
Regional cultural diversities amongst small business entrepreneurs in India

P. Prasannavadanan Thampi*

Amrita School of Business,
Amrita Vishwa Vidyapeetham,
Ettimadai, Coimbatore,
Tamil Nadu 641112, India
Email: prasthampi@gmail.com
*Corresponding author

Amalendu Jyotishi

Amrita School of Business,
Amrita Vishwa Vidyapeetham,
Kasavanahalli, (Off. Sarjapur Road),
Carmelram (PO), Bengaluru, 560 035, India
Email: amalendu.jyotishi@gmail.com

Ram Bishu

Department of Mechanical and Materials Engineering,
University of Nebraska-Lincoln,
1400 R St., Lincoln, NE 68588, USA
Email: rbishu1@unl.edu

Abstract: Small businesses are entrepreneur driven initiatives and are usually influenced by the entrepreneur's cultural environment including their attitudes, and beliefs. This paper attempts to study the nature of cultural diversities of the entrepreneurs across two different regions in India. The six cultural dimensions enunciated by Geert Hofstede and the ethnic orientation dimension brought out by Thampi et al. (2015) are the core constructs for this study. Data collected from small business entrepreneurs across two sample Indian states were analysed. Significant variations were observed in the cultural attributes of small entrepreneurs across the two sample states, and within these states across locations (rural-urban), and business types (manufacturing and service). In all these contexts power distance, risk propensity, collectivism, masculinity, indulgence, and ethnic orientation significantly varied across different segment combinations. The finding of this study, therefore, could be useful pointers towards explicitly incorporating cultural factors in policy design.

Keywords: micro; small and medium enterprise; MSME; Hofstede's cultural dimensions; etc; emic; ethnic orientation; EO; Kerala; Maharashtra; Malayalam; Kudumbashree; India.

Reference to this paper should be made as follows: Thampi, P.P., Jyotishi, A. and Bishu, R. (2020) 'Regional cultural diversities amongst small business entrepreneurs in India', *Int. J. Globalisation and Small Business*, Vol. 11, No. 1, pp.1–17.

Biographical notes: P Prasannavadanan Thampi is a Management Professional and former Vice President of the Oracle Financial Services, with over three and a half decades of experience in the diverse areas of strategic management consulting, project management, B2B marketing, customer relationship management, and banking software life cycle management. He currently does research on culture, entrepreneurship, and small business management besides being a visiting faculty at some of the leading business schools in India. This research paper is part of his doctoral work.

Amalendu Jyotishi is a Professor at the Amrita School of Business (ASB), Amrita Vishwa Vidyapeetham, Bengaluru, India. His research work covers issues relating to natural resources, institutions, innovation, and entrepreneurship. He has edited books, research papers published in journals and book chapters to his credit apart from several conference papers and proceedings. He has been acting as a reviewer for several reputed journals. He is one of the executive committee members of 'Asian Initiative on Legal Pluralism' and Indian Society for Ecological Economics. He has collaborated in research projects supported by various national and international organisations.

Ram Bishu is a Professor in Department of Mechanical and Materials Engineering, University of Nebraska, Lincoln. He has more than 45 years of industrial, academic, and research experience. He has more than 200 publications in journals and conference proceedings. His areas of specialisation are quality control and ergonomics. Over the years, he has performed a number of projects in all areas of ergonomics and quality. He has also developed digital solution strategies, including front-end website design, for e-commerce clients. He has a wide range of publications, and participates in professional societies at the international, national, and regional levels.

This paper is a revised and expanded version of a paper entitled 'Cultural pluralism amongst small business entrepreneurs in India – a study of the regional, rural and urban divide' presented at Biennial International Conference of the Commission on Legal Pluralism, Indian Institute of Technology, Bombay, 14–16 December 2015.

1 Introduction

Small businesses, or micro, small and medium enterprises (MSMEs), in India, are essentially entrepreneur driven. The influence of culture, therefore, is imperative among the small business entrepreneurs. However, literature is scant in helping to identify the influence of different aspects of culture on small business enterprises. Though the role of economic factors including human capital, social capital (or variants of this in the form of cluster studies or family business networks), infrastructure, credit, policies have received adequate attention, constructs of culture have remained peripheral. In this paper we attempt to bring culture to the forefront of analysis in identifying the importance of various constructs of culture on small business. There is a body of literature dealing with cultural aspects. However, this literature is often used in identifying the cultural attributes in an *etic* (study from outside the social group or countries) or *emic* (study from within the social group or countries) environment but have not adequately been exploited in the small business context. The notable among cultural dimension theories was the one originally enunciated by Hofstede (1980), Bond (2004) and Minkov and Hofstede (2011).

In this study we attempt to delve into entrepreneurial culture through primary data analysis. Our study is based in the context of two sample states of India, namely, Kerala and Maharashtra, across locations (rural versus urban), and business types (manufacturing versus services). We also examined whether there were any significant patterns in the nature of possible variance in culture across these groupings. Our analysis of the cultural dimensions not only shows variations across these groupings but also suggests 'culture' as an important dimension which cannot be ignored in the policy context of small business.

2 Small business in India

An entrepreneur primarily motivated by achievement, stakes risks, organises the allocation of resources and monetises business ideas (Javillonar and Peters, 1973; McClelland, 1987; Aspromourgos, 2012). His/her competence majorly depends on the person's individual traits which determine his/her level of self-confidence, uncertainty avoidance and integration into social networks (Hofstede et al., 2010).

India has an entrepreneurial tradition since ancient times. Manufacturing and trading of arts and crafts, silk products, agricultural products (especially spices), sandal wood, camphor, metals, precious and semi-precious stones, pearls are some of the areas where entrepreneurship had evolved in the pre-modern time (Karp, 1995; Dana, 2000; Kokatanur, 2014). Caste oriented social hierarchy-restrained innovative entrepreneurship in India (Dana, 2000). The region's traditions, value systems, cultural norms and beliefs induced passiveness and a reduction of entrepreneurial efficiency (Dana, 2000).

The business communities pioneered native trading in India but were often subdued by the uneven competition from the British traders who were unfairly supported by their government through discriminative policies and practices (Nafziger, 1971; Dana, 2000). The renaissance of Indian entrepreneurship started happening later during the first part of the 20th century and peaked up much later during the last 50 years (Dana, 2000; Gupta, 2008) especially due to the post independent leadership in India who helped overcoming the cultural and traditional barriers to entrepreneurship through their policies and programs (Dana, 2000; Thampi et al., 2015).

The trading and business communities of India have been known for their skills in trading and exchange practices since the colonial days (Dana, 2000). The country has trading and business communities like Banias of Gujarat; Marwaris or Marwadis, originally hailing from Marwar, Rajasthan, and now resident across many parts of the country); Suds of Punjab; Jains, Agrawals and Guptas of Haryana, Delhi, Uttar Pradesh and Punjab; Varshneys of Uttar Pradesh; Oswals of Rajasthan, Punjab and Gujarat; Rauniyars of Nepal, UP, Bihar and West Bengal; Barnwals of UP, Bihar and West Bengal; Chettiars and Gounders from Tamil Nadu; Gahoi of UP/MP; Komti of Andhra Pradesh; Maheshwari of Rajasthan; Pancham of Maharashtra and Karnataka; Parwars of Madhya Pradesh and Vaishnavs of Gujarat. Studies done by Dana (2000) and Patel and Selvaraj (2015) has brought out some of the key attributes of the Jains community that leads to their entrepreneurial brilliance.

These communities have networks and trading practices which are based on fairness, mutual trust, reciprocity, and other collectivist credentials and have created their own norms and business cultures through the creation of social capital. Here we notice certain

close relationship between culture and business acumen as Berger (1991, p.14) stated, “culture is the conductor and the entrepreneur is the catalyst.” Therefore, role and influence of culture in small business is not only important but also a primary driver of the business.

Indian small business enterprises are broadly classified under the definition of MSMEs. Their latest classifications as defined by the Ministry of MSME, Government of India (2006) are given in Table 1.

Table 1 Current classification of Indian MSMEs

<i>MSME sector</i>	<i>Enterprise</i>		<i>Investment in Indian rupees (INR)</i>
	<i>Definition</i>	<i>Type</i>	
Manufacturing	Classified in terms of investment in plant and machinery.	Micro	Less than 2.5 million
		Small	Between 2.5 million and 50 million
		Medium	Between 50 million and 100 million
Services	Classified in terms of investment in equipment.	Micro	Less than 1 million
		Small	Between 1 million and 20 million
		Medium	Between 20 million and 50 million

Source: Ministry of MSME, Government of India, S.O. 1642(E) dtd.29-09-2006

The Indian definition is dependent on investment in the case of manufacturing enterprises and on equipment in the case of service enterprises. The service enterprises tend to have comparatively less capital investment but employ more workforces for higher earnings. We followed this definition in the process of identification and classification of small business in our sampling framework.

3 Contextualising cultural dimensions

Several researchers have highlighted the positive causal relationship between culture and economic development (Hofstede and Bond, 1988; Landes, 1998; Tabellini, 2010). Culture is the set of shared values and beliefs (Sinha and Kumar, 2004) which influences and individual’s behaviour (Thurik and Dejardin, 2011) including her/his decision to become self-employed in preference to being wage-employed (Thomas and Mueller, 2000; Weiss, 1988; Thampi et al., 2015).

There are number of constructs for cultural dimensions. Hofstede et al. (2010, p.5) defined culture as “collective programming of the mind which distinguishes members of one group or category of people from another.” His theory postulates that people differ on the extent to which they endorse six dimensions of values, namely, power distance (PD) (equality vs. inequality), collectivism (vs. individualism), uncertainty avoidance (vs. tolerance), masculinity (vs. femininity), temporal orientation (TO), and indulgence (vs. restraint). Confucian work dynamism or Hofstede’s short-term vs. long-term orientation was added in 1991 as the fifth dimension (Hofstede and Bond, 1988; Hofstede, 2011). Minkov and Hofstede (2011) then brought in the sixth dimension – indulgence vs. restraint.

Several research papers came up on cross cultural dimensions in the wake of Hofstede’s landmark research on the same subject. The ‘Schwartz culture-level

dimensions theory' of Schwartz (1994) brought out the following dimensions: conservatism (maintaining the status quo, propriety, and restraint of actions or inclinations that might disrupt the traditional order in which people are embedded), intellectual autonomy (desirability of individuals' pursuing their own ideas and intellectual directions independently), affective autonomy (desirability of individuals' pursuing affectively positive experience), hierarchy (legitimacy of an unequal distribution of power, roles, and resources), egalitarianism (transcendence of selfish interests in favour of voluntary commitment to promoting the welfare of others), mastery (getting ahead through active self-assertion) and harmony (fitting harmoniously into the environment).

Smith et al. (1996) identified two cultural value dimensions in the area managerial value systems:

- a egalitarian commitment versus conservatism
- b utilitarian involvement vs. loyal involvement.

House et al. (2003) and his associates took up a mammoth study across 62 countries which came up with nine cultural value dimensions related to leadership behaviours: performance orientation, assertiveness orientation, future orientation, humane orientation, institutional collectivism, family (now in-group) collectivism, gender egalitarianism, PD and uncertainty avoidance.

The cultural value dimension postulates that came up after Hofstede's could be "related and correlated empirically to the value dimensions of Hofstede, as his original four dimensions are often used for validation purposes in many multicultural projects" [Bond et al., (2004), p.551]. Hofstede's framework is comprehensive and holistic and has been contextualised across nations (Thampi et al., 2015). A detailed discussion of the cultural dimensions theory proposed by Hofstede is taken up here, seeking to evolve an appropriate framework in the context of small business in India.

3.1 Hofstede's cultural dimensions theory

We have attempted a comprehensive review of the six cultural dimensions identified by Hofstede.

PD (high vs. low) is "social inequality, including the relationship with authority" [Minkov and Hofstede, (2011), p.12] and is the measure of how much a society acknowledges that power in organisations is distributed unequally. In the case of societies having higher levels of PD, individuals tend to abide by formal codes of conduct, accept a hierarchical order and are reluctant to disagree with superiors. The boss-subordinate relationship is that of dependence on the former; class divisions in society are accepted. On the other hand individuals in societies that are lower in PD do not feel "constrained by perceived or actual differences in status, power, or position" [Jeffrey et al., (2008), p.340] and majorly strive to equalise the distribution of power (Minkov and Hofstede, 2011). Here subordinates are respected and trusted and are entrusted with important assignments; there is thrust on mutual consultation and inter-dependence.

Uncertainty avoidance (high vs. low) is a group behaviour where people feel uncomfortable or threatened by uncertain situations and therefore create belief systems and institutions to promote conformity. The groups with higher levels of uncertainty avoidance create financial or social security systems as also protocols. They insist on

conformity to rules and norms and are quite intolerant to deviations from these rules or norms. Individuals or groups with lower levels of uncertainty avoidance need not always conform to norms and rules. They tend to take more risks (Jeffrey et al., 2008). Uncertainty avoidance is just the degree to which people in a culture prefer structured over unstructured situations (Hofstede, 2011). The entrepreneur being an undertaker specialised in taking risks, risk-taking is the core ingredient of entrepreneurship (Aspromourgos, 2012) and may, therefore, need to be low in uncertainty avoidance and have a low preference for structured situations.

The theory of individualism (vs. collectivism) classifies societies as either individualistic or collectivistic. Individualism is the degree to which people in a country prefer to act as individuals rather than as members of groups. In individualistic societies people are expected to look after themselves, there is emphasis on independence and self-expression, and personal goals assume more importance than collective, group level goals. On the other hand, collectivist societies give importance to group welfare and group loyalty, and give priority to group goals and interests over personal needs or goals. Reciprocity and respect for tradition are indicators of the collectivist communities (Minkov and Hofstede, 2011; Jeffrey et al., 2008).

The masculinity (vs. femininity) theory is based on perceived assumptions of male and female values (Jeffrey et al., 2008). Success, money, position, personal gains, etc., are perceived as masculine values whereas the caring for others and quality of life are considered feminine values. Male values are given greater emphasis in masculine society whereas female values are considered more valuable and enduring in a feminine society. Individuals in the former societies are more aggressive, ambitious, and competitive while individuals in feminine societies are comparatively more modest, humble, and nurturing (Minkov and Hofstede, 2011; Jeffrey et al., 2008). According to Hofstede (1980), relationships in a low masculinity environment will be friendly and based on mutual cooperation, and consider work less central to their lives. On the other hand, in the case of higher masculinity environments, achievements, earnings, recognition, and progress in life assume more importance. They are more career-centric, aspiring for advancements and achievements in their job.

TO (short-term vs. long-term) is a cognitive structure for processing information by comparing events in relationship to the time coordinates of their occurrence (Garner, 2007). TO also represents the extent to which members of a culture are cognitively programmed to accept delayed gratification of material, social, and emotional needs (Hofstede et al., 2010). Long-term orientation also termed as ‘Confucian dynamism’ [Hofstede, (2011), p.13] or pragmatic (as seen against normative) orientation denotes persistence or perseverance, ordering relationships by status and abiding by this order, thrift and having a sense of humour; short-term orientation, in contrast, means personal stability or steadiness, respecting one’s tradition, saving your face and reciprocation of greetings, favours or gifts (Hofstede et al., 2010). Long-term or pragmatic orientation, therefore, can lead to better work and goal orientation compared to short-term or normative orientation.

Minkov and Hofstede (2011) came out with the *theory of indulgence (vs. restraint)* which was defined by happiness and “a perception of life control and importance of leisure in the respondent’s life.” Minkov and Hofstede (2011) also showed that “measures of life control and importance of leisure are the best predictors of happiness” in many of the countries based on his extensive research. These three parameters constituted yet another dimension of national culture, which Minkov labelled as

‘indulgence vs. restraint’. This was added as the sixth dimension jointly by Hofstede et al. (2010) and associates.

An additional cultural dimension called *ethnic orientation (EO)* was brought out by Thampi et al. (2015) from an Indian perspective. The social, race or caste-based orientation primarily gave a specific social and cultural identity for the people and can lead to superior performance.

While attributes of culture are well-defined and tested in various situations especially in the *etic*¹ context of social groups, geography and nation states; there has been limited attempt in understanding these attributes in an *emic*² context. Though there has been circumstantial and peripheral attempt of research on influence of culture on small business, the field lacks empirical insight on attributes of culture influencing and differing across various groupings of small business entrepreneurs. Our study precisely attempts to fill in that gap.

4 Methodology

The linguistically divided states tend to have certain distinct cultural identities. The working of the small businesses is majorly monitored and state administrations and the social, political and cultural environments of each of the states of the country significantly affect the working of small business in the Indian context.

The small business output characteristics of 28 major Indian states (Fourth All India Census of Micro, Small and Medium Industries 2006-07, Final Reports, April, 2011) highlighted each of the state’s contribution of gross value added (GVA) as a percentage of the gross state domestic product (GSDP). Two states, Kerala with its small business’s contribution to its GSDP being 18.72% (from among the states with relatively higher contribution) and Maharashtra with its small business’s contribution to its GSDP at 9.32% (from among those states with a relatively lower contribution) were selected as sample states for this study. The sub-segments considered for this study were location (rural and urban), and business types (manufacturing and services).

According to Smith and Medhekar (2007), rural India is an example of the subsistence economy with its inherent socio-cultural framework. Urban India, on the other hand, has an increasingly modernised and nationally and globally integrated market economy: in fact it has a complex mix of tradition and modernity (Thampi et al., 2015). Urban areas, especially larger cities exhibit characteristics of cultural and linguistic mix due to inbound migration of population from different regions, less observed in rural set-up. The small business enterprises in India consist of both the micro institutions with very limited investment and performance capabilities and the small and medium enterprises with relatively higher investments.

A questionnaire was developed for this study based on the seven cultural dimensions found to be relevant for India. Here we used the ‘risk-taking propensity (RP)’ dimension in place of ‘uncertainty avoidance’. The inherent attributes of the seven cultural dimensions were baselined in order to determine each of the respondent entrepreneurs’ cultural orientations using a Likert scale of 1 to 5. The survey process collected 270 responses from entrepreneurs of which 141 from Kerala and 129 entrepreneurs from Maharashtra. A non-probabilistic sampling method was used across two states keeping fair spread of samples within the state in mind. Other characteristics including location,

size and business were observed within the sample. Data pertaining to the financial years 2012–2013 and 2013–2014 were collected during 2014–2015.

The GLM model of analysis of variance (ANOVA) was used to determine the variance of the seven cultural dimensions across the small business segments, state, location type, business type and the various interactions between these segments. GLM is an ANOVA procedure where the computations are performed using a least squares regression approach to describe the statistical relationship between one or more predictors and a continuous response variable.

5 Results and findings

The descriptive statistics of the sample data is given in Table 2.

Table 2 Descriptive statistics of the sample segments

	Segments	State		Total
		Kerala	Maharashtra	
Sample size	Total	141 (52%)	129 (48%)	270
Business type	Manufacturing service	55 (56%)	86 (50%)	44 (44%) 85 (50%)
Location type	Rural urban	78 (70%)	63 (40%)	34 (30%) 95 (60%)

ANOVA was carried out to understand the behaviour of each of the cultural dimensions across the various segments like state, location, and business types and also the possible interactions among these segments. The summary results are presented in Table 2.

Table 3 Analysis of variance (see online version for colours)

Sample segment	Summary results						
	p-value						
	PD	RP	CD	MD	TO	ID	EO
State	0.004	0.237	0.005	0.018	0.326	0.149	0.516
Location type	0.044	0.041	0.182	0.981	0.557	0.154	0.151
Business type	0.047	0.528	0.25	0.991	0.21	0.145	0.408
State-location type	0.822	0.002	0.302	0.027	0.217	0.502	0.093
State-business type	0.177	0.017	0.335	0.041	0.413	0.946	0.093
Location type-business type	0.787	0.594	0.574	0.514	0.525	0.011	0.001
State-location type-business type	0.690	0.801	0.624	0.774	0.938	0.675	0.503
R ² (percent)	5.310	8.320	5.620	6.600	2.180	4.690	7.450

Notes: Abbreviations used for cultural dimensions: PD – power distance, RP – risk-taking propensity, CD – collectivism, MD – masculinity, TO – temporal orientation, ID – indulgence, EO – ethnic orientation.

The detailed ANOVA between means of cultural dimension scores across various segments is given in Table 4.

Table 4 ANOVA of cultural dimensions across sample segments: fitted means of dimensions where variances are statistically significant

	Power distance	Risk propensity	Collectivism	Masculinity	Temporal orientation	Indulgence	Ethnic orientation
<i>Across state</i>							
Kerala	L (4.09)	xx	H (4.21)	L (3.72)	xx	xx	xx
Maharashtra	H (4.27)	xx	L (4.00)	H (3.88)	xx	xx	xx
<i>Across location</i>							
Rural	H (4.24)	L (3.60)	xx	xx	xx	xx	xx
Urban	L (4.12)	H (3.76)	xx	xx	xx	xx	xx
<i>Across business type</i>							
Manufacturing	L (4.12)	xx	xx	xx	xx	xx	xx
Service	H (4.24)	xx	xx	xx	xx	xx	xx
<i>Across state-location type</i>							
Kerala-rural	xx	L (3.44)	xx	L (3.64)	xx	xx	L (2.93)
Kerala-urban	xx	H (3.83)	xx	H (3.79)	xx	xx	H (2.96)
Maharashtra-rural	xx	H (3.76)	xx	H (3.95)	xx	xx	H (3.20)
Maharashtra-urban	xx	L (3.68)	xx	L (3.81)	xx	xx	L (2.84)
<i>Across state-business type</i>							
Kerala-manufacturing	xx	H (3.75)	xx	H (3.79)	xx	xx	H (3.09)
Kerala-service	xx	L (3.52)	xx	L (3.65)	xx	xx	L (2.80)
Maharashtra-manufacturing	xx	L (3.66)	xx	L (3.81)	xx	xx	L (2.97)
Maharashtra-service	xx	H (3.79)	xx	H (3.95)	xx	xx	H (3.07)
<i>Across location-business type</i>							
Rural-manufacturing	xx	xx	xx	xx	xx	H (4.13)	H (3.30)
Rural-service	xx	xx	xx	xx	xx	L (4.03)	L (2.83)
Urban-manufacturing	xx	xx	xx	xx	xx	L (3.77)	L (2.76)
Urban-service	xx	xx	xx	xx	xx	H (4.13)	H (3.04)

Note: 'xx' indicates that no significant variance were reported for the given combinations.

5.1 *Power distance*

PD is found to be significantly varying across state, location and also business-types segments. PD having a higher fitted mean in Maharashtra as compared to that of Kerala implies, entrepreneurs in Maharashtra are more tolerant to and abide power hierarchies than those of Kerala. Entrepreneurs in rural locations of both Kerala and Maharashtra show higher adherence to power hierarchies as compared to those in the urban locations.

5.2 *Risk-taking propensity*

Fitted means of RP significantly vary across location type, state-location type, and state-business type combinations. The RP of entrepreneurs across urban locations is significantly higher than those of rural locations. This propensity of entrepreneurs of rural locations of Maharashtra is observed to be significantly higher than those from rural locations of Kerala. On the other hand, this is higher in urban locations of Kerala than those of Maharashtra.

5.3 *Collectivism*

Significant variance is observed across the two states in the context of collectivism. The mean values of this dimension show higher and significant prevalence among entrepreneurs of Kerala than those of Maharashtra.

5.4 *Masculinity*

Masculinity shows significant variances across all the three segments viz., state, location and state-business.

Entrepreneurs from Maharashtra indicate a significantly higher masculinity quotient than those from Kerala. Rural entrepreneurs show significantly higher adherence to masculinity as compared to their urban counterparts in Maharashtra whereas it is in reverse order in the context of Kerala. Similarly, the level of masculinity of entrepreneurs in the service sector is significantly higher than those from the manufacturing sector in Maharashtra and in the reverse order in Kerala.

5.5 *Temporal (pragmatic vs. normative) orientation*

No significant variance could be observed across any of the given segments with respect to TO attribute.

5.6 *Indulgence*

Indulgence shows significant variation across location and business type. Entrepreneurs of rural manufacturing firms and urban service firms appeared to be significantly more indulgent than those of urban service and rural manufacturing firms.

5.7 Ethnic orientation

EO shows significant variation across a number of segments. A significantly higher EO is indicated by the entrepreneurs from urban Kerala and rural Maharashtra as compared to their respective counterparts in rural Kerala and urban Maharashtra. The entrepreneurs from manufacturing sectors of Kerala are more ethnically oriented as compared to those in the services sector. On the other hand, those owning services business in Maharashtra indicate higher EO than those owning manufacturing units.

Variation of cultural dimensions across the small business segments is summarised in Table 5.

Table 5 Summary of variations of cultural dimensions across small business segments

<i>Cultural dimensions</i>	<i>Small business segments where variance was significant</i>	<i>Analysis of variance</i>
Power distance score	State	High in Maharashtra; low in Kerala
	Location type	High in rural and low in urban locations
	Enterprise-business types	1 Small and medium: high in manufacturing (mfg) and low in service units 2 Micro: high in service, low in mfg
Risk-taking propensity	Location type	High in urban and low in rural locations
	State-location type	1 Kerala: high in urban and low rural locations 2 Maharashtra: high in rural and low in urban locations
		State-business type
	Enterprise-business type	
		Collectivism
Masculinity	State	High in Maharashtra; low in Kerala
	State-location type	1 Kerala: high in urban and low rural locations 2 Maharashtra: high in rural and low in urban locations
		State-business type
	Temporal orientation	

Table 5 Summary of variations of cultural dimensions across small business segments (continued)

<i>Cultural dimensions</i>	<i>Small business segments where variance was significant</i>	<i>Analysis of variance</i>
Indulgence	Enterprise type	High in micro and low in small and medium
	Business type	High in service and low in mfg
	Location-business types	1 Urban: high in service and low in mfg units
		2 Rural: both equal
Ethnic orientation	Location-business types	1 Rural: high in mfg and low in service units
		2 Urban: high in service and low in mfg
	Location-enterprise-business types	1 Micro, mfg, in rural-high
		2 Micro, service, urban-high
		3 Small and medium, mfg, rural-high
		4 Small and medium, service, rural-high

6 Discussion

Through the review of literature, we identified Hofstede’s cultural framework as the baseline for this study; his views however came from an etic or global perspective. Studies done by Thampi et al. (2015) from an emic or insider perspective have validated the applicability of Hofstede’s six cultural dimensions across regions and groups within India. EO as another dimension, as identified by Thampi et al. (2015), was important in assessing the cultural attributes of Indian entrepreneurs in small business.

The results of this study bring out the following significant variances of the seven cultural dimensions across the sample segments:

- 1 PD across the two state, two locations and two business types
- 2 RP across two locations and four state-location segments
- 3 collectivism dimension across the two states
- 4 masculinity dimension across the two states, four state-location types, and four state-business type segments
- 5 indulgence dimension across the four location-business type segments
- 6 EO across the four state-location segments, four state-business type segments and also the four location-business type segments
- 7 TO does not show any significant variation across the groups.

Some of the finer nuances of these results can be contextualised across the regions, locations and business types as follows:

Historically Kerala had been in the forefront not only in the adoption of literacy (93.91% as per census of India report, 2011) but also in the adoption and assimilation of

socialistic thinking and practice (Balakrishnan, 2007). On the other hand, Maharashtra is one of the most industrialised and commercially well-developed states in India accounting for 14.42% share in India's gross domestic product (GDP) as of August, 2015, as compared to Kerala's 3.78% (<http://statisticstimes.com>, 2015). Kerala has been one of the most preferred Indian investment destinations for many years (ShyamSundar, 2009). The emphasis on human development indicators in Kerala and industrial development indicators in Maharashtra is influenced by cultural attributes or has influenced the cultural attributes of the small business entrepreneurs. The mean values of PD were seen to be higher across the rural and manufacturing segments of both the states. The entrepreneurs from the rural segments could be more traditional and tend to adhere to hierarchies than their urban counterparts. The interesting finding is the existence of PD among service entrepreneurs. One plausible reason could be the nature of the business that depends on employee delegation. Both the states indicate a positive trend in this direction. The manufacturing industry needs much more hierarchical structures and is more managed through appropriate processes and operational controls.

The risk-taking propensities of entrepreneurs of both the states were higher in urban locations compared to rural locations. Entrepreneurs of rural locations of Kerala show lower risktaking ability compared to their urban counterparts. On the other hand Kerala was known for its low tolerance to uncertainties as evidenced in the frequent strikes and lockouts which were observed to be high in Kerala (Venugopalan, 2013). One of the interesting inputs received during the data survey was how the small business in Kerala has been able to survive and flourish despite all the frequent unsettling labour strikes. They have learned to spring back to normalcy despite the relatively large number of strikes and resulting closures of enterprises.

This can be easily explained by the relatively high RP indicated by the urban entrepreneurs from Kerala. The entrepreneurs of urban Maharashtra show relatively low risk taking ability than their rural counterparts. The high cost associated with infrastructure, rent, and labour cost are some of the key elements which result in increasing costs in urban centres especially in the context of Maharashtra. The rural-urban divide is grossly evident in Maharashtra which is nearly absent in Kerala. The high cost of business could be one of the important concerns among the small business entrepreneurs in urban Maharashtra.

Collectivism was seen more pronounced among the entrepreneurs of Kerala than those of Maharashtra. Political and social collectivism has been the trade mark of Kerala. There has been the active presence of a number of associations featuring micro, small and medium entrepreneurs who bring out and address the common concerns of the small business entrepreneurs. The emergence of 'Kudumbashree³' and other socially relevant movements (Kalyani and Seena, 2012) has been the hallmark of Kerala's collectivist credentials. One question that needs further probing is whether the collectivism has a positive influence on the output of goods and services or addressing the concerns of labour and entrepreneur wellbeing. In other words, it would be interesting to understand the impact of collectivism on the output and input context.

Masculinity has been found significantly higher across all segments of small business entrepreneurs in Maharashtra compared to Kerala. One finds higher levels of competition and aspiration to earn more among the entrepreneurs of Maharashtra that represents the masculine characteristics. The Kerala entrepreneurs, on the other hand, appear to be socially and politically more expressive suggesting feminine characteristics.

No significant variance could be observed across any of the segments for the two states for pragmatic orientation. One probable reason for this behaviour could be that there is a balance between long-term or pragmatic orientation vs. that of short-term or normative orientation across all segments of small business entrepreneurs.

Significant variances are observed with respect to indulgence dimensions. Manufacturing entrepreneurs were more indulgent across rural locations than across urban locations. On the other hand, their counterparts from the service sector were found to be more indulgent across urban sectors than across rural locations. Hard work and leisure both play important roles in indulgence behaviour, the first being reflected among the rural manufacturing whereas the other is reflected in urban service entrepreneurs.

The variances of EO were significantly higher across state, location and business segments. The mean ethnicity dimensions across various segments of Kerala appear to be relatively lower than those of Maharashtra. People in Kerala seem to be less ethnically oriented than that of Maharashtra especially across rural locations. Kerala had a prolonged history of social-reform movements with anti-caste, anti-feudal and anti-imperialistic credentials (Thresia, 2014). The socio-political roots of the social reform movements have enabled, among other things, universal education, and a systematic deterioration of rigid caste practices (Mathew, 2003). These could be the contributing reasons for less EO in Kerala as compared to Maharashtra.

Our empirical analysis has brought out the differences in various attributes of culture in various segments of small business entrepreneurs. These differences are prominent and suggest that if incorporated appropriately in policies, and the promotion of appropriate business based on cultural orientation can lead to growth and success of enterprises. Masculinity, high risk taking ability, hierarchical and individualism are the attributes suitable for a few types of enterprises whereas femininity, low risk taking ability, non-hierarchical and collectivism would be suitable for the other. Therefore, the understanding of the cultural orientation can bring out the nuances associated with the small business entrepreneurship.

7 Conclusions

This paper attempts to bring cultural attributes to the narratives of small business entrepreneurship by empirically analysing the cultural characteristics of the entrepreneurs across states, locations and business segments. In the process, we analysed the six cultural dimensions identified by Geert Hofstede and also the 'EO' dimension introduced by Thampi et al. (2015) that have significance in the Indian context. Our analysis points out that the cultural characteristics differ not only across the states but also in rural-urban segments as well as in services and manufacturing segments. This calls for a deeper understanding of the role and influence of culture on small business in India. Small businesses account for a significant portion of the GDP of India and most importantly employ a large population of unskilled, semi-skilled and skilled labour in the country. We also find that cultural characteristics have significant influence on small business. Policy making therefore needs to be sensitive to the prominent regional cultural factors to promote small businesses suitable for specific cultural attributes. In this context, future studies can also focus on the suitability and success of specific type of businesses compatible with particular cultural attributes. This would not only bring culture to the forefront of policies but also identify suitable businesses appropriate for specific cultural

tenets of the entrepreneur or potential entrepreneur. Such studies can also be extended to other regions. More such studies in different emic situations can possibly reinforce the importance of culture in national development. Besides, the influence of culture can also be identified in other important scenarios including the choice of education, jobs, training and skill development, to name a few.

References

- Aspromourgos, T. (2012) 'Entrepreneurship, risk and income distribution in Cantillon's Essai', in Salvadori, N., Gehrke, C., Steedman, I. and Sturm, R. (Eds.): *Classical Political Economy and Modern Theory: Essays in Honour of Heinz Kurz*, p.105119, Routledge, London and New York.
- Balakrishnan, E. (2007) *History of the Communist Movement in Kerala*, Kurukshetra Prakashan Pvt. Ltd. Kochi-682035, Kerala, India.
- Berger, B. (1991) 'The culture of modern entrepreneurship', in Berger, B. (Ed.): *The Culture of Entrepreneurship*, pp.13–32, ICS Press, San Fransisco, California.
- Bond, M.H. et al. (2004) 'Cultural dimensions of social axioms', *Journal of Cross-Cultural Psychology*, Vol. 35, No. 5, pp.548–570.
- Dana, L.P. (2000) 'Creating entrepreneurs in India', *Journal of Small Business Management*, Vol. 38, No. 1, pp.86–91.
- Garner, B.K. (2007) 'Getting to got it! Helping struggling students learn how to learn', *Association for Supervision and Curriculum Development (ASCD)* [online] <http://goo.gl/9Z4E4t> (accessed 2 September 2013).
- Gupta, V. (2008) 'An inquiry into the characteristics of entrepreneurship in India', *Journal of International Business Research*, Vol. 7, No. 1, pp.53–69.
- Hofstede, G. (1980) *Culture's Consequences: International Differences in Work-Related Values*, Sage Publications, Beverly Hills, CA.
- Hofstede, G. (2011) 'Dimensionalizing cultures: the Hofstede model in context', *Online Readings in Psychology and Culture* [online] <http://goo.gl/wLlLvE> (accessed 1 November 2013).
- Hofstede, G. and Bond, M.H. (1988) 'The Confucian connection: from cultural roots to economic growth', *Organizational Dynamics*, Vol. 16, No. 4, pp.4–21.
- Hofstede, G., Hofstede, G.J. and Minkov, M. (2010) *Cultures and Organizations: Software of the Mind*, 3rd ed., McGraw-Hill, New York, NY.
- House, R.J., Hanges, P.J., Javidan, M., Dorfman, P. and Gupta, V. (2003) *Culture, Leadership, and Organizations: the GLOBE Study of 62 Societies*, Sage Publications, Inc., Newbury Park, CA.
- Javillonar, G.V. and Peters, G.R. (1973) 'Sociological and social psychological aspects of Indian entrepreneurship', *The British Journal of Sociology*, Vol. 24, No. 3, pp.314–328.
- Jeffrey, G., Aysen, B. and Gregory, M.R. (2008) 'A test of the validity of Hofstede's cultural framework', *Journal of Consumer Marketing*, Vol. 25, No. 6, pp.339–349.
- Kalyani, K. and Seena, P.C. (2012) 'Socio-economic changes of women through Kudumbasree – a study from Puthenvelikkara (Gp) of Kerala State, India', *International Research Journal of Social Sciences*, Vol. 1, No. 2, pp.1–7.
- Karp, J. (1995) 'Mummies in Muslin', *Far Eastern Economic Review*, Vol. 158, No. 6, p.43.
- Kokatanur, B.B. (2014) 'Trade and commerce system in ancient India', *Tactful Management Research Journal*, Vol. 2, No. 4.
- Landes, D. (1998) *The Wealth and Poverty of Nations*, p.516, WW Norton and Company, New York, London.

- Lett, J. (1990) 'Emics and etics: notes on the epistemology of anthropology', in Headland, T.N., Pike, K.L. and Harris, M. (Eds.): *Emics and Etics: The Insider/Outsider Debate: Frontiers of Anthropology*, Vol. 7, Sage Publications, Newbury Park, California.
- Mathew, S.R. (2003) 'Balancing social and economic growth: the challenge of human development in Kerala', [online] <http://goo.gl/HZemww> (accessed 22 September, 2014).
- McClland, D.C. (1987) *Human Motivation*, Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Government of India, Cambridge University Press, Cambridge, NY [online] <http://msme.gov.in> (accessed 12 August 2013).
- Ministry of MSME, *Government of India, Fourth All India Census of Micro, Small and Medium Industries 2006-07*, Final Reports [online] <http://msme.gov.in/> (accessed 12 August 2013).
- Minkov, M. and Hofstede, G. (2011) 'The evolution of Hofstede's doctrine', *Cross Cultural Management: An International Journal*, Vol. 18, No. 1, pp.10-20.
- Morris, M.W., Leung, K., Ames, D. and Lickel, B. (1999) 'Views from inside and outside: integrating emic and etic insights about culture and justice judgment', *Academy of Management Review*, Vol. 24, pp.1781-796.
- Nafziger, W.E. (1971) *Entrepreneurship and Economic Development*, Edited by Kilby, P., The Free Press, New York.
- Patel, M.R. and Selvaraj, P. (2015) 'Role of socio-cultural factors in the entrepreneurial success of the Jain community', *International Journal of Indian Culture and Business Management*, Vol. 10, No. 3, pp.291-305.
- Schwartz, S.H. (1994) 'Beyond individualism/collectivism: new cultural dimensions of values', in Kim, U., Triandis, H.C., Kagitcibasi, C., Choi, S. and Yoon, G. (Eds.): *Individualism and Collectivism: Theory, Method, and Applications*, pp.85-119, Sage, Thousand Oaks, CA.
- ShyamSundar, K.R. (2009) 'Current state and evolution of industrial relations in Maharashtra', *International Labour Organization*, Geneva [online] <http://goo.gl/JQCf18> (accessed 12 July 2014).
- Sinha, J.B.P. and Kumar, R. (2004) 'Methodology for understanding Indian culture', *The Copenhagen Journal of Asian Studies*, Vol. 19, pp.89-104.
- Smith, L.R. and Medhekar, A. (2007) 'Gender aspects of capability and well being in rural India', in Roy, K.C. and Chatterjee, S. (Eds.): *Growth, Development and Poverty Alleviation in the Asia Pacific*, pp.53-62, Nova Science Publishers Inc., New York.
- Smith, P.B., Dugan, S. and Trompenaars, F. (1996) 'National culture and managerial values: a dimensional analysis across 43 nations', *Journal of Cross-Cultural Psychology*, Vol. 27, No. 2, pp.231-264.
- Tabellini, G. (2010) 'Culture and institutions: economic development in the regions of Europe', *Journal of the European Economic Association*, Vol. 8, No. 4, pp.677-716.
- Thampi, P.P., Jyotishi, A. and Bishu, R. (2015) 'Cultural characteristics of small business entrepreneurs in India: examining the adequacy of Hofstede's framework', *International Journal of Business and Globalisation*, Vol. 15, No. 4, pp.475-495.
- Thomas, A.S. and Mueller, S.L. (2000) 'A case for comparative entrepreneurship: assessing the relevance of culture', *Journal of International Business Studies*, Vol. 31, No. 2, pp.287-301.
- Thurik, R. and Dejardin, M. (2011) 'The impact of culture on entrepreneurship', *The European Business Review* [online] <http://goo.gl/vPNaaj> (accessed 27 September 2014).
- Venugopalan, K.V. (2013) *Industrial Relations in the Public and Private Enterprises in Kerala*, Mahatma Gandhi University, Department of Commerce and Research Centre [online] <http://goo.gl/3lVb5K> (accessed 23 September 2015).
- Weiss, W.J. (1988) *Regional Culture, Managerial Behaviour, and Entrepreneurship: An International Perspective*, Quorum Book, New York.

Notes

- 1 An etic approach is often termed as outsider or deductive or global and its comparisons across countries and contexts and facilitates debate on cross-cultural concepts (Morris et al., 1999).
- 2 An emic approach looks at the insider perspectives of the “native members of the culture whose beliefs and behaviours were being studied” [Lett, (1990), p.130].
- 3 Kudumbashree [meaning ‘prosperity of the family’ in the local (Malayalam) language] is the poverty eradication and women empowerment programme implemented by the State Poverty Eradication Mission (SPEM) of the Government of Kerala (kudumbashree.org, 2018).