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ON-LINE FEATURES OF GLOBAL RETAILER WEBSITES

Ismet Anitsal, Tennessee Tech University
M. Meral Anitsal, Tennessee Tech University
Tulay Girard, Penn State Altoona

ABSTRACT

This study investigates which of the online features of the top 250 global retailers' web sites significantly contribute to their retail sales as well as income/loss. The web site features are analyzed and classified into product, place, promotion, price, company, and customer service categories. The top 250 global retailers were dichotomously coded based on whether or not they provided each of the online features on their web sites. The performance data of the top 250 retailers included their 2006 revenues, income and losses, number of store formats, and number of countries they operate in. The analysis involved mean comparisons of the sales revenues; income/loss, number of store formats, and number of countries the retailers operate in based on whether or not they offer the features on their web sites. The findings indicate that the top global retailers' performance features such as number of formats, number of countries the retailers operate in were significantly associated with product, place, promotion, price, and company related aspects of marketing, including learning center, return and order cancelling policy, interactive shopping aid, gift cards, company credit card, rebates, price information, online credit application, investor, subsidiary and supplier information, and international web sites.
GLOBALIZATION: TRENDS AND PERSPECTIVES

Tiffany Bishop, Sam Houston State University
John Reinke, Sam Houston State University
Tommy Adams, Sam Houston State University

ABSTRACT

Over the past thirty five years the world has been transitioning into a global marketplace. Today financial markets, industry, and politics are all internationalized. This internationalization has lead to an increased transfer of capital across borders, increased communication throughout the world, an increased importance of trade in the economy, and an increase in international trade policies. Globalization has had drastic effects on the economic world and has created many challenges politically. This paper discusses recent trends and asks the question "Is globalization Reversible?"

INTRODUCTION

Due to globalization the business world has been completely transformed over the past thirty years. The economy is now more international with shares being traded between citizens of different countries on a daily basis. With the internationalization of industry and the economy there is a need for increased regulation from the governments of all countries involved. It is important to understand globalization and its effects on business to be a good business person in the world today. Professionals have different perspectives on how globalization has affected business today. Many scholars question whether or not globalization is positive or negative, especially for developing nations. These professionals feel that globalization brings both pros and cons to the world as a whole. Finally, business people should use this gained knowledge of globalization and apply it to future situations in the business environment.

TRENDS IN GLOBALIZATION AN INCREASE IN TECHNOLOGY AND TRANSPORTATION

Globalization has been rising side by side with the increase in available technology and convenience of improved transportation. Technology has made it simpler for people to communicate across borders, and has also lead to a decline in the cost of transportation. The technological revolutions in the mid 1980s lead to lowering the cost of transportation on airplanes, cars, and ships. It is now much less expensive and much easier to transport goods from one country to another. Transportation is a pro-active agent of globalization and continues to receive additional benefits as transportation itself improves. Transportation is the main factor that reduces barriers to international trade and helps to market new technology globally. Business people are able to travel more easily in order to work out deals with business people in other nations. A decrease in transportation costs
has triggered business' to garner greater profits by factory relocation, concentrating production in one sector, or in one location, where country inequalities exist (Heshmati, 2003). In addition, the digital revolution has also made globalization increase. Companies can now transfer files digitally over the internet, and even over handheld device. This makes it possible to have meetings without every participant of the meeting being physically present. The deregulation of the telecom market has lead to lower long distance communication costs and the exchange of information easier than ever before (Mukherjee, 2008). International businesses can now communicate with others through the ease of the email, telephone conferences, and videoconferences. It is now much less expensive for business people to pick of the telephone and ask their colleagues a quick question about a transaction that they are currently working on. The increase in telecommunications development had to do with a cause-effect relationship between technological development and the deregulation of financial market policies. New technology revealed how inefficient the financial market regulations were to begin with, and the deregulations of the financial market regulations lead to an increased investment in telecommunications, which then lead to increase technological advances (Czaputowicz, 2007). This increase in communication technology even further decreases the cost of doing business internationally.

**THE LIBERALIZATION OF GOVERNMENTAL TRADE POLICIES**

Second, the liberalization of national governmental trade policies has made trade between nations much easier. The government has a big place in globalization by setting standards for international trade and monitoring the structure for international trade and investment. If the government is active in facilitating investment, then that country is most likely globalized. The marketplace should be an efficient place to allocate resources. Therefore, the main role of the government should be to create an effective marketplace by providing a superior structure of corporate governance and business law, providing a stable economic framework, and provide supply-side flexibility at a micro level (Alexander and Warwick, 2007). Scholar Robert A. Kagan (2007) stated that "there is little doubt that globalization has impinged on the autonomy of national governments, pushing the legal systems of economically advanced democracies toward convergence in significant ways." Convergence between governments is needed so that trade can be regulated the same in all participating countries. Recently, trade laws are getting more liberal and opening up trade in parts of the world where international trade was previously not taking place. These trade liberalization policies are needed to open trade throughout the world and increase economic growth.

Next, financial capital has become more dominant, making it important for corporations to maximize shareholder value, which affects the companies' way of functioning, and how income and wealth are distributed. The removal of the Bretton Woods accord led to financial deregulation and exchange markets are now speculative, and rely on the amount of money flowing through the system rather than trade flows (Went, 2004). With the free flow of capital throughout the world financial markets, trading and technology have all exploded at a rapid pace. An investor may borrow money from a bank in London to build a skyscraper in China, and even have financial backers from Australia, Sweden, and Dubai.
IS GLOBALIZATION REVERSIBLE

When asking whether or not globalization is reversible does not mean it needs to be altered to the degree of disbandment but rather can it to a certain extent be changed to advance all societies, rather than a few nations. Examining this possibility requires a sincere look into the unfair nature of globalization of today and then evaluate the needed steps to adjust it ongoing development in all countries. The World Commission on the Social Dimension of Globalization says to be aware of the clear warnings of what is going to occur if globalization is allowed its continued path, while advancements are "too distant for too many". (The Association for Women's Right in Development, 2008).

Great wealth is being accumulated, but developmental problems of exclusion, poverty, an inequality persist. Bribery is generally accepted, free and open cultures and societies are endangered by violence and the ideas of an open market are in question. World-Wide sovereignty is in a predicament. The world is at a perilous juncture and we all need to revise or rethink our present policy and organizations (The Association for Women's Rights in Development, 2008).

Societal change has always existed. The amount societies have changed has allowed man-kind to achieve great and wondrous things. Without the progress of social change (examples include technological and medical discoveries) mankind would fight to survive. However social change is not always done for the benefit of all. It is undeniable that the power of globalization is both advantageous and disadvantageous at the same time.

Changing this approach to globalization will require a number of modifications to the present methodology, a multifaceted task clearly laid out by the Commission in its document entitled; A Fair Globalization: Creating Opportunities for All that includes the following criteria: 1) A focus on people that addresses such global characteristics as gender equality, cultural autonomy/identity, community empowerment and decent work opportunities; 2) a democratic and effective State whereby the capacity exists to offer economic/social opportunity as well as assimilate into the global economy; 3) sustainable development in all forms of social, economic and environmental application; 4) productive and equitable markets; 5) fair rules; 6) globalization with solidarity; 7) greater responsibility to citizens, both public and private; 8) deeper partnerships in all organizational levels; and 9) an effective United Nations that creates and enforces an appropriate system of governance. In short, these proposals call for "a wider and more democratic participation of people and countries in the making of policies that affect them. They also require those with the capacity and power to decide-governments, parliaments, business, labor, civil society and international organizations-to assume their common responsibility to promote a free, equitable and productive global community" (The World Commission on the Social Dimension of Globalization, 2004).

SUMMARY AND CONCLUSIONS

In conclusion, over the past thirty years globalization has completely transformed how nations are conducting business in the world. The increases in technology and the liberalization or governmental policies have lead to globalization skyrocketing over the past three decades.
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The Association for Women’s Rights in Development (2008). How can globalization be changed to benefit all people?


IRAQI BUSINESS CULTURE: AN EXPATRIATE'S VIEW

Don B. Bradley III, University of Central Arkansas
Justin Brown, University of Central Arkansas
Michael Rubach, University of Central Arkansas

ABSTRACT

This paper will analyze the effects of imposing a very diverse Western business culture on the religious culture of Iraq. In an attempt to figure out where the Iraqi business culture is evolving, we must first dissect the fundamentals of the culture of the past, and the ingrained cultural beliefs of the inhabitants of the present. Once we understand the past, we can then evaluate a comparable market in an attempt to predict and make executive suggestions as to its future.
CUSTOMER SERVICE IN THE USA AND LATIN AMERICA

Nitza Cavero, Sunburst Farms Inc.
Steven Hope, Girl Scouts of America
Kasey Watson, Cameron University
Jonathan D. Watson, Cameron University
Samuel Lane, Lane Import

ABSTRACT

As consumers, most people understand the value of good customer service. From the simplest item one can buy, to the most expensive piece of equipment such as a vehicle, people want information and good service. Successful companies make customer service a priority. They invest tremendous amounts of resources to satisfy their customers. This is especially important in industries in which products are perceived as commodities, and the only differentiating factor may be customer service. For most organizations customer service is not simply satisfying their customers, it represents the very survival of the organization, and they make every effort to hire and retain individuals with a predisposition to customer service. In the present paper we examine the relationship between employee absenteeism and customer service. We find that there are significant differences in attitudes towards customer service in the USA and in Latin America and this then influences the relationship between customer service and absenteeism.

INTRODUCTION/CONCLUSIONS

A copy of the full paper is available from the first author.

REFERENCES


EPS AS A MEASURE OF INTERCOMPANY PERFORMANCE: PHILIPPINE EVIDENCE

Cynthia P. Cudia, De La Salle University
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ABSTRACT

The objective of financial reporting is to provide information that is useful to a wide range of users. Investors, for instance, gauge company’s performance by evaluating its profitability. The analysis of the financial performance becomes more meaningful when profit is scaled against acceptable measures of firm size such as total assets and sales. Ratios such as return on assets (ROA) and return on sales (ROS) are commonly used. Another popular ratio of income performance is earnings per share (EPS). In this tool, the number of ordinary shares is proposed as a measure of firm size.

Based on the observations of 233 companies in the Philippines, statistical tools were employed to assess if outstanding ordinary shares can be used a legitimate measure of firm size and to determine the strength of relation between ordinary shares to total assets and sales.

The results revealed that EPS cannot be used in making inter company comparisons among corporations in the Philippines. The number of outstanding ordinary shares has no strong relationship with the other common measures of firm size such as total assets and sales. This study concludes that the number of shares is a weak predictor of firm size. It is not a viable measure that can be used in comparing profit performance among corporations. For academic purposes, especially in the Philippines, accounting professors should teach EPS with an emphatic statement that it cannot be used for inter company comparisons.
VIETNAM AND INFRASTRUCTURE: HOPE FOR THE EMERGING FUTURE

John T. Finley, Columbus State University

ABSTRACT

The US Critical Infrastructure Assurance Office defines infrastructure as the framework of interdependent networks and systems comprising identifiable industries, institutions, and distribution capabilities that provide a reliable flow of products and services essential to the defense and economic security of the U.S., the smooth functioning of governments at all levels, and society as a whole" (Presidential Decision Directive 63, 1998). Fundamentally, an infrastructure is "the underlying foundation or basic framework (as of a system or organization)". Vietnam is a country that is struggling to rebuild itself after long periods of war and destruction. This emerging nation with its recent history of devastation resulting from decades of conflict is currently experiencing high growth in their GDP at 8% from 2004-2007 (second only to China). Although not one of the Southeast Asian is not one of the 'Tigers' of global growth that have characterized the region, investments and savings have shown solid growth since the last reforms in 2000. Their recent admission into the WTO in 2006 makes them particularly interesting as they begin to explore globalization and capitalist economic advances. This paper treats the methods engaged in by Vietnam that might provide clues about what can be considered successful the early stages of development for emerging countries.
AN EMPIRICAL TEST OF THE INTEREST RATE PARITY: DOES IT HOLD BETWEEN U.S.A. AND SELECTED EMERGING ASIAN ECONOMIES?

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ABSTRACT

Interest Rate Parity is a theory that exchange rates are determined between two countries based on the interest rate prevailing in those two countries. This paper examines and does an empirical test of interest rate parity between the United States and selected emerging Asian economies, which includes Philippines, India, Singapore, Thailand, Korea, Pakistan and Malaysia. Each one of these Asian economies is paired with the United States and the actual forward exchange rate is compared with the projected exchange rate based on interest rate parity. The null hypothesis states that actual forward exchange rates are equal to the projected forward exchange rate. If the null hypothesis is accepted, then we conclude that interest rate parity holds. Based on t-test for equal means, if the null hypothesis is rejected, then we conclude that interest rate parity does not hold. The results of the t-test for equal means of the actual and projected forward rate for U.S. and the emerging Asian countries of Malaysia, Pakistan, Korea, Thailand, Singapore, India and Philippines shows that we cannot reject the null hypothesis. Therefore, it is concluded that Interest Rate Parity holds between the United States and emerging Asian economies which includes Malaysia, Pakistan, Korea, Thailand, Singapore, India and Philippines.
COSTS AND BENEFITS OF FOREIGN EDUCATIONAL TRAVEL PROGRAMS

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Carl J. Case, St. Bonaventure University
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ABSTRACT

Educational institutions are constantly emphasizing to students the importance of foreign educational travel. This experience can take many forms. There are full semester programs, summer programs of five to six weeks, and shorter duration programs of two to three weeks. This paper reviews the costs and benefits of the shorter programs of two to three weeks. The program under study involves MBA students, many of whom are employed full time. These individuals would likely not be available for a longer education travel program due to work commitments.

The program discussed in this paper is offered by a private university located in western New York State. This is a successful educational experience that the university has offered seventeen times. This paper reviews student and faculty perceptions of the costs and benefits of such educational experiences. Although these programs contain significant costs, both students and faculty are in agreement that benefits far outweigh the related costs. Any college or university not currently providing such an experience should seriously consider the benefits derived for both students and faculty from the addition of such a program.
DAOISM AND THE RELIGIOUS COMMUNITY TRADITIONS: THEIR INFLUENCE ON CHINESE MANAGERIAL THEORY

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ABSTRACT

This paper examines the significant impact of Daoism and the Community Traditional beliefs in shaping Chinese managerial theory. The paper explores the work of Laozi and Zhuangzi, who shaped the more formal religious tradition in China, as well as the more ancient and varied community religious traditions of the Chinese. It is proposed that these two forces have shaped the underlying philosophical orientation of modern managerial theory and practice in China. This influence spreads across the managerial spectrum, from proper human resource management to strategic decision-making.

While some have referred to China as a "Godless society," religion is a part of the lives of many Chinese, and its importance has grown as the impact of the Maoist regime diminishes throughout modern China (Roberts 2008). While many Chinese may not consider themselves to be spiritual in the sense of belonging to an organized religious group, the long-standing community traditions with their local gods and daily practices have provided a sense of religious community to China for thousands of years. While religious beliefs have always impacted the practice of management, there has been increased interest in the relationship between spiritualism and business in recent years (Dean, Fornaciari, and McGee 2003; Fry 2003; Abuznajid 2006; Schwartz 2006). Some of this interest has been directed towards an ethical orientation (White 1999; White and Taft 2004; Suen, Cheung, and Mondejar 2007), as one would expect when discussing religion, however, the area of study has now been expanded to include other areas of interest to management researchers. The impact of religious beliefs on managerial behavior, and how researchers should study this relationship, has become a legitimate field of inquiry. In order to better understand a culture and its management system, one must look to the historical antecedents of the value system of that culture. As Boettcher (2007) states, Westerners fail to understand that they are dealing with thousands of years of history, philosophy, and religion when they deal with China. He recommends that in order to understand Chinese business practices one should understand how Daoism and Confucianism have shaped current Chinese thinking. The focus of this paper is on the influence of Daoism, a less understood and discussed antecedent of Chinese managerial thinking.

Often mentioned characteristics of Chinese management such as centralized and hierarchical structures, parental orientation, guanxi, and harmonious relationships have a strong Confucian basis. Much of management practice in China can be explained by its Confucian tradition, however, it must be remembered that Confucius made almost as much reference to the Dao as did Laozi (Palmer...
The Dao or "the Way" permeates all of Chinese culture, from medicine to management. Daoist belief provides the foundation of Chinese medicine, including acupuncture and various health practices such as Tai Chi, and can be found in building design through feng shui principles. Hundreds of millions of Chinese people in mainland China, Hong Kong, Taiwan, and Singapore also worship the gods of Daoism (Lorenz 2007). Almost all literate people in China have at some point in their lives read the two main Daoist texts, the Dao de jing and Zhuangzi (Cleary 2003). Whether directly or indirectly, the values of the Chinese people, at home and abroad, have been shaped by the basic beliefs of Daoism. While the Chinese may be "Confucianist by day and Daoist by night," like the Dao, the underlying principles of Daoism permeate all aspects of Chinese existence.

Daoism begins and ends with the dao. The dao represents the opposing forces and energy of the universe. The Dao should not be viewed as a supreme being or God, but rather it represents the cosmic principle which permeates all aspects of creation (Oldstone-Moore 2003). In early Chinese history, the mystic, Laozi developed the philosophical and spiritual orientation of Daoism. Laozi proposed that the universe was ruled by the Great Unity, commonly known as Yin and Yang. Yin and Yang do not represent the struggle between good and evil, in fact, both Yin and Yang represent goodness. Evil develops when there is an imbalance between Yin and Yang. A central element of the Daoist belief system is that nature exists in harmony, and mankind should also strive for harmony and balance. The Dao according to Laozi, was an unexplainable force that maintained balance. Balance and integration can be seen in the figure itself, with its black and white opposites, and black dot in the white domain, and white dot in the black domain. The Dao is the natural order of the universe and humans, according to Zhuangzi, fight this natural order and devise unnatural constructs, causing disharmony. Human existence and interaction must be consistent with the harmony of the Dao.

Daoism can be divided into philosophical and religious Daoism. Daoism first developed as a more philosophical framework, and later added a priesthood and religious canon. The religious part of Daoism consists of a complex pantheon of gods and many subsets, including the religious community traditions. While in theory these viewpoints are distinct, in reality, they all closely interrelated (Nigosian 1994). Distinctions among the groups are beyond the scope of this paper and unnecessary to show the relationship between a Daoist view of the world and its impact on management theory.

Living according to the Dao means living in a spontaneous manner, to avoid the assumptions of causality, and to live in harmony with the group. One of the key manifestations of a Daoist viewpoint in management is the importance placed on harmony in the workplace and harmony in business dealings. It is a well-known characteristic of the Chinese that they much prefer to do business with people they know. The concept of guanxi, or connections, shows the importance
placed on establishing a harmonious relationship. Harmony both inside the organization and harmony with the outside is essential to effective business functioning. The importance of harmony over performance influences decisions relative to human resource management issues.

In addition to the importance of harmony in interpersonal relationships, Chinese management uses the natural cycles of the universe to manage affairs. The Chinese view of the stronger link between humans and nature, a view that considers humankind to be part of nature, seeks to capitalize on natural cycles as rhythms. One of the most popular texts of Daoism, the Yijing (I-Ching) seeks to gain an understanding and provide advice to humans based on nature and its cycle of events.

![Diagram of Yin and Yang with elements of the universe]

The Yijing has been used for thousands of years to answer questions that a reader proposes. Daoism over the years has experimented with magic, and what in the West would be called superstition. The Chinese today are still considered very superstitious with important placed on certain numbers and events. This superstition is a natural outgrowth of the philosophical orientation of their indigenous religious orientation.

Viewing life as a cycle of events with opposing forces at the center causes one to view the world not in terms of black and white, and compartmentalized, but rather as one long continuous process with a dynamic nature. Long-term planning, focused core competencies, and right and wrong actions are not viewed with the same respect as seen in the Western model of management. The Daoist concept of wuwei, or without action, can be seen in many aspects of Chinese management, including the use of silence in negotiations.

Views of strategy vary considerably with a Chinese mindset. Western strategy can be categorized as being deliberate, planned, focused, measured, and having a high tolerance for conflict and competition. All of these characteristics are inconsistent with a Daoist approach. Chinese strategy tends to be more emergent, informal, simultaneous, vague, and resistant to conflict (Schneider & Barsoux 2003). Sometimes it appears to Westerners that the Chinese have no strategy at all as their approach tends to bend and flow with the situation. Western firms tend to establish core competencies in related areas, whereas we often find Chinese companies operating in many unrelated industries. The use of intuition and opportunity often drive Chinese strategy.
The Chinese are also very utilitarian in their perspective. This practical, frugal, give-and-take orientation to management is not unlike the Daoist devotee who visits a temple with the goal of paying homage to the god of prosperity, Caishen, or other Chinese community deities in order to receive a hoped for outcome in a business transaction. Burning incense in a large pot in front of a temple, laying a red scarf on a statute of a god in order to receive a wish, and placing a wealth dragon statue on one's desk has a very strong utilitarian focus.

Management theory develops in the culture that creates the theory. Chinese culture is complex and has been influenced by many people and events throughout its long history. Many philosophical orientations have shaped Chinese management theory including the Confucianists, the Legalists, and the communists. Chinese management theory is a blend of all these orientations, yet at its core, shaped by the Dao.

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INFORMAL SOCIAL NETWORKS OF EUROPEAN SMALL BUSINESS OWNERS

Sherry Robinson, Buskerud University College/Pennsylvania State University
Hans Anton Stubberud, Buskerud University College

ABSTRACT

Social networks are becoming increasingly important to entrepreneurs as they use them to obtain market access, information, technology, and other resources. Through networks, new firms are able to more quickly establish trust, reciprocity, and cooperation. In certain industries, networks and contacts even provide an indication of an entrepreneur's standing and reputation. This study builds upon previous work on social networks in entrepreneurship by examining the sources of advice used by successful business owners in three industry sectors (services, construction, and "other industry") in six European countries. Particularly, this study analyzes the proportion of entrepreneurs who seek out advice from family and friends and professional acquaintances when starting a new business. The results show that entrepreneurs in these three sectors rely on the same sources but in varying degrees. In addition, their behaviors also differ between the nations.

INTRODUCTION

Networks are becoming increasingly important as they provide firms with access to markets, information, technology, and other resources which can improve a firm's changes of survival and growth (Aldrich, Reese, & Dubini, 1989; Birley, 1985; Donckles & Lambrecht, 1997; Farr-Wharton & Brunetto, 2007; Gulati, Nohria & Zaheer, 2000; Hoang & Antoncic, 2003; Madsen, 2007; Malecki, 1997; Teece, 1986). Entrepreneurs are, to some extent, dependent on their networks of personal relationships when making decisions and solving problems (Taylor & Thorpe, 2004). An entrepreneur who can identify and exploit synergistic opportunities with partners who control complementary resources and capabilities may enjoy an advantage over those who are unable or unwilling to do so. Networks can therefore provide business owners with access to the resources necessary to establish and grow a business, either directly or indirectly through access to third parties and their resources.

This study builds upon previous work on social networks in entrepreneurship (Bruderl & Preisendorfer, 1998; Cooper, Woo, & Dunkelberg, 1989; Nebus, 2006; Robinson & Stubberud, 2009; Smeltzer, Fann & Nikolesean, 1988) by examining the sources of advice used by successful European business owners in three industry sectors. The following section provides a brief background on the importance of social networks to entrepreneurs. This is followed by the methodology and results from this study.
USING SOCIAL NETWORKS IN ENTREPRENEURSHIP

One result of networking is the development of social capital, which essentially consists of the "resources individuals obtain from knowing others, being part of a network with them, or merely being known to them and having a good reputation" (Nahapiet & Ghoshal, 1998, p. 107). In fact, within certain industries, such as creative and professional business services, networks and contacts have been found to provide an indication of an entrepreneur's standing and reputation (Silversides, 2001). Founders with dense and varied networks of contacts can gain information to help them surmount business development problems, shaping their own survival and growth (Bruderl & Preisendorfer, 1998; Low & MacMillan, 1988).

According to Butler and Hansen (1991), new firms are more likely to achieve business performance when they are able to identify and attain resources through exchange relationships within their networks. Similarly, Baum, Calabrese and Silverman (2000) suggest that start-ups can enhance their chances of survival and eventual success by establishing alliances and developing them into an effective network. Concrete examples of the benefits of networks include obtaining board members with significant management expertise (that small firms would not normally have been able to attract), and receiving orders from large corporations that would not otherwise deal with the new small firm (Hippel, 1994).

Networks that include people who are not well-acquainted with each other usually provide a wider variety of resources, viewpoints, ideas, and information than less diverse networks composed mostly of family and friends who know each other (Smeltzer, Van Hook & Hutt, 1991). Other research has shown that small business owners use informal sources, especially family, friends, and professional acquaintances, while larger businesses use more formal sources, namely, banks (Cooper et al., 1989; Robinson & Stubberud, 2009; Smeltzer et al., 1988). The quality of information obtained from different sources naturally varies based on the expertise of the knowledge source. For example, family and friends being less likely to provide important information, but more likely to have strong ties and be willing to help, whereas professional acquaintances may have better information but be more difficult to contact (Nebus, 2006). Founders with varied networks of contacts are in a better position to gain useful information to help them surmount business development problems, thus shaping their own survival and growth (Burt, 1982; Low & MacMillan, 1988; Zhao & Aram, 1995).

Birley (1985) found that the type of source accessed was related to the resources desired. When assembling raw materials/supplies, equipment, location/premises, and employees, business contacts were used most. Family and friends were also important for assembling local resources (location/premises and employees). The source of advice could also therefore vary based on industry as different resources are needed. This study further examines this issue by looking at the sources of advice used by people starting small businesses in three industrial sectors.

METHODOLOGY, RESULTS AND ANALYSIS

This study uses data from the Eurostat metadata database (Eurostat, 2009). Participants in a 2005-2006 survey regarding the structural factors of business success consisted of people who had started businesses in 2002 and were still personally managing them in 2005. A sample of 274,605
people from six countries was used for this study, including 74,319 women and 200,286 men (Table 1). Additional countries participated in the survey, but these six countries were chosen for this study because each of them had over 10,000 participants, thus providing a large enough pool for the break-down by industry.

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<td>Study Participants by Gender and Country</td>
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The three industrial sectors used in this study were construction, services, and "other industry" (total industry not including construction and services). Although the services category was initially broken down into more specific sectors, significant differences were not immediately observed, so only total services is presented in this study.

Business owners were asked to indicate if they had used each of the nine sources of advice listed in the survey. Only four sources were used by people in most of the countries, and only two of these were actually sources of advice: "family and friends" and "professional acquaintances" (see Robinson & Stubberud, 2009 for a more detailed analysis of all nine sources). The other two "sources" were "no access to advice" and "no need for advice." Therefore, this study concentrates on the informal sources family and friends and professional acquaintances, as shown in Table 2.

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<td>Source of Advice by Industry</td>
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<td>Family and Friends</td>
</tr>
<tr>
<td>Professional Acquaintances</td>
</tr>
</tbody>
</table>
Table 2
Source of Advice by Industry

<table>
<thead>
<tr>
<th>Country</th>
<th>Services</th>
<th>Construction</th>
<th>Other industry</th>
<th>Overall (average)</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family and Friends</td>
<td>66.5%</td>
<td>62.8%</td>
<td>64.6%</td>
<td>66.2%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Professional Acquaintances</td>
<td>31.2</td>
<td>43.5</td>
<td>44.4</td>
<td>33.1</td>
<td>13.3</td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family and Friends</td>
<td>41.9%</td>
<td>41.4%</td>
<td>54.0%</td>
<td>43.9%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Professional Acquaintances</td>
<td>32.0</td>
<td>29.1</td>
<td>28.8</td>
<td>30.9</td>
<td>3.8</td>
</tr>
<tr>
<td>Italy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family and Friends</td>
<td>40.4%</td>
<td>36.4%</td>
<td>44.1%</td>
<td>39.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Professional Acquaintances</td>
<td>53.8</td>
<td>47.1</td>
<td>44.3</td>
<td>51.4</td>
<td>9.5</td>
</tr>
<tr>
<td>Slovakia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family and Friends</td>
<td>39.8%</td>
<td>44.9%</td>
<td>43.9%</td>
<td>41.4%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Professional Acquaintances</td>
<td>43.4</td>
<td>46.9</td>
<td>46.3</td>
<td>44.4</td>
<td>3.1</td>
</tr>
<tr>
<td>Sweden</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family and Friends</td>
<td>43.8%</td>
<td>47.2%</td>
<td>43.0%</td>
<td>44.3%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Professional Acquaintance</td>
<td>40.2</td>
<td>42.7</td>
<td>39.9</td>
<td>41.0</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Analysis of these results shows that the overall average percentage of people who report using their friends and family or professional acquaintances as sources of advice is not always indicative of the practices of people who start businesses in different industries. In Sweden and Slovakia, the percentages of people using each source did not vary greatly across the three industrial sectors. In fact, in these two countries, the proportions that used friends and family were similar to those who used professional acquaintances. Therefore, in these countries, the overall average is indeed a fair indicator.

In contrast, large differences were observed for professional acquaintances (but not family and friends) in Bulgaria, as over 10% more people in construction and "other industry" used this source. This suggests that people starting service-oriented businesses did not have or did not need advice from professional acquaintances, or that family and friends could provide needed advice, since 66.5% used that source. Given that a similar percentage of people in construction and "other industry" also used family and friends, it could be that Bulgarians starting businesses in those other sectors needed additional advice. This would be consistent with Birley's (1985) finding that entrepreneurs used different sources to obtain different types of resources.
The opposite was found in Italy, where people in services were the most likely to ask professional acquaintances for advice, but those in "other industry" were the most likely to call upon friends and family. Again, the process of using different sources for various resources would be consistent with Birley (1985), even though in this case, the type of industry and source used were different from the situation in Bulgaria. Respondents in Austria and the Czech Republic gave quite similar answers in that people in services and construction were less likely to have used friends and family than other business owners, but this difference disappeared when looking at professional acquaintances.

**CONCLUSION**

The ability to network is one of the most important entrepreneurial skills (i.e. resources) for success because business owners with strong networks can not only stay in touch with the latest developments, but also gain access to resources that would be otherwise inaccessibile, or at least more costly, thus creating a competitive advantage (Aldrich et al., 1989; Birley 1985; Teece, 1986). This, in turn, can lead to improved chances of survival, growth, and overall success (Madsen, 2007; Malecki, 1997).

As shown in this study, informal sources of advice such as family and friends and professional acquaintances are significant sources of advice. However, people in different industries in different countries rely on these sources to varying degrees. There was no clear and immediate trend to indicate that people in all countries use different sources based on their industries.

**REFERENCES**


