

Sustainable Entrepreneurship

Session 5: Culture and time



Aalto University
School of Business

Lauri Laine

11.3.2019

Picking up from last session

Entrepreneurship: creative and destructive

Mandatory reading: Baumol 1990: “*Entrepreneurship: productive, unproductive and destructive*”

- Entrepreneurship, in general, is a multipotent force
- Ancient “country gentlemen”, Medieval monasteries, warlords, industrialists – All are entrepreneurs
- “The rules of the game” that determine payoffs to entrepreneurs behind this historical variation
- One way of looking at “the rules” is culture
- Currently, a change in rules towards sustainability

Session 5: Culture and time

Session structure

14:00-14:30: Sustainable entrepreneurship in different places

14:30-14:50: Group exercise # 1

14:50-15:00: Break

15:00-15:30: Sustainable entrepreneurship in different times

15:30-15:50: Group exercise # 2

15:50-16:00: Wrap up

Session structure

- **Moving from practice towards theory**
- **Using your own ideas to explore cultural/regional contexts**
- **Focus on a) place b) time as cultural dimensions**

Key learnings:

- **There is a context to (sustainable) entrepreneurship**
- **Value propositions hinge on culture**
- **Theory is needed to understand how this affects value propositions**

Reindeer herding

Reading: Dana & Riseth 2011: *“Reindeer herders in Finland: Pulled to community-based entrepreneurship and pushed to individualistic firms”*

- For the Sámi, a cultural act
- For the ethnic Finns, a business enterprise

Key point: Entrepreneurship is seen differently in different cultures (typically as for-profit enterprising in mainstream West)



Culture & SE

- **There are also cultures within cultures**
 - Consider, for example, the Amish in the US or the Laestadians in Finland
 - Less dramatic differences are usually found between local cultures: in Finland, the general cultural differences between West and East
 - “Countercultures”
- **Value propositions need to “go through” cultures**
- **They are also culturally embedded themselves**



Social entrepreneurship critique

Reading: Dey & Lehner 2017: *“Registering Ideology in the Creation of Social Entrepreneurs: Intermediary Organizations, ‘Ideal Subject’ and the Promise of Enjoyment”*

- An ideological subject promising entertainment?
- Based on pro-business ideology

Key point: “Social entrepreneurship” as a notion is itself a cultural construct
– the same might apply to “sustainable entrepreneurship”

Share your culture!

What does sustainability mean in your culture?

What about other cultures in your country?

- Example # 1:

Costa Rica



Costa Rica basics

4,7m people

Central America

<https://www.google.fi/maps/place/Costa+Rica/@8.3515731,-87.0523445,7z/data=!3m1!4b1!4m5!3m4!1s0x8f92e56221acc925:0x6254f72535819a2b!8m2!3d9.748917!4d-83.753428>

Independent from 1839

Democracy from 1899

No army since 1949

Costa Rica

Costa Rica tops the Happy Planet Index due to

- Greatest density of species**
- High percentage of protected forest**
- 99% renewable energy**
- Longer life expectancy than US & less than quarter of Finland's GDP...**
- ...with less than half of the ecological footprint**

Some cultural aspects of Costa Rica

- Spanish majority with significant indigenous, immigrant and refugee minorities – cultural melting pot
- Catholicism as state religion
- High appreciation of education
- High valuation of entrepreneurship as vocation
- High perceived opportunities
- High fear of failure
- Low actual percentage of business ownership

In-class exercise 10 minutes

Discuss with your neighbor(s) or group:

How would your venture/idea/groupwork need to adjust if you based it in Costa Rica?

Try to focus on the cultural differences and similarities you might face, and use them to adjust and improve your value proposition.

Would your value proposition work in Costa Rica?



What about in rural West Texas?

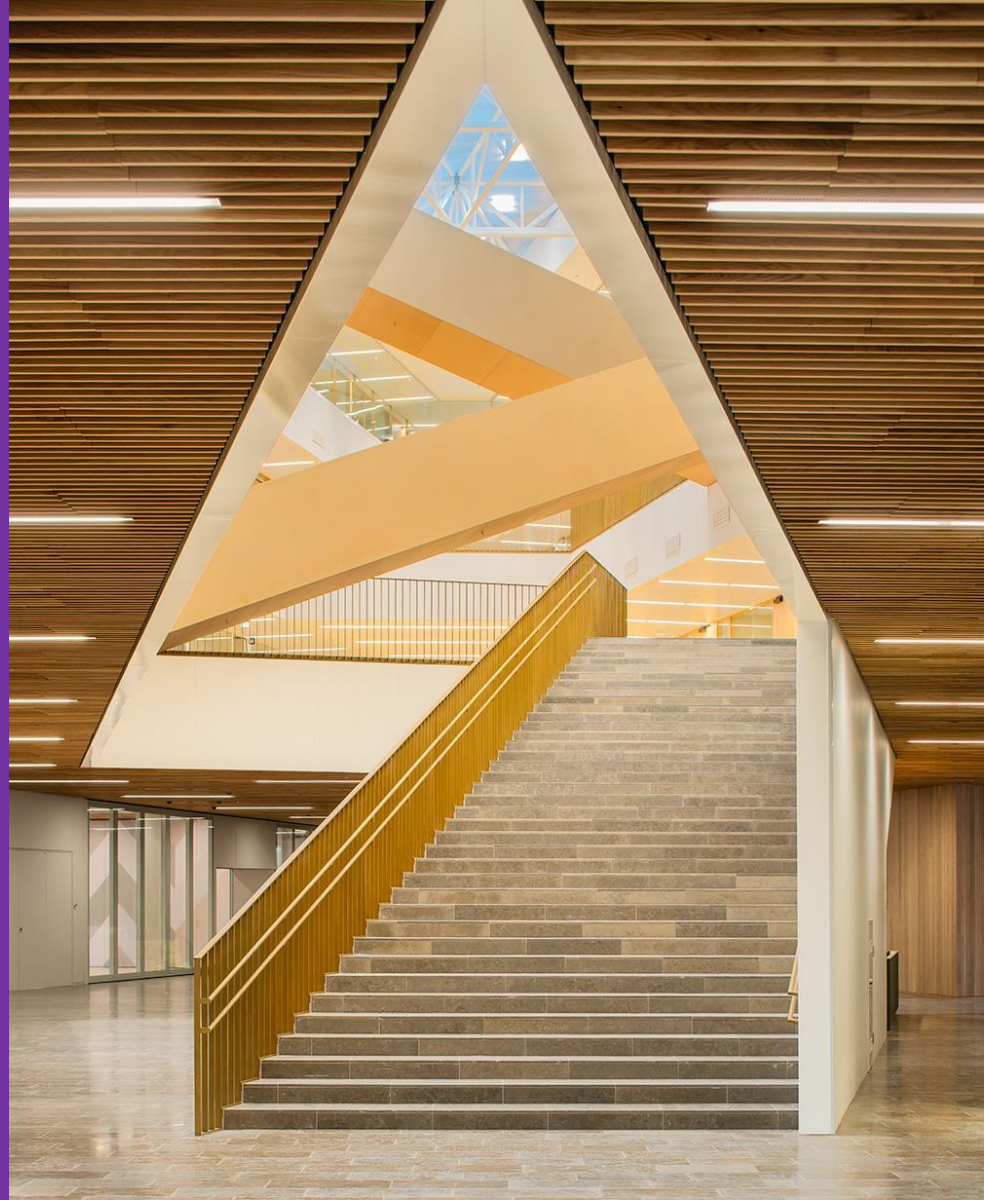


Coming back to your intended market, what cultural and local elements do you think support or work against your value proposition?

Break – 10 minutes

**Culture is not only about place,
but time as well**

Finland in 2019



Finland in 1919



Finland in 1919-

- **Independency from Russia 1917**
- **Civil war 1918**
- **Major food shortage 1918-1919**



Finland then & now

- **1919**

- Relative monoculture
- Was recovering from Civil War between communists and nationalists; a failed bid to become a monarchy
- Agricultural
- Low education
- Hunger crisis

- **2019**

- Increasingly multicultural
- Democratic
- Urban
- Highly educated
- Welfare state

Cultural-economic background 1919

- **Strong nationalistic emotions based on distinct historical culture and language**
 - Kalevala, National Romanticism, Hegelianism...
- **Majority of the people were poor and/or living at least partly in self-sufficient households – practice-based agricultural & hunting-gathering culture**
- **The lure of communism**
- **Lutheran majority; Orthodox minority**

In-class exercise 10 minutes

Discuss with your neighbor(s) or group:

A) How would your venture/idea/groupwork have looked in Finland 1919?

B) Do you think there are cultural elements that support your venture/idea/groupwork now more than they would have in earlier times?

Try to focus on your value proposition (what you are offering), and not the (technical) application (how you are doing it). Would the value you are offering/developing have carried less, as much or more significance in earlier times?

**Would your value proposition
have worked in Finland 1919?**

**Would increased understanding
of sustainability have changed
things back then?**

What reception would your value proposition have in 2029, 2059, 2119?

Where is sustainability headed?

What cultural elements of this age support or work against your value proposition?

What actually happened?

- **Finland took a huge loan from the US (with interest) to buy foodstuffs**
- **Investments on forestry**
 - After WWI, there was a shortage on timber and paper in Western Europe
 - Lumbering brought income for those in the country as well as urban, industrialized population
- **WWII and subsequent increase in industrialization to pay off debt**

Key points

- **Value propositions will alter in different times**
 - However, it may be that their core content is similar
- **What entrepreneurs do is often shaped by economic AND cultural factors**
 - However, these factors are intertwined
- **Culture matters!**

...So let's understand cultural theory

Two basic streams

1) Culture as values

- 1) We are defined by culture
- 2) Focus on ends
- 3) For understanding big and vague units (macro-view)

2) Culture as repertoire/tool kits

- 1) We define culture because we use it
- 2) Focus on means
- 3) For explaining small and precise units (micro-view)

Cultural theory in entrepreneurship

How this translates to two streams in entrepreneurship theory

1) Culture as values

- 1) Entrepreneurship has differing cultural valuations
- 2) Entrepreneurship is geared towards ends, which are defined by culture

2) Culture as repertoire/tool kit

- 1) We use culture to do entrepreneurial things
- 2) Culture is means for entrepreneurs (to get rich, achieve sustainability etc.)

Theory: values view

- **Entrepreneurship is embedded in culture**
- **The roots of modern entrepreneurship can be seen in a culture dedicated to hard work and individualism**
 - “The Protestant Ethic” as a backbone to private enterprising
 - A positive attitude towards profiting, rent-seeking etc.
- **“Homo economicus” – a fallacy?**
 - Decision-making is based on beliefs, values and norms which are to a large extent mediated by culture

Theory: cultural toolkit view

- Sustainable entrepreneurs who make use of culture may be more successful than others
- Sustainability as an end may be a CHOICE made by entrepreneurs
- Because of this, sustainable entrepreneurs also perpetuate sustainable business culture

Takeaways

- **Culture matters!**
- **Value propositions hinge on culture as**
 - Determined by “higher” values
 - Cultural “tools”