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SOCIAL ENTREPRENEURSHIP: AN INVESTMENT IN SOCIETY

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ABSTRACT

Social entrepreneurship is a new category of entrepreneurship that many nonprofit businesses fall into. A social entrepreneur is "a person who recognizes when a part of society is stuck and provides new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution and persuading entire societies to take new leaps." (Ashoka, 2004b)

Social entrepreneurs could take one of several strategies when beginning their business. These possible strategies include enhancing the profit from product and service sales, starting or acquiring freestanding businesses, or forming mutually beneficial partnerships with corporations. For a social entrepreneur, adopting a social mission is fundamental. The gauge of success is social impact. They look for "long-term social return on investment." (Dees, 2001)

HUMAN RESOURCE ISSUES AMONG SMES IN EASTERN EUROPE: A 30 MONTH STUDY IN BELARUS, POLAND, AND UKRAINE

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ABSTRACT

In the present study we examine the applicability of some traditional human resource management theories to 374 owners of small to medium sized enterprises in border cities of Belarus, Poland, and Ukraine. We examine the relationships between facets of job satisfaction and annual income, and between facets of job satisfaction and performance. It is found that performance and annual incomes were relatively unrelated to facets of job satisfaction with multiple R's in the range of .05 to .34. We also found that within the time period studied that 17.4% of the owners left their businesses for greener pastures. We conclude that many findings based in traditional Western human resource management about the relationships between performance, income, and job satisfaction designed for use with employees do not seem to operate well with business owners in Eastern Europe.

NET-POWERED INDUSTRY ANALYSIS IN REAL-TIME

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ABSTRACT

The Net offers innovative processes for industry analysis data collection by organizations. Access to real-time industry analysis information allows organizations to make first-level expansion decisions in a more efficient and effective manner. For Small and Medium-size Enterprises (SMEs) considering vertical or horizontal expansions, a clear understanding of the industry being considered is crucial. The industry analysis information required for these decisions is often free and available online from publicly resources such as libraries and government sponsored sites. In this paper we offer a Net-based industry analysis model that can be used by organizations to obtain current, pertinent industry information in real-time. The information obtained through this model provides secondary research material that is current and industry specific. This information can then be used by managers to make in a timely manner the initial "Go/No Go" decisions involving vertical or horizontal expansions.

FRANCHISING VS. COMPANY OWNERSHIP: IMPACT ON FIRM VALUATION

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ABSTRACT

Franchising is often used as a strategic tool for growth by the entrepreneur as well as the established corporate manager. Whether to franchise a concept to others or develop additional units or retail locations by company-owned development, is an important strategic decision often made early in the life of many firms. A significant body of literature places the theoretical bases of franchising on efficiency underpinnings. Given the same resources, franchisors will grow faster and yield higher returns to their stockholders than non-franchisors. That is, selecting franchising as part of a growth strategy will add value to the firm.

The proposed paper discusses the results of a study conducted to determine if the selection of franchising as a growth strategy vs. company-owned unit expansion adds market value to the firm. A sample of both franchised and non-franchised firms was drawn from the publicly traded firms in the restaurant industry in order to evaluate their "value" against five independent financial measures. The results suggest that the entrepreneur might factor in an "expectation effect" when considering franchising as a growth strategy.

WHO ARE THE SELF-EMPLOYED?

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ABSTRACT

The purpose of this paper is to describe the self-employed in the United States (as identified by the 2000 U. S Census) and show how they differ from employees of local, state, and federal governments and private for profit and not-for-profit companies. The findings suggest that the self-employed are similar to employees governments and private companies in some ways and quite dissimilar in others. The self-employed are generally older, more likely to be male, and in more lasting marital relationships than employees of governments and private companies. The self-employed are also predominately White and generally make more money than those workers who are not self-employed. A person's place of birth, USA citizenship, or English speaking ability does not appear to have an impact on whether a person is self-employed or employed by others. Educational attainment appears to impact the choice of self-employment versus working for others at only the professional and PhD level.

CROSS-GENERATIONAL TRANSFER OF MANAGEMENT

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ABSTRACT

Family businesses are a powerful economic force. Today, there are some 10-12 million family owned businesses, which represents 90% of all business enterprises in the United States. Seventy percent of those business enterprises are not just owned by family, but the family manages them. Family businesses in this country provide jobs up to 55-60% of the U.S. workforce. In addition family-owned businesses contribute to approximately 50% of the gross domestic product (Chau, 1999). However, a serious challenge is facing these family businesses due to the fact that approximately 40% of them are expected to change hands within the next 5-10 years. Fewer than one in three family businesses survive to the second generation and a mere 12% survive to the third (Chau, 1999). This paper examines how a family-owned business could be passed from one generation to the next focusing on several steps to ensure that successful succession takes place.

ENGAGING ENTREPRENEURS ACROSS THE CURRICULUM

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ABSTRACT

In the summer of 2003 an interdisciplinary committee representing the Seidman College of Business, the Padnos College of Engineering and Computing and other representatives from entities on campus gathered to develop an entrepreneurship minor for students from any major. After surveying the student body to gage their interests in entrepreneurship in general and in participating in a minor in entrepreneurship, the committee tailored the minor to serve students who had an idea for physical product or a small service business. An art student who wanted to start her own gallery, a physical therapy student who had an idea for a product to make his job easier or a nursing student who dreamed of running her own home care company were the target market for the minor. These students had ideas and passion but did not know how to start to develop a product or business. The committee convened a focus group of successful entrepreneurs to find out what knowledge and skills they believed were required to be successful.

The minor consists of six new courses students would take over a three-year period. The first year courses, The Entrepreneurial Quest and New Venture Feasibility, provide an overview of the breadth of activities typical of a new business owner and take the student through the initial stages of creating a new product or service and preparing to enter the marketplace. In the second year, students will learn the basic theories, concepts, and techniques that serve as the tools of entrepreneurship and new venture planning. In the third year, students will apply the previously learned material in a series of practicum opportunities ranging from consulting with local small businesses, completing an entrepreneurial internship or a supervised field experience that could include the actual launch of the student's business.

As envisioned, faculty from different disciplines or even schools will team teach the courses. Faculty from the Padnos College of Engineering and Computing and the Seidmen College of Business will teach the two first year courses. This paper focuses on the opportunities and challenges faced by the business and engineering faculty when teaching entrepreneurship to students who do not have a business or engineering background.

A CHALLENGE IS ISSUED

It was a quiet warms spring day in 2002, when about 15 people from across the campuses heard a presentation challenging the university to look at Entrepreneurship. It came attached with the opportunity for a limited number of faculty members to apply to work on this project. The hope was that this would become a university wide committee. The reality was that it ended up being a committee made up of Engineering and Business Faculty and some administrators, including a Small Business Technology Development Center representative.

INTRODUCTION

In the summer of 2003 a committee representing the Seidman College of Business, the Padnos College of Engineering and Computer Science, the Small Business Technology Development Center (SBTDC) and the Center for Entrepreneurship gathered to develop an entrepreneurship minor. At the first meeting, administrators and conservative faculty attempted to arrange existing, traditional courses to make a minor. Although this approach was cost effective, the majority of the committee did not feel that existing courses adequately addressed entrepreneurship. As the discussion continued it quickly became apparent that the committee did not have a clear understanding of what type of students would be interested in pursuing a minor in entrepreneurship. What if they are not in either the Engineering or Business College? What would the students want to know? How much course time would they be interested in devoting to entrepreneurship? To answer these questions a quick student survey was commissioned. (1)

To the surprise of the committee members, students outside the engineering and business school appeared to be more interested in starting their own business. These students have more new venture ideas and were more alert to opportunities for new businesses. The 728 survey respondents came from eight different disciplines. These findings led the committee to design the entrepreneurship minor for students from any functional discipline. The survey also found that a majority of students wanted to take only two entrepreneurship courses. Although the committee hoped that once a student had taken an entrepreneurship course they would want to complete the minor, the decision was made to design the first two courses as self-contained entities. Once these decisions were made the challenges quickly became apparent. This paper looks at some of the issues that engineering and business faculty have confronted as they develop the first two in the proposed minor.

PEDAGOGY CHALLENGES

The challenge is to teach entrepreneurship to a group of students who have no common background. The classes may consist of art, bioscience, engineering, business, nursing, theater, and undecided students. The pedagogical challenges range from the trivial to the essential. When and where should the classes be offered to ensure that students have access to the classes? How should the instructors deal with the different student expectations in terms of workload and grading? Most importantly what topics should be taught and how should they be presented? Finally who is qualified and willing to teach the wide variety of topics that entrepreneurship requires? The committee quickly decided that the first two courses would be team taught by instructors from the business and engineering schools. This decision brought questions from the administrative members of the committee.

ADMINISTRATIVE CHALLENGES

The administrative challenges arose from the unfortunate fact that a team taught course that was open to students from any discipline was an anomaly. Administrators insisted that one department had to “own” the course and that only one person could get any credit for teaching the course. Despite the objections from many on the committee, no deviations from normal practices were allowed. The problems were resolved when the marketing department agreed to “own” the courses and the faculty involved worked out informal arrangements to share the teaching credit for the course. Although these problems are resolved for now, many on the committee worry that the informal arrangements will not be feasible in the future.

OVERVIEW OF THE COURSES

In the first course, students explore the entrepreneurial journey beginning with the myths and realities of entrepreneurs, student self-analysis, creativity and idea generation through to the recognition of a business opportunity and the introduction of the business plan. Key motivators and the drivers for success are analyzed along with several case studies and entrepreneurial speakers. Students are required to conceptualize a new venture idea and present an initial plan of action.

The second course focuses on the process of developing an idea for a service or product into a business concept that has market and commercial feasibility. Students have 'hands on' and applied opportunities to develop their concepts within different environments including computer graphics, model building and engineering prototyping.

DESIGN OF MINOR

When the faculty actually designed the minor, they had some complex territorial areas to adjust too as well as the customer information. The customers wanted two or three courses at a low level. The faculty's first inclination was to try and use existing upper level courses. These courses have all kinds of prerequisites and restrictions particularly if they are in the accredited business school.

A second concept, hybrid or interdisciplinary courses, was proposed. The most interesting courses proposed are the first two courses in the minor. These courses are taught by faculty in engineering and business. The others course are combinations of content from upper level business courses. Table 1 presents a brief description of the entire entrepreneurship minor.

Table 1. Description of the entrepreneurship minor.

Course Title and number	Course level	Department Housing the Course in the School of Business	School and Department of Faculty Teaching first pass	Focus of Course
Entrepreneurial Quest -150	Freshmen	Marketing Department	Engineering	What is involved and what is your idea like?
Entrepreneurial151	Freshmen	Marketing	Marketing	Developing the Product Feasibility including segmentation, competitive analysis, design, prototyping, IP, pricing, market test.
Ent 250Entrepreneurial Finance and Accounting	Sophomore	Finance	Finance	Planning for positive cash flowsUsing Financial statements ratio analysis, budgets, understanding the perspectives of potential funding sources.
ENT 251Entrepreneurial Management and Marketing	Sophomore	Management	Marketing	The process of the business plan, market research, competitive analysis, develop sales forecast, and marketing strategy.
Ent 350Entrepreneurial Business Plan	Junior	Marketing	Management	Developing a business plan for a local entrepreneur as well as the students business plan which is to be presented for judging;
ENT 352Entrepreneurial Project	Junior	Management	Management	Individual Project Work:Launching student business orIn depth research on current issues in entrepreneurship orAssist a local entrepreneur

FOCUS ON FRESHMEN

In what you are about to read it is important to remember that first year students are the target audience for the course. The breadth and depth of the material has been adjusted to accommodate the target audience. They come with passion, excitement and ideas. They come without benefit of formal engineering or business training beyond what can be developed in high school.

ENGINEERING TOPICS

The goal of the two classes is not to teach students to be engineers or marketers. Instead the goal is to teach students to effectively work with engineers and business professionals to produce a product. Since engineers tend to be visual thinkers, the first topic is sketching.

ABOUT BEING VISUAL WITH ENGINEERS.

Engineers are often accused of not being capable of discussing an idea without sketching. Despite the popularity of Computer Aided Design (CAD) software, sketching remains important to engineers because of how quickly and easily sketches can be produced, discussed and modified. Therefore entrepreneurs working with engineers should know how to produce and interpret the types of sketches engineers typically use. Students will learn about the two kinds of drawings that engineers use, isometric and orthographic.

Isometric sketches are used to represent a three dimensional object on a two dimensional piece of paper. These sketches can be used to show the features of a product, how a product operates or how a group of parts are assembled into a finished product. The techniques for producing isometric sketches are not difficult to understand or learn. Orthographic sketches are a two dimensional sketch of a single part. Engineers typically use orthographic sketches to discuss the details of a particular part. Moreover orthographic sketches are used to convey the final design of a part to the manufacturer. Therefore it is important for entrepreneurs to understand how to produce and interpret orthographic sketches. Engineers communicate using sketches and anyone working with engineers would be well advised to learn how to sketch in order to facilitate communication.

MODELING AND PROTOTYPING

Moving up from the sketch is the idea of modeling and then prototyping a product. This is an important contribution of engineers to the new product or new venture process. Many entrepreneurs find it difficult to produce a physical representation of a product so that potential customers can meaningfully critique the product. At a first level one could move from a sketch to some kind of medium like clay or foam to show others what the product will look like. Tangibility helps the customer give more honest and valuable feedback. Feedback leads to iteration and improvements. When students sculpt their ideas, they are forced to make many decisions about their product.

A level up from sculpting in clay or foam is the CAD model. If someone knows the software they can create a powerful computer model. The goal is not to teach every student to create models using software. Instead all students should know what technology is available. From CAD it is logical to go to Rapid Prototyping (RP). Students are often amazed at what can be generated in a short time using RP technology. If they have completed a CAD model or have availed themselves of an engineering student that can do this kind of work they can obtain a small physical model of their product idea. The speed of this process is amazing to students and business faculty. How will this open up the doors and minds of students from many disciplines?

MATERIALS AND MANUFACTURING AND PROCESSES

In your authors experience one of the hardest things for entrepreneurs to think about are the decisions about making the product, buying existing components, or contracting for the product. It seems that many people who have ideas for a product drive around with their radio blaring oldies and thinking about what the factory will be like. Yes for some reason they always envision a wonderful factory conveniently located near their home, cottage, or wherever they like to be. Imagine driving through Estateville and finding in the ½ acre side yard a metal stamping facility. Not in my back yard! Dreams at night have the artist, or the medical tech person being greeted by legions of workers playing, “Hail to the chief.” Of course, this is not reality. Nor are all those dreams of the CFO reporting on what to do with the piles of money. Most people with new product ideas should not be running factories – different personalities. Your authors have a couple of clients who are great examples of what could and frequently should be. These gentlemen have a nice office over a superb restaurant, coffee shop and wine store from which they conceive and do preliminary design work for their products. Their products are manufactured in another country and shipped to them in manageable quantities.

There are a number of issues that entrepreneurs need to think about in terms of manufacturing. These include manufacturing capabilities or what can it add in value. Is the technology and experience for manufacturing their product necessarily in their back yard, or is it potentially some where else? What are the limitations of the manufacturing process to the new product? How could design of the product impact positively the manufacturing process? For instance, design can facilitate manufacturing, reduce cost, involve less technology, reduce fragility for transport and reduce shipping weight.

MANUFACTURING COSTING

There are several areas here that students need help in understanding. First they need to understand the manufactured product in the box and ready to ship needs to be about 1/3 of the price they expect it to be at retail to cover the channel of distribution costs. More importantly inventors need to understand impact of tooling costs.

Tooling costs is a hard concept for inventors to understand if they are not out of manufacturing. They have no basis for knowing how much upfront costs there will be to set up tools and molds for their product. These costs mean a couple of different things. First, the inventor can not keep changing their mind on what the product should be like. They need to do their market research in proper sequence so that the product is physically set in form and shape before the tools and dies are ordered. Second those with new ventures need to understand the ideas of total costs, and piece costs. Is it better for a new product to make 500 units to find out how they sell with higher piece costs or make 5,000 with a lower piece costs but a much higher total costs? You authors know plenty of people who have a garage or a warehouse full of product that went for low piece costs but did not have the product correct. These entrepreneurs are now stuck with a garage full of product that they can not sell.

Another issue is where in the world the product should be manufactured. Many product types are no longer manufactured here in the United States. If the entrepreneur is thinking about a small appliance, they probably need to be looking at Southeastern China. The will need to be prepared to consider where in the world is the best location to manufacture the product.

MARKETING TOPICS

There are a number of important marketing topics that need to be woven into the program for beginning entrepreneurs.

FOCUS ON THE CUSTOMER

Included here will be such things as segmentation and target markets. Many people with an idea have a difficult time grasping the idea that it is not for everyone. They seem to overlook the importance of finding a target to focus on. Engineers and people with minds like engineers become totally engaged in how the product will work. They often can not bring themselves to do any research or give to finding and quantifying a target market.

Your authors have worked with a number of people who spend a great deal of time refining a product with no evidence that there is a market. It is very hard to get those thinking about products to put aside their own wonderful ideas and to listen to what the customer has to say. In other words the courses will have to work at moving away from a product orientation into a marketing orientation.

CONCEPT TESTING

A huge issue for entrepreneurs is to actually blind test their concept idea in some way. This is one way that entrepreneurs can begin to focus on the customer and get some idea of how they react to the product or service being proposed. There are of course two parts to this. One is developing the idea to a stage that a person who is not knowledgeable can understand the idea from a text description, pictures, CAD model, video, or even a plastic model. It is essential that the entrepreneur be able to communicate the idea to others. If they can not explain it then how will they get feedback from potential customers? This will be major emphasis in these early courses.

The second part of this is to be able to get in touch with members of the target market. While some may be able to define a target market most entrepreneurs either do not know or are not sure how to get information from them. It is important in the process to be able to get feed back from the target market. In this case it may be getting a representative group together and presenting the product idea while recording the feedback. The objectivity of the information determines the value of the feedback.

VOICE OF THE CUSTOMER

Learning to build a business process that includes the voice of the customer is important to the success of the entrepreneur. How do you do this? What does a beginning organization without money do? What are some of the things that can be done on a day to day basis to help get this input?

This is a big area for marketing contribution. Some how the process needs to include the voice of the customer from beginning to end. In the class the students need to learn to look and listen for the voice of the customer in formal situations such as marketing research, and in more informal situations such as social events. It will be emphasized as a constant process starting with ideation and running through market introduction and eventually even useful in making the decision to withdraw from the market at the end of the product's life cycle.

CUSTOMER'S PERCEIVED NEED

Customers logically seek to fill the needs that they have in some order. The entrepreneurial students need to learn to think in terms of what the customers needs might be. Not as you perceive the customers needs but how does the customer perceive his or her need? How culture bound is it? How limited is it by what exist today? Who would have asked for a cell phone in 1960? Who would have asked for an entertainment device combined with a phone in 1970? Do they express their need in the same way that the entrepreneurial students express their benefits? This is often difficult for engineers and others because they think they know what the customer wants.

The course works with students on developing the match between the benefits the entrepreneur offers and the needs that the customers are trying to satisfy. The cell phone met a need for freedom in time and place in developed countries and the need for communication in the unwired countries.

FEATURES AND BENEFITS

This is an area of constant confusion for those who are trying to build products. Developers get all excited about how many filters the vacuum has! The customer just wants a clean rug and clean air. Distinguishing between the features and the benefits of the proposed product is a huge job for marketing and a major contribution to the entrepreneurship minor.

PRICING VERSUS COSTING

The engineers and accountants give us cost methods of determining price. This does not tell us price, or more particularly perceived price or perceived value. Entrepreneurs need to learn to pay attention to the perceived value that customers or potential customers see in a benefit stream. This may vary above or below costs as the product was conceived.

FEASIBILITY AND MARKET ENTRY PLANNING

Here are some of the feasibility issues that must be considered:

1. Market potential – how big is the target market?
2. Market Share – what do we think it should be?
3. Is there a method of distributing the product for the entrepreneurs?
4. What percent of the target perceives value in the concept?
5. Can the entrepreneur reasonably afford the communications necessary to make people aware of the product?
6. What is the competition like and what will it be like?

CONCLUSION

A challenge to all involved in working with entrepreneurs outside of their disciplines is to harvest the passion of the entrepreneurs who wants to learn. Faculty must break out of the functional silos and arm the students with the skills and background required to work with specialists from a variety of fields to get what they need. The goal of the entrepreneur is not to learn engineering, marketing, accounting, or some other discipline but to get the tools necessary to move their idea towards the marketplace. If we create obstacles they will either quit or go elsewhere. In a time when innovation means job and economic life it is incumbent on the functional areas and the academic disciplines to be willing to encouraging crossing the lines to facilitate student entrepreneurs.

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PRIVATIZATION, ENTREPRENEURSHIP, AND GLOBAL COMPETITIVENESS IN THE 21ST CENTURY

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ABSTRACT

This paper discusses Privatization, Entrepreneurship and global competitiveness and also examines the contributions of privatization to entrepreneurship in new ventures and established companies and discusses the implications of entrepreneurial changes that occur following privatization for global competitiveness, we have chosen this topic because "Privatization is driven by globalization," and if it's done well the governments, individuals, and investors all benefit. This paper discusses the changes that can occur in the ecology (context) of competition in a country and in a firm's culture and systems, and how these changes can alter global competitiveness. Privatization is important to discuss since it has become a popular strategy for "restructuring the national Economies of advanced and advancing countries. This strategy centers on promoting the forces of the free market system by transforming state-owned enterprises into private companies and changing their ownership and management systems".

THE NEED FOR ACHIEVEMENT IN INDIVIDUAL ENTREPRENEURSHIP

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ABSTRACT

Researchers have been trying to understand what it is that contributes to successful entrepreneurship. Entrepreneurship is becoming an increasingly popular career choice in today's marketplace. There have been many studies of entrepreneurs that have been conducted over the last several years. It has been suggested that those who succeed in business have quite a few characteristics in common. One of the characteristics that have been seen in several individuals as a quality found in those which are successful is the need for achievement. A few of the personal attributes that most successful entrepreneurs' share include: a strong need or desire for achievement within their field, a desire to be independent, and self-confidence [3]. Rotter, suggests that entrepreneurs possess a high internal locus of control – they believe that they are in control of their destiny. The desire to take "ownership" of his or her own destiny is important to the entrepreneur. In the following pages, the above-mentioned concept, that is, the need and desire for achievement will be examined as it relates to the individual entrepreneur.

LEASING AGREEMENTS AND THEIR IMPACT ON FINANCIAL RATIOS OF SMALL COMPANIES

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ABSTRACT

Current accounting standards specify two ways of reporting leased assets. Operating leases are viewed as true leasing agreements. Owners simply report the cost of the lease payments made in the current period as rental expense. The second type of leasing agreement is called a capital lease. If the owner enters into a non-cancelable lease agreement that extends through most of the asset's useful life, the lease agreement must be capitalized. This means that the leased asset must be reported on the company's balance sheet and the present value of the minimum required lease payments must be reported as a liability. The leased asset must be depreciated over the life of the leasing agreement, resulting in an expense on the income statement. These reporting requirements have resulted in operating lease agreements being the contract of choice for small businesses.

The classification rules of leasing agreements currently depend on arbitrarily-established limits set by the Financial Accounting Standards Board in 1976. If the length of the lease is at least 75 percent of the total estimated life of the asset, or the present value of the minimum required lease payments is at least 90 percent of the fair value of the asset, the leased asset must be capitalized. This approach has been highly criticized because it focuses on the contract rather than the way in which the underlying asset is being used. Further, the arbitrary limits allow companies to structure the contract just short of the limits to avoid capitalization.

The Financial Accounting Standards Board periodically reexamines this issue and, at one point, issued a special report supporting a position that leases should be viewed in terms of property rights, rather than ownership rights. Under this approach, many lease contracts that are currently reported as operating leases would be capitalized. It is likely that the board will eventually restrict the reporting of operating leases to some degree. Currently, many financial statement users employ simple techniques to convert operating leases to capital leases for the purposes of analyzing data.

I use a set of 273 privately-held companies in the trucking industry to show the impact of leasing on the financial statements. On average, 44 percent of the tractors operated by companies within this sample are leased. The sample is restricted by company size and service to allow comparison of similar firms. Prior research of the impact of lease reporting on financial statements has been limited to small samples of large, publicly traded companies. The private sector has been ignored.

Descriptive analyses show the potential impact of leases. I compare key profitability and liquidity ratios between two sub-samples of companies that either primarily lease, or primarily own their operating assets. I then use typical leasing contract parameters to capitalize the leased assets. The impact on the financial ratios of capitalizing these leases is striking.

These results are applicable to industries where leased equipment comprises a sizable portion of a company's fixed assets. This paper illustrates the economic impact of leasing on the profitability and liquidity of the business, and how ratios will most likely be perceived by financial statement users.

AN EXAMINATION OF THE RELATIONSHIP BETWEEN PERFORMANCE AND THE ORGANIZATIONAL VALUES, STRATEGIES, KEY SUCCESS FACTORS, SKILLS, CULTURES OF MICRO-BUSINESSES

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ABSTRACT

In the United States, the level of economic dependence (revenues and job creation) on micro enterprises (fewer than 10 employees) has grown in recent years as the result of increased rightsizing and early retirements in middle to large-sized firms. As such, the government is placing increased emphasis on enterprise assistance programs and policies; particularly in the area of micro-businesses. This study examines relationships or linkages between the micro-business owner/manager's personal values and expertise, the strategies they adopt, the cultures they develop, and the financial and strategic performance within the retail craft industry. The findings suggest that owner/manager's personal values are highly correlated with the business strategy. Further, strategies that focused on the industry's key success factors (KSFs) had greater success than those that didn't. Also, an owner/manager's expertise was highly correlated with achieving financial and strategic objectives.

INTRODUCTION

In the United States, the level of economic dependence (revenues and job creation) on micro enterprises (fewer than 10 employees) has grown in recent years as the result of increased rightsizing and early retirements in middle to large-sized firms. Further, the government is trying to increase its emphasis on entrepreneurial opportunities for baby boomers as a method to reduce pressure on the social security system. As such, the government is placing increased emphasis on enterprise assistance programs and policies; particularly in the area of micro-businesses. However, the effectiveness of these policies and programs are dependent on a thorough understanding of owner/managers and how they operate. While a plethora of research has been conducted on small businesses, very little has been conducted on micro-businesses. This study examines relationships or linkages between the micro-business owner/managers' personal values and expertise, the industry's key success factors and the strategies, the cultures they develop, and their financial and strategic performance.

The literature in this area suggests that owner/managers' personalities, in particular their values and goals, are indistinguishable from the goals of their business (Bamberger, 1983; O'Farrell and Hitchins, 1988). It is also suggested that owner/manager's personal values and resources (expertise) influence the strategies and in turn, the cultures they adopt in operating their businesses and, ultimately, the performance of their businesses (Thompson & Strickland, 1986). However, these propositions lack empirical support.

The aim of this research is to empirically test the relationships between the personal values and expertise of micro-business owner/managers, the industry's key success factors, the strategies they adopt, the cultures they develop, and their performance outcomes. A research model was adapted from the research of Kotsey and Meredith (1997) to test the relationships among these five variables. In particular, the model suggests that certain dimensions of personal values are associated with specific strategy dimensions, cultures and certain performance outcomes. To address these areas of research, a study was carried out using data from retail craft micro-businesses in the southeastern United States.

PERSONAL VALUES, CULTURE, KEY SUCCESS FACTORS, EXPERTISE, BUSINESS STRATEGY AND PERFORMANCE

Organizational culture is generally defined as the values, beliefs, traditions, rituals, heroes and norms of the employees (Petrock, 1990; Schwartz & Davis, 1981). Using the values, beliefs and norms of a number of large organizations, Deshpande, Farley, and Webster (1993) have developed a cultural classification system. In short, they contend that large firms possess one of four organizational cultures: Market, Hierarchical, Adhocracy or Clan. Market cultures focus on competitiveness and goal achievement, led by decisive, achievement-oriented individuals with guiding strategies for achieving competitive advantage and market superiority. Hierarchy cultures stress order, regulation, and uniformity with more "coordinator" styles of leadership whose strategic emphasis is on predictable, smooth operations. Adhocracy' cultures emphasize entrepreneurship and creativity, where leaders are more innovative and risk-taking and whose strategic orientation focuses on innovation and growth. Lastly, Clan cultures emphasize teamwork, participation, cooperation, and a sense of belonging and family led by more mentoring leaders with strategic goals of building morale and developing human resources. As one can see, each of these factors in a micro-business is highly dependent on the owner/manager desires. As such, one would expect to find strong cultures that are highly focused on the OM's values in micro-businesses because of the smallness in size and the close proximity between the owner/manager and workers.

H1: An owner/manager's values will be significantly related to the organization's culture in micro-businesses.

Three basic factors influence managements' choice of strategy—management, environmental variables, and the firm's internal resources (Thompson & Strickland, 1993). The degree to which management and environmental variables influence business strategy has been debated by a number of researchers. Miller and Toulouse (1986) stated that management has the greatest influence in dynamic, unpredictable, and changing environments or in small businesses. Particularly in small businesses the need for change and action gives managers an opportunity to leave their personal imprint on the enterprise. Bamberger (1983) goes further by stating that business strategies are products of managers' visions and values which in turn originate from their personalities. Hypothetically, the value system of the owner/manager is more important in small firms than the competitive environment and is reflected in the emergent strategies.

H2: An owner/manager's values will be positively related to the organization's emergent competitive (business) strategies in micro-businesses.

H3: Micro-businesses with different strategies will have different organizational cultures.

The performance of an enterprise is determined by the business strategy it adopts (Pearce & Robinson, 1985; Olson & Bokor, 1995). As previously mentioned, a business strategy is an overall game plan or plan of action which defines the competitive position of a firm (Mintzberg & Quinn, 1991). Hambrick (1983) notes that successful business or competitive strategies focus on the industry's key success factors. An industry's key success factors (KSFs) are those three to five competitive factors that most affect industry members' ability to prosper. Paige (1998) defined the key success factors of the retail craft industry as: differentiation, customer satisfaction, consumer education, and advertising. As such, the following hypothesis is proposed.

H4: Micro-business strategies that focus on an industry's KSFs will have greater financial success (e.g., profit).

A company's resource strengths or competitive skills are significant because they can form the basis for creating a competitive advantage and implementing a successful strategy. A company's success is more certain when it has appropriate and ample resources with which to compete, and especially when it has a valuable strength with the potential to produce competitive advantages (Collis & Montgomery, 1995). If a company doesn't have the resources and competitive capabilities around which to craft or implement an attractive strategy, managers need to take decisive remedial action to upgrade existing organizational resources and capabilities. This is particularly germane in micro-business where the bulk of the organization's business skills often reside with the owner/manager. In fact, research indicates that an owner/manager's lack of knowledge of his/her particular industry and skills requirements is a common cause of startup failures. As such, it seems logical to suggest that an owner/manager's skill set influence performance.

H5: The degree of the OM's business expertise will be significantly correlated with the organization's financial and strategic success

METHOD

The population of interest was small retailers of handmade crafts located in the nine southeastern states of the United States that include the Appalachian mountain range within their borders as identified by the Southern Highlands Handicraft Guild: Maryland, Virginia, West Virginia, North Carolina, South Carolina, Kentucky, Tennessee, Georgia, and Alabama. The sample included the owner/operators or primary decision-makers of small businesses (10 employees or less) carrying product assortments containing predominantly hand made finished craft products such as decorative or wearable fiber art, pottery and ceramics, basketry, wood, metal, glass, or jewelry. Two hundred and seventy eight business provided useable questionnaires; a response rate of 38 percent.

RESULTS

A chi-square cross-tabulation was performed to assess the relationship between the organizations' values and their cultures (H1). This was first performed by comparing the owner/managers' individual values (top two blocks of a 7-point Likert scale) to their answers on the four cultural questions (Table 2). Second, the owner/managers were given an aggregate score for each of the four value dimensions (e.g., EV, PV, CCV, and PEV) based on their responses in the top two blocks of the 7-point Likert scale. In turn, their value dimension scores were compared to the four cultures (Table 3). The findings of both of these tests offer partial support for hypothesis one. For example, the entrepreneurial value system identifies significantly with a market culture and personal value system identifies significantly with an adhocracy culture.

Hypothesis two tested the proposition that the personal values of owner/managers are linked to their emergent strategies. In order to test this proposition a cluster analysis was performed to classify the organizations' retail strategies from their planned strategies and emergent behaviors. Subsequently, four strategies were identified from the competitive behaviors of the small craft retail firms: Entrepreneurial; Personal; Craft/Culture; and Personal Expression. For the most part, hypothesis two was supported. The owner/manager's value systems did agree with specific emergent strategies. For example, the Estrat was significantly associated with the value system of EV and CCV. The PStrat was most like the value system of PV and CCV. The CCstrat was most like the value system of CCV and PEV. The PEstrat was most like the value system of PV and CCV. Note that all strategies appeared to use the values of CCV.

Hypothesis three was developed to test the proposition that micro-businesses with different strategies will have different organizational cultures. A cross-tabulation was performed on the cultures developed from hypothesis one testing and the strategies developed in hypothesis two testing. The results offer partial support for the notion that different strategies will have distinctly different cultures. As expected, the Market culture aligned with the Entrepreneurial strategy. Surprisingly, however, the overlap of the top two blocks of the Likert scales was a very low 26 percent. Also, surprisingly, the Market culture aligned well with the Craft/Culture strategy. Also, expectedly, the Clan culture aligned with the Personal strategy. The alignment between the Clan culture and the Personal strategy was a fairly convincing 52 percent (top two blocks) as compared to the next culture with an alignment of 19 percent. Overall, it is interesting to note that a high percentage of cultures aligned with the emergent behaviors of the Personal Expression strategy. However, it doesn't appear to make sense that Personal Expression strategy should align so highly (99%) with a Hierarchical culture. Hierarchy cultures stress order, regulation, and uniformity with more "coordinator" styles of leadership whose strategic emphasis is on predictable, smooth operations. It is interesting to note, however, that all cultures gave high marks to those behaviors signifying a strategy of Personal Expression.

Hypothesis four was developed to test the proposition that micro-businesses with strategies that focus on the industry's key success factors will have a higher degree of financial success, i.e. profit. Paige (1998) defined the key success factors of the retail craft industry as: differentiation, customer satisfaction, consumer education, and advertising. The results of a correlation analysis of the firms' profits against the craft industry's key success factors indicate support for this hypothesis. Each of the key success factors (differentiation, customer satisfaction, consumer education and advertisement) were significantly correlated to profit at $p<.01$. Additionally, a regression analysis of the key success factors against profit revealed that the factors predicted 32% of the variance of profit at $p<.01$.

Hypothesis five was developed to test the proposition that the business expertise of micro-business owner/managers will be significantly correlated with the organization's financial and strategic success. Owner/managers were asked to rate their skill level (7-Likert scale) in the following area: (1) managing financial matters, (2) buying the right product at the right time, (3) creating visual displays, supervising employees, (4) assessing customer needs, (5) possessing personal ambition, (6) working hard, (7) possessing business skills, (8) possessing math skills, (9) forecasting trends, (10) planning and strategizing, (11) pricing skills, (12) creating promotions and advertisements, and (13) using creativity and innovation. A correlation analysis was conducted between the business owner/managers' skill set and their financial and strategic performance. Profit was used as the measure of financial performance and customer satisfaction was used as the measure of strategic performance. The results indicated that most of the skills were highly correlated with an overall perception of success and the financial and strategic indicators. Notable exceptions were that a sense of success wasn't significantly correlated to expertise in math, finance, supervision and high degree of ambition. The only expertise that was not significantly correlated with profit was the possession of math skills. The skills that were not significantly correlated with customer satisfaction were ambition and creativity.

DISCUSSION AND CONCLUSIONS

The aim of this research was to empirically test the relationships between the personal values and expertise of micro-business owner/managers, the industry's key success factors, the strategies they adopt, the cultures they develop, and their performance outcomes. The findings indicated that in most cases the OM's values influenced the organization's culture. In other words, OMs that valued entrepreneurial attributes created a market cultures and ones the valued personal attributes created an adhocracy cultures. It should noted, however, that there were only 41 pure cultures out of 278 firms and the vast majority of micro-firms had characteristics of clan cultures. The lack of pure cultures calls into question whether the Deshpande, et al., (1993) classification of organization culture works for micro-businesses. The results seem to suggest that a new instrument should be developed specifically to classify micro-businesses. While there were very few pure cultures, the ones that were pure, exhibited strong relationships to emergent strategies.

Additionally, the findings indicated that specific OM values were commonly associated with specific emergent strategies. For example, entrepreneurial valves were associated with entrepreneurial strategies and personal values were associated with personal strategies. Surprisingly, however, all micro-craft firm strategies possessed a strong craft/regional culture value system. Also, the results indicate that those OMs who focused their strategies on the industry's key success factors outperform those who didn't. In general, business performance (profit and customer satisfaction) was related to the OM's efforts, expertise, and strategies. As such, enterprise assistance programs should focus on building business expertise to include strategic planning. Additionally, the findings indicated that a key success factor in the craft industry was consumer education and advertisement. This is another area that the government could lend assistance. This effort would go hand-in-hand with the growing interest in hand made products and efforts to increase tourism.

Note: detailed references are available upon request from cemery@lander.edu.

BUSINESS ACCESSION AND SEPARATION RATES IN METROPOLITAN AND NON-METROPOLITAN MISSISSIPPI COUNTIES

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ABSTRACT

Rural areas are generally considered to be challenging for entrepreneurs seeking to begin new businesses due to factors such as lower levels of economic development, scarcity of affordable professional services, and smaller markets. However, some studies have found that small business owners find their locations to be assets, rather than hindrances, to success. A previous study of Ohio counties determined that although business accession rates (the number of new businesses compared to the number of current businesses) were higher in metropolitan areas, separation rates (the number of business terminations compared to the number of current businesses) were equal to or even significantly lower in non-metropolitan counties. This study seeks to provide further insight into this issue by examining accession and separation rates in metropolitan and non-metropolitan counties of Mississippi. A greater understanding of birth and death rates may be especially important to lenders or investors assessing the risk of failure of new businesses in rural areas as well as to advisors seeking to improve the economic health of non-metropolitan areas.

INTRODUCTION

Rural areas are generally considered to be challenging for entrepreneurs due to factors such as lower levels of economic development, scarcity of affordable professional services, and smaller markets (Chrisman, Gatewood, & Donlevy, 2002; Lin, Buss, & Popovich, 1990; Small Business Administration [SBA], 2001; Tigges & Green, 1994; Trucker & Lockhart, 1989). However, in some studies (Robinson, 2001; Sullivan, Scannell, Wang, & Halbrendt, 2000; Tosterod & Habbershon, 1992) small business owners found benefits to being located in a rural area. This study examines this issue by comparing the accession rates (new business births compared to the number of active businesses) and separation rates (business deaths compared to the number of active businesses) in metropolitan and non-metropolitan counties of Mississippi. The disadvantages common to non-metro areas may lead to lower accession rates and higher separation rates. However, if there is an advantage to operating a business in a non-metropolitan area, the opposite may be found.

CHALLENGES FOR RURAL BUSINESSES

Rural areas are often characterized by fewer support services and less-developed transportation and electronic infrastructures which could hinder non-metropolitan businesses attempting internet-based businesses as well as brick and mortar operations (Corman, Lussier, & Nolan, 1996; Freshwater, 1998; SBA, 2001). In addition, the trend toward the merger of small banks with larger ones less willing to makes loans to small businesses makes it more difficult for small rural businesses to gain financing (SBA, 2001). This could logically lead to a lack of business starts or increased business deaths in rural areas.

Some studies, however, have determined that rural businesses do not necessarily lag behind their metropolitan counterparts in terms of venture creation. Lin and associates (1990) found no significant differences between rural and urban areas when comparing the rates at which new firms and jobs were created. In a study examining accession and separation rates in Ohio, it was found that non-metropolitan businesses had both lower business accession and separation rates than did those in metropolitan counties (Robinson, 2002).

Considering that rural businesses may have a more difficult time acquiring financing it is important to determine if there are differences between business termination rates. If non-metro businesses are less likely to terminate, finance providers may find they are missing an important segment. In addition, obtaining a better understanding of business start and failure rates would be important to organizations that provide support to entrepreneurs and small business owners so they can provide appropriate aid.

METHODOLOGY, DEFINITIONS AND LIMITATIONS

The study of business failures is complicated by the lack of consistent nationwide data regarding business terminations. This study examines data provided by the Mississippi Employment Security Commission (2005). In this data set, businesses are counted as births when they subscribe to the state workers compensation insurance program, which is required of many businesses including all those employing any number of workers for 20 different weeks in a year or paying wages of $1,500 during one quarter. The data in this study are limited in a number of ways including the facts that they include only employers, and did not indicate whether a business had completely ceased operations when discontinuing insurance, but are a starting point for exploring this issue.

Metro/non-metro classifications were obtained from the Economic Research Service (2003), with 75 counties designated as non-metropolitan and 7 as metropolitan. Although a much small number of counties are designated as metropolitan, these counties account for approximately one-third of the businesses included in this study and have almost five times the mean number of businesses per county.

RESULTS AND ANALYSIS

The total number of businesses in metro and non-metro counties of Mississippi are shown in Table 1. For each year, the total number of business represents the number that were active in the fourth quarter of the previous year. Despite the fact that there are over 10 times as many non-metro as metro counties, there are less than twice the number of total businesses.

Table 1.
Total Businesses in Non-metropolitan and Metropolitan Mississippi Counties

	2000		2001		2002	
	Non-metro	Metro	Non-metro	Metro	Non-metro	Metro
Total Businesses	38,932	20,445	38,424	20,490	37,559	20,183
Mean	519	2,921	512	2,927	501	2,883
Min-Max	44	763	41	774	39	762
Max	2,266	6,903	2,229	6,782	2,169	6,559
Std. dev.	452	2,078	444	2,024	432	1,943

Business accession and separation rates for businesses in metro and non-metro Mississippi counties during 2000, 2001, and 2002 are shown in Table 2. There were significant differences found in the accession rates of metro and non-metro counties, with non-metro counties lagging behind their metropolitan counterparts. During these years, rural businesses were started at a rate of only 71-78% of those in urban counties.

Table 2.
Business Accession and Separation Rates in Mississippi Counties

	2000	Std dev	2001	Std dev	2002	Std dev
Mean Business Accession Rate						
-Non-metropolitan Counties	7.87%	1.91	7.46%	1.91	7.55%	2.40
-Metropolitan Counties	11.08%	2.31	9.90%	1.64	9.70%	1.77
t	-3.561		-3.696		-2.96	
Significance	.010		.007		.018	
Mean Business Separation Rate						
-Non-metropolitan Counties	8.88%	1.9	8.41%	2.2	7.55%	1.49
-Metropolitan Counties	9.53%	1.41	9.51%	0.91	8.69%	1.18
t	-1.124		-2.565		-2.386	
Significance	0.293		0.023		0.044	

Significant differences were also found in the separation rates for 2001 and 2002, with non-metro counties having lower rates. Therefore, it would seem that businesses in non-metro counties were less likely to be started, but once companies were formed, they were more likely to remain in business. As shown in Table 3, significant correlation was found between accession rates, and a county's metro/non-metro status, but not between separation rates and county status.

Table 3. Correlation of Accession and Separate Rates with Metro/Non-metro Status

	Correlation Coefficient	Sig.
2000 Accession Rate	0.373	.001*
2001 Accession Rate	0.325	.003*
2002 Accession Rate	0.261	.018*
2000 Separation Rate	0.108	0.34
2001 Separation Rate	0	0.09
2002 Separation Rate	0.217	0.05

One reason for these overall findings may be the rather large variance in rates, especially for non-metro counties. As shown in Table 2, the standard deviation for both accession rates and separation rates was usually larger in non-metro counties. This seems logical given that although the mean number of businesses is higher in the 7 metro counties of Mississippi, there are 75 individual counties contributing to the average rates of non-metro counties. Because the minimum and maximum number of businesses overlap in some cases, less urban metro counties and more urban non-metro counties may have more in common with each other than with other counties in the same category. Further research should explore this to determine if there are identifiable trends or relationships among groups of counties that may be related to a degree of rurality rather than a binary metro or non-metro designation.

CONCLUSIONS

Given the various reasons that potential rural business owners may be less likely to start operations, such as lower levels of economic development, less access to business services and capital, and higher costs, it is not surprising that there tend to be fewer starts in rural areas. However, it should be noted that the lower level of starts may not clearly reflect the success of rural business overall. It appears that once employer businesses are born, they have a similar if not better success rate in that they are no more likely, or even less likely.

Determining the explanation for these varying rates was beyond the scope of this project, but it can be speculated that the reasons people start businesses in rural areas may be related to the reasons business owners stay in operation. For example, if people start businesses in order to remain in a given location, as in the study by Tosterud and Habbershon (1992), it seems likely that they would continue their enterprises as long as possible to achieve their overall goal, even if this means more difficulty. They may be willing to settle for a lower level of economic success if other objectives are being met (Kuratko, Hornsby, & Naffziger, 1997). On the other hand, if the lower costs, established social networks, and decreased sense of risk experienced by the women in Robinson's (2001) study encouraged them to start businesses, these factors may also play a part in the continued existence and success of these businesses.

Overall, these findings are consistent with those in a study examining the accession and separation rates for businesses in metro and non-metro counties using a similar type of data (Robinson, 2002). That suggests these are not isolated results, but may be part of an overall phenomenon. Future research should continue to investigate this issue with the aim of determining if there is a reason for lower failure rates in rural areas and how rural residents can be assisted and encouraged to start businesses. Considering the importance of jobs in non-metro areas, the birth of small business employers would be very important to the residents of these areas. In addition, if there is lower risk of business failure in rural areas, lenders may find that these business owners are a better financial risk than those in more developed areas.

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A PROPOSED LOOK AT THE ROLE OF SELF-EFFICACY AS A MEDIATOR BETWEEN EXPERIENTIAL ENTREPRENEURSHIP EDUCATION AND PERFORMANCE OUTCOMES

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ABSTRACT

An important goal in higher education is to give students the tools needed to help them to be successful in their future endeavors. Traditionally, in business schools, these tools included teaching students the functional areas such as finance, accounting and marketing. As increasing numbers of schools begin to add more experiential entrepreneurship courses, students may begin to see benefits beyond the traditional preparation, including increases in self-efficacy beliefs and performance outcomes. Bandura (1986) describes the four primary influences on self-efficacy beliefs as the following: accomplishing the task (mastery), seeing others succeed (modeling), getting encouragement (social persuasion) and changes in emotional states. Students who go though the process of new venture creation will likely see an impact from at least three of these influences. This paper examines the possible impact of experiential entrepreneurship education on various types of self-efficacy and the effect on academic and business performance outcomes. Finally, a formal model of the above relationship is offered as well as testable propositions.

INTRODUCTION

Many entrepreneurs will say that they learned business skills such as accounting and marketing in college, but they truly learned these skills in the operation of their business. Undoubtedly, learning by doing (using real money with real customers and real problems) adds a critical element to the educational experience. To date, very few universities offer students the opportunity to start, run and manage real firms. This paper will explore the potential influences of experiential entrepreneurship learning on various types of self-efficacy as they relate to performance outcomes and offer testable propositions.

Entrepreneurship and Experiential Learning

Bygrave (1989) defined entrepreneurship as a "process of becoming rather than a state of being" (p21). Using this definition entrepreneurship pedagogy supports the idea that creating entrepreneurs is not about identifying traits and characteristics about entrepreneurs or teaching them to write a business plan, rather it is a process of venture creation. This paper will first examine the value of experiential learning, followed by a review of self-efficacy in the business environment and discuss the possible relationships between venture creation, self-efficacy and performance outcomes.

Research in learning and experiential learning has grown in recent years. This research spans the fields of study from psychology to strategy. Brookfield (1984) and Kolb (1984) described learning as "the process whereby knowledge is created through the transformation of experience". In experiential learning, the individual uses their experience to transform activities into knowledge and development (Kolb, 1984; Torbert, 1972). Although experiential learning is taking a more prominent role in education, that is not necessarily the case in entrepreneurship curriculum. When one looks at the influences related to self-efficacy beliefs, it becomes apparent that experiential learning should be highly related to these beliefs.

Self-Efficacy

Self-efficacy can be defined as the belief of "how well one can execute courses of action required to deal with prospective situations" (Bandura, 1982 p.122). There are clear distinctions between the construct of general self-efficacy and specified self- efficacy. General self-efficacy is trait-like and therefore more immune to influence and may not be affected as much by the startup of a business. Contrarily, specific self-efficacy is more state-like and susceptible to influence.

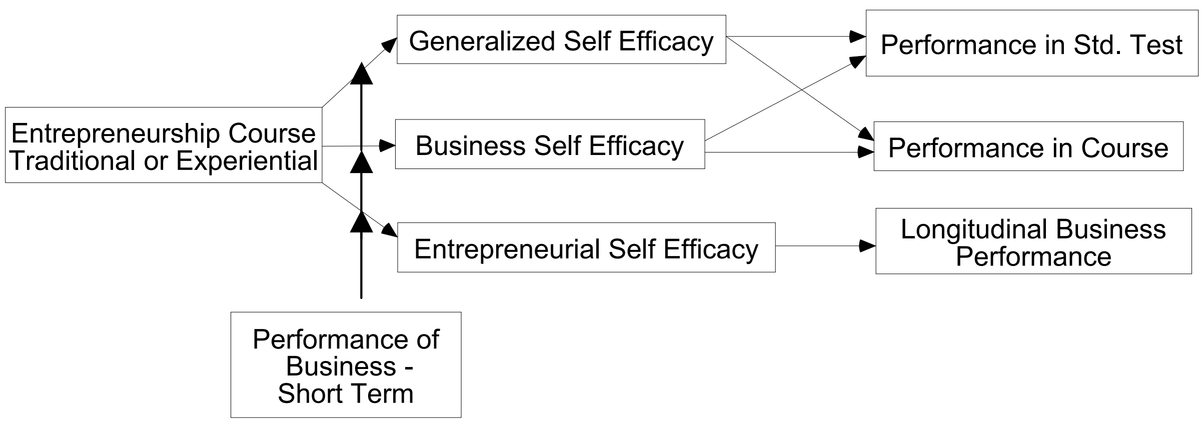
Self-efficacy research would predict that higher levels of certain self-efficacy beliefs should help students to be able to achieve greater success and be motivated to do better. As Bandura (2001) stated "unless people believe they can produce desired results and forestall detrimental ones by their actions, they have little incentive to act or to persevere in the face of difficulties" (p. 10).

There are multiple known influences on self-efficacy. Bandura (1986) postulates that mastery experience is the most influential component in the formation of beliefs about individual levels of self-efficacy. A second source of forming self-efficacy beliefs is through vicarious learning (seeing others accomplish the task). In the classroom, students who observe others succeeding may experience this vicarious learning and could see increases in their efficacy beliefs. Verbal or social persuasions, although less influential, do play an important part in levels of self-efficacy. A final source of self-efficacy comes from physiological and psychological arousal (how the individual feels, physically and emotionally). These influences lead to higher levels of self-efficacy which can increase performance.

Put simply, a higher level of self-efficacy is related to higher levels of performance. In organizations, self-efficacy has been shown to be strongly positively related to performance. Stajkovic and Luthans (1998) meta analysis examined 144 studies and found there was .38 weighted correlation between self-efficacy and work performance. One positive attribute of self-efficacy beliefs is that because it is state-like, it can be influenced and specifically it may be influenced by an experiential learning environment in entrepreneurship.

Self-Efficacy and Experiential Learning

Given that task mastery is the strongest influence in self-efficacy beliefs, an entrepreneurship course that is experiential in nature would likely lead to increases in self-efficacy. This paper proposes a multifaceted model in which entrepreneurship courses will lead to increases in self-efficacy. What this paper seeks to address is whether or not different types of entrepreneurship courses (experiential vs. traditional) will lead to increases in various types of self-efficacy and ultimately influence performance outcomes. In the experiential component of the model, it is also predicted that the relative success or failure of the business in the short run (the course semester) will act as a moderator influence on self-efficacy beliefs. Figure One below shows the general model that is being proposed.



Propositions

This paper makes distinctions between generalized and specific self-efficacy, but will also argue that they both should be tested. It is predicted that the effects on generalized self-efficacy will be less than those of the specified self-efficacy. Nevertheless, a successful business may have some spillover effect insomuch that the individual who has overcome numerous obstacles in the startup of a new venture may see some increase in self-efficacy beliefs. Consequently, it is predicted an individual's generalized self-efficacy may increase when the businesses are successful. This belief is reflected in Proposition One.

> *Proposition One – Students who start new ventures may see significant increases in generalized self-efficacy.*

A look at the primary influences on self-efficacy beliefs would indicate that an experiential course that involved the actual start-up of a business should lead to an increase in business self-efficacy. In addition to the mastery experience, the individuals should experience vicarious learning as they observe other businesses in the course having success. Finally, it's also possible that the verbal and social persuasion that often accompanies an entrepreneurship course could lead to increases in business self-efficacy (keeping in mind the moderating effect of the short-term business success). This relationship between experiential learning and business self-efficacy is reflected in Proposition Two.

> *Proposition Two - Students who start new ventures will see significant increases in business self-efficacy.*

Starting a business and running a business are distinct, but related, propositions. The skill set related to starting a business involves scanning the environment, planning, and researching among other skills. Running a business involves hiring quality employees, training, selling and understanding financial concepts. Consequently, entrepreneurial self-efficacy beliefs would likely represent a unique construct versus business self-efficacy beliefs. To that end, a student who has taken a traditional entrepreneurship course that involves writing a business plan may see an increase in their entrepreneurship self-efficacy, but not necessarily a significant increase in business self-efficacy. The predicted relationship between traditional entrepreneurship learning and entrepreneurial self-efficacy is reflected in Proposition Three.

> *Proposition Three - Students who are enrolled in a traditional entrepreneurship course will see increases in their entrepreneurial self-efficacy.*

Having mastered the steps required to start a business, it is expected that students could use these real world experiences to understand the workings of the business beyond that of students who have not had such coursework. The experience of running a business should help student understanding as they progress through other courses. Therefore, the self-efficacy increase should lead to higher performance in the classroom and/or a standardized test. This relationship between business self-efficacy and higher academic performance is reflected in Proposition Four.

> *Proposition Four - The increase in business self-efficacy will be related to better performance on a standardized test and/or classroom performance.*

Stajkovic and Luthans (1999) meta analysis indicated that self-efficacy beliefs accounted for a 28% increase in performance. Students who have mastered the process of new venture creation and the running of small businesses would likely have increases in their self-efficacy. They would also see better performance in their eventual businesses they create. This idea is reflected in Proposition Five.

> *Proposition Five – The increase in entrepreneurial self-efficacy will be related to better long-term business performance.*

MODERATORS & CONTROL VARIABLES

Considering that self-efficacy research points to mastery of the experience as a major influence in increasing self-efficacy levels, failure to master the experience (i.e. business failure) could possibly have a negative effect on entrepreneurship self-efficacy.

In the examination of propositions Four and Five, which address measurement of academic performance, incoming standardized tests such as the SAT or ACT and/or college GPA could be used to control for predisposed differences in academic achievement.

CONCLUSION AND IMPLICATIONS

To date, very few universities offer students the ability to actually start, run and manage real firms. It is anticipated that the experience will likely have positive outcomes in addition to pure educational aspects including increasing a student's self-efficacy. Bandura (1997) wrote that self-efficacy is the belief "in one's capabilities to organize and execute the courses of action required to produce given attainments", which has been linked to increased performance. Using this premise, this study proposes to examine the relationship between new venture creation and various cognitive outcomes.

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A TEST OF CONTINGENCY THEORY AS A BASIS FOR UNDERSTANDING TECHNOLOGY TRANSFER EFFECTIVENESS IN JAPANESE ORGANIZATIONS

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ABSTRACT

This paper describes an empirical test of the Teasley and Robinson (2005) model of knowledge-based entrepreneurship and innovation in large industrial organizations using a sample of Japanese companies' multinational product development teams. The model, based on Contingency Theory, proposed that the "fit" between information richness, information amount, and technological analyzability and variety of information would explain variability in technology transfer effectiveness. Results suggested that when technology variety is high, increased information positively influenced technology transfer effectiveness; likewise, when technology analyzability is low [a complex technology], increased information richness [not volume] improves effectiveness. Contrary to what was predicted by structural contingency theory, when technology variety was low, increased information volume enhanced effectiveness rather than negatively influencing effectiveness; and, when technology analyzability was high, increased information richness influenced tech. transfer effectiveness positively rather than negatively. Overall, there was partial support for the proposition that matches between technology variety/analyzability and information amount/richness would predict technology transfer success. Cultural considerations were seen as possible reasons for deviations from model and contingency theory predictions.

AN EMBRYONIC PROPOSED BOOTSTRAPPING JOURNEY FOR DEVELOPING UNIVERSITY ENTREPRENEURSHIP

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ABSTRACT

The literature is becoming abundant with the profound trend and zealous development of creating formal and informal entrepreneurship programs across campuses. It has become self-evident that many non-business students epitomize the entrepreneurial spirit and mindset. Also, many of them start businesses or already have an ongoing business. Consequently, the many internal and external stakeholders of university entrepreneurship have created innovative academic and nonacademic programs to serve students from other disciplines. Concurrently, many of these efforts have been given funding or seed money --through such means as grants, endowments, corporate gifts, or university budgets. However, in some cases it is necessary to initiate the entire process through a bootstrapping approach because there are NO funding or very limited finances and personnel. Unfortunately, there is little discussion on how one might get entrepreneurship started with limited funds and manpower. Concomitantly, this pioneering effort may have to be started by a professor who believes in the significance of such a Herculean task. This paper offers a brief examination of the beginning stages of trying to create an infrastructure and promote entrepreneurship across campus. The contents herein have implications for other professors and administrators who may already have a program or who are trying to start an entrepreneurial initiative.

INTRODUCTION

The literature is rich with the significance of attracting students to capture that entrepreneurial spirit, philosophy, and lifestyle. A thriving entrepreneurial class and future student classes could continue to innovate, create jobs, and contribute to a more prosperous national economy (Brooks 2003). Consequently, it has been estimated that entrepreneurship education in the United States has exploded to more than 2,200 courses at over 1,600 schools, 277 endowed positions, 44 refereed academic journals, over 100 established centers and mainstream management and marketing journals devoting more issues (some special issues) to entrepreneurship. The discipline's total wealth has grown to exceed 440 million dollars with over 75 percent of those funds occurring since 1987 (Katz 2003).

In the early stages of entrepreneurship education the urgency was in providing education for students majoring in some field of business. It was frequently surmised that business students were the most likely prospects for this emerging educational field. It was also felt that these students were the ones who would actually start businesses. Lastly, entrepreneurship had a more narrow explanation in which one would have defined it as essentially starting and managing a small business.

However, entrepreneurship is greater than the mere creation of a new business. Kuratko and Hodgetts (2004) note that it is an entrepreneurial perspective, which requires energy and passion in creating and implementing new ideas and creative solutions. This perspective includes some essential components, such as the willingness to take calculated risks—in terms of time, equity, or career; ability to formulate effective venture teams; innovative skill to marshal needed resources and build solid business plans; and the vision to recognize opportunities when others see chaos, uncertainties, contradictions, and confusion (Kuratko and Hodgetts 2004).

It is axiomatic that the myopic approach has changed. Recently, it is been broadly characterized as a mindset, attitude, behavior, and lifestyle. Morris (1998) and Gartner (1990) identified a number of definitions and common words or phrases that help describe entrepreneurship. Morris (1998) further offers a unified framework for synthesizing the numerous explanations of entrepreneurship. He concluded that one should try an input-output scheme that highlights the importance of the process as well as the individual. Furthermore, salient resources that serve as inputs are brought together to provide value that exploit opportunities in the environment, which results in possible outcomes and deliverables. At the risks of belaboring the point, it is apparent that entrepreneurship has spread across the curriculum and spread throughout the business community. Just one small sample of presentations at the recent 2005 USASBE conference illustrates this vast interest on encouraging entrepreneurship within all university disciplines.

Perhaps the most publicized effort has been the recent 25 million dollar Kauffman grant that was awarded to eight universities. The intent is to make entrepreneurship education available across campus, transforming the way entrepreneurship is viewed, taught and experienced. Under this competitive grant – the first such program of its kind – schools must match the Kauffman grant at least 2:1, which provides a minimum of $75 million for the creation of new interdisciplinary entrepreneurship education programs in American higher education. These schools are encouraged to create a "boundary-less culture of entrepreneurship, empowering all students on campus to access the skills, orientation and networks that can lead to greater opportunities" (Guillies and Armstrong 2003). As noted in a news release by Kauffman, entrepreneurship is no longer the domain of the business schools of higher education.

PURPOSE

The paper describes emerging efforts to create an entrepreneurship culture and infrastructure at a middle size university (approximately 9200 students). As the state's only technological university, the mission is to provide leadership and outstanding programs in engineering, the sciences, and related areas that serve the people of Tennessee and the nation. The University also provides strong programs in the arts and sciences, business, education, agriculture and human ecology, nursing, music, art, and interdisciplinary studies. Although a regional school that retains a special commitment to Middle Tennessee, the school also serves students from throughout the state, nation, and many other countries.

Approximately 10 years ago the university and this writer created an elective undergraduate and graduate entrepreneurship course in entrepreneurship. As a champion for entrepreneurship this author was also required to carry a full load and concentrate on teaching a variety of marketing courses. Consequently, there was a dearth of time in trying to expand the curriculum and encourage entrepreneurship throughout the campus as well as in the community. To find more time, it was decided to apply for a competitive non-instructional faculty university grant that would allow a respite from teaching for one semester. To apply for the grant it was necessary to write a proposal and paper describing the philosophy, justification, strategies, and deliverables in encouraging entrepreneurship throughout the university.

Due to space constraints and time, it is not feasible to describe the entire experiences and journey of planning and implementing the goals of the funded project. Nevertheless, it is feasible to highlight the illustrated objectives, illustrative tasks, and deliverables that were planned for the project. It should be stressed that the paper is unique in the sense that the university is located in a rural area, which presents its own challenges. Admittedly, there are many universities that are located in rural areas with a strong entrepreneurial culture, program, and perhaps a contagious spirit for entrepreneurship across campus. However, it must also be highlighted that there is very limited money, staff, time, current curricula of existing courses, and infrastructure for entrepreneurship too. And, after the semester is completed the professor will be returning to full time teaching with a number of different courses. Lastly, the professor could retire in the next couple of years. Hence, it is necessary to leverage resources and time to make the greatest impact while leaving a legacy and infrastructure for future faculty, students, staff, administrators, and external community stakeholders. Moreover, the professor may create additional commitments that carry over to subsequent semesters. Consequently, there is a need to find partners that can help build a sustainable model.

In short, the paper has implications to other professors who may like to bootstrap their own efforts by observing some of the goals that were outlined in the very beginning. Although the story is unfolding, the information herein may provide a starting framework. This writer did attend the 2004 Conference of the National Consortium of Entrepreneurship Centers. In talking with many directors and from anecdotal evidence, it appeared that many schools had the luxury of receiving major financial grants, endowments, gifts and/or university support to fund programs to start Centers, academic programs, and business outreach services. Some universities do not have this financial luxury. In fact, it may be ironic but mid size and regional state supported schools may receive less than the private and/or a few smaller schools since there are very "targeted" programs of assistance for private and very small schools. Nevertheless, the contents herein could appeal to "smaller" schools that could easily be small within the context of having limited budgets to push entrepreneurship across disciplines. Thus, the paper meets the spirit of one of the missions of the Allied Academies: serving the smaller schools!

GENERAL OBJECTIVES

It was felt that the time was ripe to encourage an entrepreneurial mindset, culture, and informal infrastructure. It was felt that there might be opportunistic avenues for encouraging innovative ways for enhancing Campus wide entrepreneurship.

To encourage the university to support and promote entrepreneurship
To promote the concept of entrepreneurial professorships and staff members
To enhance entrepreneurial leadership plus the development of skunk works.To help the university community members to promote university entrepreneurship
To seek formal and informal avenues to facilitate the entrepreneurial process
To advance interdisciplinary projects in entrepreneurship between colleges
To build entrepreneurial opportunities by creating activities in mentoring, training, networking, researching, teaching, and promoting
To explore a degree of interest in forming formal/informal course offerings, modules or certificates
To gauge interest in forming a university club for all stakeholders on entrepreneurship
To explore interest in creating an innovation lab
To build internal and external entrepreneurial networks
To take a holistic approach for innovative projects while eschewing bureaucratic time
To research, identify, teach, and disseminate information on entrepreneurship

ILLUSTRATIVE TASKS, RESPONSIBILITIES, DELIVERABLES, AND TIMELINE

The proposal included some specific tasks, deliverables and a realistic timeframe. Naturally, it is strongly felt that the creation of university entrepreneurship is a process that will take more than just a semester. But, it was hoped that the seed would be planted so entrepreneurship could take root into a widespread perspective, infrastructure, and culture.

For example, there was an effort to do exploratory research on the interest of creating a Campus-Based entrepreneurship club of students, faculty, staff, and alumni that want to promote entrepreneurship. It was hoped to take a sample of interest from all of the stakeholders on the type of programs desired at the university. It was also proposed to create an Entrepreneur Association of entrepreneurs and special interest groups (for example, bankers and attorneys) in Middle Tennessee. The goal was to create synergism between the university and the business community.

Another attempt is to explore opportunities for a Growth Council that might be sponsored by the Chambers. These fast growing businesses could share ideas, which could then indirectly expedite economic development efforts in the region.

Lastly, the process was going to adopt a framework advocated by Caldwell (2000) in his popular and best selling book Tipping Point. This framework and approach is known as the Law of the Few. The professor was targeting connectors (gatekeepers in marketing vernacular), mavens (information specialists) and salespeople who would promote the professor's project. By finding the right groups and people it may be feasible to leverage the resources while combating the common constraints of money and time. In conclusion, it is not feasible to discuss all of the proposed tasks, but the very brief discussion herein may show the methodology for starting the revolution for university entrepreneurship.

CONCLUSIONS

In conclusion, the proposed non-faculty assignment entails exploratory research, experimentation, oral presentations to interested internal/external stakeholders, promotion of the concepts, testing interest, and contacting selected external stakeholders. The project was funded and is now an ongoing process. Some of the results will be shared at the Allied Academies 2005 conference.

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THE CASE OF USED CAR DEALERS: A RESEARCH INVESTIGATION OF THE SOCIOLOGICAL INFLUENCES ON THE RELATIONSHIPS BETWEEN PSYCHOLOGICAL TRAITS AND ENTREPRENEURIAL ORIENTATION

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ABSTRACT

Sociological influences are an important factor in the success of an entrepreneurial venture. Sociological factors such as education and a supportive environment may have a moderating impact on the relationship between psychological traits and entrepreneurial orientations. In this study, the researchers take the stance that demographic, education, and supportive environment sociological variables moderate the need for achievement, internal locus of control, propensity for risk taking and tolerance for ambiguity psychological traits to explain entrepreneurial orientation.

This paper takes an integrative stance that personality traits viewed alone is inappropriate to explain the phenomenon of entrepreneurship. Gartner (1988, p.57) and Vesper (1980) contend that the creation of an organization is a complex process and a contextual event, the outcome of many influences. Vesper (1980) suggests that the more education and experience an entrepreneur has had in business (especially small business), the more likely it is that the current venture will be a success. Experience enables the entrepreneur to identify potential problems and deal with them before they destroy the venture. To some extent, managerial ability will be a function of the entrepreneur's education and experience, but it is also an inborn skill, which some entrepreneurs are not able to develop. Vesper (1980) further asserts "thus although there tends to be a generally positive correlation between good management practices and successfulness, the place where their role is strongest tends to be more downstream of startup than prior to or during startup" (p.51).

Hypotheses were formulated to discover (1) the relationship between psychological traits and entrepreneurial orientation and (2) the moderating effects of sociological factors on the relationships between psychological traits and entrepreneurial orientation. The psychological trait variables were need for achievement, internal locus of control, and risk-taking propensity. The sociological variables examined were education and supportive environments.

A cross-sectional study was conducted on used-car entrepreneurs in a capitol city situated in a Southern Metropolitan Statistical Area (SMSA). Three hundred fifteen (315) self-reported questionnaires with a self-addressed, stamped return envelope were mailed to the randomly selected auto dealers from the original four hundred and forty (440) registered population list. A total of ninety five (95) questionnaires were returned, completed and usable, representing a 30.16 percent response rate of the 315 mailed questionnaires. Results of the study support significant positive relationships between psychological traits and entrepreneurial orientations. Moderated regression results lend support to levels of education moderating the relationships of three of the four sub-constructs of psychological traits and entrepreneurial orientations. A discussion of the findings, gaps in the literature, and avenues for future research are discussed.

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