Article

International Small Business Journal
29(2) 105–118
© The Author(s) 2011
Reprints and permission: sagepub.co.uk/journalsPermissions.nav
DOI: 10.1177/0266242610391930
isb.sagepub.com

# Socio-cultural factors and entrepreneurial activity: An overview

**Patricia H. Thornton**
Duke University, USA

**Domingo Ribeiro-Soriano**
University of Valencia, Spain

**David Urbano**
Autonomous University of Barcelona, Spain

**Abstract**
Scholars who study entrepreneurship have lent great value by exploring the factors that explain how entrepreneurs create new businesses and thus, how societies and economies grow and prosper. Although there has considerable research based on psychological and economic approaches to entrepreneurship, the influence of socio-cultural factors on enterprise development remains under studied. Therefore, the aim of this paper is to integrate, from a theoretical perspective, the socio-cultural factors and entrepreneurial activity. In this sense, the article points out that the institutional approach could be an apt framework to develop future research analyzing the socio-cultural factors that influence the decisions to create new businesses. Also, a brief overview of the content of each of the papers included in this special issue is presented.

**Keywords**
cultural factors, entrepreneurial activity, institutional economics, social factors, social networks

## Introduction

Entrepreneurial activity is a vital source of innovation, employment and economic growth (Birch, 1979; Carree and Thurik, 2003; Parker, 2004; Storey, 1994; van Stel et al., 2005; Wennekers and Thurik, 1999, among others). Scholars who study entrepreneurship have lent great value by continuing to explore the factors that explain how entrepreneurs best create new business and

**Corresponding author:**
David Urbano, Business Economics Department, Autonomous University of Barcelona, Building B, 08193, Bellaterra (Barcelona), Spain
Email: david.urbano@uab.es

thus, how societies and economies grow and prosper. With the entrepreneurial turn of the 1990s, during which universities invested in building high-quality faculties to teach and research entrepreneurship and governments increasingly viewed entrepreneurship as a solution to many social and economic problems, there has been considerable growth in new research from psychological and economic points of view. In spite of this growth in the literature and the salience of entrepreneurship in public policy, the influence of social and cultural factors on enterprise development remains understudied.

This special issue is dedicated to examining the social and cultural factors involved in entrepreneurial activity. Scholars have long pointed out the importance of socio-cultural factors in the decision to create new businesses, arguing that entrepreneurship is embedded in a social context (Aldrich and Zimmer, 1986). However, our review of the literature reveals that it is personal and economic factors that have received the lion's share of attention with a focus upon either individual entrepreneurial behaviour or the activity of new entrepreneurial firms. Such studies of individual entrepreneurial behaviour generally refer to the individual pursuit of new economic endeavours, ranging from self-employment to the creation of substantial organizations (Carsrud and Johnson, 1989; Collins et al., 1964; McClelland, 1961). Other studies have typically focused on the economic approach of entrepreneurship (Audretsch and Keilbach, 2004; Audretsch and Thurik, 2001; Parker, 2004; Wennekers et al., 2005).

Nonetheless, scholars continue to argue that entrepreneurial variations are better understood by considering the social environment in which the firm is created, because, in addition to economic activity, entrepreneurship is a social phenomenon (Berger, 1991; Shapero and Sokol, 1982; Steyaert, 2007). While the economic conditions may explain some of the variation, any convincing explanation must take account of the social and cultural aspects of entrepreneurial activity (Drakopoulou Dodd and Anderson, 2007).

Both entrepreneurship practitioners and public policy-makers have shown a growing interest in the contextual factors in which entrepreneurial activities take place. For example, international organizations such as the Organisation for Economic Co-operation and Development (OECD) and European Union (EU) are focusing on the environmental drivers of entrepreneurship, especially the social and cultural factors that influence the individual career choice to be an entrepreneur and to create a new business (European Commission, 2004, 2006; OECD, 1998, 2000).

The articles in this special issue both challenge and exploit established theory and empirical research in entrepreneurship, and define and explore new areas of entrepreneurship research. These papers use multiple methods, both qualitative and quantitative, and engage international comparisons of different national and cultural contexts, including Denmark, Spain, China, Singapore and the United States. As thick descriptions, two of the articles define and explore new terrain in the domains of social and transnational entrepreneurship. Two additional articles suggest new variants and applications of established social capital theory. By presenting non-intuitive empirical and confirmatory analyses these articles pave the way for new orienting strategies in entrepreneurship research.

More generally, the idea that individuals and organizations affect and are affected by their social context is not new. It is a seminal argument in both classic and contemporary sociology, and the argument has been applied to the study of entrepreneurship at different levels of analysis (Thornton, 1999). Let us not forget that Weber's (1930) classic thesis was multi-level – that culture legitimated individualism, which led to economic development. Since it was first stated, Weber's argument continues to be tested, using various operationalizations of culture, by psychologists (McClelland, 1961), sociologists (Collins, 1997; Delacroix and Nielsen, 2001) and, more recently, by economists (Becker and Woessmann, 2007).

However, identifying and measuring how social and cultural contexts affect individual behaviour is undoubtedly a challenge. Reynolds (1991) for example, suggested that the starting point should be to consider how each person participates in a variety of face-to-face or interpersonal groups for the major domains of life: family, work, political, religious, leisure or recreational, neighbourhood and so forth. In a similar vein, it has been found that entrepreneurs have a wide range of casual contacts (Aldrich and Zimmer, 1986; Birley, 1985), suggesting that a variety of trusted social linkages is an important prerequisite to developing an entrepreneurial idea (Shane, 2000), the decision 'to be an entrepreneur' (Reynolds, 1991), and for garnering the resources to start a new business (Shane and Cable, 2002).

Therefore, the aim of this paper is to integrate, from a theoretical perspective, the socio-cultural factors and entrepreneurial activity. In this sense, the article points out that the institutional approach could be an apt framework to develop future research analyzing the socio-cultural factors that influence the decisions to create new businesses. Also, a brief overview of the content of each of the papers included in this special issue is presented.

## Social factors and entrepreneurial activity: Embeddedness 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 embeddedness 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 frame 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).

## Cultural factors and entrepreneurial activity

Because societies are endowed by nature with different physical environments, members of society must adopt environmentally relevant patterns of behaviour to achieve success. These environmentally relevant patterns of behaviour 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 behaviour 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 Hofstede'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 behaviour 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 behaviour.

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 behaviour and knowledge in quite different ways. Friedland 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).

## Integrating social and cultural factors and entrepreneurial activity: An institutional perspective

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 meta-theory 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 understanding of the contributions of the socio-cultural factors in entrepreneurship research, as well as suggesting avenues for future research.

## The content of the special issue

This special issue contains four articles by scholars from several countries and universities. In the first article, Urbano, Toledano and Ribeiro-Soriano bring to light the importance of socio-cultural factors as informal institutions in their culturally comparative study of the emergent field of transnational entrepreneurship. In exploring the factors that affect the emergence and development of transnational entrepreneurship, they examine – using a qualitative approach and case studies – four different ethnic groups in Catalonia, a region in north-east Spain. Their comparative research design reveals analytical accounts of four ethnic groups – Ecuadoreans from Latin America, Moroccans from North Africa, Chinese from Asia and Romanians from Eastern Europe.

Combining entrepreneurship, ethnic and transnational entrepreneurship literatures with institutional economics as their analytic framework, the authors find that, while role models and immigrants’ entrepreneurial attitudes and values play an important role in the emergence of transnational entrepreneurial activity, it is the immigrants’ social networks and their perceptions of the host society’s culture as providing entrepreneurial opportunities that are the most crucial factors in facilitating the development of transnational entrepreneurial activities.

In the second article, Korsgaard and Anderson study the emergence and development of a natural social and economic experiment – the media-popularized sustainable settlement of Friland in rural Denmark. This settlement, started in 2002, involves more than 70 people and the construction of 23 houses. As in the Urbano et al. study, the authors show that, far beyond simple economic decision making, it was the social conditions of entrepreneurs combined with the social nature of entrepreneurial opportunities that affected the entrepreneurial process. The study is novel in that the authors show how to employ the case study method as an analytical tool to ‘plot’ coordinates and theorize the social outcomes of the entrepreneurial process on both a horizontal and vertical level of analysis. The authors examine the enactment of a very socialized opportunity for how actors explore the various roles played out in entrepreneurial growth. The case illustrates the interplay of social, cultural, political and economic actors and factors. Social value is created in multiple forms at different centres and on different levels: from individual self-realization through community development to broad societal impact. Complex interrelations are also found between the different levels and centres. Horizontally, different 'types' of social value were created; and in a vertical sense different centres of value creation spread across different levels – from individual to societal. Thus, the authors use the case to illustrate how entrepreneurship is as much a social as an economic phenomenon.

Because social capital is widely assumed to be a pivotal asset affecting the probability of funding for new ventures and their longer-term success, the concept has attracted the attention of policy-makers who aim to promote new business venturing as a strategy to improve economic performance among their constituencies. One instrument in the arsenal of both educators and policy-makers is assisting individuals to build their social capital by forging links between inventors, potential entrepreneurs, venture capitalists and other related key actors who control start-up resources.

The third article, by Audretsch, Aldridge and Sanders, provides the first systematic empirical assessment of the outcome of an innovation accelerator–social networking event at the Stanford University Emerging Entrepreneurship Conference, held in Palo Alto, California. Even in the heart of the resource-rich Silicon Valley, this event was specifically staged to build the social capital of individuals who did not perceive themselves as having adequate access to entrepreneurial resources. The authors ingeniously tracked conference participants subsequent to their participation in the event to determine the impact that the networking event had in helping them to establish new ventures. The study collected data to examine both the effectiveness of this type of social capital building event and to discern empirically the most critical elements in the social context that helped or hindered new venturing. Overall, the findings revealed that the event did facilitate entrepreneurship and innovation by those who participated. However, the broader message from the study is that, because entrepreneurs require help to mobilize social capital even in resource-rich places like Silicon Valley and Stanford University, such help is needed elsewhere.

However, it is not just building networks that is important, it is also how they are built that counts in terms of the value of an entrepreneur's social capital and the capacity of their relationships to manifest strategic resources – whether it be finding a job (Granovetter, 1985) or discovering and maximizing value on an entrepreneurial idea (Burt, 2004). Surprisingly, the prolific network research is inattentive to the many peculiarities of the start-up environment. That is, job searches and the manipulation of information in a corporation are not one and the same as garnering resources in the start-up community. For example, contrary to Burt's (1992) argument that structural holes maximize entrepreneurial returns, investors and resource providers at the seed stage mitigate risk by developing cohesion in their networks, not structural holes. This argument stems from the empirical observation that, because the quality of the management team is often the largest risk factor in a start-up, it follows that network cohesion, which signifies personal trust and reputation, is the structure more likely to provide higher entrepreneurial returns. Thus, the contingent value of different network structures in the start-up context – that is, under what conditions it is better for the entrepreneur to have cohesion or structural holes in their networks – represents important unexplored areas in which to elaborate and apply existing network theory to entrepreneurship scholarship.

In the fourth article, Zhang, Soh and Wong do just that in their study of direct ties, prior knowledge and entrepreneurial resource acquisition in China and Singapore. They introduce prior knowledge of resource owners as an inverse measure of information asymmetry and investigate the contingent effect of prior knowledge and tie strength between entrepreneurs and resource owners on the likelihood of entrepreneurial resource acquisition. Using data from 378 high-tech ventures located in Beijing, China and Singapore, their analysis shows that strong ties are more salient than weak ties in entrepreneurs' resource acquisition, and this importance grows when resource owners have less prior knowledge to offset problems of information asymmetry. Similar network effects are found in both China and Singapore. The insignificant country difference suggests that the social network culture of start-up communities is universal. To reduce the problem of uncertainty and information asymmetry, start-up communities must function on relatively closed networks rather than market contracts. The significant effect of tie strength in both Beijing and Singapore start-up communities, and the anecdotal evidence from their interviews, demonstrate that, to the extent that social networks are useful information channels, entrepreneurs are more likely to turn to interpersonal ties for seeking contacts or acquiring resources. Combined, both the Audretsch, Aldridge and Sanders, and the Zhang, Soh and Wong studies reveal the importance of both formal and informal institutions and organizations in understanding the contingent value of social capital to entrepreneurial activity.

## Concluding remarks

The popular perception of entrepreneurship is of a heroic individual or an economically successful firm (Cole, 1959; Collins et al., 1964; Schumpeter, 1934). However, this fundamental attribution error continues to erode in the face of increasing evidence showing that individuals and entrepreneurship are socially embedded in network structures (Aldrich and Zimmer, 1986; Casson and Della Giusta, 2007; Johannisson, 1988) which are situated within a specific cultural context (Hofstede, 2001). Because the scope of the institutional perspective considers both the cultural and the social relational, it could be an apt framework to analyse the social and cultural factors that influence the decisions to create new businesses. The articles in this special issue illustrate this perspective.

### Funding

David Urbano acknowledges the financial support from the Projects ECO2010-16760 (Spanish Ministry of Science and Innovation) and 2005SGR00858 (Catalan Government Department for Universities, Research and Information Society).

### References

Aidis R (2005) Institutional barriers to small-and medium-sized enterprise operations in transition countries. *Small Business Economics* 25(4): 305–318.
Aidis R, Estrin S and Mickiewicz T (2008) Institutions and entrepreneurship development in Russia: A comparative perspective. *Journal of Business Venturing* 23(6): 656–672.
Aldrich HE and Zimmer C (1986) Entrepreneurship through social networks. In: Sexton D and Smilor R (eds) *The Art and Science of Entrepreneurship*. New York: Ballinger, 3–23.
Anderson A (2000) Paradox in the periphery: An entrepreneur reconstruction? *Entrepreneurship & Regional Development* 12(2): 91–109.
Anderson A, Park J and Jack S (2007) Entrepreneurial social capital: Conceptualizing social capital in new high-tech firms. *International Small Business Journal* 25(3): 245–272.
Anderson AR and Jack SL (2002) The articulation of social capital in entrepreneurial networks: A glue or a lubricant? *Entrepreneurship & Regional Development* 14: 193–210.
Audretsch DB and Keilbach M (2004) Does entrepreneurship capital matter? *Entrepreneurship Theory and Practice* 28(5): 419–429.
Audretsch DB and Thurik R (2001) What's new about the New Economy? Sources of growth in the managed and entrepreneurial economies. *Industrial and Corporate Change* 10(1): 267–315.

Bates T (1997) *Race, Self-Employment, and Upward Mobility*. Washington, DC: Woodrow Wilson Center Press.

Becker S and Woessmann L (2007) *Was Weber Wrong? A Human Capital Theory of Protestant Economic History*. CESifo Working Paper No. 1987. Munich: CESifo.

Benedict B (1968) Family firms and economic development. *Southwestern Journal of Anthropology* 24: 1–19.

Berger B (1991) *The Culture of Entrepreneurship*. San Francisco: ICS Press.

Birch D (1979) *The Job Generation Process*. Cambridge, MA: MIT Program on Reiohanl and Neighborhood Change.

Birley S (1985) The role of networks in the entrepreneurial process. *Journal of Business Venturing* 1(1): 107–117.

Boltanski L and Thevenot L (1991) *On Justification: Economies of Worth*. Princeton, NJ: Princeton University Press.

Bowey JL and Easton G (2007) Entrepreneurial social capital unplugged. *International Small Business Journal* 25(3): 273–306.

Brass DJ (1992) Power in organizations: A social network perspective. *Research in Political Sociology* 4: 295–323.

Burt RS (1992) *Structural Holes*. Cambridge, MA: Harvard University Press.

Burt RS (2004) Structural holes and good ideas. *American Journal of Sociology* 110: 349–399.

Busenitz LW, Gomez C and Spencer JW (2000) Country institutional profiles: Unlocking entrepreneurial phenomena. *Academy of Management Journal* 43(5): 994–1003.

Carree M and Thurik R (2003) The impact of entrepreneurship on economic growth. In Audretsch DB and Acs ZJ (eds) *Handbook of Entrepreneurship Research*. Boston/Dordrecht: Kluwer Academic Publishers, 437–471.

Carsrud AL and Johnson RW (1989) Entrepreneurship: A social psychological perspective. *Entrepreneurship & Regional Development* 1: 21–31.

Casson M and Della Giusta M (2007) Entrepreneurship and social capital: Analysing the impact of social networks on entrepreneurial activity from a rational action perspective. *International Small Business Journal* 25(3): 220–244.

Cole A (1959) *Business Enterprise in its Social Setting*, Cambridge, MA: Harvard University Press.

Coleman JS (1993) The rational reconstruction of society (1992 Presidential Address). *American Sociological Review* 58: 1–15.

Collins OF, Moore DG and Unwalla DB (1964) *The Enterprising Man*. East Lansing: Michigan State University Business Studies.

Collins R (1997) An Asian route to capitalism: Religious economy and the origins of self-transforming growth in Japan. *American Sociological Review* 62: 843–865.

Collins OF, Moore DG and Unwalla DB (1964) *The Enterprising Man*. East Lansing, Michigan State University Business Studies.

Cooper AC, Folta TB and Woo C (1995) Entrepreneurial information search. *Journal of Business Venturing* 10(2): 107–120.

Davis DR and Ward MD (1990) The entrepreneurial state: Evidence from Taiwan. *Comparative Political Studies* 23: 314–333.

Delacroix J and Nielsen F (2001) The beloved myth: Protestantism and the rise of industrial capitalism in nineteenth-century Europe. *Social Forces* 80(2): 509–553.

Díaz C, Urbano D and Hernández R (2005) Teoría económica institucional y creación de empresas. *Investigaciones Europeas de Dirección y Economía de la Empresa* 11(3): 209–230.

DiMaggio P (1988) Interest and agency in institutional theory. In: Zucker LG (ed.) *Institutionalized Patterns and Organizations: Culture and Environment*. Cambridge, MA: Ballinger, 3–21.

DiMaggio P (1997) Culture and cognition. *Annual Review of Sociology* 23: 263–287.

Djankov S, La Porta R, Lopez-de-Silanes F and Shleifer A (2002) The regulation of entry. *Quarterly Journal of Economics* 67: 1–37.

Drakopoulou Dodd SD and Anderson AR (2007) Mumpsimus and the mything of the individualist entrepreneur. *International Small Business Journal* 25(4): 341–360.

European Commission (2004) *Action Plan: The European Agenda for Entrepreneurship*. Brussels: Commission of the European Communities.

European Commission (2006) *Entrepreneurship Education in Europe: Fostering Entrepreneurial Mindsets through Education and Learning*. Oslo: Commission of the European Communities.

Friedland R and Alford R (1991) Bringing society back in: Symbols, practices and institutional contradictions. In: Powell W and DiMaggio P (eds) *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press, 232–263.

Garlick PC (1971) *African Traders and Economic Development in Ghana.* London: Oxford University Press.

Gartner WT (1989) Who is an entrepreneur? Is the wrong question. *Entrepreneurship Theory and Practice* 13(4): 47–68.

Granovetter MS (1985) Economic action and social structure: The problem of embeddedness. *American Journal of Sociology* 91(3): 481–510.

Granovetter MS (1992) Problems of explanation in economic sociology. In: Nohria N and Eccles R (eds) *Networks and Organizations: Structure, Form and Action*. Cambridge, MA: Harvard Business School Press.

Greenfield SM and Strickon A (1986) *Introduction.* In: Greenfield SM and Strickon A (eds) *Entrepreneurship and Social Change*. Lanham, MD: University Press of America, 4–18.

Greve A and Salaff JW (2003) Social networks and entrepreneurship. *Entrepreneurship Theory and Practice* 28(1): 1–20.

Hall ET (1973) *The Silent Language*. New York: Anchor.

Hansen EL (1995) Entrepreneurial networks and new organization growth. *Entrepreneurship Theory and Practice* 19(4): 7–19.

Hardy C and Maguire S (2008) Institutional entrepreneurship. In: Greenwood R, Oliver C, Sahlin K and Suddaby R (eds) *The Sage Handbook of Organizational Institutionalism*. Los Angeles: SAGE, 198–217.

Hayton JC, George G and Zahra SA (2002) National culture and entrepreneurship: A review of behavioural research. *Entrepreneurship Theory and Practice* 26(4): 33–52.

Hoang H and Antoncic B (2003) Network-based research in entrepreneurship: A critical review. *Journal of Business Venturing* 18: 165–187.

Hofstede G (1980) *Culture's Consequences: International Differences in Work-related Values*. Beverly Hills, CA: SAGE.

Hofstede G (2001) *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations*, 2nd ed. Thousand Oaks, CA: SAGE.

Jacobs J (1962) *The Death and Life of Great American Cities*. London: Jonathan Cape.

Johannisson B (1988) Business formation: A network approach. *Scandinavian Journal of Management* 4(3-4): 83–99.

Johannisson B (1998) Personal networks in emerging knowledge-based firms: Spatial and functional patterns. *Entrepreneurship & Regional Development* 10(4): 297–312.

Kalantaridis C (2007) Institutional change in post-socialist regimes: Public policy and beyond. *Journal of Economic Issues* 41(2): 435–442.

Kennedy P (1988) *African Capitalism: The Struggle for Ascendancy.* New York: Cambridge University Press.

Kleinberg J (1983) *Where Work and the Family are Almost One: The Lives of Folkcraft Potters*. In: Plath DW (ed.) *Work and Lifecourse in Japan*. Albany, NY: State University of New York Press, 215–247.

Klyver K and Thornton PH (2010) The cultural embeddedness of entrepreneurial self-efficacy and intentions: A cross-national comparison. Paper presented at the Academy of Management, Montreal, August.

Kroeber AL and Parsons T (1958) The concepts of culture and social system. *American Sociological Review* 23: 582–83.

Larson A (1992) Network dyads in entrepreneurial settings: A study of the governance of exchange relations. *Administrative Science Quarterly* 37: 76–104.

Lerner M and Haber S (2001) Performance factors of small tourism ventures: The interface of tourism, entrepreneurship and the environment. *Journal of Business Venturing* 16(1): 77–100.

Light I (1984) Immigrant and ethnic enterprise in North America. *Ethnic and Racial Studies* 7: 195–216.

Lorenzoni G and Lipparini A (1999) The leveraging of inter-firm relationships as a distinctive organizational capability: A longitudinal study. *Strategic Management Journal* 20(4): 317–338.

Loury G (1977) A dynamic theory of racial income differences. In: Wallace P and LaMond A (eds) *Women and Employment Discrimination*. Lexington, MA: Lexington Books.

Low MR and Abrahamson E (1997) Movements, bandwagons, and clones: Industry evolution and the entrepreneurial process. *Journal of Business Venturing* 12: 435–457.

McClelland D (1961) *The Achieving Society*. Princeton, NJ: Princeton University Press.

McGrath RG, Macmillan IC, Ai-Yuan Yang E and Tsai W (1992) Does culture endure or is it malleable? *Journal of Business Venturing* 7: 441–458.

Meyer JW and Rowan B (1977) Institutionalized organizations: Formal structureas myth and ceremony. *American Journal of Sociology* 83: 340–363.

Nahapiet J and Ghoshal S (1998) Social capital, intellectual capital and the organizational advantage. *Academy of Management Review* 23: 242–267.

Narayan D and Pritchett L (1999) Cents and sociability. *Economic Development and Cultural Change* 47: 871–889.

North D, Smallbone D and Vickers I (2001) Public support policy for innovative SMEs. *Small Business Economics* 16(2): 303–317.

North DC (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.

North DC (2005) *Understanding the Process of Economic Change.* Princeton, NJ. Princeton University Press.

OECD (1998) *Fostering Entrepreneurship*. Paris: OECD.

OECD (2000) *OECD Employment Outlook*. Paris: OECD.

Ostgaard TA and Birley S (1994) Personal networks and firm competitive strategy – A strategic or coincidental match? *Journal of Business Venturing* 9: 281–305.

Parker SC (2004) *The Economics of Self-employment and Entrepreneurship*. Cambridge: Cambridge University Press.

Parker B (1988) Moral economy, political economy, and the culture of entrepreneurship in highland Nepal. *Ethnology* 27: 181–194.

Portes A (1999) Conclusion: Towards a new world – The origins and effects of transnational activities. *Ethnic and Racial Studies* 22(2): 463–477.

Portes A (2000) The two meanings of social capital. *Sociological Forum* 15(1): 1–12.

Portes A and Landolt P (2000) Social capital: Promise and pitfalls of its role in development. *Journal of Latin American Studies* 32(2): 529–547.

Portes A and Sensenbrenner J (1993) Embeddedness and immigration: Notes on the social determinants of economic action. *American Journal of Sociology* 98: 1320–1350.

Pugh C and Dehesh AL (2001) Theory and explanation in international property cycles since 1980. *Property Management* 19(4): 265–297.

Reynolds P (1991) Sociology and entrepreneurship: Concepts and contributions. *Entrepreneurship Theory and Practice* 16(2): 47–70.

Ribeiro-Soriano D and Urbano D (2009) Overview of collaborative entrepreneurship: An integrated approach between business decisions and negotiations. *Group Decision and Negotiation* 18(5): 419–430.

Schumpeter JA (1934) *The Theory of Economic Development*, Cambridge, Massachusetts: Harvard Economic Studies Series, vol. XLVI.

Scott R (2008) *Institutions and organizations*, 3rd ed. Thousand Oaks, CA: SAGE.

Shane S (1993) Cultural influences on national rates of innovation. *Journal of Business Venturing* 8: 59–73.

Shane S (2000) Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science* 25(1): 448–469.

Shane S and Cable D (2002) Network ties, reputation, and the financing of new ventures. *Management Science* 48(3): 364–381.

Shapero A and Sokol L (1982) The social dimensions of entrepreneurship. In: Kent C, Sexton L and Vesper K (eds) *Encylopedia of Entrepreneurship*. Englewood Cliffs, NJ: Prentice Hall, 72–90.

Stephen F, Urbano D and van Hemmen S (2009) The responsiveness of entrepreneurs to working time regulations. *Small Business Economics* 32: 259–276.

Stewart A (1991) A prospectus on the anthropology of entrepreneurship. *Entrepreneurship Theory and Practice* 16(2): 71–91.

Steyaert C (2007) 'Entrepreneuring' as a conceptual attractor? A review of process theories in 20 years of entrepreneurship studies. *Entrepreneurship & Regional Development* 19(6): 453–77.

Storey DJ (1994) *Understanding the Small Business Sector*. London: Routledge.

Swidler A (1986) Culture in action: Symbols and strategies. *American Sociological Review* 51: 273–286.

Teece DJ (1987) Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy. In: Teece DJ (ed.) *The Competitive Challenge: Strategies for Industrial Innovation and Renewal*. Cambridge, MA: Ballinger, 185–219.

Thornton PH (1999) The sociology of entrepreneurship. *Annual Review of Sociology* 25: 19–46.

Thornton PH (2004) *Markets from Culture: Institutional Logics and Organizational Decisions*. Stanford, CA: Stanford University Press.

Thornton PH and Ocasio W (2008) Institutional logics. In: Greenwood R, Oliver C, Andersen SK and Suddaby R (eds) *Handbook of Organizational Institutionalism*. Thousand Oaks, CA: SAGE, 99–129.

Urbano D (2006) *New Business Creation in Catalonia: Support Measures and Attitudes towards Entrepreneurship*. CIDEM. Barcelona: Generalitat de Catalunya.

van Stel A, Carree M and Thurik R (2005) The effect of entrepreneurial activity on national economic growth. *Small Business Economics* 24: 311–321.

Veciana JM and Urbano D (2008) The institutional approach to entrepreneurship research: An introduction. *International Entrepreneurship and Management Journal* 4(4): 365–379.

Weber M (1930) *The Protestant Ethic and the Spirit of Capitalism*, New York: Scribners.

Welter F (2005) Entrepreneurial behavior in differing environments. In: Audretsch DB, Grimm H and Wessner CW (eds) *Local Heroes in the Global Village Globalization and the New Entrepreneurship Policies*. International Studies in Entrepreneurship. New York: Springer, 93–112.

Wennekers S, van Stel A, Thurik R and Reynolds P (2005) Nascent entrepreneurship and the level of economic development. *Small Business Economics* 24(3): 293–309.

Wennekers S and Thurik R (1999) Linking entrepreneurship and economic growth. *Small Business Economics* 13: 27–55.

Wai-Chung H (2002) Entrepreneurship in international business: An institutional perspective. *Asia Pacific Journal of Management* 19: 29–61.

Wiewel W and Hunter A (1985) The interorganizationat network as a resource: A comparative case study on organizational genesis. *Administrative Science Quarterly* 30: 482–496.

Zimmer C and Aldrich HE (1987) Resource mobilization through ethnic networks: Kinship and friendship ties of shopkeepers in England. *Sociological Perspectives* 30: 422–445.

Patricia H. Thornton is Adjunct Professor affiliated with the Center for Innovation and Entrepreneurship at Duke University Fuqua School of Business and affiliated faculty to the Program on Organizations, Business, and the Economy, Department of Sociology, Stanford University. She holds a PhD in Sociology from Stanford University. Her research focuses on developing and testing theories on the impact of culture and institutional change on entrepreneurial decisions. She has several publications in international journals and she received the W. Richard Scott award for the best scholarly research article by the OOW section of American Sociological Association and the best scholarly paper by the Organization and Management Theory Division of the Academy of Management.

Domingo Ribeiro-Soriano is Professor of Management at the University of Valencia, Spain. He has presented numerous papers at international congresses and many publications in international academic journals. He serves as a reviewer for several international journals and has been guest editor for several special issues. He is full editor of *Service Industries Journal* and editor-in-chief of *International Entrepreneurship and Management Journal*. He is book review editor of *Management Decision.* He also participated as a Director of European Community Programs in the Valencian Community and has worked in Ernst & Young consulting.

David Urbano is Associate Professor in Entrepreneurship at the Business Economics Department of the Autonomous University of Barcelona (UAB – Spain). His PhD was in Entrepreneurship and Small Business Management (UAB and Växjö University, Sweden) and his research is focused on the conditioning factors of entrepreneurship in different contexts using an institutional approach. He has several scholarly international publications and is associate editor of the *International Entrepreneurship and Management Journal*. He is currently participating in various European research projects and is fellow researcher in the Global Entrepreneurship Monitor (GEM) Spanish team.