ANTECEDENTS OF ENTREPRENEURIAL VALUES - A REVIEW OF LITERATURE

Ernest Abaho
Donath R. Olomi
Goodluck C. Urassa

University of Dar es Salaam Business School
University of Dar es Salaam Business School
University of Dar es Salaam Business School

UGANDA
TANZANIA
TANZANIA


ABSTRACT

This paper reviews literature relating to the antecedents of entrepreneurial values. The most used behavioral and psychological theories in entrepreneurship (Need for achievement, locus of control, attributional and theory of planned behavior) are considered. The paper establishes theoretical research gaps. To contribute to the strengthening and or development of the theoretical understating of the antecedence of entrepreneurial values, the paper proposes areas for further research. It is concluded that entrepreneurial values can be explained by both psychological (in born) and sociological factors. The paper contextualises entrepreneurship beyond business startup to a holistic perspective of success in life across various spheres.

Key words: Antecedents of Entrepreneurial Values - A review of Literature Introduction

The success of a nation depends on the quality of its human resources (Thornton, 1999; Kongolo, 2010). In modern times, world economies are moving towards knowledge capital which is embedded in the human resources driven by social and economic progress (OECD, 2008; WEF, 2009). The progress orientation of a society’s human resources can be explained sociologically and psychologically. Sociologically, culture and its values have been reported to have an influence on socio-economic transformation (Granato, Inglehart & Leblang, 1995) and been used to explain the differences in development across economies.

Culture is believed to shape people’s personal value systems as well as the way they envision life (Hofstede, 1980). Hence, individuals born or migrating into a society are believed to learn (Bandura, 1977) and adopt (Ajzen, 1991) its cultural values through social interaction (Tarde, 1969). Cultural values are presented in distinct forms including entrepreneurial values. Entrepreneurial values encompass a set of beliefs associated with dynamism and progress, including risk propensity and tolerance for ambiguity (Chisholm & Hugh, 1911), innovativeness (Schumpeter, 1934), need for achievement (McClelland, 1961) and self-efficacy (Rotter, 1966). However, there is no conventional list of entrepreneurial values as noted by Bird, (2010).

Entrepreneurial values are believed to play an animated role in facilitating national competitiveness (Keat, Selvarajab & Meyer, 2011), technology diffusion (GEM, 2008; WEF, 2009) and acceleration of nations’ resource productivity (Mbakogu, 2004; Volkmann et al, 2009) through innovation (Schumpeter, 1934; Lengyel, 2003). Such values are reported to haven facilitated the transformation of economies from peasant to innovation driven economic systems (GEM, 2005; Mbakogu, 2004).
Although entrepreneurial values are acknowledged as drivers of progress and socioeconomic transformation, their antecedents are still unclear. Hamilton and Harper (1994) observed that although entrepreneurs are key forces in economic success, most efforts are put on how they can be utilised in economic productivity without regard to how they develop. Thus as a matter of strengthening the supply side of entrepreneurial capacity as an economic resource, Hamilton and Harper made a loud call for concerted efforts towards understanding how entrepreneurial values develop with particular focus on different antecedent actors and dynamics.

It has therefore become an important area of entrepreneurship research to establish and understand how entrepreneurial values develop (Bird, Schjoedt & Baum, 2012). In response to this, the European Academy of Management (EURAM); a platform that collects leading researchers to discuss a wide range of research issues set the study of antecedents of entrepreneurial behaviors on top of the agenda in its July 2013 conference in Turkey. This provides evidence that a lot is desired to establish the antecedence of these values. This knowledge gap not only limits the body of knowledge about entrepreneurship in general but also leaves the theoretical understanding of entrepreneurial values suggestive than conclusive. This paper reviews literature about the antecedents of entrepreneurial in a global perspective and identifies theoretical gaps.

The paper is organized in sections. The next section presents the motivation of the paper, followed by the methodology that was used, the review of definitional literature of entrepreneurship and entrepreneurial values. Latter, a review of assorted theories is made and analyzed. This is followed by a discussion of the literature and theory. Finally, discussions, implications for entrepreneurship theory and theoretical conclusions are drawn in lieu of literature.

**Motivation and Objectives of the Paper**

Entrepreneurial values have become an important component in the explanation of increased business startup and nascent entrepreneurship as well as the subsequent growth and success of these startups. However, research has not come out clearly to explain the antecedence of these values pragmatically. Explaining the antecedence of entrepreneurial values would help to clarify the different actors and their roles in the emergence of these values with a critical analysis of these actors and circumstances that may hamper and or enrich them. Thus the main motivation behind this paper is to review literature and relevant theories towards explaining the entrepreneurial values phenomena. It goes further to trace the emerging debates in this regard, establishes points of departure and consensus.

**METHODOLOGY**

Since entrepreneurial values subscribe to the behavioral part of entrepreneurship, this paper focuses on the behavioral theories of entrepreneurship. A review of different authors and how they have utilized theory to explain the emergence of entrepreneurial values was made. Key theories are selected and critiqued. An analysis of convergence and or divergence in explaining the antecedence of entrepreneurial values is summarised.

**LITERATURE REVIEW**
Defining an Entrepreneur and Entrepreneurship

There has been an extensive debate about the universal definition of entrepreneurship. However, to-date there has not yet been a consensus and it has become a story of hunting the Heffalump (Kilby, 2003). According to Kilby, the definition of entrepreneurship subscribes to different schools of thought where various scholars have proposed a number of definitional alternatives. This has made it difficult to generate a single understanding of the concept. Kilby uses the analogy of hunting a mysterious animal that hunters were chasing without knowing how it looked like. Each of the hunters had a different description of the animal. In the same way, different scholars describe the meaning of entrepreneurship differently with conviction. Yet, there has so far not been a universal definition.

Historically, entrepreneurship in the early 16th and 17th centuries was used to refer to an act of engaging in military expeditions and extended to cover construction and civil engineering activities (Gregory, 1997). In the 18th century, the word entrepreneurship was extended to the business context to refer to the pursuit of economic activities (Tamisharasi & Panchanatham, 2010). While tracing the role of an entrepreneur in a venture, Hisrich (2005) coined the word entrepreneur to refer to a person who undertakes an enterprise, shifts economic resources from lower into higher productivity.

The concept of entrepreneurship was later redefined to include behaviors and actions that not only focus on business but also social transformation (Gibb, 2007; Liñán & Santos, 2007). After all, entrepreneurship is not only about venture creation but a function of social change in different perspectives (Schumpeter, 1934). This idea is supported by Olomi (2009) who argues that entrepreneurship is not only about the pursuit of wealth and profit but rather broadly about fostering productive application of knowledge in order to seize both salaried and business opportunities. For purposes of this paper, entrepreneurship is defined as behaviors, attitudes and actions that not only focus on business but also on the social contributions in transforming society.

Entrepreneurial Values – Meaning, Dimensions and Context

Entrepreneurial values are multidimensional. Sociologically, values refer to norms, traditions and ideologies that promote self-survival (Bandura, 1977). Economically, values have connection with concepts such as benefit, change and price therefore reflecting preferences, motives, needs and attitudes of an individual’s psychology. Entrepreneurial values are also reported to encompass behaviors, skills and attitudes that help people to succeed in all spheres of life (Rauch & Frese, 2000).

Although the concept of entrepreneurial values has been approached differently by varied scholars, this paper defines entrepreneurial values as enduring beliefs held by individuals and groups of individuals concerning the desirability of behaviors, skills and attitudes that help them to succeed in life. This definition encompasses the development of an entrepreneurial culture with both economic and social perspectives. The challenge that has been observed and still has hindered entrepreneurship research is the lack of a standard entrepreneurial values measurement model as observed by Bird (2010).
Prior efforts to address the challenge of entrepreneurial values measurement include Bandura (1977) who reports that essential entrepreneurial values are entrepreneurial self-efficacy and goal orientedness. Ranuji (2006) in a study about Indian dairy farmers’ established that innovativeness, achievement motivation, risk orientation, information seeking, cosmpoliteness and self-confidence are consistent values for human success. Gibb (2007) stresses that opportunism, creativity, autonomy, responsibleness, networking, achievement orientation, self-confidence, perseverance, hard work and strategic thinking are influential in differentiating between entrepreneurial and non-entrepreneurial individuals.

A critical review of entrepreneurial values indicates that whereas they appear numerous, most of them have advanced from the classical (original concepts) either through operationalization and/or duplication and semantics. Even when the above entrepreneurial values may have been suggested, they still lack a theoretical explanation for their development and how they can be promoted with in different societies. Therefore their factorial generation may not serve as an adequate justification of existence without understanding their theoretical affiliation and how this theory can be related to distinct social environments for generalization.

ANTecedENTS OF ENTREPRENEURIAL VALUES- A THEORETICAL SYNOPSIS

A number of theories have been advanced to explain the antecedents of entrepreneurial values. Simpeh (2011) analysed the theoretical “memory lane” of entrepreneurship. The author reports that the questions of the day in entrepreneurship have shifted from the economic, neoclassical and Australian Market Process (AMP) schools of thought that analyse entrepreneurial activities with a firm as a unit of analysis to the psychological theories that analyse an individual as an entrepreneurship actor and agent.

Psychological theories of entrepreneurial values emerged from the failure of the past theories (economic, neo-classical and AMP) to contextualise the emergence of entrepreneurial intent (Simpeh, 2011). Although the theoretical framework of entrepreneurship is spread across three major dimensions (functional- based on the function of the entrepreneur, personality- based on traits and behavioural- based on activities and processes associated with new venture creation), this paper focuses on the personality dimensions and how they develop.

In other words, the behavioral perspective looks at what characterizes entrepreneurs not what they do. However, an understanding of what they are is not the main thesis in this paper; but rather why they are what they are.

In another context, the concept of entrepreneurship lends its heritage to economics. However, because economists preferred to emulate the philosophies of physical sciences in their analysis by using mathematical models, they squeezed entrepreneurship outside the economic theories (Pittaway, 2005). Entrepreneurship became a conceptual refugee in economics because of its behavioral properties which are passive and hard to measure. Thus, the study of entrepreneurship needs to adopt an individualistic axiom by understanding how an “entrepreneur” develops in an individual (Ogbor, 2000) and the theoretical contexts that explain the dynamism of entrepreneurial values.

Borrowing form Burrell and Morgan, (1979) construction of social research philosophies, the study of entrepreneurial values and their antecedence needs to adopt ontological assumptions. These assumptions help to comprehend nature of reality, how it is constructed and represented in
human behavior. This implies that the nature and precedence of entrepreneurial values must be explained before an attempt to develop these values is made.

In an effort to explain the emergence of entrepreneurial values, there has been a strong contention about whether these values are born or made. This debate has attracted different schools of thought. Notably, McClelland (1961) in his analysis of the need for achievement argues that by nature, people are born with a desire to achieve and it is not easy to nurture such a value. On the other hand, sociologist Weber (1903) in the protestant ethic stresses that human behavior is not a natural occurrence but rather it is developed through socialisation and other social learning opportunities supported by social systems.

In the next section, the theory of planned behavior, need for achievement, locus of control and attribution theories are presented and discussed.

Need for Achievement Theory

In this theory McClelland, (1962) conceptualised need for achievement to relate to toughness and hardness of tasks and then the individual’s desire to accomplish these tasks with high standards and excellence. Please note that “high standards” and “toughness” are used to distinguish between routine and “normal” tasks. This implies that one must have willingness and ability beyond the ordinary in order to record success under such instances. McClelland (1962) reports that people with low levels of N-Arch prefer to engage in relatively simple tasks while those with high N-Arch engage in difficult tasks (with high standard and toughness).

The logic is that those who engage in simple and weak tasks fear failure and believe that involving in simple tasks minimizes the risk of failure while those who engage in relatively difficult tasks feel that it is worthwhile to engage in challenging tasks because without meeting challenges in their work they feel it is not worthy and may not give them motivation. What is however not clear is the measure of simplicity of difficulty of tasks and how these measures vary from individual to individual based on their perceptions of ease or difficulty. This limitation has to date challenged the applicability of this concept in social science studies.

In an entrepreneurial values perspective, the theory of N-Arch argues that entrepreneurial people tend to exhibit high levels of need for achievement. Therefore, if people with a high need for achievement are also entrepreneurial in nature then they are expected to prefer challenging tasks of modest difficulty rather than routine or very difficult tasks. This enables them to take personal responsibility, seek feedback on performance and to look for new and better ways of improving one's performance (McClelland, 1961; Gartner et al., 1994).

Whereas the N-Arch as an entrepreneurial value is appealing, the factors behind its development are not yet beyond question. McClelland (1965) posits that need for achievement as an entrepreneurial value is learned and does not necessarily have a genetic heritage. For this, the socialization processes people go through aids the entrepreneurial value development. Such processes include parents who encourage independence among their children, praise and rewards for success, associating achievement with positive feelings, association of achievement with one's own competence and effort not luck and the desire to be effective or challenged while pursuing tasks.
McClelland describes people with a high need for achievement as those that take personal responsibility for finding solutions to socioeconomic problems, set moderate achievement goals, take calculated risks and want concrete feedback regarding their performance. Such people are therefore driven by the internal locus of control (Rotter, 1996).

**Locus of Control Theory**

The locus of control theory has attracted a number of researchers in different areas of social sciences such as political science, psychology, and public health (Rotter, 1990). Locus of control can either be internal or external. Generally, locus of control refers to the degree to which individuals attach an outcome of their behavior to own performance or personal characteristics against the degree to which these individuals expect that the outcome is a function of chance, luck, or fate and are influenced by others (Rotter, 1966). Because of the unresolved ambiguity surrounding the antecedence of entrepreneurial values, the question of behavioral and psychological force seems to be related to residence of locus of control in individuals. This implies that there are different actors in the shaping of such values such as the born (internal) versus the made (external social learning). People who believe that they have some control over their destinies and that control resides within themselves, are referred to as internal locus of control oriented or internals. On the other hand, people who perceive an external locus of control believe that their outcomes are determined by factors extrinsic to themselves such as fate or luck and are called externals (Judge et al. 2002).

Largely, it is believed that entrepreneurial people prefer to take and hold unmistakable command instead of leaving things to external factors. In this way, internal locus of control (ILOC) has been explored as an entrepreneurial characteristic in literature such as Mueller, (2008) in the examination of gender and entrepreneurial self-efficacy, Chen, Greene and Crick (1998) in distinguishing between managers and entrepreneurs’ levels of entrepreneurial self-efficacy, Boyd and Vozikis (1994) on the role of entrepreneurial self-efficacy in intention to start business. In regard to social cognitive theory, self-efficacy is reported to develop through socialisation and social learning (Bandura, 1977). In this case, the social learning theory assumes that people learn to behave through the environments in which they live, observing the people they live with and learning though inspiration of their role models (either through the media or interaction). Bandura (1977) argues that self-efficacy through social learning develops when a certain behavior has positive rewards through reinforcement and reduces when there is less or negative reward due to negative reinforcement. Therefore, socialization as an antecedent to self-efficacy can be seen in other different socialization agents and opportunities such as education where learning facilitates the learners’ confidence building process such as sharing inspiration stories.

However, the social learning theory at some point disclaims the fact that learning influences behavioral change by asserting that while a visible change in behavior is the most common proof of learning, it is not absolutely necessary. This is because people can learn through observation alone hence, their learning may not necessarily be shown in their behavioral change.

In the perspective of entrepreneurship and entrepreneurial values, people with high levels of self-efficacy are believed to perform well even in harder tasks because they know tasks are not to be avoided but rather to be mastered without considering abscondment as an alternative. Self-efficacy is also reported to be a learned value because it keeps changing according to
circumstances that are dynamic. What research has not explored is the achievement that may not necessarily be voluntary but rather under unavoidable circumstances. A case in point is necessity driven entrepreneurship (Rosa et al., 2009). This raises need to examine the role of socioeconomic drivers need for achievement.

In a sociological theory perspective, one tries to analyze the society through social networks, role models, social identification and population ecology in order to explain the antecedence of entrepreneurial values (Simpeh, 2011). By emphasising the role of society in the development of entrepreneurial values, Simpeh stresses that the anthropological theory of entrepreneurship enables an understanding of the role of culture and family in the nurturing of entrepreneurism.

Although the locus of control theory attempts to help entrepreneurship research in affiliating individual behavior to either internal or external antecedents, conceptually the value of internal locus is neither the means nor the end in itself. There are other variables the cause ILOC although it also leads to other entrepreneurial values in the sense of attribution. There is therefore not consensus that the antecedence of entrepreneurial values can be explained by the locus of control theory. The locus of control provides a theoretical ground upon which to attribute certain values. This is clearly illustrated in the attribution theory of entrepreneurial values.

Attribution Theory
According to the attribution theory (Jones, et al., 1972), behavior depends on life situations and events. For example, people tend to attribute age, birth order, education level and gender (Minitti, 2005), cultural systems, life experiences (Ranuji, 2006) and parental influence (Drennan, Kennedy & Renfrow, 2005) to their entrepreneurial behavior. This appears to suggest that behaviors are attributional and therefore may not necessarily be inborn since they have precedent events and or situations. There is however a strong need to understand the entrepreneurial contribution of these attribution processes. A silent disclaimer in this theory is that some attributions may have negative entrepreneurial reinforcement even when they are seen as positive. The theory suggests that people behave according to the societal learning opportunities. Today there is a lot of research effort towards explaining the emergence of entrepreneurship form a social perspective. Most of the unresolved question as hinge around the extent to which society influences entrepreneurism and the role of genetics. In a biosocial model of entrepreneurship, White, Thornhill and Hampson (2007) conclude that whereas entrepreneurial values are born, socialization has a significant role in the molding of an entrepreneurial person through social systems and cultural “regulation” and psychological “institutionalization”. The issue of social institutionalization has been well illustrated in the theory of planned behavior (Ajzen, 1991).

Theory of Planned Behavior
According to the theory of planned behavior-TPB (Ajzen, 1991) people’s behaviors are determined by intention to perform the behavior and, in turn, a function of attitude toward the behavior and subjective norms. The main argument in this theory is that intention is a cognitive representation of a person's readiness to perform a given behavior. In the context of entrepreneurial behavior, the theory assumes that a society and its value systems can mold peoples’ perception and attitudes towards self sustainability through setting up conditions and norm structures that cherish entrepreneurial careers. On the other hand, the theory suggests that in situations where the social structure does not favor entrepreneurial endeavors, its members are likely to view entrepreneurial tendencies with a negative attitude. The subsequent behavior may be that people will try to refrain from individual entrepreneurial initiatives for self sustainability and resort to self helplessness tendencies for social desirability (Ajzen, 1991).

TPB has been applied in numerous studies to explain the emergency of entrepreneurial values but in different contexts. For example, Kautonen, Gelderen and Tornikoski (2013) tested the TPB on the entrepreneurial intentions of people in the working age in Finland. It was established that perceived behavioral control and subjective norms are significant predictors of entrepreneurial intentions. Relatedly, intention and perceived behavioral control predicted intentions at a significant level. Whereas the study provides recent evidence, the methodology used demonstrates a population bias of selecting the working age yet; it is clear that by the nature of their (population) age and socioeconomic needs, they are likely to have uncontrollable and voluntary entrepreneurial drive out of necessity of need for self sustainability. After all, that is the stage in their lives where they are supposedly expected to engage in active work.

Fayolle, Lassas–Clerc and Gaily (2006) tested the TPB on the effectiveness of entrepreneurship education in the development of entrepreneurial intent and established it as a reliable model in understanding the role of social learning and society in the molding of entrepreneurial behavior. While analyzing the role of social norms in the creation of entrepreneurs Pohja (2009) utilises the TPB by exploring how social capital as a component of social norms may either foster or hinder entrepreneurial venture start up. Pohja supports the relevancy of the theory by submitting that indeed; social capital supports entrepreneurial values by bridging resource acquisition and entrepreneurial inspiration.

Moriano, et al (2011) utilized the cross cultural approach under TPB in examining the role of culture in the decision to select an entrepreneurial career. In order to avoid the cultural homogeneity bias, the study selected six culturally heterogeneous countries (Germany, India, Iran, Poland, Spain, and The Netherlands). The study examined students and their assessments of entrepreneurial career intentions. Form this study, it is reported that culture affects attitudes and perceived behavioral control in form of entrepreneurial self-efficacy towards entrepreneurial careers.

A hive of other studies have been conducted using the TPB. This manifests the relevancy of the theory in understanding the antecedence of entrepreneurial values in the context of socialization. Although the TPB has largely been used in explaining the antecedence of entrepreneurial values, it is only limited to cognitive processing and behavioral change without regarding the actors behind an individual’s cognitive profile.

It is understood that Ajzen and Fishbein (2005) tried to modify model by including background factors, normative and behavioral beliefs. However, this inclusion doesn’t explain other sociopsychological factors such as necessity. The theory also assumes that intention drives action...
yet; it does not regard the resources and other structural limitations against their actions. Most importantly the question of what shapes the perception of behavioral intention in an entrepreneurial values context affect the generalization of study findings that have utilized the TPB. The other crucial question in this case is whether intention is out of free-will or determinism.

In the view of Burrel and Morgan (1979), research in the philosophy of entrepreneurship should focus in understanding human nature and behavior as well as how these behaviors develop. Therefore to establish whether human entrepreneurial behavior and intention are out of free-will or determined by environmental forces, an individual need to be examined to establish whether they act because of the communities they live in or it is because of their nature. Again this part of entrepreneurship research requires an amalgamation of studies that analyze nature and nurture to establish the critical aspect of human behavior towards entrepreneurship.

CONCLUSIONS AND RECOMMENDATIONS

Theoretically, it can be concluded that entrepreneurial values have multiple antecedents. Some of these antecedents can be nurtured through sociological factors like family and significant others as well as education. On the other hand, biosocial factors notably age, gender and genetics have their own share in the explanation although the biological aspect has received scanty evidence. The scanty nature of the biological aspect of entrepreneurship research may be attributed to methodological limitations especially because of the experimental procedures that may be associated to establishing scientific evidence.

It is therefore recommended in this paper that even when entrepreneurship is largely a social science discipline, a multidisciplinary action may be initiated between entrepreneurship scholars and biological scientists to develop theoretical evidence at both stances. In a related perspective, entrepreneurial values subscribe heavily to socialization theories (Ajzen and Fishbein, 2005; Hofstede, 1980; Bandura, 1977) and others. It is also believed that culture and society are dynamic phenomena. This implies that in order to attain a level beyond doubt of generationality, more evidence needs to be gathered across different cultural environments. However, most of the studies that utilize the enumerated theories provide evidence from the “developed” part of the world. This leaves the rest of the world relying on “imported” ideologies to explain “local” phenomena. Hence, there is need for empirical evidence that can more deeply explain the state of affairs in a local context.

LIMITATIONS OF THE PAPER

This paper attempts to explain the antecedence of entrepreneurial values. However, it fall short of providing contextualized evidence since most of the proposed causal variables usually depend on the environment, age, and other cultural dynamics that may limit the generalization of the findings in previous works. Because of this, the paper does not indicate which entrepreneurial values develop out of certain antecedents and to what extent these antecedents predict certain values. Subsequently, the attributional theories fall short of evidence upon which to attribute antecedents to entrepreneurial values in an African context.

This paper also focuses more on the behavioral theories. This limits the understanding of entrepreneurship to individuals as units of analysis. However, in the perspective of wealth
creation and business, there are entrepreneurial teams which consider the aggregation of member entrepreneurial values (Pitman, 2001; Huovinen & Fink, 2009; Grichnik & Brinckmann, 2009). Due to their business dynamics entrepreneurial teams are a function of individual entrepreneurial values hence other economic theories may be explored in explaining the antecedence of entrepreneurial values in lieu of the business context.

REFERENCES


