

# CULTURE PROPELS THE INTERSECTION OF ETHOS, PATHOS, AND LOGOS WITH INNOVATION AND ENTREPRENEURSHIP

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## ABSTRACT

The model from the conference website: Academic Globalization and Inter-Cultural Communication: AGIC 2016

<http://www.iis2016.org/wmsci/website/about.asp?vc=22>, is depicted in Appendix 1, and serves as the inspiration for this paper.

In this model, cybernetic loops, modified through: negative and positive feedback loops, and their relationships with “Academic Globalization” and “Inter-Cultural Communication” are supported by Systemics, Cybernetics and Informatics, 2016 [1].

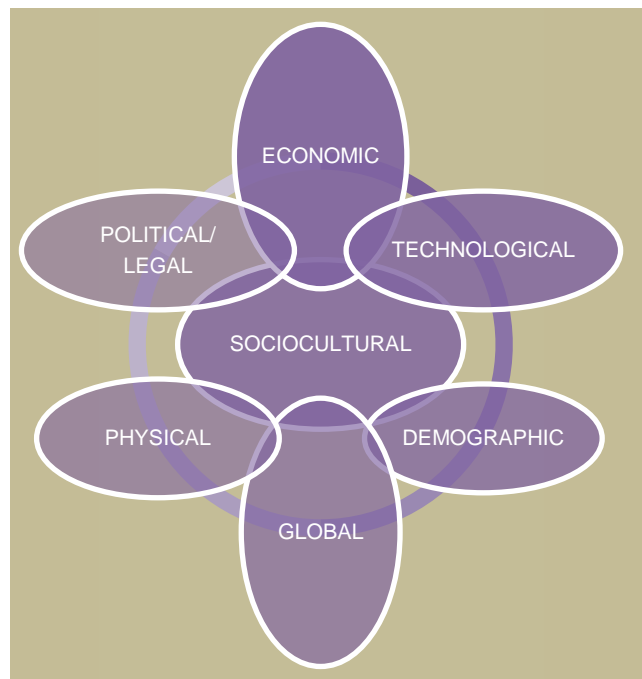
<http://www.iis2016.org/wmsci/website/about.asp?vc=22>

## OVERVIEW

While recognizing the importance of Systemics, Cybernetics and Informatics in supporting these pivotal relationships, the inspiration for this paper is to travel an alternate pathway, i.e. be an “Intellectual Tourist” (term coined by Professor Nagib Callaos). This paper explores and underscores the cultural component, a powerful catalyst that drives its sister macro-forces, creating an economic, political, technological environment that embraces to varying degrees the intersection of Ethos, Pathos and Logos with innovation and entrepreneurship.

Macro-environmental forces have been discussed by researchers in various modes. Hitt, Ireland, and Hoskisson [2] identify seven environmental segments, and note that society’s attitudes and cultural values form the cornerstone of any society, thus often drive changes in the other macro-forces. The significance of the cultural context is expressed by its centrality in the model below, which includes the seven forces (below) discussed by Hitt, Ireland, and Hoskisson [2].

- Economic
- Political/Legal
- Technological
- Physical
- Demographic
- Global
- Sociocultural



**Source:** Hitt, M.A., Ireland, R.D. & Hoskisson, R.E. [2015]. **Strategic Management: Competitiveness and Globalization Concepts and Cases.** [11<sup>th</sup> Edition]. Australia: Cengage.

Lee, 2004 [3] builds on Carnoy and Rhoten, 2002 [4] in capturing the macro-environment along three major segments: politico-economic, socio-cultural, and educational, where the recent century has been dominated by politico-economic forces, where the economic component takes center stage, given the burgeoning hypercompetition faced by firms navigating for survival and striving for competitive advantage.

This author argues that political and economic systems are so complex in their interrelatedness, that one cannot study one without the other. The following framework was developed for Cavusgil, Knight, & Riesenberger (2016), Instructor’s Manual, Chapter 6 [5]

by this author, and captures this notion of interlocking systems:

**THE RELATIONSHIP BETWEEN POLITICAL SYSTEMS AND ECONOMIC SYSTEMS**

Generally:

POLITICAL SYSTEMS	ECONOMIC SYSTEMS	FACETS
Totalitarianism	Command economies	<ul style="list-style-type: none"> <li>●State is Dominant-Controls and allocates resources</li> <li>●Lower Living Standards</li> <li>●Bureaucratic System</li> <li>●Weak Legal System                             <ul style="list-style-type: none"> <li>○Inconsistently enforced</li> </ul> </li> <li>●Significant Government Intervention</li> <li>●Minimal Transparency</li> <li>●High Barriers to Entry for Foreign Firms</li> <li>●Minimal Global Economic Integration</li> </ul>
Socialism	Mixed economies	<ul style="list-style-type: none"> <li>●Hybrid Model</li> </ul>
Democracy	Market economies	<ul style="list-style-type: none"> <li>●Economic Freedom</li> <li>●Higher Living Standards</li> <li>●Market Liberalization</li> <li>●Well-Developed Legal System</li> <li>●Rule of Law                             <ul style="list-style-type: none"> <li>○Clear</li> <li>○Publicly disclosed</li> <li>○Fairly enforced</li> <li>○Widely respected</li> </ul> </li> <li>●Minimal Government Intervention</li> <li>●Transparency</li> <li>●Low Barriers to Entry for Foreign Firms</li> <li>●Global Economic Integration</li> </ul>

Determining Factor: Who Owns Resources and Decides Resources Allocation	
MOST POLITICAL and ECONOMIC FREEDOMS	LEAST POLITICAL and ECONOMIC FREEDOMS
HIGHEST LIVING STANDARDS	LOWEST LIVING STANDARDS
SAMPLE COUNTRIES Australia, France, Germany, Japan, U.S.	SAMPLE COUNTRIES Libya, North Korea, Pakistan

**Source:** White, Marta Szabo, *Instructor's Manual for International Business Strategy, Management, and the New Realities*. [2016]. Authors: Cavusgil, S.T., Knight, G. & Riesenberger, J. R. [4th Edition] Upper Saddle River, NJ: Pearson Education.

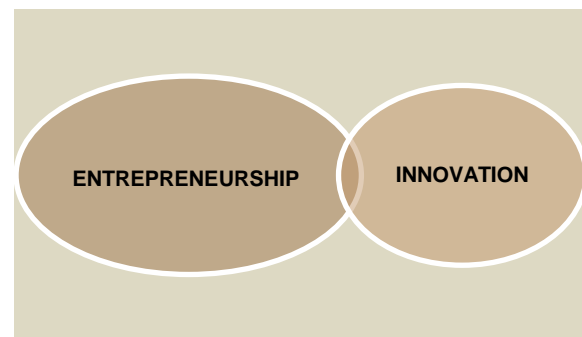
The reason that political and economic systems matter, is because of the profound link to entrepreneurship and innovation. The reason that cultural context matters is because culture drives all of the other macro-forces, including political and economic. The impact of national culture is such that:

- Entrepreneurship declines as collectivism increases.
- Exceptionally high levels of individualism can be dysfunctional for entrepreneurship.
- Therefore, a balance between individualism and cooperation is optimal.

Moreover, there is a positive relationship between entrepreneurial activity and economic development in a nation Hitt, Ireland, and Hoskisson [2].

The conclusion from this can only be that democratic, market economies provide a rich environment for innovation and entrepreneurship. Building on Drucker's [6] work described in a previous paper [7], it was established that entrepreneurship and innovation are systematically related through cause and effect, and that entrepreneurship is a form of innovation and innovation is both a driver of and consequence of entrepreneurship.

This concept is depicted as follows:



Moreover, innovation is the tool of entrepreneurship and entrepreneurship is the tool of innovation. Ethos, pathos, and logos provide rich catalysts which foster

Joseph Schumpeter's [8] *Creative Destruction*, where destruction of an existing product/service enables the new to replace the old, much like *Natural Economic Selection*, where survival of the fittest is market-driven.

It was also argued [7] that feedback loops for innovation and entrepreneurship could only be positive. In an open system, if increased output from a system results in a diminishing effect, then this is a **negative** feedback relationship. By contrast, an amplifying effect would constitute a **positive** feedback loop. Negative feedback has a stabilizing effect, such as blood pressure stabilization, while positive feedback has synergistic, amplified effects, such as fruit ripening, and at times even creating instability, such as a bank run or stampede. Thus the reciprocal link between entrepreneurship and innovation by definition results in magnified effects, where the sum is greater than its parts, and therefore must be a positive feedback loop.

The model depicted below is adapted from **Academic Globalization and Inter-Cultural Communication: AGIC 2016** [1], underscoring not only the reciprocal relationship between Academic Globalization and Inter-Cultural Communication, but extending the supports to include ethos, pathos and logos dimensions.

**Ethos** (character/credibility), **pathos** (emotion) and **logos** (logic) enable a powerful platform for this cause and effect relationship between innovation and entrepreneurship. The origin of ethos, pathos and logos began over 2,000 years ago: The Greek philosopher, Aristotle argued that persuasion consists of three categories: ethos, pathos and logos [9] & [10].

#### **Ethos [Greek for character]**

**Ethical Appeal** – Persuasion emanates from the credibility, authority, or reputation of the speaker or writer. An ethos-principled argument is characterized by an appeal based on ethics or credibility.

#### **Pathos [Greek for experience or suffering]**

**Emotional Appeal** – Persuasion is grounded in sympathy, emotion, or instinct. A pathetic story conveys emotion and imagination such that the audience is empathetic with the values and beliefs of the speaker or writer.

#### **Logos [Greek for word]**

**Logical Appeal** – Persuasion rests with reason and refers to an argument's logical appeal. Of key importance is the internal consistency of an argument and supporting evidence, e.g. constructs such as if A, then B.

One then must consider the cultural impact on all three persuasion components. Ethos, pathos and logos are culture-specific. Ethical appeal, emotional appeal and logical appeal are all culture-relevant. What appeals ethically, or emotionally, or logically, in one culture, may or may not translate into another culture. These

concepts are relative not universal, and propelled by cultural context.

Moreover, persuasion is both innovation and entrepreneurship. What is persuasion if not the exploitation of an opportunity, commercialization of a product/service, *bringing something new into use*, i.e., innovation [8]. From the previously established cause and effect relationship, then persuasion is also entrepreneurship.

If ethos, pathos, and logos comprise persuasion, then these constituents are linked to innovation and entrepreneurship and propelled by culture. Cultural context is a catalyst for its sister macro-forces, of which political and economic are paramount, which then drive the level of innovation and entrepreneurship, each of which are determined by cultural ethos, pathos and logos.

Thus, the essence of this paper is summarized by the model in **Appendix 2**.

### **CONCLUSION**

Academic globalization is manifested via higher education internationalization, which drives and is driven by a world-wide system of political, economic, social, cultural, and technological forces, according to Lee, 2004 [3] causing and resulting in globalization.

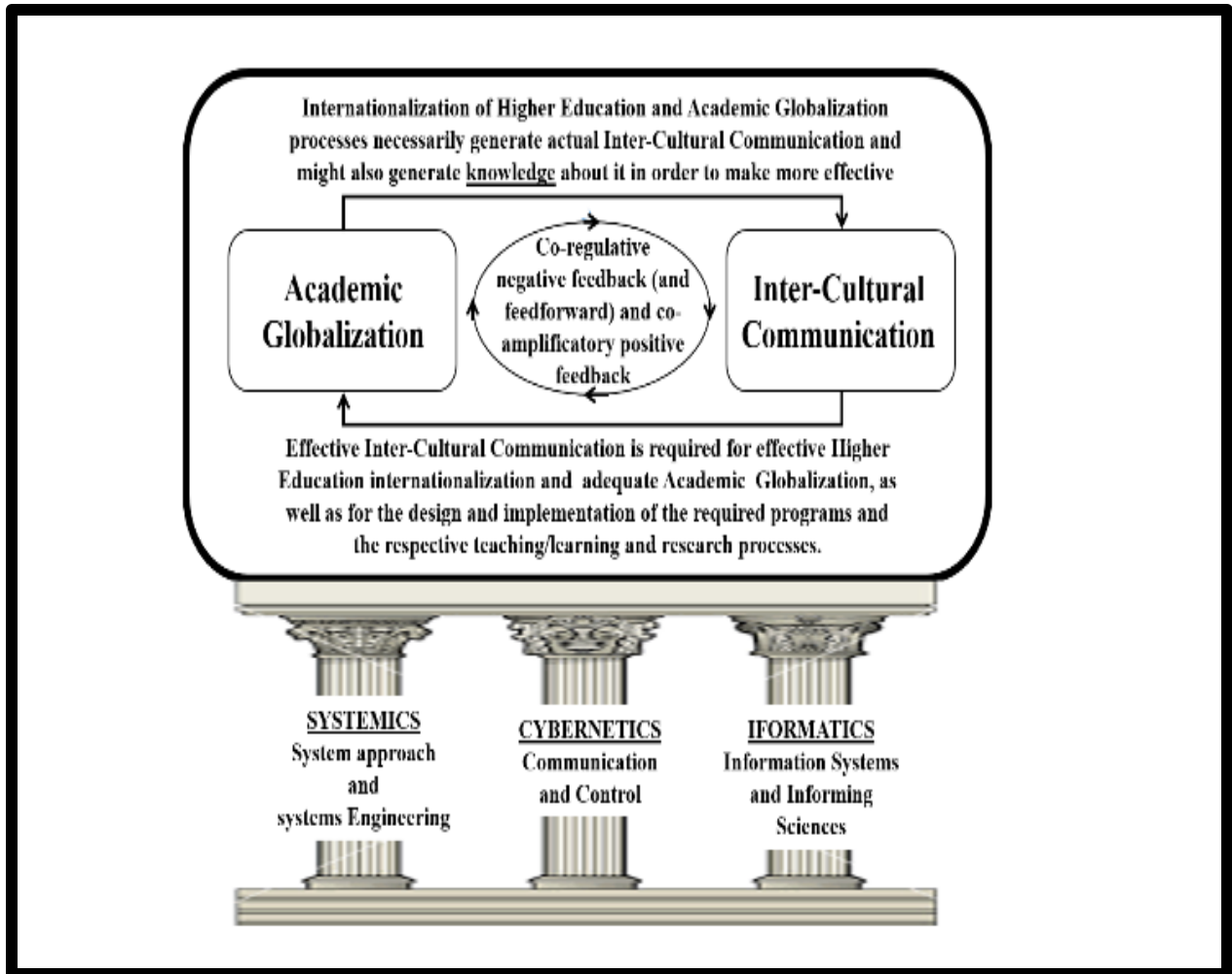
A reciprocal relationship exists between cultural context and academic globalization. Different cultures embrace different modes of communication; drive innovation and entrepreneurship to varying degrees. Ethos, pathos, and logos provide the platform for positive feedback loops created by and resulting in innovation and entrepreneurship.

This model captures the dominant positioning of sociocultural, as the major driver of the other macro-forces, with economic and political/legal defining the platform for innovation and entrepreneurship, which are enabled by positive feedback loops, and a function of cultural ethos, cultural pathos, and cultural logos. Culture propels the intersection of ethos, pathos, and logos with innovation and entrepreneurship as dictated by economic/political context.

## REFERENCES

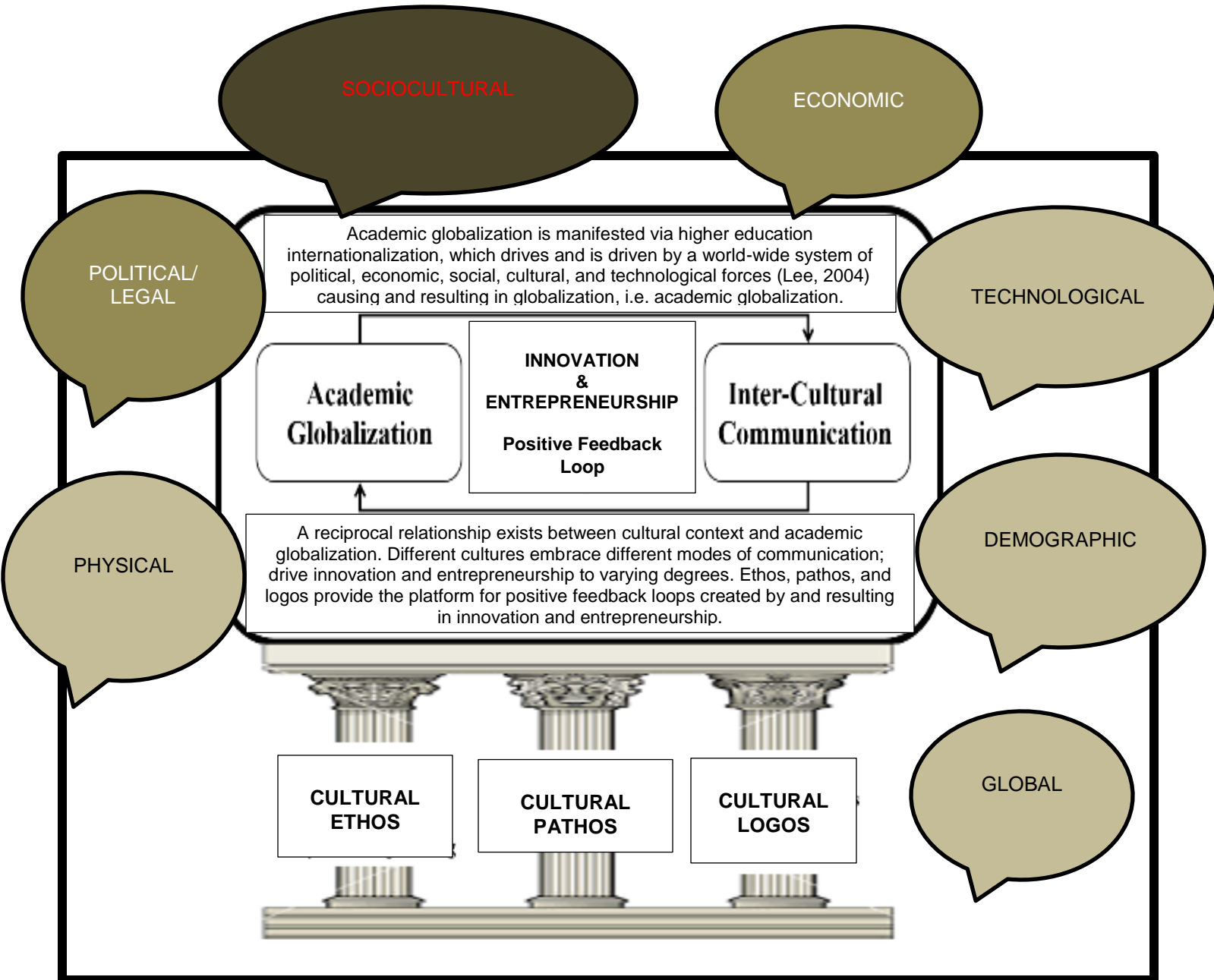
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APPENDIX 1



Source: Symposium on **Academic Globalization** and **Inter-Cultural Communication**: AGIC 2016, <http://www.iis2016.org/wmsci/website/about.asp?vc=22>

APPENDIX 2



Source: Adapted from Symposium on Academic Globalization and Inter-Cultural Communication: AGIC 2016, where Cybernetic loops (modified through: negative and positive feedback loops) and their relationships with "Academic Globalization" and "Inter-Cultural Communication" are supported by Systemics, Cybernetics and Informatics (2016) <http://www.iis2016.org/wmsci/website/about.asp?vc=22>