

DEVELOPMENT IN WESTERN IDEOLOGY OF ENTREPRENEURIALISM AND THEIR (MIS)APPLICATIONS IN THE CONTEXT OF NON-WESTERN CULTURES

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Abstract

The focus of this article is a conceptual analysis of the western entrepreneurship paradigm and its practical implications, based on a desktop approach. In order to bring a holistic view of the western paradigm, the following questions were raised: What constitutes the western paradigm of entrepreneurship? How does this paradigm transfer to other cultures? Why is this paradigm criticized? The purpose of evaluating the western paradigm is to gain an understanding of western ideologies in entrepreneurship to consider a suitable methodology for an alternative approach in entrepreneurship research. The different disciplinary perspectives and the reductionist approach of the western paradigm resulted in limited returns to entrepreneurship programs since one disciplinary perspective can never handle all relevancies of entrepreneurial holism. It may be better to seek a context-sensitive alternative approach.

Keywords: Indigenous Entrepreneurship, Cultural Practices in Context, Critical Perspectives on Entrepreneurship Practice, an Alternative Approach in Entrepreneurship Research

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1 Introduction

The specific question of the appropriateness of a western philosophy to entrepreneurial activity in other cultures is analysed. It has generally been believed that knowledge from the developed western context can be introduced to and applied in developing countries. As a result the influence of the west on ideas and practices in non-western countries has been strong (Sinha 1999). Recent developments in cultural awareness within developing countries have belatedly led to questioning of the utility of western management concepts and practices transferred to Asia (Kao et al.1999). Most contemporary scholars argue that the quest for economic and industrial development in developing countries through such traditional western ideologies creates challenges (Fink et al.1983; Kao et al.1999; Sexton 1987; Sinha 1999) and may also be inadequate (Hofstede 1994; Adler, 1997; Alawattage 1998; Nanayakkara 1999;

Wickramasinghe & Hopper 2000). It has been asserted that little is known about the effectiveness of cross-border transfer of organizational knowledge involving dissimilar cultural contexts (Bhagat et al., 2002). It appears that the western entrepreneurship paradigm does not draw on the deep-rooted settings in society and culture of many developing countries. This paper critically and conceptually analyses the western entrepreneurship paradigm and its implications of applying in non-western cultures with some reflections from Asian context.

2 Entrepreneurial thought as history: The Western paradigm

Since the 16th century, industrialisation in the west has provided the seedbed for the development of modern economic theories. The early traditional craft system in the west constituted the historical entrepreneurial culture in western societies. It was legitimised by

society and characterised by local markets, a stable and predictable life cycle and a hierarchical social order (Paula 1996; Ross 1999). Industrialisation produced an environment which was quite different from the medieval handicraft system. This radical change of the economy in the west has been given priority in academic discourse. It has been modelled and described by the scientific paradigm of economics (Paula 1996). The field of entrepreneurship emerged in this process. Later western historians, psychologists, sociologists and anthropologists extended the modelling of entrepreneurship into different areas within the framework of socio-economic development.

In the western context, the word 'entrepreneurship' originated from the French verb *entre-prende*¹ and can be traced back to the medieval handicraft system in Europe in the 1100s (Elkjaer 1991). In the Asian context, Perera (1990) argues entrepreneurial activity can be traced back to the merchant-entrepreneurship which has existed in the Mohenjo-Daro, Harappan², Deccan, Sri Lankan, Arab, and Jewish civilisations. In England the terms 'adventurer' and 'undertaker' were originally used to denote an entrepreneur. Such terms as 'projector' and 'contractor' were used from the 14th century onwards (Williamson 1966). These terms referred to functions and qualities which were an exciting and unknown experience taken at one's own risk (Greenfield & Strickon 1981).

According to Davenport and Prusak's (1998) 'Working Knowledge', knowledge is a fluid mix of framed experience, important values, contextual information, and expert insight. Moreover, knowledge originates from unique experiences and organizational learning by key constituents, and often remains embedded, not only in written documents but also in routines, tasks, processes, practices, norms, and values. It is clear that western disclosures in entrepreneurship are essentially embedded in the western culture and are also shaped by the philosophical foundation of economic rationalism. In other words, the knowledge of entrepreneurship has been fashioned predominantly from a theoretical perspective based on economic functionalism, and rooted in the cultural contexts and socio-industrial experience of western societies.

Industrialisation in the 19th century led to a more definitive approach to the phenomenon of 'entrepreneurship'. The technological and economic changes which began in industrialisation in England represented something new in human history³ (Dillard

1967). It is this mainstream culture of industrialisation which has most deeply affected the understanding of entrepreneurship. With changes over time in the west, entrepreneurship has involved several phases in which it has varied substantially with regard to type and presumably function (McGuire 1964). For analytical convenience, the evolution of entrepreneurship has been considered to proceed through economic perspectives, non-economic disciplines and contemporary entrepreneurship as set out below.

3 Explanation of economic perspectives

A number of economic perspectives have been developed over the history of economics in which different meanings have been given for the term 'entrepreneurship'.

3.1 The classical economic approaches and the neo-classical approach

The pioneers of entrepreneurship were the classical economists Richard Cantillon (2001), Adam Smith (1805), J.B.Say (1834), and J.S. Mill (1848). Their focus was on the normal flow of economic activities⁴ under conditions of rational individuals with ideal information in new, unknown states of economy. This market-exchange economy required psychological and material resources to organise large-scale, mass production effectively and rationally. In this institutional process entrepreneurship has been defined as a factor of production that carries risk and uncertainty in the process of organising other factors of production (Cole 1949).

A dynamic theoretical work on entrepreneurship emerged with the neo-classical American economist Joseph A. Schumpeter's work –'The Theory of Economic Development' in 1936. In this era of industrialised- market-organised societies, Schumpeter aimed at more advanced equilibrium states, 'carrying

system produced products for the local market which was a secure, controlled and organised system. Moreover, there was no accumulation of capital. However, gradually from the 13th century onwards permissible free competition emerged in western society (Gay 1923 cited in Aitken 1965) and this developed further with the growth of international trade. Large-scale enterprises in industrialisation involved risk bearing, capital accumulation, and psychological and organising abilities to approach and enhance unknown international markets. From this the initial understanding of entrepreneurship emerged.

⁴Demand and supply are interfaces in the market mechanism and form an economic equilibrium. It has been identified as the invisible hand hypothesis Smith, A. (1805). An inquiry into the nature and causes of the wealth of nations. London, Harrison and Company.

¹'Entre' stand for 'between' and 'prendre' being for 'to take' or 'to undertake' (Bolton et al. 2000).

²The Indus Valley / Mohenjo Daro civilisation dates back to 3500 BC and is considered one of the first signs of human civilisation.

³In late medieval Europe there were two basically different methods of production. Initially, the traditional handicraft

new combinations'⁵. He succinctly terms 'innovation' as entrepreneurship and the individual whose function is to carry innovation out is called an entrepreneur (Schumpeter 1965). The individual entrepreneur, as an instrument (carrying new combinations) in the economy is primarily a decision maker and is the key to the growth process. Therefore 'there are no entrepreneurs without innovations and no capitalist returns and no capitalist propulsion without entrepreneurial achievement' (Schumpeter cited in McGraw, 1991:380). Schumpeter's concept of innovation includes the elements of risk-taking, superintendence and coordination which allow economic systems to avoid repetition and progress to more advanced states.

3.2 Post-Schumpeterian evolution

Post-Schumpeterian evolution proceeded with the Harvard tradition and the neo-Austrian school. The Harvard school believes entrepreneurship is a purposeful activity which initiates, maintains or develops profit-oriented business. In this process it interacts with the internal situation of the business and with the economic, political and social circumstances surrounding the business (Cole 1946). This Harvard School considers the human factor in the production system as well as sensitivity to environmental characteristics that affect decision-making.

The neo-Austrian school believes that the economy moves towards equilibrium to the extent that the entrepreneur correctly anticipates future conditions, and facilitates other individuals' efforts to achieve their own objectives. Therefore, it is concerned with entrepreneurial alertness (High 1986). In the face of an asymmetrical distribution of information and knowledge of markets (entrepreneurial alertness), this leads to the realisation of an information arbitrage (Kirzner 1973). Related profitable opportunities which only the entrepreneur is able to identify and to realise are exploited. The neo-Austrian school considers disequilibria as a necessary condition for entrepreneurial successes, and not a result of it.

3.3 Non-economic disciplinary perspectives

Since the Second World War, Schumpeter's emphasis on the actor (entrepreneur) has been utilised in various non-economic disciplines including history, psychology, sociology, management and organisational studies.

⁵Schumpeter (1936: p132) noted that individuals attempted to '... reform or revolutionize the pattern of production by exploiting an invention ... or untried technical possibility for producing a new commodity or producing an old one in a new way... This] require(s) aptitudes that are present in only a small fraction of the population ...'.

3.3.1 Psychological approaches

The psychological approach to entrepreneurship emerged from the research of David McClelland (1953; 1961). In his 'The Achieving Society' he argues for a causal link between the psychological factor, a need for achievement (n-Ach) and economic growth. For McClelland (1961), and McClelland and Stewart (1982), the need for achievement is rooted in an interrelated set of child-rearing practices and characterized by a desire to do well, not so much for the sake of social recognition or prestige, but to attain an inner feeling of personal accomplishment (McClelland 1961). McClelland's analysis of entrepreneurship is based on the conclusion reached by Weber (1930) on Protestant values and the spirit of capitalism. While Weber describes economic growth in terms of socio-religious attributes, McClelland (1961) explains the psychological attributes of the individual entrepreneur.

McClelland (1961) identifies three potent needs motivating an individual. These are: a need for achievement, a need for power, and a need for affiliation. The need for power is manifest in the concern with the control of means of influencing a person (McClelland 1961). The need for affiliation regards establishing, maintaining or restoring an affective relationship with another person or, in a word, friendship (McClelland 1961). Finally, the need for achievement can be considered as the need for challenge and success, which motivates entrepreneurial activity.

McClelland and Stewart (1982) employed rigorous research procedures, using comparative analysis, to answer the question: why do some societies produce outstanding individuals (that is, entrepreneurs) while others do not? To this end he employed a cross-cultural approach which sought to develop objective criteria applicable to all societies. In this objectively rationalised process he was recognised largely for his ingenious method of measuring a need for achievement through a psychological projective technique called the 'Thematic Apperception Test'⁶.

The individual with the greater desire for achievement has greater potential to be an entrepreneur. Therefore, n-Ach has persisted in mainstream entrepreneurship theory (Shaver & Scott

⁶Ambiguous pictures are given to respondents who are requested to describe them, and their descriptions are measured for the content of N-Ach. One such test consists of a picture showing a man sitting at a table which has some papers on it, close to an open window, and nearby is a framed but blurred picture. If the respondent's description centres on work, and is individualistic in content, he is given a positive score, while if it centres on the blurred picture, and brings out concern for his family, he is given negative score. The results of the positive and negative scores give him an N-Ach rating. TAT is a heavily used technique in the process of entrepreneurship development in Sri Lanka.

1991) and it has been included in most training and development in entrepreneurship⁷. It was believed that n-Ach could be inculcated through training in self-reliance, rewarding hard work and persistence in goal achievement and creating interest in excellence. All these focus on individual oriented development and a later extension of this psychological aspect of the entrepreneur, eminent personality trait theory,⁸ has emerged in the study of entrepreneurial achievement (Fraboni & Saltstone 1990).

3.3.2 Sociological approaches

Sociologists suggest that economic actors' decision-making and actions can be fully understood only by taking the social context into account since organizations and individuals are embedded in cognition, institutions, culture, and social structures (Zukin & DiMaggio 1990). Sociological approaches provide an understanding of how the societal context affects the prevalence and role of the entrepreneurial sector. Sociologists' explanations are mainly based on Karl Marx (1818-1883) and Max Weber (1804-1891). Models of class conflict, starting with Karl Marx, tend to emphasise somewhat different aspects of societal interactions (Marx 1970; Marx & Aveling 1896). Similarly, Weber (1930) emphasised the differences in the values associated with Protestant and Catholic religious teachings. He concludes the Protestant faith, prudent and sober, leads to the increased well-being of the individual. As a result, Protestants were more prevalent at the top of the economic structure. Accordingly, the sociological approach in entrepreneurship focuses on social contexts that affect individual behaviour.

A social system includes social actors (called individuals) and organised collectives such as business organizations, political parties, and government agencies. Thus entrepreneurship encompasses all the constituent subsystems and individual actors, who may be participating in a variety of systems. Among sociologists Jenks (1938), Cochran & Miller (1947), and Williamson (1966) stress the importance of the socio-cultural milieu in entrepreneurship development and suggest that socio-cultural history accounts for the entrepreneurial functions of a large number of individuals.

⁷In Sri Lanka, most training institutions of entrepreneurship have included this personality development component in their training packages and several games and personal assessments are being used to develop 'the entrepreneurial personality' within individuals.

⁸ In trait approaches to the study of entrepreneurship, an entrepreneur is seen as a set of personality traits and characteristics.

3.3.3 Management approaches

The roots of management theories lie mainly in Europe: with Adam Smith, John Stuart Mill, Leo Tolstoy, Max Weber, Henri Fayol, Sigmund Freud, Kurt Lewin and many others (Hofstede 1993). From a management perspective entrepreneurship is defined simply as business management (Rimmer 1999). There are four well-established schools of management thought⁹: the classical, behavioural, management science and situational approach.

However, the management approach excludes the need for the entrepreneur to be the founder of the business, but rather considers the entrepreneurial role within the managerial role of the chief executive officer. Therefore, vision and strategy are needed in steering the organization successfully, by capitalising an opportunities using inherent strengths and eliminating inherent weakness in the organization, and converting threats into opportunities. It is also believed that maintaining the efficiency and effectiveness of an entrepreneurial process leads to organisational performance. However, Greenfield and Strickon (1981) argue that western management practices may appear somewhat strange in different cultural situations. This means management functionalism is rational but unable to take cultural patterns into account.

⁹Since the early 1800s, the classical view of management centres on how a business should be organized and the practices an effective manager should follow. As an example Fayol (1930) introduced his 14 principles of management while Weber (1930) worked for his bureaucracy model. Fredrick Taylor (1911) called the father of scientific management, introduced time and motion studies and standards for work (piece rates) with better ways to motivate workers. Since the early 1900s behaviourists focussed on the challenges of understanding and managing people in their work place. Their models come from psychology, sociology and related fields. As an example Elton Mayo's Hawthorne Studies was concerned with the workers' productivity and social factors affected behaviour and productivity, morale, status, and good working relationships. Since the late 1940s, management scientists in their decisional (operations) approach have asserted that management effectiveness lies in being able to solve complex problems. Accordingly the following scientific techniques are recommended in the process of managerial decision-making a). facts are gathered and employed carefully with the best possible decision-making process, b), managers are better able to carry out rational analysis of demand on organization and resources available to meet demands, c) Management Information System (MIS), Spreadsheet modelling, Break even and Profitability analysis and Cost benefit/cost effectiveness analyses. The Situational Approach includes all aspects of the previous including internal and external environments of organization.

4 Critics of Entrepreneurship understanding in different perspective

The different disciplinary perspectives and the reductionist approach of the western paradigm resulted in limited returns to entrepreneurship understanding. Each perspective has its own limitations since one disciplinary perspective can never handle all relevancies of entrepreneurial holism.

4.1 Critics of the economic understanding of entrepreneurship

The classical economists, in their invisible hand hypothesis, ascribe a functional role to the entrepreneur in the productive process. Accordingly, the entrepreneur is a risk-taker, decision-maker, organiser, coordinator, innovator, employer of factors of production, and arbitrageur with the degree of success depending on fulfilling this function (Herbert & Link 1982). It is clear that this functional role of entrepreneurship and the independent personality of the entrepreneur have been determined within the conditions of industrialisation and industrialised capitalistic societies.

In general each of the economic understandings of entrepreneurship has its own criticism.

a) The classical economists narrowed the term 'entrepreneur' to its economic perspective only. Therefore the term 'entrepreneur' as 'actor' did not really materialize (Gupta 1987; Fontaine 1991) and emphasis was placed on the 'act' of entrepreneurship.

b) These are also problems with Schumpeter's analysis¹⁰. Firstly, the emphasis on the individual entrepreneur, who is considered as an economic instrument, places the entrepreneur outside society and social interactions. Secondly, the entrepreneur as a solitary decision maker in an enterprise economy creates the sense of the social process as based on 'individualism'. Thirdly, it is questionable that entrepreneurs will be able to try out what they are supposed to in 'new combinations'. As a result, the desirability of entrepreneurial reality based only on individual (entrepreneur) choices and decisions is questionable.

Moreover, it can be argued that the philosophical understanding of 'development' is a common limitation for all these economic understandings of entrepreneurship. It is clear that 'development' has been conceptualised narrowly along with a particular perspective of economic rationalism. Analysis of 'economic perspective' reflected that economists have put effort into finding out how entrepreneurs contributed to the past growth of the economy and formulating models for the future growth of societies (towards new advanced economic equilibriums). Therefore, development theories formed in the

context of industrialisation, support the economic scientific worldview (Casson 1982) and the non-human dimensions of industrialisation (Bygrave & Hofer 1991; Shrivastava 1994; Purser et al. 1995). Consequently, studies of entrepreneurship have tended to overlook the human, social and cultural aspects which include employee satisfaction and attitudes which may be reflected in labour turnover and labour unrest, income disparities which represent the dimensions of integration and inter-dependence, and the dimensions of ethical responsibility which can be approached with such indicators as illegal practices, corruption and environment pollution.

4.2 Critics of McClelland's psychological orientation

According to McClelland (1955) a large incongruity between an entrepreneur's aspirations and end results leads to 'avoidance motives' as far as personal achievement is concerned. Such individualistic rationalisation isolates the entrepreneur from the social context within which he/she operates. As a result, McClelland's analysis of entrepreneurship on the individualistic psychological orientation has been empirically disproved in some other cultural contexts (Hornaday 1971; Tropman 1989; Perera 1990; Ghosh 1993; Baum et al. 2001) including Sri Lanka (Perera 1990; Budhadasa 1999; Gamage et al. 2003a) where individual entrepreneurial aspirations do not only emerge from the need for achievement.

McClelland's Thematic Apperception Test (TAT) for the entrepreneur profile is also contested because although McClelland believes that a high need for achievement creates entrepreneurs, issues arising from further research show that this correlation is not clear within sport psychology (Woods 1998) and the correlation is inconsistent for technical entrepreneurs (Roberts 1991).

McClelland's approach is based on the presumptions of the scientific nature of mental formation in childhood and is therefore questionable: Is it only this psychological formation of childhood that enables a person to be successful in a society which has a very distinct cultural background and values? According to Woods' (1998) findings, around 75% of the contribution to human personality is genetic while the other 25% is due to environmental influences. However, Whybrow (1999) found the genetic contribution to personality to be only 40%¹¹. Such understanding weakens this theory in the context of interpreting the entrepreneur solely as an 'individual' apart from societal influences.

Hagen (1962) challenges McClelland by directing attention to the level of the group, as

¹⁰Solo (1951) and Herbert and Link (1982) examine the Schumpeterian perspective and highlight its limitations.

¹¹The findings of empirical research at the University of Minnesota on identical twins who were exposed to different environment expound genetic contribution and the environment as parameters of human behaviour.

opposed to the level of individual motivation. He focuses on disadvantaged minorities in complex national societies (usually developed societies) and argues 'they have contributed disproportionately to the supply of entrepreneurs precipitating economic growth' (Hagen (1962: 60). He asserts that the feeling of discrimination among disadvantaged groups has been compensated for in the only ways available to them. It is exemplified by the historical role of the Dissenters in England, the Protestants in France, and the Parsees in India. In each case the loss of group status has promoted individualism and self-reliance, which then favours innovation and entrepreneurial activity (Hagen 1962). Several other psychological approaches to understanding entrepreneurship have been suggested. Byham (1984) argues left-brain and right brain function¹² is useful for decision making and selecting and directing the work force in an organization. Thus the basic guideline of industrial organization psychology for example, has been good selection, goal setting, communications and participativeness which facilitates the success of an organization. This has been extended by Baron (2000) who indicates that both cognitive and social factors influence the success of entrepreneurship. In this theory, cognitive factors help in developing distinctive thinking patterns, while social factors influence the effective interaction of entrepreneurs with others.

In conclusion, the emphasis is on the individual entrepreneur who has been taken out of the socio-cultural context. These psychological approaches have also tended to ignore socio-cultural interactions which would enable a holistic understanding of entrepreneurship.

4.3 Critics of the sociological approach of entrepreneurship

Sociological theories emphasize that it is critical to separate the development of entrepreneurial activity as an activity from other spheres of community life and the social history of a country. Accordingly, this approach has taken an open-system or environmental approach to entrepreneurship by which the impact of external factors such as socio-economic, political, educational, and legal, on entrepreneurial practices and effectiveness is emphasized (Gnyawali & Fogel 1994; Bygrave & Minniti 2000; Schwartz & Teach 2000). However, Reynolds (1991) notes this approach most often embraces a societal equilibrium model that leads to a smooth functioning or low-conflict society.

¹²Left-brain thinking is logical and systematic. Left-brain thinking is convergent. It is useful when comparing new ideas against known principles or when manipulating facts according to a known procedure. Right-brain thinking is creative, divergent, illogical and seemingly random and spontaneous. Through right-brain thinking, new ideas and designs emerge. Through left-brain thinking, new ideas are assessed according to known principles and criteria.

This model brings a rational process of entrepreneurship. Consequently, Balakishnan et al., (1999) argue that although social variables have been used to explain entrepreneurial activity, most studies undertaken under this rubric fail to answer the question: 'what constitutes entrepreneurial behaviour?' and/or 'who is an entrepreneur?' A question arises, whether even the sociological scholars have fully understood the deep-rooted cultural influences on the entrepreneur's social actions.

5 Contemporary understanding of entrepreneurship

The historical analysis of entrepreneurship as a field of study illustrates that entrepreneurial activity has been widely recognized and encouraged by several other disciplines. Different disciplinary perspectives¹³ have led to more divergence than convergence in moving towards the goal of practical conceptualisation of entrepreneurship (Greenfield & Strickon 1981; Brazeal & Herbert 1999; Swedberg 2000; Kuratko & Hodgetts 2001).

Since the 1990s, the field has expanded into several incongruent domains such as corporate entrepreneurship, macro environmental linkages, international entrepreneurship and career alternatives (Brazeal & Herbert 1999). Although this wide range of disciplinary contributions expands the knowledge of entrepreneurship it has failed to develop a comprehensive or agreed understanding of entrepreneurship (Domar 1968; Smart & Conant 1994; Brazeal & Herbert 1999) or in a single, agreed upon way of entrepreneurship (Fraboni and Saltstone 1990). In fact the knowledge gathered about entrepreneurship is still relatively limited (Cunningham & Lischeron 1991; Brazeal & Herbert 1999).

6 Passing on the western paradigm to other cultures

Significant efforts have been expended in attempting to implant understanding of entrepreneurship from the west into developing economies. There are several views on why western knowledge is dominant in developing countries. Greenfield and Strickon (1981) argue that developing nations depend on the western ideologies because: a) they lack their own knowledge creation regarding development; and b) these countries are ambitious for rapid development, and

¹³The actuality of different perspectives is like six blind men and the elephant (Ken Keyes 1975:45. Appendix 2). The six blind men each has different perspective of the elephant. One believes the elephant is like a piece of rope, another believes it's like a brick wall etc. They rationalised their feeling objectively. None has a complete view; in fact they can never know the complete elephant in one instant of time (lack of holism).

assume western knowledge is advanced and developed. Leonard (1985) has examined this reliance on western models at the organisational level and asserts that organizations generally seek external 'well-springs of knowledge' that are vital for their development. In this process it is assumed western theories are the best and only way to success.

Hofstede (1980; 1994) emphasizes that the hypothesis of cultural transferability underpins much of the 'aid' provided by the developed world to underdeveloped poorer countries. Further more, Nanayakkara (1999a) asserts that the various types of technical and training assistance programmes and professionals that have been implanted from the western world to developing countries have been instrumental in the initiation of this dependency relationship. Gupta and Govindarajan (1991) stress that not only aid agencies but also multinational corporations are networks of transactions that are engaged in knowledge flows. Economic liberalisation in developing countries allows foreign investment by multinational corporations which results in this knowledge transfer.

However, Adler (1997) examines other reasons for the management knowledge system of developing countries being heavily influenced by the west. He explains three main reasons: a) most management schools are in the USA; b) the vast majority of management professors and researchers are trained in the USA; and c) the majority of management research still focuses on USA companies (Adler 1997:12). Generally, most developing countries depend on the west for professional training and higher education, as they believe that the western system and theories are the best or the only way to get better knowledge (Cheng et al. 2001).

With this understanding, it is clear that western knowledge is often accepted (without questioning) as suitable for entrepreneurial research studies, education, training and development in developing nations. The situation is best represented in the words of Davenport and Prusak (1998: 98) as: 'spontaneous and unstructured transfers of knowledge routinely take place within and across organizational boundaries, whether the process is actively managed or not'. The socio cultural context which provided the foundation for the knowledge and the theoretical assumptions rooted in it are ignored and/or believed to be culturally universal. It is evident that transplanted ideologies may be meaningless without the support of an underlying and widespread pattern of culture and behaviour.

6.1 Influence of the western ideologies in Sri Lanka

The above discussed issues related to imparting the western paradigm to other cultures are relevant in Sri Lanka along with the effects of western colonisation by the Portuguese, Dutch and British. Several positive

and negative criticisms based on the western invasions in Sri Lanka describe emerging influences from the west.

The British had the greatest impact on 'Ceylon'. Ludowyck (1966) states that whatever the Portuguese and Dutch did, the British improved upon. He attributed this accomplishment to the British grounding in liberalism, a belief in the emancipation of slaves, the absence of religious persecution, and conscious attempts to maintain good relations between the rulers and the ruled. The Roman Catholic religion and law, a western free education system, the plantation system, as well as trading and commercialisation of the economic system increasingly influenced the indigenous way of social life (Jayawardena 2000). De Silva (1953: 4) states that 'the indigenous administrative system was converted into an engine of oppression and misgovernment for commercial profit and private gain'. That is, the capitalistic system was superimposed on Sri Lankan social formation with the development of plantation trading and associated organizations and management.

Hence, the imitation and replication of the west seems to have characterized work and work organizations in Sri Lanka by suppressing the region's own patterns of traditional work and trading organization. Consequently, almost all Sri Lankans have been influenced by the education and orientations set down by western ideologies (Nanayakkara & Ranasinghe 1984).

6.1.1 Entrepreneurship training and education

The development of entrepreneurship as a distinct discipline at institutes of higher learning in Sri Lanka has been influenced in terms of objectives, design, content and methods, by the disciplinary development of entrepreneurial management education in the developed world (Nanayakkara 1999a). The ideology of entrepreneurship training and education in Sri Lanka has come from leading American universities such as Harvard, and prestigious British institutions. Similarly, the personnel involved in bilateral and multilateral assistance programs have also spread western ideology through their training programs. The World Bank (1984) argued that Sri Lankan business managers need more western management know-how such as Marketing, Personnel Management, Investment Analysis and similar subjects in the traditional business curriculum. It is therefore not surprising that during the last two decades from 1980, the two most dominant training assistance programs in entrepreneurship in Sri Lanka have been the American-based International Labour Organization Project and the German based CEFE¹⁴ program.

It is clear that western knowledge in Sri Lanka is influential. The entrepreneurship literature available,

¹⁴Competency based Economies through Formation of Enterprise.

either from overseas or produced locally, is almost exclusively western in origin and character (Nanayakkara, 1999a). It often ignores the complexities of acquisition, mobilization, and implementation of knowledge which have been discussed by several researchers such as Shenkar and Li (1999), Almeida et al. (1998) and Larsson et al. (1998). These authors have identified the significance of knowledge and issues concerning the cross-border transfer of organizational knowledge. Shenkar and Li (1999) and Leonard (1985) argue that it is important for the host to possess appropriate absorptive capacity to utilize such knowledge.

However, according to Nanayakkara (1999a), Sri Lankan policy makers have adopted almost all the patterns of management and organizations that prevail in the west because they have been overwhelmed by the level of industrialisation and economic prosperity in the west, and they are anxious to catch up. He further emphasises that this blind-faith in adopting western theories has to be made known to Sri Lankan decision-makers. Glade (1967) and Sexton (1987) also remind us that the study of entrepreneurship is a product of the evolutionary thought of the nineteenth century and that therefore, a theory of change must be developed. However, what is rather surprising is not so much the beginning of this dependency as its continuation over the past two decades (from 1980) in Sri Lanka.

7 Theoretical conflicts and cultural implications of the western entrepreneurial paradigm

This analysis encounters multi-disciplinary literature in different contexts.

7.1 Emerging theoretical conflicts

Business management in Asia is different (Hofstede 1993; Sinha 1995; Adler 1997; Nanayakkara 1999a; b). Organisational and management theories are culture specific; therefore, theoretical receptiveness and responsiveness are also culture bound. As an example, Adler (1997: 41), reports on McGregor's (1960; 1984) theory X and theory Y in leadership in a case of a Canadian employee working under a Filipino boss. Here, the 'theory X' approach of the Filipino boss as perceived by the Canadian employee was, in fact, the 'theory Y' approach as perceived by the Filipino boss.

Heintz (2001) explains that Romanian managers adopt western management strategies (by belief in their value or by interest) that do not correspond to the cultural background of Romanian employees. Instead of creating a positive 'culture of enterprise', the application of western theories generates clashes of cultures and leads to business failures. Haley and Tan (1996) found theoretical divergence between Asian and western executives and strategic theorists in

relation to strategic decision making. One of the major differences in Asian decision-making stems from the base information available to, and desired by Asian decision makers, which differs from the western ideologists.

Hofstede (1980) questions the universality of American management theories, in particular, motivation and leadership and organisational theories, using his findings of a survey of over 116,000 IBM employees from 40 independent countries. He argues that all motivational factors and leadership styles are western or culture-bound to the west¹⁵. As a consequence, these theories do not offer universal explanations of motivation; rather, they reflect the value system of Americans. Moreover he argues that USA management theories have failed to provide consistently useful explanations outside the USA. He reported that in Germany and France, the original theme of 'Management by objective' (MBO) could not be adopted entirely as in USA companies (Hofstede 1980). Nanayakkara (1999a) also found that MBO as process seems to require certain individual qualities which are inherently absent in the Sri Lankan cultural context.

Roberts (1991) who used the Thematic Apperception Test technique for seventy-two technical entrepreneurs in United Kingdom found that while on average technical entrepreneurs had only a moderate N-Ach, 80% of entrepreneurs in the high-growth companies showed high N-Ach. Other important issues are apparent from his findings: while only 30% had responded to a challenge by becoming an entrepreneur; another 39% responded to a desire to be independent; and the rest to a desire to be wealthy. This represents socially and economically influential factors pushing entrepreneurs rather than n-Ach. From these understandings a question that arises is if western ideologies are not universally applicable even in other western countries, what are the impacts of western ideologies on developing economies which are economically, industrially, socially and culturally more diverse?

7.2 Significant cultural implications

The argument that western entrepreneurial theories and concepts are applicable to another culture has been subject to much critical comment. This indicates underlying differences due to cultural predispositions. By looking at Figure 1, we can get some idea about the cultural difference between the west and Asia. Furthermore, Hofstede (1983), who studied

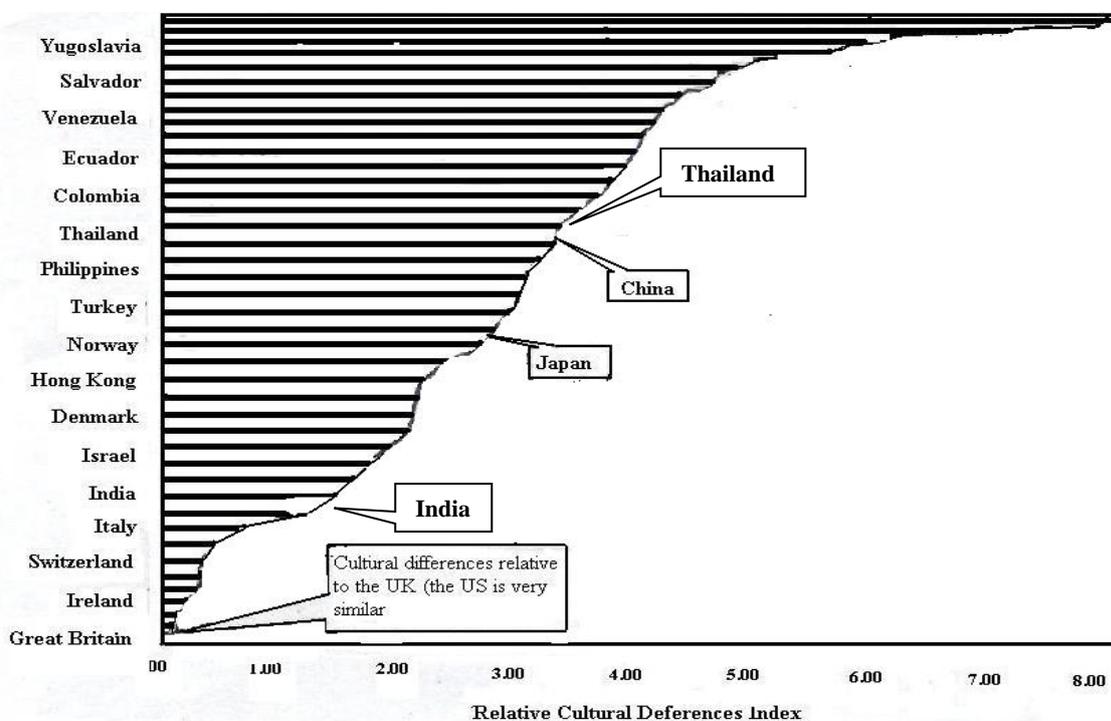
¹⁵These range from Sigmund Freud's 'sexual instinct' to McClelland's (1961) need for achievement', as well as Maslow's (1943) 'hierarchy of needs'. Fredrick Herzberg's (1966) 'job enrichment', Victor Vroom's (1964) 'expectancy', and David McGregor's, (1960) theory X and theory Y; and Likert's leadership (1967) are also culture-bound to the west.

differences in people's work related values in 50 countries, concludes that people of the United States are 'highly individualistic' and that they tend to 'maintain power equality' among themselves. In the case of Asia, however, it was found that the relevant value configuration of the people was quite opposite: low individualism and large power distance.

Perera (1990) asserts that if entrepreneurs in the west have power bases which are individualistic, and have needs for personal achievement, then they stand in sharp contrast to their counterparts in the east who have social power bases, and whose needs for achievement are collectivistic. Due to these cultural differences with the west, there is substantial doubt that Sri Lankan entrepreneurial practices will ever simply follow in the steps of the west.

Cultural challenges to western knowledge represent threats to 'western consultants'. According to Maddison (1965), Seefeldt (1985) and Harari (1990) while it has long been recognised that 'consultants' crossing national boundaries in order to offer technical assistance often face cultural problems, there is a dearth of research detailing the complex issues involved in clashes of values. This has regularly resulted in the inability to read political dynamics and insensitivity to customers and mores. A broad range of literature in developing nations argues that effective cross-border transfer of knowledge will become increasingly critical as incongruity among social and cultural factors intensifies.

Figure 1. The cultural differences relative to the UK



Adopted from Kogut and Singh (1988), developed using Hofstede's data

7.2.1 The Sri Lankan context

Influenced by this paradigm, various entrepreneurial activities that originally evolved in a different context have been undertaken by many Sri Lankan business organizations. How many of these ideologies actually take root and bear fruit in the Sri Lankan setting is not precisely known due to the lack of sophisticated research studies focussed on this issue. Research aimed at examining the entrepreneurship phenomena on the same western theoretical tracks and methodology (objective rationalism and hypothetico

deduction)¹⁶ appear to be incapable of explaining the deep-rooted socio-cultural, ethno-religion, and

¹⁶For example, Personality Styles of Female Entrepreneurs: A Cross Cultural Study (Wijesena 2000); Entrepreneurial Attitudes Towards Work Among Business Manager (Salgoda 2000); The Impact of Mentoring on Entrepreneurship (Perera 2000); The Entrepreneurial Behavior of Sri Lanka (Mallasekara 2000); Entrepreneurship Development Training Programs in Sri Lanka- A survey of Some Selected Organizations (Ekanayake 2000); Socio-economic and Psychological Factors Affecting Small Enterprise Growth in Sri Lanka (Samarasinghe 1996); A Study of Small Business Performance: The tendency to stagnate (Wijedasa 1990); The influence of childhood experiences on Entrepreneurs'

political contextual setting, which triggers the problem of blind faith in western models by Sri Lankan policy makers and practitioners.

However, the experience of some concerned professionals, academics, entrepreneurs and researchers in Sri Lanka shows their disappointment of continuation of such knowledge. Academics in Sri Lanka, such as Gamage et.al.(2003a, 2003e), Perera (1990), Alawattage (1998), Nanayakkara (1999a), Ratnasiri (1999), and Wickramasinghe & Hopper (2000) reveal that western type management, education and training have not been able to make an appreciable contribution to organisational success in Sri Lanka. Thus, failures seem to outnumber successes (Ratnasiri 1999). These Sri Lankan researchers have identified that the reasons for these failures are based on social and cultural factors (Perera 1990; Alawattage 1998; Nanayakkara 1999a; Wickramasinghe & Hopper 2000, Gamage et.al.(2003a, 2003d, 2003e),). Others criticize the assumption of objectivism in western ideologies (Alawattage 1998; Ratnasiri 1999; Wickramasinghe & Hopper 2000). With regard to training professionals in entrepreneurship in Sri Lanka the validity of training models based on western practices has also been questioned (Fernando 1993; Budhadasa 1999).

7.2.2 The Indian context

The inappropriateness of western ideologies in a developing country is also seen in India. Sinha and Sinha (1990) have identified numerous ways in which Indian and western managerial behaviours differ. For example, the traditional notion of 'check with the boss' in India is the crux of the majority of decision-making which naturally shifts the locus of control to the highest authorities in the organization which routinely form the hierarchical relationship in Indian organizations. Communication patterns are therefore affected by power-play patterns, which involve 'affective reciprocity' between superiors and their subordinates. This preference for a personalised relationship within organizations contrasts with the more contractual relationships in western theories and organizations. Moreover, in India a dilution of organisational norms has been affected by familism which in turn affects planning. The individualistic orientation of western ideologies is in contrast with the Indian collectivistic orientation which facilitates the motivation of personnel to be loyal and committed to work. Therefore Tripathi (1990) suggests the creation of a synergistic mix between traditional

indigenous roots and modern techniques to increase the efficiency of Indian enterprises.

7.2.3 The context of Pacific Rim

Industrial cultures such as China, Japan and other countries of the Pacific Rim have also challenged western ideologies. Sinha et al. (1999) showed that the communication and trade network patterns of the British and Chinese are completely different. While the British communication style is more formal, the Chinese communication pattern is more relationship-oriented. Chinese trading networks are based not on contract but on trust and family ties. Moreover, Japan and most newly industrialised countries of the Pacific Rim have adopted entrepreneurial management styles, work attitudes and values rooted in Confucian social philosophy, familism, and institutional structures that are not by any means Euro-American (Sinha et al 1999). Comparing Japanese and American management styles Adler and Graham (1989) reveal that while their management exhibits 95% similarities, they differ in vitally important respects of society and culture. The reason is the underlying beliefs of Asian and European thinking affect ways of managing and doing business.

8 Conclusion

The western approach to entrepreneurship, especially its evolution and limited returns to the application of western models of entrepreneurship. However, different national cultural characteristics mean that the possibility of adopting mainstream entrepreneurial ideas, concepts and theories usefully between nations is highly unlikely because the culture of every day life is complex and not easily ignored. Yet the assumptions of transferability of other cultural philosophies underpins much of the 'aid' provided by the developed western world. The methods employed to transform western ideologies into other cultural settings, including Sri Lanka, were ineffective as they were not developed to be flexible to contextual variations.

The different disciplinary perspectives and the reductionist approach of the western paradigm resulted in limited returns to entrepreneurship programs since one disciplinary perspective can never handle all relevancies of entrepreneurial holism. It appears that the western entrepreneurship paradigm does not draw on the deep-rooted settings in society and culture of many developing countries. As a result, indigenous entrepreneurial realities are not well understood. Rather than continuing to study entrepreneurship within this western framework and set of assumptions, it may be better to seek a context-sensitive alternative approach.

Behavior (Wijayanayake 1998); Entrepreneurial Characteristics and Organizational Performance (Mowlana 1991); Entrepreneurial Characteristics and Growth of Small Business Ventures (Gamage 1989). All research based on western models and employed hypothetical deductive methodology.

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