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TABLE OF CONTENTS

LETTER FROM THE EDITOR

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EMERGENCE OF ENTREPRENEURIAL RETAIL FORMS

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ABSTRACT

The cross section of entrepreneurship and retail research provided a limited number of studies, although retailing theories clearly indicated the importance of entrepreneurial activities. The purpose of this paper is to alert entrepreneurs and academic researchers to the causes of emerging retail institutions under new forms within the existing retail change theories. First, forms of store-based as well as non-store retail institutions are discussed to establish an infrastructure. Second, cyclical, environmental, and conflict theories of retail change as well as the combinations of these theories are reviewed. Third, critical accomplishments, gaps, and future research avenues are provided. Researchers are encouraged to investigate entrepreneurial retailing further.

FORMS OF RETAIL INSTITUTIONS

One objective of marketing is delivering value to customers by providing goods and services when, where and how they want them to be delivered. Retailing may be the most important facilitator of the exchange as it provides buying and selling parties a medium for coming together physically or virtually to complete the exchange. Throughout retailing history, entrepreneurs have introduced ideas to enhance this function. Thanks to visionary entrepreneurs, multiple forms of retailing institutions emerged throughout the last millennium to deliver value to their customers in parallel to customers' changing life styles. Some retail forms diminished when they no longer delivered value; others were redefined to adjust to the changing environment. Researchers saw that forms of retail institutions had changed from back/wagon peddlers in pre-industrial revolution to large-scale retailers of the "modern period" (Savitt 1989) and interactive electronic catalogs (May, 1989), and finally to technology-based self-service (TBSS) options (e.g., self check-out and self check-in systems). Diverse forms of store and non-store retailing now exist. Moreover, new forms or combinations are continually emerging (Kotler 2000). Table 1 classifies retail institutions and provides examples.

Entrepreneurship is an important element of retailing because it is essential for economic growth, improves competitiveness, creates jobs, stimulates economy, creates and redistributes new wealth (Spencer, Kirchhoff and White 2008). Although the literature does not provide a clear definition of *entrepreneurship*, Schumpeter mentioned (1950) the role of entrepreneur in creative destruction. Common entrepreneurial activities identified among researchers include innovating, recognizing and creating opportunities, developing new organizations, utilizing resources in new ways, and creating wealth. Entrepreneurs are also recognized for their ability to work under risk and uncertainty (Spencer, Kirchhoff and White 2008). Table 1 reveals that stores for each retail form have involved successful and unusual entrepreneurs, such as Sam Walton of Wal-Mart, Jeff Bezos of Amazon.com, or Mary Kay.

Although small business and entrepreneurial operations are the core of retailing, entrepreneurship is rarely mentioned in retailing literature. The purpose of this paper is to alert entrepreneurs and academic researchers to the causes of new forms of emerging retail institutions within the existing retail change theories. Ireland and Van Auken (1987) complained that most studies in the entrepreneurship research were descriptive in nature and focused on generic concerns and groups and operational issues. They encouraged research on how new businesses can be more successful. Understanding retail institutions may provide the much needed help.

Table 1: A Classification Of Retail Institutions

STORE-BASED RETAIL INSTITUTIONS		
Form of Retail Institution	Explanation	Examples
Specialty Store Drug Stores Other Specialty Stores	Narrow product line with a deep assortment	Walgreen, Rite Aid, Eckerds, CVS, GNC, Tall Men, The Body Shop, GameStop, The Limited, The Gap, AutoZone, IKEA, Payless Shoes, Pearle Vision, Tiffany's
Department Store	Several product lines with each operated separately	Sears, JC Penney, Nordstrom, Bloomingdale's
Supermarket	Low-cost, low-margin, high-volume operation	Kroger, Safeway, Bi-Lo, Food Lion
Convenience Store	Limited line with high-turnover at slightly higher prices	7-Eleven, Circle K
Discount Store	Lower price with lower margin and higher volumes	All-purpose : Wal-Mart, Kmart Specialty : Best Buy
Off-Price Retailer Factory Outlets Closeout Retailers Single-Price Retailers Independents Warehouse Clubs	Buy at less than regular wholesale prices and sell at less than retail prices	 Mikasa, Dexter, Ralph Lauren, Big Lots, Bud's Warehouse Outlets, Dollar Tree, Family Dollar, T. J. Maxx, Lehmann's, Sam's Club, Price-Costco
Superstore Category Killers Combination Store Supercenters Hypermarkets	Routinely purchased food and non-food items in large selling spaces	 Home Depot, Petsmart, Staples, Toys 'R' Us, Foot Locker, Sports Authority, Jewel, Osco Stores, Wal-Mart Supercenters, Super Kmart Centers, Super Target Carrefour, Continente, Meijer's
Catalog Showroom	Broad selection of fast moving brand names with high markups	Service Merchandise, Best Products

Table 1: A Classification Of Retail Institutions		
NON-STORE RETAIL INSTITUTIONS		
Form of Retail Institution	Explanation	Example
Back/Wagon Peddlers Street Vendors	Individual merchants	Individual sellers selling hot dogs, pots/pans, etc.
Catalog/Direct Mail	Communicate through catalog, letters, brochures	Lands' End, Spiegel, JC Penney
Vending Machines	Indoor and outdoor machines for snacks, candies and soft drink at convenient and high-traffic locations	Coke machines, Frito-Lay machines
Direct Selling	Face-to-face product demonstration and selling	Mary Kay, Amyway
TV home shopping	Customers watch TV and place orders by telephone	QVC, HSN
E-tailer	Online retailer over internet	Amazon.com, B&N.com
Source: Adapted from May (1989), Levy and Weitz (1998ab), Kotler (2000).		

RETAIL INSTITUTION CHANGE

Every retail institution's major supply chain challenge is to have the right product in the right place at the right time for the right price (Fisher, Raman, McClelland 2000). Accomplishing this objective helps in achieving ultimate goals, such as profit maximization, stock price maximization, principal's welfare maximization, and internal or external stakeholders' satisfaction (Anderson 1982). Therefore, it is very important to attempt to explain, understand, predict, and control the emergence of new forms of retail institutions in attaining any ultimate goal.

A number of theories as summarized in Table 2 have been developed to explain retail institution change. Some focus on cyclical patterns, while others emphasize evolutionary relationships. Still some others identify inter-organizational conflicts and a variety of environmental factors causing such changes as technological innovation and consumer trends. Finally, some efforts have been made to combine different approaches into more comprehensive models.

CYCLICAL THEORIES

Wheel of Retailing

McNair (1931) suggests three distinct phases of changes in retail institution forms. In the first phase of "entry," the retailer uses its low overhead to attract customers with low prices.

Later in the second phase of "trading up," the retailer enhances merchandise quality with some price increases. Finally in the third phase, the retailer focuses on services of all kinds. The natural outcome of this final stage is the increased cost of doing business. The more retailers reach the third phase of "vulnerability," the more likely an innovative retailer with low prices based on low overhead emerges. Decreased rate of return on capital accelerates the discovery of new forms in retailing.

The wheel of retailing concept has a "cost focus." It proposes that new forms of retailing start as low-cost operators, eventually trade up, and mature into high-cost operators (Davidson, Bates and Bass 1976). However, Hunt (1991) made an effort to combine the wheel of retailing, and the theory of competition for differential advantage. The basis for differential advantage may include a variety of innovations besides low prices. Fast-food restaurants, for example, provide speedy service, while vending machines as early models of technology-based self-service options offer location convenience.

Table 2: Theories Of Institutional Change In Retailing

Theory	Explanation	Confirming Examples
Cyclical Theories		
Wheel of Retailing	Entry-Trade up-Vulnerability	Variety stores, supermarkets, mail-order houses, gasoline stations, department stores, discount stores, off-price shops, shopping centers
Retail Accordion	General-Specific-General Cycle (Expansion and Contraction)	Rural general store to specialty store, single-line business to mass merchandiser and department stores to highly specialized category killers
Institutional Life Cycle	Birth-Growth-Maturity-Decline	Traditional counter-service grocery stores, variety stores
Polarization Principle	Counterbalancing relationship between fewer larger retailers and small stores	Hypermarkets versus small shops/stores
Environmental Theories		
Adjustment Theory	Capability of Adoption	Department stores in mid 19th century, British suburban shopping centers, salad bars in grocery stores, boutiques in department stores, video stores, tenants of shopping centers
Natural Selection	Survival of the "fittest" based on Charles Darwin's view of evolution	
Survival of the Fattest	Being fat is more important than being lean, regardless efficiency.	Sears, K-Mart
Conflict Theories		
Dialectical Theory	Thesis-Antithesis-Synthesis (Inter-institutional conflict)	Department store- discount store- discount department store
Combinations of Theories		
Cycle-Environment	Cycle as a reflection of changing environmental circumstances	Traditional corner shop to modern convenience store, supermarket to discount food store

Table 2: Theories Of Institutional Change In Retailing		
Theory	Explanation	Confirming Examples
Cycle-Conflict	Assimilation by challenged institution versus differentiation by newcomer	
Environment-Conflict	Inter- and intra-institutional competition based on environmental circumstances	Complicated offerings of retail stores
Cycle-Environment-Conflict . Theory of spiral movement . Diversity theory of market processes	 Competitive pressures-vacuum effect-environmental circumstances-reestablished original format Long cycles and short cycles	
Source: Adapted from Dreesman (1968), Davidson, Bates, and Bass (1976), Kirby (1976), Brown (1987; 1988), Lowry (1997), Levy (1998a).		

Some historical developments (Table 2) support the cost basis of the wheel of retailing (Brown 1988; Levy and Weitz 1998a). Department stores, for example, started the first phase with Bon Marche in 1852 (Pesdarmadjian 1954), traded up after World War II, and finally reached the vulnerability phase today. General merchandise stores such Wal-Mart and Kmart are probably at the beginning of the trading-up phase. Warehouse clubs such as Sam's Club are in the entry phase (Levy and Weitz 1998a). However, the wheel of retailing did not hold for some other forms of retail institutions such as upscale fashion specialty stores (Levy and Weitz 1998a), boutiques (Brown 1987), convenience stores, automatic vending machines, super-specialists (Brown 1987, 1988 and 1990), home improvement centers (Davidson, Bates and Bass 1976), up-price retailers in developing countries and planned shopping centers in the United States (Hollander 1960).

The wheel of retailing is an educational tool with a strong pedagogic value, but suffers from several problems. First, it lacks universality due to the disconfirming examples such as Marks and Spencer as a variety chain store (Davies 1999). Second, it focuses on a single dimension of cost, quality and price relationship, and ignores other dimensions of retailing such as merchandise assortment and store size. Third, it lacks empirical support (Brown 1988 and 1990); and there are some difficulties in getting historical data on retail expenses or percentages for analysis (Hollander 1960). Fourth, wheel hypothesis offers only limited explanatory or predictive power (Levy, Grewal, Peterson and Connolly 2005). Finally, there is not much consensus on the causes of wheel pattern (Hollander 1960; Dreesmann 1968; Brown 1988). Goldman (1975) suggests three types of trading up for department stores: (1) routine (increasing the number of services), (2) non-routine (adding new services), and (3) innovative (offering better service-price combinations). However, this suggestion may not hold for the other types of retail institutions. Some of the other forces include strong demand for a wide variety of quality goods and services due to growing consumer affluence; search for differential advantage due to "intra-institutional non-price competition" (Dreesman 1968; Brown 1988); over-saturated market due to imperfect competition; managerial evolution and scrambled merchandising, and demographic trends. (Hollander 1960; Davidson, Bates and Bass 1976). Finally, the wheel of retailing does not take into account traditional retailers' reactions against innovative retailers (Brown 1988).

Retail Accordion

Hollander (1966) demonstrates the institutional change in retailing with an accordion pattern based on "rhythmic oscillations. " "Instead of comparing retailing to an accordion, we might picture it as an orchestra or band of accordion players. … Moreover, at any time, some players (including those with compressed and those with extended accordions) are retiring from the orchestra, while still others (mainly with compressed instruments) are joining the band. " Consequently, the accordion patterns work as a cycle of merchandise assortment expansion (general store) and merchandise assortment contraction (specialty store) (Lowry, 1997).

Hollander (1966) notes that three phenomena influence specialization: (1) unsuccessful merchandise mixture attempts, (2) established retailers' eliminating some of their traditional lines, (3) increased market share of new specialists. He further suggests that causes leading to contraction in merchandise assortment include non-economic individual preferences, legal restraints, limited resources, cost-growth acceleration over revenues, and consumer preferences in the market.

Confirming cases for the retail pattern include shopping centers, supermarkets, and drug stores (Brown 1988). Specifically, the expanding accordion pattern includes small general stores in rural areas, while the contracting accordion pattern involves specialty stores such as food and drug stores (Levy, Grewal, Peterson and Connolly 2005). However, empirically testing the universality and existence of the retail accordion pattern is difficult due to the lack of historical data on merchandise assortments (Hollander 1966).

Institutional Life Cycle

The institutional life cycle argues that retail institutions evolve through stages similar to the phases of a product's life cycle. These stages include birth (or innovation, introduction), growth (or accelerated development), maturity and decline (Davidson, Bates and Bass 1976; Brown 1988). Davidson, Bates and Bass (1976) further argue that the time period between a retail format's innovation and its maturity is shortening. They calculate this period for downtown department stores, variety stores, supermarkets, and discount department stores as 80, 45, 35, and 20 years, respectively.

Institutional life cycle probably presents similar vulnerabilities of the product life cycle concept. It is highly descriptive and lacks comprehensive explanations about the emergence of retail institutions (Levy, Grewal, Peterson and Connolly 2005). Day (1981) notes the difficulty of predicting the time of the change from one stage to another and of prescribing the relevant strategies in specific stages. Dhalla and Yuspeh (1976) further note that some products gain "second lives" and some brands die in the birth stage. This life cycle concept eventually lacks empirical support.

Steidmann (1993) uses a different retail life cycle concept to refer to waves in retailing. The first cycle with its strong "purchasing orientation" lasted until The Great Depression and heavily focused on merchandise. The second wave prevailed between post World War II and the 1987 stock market crash, and heavily depended on its "expansion orientation." The third wave is a reflection of "informationalization," representing "a shift in management focus from market expansion to information intensification, from geography to cyberspace, from return on investment to return on customers, from sales growth to profit growth, from increasing individual transactions to establishing long-term customer relationships" (Steidmann 1993). However, these waves do not present an apparent cause and effect relationship for change in retail institutions.

ENVIRONMENTAL THEORIES

Adjustment theory (or adaptive behavior) proposes that specific forms of retail institutions emerge in response to changing environmental circumstances (Lowry 1997). Blizzard (1976), as mentioned by Brown (1987; 1988), suggests that these circumstances include economic, political, and legal systems; demographic conditions; social structure; value system; technology; and competition.

The natural selection concept of retailing is based on comparisons with Charles Darwin's theory of "survival of the fittest" and other theories of biological evolution (Dreesmann 1968; Brown 1988; Lowry 1997). Institutional forms of retailing that can perfectly adapt to changing environmental circumstances survive and prosper in the long run (Brown 1988). Although the biological evolution analogy is useful in establishing parallelism with natural selection, possible limitations should be noted (Dreesmann 1968).

Proposed by Samli (1998), "survival of the fattest" is a variation of environmental theories. He suggests that "the fat has a greater probability to survive than lean, regardless of the efficiency levels" (Samli 1998, p. 59), and provides Sears as an example of the survival of the fattest.

According to Child, Chung and Davies, "Environment determines business performance" ((2003, p. 243). Examples include the emergence of department stores and suburban shopping centers (Brown 1987). Other examples of natural selection include "the relative decline of department stores" later on and "the disappearance of "ma and pa" stores" (Samli 1998. p. 56). However, environmental theories interpret retail institutional change as an automatic reaction to changing environmental circumstances and pay no attention to humans as decision makers (Brown 1988). Child, Chung and Davies (2003) investigated the cross-border performance of Hong Kong firms in mainland China, and their findings indicate that "natural selection and strategic choice ('focused on managerial action') have a role to play, even when controlling for each other."

Review of Environmental Factors

Although a detailed discussion of all environmental factors is beyond this paper's scope, selected environmental factors include economic, political, legislative, social, competitive, technology, and labor-market issues. More specifically, high inflation, reduced consumer expenditure, service-worker shortages, enhanced personal computers, the Internet, regulations on commercial zoning as well as store hours and sizes all seem to affect the emergence of new forms of retail institutions.

Changes in retail customers, for example, are crucial. Today's retail customers have more diverse characteristics in terms of their needs, wants and expectations than ever before. Although generational cohorts generally display similar characteristics within the same generation, it is very important to understand the current trends of retail customer change in terms of demographics and values.

Ethnic communities such as African-Americans, Hispanic-Americans and Asian-Americans are expected to generate roughly 80 percent of the US population growth for the next 20 years. Income distribution is becoming more polarized. Consequently, the gap between highest-income groups and middle-and lower-income groups polarizes retail institutions in serving upscale customers and mass-middle and lower-income customers. With many women no longer at home raising a family, their role in the family and workplace has changed considerably. Shopping developed an opportunity for entertainment and social interaction in the past, but now it takes time away from quite limited leisure time. Total annual shopping time for an average customer dropped from 142 hours in 1989 to 40 hours in 1993 (Levy and Weitz 1998c).

Customer values are also changing. Customers are now more sophisticated; knowledgeable; and value-conscious, wanting more for less each and every day (Dunne and Kahn 1997; Oesterreicher 1993). They are not completely product takers anymore, but have startedmaking products on the choice boards of the Internet. Consequently, ownership of customer relationships is becoming important (Slywotzky 2000). Cost pressure on retail channels increases global sourcing, distribution channel partnerships, and private labels to better control the total costs. This pressure, on the other hand, leads to new retail formats (Dunne and Kahn 1997). Value-conscious customers and cost-conscious retailers summarize the essence of the fact (Oesterreicher 1993).

Another trend seems to be cocooning, "a behavioral pattern of consumers who increasingly turn to the nice, safe, familiar environment of their homes to spend their precious leisure time." Other trends include social and environmental consciousness as well as dress-down fashion (Levy and Weitz 1998c).

Technological change and the information revolution also affect retail innovation. Noting the advances in information technology (IT) from the first written language in 3500 B.C. to e-commerce, Kampas (2000) concludes that the progress rate is accelerating. He emphasizes that the mega waves of the information revolution have induced new business opportunities as well as discontinuities. Consequently, numerous forms of e-tailers (on-line retailers) bubbled up in late 1990s.

Important technical innovations that are useful to retail institutions include artificial intelligence, voice recognition, virtual reality, video conferencing, the Internet (Burke 1999; Griffith and Krampf 1998), TBSS (technology-based self-service) options (Anitsal, Moon and Anitsal 2002a), and mobile communication. In retailing history, in-store innovations have included shopping carts, universal-product-code scanners, electronic shelf labels, and self-scanning systems (Burke, 1999) and RFID (radio frequency identification). These innovations have potential effects on retail institutions and customers in stores (Anitsal, Moon and Anitsal 2002b). However, other technologies have directly enduring effects on consumer needs and wants. Cristensen and Tedlow (2000) identify railroads, automobiles and personal computers with Internet connection as examples of technologies influencing the importance of location, mobility of customers, and market boundaries, respectively.

Such technological developments used in retail environments open up new avenues for entrepreneurs or entrepreneurial retail managers. Indeed, recent research indicates that these managers were better able to develop knowledge resources related to customers, competitors, suppliers, and regulatory agencies than regular managers (Siemens 2006). Entrepreneurs' ability to convert these knowledge resources to market responsiveness will bring success (Griffith, Noble and Chen 2006).

CONFLICT THEORIES

Dialectical theory proposes that new forms of retail institutions emerge due to "inter-institutional conflict." When an innovative retailer (antithesis) challenges an established retailer (thesis), a new form of retailer (synthesis) results. The synthesis later becomes a thesis, triggering a new turn for assimilation (Brown 1988; Lowry 1997). For example, when a thesis and antithesis are taken as department stores and discount stores respectively, the synthesis may emerge as discount department stores (Samli 1998). New retail forms have characteristics of competing retailers based on their "best practices," "much like children result from the combination of their parents' genes" (Levy, Grewal, Peterson and Connolly 2005, p. 84).

COMBINATIONS OF THEORIES

Various combinations of institutional retail change theories have emerged to fill the gaps of the individual theories that are cyclical, environmental or conflictual (Brown 1988):

Combination of Cycle and Environment

This combination suggests that the retail forms in certain stages of a cycle do not stay the same due to changing environmental circumstances. Therefore, modern convenience stores, for example, are more refined than their predecessors, traditional corner shops.

Combination of Cycle and Conflict

This combination suggests that the established retailer reacts against the innovative retailer by adopting some of the innovative methods. The innovative retailer, in response to this move, begins trading up by differentiating and eventually becomes vulnerable to emerging new forms of retail institutions.

Combination of Environment and Conflict

This combination suggests that intra- and inter-institutional competition due to environmental factors leads to new forms with more sophisticated offerings.

Combination of Cycle, Environment and Conflict

Brown (1988) indicates the existence of two different theories for this combination: (1) theory of spiral movement and (2) diversity theory of market processes. Theory of spiral movement posits that existing retail institutions trade up due to competitive pressures, and new forms fill in the opportunities created by the naturally existing "vacuum effect." The diversity theory of market processes identifies two cycles in the history of retailing. Long cycles "begin in the classical Schumpeterian manner" (Brown 1988) due to, for example, disruptive innovations, or revolutions. Short cycles are characterized by sustaining innovations, or evolutions based on incremental differential advantages (Christensen and Tedlow 2000).

EMERGENCE OF ENTREPRENEURIAL FORMS OF RETAIL INSTITUTIONS

Davidson and Doody (1963) describe retail innovation as an innovation, while Cristensen and Tedlow (2000) differentiate between disruptive innovations (revolution) and sustaining innovations (evolution). The form of retail institution in our case becomes an innovation itself.

Pasdermadjian (1954) indicated that Bon Marche with its new trading principles was a revolutionary innovation in 1852. The innovative principles of Bon Marche, the first department store, included small mark-up with rapid stock turn; merchandise with fixed and marked prices; free entrance; and policies for returns, exchange and refunds. Bates (1989) mentions other retail innovations, such as self-service, expansion of self-service with an emphasis on customer service, and warehouses.

According to Hopping, "The history of retail is also history of the role of technology in society" (2000, p. 63). Alternative payment forms in retailing have included local and international currencies; checks; and credit, debit, smart, gift and store cards. Advances in computers, the Internet, and mobile communication brought some new forms of retail transactions, such as PayPal and a variety of online auctions. Supply chains changed over time with advances in modes of transportations, packaging, refrigerating, and fulfillment. With new techniques and technologies, retailers started using just-in-time inventory, quick response, bar codes, radio frequency identifications, electronic data interchanges, and hand-held scanners, among others. Technology changed consumers too. People spent 5 hours cooking a family dinner in 1900 compared to 2 hours in 1950 and only several minutes today. They now use cell phones scan a bar code for competitive pricing information and the Internet to shop online. They have become active participants in retail service production and delivery with advanced technology-based self-service (TBSS) options based on self-service technologies (Anitsal and Schumann 2007). Starting in the mid 1800s, "Fish Street, Poultry Street, Tannery Lane, and Shoemaker Row" have been turned into "general stores, department stores, the catalog, and specialty stores" (Hopping 2000, p. 65). TBSS options now include vending machines, electronic kiosks for boarding and check-in at airports and for checkout in hotels, electronic blood pressure monitors in grocery stores, automated car rental machines, touch-free car washers, and automated telephone and Internet services (Anitsal and Anitsal 2006).

Some consequences of entrepreneurial forms of retailing are revolutionary (disruptive, pioneering, breakthrough), while others are evolutionary (sustaining, incremental, spin-off) retail form innovations (Table 3) (Bates, 1989; Cristensen and Tedlow 2000).

Schumpeter (1950) emphasizes the importance of revolutionary retail form innovations in terms of “creative destruction,” an essential fact of capitalism stressing that revolutions destroy old structures to create new ones. Two points are important here. First, change is a process consisting of a variety of elements; and true characteristics of these elements, as well as the process’s performance, take considerable time to reveal themselves. Second, the details of the process can be clarified, but do not take us to a conclusive point. The relevant problem here is not “how capitalism administers existing structures,” but “how it creates and destroys them.” At this point, competition comes into the picture. The competition from a revolutionary new type of retail institution not only affects the performance outcomes of existing retail institutions, but also shakes their foundations and eventually destroys them. Consequently, gaining and keeping a sustainable competitive advantage as well as converting it into superior performance outcomes are crucial.

Table 3: New Format Innovations In Retailing	
Revolutionary Innovations	Evolutionary Innovations
Supermarkets Mail Order Catalogs Discount Stores Warehouse Clubs E-tailers	Super Drug Stores Combination Stores Super Specialty Stores (Category Killers) Off-price Apparel Stores Catalog Showrooms Home Improvement Centers Hypermarkets Warehouse Home Centers Shopping Malls
Source: Adapted from Bates (1989), Christensen and Tedlow (2000).	

Several exploratory studies have tried to integrate existing models of retail institutional change such as the "multi-polarization model" by Brown (1987) and to introduce new concepts such as "big middle" by Levy, Grewal, Peterson and Connolly (2005), besides those mentioned in the section about combinations of theories. Kirby (1976), as cited in Brown (1987), notes the delicate relationship between fewer larger retailers and small shops/stores. Brown (1987) attempted to integrate this polarization principle with the retail accordion and the wheel of retailing to offer the "multi-polarization model." His new model argues that "developments at one end of the retail spectrum induce activity at another" (p. 160). The multi-polarization model specifically states that certain dimensions (such as broad/narrow inventory, small/big establishment and service/price orientation) are interdependent. Levy, Grewal, Peterson and Connolly (2005) introduced the "big middle" concept as "the market space in which the largest retailers compete in the long run, because there is where the largest number of potential customers reside" (p. 85). Origination points are either innovation or low-pricing. Regardless of their originations, retailers transition into the middle of the more competitive marketplace as they become big. US retail history consists of three periods for the “big middle” (Brown, Dant, Ingene and Kaufmann 2005). Woolworth's and Montgomery Ward were in the variety store period. Sears Roebuck and JCPenney were the major retailers in the national-chain department store period. K-Mart, Wal-Mart and Target represent the big middle in the modern discounter period. Other than the traditional discounters, the big middle retailers in the 1990s included Home Depot, Best Buy, The Gap and The Limited. As corporate entrepreneurs, the "big middle" retailers with their deep pockets can leverage retail technologies (e.g., RFID, computerized shopping carts, etc.) better than smaller shops due to huge upfront investment (Sethuraman and Parasuraman 2005).

The “big middle” concept can be discouraging for entrepreneurs who do not have enough funds to use retail technologies upfront. However, alternatives exist for collaboration with fellow entrepreneurs to overcome such difficulties. Research indicates entrepreneurs that formed contractually integrated networks enjoyed using formal information sources (Lindblom 2008). The effectiveness of contractually integrated retail entrepreneurs came from the individual retailer's ability to use formal information sources to increase sales.

CRITICAL ACCOMPLISHMENTS, GAPS AND FUTURE RESEARCH AVENUES

The comprehensive literature review—a combination of integrative and theoretical reviews—on the retail institutional change reveals numerous critical contributions to the retailing discipline within the marketing field. One of the earliest studies started with McNair's "The Wheel of Retailing" (1931), which later became one of the most popular topics in marketing. Further studies tried to modify this theory and eventually produced a variety of retail change approaches that have shortcomings for primarily two reasons: (1) relatively different evaluation criteria for what is contribution to knowledge in terms of today's validity perspectives, and (2) difficulties on empirical testing due to the long time-horizon requirement and specific operationalizations with proper data. However, all these previous studies form an infrastructure for future studies in terms of useful concepts.

The literature on retail institutional change also reveals several gaps in much of the existing knowledge. First, "retail institution" is imprecisely specified. Second, the current models, conceptualizations, paradigms and generalizations do not meet the criteria for "theory" (Brown 1988). Much of the literature has been descriptive (Brown, 1990). Third, only covering the "artifacts" via processes, theories of retail change do not grasp the "substance" of retail history (Savitt 1989). Fourth, most of the change theories were developed with the American retail environment in mind; however, the retail patterns especially in developing countries are sometimes different (Hollander 1960; Brown 1988). Fifth, theories on changes in retail institutions are not mutually exclusive (Samli 1998). To understand the complexities in the retail environment towards emerging new retail forms, those existing theories should be combined and extended for comprehensive frameworks with better predictive powers.

Nevertheless, existing literature's descriptive research focus creates an opportunity for more analytical studies (Brown 1990). No single theory can completely explain the emergence of new forms of retail institutions. However, a comprehensive focus on combinations of cyclical, environmental and conflict theories may develop further insights because institutional change (Brown 1988) is "the outcome of environmental influences and a cycle-like sequence of inter- and intra- institutional conflict."

Research studies seem to reflect the essence of retailing when they focus on the change of multiple types of retail institutions in the long term (Savitt 1989). However, accomplishing this will be the result of multiple studies with programmatic research.

Focusing on individual retail organizations will help sidestep the problems of institutional definition and the lack of historical data (Brown 1988). Eventually, this focus will create an opportunity for an increased number of empirical studies with enhanced rigor and validity.

Comparative studies in the highly internationalizing retail world are encouraged to compare and contrast retail institution change in both well-developed and developing countries.

Brown (1988) states that consumer changes cause a change in retail institutions. However, this important issue is for future research (Dunne and Kahn 1997) to determine whether changes in retailing also cause changes in consumers.

Studies with a competitive focus will take top priority because emergence of new retail institution forms may bring sustainable competitive advantages, while resistance to change may destruct existing retail forms. Accordingly, studies understanding, explaining, predicting and controlling this phenomenon help set the overall macro strategy for the retailer. Researchers in entrepreneurship areas also call for further theory development (Bruton, Ahlstrom, Li 2010; Spencer, Kirchhoff and White 2008). A review of retail theories may give researchers an opportunity to evaluate constraints of institutional theory upon which entrepreneurship research heavily relies.

The integrated literature review of institutional retail change as well as competitive advantage leads to the following research questions: (1) Is a new form of retail institution, i.e. e-tailer (online or virtual retailer) a source of competitive advantage? (2) What are the strategic choices for traditional retailers as emerging e-tailers case to sustain their competitive advantages in the long run? (3) What are the performance outcomes of possible strategic entrepreneurial choices?

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MODELING SMALL LOCALLY-OWNED FIRMS EXPORT BEHAVIOUR: THE ROLE OF LANGUAGE

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ABSTRACT

This study reports on the findings of an investigation into the impact of entrepreneurs' language competence on the decision for their small firms to engage in exporting. While the literature on language and exporting in small firms is extensive, very little attention is paid to the issue of context in explaining the role of language on that export decision. Using data from a survey of exporter and non-exporters in the Jamaican economy, this study utilised the logit model to examine the impact that language has on the decision to initiate exporting. The results revealed that firm size and industry sector were the most significant factors and not the language skills of the entrepreneur. The contribution to the literature is the explanation of the role that context plays in explaining these results.

INTRODUCTION

The literature on the international operation of the small firms is quite extensive (e.g. see Rueber & Fischer, 2002; Brouthers & Nakos, 2004; Oviatt & McDougall, 2005; Miesenbock, 1988; Leonidou & Katsikeas, 1996; Williams; 2009; Lautanen; 2000 etc). There is no doubt that the increased attention given to the international operation of these smaller firms is driven by the increasingly globalised nature of the world economy. Economic integration, the revolution in information and communication technologies, the reduction in tariff barriers, among other things have all contributed to an increased level of competition in national markets. This competition has forced more firms to start looking to the international market place for customers in order to ensure their future survival (Cavusgil, 1994). A big portion of this literature however, focuses on the factors that motivate these smaller firms to seek business opportunities abroad. The environment dictates that these smaller firms will have to change strategic direction in order to ensure their survival. However, because of their limited resource capacity, many see themselves as not having the capabilities to take on the complexities of doing international business transactions. How those who do it managed to accomplish the achievement and why they do it are questions at the heart of the research stream looking into the area of international entrepreneurship.

The plethora of empirical work that has evolved on the subject looked at a number of firm characteristics (Reid, 1981), managers' characteristics (Leonidou et al., 1998), the external environment (Zou & Stan, 1998) and recently, a number of works started looking at the role of networks (Bhagavatula et al., 2010; Oviatt & McDougall, 2005). Still, it appears that managerial characteristics have been the most studied. Managerial characteristics are an important resource that small firms possess and which is critical for them to launch an international base (Reid, 1983). An area of managerial resource that has received much attention in the literature but with mixed results is that of the language competency of the entrepreneur. Indeed, Leonidou et al., (1998) in a review of 46 studies on managerial characteristics and the firm's export performance found that over 50 percent of those studies accounted for this variable in their empirical analysis. The results however is mixed as some studies claim that it has an important impact on export decision (e.g. Lautanen, 2000) while others did not find it to be that significant (Ursic & Czinkota, 1989).

The seemingly contradictory findings however, can possibly be explained by context. We believe that since English is the internationally accepted language of international commerce, language would not be a barrier to exports for entrepreneurs who master the art of speaking the language. We believe this is true even if they are exporting to Non-English speaking markets. As such, this study aims to test the hypothesis that language as a managerial resource is not a significant factor in influencing exporting decision in firms where the principals have a mastery of the English language. The findings from this research will make a significant contribution to the literature on the international operation of small firms for the reason that it will help to clear the contradiction in the empirical findings on the role of language in export decision making process for the small firm.

The remainder of the paper is organised as follows: the next section will look at the variables used in the study. It will give an indication of the state of the literature on each variable. Subsequent to this, the paper will present the research method. It will conclude with the presentation of the results, a discussion of same and some final thoughts which will look at the implications of the findings for both research and policy.

THE RESEARCH VARIABLES

This section of the paper will present the variables that are used to model the decision of whether or not to export. The variable of interest is really the language competency of the principal in the small firm. The idea is to better understand whether or not language does have an impact on the decision to export irrespective of the context from which the firms come. Besides language however, there are other factors that impact on export decision and such have to be controlled for. These control variables will also be highlighted in this section.

The importance of language in the exporting decision

Foreign language competency as an internal resource for the firm is a source of competitive advantage in dealing with customers in international markets. Indeed, the resource–

based view of venture internationalization shows that firms which possess this valuable resource will have a greater proclivity towards internationalization (Bloodgood et al., 1996). This important internal resource will also serve as the basis for the small firm to access external resources from various sources such as public institutions and formal or informal networks between firms (Birley, 1985; Bhagavatula et al., 2010).

Empirically, the language proficiency of the principal of the small firms has received a lot of attention in the extant literature. For example, Leonidou et al., (1998) in a review of 46 studies on managerial characteristics and the firm's export performance found that over 50 percent of those studies accounted for this variable in their empirical analysis. The results from this analysis however, are not always consistent. While the majority of studies conclude in firms where entrepreneurs have a mastery of a foreign language that such firms are more likely to become exporters (Lautanen, 2000; Obben & Magagula, 2003; Dichtl et al., 1990; Karafakioglu, 1986), there are still others that did not find this to be the case. Some early studies on export behaviour of the small firm did not find a relationship between the language competency of the entrepreneur and exporting (Daniels & Guyboro, 1976; Ursic & Czinkota, 1989). Similar to the findings of Daniels & Guyboro (1976), Obben & Magagula, (2003) found that when decision makers are monolingual i.e. they speak only their native language; there is often a negative relationship with export propensity.

The contradiction in findings seems to be a function of the context from which the firms are derived. In a context where firms are located in English speaking markets and their principals are native English speakers or have mastered the language, language may not be a significant barrier to export since English is the accepted language of international commerce. While there are benefits to be gained from speaking a foreign language (for example, it will facilitate effective planning and control of business operations in the export market, it will assist in understanding foreign business practices; improve communication and interaction with foreign customers and help to establish social and business contacts, among other things), the fact that the English language is seen as the accepted method of communication for international commerce, means that most of the trading partners in Non-English speaking markets will be forced to speak the language and so it reduces the linguistic differences. As it relates to exporting, the principal does not have to be present in the host market for the selling of the goods or service; s/he having a mastery of the foreign language is not such an important factor when making the decision to sell abroad. This would possibly be more relevant for other entry modes such as foreign direct investment (FDI).

These contextual differences therefore, may better explain why the results from different studies do not normally coincide. For, if studies are carried out in a non-English speaking market and the principals of the firms do not have a good mastery of the English language (given that the English language is the accepted language for international commerce), then mastery of a foreign language, in this context, English, would be very important in their export decision making. On the other hand, for those studies carried out in markets that are English speaking and the principals of the firms have a mastery of the language; results from any study would more than likely suggest that it is not an important factor in making the decision to enter into exporting.

Control Variables

While language is an important factor that can impact on a small firm's decision to enter into exporting. There are other factors that may impact on the decision as well. These are what we call control variables. A number of controls that have been cited in the extant literature have been looked at in this study.

Firm size

Firm size is possibly one of the most studied variables in the literature looking at the international operation of small firms. The intrigue with size becomes relevant because it is generally argued that size reflects resource capacity and international operations require a significant amount of resources, therefore, small firms should not be able to effectively take on international operation (Bonaccorsi, 1992). Indeed, the resource-based view of the firm argues that larger firms (as measured by number of employees) will have access to more resources (e.g. more qualified managers, financial resources etc.) than smaller firms (Bloodgood et al, 1996). It is because these larger firms have more resources (e.g. financial, technology, human capital etc.) than smaller firms why they are better able to be more successful in the export market (Aaby & Slater, 1989; Katsikeas & Piercy, 1993; Philp, 1998).

Despite the claim of the need for more resources to be successful in international operation, the empirical evidence regarding firm size and successful operations in international markets remains contradictory. The broad literature on firm size and export behaviour provides little agreement regarding its impact on either export propensity or export success (Aaby & Slater, 1989). From the extensive literature, most studies found a positive relationship between size and exporting (e.g. see Miesenbock, 1988). They suggest that larger firms are the ones most likely to engage in exporting. This is in concert with the basic premise of the resource-based view of the firm. Further, some studies have even suggested a minimum size for exporting. For example, Mittelstaedt et al., (2003) recommended a minimum size of 20 employees. They argued that exporting becomes infeasible below this number. If size does reflect the productive capacity of the firm, then below a critical minimum, the firm will not have sufficient capacity to initiate exporting. This argument seems to have support from other researchers. For example, Bilkey, (1978) found that beyond a certain point, exporting is positively correlated with firm size, but, below a minimum point there is no correlation.

The relationship between firm size and export performance however is not unidirectional. Researchers have found that for example, there are firms with less than five employees that are engaged in exporting and doing it successfully (Bilkey & Tesar, 1977; Philp, 1998; Calof, 1993; Moen & Servias, 2002). Further, Hall & Tú, (2004) looked at the impact of size on both measures of export performance (propensity and intensity) and found different results. For export intensity, they found a negative relationship with size, while for export propensity there was a positive relationship. Also, Pla-Barber & Alegre, (2007) found that size was not important for export propensity for science-based firms while Czinkota & Johnson, (1983) concluded that size did not substantially differentiate between managers' attitudes and the firm's experiences in exporting.

Size however becomes an important variable for exporting when one takes into account the fixed cost related to exporting (Hall & Tú, 2004). When a company decides to become involved with exporting, there are certain sunk costs that it will have to bear. To elucidate, fixed cost associated with search for market, negotiation, certification (e.g. ISO 9000 or HACCP) can be exorbitant but must be undertaken if the decision is made to enter exporting. This is even true for certain industry sectors such as agriculture and manufacturing where certification is important for export market entry. Small firms which are resource poor might not be able to afford these costs although they may have a good quality product suitable for exporting. The exorbitant cost might therefore dissuade them from responding positively to export stimuli.

To overcome the onerous barrier of cost, small firms seem to be taking advantage of their business and social networks in order to climb over the cost barriers (Johanson & Vahlne, 2003). Small firms are working with each other to overcome the fixed cost barrier. They are sharing production networks and distribution channels, and in some cases getting support for market entry from government agencies (Williams, 2009). Some small firms may also network with larger firms which are resource rich and have already borne the fixed cost involved in exporting (Coviello & McAulley, 1999; Lipparini & Lorenzo, 1999). Networking will also help small firms to achieve the economies of scale that are important for reducing their fixed costs. Economy of scale is a function of the firm's resources. Achieving scale will lead to a reduction in the unit cost of output, therefore, allowing firms to sell products at a more competitive price. Small firms, due to their limited resource stock will not be able to gain the same level as larger firms. Networking however can help them over the barriers to scale.

Technology

The firm's technological capability (as is generally captured by the level of investment in Research & Development {R&D}) is considered one of the most important physical resources which can influence a firm's decision to enter export markets (Cavusgil & Nevin, 1981; Tybjee, 1994; Tseng et al., 2004; Rodriguez & Rodriguez, 2005). Small firms by the nature of their sizes are much more flexible and can respond to changing demands much quicker than larger more bureaucratic firms, as such, it can have a greater competitive advantage in the international marketplace through its innovation (Simpson & Kujawa, 1974). Indeed, investment in R&D

reflects this commitment to innovation. With increased research and development, the firm will be able to provide more unique products to offer thus increasing its competitive advantage and its chance of survival in the export market (Rodriguez & Rodriguez, 2005; Pla-Baber & Alegre, 2007).

Having a unique product gives a firm a more positive outlook towards international businesses since there is the perception that this uniqueness will give it a greater competitive advantage in the export market (Moen, 1999; Cavusgil & Nevin, 1981; Burton & Schlegelmilch, 1987; Rodriguez & Rodriguez, 2005). Unique product offering therefore is an opportunity for small firms to develop a niché market, which can give them a competitive edge in the international marketplace since they will not necessarily require scale to compete (Rialp et al., 2005; Dimitratos & Liokas, 2004).

The empirical work regarding the relationship between technology and export propensity does not provide a clear answer as would have been expected based on the theoretical reasoning from the innovation school. As it relates to the decision of whether or not the firm exports (export propensity) based on its level of technological investments, some researchers find a positive relationship (e.g. Tseng et al., 2004; Andersson et al., 2004 et), while others find no statistically significant relationship (e.g. Tybjee, 1994; Rodriguez & Rodriguez, 2005). While investment in R&D is important, it appears that it alone will not automatically translate into increased capacity to help firms gain access to foreign markets. The investment may not result in product or process innovations that can give the firm a competitive advantage. The competitive advantage from this investment will be derived from what is achieved (e.g. reduction in production costs) from using the technology. The mere investment will not provide technological economies of scale which is what firms need to put them in a better position to be able to access foreign markets.

Further, disagreement on the role of technology as it relates to its importance to the level of sales the firm receives in the export market is investigated. For example, Reid (1986) found that technology will encourage the firm into early exporting but in terms of its impact on future success (e.g. increased export revenue) there was no strong relationship. On the other hand, it is argued that firms in industries with high R&D spending reported a higher proportion of their sales from international markets. In other words, there is a positive relationship between technology and export intensity (Tybjee, 1994). Also, Rodriguez & Rodriguez, (2005) found R&D spending to be significant with regard to export intensity. This again was based on firms from highly technologically oriented industries.

The literature appears to suggest therefore that industry characteristics do have an impact on the role of R&D in the export performance of the firm. The nature of an industry will impact on the strategies and performance of any firm (Barney, 1991; Rodriguez & Rodriguez, 2005). Firms in industries that are technology driven are more likely to innovate and thus export (Tybjee, 1994). This stems from the belief that there is a competitive advantage to be gained from developing unique and customized products with the new technology. This may explain why a large number of firms in high technology industry are more likely to be exporters (Bell et al., 2004; Jones & Crick, 2004; Tybjee, 1994).

Industry sector

The debate on the importance of the role of technology shows that industry sector is also important for driving export performance. Indeed, analysts have shown that the nature of an industry will impact on the strategies and performance of any firm (Barney, 1991; Rodriguez & Rodriguez, 2005; Porter, 1990). If the industry sector is a natural export sector, then the firms that are located in that sector will have no choice but to export. This may be due to the size of the market or the nature of the product that is produced. For example, the natural resources industry in most developing countries is generally export oriented so firms that operate in these industries are all exporters. In this regard, the characteristics of the industry sector are what determine the relationship with export performance of firms.

It is critical to point out that the sectors studied in this research are not natural exporting sectors although they account for a large amount of exports from the Jamaican economy. These sectors are manufacturing and agriculture. The average export ratio (i.e. export revenue as a portion of total revenue) for industries in Jamaica is 53.64 cents out of the dollar earned. Manufacturing had an export ratio of 40.06 cents to every dollar of revenue earned in 2000. This is 33 percent below the industry average. Further, agriculture, although having an export ratio of 64.06 cents to the dollar, over 70 percent of this was driven by export in agricultural services. The services sector on the other hand, had a ratio of 70.48 percent compared to the average of 53.6 percent from all sectors. That is, for every J$1 earned in revenue in the services sector, 70.48 cents came from exports. It is therefore expected that firms in the services sector in Jamaica would be more inclined to export than those from sectors such as manufacturing and agriculture.

Beside the natural resources sector, an important sector that is emerging as an export sector is the technology sector. Most researchers argue that firms from the high technology sector are natural exporters given the nature of the product they produce (Rodriguez & Rodriguez, 2005; Bell et al., 2004; Jones & Crick, 2004; Tybjee, 1994). The nature of the technology sector allows firms to be international from inception (born globals) given the fact that they can sell their services by sitting at their computer and distribute it across the worldwide web without much hassle. Given this new method of reaching consumers in foreign market, researchers on the international operations of small firm have to now reconceptualize how they think about exporting. The case of the technology sector is a clear message on how industry sector has shaped the export behaviour of firm.

THE RESEARCH METHOD

This research drew heavily on a survey of exporters and non-exporters in the agricultural and manufacturing sectors in the Jamaican economy. These are two sectors that have seen tremendous competition from foreign competitors since the rapid liberalization of the Jamaican economy in the 1990s and the decline of a large number of firms as well. Surprisingly, given the small size of the Jamaican market and the high level of competition in the sector, there remain a large number of firms from both sectors that are still not exporting. The export ratios of 40.06 and 64.06 for manufacturing and agriculture (with 70% of agricultural export revenues coming from agricultural services) reflect the poor export performance of the firms in these sectors. Understanding the factors that motivate positive export behaviour will better aid in the development of policies to motivate more small firms to export.

To motivate this study, data were collected from both exporters and non-exporters in the sectors of interest in the economy. An instrument developed from previous literature along with feedback from a pilot survey was used to collect data from the principal owner (the key informant) in each firm. Since the unit of analysis was the firm, it was deemed necessary to have the principal owner as the key informant because the literature suggests the entrepreneur/owner is the most important decision maker in the small firm. Interviews with the principals of each firm lasted for about 60 minutes. The questionnaire was interviewer administered which helped to increase the time for the interviews. In some cases, the interviewer also prodded for further clarification on specific issues that the key informant may raise while responding to the structured question. This as well increased the time for the interviews.

The sample frame for the project came from the export directory of the Jamaica Promotions Limited (JAMPRO), the main national body that is responsible for exporting in the Jamaican economy. All firms that are involved in exporting must register with this agency. They also had a list of non-exporters who have export potential but were not exporting. These two lists provided the sample frame for the project. Given the small number of firms in the frame, it was deemed necessary to call all the firms on the list for the interviews. This method resulted in a 33 percent response rate with 44 exporters being interviewed and 48 non-exporters giving a total of 92 interviews. The data gathered from the interviews were analysed using the logistic regression model.

THE ANALYSIS TECHNIQUE

To motivate the study, some analytical framework had to be found to capture accurately the data that were gathered from the interviews. Given that the dependent variable (export performance of the firm) is dichotomous in nature a suitable model had to be found for analysing the data. The genre of qualitative choice models revealed that the logit model would yield very good results when used to analyse the research problem. As such the model used took the form of:

$$\ln(P_i/1\text{-}P_i)=\beta_0+\beta_1 efl_i+\beta_2 cps1_i+\beta_3 ts_i+\beta_4 ind_i+\varepsilon_i$$

Where:

EFL = the entrepreneur's foreign language proficiency
CPS1 = firm size
TS = the level of investment in R&D as a measure of innovation
IND = the industry sub-sector
ε_i = the error term normally distributed with mean 0 and variance $1/NP_i(1-P_i)$ i.e. $\varepsilon_i \approx N\{0,\ 1/NP_i(1-P_i)\}$

This model is used to provide the highest predictive accuracy of a given set of predictors (Hair et al., 1998). The paper is interested in predicting the impact on language on the decision to export or not. The model therefore, is a good application to answer such question. Because the chance of the firm becoming an exporter lies in a narrow range of 0-1, that is, its takes a probability distribution, as such, values outside of this range are not meaningful and therefore, will not give an accurate prediction of the firm becoming an exporter. Based on this restriction, regression models such as ordinary least squares (OLS) or linear probability models become meaningless for carrying out this analysis (Pindyck & Rubinfeld, 1998). The error term in these models, although normally distributed, does not have equal variance which will lead to the problem of heteroscedasticity (Gujarati, 2003). With heteroscedasticity, parameter estimates will become unstable and thus prevents generalization of the model beyond its sample data. Further, OLS will produce probabilities that are greater than one (1) which would not be relevant in this case. These decisions have led to the use of the logit model as the tool for analysing the data from the study. This analysis has produced some interesting results.

RESULTS

This section of the paper will report on the result obtained from the analytical model. It will merely describe the results; the latter section will provide a mode detailed discussion on these results. The table below shows the findings from the model that looked at the factors that can predict whether or not a firm can become an exporter.

The result from the model reveals that the foreign language competency of the principal owner of the firm is not the most significant factor that will determine whether or not the firm enters into exporting. Indeed, this is in contrast to what other analysts have found on the subject. For example, Latuanen, (2000) in his study of Finnish firms, found that language competency of the principal owner was an important factor that could determine export entry. This study found otherwise. The most important variables that seem to explain export entry are; firm size and industry sector. As firms grow larger, they are more likely to become exporters according to the results from this analysis. Also, as firms move from agriculture to manufacturing, they seem more likely to become exporters according to the results from this model.

Table 1: Logistic Regression- unrestricted model (N=92)				
Independent variables	β	*Wald*	*Sig.*	Exp(β)
Constant	-1.45	2.90	.09*	.30
EFL	-.57	.29	.59	.57
CPS1	1.16	5.14	.02*	3.18
TS	17	.10	.75	1.18
IND	-.15	2.30	.13*	.86
-2LL(Initial Model)	127.37			
-2LL(Final Model)	115.88			
χ^2 (df) (Final Model)	11.58**			
χ^2 (df) Hosmer & Lemeshow test	4.10***			
Nagelkerke R^2	.16			
R^2_L	.09			
% Correct Prediction	62			

* Variables are significant at the 0.05 level of significance
** Statistic is significant at the 0.05 level of significance (p=0.04)
*** Test is non-significant at the 0.05 level of significance (p=.85)
R^2_L = 1- (Final model -2LL/ Initial model -2LL)

Table 2.: Predictive accuracy of the model			
	Export Performance		Percent Correct
	Exporter	Non-Exporter	
Exporter	27	17	61.4
Non-exporter	18	30	62.5
Overall percent correct			62.0

These results seem to be robust as the diagnostic statistics from the model reveal a good fit for the model. The Hosmer & Lemeshow test which looks at the difference between the predictive and the actual model was not significant, which shows that the models are not very different. Also the model has a high predictive accuracy of over 60 percent as revealed in the table below.

The results from this study do not always match with the theoretical expectations from the literature. This is not an aberration but could be explained by strong theoretical reasoning on the role of language in the context of export behaviour of firms. The next section will try to shed more light on the results obtained here.

DISCUSSION

The results from the study suggest that firm size and industry sector, and not the language competence of the entrepreneur are the most powerful factors that lead firms to adopt exporting. These results however are not universal as other studies have found that language skills of the entrepreneur is the most critical factor that determines which small firm develop their exporting rapidly. Indeed, Lautanen (2000) after investigating the export behaviour of Finnish firms from the manufacturing sector, concluded that it was not financial risk related to exporting; lack of experience related to exporting nor the education level of the white collar workers that would determine which small firm develop their exporting rapidly but it was the language skills of the entrepreneur that mattered most. This finding as we have noted earlier, is not surprising in the context of the discussion presented earlier on the role of language in international business.

Language does matter for export development, especially in the context of the small firm where the role of the owner in the decision making process is most crucial. Since English is the accepted language of international commerce, if the owner of the small firm does not feel confident in mastering the language, it possesses doubts in his/her mind about doing well in foreign markets. Naturally, increased competence in foreign language will provide the owner with a greater orientation to international marketing as s/he will be able to communicate better with suppliers and customers. This therefore, reduces the psychic distance in the minds of the entrepreneur between the home and export market. If we follow this logic therefore, it is clear why owners who are natural English speakers would not pay much attention to language when they are trying to develop their export business. For owners that are non-English speakers however, learning a foreign language especially English will have a significant impact on their confidence to develop export business. So, from this result, it appears that language skill impact on export development in the small firm is context specific.

What however does not seem to be context specific is the positive impact of firm size on exporting. The literature is replete with empirical work looking at the relationship between firm size and export behaviour (e.g. see Miesenbock, 1988; Leonidou & Katsiekas, 1996 for reviews of the extensive literature). While the results are mixed, what is certain is that large size helps firms to overcome the barriers associated with the fixed cost of exporting and as such, better position the firm to compete successfully in the export market (Hall & Tu, 2004). Exporting requires economies of scale to compete effectively. Scale is indeed a function of size so the larger the firm gets the greater the chance of generating economies of scale in production. Because there is a sunk cost element to the export development process, with increased scale, the firm can better manage its exposure to this sunk cost. However, what needs to be clear is that, the results are not saying only large firm can export successfully. The empirical evidence shows that small firms are indeed successful at exporting a well. However, size does enhance the chance of survival and further success.

The results also identified the importance for industry sector in determining export initiation. This again can be quite context specific similar to the issue of language skills. For industry sectors that are small due to the small size of the economies in which they are located, exporting for firms become a natural strategy for survival and growth. In the case of this study, Jamaica is indeed a small economy by any measure (GDP is about US$12bill, land mass is about 11,000 square kilo, population is about 2.8mill people) so industry sectors are generally small. It is no surprise therefore that small firms in this economy identified the industry as having an impact on their decision to develop their export business. What is surprising however; is that, there is still a large number of firms that are not exporting. Williams (2009) shed some light on this. Having developed a stimuli organism response model to explain the export behaviour of firms in the Jamaican economy, he noted that mindset of the entrepreneurs/owners and the availability of a standardized product are critical drivers for export development. Owners who had a global mindset viewed exporting more positively than those without. Also, once firms had a product that could be easily modified for export, they were willing to get involved in the export business. Support in building these critical areas are needed in order to expand exporting from the industrial sectors in Jamaica.

IMPLICATIONS OF THE FINDINGS

The results presented in this paper have implications for export policymakers at the national level, managers and owners of small firm and, researchers that are interested in the international operations of small firms. Export policy makers have to put strategies in place that can encourage firms to grow if they are to increase the level of exports from their economies. While not only large firms are involved in the export business, the evidence suggests that the larger the firm becomes, the greater is the likelihood of them getting involved in the export trade. Access to finance for the purchase of equipment necessary to improve productivity in these firms is an important stimulus for growth. Export policymakers should design special programmes that can provide easy access to export financing for small firms. Besides access, the cost of financing is also important. Policymakers have to make the business environment conducive so that the cost of capital can be low and affordable for small firms. Without the affordable capital, these firms will be able to acquire the necessary equipment to expand their plants. The role of the export policymakers is to ensure that the business environment is hospitable for the firms to pursue the right growth strategies.

Owners and managers in small firms will recognise that while language skills are not the most important driver of export development; this is not a general rule. The context in which the firm operates will determine the level of importance language will play in the decision to enter exporting. For managers that are not native English speakers and who do not have a mastery of the language, they need to improve their language skills in order to increase their chance of engagement in the exporting business. Owners should also be cognisant of the fact that the growth of the firm enhances its ability to engage in exporting. Therefore, they will have to invest in strategies that will deliver growth not just protecting market share or containing costs. Again, growth strategies will be a function of the context within which the firm operates. Each owner will have to do a scan of their firm and the industry sector before designing a new strategy.

The empirical evidence presented in this paper will no doubt add to the body of work on the international operations of small firm and more specifically the role of language in that process. This evidence coming from a context that has received very little attention in the international literature can greatly advance the efforts of scholars who are interested in building a general theory on the subject. The specific role of context in explaining the impact of language was also not explicitly explained in previous works. This research had made that added contribution to the debate. Future research can extend this research into other context to determine whether or not the findings do hold across multiple contexts. This would be a huge boost to theory development in the field. Also, researchers need to investigate what specific role language plays in the export process. Most research merely identify that it is an important variable but why it is important is not fully explored. Taking a qualitative exploration to this phenomenon could help in answering the question.

CONCLUDING REMARKS

Industry sector, firm size and not the language skills of the owner/entrepreneur seem to be the most critical factors that drive the development of export business in the firms sampled in this study. The results in some cases support the findings from previous literature but also disprove others as well. This was not surprising as context seems to play a role in terms of explain the export behaviour of firms. For example, small market size makes exporting a natural strategy for firms. Also, where owner/entrepreneurs are native English speakers, language is not the most important factor to determine export behaviour. These findings have made an added contribution to the literature on the international operations of the small firm and especially as it relates to the role of language in the export development process. The findings highlight that context is what determines whether or not language matters in a firm’s export behaviour. This is indeed an important addition to the extant literature.

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OPPORTUNITY RECOGNITION FOR NOVICE ENTREPRENEURS: THE BENEFITS OF LEARNING WITH A MENTOR

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ABSTRACT

In the past, it has been demonstrated that mentors can help novice entrepreneurs in the identification of business opportunities (Ozgen & Baron, 2007). However, the process by which mentoring enable a mentee in identifying new opportunities is not well understood. To better understand this process, we surveyed novice entrepreneurs that were supported by a mentor in the mentoring scheme developed by Fondation de l'entrepreneurship. Of these novice entrepreneurs, 360 mentees responded. We then proceeded with a hierarchical linear regression using the novice's perception in his capacity to identity new opportunities as a dependent variable. We found that age is having a negative influence on dependent variable whereas management experience is having a positive effect. The learning goal orientation variable (LGO) is having a positive influence on the dependent variable. Finally, we found that the more a mentee learn with his/her mentor, the more they trust their abilities in identifying opportunities. Our results showed that mentoring may be a good way to support novice entrepreneurs in the start-up process and also in the development of their SMEs

INTRODUCTION

Public organisms have implemented programs to support novice entrepreneurs in the years following the starting of their business. One of the processes proposed involves pairing up a novice entrepreneur with an experienced entrepreneur, who provides advice and ways of thinking to help the novice avoid costly and even fatal mistakes (St-Jean & Audet, *Under press;* Sullivan, 2000). For example, the American SCORE program, founded in the seventies and funded by Small Business Administration (SBA), supported more than eight million small business managers through its network of over 12,000 volunteer mentors. In Europe, other similar initiatives exist such as that supported by the Business Link in England, the *Mentor Eget Företag* program in Sweden or France Initiative (in France), with nearly 5,000 volunteer mentors, to name just a few of these programs.

Research has demonstrated that mentors can help novice entrepreneurs in the identification of business opportunities (Ozgen & Baron, 2007). However, the process by which mentoring enable a mentee in identifying new opportunities is not well understood. Literature on mentoring highlights the fact that the main outcome of a mentoring relationship is what the mentee learns as a result of that relationship (Barrett, 2006; Hezlett, 2005; Wanberg, Welsh, & Hezlett, 2003). It has also been demonstrated that a mentee's learning goal orientation, a psychological disposition proposed by Dweck (1986), influences mentoring relationships by increasing mentee outcomes (Egan, 2005; Godshalk & Sosik, 2003).

The main goal of this research was to verify whether a novice entrepreneur's learning, achieved as the result of a mentoring relationship, can help him develop his ability to identify business opportunities. At the theoretical level, this question is of great interest, since it allows for a better understanding of the development of cognitive styles through learning with a mentor, and to confirm its effect as it relates to opportunity recognition. From a practical standpoint, this could validate the effect of mentoring programs to improve opportunity recognition among entrepreneurs, in particular. To achieve this, we will present the literature pertaining to entrepreneurial opportunity recognition, learning that results from a mentoring relationship as well as learning goal orientation. A presentation of the methodology, as well as the mentoring program where this study was conducted, will follow. Lastly, results will be presented as well as a discussion of these results.

LITERATURE REVIEW

The mentoring phenomenon is not new. The word "mentor" comes from Homer's Odyssey, where the hero Odysseus entrusts his son Telemachus to his friend Mentor while he is away at war. Mentor is put in charge of Telemachus' education as well as the development of his identity as he enters the adult world. When Mentor addresses Telemachus, the goddess Athena speaks through him. Mentor thus has access to divine qualities and becomes the incarnation of wisdom. In contemporary times, inspired by Greek mythology, a mentor is generally a person which possesses certain qualities or is in a position of authority, and who kindly watches over a younger individual so that he may benefit from the mentor's support and advice. In an entrepreneurial context, although other definitions are possible, mentoring is a support relationship between a novice entrepreneur (named mentee) and an experienced entrepreneur (named mentor), where the latter helps the former develop as a person.

One of the major benefits of a mentoring relationship is the learning which ensues from discussions with the mentor (Wanberg et al., 2003). This is also true of mentoring relationships with novice entrepreneurs (Sullivan, 2000), where cognitive and affective learning prevail (St-Jean & Audet, *Under press*). Although learning is clearly illustrated in some studies, such as with Deakins *et al.* (1998) or Wikholm *et al.* (2005), it remains implicit in other studies. For example, when Gravells (2006) discusses mentor contributions to marketing, financial planning or access to information, this help implies mentee learning as the mentor's advice and suggestions are implemented, although it is not explicitly mentioned by the author. Others have underlined that learning or the development of competencies could act as "moderators" between the mentoring relationship and growth or increase in profits (Priyanto & Sandjojo, 2005). Therefore, the knowledge which is acquired through a mentoring relationship could stimulate the novice entrepreneur's ability to recognize new opportunities.

MENTORING AND OPPORTUNITY RECOGNITION

Several studies have sought to understand what enables individuals to identify business opportunities. Information and knowledge appear to be a major dimension of the process. In general, knowledge influences the nature, number and degree of innovation of the identified opportunities (Shane, 2000; Shepherd & DeTienne, 2001; Shepherd & DeTienne, 2005). Tacit knowledge, in particular business experience, specifically influences opportunity recognition (Davidsson & Honig, 2003; Orwa, 2003). Other studies, such as the one conducted by Ardichvili and Cardozo (2000), support these ideas. In light of their results, it can be concluded, in particular, that business knowledge has a greater impact than technical knowledge. More specifically, some authors have shown that knowledge about clients and their problems favour the recognition of entrepreneurial opportunities (Orwa, 2003; Shepherd & DeTienne, 2001; Shepherd & DeTienne, 2005). Baron and Ensley (2006) as well as Ucbasaran *et al.* (2009) compared a number of opportunity-recognition components among entrepreneurs with those of experienced entrepreneurs. The results reported by Baron and Ensley (2006) show that experienced entrepreneurs eventually develop patterns that enable them to identify opportunities more easily and in higher numbers (Ucbasaran et al., 2009).

Given the importance of information in opportunity recognition, some authors suggested that networks, which help disseminate this information, could also have a positive impact on opportunity recognition (Singh, Hills, Hybels, & Lumpkin, 1999). Networks appear to have a positive influence on creative abilities and alertness, as well as opportunity recognition (Ardichvili & Cardozo, 2000). A study by Puhakka (2006) also supports the importance of social capital on the opportunity recognition process. Social interaction allows entrepreneurs to collect relevant information and to develop a better understanding of future needs, which helps them identify opportunities. Novice entrepreneurs could also obtain tacit information from a mentor, bypassing their lack of experience, which can help them identify opportunities (Smith, Matthews, & Schenkel, 2009). Although the results reported by Ozgen and Baron (2007) show that obtaining information, in particular through a mentor or participation in professional forums, could help entrepreneurs identify opportunities, little research has been dedicated to exploring its impact on opportunity recognition by novice entrepreneurs. It could be suggested, however, in light of the influential factors mentioned above, that a mentoring relationship can be of benefit to a novice entrepreneur. By providing access to information and knowledge and helping analyzing information from different angles, mentors are likely to increase the ability of novice entrepreneurs to recognize opportunities.

Thus, mentors help generate new options for the novice entrepreneur's business (Gravells, 2006). Entrepreneurs who restrict themselves to knowledge based on personal experience end up with a limited ability to recognize opportunities, but they can bypass that threshold through discussions with mentors (Ucbasaran et al., 2009). As shown by Baron and Ensley (2006), experienced entrepreneurs develop different cognitive styles than novices, which allows them to suggest new products or services that are more specific and better suited to generate sales. These observations suggest the following hypothesis:

H1 Learning with a mentor increases the novice entrepreneur's ability to recognize new opportunities

Learning goal orientation, mentoring and opportunity recognition

Learning goal orientation (LGO) is a fairly stable psychological disposition that individuals bring to their relationship with others. LGO stimulates behaviour and influences the interpretation of, and reaction to, certain outcomes (Dweck, 1986). Individuals with high learning goal orientation (LGO) wish to learn new things and improve their skills in certain activities (Button, Mathieu, & Zajac, 1996). It seems to influence mentoring relationship outcomes (Egan, 2005; Godshalk & Sosik, 2003). Mentee with high LGO would take better advantage of the learning opportunities made available through the mentoring relationship which, in turn, would stimulate the mentor to get more involved in his or her role. Moreover, individuals with high LGO will be more inclined to consider their skills as changeable and thus take on tasks with the intent to develop their skills. Likewise, individuals who believe their intelligence is constant or fixed will have lower LGO than those who believe it to be changeable (Kanfer, 1990). These considerations bring us to the following hypotheses:

H2 LGO positively influences the novice's ability to recognize new opportunities.

Some aptitudes are likely to influence novice entrepreneurs' ability to recognize opportunities. Among the most documented variables, we find prior knowledge and information which are often associated with work experience (Shane, 2000; Dean Shepherd & DeTienne, 2005). In order to perceive new opportunities, individuals must possess a minimum amount of knowledge, thereby enabling them to decipher new information at hand and consequently affording them the capacity to recognize these new opportunities. Tacit knowledge, more specifically business and management experience, would specifically impact the identification of opportunities (Ardichvili, Cardozo, & Ray, 2003; Davidsson & Honig, 2003). In other respects, individuals with a higher level of education would be more likely to recognize new opportunities

(Arenius & Clercq, 2005; Davidsson & Honig, 2003). These findings suggest the following assumptions:

> *H3, H4, H5 and H6: Work experience, management experience, level of education and age impact positively the novice's ability to recognize new opportunities.*

METHODOLOGY

We collected data through the business mentoring program created in 2000 by the *Fondation de l'entrepreneurship*, an organization dedicated to economic development in the Province of Québec (Canada). It is offered to novice entrepreneurs through a network of 70 mentoring cells spread out across the province. These cells are generally supported by various economic development organizations such as *Centres locaux de développement* (CLD), *Sociétés d'aide au développement des collectivités* (SADC), and local chambers of commerce. These organizations ensure the local or regional development of the program, while subscribing to the business mentoring model developed by the *Fondation*. More precisely, local organizations employ a cell coordinator in charge of recruiting mentors, organizing training sessions for them, promoting the program to novice entrepreneurs, pairing participants, and supervising the ensuing mentoring relationship. The novice entrepreneurs may benefit from mentor support for a minimal price, a few hundred dollars annually, and in some cases freely. In order to supervise local development correctly, the *Fondation* provides development workshops on the mentor-mentee relationship to give novice entrepreneurs a clear idea of the mentor's role. Based on a intervention code of ethics where relationship confidentiality is of capital importance, the business mentoring service has also created a standard contract to guide the parties in determining the terms and conditions of their relationship and the desired objectives. This program thus falls under the category of formal mentoring.

Sampling procedure

The studied population is the group of mentored entrepreneurs of the business mentoring program who have had at least three meetings with their mentor, or who still maintain a relationship, and who had a valid e-mail address (981 individuals). Mentees were contacted by e-mail to participate in the study, and there were two follow-ups with non-respondents. In total, 362 participants agreed to cooperate, which gave us a response rate of 36.9%. Since a portrait of the population was not available beforehand, a comparison with the early respondents (who replied after the first contact) and later respondents (after follow-ups) was conducted as suggested by Armstrong and Overton (1977). No significant differences were found between demographic variables, business-related variables, or those measured in this study, which suggest that the sample does represent the studied population.

The sample contains 162 men (51.6%) and 152 women (48.4%). They were paired with 275 male mentors (81.4%) and 63 female mentors (18.6%). This situation is normal considering the large representation of men among available mentors, probably due to historical factors: There were fewer in business twenty to forty years ago as there are today. Consequently, the pool of potential female mentors is more limited than that of men. Mentees are quite educated since 173 (55%) of them have university degrees. The average age is 39.8 (standard deviation of 8.97) and age varies between 23 and 70. When starting their business, 24% had no experience in their business' industry, 33.2% had less than a year, 46.2% had less than three years, and 61.6% had less than five years. As for business experience, the majority (51.1%) had no experience, 63.4% had less than a year, 73.6% had less than three years, and 82.9% had less than five years experience. Almost all mentees had an active business at the onset of pairing (293 out of 314, 93.3%) and the others were in the process of starting their business. Businesses had few employees, an average of 4.48 (standard deviation of 9.69, median of 2). Business turnover is mainly under $100,000CAD annually (62.8%), 88.9% have an annual turnover of less than $500,000, and only 8.6% exceed $1 million. As for gross profit, including salary and bonuses for heading the business, the situation is just a grim. The vast majority (68.1%) declares annual profits under $25,000, 83.5% make less than $50,000 and only 6.3% make more than $100,000. Industry sectors are varied, with a slight concentration in professional services (62, for 23.0%), in manufacturing (39, for 14.4%) and in retail (32, for 11.9%). Mentoring relationships lasted 16.07 months on average (standard deviation of 14.4, median of 13). Meetings with the mentor lasted 68.52 minutes on average (standard deviation of 14.4, median of 67), and there were a little under one meeting a month (0.807), median being one meeting a month. The majority of respondents were still in their mentoring relationship at the time they participated in the study (58.6%).

Measures

The measure used for opportunity recognition, our dependent variable, is the one developed by Anna *et al.* (2000) which includes 3 items on a Likert scale of 7: 1-I can spot unmet needs on the market, 2-I can recognize products that will succeed, 3-I can recognize opportunities. This kind of measure was chosen in line with the argumentation of Dimov (2010). According to him, because of the elusive nature of opportunity, he suggests that interest should be focused on opportunity "ideas" identified by aspiring entrepreneurs. The exploratory factor analysis revealed unidimensionality (81.07% of explained variance) and a Cronbach's alpha of 0.882. Since the construct is empirically adequate, we have created a measure using the mean of all items.

The measure used for learning goal orientation is the one developed by Button *et al.* (1996) which includes 8 items, which are recorded on a Likert scale of 7, from 1 "Strongly disagree" to 7 "Strongly agree". Items measure the mentee's disposition toward learning situations, for example: Having the opportunity to accomplish a task that allows me to take on a challenge is important to me, or when I am unable to accomplish a difficult task, I am pushed to work even harder the next time. Other studies have used this measure with good results of unidimensionality and internal consistency (Godshalk & Sosik, 2003). The confirmatory analysis using LISREL, a software specialized in this type of analysis, indicates that all items are significant in explaining the latent variable. Indices of fit for the confirmatory model are excellent, with a $\chi 2$ of 23.0012 for 17 degrees of freedom ($p = 0.1492$), RMSEA of 0.03721, SRMR of 0.03492, CFI of 0.9979, and NFI of 0.9921. Cronbach's alpha is 0.927. This measure is thus acceptable for the subsequent analysis. Since the construct is empirically adequate, we have created a measure using the mean of all items.

Learning with a mentor was measured with the scale developed by Allen and Eby (2003) which includes 5 items, which are recorded on a 7 point Likert scale. These were: 1-I learned a lot from my mentor, 2-My mentor brought a different perspective to many things, 3-My mentor and I have learned together, in collaboration, 4-Reciprocal learning took place between my mentor and I, and 5-My mentor shared a lot of information with me which helped me in my professional development. The measure is unidimensional (73.75% of explained variance) and has a Cronbach's alpha of 0.91. A variable using the mean of all items was created for the subsequent analysis.

Control variables

As stated above, knowledge and information acquired through previous work experience improves the ability to identify opportunities (Shane, 2000; Dean Shepherd & DeTienne, 2005). Tacit knowledge, particularly when acquired through management experiences, may also improve opportunity recognition (Ardichvili et al., 2003; Davidsson & Honig, 2003). General levels of education also have this effect (Arenius & Clercq, 2005; Davidsson & Honig, 2003).

RESULTS

Table 1 presents means, standard deviations and variable correlation for this study. The matrix does not possess overly strong correlations between variables, which indicate the variables' empirical quality for subsequent regressions.

To test our hypotheses, we used a multi-level analysis with linear regression using opportunity recognition as the dependant variable. In the first model, control variables were introduced. We integrated mentee learning goal orientation in the second model, and learning with a mentor in the third. As indicated in Table 2, age has a significant and negative effect on the ability to recognize new opportunities (Std. β=-0.276) (H6 confirmed). Management experience has a positive influence (Std. β=0.144) (H4 confirmed), as opposed to work experience and education, which of them has no effect (H3 and H5 rejected). In the second model, we find that learning goal orientation has a significant and positive effect (Std. β=0.229) (H2 confirmed) on the ability to recognize opportunities and that the addition of this component substantially improves the model (R^2 increased significantly of 0.05). Lastly, learning through a mentor impacts the novice entrepreneur's ability to recognize opportunities (Std. β=0.156) (H1 confirmed) and is also a significant addition to the model (R^2 increased significantly of 0.021).

Table 1. Mean, std. deviation and correlations of variables

Variable	Mean	S.D.	1	2	3	4	5	6	7
1-Sex[a]	0.48	0.50							
2-Age	39.80	8.97	-.01						
3-Education	2.53	0.94	.12*	.08					
4-Ind. exp.	3.35	1.62	-.01	.05	-.10				
5-Manag. exp.	2.29	1.56	-.13*	.25***	-.09	.19***			
6-LGO	6.24	0.88	.12*	-.05	-.02	-.03	.04		
7-Learning	5.09	1.43	.02	-.11*	.00	.03	-.09	.00	
8-Oppt. Recog.	5.75	1.00	-.04	-.24***	-.04	.05	.08	.23***	.17**

*** = $p \leq 0.001$ ** = $p \leq 0.01$ * = $p \leq 0.05$

[a] Male = 0, Female = 1

Table 2. Hierarchical linear regression model of entrepreneur's opportunity recognition ability

	Model 1	Model 2	Model 3
	Std.β	Std.β	Std.β
Age	-0.276***	-0.261***	-0.245***
Education	-0.009	0.003	-0.002
Experience in managing	0.144*	0.129*	0.140*
Experience in industry	0.034	0.044	0.037
Learning Goal Orientation		0.229***	0.225***
Learning with mentor			0.156**
Sig.	0.000	0.000	0.000
Adj.R^2	0.067	0.117	0.138
Sig. F change		0.000	0.000

* = $p \leq 0.05$ ** = $p \leq 0.01$ *** = $p \leq 0.001$

DISCUSSION AND CONCLUSION

Results from this study confirm what previous studies have identified: that mentors play an important role in business opportunity recognition (Gordon, 2007; Ozgen & Baron, 2007). Entrepreneurial learning can be split into two dimensions: content and process (Politis, 2005). Within the content dimension, learning with a mentor may help novice entrepreneurs collect new information helping them bypass their lack of experience, as suggested by Ucbasaran *et al.* (2009). Process-wise, the mentor's cognitive framework, which is more complex than that of the novice entrepreneur (ex. Baron, 2006), is shared with the latter through discussions, which may provide the opportunity for the novice to sharpen his own cognitive framework leading to better opportunity recognition. As suggested by Minniti and Bygrave (2001), entrepreneurs could improve their decisional algorithm and improve decision-making, which in this case means identifying more opportunities. Also, the various combination of learning styles between novice and more experienced entrepreneurs (mentors) may help the former to move beyond their main style and subsequently improve certain facets of the opportunity they wish to pursue (Corbett, 2008). This confirms the importance of an entrepreneur's learning experience in which he is given the opportunity to develop his opportunity-recognition skills (Cope, 2005).

Learning goal orientation in novice entrepreneurs is positively related to the ability to identify business opportunities. Entrepreneurs with a stronger learning goal orientation may benefit from a wider variety of learning situations, which in turn provide more opportunity for development. These results are interesting on many levels. Although we cannot prove it here, it is probable that this disposition is useful to entrepreneurs, when we consider that learning is a fundamental dimension of entrepreneurs (ex. Gibb, 1997; Minniti & Bygrave, 2001). These facts lead us to suggest that a high LGO may be an important aspect of the personality of individuals who choose an entrepreneurial career, and that this may influence their performance because of its effect on opportunity recognition.

Other studies have to be conducted in order to complete this analysis. One must nevertheless keep in mind that perceptual measures have been used in this study. Therefore, as previously stated, the ability to identify opportunities is not objective but rather based on self-efficacy. Learning with a mentor is also based on the mentee's perception of learning. It is important to note that no mentors, nor anyone else for that matter, were interviewed, which only gives us a partial picture of reality. These are but a few of the many possible avenues for further research to complete the findings and pursue additional investigations into these many dimensions.

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A STUDY OF SMALL BUSINESS TECHNOLOGY ADOPTION AND UTILIZATION

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ABSTRACT

Technology adoption could be a key factor in the ability for a small business to maintain profitability and weather the recession. In particular, green technology could not only reduce environmental impact but also lower energy costs. However, technology adoption costs could be too great for the typical small and medium-sized enterprise. Adoption costs often include changing plant equipment, acquiring new machinery and sometimes payment of intellectual and other property rights. Using a compiled database of small businesses across the country, the researchers developed and sent a survey questionnaire to 2,000 small businesses. Four hundred and fifty questionnaires were returned with 397 usable responses resulting in a 20% response rate. Results of this study could be important in providing information regarding whether small business owners would adopt new energy-saving technologies, not only to benefit the environment but also to reduce business operational costs and increase profitability.

INTRODUCTION

Small business owners across the country continue to seek new ways to improve profitability and remain competitive in the marketplace. At the same time, more small business owners want to be more environmentally friendly; not only to benefit the environment, but also because many grew up during the time when environmental concerns and awareness became more common among Americans.

As green technologies continue to develop, smart business owners recognize investments made today could pay big dividends in the future. Energy prices may be low today, but the long-term outlook suggests energy costs could determine the ability of many businesses to maintain profitability.

Will small business owners adopt new energy-savings technologies on their own or will it take grants, tax incentives and other actions on the part of government? Will small businesses assume debt to purchase these new technologies, recognizing technologies as an investment in the future of their business?

DEFINITION OF TERMS

Gazelles- is a business establishment with at least 20% sales growth every year from 1990 starting with a base of at least $100,000. (Case, 1996).

Green Technology - Green technology, also referred to as clean technology or cleantech, is new technology and related business models offering competitive returns for investors and customers while providing solutions to global challenges (Bloomberg Business Exchange, 2010).

Energy smart grid - is a form of electricity network utilizing digital technology. A smart grid delivers electricity from suppliers to consumers using two-way digital communications to control appliances at consumers' homes; this saves energy, reduces costs and increases reliability and transparency. It overlays the ordinary electrical grid with an information and net metering system, that includes smart meters. Smart grids are being promoted by many governments as a way of addressing energy independence, global warming and emergency resilience issues. (Department of Energy, 2010).

Neighborhood effect - is one of the contextual variables that explains the tendency of a person to vote in a certain direction based upon the relational effects of the people living in the neighborhood. The voting preference of a neighborhood tends to be formed by consensus, where people tend to vote with the general trend of the neighborhood. This consensus is formed by the personal connections a person forms in a community. There also seems to be some socio-economic correlation to voting patterns, and this has also been used to predict voting behavior. (http://en.wikipedia.org/wiki/Neighborhood_effect).

Smart Meters - A smart meter is a digital device that records the amount of electricity or gas you use and transmits this information to your utility provider. Smart meters allow flexible rates to be applied depending on time of use and ensure your utility bills are always based on actual readings rather than estimates. (http://www.ehow.com/about_6366946_definition-smart-meter.html#ixzz19S4q8BLu)

LITERATURE REVIEW

Small business continues to dominate the U.S. economy in terms of employment and new job growth. The U.S. Small Business Administration reports that companies with 500 or less employees accounted for all net new job growth in the most recent reporting year of 2004 (U.S. Census Bureau, 2007). These small firms employ slightly more than half the U.S. workforce and account for just over half of gross domestic product (U.S. Census Bureau, 2007). Technology adoption may be a key factor in fueling growth and development of small businesses and possibly provide a means to be more competitive than small business counterparts less likely to adopt certain technologies.

In a study for the U.S. Small Business Administration, the Corporate Research Board examined gazelles, or high-growth entrepreneurial ventures (cited in Henreksen & Johansson, 2010). This study found gazelles exist in every industry category, whether the industry is high-tech or low tech. However, newer, more efficient companies within each industry drive out the older, less efficient companies. Efficiency may be achieved, in part, through technologies that increase quality (thereby reducing waste), faster production of products or services or other efficiencies.

Another study conducted by Henrekson and Johansson (2010) examined gazelles, fast-growth, high-performing small businesses and found those firms underrepresented in high-technology industries and over-represented in service industries. According to Henrekson and Johansson (2010) gazelles are particularly important as although they are usually younger (newer), they tend to create more net new jobs on average. Although Gazelles can be found in all industries, the authors' study found some striking differences regarding technology versus non-technology businesses.

Further insights into typical small business operations can be obtained through examination of other small business studies. Telenomic Research researched broadband usage among small business and found a rural divide exists between urban and rural small businesses (Office of Advocacy, 2005). This divide suggests rural small businesses do not obtain benefits associated with broadband internet access. Broadband access allows for more effective means to reach the public, thereby more effectively advertising products and services, communicating with their employees and providing customers and prospective customers with product information.

Rapidly changing technologies often pose a financial challenge for small business ventures that may be underfunded and/or have limited power to borrow capital. Technologies common to larger firms such as the internet may not be common or fully utilized among small businesses. The Credit Union National Association developed several innovative ways to assist small businesses regarding their financial services needs (Help Small Business Prosper, 2009). Recommendations include remote deposit capture that provides businesses the ability to deposit checks from remote locations using a scanner and internet connection. This could be especially useful to small businesses that might set up a booth at a county fair, roadside stand, or special event. Other suggestions include online banking and bill pay and using corporate credit cards. Each of these alternatives offers efficiency and convenience in addition to reducing labor time in handling these procedures.

Surprisingly, innovativeness and the personality of the entrepreneur play an important role in adopting innovations. In a study conducted by Marcati, Guido, and Peluso, the researchers found that despite the view that entrepreneurs are innovative, various personality traits actually determine the degree to which entrepreneurs adopt innovations (Maracti, Guido & Peluso, 2008)

Recently, the Department of Energy announced it will award $188 million to small businesses to develop technologies that will not only assist in commercialization of those technologies but also assist in creating jobs (Agency Group, 2010). The awards are funded through the Small Business Innovation research (SBIR) program and the intent is to assist companies in reducing energy use. Some examples of the types of research funding include smart grid controllers which can be used to reduce energy use as well as the need to build new, additional power plants and advanced solar technologies that could reduce the cost of solar technology purchases and become more affordable for both consumers and small businesses.

Development of new technologies, however, is only the first step. Small businesses must be willing and able to apply the new technologies in their daily business activities. In addition to the potential energy savings, small businesses might be able to make their businesses more efficient and more effective in how they operate. The bottom-line of course, will be to improve profitability and increase small business success.

Small businesses do not have sizable enough budgets to compete with big businesses; however, with regard to advertising and promotion, small businesses do find ways through technology use to get the word out on their product offerings and specials. Workshops for convenience store owners provide information on how small businesses can utilize web marketing and social marketing media such as Facebook and Twitter to deliver their advertising messages at a low cost and perhaps market to customer groups that would otherwise be difficult to reach (Lisanti, 2010).

Thollander and Dotzauer (2010) studied and reported on a program by the Swedish government designed to audit and evaluate energy programs. Focusing on small and medium-sized enterprises, the purpose of the program is to assist those companies in reducing energy consumption and lowering operating costs. Further, over a three-year period the study examined overall effectiveness of the program in achieving the stated purpose.

Technologies may take a variety of forms. Total Quality Management, or TQM, found its way into larger companies years ago but smaller firms often lag behind in adapting technologies due to financial or other resource constraints. Hoang, Igel and Laosirihongthong (2010) researched small and medium-sized manufacturing and service companies in Vietnam with regard to adopting TQM practices in their firm and found that more successful companies in TQM adoption tended to be a stronger global competitor.

Results and Benefits over Time

Technology adoption often results from the desire for relative advantage over competitors, even among small businesses and this occurs especially with regard to computer and internet technologies. Green technologies, however, may not provide relative competitive advantage but rather reduce long-term energy costs resulting in improved profitability.

Diffusion of new technologies over time can be a difficult process. Difficulties often emerge resulting from adoption costs which may be too great for the typical small business, changeover of plant equipment and even the acquisition of new machinery. If government's goal will be to adopt new technologies, then government should consider tax and other incentives to fuel technology adoption. Just this last year as part of The American Recovery and Reinvestment Act of 2009, the federal government provided tax incentives to purchase new, more energy-efficient automobiles through the "cash for clunkers" program and also provided a $1500 tax credit for home energy-saving technologies ranging from windows to programmable thermostats, to wood stoves (Agency Group, 2010).

Countries across the globe are making efforts to adopt green technologies. For example, Malaysia, as part of that country's efforts to reduce carbon emissions, provides tax incentives to builders whose projects meet new government standards (Peterson, 2008). The European Union and the United States already began phasing out incandescent light bulbs as part of their energy-savings through new technologies.

Although green technology adoption in Asia and some other parts of the world lags behind the European Union and the Unites States, the IDC Asia-Pacific poll (cited in Peterson, 2008) reports that 75% of small businesses polled indicated adoption cost as a driver while 60% reported cost reduction as a driver or technology adoption. This condition significantly impacts the competitiveness of the average small business.

Larger businesses, such as energy providers might benefit the most from the American Recovery and Reinvestment Act of 2009 as the legislation focuses much on replacement of energy smart grids and smart meters to help reduce peak time energy consumption usage. Small and medium size businesses however, also benefit as energy consumers when adopting new technologies and those businesses that produce energy efficient products or their components also benefit from the increased demand for meters, batteries and other related products. Hall and Khan (2003) report that new technology adoption performs a significant role in our economic growth, primarily by setting the pace of growth and improving the rate of productivity. Further, economic growth through green technologies causes little or no impact on the environment.

Although this study did not specifically examine family firms, Huang, Ding & Kao (2009) report that family firms are more likely to employ environmentally friendly business practices. Additional research on family firms yields some interesting findings. Based upon the unique values often found in family businesses, Gallo (2004) found the typical family business more socially responsible. Deniz and Suarez (2005) found family firms likely to have a strong commitment to philanthropic causes and activities while Stavrou and Swiercz (1998) report family businesses more sensitive to quality of life issues impacting themselves and employees. Finally, and this is important in this economic cycle, family business values impact business behavior regarding downsizing (Stavrou, Kassinis & Filotheou, 2007).

Some researchers, such as Baerenklau (2005), believe that as small businesses begin to adopt green technologies, a “neighborhood effect” will develop, whereby other small businesses will follow peer businesses to maintain competitive parity. Other fields, including sociology support the neighborhood effect theory and provide numerous examples. For example, Coleman et al. (1996) contended that economically disadvantaged students’ academic performance could more easily be improved through peer group members rather than increasing school budgets.

RESEARCH METHODOLOGY

In this study, the researchers sought answers to the following questions. First, is there a relationship between energy-saving technology and age of the business? Second, would there be a correlation between company debt-to-asset ratio and energy-saving technology utilization? Finally, are companies located in larger cities and towns more apt to adopt energy-saving technologies than businesses located in smaller cities and towns?

The researchers identified 2,000 small businesses from across the country in a compiled small business database. The researchers then developed a survey questionnaire which also included questions seeking answers to basic business demographic data such as age and gender of the business owner. For validity purposes, the questionnaire was first critiqued by a panel of experts and the researchers then sent out a pilot study of 25 questionnaires to small business owners to insure survey tool reliability. No changes were made to the existing questionnaire based upon results from the pilot study.

The researchers then sent the survey questionnaire via email along with two follow-up emails to increase the overall response rate. Two thousand questionnaires were sent to a randomly selected sample of small business owners with 397 questionnaires returned (a 20% response rate).

Measures

The initial section of the survey composed of a demographics section (see Table 1 & Table 2 below) that included survey questions regarding race, gender, marital status, age, place of residence, and level of education of the small business owner. Approximately two-thirds of survey respondents identified themselves as female which could be explained by the database used by the researchers which contains primarily women and minority business owners. The age of business owner varied considerably, ranging from age 18 to 82, with 52 years as the mean. Business owners responding indicated their firm employed on average of twenty-five employees.

The second section of the survey questionnaire included questions regarding business ownership such as type of ownership, length of ownership along with questions regarding debt load. In addition, specific questions inquired as to the type and level of energy-saving technologies being utilized within their business.

Table 1: Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Energy Saving Tech	397	.00	1.00	.4131	.49301
# of Employees	397	.00	1000.00	24.8237	77.97383
Age	396	18.00	82.00	52.3409	11.54835
Ethnicity	397	.00	99.00	2.4761	7.40103
Veteran Status	397	.00	1.00	.6196	.62677
Debt to Asset Ratio	397	.00	240.00	14.9194	35.98623
City	397	.00	250.00	21.7003	18.10263
Gender	397	.00	24.00	.8489	2.06151
Parents Business	397	.00	8.00	.7859	1.13351
Economic Sector	397	.00	9.00	7.0756	2.42656
City Population	397	.00	9999.00	1178.9874	2743.24681
Valid N (listwise)	391				

Table 2 :Gender			
		Frequency	Percent
Valid	.00	**138**	34.8
	1.00	259	65.2
	Total	397	100.0

Limitations

Several limitations to this study should be noted. First, women and minority owned small businesses heavily weight the database used by the researchers. This likely accounts for the significantly higher response by women business owners (65.2% female owners compared to 34.8% male owners). Second, only small businesses which provided email addresses could be contacted. Finally, some businesses chose not to respond even after a third email request.

FINDINGS

The first hypothesis tested whether there a relationship exists between energy-saving technology adoption and age of the entrepreneur. The hypothesis posits that younger entrepreneurs might be more open to adopting new (green) technologies. The researchers used a Pearson Correlation to uncover a possible relationship between energy-saving technology adoption and age of the entrepreneur. Results of the correlation analysis found a negative relationship between energy-saving technology and age. A comparison between the two variables resulted in a positive relationship *r* (397) = -.11, $p < .05$ with correlation significant at the .05 level (See Table 3).

Hypothesis 2 sought to determine whether energy-saving technology and debt to asset ratio would be positively correlated. Correlation analysis measured the relationship between energy- saving technology and debt to asset ratio among the participants. Statistical analysis demonstrated a positive relationship between energy-saving technology and debt to asset ratio. A comparison between the two variables resulted in a significant positive relationship, *r* (397) = .013, $p < .05$ (See Table 3).

With Hypothesis 3, the researchers posited energy-saving technology and city/town population would not be related. The authors used correlation analysis to measure and analyzed energy-saving technology and city/town population among the participants. A comparison between the two variables showed no significant positive relationship, *r* (397) = -.09, $p > .05$ (See Table 3).

Table 2 data indicates approximately two-thirds of the survey respondents as women. On the surface this could appear significant, however, the database the researchers used is heavily composed of women and minority small business owners. Statistical analysis did not reveal gender significance regarding answers to the survey questions.

Table 3: Correlations

		Energy	Population	Age	Debt/Asset	Population
Energy	Pearson Correlation	1	-.040	.109*	.125*	-.091
	Sig. (2-tailed)		.424	.030	.013	.072
	N	397	397	396	397	397
Generation	Pearson Correlation	-.040	1	-.179**	-.025	-.026
	Sig. (2-tailed)	.424		.000	.615	.600
	N	397	397	396	397	397
Age	Pearson Correlation	.109*	-.179**	1	.051	-.052
	Sig. (2-tailed)	.030	.000		.314	.301
	N	396	396	396	396	396
Debt/Asset	Pearson Correlation	.125*	-.025	.051	1	-.040
	Sig. (2-tailed)	.013	.615	.314		.431
	N	397	397	396	397	397
Population	Pearson Correlation	-.091	-.026	-.052	-.040	1
	Sig. (2-tailed)	.072	.600	.301	.431	
	N	397	397	396	397	397

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Demographic data responses indicate 25 as the average number of employees. Age of the business owner ranged from 18 to 82, with 52 as the mean. Some of the businesses were founded by parents or grandparents, though most of the surveyed businesses indicated original startups. Economic sectors varied from small manufacturers and retailers to service related businesses.

DISCUSSION

The first hypothesis tested whether a significant relationship between energy-conserving technology and age existed, which indicated that an age maturity may also significantly improve entrepreneur energy-conserving behaviors. An older entrepreneur might not be willing to adopt new technologies, even though technology might save energy and reduce operating expense. Data analysis shows that the researchers found a significant positive relationship between energy-conserving technology and age.

The second hypothesis tested whether there would be a significant relationship between energy-conserving technology and debt to asset ratio. The authors found a positive relationship between energy conserving technology and debt to asset ratio, which may imply that entrepreneurs borrowed money to invest in new technology which they believed would assist them in operating their businesses more efficiently. Furthermore, their investment would be to their financial advantage.

In the third hypothesis, the researchers examined whether there could be a relationship between energy-saving technology adoption and area population. Would entrepreneurs in larger cities and towns be more likely to adopt technology? Statistical results from hypothesis 3 found no relation between energy-saving technology adoption and population (urban vs. rural location).

SUMMARY AND CONCLUSION

Younger entrepreneurs appear to be more interested in adopting energy-saving technologies in their businesses. This could be due to their generation growing up with the green technology paradigm. Or, younger entrepreneurs might view their business on a longer time horizon and thereby would benefit more from energy savings payback. Additional study in this area could provide a clearer picture of what actually motivates younger entrepreneurs with regard to technology adoption.

The higher debt-to-asset ratio among small business owners suggests a willingness to assume debt in order to invest in new technology. An important implication here, especially as government attempts to restart the economy, might be to provide tax incentives, low-cost loans and grants to SME's (small and medium-sized enterprises) for green technology adoption.

Survey responses indicate no significant difference between urban and rural business location. Some might find this finding surprising, as it might be presumed urban business owners to be more open to technology adoption. The real answer could be the "energy-savings" aspect of new technology adoption.

Results of this research could provide the impetus for smaller businesses to adopt energy-saving technology, not simply for benefitting the environment, but for the practical purpose of reducing cost and improving profitability. As we continue to study this topic we can develop "best practices" that might enable small and medium-sized enterprises to improve their chance of success in the increasingly competitive marketplace.

This study uncovered some interesting and useful information regarding small businesses and technology adoption. However, findings of the study raise new questions and further research could help provide clarity to the motivational factors why a small business would or would not adopt energy savings technologies. Future research could also identify which technologies small business owners attach higher priority based upon adoption cost, potential cost savings, or motivational factors.

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APPENDIX

Statistics		
VAR00007		
N	Valid	397
	Missing	0

PORTER'S DIAMOND MODEL AND OPPORTUNITY RECOGNITION: A COGNITIVE PERSPECTIVE

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ABSTRACT

Opportunity recognition is widely accepted as a crucial step in entrepreneurship process. Previous studies revealed that there is a need to examine opportunity recognition as a joint function of the environment and the individual under various theoretical approaches drawn from other fields. This research applies a multidisciplinary approach and examines Porter's diamond theory of the competitive advantage of nations drawn from the strategy field and investigates how these four determinants trigger entrepreneurial mindset in recognizing opportunities. To date "how" industry competitiveness influences entrepreneurs synthesize and organize information and identify opportunities has not, as yet, been investigated. The paper analyzes the cognitive framework that exists behind Porter's diamond model and how it relates to potential entrepreneurs in recognition of opportunities and offers a few propositions for future research.

INTRODUCTION

Opportunity recognition has been accepted as a crucial element in entrepreneurship. Although past research has investigated opportunity recognition focusing on various factors in the external environment and the individual to date a numerous body of opportunity recognition research revealed that there is a need to examine opportunity recognition under different theoretical approaches drawn from other fields (Short, Ketchen, Shook and Ireland, 2010; Corbett and Mcmullen, 2010).

This research applies a multidisciplinary approach and examines the Porter's diamond theory of the competitive advantage of nations drawn from the strategy field and investigates how these four determinants influence entrepreneurs in recognizing opportunities. Although a numerous body of early research investigated opportunity recognition as a joint function of the external environment and individual to date limited attention is provided on the interplay between certain factors in the external environment and cognitive underpinnings in this process. Previous research pointed out the importance of cognitive characteristics in opportunity recognition research (Koen, Markman, Baron and Reilly, 2001, Julien and Vaghely, 2001, Corbett, 2005; Corbett, Mcmullen, 2010) and suggested further exploration of the cognitive underpinnings in the opportunity recognition process. In other words, extensive studies are required to understand "why" and "how" the mental mechanism is triggered in mobilizing external resources in recognition of opportunities. Further early studies have in common that although there were some entrepreneurial theory developments opportunity recognition research on entrepreneurship cognition still lacks a substantial theoretical foundation (Corbett and Mcmullen, 2010).

In this study by drawing a theoretical model from the strategy field we attempt to examine "how" industry competitiveness triggers entrepreneurial mindset and influences entrepreneurs acquire and transform information and identify opportunities. This paper attempts to advance the existing research by providing a multidisciplinary approach and studies the Porter's diamond model drawn from the strategy field and investigates the cognitive underpinnings in the opportunity recognition process. We suggest that the analysis of cognitive context that exists behind the Porter's diamond model and how it relates to potential entrepreneurs will help us underpin the opportunity recognition process.

We now present the literature review on opportunity recognition to provide the foundation of the conceptual connection of the study and next we investigate the relationship between the Porter's diamond model and the entrepreneurial mindset. Finally we discuss implications of the study and future research agenda.

OPPORTUNITY RECOGNITION

A numerous body of research increased investigated opportunity recognition and explained opportunity recognition through various approaches (Schumpeter, 1934; Kirzner, 1973; Drucker, 1985; Stevensen et al., 1998; McMullan and Long, 1990; Bhave 1994; Baron and Shane, 2008, Ozgen and Baron, 2007). A stream of research found that the external environment plays a crucial factor in creating opportunities as opportunity recognition is a process influenced by many contextual factors in the external environment (Gaglio and Taub, 1992; Singh, 1998), most importantly the availability of resources (Timmons, 1994) and assorted technologies (Zahra, 2008). Based on this reasoning, environmental contexts and technology, consumer economics, social values and governmental regulations (Stevensen and Gumpert, 1985) and changing trends in the present, i.e. social behavior patterns, market circumstances and technology (McMullan and Long, 1990), networks, demand and supply gaps, price differences, technology substitution and innovation (Thakur, 1999) , technological change (Shane, 2000); environmental dynamism (Wiklund and Shepherd, 2003); industry deregulation (Jennings and Seaman, 1990); industry characteristics and geographic dispersion (Davidsson, 1991) play a crucial role in opportunity recognition (Short, Ketchen, Shook and Ireland, 2010). .

In other words entrepreneurs identify opportunities by using different types of information about the environment (Busenitz and Barney, 1997). They make a habit of scanning their environments for information that may lead to entrepreneurial opportunities (Stewart, May and Kalia, 2008). Focusing on markets and changes in industry structure (Kuratko and Welsch, 2001); market inefficiencies (Denrell et all, 2003); and transaction cost and property rights (Foss and Foss, 2008) increase the probability of recognizing opportunities.

A stream of research focused on the role of an individual in the opportunity recognition process. An entrepreneurial opportunity is a market imperfection that can be exploited by bringing market to equilibrium (Kirzner, 1973). This implies that opportunities exist all around us yet only those who are "alert" to possibilities that the market presents have the ability to recognize them. (West and Myer, 1997). A body of research found opportunity recognition highly associated with the cognitive skills of certain individuals (Baron, 2006; Shane 2009) as entrepreneurs use cognitive insights and spend more time than non-entrepreneurs in searching information that lead new opportunities (Kaish and Gilad, 1991; Gaglio, 2004). In sum the understanding of the cognitive aspects of entrepreneurship (i.e. the way entrepreneurs perceive information and process knowledge) is required to articulate the techniques that help entrepreneurs recognize opportunities. Therefore from the theoretical perspective, to be able to explore opportunity recognition early studies draw attention to the entrepreneurs' cognitive skills (Koen, et al, 2001, Julien and Vaghely, 2001, Corbett, 2005). It was found that opportunity recognition is highly associated with the entrepreneurial alertness (Archvili, Carozo and Ray, 2003; Chiles et al, 2007); prior knowledge of a particular field (Shane, 2000); mental stimulation (Gaglio, 2004); behavioral, cognitive and action learning (Lumpkin and Lichstenstein, 2005); social capital and cognitive biases (De Carolis and Saparito, 2006). Applying the experiential learning theory Corbett (2005) found the importance of different learning modes in opportunity recognition. Corbett (2005) suggested that experiential learning facilitates the recognition of opportunities and argued that future research should focus on the cognitive insights and how individuals use and store information to exploit opportunities drawing other theories from other fields. Applying the social cognitive theory Gaglio (2004) studied a few selected cognitive mechanism and found that mental stimulation and counterfactual thinking play an important role in recognizing opportunities. Lumpkin and Lichstenstein (2005) also examined the link between the cognitive learning and opportunity recognition and found that tacit knowledge is crucial in recognizing market opportunities and suggested to further expand the cognitive insights into opportunity recognition research. Based on the inductive theory building and network theory (Dyer, Geregersen and Christensen, 2008) found that the cognitive mechanism that involves observing, experimenting, idea networking and "questioning" provide the mechanisms by which opportunities are recognized.

A growing body of research suggested that examining opportunity recognition as a joint function of individual and the environment (Singh, 2000; Shane and Ventakaraman, 2000; Baron, 2002; Ozgen and Baron, 2007) will help us better understand the opportunity recognition process. Previous research found the relation between the market changes and the entrepreneur (Eckerd and Shane, 2003); interaction between social systems and entrepreneur (Sarason, et al, 2006) and a combination of cognitive skills and information (Gregoire, Barr and Shepherd, 2010) will play a crucial role in opportunity recognition. De Carolis and Saparito (2006) applied social cognitive theory in understanding entrepreneurial behavior and confirmed that the interaction between the environments and cognitive factors play an important role in entrepreneurial behavior. De Carolis and Saparito (2006) focused on social networks and individual cognition and suggested that future research should extend the interplay between environments and individual cognition and look into various factors that might influence entrepreneurial behavior and new venture success.

In sum although various approaches were applied in the early opportunity recognition research most research is in common that information is central in the process and various sources of information and the interplay between entrepreneur and a range of factors in the environments need to be examined to better understand the process.

Previous studies also revealed that there is a need to study entrepreneurial behavior under different theoretical lenses or in a multidisciplinary approach. To date "how" industry competitiveness influences entrepreneurs synthesize and organize information and identify opportunities has not, as yet, been investigated. Extending previous research this study examines the Porter's diamond model (the competitive advantage of nations) drawn from the strategy field and studies how it influences the way entrepreneurs think and recognize opportunities.

THE PORTER'S DIAMOND THEORY OF THE COMPETITIVE ADVANTAGE OF NATIONS

The competitive advantage of a nation or a region is partly attributed to the competitive advantage in particular industries (Porter, 1990). The Porter's "diamond of advantages" model (1990) includes four determinants of industry competitiveness or national advantage i.e. factor (input) conditions, home demand conditions, related and supporting industries and industry strategy structure and competitiveness. The model suggests causes of productivity with which companies compete in different country and regional setting. Early research examined industry clusters originated from the Porter's diamond model in opportunity recognition and found that geographic concentration of industry clusters helps ease technology transfer and innovation (Tan, 2006). (Lehtinen, Poikela and Pongracz (2006) confirmed that the determinants of the Porter's diamond model create industry clusters and impact new business ventures. Although previous research investigated the impact of industry clusters on entrepreneurial ventures early studies did not specifically inspect the relation between each of the determinants (i.e. contexts) of the Porter's diamond model and the opportunity recognition. In fact early studies suggested that when examining the opportunity recognition process efforts need to be made to include the key contextual characteristics in the environment as moderators of opportunities (Short, Ketchen, Shook and Ireland, 2010). Therefore extending previous research we suggest that further investigating the role of each determinant of the Porter's diamond model on opportunity recognition and how it triggers entrepreneurial mindset will be of value. The analysis of cognitive context that exists behind the Porter's diamond model and how it relates to potential entrepreneurs will help us underpin the opportunity recognition process. We now turn to the determinants of the Porter's diamond model.

Factor Conditions

Factor conditions refer to home country production factors including human, material, knowledge and capital resources and infrastructure (Porter, 1990). Human resources include skilled workforce; material resources include availability of raw materials; knowledge resources include the education level, quality of research; capital resources refer to the availability of assets and social capital (network connections) and infrastructure include both physical and legal regulatory infrastructure and refer to the basic foundation, facilities or services, needed for the functioning of society, such as sewer, transportation, communications and school systems, water and power lines etc and government policies and programs.

Porter suggests that each country or region has certain factor conditions and develop competitive advantages for industries in which these factor conditions are considered optimal. We also think that the extent of factor conditions in a country or region drive opportunity recognition in certain industries triggering entrepreneurial mindset due to the speed of knowledge transfer and access to specific resources. In other words the entrepreneurial behavior is guided in choice of market or industry by the availability of resources in the environment.

For instance, let's take infrastructure. Although it is widely accepted that basic physical and legal infrastructure development, availability of financing (Kulawczuk, 1998) and spending on infrastructure improvements (Bruinsma, Nijkamp, & Rietwald, 1992; Van de Ven, 1993) are correlated with the level of entrepreneurial activities across different countries (Zacharakis, Reynolds & Bygrave, 1999) to date there is limited research on "how" the level of infrastructure influences opportunity recognition. We think that heavy regulations, bureaucratic rules on obtaining business license, or lack of funding in some regions or countries may limit access to some markets, financial services and credit, and thereby creates barriers in seizing opportunities. For instance, the overall institutional environment for the development of entrepreneurship was found as less than favorable in Bulgaria, Hungary, and Latvia and infrastructure difficulties (the regulatory infrastructure scored the highest in Hungary) play a significant role in that (Manolova, Eunni and Gyoshev , 2008). On the other hand access to a well developed infrastructure such as transportation, communications, water, legal system, etc. and a good communications network in any region or country could facilitate responding to potential demand, ease technology and the speed of information exchange, and knowledge transfer and assist recognition of entrepreneurial opportunities. Spending on infrastructure development leads to a change in the industry structure thus creating a new demand and supply curve for new ideas and resources, which in turn impacts the availability of opportunities.

Also let's take the human and social capital. The availability of human and social capital in any industry in a region or country influences the recognition of opportunities. For instance, India's master weavers in the handloom industry were researched and it was found that access to social and human capital of entrepreneurs influenced their ability to recognize opportunities in this industry (Bhagavatula, Elfring, Van Tilburg, Van de Bunt, 2010). Also the success of the many industry clusters (for instance, Silicon Valley (Saxenian, 1994); insurance industry cluster in Hartford, Connecticut; banking in New York and San Francisco; electronics industry in Penang, Malaysia; furniture and palm oil in Johor, Malaysia (Arif, 2008)) are credited to the social infrastructure in these regions. In other words the accessibility to social capital and networks create favorable conditions for the exchange of knowledge and creation of new knowledge which help in recognition of opportunities.

The social capital theory basically suggests that network ties provide potential or possibilities of access to resources and information that is critical to recognition of opportunities (Nahapiet and Ghoskal,1998). Social networks facilitate information exchange, knowledge spillover. Social network contacts of a potential entrepreneur create access to knowledge to an individual exposing him to new venture ideas. Social networking provides potential entrepreneurs access to critical resources by enlarging the knowledge that leads them to pursue a set of ideas (Floyd and Woolridge, 1999). An entrepreneur's social network contacts can expand the "bounded rationality" of the individual by offering access to knowledge (Simon, 1976). Therefore entrepreneurs use information generated from their social capital and networks and enlarge their knowledge of opportunities.

Also based on the pattern recognition theory and prototype model, Baron (2006) suggested that knowledge and learning shape individuals' mental frameworks, which influence their perception of external world. Thus, it might be easier to notice and identify opportunities through information relevant to individuals' existing mental frame. In other words knowledge embedded in individual shapes the capacity to create new knowledge (Knudsen, Dalum and Villumsen, 2001). We think that in industries where the factor conditions are "optimal" entrepreneur's continuous access to particular resources and social capital networks generates certain knowledge framework and prepares entrepreneur's mindset. Thus, entrepreneurs based on their knowledge could have increased ability to "comprehend" and synthesize new information and be alert to exploit the opportunities in that industry.

Proposition # 1a: Home country factor conditions are positively related to opportunity recognition.

Proposition # 1b: The more entrepreneurs engage in the "optimal" home country factor conditions the more effective they will be in the discovery of opportunities for new ventures (i.e., the more alert they will be to such opportunities).

Demand conditions

Demand conditions refer to the home demand for products/services produced in a country. The Porter's model suggests if the local demand for a product or service is larger than foreign markets then local firms put more emphasize developing certain products/services than foreign firms and it creates competitive advantage for the home markets. For instance due to increasing local demand for the IT the entrepreneurial activities in Europe are moving away from traditional industries towards knowledge based industries (Acs, Desai and Hessels, 2008). The growing market demand in the IT industry leads entrepreneurs shift their focus towards the IT industry and come up with innovative ideas and new ventures in the IT industry. Extending previous literature we think that demanding home market triggers entrepreneurial mindset in recognition of opportunities. We note that customer demand is an important factor for opportunity recognition (Choi and Shephers, 2004) yet having information and knowledge related with a specific market and industry speeds up entrepreneurs noticing and predicting trends and analyzing the nature of demand and recognizing opportunities (Singh, 2000).

The German-Austrian school of thought emphasizes that opportunities are not exclusively accidental events but active search and experimentation of new ideas lead to new possibilities and opportunities (Schumpeter, 1942). Therefore informed entrepreneurs scan their environments for information (Kaish and Gilad, 1991; Fiet, Clouse & Norton, 2004; Fiet, Piskounov & Patel, 2005), and focus on specific markets, industry and the customers (in this case demanding buyers and their needs) (Bhave, 1994). Systematic search on markets where entrepreneurs are knowledgeable and informed (Patel and Fiet, 2009; Fiet, Norton and Clouse, 2007) enables entrepreneurs better understand the needs and demands of the customers and thereby facilitates recognition of opportunities. In the light of the available market information potential entrepreneur's mindset is fashioned and adapted to the existing market demand and thereby more likely to explore novel ideas related with that demand. Thus, focusing on existing market demand knowledgeable entrepreneurs can introduce new products, services, sources of input or advances that lead to increased entrepreneurial behavior. In sum, individuals with information on certain market demands or industries may recognize more entrepreneurial opportunities in these industries and markets than those who have no knowledge on these industries.

Proposition # 2a: Country demand conditions are positively related to opportunity recognition.

Proposition# 2b: The more entrepreneurs engage in the country demand conditions the more effective they will be in the discovery of opportunities for new ventures (i.e., the more alert they will be to such opportunities).

Related and Supporting Industries

Related and supporting industries refer to the availability of competitive supplying and supporting industries. When industries coordinate activities and form clusters of supporting industries within the value chain they achieve a competitive advantage (Porter, 1991). We also think that the strength and competitiveness of related and supporting industries in a region/country triggers entrepreneurial mindset in recognizing opportunities. When local supporting industries are competitive new entrants continue to grow in both related and supportive industries and form clusters. Due to the ease of information flow and transactions between buyers and sellers firms can better come up with cost effective and innovative products. Clusters of related and supporting industries play a significant role in technology transfer and innovation (Tan, 2006) and facilitate coordination, efficiency and effectiveness and flexibility (Porter, 1990), lower transportation and transaction costs in the production process (Doeringer and Terkla, 1995).

The strength of the related and supporting industries in a region/country enables horizontal and vertical connections within industries (Walzer, Shumway, Gruidl, 2005) and facilitates social interaction, interchange and information flow (Saxenian, 1994; Doeringer & Terkla,1995; Jacobs and De Man, 1996; Rosenfeld,1996). Social infrastructure within the value chain of related and supporting industries eases technology and knowledge transfer (Rosenfeld 1997). We also suggest that access to social infrastructure within these industries will encourage thinking open mindedly and generate novel ideas. Applying the inductive theory building and network theory it was found that recognizing an creating an opportunity and starting an innovative entrepreneurial venture is a function of cognitive mechanism that involves observing, experimenting, idea networking and "questioning" (Dyer, Geregersen and Christensen, 2008). Experiential learning influences recognition of opportunities (Denrell and Corbett, 2005). Therefore we think that possible continuous access to particular industrial, commercial and research partners, consultants, investors, suppliers, customers, etc within the related and supported industries in a region will link entrepreneur to information sources and also improves experience related with these industries. Access to unique information will invite experimentation, enhance potential entrepreneur's critical thinking, intuition and insights and help interpretation of evaluation of information which leads to recognition of opportunities.

Proposition # 3a: Related and supporting industries are positively related to opportunity recognition.

Proposition # 3b: The more entrepreneurs engage in the related and supporting industries the more effective they will be in the discovery of opportunities for new ventures (i.e., the more alert they will be to such opportunities).

Firm Strategy, Structure, and Rivalry

The organization structure and management systems of firms in various countries influence national competitiveness (Porter, 1990). Companies build their capabilities on the fields/ industries in which they are competitive. For instance, companies in Germany have usually very systematic, highly technical, process oriented and hierarchical organization structure and as a result they build up strengths in engineering related fields. Also rivalry increases home demand.

Based on the dynamic capabilities we suggest that the firm structure, strategy and rivalry triggers entrepreneurial mindset in recognition of opportunities. Dynamic capabilities are firm specific processes,(i.e. product development, strategy, structure) and allow organizations to continuously improve the performance within the firms market position (Molin, 2001). Dynamic capabilities (Teece, Pisano & Shuen, 1997) focus on the creation of firm specific capabilities arising from their organizational structure that link its capabilities to changing circumstances. In a changing environment, firms must continuously improve their capabilities to maintain competitive advantage. Organizations often respond to challenging conditions found in instable environments by adopting an entrepreneurial behavior (Khandwalla, 1987) through dynamic capabilities. Capabilities are difficult to imitate as they are a function of organization and technology and are built over time in a path dependent process (Dierickx and Cool, 1989; Reed and De Fillippi, 1990).

Dynamic capabilities induce entrepreneurial mindset in shifting away from outdated processes to effective ones and tend to create opportunities in a firm's markets (Zahra, 1991). Based on the dynamic capabilities perspective we suggest that the more entrepreneurs rely on firm specific capabilities, such as strategy and structure that a firm has developed and perfected over time, the more likely they discover opportunities for new ventures.

Proposition # 4a: Firm strategy, structure, and rivalry are positively related to opportunity recognition.

Proposition # 4b: The more entrepreneurs engage in the firm strategy, structure, and rivalry the more effective they will be in the discovery of opportunities for new ventures (i.e., the more alert they will be to such opportunities).

We now turn to a cognitive process and examine how the Porter's diamond model may trigger entrepreneurs' pattern recognition.

Pattern recognition

A growing body of research reveals that opportunity recognition is partially a cognitive process (Baron, 2007). The pattern recognition, a crucial cognitive process, was found related to recognizing opportunities (Baron, 2006). The pattern recognition is taking in raw data and classifying data based on the category of data patterns that have already been classified in the memory (Gobet, 1997; Hayes, 2000; Duda and Stork, 2001). The pattern recognition involves taking in outside information matching with the existing information in the memory and indentifying the data category the information belongs to (Gobet, 1997; Hayes, 2000). Various pattern recognition models (i.e. prototype model, examplar model) were introduced to help us understand the pattern recognition process (Duda and Stork, 2001; Baron and Ensley, 2006). The theory of Prototype Model suggests that memory matches outside patterns with prototypes stored in the memory (Hayes, 2000).

Prototype is the "idealized representation" of a combination of certain characteristics associated with an object in one certain category (Matlin, 2002; Baron, 2004b). Information obtained from "outside sources" or "seemingly random events" is compared with the existing prototypes stored in the memory and organized in the category of a certain prototype (Hayes, 2000). Cognitive psychology suggests that people understand the meaning of the outside stimuli based on one's prototype which acquired through knowledge (Baron, 2004b; Baron and Ensley, 2006). Therefore prototypes provide a cognitive frame of reference to individuals to help them recognize, or notice links between random events in the environment (Baron, 2004b, Matlin, 2002). The exemplar model refers the storage of specific examples (i.e. exemplars) of relevant concepts in the memory (Hahn and Chatler, 1997). The exemplar model suggests that new events are evaluated based on how closely they resemble to the specific examples a person has encountered (Baron, 2004b). Exemplars are constructed as individuals develop experience and expertise in a given field. In sum the pattern recognition theory suggests that entrepreneurs recognize opportunities and come up with novel ideas for new ventures as they employ either prototypes or exemplars or both prototypes and exemplars to detect for patterns (Baron, 2004b; Baron and Ensley, 2006).

We suggest that the more a potential entrepreneur engages in any of the determinants in the Porter's theory of diamond model the more his/her pattern recognition will be stimulated in opportunity recognition. For instance, a person having number of years of job experience in a related or supportive industry has an extensive familiarity with this industry. Due to his/her extensive knowledge with this industry the person develops a prototype for a certain "know-how" or "idealized representation" for that industry. Therefore through repeated contacts in the industry when this person learns about new trends, demands, developments or changes the individual may notice a potential link or connection between the random event(s) and the prototype that he developed for the industry. The existing prototype that the individual has may help him notice the emergent pattern for the apparently independent and different developments or advances and may lead him/her connect the patterns of the new information with the existing one (prototype(s) stored in the memory) and develop new ideas. Also due to a number of years of expertise in a certain industry the individual may develop certain exemplars in the memory that will help him/her recognize multifaceted patterns in the environment. It was found that to identify an idea and recognize an opportunity in a specific industry it is crucial to be knowledgeable about the domain with a solid understanding of the knowledge base (Shepherd and DeTienne, 2001). Therefore perceiving and identifying emergent patterns in the environment may help individual recognize opportunities and come up with novel ideas for new ventures. Based on this reasoning we suggest the following proposition.

Proposition # 5: The more entrepreneurs engage in any of the determinants in the Porter's diamond model the more their pattern recognition will be stimulated in opportunity recognition.

DISCUSSION

Opportunity recognition is a multidimensional process in nature. As it was found in early research entrepreneur and information are central in the process. Information obtained from numerous sources in the environment is assimilated by the entrepreneur's cognitive mechanism. Therefore zooming in the cognitive process will help us to understand how entrepreneurs incorporate information in the external environment to recognize opportunities.

To date early work did valuable contributions in our understanding of the opportunity recognition process by highlighting various "elements" in the external environment such as networks, demand and supply gaps, price differences, technology substitution and innovation (Thakur, 1999), technology context (Zahra, 2008), technological change (Shane, 2000); environmental dynamism (Wiklund and Shepherd, 2003); customer demand (Choi and Shephers, 2004); industry deregulation (Jennings and Seaman, 1990); industry characteristics, geographic dispersion (Davidsson, 1991). Extending previous research we suggest that the Porter's diamond model (determinants of industry competitiveness) could also play a role in the opportunity recognition process and trigger entrepreneurial mindset (i.e., the cognitive processes).In other words information generated by these determinants prepares entrepreneur's mindset to be alert to opportunities. Therefore informed entrepreneurs more likely recognize opportunities related with the industries in which Porter's determinants are "optimal".

The ideas presented in this paper are a step towards future entrepreneurship research in opportunity recognition. We suggest further empirical investigation of the propositions presented in this paper. Yet we hope the propositions we raised in this paper have promising fruitful implications for the policy makers. Policymakers may want to promote entrepreneurship in industries where Porter's determinants are "optimal". Therefore subsidized loans or regulatory exemptions can be applied to such these industries.

In the future there is still need to investigate various other contexts to underpin the opportunity recognition process. Therefore future entrepreneurship researchers need to examine the interaction of entrepreneur with various other environmental contexts, industries or economies and apply different theories to advance opportunity recognition research further.

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THE INFLUENCE OF PROACTIVE PERSONALITY ON SOCIAL ENTREPRENEURIAL INTENTIONS AMONG AFRICAN-AMERICAN AND HISPANIC UNDERGRADUATE STUDENTS: 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.

INTRODUCTION

In this present study, the author will explore the possibility that hope moderates the relationship between proactive personality and social entrepreneurial intentions among African-American and Hispanic undergraduate students. Research has begun to move from merely examining personality as a main effect (Barrick, Parks & Mount, 2005), to focus on the moderating or mediating effects that explain how personality influences a dependent variable. This approach can also be taken to examine the relationship between proactive personality and social entrepreneurial intentions and to investigate whether hope moderates this relationship.

In the United States African-American and Hispanic communities are disproportionately more prone to poverty, violent crime and other social ills. Identifying and solving large scale social problems requires social entrepreneurs because only entrepreneurs have the committed vision and inexhaustible determination to persist until they have transformed an entire system (Drayton, 2005). Disadvantaged communities need social entrepreneurs to generate innovative solutions to complex problems to transform their societies. There is a need to figure out which individuals are most likely to have social entrepreneurial intentions in order to train and equip them with the necessary knowledge, skills and abilities that will allow them to be effective social entrepreneurs that are equipped to handle some of society's complex problems such as poverty, crime, HIV, etc.

SOCIAL ENTREPRENEURSHIP

The concept of social entrepreneurship has been rapidly emerging in the private, public and non-profit sectors over the last few years, and interest in social entrepreneurship continues to grow (Johnson, 2002). Currently, the non-profit sector is facing intensifying demands for improved effectiveness and sustainability in light of diminishing funding from traditional sources and increased competition for these scarce resources (Johnson, 2002). At the same time, the increasing concentration of wealth in the private sector is promoting calls for increased corporate social responsibility and more proactive responses to complex social problems, while governments at all levels are grappling with multiple demands on public funds (Johnson, 2002). Social entrepreneurship is emerging as an innovative approach for dealing with complex social needs (Johnson, 2002). With its emphasis on problem-solving and social innovation, socially entrepreneurial activities blur the traditional boundaries between the public, private and non-profit sector, and emphasize hybrid models of for-profit and non-profit activities (Johnson, 2002). Promoting collaboration between sectors is implicit within social entrepreneurship, as is developing radical new approaches to solving old problems (Johnson, 2002).

In the literature overall, the main definitional debates are over the locus of social entrepreneurship (Johnson, 2002). Thompson (2002) argues that social entrepreneurship exists primarily in the non-profit sector. Many define social entrepreneurship as bringing business expertise and market-based skills to the non-profit sector in order to help this sector become more efficient in providing and delivering these services (e.g., Reis, 1999). This category includes non-profits running small, for-profit businesses and channeling their earnings back into social service problems as well as non-profits adopting private sector management techniques in order to get more mileage out of existing resources" (McLeod, 1997). Boschee (1998) distinguishes between for-profit activities which serve to help offset an organization's costs, and what he calls 'social purpose ventures' whose primary purpose is to make a profit which can then be used for non-profit ventures. Others define social entrepreneurship more broadly, and argue that social entrepreneurship can occur within the public, private or non-profit sectors, and is in essence a hybrid model involving both for-profit and non-profit activities as well as cross-sectoral collaboration (Johnson, 2002). These definitions tend to put more emphasis on the 'entrepreneurial' nature of these activities and the creativity and innovation that entrepreneurs bring to solving social problems in unique ways rather than focussing on the social benefits such services can provide (Johnson, 2002). This conceptualization suggests social entrepreneurship can take a variety of forms, including innovative not-for-profit ventures, social purpose business ventures (e.g., for-profit community development banks, and hybrid organizations mixing for-profit and not-for-profit activities (e.g., homeless shelters that start small businesses to train and employ their residents) (Dees, 1998).

William Drayton is thought to have coined the term 'social entrepreneur' several decades ago (Davis, 2002). He is widely credited with creating the world's first organization to promote the profession of social entrepreneurship, Ashoka: Innovators for the Public. Drayton recognized that social entrepreneurs have the same core temperament as their industry-creating, business entrepreneur peers but instead use their talents to solve social problems on a society-wide scale such as why children are not learning, why technology is not accessed equally, why pollution is increasing, etc. The essence, however, is the same. Both types of entrepreneur recognize "when a part of society is stuck and provide new ways to get it unstuck" (Drayton, 2002). Each type of entrepreneur envisages a systemic change that will allow him or her to tip the whole society onto this new path, and then persists and persists until the job is done (Drayton, 2002). Thompson, Alvy, and Lees (2000) described social entrepreneurship as the process of applying entrepreneurial principles to creative vision, leadership, and the will to succeed in inducing social change. Social entrepreneurs are different from business entrepreneurs in many ways. The key difference is that social entrepreneurs set out with an explicit social mission in mind. Their main objective is to make the world a better place. This vision affects how they measure their success and how they structure their enterprises (Dees, 2001). Broadly speaking, two overlapping conceptions of social entrepreneurship can be identified in the literature.

The theory of planned behavior is a good framework for explaining an individual's intention to perform a given behavior (ie. intentions to start a social venture that will positively transform society). Intentions are assumed to capture the motivational factors that influence a behavior; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behavior (Ajzen, 1991). The next section will give a brief review of the theory of planned behavior.

THEORY OF PLANNED BEHAVIOR

The theory of planned behavior is an extension of the theory of reasoned action (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) made necessary by the original model's limitations in dealing with behaviors over which people have incomplete volitional control (Ajzen, 1991). As in the original theory of reasoned action, a central factor in the theory of planned behavior is the individual's intention to perform a given behavior (Ajzen, 1991). Intentions are assumed to capture the motivational factors that influence a behavior; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behavior (Ajzen, 1991). As a general rule, the stronger the intention to engage in a behavior, the more likely should be its performance. The first determinant of intentions is the person's attitude, conceptualized as the overall evaluation, either positive or negative, of performing the behavior of interest (Jimmieson, Peach, & White, 2008). The second determinant of intentions is subjective norm, which reflects perceived social pressure to perform or not perform the behavior (Jimmieson, Peach, & White, 2008). The third determinant of intentions is perceived behavioral control, which reflects the extent to which the behavior is perceived to be under volitional control (Jimmieson, Peach, & White, 2008). Perceived behavioral control has been argued to indirectly affect behavior via intentions and/or have a direct effect on behavior (Ajzen, 1991; Ajzen & Madden, 1986). Ajzen (1991) argued that considered actions are preceded by conscious decisions to act in a certain way. He further theorized that these intentions were the result of attitudes formulated through life experiences, personal characteristics and perceptions drawn from these prior experiences (Kuehn, 2008).

According to Ajzen (1991) the central factor in the theory of planned behavior is the individual's intention to perform a given behavior (ie. intentions to start a social venture that will positively transform society). Intentions are assumed to capture the motivational factors that influence a behavior; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behavior (Ajzen, 1991). As a general rule, the stronger the intention to engage in a behavior, the more likely should be its performance (Ajzen, 1991).

ENTREPRENEURIAL INTENTIONS

Intentions to act are believed central to understanding the behaviors in which people engage. While actual behavior may differ from intended behavior, it has been established that one's intention to act toward something in a certain manner is the most consistent predictor of actual behavior, particularly planned behavior (Krueger, Reilly and Carsrud, 2000). Intentions-based models then are particularly suited to entrepreneurship as the entrepreneurial process is a planned one (Kuehn, 2008). Individual entrepreneurial intent has proven to be an important and continuing construct in entrepreneurship theory and research (Carr & Sequeira, 2007; Hmieleski & Corbett, 2006). All new firms set up by individuals, or groups of individuals outside the formal context of existing firms, begin with some degree of planned behavior on the part of those individuals (Krueger & Reilly, 2000; Shook, Priem, & McGee, 2003).

SOCIAL ENTREPRENEURIAL INTENTIONS

Social entrepreneurial intentions can be described as a person's intention to launch a social enterprise or venture to advance social change through innovation. As previously stated, according to Ajzen (1991) the central factor in the theory of planned behavior is the individual's intention to perform a given behavior (i.e. intentions to start a social venture that will positively transform society).

In recent years college students in the United States and all over the world are enthused about making a difference in the world and are very much engaged in seeking ways in which they can help transform society for the better. Due to students' desire for opportunities to make a difference various universities throughout the United States are introducing social entrepreneurship fellowship programs and courses designed to support students who are launching social enterprises. For example NYU has a social entrepreneurship fellowship that attracts three types of change-makers; 1) those that have or are planning to develop an innovative idea to address a specific social problem in a pattern breaking, sustainable and scalable way, 2) those that will work in and/or build the infrastructure needed for social entrepreneurial work to take root, including individuals who will practice their profession in a social entrepreneurial organization (accountants, lawyers, etc.) and individuals who want to improve the operations and management systems of public, private and not for profit organizations, and 3) those who will bring action oriented awareness on a national and/or global scale to particular social problems through journalism, the arts, photography, film making, television production and other media avenues (Social Entrepreneurship Graduate Fellowship, 2009).

Students with a proactive personality may be more inclined to become social entrepreneurs due to their desire to challenge the status quo and bring about meaningful change. The next section will give a brief review of proactive personality.

PROACTIVE PERSONALITY

Bateman and Crant (1993) developed the proactive personality concept, defining it as a relatively stable tendency to effect environmental change that differentiates people based on the extent to which they take action to influence their environments. Individuals with a prototypical proactive personality identify opportunities and act on them, show initiative, take action, and persevere until meaningful change occurs (Crant, 2000). In contrast, people who are not proactive exhibit the opposite patterns: they fail to identify, let alone seize, opportunities to change things. Less proactive individuals are passive and reactive, preferring to adapt to circumstances rather than change them (Crant, 2000). As work becomes more dynamic and decentralized, proactive behavior and initiative become even more critical determinants of organizational success. For example, as new forms of management are introduced that minimize the surveillance function, companies will increasingly rely on employees' personal initiative to identify and solve problems (Frese, Fay, Hilburger, Leng, & Tag, 1997). Crant (2000) defined proactive behavior as taking initiative in improving current circumstances or creating new ones; it involves challenging the status quo rather than passively adapting to present conditions. Employees can engage in proactive activities as part of their in-role behavior in which they fulfill basic job requirements (Crant, 2000). For example, sales agents might proactively seek feedback on their techniques for closing a sale with an ultimate goal of improving job performance. Extra-role behaviors can also be proactive, such as efforts to redefine one's role in the organization. For example, employees might engage in career management activities by identifying and acting on opportunities to change the scope of their jobs or move to more desirable divisions of the business (Crant, 2000). Crant (1995) demonstrated that proactive personality accounted for incremental variance in the job performance of real estate agents after controlling for both extraversion and conscientiousness.

Proactive personality refers to individuals' disposition toward engaging in active role orientations, such as initiating change and influencing their environment (Bateman & Crant 1993). Proactive people are relatively unconstrained by situational forces, and they identify opportunities, act on them, show initiative, and persevere until meaningful change occurs (Crant, 2000). The key differentiating feature of proactive personality and behavior is an active rather than passive approach toward work (Bateman & Crant, 1993). Several researchers have examined an array of potential outcomes of proactive personality at work. For example, Crant (1995) examined the criterion validity of the proactive personality scale developed by Bateman and Crant (1993). Using a sample of 131 real estate agents, results indicated that the proactive personality scale explained an additional 8% of the variance in an objective measure of agents' job performance beyond experience, social desirability, general mental ability, and two of the big five personality factors– conscientiousness and extraversion. Parker (1998) found that, using a sample from a glass manufacturing firm, proactive personality was positively and significantly associated with participation in organizational improvement initiatives. Becherer and Maurer (1999) examined the effects of a proactive disposition on entrepreneurial behaviors. Results from a sample of 215 small company presidents suggested that the presidents' level of proactivity was significantly associated with three types of entrepreneurial behaviors: starting versus not starting the business, the number of startups, and the types of ownership.

Kim, Hon and Crant (2009) examined the indirect effects of a proactive personality on career satisfaction and perceived insider status, determined the process by which newcomer creativity mediates these relationships. Their findings provided several important theoretical implications. They found that the extent to which new employees possess a proactive personality was associated with their creativity (Kim, Hon & Crant, 2009). Proactive personality has been linked to a number of desirable personal and organizational outcomes, and their findings provided evidence that employee creativity should be added to the positive correlates of a proactive disposition (Kim, Hon & Crant, 2009). Most fundamentally, their study's results extend current proactive personality literature by addressing the underlying process by which proactive personality ultimately manifests itself in individual outcomes (Kim, Hon & Crant, 2009).

The proactive personality scale appears to have the potential for providing further insight into the personality trait- entrepreneurship relationship (Crant, 1996). The proactive personality scale measures a personal disposition toward proactive behavior, an idea that intuitively appears to be related to entrepreneurship (Crant, 1996). In a study conducted by Crant (1996) that examined the relationship between the proactive personality scale and entrepreneurial intentions, proactive personality was positively associated with entrepreneurial intentions. This may also be the case for social entrepreneurial intentions; people with a proactive personality may be more inclined to have social entrepreneurial intentions and may want to influence their environment. More proactive people may have a greater desire to become social entrepreneurs in order to help transform society for the better.

Hypothesis 1: There will be a positive relationship between individuals' proactive personality and social entrepreneurial intentions.

Personality affects outcomes through mediating and moderating processes and mechanisms, and identifying these underlying structures has been posited as a desirable next step for moving the proactive personality literature forward (Seibert, Crant, & Krainer, 1999). For this reason the author also decided to examine *hope* as a potential moderator that may factor in the relationship between proactive personality and social entrepreneurial intentions.

HOPE

Hope is conceptualized and operationalized in various ways by different people. The philosopher and theologian Thomas Aquinas (1927) conceptualized hope as a movement of the appetitive power ensuing from the apprehension of a future good, difficult but possible to obtain. Paulo Freire (1992) stated that hope helps us to "understand human existence, and the struggle needed to improve it." (p. 8). In a qualitative study that examined hope in the Dominican Republic it was found that the subjects viewed hope as an essential but dynamic life-force that grows out of faith in God, and is supported by relationships, resources and work, and results in the energy necessary to work for a desired future (Holt, 2000). Davis-Maye & Perry (2007) in a study that focused on the development of African American girls, conceptualized hope as a concept that continues to compel individuals when the odds seem insurmountable and it fuels resilience, and the ability to achieve and strive despite the existence of barriers.

Due to the hardships that African Americans faced in the United States one would expect that they would be lacking in hope, however, it appears to be the opposite (Adams, Rand, Kahle, Snyder, Berg, King, Rodrigues-Hanley, 2003). In a study of college students, for example, African Americans were higher in hope than their Caucasian counterparts (Munoz-Dunbar, 1993). According to Adams et al (2003), hope consistently has been found to play an important role in the subjective well-being reported by African Americans. Historically, scripture provided stories and text with which African Americans identified with and found hope through God (Hoyt, 1991). Also, through oral tradition, custodians passed on the collective story, including the history, customs, and values of African Americans, thereby imparting insight into the lives of their fore-parents and ways in which they lived with hope (Wimberly, 1996). Adams et al (2003) stated that African Americans draw on hope as a way of remaining resilient in the face of adversity. Also through hopeful thinking, African Americans can gain new insights into their goal attainment activities (Adams et al, 2003). High-hope compared to low-hope African

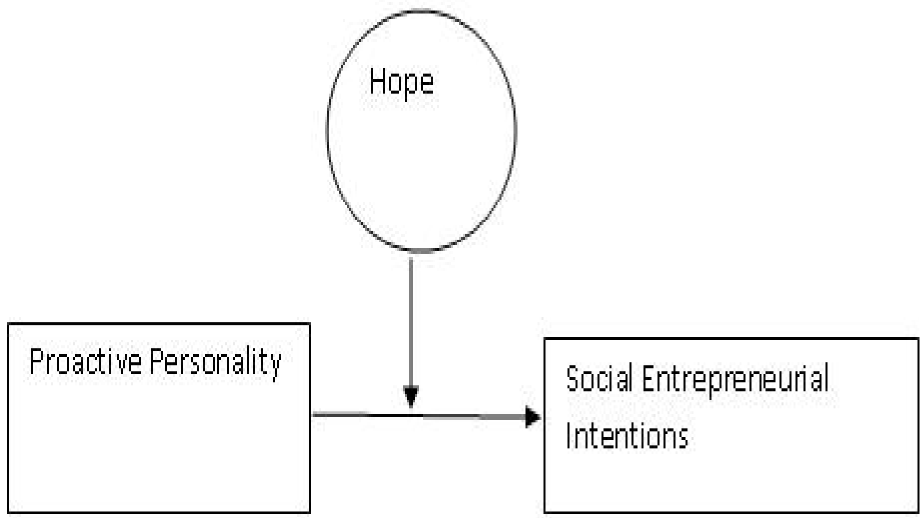
Americans appear to be better able to deal with the blockages to their goal attainments (Adams et al, 2003).

Hope is also a significant construct for Hispanics. In a recent study that examined Hispanic youth it was found that hope may be a particularly important strength or resource among young Hispanics, who often are confronted with the dual challenges of negotiating the transition to adulthood (Phinney, Kim Jo, Osorio, & Vilhjalmsdottir, 2005) and developing a positive bicultural identity within both Hispanic and European American cultures (Phinney & Devich Navarro, 1997; Romero & Roberts, 2003). As these youth identify and develop goals across various life arenas, they may need to marshal agency and pathways thoughts to navigate around obstacles such as poverty, discrimination, and other bicultural stressors (Edwards, Ong, Lopez, 2007).

The basic premise of hope theory (Snyder, Harris, Anderson, Holleran, Irving, Sigman, Yoshinobu, Gibb, Langelle, & Harney, 1991) is that hope is comprised of not only emotion, but thinking as well. Indeed, according to hope theory, thinking is at the core of hope (Snyder, 2002). While investigating the phenomenon of excuse making by individuals when they failed to perform well, Snyder discovered that even though these individuals had reasons for not doing well they also expressed the desire to establish positive goals (Helland & Winston, 2005).

The reality of hope as a phenomenon has been confirmed through research conducted over the past decade resulting in a cognitive based theory of hope (Helland & Winston, 2005). Hope Theory has been studied in relation to physical and psychological health (Snyder, 1996; Snyder, Irving & Anderson, 1991; Snyder, Feldman, Taylor, Schroeder & Adams, 2000), psychotherapy (Snyder, Michael & Cheavans, 1999) academic achievement and sports performance (Curry, Snyder, Cook, Ruby & Rehm, 1997). Hope has much in common with other positive psychology concepts, yet the theory building and measures of hope have clearly demonstrated it to be an independent construct. For example, empirical analyses have shown that hope, optimism, and self-efficacy are related yet clearly distinct constructs (Magaletta & Oliver, 1999). Also, in a series of studies by Snyder, Cheavans, and Sympson (1997), hope measures have predicted coping, well-being, and reported psychological health responses significantly beyond projections related to measures of anxiety, positive and negative affectivity, optimism, positive outcome expectancies, and locus of control (Luthans & Jensen, 2002). Scholarly reviews indicate that hope is conceptually independent and captures unique predictive powers in explaining how individuals cope and thrive (Magaletta & Oliver, 1999). Organizational research that is either underway or completed includes: hope as a factor in human and social capital management referred to as positive psychological capital (Luthans & Youssef, 2004); the role of hope in sustaining innovation during major changes such as mergers and acquisitions (Ludema, Wilmot, & Srivastva, 1997); the impact of high hope on profits, retention rates, follower satisfaction and commitment (Luthans & Jensen, 2002); the differences of hope levels among social workers and corresponding levels of stress, job satisfaction, commitment and performance (Kirk & Koeske, 1995); the development of positive organizational hope and its impact on organization citizenship behaviors (White-Zappa, 2001). More recently hope theory has been applied to concepts of organizational leadership (Helland & Winston, 2005). This pioneering work has only just begun and there are many unanswered questions regarding the "processes by which leaders influence hope in followers," (Avolio Gardner, Walumbwa, Luthans, & May, 2004, p. 808).

Hypothesis 2: Hope will moderate the relationship between proactive personality and social entrepreneurial intentions such that the higher the hope score, the more individuals will have social entrepreneurial intentions.



Hope as a potential moderator in the relationship between proactive personality and social entrepreneurial intentions.

METHODS

The accessible population for this study was African American and Hispanic full time undergraduate students who attended the institution where this study was conducted during the spring 2010 semester. Application of Cochran's formula determined that a minimum sample size of 176 should be delivered. However in order to ensure that adequate data was collected, the researcher elected to increase the sample size to 1,280. The students received an email from the researcher describing the research and inviting them to participate. The data collection procedure included a web-based survey. An internet link was sent to the students via email. Reminder notices were sent a week after the initial email was sent. A total of 214 students responded to the survey.

Pearson's correlation coefficient was employed to determine if proactive personality was a significant predictor of social entrepreneurial intentions. Moderated multiple regression was utilized to determine whether the proposed moderating variable, hope, strengthened the relationship between the proposed predictor, proactive personality, and the criterion variable, social entrepreneurial intentions. Moderated multiple regression is widely used in management, psychology, and related disciplines. Accordingly, proactive personality, the predictor variable, and hope, the proposed moderator variable, were entered in Step 1 of the moderated multiple regression analysis. In Step 2, the interaction term reflecting the product of the predictor variable (proactive personality) and moderator variable (hope) was entered. A statistically significant increment in R_2 at Step 2, with an effect size of .02, supports a moderator effect.

Proactive personality was measured using the 10-item version of Bateman's and Crant's (1993) measure refined by Seibert et al (1999). A sample item is ''I am always looking for better ways to do things''. All items were rated on a seven point scale ranging from Strongly disagree (1) to Strongly agree (7). The internal consistency of the abbreviated scale was good (alpha = .83). A higher score indicates a more highly proactive personality.

Hope was measured using Snyder, Sympson, Ybasco, Borders, Babyak and Higgins (1996) 6-item, 8-point Likert-type State Hope Scale (alpha = .90). Examples of scale items include "At the present time, I am energetically pursuing my goals" (agency) and "If I should find myself in a jam, I could think of many ways to get out of it" (pathways).

Social entrepreneurial intentions, the dependent variable, was measured using a five-point likert scale, which was modified from an entrepreneurial decision scale (alpha = .92) in Chen, Greene, and Crick (1998). The social entrepreneurial intention instrument was validated by a panel of experts from various universities and institutions who specialize in the study and practice of social entrepreneurship. It will then be field tested via email by 20 undergraduates from a student organization on the campus where this study took place. This researcher used Cronbach's alpha to test for reliability. Cronbach's alpha is the most widely used diagnostic measure of the reliability coefficient that assesses the consistency of an entire scale of related questions. The measures range from 0 to 1. The generally agreed upon lower limit accepted for Cronbach's alpha is .70 (Hair et al., 1998). This researcher set *a priori* the following levels of acceptability: .70 - .79 = acceptable; .80 - .89 = high; .90 and above = very high.

FACTOR ANALYSIS FOR SOCIAL ENTREPRENEURIAL INTENTIONS

The social entrepreneurial intentions scale used in this study consisted of five items. The scale was factor analyzed to determine if underlying factors could be identified. Results of the factor analysis procedure revealed one factor which explained 66.206% of the variance and an eigenvalue of 3.310. The items included in social entrepreneurial intentions, and their loadings (.872, .871, .844, .736, and .733) are presented in Table 1.

Table 1: Component Matrix for Social Entrepreneurial Intentions Scores of African American and Hispanic Undergraduate Students at a Research Extensive University in the Southern United States	
Social Entrepreneurial Intentions	Component
I am interested in launching a social enterprise or venture that strives to advance positive social change	.872
I have considered launching a social enterprise or venture that strives to advance positive social change	.871
I am prepared to launch a social enterprise or venture that strives to advance positive social change.	.844
I am going to try hard to launch a social enterprise or venture that strives to advance positive social change	.736
How soon are you likely to launch your social enterprise or venture that strives to advance positive social change?	.733
Note. Eigenvalue = 3.310, Percent of Variance = 66.206 Extraction Method: Principal Component Analysis	

RESULTS

The descriptive statistics of respondents are summarized below. The first variable on which respondents were described was current age. Respondents were asked to choose the most appropriate range that included their current age. The category options were “18-25”, “26-35”, “36-45”, “46-55”, “56-65”, “66-75”, “76-85”, and “86 and older”. The largest number of respondents indicated their age as between 18 and 25 years (n = 210, 98.1%). The second largest group was the 26-35 age group, with 3 (1.4%). Only one respondent (n = 1, .5%) indicated their age as between 36 and 45 years. Table 2 gives the sample’s age distribution.

Regarding gender of the African American and Hispanic undergraduate study participants; the majority of the participants (n = 136, 63.6%) indicated their gender as female. Seventy eight subjects (36.4%) reported their gender as male.

Respondents were also asked to report their year classification in school. The year classification for the largest group of respondents was senior (n = 66, 30.8%). The second largest group of respondents was sophomores (n = 59, 27.6%). The smallest group of respondents was freshman (n = 39, 18.2%). The information regarding year of classification of respondents is provided in Table 3.

Table 2: Age distribution of African American and Hispanic Undergraduate Students at a Research Extensive University in the Southern United States		
Age in Years	n	Percentage
18-25	210	98.1
26-35	3	1.4
36-45	1	.5
46-55	0	0
56-65	0	0
66-75	0	0
76-85	0	0
86 and older	0	0
Total	214	100

Table 3: Year of Classification Distribution of African American and Hispanic Undergraduate Students at a Research Extensive University in the Southern United States		
School Classification	n	Percentage
Freshmen	39	18.2
Sophomore	59	27.6
Junior	50	23.4
Senior	66	30.8
Total	214	100

Regarding ethnicity of the study participants; the majority of the participants (n = 164, 76.6%) indicated their ethnicity as African American. Fifty subjects (23.4%) reported their ethnicity as Hispanic.

The researcher measured the research participants' proactive personality score, hope score and social entrepreneurial intentions score as measured by the proactive personality scale, the state hope scale and the social entrepreneurial intentions scale. Norms for the scales have not been established. The researcher contacted the scale developers and was advised to base norms on the study sample. Based on this information the scores were organized by the researcher by identifying the points on the scale which divided the scale into quartiles. Individuals in the highest quartile were designated as high (≥75th percentile). Individuals in the middle quartile were designated as moderate (26th-74th percentile). Individuals in the lowest quartile were designated as low (≤ 25 percentile). The mean proactive personality score for the respondents was 5.7 (SD = .88) and the scores ranged from a low of 1.50 to a high of 7.5. Based on the quartiles established using the sample data a high score (≥ 75 percentile) was 6.3 or higher. The percentage of students that had a high score was 25.4% (n = 54). Based on the quartiles established using the sample data a moderate score (26th-74th percentile) was 5.21 to 6.29. The percentage of students with a moderate score was 47.4% (n = 101). Based on the quartiles established using the sample data a low score (≤ 25 percentile) was 5.2 or lower. The percentage of students with a low score was 27.2 % (n = 58).

The mean state hope score was 6.51 (SD = 1.01) and the scores ranged from a low of 2.50 to a high of 8. Based on the quartiles established using the sample data a high score (≥ 75 percentile) was 7.17 or higher. The percentage of students that had a high score was 26.3% (n = 51). Based on the quartiles established using the sample data a moderate score (26th-74th percentile) was 6.1 to 7.16. The percentage of students with a moderate score was 42.3% (n = 82). Based on the quartiles established using the sample data a low score (≤ 25 percentile) was 6 or lower. The percentage of students with a low score was 31.4 % (n = 61).

Table 4: Distribution of African American and Hispanic Undergraduate Students' Proactive Personality (PP), State Hope (SH), and Social Entrepreneurial Intentions (SEI) Scores

Construct	Mean	SD	Min	Max	Percentile (≤ 25)	Percentile (26th-74th)	Percentile (≥75th)
PP	5.7	.88	1.5	7	5.2 (n = 58 or 27.2%)	5.21-6.29 (n = 101, or 47.4%)	6.3 (n = 54 or 25.4%)
SH	6.51	1.01	2.5	8	6 (n = 61 or 31.4%)	6.1-7.16 (n = 82 or 42.3%)	7.17 (n = 51 or 26.3%)
SEI	3.11	.87	1	5	3 (n = 105 or 49.3%)	3.1-3.74 (n = 44 or 20.7%)	3.75 (n = 64 or 30%)

Note. A total of 214 students responded to the survey during the spring 2010 semester.
Proactive Personality Scale: 213 participants responded
State Hope Scale: 194 participants responded.
Social Entrepreneurial Intentions Scale: 213 participants responded

The mean social entrepreneurial intentions score was 3.11 (SD = .87) and the scores ranged from a low of 1 to a high of 5. Based on the quartiles established using the sample data a high score (≥ 75 percentile) was 3.75 or higher. The percentage of students that had a high score was 30% (n = 64). Based on the quartiles established using the sample data a moderate score

(26th-74th percentile) was 3.1 to 3.74. The percentage of students with a moderate score was 20.7% (n = 44). Based on the quartiles established using the sample data a low score (≤ 25 percentile) was 3 or lower. The percentage of students with a low score was 49.3 % (n = 105). Table 4 illustrates the distribution of respondents' scores.

Hypothesis one of the study was to determine whether a positive relationship exists between individuals' proactive personality and social entrepreneurial intentions. The Pearson's correlation coefficient was employed to determine if proactive personality was positively related to social entrepreneurial intentions. Results of the Pearson's correlation coefficient indicated that there was a statistically significant relationship between proactive personality and social entrepreneurial intentions ($r = .397$, $p < .001$); therefore hypothesis one was supported.

Hypothesis two of the study was to determine whether the proposed moderating variable, hope, strengthened the relationship between the proposed predictor, proactive personality, and the criterion variable, social entrepreneurial intentions. Accordingly, proactive personality, the predictor variable, and hope, the proposed moderator variable, were entered in Step 1 of the regression analysis. In Step 2, the interaction term reflecting the product of the predictor and moderator variables was entered. The addition of the product term resulted in an R squared change of .000. This result shows that hope does not moderate the relationship between proactive personality and social entrepreneurial intentions; therefore hypothesis two was not supported. Table 5 presents the results of the moderated multiple regression.

Table 5: The Moderating Role of Hope in the Relationship between Proactive Personality and Social Entrepreneurial Intentions

Model	R2 Change	F Change	df1	df2	Sig. F Change
1	.159	19.817	2	209	.0001
2	.000	.031	1	208	.860

CONCLUSION AND FUTURE DIRECTIONS

The findings demonstrated that there is a positive relationship between having a proactive personality and social entrepreneurial intentions among African American and Hispanic undergraduate students. These findings support the conclusions of Crant (1996) which stated that proactive college students tend to have intentions to become entrepreneurs. Based on this conclusion it can be said that proactive African American and Hispanic students have a desire and intend to make a difference and become social entrepreneurs. The study demonstrated that the proactive personality scale can be used to identify African American and Hispanic students with social entrepreneurial intentions. The next step would be for researchers and practitioners to conceptualize frameworks that can aid in training and developing social entrepreneurs in order to solve some of the complex problems facing the African American and Hispanic communities in the United States. Critical pedagogy and the Center for Creative Leadership's Assessment, Challenge, and Support (ACS) model may be utilized (McCauley & Van Velsor, 2004). The students may be 1) Assessed to determine if they are proactive and have social entrepreneurial intentions; 2) challenged by a curriculum that allows them to think critically about issues affecting their communities and to formulate innovative business plans, and, 3) supported by mentors, and other social entrepreneurs, etc.

The findings demonstrated that hope did not moderate the relationship between proactive personality and social entrepreneurial intentions. This was surprising; however, it may be that African American and Hispanic undergraduate students need more than hope to stimulate their desire to become social entrepreneurs and transform their communities. It is also 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. Future research should consider other possible moderating mechanisms involved in the proactive personality and social entrepreneurial intentions relationship. It is possible that entrepreneurial parents, entrepreneurial self-efficacy, socio-economic status, and other variables may moderate the relationship between proactive personality and social entrepreneurial intentions. There is also general agreement that social networks play a major role in the entrepreneurial process by providing the fundamental resources necessary for starting a business (Boyd, 1989). This has implications for social entrepreneurship.

In conclusion, social entrepreneurial research personality variables have an important role to play in developing theories of the social entrepreneurial process, including such areas as social entrepreneurial intentions and it is important for universities and other institutions to identify and develop African American and Hispanic undergraduate students who have a desire to bring about meaningful change in their communities.

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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

The purpose of this research was to explore entrepreneurs' assessment of their new venture in terms of business outcomes and personal outcomes. Business outcomes and personal outcomes were positively assessed by entrepreneurs who were realistic, optimistic, had high expectations, and had selected entrepreneurial characteristics. Pessimistic entrepreneurs gave negative business and personal outcomes assessments.

INTRODUCTION

In the most recent global turmoil of the financial market, entrepreneurs continue to struggle to secure funding and market opportunities. According to the latest research released by the Small Business Administration, "*in the first three quarters of 2009, small businesses accounted for almost 60 percent of the net job losses, with the greatest losses in the first quarter. By the third quarter, net small firm job losses were one-third what they had been in the first quarter.*" (SBA, 2011) Interestingly, the American Express Open Small Business Monitor found that "*55 percent of entrepreneurs were optimistic about the future of their businesses in September 2009, up 10 percent from earlier in the year.*" (SBA, 2011) This situation brings up a myth 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 (Baron & Shane, 2005; Hey, 1984, Petrakis, 2005; De Meza and Southey, 1996; Coelho and De

Meza, 2006; Brocas & Carrillo, 2004; Puri and Robinson, 2004; Simon and Houghton, 2002; Benz, 2006). 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 linking 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 on 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.

LITERATURE REVIEW

Scholars have generally agreed that a crucial aspect of entrepreneurship involves the recognition of emerging business opportunities, which are often exploited through the new venture formation. While most of the research has focused on entrepreneurs and environment, very little attention has been paid to how entrepreneurs actually feel about the business outcome.

Much of the work on entrepreneurial characteristics has discussed high achievement drive, action oriented, internal locus of control, tolerance for ambiguity, moderate risk taking, commitment, opportunistic, initiative, independence, commitment/tenacity, creativity, and optimism (Liang & Dunn, 2003; Malach-Pines, Sadeh, Dvir, & Yafe-Yanai, 2002; Crane & Sohl, 2004; Liang & Dunn, 2008(1)). Several researchers have discussed the role of optimism as a motive force accounting for persistence and commitment (Kuratko & Hodgetts, 2004; Tennen, Affleck & Klock, 1992; Seligman & Schulman, 1986; McColl-Kennedy & Anderson, 2005).

Optimism has also been characterized as a negative factor in entrepreneurship resulting high risks of failure (Baron & Shane, 2005; Hey, 1984, Petrakis, 2005; De Meza and Southey, 1996; Coelho and De Meza, 2006; Brocas & Carrillo, 2004; Puri and Robinson, 2004; Simon and Houghton, 2002).

Manove (2000) is among one of the first researchers to demonstrate the coexistence of optimists and realists. He explored the interaction between the optimists and realists regarding their self evaluated productivity and competitiveness. Fraser and Greene (2006) in the development of an occupational choice model suggest that entrepreneurs learn from experience and that both optimistic biases in talent beliefs and uncertainty diminish with experience – the more entrepreneurs learn, the more realistic they become. However, none of these researchers provided tool to measure either optimism or realism.

The optimism discussed in the entrepreneurship literature is similar to “dispositional optimism” in psychology. Dispositional optimism is the bias to hold, across time and situations, positive expectations (Sujan, 1999; Wrosch and Scheier, 2003; Chang, 2001; Haugen, Ommundsen, and Lund, 2004). Psychology literature suggests that optimists feel in control of their activities, suggest that those activities will give them more satisfaction, that they have a significant role in initiating projects, have adequate control and time to carry them out, have made more progress toward their goal, and have relatively heightened expectations that the outcomes of their projects will be successful which would yield more positive outcomes in well-being and coping behavior (Jackson, Weiss, Lundquist and Soderlind, 2002; Jackson, Weiss, Lundquist and Soderlind, 2002; Leung, Moneta and McBrice-Chang, 2005; Day and Maltby, 2003; Wrosch and Sheier, 2003; Scheier and Carver, 1987).

Some scholars have discussed relationships between optimism, business opportunities recognition, new venture performance, and positive expectations for entrepreneurs (Ardichvili et al, 2003; Shane and Venkataraman, 2000).

Crane and Crane (2007) conclude that, "Based on a review of the literature spanning almost 25 years, one must conclude that successful entrepreneurs do possess dispositional optimism; that they are goal-oriented individuals; and, importantly, that they persist or continue to pursue these goals despite impediments and setbacks." P. 23. Similarly, Compte and Postelwaite (2004) conclude that, "On those projects they under- take, however, their optimism leads to higher performance, that is, they have higher probability of success." P 1543

On the other hand, Hmielski and Baron (2009) conclude that there is a negative relationship between entrepreneurs' optimism and the performance (revenue and employment growth) of their new ventures. Past experience creating ventures and industry dynamism moderated these effects, strengthening the negative relationship between entrepreneurs' optimism and venture performance. P 473

It is typically assumed that people engage in entrepreneurship because there are profits to be made. In contrast to this view, this paper argues that entrepreneurship is more adequately characterized as a non-profit-seeking activity. Evidence from a broad range of authors and academic fields is discussed showing that entrepreneurship does quite generally not pay in monetary terms. Being an entrepreneur seems to be rather rewarding because it entails substantial non-monetary benefits, like greater autonomy, broader skill utilization, and the possibility to pursue one's own ideas. It is shown how incorporating these non-monetary benefits into economic models of entrepreneurship can lead to a better understanding of the phenomenon.

Benz (2006) may be closer to the truth when he concludes that "Measures that use the standard economic theory performance may be inappropriate for entrepreneurs." He says that there is substantial body of indicating that is not particularly attractive in monetary terms. Entrepreneurs receive non-monetary satisfaction from the higher autonomy, the possibilities to use their skills and ability and opportunity to be creative.

CONCEPTUAL MODEL AND HYPOTHESES

We developed a conceptual model for this study to test how entrepreneur's reflection to new venture creation relates to entrepreneurial characteristics, expectation, optimism, realism, and pessimism. Based on the literature review, entrepreneurs enter the initial phase of entrepreneurial process by recognizing business opportunities. Entrepreneurs have a set of perceptions in this initial phase to expect the new ventures will create individual happiness and will improve individual financial situations, given their optimism/realism/pessimism levels and other characteristics. Entrepreneurs re-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.*

METHODOLOGY

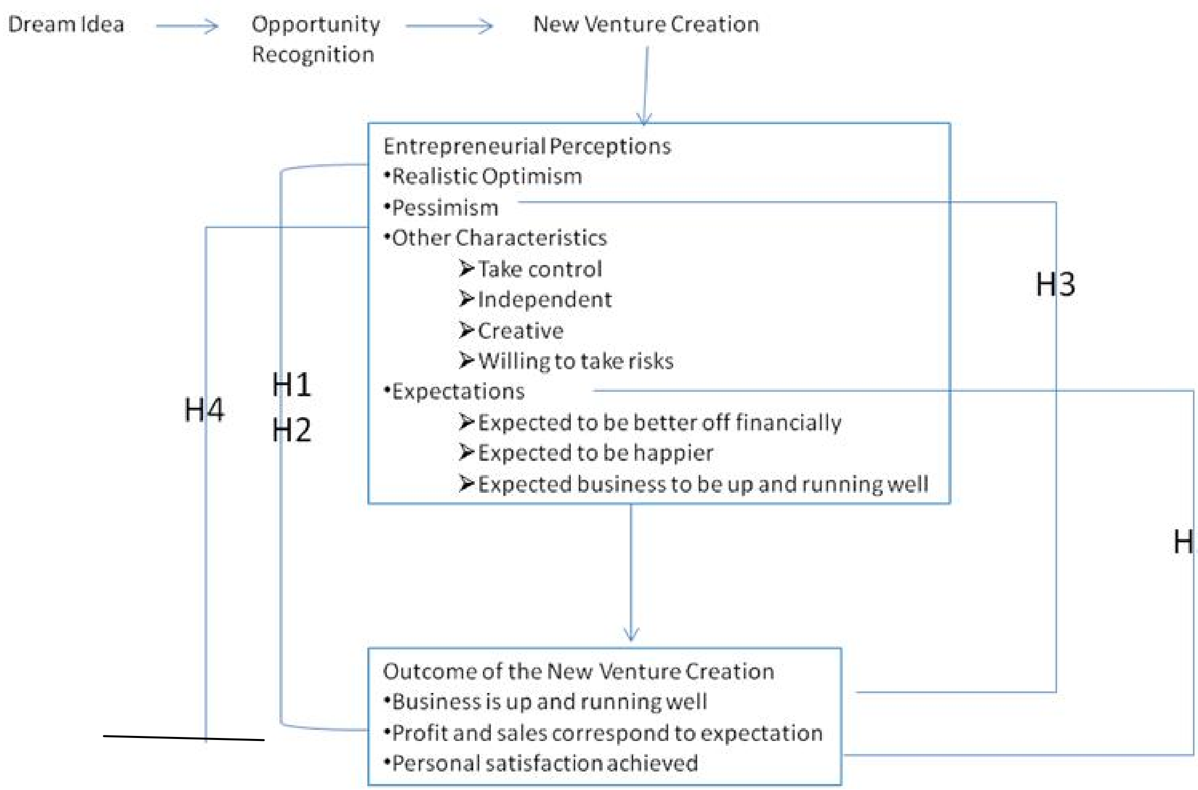
Survey design

The first step of this research was to design a questionnaire. The target respondents to this research were 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.

Entrepreneurial characteristics included in this study were independence, taking control, believed they were creative and being willing to accept risks. The answers were on a Likert scale as Strongly Agree (1), Agree (2), Disagree (3), and Strongly Disagree (4). We avoided the

"Neither Agree Nor Disagree" level and hoped to impose more specific choices on entrepreneurs.

A Conceptual Model Developed for this Study



Optimism assessment statements were adopted from the Life Orientation Test (LOT-R) which contains three positive statements, three negative statements, and four non-scored items as filler statements. Three positive statements were: "In uncertain times, I usually expect the best", "I am always optimistic about my future", "Overall I always expect more good things happen to me than bad". Three negative statements were: "If something can go wrong for me, it will", "I hardly ever expect things to go my way", and "I rarely count on good things happening to me".

The LOT-R test is recognized and used by psychologists as a sufficient and robust tool to measure optimism. The LOT-R has been used to explore personal control in sports, to investigate the relationship between optimism and depression/coping/anger, to analyze effects of optimism on career choice and well-being, and to examine the impact of optimism on changes of environment and circumstantial situations (Burke, et. al. 2006; Burke, Joyner, Czech and Wilson, 2000; Puskar, Sereika, Lamb, Tusaie-Mumford and Mcguinness, 1999; Creed, Patton and

Bartrum, 2002; Perczek, Carver, Price and Pozo-Kaderman, 2000; Sydney, et. al. 2005). Clinical researchers have used the LOT-R to explore how optimism affects patients in dealing with health problems and therapies (Walker, Nail, Larsen, Magill and Schwartz, 1996). The LOT-R is available on-line and it is free for researchers to use (Centre for Confidence and Well-being, 2006). There are 5 levels of choices in the original LOT-R test, which are I Agree a Lot (1), I Agree a Little (2), I Neither Agree Nor Disagree (3), I Disagree a Little (4), and I Disagree a Lot (5).

There is no research-based instrument to measure *realism* in the literature. We generated a list of realism statement, conducted a thorough literature review in psychological and entrepreneurial research, and extensive discussions and consultations with entrepreneurs and entrepreneurship educators. The seven realism statements were: “I usually set achievable goals”, “I usually look before I leap”, “When planning, I usually consider both negative and positive outcomes”, “I am always realistic about my future”, “I try to be reasonably certain about the situation I face when starting an important activity”, and “I usually weigh the risks and rewards when making decisions”. Entrepreneurs responded based on a five-point Likert scale ranging from “I agree a lot” to “I disagree a lot”, which was the same scale used in LOT-R testing optimism statements.

Using the reliability test on the responses received from our sample of married entrepreneurs, Cronbach’s Alpha statistic showed a much higher confidence level for the realism statements, 0.838, compared with the optimism statements, 0.350, (Table 1).

Table 1. Reliability of Tests Used

Realism Variables		Optimism Variables	
Reliability Statistics	Number	Reliability Statistics	Number
Cronbach's Alpha	Variables	Cronbach's Alpha	Variables
0.838	7	0.350	6

Survey procedure

The questionnaire was pre-tested among researchers and entrepreneurs and administered to business entrepreneurs by a research contact person. 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 business owners in the Mississippi River Delta region between 2007 and 2009. There were 354 respondents totally.

Statistical analysis

Factor analysis is applied to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis can also be used to generate hypotheses regarding causal mechanisms or to screen variables for subsequent analysis. In our case, we use the factor analysis to extract factors that have similar patterns in optimism, realism, pessimism, other entrepreneurial characteristics, and entrepreneurial expectations. Principal components extraction (PC) method is applied to extract factors based on calculating factor loadings. A regression equation is then constructed to test the relationship between entrepreneurial perceptions on spousal reactions to new venture process and individual happiness/financial improvement. A general form of the regression equation can be expressed as:

$$Y_i = b_0 + b_1h_1 + b_2h_2 + b_3h_3 + \cdots + b_nh_n + random\ errors$$

Where Y_i represents the *i*th group of responses of the entrepreneurs' reactions (i = 1, 2, 3, 4), b_n represents the levels or tendency of each factors corresponding to Y_i, and h_n represents the *n*th factors corresponding to Y_i.

Six sets of regression equations were calculated:

Y_1: My business is up and running well (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)
Y_2: The sales are higher than expected (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)
Y_3: The profits are higher than expected (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)
Y_4: I am happier after I start the business (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)
Y_5: I am better off financially after I start the business (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)
Y_6: I would start another business again (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)

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.

FINDINGS

Sample profile

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. (Table 2)

Table 2. Entrepreneurial Demographics						
Gender	Frequency	Percent		Age	Frequency	Percent
Female	129	36.4		under 30	62	17.8
Male	225	63.6		30-50	169	48.4
Total	354	100.0		Over 50	118	33.8
Race				Total	349	100.0
White	281	79.6		Education		
African American	56	15.9		<High School	11	3.6
Asian	9	2.5		High School	84	27.4
Hispanic	5	1.4		Some College	96	31.3
American Indian	1	.3		College	93	30.3
Other	1	.3		Graduate	23	7.5
Total	353	100.0		Total	307	100.0
Marital Situation						
Single	59	16.7				
Single/children	49	13.9				
Married/children	225	63.7				
Married wo children	20	5.7				
Total	353	100.0				

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. (Table 3)

Table 3. Business Demographics						
Type Business	Frequency	Percent		Rural/Urban	Frequency	Percent
Retail	107	30.5		rural	133	37.7
Service	206	58.7		urban	220	62.3
Distribution	10	2.8		Total	353	100.0
Contractor	4	1.1		Full-Time Employees		
Other	9	2.6		1-5	209	68.1
Manufacturer	15	4.3		6-10	41	13.4
Total	351	100.0		11 and over	44	14.3
When Started				None	13	4.2
Last five years	109	37.5		Total	307	100.0
6-10 years	56	19.2		Part-Time Employees		
11-15 years	42	14.4		1-5	159	63.6
Over 15 years	84	28.9		6-10	18	7.2
Total	291	100.0		11 and over	23	9.2
				None	50	20.0
				Total	250	100.0

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. (Table 4)

FINDINGS

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.

Table 4 Entrepreneurial Experience						
Line Experience	Frequency	Percent		Mgt Exp	Frequency	Percent
Yes	219	63.1		1-5	49	31.8
No	128	36.9		6-10	28	18.2
Total	347	100.0		11+	53	34.4
Operation Experience				None	24	15.6
0-5	78	39.8		Total	154	100.0
6-10	40	20.4		Mgt Exp Before		
11+	56	28.6		1-5	71	29.7
None	22	11.2		6-10	32	13.4
Total	196	100.0		11+	52	21.8
				None	84	35.1
				Total	239	100.0

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; I expect my family to be happier after I start the new business; I expect to be financially better off after starting the business; I expect family 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.

Researchers have been contemplating to find the answer of a million-dollar question: why do people become entrepreneurs starting their businesses? There might not be a one-size-fits-all answer to this question. Our sample has revealed some very interesting results that have not been fully discussed in literature. Six regression models were constructed to analyze if and to what extend different entrepreneurial psychological factors relate to outcome assessment. (Table

6) 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, their did not think their businesses were up and running well. (Table 6, Model 1)

Table 5. Factor Analysis

Rotated Component Matrix[a]

	Component				
	Realism	Expectations	Optimism	Characteristics	Pessimism
Set Achievable goals	.390	.059	.516*	.178	.008
Leap	.733	-.019	-.086	.013	-.010
NegPos Outcomes	.562	.077	.267	.050	.069
Find Information	.777	.014	.184	.069	-.105
Realistic About the Future	.529	.055	.310	.088	-.115
Weigh the risks and rewards	.759	.065	.239	.027	.044
Certain About the Situation	.727	.059	.214	.048	-.077
Expect the Best	.173	-.082	.762	-.053	-.080
Go Wrong	.036	-.015	-.250	.079	.691
Always Optimistic	.317	.081	.618	.139	-.096
Don't Expect Things to Go My Way	-.076	.082	-.040	-.077	.859
Rarely Count on Good Things	-.064	.008	-.024	-.062	.819
Expect More Good Than Bad	.273	.099	.539	.178	-.233
Independence	.097	.137	-.018	.849	.003
Control	-.034	.053	.027	.854	.024
Creative	.062	.100	.483	.542	-.145
Risk Acceptance	.188	.060	.319	.541	-.055
Expected I would be happier	.047	.855	-.017	.138	.050
Expected family to be happier	.002	.864	.056	.124	.050
Expected to be better off	.026	.880	.018	.025	.015
Family expect to be better off	.126	.824	.075	.021	-.042

Table 6. Regression Results							
Model 1: My business is up and running well				Model 2: Sales are better than I expected			
R^2	0.166	Sig	0.000***	R^2	0.042	Sig	0.026***
Durbin-Watson	1.809			Durbin-Watson			
Coefficients				Coefficients			
Optimism	0.161***			Optimism	0.065*		
Realism	0.071**			Realism	0.036		
Pessimism	-0.064			Pessimism	-0.077*		
Expectations	-0.036			Expectations	-0.006		
Other Characteristics	0.168***			Other Characteristics	0.073*		
Model 3: My profits are higher than I have expected				Model 4: I am happier after starting the business			
R^2	0.061	Sig	0.000***	R^2	0.177	Sig	0.000***
Durbin-Watson	1.993			Durbin-Watson	1.877		
Coefficients				Coefficients			
Optimism	0.066*			Optimism	0.181***		
Realism	0.023			Realism	0.049		
Pessimism	-0.128***			Pessimism	-0.14***		
Expectations	-0.061			Expectations	0.085**		
Other Characteristics	0.067*			Other Characteristics	0.172***		
Model 5: I am better off financially				Model 6: I would start another new venture			
R^2	0.125	Sig	0.000***	R^2	0.119	Sig	0.000***
Durbin-Watson	1.998			Durbin-Watson	1.974		
Coefficients				Coefficients			
Optimism	0.163***			Optimism	0.094**		
Realism	0.118***			Realism	0.087**		
Pessimism	-0.109***			Pessimism	-0.094**		
Expectations	0.058			Expectations	-0.01		
Other Characteristics	0.117***			Other Characteristics	0.211***		
Note: *** indicates statistically significant at 1%. ** indicates statistically significant at 5%. * indicates statistically significant at 10%.							

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. (Table 6, Model 2 & Model 3)

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. (Table 6, Model 4)

Even though some respondent did not think their expectation 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. (Table 6, Model 5)

Finally we asked entrepreneurs: "give all you know now, will 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 disagreed. (Table 6, Model 6)

CONCLUSIONS AND IMPLICATIONS

This study focused on entrepreneurs and their assessment of their venture outcomes. We have attempted to show that entrepreneurs do think that their ventures provide satisfactions other than profits. Specifically, those who were optimistic, had higher expectations, had the selected entrepreneurial characteristics and were realistic felt that their business was up and running well, met their sales and profit expectations, improved their financial well being and they were happier from having started the new venture. They were, in fact, willing to start another venture. Those who were pessimistic had a negative assessment of their ventures 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 confirmed.

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