once in a lifetime opportunity and we should take it’” (G3RR). Being an entrepreneur also gives you the chance to do something crazy every once in a while and try something without knowing in the beginning how it will end” (G8JH). Therefore, you get a great deal of satisfaction when “you see that the decisions you’re making actually have an impact” (G1JR). This impact can be achieved in many different ways. One of the interviewees stated: “I was eager to work with a group of people and do bigger projects, which I could have never been able to do all by himself” (G8JH). Another entrepreneur “founded a second company […] introduced a new product portfolio” (G9PK), and thus made an impact by “creating inner-company competition” (G9PK).

In general, one can say that German entrepreneurs want to make an impact, because they see opportunities to make a difference in a way that is personally important to them.

Lastly, becoming an entrepreneur and building up your own business was also perceived as a vehicle to realize ones dreams for example by creating “a close and inspiring work climate with many different people” (G8JH). Another entrepreneur stated: “I was able to turn my hobby into my job” (G6RR). And lastly one of the interviewees stated that as an entrepreneur “you can do what you might have always been dreaming about” (G9PK).

All these statements reveal that entrepreneurs in Germany are generally very excited about what they do, whether it is selling books, treating sick or injured animals or transporting packets from A to B. It is important to note that taking the various sub-categories out of context might result in different conceptions, for example creating something by itself might not necessarily be associated with self-actualization. However, all these sub-categories are directly interconnected and thus make it the most important conception for German entrepreneurs.

2) Conception 2: Autonomy

Another source of personal satisfaction, which is directly linked with the conception of self-actualization, comes from the ability to “do things my way”. It became apparent that people felt constrained by company policies, hierarchies and political games. The conception of autonomy is based on the fact that entrepreneurs see having their own company as the only possibility to do things in a way that they think is right, independently from anyone else. It allows them to choose their own work tasks, to manage their time in a flexible manner and to lead a team according to their ideas and values. The conception of autonomy can be broken down further into three sub-categories, namely freedom, independence and being your own boss.

Freedom was one of the key words mentioned in the interviews and it encompasses meanings ranging from “the freedom to do, what I think is right” (G3RR), to the “freedom to realize my ideas” (G9PK) or the freedom to “decide about my working hours” (G4SW). One of the entrepreneurs also referred to freedom in a more economic context by saying that
“you’re free to choose, whether you want to start to cooperate with other companies, whether you want to expand your business to other countries or whether you want to add something to your product portfolio” (G1JR).

The last sub-category of this conception, namely being your own boss, is directly linked to the ones outlined before and yet unique. In the academic literature, myriad reasons have been mentioned why people become entrepreneurs and start their own business, but throughout all the surveys, interviews, and other efforts to understand entrepreneurial motivation, one reason is repeated over and over again: People become entrepreneurs because they do not want to work for someone else. For many people, including seven of the German entrepreneurs being interviewed for this study, it seems that not having a boss is worth a lot and they are willing to cope with all the trouble and difficulties associated with self-employment. Therefore, it is interesting to see that not being “accountable to anybody” (G4SW) and not having somebody “who is interfering in my business unless I want that” (G8JH) thus constitute to one of the prime reasons for the career choice of being a German entrepreneur. According to one of the entrepreneurs “it is simply more challenging and thus also motivating to be your own boss” (G1JR). In addition to that another interviewee stated: “For me an important prerequisite for the way I am working is to self-determine what I can do. It is sort of like a hygiene factor for me. Only in this particular environment I can work well and enjoy it” (G5MH).

3) Conception 3: Responsibility

The third major conception deals with being in control and being responsible. As pointed out before, entrepreneurs do not function well in structured organizations with hierarchies, and they do not like someone having authority over them. German entrepreneurs get excited about the challenge of being responsible for developing a new business. Furthermore, they believe that they can do the job better than anyone else and will strive for maximum responsibility and accountability. For example it was stated that “in big companies responsibilities are shuffled around, fingers are pointed at other people and nobody ever admits that he is the one to blame” (G1JR).

German entrepreneurs are self-confident when they are “in control of the proceedings” (G7PA) and when they are the only people to “determine the direction where you are heading” (G8JH). One entrepreneur further explained: Being self-employed also gives me the chance to “focus on the kind of work where I am really good at and I can focus on the personal relationships with my customers” (G10LL). Besides that, it also became apparent that entrepreneurs tackle problems immediately, because part of the job is “being a fire fighter, since you have to find solutions to suddenly occurring problems” (G5MH). Being in control also leaves them a way out, because they can “quit working whenever I want to” (G10LL).

Besides the desire of being in control, there is also “the challenge to be 100% responsible for your actions” (G2RS), which contributes significantly to “the fascination of being an entrepreneur” (G2RS). Entrepreneurs are “not used to anything other than being responsible for my own actions” (G2RS) and they want to be accountable for their mistakes. “Not having success would be my responsibility and not the failure of other people” (G9PK). Of course, this attitude has also a positive side, as one of the entrepreneurs stated: “I also win the praise in case I did something well” (G10LL). However, this point will be further elaborated on in the next conception, namely the economic opportunities of being an entrepreneur.

4) Conception 4: Economic Opportunity

The fourth and last major conception why people decide to become entrepreneurs in Germany can be labeled economic opportunities. It refers to the direct measurability of results, the fact that the salary is depending on efforts and the earnings potential.

When engaging in entrepreneurial activities, “there is always a direct link between activities and the resulting compensation” (G7PA). To German entrepreneurs it is not just important that they do something they are passionate about and that they control what they are doing, but they also want to “get the immediate feedback regarding success” (G9PK). One interviewee stated: “In case I decide to work more, […] I know exactly why I am doing that and I can see the immediate result” (G8JH) of the additional work. This is directly linked with the fact that your salary depends on your efforts. As an entrepreneur “you decide how much money you earn, so if you work a lot you can also make good money” (G4SW). You also “know that if you build something really big, it will be financially attractive as well” (G5MH).

Nevertheless, the commercial aspect of being an entrepreneur is less important to the German sample group. This also reflects the common belief that if the passion is there, the money will follow eventually. The income earning potential can, however, also work as a motivational factor as one entrepreneur put it: “The main motivation definitely comes from the fact that I enjoy what I am doing and on those days, where it is not that much, the financial aspect motivates me, but I have to say explicitly that the fun factor outweighs the monetary factor significantly” (G10LL).

IV. DISCUSSION

As indicated earlier, prior research has suggested relationships between culture and certain entrepreneurial phenomena [60]. Although cultural values and norms are unlikely to be the sole cause of differences in observable entrepreneurial phenomena, this study illustrates evidence of a link between entrepreneurial behavior and cultural values of the two distinct ethnic groups, namely US Americans and Germans.

Two categories of description are seemingly similar, but they are in fact different from each other. While American entrepreneurs have a high “need for achievement”, Germans are looking for “self-actualization”. According to McClelland [56], the need for achievement in the United States can already be found in primary school textbooks. Furthermore, Americans inculcate in their children the need for achievement
by creating a tension towards standards of excellence and self-confidence, in a climate of high maternal support and scarce paternal presence [42]. Therefore, Americans are conditioned from an early age on towards succeeding in competition and excelling in activities important to them: “There really has to be the passion to be the very best that you can be” (U1ES). Consequently, it is not surprising that one of the respondents stated: “If you say that you’re going to be successful with this and you’re willing to give your best effort no matter what, then you should do it” (USDT).

In contrast, German entrepreneurs are looking for self-actualization, which is considered the highest quest a human can pursue in Maslow’s hierarchy of needs model [41]. According to Maslow [41], self-actualization represents reasons associated with self-directed goals, such as fulfilling a personal vision, growing and learning as a person, or being able to undertake something challenging. Self-actualization naturally entails the need for achievement as well. Yet, it does not include the competitive element that has emerged from the American data. German entrepreneurs want to realize their personal dreams, have a sense of self-fulfillment and they seek continual personal growth. For the US American entrepreneurs the focal point of attention is being the best, becoming recognized by customers and other external parties, as well as achieving financial prosperity.

This leads us to the second important distinction between the two groups, which is the perceived “income earning potential” among Americans and the perception of “economic opportunities” among Germans. Although several studies from all over the world report lower earnings in self-employment compared with salary earnings derived from traditional employment [8], it is interesting to see that the American interviewees perceive things slightly different: “I am definitely earning more money than I would have done if I were still an employee” (U103M) endorses the American way of thinking. The fact that every single American respondent referred to this conception thus proves Morin’s claim that a paycheck is very important to the self-employed [48].

In contrast, the financial aspect is significantly less important to German entrepreneurs. They are much more interested in the immediate feedback regarding success, because according to them “you can precisely determine what you accomplished and what you got in return” (G10LL) as an entrepreneur. Due to the fact that the salary is depending on effort, it is like “a carrot, which is dangling right in front of your nose” (G05MH), so “you decide how much money you earn, so if you work a lot you can also make good money” (G04SW). Therefore, one can clearly see that German entrepreneurs are not reluctant to making money. In comparison with the American sample group, however, nobody mentioned that he or she would be making more money compared to previous salary earnings derived from traditional employment or that the income earning potential was a reason to start a company.

When starting your own business, you trade security and a steady paycheck for freedom and flexibility. For many people, and especially Americans, this trade-off is worth it. According to them, you are not really free if you are not free to fail. The idea of pursuing the American Dream and the rag-to-riches myth was clearly recognizable among the American respondents of this study. Americans are generally known for their work ethic including a “can-do” attitude, and it was proven again that Americans strongly identify with the idea that economic success can be achieved through hard work, passion and perseverance. Consequently, it is highly respected and acknowledged in the United States, if someone has become wealthy as a result of his hard work and individual achievement.

Germans, however, generally like their security and the average German feels uncomfortable with the trade-off between security and freedom. This is reflected, for example by the percentage of entrepreneurs of the overall adult population in Germany, which is less than half of the United States [10]. The German welfare system contributes to these numbers by trying to make everyone feel as secure as possible, and by emphasizing the point that a welfare system increases individual freedom, because it lets people experiment without the threat of a catastrophic failure [5]. Yet, it seems that German policy makers forgot about the fact that unemployment stimulates entrepreneurial activity, as it serves as a catalyst for startups, which has been confirmed by numerous studies [19], [24].

Unemployment benefits in Germany are substantial and, subsequently, unemployed people are not stimulated to become self-employed [3]. Unemployed people in Germany can call upon different social assistance programs, such as Arbeitslosengeld (i.e. unemployment benefits), Arbeitslosenhilfe (i.e. unemployment assistance), and Sozialhilfe, (i.e. social assistance), and although unemployment benefit amounts in Germany are comparable to those in other OECD countries, the assistance is relatively generous in terms of length of support [3]. Therefore, it is fair to say that the opportunity costs of giving up wage-employment or unemployment in Germany are relatively high. In case these benefits were lower, or the prospects of entrepreneurial income were higher, more people would seriously consider the option of becoming self-employed.

Analyzing the respondents’ perceptions of their own entrepreneurial behavior and taking the regional context into consideration, one can say that those few Germans who decide to become entrepreneurs often epitomize the principle of the entrepreneurial lifestyle. Henricks [26] defines a lifestyle entrepreneur as somebody who goes into business not primarily for financial rewards but for lifestyle reasons. German entrepreneurs are not starting a business primarily to get rich. Their most common motivation is the desire to develop themselves and achieve personal growth, as well as to create a business around certain things they particularly enjoy. This includes the need for autonomy and the desire to work for themselves, which prompts them to either start their own business right out of college or leave the corporate life behind after finding themselves looking for change and more excitement. Nevertheless, Henricks [26] emphasizes the fact that lifestyle entrepreneurs are not averse to making money. In
fact, many of these lifestyle entrepreneurs are financially successful, because they understand that they are in business to make a living and earn to support their chosen way of life [2]. These findings are also reflected in the hierarchy of the obtained conceptions among both American and German entrepreneurs. While Americans become entrepreneurs mainly because of the unlimited income earning potential, Germans decide to engage in entrepreneurial activities for self-actualization reasons.

Despite the differences in the underlying reasons for becoming an entrepreneur, there are also similarities, which appear to be independent of culture. For example, one finding of this study suggests that regardless of its manifestation in various cultures, “autonomy” is a common reason why individuals engage in entrepreneurial activities. The existing literature on autonomy as a startup motive is scarce and it seems to be taken for granted that entrepreneurs are looking for autonomy [22]. However, almost all respondents of this study attached great importance to the various types of autonomy, such as freedom, independence or being your own boss. Therefore, it is interesting to put autonomy in the context of entrepreneurial activities as a cultural value.

VI. LIMITATIONS

Phenomenography provides a rather new and innovative way to learn more about entrepreneurship in a cross-cultural context. A general problem of cross-cultural research, however, is the difficulty to determine unequivocally the cause of an observed cross-national difference, because many factors are naturally confounded [28]. Although several country-based differences (e.g. the main reasons for pursuing self-employment), but also similarities (such as the common need for autonomy) were found and these findings thus provide further support for the idea that culture does indeed matter in entrepreneurship, there is still very limited understanding of the extent of a culture’s influence. Another limitation is the scope to which the findings represent the entire variation of conceptions on entrepreneurial activities in the respective countries. While our study achieved the level of data saturation and the same themes were reoccurring in consecutive interviews, investigating a larger sample could perhaps provide more insight into entrepreneurial perceptions of sub-themes and thus guarantee an even greater amount of examples to illustrate the identified conceptions. Lastly, in order to introduce adequate regulations and policies, other important aspects in becoming an entrepreneur, which have been entirely neglected throughout the study, but still play a vital role in the decision making process of individuals, namely the timing of opportunities in the career process or the impact of market conditions, will have to be accounted for in future studies.

VI. CONCLUSION

By employing phenomenography, we introduced a new approach to investigating the phenomenon of entrepreneurship in a cross-cultural context. Culture was shown to have an important impact on entrepreneurship, which results in significantly different meanings for entrepreneurs in the two respective countries. While Americans still pursue the American Dream and use entrepreneurship as the vehicle to realize their own rag-to-riches story, Germans want to develop themselves and achieve personal growth through entrepreneurship. Our investigation points towards cultural-contingency of entrepreneurial activity and suggests that in order to better understand the nature of entrepreneurship scholars need to remain open to non-rationalistic, interpretative methods.

REFERENCES


