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MOTIVATING AT-RISK STUDENTS IN THE ARKANSAS DELTA: AN ENTREPRENEURSHIP SIMULATION

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ABSTRACT

The SIFE Team at an AACSB-accredited College of Business received a grant from Sam's Club to provide an entrepreneurship simulation for 53 at-risk students in the Arkansas Delta. The students were given a pre-test to assess their knowledge of business. Then, the SIFE team supplied the students' teachers with curriculum materials the teachers used to provide the students with a basic knowledge of entrepreneurship and the functions of business. The students divided into teams and created products or services, developed a business plan and marketing plan for their companies, and actually sold their products or services. The entrepreneurship program culminated with a Celebration Fair during which time the students presented and sold their products. The Celebration Fair was attended by other students, faculty, and the community. The students were also given a post-test. One of the most interesting results of the post-test was that 83% of the students indicated an interest in pursuing post-secondary education compared with 22% who had indicated that interest in the pre-test. Additional results of the comparison of the pre- and post-tests are explained in the article.

HOW SMALL BUSINESSES CAN REDUCE HEALTH CARE COSTS AND ENSURE THE AVAILABILITY OF HEALTH INSURANCE FOR THEIR EMPLOYEES

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ABSTRACT

The purpose of this paper is to address how small businesses can reduce health care costs and ensure the availability of health insurance for their employees. This is an important issue for small businesses today due to the continual increase of health insurance costs over the past two decades. Looking beyond traditional managed care plans, this research presents other viable options available to small businesses to provide cost-saving, employee-friendly health insurance.

The current trend of increasing health care costs forces small businesses to find creative solutions to manage health care plans (i.e., preferred provider organizations, health maintenance organizations, and point of service plans) to remain profitable while still offering quality health insurance to their employees. The double-digit rise in premiums over the past two decades has been caused by a variety of factors, including the limited capabilities of small businesses. Overall, the aging of Americans has led to a higher demand for health care services. This increased demand has substantially affected the rising costs of health care. Likewise, specific increases for small business health insurance premiums can be attributed to the weak negotiating power of small businesses and a lack of financial resources. The rise in health care costs associated to these factors have led some small businesses to reduce health insurance benefits, such as low deductibles and mental health benefits, or simply drop health insurance altogether.

As a result of increased health care costs, small businesses are being forced to choose between providing necessary health benefits for their employees or maintain profitability in a heavily competitive global economy. Fortunately for small businesses, several alternatives to managed care plans are currently available. These alternatives were considered in the final recommendations of this research. These also include flexible spending accounts (FSAs), high-deductible health plans (HDHPs), health reimbursement accounts (HRAs), health savings accounts (HSAs), health insurance premium stipends, small business health insurance purchasing alliances, and government intervention. While government intervention is beyond the control of small businesses, the other options listed are possible alternatives to help employers offer affordable, dependable health insurance.

After carefully reviewing the options available, three recommendations were formulated as the best alternatives to managed care plans. The three recommendations for small businesses provided in this paper are to (1) adopt high-deductible health plans (HDHPs) with health reimbursement accounts (HRAs) and flexible spending accounts (FSAs), (2) give employees the

option of receiving a health insurance stipend for private health insurance policies or participating in an employer-sponsored HDHP, and (3) consult with regional health insurance cooperatives to find the lowest possible health insurance rates on either HDHPs or managed care plans.

Although the recommendations in this research are viable options for any small business, employers must remember that the underlying factors in choosing a health care plan are the amount of money the employer can contribute to the plan and the demographics of the small business, which includes the age and sex of employees and their medical history. Assessing these factors, in addition to consulting the recommendations in this research, will allow small businesses to care for the medical needs of their employees at a time when health care costs continue to rise substantially.

STRATEGIC PLANNING: A PRACTICAL PRIMER FOR THE ENTREPRENEUR

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ABSTRACT

Entrepreneurs are known for opportunity recognition. However, once a commercial entity is formed to take advantage of an opportunity, the leadership priority shifts from entrepreneurial to strategic. A strategic perspective leverages limited resources to position a business for future success relative to rivals in a competitive environment. Oftentimes, the talents needed for one priority are counter to those of the other.

This article intends to simplify one's transition from entrepreneurial to strategic. It walks an entrepreneur through the strategic management planning process using a fictional business. The various tasks in the process (mission, vision, internal analysis, external analysis) are illustrated with examples from a typical restaurant. The examples show how the strategic management tasks are interrelated and ultimately lead to a philosophical approach to managing a business.

INTRODUCTION

Entrepreneurs are primarily concerned with recognizing opportunities and seizing the initiative (Baron & Ensley, 2006). However, once seized, the organization needs to be able to survive in a competitive environment. For this follow-on survival, one needs strategic management skills in addition to the entrepreneurial skills already held (Ireland, 2007). In this article we intend to provide entrepreneurs a practical primer to strategic management in a very easy to understand format by following the process using a fictional restaurant in an urban environment.

PURPOSE

Entrepreneurs pour their hearts and souls into new ventures for years until they finally start to pay off (Mitchell et al., 2002). Perhaps they have heard of strategic planning but haven't really had time to pursue it as a process. The problem is that few know much about strategic management and have fewer still have ever participated in the process. And, unlike in larger organizations that may have strategic management departments, the onus for everything in smaller, start-up organizations, falls to the owner/manager.

Therein lay the purpose of this article-to remove some of the mystery associated with strategic management and to provide practical guidance towards taking the next step in managing an on-going business. A summary of the strategic planning process and a list of suggestions for conducting the process are provided. We think you will find that the process is pretty much common sense and easier to accomplish than originally thought.

The importance of strategic management to a business can be summed up with the old saying-"If you don't know where you are going, any road will take you there". Prudent use of the information contained in this article will help ensure that you and your company will find the road to success and will continue to follow it year-after-year.

THE STRATEGIC MANAGEMENT PROCESS

Your first step in learning the strategic management process should be to put yourself at ease. Although, the name itself invokes a grandiose scheme that may seem bigger than life, strategic management is, in fact, little more than an exercise in time management. It's all about how to achieve what's important when faced with conflicting demands and limited resources. Second, don't get caught up in the hype of strategic management. Too many organizations go through the motions but lose sight of the intent. These companies are ridiculed in mainstream culture such as in the Dilbert comic strip. Remember the intent of strategic management is to set your company up for future success.

The following discussion includes descriptive steps in the strategic planning process. The first phase of strategic management is planning followed by implementation. We concentrate on the planning process here by showing how things should progress while giving some practical examples.

Mission

This is your starting point. Equally important as knowing where you are going, you need to know where you are starting from-where you are today (Ireland & Hitt, 1992). A good mission statement would include your company's name, its major product/service offering, its major customer(s), and its source of competitive advantage. It needs to answer the question of "Why are we in business?"

For illustration, assume a fictitious restaurant, Mama's. Mama's provides lunch service in an urban downtown setting. A good mission statement would be:

"Mama's restaurant provides workers in the central business district a home-cooked lunch. Our success rests on our unique, relaxed, home-style atmosphere where you can "get away" from the work environment, if just for a moment".

After reading this mission, one can easily picture what the business does. It would be difficult to develop a similar understanding if the mission was simply "To make money". In a capitalistic economy, it's a goal of most businesses to make money. The issue at hand is to structure and position your company so that it has the best opportunity to make MORE money than the competitors.

Vision

We can all remember President John F. Kennedy's vision of "A man on the moon by the end of the decade" and Martin Luther King's vision of "I have a Dream". Both are simple yet extremely powerful.

A good vision need not be as powerful as those above; but, it should be useful. The business's vision should paint a clear picture of the company in the distant-one that can easily be seen in the mind. In general, Vision development should be easy for an entrepreneur. After all, the vision is simply a representation of the opportunity which was recognized and led to the formation of the business in the first place.

In general a vision is often less defined than the mission and more goal-oriented. Visions provide a unifying motivation. While flexible, three to five years is a reasonable time frame. A good vision should inspire and motivate the entire company. Building on Mama's example, a decent vision could be, "When the harried workers think of lunch, Mama's is the first choice that comes to mind". This vision provides sufficient direction for managers at Mama's to use when setting priorities.

Now that we know where we are (e.g., the mission) and where we want to go (e.g., the vision), it's time for a reality check. The owner/manager needs to evaluate his company relative to competitors to see what he need to do in order to make sure that he can reach his desired future. This issue is addressed in the next part of the process and has two steps. We start by looking inside the business with an internal evaluation of what the company has and then look outside at the external environment to see how the company compares to competitors.

Internal Evaluation

Internal evaluation involves some serious soul-searching. You need to look around and take inventory of everything that you have at your disposal. Put yourself in Mama's shoes and the inventory should contain everything: people, buildings, desks, chairs, chicken roasters, refrigerators, freezers, etc.-these are resources. Now look at what you're doing with those resources: preparing meals, serving meals, cleaning up after meals-these are activities.

The internal evaluation process should provide a very detailed description of the business, what it has and what it does. The more detail the better. In fact, the soul-searching session will be more effective if you can remain objective and refrain from assigning adjectives during the identification phase. To illustrate by building on Mama's example, one resource could be the restaurant's address/location. While the location may be a reason for success, avoid any claims of 'prime' location for the moment. Simply list everything; the list will be pared down and prioritized later.

Mama's resources would include: a chef with credentials from a particular culinary institute; two hostesses; five wait staff; 1,000 square feet seating area with thirty tables; a lease on the property; a kitchen capable of producing fifty meals per hour; etc. Mama's activities would include: receiving the ingredients to the meals; preparing the meals; serving the meals; cleaning up after the meals; greeting incoming diners; seating the diners; taking orders; delivering the meals; disposing of the waste; paying the employees; developing menus; etc.

The more detail is better because we have to evaluate each of these activities to see where we rank relative to competitors. We want to find out what Mama's does better than her competitors. Furthermore, why should potential diners choose Mama's over her competitors: Papa's, Uncle Joe's or Aunt Jane's? This is the question we want to answer next, and the more activities we have in our description, the more options we have in our next step-external evaluation.

External Evaluation-the Competitors

You now need to identify your Industry; this is you and all the competitors fighting for the same group of customers (Porter, 1980). Your company's intent should be to attract those customers instead of allowing them to freely seek out your competitors; this is critical to your company's success. Simply, you need to determine what the customers want. You then need to perform those internal activities which are the bases for what the customers want; and, you need to do so better than the competitors.

Of course, this is much easier said than done. You'll have to rely on marketing research to identify what your target customers want and how they decide among various competitors. In Mama's target market, the potential diners come from occupants of the office buildings in the central business district; this is consistent with her mission statement. Mama hired a consultant to survey the potential customers to see what criteria they use when deciding where to eat lunch. The consultant identified three factors: within three blocks walking distance; a relaxed atmosphere; and, good tasting food. Mama, being familiar with the area around her restaurant, identified three other restaurants that may be able to satisfy the above criteria: Papa's, Uncle Joe's and Aunt Jane's.

The task at hand is to make sure that Mama's is better able to provide the above three factors better than the other three restaurants can. In other words, Mama wants to make sure she has a competitive advantage. Therefore, we need to evaluate each of Mama's activities relative to the corresponding activities of the other three competitors. The initial intent is to see which activities Mama's performs better (i.e., her strengths) AND where Mama's doesn't perform as well (i.e., her weaknesses) relative to her competitors' performances.

We can now revisit Mama's activities and see if, and where, she has a competitive advantage. Recall, the customers' first decision criterion was convenience. After evaluating her location relative to those of the three competitors, we can see if more potential customers are within a three block radius or not. The second criterion was atmosphere. After hiring an objective evaluator to visit all four restaurants, Mama found that hers rated as the most relaxed. This evaluation demands further measure since it is so critical. She really needs to come up with objective measures for defining a 'relaxed atmosphere'. The third criterion was quality food. Again, an objective evaluator could be hired to taste the offerings. A simple proxy measure for food quality could be the credentials of Mama's chef relative to those of the chefs of the competitors.

Due to space constraints, we'll limit our coverage here. To be really useful, you should evaluate ALL of your activities against VERY specific measurement criteria in order to see where you rank relative to your competitors or industry standards (Barney, 1997). You may find other sources of competitive advantage as well as areas, not necessarily linked to the competitive advantage but where you need to improve your business such as reducing costs.

We'll now shift our focus to the longer term considerations. What else is going on around your company that you haven't considered yet? How will those events change the way you're conducting the business in the long term?

Other, more broad External Considerations

Consider the price of gas. Mama's is not immune to rising gas prices; it affects the cost of her ingredients. Mama is faced with two choices; she can raise her menu prices or simply absorb cost increases and not make as much profit. In Mama's marketing research report we should have noted that price was not one of the major decision criteria on the part of potential diners. Therefore, Mama could raise prices to compensate for increased costs without losing customers. Of course, there is some price level where the other criteria will start to play less of a role; this needs to be considered during the marketing research process.

In general, we refer to external factors that can have a positive impact on businesses as opportunities and the negative ones as threats. Since these opportunities and threats affect all businesses, your company's specific competitive advantage will allow you to benefit more than your competitors when all are faced with the same opportunity.

For instance, the increase in corporate downsizings has increased stress and lowered the number of employees. On the positive side (from Mama's perspective), increased personal stress also increases the need for one to seek whatever relaxation one can find during the day. A restaurant that provides an oasis of relaxation will enjoy a correspondingly higher demand than those without such an atmosphere. On the negative side, the corporate downsizings have reduced the total population of potential diners. However, since Mama enjoys a higher demand than the competitors, she will most likely lose fewer customers than the other three.

The evaluation of the general environment is the least well defined in strategic management. One must be very creative and insightful in order to notice changes. In fact, it would really help if you could predict the future. However, since that's impossible, your next best bet is to stay alert to what's going on around you by scanning the environment. By paying close attention to as much media as you can afford, you become more sensitive to changes. Although you won't be able to actually predict a change, you may be able to notice subtle changes before your competitors. You can then take action before anyone else and give yourself a competitive edge.

Putting it all together in a Plan

It's now time to put these pieces together into a coherent and comprehensive strategic plan. The theme in any strategic plan is to FIT all the pieces together. Ask yourself the following questions and then develop a to-do list of objectives that will set your company up for future success:

- Do I have sufficient resources to accomplish my current mission and achieve my future vision?
- Do I have sufficient strengths to ensure that I remain competitive?
- Do I have too many weaknesses such that they will overwhelm any advantages I may have?
- Are there enough opportunities and not too many threats such that I can achieve my future vision?

If you can answer all questions, yes, then your priority is to simply monitor the situation and note if anything changes. If you answer no to any of the questions, then you need to establish a

detailed action list to correct the situation. Based on your understanding of where each of the pieces fit into the bigger picture, you can develop an action plan to correct the situation.

Actually accomplishing the necessary tasks is the basis for the second phase of strategic management, the implementation phase. But, until the actions are identified, the plan can't be carried out. The entire process strategic management process becomes iterative and enduring. It's easy to see that strategic management is a philosophy or way of thinking.

SUMMARY

Strategic management is all about positioning your company relative to your competitors so that your performance will be better than theirs. This process is accomplished through discrete but interconnected steps where you identify resources and activities. You then compare your activities against your competitors' activities to see whose are better; these become strengths for the owner. Your strengths that correspond to what the customers want become your competitive advantage. You then use your competitive advantage, in the face of changing environmental conditions, to out-perform your competitors.

All too often we hear about: putting out the fires; crises management; and, reactive vs. proactive. We 'know' that we should plan; it's just too easy NOT to plan. Through the use of this primer, we hope that you now have a better understanding of the practical application of strategic management tools. Even more so, we hope that you recognize how naturally strategic management fits with a common sense perspective of running an on-going business. Finally, combining an understanding that one should plan with the planning structure that strategic management provides, we hope that many will embrace the strategic management philosophy and enjoy a positive influence on their bottom lines.

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USE OF THE FOREIGN EXCHANGE ONLINE SYSTEM AND A LINE OF CREDIT IN LIEU OF A LETTER OF CREDIT

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ABSTRACT

The use of a Letter of Credit for global purchases by small businesses and the resulting interactions between the foreign seller and the purchaser and their respective banks can be a rather daunting task. There are a number of discrepancies that can lead to a rejection of the Letter of Credit leading to increased costs to the small business purchaser. There is now a service provided by some banks that places funds transfer and hedging directly in the hands of the user. The service is called a Foreign Exchange Online Service. Backed by a verifiable line of credit, this service is quicker and can eliminate or recognize an error quicker than the traditional Letter of Credit. This service allows the customer (small business owner) to enter into various types of contracts with foreign banks and specify the settlement instructions for those contracts. Funds can be converted into foreign currencies and held to an appropriate transfer date to allow hedging on fluctuations in those currencies.

This paper will talk about an actual use of the Foreign Exchange Online Service for global purchases of foreign goods specifically in the U.K. It will show how the customer is able to specify delivery of foreign currency via foreign draft or wire transfer with settlement instructions for those transfers, hedging instructions and designated deadlines for these transfers. Receipt confirmations come directly back to the customer which allows for early recognition for problems that may occur in the process. At this point, there is no fee for use of the service. An application and approval for use of the service provides the customer with a physical security key with security codes that change every ten seconds.

MEASURING THE EMOTIONAL QUALITY OF PRODUCTS: HOW ENTREPRENEURIAL FIRMS CAN EFFICIENTLY AND EFFECTIVELY IMPROVE NEW PRODUCT DEVELOPMENT PRACTICES

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ABSTRACT

This paper provides a tool entrepreneurs can use in the testing stage of the new product development process to help maximize the resources small, entrepreneurial companies hold so dear, including time, money, and human resources. The authors introduce, Emogram, a computer-based software program that uses non-linear systems theory to analyze the 11 basic emotions, their interactions, and track the dynamic changes in emotions over time. Researchers have begun to use the measures of emotions for business purposes, such as improving organizational climate and decision-making (Priesmeyer & Mudge, 2008) and in measuring purchase intent after consumers are exposed to products, services, and advertising (Priesmeyer, Axiomakaros, and Murray, 2003). By utilizing this efficient software tool, entrepreneurs can efficiently test their ideas in the market, while maximizing the effectiveness of their new product development practices.

FAMILY VS. NON-FAMILY SME BUSINESS COMPETENCIES

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ABSTRACT

The failure rates for small to medium sized enterprises (SMEs), many of which are family business, are high. Capabilities and competencies of business owners and managers facilitate and drive success. This study focuses on differences between family and non-family businesses. This study found differences between family and non-family SMEs in specific competencies that may lead to differences in performance and eventual success for SMEs. These differences were found only for SMEs operating retail types of businesses.

INTRODUCTION

Starting and running a small to medium sized enterprise (SME) face many of the same challenges that larger firms do. The managerial competencies of small business owners are often lacking and contribute to business failure. Adding family members to the organization staff may be a detriment if family members do not have the education or experience to master competencies. In this study we address the question: are family firms more or less competent than non-family businesses?

THEORETICAL BACKGROUND

Family vs. Non-family Businesses

A recent study by Laird Norton Tyee (Simmonds 2007) at Oregon State University noted that family businesses account for more than half of the gross domestic product (GDP) in the United States. The study also points out, however, that competency and governance are issues that family firms need to seriously consider if a policy for succession of leadership and management is to continue and the firm is to survive. The need for continually developing competencies and attracting managers who have those competencies among family businesses underlines the importance of our study to coming to an understanding of the relative importance of a variety of managerial competencies.

Feigener, Brown, Prince and File (1994) found that family firms were less likely to rely on either formal education or on-the-job experiences in development of successors, but were more

likely to rely on networking as a special form of on-the-job training. There is also evidence that performance declines when family businesses focus on family visions of the company rather than bottom-line measures of profitability (Chua, Chrisman and Sharma 1999; Dunn 1995; Lee and Rogoff 1996). The vision is to use the business for the betterment of family members — potentially across more than one generation — and is therefore different than that for non-family businesses (Chua, Chrisman and Sharma 1999). Often, the objective is to provide employment for family members of the management team and ensure independent ownership of the business (Westhead 1997).

Managerial Competencies

A stream of research by McGee and Finney (1997), Conant et al. (1993) and most recently McGee and Peterson (2000) resulted in a twelve-item set of measures that yielded a four-factor set, each factor defined by three-item measures. Three of the four factors defined three distinctive marketing competencies (service image; control of retailing; and, action ability) and a fourth defined performance competence.

Utilizing an adapted version of this scale, we propose to empirically answer the question — are family businesses more or less competent than non-family businesses? Furthermore, as a result of the different goals and objectives of family businesses, have they developed different sets of distinctive competencies to more effectively reach these goals and objectives? Nothing we find in the literature has tested the differences in various competencies between family and non-family businesses. The purpose of this exploratory study is simply to assess the differences in the individual competency measures between family and non-family run businesses.

RESEARCH DESIGN AND METHODOLOGY

This study was part of a larger study of the economic growth and vitality of business, focusing on urban SMEs in an economically stagnant market within the inner city area of a large metropolitan statistical area (MSA) (Rogers, et. al 2001).

There is extensive evidence in the literature that there exists no clear or consistent definition as to what constitutes a family business and what does not. In fact, Gallo, Tapies and Cappuyns (2004) claim that the trend is to allow the respondent of a survey to decide whether to classify the firm being evaluated as a family or non-family business. We therefore distinguish between firms that have only one family member actively involved in the business and classify this as a non-family business, while those firms that have multiple family members actively involved in the business are classified as family businesses.

The measures of distinctive competencies were developed using an adaptation of the instrument developed by McGee and Peterson (2000). By adaptation we mean that the list of distinctive competencies differs slightly from those of McGee and Peterson (2000) in that some items were rewritten and others added to reflect the broader range of types of organizations than pharmaceuticals surveyed in our study.

RESULTS

T-tests were run using the individual competency measures as dependent variables and family vs. non-family business as the grouping variable. No differences were found between family and non-family businesses in either the service or manufacturing-construction types of businesses. However, in the retail-wholesale businesses, family businesses had significantly higher means for six of the competency measures -- four at the 95% confidence level and two at the 90% confidence level.

Insert Table 1 about here

To determine if there was a difference in family versus non-family SME competencies within retail and within wholesale types of businesses, we reran the t-tests for retail and wholesale separately. While the six significant differences remained the same for the retail category, only one competency was significantly different between family and non-family for wholesale businesses, namely location of business. The t-test results for the retail category of SMEs are shown in Table 1 and the corresponding means are shown in Table 2.

DISCUSSION

Utilizing a broader range of firms than McGee and Peterson (2000), and a slightly altered inventory of competency survey items, we found evidence of differences in individual competency measures between family and non-family businesses for retail types of businesses. A possible explanation is that family retail operations perceive their competitors as primarily national or regional chains. As such, the family retail businesses perceive their primary source of competitive advantage, relative to the chains, as their superior quality customer service, employee training and quality of products. This can be thought of as the Wal-Mart effect. The family retail businesses know that they can't compete on price, logistics, or other efficiency competencies, so they compete using those competencies on which the chains are perceived to be weak — customer service, employees and quality of products.

While in general this study appears to support the finding that there are sets of distinctive competencies that are related to firm performance, caution must be exercised in measuring and assessing these relative competencies as noted in the previous paragraph. This study, however, had its own limitations that must be weighed in evaluating its contribution. For one thing it was limited by small sample sizes in a number of categories. Also, the sample population (inner city firms) may not be typical of the general population.

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Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Levene's Test for Equality of Variances	t-test for Equality of Means				
	F	Sig.	t	df	Sig. (2-tailed)
Quality customer service	.000	.995	2.376	43	.022
Employee training	.944	.338	3.105	36	.004
Quality of products	1.151	.290	1.670	41	.103

Gross profit	.121	.730	2.632	42	.012
Net income after taxes	.333	.567	3.186	41	.003
Overall competitive performance	2.916	.095	2.252	42	.0301

Column 1	Column 2	Column 3	Column 4
	Family owned business	N	Mean
competitive quality customer service	yes	22	6.32
	no	23	5.65
competitive employee training	yes	19	5.37
	no	19	4.00
competitive quality of products	yes	22	6.18
	no	21	5.67
competitive gross profit	yes	22	4.77
	no	22	3.59
Competitive Net income after taxes	yes	22	4.55
	no	21	3.10
Overall competitive performance	yes	22	5.36
	no	22	4.59

PROMOTING A SMALL BUSINESS THROUGH THE SERVICES OF A CHAMBER OF COMMERCE

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ABSTRACT

This paper examines how the Jefferson Chamber of Commerce Jefferson Parish, Louisiana can help its small business members promote their businesses. No cost promotion consists of listings in the annual directory and the chamber website member listing and ribbon cutting events. Advertising may be purchased in chamber print media such as the Quarterly Newsletter. These media are used primarily by large company members such as banks, utilities, and realtors. Sponsorship of major and other chamber events is available; however, these sponsorships are primarily done by large company members. Small business members can promote their businesses by sponsoring lower cost budget reduction trade opportunities such as signage and table settings.

A low cost promotion option is networking at special networking events and general events. Serving on chamber committees brings name recognition. It is important to the small business owner that the general public is made aware of one's chamber membership. Research shows that consumers have a more favorable image of a chamber member and are more likely to buy goods or services from them in contrast to non-chamber small businesses.

A FAUX HIRING PROCESS FOR STUDENT TEAM CREATION IN BUSINESS PLAN COURSES

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ABSTRACT

The difficulty in managing student teams in the business plan course as well as in other instructional projects is well documented (Williams and Anderson, 2008, Kinzer 2007, Koppenhaver and Shrader, 2003). The intention of the use of teams is that the students use cooperative learning as a method of enhancing their course experiences. In the business plan course, particularly, the heterogeneous nature of the team is important to the development of a sound business plan as the plan must address a number of issues requiring more qualitative creative skills, as well as quantitative skills for the budgeting and financial planning components. The method I have used that has been very successful involves a mock “hiring” of student team members by the idea champion. Interviews are conducted after the review of prepared resumes and a learning styles inventory assessment. The bids for team members are then posted online and students are assigned to teams based on a point scoring system by both the idea champions and the students who are “hired”. This paper is an innovative education contribution to the field of entrepreneurship. The primary areas of team problems are typically poor communication, leadership problems, “free riding”, “do it all yourself” syndrome, lack of performance standards, scheduling issues, lack of leverage, differing work styles and differing goals (Williams and Anderson, 2008). This paper describes this technique in detail and explains how it offsets many of these typical team problems.

CHALLENGING ENTREPRENEURIAL STUDENTS WITH CONCRETE, INTERDISCIPLINARY PROBLEMS

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ABSTRACT

The way students learn today may be much different than the way faculty members were educated. Technology is a competitor and may be changing the way students think. What are some ways to address this in the entrepreneurial classroom? The authors suggest and share some approaches that have worked, and hope to stimulate you to think of others.

HOW IS YOUR CLASSROOM DIFFERENT TODAY THEN IN THE TWENTIETH CENTURY?

The discussion here is not about what is in front of you at the podium in the new Center named after a well to do alum. This is about your students. First of all how much technology are they packing? Cell phone penetration is up to 82% of the total population (Gearlog 11/2007) and much higher among students and young adults. In addition to the cell phone there is the laptop computer which some institutions require and some form of MP3 player, potentially a digital camera, and an array of other electronic toys.

What are some of the changes that the cell phone brings to class? First students may not know each other as instead of talking with one another they have been talking with existing friends somewhere out in the universe until the beginning of class. Walk across the campus without your cell phone and notice how many students are talking and walking at one time. Second and perhaps a good thing, if they want to remember something you students can take a picture of it as many cell phones come with this option. This can be really useful instead of taking notes if they can get a picture of a white board full of your ideas. However, the question might be does a picture engage the photographer as much with the subject material as taking notes?

Third the cell phone is a constant source interruptions even when on vibrate. Who does not want to look to see who is calling? Have you felt that buzz in your pocket or purse and taken a quick peak? Does that distract your mind from the topic? For students this is surely competition for whatever is going on in the room. If what is going on is not interesting it gives a break from the monotony of hours in a hard chair. The real offender is text messaging which can go on almost anywhere at almost anytime. Students increasingly use text for all kinds of exchanges. According to Chris Gaylord (9/11/08) from the Christian Science Monitor the average cell phone user sends 286 messages a month. Of course, average includes those who can not send a text message. Most of these messages are sent by your students. In fact Gaylord goes on to say, "Certainly, the core

users are college-age and below." If your student is averaging 10 or more text messages a day how many times are there fingers dancing in your classroom. How many of those are messages to people inside the class and to those outside the class?

What are you students doing on their laptops? Are they diligently taking notes on the power points or are they running their Ebay business? Recently when asked to give an intro to marketing course at a nearby international company it was suggested that people should bring their laptops. This was quickly nixed as the feeling was people would be doing other official, gaming and personal business on line. What are your students doing? Is this some kind of instant feedback in the classroom. If you walk around and everyone is doing other things on their laptop that is great customer feedback. Does it suggest banning laptops? No it suggest revamping the class room experience to involve today's students. Increasingly they are present on the desk top or in the backpack. So what are you going to do with them as you create your class segments? Caruso and Salaway found that almost 74% of students owned laptops. While they do not all bring them to class and this will vary across campuses is it not time to learn how increasing learning with this media?

The world of ear buds has changed so much. Students today can create their own world with all the electronic music and movie devices. According to Caruso and Salaway about 77% of students are equipped with these devices. In fact about 83% of students have at least three different devices. So now as you look around a room how many are using one ear to listen to what is going on in class and the other for music, or other information? Recently a student gave a talk with their ear bud in. What does it mean when students control what they are receiving all the time. How does it increase or limit the information that they are taking in. Are they walking around listening to lectures or what?

HOW ARE THE STUDENTS DIFFERENT TODAY THEN IN THE TWENTIETH CENTURY?

Today's entering freshmen were born after 1990 and have been raised in the electronic age. Technology is part of their world in multiple ways every day. One of the authors ask the students in a class how many text messages they did in a day and checking their cell phones the answers varied from 0 to a high of 53. If you take even six hours out for rest that means that the student with 53 had an average of three messages an hour. How many arrive while you are trying to get him or her to understand a major point.

Scientists make the case that brains can be changed by what we are doing with them. Martin Zull points out that even practicing juggling for a short period of time can change your brain. Susan Green says the technology of the 21st century is changing our brains:

Our brains are under the influence of an ever-expanding world of new technology: multichannel television, video games, MP3 players, the internet, wireless networks, Bluetooth links - the list goes on and on. (Greenfield)

Professor Greenfield also talks about the impact of the prescription and non prescription drugs that people take. However the focus of this paper is on the idea that students may be different today and that the old approach to teaching may not work in the entrepreneurial class room.

Professor James Zull discusses his perceptions of the learning cycle;
These are the 4 stages of the Learning Cycle.

- 1) We have a Concrete **experience**,
- 2) We develop **Reflective Observation** and Connections,
- 3) We generate **Abstract hypothesis**,
- 4) We then do **Active testing** of those hypotheses, and therefore have a new Concrete experience, and a new Learning Cycle ensues. (Zull, 2006)

The question becomes how does this look in the classroom? Given the competition of electronics changing the brain, the capacity for it to change physically, and the need to develop learning? Perhaps the hardest thing for faculty members to grasp is that the scientist are letting faculty know that there is the real possibility that the brains of the people in the seats may be different then the faculty members brains were when they sat in those seats.

Students do process differently. They have shorter attention spans, they want things to happen now, and they have a lot of competition for their time and energy. Faculty members need to recognize that the technology competition is always present. Students do not necessarily want to learn the way their faculty learned. Now add to this the idea of teaching something like entrepreneurship and the challenge becomes exciting.

USE OPEN ENDED PROBLEMS TO FACILITATE LEARNING IN YOUR TWENTIETH CENTURY CLASS.

Starting with what James Zull refers to as the concrete experience has proved very useful and in most class sessions there is some piece of the concrete. Some are as simple as an opening creativity exercise where you have to build a nameplate for yourself out of junk that is on the table. Some are more complex such as an aging exercise, or physical modeling something, or producing their own presentation board no Power Points please. Hands on work seems to be totally involving focusing the brain on the topic.

Getting to the reflective is also important and in these early entrepreneurship classes this is done in three of ways. First in the class students are frequently asked in groups to do a reflection, on five or ten things from the presented opportunities. Time, competition, and creativity help this to be an absorbing exercise. This is an instantaneous reflection on something that was just presented. Student's detailed assignments are an individual reflection as they develop a well written piece around the same topic areas. Finally students are required to comment on each others assignments in a serious manner. What appears to be at first a simple in class exercise where a student wears gloves representing dexterity problems in aging becomes a series of reflections.

In class there are list of problems and potential products or services to help. The in depth assignment if they choose to work on the boomer generation is to research and think about a limitation of their choice. This has to be written up with some ideas for services and products. Now they have a supported idea. Finally the student must go and comment on other's ideas and thoughts. The whole process is involving to students.

The problems and challenges that seem to work the best are open ended. There is not a correct solution and they are interdisciplinary in nature. They cause students to draw on bits of information from different courses and widely divergent sources including what is available using

technology. Try challenging your students to use the technology that they pack as a source of information. How much can we learn in fifteen minutes about aging? Call your grandparents, look on line, everyone try to find something. Suddenly the faculty member's nemesis becomes a tool and the students are learning the power of the network for the entrepreneurial effort.

What encourages the abstract hypothesis among students? CEO meetings would be a great place. At the authors university students are constantly encouraged to think about how another student's idea could grow in the future. It is hard for students who have been taught that there is a correct answer to learn that the future is uncertain and some will fail. When they understand it leads to energized involved CEO members.

In the classroom this is done by looking at macro trends and asking in class and in papers how trends will impact different ideas that students are advancing. It is hard work for many students to begin to develop the skill of abstract hypothesis, but with practice in and out of class and at CEO meetings much is gained in this area. The approach to this is very interdisciplinary so that in addition to economic factors you can be looking at social, ecological, technology from any discipline.

Finally the question of testing works well with open ended problems. You may not have concrete testing in the form of research that would pass for a research class but you do have testing. Students are encouraged to test ideas on others. Students are told that in this class that it is not cheating or bad to seek out others opinions. In fact most successful entrepreneurs are always seeking out assistance, ideas, and opinions. They are even encouraged to bring friends or interested family to class for visits if they are so inclined.

How can you test something? Take the idea to CEO and present it and let the 30 students their give it a going over. Bring it to class stand on the elevator (a four foot step ladder – labeled elevator) and give a pitch and get reactions. Use an on line survey, visit the target market where you can find them, or those in the industry etc. Once students start brain storming they can figure out many ways to test things including ways that did not exist when many faculty where in school. Again, you have involved learning for all.

The students today have so much information at their finger tips. In entrepreneurship education and across the disciplines the challenge is there for faculty members. This is a time of opportunity to think about how learning can occur differently? It is a time to think about how all those pocket communication devices can become tools in the classroom. So what do you do with the Iphones and the MP3 players? Let them share books that they can down load and listen too! Faculty members have an opportunity to harvest this all for learning or sit back and be challenged by it. Will you see it as an opportunity or a threat?

GENERATE SOLUTIONS TO OPEN ENDED PROBLEMS FROM DIFFERENT CULTURES THAT REQUIRE INTERDISCIPLINARY KNOWLEDGE.

One of the most powerful tools that the authors have used has been to experimenting with challenges from different cultures that are on different points on the economic pyramid. This provides a chance for students to seek information from different sources using their technology; it provides a chance to share experience, and opportunities for reflection and abstraction.

As soon as you mention a country, in the case of the authors Nicaragua, you have opened up many sources of information that could be sought on line, and from friends, or family via the voice or text message. You have the chance to present a problem or challenge such as how to you live without electricity which is a real problem. You get into reflection when you start trying to come up with ideas or products and services for living off the grid. Suddenly the students are thinking this might work in Nicaragua or potentially here in the US. Finally you get in abstract reflection when the potential impact of increasing energy prices is put on the table.

SO WHAT?

The authors have learned much from thinking about how to learn with their students. First it is important to see the technology that the students pack as an opportunity. Second the changing minds may be physical and they may need new approaches to learning. It may be time to throw out the one class plan or whole syllabi and ask what could be. It may be time to ask how this class incorporates interdisciplinary thinking. It may be time to do what entrepreneurs do so well, challenge the accepted paradigm and come up with new ways of learning with students.

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CASE STUDY: A BUSINESS MODEL FOR THE COUNTRY CLUB OF MENDON

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CASE DESCRIPTION

The primary subject matter of this case concerns the governance issue in small/mid size companies with multiple shareholders. Secondary issues examined include product, positioning and financing options. The case has a difficulty level of six, appropriate for second year graduate level. The case is designed to be taught in 2 class hours and is expected to require 2 hours of outside preparation by students.

INTRODUCTION

There have been significant changes in the golf industry since 2000. In most regions the supply of golf courses exceeds demand. The further weakening economy has also impacted many operations. The leisure activity most closely associated with corporate success in America has been in a kind of recession. The total number of people who play golf has declined or remained flat each year since 2000.

The Country Club of Mendon ("CCM"), a private club in Mendon, NY is one of many clubs experiencing declines in membership. It was established in 1961 by Peter Pataccoli as Green Hills Properties, Inc, doing business as Green Hills Golf Club. Peter Pataccoli, the owner of a little ice cream shop/restaurant called East Rochester Sweetland at that time, sold 44 shares to investors from the village and friends from nearby towns and from the city of Rochester. The club has been successful until 2000 when members start to leave at an increasing rate and new members are more difficult to get. Two other private clubs in the region already went bankrupt and are looking for new owners. For several years, CCM has been operating at a loss and the shareholders were assessed to pay off previous losses. Shareholder committee recommended various solutions but couldn't change the trend. The forecast is for a loss in 2008 and this cannot continue.

GENERAL ENVIRONMENT

Golf industry experienced significant changes since 2000. The leisure activity and family lifestyle have been changed. More women are in workplaces and need for family sports and leisure increases. People are playing golf less frequently meaning loss of avid golfers. According to one survey (Foley & Lardner LLP, 2006), a decline in rounds is attributed to competing demands for recreational time and the general lifestyle changes of golfers, not to the difficulty of the game. In their survey, when asked what strategies golf courses are implementing in response to declining rounds, a majority cited "increased marketing efforts" and "improving course conditions" as the

most popular response. It is important to note that these strategies are perhaps two of the most expensive to implement, further adding to the expense and complexity of today's golf course business environment.

Weakening economy has also impacted many operations. The leisure activity most closely associated with corporate success in America has been in a kind of recession. Major firms in Rochester area like Kodak and Xerox suffered under new economy.

However, population is growing in the adjacent towns of Pittsford, Victor, Honeoye Falls, and Fairport as well as in the town of Mendon. Median income of household in the area is over \$100K and the highest among others.

INDUSTRY ENVIRONMENT

The supply of golf courses in the area exceeds demand. In 2008 there are 103 courses within 45 mile radius from downtown Rochester. Among those 103 courses, 16 are privates (15%), 35 are semi-privates (35%), and 52 are public (50%) courses. The opening of new courses continued whereas rounds decreased. This causes additional pressure on course operators to maintain adequate revenue levels whereas golfers benefited from decreases in cost. Much of the new courses are high-end semi private and public courses.

There also has been high interest among youth and junior golfers since 2000 and it is increasing nationwide. The Golf 20/20 Industry Report for 2002 measured interest to golf in two ways: by measuring and comparing television ratings, and by quantifying fans through surveys to the general population. The average household rating for telecasts of golf rose by almost 4% over the past seven years given that viewing choices of other sports increased.

The ESPN Sports Poll, a service of TNS Intersearch measures the "fan" side of interest in golf. Golf in Comparison to Other Sports In the ESPN Sports Poll in 2002, professional golf was again listed eighth in terms of respondents who say they are fans of the game. In 1996, golf was 10th. This is 15% rise exceeding any other sport during the time period except auto racing. The ESPN Sports Poll also breaks down its results by age, gender and race. Table 3 shows a comparison of those results between 1996 and 2002: If interest is high and participation is flat, a conversion strategy would be a key to growth.

CURRENT MEMBERS

As of June 2008, CCM has 255 active memberships. Out of 255 active members, 65% are Single members, 20% are Family members, and 10% are either Sr. Single or Sr. Family. CCM started to get Junior Single members since 2006 and didn't get new senior members since 1999. Total 38 members resigned during the year of 2007. More than 50% (20 members) of them had been with CCM less than 2 years. Among 38 resigned, members from Pittsford (14) and Honeoye Falls (7) resigned the most.

Upon the request of CCM, a group of MBA students at the Rochester Institute of Technology (RIT) surveyed current and past members to find why members leave and how do they feel about the club. They find that average age of members is 52 and their average income is over \$100,000. Factors that influenced members to join are location and price. Majority of current members feels

that CCM need improvements in food quality and restaurant service. They also want to have additional leagues and tournaments. Majority responded they would pay \$100 to \$500 more for improvements. Only 8 members stated they would like a pool or tennis.

RIT Survey also finds that most of the members who left CCM joined either a "higher tier" golf club or semi-private club. The reasons behind leaving CCM were poor facilities, poor management, friends and family, restaurant, member/shareholder conflict, moved out of the area, and financial reasons.

ORGANIZATIONAL STRUCTURE

There are 44 shareholders with one vote per one common stock. Members do not own the club as is common at most similar facilities. Majority of management decisions are made at the Board of Directors meeting. But two thirds majority is required for major decisions such as capital spending over \$100,000.

BOD has 9 officers and chairmen: a president, two vice presidents, two treasurers, a secretary, a pro shop chairman, a ground chairman, and a house chairman. From the early days, shareholders took turns as administrators hence there is no hierarchy among those administrators.

RECENT PERFORMANCE

Due to significant changes in the golf environment and inability to meet customer satisfaction by CCM, number of active membership has been decreased and CCM had net loss over the years. Restaurant was operated by CCM but never had contributed to profit and customer satisfaction. CCM removed initiation fee to attract new members but was not able to maintain enough membership. CCM didn't have enough land and resources for tennis courts and swimming pool and nor did they have an ability to make big and important decisions due to governance structure.

SWOT

Strength	Location Relationship with Town Loyal avid single members (see table) Loyal senior members Higher course rating in terms of difficulty (flat first 9 and long back 9) Various backgrounds of Shareholders
Weakness	44 different voices make it difficult to have vision, mission, and long term goal Inability to make big and timely decisions due to governance structure Limited lots Stockholders sit on top of members. Members feel operation and service are not targeted to members but to stockholders. Sub-standard facility No swimming pool and no tennis courts. Poor food and restaurant service. Single main revenue source-golf only, No family parties or business meetings. Serious financial situation Lack of member involvement with club operation

Opportunity	Two other private courses went bankrupt and their members are looking for golf club. Population is growing in Pittsford, Mendon, Victor, Honeoye Falls, and Fairport- household income in the area is over \$100K Interest among youth is high and junior golfers are increasing nationwide. Tennis and pool clubs in the area are also losing members.
Threat	Many clubs are removing initiation fee - easy to lose members. Cost increase due to increase in the price of gas, fertilizer, and pesticides New high-end public courses in the area. =< Should not respond with price decrease. Need to upgrade the quality and differentiate service and respond. Recession People are playing golf less frequently

BUSINESS MODEL ALTERNATIVES AND RECOMMENDATION

Possible business alternatives including exit strategy are: operating as a public golf course, operating as a semi-private golf club, finding a buyer to continue operations as a golf club, finding a buyer with real estate development objectives, operate as a 9 hole-course and develop rest of 9 holes for real estate property, or shut down.

CCM has been stuck in the middle between the first tier private clubs and high end public/semi-private clubs. Though shareholders' involvement in management worked out well until year 2000, the governance structure kept management from making timely and important decisions to respond to changes in golf industry. CCM should maintain private golf course and renovate clubhouse to a family oriented facility. CCM should put aquatics facility, health club, and tennis courts and serve with warm hospitality in an unpretentious environment to retain and attract golfers and their families looking for private golfing experience. However, difficult financial situation and 44 different voices do not allow major renovation and new investment.

To pursue the above business model in the long run, CCM should seek a new investor or small group of current shareholders who purchase all outstanding shares of CCM. The transaction requires existing shareholders transfer all common stocks to new shareholder(s) and give up ownership and control. In return current stockholders and their immediate family retain transferable preferred stock warranting permanent playing privilege at CCM. New investors should make sufficient capital injection for upgrading of the CCM.

The effects of this transaction are: i) current stockholders are freed from assessments and financial worries, ii) it reduce strain on new investors' finances to implement new business model, and iii) permanent golfing privilege on the improved course and upgraded facilities raises the value of preferred stocks. In order to protect the value of preferred stock for current shareholders without control and ownership, new owner should be bound to make sufficient sunk investment in upgrading the club or provide stocks as collateral against permanent golfing privilege. Also the number of preferred stocks should be limited to no more than 44.

Removal of an initiation fee made members easy in and easy out. Along with low dues structure, CCM was positioned as a "starter club" for many people. Those who can afford the initiation fee and higher dues later are likely to move on to a club that provides more amenities. In the short term, given the difficult financial situation and management decision constraints, CCM

should seek strategic alliance with tennis clubs and pool clubs in the area. CCM should also reinstate an initiation fee, though nominal, and increase dues.

Most members leaving CCM are those age of 30-40. Amenities like pool and tennis courts would appeal to those with spouse and children. Another way to increase retention rate of those age group is to support active "member committee." Members are CCM's customer and their opinions matter a lot. Restaurant has never contributed to CCM's profit. If restaurant can't be managed properly by CCM, it can be outsourced while making clear service and performance standards set with the operator.

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RESTRUCTURING CAPITAL FORMATION AND FINANCIAL MANAGEMENT PRACTICES IN SENEGAL: SURVEY RESULTS OF SMALL MANUFACTURING ENTREPRENEURS

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ABSTRACT

Survey results conducted on 36 (n=36) owners of small manufacturing businesses in Senegal shows promising potential for success but are threatened with some operational problems that inhibits their ability to attain better results. The most serious obstacle facing most small businesses in Senegal seem to be that of limited access to sources of capital. In addition, other external conditions like colonial and cultural factors affect the productive management and usage of funds. It is recommended that the government machinery, relevant establishments and business communities combine efforts with that of entrepreneurs and create effective structures that will help ameliorate the process and conditions for effective capital formation.

INTRODUCTION

By the 21st century, the level of development for most small firms in sub-Saharan African is still very basic. Most of these firms have not progressed beyond the basic craft, promotional (Filley & Adalg, 1978) or the Artisan levels (Longenecker, et al 2003), which are characterized as firms that are not innovative, use minimal capital and maintain only simple methods for management. Firms of this category survive by tenacity and remain in business mainly by sweat equity. In addition, such firms do not conduct any form of research for development to proactively gain control of market share and the vision for their businesses appears to be myopic. Owners of these firms seem to be complacent even as they struggle to remain in business to earn enough money just to maintain a simple living.

Some researchers have noted that financial constraint is one of the most serious handicap confronting small firms in lesser developed countries especially in Africa (Cook, 2001 & McMahon, 2001). However, Deakins et. al. (2002) noted that little study has been done to know about the role owners-managers approach in the evolution of strategy and associated learning in this area. For instance, Chittenden, et. al. (1998) observed that little attention has been received from researchers, with regard to non-financial and behavioral factors that influence capital structure decisions. More study is therefore needed to understand the pattern of how managers learn to adapt, develop strategies and make decisions in this area and how they are unique in specific environments. Relatively, limited amount of research has been conducted on SMEs and entrepreneurship around the African continent. This study examines practices of financial management decisions among small business owners in the Senegalese manufacturing sector. The study further investigates the

effects of these decisions on the performance of firms to grow and their ability to remain in business in a constrained economy with limited financial resources.

Further, I argue that the wider environment of culture and colonial influence have not received much attention in the study of factors influencing small businesses and entrepreneurial behavior in the context of financial management particularly in Africa.. This study contributes new knowledge to small business and entrepreneurship literature.

COMMON SOURCES OF FINANCING FOR SMALL BUSINESS

The choice of financing is a necessary part of being an entrepreneur and an important determinant of whether a product reaches the market, or whether an existing business can generate enough revenue and survive. The business owner needs to have the ability to raise cash when a business has no or limited history and this takes skill and creativity. There are a number of sources of financing for small businesses that are being used in developed countries. Countries in Africa like Senegal could learn from these, although they would have to be adjusted to fit in with cultural and environmental situations. In Senegal common methods for raising capital are through family, friends or self. Family, friends and connections (barslong) are often used as the only source of financing, sometimes sacrificially to help sustain the business because family and friends do not demand to be paid with interest, especially when the business is short of cash.

Another financing method that is frequently used by other businesses in developed countries is that of strategic partnership. Strategic partnership does not only provide a source of capital, but also provides an area of expertise that the entrepreneur does not bring to the table, such as operational or marketing skills.

Angel Financing is another method commonly used to finance small businesses in the USA. Angel financing is made of freelance financiers interested in offering smaller amounts of money. They can often provide the seed capital required to develop an idea to get to the point where a firm can obtain formal financing.

Venture Capital is another form of financing where small firms approach lenders when they have developed to the point where a venture capitalist can add value. The venture capitalists will generally sit on the board of directors, provide expertise and provide funding based on the attainment of milestones.

Trade Credit, is also another and one of the largest sources of short-term financing used in many developed countries especially in the USA. Trade credit occurs whenever a businessman purchases from a supplier but does not have to pay for the merchandise for a length of certain days (or whatever the terms are).

Similarly, factoring or another name for 'collector' is also a popular source of financing for growing firms. When a small business generates receivables they may sell it to a factor who will then collect the receivable for the company less a fee.

Asset based lenders, will lend to businesses that lack sufficient cash flow to support unsecured financing, but have sufficient assets that can serve as collateral. In other word when they have a higher capital ratio than the norm.

Mezzanine financing is a subordinated debt. It is a type of hybrid between senior debt and equity. Mezzanine financing is typically high risk, and can be expensive. A typical target company

is generally one that has been in business for a number of years and has an established revenue base and positive cash flow stream.

Banks are typically regarded as the main source of financiers to businesses generally. Entrepreneurs can source for start-up money from banks but are usually seen as high risk. Bank loans are expected to generally be the cheapest form of financing but as observed in the case of Senegal, it can also be the hardest to get for small business due to not only their high-risk level but also the need for connections or bars-long. The process for obtaining loans in Senegal according to the respondents of this study is very cumbersome and selective and interest rates can be costly. This discourages most small businesses from applying for such loans and resort to other cheaper but less bountiful alternatives.

CONCLUSION

This study has been able to show that capital formation and financial management methods by reason of cultural and environmental factors in addition to limited awareness and practice of other funding approaches have contributed to the backward development of the small manufacturing sector in Senegal. It is for this reason that it can be suggested that the government plays a more active role to support especially the small manufacturing business sector that have seemingly been neglected through the provision of training, creating awareness and by enacting favorable policies for banks and financial institutions to be equally as participative in the process. Indeed, cultural factors have played an important role in influencing how entrepreneurs and managers behave and make decisions with regards to uses of funds in Senegal, but this has been caused by lack of awareness of educated management practices, which most of the entrepreneurs have not been exposed to. Banks would certainly consider such businesses with limited exposure and business training as high risk. The Senegalese entrepreneurs need more guidance in understanding the process of running a modern day small business, through progressive growth phases. Lessons in strategic business planning and Total Quality management (TQM) would perhaps enhance the chances of small businesses with banks and other loan institutions. A comment was made by a Senegalese Director of a small German NGO based industrial estate facility for small business firms in Senegal. The Director had said that, among the serious growth problems facing private business owners in Senegal is the effect of French colonial mentality. According to the Director this mentality problem is about how people are generally tuned into expecting the government to do everything for them, creating some sort of dependency. This attitude makes the entrepreneurs to have a mindset that limits their innovative skills or to search for alternatives that improve on their approaches to modern business and management. This explains why most small businesses in Senegal are into trading than manufacturing. This also explains why most manufacturers are into similar lines of businesses to follow the norm that most businesses go into, like that of furniture making. If small business owners in Senegal are willing to work together however by forming unions to share ideas they should have coaches who would guide them in the right direction and this could be done with government input. The government at the moment seems to be reluctant in its assistance towards helping small businesses compared to its interest for larger companies. Perhaps this bias is partly because of the benefits reaped from larger companies in form of revenue from taxes and more employment generation per company and or for political purposes. The political basis on which loans or the

minimal public funds available and given need to be checked. The bars-long method should be withdrawn from public and formal institutions, as it does not support conventional capitalist approach to doing business. Loan packages should entirely be based on compliance to standards and capability among entrepreneurs. Business plan presentations and monitoring even after funding has been presented should be conducted on regular basis. Using these methods would help encourage existing and potential entrepreneurs to surface and also raise a standard for identifying quality 'avante garde' type of entrepreneurs in Senegal. More programs are needed in Senegal to upgrade the level of awareness and interest among existing and potential small business owners in Senegal. Education at basic levels, issues of sub-contracting, exports, alliances, research and development measures would need to be introduced. Like in other countries the Senegalese government could be among the leading customers of small industries by offering procurement opportunities as is done in some developed countries like the USA, Japan and the UK. Small companies in Senegal should be encouraged to register as formal companies by providing them with incentives that will lessen their burden as established firms. Lower taxes or grace periods, free programs and training opportunities, subsidized costs where needed, contracting and other forms of support should help. Senegalese small businesses and entrepreneurs should be exposed to international trade fairs and trade shows. The networking relationships among the seemingly disintegrated business community in Senegal need to be brought together by educating the public in this regard. Building a sound foundation of all stakeholders would help create the supporting facilities needed for a more robust business and economic growth. Different groups within the business community could provide the various forms of financing mentioned in the study. The French would have to find ways to be independent from the influence of the French culture in everything they do especially in business and develop their own approach suitable to their own cultural environment. The French should only play a supportive role to aid entrepreneurship development in Senegal and its other former colonies but not to be involving. Senegal is an underdeveloped economy whereas French is among the G-7 most industrialized nations. The two countries are two far apart in terms of their cultural, economic and technological backgrounds to be treated as the same in practices. The government of Senegal needs to play a more active role by harnessing all resources, creating networks and set the 'ball rolling'. The stage must be set for take off in the right direction with good and professional guidance and support.

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WOMEN ENTREPRENEURS OF THE WORLD: A COMPARISON OF WOMEN ENTREPRENEURS FROM POLAND, THE UNITED ARAB EMIRATES AND THE UNITED STATES

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INTRODUCTION

The level of entrepreneurial activity vary across the globe depending on the economy, culture, level of technological development and other factors. It has been noticed, however, that regardless of these factors, women are less likely to get involved in entrepreneurial activities than men (Langowitz & Minniti, 2006). For a long time because of socio-cultural status women's responsibilities included mainly looking after the family and children and a job was seen only as a temporary solution, until a woman got married and had children. This is still the situation in many countries. Such status of course affects the number of women in the labor force but to an even greater extent, the number of women who would like to take the risk of running their own business.

The social role taken by women has also contributed to the fact that they had more opportunities to develop interpersonal skills and are better at dealing with people. The vast majority of them undertake jobs in supportive roles, like secretaries or personal assistants or in traditionally female positions of beauticians, social carers, tailors, etc. Therefore, it is not surprising that two out of three women - owned businesses remain in the retail trade and service sectors (Chandler, Jansen, & Mero, 2000).

Running their own business is regarded by many women only as a solution to problems they had trying to juggle full time job and family responsibilities. By stepping into an entrepreneur role they may add to their responsibilities but on the other hand they gain on flexibility. Women do not regard entrepreneurship as a career and therefore do not have intentions of turning their firms into big enterprises (Bruni, Gherardi, Poggio, & Routledge, 2005). Consequently, they tend to work on their own or hire only a few employees.

United States of America (USA) - Characteristics of Women-Owned Firms

The USA has long been known for its strong pro market orientated policy, promoting individual freedom and equality. This has an impact on the situation of private companies and consequently they enjoy much more flexibility than their counterparts in the rest of the world in making decisions, hiring and laying off workers and expanding their operations. These factors contribute to a high number of private enterprises and a significant number of them is owned and managed by women. Women constitute 51% of the American population. According to the report published in 2006 by Office of Advocacy U.S. Small Business Administration "Women in Business: A Demographic Review of Women's Business Ownership" in 2002 women owned 6.5 million of

non-farm firms in US which accounted for 28.2%. 13 millions were owned by men (57.7%) and the rest was either jointly owned by women and men or were not identified by gender of ownership. 86% of firms owned by women had no employees. From 14% of women-owned businesses, 50.4% employed between 1-4 people, 16.3% between 5-9. Only 0.7% of all enterprises employed more than 100 people.

Women participation in SME has increased by 19.8% between 1997 and 2002, and the number of women-owned employer firms by 8.3%. There are to be twice as many young enterprises as established businesses, and with around 75% of firms surviving at least three years (NWBC, 2001). This may indicate that there are more women willing to set up their own businesses now than a few years ago.

Poland – Characteristics of Women-Owned Firms

Under the communist regime the development of private sector was held back due to limitations imposed on the size of small firms, the predominance of state owned and state subsidised enterprises and the state control over inputs and outputs level (Konsinska, 2007). The changes in the Polish economy in 1989 have enabled more entrepreneurial activities and for women to play a significant role in the development of private small and medium enterprises (World Bank Report, 2004). Women constitute 51.6% of the Polish population. In 2004 there were around 3.7 million of private enterprises and according to reports of Ministry of Commerce 37% of them were owned by women which is above the average rate in the European Union. 24.55% of all women-owned firms operated in the retail sector, with only 7.73% in the wholesale. The number of firms in the ‘health care and social assistance’ and in the ‘hotel and restaurant’ sectors is very similar (7.73% and 6.87% respectively) with only 3.16% of women engaging in manufacturing. The high percentage of young enterprises confirms that the change in the government policy has led to an increase in the number of women willing to set up their own businesses.

United Arab Emirates (UAE) Characteristics of Women-Owned Firms

UAE is a country that has undergone a profound transformation from an impoverished region of small desert principalities 30 years ago to a currently fairly modern state with a high standard of living (Haan, 2004). The creation of relatively liberal business environment contributed to a rise in the number of private enterprises, however, in some sectors the state ownership is still maintained (UAE Yearbook, 2005). The UAE is a patriarchal state and the changing of traditional views concerning the role of women in the family and society is a very slow process. This has an impact on the number of women that undertake to set up and run their own business. Women constitute 32.4% of the United Arab Emirates population (UAE Yearbook, 2005). Due to lack of data it is not possible to establish the rate of women’s participation in the process of new venture creation in UAE. Two distinct sectors can be defined when it comes to women entrepreneurs in UAE: traditional and modern. The traditional segment includes activities like trading and simple manufacturing (e.g. perfume mixing, clothes making) and usually older and less educated women get engaged in these activities. The modern one is based on the use of new technologies, advanced information and communication techniques and is dominated by younger and educated women.

The majority of women regard their businesses only as additional activity apart from a full time job or outside normal household obligations. More than 40% devoted no more than 10 hours per week to their businesses, only 25% worked more than 30 hours a week in their firms.

When it comes to trading, clothes, gift items and jewellery were the most common segments of trade. The activity defined as manufacturing include occupations that women traditionally were engaged in like traditional clothes making, food preparation, perfume mixing, ceramics and embroidery. Less than 25% of firms did not have employees, around 33% had four to six workers, and only 23% had more than six employees.

Profiles and Motivations of Women Entrepreneurs

Are entrepreneurs the same or different across various countries and cultures? Are entrepreneurial attributes, characteristics and motivations similar or do they vary depending on the culture and society that the entrepreneurs come from? Do women entrepreneurs in USA, Poland and UAE have something in common or not?

Entrepreneurs are generally characterised as people who demonstrate initiative and creative thinking, able to organise social and economic mechanism to turn resources and situations to practical account and accept risk and failure (Thomas & Mueller, 2002). Some research suggest that entrepreneurs, regardless of nationality or cultural background, share a set of values and attributes that are different from those shared by individuals who chose different career path. However, the differences that still exist between entrepreneurs from diverse countries can to a certain extent be explained by societal, cultural and religious factors.

Undeniably, there are also differences when it comes to the motivation to set up and run one's own business. In countries where more emphasis is put on individualism, people are encouraged to pursue an entrepreneur career as it is seen as exciting and self-fulfilling, while in so called collectivistic countries, it is stressed that entrepreneurship can lead to wealth creation and can help in upward movement within the society (McGrath, MacMillan, Yang, & Tsai, 1992). In societies with long established formal or informal hierarchy, entrepreneurship can be discouraged as it may trigger a radical social change. Such a change can lead to a redistribution of power and cause those at the top of the hierarchy to fall (Shane, 1992).

Not always firms are funded for "entrepreneurial" reasons to exploit an attractive market opportunity. Some of the entrepreneurs come from families of business owners and founding own firm is therefore the most natural career choice for them. In less developed countries or in the time of recession, going into business for oneself is seen as a way to escape unemployment (Shane, 1992).

American Women Entrepreneurs

According to researchers women perceive their firms as an integral part of their life not as a separate economic unit (Brush, 1992). They reflect women's private life courses and interruptions such as having children or getting divorced and this happens usually when women are older. The majority of American women set up their own businesses when they are in their middle 30s or older (Devine, 1994).

Nearly three quarters of women who decide to take up an entrepreneurial career are married or live with a partner and only 7.3% have never been married. The findings contradict the typical

image of a businesswoman who is young, single and strongly success-orientated (World Bank Report, 2004). Around 40% of women business owners have completed at least 12 year of schooling, while 11% have attended various schools for more than 16 years.

The “glass ceiling” is the most frequently quoted reason for leaving a permanent employment to set up own firm (44%) (Routledge, 2004). Women do not feel recognised for their work and their possibilities of rising above a certain organisational level are limited. They feel that they can use their skills better when running own business and reckon that this will give them more satisfaction allowing them at the same time to maintain high levels of skills. Having children, freedom to make own decisions and the need for more flexible hours to accommodate family demands were also amongst the reasons to opt for self-employment.

Polish Women Entrepreneurs

The majority of Polish female entrepreneurs are married women aged 40 or above, and have good education. According to statistics around 51% of them have university degree, 32% have finished high school and 6% have completed vocational courses (Konsinka, 2007). For 80% of women the firm they currently manage is their first own enterprise, and most of them have at least 5 years of experience as an entrepreneur (Lisowka & Gospodarcze, 2006).

Among surveyed women, 65% give a need for independence and freedom to make own decisions as the main reason of going into business, while 25% see it as an escape from unemployment. A large percentage of women establish their own enterprises to exploit a market opportunity that has arisen. The need for more flexible hours and for more satisfying job, an example of parents who are business owners were also among the reasons. Some women strongly disliked their jobs and felt that they could do a better job than their previous supervisors, whose careers have developed during the communist regime (Zapalska, 1997). The problem of the “glass ceiling” did not come up in the survey.

Emirati Women Entrepreneurs

The majority of successful women entrepreneurs in the UAE that are presented in the published news are daughters from rich families that have inherited part or the whole business after their fathers. Little research has been done on women entrepreneurs coming from lower social classes, their characteristics, motivation and barriers that they may encounter while running own business.

According the study carried out by the Centre for Labour Market Research and Information the majority of women entrepreneurs are young, 35% are in their twenties, 28% in thirties and 25% are 40 or older. However, as the age at which women get married and have children in most Middle East countries is much lower than in USA or Poland, it would indicate that most of these women are married and have children.

Generally, they are well educated with two thirds holding either Bachelor’s or Master’s degree. 70% of interviewed women had worked before setting up own business, with majority of them working for local or federal governments. Women engaging in traditional activities have learned their skills in an informal manner, from their mothers or other family member.

Out of nearly 50 interviewed women, one quarter has indicated that the need for additional income was the main motive to set up own business. Those who stated that running own business

is only a hobby. They were on average older than those who had more professional attitude. In general, younger women with better education tend to see their choice as a long term commitment and would like to expand their business activities while older regard it only as a supplemental source of income.

CONCLUSION

The level of entrepreneurial activity is shaped by many different factors. Still, in most of the countries the number of women-owned enterprises is raising. More research would be required to identify the reasons, especially in case of the United Arab Emirates as the data available is not sufficient to determine the most important factors.

For a long time women have had a very specific role assigned within a society and in case of some countries it has not changed. This has given women the opportunity to develop certain interpersonal skills making them better prepared to work in fields where those skills are necessary to succeed. Therefore, in all three countries there is a high percentage of women working in the health and social assistance services or in the retail sectors.

In case of less developed countries women do not have many opportunities to get the necessary experience to run the business. They may have good education but lack the knowledge that can be gained only through participation in the real life business situations. These women, when forced by the economical situation, tend to limit their activities to those in which women were traditionally engaged like food preparation or clothes making.

In all countries, only a small percentage of women have given a market opportunity as the main reason of setting up a business. Entrepreneurship is rather perceived by them as a solution to the employment related issues. Those problems differ depending on the socio-cultural and economical factors. In case of the United States, women are encouraged to be independent, innovative and ambitious; however, they come across barriers in their working places that do not allow them to fully exploit their skills and knowledge. In case of the United Arab Emirates, for older women it may be difficult to find a job as they lack the necessary qualifications, for younger women, it may be difficult to find a job flexible enough to allow them to actively participate in the family live. Many women entrepreneurs have also indicated that their endeavours to establish own business were not treated seriously, or they were being discouraged from taking this step by members of their families. This would explain why for majority of Emirati women running a business does not become a full time job but rather it complements other activities. Although, there is a high number of Polish women who decide to establish own business to escape from unemployment, the majority of them state that their need for freedom and independence is the prevailing motive.

Consequently, as women in these three countries regard entrepreneurship as a solution to their own employment problems, they do not expand their activities above a certain level. Women own only small businesses that rarely create jobs for many other people with small exception of the UAE where the cost of labor is extremely low.

Increasing the number of women participating in the new venture creation process is economically beneficial for all countries. It can reduce the unemployment among women who have families and children and be beneficial for communities in which these women operate. However, training policies that have been developed in countries like Poland and the UAE are not sufficient

to induce women to entrepreneurship as majority of them are already well educated. It would be necessary to help them to gain some practical experience. This even may not be enough in the UAE where there are serious cultural barriers for women who want to have their own firms. Further research would be necessary to establish to what extent those barriers prevent women from a wider participation in economical activities, and to what extent other factors like their own values stop them from setting up their own enterprises.

IMPACT OF PERSONAL CULTURE ON SOPHISTICATED SUCCESSION PLANNING BY SMEs ON MALAYSIA

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ABSTRACT

The shortage of younger employees to replace retiring baby boomers necessitates the cultivation of capable management executives to assure suitable leaders are ready for appointment. This research study specifically focuses on SMEs in Malaysia to investigate if owner-managers' personal culture would have an impact on the degree of sophistication of succession planning system. Based on the data collected from 105 SMEs and analyzed with SPSS, key findings are that individual culture namely stimulation and conformity have significant relationship with the degree of sophistication of succession management plans. Theoretical and managerial implications are discussed.

KEYWORDS

Personal culture, succession planning, SMEs, Malaysia

INTRODUCTION

With baby boomers coming to an age of retirement and shortage of younger employees stepping up in replacement, business succession planning is vital in cultivating capable management executives who are going to implement strategies and achieve corporation objectives (Huang, 2001). At times of unexpected death or resignation of executives, succession management serves as crucial part of human resources strategy; assuring suitable leaders are ready for appointment. Thus, only with good succession planning can firms ensure long-term business survival (Caudron, 1996). Although the importance of succession planning has been repeatedly expressed, many organizations still do not take business succession planning seriously. A survey done by Caudron reveals surprisingly that only 22% of 502 respondents agreed to the statement "My organization has a well-developed management succession system" (Kur and Bunning, 2002). The scenario is identical in Malaysia. For Malaysian organizations, many focus entirely on hiring and training workforce and neglect succession planning (Fatt, 2004).

On the other hand, individual culture of leaders plays an important role in determining the complexity of a succession planning system of an organization. Ironically, individual culture is rarely investigated in the area of business succession planning. Thus, this leads to the question of does individual cultures have impact on the sophistication of succession planning program in Malaysia SMEs? This study attempts to determine the individual cultures of SMEs, as well as to measure the degree of sophistication of succession planning system employed by SMEs in Malaysia.

For this research, only small and medium enterprises (SMEs) in Malaysia are taken into consideration. Classification of an SME in this research follows (Saleh & Ndubisi, 2006): organizations with full time employees not exceeding 150 or annual sales turnover not exceeding RM 25m.

LITERATURE REVIEW

Succession Planning Program

In general, scholars consent that a sophisticated succession system should include these critical elements; a statement of strategic vision (Huang, 2001); a planning database (Pattan, 1986); honest and open communication channel (Shulman, 1991); supportive management staff (Nahorney, 1992); systematic approach in identifying potential succession candidates (McElwain, 1991); rewarding managers for promoting best employees (McElwain, 1991); and participation, feedback and action (Getty, 1993).

Nonetheless, the degree of sophistication of succession planning system varies across business firms (Huang, 2001). Researchers in the past have come out with different items of succession planning systems. It has also been argued that firms in varying sectors will have distinctive succession plan differing in size (Barry and Jacobs, 2006). While studies of succession planning system have been conducted, none have examined the relationship between sophistication of succession system and individual culture. Some areas investigated with succession planning program include human resource outcomes (Huang, 2001; Anonymous, 2002) and organizational performance (Friedman, 1986).

In an empirical study, Sahl (1987) divided succession planning program into 5 stages on the basis of skill or sophistication involved. Friedman (1986) in the other hand characterized succession system into 7 elements. Metz (1998) redesigned and re-modelled the succession planning systems and summarized the key items as shown in Table 1.

Table 1: Key Shifts in Succession Planning Model

From	To
Groom a backup for each position	Develop pools of broadly qualified candidates; have position pools
Specialty disciplines in candidates	More broadly disciplined candidates
Business unit autonomy	More centralization and integration of systems and information
Siloed career growth	Cross-boundary fertilization to develop broader skills and perspectives
Largely human resources driven	Largely line driven
Subjective and informal criteria; personality/ image oriented	Strategic competencies and models define success; 360 degree feedback
Technical competence a key factor	Cross-functional management capability; quick learner; manage change
Tolerate marginal performers	Fewer positions for development requires removing marginal blockers
Company directs and controls career	Individual sets career direction
Controlled and confidential process	Input from multiple sources; more open planning and development process

“Promises”	No “Promises”
Focus on training and seminars as primary development vehicle	Sequential job assignments provide primary development experience supplemented by specific training
Take advantage of vacancies to promote candidates	Create assignments for development (e.g., exchanges, trades, special projects)
Promote from within when fully qualified	Promote when about 70% qualified; hire less experienced talent at every entry level

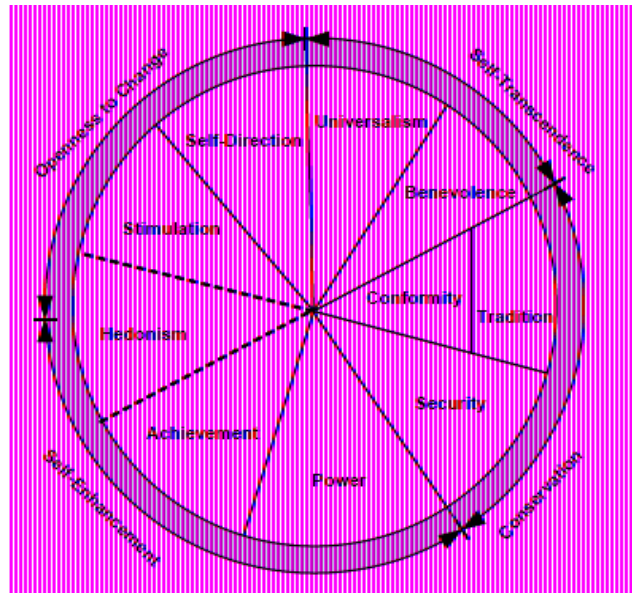
Source: Metz, (1998)

Huang (2001) investigated the relationship between sophistication of succession programs and human resource outcomes of Taiwan firms. The 10 items used by Huang (2001) in measuring the sophistication of succession system is adopted in this study.

Individual Culture

There are various theories used in defining individual culture including Rokeach Value Survey, Allport and Vernon’s (1931) Study of Values, McClelland (1991) Personal Value Questionnaire, Kilmann’s insight test (Bilsky & Jehn, 2002) and Schwartz (1994) individual value structure theory. The chosen model for this literature is Schwartz’s (1994) individual value structure theory. These values are derived from three universal requirements: biological needs, social needs and welfare needs of groups (Schwartz, 1999). The individual value structure theory has ten distinct value types namely, self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence, and universalism (Rice 2005). Each type is defined in terms of its central goal and the desired end-state to which it is directed (Schwartz, Sagiv & Boehnke, 2000).

A central feature of Schwartz’s theory can also be illustrated and comprised into 4 main sections: Openness to change, Self-Transcendence, Self-Enhancement and Conservation (see figure 1). Comparable value types are in close proximity while competing ones are on opposing sides of the circle (Rice, 2005).

Figure 1: Illustrative of Individual Value Structure Theory.

Source: Rice, 2005

Many studies in the past have applied Schwartz's individual value structure theory in different fields. Schwartz's individual values have been employed to determine the degree of individual culture on the self-perception of employee's creativity in Egyptian organizations. Findings showed that employee creativity is enhanced when self-direction (need for mastery, control and autonomy) is relatively more important to them; whilst stimulation (need for variety) appears to be negatively related to creativity (Rice, 2005).

Another study by Schwartz *et al* (2000) shows the relationship between the ten distinct values and worries (about its self (micro), society and world (macro)). Their study shows that self-transcendence values are associated with low micro worry and high macro worry, whereas self-enhancement values are associated with high micro worry and low macro worry. In 2006, Schwartz also investigated how demographic variables like age, gender and education can impact these 10 values. The results show that people's values are affected by the level of education they attain. Values promoting persistence through higher education include self-direction, achievement, conformity and tradition. Age on the other hand, correlates more positively with tradition and negatively with other values like self-direction, stimulation, hedonism, achievement and power (Schwartz, 2006).

Predicting behaviour with values (Schwartz, 2006), Values and the Implication in work (Schwartz, 1999) and Measurement Equivalence of Value across 21 countries (Spini, 2007) are further studies relating to Schwartz Individual Value Structure. In this research, not all the dimensions were employed. Among the 10 values, only 5 dimensions were selected for this research. The chosen constructs and the reasoning for their selection are presented in Table 2. Since past research continues to ignore the possible impact of individual culture on the degree of sophistication

of succession planning, this study attempts to fill this gap by examining this relationship using the relevant individual value types.

Table 2: Dimensions of Individual Culture

Selected Dimensions	Reasons
1) <i>Achievement</i>	Directors with high achievement scores would want better chance of good succession planning development, thus they would take necessary steps to ensure that plan is carried out smoothly.
2) <i>Benevolence</i>	With high benevolence culture, potential candidates are more likely to get promoted as the director is willing to overlook minor mistakes. Therefore, higher chance for better succession outcome.
3) <i>Stimulation</i>	Flexible, creative and adventurous directors who are more adaptable to constant environment changes are presumed to lead a good outcome in succession planning.
4) <i>Self Direction</i>	
5) <i>Conformity</i>	Directors with self-restriction and order would follow rules accordingly when it comes to succession planning. Thus highly formalized procedures will be followed.

Past studies support the idea that firms with more sophisticated succession planning systems will experience better organizational performance. Thus, it is assumed in this study that individual culture will have some impact on the sophistication of succession planning program. Using the 5 individual cultures selected above, the following hypotheses were derived:

H₁: Achievement culture is positively associated with sophistication of succession planning.

H₂: Benevolence culture is positively associated with sophistication of succession planning.

H₃: Stimulation culture is positively associated with sophistication of succession planning.

H₄: Self-direction culture is positively associated with sophistication of succession planning.

H₅: Conformity culture is positively associated with sophistication of succession planning.

METHODOLOGY

The methods for data collection are in-office interviews and drop-off surveys. In-office interviews are classified as person-administered surveys, which help to gain feedback and quality control. Drop-off survey was also used to collect information from the directors, who were not on site or unable to complete the survey form on the spot.

Table 3 shows the items for the constructs. The questionnaire incorporates the Schwartz Value Survey (SVS) (Schwartz, 1994) and Rice (2005) to measure the respective individual values. Items were adapted from Huang (2001) to measure sophistication of succession planning. Five-point Likert Scale ranging from (1) strongly disagree to (5) strongly agree was used to measure the items

of personal culture. Sophistication of succession planning was measured on another five-point scale ranging from 1 (not at all) to 5 (very large extent).

Table 3: Dimensions and Items of the Variables

Variables	Dimensions	Items
Independent Variable <i>Individual Culture</i>	Conformity	Politeness, Honor, Obedience, Self-discipline
	Achievement	Ambitious, Successful, Capable, Influential
	Self-direction	Creativity, Freedom, Choosing own goals, Curious, Independent
	Benevolence	Helpful, Honest, Forgiving, True Friendship, Responsible
	Stimulation	Varied Life, Exciting Life, Daring
Dependent Variable <i>Succession planning</i>	Sophistication degree of succession planning	Extent to which procedures of succession and managerial personnel development are formalized
		Extent to which employees and organizational units delegated responsibility for succession planning
		Extent of auditing and follow-up are exercised in executive review process
		Extent of higher level management involved in succession procedure
		Extent of departmental leaders being assessed and rewarded for efforts in subordinates nurture
		Extent of compiling of information on staffs and job position for succession and development purposes
		Extent of decision for promotion is on personal connections and network ties basis
		Extent of selection for promotion is on past achievements, experiences and ability basis
		Members of succession planning are viewed as credible and capable in job performance
		Amount of time CEO dedicates to handling succession issues

Adapted from: Huang (2001); Rice (2005); Schwartz (1994)

The list of SMEs in Malaysia was collected from the SMIDEC website, an SME information and advisory centre. Since the majority of SMEs in Malaysia operate in Kuala Lumpur (KL) and Selangor, SMEs located in Selangor and KL areas were the target population for this survey. The samples were selected from the list based on a simple random sampling method.

RESULTS AND DISCUSSION

The descriptive statistics of respondents are summarized below. Demographic data show that the number of male-female respondents is quite evenly distributed. Male respondents represent 49.5% of those surveyed and female respondents represent a slightly higher percentage at 50.5%. Approximately half of the respondents (48.6%) belong to age category of 21-30. Among those surveyed, majority are from the services industry (68%). Number of employees and company's annual turnover are 2 criteria used in the research to define SMEs. Although analysis results show

a few respondents do not satisfy both criteria, for company to be classified as SME, at least one criterion has to be fulfilled. Thus, all companies surveyed are qualified as SMEs satisfying either one or both criteria.

A reliability test was conducted to evaluate the Cronbach's Alpha values for all dimensions to ensure items grouping for the respective dimensions have acceptable internal consistency. A summary descriptive statistics of the dimensions and reliability estimates are shown in Table 4.

Table 4: Descriptive statistics and reliability estimates

Dimensions	Number of items	Mean	Standard Deviation	Cronbach's alpha
<i>Individual culture</i>				
Conformity	4	4.073	0.621	0.812
Achievement	4	3.973	0.627	0.834
Self-direction	5	4.114	0.554	0.826
Benevolence	5	4.200	0.538	0.851
Stimulation	3	3.701	0.613	0.739
<i>Succession Planning</i>				
Sophistication Degree of Succession Planning	15	3.857	0.416	0.855
<i>Note: N = 105</i>				

Lower limit of reliability ($\alpha = 0.60$) identified by Hair, Anderson, Tatham and Black (1998) was used in this study. After performing reliability test, all dimensions for individual cultures and succession planning have alpha coefficient higher than the lower limit of acceptability ($\alpha > 0.60$), suggesting a high level of reliability.

Regression Analysis was used in testing for associations between variables. To test for relationship between individual culture variables and sophistication of succession planning, multiple regression tests was conducted.

Table 5: Relationship between Individual Culture and Sophistication of Succession Planning

Independent Variables	Beta Coefficients	t-value (p-value)
Self-direction	-0.174	-1.305 (0.195)
Stimulation	0.294	2.628 (0.01)
Conformity	0.27	2.516 (0.013)
Achievement	0.237	1.938 (0.055)
Benevolence	0.108	0.954 (0.343)
<i>Notes: R² = 0.348; F = 10.553; Sig F = 0.000 *p < 0.05</i>		

Table 5 shows the summarized results of the multiple regression analysis for individual culture and succession planning. The results show that 5 dimensions of individual culture collectively contribute significantly to the degree of sophistication of succession planning ($F=10.553$; $p\text{-value}=0.000$). R^2 value of 0.348 indicates that 34.8% of the variation in succession planning sophistication is explained by individual culture. Table 5 also shows that only 2 dimensions of individual culture (Stimulation, Conformity) are significantly related with sophistication of

succession planning while the rest indicate no significant relationship with dependant variable at 5% significance level. Therefore H3 and H5 are accepted whereas H1, H2 and H4 are rejected.

IMPLICATIONS AND CONCLUSIONS

The outcome of this study shows that owner/manager's personal culture is important in explaining the degree of sophistication of succession planning adopted by SMEs in Malaysia. Also, the result of this study builds on past research information concerning succession planning sophistication. Theoretically, this research confirms that individual culture has a direct impact on the degree of sophistication of succession planning by small firms. However among the dimensions examined, only certain dimensions (i.e. stimulation and conformity) show significant relation while others are not statistically related to sophistication of succession planning.

Stimulation is the dimension that contributes more significantly in the respective individual culture. It deals with varied, exciting and daring nature of the owner-manager. This means that the level of sophistication of the succession plan depends on how daring the owner-manager of the SME is. Hence, if companies decided to employ a sophisticated succession plan, the CEOs should be more risk-tolerant and willing to take challenges. Another significant cultural dimension is conformity. Conformity deals with politeness, honor, and self-discipline. The import of this outcome is that owner-managers need discipline, in other to develop sophisticated succession plans. Politeness towards potential successors and honoring others are key qualities of managers who have sophisticated succession plan in place. Hence, CEOs and management executives should recognize the salience of stimulation and conformity factors to successfully instate sophistication into succession management plans.

However, individual culture dimensions such as achievement, benevolence and self-direction show no significant association with sophistication of succession planning. This indicates that CEOs who are lacking in these values are still able to design a succession planning system of high sophistication. Moreover, the findings of this study have implications for personnel in charged of succession planning system development in an organization. Since sophisticated succession planning is allied with good succession outcome, SMEs should put up detailed succession planning. However, research indicated that CEOs of firms that employ sophisticated succession planning score high in stimulation and conformity.

REFERENCES

Available Upon Request