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# **Table of Contents**

# **POLITICAL CONSERVATISM AMONG THE SELF-EMPLOYED? EVIDENCE FROM THE WORLD VALUES SURVEY**

**Michael D. Crum, Northern Michigan University**

## **ABSTRACT**

*The self-employed, particularly in the United States, are often viewed as holding politically conservative views. Political conservatism typically entails being more supportive of small governments, lower taxes, and limited business regulations, and such views would seem to be attractive to those running their own business. However, political views are multidimensional, and being mindful of this, this paper focuses separately on economic and social conservatism. Foreign policy views are not examined, due to both their complexity and lack of relevant data. It is hypothesized that the self-employed will be more likely to have conservative views on economic issues, due to their unique perspective dealing with regulation and taxation, as well as perceived personal self-interest. It is hypothesized that the self-employed will tend to hold more socially conservative views as well, due to them adopting a social identity of political conservatism and the presumed dependence between economic and social conservative views. These relationships are tested empirically, making use of data collected in the World Values Survey. The World Values Survey (WVS) is a survey of individuals in a number of nations collected over multiple waves. The survey asks respondents a number of questions regarding their beliefs on a wide variety of topics, including their views on a number of social and economic issues. Data are used from the third, fourth and fifth waves of data collection, which were collected in the years 1995-1997, 2000-2005, and 2010-2012 respectively. Respondents are included from 80 different nations. Due to dependent variables of varying levels of measurement, OLS, logistic, and ordered probit regressions are used to test the hypotheses. It is found that the self-employed tend to label themselves as being more politically right than those working for someone else. The self-employed also tend to prefer private ownership of businesses to state ownership. However, they are more likely to prefer that the government be involved in protecting the environment over encouraging economic growth. On social issues, the self-employed tend to be less in favor of children being raised by single parents and tend to be more likely to believe that a child needs a father and a mother. However, there is no difference between the self-employed and those working for someone else with regards to whether they viewed marriage as an outdated institution. Overall, some support is found for the idea the self-employed are more politically conservative than those working for someone else. Due to limitations of the data, it cannot be determined if those with conservative views are more likely to enter self-employment or if self-employment makes individuals more politically conservative. Since the relationships examined in this study are likely to vary across countries, future researchers may want to examine these relationships using multiple samples or using techniques such as multilevel modeling.*

# **PERSPECTIVES ON REFLECTION AND INTUITION IN MANAGEMENT RESEARCH - TOWARDS DEVELOPING A FRAMEWORK OF REFLECTIVE- INTUITION KNOWING IN MANAGEMENT**

**Håvard Åsvoll, Nord-Trøndelag University College**

## **INTRODUCTION**

“When managers act, their thinking occurs concurrently with action. Thinking is not sandwiched between activities; rather, it exists in the form of circumspection present when activities are executed” (Weick 1984, p. 223)

“I am not suggesting that good teachers act without thought. But we have not really examined what the nature is of this “thought” (van Manen 2008, p. 11).

The terms reflection and intuition are conspicuously prominent and dominant in management research. In a variety of ways these concepts crops up in everything from management research on decision making processes (March and Simon, 1966), sense-making (Weick 1979), information-processing (Simon 1979), learning cycle (Kolb 1984), reflective practitioner (Schon 1983), mindfulness (Weick and Sutcliffe 2001), experiential learning (Korthagen 2005), expert intuition management (Dreyfus & Dreyfus 1986), strategizing (Mintzberg et. al 1998), pedagogical tact (van Manen 1995) etc. More concrete, ‘reflection’ and ‘intuition’ are ambiguous terms and the relationship between them, critical to both reflective practice, knowledge management and decision making, is unclear. If ‘intuition’ is inherently non-verbalizable in expert decisions (Dreyfus & Dreyfus 1986) and tacit knowing (Baumard, 1999; Boisot, 1995; Davenport and Prusak, 1998) and if ‘reflection’ is almost impossible (i.e. Kroksmark & Johansen 2003) or very difficult to achieve in instant practice (van Manen 1995; Schön 1983), there seem to be little space left for other perspectives which may link intuition and reflection in a more dialogical and intertwined way.

One of the dominant ways of dealing with ambiguous phenomena of management knowledge/knowing is undertaken by separation and differentiation. For example, the personal, context-bound and dynamic definition of knowledge is often allocated to categories labeled ‘implicit’, ‘tacit and ‘intuitive’ whereas the impersonal, context-free and static side is allocated to a categories labeled ‘explicit’, ‘analytical’ and ‘reflective’ (see Tsoukas 2003, Stacey 2001, Nonaka & Takeuchi 1995). It may be argued that this differentiation is supportive as long as results (theoretical and empirical) are not presented in an additive manner. A way to address such a dualistic and dichotomized view is to think and see in terms of contradictory meanings simultaneously. This is what Bakhtin (1986) may call loopholes. Loopholes may help to embrace the way reality is perceived in “*the form of still latent, unuttered future work*” (Bakhtin, 1984, p. 90). As a condition and attitude, this always already (unsolvable) solution is attractive, and it may serve to justify the motivation behind this paper. This motivation challenges the tacit/intuitive-explicit/reflective knowledge dichotomies which tend to leave out all the shades of grey in between.

It is possible that this kind of dichotomised logic, like a colonising impulse, exercises an excessive influence on our view of what ‘good management’ ought to be. This dichotomised logic may be supported by the fact that our society places considerable emphasis on rationality

and efficiency, which means that analytical assessments and (detached) reflection often receives more attention than personal commitment and embodied intuitive skills (Dreyfus & Dreyfus, 1986, MacIntyre 1985, Toulmin 2001). There is reason to believe that this colonizing impulse derives some of its legitimacy from a dichotomised view of reflection and intuition. If this suggestion is correct, there are grounds to show the significance of one alternative framework which may stem from the shades of grey and loopholes.

From the shades of grey a conceptual framework of 'reflective-intuition-knowing' (R-I-K) as a knowing-making process is presented, which links the distinct reflective and intuitive forms of knowledge. This proposes a (radical) challenge with regard to a new (R-I-K) conceptualization of 'here and now' management practice partly based on two forms of knowledge which traditionally has been dichotomized. In short, either when an (unexpected) problem occurs in the managerial 'here and now' situation or that a situation demands an answer, (expert) managers may deploy a reflective-intuition (R-I) by means of an intuitive grasp/awareness and *simultaneous* reflection during the course of the situation which guide further action, or reframing the problem and modifying ongoing practice in such a way that managerial knowing and good decisions still take place. R-I reflects the *on-the-spot* way of 'thinking' more profoundly or in other ways, ways that open the world and guide managers in it.

Illustrative examples for this R-I-K framework is reviewed and its trustworthiness tentatively established. Examples of 'reflective-intuition-knowing' intend to show how reflective and intuitive-process are interwoven 'here and now', and it is proposed that the transmutation of 'reflection' and 'intuition' 'knowledge' into R-I-K involves three specific, interwoven and dialogical modes (abductive, deductive and inductive) of management practice. Such a transmutation and synthesis could begin amongst managers themselves, and the examples in this paper pertain to the practice of innovation manager. Moreover, viewing the manager of reflective practice, tacit knowing and decision-making allows the R-I-K to be viewed as viable for the practice of management.

In this paper I draw on recent progress in the perspectives of reflective practice, tacit knowledge and decision-making to frame and develop a framework of R-I managerial knowing. In addition to tying together elements of the theory of these areas, this analysis casts new light on and has implications for a variety of issues in the management literature, i.e. the importance of reflective practice and open-ended 'here and now' situations; the definition of the (tacit or explicit) knowledge concept; and the managerial decision making process (rational or intuitive), I believe such a perspective will contribute to a better theoretical understanding of the complex knowing involved in (innovation)management and an alternative sharper focus on how reflection and intuition may sometimes operate intertwined. This is one step of enhancing our theoretical sensitivity towards how the interwoven aspects of R-I can improve managerial practice and knowing. A greater understanding of the actionable and diverse aspects of R-I knowledge opens up the potential for improved research on the use of knowledge in management. Seeing R-I knowing as a intertwined and complex phenomenon has the potential to more fully reveal it's manageability. It can also be helpful to managers as a tool to manage and run their everyday work and projects more efficiently. First, this paper presents the rationale and features behind the 'theory of reflective-intuitive knowing'. Second, a literature review is presented in order to shed light on and frame the phenomenon of R-I-K. Thereafter illustrations of how R-I-K modes such as abductive, deductive and inductive inferences works are given. Finally, theoretical and practical implications for re-searching R-I-K management are described.

# **IMAGE THEORY AND THE PATH TO SELF-EMPLOYMENT**

**Kermit W. Kuehn, University of Arkansas**

## **ABSTRACT**

*This paper examines the decision process of potential entrepreneurs using Image Theory (Beach, 1997). The theory states that individual decision making is a two-stage process whereby potential choice alternatives are first pre-screened before they may become accepted options in the actual decision pool. Using the theory to examine non-entrepreneurs, latent and nascent entrepreneurs', the author suggests that individuals in each of these pre-entrepreneurial stages experience distinct decision issues to be resolved by the decision maker. The paper discusses the challenges facing individuals at each stage and proposes ways to address these stage-specific issues.*

# **FEMALE ENTREPRENEURS AND NEGOTIATION SELF-EFFICACY: A STUDY ON NEGOTIATION SKILL BUILDING AMONG WOMEN ENTREPRENEURS**

**Veronica Guerrero Ed.D., California Lutheran University  
Judith Richards, California Lutheran University**

## **ABSTRACT**

*Entrepreneurial education includes the study of desired skills, knowledge and competencies necessary at various stages of the entrepreneurial continuum as well as effective pedagogies to address varying learning styles and modes of delivery. Women entrepreneurs commonly lack key business skills and competencies their male counterparts developed from professional experiences in corporate environments. This skillset includes negotiation efficacy, a competence that may be pivotal to launching and sustaining a new venture. During the launch period, venture financing, recruitment of management teams, and acquisition of resources require astute negotiation skills to establish a business. Entrepreneurs who are unable to secure the needed resources may never be able to move their venture beyond the conceptual stage. Studies show that women face greater challenges than men in securing venture financing and human capital resources. Therefore, greater negotiation efficacy could prove useful for women entrepreneurs during this resource building process. This study explores how women entrepreneurs can develop increased levels of negotiation self-efficacy to maximize outcomes as they establish their businesses.*

*Overall, findings support the idea that negotiation training and development can have a positive impact on the efficacy of women entrepreneurs when negotiating for their business. The research results suggest that specific educational pedagogies, i.e., experiential activities involving simulations and modeling supports the need to develop confidence in the tasks associated with effective negotiations. This study can provide support for entrepreneurial educators in designing curriculum for women entrepreneurs. Negotiation situations involving the garnering of resources to launch or grow a business can be very complex. To develop efficacious behaviors in these situations, women should participate in learning experiences that allow them to actively practice the tasks associated with successful outcomes.*



# **RESOURCES AND BUSINESS FAILURE: DOES SIZE MATTER?**

**Densil A. Williams, University of the West Indies**

## **ABSTRACT**

*Small and medium-sized enterprises (SMEs) are normally treated as a homogeneous group in almost all analyses that use this group of firms as the unit of analysis. However, the literature has pointed out that the small business sector is more heterogeneous than originally thought. To test this assumption, this study investigated business failure among SMEs controlling for size of the firm. Using data from over 60,000 SMEs in the UK, the study modelled, using the logistic regression model, business failure with a number of surrogate measures for resources. The analysis was compartmentalized into small and medium sized firms. The results revealed that the resources that impact business failure does in fact vary based on firm size. The implications of the findings are addressed in the paper.*

*Keywords: SMEs, Business Failure, Size, Resources.*

# **BORROW FOR FRIENDS: GROWTH STRATEGIES AND SMES' PERFORMANCE**

**Joan Lluís Capelleras, Universitat Autònoma de Barcelona**  
**Gerardo Velasco Gutiérrez, Instituto Tecnológico y de Estudios Superiores de Monterrey campus Guadajara**

## **ABSTRACT**

*While the determinants of venture performance have been the focus of lots of research, there is a lack of studies examining the performance effects of growth strategies. Responding to the call made by some scholars on this matter (Davidsson et al., 2006; McKelvie and Wiklund 2010), we investigate the causal relations among growth strategies and the performances of the Small and Medium Enterprises (SMEs) in the Technological Information and Electronic Sector (TIES) in México. The present research provides empirical evidence about different growth patterns and firms' performance; identifying the existence of three different growth strategies in a sample of selected firms, and afterwards identifying the different results generated by those strategies among the firms. We found that certain firms preferably decide to grow organically, building a firm, step by step, pursuing long-term survival and thus achieve fame; some others firms, decide to grow by buying companies, aiming to increase their fortune by improving profits. Finally, another group choose to grow by borrowing-giving resources and capabilities, in other words, making bussines-friends that allow them to develop competitive advantages. We found that different growth strategies will give rise to different firm performances. Theoretical and managerial implications are also discussed in the paper.*

# **SMALL, MICRO AND MEDIUM TOURISM ENTERPRISES IN SOUTH AFRICA: PROFILING THE DECISION-MAKERS**

**Dimitri Tassiopoulos, Nelson Mandela Metropolitan University**

## **ABSTRACT**

*In 1994, with the end of apartheid, the South African government undertook to make tourism one of the country's leading industries in the creation of employment and the generation of foreign income (WTTC, 2002). Although the South African tourism industry has some large organisations, the sector is numerically dominated by the small, micro and medium tourism enterprises (SMMTE) sector, yet in the literature of tourism there is a relative dearth on the research into tourism and small business development.*

*The aim of the study was to develop a demographic profile of owner-managers of SMMTEs in South Africa. The demographic variables such as the geographic location, age, gender, level of qualifications, and population group classification of the research population were determined. Only the owner-managers of formally registered SMMTEs were included in the study. The target population covered all nine provinces of South Africa. SMMTEs were selected through a systematic random sampling technique and were mailed questionnaires for self-completion. In total, 168 useable questionnaires were returned.*

*Important insights are gained regarding these enterprises and their owner operators, which account for a major part of South Africa's developing tourism sector. In an international context the study also makes a valuable contribution to the body of knowledge concerning this important economic sub-sector.*

## **INTRODUCTION**

Globally, the contribution of small, micro and medium enterprise (SMMEs) in creating employment opportunities has been widely researched. SMMEs are increasingly recognised as the engine of growth (Ateljevic & Page, 2009; Tassiopoulos, 2010; Urban-Econ, 2010) and Vallabh, 2014). Small businesses are seen as a vehicle for entrepreneurship (Thurik & Wennekers, 2004) contributing not just to employment and social and political stability, but also to innovative and competitive power.

In 1994, with the end of apartheid, the South African government undertook to make tourism one of the country's leading industries in the creation of employment and the generation of foreign income (Tassiopoulos, 2011). Although the tourism industry has some large organisations, the sector is numerically dominated by SMMTEs, according to Szivas (2001), Kirsten and Rogerson (2002), and Cooper and Buhalis (1992), yet in the literature of tourism there is a relative dearth on the research into tourism and small business development. SMMTEs, state Cooper & Buhalis (1992), which underpin the delivery of the tourism product in most countries and are particularly important in destination development, not only providing tourists with direct contact with the character of the destination, but also facilitating the rapid infusion on tourist spending in the local economy. Recent research, as depicted in Table 1, (The DTI, 2003, and DEAT, 2007) concerning SMMTEs in South Africa has confirmed that established SMMTEs (owner-managed and employing less than 50 employees).overwhelmingly dominate the local tourism industry (Tassiopoulos, 2011):

<b>Industries</b>	<b>SMMTEs in Industries (%)</b>
Hospitality	97
Travel and tourism	97
Gaming and lotteries	89
Sport, recreation and fitness	98
Conservation and tourist guiding	89

Tourism is vital to the economic development of South Africa and its people. Indeed, it is the fastest growing industry in the country, directly creating 645,500 jobs (4.6% of total employment) in 2013 (WTTC, 2014); it was expected to rise by 2.9% in 2014 and by 2.4% pa to 840,000 jobs (5.1% of total employment) in 2024. WTTC (2012) further indicates that the tourism economy in South Africa directly employs more people than the mining, communication services, automotive manufacturing and chemicals manufacturing sectors. The future development of the tourism industry in line with government objectives of transformation and Black Economic Empowerment, and the promotion of SMMEs, according to DEAT (2007), is however an issue that is of critical concern for policy-makers. Despite the importance of SMME development in the South African economy; relatively little research has been undertaken regarding owner-manager of SMMTEs.

### **PURPOSE**

This paper deals with the demographic characteristics of the participants in the study through describing the geographic location, age, gender, level of qualifications, and population group classification of the research population.

### **METHODOLOGY**

The research design of study involved is primarily descriptive research. The target population covered all nine provinces of South Africa. In order to incorporate SMMTE's on a national basis, the services of a commercial database company were used to compile a database of SMMTEs, caused by a dearth of workable alternatives concerning comprehensive databases of SMMTE's in South Africa. The decision-makers of formally registered businesses (informal businesses were not included) were selected by rank (most senior person: owner, managing director, chairperson, manager etcetera). In total 316 questionnaires were returned which represented a total response rate of 16.08 percent, of this 168, or 8.56 percent was deemed, conservatively, to be the useable response rate.

The research instrument used was a structured questionnaire. A section of the research instrument consists of question items related to determining the demographic profile of respondents. The instrument determines the gender and age profile of the respondents; the highest educational level; and an indication of the population group of the respondents. Most of the said items have been derived from other instruments that have been previously validated by other researchers such as Loubser (1999), Maas (1996: 249); and Orford, Herrington and Wood (2004).

## RESULTS

### Demographic characteristics

An analysis of the data concerning the geographic location of the respondents indicates that the respondents in the SMMTE sample can be characterised as mostly originating from the Western Cape (28.7%) and Gauteng (26.2%) provinces. A closer analysis of the towns' names provided by the SMMTE respondents suggest that a notable number of SMMTE businesses are concentrated (or polarised) in the major urban centres or tourism development nodes of the Provinces. Of those who indicated that their SMMTEs were situated in the Western Cape, 20.2 percent of the total respondents are based in the Cape Town Metropolitan area. Similar observations can be made for Gauteng Province where 16.1 percent of the total response group are operating from within the Greater Johannesburg Metropolitan area. The South African GEM 2008 report (Herrington, Kew & Kew, 2009) notes considerable variation across the provinces in terms of level as well as the type of general entrepreneurial activity within each region. The report suggests that overall Gauteng, Western Cape and KwaZulu Natal are the most dynamic provinces in terms of general entrepreneurial activity and account for two-thirds of early stage entrepreneurial activity in the country.

The majority (28.6%) of respondents can be described as being 45 to 54 years of age. A further noticeable number of SMMTE respondents were aged 35 to 44 years (25.6%) and 55 to 64 years old (24.4%). Overall, just over three-quarters (78.6%) of the SMMTE owners in the study are between 35 and 64 years of age. The results suggest that the majority of respondents in this study are older than the general trend evidenced in general entrepreneurial profiling studies, such as the South African GEM 2008 report (Herrington, Kew & Kew, 2009: 23), where South Africans aged between 25 and 44 are clearly the most entrepreneurially active. The SMTE respondents of this study, it is suggested can alternatively be termed as the "Baby Boomers" generation. The "Boomers" were born between 1946 and 1964, although in the South African case, the Boomer years have been extended to 1970 due to the policy of apartheid that tried to socially engineer society. In the context of the South African family SMTEs, the Boomers (especially the younger segment, 36 to 50 years old) have the greatest impact. Boomer family SMTEs are seen to be associated with customised service, are approaching life with a new stability and sensibility in the way they eat, spend, think and live. The older-Boomer Generation (50 to 65 years old) are "opting for ... comfort, consistency and cost-effectiveness". It is also noted that there is a clustering of respondents who are up to 35 years of age, the so-called Generation X. However, in the context of the South African SMTEs, it is suggested that they represent a potentially new SMMTE stakeholder group for the near future, and require continual research (Tassiopoulos & Haydam, 2007).

The majority (70.5%) of the SMMTE senior decision-makers in the study are male. The South African GEM 2008 report (Herrington, Kew & Kew, 2009) found that South African female participation rates in general entrepreneurial activity compared to males is a cause for concern, where the ratio in 2008 is 1 to 1.6, respectively. It was found that although this ratio is better than the GEM average, it is a cause for concern particularly when South Africa is compared with other developing economies (e.g. Peru and Argentina) where female participation rates are just below that of males.

The single largest group (33.5%) of SMMTE decision-makers have only a Grade 12 qualification. The findings however also indicate that a further 44.7 percent of SMMTE decision-makers have a three-year tertiary qualification, namely, 24.8 percent have a National Diploma and 19.9 percent have a degree qualification.

It needs to be underscored that this study only included formally registered businesses and did not include SMMTEs operating in the informal tourism industry. The research findings suggest that the

majority (85.9%) of SMMTE decision-makers describe themselves as being from the White population group. The results further indicate that only eight percent of the respondents indicated that they were Black/African. The South African GEM 2008 report (Herrington, Kew & Kew, 2009) has found a strong association between population group and general entrepreneurial activity. The report indicates that SMME owners who are from the White and Indian population groups are the most likely to start a new business. Black South Africans, on the other hand, are least likely to start a new business. This can to a large extent be attributed to South Africa's legacy of apartheid which has had a fundamental impact on general entrepreneurial activities within a large portion of the population.

## CONCLUSION

SMMTEs form an integral part of many national economies and are the dominant role-players of most tourism economies. The key role of small to medium and micro tourism enterprises (SMMTEs) is recognised by governments, and, international agencies such as UNWTO and European Commission (Tassiopoulos, 2011).

The typical demographic profile of the SMMTEs can be summarised as follows: the majority of respondents can be demographically characterised as originating from the Western Cape and Gauteng; are most likely urban /metropolitan area based; and are largely family-owned SMMTEs. The owners are most likely 45 to 54 years of age; most likely of the male gender; the highest number have attained a Grade 12 school leaving qualification with a further notable number having attained a three year tertiary qualification; and, the majority can be classified as being from European descent. The profile of the SMMTE respondents suggests an age-based sub-culture which can be described as a generation of people who have experienced a common social, political and economic environment. The SMMTE respondents of this study, suggested by the results of this research, can alternatively be characterised as the late phase "Baby Boomers" generation. The results appear to suggest that the respondents are mostly middle-aged business people with predominately lifestyle and family motives. The predominance, according to Carlsen and Getz (2000), of middle aged couples in the tourism industry may reflect a trend towards semi-retirement and subsequent self-employment.

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# **METHODS OF CREATIVITY IN SMES**

**Sherry Robinson, Penn State University  
Hans Anton Stubberud, Buskerud University College**

## **ABSTRACT**

*Innovation is a key to success in today's competitive business environment. Developing creative ideas leads to new products and processes that help companies survive and thrive. Creativity and innovation, along with risk-taking and proactiveness, are essential elements in an entrepreneurial orientation. This study examines the most popular methods used by small and medium-sized businesses for stimulating new ideas or creativity and compares them to those most commonly used by large businesses. The results show that brainstorming and the use of multidisciplinary or cross-function teams are two of the most popular methods. While SMEs are less likely than large businesses to report the use of brainstorming technique, they are more likely to use brainstorming than any other method for stimulating new ideas.*

## **INTRODUCTION**

Creativity and the resulting innovation are vital elements in the success of businesses in today's competitive global environment. (Australian Institute for Commercialisation, 2011; Charan & Lafley, 2008; Clegg, 2012; Kuratko, Goldsby & Hornsby, 2012; Pink, 2006; Proctor 2014). Creativity and innovation, along with risk-taking and proactiveness, are essential elements in an entrepreneurial orientation (Bolton & Lane, 2012). Developing creative ideas leads to new products and processes that help companies survive and thrive. Small and medium-sized businesses (SMEs) are usually limited in their resources, including financial resources and the human resources from whom innovative new ideas flow. This does not, however, mean smaller firms cannot be innovative. Some techniques for stimulating creative new ideas require few monetary outlays and are therefore as viable for SMEs as for large firms.

Innovation does not spontaneously occur or grow out of thin air. Creativity is required to spark an idea which can be developed into an innovative new product or process. This study examines the methods that are most commonly used by Norwegian small and medium-sized businesses for stimulating new ideas and compares them to those most popular among large businesses. The results show that brainstorming and multidisciplinary teams are two of the most often cited methods for innovative businesses of all sizes. A higher percentage of large businesses than SMEs use brainstorming, but small businesses are more likely to report it as their primary technique for stimulating ideas and creativity.

## **CREATIVITY AND INNOVATION**

Creativity and innovation go hand-in-hand like two sides of a coin. While creativity provides the idea, innovation turns the idea into reality. Without the idea, there is no innovation,



but without innovation, the idea goes nowhere (Amabile, 1997; Govindarajan, 2010; Gurteen, 1998; Ko & Butler, 2007; Kuratko et al., 2012).

Creative ideas often grow from seemingly unrelated facts and ideas coming together in new ways, much as the jewels in a kaleidoscope form different patterns from the same elements (Couger, 1995; Czikszentmihalyi, 1996; Ko & Butler, 2007; 2006; Robinson & Stubberud, 2012, 2013). Multidisciplinary or cross function teams can provide an opportunity for people with different backgrounds, viewpoints and areas of expertise to combine their ideas and create synergy (Harryson, 2008; Ko & Butler, 2007; Robinson & Stubberud, 2011; Rosa, Qualls & Fuentes, 2008). Such diverse teams provide fresh eyes that are not burdened down by “dangerous expertise”—an unwillingness to look for new possibilities because experts already “know” an idea won’t work (Clegg, p. 19). Blended teams also provide an opportunity to “steal” ideas from different fields, reshaping basic ideas to fit the need at hand. In a mixed group, techniques such as brainstorming, which encourage participants to say whatever comes to mind without filtering their ideas, can be more effective than in groups comprised of similar individuals.

Innovative organizations naturally want employees to develop new and creative ideas. Humans are motivated to action by desirable rewards. One obvious reward is a financial incentive. There are, however, some issues to consider, such who decides which parties receive the reward, how much they receive and when they receive it (Clegg, 2012). Reinforcement theory suggests that rewarding behavior as soon as it occurs is the most effective method for motivating people to repeat the behavior, but that is a difficult challenge made all the more difficult by the fact that a piece of an idea contributed to a larger previously-started project may be the key to the success of a project, or may just improve the outcome incrementally. Whether an idea is significant enough to receive a reward may be a subjective decision dependent upon who determines the reward recipients. People who feel they should have received a reward, but do not, may develop a negative attitude that actually counteracts creative processes and motivation. In the case of a team project, this problem may be compounded. Similarly, offering an amount of money that is deemed inadequate may be worse than no reward at all, as the “reward” may be viewed as an insult. Clegg (p. 207) suggests that “the amount available needs to be big enough to make an impact” and that an amount less than a worker’s average daily pay will be ineffective.

A system involving non-financial rewards would present similar challenges in terms of who is rewarded and who determines the rewards. The value, however, could be greater than an equivalent amount of money (Clegg, 2012). Intangible rewards such as recognition or privileges might be especially effective among employees who already make a considerable salary and might therefore be unimpressed by smaller sums. Given the vast range of intangible rewards that could be possible, simply determining an appropriate and effective reward for a new idea would itself require a significant amount of creativity.

A lack of proactive innovation could result in decline and failure. The processes that lead to innovation require the investment of time, training and, in many cases, money. Large companies are more likely than SMEs to control such resources (Eurostat, 2009), but they are not always successful in their attempts at innovation. Large firms have been shown to be more likely than small companies to start projects, but not necessarily to follow through to completion (Robinson & Stubberud, 2012). Although innovation itself is said to be a social process regardless of business size (Australian Institute for Commercialisation, 2011; Charan & Lafley, 2008), larger businesses with greater workforces naturally have more people who can cooperate and share ideas and build upon others’ ideas.

Few companies of any size are likely to disregard innovation as important to success. However, creative new ideas that lead to innovation do not simply grow from nothing. This study examines the methods used by SMEs and large businesses for stimulating new ideas and creative and compares them across business size to determine if there is a difference in the methods used by businesses are various sizes and the extent to which each method is used by small, medium-sized and large businesses.

## METHODOLOGY AND RESULTS

This study used data from Eurostat's seventh Community Innovation Survey (CIS), which collected data on innovation activities within companies for the reference period of 2008-2010 (Eurostat, 2014). Although 31 countries were included in the CIS survey, this study focuses on Norway, which is not a member of the EU. Small businesses were those with 10-49 employees, while medium-sized businesses had 50-249 employees. Large businesses had 250 or more. The results reported include those companies engaged in innovative activities, either ongoing or suspended. The numbers of businesses and percentages of businesses that view given methods for stimulating new ideas or creativity as successful are provided (see Table 1), as are the relative rankings for each method. For example, the method with the highest percentage among small businesses is ranked (1) while the least commonly used method is ranked (6).

Source	Total	10-49 employes	50-249 employees	250+ employees
Brainstorming sessions	56.8% (1) 2114	55.8% (1) 1476	57.5% (2) 497	65.6% (2) 141
Multidisciplinary or cross-function work teams	53.0% (2) 1972	47.6% (2) 1257	64.5% (1) 558	73.5% (1) 158
Training employees on how to develop new ideas or creativity	18.2% (3) 676	17.3% (3) 456	18.5% (3) 160	27.9% (3) 60
Nonfinancial incentives for employees	15.3% (4) 571	15.4% (4) 408	14.0% (4) 121	19.5% (5) 42
Job rotation of staff	14.4% (5) 535	13.8% (5) 365	13.6% (5) 118	24.2% (4) 52
Financial incentives for employees	8.9% (6) 330	8.2% (6) 217	9.8% (6) 85	13.0% (6) 28

Brainstorming was the most popular method overall (56.8% of total businesses), but this percentage was largely influenced by the overwhelming number of small businesses, which outnumbered large businesses 10 to 1. Large businesses were more likely than SMEs to use brainstorming, but they were even more likely to use multidisciplinary or cross-function work teams (73.5%), which was the top ranked method among large businesses.

In each case, small businesses were less likely to successfully use the given method for stimulating new ideas and creativity. The smallest differences were seen in the least-used methods. Only 4.1% distinguished small and large businesses in nonfinancial incentives for employees, where 19.5% of large firms, but 15.4% of small firms offered such incentives. The greatest difference was in multidisciplinary or cross-function teams, where the difference was

over 25%, with medium-sized businesses taking a middle position. Medium-sized businesses were usually more similar to small businesses than to large businesses, and in two cases (non-financial incentives and job rotation) were slightly below the proportions for small businesses.

## DISCUSSION AND CONCLUSIONS

The overall results of this study clearly show that large businesses are more likely than small businesses to successfully use all of these methods of stimulating new ideas and creativity. This suggests that small businesses have much to learn from large businesses, although some methods may be more practical for large businesses than for SMEs. It would be logical that large businesses with more employees have greater opportunity to form multidisciplinary teams. Job rotation, which is in some ways similar, was much less popular. A major difference between the two methods is that job rotation involves one person doing different jobs, for which the person may need a variety of skills and training. Multidisciplinary and cross function teams can allow experts to work in diverse teams, yet focus on their own specialties. Methods such as brainstorming require fewer employees and resources and can be combined with other methods. It would not be surprising for multidisciplinary or cross function teams to engage in brainstorming. Training in creative techniques, financial incentives and non-financial incentives could also be combined with any of the other methods. In fact, training could include education in how to make brainstorming more effective.

Financial and non-financial incentives are actually rewards for creativity rather than techniques in themselves. While some methods, such as brainstorming, are rather straight forward, non-financial incentives could involve a practically unlimited number of alternatives, many of which would be inexpensive or even free. For example, a preferred parking space or public recognition would cost a company very little, but could be highly valued by employees. Future research should investigate the types of incentives that are used and their effectiveness.

This study included only those firms that had engaged in innovation, whether it was ongoing or abandoned. It can be expected that those firms that had not engaged in innovation were even less likely to use any methods of stimulating new ideas or creativity. For those firms that seek to embark on new innovative projects, these results point the way to “best practices” for stimulating new ideas.

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# **THE ROLE OF CULTURE IN SHAPING AN ENTREPRENEURIAL MINDSET**

**Charles A. Rarick, Purdue University  
Thaung Han, University of Texas**

## **ABSTRACT**

*National culture plays a large role in shaping the values, beliefs, and assumptions of people raised in a given culture. This paper, using the Hofstede typology, investigates which cultural values appear to have the most impact on shaping an entrepreneurial mindset. Cultural values included in the analysis include power distance, individualism, masculinity, and uncertainty avoidance. An analysis of country ranking on entrepreneurship, as measured by the newly developed Global Entrepreneurship and Development Index (GEDI) and using the Hofstede 4-D model reveals interesting differences among high, medium, and low entrepreneurial countries.*

## **INTRODUCTION**

Culture represents the values, beliefs, and assumptions of a given group of people. The most popular and most cited research concerning cultural values is that of Geert Hofstede. He proposed that culture played an important role in determining appropriate managerial behavior (Hofstede, 1980a; Hofstede, 1980b; Hofstede, 1983; Hofstede, 1994; Hofstede, 1997; Hofstede, 2001). Hofstede's work has been widely cited in various academic studies and disciplines and often forms the basis for cross-cultural analysis in university business and other courses. Hofstede originally surveyed 72 countries and was able to profile 40 different cultures. Later research added 10 more countries and three regional groupings. While not specifically addressing the issue of entrepreneurship, it could be reasoned that culture might play a part in determining the success of entrepreneurial activity as well.

Hofstede initially discovered four dimensions of culture referred to as power distance (PDI), individualism (IDV), masculinity (MAS) and uncertainty avoidance (MAS). Power distance is the degree to which members of a society accept differences in individual power and rewards. Cultures high in power distance accept those with power being treated differently than those without power. Individualism measures the importance of the individual over the group. Masculinity is the extent to which people value competition assertiveness, the acquisition of material goods, and maintaining role relationships. Uncertainty avoidance is a measure of a culture's collective tolerance for ambiguity and its efforts to assure certainty through rules and other dictates. Later research by Hofstede and Bond (1988), added a fifth dimension referred to as long-term orientation (LTO). That dimension reflects the extent to which a society values

future-oriented behavior. Limited data is available on the LTO scale, therefore, it is not possible to use this dimension for this study. This paper explores the possible relationship between the original elements of the Hofstede model and entrepreneurial success across countries and their cultures.

## **ENTREPRENEURIAL SUCCESS**

Entrepreneurial success can be measured in terms of both a micro and macro view. The micro view explores factors such as traits of successful entrepreneurs, while the macro view explores external factors such as environmental conditions (Kuratko 2014). Much research has been conducted on entrepreneurial traits (Caliendo, Fossen, and Kritikos, 2012); (Galor & Michalopoulos, 2012) (Koe & Shamuganathan 2010); (Obschonka, Silbereisen, & Schmitt-Rodermund, 2012); (Ong & Ismail, 2012); (Zarafshani & Rajabi, 2011). While some consistency in research can be found concerning the effect of traits on entrepreneurial success, the concern of this paper is focused on macro influence, especially that of national culture. The question to be investigated concerns the possible relationship between national culture and the entrepreneurial success of countries.

Countries vary in terms of entrepreneurial success. Entrepreneurial success can be measured in terms of the percent of the population engaged in entrepreneurial activity, however, in many countries people become entrepreneurs not because they value the idea of being an entrepreneur but because they have few employment opportunities (Banerjee & Duflo 2011). These “reluctant entrepreneurs” may prefer to work for established firms but cannot find a position and instead engage in what are usually very small entrepreneurial operations. A better measure of the entrepreneurial success of a country would be one in which the country produces not necessarily many entrepreneurs, but rather successful enterprises which have high impact. Creating and running a small shop inside one’s home to sell basic goods in the neighborhood is compared to creating a successful large organization. While both businesses are created by an entrepreneur, the overall impact on the country is quite different.

## **GEDI**

In an effort to assess high impact entrepreneurial success, the Global Entrepreneurship and Development Index (GEDI) was created by Professors Acs and Szerb in 2008, and the most recent publication of the Index by Acs, Szerb, and Autio (2013). The GEDI seeks to measure a country’s success in producing high quality and impactful entrepreneurial enterprises. The Index goes beyond measuring a country’s self-employment rate or the number of start-ups in a country and measures the potential impact of the entrepreneurship that is occurring in a country. The Index looks at three important aspects of high-quality entrepreneurship: attitudes, activity, and aspiration. The *attitudes* dimension measures things such as national perception of the value of entrepreneurship to the economic success of a country. *Activity* measures the level of start-up activity in the technology sector of a country. *Aspiration* measures the activities of entrepreneurs in a country to introduce new products and to expand their businesses. The GEDI ranks most countries on these combined dimensions to show what is believed to be true entrepreneurial success.

## **METHOD AND RESULTS**

Countries on the GEDI were grouped into top, middle, and bottom entrepreneurship success. The three groups consisted of 57 countries and these countries were then analyzed to see if there were differences relative to the Hofstede 4-D scores for those countries. It should be noted that some of the countries on the bottom of the index could not be included in the study due to a lack of cultural data available on those countries. The results indicate that significant differences exist. Significant differences exist on the cultural dimensions of individualism (IND) and power distance (PDI).

Countries and cultures high in individualism were more successful in terms of entrepreneurship than countries low in individualism. Countries high in power distance were not as successful as countries low in power distance. While there is some correlation between the other cultural variables and entrepreneurial success, they are not statistically significant.

Using regression analysis we can see differences among the three groups on some dimensions. When comparing the top, middle, and bottom GEDI countries there are differences generally in terms of the measured cultural dimensions. Individualism is a strong predictor of entrepreneurial activity in top GEDI countries and to some extent a predictor in middle and bottom countries. Uncertainty avoidance is a strong predictor in top GEDI countries, meaning that countries with low uncertainty avoidance produce more high-quality entrepreneurial activity. Middle GEDI countries have the opposite relationship and essentially no predictive ability exists for low GEDI countries on this dimension. Power distance has some predictive ability in top and middle GEDI countries, with low power distance being a predictor of entrepreneurial activity, but no effect in low GEDI countries. Masculinity has some predictive ability with high and low GEDI countries but not much effect in middle GEDI countries. (All statistical results can be found in the full version paper).

## **DISCUSSION**

The results of this study show that culture may play an important part in the entrepreneurial success of a country. Using the Hofstede model some association can be seen between the cultural values and high-quality entrepreneurial activity. Countries high in individualism and low in power distance seem to have the edge in creating high impact entrepreneurial enterprises. It would seem reasonable that in cultures in which individuals are responsible for themselves, more entrepreneurial activity would be present. Cultures with low power distance also seem to be better at creating high impact entrepreneurship. Low power distance countries may allow for the sharing of power and resources, and social mobility, which may be necessary to develop impactful entrepreneurial ventures. The differences among the top, middle, and low GEDI countries provide interesting avenues for further research.

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# **SOCIAL ENTREPRENEURSHIP AND NATIONAL HUMAN RESOURCE DEVELOPMENT: A CARIBBEAN PERSPECTIVE**

**Leon Prieto, Clayton State University  
Simone Phipps, Clayton State University  
Alphonso Ogbuehi, Clayton State University**

## **ABSTRACT**

*There is a need to promote social entrepreneurship in order to solve some of the complex problems facing the Caribbean such as poverty, unemployment, crime and other serious issues. The situation in some Caribbean countries is dire. For example, with an average gross domestic product of less than \$450 per head in 2002, which has not changed in real terms since the 1970s, Haiti remains the poorest country in the western hemisphere (United Nations, 2003). Over 60 per cent of the population lives in extreme poverty and the majority is completely out of reach of any governmental amenities and services (United Nations Development Programme [UNDP], 1999; United Nations, 2000; World Bank, 2001). This paper argues that social entrepreneurship can be used as a vehicle to promote human resource developmental throughout the Caribbean.*

# **POVERTY AMONG NIGERIAN WOMEN ENTREPRENEURS**

**Elizabeth D. Ojo, Tennessee Tech University**

**Ismet Anitsal, Tennessee Tech University**

**M. Meral Anitsal, Tennessee Tech University**

## **ABSTRACT**

*This research attracts attention for the need to improve the economic condition of women all over the world. Women are as important as their male counterpart in the economic development of their nations. Indeed a nation cannot reach its full potential without the contribution of women citizens. As a result, women should have the same access to opportunities and resources for success as their male counterparts.*

*The purpose of this research is to explore the major economic difficulties of Nigerian women entrepreneurs in the rural areas of Kogi State, Nigeria. This preliminary study will provide a base for further studies. This way, subsequent programs for assisting female entrepreneurs to engage in large-scale farming and production of agricultural goods for local consumption and for exportation can be designed and implemented. Furthermore, women will also develop good marketing and branding skills as well as relationships with their customers and niches enabling them to venture into new business opportunities for sustainable livelihoods.*

# **FRANCHISE BUSINESS OWNERSHIP: A COMPARATIVE STUDY ON THE IMPLICATIONS OF MILITARY EXPERIENCE ON FRANCHISEE SUCCESS AND SATISFACTION**

**Martin J. McDermott, Kaplan University**

**Thomas C. Boyd, Kaplan University**

**Ann Weaver, Argosy University**

## **ABSTRACT**

*It is established that one of the biggest troubles facing franchisors is finding capable franchisees. Scholars have written and argued about the challenges of franchisee selection and recruitment. Interestingly, many franchisee qualities sought by franchisors are found in military veterans. This study sought to discover if military-veterans' level of overall satisfaction in owning and operating a franchise was significantly higher than those franchise business owners who have not served in the military. Measuring satisfaction is essential as it offers many positive returns for an organization. A survey instrument was selected to measure the differences in satisfaction between franchise business owners who have served in the military versus franchise business owners who have not served in the military. The survey used 4 different types of satisfaction as a gauge in determining if there were significant differences between the two groups. They included life, career, job, and total overall satisfaction. The survey sample included single unit franchise business owners from three industry segments. A total of 1,280 surveys were mailed and 251 surveys were completed. There were no significant differences identified in life, career, and overall satisfaction. However, several statistical tests indicated franchisees who served in the military had a significantly higher level of job satisfaction compared to franchisees who have not served in the military. The results of this study suggest that ex-military could make good candidates to franchises with well established systems set in place that allows them to utilize their skills and abilities.*

## **INTRODUCTION**

This study concentrates on a distinct problem pertaining to franchising. First, it is averred one of the biggest dilemmas confronting franchisors is finding qualified franchisees for their franchise system. Scholars have argued and written about the challenges of franchisee recruitment and selection. Moreover, franchising has become an accepted means of business development and distribution in the United States and through many parts of the world. At first glance, it might seem like franchising provides instantaneous success. However, a review of the literature suggests that even with the popularity and growth of franchising, choosing capable franchisees continues to be franchisor's most difficult challenge (Wattel, 1969; Goncalves & Duarte, 1994; Saraogi, 2009; Ramirez-Hurtado, Rondan-Cataluna, Guerrero-Casas, & Berbel-

Pineda, 2011). These studies imply the difficulty of selecting capable franchisees has existed for over 40 years. Some researchers have attempted to understand this challenge by studying traits of successful franchisees (Wattel, 1969; Withane, 1991; Ramirez-Hurtado et al., 2011). Interestingly, many franchisee traits sought by franchisors are found in military veterans. They include discipline, risk taking, appreciation for national affiliation, openness to training, ability to follow a system, loyalty to organization, ability to follow a routine, and desire for support (McDermott, 2010).

## **Problem Background**

Franchisees are portrayed as a crucial factor in thriving franchise organizations (Michael & Combs, 2008). Pursuing this further, Ramirez-Hurtado et al., (2011) propose the correct choice of a potential franchisee can produce positive outcomes for the franchisor. Consequently, a poor selection in a potential franchisee can produce continuous problems for the franchise organization such as legal issues or hurting the brand. For instance, Altinay and Okumus (2010) suggest poor franchise recruitment can lead to lack of commitment and de-motivation on the part of the franchisee.

Certainly, an initial literature review shows many military veterans steering toward a career in entrepreneurship. For example, a study by the Small Business Administration (SBA) conducted by Hope, Oh, and Mackin (2011) indicated veterans in the private sector are at least 45 percent more likely than individuals with no active-duty military experience to be self-employed. Meanwhile, there may be several influences for many military veterans steering towards a career in entrepreneurship. The first factor pertains to a high-unemployment rate. For example, Brands (2012) posits soldiers returning from America's latest wars faced an uncertain future. The unemployment rate in 2011 among the 2.2 million men and women who served during the past decade in Afghanistan and Iraq averaged 12.1 percent, higher than the national rate of 8.9 percent. Finally, for younger veterans between the ages of 18 and 24, important years for entering the labor force, the unemployment rate reached a frightening 30.2 percent compared to a national average of 16.3 percent.

## **Rationale For The Study**

This study sought to discover if military-veterans' level of overall satisfaction in owning and operating a franchise is significantly higher than those franchise business owners who have not served in the military. Ahmed (2011) proposes measuring satisfaction is essential as it offers many positive returns for an organization. From a conceptual point of view, empirical studies investigating a higher level of job satisfaction has significant implications for important organizational outcomes such as a high level of employee engagement (Ahmed & Ahmad, 2011; Abraham, 2012), improved employee effectiveness (Robbins, Millett, Cacioppe & Waters-Marsh, 1998; Abraham, 2012), enhanced productivity (Bateman & Organ, 1983; Schneider, 1987; Harter, Schmidt & Hayes, 2002; Gallup, 2005; Ahmed & Ahmad, 2011; Abraham, 2012), and low employee turnover (Smith, 1992; Robbins, Millett, Cacioppe & Waters-Marsh; Ahmed & Ahmad, 2011; Abraham, 2012; Carlson, 2014). Other outcomes resulting from a higher level of overall satisfaction include more satisfied customers (Dubrin, 2001; Gallup, 2005; Abraham, 2012), increased performance (Schneider, 1987; Argyle, 1989; Judge, Thoresen, Bono & Patton, 2001; Ahmed & Ahmad, 2011), and a higher level of motivation and dedication (Harter, Schmidt

& Hayes, 2002; Gallup, 2005; Abraham, 2012). While there has been discussion on the level of impact satisfaction has on the suggested outcomes, it would be reasonable to imply the benefits of satisfaction are mostly positive and not negative outcomes.

## **Conceptual Framework**

The concept of franchising and the military are the theoretical foundations of the study. The conceptual framework of this study suggests a proposed relationship between franchising and the military. The framework of this study is based on military providing a readiness to be an entrepreneur and more specifically a franchise business owner. While successful franchising is dependent on finding individuals to follow their system, the military breed's young men and women to appreciate, follow, and execute a system. Therefore, those individuals with a military background may make strong candidates for franchising because they know how to follow and implement a system. This proposed relationship may provide a solution to a consistent problem for franchisors: finding capable franchisees.

## **METHODOLOGY**

To explore the hypotheses, a comparative study design was selected to evaluate the difference between franchise business owners who have served in the military versus those franchise business owners who have not served in the military. This comparative study sought to discover if military-veterans' level of satisfaction in running a franchise is significantly higher than franchise business owners with no military background. Therefore, the unit of analysis for this study was the franchise business owner. The main independent variable in this comparative study was non-military veteran franchise business owners or military-veteran franchise business owners. The dependent variable was level of satisfaction.

A survey instrument was selected to measure the differences in satisfaction between franchise business owners who have served in the military versus franchise business owners who have not served in the military. The survey for this study used several types of satisfaction as a gauge in determining a franchise business owner's level of satisfaction in owning and operating a franchise.

## **FINDINGS**

A one-tailed, independent sample t-test was conducted on the four hypotheses to examine if franchise business owners who have served in the military have a statistically significant higher level of satisfaction in running a franchise compared to franchisees who have not served in the military. The four areas of measurement included life satisfaction, career satisfaction, job satisfaction, and total overall satisfaction. There were no significant differences identified in life, career, and overall satisfaction. However, several statistical tests indicated franchisees who served in the military had a significantly higher level of job satisfaction compared to franchisees who have not served in the military.

## CONCLUSIONS

This is one of the first studies to determine if franchisees who served in the military had a significantly higher level of overall satisfaction in running a franchise versus franchisees who have not served in the military. Previous literature suggests that even with the popularity and growth of franchising, choosing capable franchisees continues to be franchisor's most difficult challenge. It was also suggested that many military steer towards a career in entrepreneurship. Entrepreneurs have the option of creating a new business, buying an existing business, or purchasing a franchise. Franchising may be a viable entrepreneurial opportunity for ex-military. This study is suggesting franchisors that have strong systems set in place and allows franchisees to make use of their skills and abilities may find a strong pool of franchisees among ex-military looking to pursue a career in entrepreneurship. Finally, several tests conducted in the study showed that there was a significant difference between job satisfaction between the three industries analyzed in this study. Therefore, aspiring entrepreneurs looking to buy a franchise should take a self-assessment as well as diligently research the franchise and industry. This can begin by conducting a simple SWOT analysis.

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