**THE IMPACT OF CULTURAL FACTORS OF ENTREPRENEURIAL PERFORMANCE SELECTED PRIVATE FIRMS**

ABSTRACT

The paper reviews literature which supports the position that culture is a contributor to economic activities of a nation, and by extension entrepreneurship. The paper identifies and explains cultural factors, attributes and variables considered important to entrepreneurship. The particular cultural values and forces which impact Nigerian entrepreneurship are also discussed. The conclusion is that the identified cultural values and practices can inhibit the evolution of an entrepreneurial culture in Nigeria. Based on the above, the paper recommends a change in values and mindset so as to enable both a high entrepreneurial behaviour and culture in Nigeria.

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**CHAPTER ONE**

**INTRODUCTION**

* 1. **Background of the study**

The Entrepreneurship practices exist in most countries of the world, including Nigeria. In Nigeria the development of entrepreneurship has gone a long way to achieve industrialization and economic development. Management scholars agree that although management theory and practices have universal applications, the individual and groups with which it must interact, and the external environment differs in some way. It is acknowledged by management scholars also that there are many deviations in management theory all over the world.

The attempt to discover the determinants of managerial success of entrepreneurs has always been a heart-throb among researchers of various fields of studies. Biographies of successful entrepreneurs and business men for instance reflected the tendency of the subject of such studies to explain their success in terms of virtue of hand work, thrift and clean living (Baridam 1995:15). As an alternative to biographical models are these studies that, turn the man who manipulates the omnipotent touch (Gases 1983: 20). Culture is dynamic in nature but cannot be change mechanically rather could be modified to suit a given environment. Almost every perception and behavior is guided by the human invention we call culture. Each culture shapes perception and behaviors by paving relative attention to some details of reality and ignoring others or by permitting some actions and forbidding others.

Culture which forms parts of the complex education-sociological-cultural-political-legal-economic that interact and affect that performance of productive entrepreneurs is often the less treated and less emphasized amongst these foregoing factors by business people (terpstra et al 1991: 40); this notwithstanding the fact that it forms the bedrock on which the other factors operate. Speculations dealing with the supposed effects of cultural factors of an environment on the performance of productive enterprises in that environment are on the rife. However, empirical studies and a careful analysis of this situation in the context of entrepreneurship operating in developing countries remains to be exhaustively and satisfactorily treated. Though it can clearly be said that cultural factors have a substantial impact on managerial or entrepreneurial effectiveness and productivity measured in a given instance owing to the fact that sociological and cultural constraints are difficult to measure in quality. This is always a problem when one wishes to deal with human attitudes and values, it is often hard to distinguish popular misconceptions and myths from the realities of the situation (farmer et al 1965: 60) so, it therefore becomes patient to test a number of significant and operational hypotheses in order to explain and predict production efficiency with a high degree of accuracy and confidence in any given case.

The issue of culture as it affects the performance of cultural factors affecting the performances of entrepreneurs should take into consideration firstly, the salient cultural constrain that impinge upon the operations of entrepreneurs or enterprises in the understudied and secondly, it should be established how these salient cultural constraints meet in one way or the other in the performance of firms. In addition socio-cultural variables also have impact on planning and control as well as the various production functions of these firms’ enterprises. Such as; research development, production, marketing and finance. This study, will attempt to identify the various cultural factors that affect entrepreneurial operations in the understudied environment and also determine how these cultural factors affect the performance of entrepreneurs in the said environment.

* 1. **Statement of Problem**

The fact that entrepreneurs contribute to the development of less developed countries is irrefutable (freeman 1981: 50). The issue that a nation culture and primary socializations produce several constraints which impinge upon the operation of productive entrepreneurs operating in developing countries like Nigeria ought to carryout in depth analysis on the socio-cultural factors inherent in the environment before they proceed with that venture. The firm once it’s established is constrained by various factors inherent in the environment. Although all constraint areas (educational, socio-culture, political, legal, economic etc. are common major difficulty that lie in the social-cultural sector (farmeret al 1967: 70). This case is very true, since the aspect of dealing with people oriented with strange custom and values usually present a problem. The above issue is reflective of the Nigeria situation, experts have posited that cultural constraint are the bottom line when considering the issue of in efficiency and poor performance of enterprises in Nigeria. This may not completely be true because whenever one is dealing with human attitudes and values, it is often hard to distinguish popular misconception from the realities of the situation. There arises therefore, a need to determine (empirically) whether the cultural constraint in Port Harcourt is significant enough to affect the performance of entrepreneurs operating therein.

**1.3 Purpose of Study**

The general objectives of this study is to identify the impact of cultural factors on entrepreneurs performance. However, the specific objective of the study includes;

1. To identify various cultural factors that imitate against the performance of entrepreneurs and to what extent they affect them.
2. To identify the present effect of cultural factors on entrepreneurial performance.
3. To examine entrepreneurs reactions towards cultural changes and their coping strategies.
4. To examine other non-cultural factors and the extent to which they affect entrepreneurs.

**1.3 RESEARCH QUESTIONS**

The following research questions with the study;

1. To what extent does Norms relate with entrepreneurs performance of some selected private firms in Port Harcourt?
2. To what extent does belief system relate withentrepreneurs performance of some selected private firms in Port Harcourt?
3. To what extent does attitude relate with entrepreneurs performance of some selected private firms in Port Harcourt.

**1.4 Research Hypothesis**

The following research hypothesis will guide the study;

**Ho1:** There is no significant relationship between Norms and the productivity of some selected private firms in Port Harcourt

**Ho2:**     There is no significant relationship between belief system and the productivity of some selected private firms in Port Harcourt.

**Ho3:** There is no significant relationship between attitude and the productivity of some selected private firms in Port Harcourt.

**SIGNIFICANCE OF THE STUDY**

This research study will be of great importance to the entrepreneurs interactiveness with the market and its customers. It will also be useful to the entrepreneur’s internal decision marketing process and will also influence the decisions to create new business. This finding of the research will improve or add to existing world of knowledge and will also create awareness of the Norms, belief system and attitude of Nigerians to foreigners who desire to create business in Nigeria.

**SCOPE OF THE STUDY**

This study was conducted and limited to target population, geographical boundary study variable and units of analysis. From the above statement, the target population will focus on selected private firms in Port Harcourt. The geographical boundary is Port Harcourt, the study variable will be divided into two: the independent variable represented as culture (having dimensions as; Norms belief system and attitude) and the dependent variable represented as entrepreneurial performance (having measures as; productivity). The unit of analysis is at the organizational level.

**DEFINITION OF TERMS**

According to Cosuala, 1985: 80), definition of terms is the most important facet of the research report, since without a common understanding of essential terms; the value of the research very be lost through misinterpretation. These level been defined however to back up this work.

Entrepreneurs: Schumpeter (1934), entrepreneur, are innovators who use a process of shattering the status quo of the existing products and service to set up a new product and services.

**Entrepreneurship**: according to Meredith et al (1991), entrepreneurship is the process of organizational and coordinating the factors of production and taking necessary decision to establish a business enterprise and keep it in with the pattern of demand and market values.

**Business**: business is regarded as the process of creating, procuring or providing goods and services to customers or those who need them in proper quantities and qualities at suitable times and places at satisfactory process Nwaeke (2002).

**Culture:** Hofsted (1991) defined culture as the software of the mind and collective phenomena, shared with people who live in the same social environment.

**Values**: as a board tendency to prefer certain states of affairs over others.

**Business Environment**: according to Jones et al (2002), they are those factors or forces that have potential effect on the way business operate.

**CHAPTER TWO**

**REVIEW OF RELATED LITERATURE**

**2.1 Introduction**

Entrepreneurship is about those individuals who discover and assess the opportunities (Pihie 2009). It offers individuals to enjoy selfemployment, economic development, innovation, job creation and social development (Turker 2009). Entrepreneurs are those people who have personality traits and intention to start a new business while using innovation as a tool to develop and enhance their business (Ahmed et al. 2010). Entrepreneurship is a dynamic process for the development of nations and regions. It has now become the priority focus for socio economic growth of the nations (Liñán et. al. 2009). It brings new ideas and maximizes profit which accelerates to economic development (Turker 2009). Entrepreneurial behavior has been dramatically increased in last few decades due to its importance for development in many countries that have emerging trends in their socio economic development (Zain et. al. 2010). World is realizing the importance of entrepreneurship which is the source of selfemployment as well as the economic development (Ali et. al. 2010).Entrepreneurial intention is influenced by the socialization process, social networking, environment, parental support and family business experience (Tuker 2009). There is a major difference in cultural values and the norms across the cultures which influence entrepreneurial activity within that country or region (Morris, 2005).Cultural values are the essential element to make sense about entrepreneurship which influences the behaviors of people in a society (Turker 2009). National culture impacts on entrepreneurial behavior through the cultural values which are the essential part of society (Kreiser et. al. 2010). As culture is the transformation of learned behavior in generation to generation through language and imitation. Culture includes patterns of values, ideas and symbolic features which shapes the human behavior and it is the process of distinguish of one group from another through system of values (Mueller 2000). Values and norms are the standard patterns of human behavior to control them which shapes the human cognition and motivational variables to guide choices, commitments and standards of behaviors. The system of values which shapes human mind specifies the group or society which motivate or shape individual may not prevail in other society as the difference in values (Mueller 2000). Culture is a scaffold through which an individual can shape their behavior as well as collectiveness in society; it is the source for creating exclusivity in business enterprise. It provides support to deal with those issues the enterprenurers confront on day to day basis (Lounsbury and Glynn, 2001). Moreover culture is the way of thinking and feeling of a “mental programming” in a patterned way which differ one person from other. Mental programming refers those ideas which are attached with the societal norms and values that pass through one generation to the next (Baughn and Neupert 2003). Social norms are the unrecorded rules of conduct of a group which impact the individual-level decision-making process. These are shared by others and prevail in society by their approval which maintain unwanted motivations and helps an individual in decision making process. Social norms help an individual in changing behavior according to environment (Meek et. al. 2010). Subjective norms have influence on entrepreneurial behavior due to unemployment and family commitment. Expectations of family and friends influence an individual for entrepreneurial behavior (Kennedy et. al. 2003). Family plays an essential role for economic activity for the creation of firms and their growth. Family represents the important part of culture and has the significant impact on the performance of its members. Moreover, family provides opportunities to its members to develop networking. Traditional families play important roles in business and society because of the stronger ties and relationships for the enhancement of business, for maintaining their position in society and to maintain their power as well (Steier 2004). Peer group is the main source for social interaction as well as to develop entrepreneurial intention. Entrepreneurship education provides various opportunities for students in social interactions with their teachers and peer groups which affect on the entrepreneurial learning process and provide a source for entrepreneurial intention. Through the interaction with peers, it influences the individual and develops new ideas and helping in to recognize new opportunities as well as opportunity creation. While sharing knowledge and creative ideas with peers become the source for initiation of entrepreneurial intention (Pihie 2009). Peers help in developing entrepreneurial knowledge and skills by sharing, learning and exchanging the information about entrepreneurship programs, events, and resources of learning when they participate in meetings and associations in and across the educational institutions. This provides opportunities for students to have social interactions with their peers from different backgrounds and entrepreneurs in various occasions (Pihie 2009). Entrepreneurial education has gain much importance worldwide through this, institutions have started new training and courses to influence students which enhances their economic lifestyle and a source of economic development of the country. Entrepreneurial education helps in entrepreneurial intention (Izedonmi et al. 2010) to create profits from business and it also provides confidence to the entrepreneur (Ahmed et al. 2010). Through entrepreneurial education university students have ability to equip themselves with entrepreneurial intention which helps them to meet the challenges of market needs and satisfy those needs. Those who have higher entrepreneurial efficacy are more interested to engage themselves in entrepreneurship (Pihie 2009). Entrepreneurship becomes the important tool for economic development of a country (Faltin 2001). It is the way of self-employment which is the alternative way to rout out of poverty (Bogan and Darity 2007). Entrepreneurship is to utilize the opportunities as well as the resources to receive socio-economic benefits (Thijssen and Vernooij 2007). Entrepreneurship is considered as starting owns business for freedom of activity, risk- taking and job creation. It is also considered as an organization with no boundary as well as no corporate sector. It is an important way of occupation in preference of independence and self-direction through the source of identity and flexible to adopt the situation for self-expression (Gelderen et. al. 2008). Start-up of new business has significant impact on social and economic growth and is the source of innovation. The functions, activities and actions associated with exploiting opportunities and form an organization has become a universal trait (Guerrero et. al. 2008). Entrepreneurship on one hand is a complex phenomenon but on the other hand it provides creative dimension to entrepreneurs. Entrepreneurship is the source of development as well as it interacts with social issues, identifying new technologies and understanding the market place (Faltin 2001). Entrepreneurial process has two components, (a) an event, it is the implementation of new ideas, product or services; (b) an agent, it is the person or an individual who carries out the process of an event with responsibility. The agent is the personal characteristic which differentiates the entrepreneur from non-entrepreneur. Personal characteristics have significant impact on entrepreneurial behavior such as age, gender, family and education (Guerrero et. al. 2008). Entrepreneurial intention is the way to create new firms within available resources. Entrepreneurial intention is based on cultural and environmental factors in which individual live. Young people are more prone to adopt entrepreneurship as career choice as it is the way for social and economic development and to meet the expectations and demands of the environment in which they live (Aghazamani and Roozikhah 2010). Entrepreneurs are those who have personality traits and intention to start a new business while innovation is a tool to enhance their business (Ahmed et al. 2010). A person is surrounded by social, economical and cultural factors which affects on the entrepreneurial intention and helps in enhancing self-confidence, risk-taking ability and innovation (Turker and Selcuk 2009). Decision to become entrepreneur based on ones’ personal attitude and the social pressure. Social values and beliefs concerning about entrepreneurship have an influence on the motivational background of intention (Linan 2008). Culture favorability has direct link to risk taking behavior of entrepreneurs in promotion of innovation and activity (Aghazamani and Roozikhah 2010). Culture is the transformation of learned behavior in generation to generation through language and imitation. Culture includes patterns of values, ideas and symbolic features which shapes the human behavior. Values and norms are the standard patterns of human behavior to control them which shape the human cognition and motivational variables to guide choices, commitments and standards of behaviors (Mueller 2000). Culture is the way of thinking and feeling of a “mental programming” in a patterned way which differ one person from other. Mental programmings are those ideas which are attached with the societal norms and values which pass through generation to generation. Values are the practices, including rituals, symbols and traditions. Societal values are comprised with the practices of norms, social stratification and educational system (Baughn and Neupert 2003). Culture shapes social and economic institution and also a source for development. Entrepreneurial intention is influenced by the socialization process, social networking and the environment while parental support, opinion and modeling having greater impact on entrepreneurial behavior (Linan et. al. 2009). Cultural values and the norms across the culture influences entrepreneurial activity within that country or region (Morris and Schindebutte 2005). National culture impacts on entrepreneurial behavior through the cultural values which are the essential part of society. Researchers show that there is a link between national culture and entrepreneurial activity and how culture impact on entrepreneurial behavior. Institutions are the key dimensions for entrepreneurship through risk taking, innovation and pro activeness. Individuals are more ambitious and willing to take risks and strong decision power to take immediate actions (Kreiser 2010). Social norms are the unwritten rules of conduct of a group which impact the individual-level decision-making process. These are shared by others and prevail in society by their approval which maintain unwanted motivations and helps an individual in decision making process. Social norms help an individual in changing behavior according to environment (Meek et. al. 2010). A person is surrounded by cultural, social, economical and cultural factors which affects on the entrepreneurial intention and helps in enhancing self-confidence, risk-taking ability and innovation. Education has significant affect on entrepreneurial intention (Turker and Selcuk 2009). Family as unit of socio-cultural activities provides plate form for initiating economic activity for the creation of firms and growth. Family represents the important part of culture and has the significant impact on the firm performance (Steier 2004). Family business has greater influence on entrepreneurial intention because family has a greater role in career choice. Family business has stronger awareness of its impacts on new generation who want to become entrepreneur. (Carr et. al. 2007) Peers and friends played an important part as role model. Peers have a greater role in influencing one’s decision to become entrepreneurs (Keat 2011).

**2.2 CONCEPT OF SOCIO-CULTURAL ENVIRONMENT**

Socio-cultural environment in broad terms consists of both the social system and the culture of a people. It refers primarily to man created intangible elements which affect people‟s behaviour, relationship, perception and way of life, and their survival and existence. In other words, the social-cultural environment consists all elements, conditions and influences which shape the personality of an individual and potentially affect his attitude, disposition, behaviour, decisions and activities. Such elements include beliefs, values, attitudes, habits, forms of behaviour and life styles of persons as developed from cultural, religious, educational and social conditioning, ( Bennett and Kassarjian, 1972; Adeleke et.al, 2003 ). These elements are learned and are shared by a society and transmitted from generation to generation within that society. Thus, social-cultural environment, in relation to entrepreneurship, can be defined as consisting of all the elements of the social system and culture of a people which positively or negatively affect and influence entrepreneurial emergence, behaviour and performance, and entrepreneurship development in general. All such elements which condition the values, thinking and action of an individual with respect to entrepreneurship comprise the social-cultural environment of entrepreneurship.

**2.3 SOCIAL FACTORS AND ENTREPRENEURIAL ACTIVITY**

Embedded ness and relational networks Understanding entrepreneurship as a social phenomenon allows us to draw on the well-developed more general literatures on social capital and social networks. The concept of social capital is arguably one of the most successful „exports‟ from sociology to the other social sciences (Portes, 2000). The origin of the term „social capital‟ is credited to Jacobs (1962) and Loury (1977) developed the individualistic and economic conception (Anderson and Jack, 2002; Anderson et al., 2007). Social capital is defined as the tangible and virtual resources that facilitate actors‟ attainment of goals and that accrue to actors through social structure (Portes, 1999). Given the central proposition that networks of relationships constitute a valuable resource (Nahapiet and Ghoshal, 1998), many of the insights of social capital theory relative to entrepreneurial activity can be found in the social network literature (Casson and Della Giusta, 2007). In general terms, social networks are defined by a set of actors (individuals and organizations) and a set of linkages between those actors (Brass, 1992). Social networks are the relationships through which one receives opportunities to use financial and human capital - relationships in which ownership is not solely the property of an individual, but is jointly held among the members of a network (Burt, 1992). Social networks are also a set of relationships that can define the perception of a community, whether a business community or a more general notion of community in society (Anderson and Jack, 2002). Thus, society, in the abstract sense, is a series of connected or „tied‟ nodes (Narayan and Pritchett, 1999). This broad conception of social networks and social capital implies that the dynamics of economic exchange are socially embedded (Granovetter, 1985; Portes and Sensenbrenner, 1993). As distinct from rational choice perspectives, the social embedded ness perspective emphasizes that, in embedded contexts, entrepreneurial agency, that is the ability to garner entrepreneurial ideas and the resources to develop them, is shaped by implicit norms and social mores. Thus, social capital is conceptualized as a set of resources embedded in relationships (Burt, 1992). This idea raises interesting questions revolving around the entrepreneurial applications of social capital, in particular, in relation to some less desirable consequences. For instance, the exploitation of social capital by any one person or entrepreneur, even within contextual rules, if any, implies both winners and losers (Anderson and Jack, 2002). Related to this idea, Portes and Landolt (2000) identified four negative consequences of social capital: exclusion of outsiders, excess claims on group members, restriction on individual freedoms and downward levelling of norms. As an example, these authors point out that the same strong ties that enable group members to obtain privileged access to resources bar others from securing the same assets. In a similar vein, the particularistic preferences granted to members of a clan or circle of friends are commonly at the expense of the universalistic rights of others. This phenomenon of unequal rights to entrepreneurial resources often frames the differences among ethnic entrepreneurial groups, or among entrepreneurs in different regions or countries (e.g. developing countries). This view of social capital is closely associated with the emphasis placed by Coleman (1993) on community structures as a mechanism of social control, which, in turn, is also linked with the predominant culture in a specific society. Within the field of entrepreneurship many studies have drawn on social network analysis to illustrate entrepreneurs‟ access to resources that are not possessed internally (Bowey and Easton, 2007; Casson and Della Giusta, 2007; Ostgaard and Birley, 1994). The underlying idea is that, although entrepreneurs usually hold some of the resources necessary to create a business (e.g. ideas, knowledge and competence to run the business), generally they also need complementary resources which they obtain through their contacts (e.g. information, financial capital, labour) to produce and deliver their goods or services (Aldrich and Zimmer, 1986; Cooper et al., 1995; Greve and Salaff, 2003; Hansen, 1995; Ribeiro-Soriano and Urbano, 2009; Teece, 1987). In the entrepreneurship network literature, three elements of network relations stand out as critical to theoretical and empirical research on the entrepreneurial process (Hoang and Antoncic, 2003; Johannisson, 1988, 1998): the nature of the content that is exchanged between actors (e.g. social capital and intangible resources, such as emotional support) (Bates, 1997; Light, 1984; Zimmer and Aldrich, 1987), the governance mechanisms in network relationships (e.g. trust between entrepreneurs and venturing partners) (Larson, 1992; Lorenzoni and Lipparini, 1999), and the network structure created by the crosscutting relationships between actors (e.g. the ability to use cohesion and structural holes to discover and develop entrepreneurial returns) (Burt, 1992; Hansen, 1995).

**2.4 CULTURAL FACTORS AND ENTREPRENEURIAL ACTIVITY**

Because societies are endowed by nature with different physical environments, members of society must adopt environmentally relevant patterns of behavior to achieve success. These environmentally relevant patterns of behavior lead to the formation of different cultural values in different societies, some of which influence the decision to create new businesses. Thus, culture, as distinct from political, social, technological or economic contexts, has relevance for economic behavior and entrepreneurship (Shane, 1993; Shapero and Sokol, 1982). One of the difficulties in examining the cultural affects and effects in relation to entrepreneurial activity is the lack of a precise and commonly understood definition of culture (McGrath et al,1992). Anthropologists suggest that culture is related to the ways in which societies‟ organize social behaviour and knowledge (Hall, 1973; Kroeber and Parsons, 1958). Cultural values are defined as the collective programming of the mind which distinguishes the members of one human group from another and their respective responses to their environments (Hofstede, 1980). Several studies have stressed the influence of cultural factors on entrepreneurship from different perspectives. Hayton et al. (2002), in their literature review, link culture and entrepreneurship to three broad streams of research. The first focuses on the impact of national culture on aggregate measures of entrepreneurship such as national innovative output or new businesses created. The second stream addresses the association between national culture and the characteristics of individual entrepreneurs. The third explores the impact of national culture on corporate entrepreneurship. Accordingly, when an individual creates a business in a specific cultural environment, this business reflects that cultural environment, for example characteristics such as strategic orientation and growth expectations for the business. Much of the research in entrepreneurship that considers cultural variables has followed Hofstede‟s (1980, 2001) seminal work showing how culture is manifested in various forms, and how cultural values at individual or societal levels are influenced by national culture. According to this view, cultural differences across societies can be reduced to four quantifiable dimensions:uncertainty avoidance, individualism, masculinity and power distance. The dimension of uncertainty avoidance represents preference for certainty and discomfort with unstructured or ambiguous situations. Individualism stands for a preference for acting in the interest of one‟s self and immediate family, as distinct from the dimension of collectivism, which stands for acting in the interest of a larger group in exchange for their loyalty and support. Power distance represents the acceptance of inequality in position and authority between people. Masculinity stands for a belief in materialism and decisiveness rather than service and intuition. Using Hofstede‟s (1980) concept of culture, researchers have in general hypothesized that entrepreneurship is facilitated by cultures that are high in individualism, low in uncertainty avoidance, low in power-distance and high in masculinity (Hayton et al., 2002). Anthropologists view entrepreneurship as well as other social processes as cultural processes (e.g. Greenfield and Strickon, 1986; Stewart, 1991). In particular, the important role of norms and traditions has been demonstrated, which, although they generally do not inhibit entrepreneurship, can do so. From an anthropology. perspective, attention to social and cultural factors related to the creation of a new business has provided interesting contributions to the understanding of entrepreneurship, especially through the study of social constraints (Garlick, 1971; Kennedy, 1988; Wiewel and Hunter, 1985) and collective approaches (e.g. family business, community-centred business, ethnic or organizational entrepreneurship) to business formation and growth (Benedict, 1968; Davis and Ward, 1990; Kleinberg, 1983; Parker, 1988, among others). In sum, central approaches to understanding the role of social and cultural factors revolve around the concepts of „networks‟ and „embeddedness‟ (Granovetter, 1985, 1992), and the research stream based on Hofstede‟s (1980, 2001) dimensional cultural framework. Although, in general the research has shown cultural variables to have an influence on entrepreneurship, cultural variables in many cases have been theorized and modeled as moderating of entrepreneurial outcomes (Hayton et al., 2002). This suggests that greater attention should be given to the interactions among cultural dimensions and the conception of culture that allows for greater complexity in relation to other characteristics of the environment. The effects of such cultural complexity are being explored by an eclectic group of economists and sociologists around the idea of how culture provides justifications for individuals‟ actions and results in economies of worth to us all collectively (Berger, 1991; Carsrud and Johnson, 1989). In contrast to the Parsonian conception of culture as a relatively monolithic force within a nation and Hofstadter‟s dimensions developed from data in the corporate setting, these scholars view culture as fragmented by institutional orders which may or may not align with national culture (Busenitz et al., 2000; DiMaggio, 1997). According to this view, the major domains of life and how they affect entrepreneurial behavior are conceptualized and measured within the context of distinct institutional orders - for example the family, the religions, the market, the professions, the state and the corporation (Thornton, 2004; Thornton and Ocasio, 2008). These institutional orders embody competing and conflicting sources of norms, values, legitimacy and justifications of worth that have consequences for supporting or discouraging entrepreneurial behavior. Elements of these institutional orders are potentially decomposable and transposable into new contexts. This modularity implies that culture, rather than being consistent in values, can be quite inconsistent, if not awkward in manifesting value clashes and role ambiguities that become particularly visible when elements are transposed from one institutional order to another. For example, the family and the market as institutional orders embody values that organize behavior and knowledge in quite different ways. Fried land and Alford (1991: 248) exemplify this argument with the simile that, „acting like one was selling a used car at the family dinner table would draw scorn while treating a used car salesman like a family member would lead to exploitation‟. This simile illustrates that individuals and organizations have the capacity to loosely couple and manipulate elements of culture - using them strategically as if they were a „tool kit‟ (Boltanski and Thevenot, 1991; DiMaggio, 1997; Swidler, 1986; Thornton, 2004). Scholars are beginning to use variants of this line of cultural theory in quantitative research that explains the intention to start a business in different cultures (Klyver and Thornton, 2010).

**2.5 SOCIO-CULTURAL THEORIES OF ENTREPRENEURIAL EMERGENCE**

Over the years, a number of theories have been used to explain the impact of socio-cultural environment on entrepreneurial emergence. The theories tried to explain the social and cultural characteristics which cause people to be or not to be entrepreneurs. The earliest theory on the influence of socio-cultural environment on entrepreneurship was that of Max Weber, a German sociologist. In his theory, Weber explained that society plays a big role in developing entrepreneurs. This is because the individual draws his values from the social values, mores and institutional framework within which he lives (Van de Ven, 1993). He argues that culture has great impact on the attitude and behaviour of individuals and their disposition to life. And indeed, whether or not an individual would develop and become entrepreneur would depend on his disposition and value orientation. He cited religion as an element of culture which directly influence the behaviour of individuals towards being entrepreneurs. Such religious characteristics as hard work, thrift and an ascetic life of self denial are all prescription for entrepreneurship. Essentially, the point of Weber‟s theory is that the socio-cultural systems in which individuals live provide a set of values from which personal values and thinking pattern of people are based, and these in turn influence the decision by individuals positively or negatively towards entrepreneurship, i.e. whether or not to be entrepreneurs. Fundamentally, social systems and culture affect the development of entrepreneurial spirit and motivation by exhibiting values that either enhance or inhibit entrepreneurship behaviour and drive amongst people. Since the theory of Max Weber, the analysis of entrepreneurial emergence has attracted a great deal of theorizing among scholars trying to identify and explain the foundation on which entrepreneurs emerge. The general opinion is that emergence of entrepreneurs is a function of a number of motivational factors or conditions. However, there is a divided thought among scholars regarding these factors. Before now, the literature was dominated by the view that individuals who emerge as entrepreneurs are frequently individuals of a poor background, mostly with low level of education, but with a „burning‟ desire for upward social mobility and recognition. Although this view seems outdated and incorrect but it makes a lot of meaning with regards to influence of social conditions in the making of an entrepreneur.

**2.6 FAMILY ORIENTATION THEORY**

The theory posits that factors such as family background and orientation are sources for entrepreneurial characteristics and the emergence of entrepreneurs. The theory emphasized the role of the family in developing the entrepreneurial character. It is believed that the home atmosphere and values of an entrepreneurial family can provide a great deal of nurturing and support for development of entrepreneurial personality or character (Kuratko 1989). This is so because the family background of an individual is a strong influence on his values and character and therefore serves as a strong source of influence whether he would be an entrepreneur or not. “This reasoning promotes the belief that certain traits established and supported early in life will lead eventually to entrepreneurial emergence and success (Kuratko and Hodgetts, 1998).

**2.7** **INTEGRATING SOCIAL AND CULTURAL FACTORS AND ENTREPRENEURIAL ACTIVITY**

This literature review reinforces the view that the problem of integrating analyses of the social and cultural factors that affect entrepreneurship is challenging. A growing number of scholars are developing institutional approaches to explain various topics of entrepreneurship and SMEs (Aidis, 2005; Anderson, 2000; Busenitz et al., 2000; Djankov et al., 2002; Hardy and McGuire, 2008; Kalantaridis, 2007; Lerner and Haber, 2001; North et al., 2001; Pugh and Dehesh, 2001; Stephen et al., 2009; Urbano, 2006; Wai-Chung, 2002; Welter, 2005). Because institutions are constituted by culture and social relations, and because human, social and cultural capital are often antecedents to acquiring financial capital and other resources needed to start a business, an institutional approach with its broad metatheory holds out the promise of developing future entrepreneurship research. Various theories and methods of institutional analysis are used in the different branches of the social sciences for example, in sociology, political science and economics (Scott, 2008). There is considerable variance in the definition of an institution, and in the analytical methods used by scholars to study institutions and their effects. At the baseline, we define institutions as establishing a stable structure for human interaction. Scott (2008: 33) suggests that institutions consist of cognitive, normative and regulative structures and activities that provide stability and meaning in social behavior. Institutions are the rules of the game in a society that function as constraints and opportunities shaping human interaction (North, 1990: 3). Applied to the field of entrepreneurship, institutions represent the set of rules that articulate and organize the economic, social and political interactions between individuals and social groups, with consequences for business activity and economic development (Díaz et al., 2005; Veciana and Urbano, 2008). According to North (1990), institutions can be formal, such as political and economic rules and contracts, or informal, such as codes of conduct, conventions, attitudes, values and norms of behaviour. Formal institutions are subordinate to informal institutions in the sense that they are the deliberate means used to structure the interactions of a society in line with the norms and values that make up its informal institutions. North‟s definition implies that policy-making which attempts to change the formal institutions of society without measures to adjust the informal institutions in compatible ways will have marginal success. For example, difficulties arise when a governing body can influence the evolution of society‟s formal institutions in a direct way, yet the less tangible informal institutions remain unaltered outside the direct influence of public policy. While informal institutions can be shaped, they are likely to resist change and take time to evolve towards new social norms. For example, „radically different‟ performance of economies can exist over long periods of time as a result of the embedded character of informal institutions (North, 1990, 2005) Sociologists (DiMaggio, 1988; Scott, 2008; Thornton, 1999) extend this economic view of the distinction between formal and informal institutions arguing that the gap or lag between formal and informal institutions, potentially generated by corporate and public policy-makers, can give rise to an unintended consequence. In the sociologist‟s parlance (Thornton, 1999), this is a „loose coupling‟ effect caused when individuals and organizations decouple elements of culture or layers of organizational structure to avoid the conflict that such an incompatibility may present. Such decoupling, for the „institutional entrepreneur‟, can be the genesis for new combinations of institutional and organizational parts from the entrepreneurial landscape (DiMaggio, 1988; Meyer and Rowan, 1977). Hence, both formal and informal institutions can legitimize and delegitimize business activity as a socially valued or attractive activity - and promote and constrain the entrepreneurial spirit (Aidis et al., 2008; Veciana and Urbano, 2008; Welter, 2005). In summary, the different varieties of institutional approaches provide an overall meta-theoretical framework for integrating an under-standing of the contributions of the socio-cultural factors in entrepreneurship research.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

* 1. **Research design**

The researcher used descriptive research survey design in building up this project work the choice of this research design was considered appropriate because of its advantages of identifying attributes of a large population from a group of individuals. The design was suitable for the study as the study sought to ascertain the impact of cultural factors of entrepreneurial performance in selected private firms

* 1. **Sources of data collection**

Data were collected from two main sources namely:

(i)Primary source and

(ii)Secondary source

**Primary source:**

These are materials of statistical investigation which were collected by the research for a particular purpose. They can be obtained through a survey, observation questionnaire or as experiment; the researcher has adopted the questionnaire method for this study.

**Secondary source:**

These are data from textbook Journal handset etc. they arise as byproducts of the same other purposes. Example administration, various other unpublished works and write ups were also used.

* 1. **Population of the study**

Population of a study is a group of persons or aggregate items, things the researcher is interested in getting information on the study the impact of cultural factors on entrepreneurial performance in selected private firms in Rivers state, 200 staff of selected private firms in Port Harcourt metropolis was randomly selected by the researcher as the population of the study.

* 1. **Sample and sampling procedure**

Sample is the set people or items which constitute part of a given population sampling. Due to large size of the target population, the researcher used the Taro Yamani formula to arrive at the sample population of the study.

n= N

1+N(e)2

n= 200

1+200(0.05)2

= 200

1+200(0.0025)

= 200 200

1+0.5 = 1.5 = 133.

**3.5 Instrument for data collection**

The major research instrument used is the questionnaires. This was appropriately moderated. They staff were administered with the questionnaires to complete, with or without disclosing their identities. The questionnaire was designed to obtain sufficient and relevant information from the respondents. The primary data contained information extracted from the questionnaires in which the respondents were required to give specific answer to a question by ticking in front of an appropriate answer and administered the same on staff of the organizations. The questionnaires contained about 16 structured questions which were divided into sections A and B.

* 1. **Validation of the research instrument**

The questionnaire used as the research instrument was subjected to face its validation. This research instrument (questionnaire) adopted was adequately checked and validated by the supervisor his contributions and corrections were included into the final draft of the research instrument used.

* 1. **Method of data analysis**

The data collected was not an end in itself but it served as a means to an end. The end being the use of the required data to understand the various situations it is with a view to making valuable recommendations and contributions. To this end, the data collected has to be analysis for any meaningful interpretation to come out with some results. It is for this reason that the following methods were adopted in the research project for the analysis of the data collected. For a comprehensive analysis of data collected, emphasis was laid on the use of absolute numbers frequencies of responses and percentages. Answers to the research questions were provided through the comparison of the percentage of workers response to each statement in the questionnaire related to any specified question being considered.

Frequency in this study refers to the arrangement of responses in order of magnitude or occurrence while percentage refers to the arrangements of the responses in order of their proportion.

The simple percentage method is believed to be straight forward easy to interpret and understand method.

The researcher therefore chooses the simple percentage as the method to use.

The formula for percentage is shown as.

% = f/N x 100/1

Where f = frequency of respondents response

N = Total Number of response of the sample

100 = Consistency in the percentage of respondents for each item contained in questions.

**CHAPTER FOUR**

**PRESENTATION ANALYSIS INTERPRETATION OF DATA**

**4.1 Introduction**

Efforts will be made at this stage to present, analyze and interpret the data collected during the field survey. This presentation will be based on the responses from the completed questionnaires. The result of this exercise will be summarized in tabular forms for easy references and analysis. It will also show answers to questions relating to the research questions for this research study. The researcher employed simple percentage in the analysis.

**DATA ANALYSIS**

The data collected from the respondents were analyzed in tabular form with simple percentage for easy understanding.

A total of 133(one hundred and thirty three) questionnaires were distributed and 133 questionnaires were returned.

Question 1

Gender distribution of the respondents.

TABLE I

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Gender distribution of the respondents** | | | | | |
| Response | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Male | 77 | 57.9 | 57.9 | 57.9 |
| Female | 56 | 42.1 | 42.1 | 100.0 |
| Total | 133 | 100.0 | 100.0 |  |

From the above table it shows that 57.9% of the respondents were male while 42.1% of the respondents were female.

Question 2

The positions held by respondents

TABLE II

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **The positions held by respondents** | | | | | |
| Response | | Frequency | Percent | Valid Percent | Cumulative Percent |
| **Valid** | Managers | 37 | 27.8 | 27.8 | 27.8 |
| Entrepreneurs | 50 | 37.6 | 37.6 | 65.4 |
| Junior staff | 23 | 17.3 | 17.3 | 82.7 |
| Senior staff | 23 | 17.3 | 17.3 | 100.0 |
| Total | 133 | 100.0 | 100.0 |  |

The above tables shown that 37 respondents which represents 27.8% of the respondents are managers, 50 respondents which represents 37.6 % are entrepreneurs, 23 respondents which represents 17. 3% of the respondents are junior staff, while 23 respondents which represents 17.3% of the respondents are senior staff.

**TEST OF HYPOTHESES ONE**

There is no significant relationship between Norms and the productivity of some selected private firms in Port Harcourt

|  |  |  |  |
| --- | --- | --- | --- |
| **There is no significant relationship between Norms and the productivity of some selected private firms in Port Harcourt** | | | |
|  | | | |
| Response | Observed N | Expected N | Residual |
| Agreed | 40 | 33.3 | 6.8 |
| strongly agreed | 50 | 33.3 | 16.8 |
| Disagreed | 26 | 33.3 | -7.3 |
| strongly disagreed | 17 | 33.3 | -16.3 |
| Total | 133 |  |  |

|  |  |
| --- | --- |
| **Test Statistics** | |
|  | There is no significant relationship between teacher quality and student academic achievement |
| Chi-Square | 19.331a |
| Df | 3 |
| Asymp. Sig. | .000 |
| a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 33.3. | |

Decision rule:

There researcher therefore reject the null hypothesis which states that There is no significant relationship between Norms and the productivity of some selected private firms in Port Harcourt as the calculated value is 19.331 is greater than the critical value of 5.332

Therefore the researcher accepted the alternate hypothesis which states that There is a significant relationship between Norms and the productivity of some selected private firms in Port Harcourt.

**TEST OF HYPOTHESIS TWO**

There is no significant relationship between belief system and the productivity of some selected private firms in Port Harcourt.

**Table IV**

|  |  |  |  |
| --- | --- | --- | --- |
| **There is no significant relationship between belief system and the productivity of some selected private firms in Port Harcourt.** | | | |
| Response | Observed N | Expected N | Residual |
| Agreed | 40 | 33.3 | 6.8 |
| strongly agreed | 50 | 33.3 | 16.8 |
| Disagreed | 26 | 33.3 | -7.3 |
| strongly disagreed | 17 | 33.3 | -16.3 |
| Total | 133 |  |  |

|  |  |
| --- | --- |
| **Test Statistics** | |
|  | There is no significant relationship between belief system and the productivity of some selected private firms in Port Harcourt.  . |
| Chi-Square | 19.331a |
| Df | 3 |
| Asymp. Sig. | .000 |
| a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 33.3. | |

Decision rule:

There researcher therefore reject the null hypothesis which states that there is no significant relationship between belief system and the productivity of some selected private firms in Port Harcourt as the calculated value of 28.211 is greater than the critical value of 5.99

Therefore the alternate hypothesis is accepted which states that there is a significant relationship between belief system and the productivity of some selected private firms in Port Harcourt

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 Introduction**

It is important to ascertain that the objective of this study was to ascertain the impact of cultural factors on entrepreneurial performance of selected private firms in port Harcourt metropolis.

In the preceding chapter, the relevant data collected for this study were presented, critically analyzed and appropriate interpretation given. In this chapter, certain recommendations made which in the opinion of the researcher will be of benefits in addressing the challenges of cultural factors and entrepreneurial performance in Nigeria.

* 1. **Summary**

The study investigated the role played by the Socio-cultural Business Environment in nurturing and building Entrepreneurial Intention especially in the young people using related past literature. A clear evidence has been established which insinuates that Education, Religion and Family background have a key role in developing Entrepreneurial Intention. Thus, for purpose of boosting supply of entrepreneurs, these factors should be given adequate attention and included in the framework due to the vital role they have been found to play. However, an empirical research is suggested to be carried out in order to concretize the findings of this work by establishing empirical evidence on how each of the factors aids Entrepreneurial Intention

* 1. **Conclusion**

The study discovered primarily that socio-cultural factors can influence both positively and negatively entrepreneurial emergence in a society. The references in the analysis confirm opinions in the theories of entrepreneurial emergence which are rooted in the theory of social behavior. It also focuses on values and occurrences that the behavior and the individual decision process is being influenced and motivated by socio cultural aspects. The lifestyles including social and economic conditions are also influenced as indicated in the study. An individual person with his distinct characteristics influences the society as well. The socio cultural environment has all its dynamics to influence the environment as well as individual values which directly influence his decisions and actions in all endeavors. The study reveals the impact of socio-cultural environment on entrepreneurship poses a challenge about the need for the Bangladeshi society to have new values and orientation favorable to entrepreneurship and emergence of entrepreneurs. Day by day new challenges are emerging and the society is fighting to accept and convert it into a facility. The Bangladeshi socio-cultural system should be reengineering its societal values be undertaken to get people out of the traditional ties, negative attitudes and behavioral pattern, to develop a new set of positive values that attract and facilitate entrepreneurial emergence. It will give the society an option to convert challenges into opportunities.

* 1. **Recommendations**

Since the employment opportunities are decreasing day by day in government sector, Government should help the people in establishing small and medium entrepreneurial ventures by providing loans to the young graduates. This can contribute positively to engage people in business related activities at all level. Government should make flexible policies to attract young graduates to be an entrepreneur to develop their socio-economic status. Jobian families must involve in entrepreneurship. Peer should share their knowledge with one another. Elders of the families, who have already been doing family business, must disseminate business ideas among other members of the family through socialization and informal education.

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