Entrepreneurial intentions in a nation of employees

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Abstract

This thesis investigates the cross-national differences in entrepreneurial intentions by focusing on the motivations influencing the decision to become entrepreneur. The positive effects of entrepreneurship on a society emphasize why entrepreneurial intentions are important.

The research is divided into two parts covering the two forms of motivation, intrinsic and extrinsic motivations. The intrinsic motivations from one's self is explored in the context of national culture, where differences in personal values make the culture more or less inclined of entrepreneurship. Extrinsic motivations as incentives, are external rewards related to the entrepreneurial occupation and are compared to the rewards from employment.

The culture and incentives are objects for comparing the conditions in Denmark, where the entrepreneurial intentions are lowest, with the conditions in neighbouring countries Sweden and Germany. The three entrepreneurial values, Self-Direction, Stimulation and Achievement, are not all present in the Danish culture. Self-Direction covering motives of independence and creativity is highly preferred, whereas motives of Stimulation (daring and varied life) and Achievement (ambition and personal success) are missing in the Danish culture. The feminine characteristic of the Danish culture contributes to explain the low entrepreneurial intentions. Sweden has a similarly culture, however Germans rate motives of Achievement higher and the culture is masculine, possibly explaining the higher entrepreneurial intentions in Germany.

Investigating the income and working conditions in the employment position as opportunity cost of entrepreneurship, reveal that the Danes experience relatively high opportunity costs, decreasing the entrepreneur intentions. Additionally, entrepreneurial activities in the Danish workplaces keep potential entrepreneurs in the secure employment occupation. Sweden has lower opportunity costs of entrepreneurship caused by lower incomes and relatively worse working conditions in the employment position, explaining the higher entrepreneurial intentions in Sweden. Germany with worse working conditions in the employment occupation, has lower opportunity costs of entrepreneurship than Denmark.

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Introduction

Entrepreneurial activity has an important role in society and the development of the economy (Freytag and Thurik, 2010). Entrepreneurship is assumed to enhance economic growth (Carree and Thurik, 2003; Acs et al., 2004). The effect on economic growth comes from the benefits of improved productivity, introduction of new innovations and industries, and employment creation; in general it represents an efficient workforce, as entrepreneurs seem to work more efficiently because their income is strongly linked to their own work effort (Van Stel et al., 2005; Van Praag and Verslot, 2007). These positive effects, together with higher attention paid to entrepreneurial policymaking across countries, should somehow lead to a convergence in the entrepreneurial levels across countries. Despite this common interest, the level of entrepreneurship continues to differ across countries (Freytag and Thurik, 2010).

There is evidence that differences in the rates of entrepreneurship across countries are caused by differences in the level of economic development. A U-shape relationship between the level of per capital income and business ownership rates is proven to exist over longer time horizons. The double causal relationship between the income per capital and entrepreneurship however dispute this explanation of differences in levels of entrepreneurship across countries. The economical effects (e.g. income per capital and technological developments) seem to explain the intertemporal differences across countries. However the contemporary differences have to be explained by other factors, as the differences in entrepreneurial activity across countries seem to be relatively stabile. (Freytag and Thurik, 2007).

While differences in economic and technological development between countries seem to explain the differences over longer time horizons, differences in the rate of entrepreneurial activity in the present are mainly explained by differences in demographic, institutional and cultural settings (Grilo and Thurik, 2006).

These differences across countries could come from factors preventing people from entering entrepreneurship, e.g. lacking financing, the appropriate human- or social capital. However, if the population of a country do not want to be entrepreneurs and this occupation is not as perceived attractive, then this country faces different challenges that need to be addressed (Hindle et al, 2009).

In a survey conducted for the Danish Chamber of Commerce, Dansk Erhverv (2013), one remarkable result was that when participants were asked to imagine themselves as being on salary and coming up with a great idea that would be a success but would require them to quit their jobs and start a company, only 24% responded favourably. In neighbouring countries answering the same question, 33% of Germans would shift to entrepreneurship and 32% of Swedes would. This trend is supported by the GEM report, where Denmark scored second lowest in entrepreneurial intentions among countries in Europe (GEM, Global Report, 2012).

The actual rate of entrepreneurship in Denmark can reveal if the low entrepreneurial intention in Denmark is caused by a high existing activity of entrepreneurship. Looking at the Total early-stage Entrepreneurial activity, the rate in Denmark is 5,4%.
Comparing this rate with the two neighbouring countries from the survey on intentions, Sweden and Germany have respectively rates of 6,4% and 5,3%. So no major difference between the countries in the early stage activity of Entrepreneurship, to explain the difference in entrepreneurial intentions (GEM, Global Report, 2012).

Then, if the low rate of intentions to become entrepreneur is caused by larger rates of people already been business owners in more developed companies; the Established Business Ownership Rate could uncover this aspect. In Denmark 3,4% of the population between in the age between 18-64 own a company. Compared, Sweden has 5,2% and Germany 5% (GEM, Global Report, 2012). Neither here in the rate of the established business ownership is the explanation. These numbers could at the best support the lack of desire to create businesses in Denmark.

This could lead one to assume that low entrepreneurial intentions in Denmark are caused by a difficult, demanding environment making it less attractive to start a company. However, several studies of entrepreneurial settings disprove this view. The Legatum Prosperity Index places Denmark second in the world on their index of Entrepreneurship and Opportunities (prosperity.com), and GEM (Global Entrepreneurship Monitor, 2012), comparing the overall score of framework conditions for entrepreneurship across OECD countries, ranks Denmark eighth. Additionally, the abilities to create new products and ideas should be present in the Danish workforce. A recent survey conducted by Eurofound (2013) places Denmark at the absolute top in the field of innovation and new product development in EU.

Since both the conditions and abilities of entrepreneurship are in place in Denmark, the question of why people in Denmark do not become entrepreneurs comes up. To investigate this, factors affecting the intentions to become an entrepreneur would be a relevant place to start.

Intentions do not always lead directly to action, but intentions are prerequisite for even trying, e.g. to become entrepreneur (Carlsrud et al., 2009). "In an entrepreneurial context it is assumed that people form intentions to perform an entrepreneurial act when they possess positive attitudes toward that very act, i.e. entrepreneurship" (Carlsrud et al., 2009, p.154-155). According to Carlsrud et.al (2009) these positive attitudes emerge from motivation, and that motivation is responsible for the certain behaviour chosen.
Motivation can take many forms, but ultimately motives comes from two places: from one´s self and from one's outside environment (Carlsrud et al., 2009). The reason why some people leave a safe and secure employment position to become entrepreneurs is because they perceive a favourable combination of internal and external rewards, which is more valuable and motivating to them (Carlsrud et al., 2009). These internal rewards, also termed intrinsic motivation, and the external rewards, termed extrinsic motivation, constitute an approach to investigate the differences in entrepreneurial intentions across countries.

Extrinsic motivation (Incentives)
The extrinsic motives are rewards that come with certain behaviour. In relation to entrepreneurship these rewards could come in forms of money, wealth, better working conditions and status. Incentives are goals or endpoints which exist to encourage and draw the individual towards this goal (Carsrud et al., 2009). The term "incentives" therefore fits well to cover the external or extrinsic motivation part of the intentions to entrepreneurship.

Exclusively examining the extrinsic motives of entrepreneurship would not be sufficient to cover all aspects of the entrepreneurial intention. It is generally accepted among economists that entrepreneurs are driven by more than a simple desire for wealth attainment (Licht, 2007).

Intrinsic motivations (Entrepreneurial culture)

The other part of what motivates the decision of entrepreneurial occupation comes from the effect of internal stimulus or intrinsic motivation. These internal stimuli and intrinsic motivation relate to personal motives or interests that make the person strive toward achieving something, e.g. setting up a business, in order to get personal stimulation (Carsrud et al., 2009).

"How a person behaves and what is perceived as motivating depends on the environment and his interaction with it" (Carsrud et al., 2009, p. 148-149). In order to understand the impact of motivation on human behaviour, it has to be viewed in the context in which a person interacts. The study of motivation should be made in the context of the relationship between the individual and the environment (Carsrud and Brannbäck, 2009, ch. 7).

In the entrepreneurial literature, there exists some consensus that the highest level of social context, namely culture, has a profound impact on all aspects of entrepreneurship in societies (Licht, 2007). Culture then plays an important role in the level of entrepreneurial activity in a society. Desai et al. (2003) also found that culture together with institutional settings jointly determine the allocation of entrepreneurial activity, making culture relevant for the purpose of investigating national differences in entrepreneurial intentions. The culture would be a good approach to cover the intrinsic motivations of becoming an entrepreneur in a social context.

With these implications in mind, it would make sense to research entrepreneurial intentions by investigating both intrinsic and extrinsic motivation, to uncover the national differences across countries.

The first part, which look at the entrepreneurial culture and the intrinsic motivation of individuals in different cultures, and the second part, that look at the effect of incentives on entrepreneurship.

Research field

The tension between the good conditions for entrepreneurship and the relatively low intention of entrepreneurship in Denmark is the object of research in this thesis. The positive effects of entrepreneurship on a society are a reason why this research is important.

The problem can be stated as: *When Denmark is ranked among the best countries for entrepreneurship and opportunities in the world, why are entrepreneurial intentions in Denmark comparatively so low?*

Differences in entrepreneurial intentions across otherwise comparable countries lead to an interesting field of research, from which the research question is constructed.

The research question: What affects the intention to become an entrepreneur, and can this explain the differences in entrepreneurial activity across countries?

As declared previously, it is reasonable to divide the research of the entrepreneurial decision into two parts covering both sides of the motivational aspect: entrepreneurial culture and incentives. Two sub-questions will then help guide the study of these parts and how they will be approached.

Entrepreneurial culture

Sub-question 1: How are entrepreneurial intentions affected by the culture?

Incentives

Sub-question 2: Which incentives encourage the behaviour of entering entrepreneurship?

Delimitation and general assumptions

To focus the study on underlying mechanisms that are country-specific and the impact of demographic settings and differences will be delimitated. Demographic settings partly explain the differences in entrepreneurial activity across countries (Grilo and Thurik, 2006). Demographic factors could, of course, have a great explanatory power for this problem, but the focus will be elsewhere to better understand the society- and context-dependent determinants of entrepreneurship.

An assumption underlying this study is that people have equal opportunities, thereby no demographic settings are included that could increase or decrease the possibility of entrepreneurship, such as individual wealth, personal skills etc. It is additionally assumed that people strive and want to have an occupation.

Despite a possible perception of the entrepreneur as a special and unique person, the decision to become an entrepreneur is open to everyone available to the workforce.

Personal motivation

This topic is of personal interest to me and clarifying elements within this field can contribute to a better understanding and perspective of my own situation. I have always had a personal interest in becoming an entrepreneur, and with family members as entrepreneurs, the situation is not that far removed from my consciousness.

I have always wondered why my surroundings (education system, friends and media) and Danish society in general have such a narrow focus on employment, strengthening the norm of getting a job in an existing organisation. I personally regard Denmark as a society of employees, where we live, educate and arrange our life's to work for others.

In my present situation of leaving the education system, I have to consider my options and motivation. The analysis of different aspects concerning the decision to enter entrepreneurship will help me clarify my own situation and choice to be made

Structure of thesis

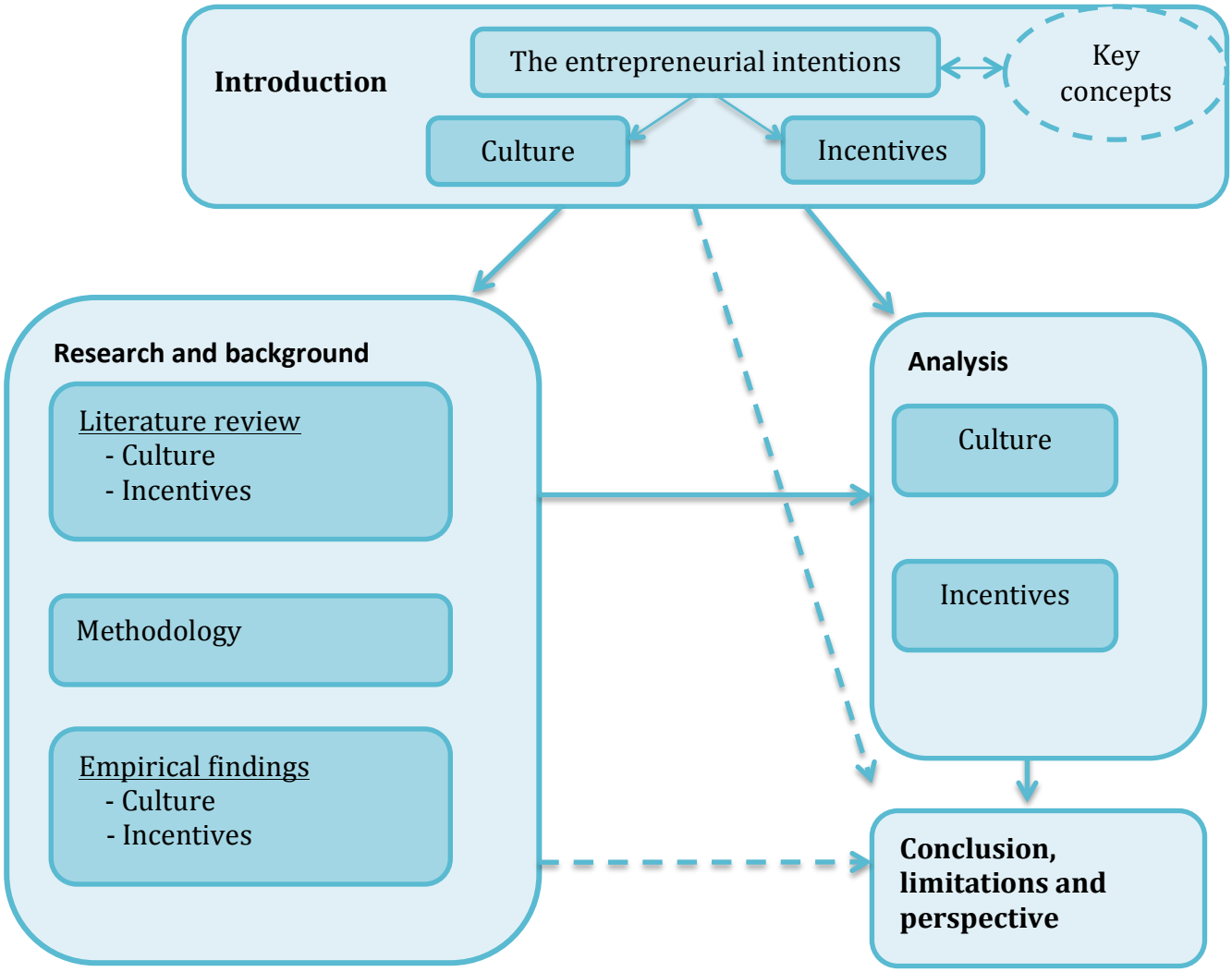


Figure 1, Graphical outline of the structure, developed by the author

Key concepts

Entrepreneurship

"Entrepreneurship" is a key term of high importance for the understanding of this research, and it will be used throughout this paper. It is therefore important to clarify what the term implies to understand the meaning of the research and the purpose of it.

Entrepreneurship has been widely investigated from different perspectives and disciplines, such as economics, sociology and psychology. Three different scholars have dominated the literature through the twentieth century, namely Schumpeter, Kirzner and Knight. Their three different approaches will be described briefly, as they create the foundation for understanding the term "entrepreneurship".

These three scholars are relevant to this thesis as their work began with studying the role of the entrepreneur in the economy, but they have also contributed to the field of self-employment decisions known as the theory of income choice (Freytag and Thurik, 2010, p. 159). This field is useful because it can help describe some of the factors that influence occupational choice. It will be on the basis of these theoretical approaches that the definition of entrepreneurship will be established.

Schumpeter sees entrepreneurship as innovation and the entrepreneur as the innovator creating "new combinations", such as new products, markets or production functions. In this innovation process, the entrepreneur is responsible for driving the economy out of equilibrium and is thereby the source of economic change. Schumpeter does not involve the capitalist in his definition, as the entrepreneur does not need to own his own capital, nor does he need to be in a business at all. Furthermore, entrepreneurship is only present when the innovation or the actual process of creating new combinations is happening (Freytag and Thurik, 2010, p. 204).

Kirzner's approach to entrepreneurship as "alertness and discovery" is different from that of Schumpeter. It differs in that it sees entrepreneurship as moving the economy from a state of disequilibrium to equilibrium by exploiting arbitrage opportunities. The entrepreneur is alert and is looking for entrepreneurial profit opportunities. This involves discovering something

unknown to other market participants, like a new product or more efficient production technologies. The entrepreneur sees the market gap, seizes this opportunity and makes a profit therein (Freytag and Thurik, 2010, p. 204).

Knight approaches entrepreneurship as a concept of decision making under conditions of uncertainty. The entrepreneur actively seeks out opportunities and judges them in order to make profit, under conditions where the outcomes of the decision are unknown. The decision is idiosyncratic to the entrepreneur and involves transaction costs. Knight therefore argues that entrepreneurship requires new firm formation (Freytag and Thurik, 2010, p. 205).
In the Knightian approach, the entrepreneur has two functions to play. The first is as provider of entrepreneurial inputs, where the entrepreneurial abilities of the entrepreneur are important. The second is the role of bearing risk and receiving a profit in return (Freytag and Thurik, 2010, p. 160).

Applying all three entrepreneurial schools' views would make the concept of entrepreneurship contradictory and with too broad a scope to research. It would then have to cover both entrepreneurs inside an already existing company (Schumpeter), also called intrapreneurs, and entrepreneurs establishing a new firm (Knight). It would also include all kinds of profit-seeking activities coming from a market potential (Kirzner), which could be as simple as opening a store in a new location, exploiting the market opportunity there.

For the purpose of this research, the scope of the phenomenon entrepreneurship will be defined as *the decision to create and introduce a market offering, under uncertainty, that is novel and innovative in its nature and appearance to the market, and which requires the establishment of a new company.*

This definition combines the concepts of Schumpeter and Knight and focuses on the entrepreneur who creates and brings something new to the market by establishing a company, and at the same time has to bear the risk of failure. The definition removes the impact of market conditions, focusing the analysis on the personal motivations instead of the available entrepreneurial opportunities in the market.
This definition additionally excludes all intrapreneurs and non-innovative entrepreneurs from the analysis.

In relation to this selection of entrepreneurs, it is likewise relevant to distinguish between entrepreneurship based on necessity and that based on opportunity. What distinguishes these two categories is the motivation behind the decision to enter entrepreneurship, and they are therefore both relevant for the analysis.
The element of risk is a theoretical battle between Schumpeter and Knight. Schumpeter allocates risk to the capital market financing the venture; Knight includes risk in the role of being an entrepreneur. This latter view, where risk is part of the entrepreneurial role, is applied here, as it adds a good perspective to the analysis of entrepreneurial motivations.

Occupation

The term "occupation" is important to define, as its meaning will have an impact on the understanding of the problem and on the conclusions drawn from the analysis. The term refers to the positions of professional employment in the labour market, unemployment or a being an entrepreneur. In this way, the term covers any activity which is performed in exchange of payment.

One simple and ordinary definition is "what you do". This definition is easy to grasp, but too broad and can be interpreted in several ways. A definition more closed for interpretation, but still easy to grasp, is "all that people need, want or have to do". This definition covers doing, being and becoming for more purposes in life: functional, survival, health, meeting obligations and finding meaning in life (Wilcock, 2005).

The nature of the decision

In order to understand what affects the intentions behind making the choice, it is important to define the nature of the decision, as decisions can occur differently and this will, of course, influence the corresponding behaviour chosen.
First, when humans make decisions or make choices, we try to find the best outcome possible, according to some valuation of what is good and what is bad (Hansson, 1994). The first thing to note in this situation is whether or not this decision "to become an entrepreneur" is really an explicit one, or how the decision in reality appears in people's life.

How does the decision appear?

A decision implies choosing between different alternatives or options. There are both open and closed versions of decisions (Hansson, 1994). An open decision is one with many possible alternatives, like "how to spend your weekend". A closed decision has a limited number of options, and the decision maker has to choose between these alternatives, for example, "which movie to watch in the cinema". In this research framework, the closed decision is most suitable because it limits the scope of research to a feasible size (Hansson, 1994). Using an open version would make the scope of possible alternatives impossible to analyse, as people can choose to use their life to do things other than work, e.g. travel or live in a monastery as monk. The decision between occupational positions will here be divided into three groups, namely entrepreneurs, the employed and the unemployed.

The timing of the decision, or when the decision is occurs, to the decision maker has relevance for the analysis as well. The decision maker can be aware of the decision all the time, or only occur under certain circumstances.

This is a disagreement between the Schumpeter's and Kirzner's schools of entrepreneurship. Schumpeter claims that entrepreneurship moves the economy out of equilibrium, and Kirzner has the opposite view that the entrepreneur moves the economy from disequilibrium and back to equilibrium. Following our definition of entrepreneurship, the decision to enter entrepreneurship is present for the decision maker persistently, as in the view of Schumpeter.

The context in which the decision is made and the availability of information to the decision maker play an important role too. If the decision is made in a situation of certainty, the possible outcome is already known and this makes the decision a lot easier for the decision maker. A more usual situation is a non-certain state, where the outcome is not known in advantage. Non-certainty covers different states; *risk*, meaning having a complete probabilistic knowledge, *uncertainty*, or a partial probabilistic knowledge, and *ignorance*, or no probabilistic knowledge (Hansson, 1994). In this research of the decision to become an entrepreneur, the states of complete *certainty* and *ignorance* are excluded. Neither of these two seems reasonable to assume here, since *certainty* is rare in a situation of looking into the future. *Ignorance*, on the other hand, would be too extreme to assume because the decision

maker, in most cases, has some clue or idea of the future and outcome of the different alternatives. For this research, the decision of entrepreneurship is viewed from a state of uncertainty, where the decision maker has partial probabilistic knowledge. To support this selection, Licht (2007,p.12) write that: "What makes entrepreneurs special is their attitude toward uncertainty more than toward simple risk". The state of risk is therefore also excluded, as having full probabilistic knowledge.

In the stage of uncertainty as the context of the decision, loss-aversion has to be considered. Loss-aversion is the irrational behaviour of people, who prefer to avoid loss to acquiring gains. In loss-aversion, losses loom larger than corresponding gains (Tversky and Kahnemann, 1984). It is important for the settings for this thesis, as loss-aversion can explain why people do not intent to become entrepreneurs, in spite of better benefits offered to them in the entrepreneurial occupation. The unknown nature of the future makes people more averse of changing occupation and giving up their current benefits.
This factor also reveals the assumption of irrationality by the decision-maker.

Literature review

Culture

In order to best address how the intrinsic motivation of entrepreneurship affects and differs across nations, analysing the culture in which the potential entrepreneur operates will be useful to outline differences in the underlying elements. Looking at the motives for entrepreneurship on an aggregated level, instead of an individual level, also makes it possible to compare different regions or nations on this overall term.

Investigating the impact of a culture, it is first important to first determine what culture involves. Hofstede (2001, p. 9) defines culture as "the collective programming of the mind that distinguishes the members of one group or category of people from another". This "programming of the mind" thus leads to certain patterns of behaviour independent of time and cultural context. Research in psychology shows that there is a link between values, beliefs and behaviour. It is therefore possible to assume that differences in culture, in which individual values and beliefs are embedded, have an influence on the behaviour of people, including the decision to become an entrepreneur (Freytag and Thurik, 2007).
In this sense it is also relevant to look at what Austrian economist Schumpeter (1934) wrote about the impact of culture on the decision to enter entrepreneurship:

> [We should] recognize that economic motive so defined varies in intensity very much in time; that it is society that shapes the particular desires we observe; that wants must be taken with reference to the group which the individual thinks of when deciding his course of action – the family or any other group, smaller or larger than the family . . . that the field of individual choice is always, though in very different ways and to very different degrees, fenced in by social habits or conventions and the like. (Licht, 2007, p. 26)

This quote highlights the focus and impact of cultural settings in relation to the entrepreneurial decision. Because the tendency to engage in entrepreneurship is affected by the surrounding culture, it is possible to talk about entrepreneurial nations, and not only entrepreneurial individuals (Licht, 2007).

How the culture affects the decision of entrepreneurship?

In order to understand how the underlying mechanisms of culture work to affect entry into entrepreneurship by its members, the relationship between culture and entrepreneurship has to be outlined.

There are three views on this relationship (Freytag and Thurik, 2007):

The first view explains culture's affect on entrepreneurship by "aggregate psychological trait". This refers to the idea that if a society contains more people with "entrepreneurial values", more people in this society will become entrepreneurs (Freytag and Thurik, 2007).

The second view uses the degree of "legitimation" or "moral approval" to explain the relationship. The more legitimate or morally approved entrepreneurship is considered by the culture, the more people would become entrepreneurs. More attention to entrepreneurship in the education system, a higher social status of entrepreneurs and tax-incentives for entrepreneurship, are all examples of things that would make entrepreneurship more legitimate and promote entrepreneurship. This view can be seen as the pull-view of entrepreneurship (Freytag and Thurik, 2007).

The third view relate to the reverse version of the pull-view. This push-view focuses on the clash or dissatisfaction between personal values and the fulfillment of these values in the employment position. People with "entrepreneurial values" working inside organisations can be pushed into entrepreneurship, if the organization they work in cannot satisfy the needs of this person. (Freytag and Thurik, 2007).

With these three relationships in mind, personal values in a culture stands out as a relevant factor influencing the entrepreneurial intentions.

In line with the definition of culture by Hofstede (2001), an entrepreneurial culture is defined as "a collective programming of the mind, in which the underlying value system is oriented towards such [entrepreneurial] behaviour and the associated personality traits" (Beugelsdijk, 2007, p. 132).

At the core of entrepreneurial culture lie values, and some even define culture as the

generalisation of values (Noseleit, 2010).
Personality traits also contribute to explaining the properties of entrepreneurial culture. Zhao and Seibert (2006) found that individuals with certain personality traits are more attracted to entrepreneurial occupations. They elaborate this by explaining that particular personality traits find the entrepreneurial process more fulfilling, rewarding and satisfying, making them more persistent and likely to choose an entrepreneurial occupation.

This special separation of entrepreneurs into their own sub-category of culture shows how entrepreneurs differ from other people in personality traits and value priorities (Beugelsdijk, 2007; Licht, 2007; Noseleit, 2010). Licht (2007, p. 18) states that "entrepreneurs stand out in term of the issues that they consider important and worth pursuing in life".

A culture disposed to entrepreneurship is one in which these entrepreneurial values and personality traits are more present and important than in other cultures. Entrepreneurs do stand out and are special, but at the same time it is important to note that this does not exclude anyone from becoming an entrepreneur. Some people are simply more inclined for entrepreneurship than others.

Values and personality traits

With both traits and values affecting the entrepreneurial decision it is crucial to determine how they each affect behaviour, to outline their purpose and relevance for this thesis.

Values

There are five features that together describe the term "value" (Bilsky and Schwartz, 1994):

1. Values are concepts or beliefs.
2. Values are about desirable end states or behaviour.
3. Values transcend specific situations.
4. Values guide selection or evaluation of behaviour and events.
5. Values are ordered by relative importance.

It is also important to mention that what distinguishes one value from another is the type of motivation it represents. The definition of values is "cognitive representations of the important human goals or motivation about which people must communicate in order to

coordinate their behaviour" (Bilsky and Schwartz, 1994, p. 164). Investigating the term clarifies that values generate behaviour and are therefore central to the decision to become an entrepreneur.

Personality traits

To define personality traits, the two words are explained separately. *Personality* refers to an individual's unique patterns of traits. A *trait* is any distinguishable, relatively enduring way in which an individual differs from others.

The definition of personality traits is "enduring dispositions that cause characteristic patterns of interaction with one's environment" (Parks and Guay, 2009).

Difference between traits and values

Explaining the differences between these two terms will help clarify their meaning and purpose further. Values differ from personality traits in many ways. Personality traits are descriptions of observed patterns of behaviour, whereas values are criteria that individuals use to judge the desirability of behaviour, people and events (Bilsky and Schwartz, 1994). Personality traits describe actions assumed to come from "what people are like" without considering their intentions, whereas values refer to the individual's intentional goals available to their consciousness (Bilsky and Schwartz, 1994).

Personality traits differ from one another in terms of how much an individual exhibits the characteristic trait; values differ from each other in terms of how important the specific goal is compared to the others (Bilsky and Schwartz, 1994).

This model, from Parks and Guay (2009), outlines the differences between the two terms, and how they separately affect behaviour:

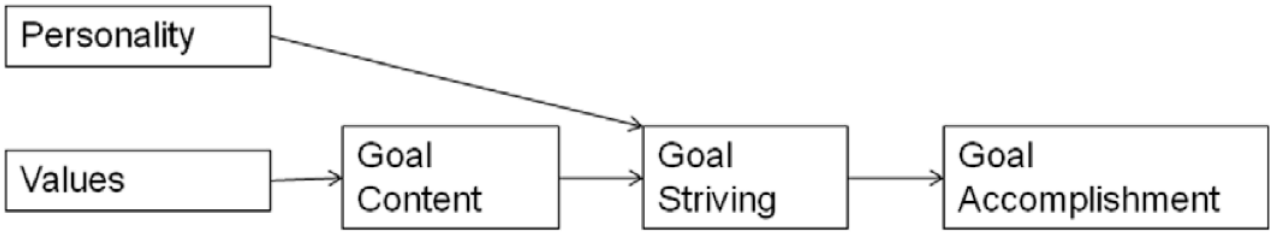


Figure 2, Park and Guay (2009)

This research concerns entrepreneurial intentions, not the actual performance of people in the position, which is why values are more important to investigate than personality traits.

The theory of values can in this way help us understand *why* some people choose the "goal content" of entrepreneurship.

Values and entrepreneurship

Bilsky and Schwartz (1994) present ten values that are of special interest in relation to motivation. These ten values, originally modelled by Schwartz (1992), compose a good basis for investigating human motivation in relation to entrepreneurship.

Shalom Schwartz, professor of psychology at the University of Jerusalem, has introduced and expanded his research in human values, cultural similarities and differences throughout the last twenty years (psychology.huji.ac.il).

Especially interesting is the how the model structures the relationship of values, where conceptually-related values are positioned near each other. Schwartz uses a circle to explain this structure of values and how they are related.

Judging by how often his publications on human values are cited, his theory is well recognised and useful. The drawback of such a model across countries and cultures consists mainly of methodological challenges. Different cultures perceive and answer the questions related to each value differently. With this model it is important to be aware of how the questions related to each value are translated and to avoid possibilities of misunderstandings.

The ten values relevant to investigate human motivation are as follows (Bilsky and Schwartz, 1994):

Self-direction. Independent thought and action choosing, creating, exploring (creativity, freedom, independence, curiosity, choosing own goals)

Stimulation. Excitement, novelty and challenge in life (daring, a varied life, an exciting life)

Hedonism. Pleasure and sensuous gratification of oneself (pleasure, enjoying life)

Achievement. Personal success through demonstrating competence according to social standards (success, capability, ambition, influence)

Power. Social status and prestige, control or dominance over people and resources (social power, authority, wealth)

Security. Safety, harmony and stability of society, of relationships and of self (family security, national security, social order, cleanliness, reciprocation of favours)

Conformity. Restraint on actions, inclinations and impulses likely to upset or harm others and violate social expectations or norms (self-discipline, obedience, politeness, honouring parents and elders)

Tradition. Respect, commitment and acceptance of the customs and ideas that traditional culture or religion provides (accepting one's portion in life, humility, devoutness, respect for tradition, moderation)

Benevolence. Preservation and enhancement of the welfare of people with whom one is in frequent personal contact (helpfulness, honesty, forgiveness, loyalty, responsibility)

Universalism. Understanding, appreciation, tolerance and protection of the welfare of all people and of nature (broadmindedness, wisdom, social justice, equality, a world at peace, a world of beauty, unity with nature, protecting the environment)

The ten values are modelled in a circle, illustrating how they are related and interact. This model is presented below:

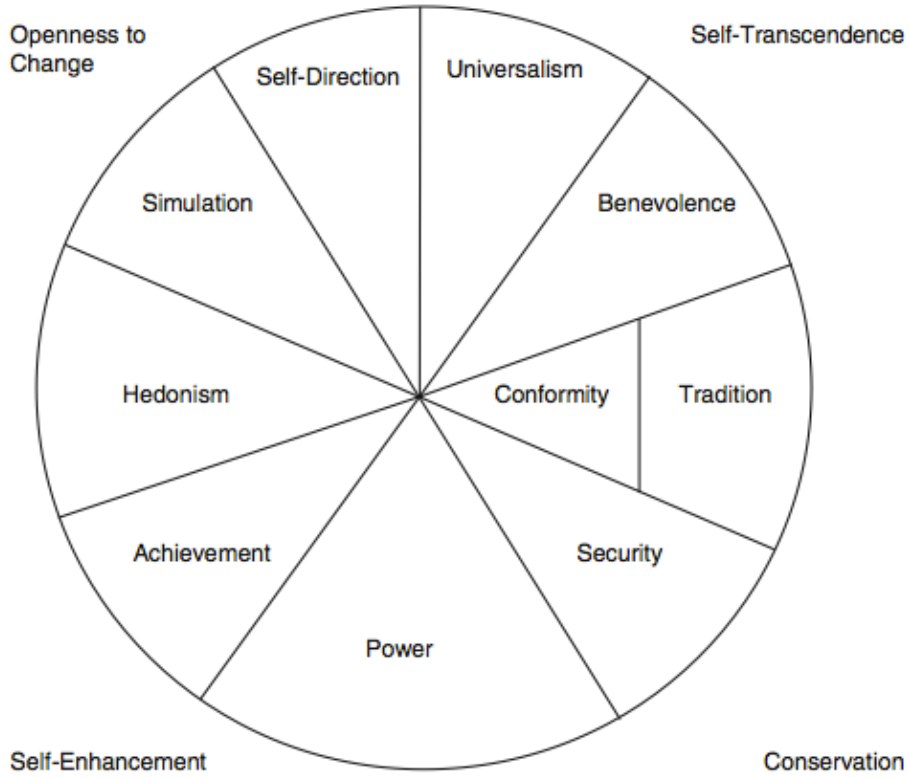


Figure 3, Bilsky and Schwartz (1994)

It is important to notice the division of values into four main categories. The categories are also opposites: *Conservation* is the opposite of *Openness to Change*, and *Self-Transcendence* is the opposite of *Self-Enhancement*.

On the basis of this framework, Licht (2007) created a hypothesis concerning special entrepreneurial values, and argues why these values should be relatively more present or more highly rated by entrepreneurial individuals.

Licht (2007) argues that entrepreneurs tend to favour values that relate to the category *Openness to Change*. This follows Schumpeter's view of entrepreneurs, as he claims that entrepreneurs are innovators who create something new and are "agents of change", so to say. This follows Knight's view, where entrepreneurs feel more comfortable with uncertainty and are more tolerant of uncertainty. This part of the circle of values also supports the

thoughts of Kirzner that entrepreneurs are more alert to new information. Pairing values with different views on entrepreneurship, the innovative view of Schumpeter fits well with the value *Self-Direction* (curiosity, creativity and independence). Knight's view concerning the ability of the entrepreneur to handle uncertainty is reflected in the value *Stimulation* (daring, novelty and having a varied life).
A population that favours values in the category *Openness to Change* would have a culture more disposed to entrepreneurship. At the opposite side of the circle, a culture with values constituting the category *Conservation* (security, conformity and tradition) would oppose entrepreneurship (Licht, 2007).

Licht (2007) further argues that entrepreneurs favour values closer to *Self-Enhancement* rather more than values in *Self-Transcendence*. In the argumentation of why entrepreneurs should favour the *Self-Enhancement* the category, the value of achievement is the central object. This value includes striving toward personal success, being capable and ambitious. McClelland introduced the concept of Achievement in 1961. McClelland found that entrepreneurs are more focused on achievement and that they, more than others, consider personal success a central goal in their life. Schwartz's definition of achievement is related to and inspired by the work of McClelland, making it reasonable to use McClelland's findings as an argument for the claim that entrepreneurs have a higher tendency toward this *Achievement* value (Licht, 2007). The value *Power* is also a part of the *Self-Enhancement* category of values, which entrepreneurs should favour. *Power* is rated more highly by entrepreneurs because they dream of having their own kingdom where they can be independent and create social distinction (Licht, 2007).

While the category *Self-Enhancement* is perceived to fit entrepreneurial motives well, the opposite pole of the circle, *Self-Transcendence*, is not. Cultures favouring values in the *Self-Transcendence* category should decrease entrepreneurial intentions.

Noseleit (2010) tested the different values and their impact on entrepreneurship using data from the European Social Survey 2006–2007. Using this geographically limited data set restricted the possibility of generalising the finding. However, for our research scope and purpose, the findings and geographical field in which it was conducted fit well. Noseleit (2010) found in relation to the suggested "entrepreneurial values" by Licht (2007) evidence

that entrepreneurs do significantly differ from non-entrepreneurs in the values *Self-Direction*, *Stimulation* and *Achievement*, which all are rated more highly by entrepreneurs. The values on the opposite side of the value circle – *Security*, *Conformity* and *Tradition* – are rated less important to entrepreneurs (Noseleit, 2010).

Hedonism lies in the middle between the two entrepreneurial categories, so this value should have some connections to entrepreneurs as well. This value of gratification of one's self was found not to differ significantly for entrepreneurs, though. Neither was the value *Power* proven to be significantly more important to entrepreneurs, even though it partly constitutes the entrepreneurial category of *Self-Enhancement* (Noseleit, 2010).

Hofstede cultural dimensions

When studying culture, the theory of Hofstede's cultural dimensions is difficult to avoid. His work has been widely used to explain phenomena and behaviours within both organisations and national cultures. In our context of investigating the entrepreneurial decision, his theory will be useful to add another, important view in explaining differences in entrepreneurial activity caused by entrepreneurial culture.

The theory was established using empirical data from IBM across fifty countries. Hofstede created five different dimensions that relate to basic problems each culture faces (Hofstede, 2001).

The reason for Hofstede's use of dimensions is that a culture has to be compared against other cultures to make sense and to outline the special properties of the culture (Hofstede, 2001). Using dimensions makes it possible to compare more cultures at the same time. The dimensions are established on systematic differences between cultures (Hofstede, 2001) and can thus explain why things differ between cultures.
This theory is also based on people's values in a culture, and does then supplements the value theory of Schwartz.

One criticism of the theory is that it assumes a homogeneous culture. A culture without minorities or ethical groups is probably not that realistic to assume.

The theory focuses on the national culture and perceives it as a closed object of analysis. With increasing globalisation and more internationalisation, restricting cultures to a national scope is perhaps not adequate. This criticism can apply to my research here as well.

Quantitatively analysing a culture is also a target of criticism, as numerical measurements lack important insights, but make it possible to process more data.

National culture dimensions

The four main dimensions are introduced here. The last dimension, "long-term vs. short-term view", is not considered relevant for this research. A brief introduction to the meaning of each dimension and its definition will be provided first. Additionally, each dimension and its implications for entrepreneurship will be outlined according to existing literature.

Masculinity vs. femininity

This dimension of contrast in sexes is a fundamental difference between cultures. The issue concerns the effects that the biological differences between the two sexes have for social roles of the genders (Hofstede, 2001).

Hofstede (2001, p. 297) defines the dimension thusly:

> Masculinity stands for a society in which social gender roles are clearly distinct: Men are supposed to be assertive, tough and focused on material success; women are supposed to be more modest, tender and concerned with the quality of life. Femininity stands for a society in which social gender overlap: Both men and women are supposed to be modest, tender, and concerned with the quality of life.

Masculinity and entrepreneurship

High masculinity is associated with higher rates of entrepreneurial activity (Licht, 2007; Hayton et al., 2002). The reason relates to the values matching the description of masculinity: being assertive, competitive, tough, independent, daring and ambitious, having high mastery and believing in individual decisions (Hofstede, 2001) all contribute to the entrepreneurial process (Mueller, 2004). A masculine society is driven by competition, achievement and

success (Hofstede, 2001), all traits related to entrepreneurship and that can be related to the motive of achievement by McClelland (1961) (Beugelsdijk, 2007).

Individualism vs. collectivism

This dimension describes the relationship between the individual and the collective that exists in every society. This dimension has implications for values and behaviour of people in a society, as it reflects how people live together (Hofstede, 2001).

Individualism is a social framework where individuals are only expected to take care of themselves and their nearest family members (geert-hofstede.com/dimensions.html, 2014; Hofstede, 2001, p. 225).

Collectivism, on the other hand, implies a society where individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty.

In individualistic society, self-image is often referred to as "I", and in collectivistic society, self-image is "we" (geert-hofstede.com/dimensions.html, 2014; Hofstede, 2001, p. 225).

Individualism vs. collectivism and entrepreneurship

High individualism seems to be the best cultural condition for entrepreneurial activity (Licht, 2007; Heyton et al., 2002). The arguments for this are as follows: First, entrepreneurship is an activity of enterprising individuals who are rewarded individually. Second, entrepreneurship involves taking on personal risks associated with establishing a firm and entering the market. Third, entrepreneurs are considered to be creative and have the abilities to develop new and unique ideas, characteristics that are associated with individualistic orientations (Heyton et al., 2002).

Power distance

The basic issue in this dimension is human inequality, which societies handle differently. Inequality is visible and can occur in fields like laws, rights and rules, power, wealth, social status and prestige. Power distance is also visible in the relationship with authorities in society. Power distance influences hierarchies and relationships in the family, society and organisational contexts (Hofstede, 2001).

Hofstede defines power distance following social psychologist Mauk Mulder. Power distance is a measure of the interpersonal power or influence between two persons (boss and subordinate) as perceived by the less powerful of the two. Power is the potential to determine or direct the behaviour of another person, "the degree of inequality in power between a less powerful individual and a more powerful one, in which they both belong to the same social system" (Hofstede, 2001, p. 83).
Hofstede's own definition is that power distance is "the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally" (Hofstede, 2001, p. 98).

Entrepreneurship and power distance
A low power distance results in higher levels of entrepreneurial activity (Licht, 2007; Hayton et al., 2002). High power distance is related to maintaining status quo and little acceptance for new initiatives and innovations in the culture. Additionally, a high-power-distance culture reduces access to resources because resources are not equally distributed. Low resource availability means that individuals do not have access to skills, information and profitable opportunities to pursue (Kirzner, 1997). Therefore, for reasons of bad entrepreneurial settings in high-power-distance cultures, low power distance creates better cultural conditions for entrepreneurship,

One counterargument is that high power distance encourages entrepreneurship by pushing people out of organisations to create their own company. By establishing a company, people who highly value independent working conditions can be better satisfied by managing their own business. This counterargument relates to the third view on how cultures affect entrepreneurship.

Uncertainty avoidance

Uncertainty about the future is a basic human fact. Trying to project future hopes and fears into our present makes us conscious that uncertainty exists in us. People use technology, law and religion to cope with this uncertainty. It is important to note that this is not to be confused with risk avoidance (Hofstede, 2001). The issue that cultures deal with is whether we should try to control the future, or just let it happen. *High uncertainty avoidance* implies that the culture tries to control the future; it has many rules and is less tolerant of unusual behaviour and ideas. In cultures with *low uncertainty avoidance*, there is a more relaxed attitude where practice counts more than principles (geert-hofstede.com/dimensions.html, 2014).
Hofstede (2001, p. 161) defines the dimension of uncertainty avoidance as "the extent to which the members of a culture feel threatened by uncertain or unknown situations".

Uncertainty avoidance and entrepreneurship

Cultures with lower levels of uncertainty avoidance should have higher rates and better conditions for entrepreneurial activity (Licht, 2007; Hayton et al., 2002).
The impact of uncertainty avoidance in entrepreneurship was mentioned in the early research of Knight (1921) and Schumpeter (1934). Entrepreneurs have to pursue opportunities connected with uncertainty and operate in changing environments, forcing them to face and handle uncertainty daily. Social norms of a culture with lower uncertainty avoidance, which relates to entrepreneurship, include "openness to change and innovation", "willingness to take unknown risks", "what is different is curious" and "comfortable with ambiguity and chaos" (Hofstede, 2001). Hofstede (2001, p. 164) also states that "low UAI (uncertainty avoidance index) implies a greater willingness to enter into unknown ventures".

Incentives

Incentives are an important part of the decision to become entrepreneurial. Evidence shows that entrepreneurial alertness and willingness to start a business depend on the type of society the entrepreneur lives and acts in. If the entrepreneur does not perceive incentives in the form of necessary resources and social support, he will not engage in entrepreneurial activity (Gaglio and Winter, 2009). Incentives are thus a form of encouragement to take action. Furthermore: "how the entrepreneur acts at a given time and place depends heavily on the reward structure in the economy, (or) the prevailing rules of the game that govern the payoff to entrepreneurship" (Douglas and Shephard, 2002, p. 83).

Douglas and Shephard (2002) argue that an individual making an occupational decision expects utility from income and either utility or disutility from working conditions. Eisenhauer (1995) also builds his model of choosing between employment and self-employment by assuming that the individual agent chooses the situation with the highest utility derived from the prospective income streams and the utility of working conditions.

This division between income and working conditions will be used as the framework for discussing extrinsic motivation in relation to the intention to enter an entrepreneurial occupation.

To help outline how extrinsic motivation affects the decision of entrepreneurship, the model of Eisenhauer (1995) is useful in that it provides a clear overview of the different elements involved. This model does not cover all the elements of the entrepreneurial decision, but provides a good framework for looking into the extrinsic motivation for and rewards of entrepreneurship. The model is constructed as a general approach to choosing between two occupations, entrepreneurship and employment, including periods of unemployment.

Eisenhauer (1995) argues that individuals should choose the entrepreneurial position if the utility derived from that, viewed in the present, is higher than the utility from the employment position. The individual should choose entrepreneurship if:

Utility of Entrepreneurship: *Initial wealth* *+ expected income from venture* *+ working conditions*	>	Utility of Salary-employment: *Initial wealth* *+ Income* (from wage or unemployment benefits) *+ working conditions*

Figure 4, Own construction, from the model of Eisenhauer(1995)

In this theory the element of risk is not involved in the decision. Risk is incorporated in the future income of the entrepreneurial occupation, where a risk premium has to be added. The size of the risk premium depends on the individual and his degree of risk aversion (Eisenhauer, 1995). In this way the entrepreneurial occupation is seen not as an investment, but as an occupational choice where the risk premium is embedded in the income.

This is a neoclassical theory, and therefore there is a natural drawback, especially in relation to research settings of human behaviour. The theory assumes that people are rational and have access to perfect information, which is not valid in reality and contradicts the view of entrepreneurship in which the entrepreneur seizes an idiosyncratic opportunity. It further does not follow the defined state of nature for this research, where the decision of entrepreneurship is made in uncertain circumstances. The theory will therefore be used as a framework exclusively for extrinsic motivations.

Income

In the neoclassical theory of utility maximisation, the use of income is widely used as an important determinant for choosing between alternatives, and is also called the theory of income choice (Eisenhauer, 1995; Douglas and Shephard, 2002; Freytag and Thurik, 2007). This comes from the assumption that individuals are expected to gain utility from income, which implies the ability to buy and consume goods and services with that income (Douglas and Shephard, 2002).

Douglas and Shephard (2002) found that in the valuation of career options, income was considered the most important consideration by far. At the same time, they investigated the intention to become an entrepreneur and found that income was not a significant determinant of entrepreneurial intentions. So people, according to Douglas and Shephard (2002), do not wish to be entrepreneurs to get richer than they could as employees, but for other reasons.

Hamilton (2000) investigated the actual income of entrepreneurs and found a negative median and average return on entrepreneurship compared to their wage-employed counterparts. This indicates that engaging in entrepreneurial activity might not generate

higher or even equivalent returns as a position in wage employment would yield. However, problems with the findings of Hamilton (2000) are that the data are survey-based, so reported income of entrepreneurs might have been lower than the actual income, and that the self-employed have more options for compensation than do the wage-employed.

In spite of these arguments for income's influence on entrepreneurial intention and the actual level of return from entrepreneurship, the future income of entrepreneurship does play a role in the decision to become an entrepreneur for more reasons. First, early literature by Knight (1921) mentions the risk premium of choosing to enter an entrepreneurial occupation. Risk premium refers to the potential reward for engaging in a new venture under the condition of uncertainty. Assuming people are risk-averse, they would expect to receive some reward for taking this risk (Eisenhauer, 1995). In the occupational decision, future income would reflect this reward, covering the risk premium. Second, work effort compensation demonstrates why income is considered in the entrepreneurial decision. From agency theory, it is assumed that people differ in their degree of work effort aversion, but that people are compensated for their working hours and intensity by income (Douglas and Shephard, 2002). Third, according to the definition of occupation crafted earlier, an occupation is an activity performed in exchange for payment. This makes income a part of the occupational choice.

Generally in literature there seems to be consensus on the difficulty of using data on entrepreneurial income. This is not only a problem for the researchers in this field, but more importantly also for the people making the occupational choice between employment and entrepreneurship (Berkhout et al., 2012). Berkhout et al. (2012) emphasise that looking at the opportunity cost of entrepreneurship will contribute to a better and more reliable base of valuation. Valuating the opportunity cost and not the financial returns of entrepreneurship makes the calculation easier, and the concept is simple to grasp. Additionally, a reason for limiting the financial calculations of the entrepreneurial opportunity is that the nonpecuniary benefits often are found to be the key reasons for preferring entrepreneurship (Berkhout et al., 2012). Focusing on the opportunity cost helps avoid the poor measurement of entrepreneurial income. Berkhout et al. (2012), by looking at the opportunity cost of entrepreneurship, found that financial incentives matter in the occupational choice between employment and entrepreneurship.

In this regard it would be natural to move on to these opportunity costs. Here, they will be divided, as Eisenhauer (1995) also does, into wage and unemployment benefits.

Wage

Income in the situation of employment should be easy to predict, even if we do not assume perfect information, because in this occupation there usually is a signed contractual agreement between employer and employee (Baliamoune-Lutz and Garello, 2011). In this way the individual knows his future income, which also diminishes the risk involved.

Eisenhauer (1995, p. 74) found support for the claim that "a higher real wage in the wage-sector should discourage venturing by raising the opportunity cost of venture activity".

Opportunity cost implies that the individual, by choosing the entrepreneurial position, sacrifices the benefits of the employment position. The level of wage payments in the society therefore influences the decision to become an entrepreneur. If the wage level is high, the profit opportunity of the venture must be higher, diminishing the number of entrepreneurial opportunities, or else the entrepreneur has to work more and harder in the venture to catch up with the high wage of salaried employment.

Berkhaut et al. (2012), in their study of wages as an opportunity cost of entrepreneurship, found that a lower mean and higher variance of wage distribution for an individual's potential employment increases the probability of entering entrepreneurship.

Unemployment benefits

Eisenhauer (1995) divides the wage factor in the employment position into two types: employed and unemployed. This is realistic because the risk of being dismissed exists in the employed position. This implies that the decision maker has to account for the probability of being unemployed when choosing between entrepreneurship and employed occupations.

In the situation of unemployment, unemployment benefits, if they exist, become the source of income for the individual. This source of income is regulated by the government and differs across nations (Robson, 2007). When choosing between the two positions, in the Eisenhauer

framework a higher rate of unemployment benefits would increase the utility derived from employment, making this position relatively more attractive.

Eisenhauer (1995) found that higher unemployment benefits also make the employment position relatively more attractive because they offer income security, even in the case of unemployment. High unemployment benefits therefore favour the employment position and relatively discourage the entrepreneurial position.

Looking at the direct effect of unemployment benefits, Robson (2007) investigated unemployment benefits and the effect that the size of unemployment benefits has on the rate of entrepreneurial activity in a society. The original postulate was that unemployment benefits should support entrepreneurial activity by diminishing the risk the entrepreneur bears. Unemployment benefits should have the effect of creating an economic safety net underneath entrepreneurs and thus help promote entrepreneurship. On the contrary, Robson (2007) argues that unemployment benefits could discourage entrepreneurship by restricting the rewards of successful entrepreneurship. Using data from a wide range of countries, Robson (2007) found evidence that the rate of entrepreneurship in an economy is negatively related to the generosity of the unemployment benefit system. Thus, higher unemployment benefits lead to a lower degree of entrepreneurship.
An important factor to mention in relation to this research is that the study measured the self-employed and did not distinguish between opportunistic and necessary entrepreneurship in its findings. Low unemployment benefits and high entrepreneurship rates can be explained by the presence of necessary entrepreneurship. Still, societies with high unemployment benefits have substantial lower rates of entrepreneurship, which could discount the function of unemployment benefits as a safety net being an influencing factor on the entrepreneurial decision.

In relation to this Bjørnskov and Foss (2008) found that the negative effect of high public spending by the government, including unemployment benefits, is three times higher on opportunity entrepreneurship than on necessity entrepreneurship.

Tax

Tax affects incomes from both entrepreneurship and employment by diminishing disposable income with which an individual can purchase goods and services. Taxes affect entrepreneurship in several ways and can diminish the incentives for entrepreneurship to a higher or lower degree. When looking at taxes, it makes sense in both occupations to look at the personal income tax rates in a society. This is normal for employed individuals because this is usually the way they are taxed, but for entrepreneurs we also have the option of looking at the corporate tax rate. For this study, personal taxation on the entrepreneur is more appropriate, as the focus is on occupational choice, not the investment decision of entrepreneurship.

Personal income tax rate additionally affects the possibility to hire employees and thus the growth opportunities of the venture created by the entrepreneur (Bjørnskov and Foss, 2008).

In a progressive tax system, lower personal incomes are taxed at a lower tax rate than are higher incomes. Here, those with higher incomes pay a proportionately higher share of their incomes as taxes. In relation to entrepreneurship, a progressive tax system claims a larger share of the payoff from successful entrepreneurs and a smaller share from less successful entrepreneurs (Gentry and Hubbard, 2004). Gentry and Hubbard (2004) found that progressive tax rates discourage the entry to self-employment. This finding is explained by the effect that progressive tax has on the incentives to enter entrepreneurship, where progressive tax diminishes the upper part of the returns of entrepreneurship relatively more (Gentry and Hubbard, 2004).

Entrepreneurship includes the flexibility of the entrepreneur being able to control the size of reward he wants to pay himself; he can simply decide to pay himself less if it is better to keep the money in the venture. This flexibility is more important for smaller ventures, where the size of capital is smaller and cash flow issues have greater impact. In relation to tax, this flexibility offers the opportunity to optimise the tax payments of both the entrepreneur and the venture. This tax advantage of entrepreneurship could attract “high-achieving” people with high incomes into entrepreneurship, where they can take advantage of the opportunity to optimise their total tax payments (Hansson, 2012).

The flexibility of the entrepreneurial position to allocate payoff also includes the opportunity to pay in different ways than purely taxable wage transactions (Sarada, 2013).

Gentry and Hubbard (2005) found that the marginal tax rate has a negative effect on the entrepreneurial entry, therefore indicating that higher marginal tax rates discourage entrepreneurial entry. Hansson (2012), using data from Sweden, similarly found that the marginal tax rate level discourages entrepreneurial entry, but importantly also found that the average tax rate level negatively influences the decision to become an entrepreneur. The results from Hansson (2012) using data from Sweden are relevant to this research, as tax systems differ between nations. The Swedish tax system treats income from employment and self-employment uniformly, with no deduction to personal income from losses in the venture, unlike in United States tax system (Hansson, 2012).

These findings suggest that with high marginal and average tax rates, the incentives to entrepreneurship become too low. With higher taxes it requires more effort to maintain the same standard of living as the individual could achieve in an employment position. In nations with higher tax rates, it requires more effort, as working hours or intensity, to become an entrepreneur. Alternatively, the idea or market offering explored has to be better. Higher taxation may also affect the possibility of hiring an employee in the venture, because it requires more profit to cover the cost of paying the gross wage.

Hansson (2012) compares the two tax systems of the US and Sweden in relation to individuals in the upper income bracket. In the US it is more attractive for high-income earners to choose to become an entrepreneur because of the gains from deducting losses against personal income, plus a lower taxation on the profits from the venture. In Sweden, higher marginal tax rates makes the net profit of entrepreneurship smaller and the lack of loss deduction makes it relatively more expensive to be an unsuccessful entrepreneur (with negative returns). This keeps higher-educated individuals in employment positions because it is not attractive enough to trade their more secure employment for a riskier life as an entrepreneur (Hansson, 2012). The Swedish tax system, Hansson (2012) claims, is more tax neutral than the system of US. With neutral treatment, entrepreneurs and employed are treated uniformly, with no special tax incentives for either positions.

To sum up, theoretically there seem to be two contradictory effects of tax on entrepreneurship. High personal income taxes, both marginal and average rates, lessen the appeal of entrepreneurship. Higher tax rates reduce the expected return from an entrepreneurial venture and demand a higher work effort from the entrepreneur. On the other hand, high personal income taxes can encourage entrepreneurship by making it more attractive to avoid taxes by using an entrepreneurial position to optimise tax payments.

Initial wealth

Initial wealth occurs in both occupations and should therefore not affect the occupational decision, if relying solely on the decision model by Eisenhauer (1995). The factor of initial wealth, however, has some crucial implications for the entrepreneurial position and is for these reasons more important for entrepreneurial intentions.

First, a venture established by an entrepreneur rarely provides positive returns from the very beginning, which requires the individual to have some savings to survive the initial stages of entrepreneurship. Besides this, the entrepreneur often has to finance the start-up phase on his own because external financing is difficult to attain for reasons of risk. The personal capital contribution additionally signals commitment to potential investors, who do not have the idiosyncratic knowledge of the entrepreneur (Bjørnskov and Foss, 2008). For these reasons, the entrepreneurial occupation requires a capital contribution from the person choosing to become an entrepreneur. In this situation, with uncertainty in the decision-making, loss-aversion would affect people. By loss-aversion the size of initial wealth could negatively influence the intentions of entrepreneurship. Even though a higher initial wealth could make the entrepreneurial opportunity more feasible, it would also increase the amount people can loose.

According to Bjørnskov and Foss (2010), large governments negatively affect the initial wealth of individuals. Large governments distribute their wealth to their populations on things they find necessary, like health care, elderly care etc., and because of these generous transfer schemes, large governments then cost more. These higher costs have to be covered by the tax payments of citizens, which diminishes the initial wealth relatively. Despite the importance of initial wealth in relation to entrepreneurship, this factor will not be included in

the analysis. Initial wealth concerns financing implications of the venture, which is not the purpose of this research.

Working conditions

It is not only monetary rewards that create utility and influence the decision of occupation. Benz and Frey (2006) compared the self-employed and people employed in organisations and found that the self-employed derive significantly higher satisfaction from their work, irrespective of income and hours worked. Benz and Frey (2006, p. 362) emphasise the impact of working conditions: "People value not only outcomes, but also the processes leading to outcomes".

Another description of the entrepreneurial work life is provided by Douhan and van Praag (2009, p. 2): "Entrepreneurs are more satisfied with their work than employees, even though they work longer hours and obtain lower and more variable rewards."

From these views it is obvious that working conditions are an important part of the decision to become an entrepreneur. Many including Eisenhauer (1995), Douglas and Shephard (2002) and Douhan and Praag (2009) have found that the entrepreneur accepts lower income in order to be compensated by better working conditions. Entrepreneurial working conditions are often positively emphasised by terms like "being your own boss" and a positive view of independence (Douglas and Shephard, 2002).

Independence is the preference for decision-making control and individuals either appreciate or are averse this condition. People have different attitudes towards independence or tolerance of autonomy, and this attitude affects their career choice. In relation to entrepreneurship, it is found that people with more positive attitudes towards independence have a higher desire to become entrepreneurs (Douglas and Shephard, 2002), implying that entrepreneurs seek and prefer independence and that independence can be a factor determining their occupational choice.

The quote from Douhan and van Praag (2009) also highlights the common conception of entrepreneurial working life: that they work longer hours. This can also be called *work effort*, which is defined as the consumption of mental and physical effort in the work place, measured as working hours and working intensity (Douglas and Shephard, 2002). Douglas and Shephard (2002) investigated the impact of work effort aversion on entrepreneurial intentions and found that this trait does not affect attitude toward entrepreneurship. People willing to work more for less compensation do not have greater entrepreneurial intentions. This implies that people do not enter entrepreneurship because they have more positive attitude towards working; it must be the other way around, that people work more once they become entrepreneurs.

Uncertainty is also an important condition implicit in the work situation of entrepreneurship. The responsibility to make the right decisions, the variance in profit depending on work effort and the opportunity for profit create an environment where the entrepreneur has to cope with uncertainty. The factor of uncertainty implies that because of loss-aversion the decision-maker will demand a premium to take the entrepreneurial position. On the other hand, the employee has a contractual agreement, securing the wage and job position for some time. The element of uncertainty does have a certain impact on occupational choice, and people with more positive attitudes towards uncertainty tend to have higher intentions to become entrepreneurs (Licht, 2007 and Douglas and Shephard, 2002).

In the decision between entrepreneurship and employment, the working conditions of the employment have an effect on the decision. This can, as with income, be considered an opportunity cost the entrepreneur has to pay when choosing the entrepreneurial position. Good working conditions in the employment situation mean higher opportunity costs of the entrepreneurship situation as good working conditions positively affect the valuation of employment. This condition is also confirmed by Eisenhauer (1995), who found that better working conditions in the wage sector discouraged entrepreneurial entry by making entrepreneurship relatively less attractive. On the other hand, longer hours or worse working conditions in the employment occupation encouraged entrepreneurship.

Intrapreneurship

Another interesting view on working conditions is the degree of intrapreneurship in employment occupations. Intrapreneurship, defined as "entrepreneurship inside an existing organization", involves entrepreneurial behaviour and orientation, but without the risk and extra work effort (Antoncic and Antoncic, 2011). The presence of intrapreneurship inside existing organisations lowers entrepreneurial intentions, as intrapreneurship offers the positive conditions of entrepreneurial working conditions but without the uncertainty. Bosma et al. (2010) found a negative correlation between intrapreneurship and early-stage entrepreneurship at the macro level. In contrast, Bosma et al. (2010) also find that employees performing intrapreneurship in existing organisations have the highest intentions to start a new company, compared to other employees (Bosma et al., 2010). It is important here is to note that intrapreneurship and entrepreneurship seems to be substitutes for one another and not complements (Bosma et al., 2010): the one delimits the other. This finding is supported by the macro level argument that the level of economic development has a positive effect on the presence of larger companies, but the presence of larger companies negatively influences the prevalence of entrepreneurship in an economy (Bosmo et al., 2010; Sørensen, 2007; Parker, 2009). A higher level of economic development also affects the substitution effect between intrapreneurship and entrepreneurship by increasing wages in the employment position and making the opportunity costs of entrepreneurship higher (Bosmo et al., 2010).

Methodology

Philosophical approach

Taking a step back and viewing the thesis from a broader perspective could lead to a discussion of the nature of knowledge creation in this research. How the knowledge is created, the limits of the knowledge and the sources of knowledge are all concerns that have to be addressed for the reader to fully capture the meaning of the knowledge created. This philosophical approach helps establish the conceptual framework which the whole thesis is built around.

Central to the discussion of the philosophical approach is, of course, the researcher, as the perception he has of the world is important for the creation of knowledge.

The analytical view

Regarding entrepreneurship as a research field, Arbnor and Bjerke (2009) explain three different methodological structures: analytical, system and actor view.

The view that fits this research with me as the researcher is the analytical view. The structure of this methodology presumes that reality has a summative character. Having a summative character implies that new scientific findings contribute to making the phenomenon of entrepreneurship more and more complete. This view of "the whole is equal to the sum of its parts" could be equivalent to the scientific view of nature. Reality is filled with facts and independent of individual perceivers. Reality is observable and logical, as there exists direct causality (Arbnor and Bjerke, 2009).

The characteristic that describes the analytical researcher is that he in general is not very interested in philosophical matters. The analytical researcher makes certain assumptions about reality which he unconsciously presumes are already publicly recognised. Another critical reflection on this view of methodology is that knowledge is individual independent, so if another person were given the same inputs, the same results should occur.

The methodological tools used are quantitative, and everything not naturally quantitative is translated into numbers. This approach puts special emphasis on reliability and validity, as

these factors are important for the knowledge created. The special attention on reliability and validity will be elaborated later, and each source of empirical data will be discussed in order to clarify its objectivity for the sake of the knowledge creation (Arbnor and Bjerke, 2009).

This focus goes in line with the scientific ideal of the analytical view, where clearer theories and statistically sound results are the object. Regarding ethics, analytical researchers of entrepreneurship attempt to create knowledge in order to advise different decision makers, though with the distinction that they are not the decision makers but the knowledge creators. Regarding aesthetics, the analytical researcher is fan of "beautiful" graphs and "nicely presented" statistics (Arbnor and Bjerke, 2009).

Paradigm – positivism

As a natural extension of this analytical view on methodology, the paradigm guiding our action can be determined, corresponding to the views on methodology just presented. As the analytical view stands for objectivity and clear causality, the paradigm of positivism is natural to accept for this research.

The positivistic paradigm fits the analytical view as it perceives the business of science to be the discovering of the "true" nature of reality. This can also be called realistic ontology. The aim here is to *predict and control* natural phenomena (Guba, 1990).

The relationship between the researcher and the known (epistemology) is a distant and non-interactive position. In this objectivistic role, biasing and confusing factors are automatically excluded from influencing the outcomes (Guba, 1990).

The methodology under this paradigm is experimental, where questions or hypotheses are stated and become subjects of empirical tests (verification/falsification) (Guba, 1990).

Model of knowledge creation, by analytical view of methodology.

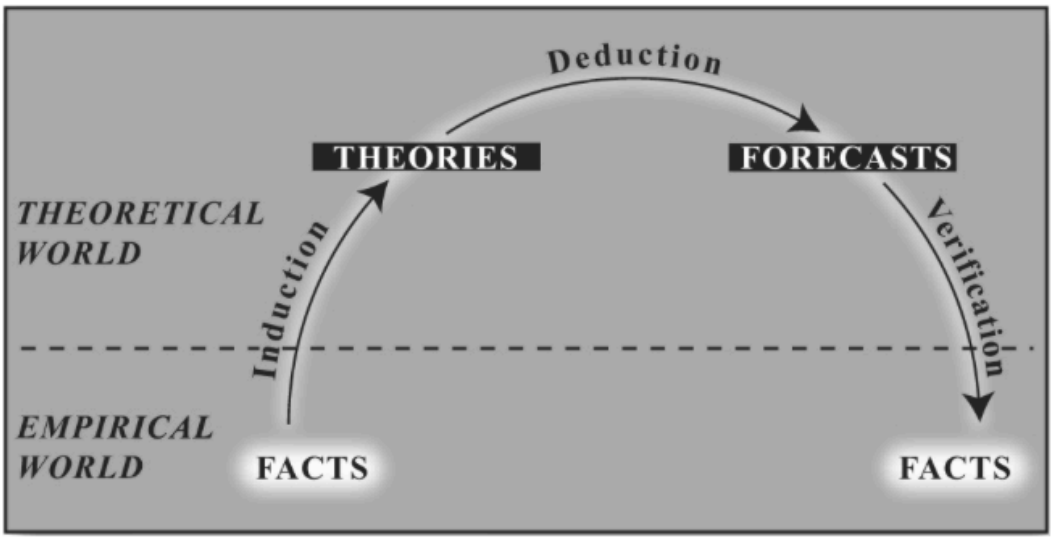


Figure 5, Arbnor and Bjerke, 2009, p. 96

Comparative research

In order to focus on the problem of entrepreneurial intentions in Denmark, comparative research with other countries will help outline the factors affecting the situation. Cross-national differences could help explain the situation in Denmark. The aim of comparative research is to develop concepts and generalisations based on similarities and differences identified among the countries being compared. This implies comparing ways of thinking, acting, attitudes, values and intrinsic elements (Sasaki, 2004). Generalising fits well with the methodological approach of positivism and analytical view. Comparative research is also appropriate for the subject being investigated, namely values, attitudes and intrinsic motivation.

Methodologically, when comparing across nations, it is important to be aware of differences in data collection as categories and their definitions can differ.

Country selection: Sweden and Germany

For this research, Sweden and Germany were selected as the countries of comparison. Sweden and Germany were selected because they have similar demographics as Denmark, diminishing the impact that demographics have on the choice of entrepreneurship. The three countries are neighbours, so the cultures are somewhat affected by each other and should

contain some similarities. Still, Sweden and Germany are assumed to be sufficiently distinct from Denmark, both in terms of culture and incentive structures, to contribute interesting findings when comparing across these nations. I further expected that choosing two neighbouring countries of Denmark would lead to fewer differences in the methodological collection of data. This uncertainty can further be diminished by using data from sources that investigate all three countries.

Primary and secondary data

Primary data are data you collect yourself, and secondary data are data from other sources. This research will rely exclusively on secondary data. Using only secondary data has clear drawbacks, as the researcher has less implicit knowledge about how the data are collected and constructed, whereas primary data can focus on the precise topic the researcher seeks to explore. When using secondary data, the researcher has to use the most suitable data available. Being aware of this data constraint is important for research and knowledge creation. The advantages of using secondary data are their availability and also reliability. Secondary data are usually more reliable because they are collected from a larger sample and are therefore more representative of the general population. The challenge lies more in the validity, or finding data that fit the investigated topics. The sources of secondary data are important, which is why I will discuss each source of data after outlining reliability and validity next.

Reliability and validity

When investigating reality and using real-world data in our analysis, being aware of whether the data are actually useful and can provide evidence for our research is crucial. The data first of all have to be relevant to the research. Relevance is not something we can measure from statistics, but something we have to argue logically. The data also has to be reliable and valid to truly be useful for the research.

Reliable data is evidence you can trust. When data are reliable, someone else doing the same experiment or measurement would come up with the same result. To evaluate data reliability, it is important to take into account the occurrence of coincidences.
Valid data is evidence that is that is reliable and relevant to the research question (Winter, 1989).
When using primary or secondary data, reliability and validity are important to be aware of because they influence the findings. Throughout data collection and processing, these two factors will be given attention, as they affect the results.

Sources of empirical data

GEM – Global Entrepreneurship Monitor
To set the stage for this thesis and its research focus, the data from the GEM are used in the introduction to emphasise the entrepreneurial settings and challenges in Denmark.
The Global Entrepreneurship Monitor is a project whose purpose is to assemble data about entrepreneurial activity of individuals from a wide range of countries. Its yearly surveys also cover aspirations and attitudes towards entrepreneurship. The GEM publishes global, regional and national reports, making it easier to compare the state of entrepreneurship across countries. "The GEM is the largest ongoing study of entrepreneurial dynamics in the world" (gemconsortium.org).

The GEM collect its data annually and publish its results, based on population surveys in which approximately 2000 individuals in each country participate, and a national expert survey which national teams consisting of a minimum of thirty-six entrepreneurship experts help compile (gemconsortium.org). The population survey monitors entrepreneurial attitudes, aspirations and activities of individuals. The national team of entrepreneurial experts describes the current entrepreneurial framework conditions of their specific countries (gemconsortium.org).

This setup seems to provide reliable and informative data to use in this research. Some elements do stand out for criticism, or at least a sceptical view. For example, what is the composition of the national team and is the objectivity of these experts guaranteed? Could

these experts have an interest in presenting their country better or perhaps worse than is really the case?

The big advantage of using data from the GEM is that the raw data have already been processed and assigned categories or variables explaining the entrepreneurial environment in the country. This approach, though, conceals important information in the raw data and forces the reader to accept these pre-established conclusions. The data could have been processed differently, resulting in different outcomes.

European Social Survey

To establish empirical evidence of the human values in Denmark, Sweden and Germany, data from the European Social Survey (ESS) will be used. This is a European cross-national survey established to "improve the visibility and outreach of data on social change in Europe" (europeansocialsurvey.org, 2014). Surveys are conducted every second year, 2012 being the latest. Survey participants are selected at random and each country should provide a sample size of at least 1,500 people.

ESS conducts its data collection using CAPI, computer-assisted personal interviewing. CAPI implies that there is an interviewer present during the interview, which could have an effect on the answers. Morally and ethically challenging questions could be answered less controversially and more in line with cultural specific norms when another person is present during the interview. This method of data collection is applied in Denmark, Sweden and Germany. The data are available for processing in more formats – SAS, SPSS and STATA files to use in statistics programs – and can be accessed online (europeansocialsurvey.org, 2014).

The data source seems reliable and as access to data and explanations is easily obtained, the data can provide support for answering the research question. The data have to be processed to find useful results. The data process will be described next, outlining how the raw data have been processed for analysis.

Measuring human values from ESS

To create national individual estimates of human values, the data from ESS have to be prepared and processed using the statistics program SPSS. I will briefly go through the data process used to establish the national values, as the way the data are processed has a great influence on the results.

Preparing and coding the data set

1) First, the data sets from each country are extracted from the ESS database. This means that the data from Denmark, Sweden and Germany are processed separately. This data consist of answers to each question answered in the 2012 survey and are grouped in variables corresponding to the individual questions.

2) To take into account weaknesses in the data gathering process, the data are first weighted to account for selection problems like underrepresentation of people in some households and overrepresentation of people in larger households. The weight is already provided by ESS and denoted "dweight" (essedunet.nsd.uib.no, 2014).

3) It is important to note how each question is translated from categories to numerical data. Using a Likert scale, ESS provided each category with the following values:

Categories	**Values**
Very much like me	1
Like me	2
Somewhat like me	3
A little like me	4
Not like me	5
Not like me at all	6
Refusal	7
Don't know	8
No answer	9

Table 1, European Social Survey, ESS6

Here it is important to notice that the values increase with deviation from the questions. This implies that low values are consistent with greater attachment to the question and the human value the question addresses. In the end this means that higher scores equal lower priority of the specific human value.

4) To make the data more valid, the values 7, 8 and 9 representing "Refusal", "Don't know" and "No answer" are removed from each data set, as they are not relevant to investigate human values.

5) Each human value consists of an index comprising the answers to two or three questions. To see the questions constituting the ten human values, see appendix D. Their combination is in line with the suggestions from Schwartz (2003). Two or three questions to measure human values might seem too few and not reliable, but they should provide a more accurate measurement than one variable alone. Reliability will be measured and taken into account in the analysis, and the data still seem relevant to our research and can be useful in creating knowledge to answer the research question.

6) Next, what is really interesting and relevant to our analysis is not the actual mean score of each human value, but how people prioritise the values. People's trade-offs, or how they order values, are what affect their behaviour and decision making, and therefore also the decision to enter entrepreneurship. To find this relationship, centre scores are estimated by subtracting the overall mean scores (MRAT) from the mean scores of the human value index. People differ in how sharply they discriminate between their value preferences. So instead of subtracting individual standard deviations, subtracting the overall mean better eliminates the real differences (essedunet.nsd.uib.no, 2014).

7) To investigate data reliability, the construction of each index has to be evaluated in relation to the dimension it should cover.

The coefficient of Cronbach's alpha will be used to measure reliability as it measures the internal consistency of items (essedunet.nsd.uib.no). Here, items are the questions from the survey. The alpha depends on the number of indicators in the human value index and the average intercorrelation between the questions constituting the indexes of the human values.

The different indexes consist of answers to two or three questions, which makes it difficult to obtain a high alpha score (Cronbach's alpha) if the questions are not too similar. Usually scores above 0.7 are considered good. In this case, scores around 0.4 will be considered reliable enough, following the recommendations of European Social Survey (essedunet.nsd.uib.no, 2014). Scores for reliability will be provided to show whether the data can be trusted.

8) Comparing scores of human values across countries requires testing whether the difference in means is significant. By testing the significance of differences in means, the validity of the claim that there is a difference is tested.

For this purpose t-tests are conducted to test for a statistical difference in means. The tests are conducted as independent sample tests, as data come from two different countries and are independent from each other. The test is two-sided because the means can differ in both directions, less important or more important than the compared mean. The null hypothesis is that the means are equal, and the p-value indicates to what degree this null hypothesis can be rejected. A low p-value indicates that the actual result would be highly unlikely under the null hypothesis. The different levels of significance are presented in the table of human value means. The t-test assumes a normal distribution of the population, randomisation and quantitative variances in the sample (Agresti and Franklin, 2009). All of these assumptions are fulfilled by the dataset from ESS (europeansocialsurvey.org, 2014).

Hofstede's cultural dimensions

To combine the theory of Hofstede (2001) with empirical data from the three nations of comparison, data from Hofstede's own homepage (geert-hofstede.com/countries, 2014) will be applied. The reliability of the data is put into question by using data from the theorist's own homepage because he would have an interest in finding empirical data that fit perfectly and support his theory.

It is important to note that the survey and the general theory were originally conducted to analyse organisational culture. The findings and multilevel analysis methods were then analysed at the national level, making it possible to use these aggregated data at a more

general level, making them useful in our entrepreneurial context. The data presented for the analysis are at the national level (Hofstede, 2001).

The data are already processed and correspond to the theories of Hofstede. This makes it easy to compare Denmark, Sweden and Germany, and the data are valid to analyse culture in relation to the entrepreneurial inclination.

Eurostat

The income factor will be investigated using data from Eurostat. Eurostat is a European statistics database established by the European Commission. It gathers data from all European countries and makes them accessible in one common place for reliable comparison between European countries. Eurostat ensures equal methods of measurement, making the data more reliable (epp.eurostat.ec.europa.eu).

OECD

Data on tax and unemployment benefits are provided by OECD, an international political organisation established to promote development in economies and social wellbeing worldwide. Denmark, Sweden and Germany are members of OECD, which removes any incentive to represent one country better than the others. The data should be reliable for the research here. When using data from OECD, it is important to focus on the presentation of the data and how the factors are established in order to create a fair, valid comparison. OECD focuses on "fitness in use" as a sign of quality and makes its data easy accessible for users (oecd.org/statistics/statisticalresources, 2014).

Eurofound

Empirical data to outline differences in working conditions were found in the European cross-national surveys of Eurofound. Eurofound was established in 1975 to "contribute to the planning and design of better living and working conditions in Europe". It continuously publishes reports from ongoing surveys to lay out working conditions in Europe. The latest report on the Working Conditions Survey is from 2010, and the latest on the Company Survey is from 2012. The differences between these two are that the Working Conditions Survey questions workers to gain insight into the quality of work and employment and the Company

Survey targets managers and employee representatives in companies to gather information on workplace practices (eurofound.europa.eu, 2014). Common to the surveys is that reliability, validity and the representative sample are important in order to produce quality data. Validity in capturing the intended real-world phenomena and reliability are secured by quality-checking the coding and data collection procedures. A representative sample reduces the margin of error with a population of at least 1,000 and proportional distribution across both bigger and smaller cities (eurofound.europa.eu, 2014). The data used are mainly secondary data already processed by Eurofound. Since Eurofound focuses on providing valid and reliable data, I find it a reliable source of data, useful in my research context. Data from Eurofound will be used to determine the differences in working conditions across the countries.

Empirical findings

Culture

In this part the empirical evidence is presented in order to illustrate the differences in culture and incentives across Denmark, Sweden and Germany. Since Denmark is the main object of this research, Sweden and Germany are compared to Denmark and the relationship between Sweden and Germany is left out.

Human values

Following the description of values (number 5) – "Values are ordered by relative importance" – the values in the coming tables are ordered according to how people in Denmark, Sweden and Germany rate them relative to each other. This ordering also makes it easier to grasp the otherwise unintuitive value indicator, where a lower mean represents relatively greater importance of the specific human value.

The centred values of the means denote that the variance, the overall mean across all human values, is subtracted. This distributes values centred on zero. Negative mean values indicate that a human value is considered more important, and positive means less important. Recall from the methodology part that alphas below 0.4 would be considered unreliable.

Denmark

Personal value priorities, Denmark

	N	Mean	Std. Deviation	Alpha	N of items
1. BENEVOLENCEcenter	1628	-,9453	,58627	,544	2
2. UNIVERSALISMcenter	1627	-,5461	,66739	,502	3
3. SELFDIRECTIONcenter	1629	-,4709	,77874	,451	2
4. HEDONISMcenter	1629	-,1609	,81189	,664	2
5. CONFORMITYcenter	1628	,0292	,95845	,587	2
6. SECURITYcenter	1629	,1157	,90068	,469	2
7. TRADITIONcenter	1628	,2978	,93687	,150	2
8. STIMULATIONcenter	1627	,4951	1,04623	,747	2
9. ACHIEVEMENTcenter	1624	,5158	,93585	,690	2
10. POWERcenter	1630	,9579	,85364	,437	2
Valid N (listwise)	1621				

Table 2, Own construction in SPSS using data from European Social Survey 2012, Denmark.

Looking at the value priorities in Denmark, what stands out is that the human values constituting the *Self-Transcendence* part of the value circle by Schwartz (1992), *Benevolence* and *Universalism*, are prioritised highest by the Danish population. These human values indicate that Danes are more concerned with loyalty, honesty, social justice and equality.

On the other side of the circle lie the *Self-Enhancement* human values. *Achievement* and *Power*, which constitute *Self-Enhancement*, rank at the bottom of the value priorities of the Danish population. This implies that Danes are not focused on personal success, being ambitious, having social power and or like to have authority.
The distance between *Self-Transcendence* and *Self-Enhancement* in Denmark illustrates the largest difference in human values. That Danes prefer *Self-Transcendence* to *Self-Enhancement* does not favour entrepreneurship in the culture.

Between the dimensions *Openness to Change* and *Conservation*, the picture is less clear, but still reveals something about Danish entrepreneurial attitude. *Self-Direction* is ranked high by Danes, indicating a preference for creativity, independence and curiosity. This human value constitutes one part of the *Openness to Change* category. The other part, *Stimulation*, is less important for Danes, ranked seventh out of the ten human values. *Stimulation* is the attitude towards daring, novelty and having an exciting life.
The values in the category *Conservation*, namely *Security*, *Conformity* and *Tradition* (not reliable), are all of average importance to the population in Denmark.

In relation to entrepreneurial attitudes, this dimension is controversial but still does not support entrepreneurship. *Self-Direction* shows that Danes want to create and be independent, but *Stimulation* indicates that they are not daring and do not value an exciting life as high as other values.
Tradition is not considered reliable, with an alpha score below the preset limit of 0.4, eliminating this human value from the analysis.

The question is whether this distribution of human values is unusual to Danish culture, or just replicates the general distribution of human values of most people. To reveal this, the human value priorities of Sweden and Germany will be compared to outline specific differences in relation to entrepreneurial intentions.

Sweden

Personal value priorities, Sweden

	N	Mean	Std. Deviation	Alpha	N of items	Difference in mean (to DK)
1. BENEVOLENCEcenter	1840	-,9371	,58312	,653	2	-0,008
2. UNIVERSALISMcenter	1844	-,7196	,65693	,596	3	-0,173***
3. SELFDIRECTIONcenter	1840	-,5429	,74858	,443	2	-0,072***
4. HEDONISMcenter	1840	-,0814	,85189	,629	2	0,079***
5. TRADITIONcenter	1842	,0517	,88070	,281	2	-0,246***
6. SECURITYcenter	1842	,0583	,87361	,461	2	-0,057**
7. CONFORMITYcenter	1842	,3034	1,02369	,646	2	0,274***
8. STIMULATIONcenter	1842	,5344	,97815	,646	2	0,039
9. ACHIEVEMENTcenter	1843	,7199	,94213	,747	2	0,204***
10. POWERcenter	1842	,9686	,79501	,400	2	0,011
Valid N (listwise)	1838					

*Table 3, SPSS, see Appendix B. T-test significance at: ***p<0.01, **p<0.05, *p<0.1.*

The human value priorities of Sweden as compared to Denmark do not reveal any big differences between the two cultures. The only differences are in *Conformity* and *Tradition*. The Swedes prioritise *Tradition* more highly but *Conformity* less highly than the Danes. Since these two values constitute the category of *Conservation*, and there is an almost equal difference in means, they equalise each other. Notice here that *Tradition* is not statistically reliable (alpha under 0.4), so the impact of this human value is weak.

Notice additionally that differences in the means of *Benevolence*, *Stimulation* and *Power* compared to Denmark are not statistically significant according to the t-test.

One human value that also differs and has an impact on the entrepreneurial culture and desire is *Achievement*. *Achievement* is 0.204 higher in Sweden, which means that Swedes rate it as less important than Danes do.

Swedish culture in relation to human value priorities is very similar to the Danish culture, as Swedes and Danes rate the human values in relation to each other nearly the same.

Germany

Personal value priorities, Germany

	N	Mean	Std. Deviation	Alpha	N of items	Difference in mean (to DK)
1. BENEVOLENCEcenter	2943	-,9006	,55838	,511	2	0,045**
2. UNIVERSALISMcenter	2946	-,6744	,61297	,457	3	-0,128***
3. SELFDIRECTIONcenter	2942	-,5583	,72780	,425	2	-0,087***
4. SECURITYcenter	2943	-,3592	,83304	,558	2	-0,475***
5. TRADITIONcenter	2946	,0197	,93785	,329	2	-0,278***
6. HEDONISMcenter	2946	,0328	,88021	,696	2	0,194***
7. ACHIEVEMENTcenter	2943	,3598	,90841	,654	2	-0,156***
8. CONFORMITYcenter	2942	,5025	,98654	,534	2	0,473***
9. STIMULATIONcenter	2943	,8048	,98476	,590	2	0,310***
10. POWERcenter	2945	1,1212	,88947	,400	2	0,163***
Valid N (listwise)	2933					

*Table 4, SPSS, see Appendix C. T-test significance at: ***p<0.01, **p<0.05, *p<0.1.*

Looking at the German human value priorities, it is obvious that there are differences between the cultures of Denmark and Germany. The top three human values, *Benevolence*, *Universalism* and *Self-Direction*, are still listed as in Denmark (and Sweden). The changes come further down the priority list. First, *Security* has relatively higher importance to Germans than to Danes. Ranked fourth in Germany (sixth in Denmark) and with a difference of -0.475, this value is significantly different from Danish culture, and considered more important to Germans. In relation to entrepreneurship, *Security* should work to oppose it.

Achievement is considered more important to Germans. *Achievement* is ranked seventh (ninth in Denmark), and could counterbalance the dimension between *Self-Enhancement* (*Power* and *Achievement*) and *Self-Transcendence* (*Universalism* and *Benevolence*) a bit, making it relatively more important to seek out personal interests in Germany than in Denmark.

Conformity is another human value that differs notably from Denmark. *Conformity*, which includes self-discipline and honesty, is less important to Germans than to Danes. On the other side of the value circle, *Stimulation* (daring, novelty and having a varied life) is less important for Germans as well. So in this way, *Stimulation* and *Conformity* cancel each other out in relation to having an entrepreneurship-promoting culture. *Tradition* is again not reliable.

Hofstede's cultural dimensions

Masculinity vs. Femininity

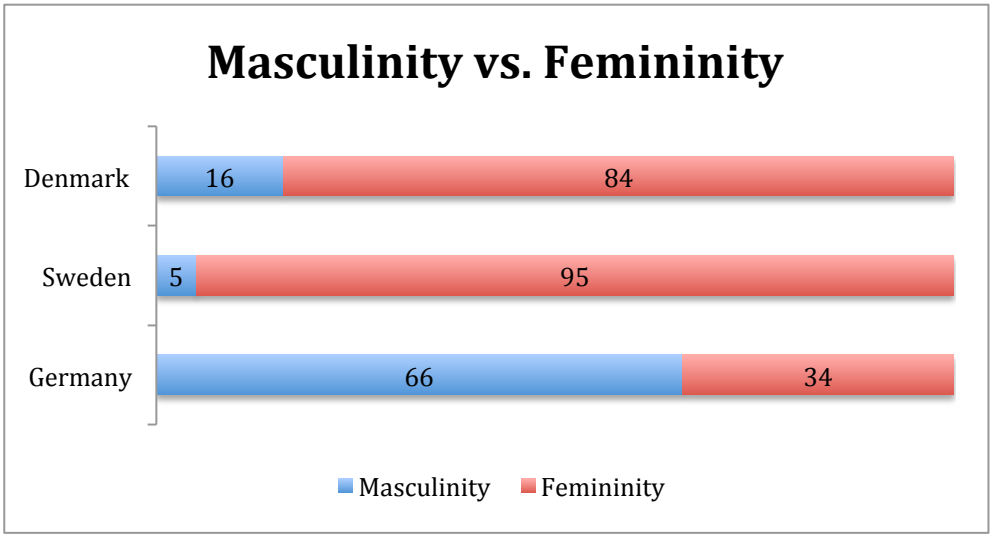


Figure 6, Geert-hofstede.com/countries, 2014

Denmark scores low on this dimension indicating that the culture is more feminine than masculine. The results imply that people in Denmark are then more focused on quality of life, the well-being of everybody and work-life balance, than competition and achievement. This is not a good condition for entrepreneurial intentions, as people will be more averse from an occupation that requires greater work effort and competitiveness. In this feminine culture the fundamental issue in relation to choosing the entrepreneurial occupation, is that Danes are more motivated by "liking what you do". This means that Danes have to enjoy the position of entrepreneurship.

On the opposite side of this dimension the masculine culture is more prone of entrepreneurship. In the masculine culture, people are more motivate by "wanting to be the best" and to strive to be successful, elements not very present in the Danish culture.

Sweden scores lower than Denmark, and the culture therefore more feminine.

Germany is considered a masculine culture, and is with a high disposition to work hard, focus on personal success and gain self-esteem from working, better disposed to entrepreneurship.

Individualism vs. collectivism

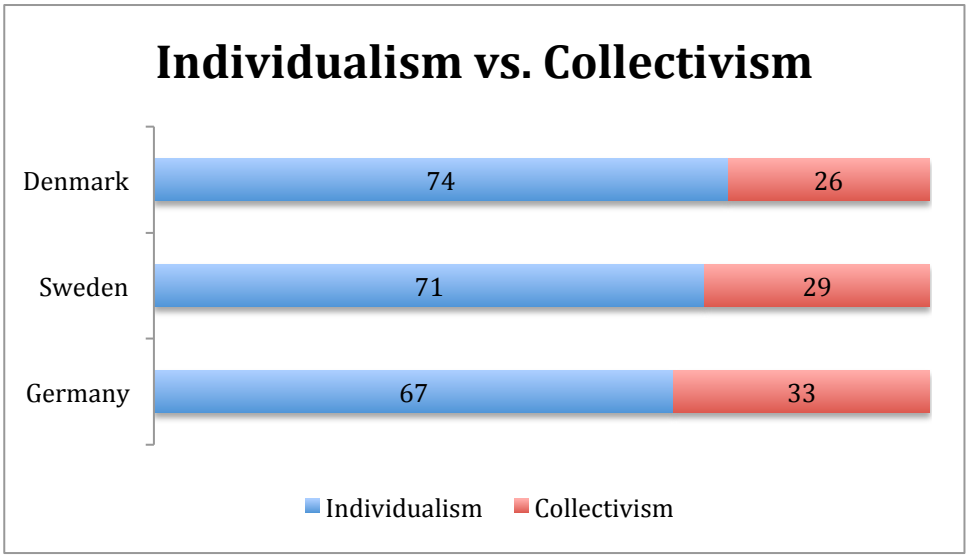


Figure 7, Geert-hofstede.com/countries, 2014

Societies characterised by individualism should support entrepreneurial positions, as entrepreneurial activity is executed by individuals relying on their personal abilities and also rewards individuals for their personal efforts and risk taking. Individualistic orientation also encourages the creative abilities of a population, useful for product development.

All three countries have a relatively high level of individualism, which should benefit entrepreneurial activity. As all three countries are fairly even on this dimension, it is difficult to extract any explanation of the entrepreneurial differences from this aspect.

Power distance

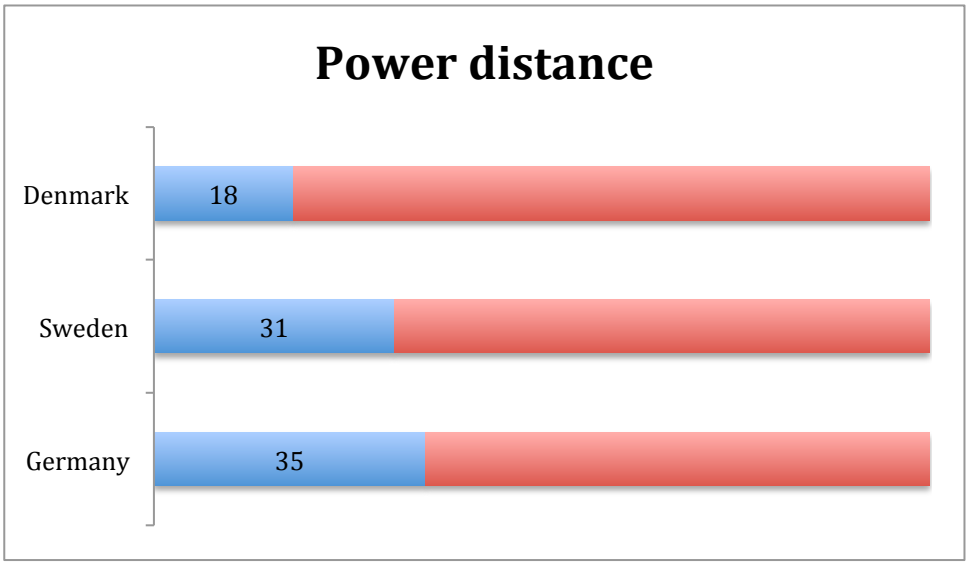


Figure 8, Geert-hofstede.com/countries, 2014

Denmark has a remarkable low power distance, also notably lower compared to Sweden and Germany.
The dimension first and foremost focuses on the view on equality, and Danes seems to care a lot about being treated and to treat other people equally.
In relation to the entrepreneurial occupation, the output from this dimension indicate that Danes have and care more about independence in their occupation. It could also indicate a Danes like to be involved in activities of innovation and the development of new initiatives, activities the entrepreneurial occupation require. From the original definition of power distance, as the interpersonal power distance between the boss and subordinate, the low score indicate that Danes do have independence in their workplaces. The low score signals that the powerful members of organizations accept and perhaps even expect, that power are distributed equally.

Sweden and Germany also scores low on this dimension and have low power distance in their Culture which could contribute to explain differences in entrepreneurial inclination.

Uncertainty avoidance

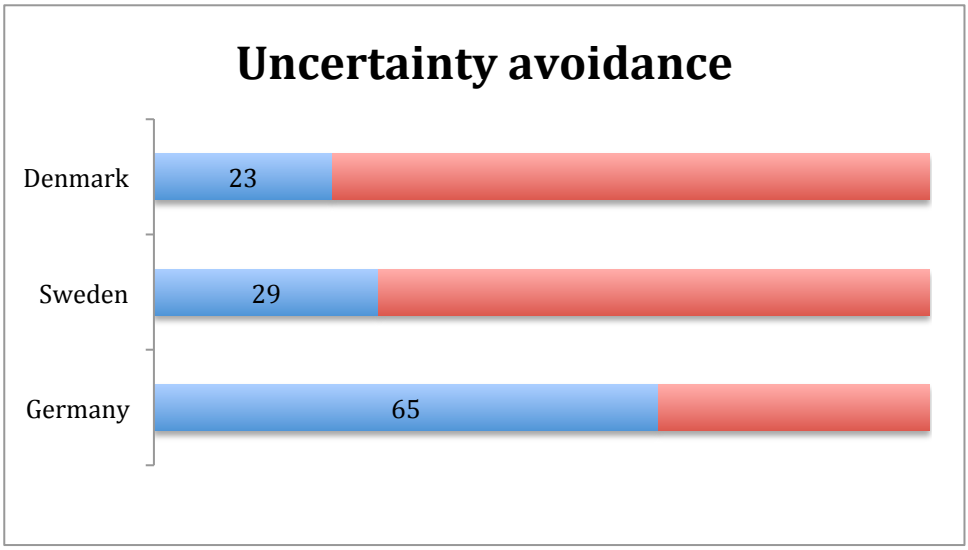


Figure 9, Geert-hofstede.com/countries, 2014

Again on this dimension Denmark stands out by having the lowest of the three cultures. With the low score it implies that in the Danish culture uncertainty is tolerated well.
A low score implies a better attitude towards change and unknown situations. Entrepreneurship involves a lot of dealing with uncertainty, even on a daily basis. A low score on uncertainty avoidance is therefore a good condition for entrepreneurship, and it further implies a greater willingness to enter into unknown ventures. Low uncertainty avoidance should contribute to a culture in Denmark where the uncertain nature of entrepreneurship is better tolerated.

Sweden, as Denmark, also tolerates uncertainty quite well, and the more positive attitude towards changes should increase the intentions of entrepreneurship.
Germany has a high score of uncertainty avoidance, which means that the culture is less excited about change and unusual behaviour. Germans then tend to follow and obey rules and structures more, to cope with their aversion to uncertainty.

Incentives

Income

Wage in employment

Data are gathered from the European statistic database Eurostat, to whom each country supplies its aggregated data every fourth year (Eurostat, 2008).

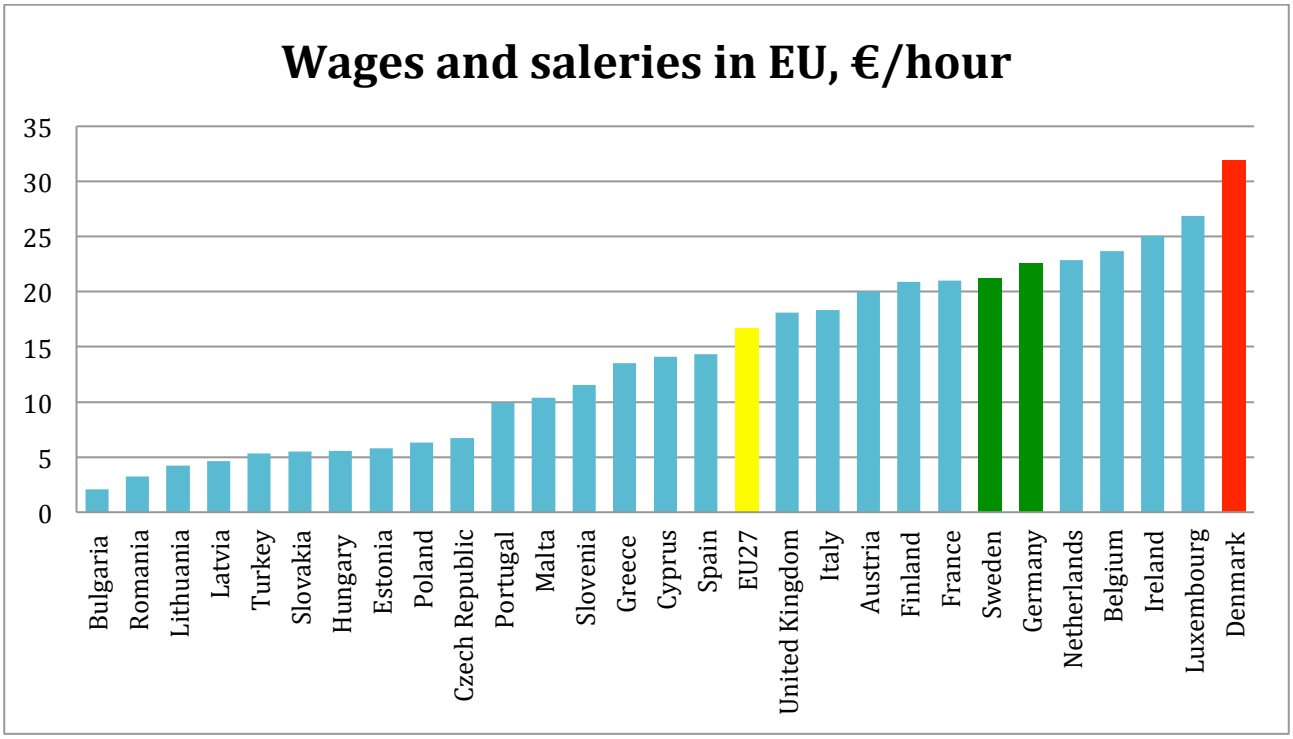


Figure 10, LCS, 2008, Eurostat

Looking at the differences in gross wages, Denmark stands out at the far right of the chart with the highest level of wages across the EU. The wage is by far the highest, at an average of €32 per hour, with a €5 gap between the next highest wage of €27 in Luxembourg.

Germany and Sweden are ranked sixth and seventh with average hourly wages of €22.5 and €21.2, respectively. Both Sweden and Germany are above the EU average but almost €10 less than Denmark.

These numbers are gross and therefore tax payments are not subtracted. The wage distribution outlined here still gives a picture of the conditions of employment.

Higher hourly wages do not necessarily mean that Danes earn more. Instead, Danes can work either fewer hours to earn the same amount as Swedes or Germans, or they can earn more by working the same number of hours.

The wage levels also show how expensive it is to hire employees if you are entrepreneur and need to employ people to run your business.
What these gross hourly wages do not take into account is that price levels differ between countries. In the neoclassical definition, income is the ability to buy and consume goods and services. Differences in the prices of goods and services have to be included when comparing wages across countries.

By adjusting for national purchasing power, the diagram below shows a more representative picture of income differences.

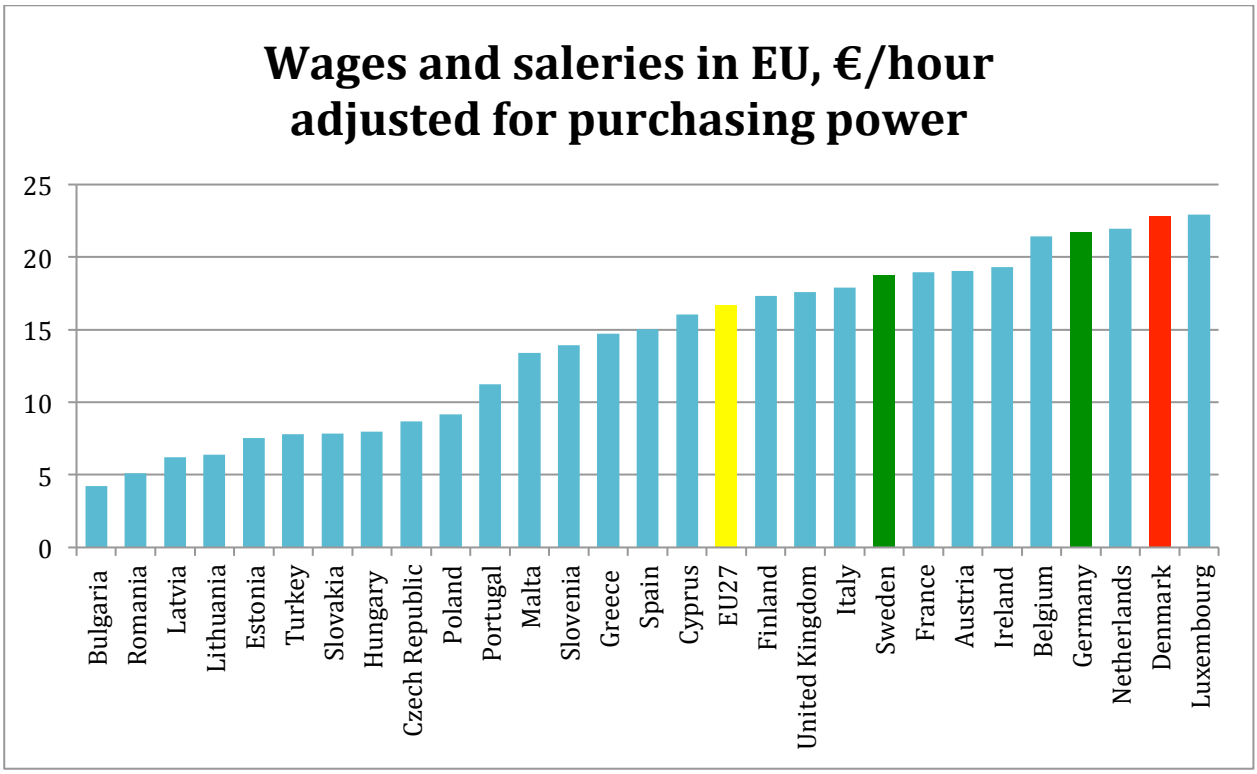


Figure 11, LCS and PPP, 2008, Eurostat

Here, the differences are less dramatic, but Denmark still has high wages compared to the rest of the EU, higher than Sweden and Germany. In Denmark, ranked second after Luxembourg, an employee earns €22.8 per hour. Germany comes closer, indicating a relatively lower cost of

living in Germany, with €21.75. Sweden falls to €18.75. The differences are in this way made smaller, but the wage level is still notably higher in Denmark than in Sweden and Germany.

In relation to entrepreneurial choice, this indicates that employment income is relatively high in Denmark, increasing the opportunity cost of entrepreneurship.

Unemployment benefits

The generosity of unemployment benefits should have a negative effect on entrepreneurial activity in a society. Data on net replacement rates from OECD are chosen to evaluate this generosity, as they illustrate the difference in income level the individual will experience by being unemployed, compared to being employed. Both tax benefits and the family situation are included in the picture of unemployment benefits level across the nations.

The data presented are from 2011, and they therefore do not account for unemployment benefit reforms made afterwards, which could show a different picture.

Average of net replacement rates over 60 months of unemployment, 2011					
	Family qualifies for cash housing assistance and social assistance "top ups"				
	No children		2 children		**Overall Average**
	Single person	One-earner married couple	Lone parent	One-earner married couple	
Denmark	70	63	80	78	73
Germany	44	54	68	71	59
Sweden	54	64	66	75	65
EU Average	**42**	**51**	**58**	**63**	**54**

Table 5, OECD, Tax-Benefit, 2011.

The generosity of unemployment benefits is clearly higher in Denmark than in Sweden or Germany, and is also above the EU level. This implies that the differences in income between being employed and unemployed in Denmark is lower than in the other countries. In that sense the position of unemployment is relatively better in Denmark and workers can more easily stay in this position of unemployment.

The numbers indicate that if a Dane becomes unemployed, on average he will receive 73% of the income he earned before losing his job in unemployment benefits. Rates for Germany and Sweden are lower at 59% and 65%, respectively.

That Danes receive higher compensation after losing their jobs secures a high income level in the employment position in Denmark. Compensation in Sweden and Germany is relatively lower but still higher than the EU average. Higher net replacement rates mean that people do not have to find a new job as quickly as do people living in societies with lower net replacement rates.

Tax

Comparing tax across countries requires special attention to the system of taxation within each country. Each country has its own rules and possibilities for tax deduction. Here only the special differences between employees and entrepreneurs will be emphasised as needed for our analysis. Higher average tax rates and marginal tax rates have a negative effect on entrepreneurial activity, according to theory (Hansson, 2012). Hansson's (2012) research was explicitly based on the Swedish tax system, making her findings very reliable and valid for our research. In the following, cross-national differences in tax rates between Denmark, Sweden and Germany are presented to see whether these can explain the differences in entrepreneurial inclination.

Average personal income tax rates				
Country (national currency)	**% of Average Income**			
	67%	**100%**	**133%**	**167%**
Denmark (AW=392.456)	37,5%	38,9%	42,3%	45,1%
Sweden (AW=387.294)	22,1%	24,9%	30,5%	35,2%
Germany (AW=44.811)	34,9%	39,9%	42,5%	43,8%

Table 6, Taxing Wages, OECD 2013.

Marginal personal income tax rates				
Country (national currency)	**% of Average Income**			
	67%	**100%**	**133%**	**167%**
Denmark (AW=392.456)	40,9%	42,3%	56,1%	56,1%
Sweden (AW=387.294)	28,6%	31,6%	51,6%	56,6%
Germany (AW=44.811)	47,2%	52,6%	53%	44,3%

Table 7, Taxing Wages, OECD 2013.

The tax rates presented here include central, sub-central and social security contributions from employees in all countries. All three countries have a progressive tax system with increasing tax rates for increasing income.
Because the tax systems are progressive, it is important to distinguish between levels of income. Income is divided according to percentage of the average income in each country, as each country has different tax brackets that would not be easy to compare.

Table 6 reveal that of the three countries, Denmark has the highest average tax rates for all income levels.

It is important to notice that in Denmark and Sweden, wage earners and the self-employed are treated equally and these tax rates apply to them both, which makes it easier to compare. Since Denmark and Sweden have a uniform system, it is possible to say that the higher average tax rate in Denmark makes entrepreneurship relatively less attractive than in Sweden. At the same time Sweden has high marginal tax rates, which also diminish the inclination toward entrepreneurship. Taken together Denmark seems to have both higher average and high marginal tax rates, which has a negative effect on the rate of entrepreneurship, according to Hansson (2012).

Germany has different tax rates for the self-employed, so the tax rates above are only valid for wage earners and represent the opportunity cost of entrepreneurship. Germany is still interesting to analyse in this context because Germany taxes its entrepreneurs differently, not as wage earners. The German side of this analysis might also lead to a possible solution using tax adjustment to promote entrepreneurship.

Throughout the 1990s and 2000s, Germany lowered their marginal tax rates on the self-employed (not freelancers) and improved income brackets to promote entrepreneurship (Fossen and Steiner, 2006). Fossen and Steiner (2006) investigated the effect of these tax reforms, but did not find any evidence that they had an effect on the rate of entrepreneurship in Germany. Thus, the progressive tax system and the actual tax rates still seem to have a larger explanatory factor on entrepreneurial entry than special treatment of entrepreneurs has.

Since the income of entrepreneurs in general is difficult to determine, for reasons of underreporting, uncertainty and more types of compensation, the opportunity cost of entrepreneurship and therefore the tax on wage earners is more important for the analysis.

Working conditions

Job satisfaction

Hanglberger (2010) provides a good overview of the rate of job satisfaction in the EU based on data from Eurofound (2010). The scale goes from 1 "not at all satisfied" to 4 "very satisfied".

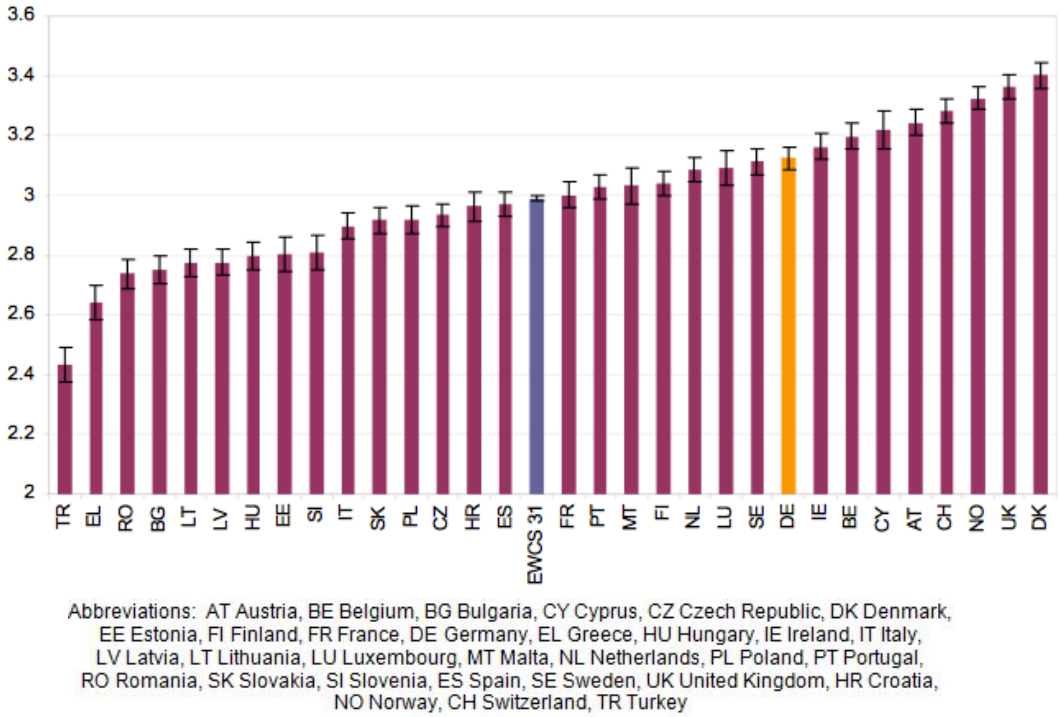


Figure 12, Hanglberger (2010), data from European Working Condition survey, Eurofound, 2010

Average job satisfaction in Denmark is the highest in EU, with a score of 3.39. Job satisfaction in Sweden (3.09) and Germany (3.14) is above the EU average, but still lower than in Denmark.

What affects job satisfaction is important to outline in order to capture its determinants. The most important factors affecting job satisfaction are wage, health, workplace security, flexibility of working hours, type of employment contract, education and job match (Labourеconomics.com, 2014).

Higher job satisfaction creates larger barriers for entrepreneurial entry because people very satisfied with their current job are less inclined to change it. Knowing that employed people are very satisfied with their position also creates positive associations with the employment position, making the entrepreneurial position less attractive.

Working conditions

Answers to the question "How satisfied are you with working conditions in your main paid job?" (q76) reveal that the Danish workers in general experience good conditions in their workplace: 51% answered "very satisfied", which is remarkably higher than Swedes (25.7%) and Germans (28.5%). The EU average level is 25%.

It is notable that 73.5% of the self-employed in Denmark answered "very satisfied", contributing to the high average level. Workers in employment, whether the employment status was "permanent" or "other arrangement", still answered "very satisfied" quite often, 49.9% and 41% , respectively (Eurofound, 2010).

Autonomy

Autonomy is theoretically seen as one of the important determinants of entrepreneurship. Been self-employed implies a lot of independence and this was found to be attractive to entrepreneurial individuals.

Autonomy in the working conditions of existing organisations could thus remove this incentive, or at least diminish it.

Autonomy	Are you able to choose or change your order of tasks? (q50a) *Answer "Yes":*	Are you able to choose or change your methods of work? (q50b) *Answer "Yes":*	Are you able to choose or change your speed or rate of work? (q50c) *Answer "Yes":*	Can you influence decisions that are important for your work? (q51o) *Answer: "most of the time":*
Denmark	85,3%	84,8%	85,8%	56,2%
Sweden	78,2%	82,1%	61%	49,3%
Germany	57,1%	70%	64,5%	38%
EU27-level	66%	67,3%	69,8%	40,2%

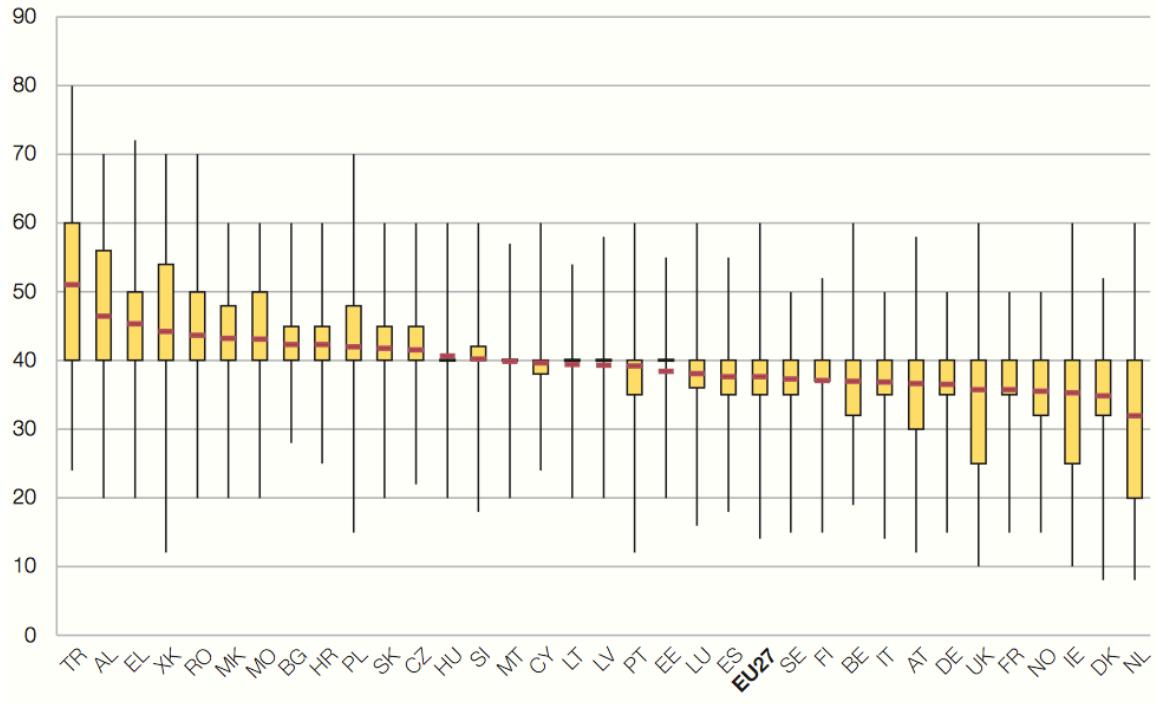
Table 8, 5th European working conditions survey, 2010, Eurofound.

In the latest survey of working conditions provided by Eurofound (2010), Denmark had one of the highest levels of autonomy (69%), only exceeded by Malta (80%). These numbers were taken from a range of nine autonomy-related questions. The survey further outlined that the prevalence of high autonomy has barely changed over time (since the first measures from 1995), meaning that this high level of autonomy in Denmark is a stable trend.

To compare with Germany and Sweden, four of the questions are provided to outline the differences in this field between the countries.

Work effort

According to theory, work effort is both the hours worked and the intensity of the work. The entrepreneurial occupation is characterised by a higher work load, and it would therefore make sense to find higher levels of work effort in the countries with higher entrepreneurial activity (Sweden and Germany).



Note: The red line represents the average weekly working time, the box represents the interquartile range (that is, 50% of the workers fall within the categories of working hours defined by the box) and the longer lines represent the 5th and 95th percentiles.

Figure 13: 5th European working conditions survey, 2010, Eurofound

As the figure XX illustrates, Danes work fewer hours than most others in the EU, except for Netherlands. The average working hours of Sweden and Germany are higher than that of Denmark but also below the EU average.

The Eurofound (2010) survey also found that long working hours are associated with high levels of work intensity**,** which just emphasises the lower level of working effort in Denmark compared to other European nations.

Work intensity can further be examined using answers on the Eurofound (2010) survey to the question "Does your job involve working at very high speed?" (q45a). To this question 67.7% of the Danish workforce answered "At least a quarter of the time", and 77.1% of Swedes and 72.5% of Germans responded with the similar answer. To the question "Does your job involve working under tight deadlines?" (q45b), 59.6% in Denmark answered "At least a quarter of the time"; in Sweden the number is 68.2% and 72.6% in Germany.

Both working hours and working intensity indicate that the work effort in Denmark is lower in terms of both hours worked and intensity. This could very well indicate that Danes are more work averse than Swedes and Germans.

Intrapreneurship

Looking at the degree of intrapreneurship helps clarify whether entrepreneurial activity inside existing organisations could explain lower rates of entrepreneurial activity in the form of start-ups. Entrepreneurs could then be assumed to operate as intrapreneurs in existing organisations and not in their own start-ups as entrepreneurs.

Share of companies who since 2010 have introduced:	*New or significantly improved working processes*	*New or significantly improved products or services.*	*New or significantly improved marketing methods.*
Denmark	52%	55%	49%
Sweden	36%	42%	35%
Germany	21%	31%	21%
EU (avg.)	**36%**	**41%**	**34%**

Table 9, Eurofound, 3rd company survey, 2013.

Data from the European Company Survey 2013 reveal that Denmark is a top innovator in the European Union. Denmark places first on the parameter *Share of companies who since 2010 have introduced new or significantly improved products or services,* with a score of 55% compared to the European average of 41%. In *New or significantly improved processes*, Denmark is also ranked first, with a score 52% against the EU average of 36%. In the last measure, *New or significantly improved marketing methods*, Denmark is not ranked first but second, only 1% from the top place and still above the average EU level. The results from this survey indicate that there is a lot of entrepreneurial activity inside existing organisations in Denmark. The innovation indicators are not as high for Sweden and Germany as for Denmark. Sweden is at the EU average and Germany has a lower share of innovative activities.

Analysis

With the theoretical framework and the empirical findings available, the problem can now be analysed to develop some explanations and answers to the research questions.

Regarding intrinsic motivation of individuals, the context people operate in influences their behaviour in the form of actions and decisions they make. Culture forms this context, so investigating culture is the first step in analysing entrepreneurial intentions. Later the extrinsic motivations or external rewards, expressed as incentives, are object of analysis.

To investigate potential influential factors, Sweden and Germany are used for comparison. This does not mean that Sweden and Germany have all the right conditions for entrepreneurship, or that the way they have framed their societies is the right way to promote entrepreneurship, but it is beneficial to compare the results from Denmark with other countries.

Culture

The existing literature outlines three ways that culture can affect the choice of entrepreneurship. The first is the aggregate view, where a society consisting of more people with "entrepreneurial values", would imply that more people in this society would become entrepreneurs.

Second, the view of legitimising entrepreneurship, attract people to the entrepreneurial occupation by making entrepreneurship more attractive, and increase the demand for entrepreneurs.

The third way culture can influence people to become entrepreneurs is by pushing them away from employment in existing organisations. This push into entrepreneurship is created from the dissatisfaction of the employment position not able to fulfil the needs of the person with more "entrepreneurial values".

All three views contribute to explain the relationship between culture and the how it affects inclination of entrepreneurship, and are all centred on the implications of values within the culture. Values and culture is the upcoming objects of analysis.

Values

Values are the core of a culture and culture can be defined as the generalisation of values. From the definition of values, we know that values are beliefs about a desirable end state and are used to guide the selection of behaviour. Ordered by relative importance and distinguished from each other by type of motivation, values constitute a good factor on which to analyse cross-national differences in entrepreneurial inclination.

As they affect behaviour, values affect the intentions and decisions of entering into entrepreneurship too. So in order to understand differences in entrepreneurial inclination across cultures, the differences in value priorities will be analysed to see whether and how the different value settings are influential.

The data on value priorities prepared and presented in the empirical part represent, together with the literature background, the input for the analysis of value priorities. The shortcoming of this empirical data is weak reliability, caused by the method used to collect the data. Relying on answers from two to three questions per value is a bit weak to draw clear conclusions from. Still, the data will be used, however with awareness of its reliability issues.

Some methodological issues about how the survey was conducted also have to be addressed. The values investigated, and thereby the questions asked, are personally sensitive and objects of moral judgement. Because the surveys were conducted in the presence of an interviewer, morally challenging questions could have been answered less controversially and more in line with the morally "right" answer. This could cause some bias, making the data more morally correct and less representative.

Value priorities and entrepreneurship

First, the focus will be on Danish culture and its value properties in relation to promoting entrepreneurial intentions.

Since values are relative, the whole system of values and how they are ordered according to each other is more important to analyse than the individual score of importance.

Self-Direction, *Stimulation* and *Achievement* are the three values entrepreneurs value significantly more highly than the rest of the population, according to Noseleit (2010). These values also constitute the categories Licht (2007) find more entrepreneurial, namely *Openness to Change* (*Self-Direction* and *Stimulation*) and *Self-Enhancement* (*Achievement* and *Power*). Since *Power* is not found to be significant more important to entrepreneurs, it is not elaborated in this analysis.

In general a higher ranking of these entrepreneurial values (*Self-Direction*, *Stimulation* and *Achievement*) indicates that the culture favours values matching the motivations that the entrepreneurial occupation satisfies. The presence of these entrepreneurial values in a culture would lead to higher entrepreneurial intentions in that culture.

In Denmark *Self-Direction* is ranked third, *Stimulation* eighth and *Achievement* ninth out of ten. These results indicate that the Danish culture has the entrepreneurial value *Self-Direction*, but the two other values, *Stimulation* and *Achievement*, are not considered important to Danes.

Following is an outline of each of these values to see how each affects motivations for entrepreneurship in Denmark.

Self-direction is the desire for independence, creativity and exploration. These are all related to entrepreneurship. Entrepreneurial people prefer independence, which naturally follows with the occupation of entrepreneurship. Establishing and managing one's own company involves independence.

Creativity and exploration are reflected in the Schumpeterian definition of entrepreneurship, namely the innovative creation of new products, functions or markets.

The extent to which these qualities are present in employment could lower the inclination to substitute employment with entrepreneurship.

The empirical findings concerning working conditions in Denmark could indicate that these needs are already met in Danish workplaces today. The high levels of autonomy in Danish

workplaces together with the low power distance in Denmark, indicates satisfying conditions for the Danes' need for independence.

The degree of intrapreneurship in Denmark might show that the need for creativity and exploration is already met in the employment position. Denmark is ranked highly in Europe on factors concerning intrapreneurship, indicating that Danish workplaces satisfy the need for *Self-Direction* well.

Self-Direction is equally important to Germans and Swedes with only small differences compared to Denmark. Both countries have smaller degrees of autonomy, larger power distance and less intrapreneurship in their workplaces, indicating that the need for *Self-Direction* in Sweden and Germany is not as well satisfied for employees as in Denmark. This could explain the higher entrepreneurial intentions in Sweden and Germany.

Stimulation is having an exciting and challenging life, with novelty and variation. In relation to entrepreneurship, it is also the quality of daring that seems important because it involves undertaking uncertainty, which is not that big a concern in the employment position. The entrepreneurial occupation also involves variation and challenge, which *Stimulation* also includes.

The population of Denmark value *Stimulation* as being relatively unimportant for their lives, compared to other values. The low ranking of Stimulation, indicates that Danes do not want to expose themselves for this uncertain situation of entrepreneurship. However, adding the cultural dimension of uncertainty avoidance to this discussion actually contradicts that Danes are less inclined to entrepreneurship because of the uncertainty involved. Denmark scores low on the dimension of uncertainty avoidance, indicating that Danes cope well with uncertainty and should be more willing to enter into unknown ventures.

Sweden does not differ from Denmark in its valuation of *Stimulation* and its uncertainty avoidance is only slightly higher. Germans value *Stimulation* significantly less and they are also averse to uncertainty, with a high score on the uncertainty avoidance dimension. For Germans, the uncertainty involved in entrepreneurship should decrease their entrepreneurial inclinations more than in Denmark and Sweden.

Achievement concerns personal success, ambition and willingness to strive hard to attain success. The properties of *Achievement* have been found important in relation to entrepreneurship, as the occupation of entrepreneurship requires hard work and is related to personal success.

Achievement is ranked ninth on the value priority list of Danes. *Achievement* is therefore, after *Power* (ranked tenth), the least important value for Danes.

Swedes rank the value ninth as well, but with even less importance assigned to it. Germans, conversely, find *Achievement* more important, ranking it seventh and with significantly more importance than Denmark.

Emphasising the properties of *Achievement* further, the work effort of Danes contributes to lower entrepreneurial intentions. Compared to Germany and Sweden, Danish workers work fewer hours and less intensively, emphasising the missing motivation of *Achievement* in Denmark.

The cultural dimension of individualism vs. collectivism adds another view on this issue of *Achievement*. The relatively low importance of *Achievement* could stem from a collective culture, where people are associated with group performance and not personal success. The evidence, though, shows that all three countries are considered individualistic cultures, focusing more on individual success and personal issues. This individualistic character of the culture should be beneficial for entrepreneurial activity, but in relation to *Achievement*, it does not seem to significantly affect these motivations in Denmark or Sweden.

The cultural dimension of masculinity and femininity also contributes to the differences in *Achievement* ratings and the motivation it covers. Since masculine culture is driven by competition, ambition and success, it corresponds well to the properties of *Achievement*. The scores on this dimension reveal Denmark to be a feminine culture, dominated by concerns about others' welfare, social justice and helpfulness. People in a feminine culture are modest, tender and caring. These are attributes that are not associated with *Achievement*. The classification of Denmark as a feminine culture put further emphasis on the lack of

Achievement in Denmark. This missing *Achievement* in Denmark could explain the low entrepreneurial intentions there.

Sweden, though, values *Achievement* even less than Denmark. Sweden is an individualistic culture, as is Denmark, but with an even more feminine culture than Denmark, scoring only 5 (out of 100) in masculinity. Regarding *Achievement*, Sweden is even worse off than Denmark. Germany has a masculine culture, which could also be reflected in the higher priority they give to *Achievement*. The higher value of *Achievement* in Germany could explain why more people here have entrepreneurial intentions.

Entrepreneurial values in perspective

The findings from analysing the entrepreneurial values of *Self-Direction*, *Stimulation* and *Achievement* can be compared to the definition of entrepreneurship to outline the issues Denmark has in relation to low entrepreneurial intentions.

The findings indicate that the Danish people are entrepreneurial in innovating and creating new products, following the Schumpeterian definition of entrepreneurship. *Self-Direction* motivates Danes towards this innovative behaviour. Current working conditions in the employment position could satisfy the independence factor the *Self-Direction* value also includes.

The other part of entrepreneurship – establishing a company, with the uncertainty it involves – is not desirable for Danes. The missing desires for *Stimulation* and *Achievement* also keep Danish employees inside the safe frames of the organisations in which they are employed in. When employees can use their entrepreneurial abilities and satisfy their desires within their current employment position, it affects entrepreneurial intentions negatively. Danes do not want to, and also do not have to, undertake the risk and uncertainty involved in exploring their entrepreneurial abilities in their own venture.

Counter motivations of entrepreneurship

To briefly analyse the attitudes working against entrepreneurship in Denmark, the presence of the values that entrepreneurs consider less important – *Security*, *Conformity* and *Tradition*

– can be useful to discuss. These three values constitute the *Conservation* category and are all values which entrepreneurs, according to Noseleit (2010), value significantly less than others.

Security, *Conformity* and *Tradition* contain restrictions against entrepreneurship. The three values include concerns for safety, having stability in one's life, not violating social expectations and acceptance of customs. These elements do not fit well with the nature of the entrepreneurial occupation, where changes and elements of risk occur.

In Denmark these values are ranked neither high nor low, but rather fifth, sixth and seventh (*Tradition*, seventh, is considered unreliable evidence). They are prioritised more highly than *Achievement* and *Stimulation*, indicating some aversion to the entrepreneurial occupation and damaging entrepreneurial intentions in Denmark.

Sweden ranks the three non-entrepreneurial values in the same order as Denmark, only with differences in means, indicating the same conditions as in Denmark. In Germany people rank *Achievement* more highly than *Conformity*, which could favour entrepreneurial intentions. In Germany, *Security* is considered significantly more important than in Denmark, which contradicts this argument.

Compared to the entrepreneurial culture in Denmark, the German culture is more positive-minded towards entrepreneurship. Sweden seems to have a culture even less inclined to entrepreneurship than Denmark.

Incentives

Incentives represent the extrinsic motivation humans consider along with the intrinsic motives covered by the culture. These extrinsic motivations are the external rewards associated with certain behaviour, in this case the behaviour of becoming an entrepreneur.

The decision of becoming an entrepreneur is set in the context of choosing between the employment occupation (including the risk of being unemployed) and the entrepreneurial occupation. The two situations are set against each other, assuming that the individual makes the choice based on the position that produces the highest benefits. This approach of

positioning the two occupations against each other is used to outline the external rewards of each occupation.

The conditions of entrepreneurship are a lot more difficult to measure, as rewards like income and better working conditions are difficult to reliably quantify. Setting the two occupations against each other creates an opportunity to analyse their rewards by focusing on the rewards on only the one side of the equation, the employment occupation. By having to choose only one side, the external rewards of employment can be considered the opportunity cost of entrepreneurship.

Income

People do not become entrepreneurs to earn more money. Still, future income does matter. The entrepreneur has to be compensated for investments made under uncertainty, and entering entrepreneurship therefore requires a risk premium. Furthermore, occupation is an activity performed in exchange for money, and people need to be compensated for the work efforts they make.

From the empirical data it is clear that Danes have the highest wage in the EU, measured per hour and before tax. Even after compensating for differences in prices across countries, Denmark is still placed in the top, only after Luxembourg. With a wage of €22.8 per hour, Danish workers earn €6 more than Swedes, but only approximately €1 more than Germans per hour. In this way, Danish workers receive better compensation for the hours they work. In relation to the entrepreneurial occupation, this creates higher opportunity cost. In order to compensate for this the income from entrepreneurship has to be relatively higher. Higher profits require better ideas or market offerings or more work effort. The high wages could thus also explain the presence of opportunity-driven entrepreneurship versus necessity-driven entrepreneurship.

Denmark has a high level of unemployment benefits, calculated by net replacement rates. On average the unemployed receive 73% of the income they would have received from being employed.

High unemployment benefits should intuitively make people more inclined to choose the entrepreneurial occupation, as they then have a "safety net" under them, which is useful in case that their risky venture goes bankrupt. On the contrary, high unemployment benefits decrease entrepreneurial intentions. People with higher unemployment benefits can simply stay unemployed and wait for the right job, instead of being pushed into entrepreneurship for financial reasons, like the motivation behind necessity start-ups. Sweden, at 65%, has lower net replacement rates than Denmark, and Germany has an even smaller rate of 59%.

A progressive tax system and high marginal and high average tax rates discourage entrepreneurship by decreasing the risk premium and the disposal income from after-tax income from the entrepreneurial venture. Because income is the ability to buy goods and services, tax has to be considered in this context. With a higher tax rate the gross earnings of the entrepreneurial venture have to be proportionally higher. Higher earnings come from either working relatively more as entrepreneur – negatively affecting the working conditions incentive – or by increasing the requirement for profitability of the entrepreneurial opportunities.. With higher profitability requirements of the entrepreneurial opportunity the entrepreneurial intention will decrease. In this way taxes could influence the presence of opportunity-driven entrepreneurs versus necessity-driven entrepreneurs.

Risk premium, the reward of taking the risk implied in the entrepreneurial occupation, is also affected by tax rates. With higher tax rates the risk premium is decreased. This makes the investment of entrepreneurship less attractive, indicating that higher tax rates decrease entrepreneurial intentions.

All three countries have progressive tax systems, Denmark and Sweden with comparable uniformly tax systems and Germany with special favourable treatment of entrepreneurs. Denmark has notably higher tax rates, with an average rate approximately 10% higher than that of Sweden and also higher marginal tax rates in most income brackets, except for the highest. These tax settings could mean that lower entrepreneurial intentions in Denmark are caused by relatively larger requirements of the entrepreneurial opportunity and a lower reward for being successful caused by the lower risk premium.

Working conditions

Generally the working conditions in Denmark are high, higher than in Sweden and Germany. Danes score highly when asked about their job satisfaction in their current employment. This, of course, creates barriers to changing occupations in the first place. High satisfaction with the occupation decreases the motivation to enter entrepreneurship because of incompatible working conditions. If the working conditions are good in the current employment, then the motivation to become an entrepreneur for better working conditions is certainly diminished.

Entrepreneurs work more than employees. From the empirical data it is obvious that Danes in general do not work as hard as those in other countries in EU, including Germany and Sweden. This indicates that Danes are more work averse, and the higher amount of working hours the entrepreneurial position requires decrease their entrepreneurial intentions. The higher wage of Danes could also make them more work averse, as they are used to getting compensated well for the hours they work. The work intensity of the Danish workforce is also lower than in Sweden and Germany. The workforce in Denmark does not fit well with the properties of the entrepreneurial occupation. The findings from the value survey could further emphasise this, where the *Achievement* value, including the attitude towards working hard to gain success, is not considered important to Danes.

Independence is also a natural property of the entrepreneurial occupation. If the individual prefers independence, then this element of the entrepreneurial working condition is attractive. Again, it has to be compared to the degree of independence already present in the workplace of the employment position. Measured on autonomy, Denmark has higher independence in its workplaces than have Sweden or Germany. Having independence in the employment position makes this motivation for entrepreneurship redundant.

Another element important for entrepreneurial intentions is the extent to which employees can perform entrepreneurial tasks in their current employment occupation. The entrepreneurial role of innovating by creating new products, ideas or market opportunities can be executed inside organisations as well, called intrapreneurship. Denmark is the absolute top in EU in this field of intrapreneurship. This indicates that entrepreneurial people in employment occupations in Denmark can satisfy their entrepreneurial abilities and needs in

safe employment positions. Sweden and Germany are nowhere near having the same conditions of intrapreneurship in their workplaces, indicating that this could explain the differences in entrepreneurial intentions across the three countries.

Implications for the entrepreneurial intentions

With high incomes, low weekly work hours, good compensation in case of unemployment, high job satisfaction in general, good working conditions with a lot of freedom and independence in the work place, and the opportunity to be creative and explore innovative abilities – is it any wonder why Danes prefer to be employees? The benefits of the employment occupation in Denmark are relatively too good to reject, or at least require proportional more from the entrepreneurial opportunity.

With the high opportunity cost of entrepreneurship in Denmark, the requirements for the entrepreneurial opportunity increase: the opportunity has to be better, or the entrepreneur has to work that much harder. This could also help explain the relationship between opportunity-driven entrepreneurship and necessity-driven entrepreneurship in Denmark. The implications of loss-aversion should also be considered, as the relatively size of benefits entrepreneurship should offer, have to be higher in order to create an intention of changing from the employment position to the entrepreneurial occupation.

Swedes are less work averse and receive lower compensation for work, which is an advantage in relation to entrepreneurial inclinations. They have independence in their workplaces, but not as much entrepreneurial activity as intrapreneurship in their employment positions. Lower tax rates and lower unemployment benefits also make entrepreneurship relatively more attractive in Sweden, which could explain why entrepreneurial intentions are higher here than in Denmark.

Germany compared to Denmark has less attractive working conditions for potential entrepreneurs in employment occupations. This is caused by relatively lower degree of independence and fewer innovation activities in the employment sector. After adjusting for price levels, wages are almost as favourable as in Denmark, but lower unemployment benefits could cause more people to choose entrepreneurship over unemployment.

Conclusion

The lack of entrepreneurial intentions in Denmark can be explained by several factors. From the start, the phenomenon was approached by dividing the research into two possible explanatory factors, cultural settings and incentives. Both factors contribute to explaining the low entrepreneurial intentions in Denmark.

The culture of a country affects entrepreneurial intentions by influencing the values of the population. Values contain the internal motivations of behaviour, and certain values match entrepreneurial behaviour better than other. Using the division of values by Schwarz (1992), the values *Self-Direction*, *Stimulation* and *Achievement* are all values entrepreneurs value as being more important than the rest of the population does.

Entrepreneurs find the values *Security*, *Tradition* and *Conformity* less important, so the extensive presence of these values in a culture would reduce the entrepreneurial intentions. The cultural dimensions by Hofstede (2001) also help explain how a culture affects entrepreneurship. The best cultural settings in relation to entrepreneurship are to score high on masculinity, high on individualism, low in uncertainty avoidance and low in power distance.

The absence of entrepreneurial intentions in Denmark can partly be explained by the cultural settings in Denmark. The entrepreneurial values are only to some extent considered important for Danes. *Self-Direction* is prioritised relatively highly, but the behaviour this value motivates could be covered in the Danish workplaces, which offers a high degree of intrapreneurship and independence. The values of *Stimulation* and *Achievement* are not considered important to Danes, which could explain low entrepreneurial intentions in that Danes do not want the varying life of entrepreneurship and have no need to pursue personal success or ambition. The feminine culture in Denmark also opposes the entrepreneurial intentions.

Sweden's culture is in many ways similar to Denmark's, but it rates even lower on *Achievement* and has a more feminine culture, which indicates that the culture is not the reason for higher entrepreneurial intentions in Sweden.

Germany values *Achievement* more highly and is a more masculine culture, making the culture more prone to entrepreneurship.

The incentives expressed as the reward structure of entrepreneurship in a society affect the extrinsic motivations of people. Better rewards for a certain behaviour, here entrepreneurial behaviour, would make more people inclined to such behaviour.
By approaching entrepreneurship as an occupation, implying an occupational choice between regular employment and entrepreneurship, income and working conditions are the two categories of rewards connected to the occupations.

First, the presence of income incentives can encourage, but do not seem to be the main motivation for choosing the entrepreneurial occupation. Wage in employment, unemployment benefits and taxation all affects the rewards of entrepreneurship, but the main motivation for entrepreneurship is the reward of better working conditions.

The empirical findings support the influence of working conditions on entrepreneurial intentions. Working conditions in Denmark are relatively good compared to in Sweden and Germany. Entrepreneurial working conditions, like independence and the ability to develop new products or markets expressed as intrapreneurship, are already to a large extent present in the employment occupation in Denmark. Even though income is not considered the main motivation for entrepreneurship, the high level of wages in Denmark creates a larger opportunity cost of choosing entrepreneurship. The high wages imply that the entrepreneur has to work more to obtain the same standard of living as an employee.

In Sweden both lower income and worse working conditions compared to Denmark create a lower opportunity cost of entrepreneurship. This could well explain the higher entrepreneurial intentions in Sweden. In Germany working conditions are notably worse for employees compared to Denmark, and could also explain the higher entrepreneurial intentions here.

With all this in mind, the culture and the incentives of entrepreneurship affect entrepreneurial intentions, and can to some extent explain the differences across countries.

Limitations and perspective

This thesis and its findings have limitations. The object investigated is a personal attitude toward a certain behaviour or decision. This thesis treats it as an explicit decision. In reality how people behave and their intentions depend on the actual situation they are in, not only the national cultural setting. In general the lack of demographic explanatory factors restricts the research. Age, wealth, education and even health are examples of factors which could influence the decision to become an entrepreneur even more than the factors investigated in this thesis.

The thesis divided the cultures into national cultures, but in a globalized world this division might not be that appropriate. Additionally, the construction of the value items based on two or three questions is not that reliable and the evidence could be improved to by adding more questions to each value item.

Further suggestions for future research could be to investigate the unemployment system more profound. The influence of replacement rates was outlined in this thesis, but not the whole unemployment system, including the rules the unemployed have to follow to receive benefits. This could be an interesting topic for investigation in order to cover whether the system restricts or improves the person's opportunities to become an entrepreneur.

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Appendix A

Human values, Denmark

Data processed in SPSS

Descriptive Statistics

	N	Mean	Std. Deviation
BENEVOLENCE	1628	1,7718	,67690
UNIVERSALISM	1627	2,1713	,74593
SELFDIRECTION	1629	2,2471	,89867
HEDONISM	1629	2,5571	1,01787
CONFORMITY	1628	2,7463	1,07171
SECURITY	1629	2,8336	1,05468
TRADITION	1628	3,0150	1,01157
STIMULATION	1627	3,2130	1,25732
ACHIEVEMENT	1624	3,2328	1,14587
POWER	1630	3,6773	1,01137
Valid N (listwise)	1621		

Source of data: European Social Survey 2012, Denmark

Descriptive Statistics

	N	Mean	Std. Deviation	Alpha	N of items
BENEVOLENCEcenter	1628	-,9453	,58627	, 544	2
UNIVERSALISMcenter	1627	-,5461	,66739	,502	3
SELFDIRECTIONcenter	1629	-,4709	,77874	,451	2
HEDONISMcenter	1629	-,1609	,81189	,664	2
CONFORMITYcenter	1628	,0292	,95845	,587	2
SECURITYcenter	1629	,1157	,90068	,469	2
TRADITIONcenter	1628	,2978	,93687	,150	2
STIMULATIONcenter	1627	,4951	1,04623	,747	2
ACHIEVEMENTcenter	1624	,5158	,93585	,690	2
POWERcenter	1630	,9579	,85364	,437	2
Valid N (listwise)	1621				

Source of data: European Social Survey 2012, Denmark

Appendix B

Human values, Sweden

Data processed in SPSS

Descriptive Statistics

	N	Mean	Std. Deviation
BENEVOLENCE	1840	1,8832	,73014
UNIVERSALISM	1844	2,1020	,76851
SELFDIRECTION	1840	2,2772	,89760
HEDONISM	1840	2,7391	1,03993
TRADITION	1842	2,8724	1,00542
SECURITY	1842	2,8789	1,08781
CONFORMITY	1842	3,1240	1,22959
STIMULATION	1842	3,3550	1,17351
ACHIEVEMENT	1843	3,5410	1,20669
POWER	1842	3,7907	1,00381
Valid N (listwise)	1838		

Source of data: European Social Survey 2012, Sweden

Descriptive Statistics

	N	Mean	Std. Deviation	Alpha	N of items
BENEVOLENCEcenter	1840	-,9371	,58312	,653	2
UNIVERSALISMcenter	1844	-,7196	,65693	,596	3
SELFDIRECTIONcenter	1840	-,5429	,74858	,443	2
HEDONISMcenter	1840	-,0814	,85189	,629	2
TRADITIONcenter	1842	,0517	,88070	,281	2
SECURITYcenter	1842	,0583	,87361	,461	2
CONFORMITYcenter	1842	,3034	1,02369	,646	2
STIMULATIONcenter	1842	,5344	,97815	,646	2
ACHIEVEMENTcenter	1843	,7199	,94213	,747	2
POWERcenter	1842	,9686	,79501	,400	2
Valid N (listwise)	1838				

Source of data: European Social Survey 2012, Sweden

Significant difference in means between DK and SE.
Independent T-test.

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
BENEVOLENCEcenter	Equal variances assumed	0,563	0,453	-0,411	3466	0,681	0,00818	0,01989	-0,04718	0,03082
	Equal variances not assumed			-0,411	3410	0,681	0,00818	0,0199	-0,04719	0,03083
UNIVERSALISMcenter	Equal variances assumed	0,098	0,754	7,706	3469	0	-0,17348	0,02251	0,12935	0,21762
	Equal variances not assumed			7,699	3401	0	-0,17348	0,02253	0,1293	0,21767
SELFDIRECTIONcenter	Equal variances assumed	1,519	0,218	2,777	3467	0,006	-0,07207	0,02595	0,02119	0,12296
	Equal variances not assumed			2,77	3379	0,006	-0,07207	0,02602	0,02106	0,12308
HEDONISMcenter	Equal variances assumed	6,256	0,012	-2,802	3467	0,005	0,07944	0,02835	-0,13503	-0,02386
	Equal variances not assumed			-2,81	3448	0,005	0,07944	0,02827	-0,13487	-0,02402
TRADITIONcenter	Equal variances assumed	6,104	0,014	7,971	3468	0	-0,24608	0,03087	0,18555	0,3066
	Equal variances not assumed			7,941	3353	0	-0,24608	0,03099	0,18532	0,30683
SECURITYcenter	Equal variances assumed	1,431	0,232	1,905	3469	0,057	-0,05742	0,03015	-0,00169	0,11653
	Equal variances not assumed			1,901	3389	0,057	-0,05742	0,0302	-0,0018	0,11664
CONFORMITYcenter	Equal variances assumed	10,643	0,001	-8,111	3468	0	0,27413	0,0338	-0,3404	-0,20786
	Equal variances not assumed			-8,144	3456	0	0,27413	0,03366	-0,34013	-0,20813
STIMULATIONcenter	Equal variances assumed	11,866	0,001	-1,143	3467	0,253	0,03929	0,03438	-0,10671	0,02813
	Equal variances not assumed			-1,138	3345	0,255	0,03929	0,03453	-0,10699	0,02841
ACHIEVEMENTcenter	Equal variances assumed	0,221	0,639	-6,387	3465	0	0,20416	0,03197	-0,26683	-0,14149
	Equal variances not assumed			-6,39	3416	0	0,20416	0,03195	-0,26681	-0,14151
POWERcenter	Equal variances assumed	6,873	0,009	-0,381	3470	0,703	0,01067	0,02799	-0,06554	0,04421
	Equal variances not assumed			-0,38	3345	0,704	0,01067	0,02811	-0,06578	0,04445

Source of data: European Social Survey, 2012, Sweden and Denmark

Appendix C

Human values, Germany

Data processed in SPSS

Descriptive Statistics

	N	Mean	Std. Deviation
BENEVOLENCE	2943	1,7999	,61754
UNIVERSALISM	2946	2,0260	,66216
SELFDIRECTION	2942	2,1429	,81752
SECURITY	2943	2,3409	,96488
TRADITION	2946	2,7201	1,00308
HEDONISM	2946	2,7333	1,07550
ACHIEVEMENT	2943	3,0604	1,10906
CONFORMITY	2942	3,2025	1,11925
STIMULATION	2943	3,5054	1,13343
POWER	2945	3,8217	1,01960
Valid N (listwise)	2933		

Source of data: European Social Survey 2012, Germany

Descriptive Statistics

	N	Mean	Std. Deviation	Alpha	N of items
BENEVOLENCEcenter	2943	-,9006	,55838	,511	2
UNIVERSALISMcenter	2946	-,6744	,61297	,457	3
SELFDIRECTIONcenter	2942	-,5583	,72780	,425	2
SECURITYcenter	2943	-,3592	,83304	,558	2
TRADITIONcenter	2946	,0197	,93785	,329	2
HEDONISMcenter	2946	,0328	,88021	,696	2
ACHIEVEMENTcenter	2943	,3598	,90841	,654	2
CONFORMITYcenter	2942	,5025	,98654	,534	2
STIMULATIONcenter	2943	,8048	,98476	,590	2
POWERcenter	2945	1,1212	,88947	,400	2
Valid N (listwise)	2933				

Source of data: European Social Survey 2012, Germany

Significant difference in means between DK and DE
Independent T-test.

Independent Samples Test										
		Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
BENEVOLENCEcenter	Equal variances assumed	4,456	0,035	-2,546	4569	0,011	0,0447	0,01756	-0,07913	-0,01028
	Equal variances not assumed			-2,511	3221	0,012	0,0447	0,01781	-0,07962	-0,00979
UNIVERSALISMcenter	Equal variances assumed	12,634	0	6,565	4571	0	-0,12834	0,01955	0,09001	0,16666
	Equal variances not assumed			6,406	3120	0	-0,12834	0,02003	0,08906	0,16761
SELFDIRECTIONcenter	Equal variances assumed	10,883	0,001	3,795	4569	0	-0,08746	0,02305	0,04228	0,13265
	Equal variances not assumed			3,722	3173	0	-0,08746	0,0235	0,04138	0,13354
SECURITYcenter	Equal variances assumed	16,935	0	17,927	4570	0	-0,47483	0,02649	0,4229	0,52676
	Equal variances not assumed			17,529	3144	0	-0,47483	0,02709	0,42172	0,52794
TRADITIONcenter	Equal variances assumed	0,087	0,768	9,607	4572	0	-0,27813	0,02895	0,22137	0,33489
	Equal variances not assumed			9,609	3359	0	-0,27813	0,02894	0,22138	0,33488
HEDONISMcenter	Equal variances assumed	14,037	0	-7,325	4573	0	0,1937	0,02645	-0,24555	-0,14186
	Equal variances not assumed			-7,497	3593	0	0,1937	0,02584	-0,24436	-0,14304
ACHIEVEMENTcenter	Equal variances assumed	1,511	0,219	5,494	4565	0	-0,15593	0,02838	0,10029	0,21158
	Equal variances not assumed			5,447	3263	0	-0,15593	0,02863	0,0998	0,21207
CONFORMITYcenter	Equal variances assumed	7,319	0,007	-15,688	4568	0	0,47325	0,03017	-0,53239	-0,4141
	Equal variances not assumed			-15,818	3440	0	0,47325	0,02992	-0,5319	-0,41459
STIMULATIONcenter	Equal variances assumed	10,098	0,001	-9,956	4568	0	0,30975	0,03111	-0,37074	-0,24876
	Equal variances not assumed			-9,784	3186	0	0,30975	0,03166	-0,37182	-0,24768
POWERcenter	Equal variances assumed	4,959	0,026	-6,03	4573	0	0,16324	0,02707	-0,21631	-0,11016
	Equal variances not assumed			-6,102	3480	0	0,16324	0,02675	-0,21569	-0,11078

Source of data: European Social Survey, 2012, Germany and Denmark

Appendix D

Universalism
3. He thinks it is important that every person in the world be treated equally. He wants justice for everybody, even for people he doesn't know. 8. It is important to him to listen to people who are different from him. Even when he disagrees with them, he still wants to understand them. 19. He strongly believes that people should care for nature. Looking after the environment is important to him.
SELF-DIRECTION
1. Thinking up new ideas and being creative is important to him. He likes to do things in his own original way. 11. It is important to him to make his own decisions about what he does. He likes to be free to plan and to choose his activities for himself.
STIMULATION
6. He likes surprises and is always looking for new things to do. He thinks it is important to do lots of different things in life. 15. He looks for adventures and likes to take risks. He wants to have an exciting life.
HEDONISM
10. Having a good time is important to him. He likes to "spoil" himself. 21. He seeks every chance he can to have fun. It is important to him to do things that give him pleasure.
ACHIEVEMENT
4. It is very important to him to show his abilities. He wants people to admire what he does. 13. Being very successful is important to him. He likes to impress other people.
POWER
2. It is important to him to be rich. He wants to have a lot of money and expensive things. 17. It is important to him to be in charge and tell others what to do. He wants people to do what he says.
SECURITY
5. It is important to him to live in secure surroundings. He avoids anything that might endanger his safety. 14. It is very important to him that his country be safe from threats from within and without. He is concerned that social order be protected.
CONFORMITY
7. He believes that people should do what they're told. He thinks people should follow rules at all times, even when no-one is watching. 16. It is important to him always to behave properly. He wants to avoid doing anything people would say is wrong.
TRADITION
9. He thinks it's important **not** to ask for more than what you have. He believes that people should be satisfied with what they have. 20. Religious belief is important to him. He tries hard to do what his religion requires.
BENEVOLENCE
12. It's very important to him to help the people around him. He wants to care for other people. 18. It is important to him to be loyal to his friends. He wants to devote himself to people close to him.

Source: European Social survey, 2012. ESS6 ed.1.2, Survey questions for value index.