CONTEXT SPECIFICITIES IN ENTREPRENEURSHIP RESEARCH

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Abstracts
Research in entrepreneurship is mostly concentrated on two specific developed areas – Europe and North America. Investigation in other parts of the world is extremely limited, whereas entrepreneurship is potentially contributing to these economies. To comprehend entrepreneurship in a more nuanced way, researchers have already made calls to incorporate context specific aspects of comparatively under explored regions, that can be absent in or substantially different from the western developed economies. Yet to date, there is no systematic analysis to explore how context specificities of these regions are contributing to the extant literature by providing insightful findings. With a notion to advance the understanding of entrepreneurship research, based on a comprehensive literature review, this article identifies the key contextual features of the existing studies, and building upon the critical analysis, it demonstrate a way forward.

Literature review

Keywords: Entrepreneurship, Small Businesses, Micro-businesses, Context, Context Specific Aspects

Introduction

Even though entrepreneurship research is enriched with a dramatic growth in quality and quantity of studies, it is criticised for its almost exclusive concentration on certain developed regions - North American and Europe (Bruton, et. al., 2008). Other areas of the world remain under explored. It is worth noting that developing nations or the emerging economy also witness growth of entrepreneurial ventures that lead to overall economic prosperity (ibid). For example, the economies of Brazil, Russia, India, and China (the “BRIC” economies) are predicted to be larger than that of G6 (the US, the U.K., Japan, Germany, France and Italy) (Wilson & Purushothaman, 2003). Despite such positive economic changes, spearheaded by entrepreneurship, little is known about these areas in entrepreneurship scholarship (Bruton, et. al., 2008). Therefore, there is a strong urge to investigate into entrepreneurship of these parts of the world.

Nonetheless, entrepreneurship is considered as not only economic but also a social phenomenon (Steyaert and Katz, 2004) whose manifestation depends on context (Zahra, et. al., 2014). The analysis on differences in contexts can help in understanding the nature, dynamics and richness (Zahra, 2007). Context specificities can potentially contribute to the entrepreneurship scholarship (Hayton, et. al., 2002). The findings of developed nations are contended not to be readily applicable in other contexts given the contextual differences of the West and the rest (Bruton, et. al., 2008). Therefore, calls have been made for not merely expanding the geographic areas for studying but also for incorporating contextual aspects to bring to light the distinctive and valuable findings to the research (ibid). Gary John (2001) illustrated this issue more precisely in the paper ‘In praise of context’:
“I once read somewhere that 'context is everything'. It isn't, and simply naming an organization, describing a site in detail, doing a longitudinal study, or employing hierarchical linear modelling does not constitute a contextual contribution. Rather, these means of fostering context have to be used in away that adds explanatory value to a manuscript. Perhaps the best question to ask oneself is this: Does the inclusion of this information or the use of this design feature explain the constraints on, or the opportunities for, the phenomenon I am studying?” (John, 2001:39-40)

Therefore, several scholars (Hayton, et. al., 2002, Welter, 2011) strongly recommend considering context specific aspects in entrepreneurship research. While promise has been made to potentially contribute to the understanding of entrepreneurship field by incorporating contextual issues, there is no systematic inquiry to evaluate how the expectation is being met. In other words, it is under explored what are the context specific features of the areas beyond western developed nations that have extended the views of entrepreneurship research. This understanding is particularly important to embrace the call for considering context in an insightful way and also to explore the ways forward to enrich this field. Consequently, the aim of this paper is to systematically identify and analyse the context specific aspects of the areas other than western developed economies.

To respond to this research aim, at first, the article clarifies the tension between context and entrepreneurship research to bring to the fore the need to identify the contextual issues for the studies. After explaining the methodological underpinning of the paper, it moves to present the critical analysis on the articles incorporating distinct contextual features of different under researched contexts with underscoring the specific aspects. Building
upon the discussion the article concludes with recommendations to lay the foundation for future studies in this important field.

**Context in Entrepreneurship Research**

The theories of entrepreneurship are criticised on the grounds that these are generally revolves around micro-level influences on entrepreneurship, whilst the context or the external environment is deemed as given (Smallbone, et. al., 2010). Nonetheless, for entrepreneurs, context can be considered as an asset by providing opportunities or a liability by setting limits (Welter, 2011). Therefore, researchers contend to pay attention to contexts in entrepreneurship scholarship (ibid). The discussion commences with unfolding the concept of context as the lack of understanding on the definition is observed to lead ambiguity in the extant literature (Zahra and Wright, 2011; Johns, 2006).

Welter (2011) offers the definition from the management research perspective, whilst context refers to environments, circumstances or situations that are external to the specific phenomenon but have impact on it in terms of opportunities or constraints. Capelli and Sherer (1991) proffer that context is the surroundings that, are related to respective phenomenon and, can explain it better. Johns (2006) takes the concept a step forward with the view of the omnibus context that encompasses a broad perspective. It instigates the questions - who, what, where, when and why (Whetten, 1989). Nonetheless, concerning the definition of context for entrepreneurship studies, the dimension of where is particularly emphasised (Welter, 2010). *Where* points towards manifold settings in which entrepreneurship prevails (ibid). It considers distal contexts, for example, countries or societies as well
as proximate contexts (Mowday and Sutton, 1993), for instance, social environments of entrepreneurs (Welter, 2011). Given the nature of this concerned research, the study concentrates on the dimension of where, considering countries and social environments as the context.

Early research on entrepreneurship is, however, criticised because of its descriptive and testimonial nature, originated from the lack of recognition of contexts (Zahra and Wright, 2011). Most of the researchers even did not provide adequate clues regarding the nature of research settings; rather relied on the imagination power of the readers to grasp the situation (Zahra, 2007). Paying closer attention to the development of this particular field, it is revealed that entrepreneurship has a historic propensity to take consideration of economics, psychology and implements metaphors from certain areas, such as mathematics, and consequently, it has set limits for opening towards the wider disciplines of social sciences and humanities (Hjorth, et. al., 2008). In line with these arguments, the dominant approach casts universality to an array of specific social as well as cultural assumptions and values (ibid). Researchers have been more interested in exploring “general laws of entrepreneurship which might transcend context” (Hjorth et. al., 2008:81). As a result, entrepreneurs have been removed from contexts and hence, have become decontextualised (ibid). This decontextualised nature of research, that is associated with the generalisability of findings, marks contradictory outcomes in the prevailing literature (Zahra and Wright, 2011). It clearly provides a strong evidence of a drawback for not taking into account of contexts in entrepreneurship research.

As alluded to above, in order to bring to light the theoretical and empirical nuance in entrepreneurship research, it is strongly contended not
to consider decontextualized type of research (Hjorth, et. al., 2008). An increased number of researchers are drawing attention to the need to recognise particular social contexts in which entrepreneurs are embedded (Smallbone and Welter, 2001; Davidsson, 2003; Baker, et. al., 2005). To respond to this quest, in recent years, there have been some attempts to account contexts but calls have been made to move beyond the superficial approach and emphasise on context-dependent nature of entrepreneurship (Hjorth, et. al., 2008). Whereas, at present, the context is taken into consideration as a “control variable”, it is argued to be considered as a “part of the story” (Zahra and Wright, 2011:72). In other words, it is not worthy to simply conduct research in underexplored geographic areas, ignoring the context specificities of the contexts; rather exploring subtle associations among context-specific aspects can contribute to appropriate explanations for those entrepreneurs (ibid). Contextual influences are contended to pervade entrepreneurial actions, micro level processes and their outcomes (Welter, 2011).

The importance of recognising context dependent features are well reflected in the words of Weick (1995: 389): “key lies in the context”. Therefore, it is strongly argued that entrepreneurship research itself needs to be contextualised (Zahra, 2007).

It is also contended that context is crucial for theory building and testing (Zahra 2007). It defines the frontiers of theories and propositions by providing a platform to establish their claims along with explanatory powers (Zahra and Wright, 2011). Depending on contexts, underlying predictions of theories can be renewed in important and interesting ways (Zahra, 2007). Even dramatic changes can take place in the rules for entrepreneurship (Baumol, 1990). Rousseau and Fried (2001:1) posit the context as “linking
of observations to a set of relevant facts, events, or points of view that make possible research and theory that form part of a larger whole.” In general, the potency of research questions, the value of theoretical contentions, the significance of empirical evidence are context dependent (de Ven, 2007). Therefore, by uncovering the intensity and dynamics of contexts in entrepreneurship, researchers can systematically provide more valuable and insightful findings (Zahra, 2007).

The claims concerning the advancement of theories can be further justified with reference to studies on developed nations and other contexts. It is recognised that by contextualising, the same phenomenon can be translated with competing or alternative explanations and the associated major contingencies can be identified for broader understandings (Zahra, et. al., 2014). In a similar vein, it can be argued that as the research on entrepreneurship is biased towards developed nations (Bruton et al., 2008) and the theories are generally based on those contexts, the phenomenon of a developing nation, which is apparently similar to that of developed nations, can provide a completely different explanation due to the socio-cultural dissimilarities of these contexts. Moreover, the underlying contingencies of the explanations for the developed nations cannot be readily applicable for that of developing nations. The causal mechanisms among contextual aspects (Rousseau and Fried, 2001) and the functional relationships among them (Johns, 2006) can provide distinct findings. As a result, the existing theories can be enriched with better theoretical understandings of the propositions and claims or extended with novel contingencies to offer insightful and appropriate explanations. In some cases, new theories can be also emerged from researching in underexplored areas (Zahra, 2007), such as developing
nations, whilst the existing theories, imbued with the framework of developed nations, are not suitable to comprehend the specific phenomenon of that context.

The discussion evidently highlights the urge to embrace contextual aspects in entrepreneurship research. Nevertheless, whereas researchers are almost solely concentrated on developed nations (Bruton et al., 2008), it is not sufficient merely to consider contexts as variables for exploring other parts of the world; instead, it needs to take into account the context specific aspects in studies on those regions. While this issue is well recognised by the researchers, now it is time to assess how this pressing agenda is addressed in the existing literature.

**Methodology**

Given the nature of the research, for the purpose of the literature review, two top journals in entrepreneurship were selected. Two out of three 4* Journals in this concerned field (as per ABS Journal Ranking 2015) – Entrepreneurship, Theory and Practice and Journal of Business Venturing, were selected for this research. Thus, scrutinising the research papers of these two journals provide the platform to assess the context specific issues in entrepreneurship research.

It should be noted that this study considered a time span of 15 years – from 2001 to 2015. Initially, all the articles of all the issues of these two journals were considered to search for the relevant papers for this study. It is worth noting that journal articles selection was conducted by taking into account of two major issues. First, the research is conducted on mainstream entrepreneurs to avoid ambiguity in understanding. Therefore, micro and
small business-owners are considered but not corporate entrepreneurs. In a similar vein, in terms of ownership, women owned or family owned business firms were not considered for this research. As a point of clarification, as innovation related businesses are not similar to the small businesses (Carland, 1984), any paper focused on innovation was not counted. Second, in order to analyse context specific issues in entrepreneurship, attention was paid to the way the study considered context. While reviewing a paper, if it was based on an area other than the western developed country but was found to consider the context as a ‘variable’ without acknowledging contextual features, that research paper was not selected for this concerned study. A key criteria for the paper selection was to consider only those articles that take into consideration of context specific issues. Addressing these conditions, finally 7 articles were selected out of 1112 of the two journals of the 15 years. (The detailed issues concerning the total number of articles are mapped on Table-1.)

Table 1. Total Journal Articles Considered for This Study

<table>
<thead>
<tr>
<th>Name of the Journal</th>
<th>Number of Volume</th>
<th>Number of Issues</th>
<th>Number of Articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship, Theory and Practice</td>
<td>14*</td>
<td>76</td>
<td>518</td>
</tr>
<tr>
<td>Journal of Business Venturing</td>
<td>15</td>
<td>90</td>
<td>594</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>166</td>
<td>1112</td>
</tr>
</tbody>
</table>

*Note: Online version of this journal is available since 2002.

Based on the literature review, two themes were generated whilst these are aligned with the broader area of studies in entrepreneurship research. Entrepreneurship is mostly dominated by the field of economics (Jennings et al., 2005) and recently, researchers are interested in the context
where entrepreneurs operate their businesses (Hjorth et al. 2008). In line with this view, one theme of this study is Economy and Finance related Aspects and another one is Socio-cultural Aspects. Further, building upon the analysis of the selected papers, the limitations of the extant literature is provided.

### Contextual Issues in Entrepreneurship Literature

#### Overview on the Research Articles

A total number of 7 articles have been found in these two journals over the study period which represents only 0.63% of total articles. This finding is consistent with an earlier research (Bruton et. al., 2008). Based on an extensive literature review of nine top relevant journals (from 1990-2006), out of 7,482 articles only 43 were on emerging economies (ibid) whilst the concentration is on context but not on context specific aspects. However, this study reinforces the criticism that studying in these areas is extremely limited.

<table>
<thead>
<tr>
<th>Name of the Journal</th>
<th>No. of Articles Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship, Theory and Practice</td>
<td>3</td>
</tr>
<tr>
<td>Journal of Business Venturing</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

Considering the geographic areas, the selected papers cover different regions. Rather than considering a single area, two articles are concentrated on broad areas – Latin America (Mexico and Costa Rica) and East Asia that includes Hong Kong, Taiwan, China, Singapore and South Korea. Other papers are conducted on China, Bangladesh, Vietnam, Nigeria and Uganda.
It clearly marks that a vast region of the world is under researched by entrepreneurship scholars. The context specific features of diversified areas are yet to explore in order to enrich the entrepreneurship literature.

**Context Specificities in the Prior Studies**

This section provides analysis on context specific issues of the underexplored areas as revealed in the selected journal articles. The discussion is based on two key themes - Economy and Finance related Aspects as well as Socio-Cultural Aspects whilst the later received much attention.

**Economy and Finance related Aspects**

Given the resource constraint nature of the economy, the required resources for the entrepreneurs are different compared to that of the western matured economy. With reference to the emerging economy, where the financial resources are fairly limited, West et al. (2008) reveal that an array of intangible resources can play crucial role for the success of entrepreneurs. The paper emphasises on social network resources, knowledge resources and community resources (political stability) as foundational elements of entrepreneurial development. Thus, it extends the resource based theory in subsistence economies (ibid).

Economy related some other contextual issues are revealed in the studies. For example, although illegal cross-border trading is evident in the developed countries, it is more wide-spread in developing nations (Fadahunsi and Rosa, 2002). In Nigeria, illegal businesses are revealed as a norm that is parallel to the mainstream economy. Moreover, bribery is common irrespective of the status of the product in terms of legality. There-
fore, business-owners tend to decide on the profit margin rather than the legal status of the goods. The scenario clearly contrasts what is known from the western developed economies (ibid). Furthermore, the issue of uncertainty of the context is highlighted by Stewart, et al. (2008). Employing institutional theory, the article presents in an emerging economy, the entrepreneurs frequently scan the environment considering its variability and complexity.

**Table 3. Contextual Aspects of the Regions other than the Western Developed Nations**

<table>
<thead>
<tr>
<th>Key Aspects</th>
<th>Context Specificities</th>
<th>Areas to consider for the Impact of the Contextual Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy and Finance</td>
<td>Resource Constraints</td>
<td>- Intangible Resources</td>
</tr>
<tr>
<td></td>
<td>Illegality</td>
<td>- Illegal Trading</td>
</tr>
<tr>
<td></td>
<td>Uncertainty</td>
<td>- Environment Scanning</td>
</tr>
<tr>
<td>Socio-Cultural Aspects</td>
<td>Informal Network</td>
<td>- Institutional Environment</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>- Venture Capital</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>- Institutional Context</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>- Broader Socio-Cultural Issues</td>
</tr>
</tbody>
</table>

**Socio-Cultural Aspects**

The prevailing literature establishes the informal network as a vital issue concerning different entrepreneurial activities in the regions beyond western developed nations (Ahlstrom and Bruton, 2006). In transitional economies, where the institutional environment is unstable and weak, informal networks are important for entrepreneurs to deal with impediments confronted from the bureaucratic structures and often hostile officers. Ahlstrom and Bruton (2006) uncover that in South East Asia, regarding certain issues, for example, to acquire land or to have permit to sell particular prod-
ucts or to have an advantageous decision from government officials, entrepreneurs have to maintain relationship with different government officials.

In addition, it is evident that in South East Asia, in the case of acquiring venture capital, informal network is one key issue to ensure finance from venture capitalists (Ahlstrom and Bruton, 2006). For the initial screening to finance ventures, rather than considering industry criteria, emphasis is provided to assess the network of entrepreneurs. Moreover, according to venture capitalists, dealing with the same entrepreneurs reduces the risk of being cheated which again reflects and reinforces the social relationships in relation to entrepreneurs. In general, developing and maintaining personal network of venture capitalists is highly demanded in selecting, monitoring, adding value and at a certain point exiting from the invested firms (ibid).

There are several other socio-cultural aspects to consider for these contexts. One good example is societal aspects in relation to the institutional environment. The institutional environment of China is substantially different from that of the western countries and hence, there are a number of differences between these two regions in relation to venture capital (Bruton and Ahlstrom, 2003). For instance, whereas in the West, the rule, regulations and contracts are emphasised, in China, Guanxi plays an important role in raising venture capital. The unwritten social rule of Guanxi that stands for social networks and influential relationships is pervasive in contrast of the economic or legal issues (ibid). Besides, in the context of Vietnam, it is uncovered that trust is a key issue in entrepreneurship as the institutions are too weak to support business-owners (Nguyen and Rose, 2009). Entrepreneurs are found to actively develop trust with the stakehold-
ers which extends the view on social networking and provides contributes to the understanding in a non-western context (ibid).

Some broader socio-cultural aspects are also addressed in the literature. For the research in entrepreneurship, the paper of Mair and Marti (2009) is particularly important for contributing to the understanding concerning socio-cultural aspects of a context, beyond western developed nations. Based on a micro-credit programme of a non-government organisation (BRAC) in Bangladesh, the researchers discover the constraints of poor people to deal with the market economy, for example, micro-credit. This is due to the prevailing social relations, religious practices or traditions along with corruption and governance structures. Institutions are revealed as weak or absent and hence, these are unable to support markets. Addressing these problems, considering existing socio-cultural aspects of the context, BRAC implements a sustainable micro-finance programme through its well established network (ibid).

The discussion provides strong evidence of the role of certain context specific issues in explaining the contrasting views of the under explored parts of the world form other the western developed nations. It also clearly highlights the context specificities of these regions already revealed in the extant literature. While demonstrating the promising contribution of these features to the entrepreneurship research, it should be acknowledged that there are several limitations of these studies.

Limitations of the Extant Literature

This research identifies several limitations of the existing studies on contextual aspects of the regions beyond western developed nations. First,
the number of identified context specific issues is extremely limited. There are great opportunities to reveal more features. For example, each country has its own history, economic paths and economic goals (Bruton, et al., 2008) that can lead to reveal some insightful contextual aspects to explain the differences in entrepreneurship of different economies.

Second, the studies appeared to be conducted on a discrete way and apparently, no coherent approach in studying these regions is performed. Put simply, in general, research is not the continuation of the previous studies on the relevant issues of these under explored areas. It hinders the in-depth understanding of the context specificities and also fails to take opportunity to explore relevant aspects indicated in prior studies. Consequently, the understanding of these economies is still problematic.

Third, in general, the studies consider the western developed as the normative template that leads to have limitations in contemporary research in other areas. While addressing differences of these areas with the western matured economies, certain issues are added to the existing knowledge. Nonetheless, a wide array of aspects of different context can remain under explored as these are absent or have little relevance in the western developed countries and hence, employing the approach imbued with western developed economies might not inquire into these contextual aspects. Therefore, due to the lack of employing the appropriate research template, that is designed particularly for these under explored regions, the context specificities of these areas are not properly discovered and the understanding of these areas remain ambiguous.
Conclusion

The research demonstrates that the extant literature on regions beyond the western developed nations has already proves the potentiality for contributing to the entrepreneurship research with context specificities. It reflects and reinforces the claims made in the theoretical discussion (Hayton, et. al., 2002, Welter, 2011) for incorporating contextual aspects to enrich this field. This paper provides the systematic presentation of different distinct and insightful context specific features of these areas. Nevertheless, the exploration can be contended still at a rudimentary level as there are many impactful aspects in relation to entrepreneurship of these areas that are yet to discover.

This paper calls for research that is related to the previous studies on these under explored areas to have consistency among contextual aspects for in depth understanding. It strongly emphasises on not to employ the normative template of the western developed nations; rather to consider the historical, cultural or social understandings of the concerned areas for advancing the understanding of entrepreneurship of these regions. It will eventually unveil deep rooted socio-cultural issues to facilitate the comprehension of these areas. For instance, the assumption of profit maximisation and self-interest of entrepreneurship of the western matured economies may not be universally applicable (Bruton, et. al. 2008). In the emerging economies, the values and motivation can be related to the welfare of others, keeping networks or relations and maintaining a status quo (ibid). To bring forward such contextual aspects, the insider knowledge is important to design and execute the study (Jaim, 2016) and hence, this paper urges to the researchers of the nations other than developed areas to conduct studies on their native
countries. Thus, to uncover the distinct attributes of the context, research needs to be framed in an appropriate manner based on the context in order to contribute to the prevailing entrepreneurship scholarship.

References


