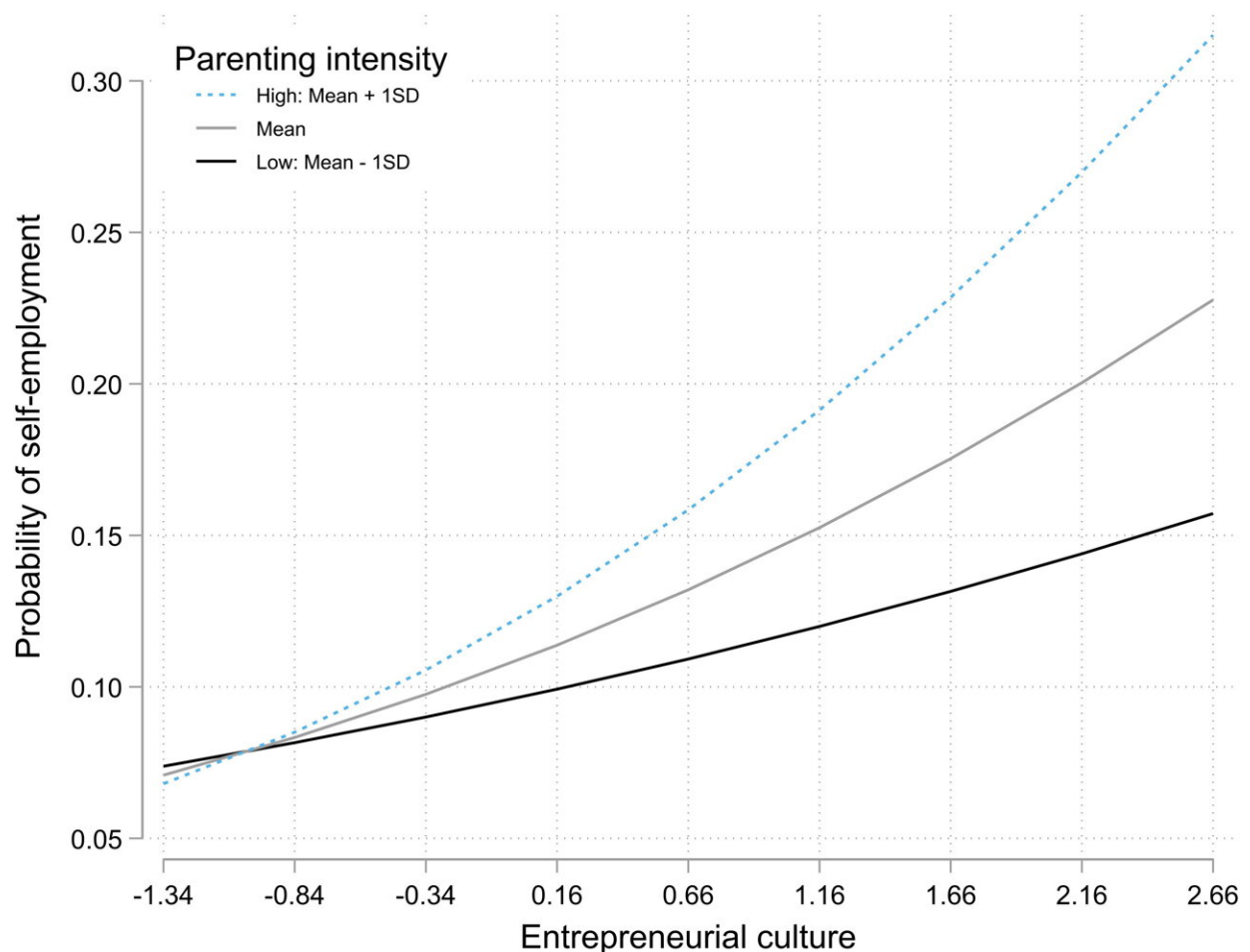


# Culture of parents' country of origin influences second-generation immigrant entrepreneurship, study finds

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The Moderating Role of Parenting Intensity. *Notes.* Plotted is the predicted effect of entrepreneurial culture on individual-level self-employment for three different levels of parenting intensity (mean minus one standard deviation, mean, and mean plus one standard deviation) based on the findings shown in Table 6.

All other covariates are held constant at their respective means. The predictor and moderator were z standardized prior to estimating the moderated regression model on which this predicted probabilities plot is based. Credit: *Organization Science* (2022). DOI: 10.1287/orsc.2022.1645

A new study shows that second-generation immigrants' likelihood to become entrepreneurs is linked to their parents' cultural background. The results suggest that entrepreneurship policies and programs could benefit from taking cultural context into account.

For more than a century, scholars have argued that culture may be one of the deep-rooted determinants of entrepreneurship. The evidence from research, however, has been inconsistent and partially conflicting. This is because it has been difficult for researchers to separate the impact of culture on entrepreneurship from other country-specific drivers, such as formal institutions like laws and regulators.

Now, new research from Copenhagen Business School and the University of Groningen recently published in *Organization Science* offers fresh evidence. The research shows that second-generation immigrants are more likely to start a business if their parents come from countries with strong entrepreneurial culture, rather than weak entrepreneurial culture.

"The culture of second-generation immigrants' country of ancestry affects their chances of becoming entrepreneurs even though second-generation immigrants were born, raised, and live in the same country," says PostDoc Johannes Kleinhempel from Copenhagen Business School.

## **Take culture into account**

The new findings show that culture plays a significant role in determining a person's likelihood to become an entrepreneur. This is important because entrepreneurship drives innovation, job creation and [economic growth](#), and differences in entrepreneurship across countries can impact a nation's economic performance.

"The results suggest a need for policymakers to take the [cultural context](#) into account in designing entrepreneurship policies and promotion programs," says Johannes Kleinhempel. Typically, programs to promote entrepreneurship have focused largely on improving economic and formal institutional conditions, such as better access to finance and less bureaucracy. Less emphasis has been placed on informal institutions, such as culture.

But that may have to change, says Professor Sjoerd Beugelsdijk from University of Groningen. "It is very likely that the effectiveness of entrepreneurship promotion programs depends on prevailing cultural values and norms, so a culturally sensitive approach to entrepreneurship promotion is warranted," he says.

## **How the research was done**

Using two independent samples—65,323 second-generation immigrants of 52 different ancestries in the United States and 4,165 second-generation immigrants of 31 ancestries in Europe—the researchers find that country-of-ancestry entrepreneurial culture is positively associated with the likelihood that second-generation immigrants are entrepreneurs.

They also show that their findings are robust when accounting for non-cultural factors such as financial resources, discrimination in the job market, skills, and family connections.

Moreover, second-generation immigrants in the US are more likely to

start their own businesses if second-generation immigrants with the same background in Europe also have a strong tendency towards entrepreneurship—and vice versa. This supports the idea that culture influences entrepreneurship, as the only shared factor between these two groups is their ancestry.

## Parents play an important role

The research is not only relevant for [policy makers](#)—it is also interesting for parents since it highlights the important role of intergenerational cultural transmission for nurturing of entrepreneurship.

"Our findings show that the relation between (country-of-ancestry) entrepreneurial culture and the likelihood that second-generation immigrants are entrepreneurs is strengthened by parenting intensity, i.e., how much time parents spend with their children, since more intense parent-child interactions facilitate cultural learning," says Associate Professor Mariko Klasing from the University of Groningen.

"Ultimately what our research documents is that national [culture](#) is a deeply rooted determinant in shaping [entrepreneurship](#) and this influence can be passed down over multiple generations, even in different economic and institutional environments," concludes Johannes Kleinhempel.

**More information:** Johannes Kleinhempel et al, Cultural Roots of Entrepreneurship: Evidence from Second-Generation Immigrants, *Organization Science* (2022). [DOI: 10.1287/orsc.2022.1645](https://doi.org/10.1287/orsc.2022.1645)

Provided by Copenhagen Business School

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