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EXPATRIATE ENTREPRENEURS AND PUBLIC POLICY

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ABSTRACT

An entrepreneur is an innovator, someone who creates new combinations of resources in order to invent new products (Schumpeter, 1942). Schumpeter saw the entrepreneurial process as “creative destruction” because resources were reallocated from their previous uses to create new products and technologies. Kirzner (1973), on the other hand, defined entrepreneurship as the discovery of opportunities that had been previously unnoticed. An entrepreneur has the characteristics of an innovator, risk taker, and resource allocator (Kaiser, 1990). No matter how one defines the entrepreneur, entrepreneurs catalyze change. The change can be in the form of new products and technologies, new uses for the same resources, or new methods of production. Therefore, it is easy to see how entrepreneurial activity creates new jobs, new wealth, and areas for further growth in the economy. The level of entrepreneurship influences the development and growth of the economy. Public policy can influence or discourage entrepreneurship. If public policy desires to foster economic growth and encourage the development of the economy, policy makers should seek to understand the effects those policies have on entrepreneurial spirit and incentives. Public policy should aim to be supportive of entrepreneurship as entrepreneurial endeavors grow and develop the economy. It is important for policy makers to recognize that excess government intervention and poorly made public policy might distort the decisions made by entrepreneurs.

INTRODUCTION

Economic freedom, how it is measured and its relationship to entrepreneurial activity, are topics of more recent research. Economic freedom indices generally focus on taxation, regulations, and property rights. These studies attempt to show that countries with higher economic freedom scores have higher per capita incomes and higher economic growth rates. As stated by Kreft and Sobel (2005), “policies consistent with expanding the economic freedom of individuals are the cornerstone of the successful economic development policy.” With greater economic freedom, private enterprises and markets could determine production and allocation, rather than mandates by the government and politics (Carlsson & Lundstrom, 2001). Kreft and Sobel (2005) refer to entrepreneurial activity as the “missing link” from economic freedom to economic growth. Economic freedom could provide the correct environment to encourage

entrepreneurial activity, which in turn creates economic growth and development through job creation, innovation of products and technologies, and increased productivity. Thus, an economic environment characterized by low taxes, low regulations, and secure property rights could provide the correct atmosphere for entrepreneurial spirit to thrive and prosper, and hence create economic growth and development.

DEPENDENT VARIABLES

According to Lumpkin and Dess (1996), the term “Entrepreneurial Orientation” (EO) has been used to refer to the strategy making processes and styles of firms that engage in entrepreneurial activities. EO consists of processes, practices, structures, and/or behaviours and decision making styles that can be described as aggressive, innovative, proactive, risk taking, and autonomy seeking. Specifically, those firms that act independently (autonomy), encourage experimentation (innovation), take risks, take initiative (proactiveness), and aggressively compete within their markets have a strong EO, whereas those lacking some or all of these have a weaker EO (Lee & Peterson, 2000). Carraher (1998, 2005) moved beyond examining entrepreneurial orientation at the organizational level and created scales to measure it at the individual level. In 1998 he validated the scales with samples from North and South America and in 2005, validated them with samples from Africa, Asia, Europe, and North America.

Gartner (1988) defined entrepreneurship as the creation of new organizations. He implied that founding, owning, and managing a firm are the important aspects of entrepreneurship. This comes close to Hisrich's (1990) definition of entrepreneurship: “Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction”. Both of these definitions deal with self employment, which is a broader construct than entrepreneurship and includes both entrepreneurs and small business persons (Carraher, 2005; Carraher, Carraher, & Whitely, 2003). Peters (1992) wrote about the need for entrepreneurial businesses to have good customer service. Hogan, Hogan, and Busch (1984) pioneered research in the area of individual level customer service with their development of the Service Orientation Index. In the area of individual level customer service, Carraher, Buckley, Scott, Parnell, and Carraher (2002) pioneered empirical work on customer service within entrepreneurial organizations, and Carraher, Parnell, and Spillan (2009) did so among entrepreneurs themselves, finding support for the importance of customer service among entrepreneurs and within entrepreneurial organizations.

Fred Fiedler (1964; 1967) began his work on the contingency theory of leadership in 1953. He believed that the organizational situation moderated the relationship between the preferred leadership style and organizational effectiveness. Fiedler (1978) argued that a task-oriented leader is primarily motivated by the achievement of job-related objectives and that they emphasize task-oriented performance. Peters, Hartke, and Pohlmann (1985) reviewed thirty years of research on the LPC scale and concluded that the evidence supported the contingency model; however, there were also major criticisms of both the scale and the theory. Therefore, we chose to use a newer scale in order to measure task-oriented leadership.

METHODOLOGY

A survey using mailed questionnaires was conducted over a period of 49 days. Mail and E-mail addresses were obtained directly from friends and relatives of first generation expatriate Lebanese entrepreneurs. Of the 309 overseas Lebanese entrepreneurs that were contacted, only 269 replied (an 87% response rate). Five questionnaires were excluded due to incomplete answers. The sample size consisted of 264 individuals: 222 males and 42 females. That is, 84.1% of the expatriate Lebanese entrepreneurs were males, and 15.9 % were females. Their age ranged from 24 to 55, with almost half (48.5%) of the respondents belonging to the youthful 24-35 range, and 34.8 % were between the age of 36 to 45, and 16.7% were between 46 and 55. 24.2 % of the respondents operated in the USA, while 17.8% operated in Canada, 12.1 % in Australia, 14% in France, 11% in West Africa, and 20.8% held their businesses in the Gulf region.

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INNOVATIVE USE OF GIFT CARDS

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ABSTRACT

More and more shoppers have started using gift cards in their retail purchases for the last two decades. In response to this emerging trend in retail shopping, more and more merchants started offering their unique gift cards to accommodate a variety of customer needs and wants. While some retailers offer quite simple and plain functional gift cards to their gift giving customers, other retailers such as Target innovatively create colorful, multipurpose gift cards. Characteristics of newly designed, sometimes three dimensional, voice recordable, reloadable and online redeemable gift cards for special occasions include graphics, hologram, smell, mood sensing, textured or glitter finish, personal statements and pictures. Those gift cards can be used as toys including finger puppets and games, or worn as an ornament. Besides being used to increase retail sales, retailers started using gift cards to communicate their marketing mixes such as product, place, promotion and price. In summary, use of gift cards is emerging rapidly and retailers can utilize them competitively. The purpose of this study is to analyze the physical characteristics of gift cards issued by entrepreneurial retailers to help other retailers better understand the qualities of gift cards in determining the design of the next generation cards.

ENTREPRENEURSHIP: SOME DEFINITIONS

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ABSTRACT

What is entrepreneurship? Does it differ from self-employment? What about small business management? Is there agreement as to the definition of entrepreneurship - and does it matter whether or not there is agreement? There are two essential aspects to entrepreneurship: self employment and expected growth rate. Entrepreneurship is more than self employment and more than small business management as there is typically some expectation about higher than average growth rates. What is a higher than average growth rate? A number often heard is a 20% real growth rate meaning 20% greater than the inflation rate. Then what about innovation? Does an entrepreneur have to be doing something innovative and how is innovation defined? Innovation can be helpful for entrepreneurship, but it is not part of the essential definition of entrepreneurship. Roughly 1% of entrepreneurial ventures involve the creation of a new innovative product. In entrepreneurial ventures a competitive advantage is more important than a truly innovative product. Granted, innovative products tend to catch the headlines. However, a lot of money is made without true innovation.

How does entrepreneurship differ from self-employment and small business management? Self employment is a broader category than entrepreneurship. Entrepreneurship is included as a sub-category of self-employment . Self-employment includes not only entrepreneurship, but also small business management and a portion of partnerships. Partnerships transcend self-employment and non-self-employment. In this presentation we'll talk about Entrepreneurship and why the field has not moved beyond the work of Carland, Hoy, Boulton, and Carland (1984).

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STUDENT BASED RESEARCH NETWORKS TO FOSTER ENTREPRENEURIAL CAREER PATHWAYS

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ABSTRACT

We recently completed a pilot program where two “student-based research networks” (SBRN) were launched to construct informal learning networks between students positioned at different points in the technology educational continuum and across institutional boundaries. The SBRN concept views that an informal, self-directed network of diverse students can articulate research problems and foster an “entrepreneurship” mentality within students, relevant to (but still outside) conventional two-year college technology curricula in a fashion more expedient than normal college curricula development processes. Specifically, research activity at the University/Institute level that can influence career pathways diffuses slowly to the two-year college level, and even slower to secondary education curriculum development forums. The SBRN is an “informal science educational” framework that enables students from different settings to engage in a facilitated team environment as a “community of learners,” adept at promoting entrepreneurship and indentifying, shaping, and solving research questions that can be addressed at the 2-year college technology level. This paper describes some of the “lessons learned” from the pilot programs and the unexpected adoption of an SBRN by industry.

BACKGROUND

A hallmark of Community College education is the accessibility and affordability of education to the residents of the community. In today’s economy, affordability overshadows access, and structural shifts in the economy mean that more adults are turning to academic institutions such as Lorain County Community College (LCCC) for vocational and technical re-training for jobs in demand (Scrivener and Au, 2007). Increasingly, however, innovation and entrepreneurship are viewed as the province of community colleges, too. As an example, the Obama Administration recently selected LCCC as the site for Innovation Fund America, designed to expand the successful LCCC Innovation Fund enterprise development model to community colleges across America (LCCC, 2010). This relatively new role for community colleges positions them to fill a critical need in small business development and job growth and is central to national economic health and competitiveness (Palmisano and Clough, 2005).

Several successful high-tech ventures supported by the LCCC Innovation Fund have been based on the so-called “intellectual capital” (scientific know-how, patents, research programs) associated with regional research universities. Indeed, it is well known that technology-based entrepreneurial ventures are more likely to generate long-term value (Shane, 2004) in terms of jobs and wealth creation, and as it turns out intellectual capital is central to LCC Innovation Fund projects.

Over the past several years, Case Western Reserve University (CWRU) and LCCC have explored mechanisms for collaboration with the objectives of: (A) facilitating technology transfer from the university setting to the LCCC entrepreneurial community, and (B) exposing LCCC students to research topics and opportunities that are not ordinarily a part of the community college curriculum. This work reports on the Student Based Research Network (SBRN) concept, launched to examine more closely the possibilities of informal learning networks between students positioned at different points in the technology educational continuum and across institutional boundaries. We propose that this framework has the potential to provide a scalable model for fostering entrepreneurial pathways for community college students.

While invention is (often incorrectly) perceived as a solo discovery, innovation is a disciplined process that can improve the likelihood and efficiencies of bringing inventions to market (Carlson, 2006). Indeed, public fascination with several myths of breakthrough and disruptive products undermines the very real processes underlying innovation. The research work of Hargadon (2003) notes: “The pursuit of innovation changed dramatically when the goal shifts from invention to inventive recombination, from pushing people to think outside the box to helping them think in other boxes.” Systematic interorganizational collaborations provide the “...connections between the knowledge embodied in one organization and the knowledge embodied in one or more other organizations [that] are most critical for the innovation process. It is the sparks generated when these different approaches are combined that facilitate effective new approaches.” (Scrivener and Au, 2007, p.13). As described below, our SBRN framework provides opportunities for participants to work in other boxes and create new types of inter-organizational networks. Entrepreneurship requires the ability to make choices within a context of ambiguity and limited data. Moving from individual, quantitative, directed thinking about a well-defined engineering problem to unbounded, qualitative, self-directed decision-making challenges many students, and our experience is that the SBRN has an impact on fostering these competencies.

SBRN FRAMEWORK

Students may be uncertain about moving from a 2-year to 4-year degree program, or unable to envision their role in research University activities. Indeed, the normal process for technology cascade from the University will take longer to impact student education than required by our dynamic economy. One pathway forward is the SBRN informal science education framework that enables students to gather with like-minded peers and explore the research world in an intellectually safe environment. The hypothesis is that the SBRN structure

is likely to foster interest in research and entrepreneurial career pathways. We derive the SBRN concept from the framework of Nutting (1994), and our adaptation is based on three principles: The experience and training of technologists is appropriate and adequate enough to frame research questions applicable to community college inquiry.

Networks of like-minded students are an intellectually safe (effective) environment that promotes a “climate of inquiry.”

Advanced technology research topics can be cascaded from the University in a manner amenable to study at the 2-year student level with outcomes relevant to the research needs of high technology start-ups.

The SBRN is an informal science educational framework that enables students from different settings to engage in a facilitated team environment as a “community of learners,” adept at indentifying, shaping, and solving research questions that can be addressed at the 2-year college technology level. Student members of the SBRN down-select the pool of research questions they have identified and then embark on how the solution to the question(s) can be answered within the 2-year college setting.

The general goals of the SBRN informal science framework is to introduce a new mechanism for student learning and for students to have the opportunity to experience research at a developmentally appropriate level, contribute to the research community, and build personal momentum to explore an advanced degree. Our specific objectives are to develop and encourage:

A network triad: Abet and pilot a unique student network among a community college (LCCC), a research university (CWRU), and a gateway to secondary school students (ReachHigher) to expedite the translation of research ideas into a 2-year college framework.

Infrastructure development: Catalyze a new informal science education infrastructure to foster and sustain a culture of inquiry engaging learners from different educational settings. The informal setting for the students is facilitated by a faculty (a dialectic approach) mentor foster new career pathways students.

Sustainability and Expansion: Establish SBRNs as an accepted mechanism for bridging student interest in research when existing curricula lags the technology advances. Over time the SBRNs become curricula components themselves.

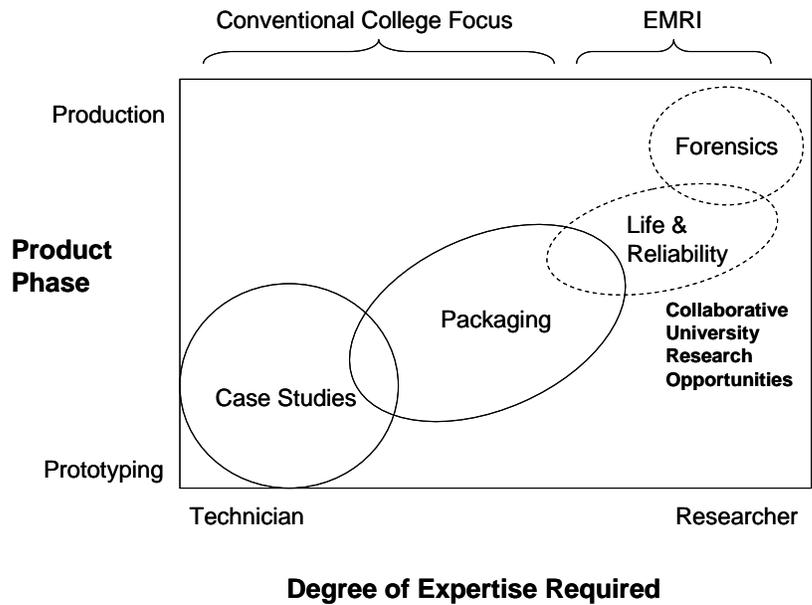
We recently launched two pilot SBRNs and a third is in the process of being formed. Below, we describe some of the “lessons learned” from the pilot programs and the unexpected adoption of one SBRN by industry.

SBRN PILOT ACTIVITY

SBRN on Tin Whiskers

LCCC and CWRU launched the Electronic Materials Reliability Institute (EMRI) in September 2009 to address product development and advanced electronic material manufacturing issues. A key EMRI mission was to address the problem of “Tin Whiskers” associated with lead-free solders on circuit boards. Tin Whiskers are actually spontaneous

growths of pure tin fiber- or wire-like growths from the surface of tin-plated parts that can cause shorting between traces and leads on electronic components. Several references explore this subject in great depth (Woodrow, 2006; Dadonna, 2005; Felps, 1999). Documented failures include satellites in orbit, aircraft in flight, and implanted medical pacemakers. Despite significant time and energy spend addressing the Tin Whiskers issues by a variety of organizations, satisfactory mitigation strategies have not been established, so the EMRI leadership team felt this would be an appropriate “Grand Challenge” for the inaugural SBRN activity. Several aspects of the Tin Whisker initiatives draw heavily on the “practical application of scientific knowledge” as it pertains to manufacturability, life, reliability, and forensic analysis of circuit materials and system life; technology issues spanned the continuum of what might be taught in a variety of community college and university engineering courses. In the fall of 2010, college and university students were interviewed and members of the SBRN team selected. It was expected that team would stay together for at least 6 months, and possibly longer (depending on program funding and team progress). SBRN students are not volunteers and they do not get “course credit” for their work; they are paid according to educational level and work up to 15 hours a week (some positions are limited to 10 hours a week). At the current time there are 4 members of the SBRN team:



Team member	Role
1. CWRU Graduate Student	BSEE, 2010; MEM, 2011 Material science and PM experience
2. CWRU Undergraduate Student	BSME, 2012 Mechanical design and testing
3. LCCC Undergraduate	ASEE 2010, BS TBD Testing and electrical design
4. HS Student	College-bound, Fall 2011 Interest in technology

A “kick-off” meeting was held in October 2010 and the team was charged with three (quite general) tasks:

Explore possible causal relations for the presence of tin whiskers and what models might be used to predict tin whisker growth or precursors.

Identify the types of standardized tests and test equipment a laboratory might need to conduct research in this area.

Create sample test specimens with features and attributes that would be relevant and of interest to industry.

The SBRN has been operating for approximately 5 months and the following observations are made:

Students are adequately self-directed in the nature (lab, theoretical, experiential) and pursue and impressive depth and scope of research questions, but period meetings with CWRU and LCCC facilitators is essential at least every other week to keep the team from losing momentum or drifting. In practice, less time has been spent on facilitation than originally estimated.

University research subject areas were adapted, interpreted or transformed through the EMRI gateway into a developmentally-appropriate engineering technology framework. Standardized industry and military test specifications were selected and reviewed by the students and there was an impressive independent effort to define the a set of equipment that should be purchased to establish a Tin Whiskers test facility.

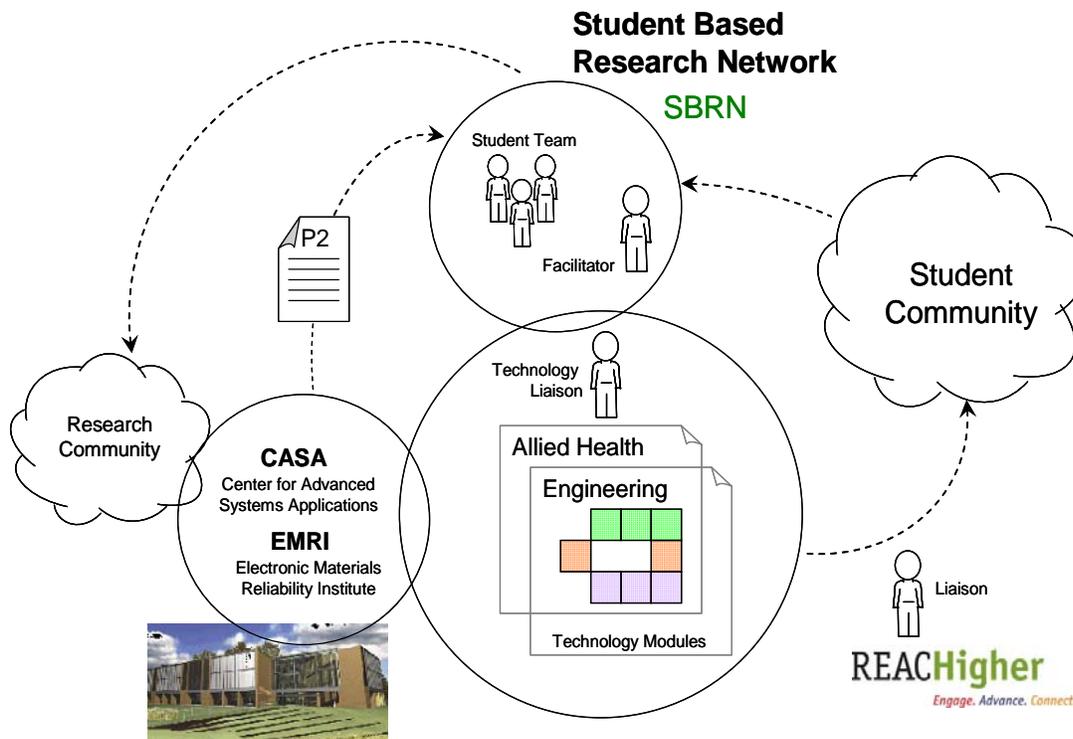


Fig. 1 – SBRN as a mechanism for integrating current educational components

Circuit board “test coupons” were conceived based on concepts, subjects, and resources from the LCCC students 2-year coursework. The rate of progress and initiative was impressive once the 2-year student more readily identified relevance to research concepts.

Despite LCCC and CWRU being approximately 35 miles apart, the SBRN met approximately once a week, alternating locations. The students set up a schedule of meetings and appeared to stick to the schedule with little or no input from the liaisons.

Expansion of the SBRN to include a high school only recently occurred, but the SBRN (not the faculty) interviewed the HS student and determined there was a fit to the team. This provided organizational diversity and leadership opportunities for SBRN members to assume the role of mentors and teachers themselves.

Inclusion of the K-12 component is of particular interest. While it is still too early to draw any conclusions from the current HS student, over time we expect to “institutionalize” the K-12 part of the SBRN through the LCCC REACHhigher initiative. REACHhigher provides links to resources that can improve secondary school students’ success and provide a transition for the next level of education, spanning educational professionals from pre-school through college. The goal of the group is to identify barriers within the educational process, and to work with educational institutions and community leaders to improve educational attainment and success throughout all education levels.

SBRN for Sensor Market Development

Our second pilot SBRN was a technology market research effort s and “needs analysis” and afforded us the opportunity to modify the research framework and observe the outcomes - a test of the “robustness” of the model. The SBRN had, as before, a student profile involving multiple organizations at different points in the educational continuum:

Team member		Role
1. CWRU Graduate Student	BSEE, 2010; MEM, 2011	Technology and LCCC liaison
2. CWRU Graduate Marketing Team	BS, Eng, 2011; MEM 2011p	Technology and market data
3. NCSC Undergraduate 1	AS 2011, BS TBD	Business and technology markets
4. NCSU Undergraduate 2	AS 2011, BS TBD	Business and technology markets
5. Industrial client	--	Product market liaison

Still, noteworthy differences in the team composition were that the two undergraduates were from the same organization, as were the graduate students; however, one of the graduate students was working closely with LCCC on project matters and served a dual role as the informal lead for the team, too. Other differences in the second SBRN framework were:

The time frame of the SBRN was much shorter (this was an 8-week project).

Team activities were responding to a marketing “needs analysis” instead of a technology solution.

Fewer face-to-face meetings were held, and much of the status reporting and working sessions were conducted using internet tools such as “GoToMeeting” were employed.

The client was less a “guide on the side” (as in the case of the Tin Whiskers SBRN) and periodically jumped in to provide specific feedback and input.

Despite these differences, the SBRN strategic fabric remained the same: 1.) students were from different organizations and represented different points on the educational continuum, 2.) activities were self-directed and self-organizing, and 3.) translation of the research task was performed “by the students, for the students.”

The results of this SBRN were startling, to say the least. In a very short period of time the following was accomplished:

Even with the internet dominating communications, the students managed to take an ambiguous market “problem” and parse out complementary activities each team member could work on their own, often in technology areas new to them.

The team identified a unique market opportunity that were entirely “off the radar screen” for the client.

The final report was delivered “on time and under budget” much to the the client.

Exit interviews suggested the team activity had a positive impact on career interests and pathways they previously had not considered.

SUMMARY

Research universities are complex and often opaque, especially to those outside and that can intimidate students considering the move to a 4-year degree -- our ISE framework helps overcome that educational barrier. The SBRN concept is very simple: through informal student networks, it is possible to mainstream advanced technology and research into a student’s education experience through a pedagogical program within the “comfort zone” of student activity that spans the educational continuum. The project’s proximity to LCCC’s recent launched EMRI research institutes and related research companies has enabled two SBRN teams – facilitated by faculty -- to provide students with access to noteworthy research concepts and ideas. The mix of student entrepreneurial energy and access to research activity provides unique opportunities to students and explores the boundaries of “an instructor as a facilitator” in the realm of curriculum design.

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PRICING POLICY AND PRACTICE IN SMALL BUSINESS

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ABSTRACT

This paper studies the pricing policies and practices by small business managers/owners in northeast Louisiana. In particular, the question whether small businesses follow the same well-established economic principles and marketing practices is examined. Five hypotheses were developed and analyzed. First, prices are set to maximize profits. There is no support for this hypothesis in the data. Second, prices are strongly influenced by competitors' pricing. There is very limited support for this hypothesis. Third, prices are strongly influenced by cost factors. Fourth, prices are changed in response to changes in cost or market conditions. Fifth, other options besides price changes are used to impact sales. There is strong support in the data for the third, fourth and fifth hypothesis. Thus, there is very strong evidence that small business managers and owners behave as economic theory would suggest when making pricing decisions except when it comes to trying to profit maximize. Managers are more concerned with making a "satisfactory" profit, then with making the maximum profit.

GOVERNMENT ACTIONS TO STIMULATE BUSINESS LENDING: MIXED RESULTS IN A PERIOD OF NATIONAL RECESSION

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ABSTRACT

With the collapse of the real estate market and the overexposure by a substantial number of small banks holding outstanding real estate debt, the available capital for small business lending has dried up. Intervention in the form of providing small businesses with access to credit has been an important aspect of the U.S. Small Business Administration's role. Unlike previous recessions, we are experiencing a perfect storm as lenders are reluctant to fund small businesses at the same time they too are in financial crises. In the current recession a number of attempts by the federal government to stimulate business lending have had mixed results.

THE ENTREPRENEURIAL BLOGOSPHERE: STILL THE PLACE TO BE FOR SMALL BUSINESS MARKETING SUCCESS

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ABSTRACT

Blogging is often misunderstood. To users blogs are like many other technologies; one sees the “shiny outside,” but not “under the hood.” The term “blog” began as a shortened version of two words, “Web log,” with a stop along the way during the evolutionary process as “weblog.” The original use for most blogs (i.e., Web logs) was as a place to post personal diaries. As such, within the literature at large scholarly attention has been typically associated with aspects of media and journalism, socio-cultural analyses, and the literature of communications. While some individuals use blogs and their capabilities to become what amounts to journalists, whose influence either augments or contradicts traditional news media, entrepreneurs can use blogs for their own purposes. Activities may include interactively engaging with customers and building user communities, or providing messages using mediums such as video demonstrations which have heretofore only been available to advertisers with much bigger budgets.

SATISFACTION OR BUSINESS SAVVY – EXAMINING THE OUTCOME OF NEW VENTURE CREATION WITH RESPECT TO ENTREPRENEURIAL CHARACTERISTICS, EXPECTATION, OPTIMISM, REALISM, AND PESSIMISM

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ABSTRACT

In the most recent global turmoil of the financial market, entrepreneurs continue to struggle to secure funding and market opportunities. This situation brings up a mystery of entrepreneurship that many researchers have yet to identify: why do entrepreneurs start and stay in business even when the economic environment is against the odds of success?

It is typically assumed that people engage in entrepreneurship because there are profits to be made. In the traditional school of economic way of thinking, we assume the creation of value-added goods and services should lead to profit maximization. Furthermore, the decisions and actions related to profit maximization should be positively correlated with higher utility for individuals who are making the decisions. In contrast to this view, this paper argues that entrepreneurship is more adequately characterized as a beyond-profit-seeking activity. Evidence from some has shown that entrepreneurship does quite generally not pay in monetary terms. However the literature lacks empirical studies to examine how entrepreneurs reflect on the outcomes of new venture creation with respect to financial reward and personal satisfaction.

This article focuses on understanding if being an entrepreneur is truly rewarding because it entails substantial non-monetary benefits, like greater autonomy, broader skill utilization, and the possibility to pursue one's own ideas. We have introduced an innovative framework to examine entrepreneurs' reflection after starting and running their new ventures linked to 5 factors: entrepreneurial characteristics, expectation, optimism, realism, and pessimism.

There are three reasons for us to choose these five factors as the core of the paper. First, optimism, realism and pessimism are newly introduced to entrepreneurship studies in recent years, and there is a lack of understanding what these factors mean to entrepreneurs and how they impact decisions. Second, many researchers have argued against the idea that we should pay more attention to how entrepreneurs are made, not who entrepreneurs are. Several studies have confirmed the importance of recognizing the differences between optimism, realism, and pessimism and other entrepreneurial characteristics (references will be added later due to authors' identities). There is a need to further examine the levels of effects of optimism, realism, and pessimism on entrepreneurs and their decisions in venture creation. Most of the studies

have emphasized pre-venture psychology and extraordinary circumstances that drive people to become entrepreneurial. We understand the rate of failure is high among new ventures in the first 1-3 years of establishment. What we don't know enough, is how entrepreneurs manage to survive beyond the objective of profit maximization. Very limited information exists to verify how entrepreneurs feel after they start the business, given business outcomes and personal satisfaction. Thirdly, entrepreneurial decision-making is a complex process. We agree that a positive cash flow implies a happy business. We have learned from much of the literature regarding separated issues about characteristics of entrepreneurs, entrepreneurial decision making and behavior, and reactions of entrepreneurs while facing challenges and barriers. There still exists a gap in entrepreneurship literature to generate a cohesive and systematic approach to link separated factors together which will reveal more robust results in analyzing entrepreneurial phenomena.

This article presents the results of a unique study designed to bridge the gap in existing literature regarding reflections of entrepreneurs on business outcome and personal satisfaction after starting and running the business. It is not our intention to generalize our conclusions based on a limited sample. However the results of this study provide new knowledge and new information that have not been discussed before. Many assumptions remain untested associated with entrepreneurial decisions and behavior. We also acknowledge that new venture creation is a process that may change from time to time as a result of changes in the social, political, or economic environment. The perceptions of entrepreneurs on their new venture will also change over time.

We developed a conceptual model for this study based on a literature review to test how entrepreneur's reflection to new venture creation relates to entrepreneurial characteristics, expectation, optimism, realism, and pessimism. Entrepreneurs assess the outcomes of the business after the venture is created and as they are operating and managing their businesses, which result in the 5 hypotheses for this study:

H1: Entrepreneurs who are realistic optimistic believe their business is up and running well, their sales are higher than expected, and their profits are higher than expected.

H2: Entrepreneurs who are realistic optimistic agree that they are happier and their financial situation has been improved after they start the new venture.

H3: Entrepreneurs who are pessimistic believe their business is not up and running well, their sales are not as high as expected, their profits are not as high as expected, they are not happier, they are not financially better off, and they would not support another new venture.

H4: Entrepreneurs who are taking control, independent, creative and willing to take risks believe their business is up and running well, their sales are higher than expected, their profits are higher than expected, they are happier, they are financially better off, and they would support to create another new venture.

H5: Entrepreneurs who have had higher expectations prior to starting new venture, are more likely to believe their business is up and running well, their sales are higher than expected, and their profits are higher than expected. Furthermore, they are actually happier and financially better off, and would support to create another new venture.

A questionnaire was developed, pre-tested and administered to in-business entrepreneurs. The survey asked: demographics of the entrepreneur and the business, optimism assessment, realism assessment, expectations and personal and business outcomes from the venture. Entrepreneurial and business demographics included gender, age, ethnicity, marital status, education, entrepreneur's experience, type of business, location of the business and number of full-time and part-time employees.

The entrepreneur was given the questionnaire and allowed to complete it in private during business hours or another convenient time for the business owner and returned it. The questionnaire was administered to a convenience sample of 354 business owners in the Mississippi River Delta region between 2007 and 2009.

Factor analysis was used to extract factors that have similar patterns in optimism, realism, pessimism, other entrepreneurial characteristics, and entrepreneurial expectations. Regression equations were then constructed to test the relationship between entrepreneurial perceptions of entrepreneurial reactions to new venture process and individual business and personal outcomes. The P-value of each b_n was calculated and was used to verify if any factor had a statistically significant relationship with Y_i .

Among all respondents to our survey, two-thirds were male and one-third was female. Most of the respondents were white, over 30 years old, and with at least some college education. Majority of them were married with children.

When considering the business situation, most of the respondents were in retail and service businesses. Approximately two-thirds of the businesses were located in urban area. One third of the respondents started the businesses last than five years ago. Not surprisingly most of the businesses in the sample hired fewer than 5 full-time or part-time employees.

It is always intriguing to know if entrepreneurs have had any work experience before they start a new venture. In our sample, two-thirds of the respondents had experience in their line of business. Quite a few of the respondents had over 6 years of experience in business operations and management.

Five significantly different factors could be extracted using the Principal Component Method. The first factor represents the "optimism" and "realistic optimism" including some of the statements for optimism and realism - I usually set achievable goals; I usually expect the best; I'm always optimistic about my future; Overall, I expect more good things to happen to me than bad.

The second factor represents the "realism" including these statements - I usually look before I leap; When planning, I usually consider both negative and positive outcomes; I usually try to find as much information as I can before I decide what to do; I am always realistic about my future; I usually weigh the risks and rewards when making decisions; I try to be reasonably certain about the situation I face when starting an important activity.

The third factor represents the “pessimism”, which included - *If something can go wrong for me, it will; I hardly ever expect things to go my way; I rarely count on good things happening to me.*

The fourth factor represents “entrepreneur’s expectation” which involves – *I expect I would be happier after starting my own business and I expect to be financially better off after starting the business.*

The fifth factor included statements to represent “other entrepreneurial characteristics” such as *being in control, being independent, being creative, and being willing to accept risks.*

Six regression models were constructed to analyze if and to what extent different entrepreneurial psychological factors relate to outcome assessment. When entrepreneurs in our sample were optimistic or realistic, they were more likely to believe their businesses were up and running well. The pessimistic entrepreneurs were less likely to believe their businesses were up and running well. Entrepreneurs who wanted to be in control, independent, creative and risk taking, were more likely to believe their businesses were up and running well. For entrepreneurs who had high expectations before starting new venture, they did not think their businesses were up and running well.

With respect to sales and profits in businesses, entrepreneurs who were optimistic or realistic were more likely to agree that the sales were higher than they had expected before starting. Entrepreneurs who were pessimistic or had higher expectations prior to starting new venture, were not as satisfied with their sales situation after starting. Respondents who had specific entrepreneurial characteristics were more likely to agree that the sales were higher than they had expected.

Is personal satisfaction an influencing factor to motivate entrepreneurs starting their own businesses? According to our sample, being happy was a significant determinant for new venture creation. Only pessimistic respondents in our sample were less likely to agree that they were happier after starting the businesses.

Even though some respondent did not think their expectations in sales and profits were met, entrepreneurs still believed their venture had improved their financial situation. Respondents who were optimistic, realistic, had high expectations, and with certain entrepreneurial characteristics were more likely to agree that they were better off financially due to the new venture creation. Only pessimistic respondents in our sample disagreed that they were better off financially after starting the businesses.

Finally we asked entrepreneurs: “given all you know now, would you start another new venture again?” Respondents who were optimistic, realistic, or with certain entrepreneurial characteristics were more likely to say “yes”. Respondents who had high expectations or who were pessimistic say “no”.

This study focused on entrepreneurs and their assessment of their venture outcomes. Using our sample information, we can conclude that -

H1: Entrepreneurs who are realistic optimistic believe their business is up and running well, their sales are higher than expected, and their profits are higher than expected. Hypothesis confirmed.

H2: Entrepreneurs who are realistic optimistic agree that they are happier and their financial situation has been improved after they start the new venture. Hypothesis confirmed.

H3: Entrepreneurs who are pessimistic believe their business is not up and running well, their sales are not as high as expected, their profits are not as high as expected, they are not happier, they are not financially better off, and they would not start another new venture. Hypothesis confirmed.

H4: Entrepreneurs who are taking control, independent, creative and willing to take risks believe their business is up and running well, their sales are higher than expected, their profits are higher than expected, they are happier, they are financially better off, and they would support to create another new venture. Hypothesis confirmed.

H5: Entrepreneurs who have had higher expectations prior to starting new venture, are more likely to believe their business is up and running well, their sales are higher than expected, and their profits are higher than expected. Furthermore, they are actually happier and financially better off, and would support to create another new venture. Hypothesis did not confirm.

Optimism, realism and pessimism are newly introduced psychological factors to entrepreneurship studies in recent years. There is still plenty of uncertainty associated with what these factors mean to entrepreneurs and how they impact decisions. Traditionally optimism was included in the general entrepreneurial characteristics. In this study, optimism, realism, and pessimism definitely impact on outcome assessment differently

While most of the studies have emphasized pre-venture psychology and internal/external drivers that motivate people to become entrepreneurial, our study has provided another dimension to explore how entrepreneurs manage to survive beyond the objective of profit maximization given the high failure rate in the first few years of venture creation. Obviously we should not generalize the conclusions based on a limited sample. The empirical results of this study present some unique discussions to bridge the gap in existing literature regarding reflections of entrepreneurs on business outcome and personal satisfaction after starting and running the business. Our long term goal is to establish a cohesive and systematic approach to link separated factors influencing entrepreneurial decisions together in analyzing entrepreneurial behavior and decision making process. After all, entrepreneurs support the backbone of the economy at local, regional, national, and global levels. Successful entrepreneurs should feel happy and satisfied with what they have accomplished, given reasonable financial rewards.

PUBLIC POLICY & ENTREPRENEURSHIP

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ABSTRACT

A critical aspect of the policy-making process is the concurrent decision-making process. These criteria represent either individual or group choices in the policy arena. The criteria are values, political party affiliation, deference, constituency interests, decision rules, and public opinion (Beyle&Broadnax, 1976, p.701). This paper looks at Public Policy and entrepreneurship across Western Europe and the USA.

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DIFFERENCES IN STUDENTS' VIEWS OF THE MARKET SYSTEM

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ABSTRACT

This study examines data gathered in an anonymous in-class survey of first-year university students regarding their perception of markets in the United States economy. The study employs a survey instrument developed by Lephardt and Breeden (2005). The purpose of the study is two-fold. First, the study investigated the existence of differences in the perception of the role of markets along gender lines. This study found that although male students generally had a more favorable impression of markets, only token statistical evidence was found for the existence of these differences. Second, the study investigated the existence of differences in the perception of the role of markets by major field of study. This study found the existence of statistically significant mean differences in the responses of Business and Non-Business majors in the perception of markets to be noteworthy.

THE SURVEY INSTRUMENT AND ASSOCIATED MATERIAL

This study uses the Market Attitude Inventory (MAI) survey instrument developed by Breeden and Lephardt (2002) and Lephardt and Breeden (2005). The 2002 paper was an empirical study that used a survey instrument first developed by the authors in 1992 and refined over the next decade. The 2002 study involved 406 student responses in three different economics courses during two time periods (1992 and 1999). The authors found “significant differences in attitudes between demographic subcategories and between classes of students, as well as changes in attitudes over the time elapsed” (Breeden and Lephardt 2002, 154). The 2005 study relates the development and underpinnings of the survey instrument used in the 2002 paper. In many ways, the methodology set forth in the Lephardt and Breeden study of 2005 preceded the 2002 study. The authors noted two factors that motivated them to develop the MAI. One factor was a long-term research agenda involving “the evaluation of the relationship between an individual’s attitudes toward the market system and achievement of economic success within that system” (Lephardt and Breeden 2005, 63). The second factor was the absence of any valid survey instrument “that measured the values and attitudes people hold toward the market system” (Lephardt and Breeden 2005, 63).

The survey instrument has two sections. The first section of the survey requested demographic data from the individual respondent. Specific questions pertained to the respondent’s gender, age, ethnicity, and major field of study.

The second section of the survey instrument was a slightly modified version of the MAI developed by Lephardt and Breeden (2005). The original MAI had 22 statements that measured attitudes towards the market system. For each of the 22 statements, students were asked on the survey instrument to “indicate your level of agreements to each statement by writing a number between ‘0%’ and ‘100%’ for the statement, with ‘0’ indicating “strong disagreement” with the statement and ‘100%’ indicating “strong agreement” with the statement. Some of the MAI statements portray a positive slant towards a market economy while others portray a negative slant towards a market economy (Thomas and Campbell 2006, 33-34). The 22 statements in the MAI are prefaced with the clause “In my opinion, the market system in the U.S. ...” (Lephardt and Breeden 2005, 68). Breeden and Lephardt found “students in more advanced business classes having the most pro-market attitudes” (Breeden and Lephardt 2002, 169). However, since this study focused on first-year students, and first-year students, with minimal exposure to either business or economics in the high school curriculum, might focus on the word “market” in the introductory clause and lose sight of the study’s emphasis. Consequently, it was decided that the introductory clause be massaged to read “In my opinion, the *economic system* in the United States:” (emphasis added). The wording of the 22 statements, however, did not change from the original MAI. Five additional statements that relate to the role of the federal government in a market-based economy were introduced. Hence, the wording of the introductory clause to these five statements (Statements 23-27, inclusive) was revised to read “In my opinion, the federal government of the United States should:”. All 27 statements are listed in Table 1.

Table 1: The MAI Survey Questions

Situation/Scenario	
<i>In my opinion, the economic system in the United States:</i>	
1.	leads to an unfair distribution of income.
2.	rewards people fairly for their productivity and hard work.
3.	encourages unethical business behavior.
4.	leads to quality and technological advancement in products and services.
5.	leads to inadequate amounts of important public services (like police, roads, fire prevention).
6.	provides opportunities and incentives for success.
7.	encourages greed and excessive materialism.
8.	allows equal access to work opportunities.
9.	leads to erratic cycles of growth and then decline in economic activity.
10.	raises the living standard for most people.
11.	leads to monopoly power among businesses.
12.	leads to an efficient use of resources.
13.	encourages the abuse of the environment.
14.	leads to unemployment and worker insecurity.
15.	leads to excessive risk of business failure.
16.	requires a lot of government control to work well.

17. allows too much foreign competition.
18. provides consumers the goods and services they want.
19. provides employment opportunities for all who desire work.
20. encourages innovation and the development of new businesses.
21. provide goods and services at an affordable price.
22. Overall, I believe that the economic system in the United States is a fair and ethical system.”

In my opinion, the federal government of the United States should:

23. take a greater responsibility for solving the problems in society.
24. balance the budget every year.
25. limit the importation of foreign products to protect the American economy.
26. use tax policies to promote a more equal distribution of income.
27. provide a job to any one who wants one.

SURVEY RESULTS

The expanded version of the MAI was administered anonymously during the second week of the semester to students in eight sections of a freshman-level “Introduction to Business” course. This course is required of all Business majors and is a prerequisite to all other College of Business courses. The course also serves as a popular elective for Non-Business majors so a wide range of majors are represented in the survey. The sections ranged in size from 18 to 25 students.

A total of 186 survey instruments were returned but one survey was discarded for incomplete responses. Of the 185 viable surveys, 84 were from young women and 101 returned from young men. Approximately 90 percent (164) of the respondents self-identified themselves as Caucasian while seven respondents self-identified themselves as African-American and seven more self-reported themselves as Hispanic (or Latino/Latina). Over 55 percent of the students (102) indicated they were planning to major in an area within the College of Business. For each of the 27 statements in the survey, a t-test for difference between means was conducted along gender lines (that is, male and female) and by major field of study (specifically, Business and non-Business).

Examining Differences in Mean Responses by Gender

Breeden and Lephardt (2002) examined a number of sub-categories among the respondents. One of their findings is that male students tended to be more pro-market than females. King and King (2007) also used the MAI and found “females had less favorable views of free markets than males, although neither group reported particularly strong beliefs” (King and King 2007, 168).

Table 2 provides the survey statements for which the difference in mean responses for males and females were statistically different from zero at the ten percent (10%) level. Only two of the original 22 MAI statements (Statements 19 and 21) are captured in Table 2. This study

added five statements (Statements 23-27, inclusive) that pertained to the role of the federal government in the United States economy. For only one of the five additional statements (Statement 24) was the difference between the means found to be statistically significant at the ten percent (10%) level.

Table 2: Statistically Significant Differences in Mean Responses by Gender

Characteristics: Situation/Scenario	Cohort	H ₁ : $\mu_m - \mu_f \neq 0$		
		mean	st. dev.	Pr > t
<i>In my opinion, the economic system in the United States...</i>				
19. provides employment opportunities for all who desire to work.	Females	46.26	27.03	0.040
	Males	54.51	26.92	
21. provide goods and services at an affordable price.	Females	51.19	22.81	0.041
	Males	57.51	19.08	

Examining Differences in Mean Responses by Major

Breeden and Lephardt found one of “the most notable subgroup categories was the Business Major comparison between the 1992 and 1999 sample” (Breeden and Lephardt 2002, 160). Breeden and Lephardt found nine of the differences in means to be statistically significant at the one percent (1%) level. Moreover, the authors found that in eight of those instances “the means indicate there is a pervasive decline in positive attitudes towards the market” (Breeden and Lephardt 2002, 160) among Business majors.

Table 3 shows that for six of the original 22 MAI statements, the difference in the mean responses by major was found to be statistically different at the ten percent (10%) level. One interesting finding is that among the statements with statistically significant outcomes, four had a negative slant towards markets while two had a positive slant towards markets. Statements 1, 3, 7 and 11 have a negative perspective on the role of markets in the functioning of the United States economy. Specifically, Statement 1 pertained to markets promoting an unfair distribution of income, Statement 3 commented upon markets encouraging unethical business behavior, Statement 7 addressed markets promoting greed and excessive materialism, and Statement 11 referenced the attempts by business to use markets opportunities in the pursuit of monopoly power. The two statements with a positive perspective on markets pertained to the role of markets in providing employment opportunities for all who desire to work (Statement 19) and the role markets play in encouraging innovation and developing new businesses (Statement 20). None of the five statements that pertained to the role to the federal government were found to be statistically significant at even the 20 percent (20%) level.

Table 3: Statistically Significant Differences in Mean Responses by Major

Characteristics:		$H_1: \mu_x - \mu_y \neq 0$			
Situation/Scenario	Cohort	mean	st. dev.	Pr > t	
<i>In my opinion, the economic system in the United States:</i>					
1. leads to an unfair distribution of income.	Business	48.75	23.70		
	Non-Bus	59.22	24.51		0.004
3. encourages unethical business behavior.	Business	41.27	23.26		
	Non-Bus	49.04	21.03		0.020
7. encourages greed and excessive materialism.	Business	64.46	24.46		
	Non-Bus	70.57	23.50		0.098
11. leads to monopoly power among businesses.	Business	50.25	22.49		
	Non-Bus	58.42	22.78		0.015
	Business	54.79	25.88		
	Non-Bus	45.81	28.11		0.025

CONCLUSIONS

The objective of this study was to investigate the existence of differences in the perception of markets along both gender lines and major field of study. This study found male students generally had a more favorable view of markets than female students but that this difference was not particularly strong in a statistical framework. This study also found a pronounced difference in the perception of markets along major fields of study.

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ENTREPRENEURS – BORN OR MADE?

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ABSTRACT

Literature on the subject of entrepreneurship has historically viewed entrepreneurship resulting from certain unique entrepreneurial character and personality traits, and has focused heavily upon identifying those particular traits and describing the exploits of "born entrepreneurs" who possess those traits. A logical extension of the view that entrepreneurship rests upon innate characteristics would imply that entrepreneurship cannot be taught. The authors adopt the more recent view that there are certain identifiable skills that increase the chances of being a successful entrepreneur for anyone, whether "born entrepreneur" or not. In part, this results because entrepreneurial skills can be applied successfully in several contexts--the CEO of an entrepreneurial enterprise, an intrapreneur within a larger corporate environment, or a social entrepreneur who applies entrepreneurial skills to development of enterprises with primarily social rather than economic goals. This paper identifies those characteristics and methods used by the authors to teach them.

Literature on the subject of entrepreneurship has historically focused heavily on the unique character and personality traits of the entrepreneur. This perspective assumes that entrepreneurial success can be attributed to certain character and personality traits unique to the successful entrepreneur, and focuses upon attempting to identify those characteristics. Much of the resulting literature is behavioral in nature and describes the personalities and exploits of "born entrepreneurs" who possess those traits.

The US Small Business Administration has identified the characteristics of successful entrepreneurs as including: Creativity, inquisitiveness, drive, goal-orientation, independence, confidence, calculated risk-taking, commitment, learning ability, tendency to be a self-starter and hard worker, resilience, high energy level, integrity, problem solving skills, and strong management and organizational skills (SBA, 2011). The SBA expresses the position that most of those attributes can be learned and developed.

A recent study (Carter, et al, 2003) compared entrepreneurs to non-entrepreneurs based on six characteristics:

1. Innovation, an individual's intention to accomplish something new.
2. Independence, an individual's desire for freedom, control, and flexibility.
3. Recognition, an individual's seeking status, approval respect, and recognition from others.
4. Roles, an individual's desire to follow family traditions or the examples of others.
5. Financial success, an individual's desire to earn more money and achieve financial success.
6. Self-realization, an individual's pursuit of self-directed goals.

Surprisingly, Carter, et al, found no significant differences between entrepreneurs and the comparison group regarding four of the six characteristics—innovation, independence, financial success, and self-realization—and significant differences regarding only recognition and roles. Also, for all six criteria, the scores for entrepreneurs were lower than for the comparison group. Additionally, respondents in both groups were likely to rank the importance of the six reasons in the same order, with independence being most important, followed in order by financial success, self-realization, recognition, innovation, and roles. There were differences between men and women in that men considered financial success and innovation to be more important than women.

A 2006 study by Northeastern University's School of Technological Entrepreneurship produced results that have been interpreted as suggesting that entrepreneurs are born, not made (Taylor, 2006). Over 200 U.S. entrepreneurs were surveyed and notable responses included:

- Only 1 percent cited higher education as a significant motivator toward starting their own business while 61 percent cited their "innate drive," 21 percent cited work experience, and 16 percent cited success of peers in their industry.
- 42 percent said that they started their first venture before reaching 18 years of age, 33 percent between 18 and 30, 13 percent between 30 and 40, and only 12 percent over 40.

Commenting upon the results, Paul Zavracky, dean of the school, suggested a somewhat different interpretation, "The survey results indicate a major issue in academia today: institutions of higher education are not adequately preparing students for careers in entrepreneurship" (Taylor, 2006).

Bill Wagner, author of *The Entrepreneur Next Door*, expresses the opinion that personality does matter in becoming a successful entrepreneur (Wagner, 2006). Wagner believes that successful entrepreneurs share some common personality traits that are the predominant indicators of success, more than education or family ties or skill or experience. He defines personality in terms of four sets of bipolar factors: Dominant versus accepting, sociable versus analytical, relaxed versus driving, and compliant versus independent. He defines four entrepreneurial personality types (trailblazers, go-getters, managers, and motivators) and three "wantrepreneurial" personality types (authorities, collaborators, and diplomats). He calls the four entrepreneurial types generalists, and describes them as more dominant than compliant, more strategic and results-oriented, more autonomous and independent, and stronger risk-takers. Wagner's study of entrepreneurs indicated that over 80 percent had very similar personality traits (Wagner, April 2006). Nevertheless, Wagner believes that the impact of personality is more on what type of entrepreneurship opportunity is appropriate, rather than ruling out entrepreneurship opportunities for any personality type. He emphasizes the ability to harness personality, use it, and learn from it.

Fisher and Koch have concluded that some people are pre-wired to become entrepreneurs (Fisher and Koch, 2008). They identified confidence and willingness to take risks as essential characteristics.

Scott Shane of Case Western Reserve University believes that entrepreneurial success may be attributed as much to nature as to nurture (Reinink, 2010). Shane and other researchers compared rates of entrepreneurship in identical twins and fraternal twins. They analyzed higher rates of shared entrepreneurial tendencies among the identical twins and determined that roughly 30 to 40 percent of the tendency to be an entrepreneur is innate, not taught

A formulation that the authors like is that expressed by Phil Holland in his self-help book, *My Own Business*, where he states that entrepreneurial success requires guts, brains, and capital (Holland, 2010). All three of those can be developed and can be taught.

The authors see two problems with an approach to entrepreneurship that focuses too strongly on the personality of the entrepreneur:

1. The efforts to identify those unique character and personality traits have produced substantial disagreement about exactly what are the unique indicators of entrepreneurial success, as well as whether there is in fact a unique environmental personality.
2. From an educational perspective, a student who determines that he or she does not possess the unique character and personality traits of the “born entrepreneur” can all too easily get the message that studying entrepreneurship is a waste of time. Indeed, the logical extension of this thought process is that entrepreneurship is acquired by birth and cannot be developed, so that entrepreneurial education serves no useful purpose.

The authors agree with Wagner that different of personalities can make successful entrepreneurs, but it is extremely important to match personality type to opportunity. A good opportunity for one type is a bad opportunity for a different one. The connection between an entrepreneur’s lifestyle choices, likes and dislikes, industry knowledge, and the characteristics of their choice of business may be much more significant to their success than their personality profile. Would-be entrepreneurs would be wise to check whether the business culture of the particular opportunity they are contemplating is consistent with their preferences. Aligning personalities and lifestyle choices to their choice of entrepreneurial venture is very important. In developing an entrepreneurship curriculum, we have developed strategies to engage students in self-discovery and to promote research the work and lifestyle characteristics of the industry in which they are interested. People generally know their preferences, whereas self-perceptions of personality characteristics can be very inaccurate for students between the ages of 18 and 24.

What is critical is that the entrepreneur focuses on a business whose activities will be exciting and fulfilling. From interviews with hundreds of successful entrepreneurs since 1983, Stowe has determined that the primary motivation of successful entrepreneurs is often not making money, but problem-solving. Content analysis of articles and books written by successful entrepreneurs reveals that purpose and personal fulfillment are highly correlated with entrepreneurial success, while few if any successful entrepreneurs claim to hate the industry they work in or the people they work with.

Moreover, entrepreneurial skills can be applied in a number of situations. As identified by Duening and Sellers, these include traditional entrepreneurship, intrapreneurship (applying entrepreneurial principles in a large corporate environment), and management of professional practices (Duening and Sellers, 2006). The authors would add social entrepreneurship (applying entrepreneurial principles to achieve social goals rather than profits). In this context, a corollary benefit of the pedagogical approach taken by the authors is that, even if the student is merely enrolled as a convenient elective, with no interest in ever starting a business, the exercises in self-discovery and in finding an industry compatible with their lifestyle choices will be very helpful to them in seeking employment and in life planning.

Therefore, the authors believe that the proper approach to teaching entrepreneurship focuses on the specific tasks performed and skills utilized by successful entrepreneurs in performing those tasks. We believe that this task and skill focus prepares entrepreneurship

students to succeed in multiple contexts. The approach taken by the authors in teaching entrepreneurship includes the following elements:

The Concept of Intellectual Capital. This view of wealth creation is being based on the following simple formula:

Wealth creation = Conversion of IC (intellectual capital) to FC (financial capital).

Intellectual capital is the sum of one's abilities, intelligence, imagination, motivation, talents, personal preferences, lifestyle choices, and experiences. Intellectual capital represents one's capacity to solve problems. The conversion process is one of simply applying intellectual capital to solve someone else's problem, and do so profitably. Business is really a value exchange. A business receives money in exchange for solving a problem. The process for converting IC to FC involves such steps as developing a marketing system, developing other systems to control costs and mitigate risks, managing cash flow and building employees into an effective team. Therefore, the formula for wealth creation may be described as follows (Stowe, 2008):

Wealth creation = IC + Team Building + Marketing System + Other Systems + Managing Cash Flow

Once the enterprise is established and operating, valuation of the entity may be viewed as:

Enterprise Value, or FC (financial capital) = PC (physical capital) + IC (intellectual capital)

In this formulation, PC is the value of the business assets, standing alone, minus the business liabilities, and IC is quantified as the difference between the total enterprise value and the value of the PC. The ability to apply IC to create an operating entity that is worth more than the sum of its parts is the key to creating entrepreneurial wealth.

A Logical Process for Converting Intellectual Capital to Financial Capital. This logical process is described as the nine steps to entrepreneurial excellence, as follows (Stowe, 2008, adapted):

- Know yourself – you will never make money pretending to be someone that you are not
- Develop your skills, knowledge, and experience – particularly creativity, innovation, and industry knowledge.
- Select the right opportunity – generally, something you enjoy, something that fits your personality, and something that can generate profits
- Develop a marketing system that maximizes revenues – you have no business without sales, and implementing a systemized approach to marketing enhances both profitability and business value
- Control costs and expenses – profitability requires this in addition to generating revenues
- Convert profits to cash flow – profits mean nothing until they are converted to cash flow
- Minimize risks in the legal, administrative, personnel, financial, and tax areas – these can destroy an otherwise successful enterprise
- Grow the enterprise profitably – this focuses on what happens after you get the doors open

- Harvest value through the appropriate exit strategy – the successful entrepreneur begins with the end in mind

The “Fundamental Business Equation” as Described by Thomas Duening and William Sellers. Duening and Sellers view the teaching of entrepreneurship as teaching an understanding of business from the viewpoint of the Chief Executive Officer (CEO). In this approach, the teaching of entrepreneurship can be viewed as training students to become CEO’s. The CEO’s primary focus must be on what Duening and Sellers call the “fundamental business equation,” as follows:

$$\text{Revenues} - \text{Costs} = \text{Profit}$$

This concept is designed to focus the students intensely upon the most essential considerations in any profit-seeking enterprise (Duening and Sellers, 2006). It fits very closely with steps 4, 5, and 6 in the above nine-step process.

An Understanding of How to Value an Enterprise. There is a large volume of entrepreneurship literature, and indeed management literature in total, focusing on the process of adding value to the enterprise. The authors believe that a too-frequent frequent failing is the omission of describing valuation concepts. After all, it should be easier to add value if the method of determining value is clearly understood. Generally there are three approaches to valuing an enterprise:

Valuing the assets, standing alone, and subtract the amount of outstanding liabilities.

Valuation may be based on book value, replacement value, exit values, or other valuation approaches as appropriate to the situation. In terms of the physical capital/intellectual capital concepts discussed above, this approach typically calculates only the value of the physical capital and assigns zero value to the intellectual capital.

- Capitalizing future net cash flows.

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The most exhaustive method to do this is a complete discounted cash flow (DCF) model. That method is too complex and expensive for valuation of most smaller and entrepreneurial businesses. Instead of relying upon the large number of small assumptions required to complete the DCF model, the more common practical approaches rely on a small number of large assumptions. These take the form of capitalizing the earnings stream, either by dividing some measure of net income by a target return on investment (ROI) or multiplying some measure of net income by a capitalization factor. Because of the importance of cash flow to entrepreneurial and small business ventures, the most common formula for valuing them may be stated as follows:

$$\text{Value} = \text{EBITDA} \times \text{Multiplier}$$

The multiplier typically ranges from 3.5 to 6, depending on risk and upside potential. To increase value, the entrepreneur can either (1) increase EBITA, or (2) increase the multiplier.

Comparing the enterprise to others which are similarly situated.

This method relies upon finding a suitable comparable. In many cases, if not almost all, entrepreneurial enterprises tend to be sufficiently unique that finding an acceptable comparable is difficult. Therefore, the second approach tends to be the one most often applied to valuing entrepreneurial organizations.

Following the PC/IC model discussed above, the difference between the value obtained from the second and third methods and the value obtained from the first method may be regarded as measuring the amount of intellectual capital that has been converted to financial capital.

CONCLUSION

There is no clear-cut answer within either business or academic circles as to whether entrepreneurs are born or made. One probably does not have to be a “born entrepreneur” to succeed, but it is probably helpful. Success depends more upon matching the appropriate opportunity to the individual’s particular personality type, and upon learning certain skills and processes which can measurably increase their chances of success. The authors believe that the teaching of entrepreneurship should therefore focus upon engaging in self-discovery, matching opportunity to personal attributes, and learning those skills and processes which increase chances of success.

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THE INFLUENCE OF PROACTIVE PERSONALITY ON SOCIAL ENTREPRENEURIAL INTENTIONS: THE MODERATING ROLE OF HOPE

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ABSTRACT

The primary purpose of this study was to determine if a relationship exists between proactive personality and social entrepreneurial intentions among African American and Hispanic undergraduate students, and to determine if hope moderates the relationship. The findings demonstrated that there was indeed a positive relationship between having a proactive personality and social entrepreneurial intentions among students. Also, the findings demonstrated that hope did not moderate the relationship. The researcher concluded that it is likely that the moderated relationship was not supported because some students may not yet possess the knowledge, skills, and abilities necessary to create social enterprises.

WHY DO ENTREPRENEURS BECOME ENTREPRENEURS?

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ABSTRACT

An entrepreneur becomes an entrepreneur because they are able to look at any obstacle that comes their way and they are able to find the ways to overcome them. Undoubtedly, there are going to be many obstacles that come along with a new business. This paper looks at why entrepreneurs choose to become entrepreneurs. A person who wants to succeed in their own business will know that they are able to provide a service or good in such a way that is better than what is available.

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INNOVATION IN LARGE CORPORATIONS: A DEVELOPMENT OF THE RUDIMENTARY THEORY OF EFFECTUATION

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ABSTRACT

Motivated by the rudimentary theory of effectuation, this theoretical study was conducted in order to develop the theory to encompass effectual innovation in large corporations, and to include the aspect of tacit knowledge and time. We present a theoretical socio dynamic model focusing on the relationship between the use of effectual strategies and the evolution of the value of opportunities over time. We suggest that effectuation processes are valuable for innovation in large corporations, especially in the early stages of the opportunity growth, and that tacit knowledge and time can be important aspects of the effectuation strategies.

INTRODUCTION

“Prediction is very difficult, especially about the future.” These words were made famous by the Danish physicist Niels Bohr (1885 - 1962), but it is not only in physics that prediction has been a subject of interest. For business in general (Davis & Karim, 2008; Jaimovich & Rebelo, 2009), and innovation processes in particular (Christensen, Anthony, & Roth, 2004; Tellis, 2006), being able to predict the future is regarded as an essential capacity. The underlying logic is rather simple; if you know how the future will evolve, you can gain the upper hand over competitors, and as a result, success is a probable outcome (Christensen & Raynor, 2003). Without stating whether prediction is possible in absolute terms, it has been proposed that prediction today is even harder to perform than before (Sarasvathy, 2001). One prominent argument for this is the fact that “business all over the world is becoming more free-market oriented and more entrepreneurial” (Sarasvathy, 2001: 244). Consequent difficulties in prediction have led to the development of a reciprocal theory to the well established strategy of predictive rationality (Kotler, 1991), namely effectuation. The rationale of effectuation is that to the extent to which we can control the future, we don’t have to predict it. When following an effectuation process, focus is concentrated on the given set of means, rather than striving to achieve a particular effect. However, this theory has been developed almost entirely from the entrepreneurial perspective and little has been done to develop this theory so that it accommodates innovation in large corporations. Recognizing this point, Dew & Sarasvathy, (2002:20) have argued that: “One of the more fertile areas for research based on the theory of

effectuation will involve large corporations and the commercialization of new technologies that they create”

Motivated by the rudimentary theory of effectuation this paper aims to support the evolution of this theory such that it encompasses the perspective of large corporations and their innovations. In particular the paper aims to develop a new model of effectuation theory through examining the question of whether innovation managers in large corporations should use effectuation strategies in their innovation projects, and if so, how they should be used. Further the influence of tacit knowledge and time on innovation projects is also investigated as these are posited as elements influencing effectuation theory.

We believe that this research will contribute to a better theoretical understanding of the effectuation processes in innovation and entrepreneurial management in large corporations. The models presented will help innovation managers to better understand the nature of effectuation, thereby improving their ability to manage in their innovation projects. The outcome of this process is a model for innovation projects which gives the value of effectuation as a function of time. In addition, this function is compared to the contrasting theory of causation, which rests on the logic of prediction. A comparison to the employment of effectuation processes for a standalone entrepreneurial start-up, where the advantages of effectuation processes already has been proposed (Dew & Sarasvathy, 2002; Sarasvathy, 2001), will also be presented. Based on this model it is suggested that effectuation processes are of significant importance for large corporations. However, in large corporations, according to the model, the intermixture of causation processes should be higher, and the point of time where causation processes are more valuable than effectuation processes occurs somewhat earlier in the growth of an opportunity than for an entrepreneurial start-up. Moreover, large corporations should promote and utilize tacit knowledge held by the employees, as a driving force for opportunity creating. In addition, we propose that gut feeling should be internalized and developed when innovation managers in large corporations evaluate opportunities. Finally, in innovation projects, time should be managed in a more subjective manner than when operating production to ensure optimized growth conditions for the opportunities, and the challenges concerning timing can be overcome by launching more opportunities to the market, but in a cost efficient way.

THE DARK SIDE OF SOCIAL ENTREPRENEURSHIP

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ABSTRACT

*This paper is conceptual in its outlook. It provides a new lens through which scholars in the emerging field of social entrepreneurship should view the concept in order to come to a better understanding of the field. It raises the question as to whether or not all enterprises that deliver a social service can be duly classified as social enterprise and be linked to the wider field of social entrepreneurship. This question becomes relevant when the context within which the social service is being delivered is taken into consideration. Garrison communities in Jamaica provided the context within which the current paper analyzes the question. The paper argues that the line between violence as a business which generate funds to support enterprises which deliver social services to ensure power and control by gang leaders and, social enterprise which deliver social services to transform lives through the creation of social value has become blurred. This we called the **dark side of social entrepreneurship** and argue that the discourse on social entrepreneurship cannot ignore this phenomenon, especially in developing countries with a high number of vulnerable communities.*

Key words: Garrison, Social Enterprise, Jamaica, Social Entrepreneurship

INTRODUCTION

The concept of social entrepreneurship is not a tidy one. There appears to be a blurring of the boundaries as to what constitutes a social enterprise and moreso, social entrepreneurship as a concept. This is further muddled by the fact that a number of organizations that have questions surrounding their legitimacy but which carry out social functions, for example, criminal gangs, are sometimes categorized as social enterprises and fall under the rubric of social entrepreneurship. This situation appears to be most prevalent in societies that are low growth, with high levels of poverty, high unemployment and, large social dislocations. In these contexts, social enterprises tend to have a significant impact but it is not always clear whether or not the intent is really social or is there another darker motive behind the benevolence being distributed under the guise of social entrepreneurship. It is these issues that have motivated the research presented in this paper.

WHAT IS SOCIAL ENTREPRENEURSHIP?

While the phenomenon of social entrepreneurship is not new, it appears that the language, i.e. the concept is just emerging. Entrepreneurship as a concept aimed at improving

the economic development of nations, have gained significant amount of attention in the literature (Venkataraman, 1997; Shane & Venkataramna, 2000; Gartner, 1988 etc). However, entrepreneurship as a process aimed at reaching sections of society where the traditional markets have failed to reach or put another way, entrepreneurship which aims at transforming societies through social progress, has recently started receiving attention in the literature (Dees & Elias; 1998; Mair & Marti, 2006; Alvord et al ; 2004; Seelos & Mair; 2006 etc). The newness of this phenomenon like in all other fields of study in their developmental stage, suffers from inconsistency in definition and, disjointed research findings, poor theoretical developments and, its boundaries as they relate to other disciplines are still under-developed. At this stage in the development of the field, social entrepreneurship means different things to different people (Dees, 1998).

One group of researchers sees social entrepreneurship as merely reflecting non-profit initiatives that are geared to create value to those that the traditional markets will not reach (e.g. Bosche, 1998; Peredo & McLean, 2006). Others see it as using business principles to solve social problems. Indeed, Pomerantz (2003) notes that social entrepreneurship involves taking business like, innovative approach to the mission of delivering community services.

Other researchers have also attempted to coin a working definition of the concept. Indeed, Mair and Marti, (2006) have identified social entrepreneurship to be a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and or address social needs. This view of social entrepreneurship mirrors that of Pomerantz (2003). It really reflects basic business assumption which underlies the entrepreneurial process. Social entrepreneurship, it appears, narrows down to value creation using available resources in new ways. However, the value created is intended to create social change or meeting social needs (Bornstein & Davis 2010; Brooks, 2009).

Further, other scholars have seen social entrepreneurship as a field of enquiry which provides a substitute for the market discipline that works in the field of business entrepreneurship. In other words, social entrepreneurship is not merely market/ business entrepreneurship that are not working effectively or efficiently. Social entrepreneurship should have its own discipline and accountability with notions of value creation innovation and opportunity recognition similar to business entrepreneurship (Brooks 2009). In this regard, Dees (1998) offers the following insight on what social entrepreneurship should be by focusing on the attributes of a social entrepreneur. According to Dees (1998), social entrepreneurs play the role of change agents in the social sector by:

- Adopting a mission to create and sustain value
- Recognizing and relentlessly pursuing new opportunities to serve that mission
- Engaging in a process of continuous innovation, adaptation and learning
- Acting boldly without being limited by resources currently in hand
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

A closer look at these criteria which define a social entrepreneur shows that, this ideal is not easy to be met and as such, it is degrees to which the players in each sector achieve them that one can define the enterprise as social entrepreneurship.

Other scholars have also added more dimensions to the already fuzzy concept in order to derive a consensus on what really constitutes social entrepreneurship. In this regard, Peredo & McLean (2006) see social entrepreneurship as being exercised, where a person or group of persons aim to create social value either exclusively or in some prominent way; show a capacity to recognize and take advantage of opportunities to create value; employ innovation, ranging from outright invention to adapting someone else's novelty in creating or distributing social value; are willing to accept an above average degree of risk in creating and disseminating social value and, are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture. These characteristics should help to distinguish social entrepreneurship from other forms of entrepreneurship. However, on closer examination, it appears that the first characteristic is the most important in making the distinction between social entrepreneurship and other forms of entrepreneurship. At the heart of social entrepreneurship is the need to create social value. In this regard, Seelos & Mair (2005) posit that social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions.

Social entrepreneurship it seems, like business entrepreneurship, fills a gap by looking at opportunities to improve systems, create solutions and invent new approaches. However, the distinction comes when one looks at the core objectives for the activity. For social entrepreneurship, the primary objective it is argued; is social value creation while economic value creation is a by-product that helps the enterprise to be sustainable and self-sufficient (Seelos & Mair, 2005). This primacy of social value creation led Seelos & Mair (2005) to further refine their definition of social entrepreneurship to mean entrepreneurship which creates new models for the provision of products and services that cater directly to the social needs underlying sustainable development goals such as the millennium development goals (MDGs). The authors went on to make an important point about social entrepreneurship which has resonance to the analysis represented in this paper. They noted that social entrepreneurship often create tremendous value when catering to very basic needs such as providing medicine or food which can be matter of life or death for those who receive them. This is important as most of the data provided in this analysis speak to ventures that act as social enterprises with the provision of food and medicine to the less fortunate as their major goal.

While the proposed definitions shed some light on the concept, they still do not provide the strong consensus on what really constitute social entrepreneurship. In most cases, the definitions are idealized notions of social entrepreneurship which cannot be operationalized. However, there seem to be some consensus that social value creation must be the primary objective in order for an entrepreneurial activity to be classified as social entrepreneurship. It is these activities that have as their goal, social value creation that this paper will critical analyze to determine whether or not they fit the categorization of social entrepreneurship. This paper will take as a working definition of social entrepreneurship, activities which are targeted at persons who have a need but are unable to afford to satisfy this need by engaging in the traditional

market activities. Indeed, at the heart of these activities is not the profit motive, but the willingness to serve the less fortunate in a society.

A CONTEXT FOR STUDYING SOCIAL ENTREPRENEURSHIP

As it relates to crime and violence and low economic growth, Jamaica finds itself in a precarious position. Jamaica is ranked in the top five countries in the world in business start-ups (GEM 2005 and 2006) and in the top three in the world for homicides. These problems are even more pervasive in garrison communities. Garrison communities, which Stone (1986) sees as military stronghold centred on political tradition, cultural values, beliefs, myths and socialization, came about as a result of political parties setting up housing projects in specific areas and people them with supporters; supporters chasing out non-political supporters at gun point and movements is monitored by gang leaders. These communities are maintained by violence towards the citizens and, party political values by the gang leaders. The arrangements in these communities have kept people in a persistent state of poverty for a long while (Henry-Lee, 2005; Harriott 2003; Figueroa Sives, 2002). Due to the lack of opportunities for upward social mobility for the citizens who live in these communities, some are normally drawn to the criminal gangs which carry out philanthropic activities and act as protector of the community. These gangs generally sell violence as a business and use the proceeds to deliver “social value” to the communities.

CONCLUDING THOUGHTS

It is therefore important that if the field of social entrepreneurship is to move forward, it will have to take into account, the darker side of the concept since this can distort any attempt to build a general theory to explain the phenomenon. It is important that researchers do not conflate social activities that are funded by resources gained from the business of violence with social activities that are aimed at truly creating social value and transforming lives using social entrepreneurship. It is important that these issues are taken into consideration since the field is in its nascent stage and one does not wait until it matures. This will help to make clear, the definition of what really constitutes social enterprises. This issue is still not fully settled in the field. This paper has provided another lens through which to view the issues surrounding social enterprises and social entrepreneurship in general. Context does play a role in this regard.

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