The Role of Culture on Entrepreneurship Development
(Case study: Iran)

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Abstract
In recent years a growing awareness of the importance of entrepreneurial activity for economic development has triggered research on the fundamentals of entrepreneurship. Cross-national differences in levels of entrepreneurial activity may be explained by a wide range of economic, technological, cultural and institutional factors. In particular, differences in value systems and cultural orientations towards entrepreneurship have been argued to affect entrepreneurship. Culture has played an increasing role in demographic explanations over two past decades. For understanding the motivation of entrepreneurship behavior, it is necessary to have some knowledge of its properties as for understanding the context in which behavior occurs, having some knowledge of its properties is necessary.

This paper examines the role of culture on entrepreneurship development with reference to Iranian culture. It explains the cultural attributes of Iran and how those affect their entrepreneurial behavior. The approach for tackling the subject mainly would be literature review with content analysis in the subject area. Based on review and analyzing of existing literature and data in this area, this paper presenting a model that identifies cultural factors that most significantly being influenced on entrepreneurship development in Iran. Since the subject is newly introduced, identification and model building could be original and be used in entrepreneurship development for Iran.

Key words: culture, Entrepreneurship, Development, Iran
Introduction
Why are some people more entrepreneurial than others? What motivates people towards business entry and self-employment? Profit may be one motive, as emphasized by several economists. The desire to take risk and a spirit of adventure may be another. Some have greater access to information or knowledge and wish to exploit that advantage (Kirzner, 1973). The entrepreneur may be driven not only by economic motives but also by psychological motives like the desire to innovate and create new products (Schumpeter, 1934). Culture is may affect entrepreneurship through individual orientations and higher-level institutions. However, positive reasons alone may not motivate entrepreneurship. Some individuals may have no other option but to choose self-employment.

The influence of culture on entrepreneurship was first emphasized by Max Weber at the beginning of twenty century. As Weber famously argued, Protestantism encouraged a culture that emphasized individualism, achievement motivation, legitimating of entrepreneurial vocations, rationality, asceticism, and self-reliance. This ethic was a fundamental element of the spirit of modern capitalism (Weber, 1976). However, Weber felt that this ethos of rational individualism was absent in other spiritual traditions. For instance, he argued that a rational economic ethic would not develop in Hinduism owing to its belief in the caste system, fate and rebirth, excessive ritualism and reliance on magic (Weber, 1958). Culture is greatly influenced by religion since religion determines a person’s basic values and beliefs. Hofstede (1991), on the other hand, argues that religion alone does not shape culture. Culture may be defined as a set of shared values, beliefs and norms of a group or community. Hofstede (1991) defines culture as “a collective programming of the mind which distinguishes the members of one group or category of people from another”. In other words, he regards culture as a collective phenomenon that is shaped by individuals’ social environment, not their genes. Cultural differences are the result of national, regional, ethnic, social class, religious, gender, and language variations. Values are held to be a critical feature of culture and cultural distinctiveness. Hofstede’s research shows how national culture affects workplace values across a range of countries. However, his study ignores the existence of different cultural groups within a country. In this paper we use a more direct and more complete indicator for entrepreneurial culture.

The structure of this paper is as follows. First, we briefly discuss the relevant literature on the entrepreneurial, culture and the relationship between that. Next, we describe the culture of Iran. Finally, we present the results and discuss the model of this paper.
Related researches
Rates of entrepreneurship differ widely across nations and over time (Wennekers, 2006). Whereas some countries score consistently high on various indicators of entrepreneurial activity (such as several Anglo-Saxon countries), other countries (such as Belgium) remain in a backward position (cf. Reynolds et al., 2002). Entrepreneurship theorists (e.g. Schumpeter, 1934; McClelland, 1961; Illeris, 1986; Thomas and Mueller, 2000) as well as empirical work (Lynn, 1991; Shane, 1993; Davidsson, 2004; Wennekers et al. 2005) suggest a role for culture next to structural factors in explaining these cross-country differences. Certain societal values may be conducive to new firm formation and/or economic dynamism in general.

The first author who systematically discussed this relationship was McClelland. He argued his concept of achievement motivation to be crucial for economic development (McClelland, 1961). Though his analysis of 22 countries has been criticized for lack of robust results and questionable proxy measures, such as the use of changes in electricity generation to measure economic development (O’Farrell, 1986; Schatz, 1965; Frey, 1984; Gilleard, 1989; Beugelsdijk and Smeets, 2008), McClelland made the first attempt to actually measure an aspect of entrepreneurial culture and relate it to economic development.

Thirty years later Lynn (1991) made a similar attempt by measuring cultural values of students in 41 countries and combining the results into a national indicator of entrepreneurial attitude. Although Lynn, just like McClelland, does not use economic models to test for alternative explanations, his analysis does yield interesting results. In particular, a society’s orientation towards competitiveness was found to be related to economic growth rates. More recently, Granato et al. (1996) used the World Value Survey to develop an alternative achievement motivation indicator and relate this to economic growth. Acknowledging that their analysis is embedded in a modern economic growth framework, re-interpretations suggest that their main finding on the positive role of an entrepreneurial culture is based on weak measures and omitted variables (Beugelsdijk and Smeets, 2008).

Instead of relating culture to economic growth on the basis of an assumed intermediary role of entrepreneurship, a limited number of other studies have related societal values to indicators of entrepreneurship directly. Shane (1993) for example applied Hofstede’s four dimensional culture frameworks to study national differences in rates of innovation. He found that culture, defined as ‘the collective programming of the mind which distinguishes the members of one group from another (Hofstede, 1980), affects a country’s innovativeness. More specifically, Shane (1993) found that the cultural value of uncertainty acceptance is strongly related to rates of innovation. Morris et al (1994) relate Hofstede’s individualism dimension to corporate entrepreneurship. They focus on individualism as this value has been associated with the willingness of people to violate norms and their level of achievement motivation (Hofstede 1980), both of which are associated
with entrepreneurship. Their findings suggest that there may be an optimal level of individualism. While the Hofstede dimensions are conceptually attractive and are available for a large number of countries, they reflect general cultural characteristics and have not been developed to rank societies in terms of their specific entrepreneurial culture.

Lee et al. (2004) relate creativity to entrepreneurship, using the 'Bohemian Index' – a measure of the proportion of artistically creative people in the region. Although this index does not really represent entrepreneurial culture, they find that entrepreneurship is overall related to creativity. Davidsson and Wiklund (1997) study the impact of an entrepreneurial culture on regional variations in new firm formation rates, using cultural values and beliefs data. Although the cultural variation between the Swedish regions they include in the analysis was rather small, their study points to a weak influence of entrepreneurial values on regional new firm formation rates.

Wennekers et al. (2005) have tested a model in which they explain levels of nascent entrepreneurship in a sample of 36 countries. Culture is operationalized by two indirect measures, i.e. incumbent business ownership as a proxy for the prevalence of entrepreneurial role models and a dummy variable for the communist heritage. Acknowledging that Wennekers et al. (2005) are the first to actually relate levels of nascent entrepreneurship to national culture in such a broad empirical framework, their culture measures are indirect and incomplete. We expect that developing more direct measures for entrepreneurial culture based on underlying theory and reflecting entrepreneurial value differences may improve existing analysis and contribute to the literature.

In other words, it is important to develop a measure for entrepreneurial culture by building upon micro insights regarding the value orientation of entrepreneurs. Based on the fundamental belief that entrepreneurs are different, sociopsychologists have tried to find distinguishing personality characteristics. Schumpeter (1934) already associated entrepreneurs with ‘the dream and the will to found a private kingdom, usually, though not necessarily, also a dynasty. […] Then there is the will to conquer: the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself. […] Finally, there is the joy of creating, of getting things done, or simply of exercising one’s energy and ingenuity’ (Schumpeter, 1934:93). Other works by scholars like Rotter (1966), Brockhaus (1982), Sexton and Bowman (1985), Chell et al. (1991) and Thomas and Mueller (2000) confirmed the general idea that entrepreneurs have distinguishing personality characteristics. In an attempt to summarize the personality trait literature, Cromie (2000) concludes there are (at least) seven characteristics distinguishing entrepreneurs or business owners from non-entrepreneurs. Without going into detail, these relate to McClelland’s need for achievement (McClelland, 1961), Rotter’s idea of (internal) locus of control (Rotter, 1966), risk attitudes, and creativity (see e.g. Beugelsdijk, 2007).
In this paper we follow the Hofsted approach about national culture for Iran and that relation with entrepreneurship.

**Entrepreneurship**
The development and dynamics of any society, economy or organization requires micro-level actors – individuals – who have the ability and persistence to make change happen. Institutions as well as market and organizational structures do not create change in the absence of human actors. It is the unique knowledge, perceptions and goals of individuals equipped with the drive to take action accordingly that initiate novelty. In order for such entrepreneurial initiatives to have lasting impact, however, they need to create value. The question is then what characterizes these individuals and how to define them?

Theoretical definitions of entrepreneurs span a wide range. For instance, Wennekers and Thurik (1999) mention 13 different definitions, while Glancey and McQuaig (2000) limits their enumeration to five. Most contemporary theories of entrepreneurship build on the seminal contributions by either Schumpeter (1911), Knight (1921) or Kirzner (1973). Schumpeter stressed the importance of entrepreneurs as the main vehicle to move an economy forward from static equilibrium through innovations and by inducing processes of creative destruction, challenging existing structures and distorting economic equilibrium. Anyone who performs this function is an entrepreneur, whether they are independent or dependent employees of a company. Schumpeter was also clear on the different roles between the inventor and the innovator: “Economic leadership in particular must hence be distinguished from ‘invention’. As long as they are not carried into practice, inventions are economically irrelevant. And to carry any improvement into effect is a task entirely different from the inventing of it, and a task, moreover, requiring entirely different kinds of aptitudes. Although entrepreneurs of course may be inventors just as they may be capitalists, they are inventors not by nature of their function but by coincidence and vice versa ... it is, therefore, not advisable, and it may be downright misleading, to stress the element of invention as much as many writers do” (Schumpeter, 1911). That did not preclude Schumpeter foreseeing possible situations when the inventor role may coincide with the innovator, albeit such situations were considered to be exceptions to the rule.

The Schumpeterian distinction between inventor and entrepreneur was challenged by Schmookler (1966) and Teece (1968), whom, based on case studies, believed that entrepreneurs discover opportunities to do promising R&D rather than merely discovering promising outcomes of R&D that has been conducted by others. On a more aggregate level, the merging of the inventive and innovative stages is clearly stated in the neo-Schumpeterian growth models (Aghion and Howitt, 1992, 1998).
These models, however, share the later Schumpeter’s (1942) view of innovation as becoming routinized, where markets are dominated by a limited number of large firms. Taking a more general view on the research field of entrepreneurship, Shane and Venkataraman (2000) suggest that it comprise the analyses of “how, by whom and with what effects opportunities to produce future goods and services are discovered, evaluated and exploited”. Focusing at “whom”, a recent eclectic definition of the entrepreneur is provided by Wennekers and Thurik (1999). The entrepreneur is innovative, i.e. perceives and creates new opportunities operates under uncertainty and introduces products to the market, decides on location, and the form and use of resources, and manages his business and competes with others for a share of the market.

Cultural Dimensions
Hofstede defines culture as "the collective programming of the mind which distinguishes the members of one group or category of people from another" (1991). The mental programming referred to by Hofstede consists of shared values, beliefs and norms. These mental constructs influence how people socialized within a particular culture perceive events; they also help to determine what behaviors are considered appropriate or inappropriate in various social situations. Since the mental programming is shared, i.e. developed through years of socialization within a culture, it results in relatively predictable responses to commonly experienced social situations or contexts. These characteristic patterns of behavior create differences between cultures that may be observed and the influence of cultural differences on social processes such as entrepreneuring may be predicted if the underlying social values and norms are known. In a massive study encompassing fifty-three countries, Hofstede identified four value-oriented dimensions of culture that may be used to describe and explain aspects of behavior in various cultural groups. These dimensions are: (1) power distance, (2) uncertainty avoidance, (3) individualism, and, (3) masculinity (Russell, 2004).
(1) **Power distance:** is a general measure of the degree of interpersonal influence that those who hold power in a social structure can exert over those who lack power. According to Hofstede, it is the difference between the extents to which a superior in a social hierarchy can determine the behavior of a subordinate compared to the extent that the subordinate can determine the behavior of the superior.

Power distance is seen as being socially determined and, therefore, can be used as a criterion for establishing differences between cultures. It can stand as a measure of the degree of authoritarianism that characterizes social relations within a country or region. In high power distance societies, inequality between social groups is expected as part of a "natural" order; consequently, there tends to be large social and economic gaps between those who have power and those who do not. In addition, movement between high and low power groups is restricted, creating a tendency toward distinct social classes with little exchange between the groups.

In terms of organizational relationships, superiors in high power distance societies tend to exert much influence over the behavior of subordinates who tend to be submissive rather than independent. Organizations tend to be highly centralized with a clear-cut separation between white and blue collar workers, characterized by relatively large wage differentials between the groups. There is little opportunity for low-level employees to move up in organizational hierarchies.

In contrast, low power distance societies attempt to minimize inequality between classes, emphasizing the ideal of equal rights for all members of the society even if it is not perfectly achieved. Social mobility is relatively easy in low power distance societies and a large middle class is usually present to bridge the gap between more and less privileged groups.

Organizations in low power distance countries tend to be relatively decentralized and less hierarchical. There is relatively free access to promotions and expertise and performance rather than social position are the determinants of advancement. The preferred management style is participative rather than authoritarian or paternalistic.

(2) **Uncertainty Avoidance:** Time's arrow is aimed inextricably into the future and does not permit reliable forecasts concerning its targets. Unfolding events are unpredictable by nature, creating ambiguity and anxiety among those experiencing time's changes. The level of anxiety experienced by members of a culture due to ambiguous events may vary as a function of the society's values and beliefs. Uncertainty avoidance (UA) is a measure that indicates a group's level of anxiety regarding future events. It evaluates the degree of tolerance within a culture for the ambiguity that is inherent in a continuously unfolding future.

Hofstede finds that cultures differ in their degree of tolerance for uncertainty and notes that methods for coping with ambiguity are at least partially determined by cultural programming. Societies attempt to manage uncertainty through rules,
technologies, laws and rituals in order to protect members from anxiety. These devices standardize the behavior of society members and make the outcome of social processes more predictable.

In countries characterized by a high degree of UA, social relations tend to be relatively formal; rules and procedures are heavily relied on to standardize the behavior of group members. Workers in countries that score high on Hofstede's UA index tend to prefer larger organizations, seeking the security of employment that large companies can offer. Loyalty to the organization tends to be strong. Individual levels of ambition are relatively low and there is a tendency to prefer group rather than individual decision-making processes. Conflict and competition among group members is considered disruptive, creating dissension and uncertainty; therefore, it tends to be avoided rather than confronted. There is a strong resistance to change in high UA societies accompanied by a low tolerance for risk-taking behavior.

In contrast, low UA societies tend to produce less formal organizations with fewer written rules and procedures. Turnover in these organizations is often higher than in high UA regions since loyalty is not as prized. Competition and conflict among organizational members is more accepted; in fact, they are viewed as positive processes in many contexts, leading to innovation and improvement. Risk-taking behavior is more acceptable and resistance to change is not as great in low UA than in high UA countries.

(3) Individualism: The third cultural factor cited by Hofstede is individualism. This is a measure that indicates the degree to which individual identity and self-concept are linked to collective groups within society. In individualistic societies, personal values and goals are the prime determinant of behavior and self-identity. Conversely, in collectivist societies group values and goals predominate and individual desires are considered to be subservient to or derived from group values; consequently, self-identity is derived primarily from group membership rather than individual characteristics.

In collectivist societies, the security that derives from group or organizational membership is of great value and loyalty to social groups is emphasized. In contrast, individual autonomy is more important in individualistic societies and staying a member of a single organization is not as highly prized. In general, small organizations are favored in individualistic cultures while large organizations are more desirable in the collectivist orientation.

The process of social change has a different focus depending upon a society's orientation on the individualism scale. In individualistic cultures, social change is accomplished by converting a large-enough number of individuals to new practices or beliefs. The focus of change efforts is the individual and change occurs when a critical aggregate of individuals believe that change is necessary. The focus of change efforts in collectivist cultures is the group itself which must be converted en masse - change does not take place unless the social collectivity
itself converts to new beliefs. As a consequence, social change in collective cultures is often dramatic, sudden and all-encompassing although it may take a long time to occur.

(4) Masculinity: Hofstede's final cultural dimension is masculinity. Despite its name, this construct does not measure specific differences between male and female; rather, it refers to learned styles of behavior that have been stereotypically applied to males and females. The masculinity measure evaluates the general tendency to act either assertively (masculine) or in a nurturing manner (feminine). In high masculinity societies, individuals tend to set high performance standards and act forcefully to achieve these standards. Achievement motivation is high within these societies and markers of achievement such as earnings, formal recognition and advancement are relatively more important than work climate and relationship issues. Independent rather than group decision making is preferred. In societies with a low masculinity index, nurturance issues are more prominent. A desirable work environment is defined in terms of high quality social relationships, friendly organizational climates and employment security. Achievement motivation is relatively weak and organizational effectiveness is defined in terms of social climate and the quality of human contact. Group decision-making is preferred over individual initiatives.

Implications for the Development of Entrepreneurship

In the economic mythology of the industrialized West, the entrepreneur is seen as an independent, risk-taking maverick who boldly organizes the people and resources necessary for creating new business ventures. For such a role to emerge within a culture, at least two social conditions must exist: (1) entrepreneurs must be granted social acceptance so that the activities associated with new venture formation are accepted as legitimate and socially beneficial, and, (2) entrepreneurs must be able to gain access to and control of financial, material and educational resources necessary to initiate new ventures. Condition one requires that the entrepreneurial role be validated by a set of cultural values that recognizes the legitimacy of the entrepreneurial function; condition two requires social institutions and procedures that provide potential entrepreneurs access to necessary resources (Russell, 2004).

In high power distance countries, these conditions may be met only by individuals who are members of powerful social elites. Because of the social inequality characterizing high power distance regions, access to educational systems and economic resources may be restricted to the privileged class. Moreover, members of the lower classes may not be accepted into entrepreneurial roles or, if they assume such roles, their activities may be devalued or considered illegitimate. A good example of this situation occurred in Eastern Europe under the Soviet hegemony. The official ideology of Socialist Eastern Europe branded
entrepreneurial activities as exploitative and counter-revolutionary, thereby preventing potential entrepreneurs from occupying socially legitimate positions within Socialist society. Entrepreneurs did emerge in Socialist Eastern Europe; their roles, however, were in conducting illegal, black market operations outside the boundaries of the official, sanctioned economy.

Conversely, in low power distance societies where social mobility is deemed a virtue, relatively easy access to entrepreneurial resources is permitted and even encouraged across a broad range of social groups. In comparison to high power distance regions, low power distance cultures are likely to generate a higher level of entrepreneurial activity simply because more people will assume the role of entrepreneur as well as be permitted valid access to the resources necessary to engage in new venture development (Russell, 2004).

Additionally, in high power distance organizations, less-powerful subordinates tend to be "submissive" and primarily concerned with preserving their position within a rigid hierarchy. Such individuals are not likely candidates to leave their organizations to become risk-taking entrepreneurs, further reducing the potential supply of entrepreneurs. (See Table (1) for a summary of power distance Dimension related to entrepreneurship).

### Table 1. Power Distance Dimension Related to Entrepreneurship

<table>
<thead>
<tr>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Achieve power through knowledge, merit.</td>
<td>* Achieve power through privilege and position.</td>
</tr>
<tr>
<td>* Attempts to minimize inequality</td>
<td>* Large gaps between those in power and those not in power.</td>
</tr>
<tr>
<td>* Decentralized, &quot;flat&quot; organizational structures.</td>
<td>* Centralized, hierarchical organizational structures.</td>
</tr>
<tr>
<td>* Egalitarian ideals.</td>
<td>* Only a few should be independent.</td>
</tr>
<tr>
<td>* Trust, co-operation valued.</td>
<td>* Latent conflict between classes - others seen as threat to power.</td>
</tr>
</tbody>
</table>

**Consequence:** Greater access to resources and entrepreneurial opportunities – more entrepreneurial initiatives generated.

**Consequence:** Access to opportunities restricted entrepreneurial to the few - fewer entrepreneurs emerge.

Uncertainty avoidance is another cultural dimension closely related to entrepreneurship at least in the sense that Schumpeter (1934) described the term.
In the Schumpeterian model, entrepreneurs are instruments for introducing innovative change into the economy - they are agents that instigate "creative destruction" in static economies, sweeping away obsolete products and processes through the introduction of innovation. Entrepreneurship in the Schumpeterian sense always involves high degrees of uncertainty which is inherent in the processes of initiating, developing and commercializing innovation (Van den Ven, 1986). Entrepreneurs and organizations involved in developing innovations require a high tolerance for ambiguity and a willingness to take risks. These are necessary characteristics for innovative entrepreneurs and members of entrepreneurial organizations, enabling them to navigate the risky and highly uncertain waters of new venture development.

These characteristics, however, are not likely to be widely distributed in uncertainty-avoiding cultures that value predictability and certainty over ambiguity and risk. Individuals socialized in high uncertainty avoidance cultures will tend to have a relatively low tolerance for ambiguity and an aversion to risk-taking. Such individuals will be less likely to seek out innovative ventures as commercial opportunities; moreover, even opportunities that do not involve innovation may be shunned since all forms of entrepreneurship involve some elements of risk. Additionally, even if uncertainty-avoiding individuals do participate in the development of innovative new ventures, they may have a tendency to seek premature closure of the inherently ambiguous process and not explore potential creative solutions that may lead to "breakthrough" innovations.

According to Hofstede, organizations in high uncertainty avoidance regions tend to be formalized and resistant to change. Such organizations are not likely to be sources of innovative ideas that create entrepreneurial opportunities in the marketplace through corporate entrepreneurship. Additionally, because of the value placed on loyalty to the organization and the stability of long-term employment, uncertainty-avoiding cultures are less likely to produce "break-away" entrepreneurs - individuals who become dissatisfied with working in large firms and leave to start their own entrepreneurial businesses. These individuals are a common source of new venture start-ups in Western economies.

The combination of risk avoidance, low tolerance for ambiguity and resistance to change that characterize high uncertainty avoidance regions is likely to reduce the number of individuals who step forward to initiate entrepreneurial ventures. Moreover, the entrepreneurial activity that does emerge from this social context is likely to be directed toward more predictable, stable businesses and away from risky innovative ventures. Entrepreneurs in this cultural environment may seek out positions as merchants and traders rather than as pioneers of new products or processes. (See Table (2) for a summary of uncertainty avoidance Dimension related to entrepreneurship).
Table 2. Uncertainty Avoidance Dimension Related to Entrepreneurship

<table>
<thead>
<tr>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Informal organizations.</td>
<td>* Formal organizations.</td>
</tr>
<tr>
<td>* Reliance on individual analysis of situations.</td>
<td>* Reliance on rules and procedures.</td>
</tr>
<tr>
<td>* Preference for small organizations.</td>
<td>* Preference for large organizations.</td>
</tr>
<tr>
<td>* Loyalty to employer weak.</td>
<td>* Loyalty to employer strong.</td>
</tr>
<tr>
<td>* Preference for individual decision-making.</td>
<td>* Preference for group decision-making.</td>
</tr>
<tr>
<td>* Tolerance for change.</td>
<td>* Resistance to change.</td>
</tr>
</tbody>
</table>

Consequence: Increased willingness to take risks - increased scope for individual initiative – more initiation of entrepreneurial ventures.

Consequence: General avoidance of risk-taking; fewer individual entrepreneurial initiatives begun.

Of all Hofstede's value dimensions, the one most directly associated with Western ideals of entrepreneurship is individualism. In the Western model, the activities of the entrepreneur are quintessentially individualistic. Entrepreneurs are often portrayed as mavericks who, rejecting the common view, overcome all opposition to persevere in realizing their own unique vision. Frequently, according to the mythology, the success of the entrepreneurial vision requires that the entrepreneur leave the security of a large organization that has rejected his/her ideas to create a new business founded on the entrepreneur's vision.

It is clear that the concept of the entrepreneur as rugged individualist is supported by cultures that score high on Hofstede's individualism scale. Individualistic cultures prize individual initiative and autonomy. Individual rather than group beliefs and needs predominate. Loyalty to organizations is relatively low, taking a back seat to individual interests. As a consequence, independent entrepreneurial behavior is valued and supported by social norms as a means of achieving personal goals. As a result, many individuals are likely to be attracted to entrepreneurship as a means of seeking their individual fortune.

Additionally, in countries that score high on the individualism dimension, there is a preference for working in small organizations. In these organizational contexts, opportunities for displaying initiative and acquiring personal autonomy are greater since managers are not bound by the bureaucratic constraints of large organizations. Since entrepreneurial startups are most often small, the preference for working in small firms may support entrepreneurial ventures by attracting talented, aggressive managers who help the new venture compete with larger, more resource-rich firms (Russell, 2004).
In contrast, collectivist cultures tend to discourage individual initiative and rely upon the group for action-taking. In this social context, there is a preference for working in large organizations and an emotional dependence exists between worker and organization. As a consequence, collectivist societies are less likely to reward individual entrepreneurial efforts and fewer individuals are likely to aspire to the role of entrepreneur. Consequently, the level of entrepreneurial activity is likely to be reduced in these contexts (See Table (3) for a summary of individualism Dimension related to entrepreneurship) (Russell, 2004).

Table 3. Individualism Dimension Related to Entrepreneurship

<table>
<thead>
<tr>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Identity primarily based on membership in social groups.</td>
<td>* Identity primarily based on individual experience.</td>
</tr>
<tr>
<td>* Preference for large organizations.</td>
<td>* Preference for small organizations.</td>
</tr>
<tr>
<td>* Emotional dependence on organization.</td>
<td>* Involvement with organization primarily calculative.</td>
</tr>
<tr>
<td>* Individual initiatives discouraged.</td>
<td>* Individual initiative valued.</td>
</tr>
<tr>
<td>* Group decision-making norm.</td>
<td>* Individual decision-making valued.</td>
</tr>
</tbody>
</table>


Hofstede's final cultural dimension is masculinity. Its relation to entrepreneurship would seem to be through the assertiveness and high need for achievement characteristic of "masculine" cultures. In fact, McClelland (1961) claims to have found a strong correlation between need for achievement and the level of entrepreneurial activity within a society. In masculine societies, the material success achieved through successful entrepreneurial ventures is valued and entrepreneurs who attain such success are recognized and esteemed. Conversely, in relatively feminine cultures, achievement motivation, at least in the material sense, is relatively weak and success is defined in terms of pleasant human relationships. Consequently, it is presumed that more individuals will be attracted to entrepreneurship as a means of achieving material benefits and social position in masculine cultures while there will be less interest in entrepreneurial activities in feminine cultures(See Table (4) for a summary of masculinity Dimension related to entrepreneurship).
### Table 4. Masculinity Dimension Related to Entrepreneurship

<table>
<thead>
<tr>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Social relationships, security valued in the workplace.</td>
<td>* Advancement, recognition and earnings valued in the workplace.</td>
</tr>
<tr>
<td>* Value for group decision-making.</td>
<td>* Value for individual</td>
</tr>
<tr>
<td>* Weak achievement motivation.</td>
<td>* Strong achievement</td>
</tr>
<tr>
<td>* Achievement defined in terms of human relationships.</td>
<td>* Achievement defined in terms of recognition and wealth.</td>
</tr>
</tbody>
</table>

**Consequence:** Less interest in entrepreneurship as a source of achievement and wealth. **Consequence:** Greater focus on entrepreneurship as a source of achievement and wealth.

### Iranian culture dimensions in Hofstede’s study

Table (5) indicates the findings that emerged from Hofstede’s study. It shows the countries at the two extremes of each dimension. It also indicates Iran’s rank order among the 53 countries and regions included in the study (Latifi, 2006).

### Table 5. Iran’s rank order in Hofstede’s study

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Countries as the extremes and Iran’s position</th>
</tr>
</thead>
</table>
| 1- Individualism/ Collectivism | - Most individualist cultures: USA, Austria, Great Britain  
|                              | - Most collectivist cultures: Guatemala, Equador, Panama  |
|                             | - Iran: 24 out of 53, Medium                  |
| 2- Power Distance            | - Highest power distance: Malaysia, Guatemala, Panama  
|                              | - Lowest power distance: Austria, Israel, Denmark |
|                             | - Iran: 29/30 out of 53, Medium               |
| 3- Uncertainty Avoidance    | - Strongest Uncertainty Avoidance: Japan, Portugal, Greece  
|                              | - Weakest Uncertainty Avoidance: Singapore, Hong Kong, Denmark |
|                             | - Iran: 31/32 out of 53, Medium               |
| 4- Masculinity/ Femininity  | - Most masculine cultures: Japan, Austria, Venezuela  
|                              | - Most feminine cultures: Sweden, Norway, the Netherlands |
|                             | - Iran: 35/36 out of 53, somewhat feminine    |

*Source: adapted from Hofstede (1980; 1991)*
Figure 1. illustrates that, in most of the dimensions, Iran lies in the middle of the two extremes. It is almost mid-way in Individualism/Collectivism, Power Distance and Uncertainty Avoidance. Iran is a somewhat feminine society based on Hofstede’s results (latifi, 2006).

<table>
<thead>
<tr>
<th>Individualism/Collectivism Index:</th>
<th>1st country</th>
<th>Iran 24</th>
<th>53rd country</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individualist</td>
<td>Collectivist</td>
<td></td>
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<table>
<thead>
<tr>
<th>Power Distance Index:</th>
<th>Iran 29/30</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uncertainty Avoidance Index:</th>
<th>Iran 31/32</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strong</td>
<td>Weak</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Masculinity/ Feminity Index:</th>
<th>Iran 35/36</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Masculine</td>
<td>Feminine</td>
</tr>
</tbody>
</table>

Figure 1. Iran’s position among the countries studied by Hofstede (1980, 1991)

The facets of Iranian culture

Being one of the oldest civilizations in the world, the settlers in the plateau of Iran were affected by different cultures, and can be considered as a multi-faceted culture. According to Bani-Asadi (1984), Iranian culture is a mixture of three different cultures which have coexisted for many years in Iran. As indicated in Figure 2. they are:

1- Ancient Iranian Culture, with about 6,000 years of history.
2- Islamic Culture, with about 1,400 years of history; and
3- Western Culture, with about 200 years of history in Iran.

Figure 2. Three facets of Iranian culture
To facilitate understanding, it is appropriate here to distinguish the term ‘subculture’ from the term ‘facet’. In the case of Iran, subcultures can be applied to Turkish, Kurdish or Arabic subcultures. They are equivalent to English, Welsh or Scottish subcultures within the UK. The subcultures are rooted in the geographical settlements of a nation.

However, the facets of Iranian culture carry a broader and deeper concept than the subcultures. In fact, all of Iranian subcultures have been more or less influenced by these cultural facets over time. The following table describes briefly the characteristics of these cultural facets based on Hofstede’s dimensions (latifi, 2006).

Table (6) summarizes the characteristics of the three facets and the value profile of Iranian culture in Hofstede’s study.

In considering Table (6) one should keep in mind that there is a difference between the traits shown in the first row (Hofstede’s study results) and the rest. The first is extracted from an experiment and comparative research and, therefore, bears relative values while the others derive from a theoretical study and carry absolute and expected values.

**Table 6. Value profile of Iranian culture in Hofstede’s study and a dynamic map of the three facets of Iranian culture**

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Individualism/Collectivism</th>
<th>Power Distance</th>
<th>Uncertainty Avoidance</th>
<th>Masculinity/Femininity</th>
<th>Long/Short term orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hofstede Study</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Somewhat feminine</td>
<td>*-</td>
</tr>
<tr>
<td>Ancient</td>
<td>Collectivist</td>
<td>High</td>
<td>Weak</td>
<td>Masculine</td>
<td>Short term</td>
</tr>
<tr>
<td>Islamic And Collectivist</td>
<td>Individualist Low</td>
<td>Low</td>
<td>Weak and Time-awareness</td>
<td>Masculine &amp; Feminine</td>
<td>Long term</td>
</tr>
<tr>
<td>Western</td>
<td>Individualist</td>
<td>Low</td>
<td>Strong</td>
<td>Masculine</td>
<td>Short term</td>
</tr>
</tbody>
</table>

*Note:
*This dimension was added in 1991. The index is not available for Iran.
The second point regarding the table is that, as mentioned earlier, Iranian culture is a mixture of the three cultural facets coexisting and interacting for several hundred years. Thus, mapping clearly the characteristics of each one, regardless of their possible influences on each other, is neither easy to do nor realistic. Hence, base on the figure 2, different people, organizations, or the whole country’s culture in different periods of time to behave according to the different combinations of the three cultural facets.

Discussion
An analysis of Hofstede's cultural factors indicates that a Western style of entrepreneurship is more likely to emerge within cultures that express values related to: (a) low power distance, (b) low uncertainty avoidance, (c) high individualism, and, (d) masculinity. A review of country scores in Hofstede's study indicates that this profile closely fits the U.S. and several industrialized Anglo-Saxon nations (e.g. Great Britain, Canada and Australia). This should come as no surprise since entrepreneurship as we currently know it in Western models found its first expression in England and later flowered in the cultural context of North America. If culture supplies the initial social conditions under which entrepreneurial practices emerge, then the behaviors and practices that constitute current notions of entrepreneurship should be expected to fit the values of the cultures that generated and shaped the phenomenon. According to Hofstede, cultural values and beliefs create a "mental programming" among society members that is used to evaluate social practices such as entrepreneurship. The mental programming present in several Anglo countries seems to support a style of entrepreneurship based on individual creativity and initiative. It has created a social context where entrepreneurial opportunities are widespread and available to many and where entrepreneurial success is rewarded both materially and psychologically. Can a similar social context be recreated, however, in nations that do not share the same mental programming and values as the Anglo-Saxon West? Do nations with dissimilar values have to go through an arduous process of social change before entrepreneurial practices can be successfully transferred or are there alternative models of entrepreneurship that may serve to achieve the economic goals of increased income, employment and innovation in developing nations?
Although the entrepreneur as rugged individualist may be a glamorous image in individualistic societies, it may be a disreputable one in collectivist cultures where
personal identity is derived primarily from group membership and group decision making is preferred to individualistic efforts. In a society where group membership and acceptance take precedence over individual considerations, it is doubtful that a style of entrepreneurship based on individual initiative will take root. There is no economic law, however, that requires new businesses to be formed by individuals. In collectivist cultures, forms of entrepreneurship based on groups may substitute for individual initiative. In many East Asian countries that score low on Hofstede's individualism scale, entrepreneurial ventures founded around the family group flourish. Additionally, in some Hispanic communities in the U.S., heirs to cultures in which collective values predominate, group entrepreneurship in the form of community-owned and operated grocery co-operatives has been observed. Some of these co-operatives have formed alliances with local food distributors and growers to create regional networks designed to produce, transport and distribute food products suited to Hispanic tastes within a geographic region. Such family and community-based structures may provide a model for the development of entrepreneurial ventures in collectivist cultures. Rather than individually-owned small businesses forming the basis of economic growth, local co-operatives, owned and operated by family or community members, could provide the building blocks for new venture growth. Furthermore, new venture co-ops could be linked with suppliers and customers in regional alliances. These entrepreneurial networks may suit the values of collectivist cultures better than individually-owned ventures. They would be community-owned and their purpose and objectives would be responsive to local values and needs. Moreover, a network of coops, managed by the community, conforms to collectivist values in that it provides the sense of a larger organization creates a context for group decision-making and is operated for the benefit of the group rather than individual entrepreneur.

A second means of introducing new businesses into collectivist countries may be corporate entrepreneurship. In this mode, larger, pre-existing business firms could become agents for introducing new business ventures into local economies. Corporate entrepreneuring has become a "hot" button for many U.S. firms who use it to create innovative new products. This process may be an effective way for collectivist countries to initiate new business ventures since larger organizations are preferred and members tend to remain loyal to their organizations in these cultures. The larger firm would be the "home" for the new business and a project team would be assigned the responsibility for developing and launching the new
venture. The project team would operate under the aegis of corporate management but be responsible for making all relevant decisions regarding the development of the new venture. In order to fit the collectivist orientation, group decision-making would be the primary style of the new venture development team.

**Conclusion**

Figure 3. Illustrates the model of paper and is about present culture in Iran and future changes that have to be done for entrepreneurship development.

*Figure 3. The model of cultural changes for entrepreneurship development*
As discussed above, high power distance societies tend to restrict access to entrepreneurial opportunities and the resources necessary to initiate them to members of a privileged class. Members of less-privileged classes who are excluded from legitimate entrepreneurial opportunities may find that their only outlet for entrepreneurial drives is to become engaged in illegitimate or illegal activities. If entrepreneurial practices are not valued among the elite in high power distance societies, then few entrepreneurial initiatives may be pursued; in fact, where entrepreneurship is not valued, members of the upper classes may actively resist increasing entrepreneurial opportunities because the new business owners may be perceived as a threat to their privileged positions. In such a social context, the support of some coalition of authority figures is likely to be required before any program designed to increase entrepreneurship can be successful. In high power distance countries, entrepreneurship may need to be sponsored by government policy initiatives. Programs that provide resources to potential entrepreneurs, regardless of social position may need to be implemented. At the same time, the resistance of powerful elites must be neutralized or co-opted via programs of social and cultural change. Increasing entrepreneurial opportunities in high power distance cultures may be a difficult and long term task. We can see in figure 1. power distance dimension in Hofstede’s study about Iranian culture lies in the middle of the two extremes and can help to entrepreneurship development moderately and government have to directing it for entrepreneurship development.

Just as high power distance countries may have a problem in expanding entrepreneurial opportunities; uncertainty-avoiding societies may have a problem initiating innovative new ventures. The development and implementation of innovative products and processes is inherently uncertain and risky. The ability to tolerate uncertainty and risk is essential to the successful execution of innovation processes. Uncertainty-avoiding cultures that are reluctant to pursue innovation could find themselves at a competitive disadvantage in global industries characterized by rapid, innovative change. Success in these industries requires the ability to generate innovation rapidly either as a means of gaining competitive advantage or responding to creative competitors (D'Aveni, 1994; Porter, 1990). Countries that operate under a set of social values that inhibit innovation may find their economies lagging as global competitors from nations with a higher tolerance for ambiguity generate a greater number of innovative products and processes. If innovation is considered a desirable economic and social goal within developing nations, some kind of intervention to alleviate the impact of uncertainty-avoiding social values is necessary. National policy-makers may consider financial or technical support programs for innovative entrepreneurs that will reduce both risk and uncertainty for new ventures based on innovation. Similar programs, possibly using tax incentives could be instituted for corporate ventures based on innovation. Within firms desiring to compete through innovation, organizational development programs designed to help managers increase their tolerance for ambiguity and risk could be initiated. Uncertainty-avoiding dimension in Hofstede’s study about
Iranian culture lies in the middle of the two extremes and it is not good for entrepreneurship development, therefore government of Iran have to programming for reduce uncertainty-avoiding with reduce tax for risky investment, financial help for entrepreneurs, conceptualizing uncertainty activity and etc.

Masculine social values have been associated with entrepreneurship through the link between successful entrepreneurial ventures and their role in fulfilling high achievement needs. It has been presumed that feminine societies do not value entrepreneurship because it is associated with material rewards rather than nurturance issues. There is nothing to prevent, however, the creation of new ventures in countries with feminine values that respond to social concerns. The focus of entrepreneurship can just as easily be to create a nurturing, socially responsive business enterprise as well as a financially rewarding one. The work of Hawken (1983) and the emergence of large numbers of female entrepreneurs with socially-responsive agendas in the U.S. is testament to this. In fact, entrepreneurship with a socially responsive face could be a powerful force to achieve social change by focusing on human rather than materialistic values. For Iranian culture in Hofstede’s study we can see masculinity is in feminine side and Iran is a somewhat feminine society. With this circumstance social and government have to attempt develop nurturance issues, Greater focus on entrepreneurship as a source of achievement and wealth, focusing on materialistic values and etc related to masculinity.
Reference


