

DIVERSE INDIVIDUAL VALUE-SETS AMONG ENTREPRENEURS IN EUROPE A COMPARATIVE ANALYSIS

Grunhut, Z. PhD, research fellow
Centre for Economics and Regional Studies, Hungarian Academy of Sciences, Hungary
grunhut@rkk.hu

Abstract: The paper examines the relevant value-sets of entrepreneurs in Europe. As both approaches, i.e. the perspective of Economics, which is interested in ideal entrepreneur mentalities, and Sociology that rather takes entrepreneurs' ethically-morally significant roles into its main focus, are addressing epistemological and praxis-related aspects, then this paper highlights the importance of values as ontological foundations to these features. From the various value-theories Shalom H. Schwartz's concept about Basic Human Values is applied as a framework. Schwartz distinguishes ten types of values, which are interrelated based on a twofold axes. The empirical part starts with a differentiation of entrepreneur-groups by cluster analysis based on the individualistic values. Then the collectivist values are invoked in order to draw up more comprehensive profiles about the primarily identified groups. Finally additional variables contribute to the clarification of these profiles.

Keywords: ENTREPRENEURS, VALUES, EUROPE

1. Introduction

Being an entrepreneur is consensually understood as something individual commitment to face with challenges or to begin adventures that are rather avoidable for people in general. The word 'entrepreneur' etymologically originates back to the French expression *entreprendre*, which means undertaking a certain responsibility or task. This connotation signifies that an entrepreneur relies on individual attributes, dispositions, capacities, competencies, and actorness. Economics is for a long time interested in the abstract agent of the 'idealistic entrepreneur'; it tries to conceptualize all those individual features that can support a subject to become a successful entrepreneur. Sociology, instead, is focusing on the reflexive and critical capabilities of the entrepreneurs as agents who can facilitate progressive developments in the social realm. Accordingly, the previous approach is about the question 'what makes somebody an entrepreneur?', while the latter is more about 'what can an entrepreneur do for its social surroundings?'. Both perspectives contrast entrepreneurs to non-entrepreneur subjects in order to reveal these two groups' diverse features, and social roles and functions. Yet, it is hardly presumable that all entrepreneur subjects are similar respective to their individualities and agencies. Of course, they have different features, different cognitive-normative ideas, and different routinized praxes. They have to be diverse as they are also human beings with individual subjectivities. We are all self-constituted selves applying praxes (way of doing things) based on epistemologically relevant ideational substances (way of thinking). On the ontological level our subjectivity is underpinned by culturally framed values. Values are both rationally, emotionally, and morally driven beliefs serve as justifications and standards for our self-constructed ideas (individual understandings about the objective world, natural environment, and other people) and applied practices. This is why this paper is comparatively inquiring individual value-sets as ontological level framings in order to map out if there are significant value-references among entrepreneurs in Europe.

2. The 'Ideal Entrepreneur'

The ideal features of the abstract Entrepreneur are addressed in the Economics literature by many individual attributes, dispositions, competencies, capacities, and agencies. Most of these features are interrelated, thus they contribute to each other's evolvement (Chell 2008). One of the core features is to strive for *individual autonomy* (Hayek 1995 [1937], Holt 1997, Kirby 2004, Mises 2007 [1949], Smith 1976 [1776]), which could be described as independent decision-making, free choice about desired priorities and objectives, and freedom about goal-realization. This autonomy requires *risk-taking abilities and attitudes* (Arrow 1951, Holton 2004), since uncertainties are usually just calculable and manageable, but not fully reducible. Dealing with risks is also a problem-solving competency that urges entrepreneurs to be *innovative* and unbounded by routines and constraining customs (Baumol 1990, Schumpeter 1934). Trying the untried, attempting the unknown, searching for new alternatives and options are impulses that can result out-of-the-box outcomes. This ability requires *creativity* (Florida 2004) and

variability (Schultz 1975), i.e. an understanding that critically and dynamically question the fixed and static conventional solutions. For this an *intellectual openness*, an inner-inspiration and inner-motivation for *continuous learning* and *re-assessing* is needed. So, one chain of features is linked to autonomy, while another is rather related to a competency of managing resources. This latter agency is focused on maximizing profits and minimizing losses; it requires a contemplative position of rational calculation and operating, administering, controlling, and registering actorness over tangible and intangible resources, as well as over other people (Hart et al. 1995, Kwiatkowski 2004). This cold-headed approach is relevant for the entrepreneur, yet it could lead to socially detached and instrumental praxes if the subject is narrowing down its perspective to profit-orientation.

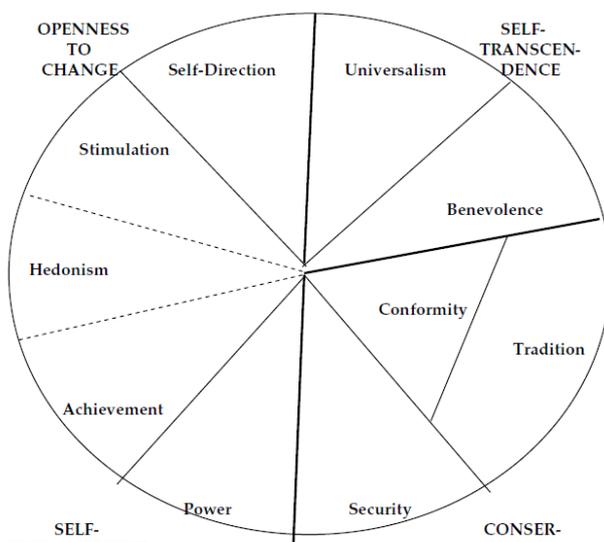
The sociological approach actually takes this latter statement as a starting point. As it was already said, this lens is interested in the social roles and functions of the entrepreneurs. It argues that while the entrepreneurs are building up their success, they reflexively and critically recognize certain structural interplays (Kapitány & Kapitány 2013). For instance, their autonomy could be unfolded if freedom is generally facilitated in the social realm; their innovativeness could be unconstrained if rigid (traditional) cultural logics and references are substituted by more universal semantics and patterns; their rationality could become a standard if social structures and institutions are substantially driven by common-sense rationale; their priorities about learning and critical rejuvenation could be progressed if social level openness, deliberative communication, and continuous growth of knowledge based on diverse perspectives are flourishing. Accordingly, the sociological approach is interested in the entrepreneurs' moral-ethical reflexivity and how this agency is facilitated by the spirits (logics) of capitalism (Boltanski & Chiapello 2005).

3. Values as Ontological Foundations

The previous chapter briefly summarized how Economics and Sociology address the various features of the abstract Entrepreneur as an idealistic agent. The discussed features are identified in these literatures as epistemologically relevant and praxis-related aspects. As it was stressed in the introduction, compare to these features values are ontological foundations with framing capacities. They are both emotionally affective beliefs and rationally consistent justifications serve as guidelines for the subjects to construct cognitive-normative ideational substances and apply/avoid certain praxes. Values have different meanings. Irrespective to cultures these meanings are constant, however the subjects' own sets of values, their own value-preferences are culturally framed (Schwartz & Bilsky 1990). Therefore, values are abstract and general, but the subjective set of values is always particular. This constellation makes us individually unique, yet also embedded into a socio-cultural and socio-moral environment. Among the contemporary value-theories, Shalom Schwartz's concept (1992, 2005, 2006, 2012) about the Basic Human Values is a well-refined approach. Schwartz highlights that values are referring to three universal requirements: (1) about one's biological needs, (2) about coordina-

tion of social interactions, and (3) about survival needs related to welfare and well-being of different social groups. Beside these requirements, he also identifies six universal features of values: (1) values are both rational justifications and emotional beliefs; (2) values motivate for desired goals (*what* to achieve); (3) but values are also standards with normative content (*how* to achieve objectives); (4) values are abstract in their natures, so they transcend particular situations; (5) values are ranked according to subjectively understood relative importance; and finally (6) individual agent's ideas and praxes are always underpinned by more than one value. Schwartz distinguishes 10 types of the Basic Human Values:

1. *Self-Direction*: the desire of experiencing autonomy about one's own life, independence and innovativeness both about thoughts and actions.
2. *Stimulation*: the desire of enjoying changes and new, untried paths in one's own life; taking risks and pursuing novelties and challenges; breaking with routines and habits.
3. *Hedonism*: pleasure and sensuous gratification for oneself.
4. *Achievement*: the ambition for personal success through demonstrating competence.
5. *Power*: the desire of well-acknowledged social status and prestige, as well as control or dominance over people and various resources.
6. *Security*: a desired goal to achieve existential – both material and physical – safety and harmony of personal relationships, as well as to enjoy social stability and predictability.
7. *Conformity*: being loyal, adjusted, and accommodated to social norms and expectations.
8. *Tradition*: respect for the norms and customs represented in the cultural logics and semantics.
9. *Benevolence*: preserving and enhancing the welfare of 'in-group' subjects with whom one is in frequent, close-knit, and/or more intimate personal contact.
10. *Universalism*: the importance of others' welfare and well-being (solidarity and equality), appreciation for the peaceful reconciliation of social problems (peace and justice), respect for deliberative pluralism (democracy) and diversity (tolerance), and protection of nature.



Source: Schwartz 2012

Figure 1. The Schwartz model

These 10 basic values are in a dynamic interrelation according to Schwartz. They can be grouped into two main categories: the first five have rather self-oriented, more individual-centered meanings (the subject in contrast to others as a unique agent), while the second half embraces values with rather collective connotations (the subject among others with respect to the references, patterns, interests, diversity, etc. of these social groups). Notwithstanding, for

Schwartz to differentiate the values into a four dimensions, two axes model is more crucial. These dimensions are Openness to change vs. Conservation on one axis, and Self-enhancement vs. Self-transcendence on the other axis (Figure 1).

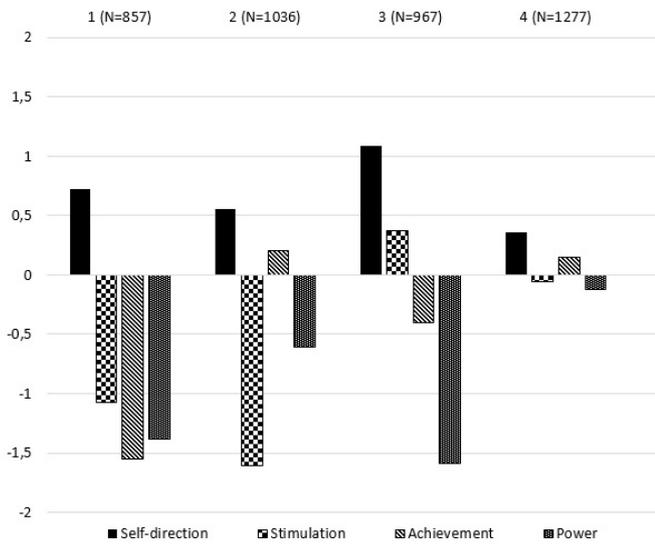
Based on the arguments proposed in the literature of Economics and Sociology about the idealistic features of the abstract Entrepreneur, it is presumable that (1) entrepreneurs consider the relative importance of rather individual-centered values (i.e. Self-direction, Stimulation, Power, and Achievement) in their own subjective set (previous studies found evidences about this linkage, see: Holt 1997, Noseleit 2008); (2) the relative importance of values with more collective connotations (i.e. Universalism, Benevolence, Tradition, Conformity, and Security) is dependent on the aspect if the entrepreneur subject prefers the individual-centered values of 'Openness to change' or rather 'Self-enhancement' as these two dimensions are on different axes in Schwartz's theory (over-preference of 'Openness to change', i.e. Self-direction and Stimulation should be positively associated with Universalism and a bit less with Benevolence, and negatively with Tradition, Conformity, and Security, while over-preference of Self-enhancement should be negatively associated with Universalism and Benevolence, while rather positively with Security and also conceivably with Tradition and Conformity).

4. Empirical Results of the Comparative Analysis

Data for the inquiry were obtained from the 8th wave of the European Social Survey (ESS 2016).¹ The ESS is using the Portrait Value Questionnaire (PVQ) respective to the Schwartz-test in order to measure individual value-sets. PVQ is a 21 items-based survey proposes individual profiles with value-contents, and the respondents are perceiving on 1–6 scale, where '1' is 'very much like me' and '6' is 'not like me at all', how much they can identify themselves with the given descriptions. The paper then uses the centered scores of each profile-variable, which means that the individual preference of a certain value-content is calculated in comparison to the given subject's total average about the 21 items. In light of this, on Figure 2 and Table 1 below 0 is the total average, and values with positive scores are preferred, while values with negative scores are dispreferred ones. It should be mentioned as well, that the ESS enables us to distinguish individuals according to their occupation-status (if they are – or they were in their last job – employees or self-employed ones). The paper also used the age group of 20–75 as a filter. After sampling 12.1% (or 4137 individual respondents) remained in the inquiry from the total database. In a first step the paper applies the method of non-hierarchical KMEANS Cluster Analysis based on Self-direction, Stimulation, Power, and Achievement in order to find out if there are significantly different groups of entrepreneurs according to these typically individual-centered values (Figure 2).

Four different entrepreneur-clusters were identified based on the individual-centered values of Self-direction, Stimulation, Power, and Achievement. The size of the cluster-samples are close to similar. In group1 only Self-direction is preferred in the respondents' value-sets. In group2 both Self-direction and Achievement are in the positive range, while Power in this cluster is also preferred compare to group1's general value-set, yet Stimulation is very much dispreferred by members of group2. In group3 Self-direction is highly prioritized, while Stimulation reaches positive score just among respondents of this cluster. Power is strongly dispreferred by group3. Finally group4 favors the selected individual-centered values the most, insofar all components are close to be preferred, yet none of them is really prioritized in the subjective value-sets.

¹ The ESS is an open-source, academically driven, cross-national, bi-annual, representative survey that has been conducted across Europe since 2001. The survey measures the attitudes, beliefs and behavior patterns of diverse populations; respective to the 8th wave this means more than 40 thousands respondents from more than 20 countries.



Source: Author’s own elaboration based on data from ESS8
Figure 2. Entrepreneur-clusters based on individual-centered values

To gain more comprehensive profiles about the above-described entrepreneur-clusters, values with rather collective meanings, i.e. Universalism, Benevolence, Tradition, Conformity, and Security were included into the examination (Table 1). Based on the outcomes, the entrepreneur-clusters could be named accordingly.

Table 1. Preference of values with collective connotations among the entrepreneur-clusters

	Collectivists (1)	Risk-avoiders (2)	Innovators (3)	Individualists (4)
Hedonism	-0.31	-0.63	0.06	-0.12
Universalism	0.96	0.51	0.75	0.10
Benevolence	1.09	0.68	0.75	0.26
Conformity	0.03	-0.08	-0.93	-0.43
Tradition	0.48	0.24	-0.33	-0.30
Security	0.63	0.66	-0.07	0.19

Source: Author’s own elaboration based on data from ESS8

Based on data of Table 1 the entrepreneur-clusters’ profiles could be enriched significantly. Group1 could be named as *Collectivists* since members of this cluster clearly favor all values with collective connotations. These agents do not have individualistic understandings and praxes; they are not representing the ideal entrepreneur features identified in the literature of Economics. The Collectivists are rather appreciate predictability, security, and calmness; they respect the cultural references and patterns of their social

Table 2. Logistical regression models about the identified entrepreneur-clusters

	Collectivists	Risk-avoiders	Innovators	Individualists
Sex (ref.: women)	0.82**	1.03	0.97	1.21***
Age	1.03***	1.02***	0.98***	0.98***
Education	0.98	0.97***	1.04***	1.02
Income (ref.: Finding it very difficult on present income)	1.16	0.75***	0.97	1.21**
Macro-region of residence (ref.: Northern and Western Europe)				
East-Central Europe	0.44***	1.51***	0.27***	3.56***
Southern Europe	0.75***	1.53***	0.36***	2.20***
RL ²	0.041	0.026	0.069	0.068
Nagelkerke R ²	0.065	0.044	0.109	0.112
N	857	1036	967	1277

Source: Author’s own elaboration based on data from ESS8

Legend: As regards to the explained variables – 0: does not belong to the given cluster; 1: does belong to the given cluster. Education was measured by the highest level of education. Income was measured by the variable ‘Which of the descriptions on this card comes closest to how you feel about

surroundings, and they are paying attention for the welfare and well-being of others. Group4 or the *Individualists* represent almost the opposite compare to the previous cluster. They disprefer most of the values with collective meanings, especially Conformity and Tradition. They have an individualistic mindset, but not in a sense that they are motivated by self-trials, like solving problems in an innovative way or searching for new challenges. They appreciate, instead, the agency of control over material resources and others; Individualists like to keep competencies in their hand, to supervision everything around them, and to manage all processes according to their priorities. They are profit-oriented with moderate attention to others’ welfare and well-being. Group2 or *Risk-avoiders* appreciate predictability and security, as well as balanced relationships. They are in need of being socially acknowledged for their achievements and successes, they try to use this capital in order to build up controlling competencies, yet they are frustrated by uncertainties and untried challenges. Risk-avoiders are neither innovative, nor creative; they are bounded by routines and customs. Group3 or *Innovators* are their counterexamples. Members of this cluster rejects conventions and well-established answers; they are continuously searching for new opportunities and paths, they are creatively approaching problems and aiming for innovative solutions, and they are understanding that their autonomy and uniqueness could be unconstrainedly evolved just if the whole social-cultural milieu is liberated from static and rigid structural frameworks and hierarchical stratifications.

As a final step, further socio-demographic indicators are included in order to refine our entrepreneur-clusters’ profiles through logistical regression models (Table 2). *Sex* shows significant association respective to two clusters: among women there are more Collectivists and less Individualists. *Age* has a significant correlation regarding to all clusters: with age the chance of belonging to the clusters of Collectivists and Risk-avoiders is increasing, while belonging to the clusters of Innovators and Individualists is decreasing. *Education* has significant impacts on two clusters: with higher level of education the chance of belonging to the cluster of Innovators is increasing, while belonging to the cluster of Risk-avoiders is decreasing. *Income* also shows significant association regarding to two clusters: among entrepreneurs with low-income there are more Risk-avoiders, while among entrepreneurs with high-income there are more Individualists. Finally, the *macro-region of residence* has crucial linkages: among entrepreneurs from East-Central Europe there are much more Risk-avoiders and Individualists than Collectivists or Innovators. The same is true about entrepreneurs from Southern Europe, yet with a smaller margin. Of course, this means that among the entrepreneurs from Northern and Western Europe there are significantly more Collectivists and Innovators than in the other two macro-regions.

your household’s income nowadays?’. Replies of ‘Living comfortably on present income’ and ‘Coping on present income’ were merged as 1, while ‘Finding it difficult on present income’ and ‘Finding it very difficult on present income’ were merged as 0. About the macro-region of residence 3 categories were differentiated: Northern and Western Europe (Austria,

Belgium, Finland, France, Germany, Iceland, Ireland, Netherlands, Norway, Sweden, Switzerland, and United Kingdom), East-Central Europe (Czech Republic, Estonia, Hungary, Lithuania, Poland, and Russia), and Southern Europe (Italy, Portugal, Slovenia, and Spain). References respective to the categorical explaining variables are in parenthesis; as regards to the given categories odds ratio (OD) should be understood compare to the references. The level of significance of the ODs is marked as: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Smith, A.: *The Wealth of Nations*. London: Dent & Sons, 1976 (1776).

Acknowledgement

Project no. K116424 ('Interrelations between Trust and Governance at the Local Level') has been implemented with the support provided from the National Research, Development and Innovation Fund of Hungary, financed under the K15 funding scheme.

References

- Arrow, K. J.: Alternative Approaches to the Theory of Choice in Risk-taking Situations. *Econometrica* 19(4), 1951, 404–437.
- Baumol, W.: Entrepreneurship: Productive, Unproductive and Destructive. *Journal of Political Economy* 98(5), 1990, 893–921.
- Boltanski, L. & È. Chiapello: *New Spirit of Capitalism*. London: Verso, 2005.
- Chell, E.: *The Entrepreneurial Personality: A Social Construction*. London: Routledge, 2008.
- Florida, R.: *The Rise of the Creative Class. And How It's Transforming Work, Leisure and Everyday Life*. New York: Basic Books, 2002.
- Hart, M. M., H. H. Stevenson, & J. Dial: Entrepreneurship: A Definition Revisited. *Frontiers of Entrepreneurship Research* 15(3), 1995, 54–63.
- von Hayek, F. A. (1995 [1937]): Economics and knowledge. *Economica* 4(13): 33–54.
- Holt, D. H.: A Comparative Study of Values among Chinese and US Entrepreneurs: Pragmatic Convergence between Contrasting Cultures. *Journal of Business Venturing* 12(6), 1997, 483–505.
- Holton, G. A.: Defining risk. *Financial Analysts Journal* 60(6), 2004, 19–25.
- Kapitány Á. & G. Kapitány: *Szellemi termelési mód*. Budapest: Kossuth, 2013.
- Kirby, D. A.: Entrepreneurship Education: Can Business Schools Meet the Challenge? *Education + training* 46(8/9), 2004, 510–519.
- Kwiatkowski, S.: Social and Intellectual Dimensions of Entrepreneurship. *Higher Education in Europe* 29(2), 2004, 205–220.
- von Mises, L.: *Human Action: A Treatise on Economics*. Indianapolis: Liberty Fund, 1949 (2007).
- Noseleit, F.: The Entrepreneurial Culture: Guiding Principles of the Self-employed. *Jena Economic Research Papers*, 34. 2008.
- Schultz, T. W.: The Value of the Ability to Deal with Disequilibria. *Journal of Economic Literature* 13(3), 1975, 827–846.
- Schumpeter, J. A.: *The Theory of Economic Development*. Cambridge, MA: Harvard University Press, 1934.
- Schwartz, S. H. (1992): Universals in the Content and Structure of Values: Theory and Empirical Tests in 20 Countries. In *Advances in Experimental Social Psychology* (25). M. Zanna (eds.). New York: Academic Press. 1–65.
- Schwartz, S. H. (2005): Basic Human Values: Their Content and Structure across Countries. In *Valores e comportamento nas organizações*. Tamayo, A. & Porto, J. B. (eds.). Petrópolis, Brazil: Vozes. 21–55.
- Schwartz, S. H.: Basic Human Values: Theory, Measurement, and Applications. *Revue française de sociologie* 47(4), 2006, 929–968.
- Schwartz, S. H.: An Overview of the Schwartz Theory of Basic Values. *Online Readings in Psychology and Culture* 2(1), 2012, 2–17.
- Schwartz, S., H. & W. Bilsky: Toward a Theory of the Universal Content and Structure of Values: Extensions and Cross-cultural Replications. *Journal of Personality and Social Psychology* 58(5), 1990, 878–891.