

# The Role of Culture in Shaping Entrepreneurial Leader Behavior

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## Abstract

Leaders of organizations have a significant role for organizational success. In small business new ventures, leaders have a significant role in achieving business success. Nevertheless, leaders are bound to their cultural values that often influence their perception and shape their behavior. This paper examined how cultural values shaped entrepreneurial leadership behavior, focusing on the Chinese cultural attributes that become part of valuable behavior. This behavior is believed as the drive for a successful entrepreneurial firm. The study utilized the qualitative research method, gathering the data from focus group discussion. The data were processed by using NVIVO to produce thematic analyses. The results showed that cultural aspects that represented Confucian values are traced in entrepreneurial leader behaviors. These behaviors were related to moral character, human heartedness, human relationship, lifelong learning and moderation. The most significant Confucian values for entrepreneurial leaders in entrepreneurial firms were *Renjing* and *Quanxi*. The result of this research is significant as the primary step to develop attributes of successful entrepreneurial leaders.

## Keywords

Chinese Values, Entrepreneurial Leadership, Confucian Leadership, Cultural Entrepreneurial

## 1. Introduction

Leaders play a critical role in organizational success. Numerous studies discuss the important function of leaders in a variety of organizational settings. In small firms, particularly new ventures, leadership is critical for their success. Even if leadership is not the sole determinant of success, many people feel that leadership assumes accountability. Leadership capacity in small enterprises or entrepreneurial startups is critical. The Founder is the pivotal figure who plays a critical role in the organizational overall operation. They must possess empowered leadership abilities capable of achieving organizational success.

Entrepreneurial Leadership is the term used to describe leadership in the entrepreneurial field. Numerous researchers have examined entrepreneurial leadership from a variety of perspectives, including behavioral, treatment, attribute, learning environment, impact, and cultural (Bagheri, 2017; Bagheri et al., 2020; Bagheri and Pihie, 2010; Díaz et al., 2017; Edem and Udo, 2017; Lounsbury et al., 2019; Rösche, 2018). In the entrepreneurial world, cultural value is a factor that influences entrepreneurial behavior (Calza et al., 2020; Lounsbury et al., 2019; Obschonka et al., 2019) Cultural beliefs affect successful entrepreneurs significantly, and specific cultural values shape the entrepreneurial behavior.

Despite the broad research concept of entrepreneurial leadership, this is a study of entrepreneurial leadership from a cultural perspective. There are only a few entrepreneurial leadership studies that examine cultural dimensions or facets. Hence, to address these gaps, this study tended to examine the role of Chinese values in entrepreneurial leadership, particularly Confucian values.

## 1.1 Objectives

The article's primary objective is to evaluate entrepreneurial leadership characteristics in relation to Confucian values. This study validated the Confucian values embodied in the entrepreneurial leadership of Indonesian Chinese (Tionghoa) in West Java. The primary objective was to determine the representation of Confucian values in the entrepreneurial leadership realms.

## 2. Literature Review

Every organization requires a leader to guide toward achieving its mission. Likewise, in the entrepreneurial realms, a leader is a significant individual who serves as a key person with significant responsibilities in gearing toward a new business success. From the nature of the responsibilities to organization, leadership in an entrepreneurial firm is distinctive. A leader in an entrepreneurial environment typically requires a number of competencies that are ingrained in their personality. Entrepreneurial leadership entails influencing and directing group members' behavior in order to achieve organizational goals, which include identifying and capitalizing on entrepreneurial opportunities (Renko et al., 2015). Apart from leadership ability, the entrepreneurial leaders must be able to articulate their vision. Entrepreneurs are likely to have an abstract image of what they wish to accomplish in their minds, and entrepreneurs must be able to instill a similar image in the minds of others, possess a clear vision for motivating followers toward the future, and use intuitive and holistic thinking to bridge the gap between the current and desired state (Ruvio et al., 2010). Entrepreneurial leadership can be defined as a synthesis of the two concepts of entrepreneurship and leadership: To be accurate, its definition must also reflect its dual nature. Successful entrepreneurial leadership is the process of organizing a group of people to accomplish a common goal through proactive entrepreneurial behavior, risk mitigation, personal accountability, and change management in a dynamic environment. Risk management, innovation to capitalize on opportunities, personal accountability, and change management are all examples of proactive entrepreneurial behavior (Dimovski et al., 2013)

Chinese businesses, particularly in Indonesia, are well-known and successful. They possess the fortitude and perseverance necessary for business success. Numerous accomplishments have brought them from zero to hero. Additionally, their business leadership possesses a magical quality. Their leadership breeds extreme loyalty, with subordinates willing to work tirelessly and, in some cases, forgo compensation in order to fight for the company's success. Chinese business success might be inextricably linked to their cultural values, which are heavily influenced by Confucian values which are deeply ingrained in the Chinese ethnic culture and are passed down through generations. These values have served as the bedrock of the Chinese leadership and business (Giblin, 2003; Lasserre, 1992; Ling and Fang, 2016; Mulyani, 2017; Mulyani and Ratnapuri, 2020; Woods and Lamond, 2011). Confucianism is a moral or behavioral doctrine based on Confucius' teaching about human relationships, social structures, virtuous behavior, and work ethics. Confucianism is a Chinese philosophical school that is originated in China. It establishes guidelines for each individual's social behavior, and these guidelines apply to the entire range of human interactions in society.

Indeed, Confucian values imbue leadership and entrepreneurship with a new hue, and research establishes a link between them (Cai et al., 2019; Huang et al., 2020; Lin et al., 2013; Obschonka et al., 2019; Wang et al., 2012). There is a correlation between entrepreneurial characteristics and Confucian values such as perseverance, commitment, determination, ability to get along with others, integrity and dependability, lack of need for status and power, team builder and hero maker, emotional stability, high intelligence and conceptual ability (Kirby and Fan, 1995). When a business incorporates Confucianism into its corporate culture, it can quickly accomplish greater social good and exercise greater social responsibility (Liu, 2020). Through their applications in various fields, such as leadership and entrepreneurship, Confucian values have become ingrained in and passed down as part of China's cultural heritage. Chinese business value frequently influences the development and shapes the Chinese business organizational, managerial, and leadership practices (Huang et al., 2020; Liu, 2020; Obschonka et al., 2019; Smith and Kaminishi, 2020; Wah, 2010). According to Wah's (2010) study, Confucian leadership behavior is characterized by five (five) major value dimensions namely moral character, human heartedness, human relationships (including marriage), lifelong learning (including education), and moderation. First, moral character refers to a person's complete development. Human beings must first develop their personalities, which must then be constantly honed through practice. Gentlemen are only those who engage in genuine humanitarian activities (junzi). To be Confucian leaders, individuals must possess a high moral sense of leadership that is founded on moral principles and developed through positive and virtuous examples that emphasize moral values and commitment, while also expecting employees to promote moral values. Second, in Confucius' teaching, the concept of ren (human heartedness) is heavily emphasized. Ren embodies humanism and virtue, as well as love and affection, kindness and compassion, and a variety of other

characteristics. Third, human relationship—Confucianism teaches people to engage in five fundamental human relationships known as WuLun, which begins with self-development, progressing through family arrangement and state arrangement, resulting in world peace. Confucius emphasizes the importance of the "self" as the focal point of an ever-evolving network of relationships. A Confucian leader employs renqing to bolster his decisions regarding human interaction and business relationships (which can be interpreted as a sense of humanity or humanitarian sensitivity). Fourth, lifelong learning—Confucian leaders are perpetual learners, and they insist that one must take an active role in one's own education by adopting intelligent learning behaviors. Finally, moderation—as embodied by the zhongyong principle, is also known as the principle of balance (mean) — focusing on the equilibrium of human thought. Confucius and his teachings and behavior from a Chinese Ethnic Perspective entail that every leader must always demonstrate the actions that correspond to his words in any situation.

### 3. Methods

The article's primary objective was to evaluate entrepreneurial leadership characteristics against the backdrop of Confucian values. This study established the legitimacy of the Confucian values espoused by the Chinese leaders (Tionghoa) in West Java, Indonesia. The primary tool for data coding was the QSR-NVIVO software package. NVIVO was used to create an interview database that structured and formatted all collected data. After reading a transcript, NVIVO was used to highlight brief and significant comments. Initial descriptive codes were then generated based on these comments. Next, descriptive codes were re-examined, and any codes that overlapped were merged or redefined. This process was repeated several times, and the next stage of analysis began when no further change to the codes was made.

### 4. Data Collection

The data were gathered through focus group discussions with entrepreneurs. The respondents to the discussion were purposefully chosen to meet specific criteria. The following requirements apply:

- a. Respondents were chosen from a newly established graduate entrepreneurial program. The newly graduated entrepreneurial program has a strong educational foundation and academic understanding of entrepreneurship. This qualification was chosen to minimize missed opportunities during the discussion, as they possess a strong understanding of business and a variety of entrepreneurial subjects.
- b. Owner of a successful entrepreneurial venture that has been in operation for more than a year. The respondents have prior experience starting a new business from scratch and successfully operating it. This experience is critical. This demonstrates that they have endured numerous difficult situations, most notably during the covid pandemic, and have already survived.
- c. The business is profitable and has a bright future. Their business is a long-term venture with a healthy cash flow and favorable future prospects.

The method used was focus group discussion. A list of questions about adopted Chinese leadership in an entrepreneurial context was developed based on literature. The research questions were adopted from a previous study on Confucian Leadership in West Java's Chinese Overseas Communities (Mulyani and Ratnapuri, 2020). The Focus Group Discussion was video and audiotaped. The Table 1 below represents the profiles of the respondents.

Table 1: Profile of the respondents

Initial	Age	Industry	Years of establishment
MJ	22	Foreign Exchange	2019
AV	25	F&B	2020
MF	22	F&B	2020

### 5. Results and Discussion

This study aimed to analyze the entrepreneurial leadership behavior values of an entrepreneurial small business owners using the Confucian values framework. Data were processed in a series of steps. The analysis began with descriptive coding, which organized the data into meaningful groups. The emerging groups were then refined through successive stages of interpretive coding to identify overarching themes. The primary tool for data coding was the NVIVO

software package. NVIVO was used to create an interview database that structured and formatted all collected data. After reading a transcript, NVIVO was used to highlight brief and significant comments. Initial descriptive codes were then generated based on these comments. After that, descriptive codes were re-examined, and any codes that overlapped were merged or redefined. This process was repeated several times, and when no further changes to the codes could be made, the next stage of analysis began. As with descriptive coding, interpretive codes were reviewed and, where necessary, redefined to capture the text's meanings. The analysis concluded with a comparative process in which descriptive and interpretive codes were analyzed independently and then combined to form an overarching theme. At this point in the analysis, theoretical concepts and constructs about the study began to emerge. According to the interview protocol, several themes were similar and thus merged, whereas others were separated into distinctive themes. Each identified theme was further subdivided into sub-themes based on descriptive and interpretive codes. Then, the resulting coding typology was used to create a thematic framework for entrepreneurial leadership cultural values. Independent researchers validated the validity of all generated codes. The results are shown in Table 2.

Table 2: The data proceed result

<b>Descriptive and Interpretative code</b>	<b>Overarching Code</b>
Possess the ability to establish priorities when making decisions	Moral Character
Consider all possible alternatives before deciding to terminate the employee.	
Capable of establishing a priority scale	
Make decisions logically but with empathy for his subordinates	
Provide examples of how to implement the policy.	
possess the humility to acknowledge his own dependence on others	
Prioritize the family principle	
persistence in face of adversity	
self-discipline	
Demonstrating humanity that adhere to certain standards in order to maintain productivity	Human Heartedness
Using compassion and empathy	
capable to empathize	
possess the capacity for relationship development	Human Relationship
Maintain an open mind in all processes and rules	
Maintaining effective communication when expressing opinions in order to resolve disagreements	
capable of exerting control over their emotions during communication	
Possess a strong desire to share knowledge	
hamble to pick up knowledge from others	Life long learning
openess to knowledge sharing	
capacity for massive knowledge acquisition	
tenacity in guiding his subordinates	
Flexible in the application rules	Moderation

From the data analysis, there are several values from entrepreneurial leadership that are related to Confucian values. The perspective of entrepreneurial leaders about certain behavior requirements could be categorized as dimension of Confucian values such as moral characters, human heartedness, human relationship, lifelong learning, and moderation. During the interview, these values emerged as requirement that have to be implemented by leaders in entrepreneurial firms.

In new business, leaders have significant and important roles to keep the business on the track. MJ asserted that to maintain company growth up to the current level, the leadership is the important key. Besides possessing the academic knowledge on how to build a business, the soft skill is crucial. The leaders must be capable to transfer their vision and mission to their team and employee. In line with MJ, AV and MF also mentioned that the soft skill must be instilled. They explained that based on their leadership experience in operating new business, they must be able to transfer their knowledge to their teams. The data proceed results are shown in Table 3.

- Moral characters

The results show that moral characters are part of entrepreneurial leadership. The values under the Moral Characters include giving a good treatment to their team and employees, taking personal responsibility to help their employees in medical issues, avoiding their employee termination without investigating crucial facts. As leaders, the founders have to create a comfortable ecosystem in their company. Every team member must be treated like a family. They verified using personal approach to their teams. Passion and compassion become part of attitude and behavior in their daily work. When they deal with conflict, personal communication becomes the first option.

- Human Heartedness

Human heartedness refers to the ways of treating the team and employees. They have empathy toward their team and employees in the organizations.

- Human relationship

Human relationship is an important key. They explained that for their new business, hiring professional employees seems to be the best idea, but the reality is not as they predicted. The limited budget of new business is a challenge. The relationship is the answer. When they face limited budget, their relations and network could give the best result.

- Lifelong learning

Lifelong learning must be part of entrepreneurial leadership goal because a leader in the small business has to be able to maintain many processes in their business before hiring any professional employees.

- Moderation

Moderation is used in their approach to tackle employees and teams' problems. Discipline is important for them, but using personal approach is the best approach to gain their teams and employees' commitments toward the organizations.

Table 3: The data proceed result

Descriptive and Interpretative code	Overarching Code
Possess the ability to establish priorities when making decisions	Moral Character
Consider all possible alternatives before deciding to terminate the employee.	
Capable of establishing a priority scale	
Make decisions logically but with empathy for his subordinates	
Provide examples of how to implement the policy.	
possess the humility to acknowledge his own dependence on others	
Prioritize the family principle	
persistence in face of adversity	
self-discipline	
Demonstrating humanity that adhere to certain standards in order to maintain productivity	Human Heartedness
Using compassion and empathy	
capable to empathize	
possess the capacity for relationship development	Human Relationship
Maintain an open mind in all processes and rules	
Maintaining effective communication when expressing opinions in order to resolve disagreements	
capable of exerting control over their emotions during communication	
Possess a strong desire to share knowledge	
hamble to pick up knowledge from others	Lifelong learning
openness to knowledge sharing	
capacity for massive knowledge acquisition	
tenacity in guiding his subordinates	
Flexible in the application rules	Moderation

## 6. Conclusion

This study has analyzed the entrepreneurial leadership behavior values of entrepreneurial small business owners by using the Confucian values framework. Data are processed in a series of steps. The analysis begins with descriptive coding, which organized the data into meaningful groups. The emerging groups are then refined through successive stages of interpretive coding to identify overarching themes. The primary tool used for data coding is the NVIVO software package. Based on the focus group discussion, we could conclude that in entrepreneurial leadership of new businesses, several Confucian values are found in their daily attitude and behavior. The results show that culture has an impact on entrepreneurial leader behavior. The Chinese cultural attributes implemented in the behavior are part of Confucian values, such as *Renjing* and *Quanxi*. Good relationship becomes the keyword mentioned several times during the discussion. A leader in entrepreneurial firms has to be concerned about how they build good relationship and networking. The results show that there are several values from entrepreneurial leadership that are relevant with Confucian values. The perspective of entrepreneurial leaders for certain behavior requirements could be attributed to the dimension of Confucian values namely moral characters, human heartedness, human relationship, lifelong learning, and moderation. These values are deemed essential for leaders in entrepreneurial firms.

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