# Entrepreneurship and Culture: Challenges and Opportunities

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## Introduction

Since the late twentieth century till now the world economy is changing a lot where more energetic and flexible young firms are emerging day by day and this is named "entrepreneurial economy" (Audretsch et al. 2001). Both developed and developing countries are experiencing these changes. This guided scholars and business leaders to think about how these changes are occurring. Their observation states that in the open market economy, these changes are not happening in all countries at the same time and at the same pace. Consequently, different countries have different success rates of entrepreneurship across the world (Freytag and Thurik 2007; Wennekers 2006). This raised some very important questions for example why countries differ remarkably in their level of entrepreneurial activity? Why some regions or countries are more entrepreneurial than others?[1].

Despite the extensive research on the variability of entrepreneurial success across countries, variations among nations have not been adequately clarified by conventional economic and political approaches. National culture has been recognised to a considerable amount of such variations. Huntington (1997) argues that national cultures upon which civilizations are established outrank current technological advances and thus providing lasting variations among cultures. Therefore, it can be assumed that culture

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[1] Minniti et al. (2005); Kelley et al. (2012); Bogatyreva et al. (2019)

can contribute to uncovering the variety of entrepreneurial success levels among nations (Hofstede et al. 2004, p.104). How national culture impacts the degree of entrepreneurial activity is a very old research question in the entrepreneurship field and goes back to the studies of scholars from various fields[2]. Existing research has demonstrated a link between entrepreneurial activity and national culture. Based on extant researches and considering Hofstede's 6D Model of national culture, this chapter identifies some opportunities and challenges of entrepreneurship in the context of Bangladesh and Sri Lanka.

Bangladesh, a country in South Asia, is located in the delta of the Padma (Ganges [Ganges]) and Jamuna (Brahmaputra) rivers in the northeast of the Indian subcontinent (Worlddata.info, 2019). In 1971 it became the independent country of Bangladesh, with its capital at Dhaka. In Bangladesh, the main export products are clothing and knitwear, agricultural products, seafood, jute and leather (Worlddata.info, 2019). In 2020, the unemployment rate in Bangladesh was at approximately 4.15 percent. After a decrease from 2010 through 2011, Bangladesh's unemployment has been steady at around 4.2 percent (Worldbank.org, 2021). In Bangladesh, the population living below the national poverty line dropped to 20.5% in 2019 from 24.3% in 2016 (Worldbank.org, 2021). In Bangladesh, the proportion of employed population below $1.90 purchasing power parity a day is 5.6% in 2019 (Worldbank.org, 2021). In contrast, Lying off the southern tip of India, the tropical island of Sri Lanka has attracted visitors for centuries with its natural beauty. But it has been scarred by a long and bitter civil war arising out of ethnic tensions between the majority Sinhalese and the Tamil minority in the north and east. Services accounted for 58.2% of Sri Lanka's economy in 2019 up from 54.6% in 2010, industry 27.4% up from 26.4% a decade earlier and agriculture 7.4% BBC (2021). Sri Lanka has met the Millennium Development Goal (MDG) target of halving extreme poverty and is on track to meet most of the other MDGs, outperforming other South Asian countries (Worldbank.org, 2021). Sri Lanka's inflation rate has been through the wringer, however: From around seven percent in 2013 to a sudden slump to around two percent in 2015 with a rapid upturn and peak at 6.5 percent in 2017 again (O'Neill, 2021). Sri Lanka has among the lowest extreme poverty rates among countries in the region,

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[2] Schumpeter (1934); Weber (1930); McClelland (1961)

as 1.8 percent of the population were estimated to be extremely poor in 2013 (Worldbank.org, 2021). However, living standards remain low, as nearly 45 percent of the population lived on less than $5 per day in 2013 (Worldbank.org, 2021). Key comparison between Bangladesh and Sri Lanka can be found below.

Table 1: Country Comparison

| Indicators | Bangladesh | Sri Lanka |
|---|---|---|
| Population | 163,046,000 | 21,803,000 |
| Inhabitants/km² | 1,104.40 | 332.3 |
| Life expectancy males | 71 years | 74 years |
| Life expectancy females | 75 years | 80 years |
| Gross domestic product | 302,571 M US$ | 84,009 M US$ |
| Gross national product | 316,235 M US$ | 87,694 M US$ |
| Exported goods | 44,961 M US$ | 19,414 M US$ |
| Imported goods | 64,234 M US$ | 24,562 M US$ |
| Unemployment rate | 5.30% | 4.80% |
| Inflation rate | 5.69% | 6.15% |
| Cost of Living | 43.05% | 35.30% |
| Average income | 1,940 US$ | 4,020 US$ |
| Corruption index | 26 (very bad) | 38 (bad) |
| Political stability | 40/100 | 51/100 |
| Civil rights | 25/100 | 44/100 |
| Health | 43/100 | 59/100 |
| Cost of living | 61/100 | 53/100 |
| Hospital beds per 1000 | 0.8 | 3.6 |
| Physicians per 1000 | 0.53 | 0.96 |

(Source: Worlddata.info, 2019)

**Methodology and Framework of the Study**

This study was done through an extensive desk research. Desk research basically involves collecting data from existing sources. Desk research is more effective than primary research because it uses existing data, as opposed to primary research that researchers collect directly, or they may contract with a third party to collect data on their behalf (Bryman and Bell, 2015). Desk research is carried out by collecting and analysing information provided on public platforms, such as Internet forms, newspaper articles, magazines, market intelligence, government reports, databases, statistics, and data sets (Collis

and Hussey, 2014; Saunders, Lewis and Thornhill, 2016). In this particular study, the researchers collect available case studies from all possible sources. Then, Hofstede 6D model of national culture has been utilised in order to infuse profiles of both countries selected, Bangladesh and Sri Lanka. The major reason of selecting the above countries is that they are keen on development of entrepreneurship activities, however, it hinders due to many challenges posed from the economic, social and environmental factors. As an example, the unequal opportunity for women in entrepreneurship in Bangladesh and Sri Lanka becomes challenging since strong cultural and religious background (Al Mamun, Jabbar and Sultana, 2021). Moreover, researchers intend to accumulate the general situation in terms of entrepreneurship in the south Asian region where potential investors, government and policy makers may open up their eye in a positive manner.

## Culture

Before discussing entrepreneurship, opportunities, and challenges it is important to have a clear idea about culture and its different traits. Around seven decades ago a famous anthropologist Kluckhohn (1951) provided some ideas and values that culture includes. According to him "the culture consists of patterns of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including how to make the products" (p.86).  Kluckhohn (1951)  stated that the basic principle of culture contains traditional ideas and associated values of the society. After so many years another anthropologist White (1959) defines culture as; "an extrasomatic continuum (non-genetic, non-corporal) and temporal things and dependent facts of symbolization" and simplified its contents more precisely "Culture consists of tools, implements, utensils, clothing, ornaments, customs, institutions, beliefs, rituals, games, art, language, etc." (p.3). Later Clifford Geertz (1973) briefly defined culture as: "the sets of control mechanisms, plans, recipes, symbols, rules, constructions" (p.44). In the meantime, Greet Hofstede defines culture in a slightly different way: "the collective programming of the mind which distinguishes the members of one group or category of people from another" (1991, p.5). Here the "category" means "nations and regions within or between nations, ethnic groups, religions, occupations, organizations or genres" (Hofstede and McCrae 2004). In recent years number of scholars, organisations and authors have explained culture based on those

previous definitions and basic elements of culture (Favaretto, Musse and Costa, 2019; Gorodnichenko and Roland, 2021; Vitolla et al., 2021). UNESCO also provided a definition of culture which is "the set of distinctive spiritual, material, intellectual and emotional features that characterize a society or social group" (Kaladzavi et al. 2019, p.2). Generally, from Hofstede's definition, cultural differences came into the light and let others think about how culture varies from group to group and nations to nations. According to, George and Zahra (2002) "culture is the set of values of a nation, a region or an organization; also, culture shares and strengthens social institutions, and over time, these institutions, reinforce cultural values" (from Castillo-Palacio et al. 2017, p.3). This implies that culture and social institutions support each other. Russell et al. (2010) state that culture is a combination of a country's formal and informal institutions which is related to that country's citizens' daily life activities. Thus, culture is the system of values for a specific group or society. It motivates and develops individuals' behavioural qualities that may not be observed in other societies (Pinillos and Reyes 2011). This implies that culture plays a very significant role in people's values, attitudes, ideas, and norms but some people can realise this, and others cannot. This is also evident that however in every country of the world there are diverse people from the diverse cultural background but most of them manifest a dominant culture. The research program Global Leadership and Organisational Behaviour Effectiveness (GLOBE) found that culture means motives, values, beliefs, identities shared by people in a group or society. From these common experiences, it emerges, develops, and spreads from generation to generation to fit the environment (House et al. 2002).

Individuals shape society by using culture. In other words, culture helps people to give a shape or moderate the society where they belong.  If we look around there are many things that are part of our culture, but we never notice prudently. For example, the way we greet each other, the dresses we put on ourselves, the language we use, the religion we believe in, and our overall lifestyle all are directly related to our culture. Thus, it involves every aspect of our daily life which includes business enterprise extensively. The following part of this chapter briefly discusses the relationship between culture and entrepreneurship.

## Culture and Entrepreneurship

Culture plays an important role as a significant element of economic growth. From the history of economic development, it is evident that culture has a big impact on it (Landes 1998). A German sociologist Max Weber first wrote about the relation between culture and economy where he discussed how cultural values, norms, beliefs, traditions, rituals, artefacts, psychological motivations affect the economy of a country (Harutyunyan and Özak 2017). Then many scholars and researchers investigated, and some are still researching this topic. Abaho et al. (2013) claim that culture influences individuals' value prepositions and their willingness to change through values of religions, personal associations, and social eccentricity. Consequently, culture also has effects on the acceptance and acclimatisation of observation of business opportunities, they added.

Over time it has been stated that national cultures expressively affect countries' productivity, creativity, uniqueness, and invention (Harutyunyan and Özak 2017). Hofstede (2001) specifically at the organisational pointed out the effect of culture. He claims that different types of economic management behaviour are influenced by national culture. Thus, entrepreneurship is directly related to the national culture as the roots of entrepreneurial attitude and behaviours take place in the structure of socio-culture and value systems of the society. Some studies pointed out that entrepreneurial activities are particularly related to cultural indicators (Autio et al. 2013). For example, according to Minniti et al. (2006) cultural and social norms are major factors for the nation's different levels of entrepreneurial activity. Although there is a link between national culture and entrepreneurial success, Caccioti and Hayton (2017) argue that how and to what extent culture impacts entrepreneurial attitudes is not clear yet. On the other hand, Celikko et al. (2019) opine that the effects of national culture can be identified mainly at two levels. Firstly, at the communal level when the whole society or the group is influenced by the national culture and this can be either negative or positive ways as "national culture and its values shape the structures of social, political and technical systems of the society which support or render entrepreneurship" (Çelikkol et al. 2019, p.780). Secondly, at the individual level which happens when a person gets motivations, inspirations, encouragement, or experiences barriers and hindrances from his/her culture. The socio-cultural citizens who are going to appear in the entrepreneurship personification are generally

glimpsed at a person's value system (Celikko et al. 2019). Moreover, an individual's rational plan and approaches towards entrepreneurship can be shaped through an advantageous and beneficial culture with values which is full of inspiring entrepreneurial directions (Krueger et al. 2013). Consequently, these values and directions influence individuals' basic entrepreneurial characteristics, such as self-reliant decision making, assessing and taking risk, efficiency, and aspiration to become an entrepreneur. Besides an extensive number of studies show that national culture consistently affects various entrepreneurial behaviour (Suddle et al. 2010).

National culture is a broad and elusive concept. Therefore, cross-country studies that are analysing the influence of national culture widely consider Greet Hofstede's cultural dimensions which are also famously known as Hofstede's 6D Model (Kirkman et al. 2006). The following section of this chapter briefly discusses this model.

## Hofstede's 6D Model of national Culture

Greet Hofstede was a Dutch social psychologist. At the end of the 1970s, he came up with dimensions of the national culture and scored all the nations across the world through their cultural traits. In the beginning, he introduced 4 dimensions, and later he developed this model with 2 more dimensions. These dimensions are; Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation, and Indulgence (Hofstede et al. 2010).

Power Distance (PDI) indicates how society accepts the unequal distribution of power and authority. In highly accepted cultures less powerful people recognise power inequality as a normal instance and they are substantially exploited by the comparatively powerful people. Therefore, less powerful people are dependent on more powerful people (Hofstede 2001). Carayannis (2013) states "Power Distance is the measure of what extent inequality is accepted within a culture" (p.635). This implies that countries with a high PDI score show that power is not shared and is narrowly distributed. Consequently, citizens accept and adapt to unequally power distribution situations. In a high-power distance culture, individuals' social status and positions significantly matter, and powerful people are

rich who mostly control the society. Hofstede's study shows Arab countries have power distance and their score is 80 where Austria has very low with a score of 11.

Individualism vs collectivism (IDV) refers to the bond among the people of the society. It also articulates how individuals in a group care about each other and what do they think only about themselves and others where they belong to. People in individualistic cultures are less integrated into the group and emphasise "I" rather than "we". On the other hand, people in the collectivistic culture are loyal to the group and their community, they show strong ties among them and they tend to be responsible for one another's welfare. For that reason, in collectivistic cultures, people live combinedly with their extended family members and they depend on each other a lot (Bogatryeva 2019). But individualism shows people are living independently and live a self-controlled life (Carayannis 2013). In this model, the USA shows high individualistic culture with a score of 91 where Guatemala has a very strong collectivistic culture and its score is only 6.

The third dimension of Hofstede's cultural model is masculinity vs femininity (MAS). According to Favaretto (2019) masculinity signifies "a preference in society for achievement, heroism, assertiveness, and material rewards for success" (p.46) and femininity indicates "a preference for cooperation, modesty, caring for the weak and quality of life" (p.46). Basically, this dimension describes the roles of gender in society. Roles and responsibilities of male and female are quite straightforward in a masculine society. Men usually play an important role as self-reliant and strong. They are responsible for material things. But women are the symbol of patience, softness, and politeness. They are responsible for homemaking, looking after children and elderly people at home, and deal with other daily life issues. On the other hand, in feminine cultures, roles of genders are not specific and can be overlapped however females share their views of modesty and caring equally with males. High masculinity cultures "tend to be oriented toward wealth, career, independence, and leave for work, whereas, in cultures with a low level of masculinity, individuals prefer to work to live with an emphasis on relationships and social interactions" (Çelikkol et al. 2019, p.783). Japan scored 95 is the highest score in this dimension Sweden's score is only 5 which means the country has a very high femininity culture.

Uncertainty Avoidance (UAI) refers to individuals' fear or anxiety, remarked in uncertain situations. This dimension of culture illustrates "the way that a society deals with the fact that the future can never be known: should we try to control the future or just let it happen?" (Kraman et al. 2018, p.276) Different culture has different views to answer this question. Therefore, UAI signifies how members of societies search for truth. Au and Chung (2018) claim that in high uncertainty avoidance cultures people do not feel comfortable dealing with uncertainty and they recognise uncertainty as a threat however, avoiding uncertainty does not mean avoiding risk. Hofstede's study found that in high-scoring countries people get involved in risky behaviour as it diminishes uncertainties, implies fewer chances of failure. On the other hand, in low uncertainty avoidance cultures, individuals are comparatively more comfortable with unfamiliar situations and they dare to face them (Hofstede 2001). In this model, Greece scores the highest with 100, and the lowest score goes to Singapore with 8.

Long Term Orientation vs short term orientation (LTO vs STO) which is known as Confucian Dynamism too. It refers to the time horizon people in a society that how people think about their past, present, and future doings. Therefore, it links the association of the past with the present and upcoming activities, actions, or challenges. In some cultures, members of the societies consider their pasts and learn lessons from them and take necessary steps for the present and future such as trying to be thrift and perseverance to get a good outcome in the future. This implies that these cultures have LTO. People also order relationships by their status and observe this order and have a sense of shame in high LTO cultures. On the contrary, STO gives emphasis to the qualities that are linked to the past and present. People in this culture give importance to principles, constancy, and truth. They show respect for customs and traditions and they are typically religious and nationalistic (Hofstede et al. 2010, p. 239). Nigeria scored the lowest and China scored the highest in this dimension with 13 and 87 respectively.

Indulgence vs restraint (IVR) is the sixth and newest dimension of Hofstede's 6D model. IVR concerns about the degree of freedom that societal standards, patterns, and norms give to its members in accomplishing their human desires, such as pleasure, enjoyment, fun, and entertainment in their daily life. Indulgent society allows "relatively free gratification of basic and natural human drives related to enjoying life and having fun" (Favaretto 2019, p.48). On the other hand, Restraint society "suppresses

gratification of needs and regulates it by means of strict social norms" (Favaretto 2019, p.48) reflects the determinants of a measure of happiness or what the psychologists call "subjective well-being." In an indulgent culture, people feel comfortable to spend money for their personal enjoyment. They love to amuse themselves in social activities or alone. But in restraint culture, some different social norms and prohibitions restrain people's activities related to their personal entertainments. In these societies gratifying human desires, searching for personal happiness, spending money for individual entertaining activities are somehow considered improper actions (Hofstede 2010).

However, there is not enough data about this dimension to describe all countries' culture in the world but Latin American countries, parts of Africa, the Anglo world, and Nordic Europe scores the highest in the Indulgence dimension. On contrary, mostly East Asian and Eastern European countries including Russia show the restraint nature of culture. Figure 1 below shows the scores of Bangladesh and Sri Lanka from Hofstede's 6D Model.

Figure 1: Hofstede's 6D Model, scores of Bangladesh and Sri Lanka
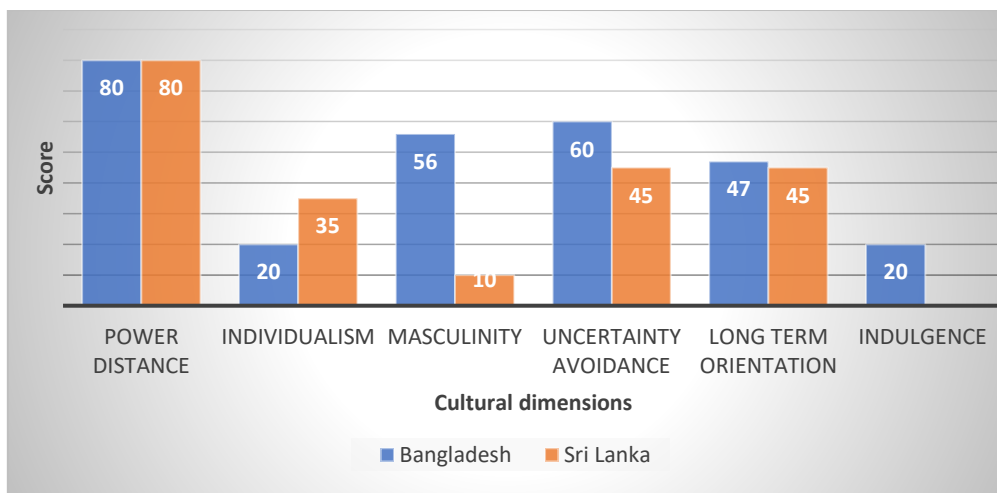


A brief discussion above about Hofstede's six dimensions of national culture gives a clear idea about the nature of different countries' cultures in the world. It also describes how people's behaviour changes and influenced by their own culture. In the following section, we will see the impacts of culture on entrepreneurship and consider some developing countries that what are the opportunities and challenges there are for the entrepreneurs in these countries.

**Impact of Culture on Entrepreneurship: Opportunities and Challenges**

The number of entrepreneurs in the Sri Lankan market is very small, less than 1.5% of the population (De Silva, 2019). This is very low compared to other Asian countries such as Vietnam and Thailand (De Silva, 2019). In Sri Lanka, there are many problems with entrepreneurship development such as lack of government efforts to identify potential entrepreneurs, policies and business training plans are not robust and inadequate and difficult living environment for businesses (Balsundaram, 2010; De Silva, 2019). In contrast, social stigma, lack of capital and gender inequality are some of the challenges of entrepreneurship in Bangladesh (Mahmud, 2018). With the development of the technology, there are upcoming opportunities in entrepreneurship in Sri Lanka in the areas of Instagram influencer, YouTube monetisation, travel affiliate site, ecommerce business and online tutoring (Wickramanayake, 2021). Government of Sri Lanka has exempted the income generated from online entrepreneurs (Wickramanayake, 2021).  Currently Bangladesh offers the freest investment system in South Asia: legal protection for foreign investment, generous financial incentives, preferential treatment of machinery imports, unlimited exit policies, and full return of dividends and capital (Hasina, 2021).

*PDI:* Power distance dimension of culture shows people's level of dependence or independence in a society. This can lead the members of this society to grow a negative mindset if there is an existence of a high level of power distance. Hence, individuals who are less powerful may think entrepreneurship is a restricted area that is only for the higher class. This can affect their awareness about the opportunities to be an entrepreneur. In addition, they may have a lack of skills and less access to resources which are essential for becoming an entrepreneur. For that reason, it is difficult to take benefit of profitable opportunities for prospective entrepreneurs from underpowered groups. From some previous research, it is evident that "entrepreneurs in cultures with low power distance will have more autonomy and negotiate with less hierarchical bureaucracy, so they are more involved in the behaviour of taking risks than those in cultures with high power distance" (Castillo-Palacio et al. 2017). The entrepreneurs are regarded as independent, risk-taking individuals who confidently organise the people and resources necessary for starting up new businesses. There are two mandatory conditions are essential for such an entrepreneur role to appear within a culture: (1) An entrepreneur must be approved social recognition

with the aim of accepting the activities related to the new project formation as legal and socially advantageous, and, (2) An entrepreneur must have access to and control of necessary resources to instigate a new project such as financial, material and educational resources. The first condition entails the validation by cultural values that identify the lawfulness of the entrepreneurial event. The second condition involves the access to necessary resources that are provided by the social institutions and procedures to potential entrepreneurs (Russell 2004). Now the problem is in high power distance countries, it is very easy to meet these conditions by powerful individuals because of social inequality. In these cultures, people of a privileged and elite class only have the access to educational systems and economic resources. Furthermore, lower classes' members may not be allowed as entrepreneurial roles or, if they accept such roles, most likely their activities will be undervalued or will not be regarded as legitimate. On the contrary, the completely opposite situation in low power distance societies. In this culture social mobility is considered an asset, relatively it is easy to access the necessary entrepreneurial resources. Even a broad range of social groups encourage and support entrepreneurial activity doesn't matter individuals' social position or status. It is also noticeable that low PDI cultures have a tendency to generate more entrepreneurial activity than high PDI cultures. According to Russell (2004), "more people will assume the role of entrepreneur as well as be permitted valid access to the resources necessary to engage in new venture development" (Abzari and Safari 2006, p.10). Another important thing is individuals' positions at their workplace. In high power distance organisations, less powerful employees are seen as "submissive". They have to be concerned with maintaining their current position within the organisation. These individuals will continue serving for their organisations and hardly ever think of resigning for becoming risk-taking entrepreneurs. High PDI cultures also do not inspire individuals in innovation. And the reasons are again lack of awareness, less access to essential resources, and illegitimate acceptance. All these are causing negative effects on overall entrepreneurship.

Contrary some research findings show that high power distance increased business activities (Ardichvili and Gasparishvili, 2003). More precisely, power distance can affect entrepreneurial activity positively. Zhao et al. (2012) conducted a research specifically on power distance and the early stages of

entrepreneurship and this shows a positive relationship between them. From Hofstede's study, it is found that in high power distance cultures children are hardworking and obedient, while in countries with low power distance the children are independent. Independence is an important criterion to become an entrepreneur. In addition, powerful individuals are able to gain access to all necessary access very easily. Thus, in high PDI cultures, powerful people are privileged to become entrepreneur. This is absolutely right but the main problem is in a society, majorities are the part of the less powerful region and members of elite classes are limited.

From Hofstede's 6D Model, in the PDI dimension, both Bangladesh and Sri Lanka scored 80 which means both countries have high power distance. Therefore, there are negative effects i.e., their cultures do not support entrepreneurship very well.
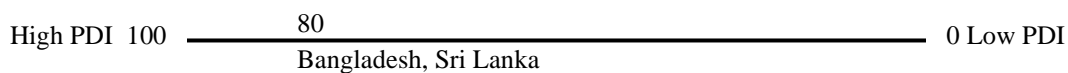
High PDI  100 ————————— 80 —————————— 0 Low PDI
Bangladesh, Sri Lanka

*Figure 2: Power Distance Index (PDI)*

In these countries, powerful people are rich or vice-versa. So, all the necessary resources are available for powerful people there. For example, a young entrepreneur from Bangladesh in its capital Dhaka worked for a poultry farm for five years. After five years he intended to start his own farm, but he could not because he did not have enough capital. However, there are different schemes in the banks such as start-up loan, small business loan, agricultural loan but banks did not offer any as he did not meet the eligibilities. He said, if he was from a powerful family, he could easily get the loan. There are some private banks who offer business loans with very high interest. Finally, he had to sell his inherited land and started his own business. This is the scenario of Dhaka, the largest city, and the capital of the country. The majority of the people who are living in a rural area even cannot think of becoming an entrepreneur apart from taking over the family business. The same situation but in some cases, it is worse in Sri Lanka, entrepreneurs from the less powerful family struggle with resource accessibility. In Sri Lanka, only 2.8% out of the total working population recognises as an employer or business owner, while in Bangladesh it is 11.6% (Bandara 2019). Case studies analysed by Secure Livelihoods Research

Consortium (SLRC) show that access to all kinds of resources specifically, capitals, access to markets, and skills training for entrepreneurs from less powerful regions is very hard. For instance, "in order to access a loan from a state bank one needed a government guarantor or a land deed" (Ranawana and Senn 2019, p.15) Other resources such as development societies or pooled schemes recurrently only supply equipment but not financial resources which is beneficial in some cases but not for all. The most important challenge underpowered entrepreneurs are experiencing is a lack of access to markets and the problem in determining the right market. Additionally, a spokesman said government provides support to external traders from larger cities like Colombo to trade in less developed areas, which affects local entrepreneurs a lot (Ranawana and Senn 2019). There are also some success stories of entrepreneurs such as Sarojini, a 45-year-old Sri Lankan entrepreneur is one of them. Her business produces coconut chips from the husks for the building industry. She went to six or seven different banks, one after the other, to get a loan for running, maintaining, and making a shed for the coconut chip machine. But could not get any then finally she got it from a bank which gave her a breakthrough and she believes that the manager was female, which is why she managed to get the loan. So, to sum up, in Sri Lanka and Bangladesh there are more challenges than opportunities. Challenges are mainly access to resources such as capital, education and training, governments, and other organisations' supports and proper recognitions. On the other hand, opportunities are generally for politically and financially powerful people.

*IDV:* Individualistic cultures allow people to become independent. They are only responsible for themselves and their family rather than other extended family or group members. These characteristics of individualistic cultures make them innovative and self-controlled. Thus, this dimension of culture encourages entrepreneurship by emphasising the individuals' identity instead of their society which supports typical features of an entrepreneur for instance a high level of self-confidence, inventiveness, courage, and creativity. This implies that an individualistic society generates a positive environment for entrepreneurs as the main cultural values of this dimension are more consistent with entrepreneurial tendencies (Mueller and Thomas 2001). In addition, in a collectivist culture, people are dependent and, in most cases, they are staying jointly with their family for their entire life. They have a lot of

responsibilities for their family members, so it is hard to think about creative things. They are happy to have a decent job, and this will have a secured, hassle- and risk-free fixed income at the end of each month. This is why it is observed that individualist cultures are more proper and appropriate for entrepreneurship than collectivist cultures (Pinillos and Reyes 2011). However, it is supported by some empirical studies that there are positive impacts of individualism on entrepreneurship (Mueller and Thomas 2001), but there are also some opposite opinions that claim collectivism encourages entrepreneurship (Wu 2007). These pieces of evidence show that there is no certain effect of individualism on entrepreneurship as there are some other factors are also involved such as the level of a country's economic development.  If a country has a low or medium level of economic development then individualism has negative effects on entrepreneurship, and it will be a positive effect if the development is high. But in general, individualism is more accurate than collectivism for entrepreneurship.

Bangladesh scores 20 and Sri Lanka 35 in this dimension means both countries have a high collectivistic culture. This implies that the cultures of these countries are not in favour of entrepreneurship.
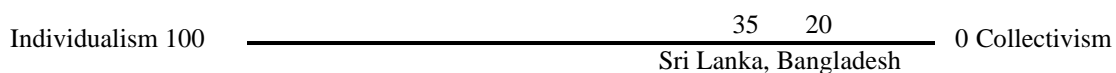
Individualism 100 ————————————————————— 35    20 ——— 0 Collectivism
                                         Sri Lanka, Bangladesh

*Figure 3: Individualism vs collectivism.*

People are living in joint families in both countries since their birth. Earning members of a family have the responsibilities for other non-earning members as well as for their extended family members. For example, Mr. Tarique while he was studying Business Management course at one of the best universities in Bangladesh, had a dream to become an entrepreneur same as Miss Tandra from a different university. Both are from middle-class families. In their student life, they used to buy some daily necessary products from a wholesaler and sold them to their friends and neighbours. It was going well, and they were making a good profit which was sometimes more than enough to cover their daily expenses. They started to save some money too to have a business premises for the future. But after completing their course they found that they did not enough savings for renting a place at a good location and decorating

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the place with equipment. Moreover, it was time to take the responsibilities of their families as they have finished their studies, and everyone was expecting from them to have a job and support their families. Therefore, Tarique stopped thinking about his business and now he is a government employer. Tandra also did the same thing and now she is teaching in a primary school. In Sri Lanka, the majority of the people are living in a joint family and they are also responsible for their family members which have adverse effects on their entrepreneurship activities. The story of Vasuki can describe this situation. She started working since she was 12. She worked in the paddy fields to assist her family with their maintenance. As an adult, she worked in the healthcare and catering industries. But she had to take up self-employment because of a health condition. She runs now a takeaway business which sells lunch and dinner packs by a petrol station. By being self-employed her income has somewhat increased but that is not making any difference at all as whatever she earns is not enough to look after her family. She is still so poor that she does not have any savings. Moreover, she must borrow money from a personal lender who lends money with interest (Ranawana and Senn 2019).

Therefore, the high power distance and collectivist cultures of Sri Lanka and Bangladesh are causing more challenges than opportunities for the entrepreneurs of these countries.

*MAS:* There is a strong relationship between masculinity and entrepreneurship as this dimension describes "assertiveness, the acquisition of money and possessions, and lack of concern for others, quality of life, or people" (Block and Walter 2017 p.26). In a masculine society, people possess a "live to work" mentality and achievement are related to wealth and position (Hayton et al. 2002). They give importance to challenges and recognition and strive for progression and remunerations. individuals are educated, independent, resilient, determined. In this culture successful career and self-sufficiency perform as principal values. Moreover, they consider 'failure is a pillar of success'. The masculine culture encourages starting up rather than taking over. Thus, a high masculine society contains entrepreneurship characteristics and supports members of society to become entrepreneur (Gupta et al. 2009). In feminine cultures, conversely, the motivation of success is comparatively inadequate, and success is defined concerning pleasant human relationships. Therefore, individuals will show less interest in entrepreneurial actions in feminine cultures.

In Hofstede's study masculinism cultural dimension of Sri Lanka holds the value of 10, implying a very high level of femininity culture while Bangladesh can be considered as a masculine society with a score of 55. Differences in this cultural dimension are also reflected in their entrepreneurship.
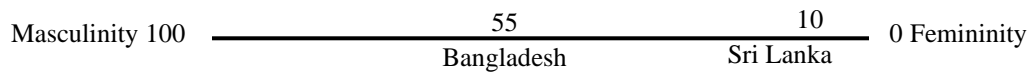
Masculinity 100 ————————— 55 ————————— 10 ——— 0 Femininity
                              Bangladesh              Sri Lanka

*Figure 4:Masculinity vs Femininity.*

Data mentioned before shows that in Bangladesh the percentages of business owners are comparatively higher than in Sri Lanka. Literally, masculinity refers to the dominance of males in the society whereas femininity refers to the femaleness of the society (Dissanayake and Semasinghe 2015). Therefore, masculinity cultures can demotivate female entrepreneurs. For example, women in Bangladesh are not recognised as entrepreneurs by society as female members of a family will be more dominant than males if they will earn and work outside (Hamid 2018). Mastercard Index of Women Entrepreneurs shows in 2019, the position of Bangladesh was 57 out of 58 economies in the world (The Daily Star 2019). In this regard, Sri Lankan women should perform better, and society should show positive signs for their female entrepreneurs. Women face yet another level of difficulty here. SLRC fieldwork contains stories of sexual harassments by loan-officers, merchants, and others in the production line. As an example, a female hotel manager described her awful experience. She made a loan application to a state bank. The loan-officer allowed her papers but called her later that night, telling her to meet with him in private to secure her loan. However, Sri Lanka has a high feminine culture, but religious prejudice is another issue in this society. For instance, female entrepreneurs from higher castes are not allowed to have any direct collaborations in such-male-dominated or profit-related places. Rani, is an upper-caste woman, married to an Iyer[3]. It is improper for her even to talk business with a trader on the high street because of her husband's high position in the community. So, she has to rely on her brother and brother-in-law to accompany her on business trips and to negotiate on her behalf. For some reason,

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[3] A caste of Hindu Brahmins of Tamil origin, and are members, therefore of the privileged priestly class.

if she is on her own then she will have to cancel all business appointments and meetings (Ranawana and Senn 2019). In summary, for Bangladesh masculine culture inspires overall entrepreneurship but at the same time, it hinders women entrepreneurship. On the other pole, the feminine culture of Sri Lanka has a negative impact on entrepreneurship. But the shocking thing is women are deprived by the man which is quite unexpected in this culture.

*UAI:* According to Hofstede (2001), "low uncertainty avoidance suggests a greater eagerness to set up unknown businesses" (p.164). Individuals have a tendency to be more entrepreneurial if the cultural atmosphere encourages the acceptance of uncertainty and risk (Kreiser et al. 2010). In low uncertainty avoidance cultures, people are creative, and they challenge the risks and take advantage of accessible opportunities which are already existing in the society where they inhabit (Busenitz and Lau 1996). High uncertainty avoidance culture, on the other hand, shows small support for individuals to become entrepreneurs (Hayton et al. 2002). As people do not feel comfortable with unstructured situations, they try to avoid them by setting up a strict set of codes and laws. They are happy with a permanent job which has a fixed amount of wages. This makes them certain that they will not lose anything, and they are not at any financial risks. Mueller and Thomas (2001) state that low uncertainty avoidance cultures are well-equipped and support entrepreneurs more than high uncertainty avoidance cultures.

Bangladesh scores 60 on this dimension which implies a high uncertain avoidance culture. On the other hand, Sri Lanka scores 45 means it does not indicate a strong preference for uncertain avoidance.
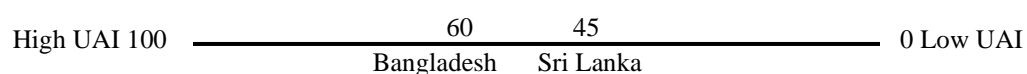
High UAI 100 ————————— 60 ——— 45 ————————— 0 Low UAI
Bangladesh    Sri Lanka

*Figure 5: Uncertainty Avoidance Index*

Most people in Bangladesh are not comfortable with the unstructured situation. However, there are more than 7 million entrepreneurs in this country, but it placed 134th position in the Global Entrepreneurship index 2019 among 137 countries (The GEDI 2019). Many research and case analysis confirm that people in Bangladesh generally prefer risk-free career to earn their livings and meet other

requirements. Consequently, they usually seek a secured job rather than trying to become entrepreneurs. There is an unwritten rule that to have a better life everyone must need higher education such as honour's and master's degree. Thus, innovation may be resisted. An analysation by Joynul Abedin discloses that people complete their studies to get a job and to become good employees, not to be great leaders or entrepreneurs. The education system of this country is also more academic-based and keeps its learners far away from practical experiences. Therefore, they are not encouraged to take new challenges (Abedin 2018). In Sri Lanka, the country's members also seek to avoid uncertainty as much as they can (Dissanayake and Semasinghe 2015). Different cases show entrepreneurs are not planned and organised with risk and uncertainty. Therefore, the success rate of entrepreneurship is very low. Falling into debts is very common for businessmen and they are not prepared for this situation. CEPA[4] research in the north and the east of Sri Lanka often faces anecdotal stories of individual or group suicide due to inescapable debt and over 60 suicides of entrepreneurs were reported in 2018 alone in the north and the east (Ranawana and Senn 2019). Therefore, facing the unorthodox situation is a big challenge for these two countries who are particularly from underpowered families. Irrational perception and cynical behaviour of the society doesn't want to recognise entrepreneurs until they can establish themselves financially. Proper guidance, mass awareness, training, and a practical based education system can create a good opportunity for entrepreneurs in Bangladesh and Sri Lanka.

*LTO:* Some authors claim that Long term orientation dimension is strongly related to the extraordinary business development of South Asian countries which started in the second half of the last century (Hofstede 2011). There are not enough empirical pieces of evidence to support the positive or negative impact of LTO on entrepreneurship. But some authors argue that this dimension has an intense impact on innovation (Lin 2009; Allred and Swan 2004). This makes the members of a society more innovative which is a basic trait of an entrepreneur. Several authors suggest that LTO has positive impacts on entrepreneurship as it is a challenging, risky process concerned with future aims and the entrepreneurs tend to have goals and objectives, vision, hopefulness, anticipation, and powers of the invention (Amiri and Marimaei 2012).

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[4] Centre for Poverty Analysis

LTO 100 ——————————————————————— 0 STO
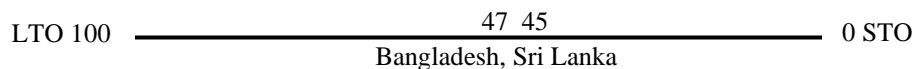
47  45

Bangladesh, Sri Lanka

*Figure 6: Long Term Orientation vs Short Term Orientation*

Bangladesh and Sri Lanka both have an intermediate score at 47 and 45 respectively on the LTO index, which indicates not a strong preference in either direction (Hofstede Insights 2020). People in both countries are very religious. Islam is the leading religion in Bangladesh. The main issue with the religious effect in this country is the taking and giving interest which is simply forbidden. This stops many entrepreneurs to start a business as they will have to deal with banks and interests, for example, Mr. Murad who is strictly religious and hates interests. For that reason, he runs a very small corner shop and does not think to expand this business. He also does not encourage anyone from his family members to get involved in the business. However, there are some Islamic banks, but their number is very low. Islam also denies the free mixing of males and females which supports the views of masculine culture and can cause a low level of women entrepreneurship in the country (Azim 2008). Interest challenge can be overcome by attracting investors by providing them part of the profit or making them shareholder. This will also increase the entrepreneurship involvement. But women entrepreneurship by following all Islamic restrictions will still be a big challenge in this country because of its masculine dominating society. On the other hand, although, Sri Lanka is a multireligious, multi-ethnic, and multilingual culture but it has an influence of the caste system and people give a lot of importance to religious values and rituals. This is another reason that members of society have a preference to live in groups. Thus, innovations are restricted, people are dependent, and the concept of individual achievement is not a dominant concern in Sri Lanka. But in recent years according to SLRC case study analysis, entrepreneurial behaviour is changing because of the developmental 'hope and growth' post-war economy of the country which discourses around the dynamism of entrepreneurship. Some of them who survived in the war are now spirited

and confident and often they do "what they have to do" are not restricted by religion and other cultural barriers (Ranawana and Senn 2019).

*IVR:* Although IVR is the latest added dimension to Hofstede's 6D model and still more research is needed but, its influence on entrepreneurship is fairly apparent and significant. Previous research found LTO is related to individualism because personal enjoyment is quite linked with self-sufficiency. More precisely, the individualism dimension indicates the idea of happiness and happiness is involved with individuals' control over their life and perception of independence (Minkov 2009). Therefore, indulgent cultures attract individuals to become entrepreneurs as an entrepreneur is his/her own boss. In addition, entrepreneurs have their personal value systems which help them to have financial independency, the ability for gratification, and an enjoyable personality (Amiri and Marimaei 2012). Thus, the indulgent dimension has a positive influence on entrepreneurship.
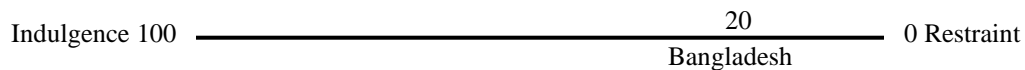
Indulgence 100 ———————————————————— 20 ———— 0 Restraint
Bangladesh

*Figure 7: Indulgence vs Restraint*

IVR holds the value of 20 for Bangladesh, implying a restraint culture of this country. This reflects people in this country are not very optimistic and they do not put much importance on self-enjoyment. They also do not know how to find time to spend for themselves and do not realise its importance. For example, Mr. Asad was working for a private company for 6 years in Dhaka, the capital of Bangladesh. He used to wake up very early in the morning and leave his home for his work. After finishing work around 6.00 pm he has never been at home before 8.00 pm because of long traffic on the way back home. This was his daily routine for six days a week and Friday was the only day he had a day off. Mostly every Friday he spent for weekly household shopping and socialising. He blamed his social system, politicians, and the government of the country. The majority of the employees in Bangladesh are leading their life like this. A few years ago, one of Asad's friends Mr. Majid who is an entrepreneur and runs a couple of businesses in Sylhet, a city

in eastern Bangladesh, asked him to be a partner of one of his businesses. Majid's businesses were spreading, and he was looking for a reliable person. He offered Asad 10% shareholder of the business and a decent salary so he will work sincerely and consider it as his own business. Then Asad moved in Sylhet and found himself as his own boss. His office time is usually 9.00 am to 5.00 pm, sometimes he stays a bit longer, but he arrives home by 7.00 pm. Friday is his day off. On Saturday his office is formally closed but he spends a few hours there to do some paper works. Rest of the time he spends with his family, take them out for having quality time. Every year once or twice he takes holiday and visits different places in the country or abroad. He completely agrees that he would never be able to enjoy his life like this if he was in his previous job. He never forces his employees for overstaying and motivates them to entertain themselves. Sometimes he rewards them with shopping or restaurant gift vouchers or a holiday package. He knows for the people in Bangladesh from middle-class families, it is hard to start a business and be a successful entrepreneur like his friend or even like him. In addition, there are lots of entrepreneurs who also do not think about their pleasure and they haven't that urge. Therefore, other people do not get any inspiration to become an entrepreneur or recognise pleasure and gratification as their requirements. Hofstede's 6D Model shows that currently, Sri Lanka has no score for this dimension. But a research conducted by Dissanayake and Semasinghe (2014) in the two districts of this country shows the indulgent culture. For example, the IVR values of Colombo are 54 and Kegalle 76 depict high indexes. These values exhibit entrepreneurs of two districts have a high tendency to fulfill their impulses and desires. With a greater emphasis on leisure activities, they are more towards optimism which can be identified as the outcome of their indulgent characteristics. However, this is not the full picture of the entire country. High power distance and collectivism culture, and the post-war economy of this country can direct to a low indulgence or restraint culture.

**Conclusion**

In summary, it is clearly evident that culture has significant impacts on entrepreneurship which have been discussed with some practical examples from Bangladesh and Sri Lanka considering Hofstede's 6D national cultural model. Among the six dimensions first four, which are power distance, individualism, masculinism, and uncertainty avoidance have direct effects on entrepreneurship. They are also related to each other. Power distance makes people tolerant to the equalities within the society and provides less opportunities for entrepreneurs. Individualism makes members of the society independent and creative which lead them to become an entrepreneur. Masculine culture provides motivations for entrepreneurs however it controls the activities of female entrepreneurs. Uncertainty avoidance culture creates less opportunities and more challenges for entrepreneurs. Long term orientation and indulgent culture have positive impacts on entrepreneurship. Previous research might have found some contradictory and provocative outcomes but examples from Bangladesh and Sri Lanka show that effects of culture create such challenges and opportunities that can discourage or persuade members of societies to become entrepreneurs.

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