

Magdalena Pusch

The Influence of Cultural Factors in Attitudes towards Start-ups

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1. Introduction

Entrepreneurship, especially a knowledge- and technology-intensive start-up culture, is progressively being recognized as a key factor for sustainable economic growth (Radziszewska 2014: 35, Carvalho et al. 2016: 41). Considering the economies of various countries around the world, it is observable that in some regions start-ups are being founded more often than in others and that the importance of entrepreneurship is seen differently (Lee and Peterson 2000: 403).

Silicon Valley, an area of approximately 2,900 square meters – almost as small as Monaco – in the state of California in the United States, is the largest conurbation of innovative, fast-growing, and highly successful young companies, so-called “start-ups” (Carvalho et al. 2016: 42). Silicon Valley's high density of technology companies, the resulting networking effects and the presence of renowned create the ideal conditions for an eco-system nurturing business start-ups. As a result, a lively start-up scene has developed there over the past decades. Silicon Valley is the hub of many major IT and high-tech companies, making it one of the most important centers for products/services in the technology industry worldwide. Former start-ups as such as Apple Inc., Facebook Inc., Google Inc., and Tesla Inc., which were founded there, have long since become global companies. Many people refer to them as being the product of a unique way of life called *Silicon Valley*, which has developed into the guiding culture of the digital age (Keese 2014: 11).

Germany, however, has lost its pioneering role regarding innovation and development. Besides, Germany is far behind in terms of digitalization, which is considered as the most important technology of today (Keese 2014: 11). However, innovation and business foundations are essential to economies in order to safeguard their economic development and employment (Schumpeter 1934: 75). Within the last 12 years, the number of business registrations in Germany has declined by 28 percent to 685,373 (Statistisches Bundesamt 2017: n. pag.). When reading about the German start-up scene, it is frequently referred to a comparatively small eco-system with its center in Berlin. The German scene cannot keep up with Silicon Valley: Last year, only \$2.3 billion of venture capital was raised for 455 start-ups in 2016 through financing rounds (EY n.d.: n. pag.). Comparing this to Silicon Valley, however, there was a funding total of \$58.6 billion for 4520 deals in 2016 (PwC 2017: n. pag.), thus