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Sherry Robinson, Editor
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The manuscripts contained in this volume have been double blind refereed. The acceptance rate for manuscripts in this issue, 25%, conforms to our editorial policies.

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SOCIAL ENTREPRENEUR DEVELOPMENT: AN INTEGRATION OF CRITICAL PEDAGOGY, THE THEORY OF PLANNED BEHAVIOR AND THE ACS MODEL

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ABSTRACT

It is essential to identify and develop social entrepreneurs in order to solve some of the complex problems facing various communities. In this article, the authors draw on the works of Paulo Friere, as well as The Center for Leadership Development's Assess, Challenge, Support (ACS) model and the Theory of Planned Behavior (TPB), to serve as a blueprint for Social Entrepreneur Development (SED). The authors assessed the social entrepreneurial intentions scores of African-American and Hispanic college students and found that they possess low intentions to become social entrepreneurs. The Theory of Planned Behavior, the ACS model, and critical pedagogy serve as a guide to develop tomorrow's agents of change and to increase their intentions to become social entrepreneurs.

Keywords: Social entrepreneurship, critical pedagogy, theory of planned behavior, ACS model, social entrepreneur development

INTRODUCTION

Universities and other institutions may want to train and develop tomorrow's agents of change in order to bring about positive social change in disadvantaged communities. *Social entrepreneur development*, which is the process of equipping individuals with the knowledge, skills, and resources to enable them to positively impact society through social entrepreneurial ventures, may be the best way to bring about this social transformation. Social entrepreneurship is emerging as an inventive 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). 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. The job of the social entrepreneur is to recognize when a part of

society is not working and to solve the problem by fixing the system, spreading solutions and persuading entire societies to take new leaps (Drayton, 2005).

Some minority college students have succeeded in making a difference in their communities, and their vision coupled with social entrepreneurial training could be instrumental in reducing many social ills, including poverty, crime, and discrimination. African American and Hispanic undergraduate students should be developed as social entrepreneurs so that they can be equipped to create ventures that bring about meaningful change in disadvantaged communities.

COLLEGE STUDENTS AND SOCIAL CHANGE

The role of college students as agents of change has been identified through various movements and occurrences of activism that involved student-initiated collective action against authoritative social and political structures (Mars, 2009). Lipset and Schaflander (1971) identified such movements and activism as far back as the student involvement in the nineteenth century revolutionary movements in France, Germany, and Italy. More recently, student activism has been widely recognized through the demonstrations of the civil rights movement, protests against America's involvement in the Vietnam conflict, and collective support for the divestment of South African Apartheid (Mars, 2009). Students have also been shown to engage in grassroots leadership that was intended on creating organizational change within colleges and universities (Mars, 2009). For example, over the past two decades a new form of student activism has emerged on campuses around the country (Rhoads, Buenavista, & Maldonado, 2004).

Campus organizations representing students of color have increasingly united for the purpose of enhancing academic support for students from underrepresented or marginalized ethnic or racial backgrounds (Rhoads, Buenavista, & Maldonado, 2004). Student organizations representing African American, Asian American, Latino, and Native American students have pooled their resources and political clout in order to enhance retention efforts (Rhoads, Buenavista, & Maldonado, 2004). The programs and activities developed by such efforts are largely student initiated. For example, at one campus, student organizations representing African American, Philipino, Chicano, Native American, and Vietnamese students have formed an umbrella organization that coordinates an extensive array of recruitment and retention activities (Rhoads, Buenavista, & Maldonado, 2004).

The study of social entrepreneurship has been mostly limited to the large scale efforts of elite and influential actors to create social transformation (O'Connor, 2006); there is definitely a need to examine marginalized groups' social entrepreneurial intentions. The exploration of socially-oriented student entrepreneurs who act as grassroots agents of change offers a less-elite perspective on social entrepreneurship (Mars, 2009).

MINORITIES AND SOCIAL CHANGE

In the 20th century, social and political activism was an important aspect of student life and culture in the United States (Franklin, 2003). As historians and other social scientists begin

to assess the dominant patterns and trends in movements for social change over the past century, they are beginning to conclude that student activism was an important element in itself, and as part of larger social reform movements (Franklin, 2003). African American and Hispanic college students showed the potential for social entrepreneurship and this was evident in the student activism and civic engagement which was displayed during efforts to fight for racial justice and immigration reform. In the following sections, the researcher will highlight African American and Hispanic students' involvement in movements for social change.

HISPANICS AND SOCIAL CHANGE

The civic potential of young Hispanics became very evident in early 2006. Rallies were held across the United States in support of immigration policy reform that was sympathetic to immigrants (Wilkin, Katz & Ball-Rokeach, 2009). From the end of March to the middle of April 2006, young people held rallies at their schools, or walked out of school, to express their support for immigrant workers and the need for immigration reform (Bada, Fox, & Selee, 2006). Surprising the American political elite and general populace, the pro-immigrant rights marches signified for many 'the awakening of the sleeping giant' – the stirring of Hispanic political activism, which in due time has the potential to translate into sustained political mobilization and empowerment (Reyes, 2007). Although Hispanic activism is in itself not a new phenomenon, the marches were unprecedented in terms of size and scope (Reyes, 2007).

Hispanic college students can play a vital role in the movement towards immigration reform and other issues relevant to their communities. If they are properly trained to become social entrepreneurs, they can advocate and organize for comprehensive immigration reform, work to counter anti-immigrant policies and groups, and help grassroots voices shape and influence the immigration debate at the national level. Unfortunately, however, most grant-making foundations ignore Hispanics (Cortes, 1999). Of all the funds granted each year by major U.S. foundations, the amount earmarked for Hispanics fluctuates between 2 percent and three-quarters of 1 percent (Cortés, 1991).

The existence of Hispanic nonprofits is largely the result of incomplete integration and lack of opportunity for Hispanics in mainstream economic and legal institutions (Cortes, 1999). Hispanics formed many of their informal associations as a collective response to persecution by other U.S. residents and institutions. Informal associations of Hispanics eventually led, in some cases, to establishment of formal, tax-exempt nonprofit corporations controlled by Hispanics for the benefit of their own communities (Cortes, 1999). It is very important for universities and other institutions to prepare proactive Hispanic students to become social entrepreneurs in order to make an impact in their communities which have been largely ignored.

AFRICAN AMERICANS AND SOCIAL CHANGE

The civic potential of young African Americans became very evident in September 2007. The September 20th 2007 mobilization that attracted 60,000 Black youth and their supporters to

Jena, LA, to protest the injustice meted out to six Black high school students breathed new life into a fading protest tradition (Hotep, 2008). Civil rights activists such as Al Sharpton and Jesse Jackson viewed the Jena mobilization as a "rekindling of the spirit of the civil rights movement" when wide-spread discontent with institutional racism stirred thousands of *ordinary* African American people to behave in extraordinary ways (Hotep, 2008).

Hurricane Katrina also spurred young African American students to make a difference in their community. Students from Dillard University, a historically black university in New Orleans, were actively engaged with organizations, agencies, and businesses in the Gentilly neighborhood of New Orleans, as they initiated community service and service learning activities in conjunction with medical, mental health, and social welfare assistance agencies.

An example of an African American social entrepreneur making a positive difference is E. Aminata Brown. Brown was sickened by the plight of women in parts of Ghana. Accra and other big Ghanaian cities such as Kumasi and Takoradi are magnets for adolescent girls and young women from rural villages who flee their birthplaces because of dire economic conditions, which systemically deprive them of access to higher education, vocational training, and basic income opportunities (Lee, 2008). While living in Accra, Ghana from 1999-2003, Brown founded a creative African women's collective, consisting of young women from rural villages (Lee, 2008). With this collective, she led the innovation, design and development of artistic textile products called BaBa Blankets™, which are exported to Europe and the United States. Brown's social enterprise provides under-educated women with a creative growth environment, as well as offers them sustainable income and other vital resources. Through the ongoing development of BaBa Blankets™, Brown intends to expose the world to the vibrant beauty of West African culture and the boundless potential of its people (Lee, 2008).

African American and Hispanic undergraduate students have the potential to create social enterprises that can impact their communities and the world. Social entrepreneurship can be one of their major approaches to address complex social needs. However, they should be adequately prepared so that as social entrepreneurs, they can fully and expediently utilize entrepreneurial principles to organize, create, and manage a venture to bring about the social change that is needed.

IMPETUS FOR MODEL DEVELOPMENT

History has shown that minority college students have the potential to make a positive difference in society. Social entrepreneurship is credited as one means of making such a difference. However, empirical results based on the authors' research reveal that social entrepreneurial intentions among African American and Hispanic undergraduate students are quite low (see Table 1). The accessible population for the study was African American and Hispanic fulltime undergraduate students who attended a research extensive institution in the Southern United States during the spring 2010 semester. A simple random sample of n = 176 was drawn from the population of N = 2,545 African American and Hispanic undergraduate students at the institution where the study was conducted.

Social entrepreneurial intentions were measured using the Social Entrepreneurial Intentions scale (SEI) which is a five-point Likert scale, modified from an entrepreneurial decision scale in Chen, Greene, and Crick (1998). The Cronbach's alpha was 0.86. Examples of scale items included "I am interested in launching a social enterprise or venture that strives to advance positive social change" and "I am prepared to launch a social enterprise or venture that strives to advance positive social change".

The African American and Hispanic undergraduate 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.

Table 1: Distribution of African American and Hispanic Undergraduate Students' Social Entrepreneurial Intentions (SEI) Scores

Construct	Mean	Std. Dev.	Min	Max	Percentile ($\leq 25^{th}$)	Percentile (26^{th}-74^{th})	Percentile ($\geq 75^{th}$)
SEI	3.11	.87	1	5	3 n = 105 (49.3%)	3.1 - 3.74 n = 44 (20.7%)	3.75 n = 64 (30%)

Note. A total of 213 students responded to the survey during the spring 2010 semester.

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 ($\geq$ 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 (26^{th}-74th percentile) was 3.1 to 3.74. The percentage of students with a moderate score was 20.7% (n = 44). Based on these established quartiles using the sample data, a low score ($\leq$ 25 percentile) was 3 or lower. The percentage of students with a low score was 49.3 % (n = 105).

Since African American and Hispanic undergraduate students, on average, have low social entrepreneurial intentions, as revealed by the scores, one can conclude that African American and Hispanic students do not have a strong desire to make a difference by creating non-profit or for-profit social enterprises and ventures that can impact their communities and society in general. Greenleaf (2002) pointed out that one of the flaws in the U.S education system is that it does not prepare individuals for leadership and does not encourage the poor to improve the communities in which they were raised.

Universities and other institutions may use these results as justification to prepare and equip minority college students with the skills and resources to enable them to positively impact their communities through social entrepreneurial ventures. These students may not have high social entrepreneurial intentions because of numerous factors, including a lack of the knowledge, skills and abilities necessary to start and sustain such a venture, or an absence of supportive figures to motivate them, or provide them with other forms of assistance. The authors have observed the need to conceptualize a framework of social entrepreneur development, based upon

critical pedagogy, the theory of planned behavior, and the Center of Creative Leadership's ACS model, that will help educators increase social entrepreneurial intentions and behavior among minority college students.

CRITICAL PEDAGOGY

Paulo Freire, the Brazilian educator and influential scholar in the areas of critical pedagogy and critical social theory, inspired educators throughout the world. He influenced scholars and practitioners alike through many of his works such as *Pedagogy of the Oppressed*, *Pedagogy of Hope*, and his theory of education. The work of Freire has continually been associated with the themes of liberation and oppression, and his critical pedagogy is visionary in its attempt to bring about social transformation (Jackson, 2007).

It is the authors' belief that critical pedagogy can be significant tools in developing minority students to become social entrepreneurs. It is not enough to simply identify these students; there is a need for universities and other institutions to play a major role in developing individuals that will challenge the status quo. Cho (2010, p. 311) stated that "at its core, critical pedagogy has the following two major agendas: transformation of knowledge (e.g. curriculum) and pedagogy (in a narrow sense, i.e. teaching). The most significant focus of critical pedagogy is the relationship between knowledge and power. By asserting that knowledge is intrinsically interwoven with power, critical pedagogy adamantly and steadfastly dismisses the mainstream assumption of knowledge as objective and neutral."

Presently, universities are not doing enough to prepare marginalized groups to challenge the status quo in the United States. Greenleaf (2002) pointed out that one of the flaws in the education system is that the current system does not prepare individuals for leadership, and does not encourage the poor to improve the communities in which they were raised; rather they are given goals to move into the areas of the upper class.

Critical pedagogy can play a large part in the education of African American and Hispanic undergraduate students because it calls educators to activism. Activists stand between the constituent base and the power-holders (Brown, 2004). Their role is to organize constituents, articulate their concerns, and negotiate/advocate on their behalf with power-holders and to develop a repertoire of action strategies with the long-term aim of shifting power (Tilley, 1993). Educational activists recognize the ethical dimensions of teaching other people's children. They work to provide them with the highest quality of education they would desire for their own children, and they learn to work as an ally with the community (Brown, 2004). Educational activists share power with marginalized groups, they seek out networks, and they teach others to act politically and to advocate individually and collectively for themselves and other marginalized groups (Brown, 2004). Activism requires a "critical consciousness" and an ability to organize "reflectively for action rather than for passivity" (Freire, 1985, p. 82). Banks (1981) concurred, "They must also develop a sense of political efficacy, and be given practice in social action strategies which teaches them how to get power without violence and further exclusion.

Opportunities for social action, in which students have experience in obtaining and exercising power, should be emphasized within a curriculum that is designed to help liberate

excluded ethnic groups (Banks, 1981). Critical pedagogy can be utilized to prepare African American and Hispanic undergraduate students to tap into their potential and to challenge the status quo and help reduce some of the social ills facing the United States and the world as we know it. Consistent with a Freirian vision of education, universities need to embrace forms of teaching and learning that promote increased awareness and understanding of the ways in which social forces act on people's lives to produce and reproduce inequalities (Rhoads, 2009).

University education needs to move beyond normalized conceptions of knowledge and truth and include counter and oppositional narratives in order that students might develop the kinds of critical questions necessary for confronting complex social and global realities (Rhoads, 2009). Likewise, universities and other institutions are needed to prepare disenfranchised groups to become social entrepreneurs.

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). 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).

For some scholars, social entrepreneurship refers to the creation of positive social change, regardless of the structures or processes through which it is achieved (Tracey & Phillips, 2007). Indeed, this underpins the influential work of Dees (1998), whose definition is perhaps the most commonly cited and used. From this perspective, social entrepreneurs are concerned with reconfiguring resources in order to achieve specific social objectives, and their success is measured by the extent to which they achieve "social transformation" (Pearce, 2003; Alvord, Brown, & Letts, 2004). While they may develop business ventures in order to fund their activities, they are as likely to rely on philanthropy or government subsidy to achieve their social missions (Tracey & Phillips, 2007).

A second strand in the literature focuses on generating "earned income" in the pursuit of social outcomes (Boschee, 2001). From this perspective, social entrepreneurship is concerned with enterprise for a social purpose and involves building organizations that have the capacity to

be both commercially viable and socially constructive (Tracey & Phillips, 2007). It therefore requires social entrepreneurs to identify and exploit market opportunities in order to develop products and services that achieve social ends, or to generate surpluses that can be reinvested in a social project (Leadbeater, 1997).

"Social entrepreneurs are not content just to give a fish or to teach how to fish. They will not rest until they have revolutionized the fishing industry" (Drayton, 2005). 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). In spite of the varying definitions of social entrepreneurship, one commonality emerges in almost every description: the 'problem-solving nature' of social entrepreneurship is prominent, and the corresponding emphasis on developing and implementing initiatives that produce measurable results in the form of changed social outcomes and/or impacts (Johnson, 2002).

Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting heightened accountability to the constituencies served and for the outcomes created (Dees, 1998).

Although the concept of social entrepreneurship may be new, initiatives that employ entrepreneurial capacities to solve social problems are not (Alvord, Brown, & Letts, 2004). For years, agencies have launched programs and implemented interventions to help impoverished and marginalized groups (Alvord, Brown, & Letts, 2004). Government aid agencies and private foundations have invested billions of dollars to support such initiatives, and some of them have been quite innovative (Alvord, Brown, & Letts, 2004). While entrepreneurial phenomena aimed at economic development have received a great amount of scholarly attention, entrepreneurship as a process to foster social progress has only recently attracted the interest of researchers (Alvord, Brown, & Letts, 2004).

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. 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, New York University 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).

THEORY OF PLANNED BEHAVIOR

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). 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).

THE ACS MODEL

Van Velsor, McCauley, and Ruderman (2009) highlight three elements that combine to make developmental experiences more powerful: assessment, challenge, and support (ACS). Assessment gives people an understanding of their current strengths, level of performance, and primary development needs. Thus, it provides a benchmark for future development. Challenge pushes individuals beyond the normal comfort zone by stimulating critical thinking. Different perspectives are explored through questioning, prodding, and reflecting on underlying assumptions, in order to develop new ways to make a difference. Support enables people to effectively deal with the struggles and emotional aspects that accompany a developmental experience. Support can take the form of mentorship, cohorts, and social networks, which provide encouragement, affirmation, and other resources during learning situations.

The authors articulated that whatever the development experience is, it has more impact if it contains these three elements (i.e., assessment, challenge, and support). Therefore, these elements should also play an integral role in the development of social entrepreneurs.

DEVELOPMENT OF CONCEPTUAL FRAMEWORK

As regards social entrepreneurial behavior, after discovering the relevance of the ACS model, critical pedagogy, and the theory of planned behavior independently, in developing social entrepreneurial intentions, the researchers have discerned the value of integrating the concepts to provide a more robust, explanatory framework that can be used to effectively develop social entrepreneurs. The framework is illustrated in Figure 1.

The Center of Creative Leadership's ACS model is comprised of the components of assessment, challenge, and support, as it pertains to leadership development, and this framework can be useful for the development of entrepreneurs who intend to contribute to positive social change. As Greenleaf (2002) suggested, a true leader is one who gives back to his/her community and strives to make society on the whole a better place. Therefore, the attempt to develop a social entrepreneur is in itself an endeavor to develop a type of leader.

The assessment component should include, among other elements, an evaluation of the individual's personality and social entrepreneurial intentions. The former is especially important because people with certain traits are more prone than others to engage in social entrepreneurial activity. For example, Prieto (2011) found a statistically significant positive relationship between proactive personality and social entrepreneurial intentions. The latter is important because measurement of initial intentions allows for comparison with post-intentions to determine the effectiveness of the social entrepreneur development program. In general, assessment enables decision-making concerning the best course of action in terms of providing suitable challenges and support systems, as well as evaluation to determine levels of success achieved, so that needed amendments can be made.

The challenge component focuses on the curriculum used, which specifies the courses and activities to be utilized to stimulate analysis and inspire action. The curriculum should allow for critical thinking about the current state of affairs in society, and provide opportunities to use problem-solving skills so that serious issues could be addressed and the status quo challenged in order to make a difference. The challenge component also encompasses critical pedagogy (as conceptualized by Paulo Freire), which should also be a source of advisement in developing the curriculum. Critical pedagogy supports the use of education as a tool to challenge students to think critically about problems facing their communities such as crime, HIV, poverty, etc. Therefore, minority students should benefit from acquiring the business-related knowledge, skills, and abilities (KSAs) to create business plans, and access grants and loans to pursue social ventures that will help their communities. In addition, entrepreneurship projects and business plan competitions that allow them to combine their individual creativity with these KSAs to start a social entrepreneurial endeavor, may increase their confidence, promote learning transfer and increase social entrepreneurial intentions.

The support component emphasizes the importance of ensuring that the students have the necessary backing to learn as much as possible about social entrepreneurship and the pursuit of social ventures. They also need access to expert advice as well as resources. The provision of experienced mentors and social entrepreneurs will aid students as they can convey their entrepreneurial wisdom gained through their previous successes and failures. The building and maintenance of social networks should also aid minorities as they seek guidance and resources to begin their social enterprises. The knowledge that valuable support is accessible may convince students about the feasibility of starting their own social ventures, and thus, lead to increased social entrepreneurial intentions.

The theory of planned behavior advocates that intentions are preceded by attitude, subjective norms, and perceived behavioral control. This social entrepreneur development framework does support this theory, but also expands it by subsuming the theory of planned behavior as part of the ACS model. First, attitude and perceived behavioral control should be continually assessed at different stages to determine what interventions are needed to encourage students to have more favorable attitudes toward social entrepreneurship, and to enable their possession of higher self-efficacy in terms of their ability to start social ventures. Second, students should be surrounded by individuals that can engender subjective norms where social entrepreneurship is expected, and a pattern of high standards is established as regards social entrepreneurial behavior. These individuals will also serve as part of a valuable support system for minority students, motivating them to have increased social entrepreneurial intentions, and as a result, increased social entrepreneurial behavior.

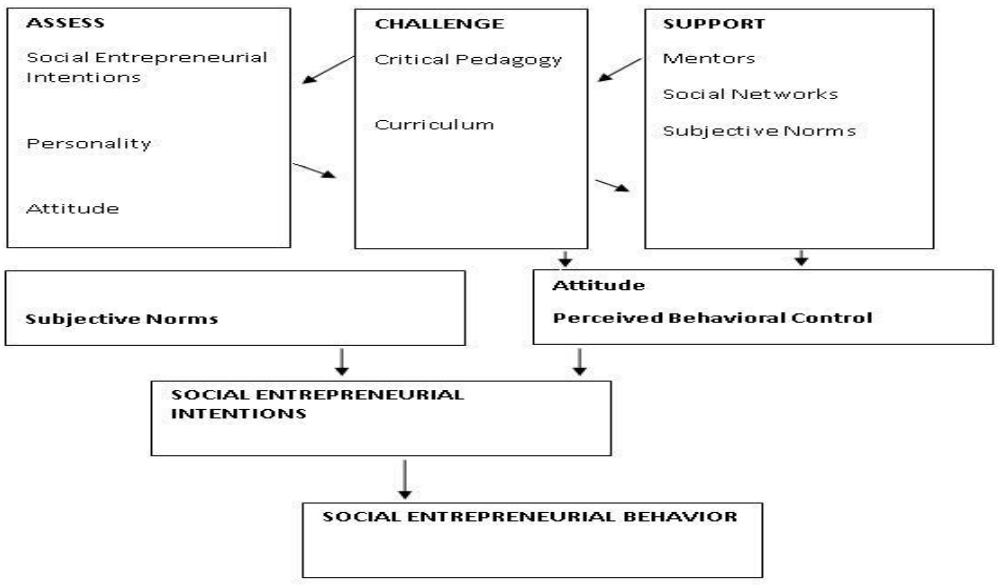

Figure 1: Social Entrepreneur Development Conceptual Framework

CONCLUSIONS, IMPLICATIONS, AND FUTURE INQUIRY

Social entrepreneurial behavior is essential for positive social change through innovative problem-solving. As such, it is sensible to promote social entrepreneurship at the collegiate level and to ensure that minority students have access to the resources as well as the knowledge, skills, and abilities that will enable them to become social entrepreneurs. In this way, they will be better equipped to make a difference in their communities. Therefore, their social entrepreneurial intentions must be increased as these intentions are the precursors to actual behavior. Social entrepreneurial intentions among African American and Hispanic students may be increased if their attitudes, perceived behavioral control, and other personal factors are assessed and addressed, and if they are adequately challenged and supported. They should have access to mentors and social networks/professional networks etc. Further research in these areas need to be conducted.

Since African American and Hispanic undergraduate students may not have social networks and professional-support networks that can give them advice and counsel in the establishment of a social venture, universities may want to provide access to these social and professional networks to their minority students. They can invite successful entrepreneurs, social entrepreneurs, and venture capitalists to hold special workshops that will aid students in developing their networks and allow them to gain skills in formulating business plans and accessing much needed funding to get the enterprise off the ground.

Socially responsible corporations can aid minority college students by offering internships that focus on corporate social responsibility and corporate social entrepreneurship in order to give them valuable knowledge, skills, and abilities. Individuals who operate within a corporation in a socially entrepreneurial manner are known as corporate social entrepreneurs (Hemingway, 2005). These organizations can play a major role in developing future corporate social entrepreneurs among current students. In terms of recruitment, organizations that are focused on diversity and corporate social responsibility/corporate social entrepreneurship may want to hire proactive minorities with social entrepreneurial intentions in order to aid them in formulating or reinvigorating community initiatives. Research needs to be conducted to determine if internships and cooperative assignments (co-ops) that focus on corporate social responsibility/corporate social entrepreneurship increase social entrepreneurial intentions among African American and Hispanic college students.

The Social Entrepreneur Development framework is the first step toward providing a comprehensive model that will enable educators to develop minority college students who will make a difference in this world through their vision, innovation, and leadership. Future inquiry should utilize qualitative research to identify additional factors that will increase African American and Hispanic students' social entrepreneurial intentions, and subsequently, their social entrepreneurial behavior.

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ENTREPRENEURSHIP WITH SOCIAL VALUE: A CONCEPTUAL MODEL FOR PERFORMANCE MEASUREMENT

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ABSTRACT

Social entrepreneurship, ventures with a self-sustaining business model and a social impact objective, is a trend gaining momentum and garnering attention for the "citizen sector:"[1] How is the social impact measured? How might it be measured? Based on a multi-disciplinary literature review and an examination of current practice, this research attempts to address these questions. A performance measurement framework is proposed and illustrated by archetypes of common social ventures.

Keywords: social entrepreneurship; performance measurement; citizen sector; social value; social value; outcome assessment; balanced scorecard

MOTIVATION

Performance measurement is of increasing importance, whether in industry, academia, or the public sector, as organizations are held to greater standards of accountability and transparency, especially for financial reporting.

Such oversight does not extend to the outcomes of social entrepreneurial ventures, although there are some foundations and nonprofits that provide support to these entrepreneurs based on some evaluation. For example, Ashoka (www.ashoka.org) provides funding to Fellows based on five criteria: the knockout test: a new idea; creativity; entrepreneurial quality; social impact; and ethical fiber. In their annual recognition of the most accomplished social entrepreneurs around the world, the Schwab Foundation (www.schwabfound.org) uses criteria of innovation, sustainability, and direct social impact, in quantifiable results. According to Mulgan (2010), metrics to measure social impact have proliferated over the past several decades, resulting in hundreds of competing methods for calculating social value.

Building on these ideas, and others found in the academic literature, this research examines the question of how social value is created and measured. The extant literature on

social entrepreneurship is examined, and a multi-disciplinary perspective of performance measurement is presented to establish the conceptual model in the following section.

LITERATURE REVIEW

The definition of a social entrepreneur varies. In the most general sense, a social entrepreneur is someone who starts a new organization to accomplish a social mission. What distinguishes a social entrepreneur from other leaders in the citizen sector who start or lead social impact-oriented organizations? Specifically, social entrepreneurs are able to serve this mission with a (largely) self-sustaining business model. They may start with some seed funding, they may operate partially through fund-raising, but social entrepreneurs are able to generate profits in both financial and social terms. They are a new model of entrepreneurship: not-for-personal-profit enterprise, and generate value for social ends and wealth to enable reinvestment and the sustainability of the business (Chell, 2007, p.18.)

This business model is different from that of a nonprofit in that the entrepreneur takes on risk; for the social entrepreneur that risk is taken at the behest of others, in hopes of having social impact. As Mair and Marti (2006, p. 36) describe it, "social entrepreneurship as a process that catalyzes social change and addresses important social needs in a way that is not dominated by direct financial benefits for the entrepreneurs." Prieto (2011, p.77) suggests that disadvantaged communities need social entrepreneurs to generate innovative solutions to complex problems.

Another difference with nonprofits is that "a nonprofit organization is, in essence, an organization that is barred from distributing its net earnings, if any, to individuals who exercise control over it… It should be noted that a nonprofit organization is not barred from earning a profit… It is only the distribution of profits that is prohibited" (Brody, 1996, p. 458).

Dees, (1998, p.60) notes the pressures on nonprofits to become sustainable through the introduction of commercial activity and suggests that it is possible to position social enterprises along a spectrum from the purely philanthropic to the purely commercial. In his 2003 work with Anderson, Dees (2003, p. 16) coins the term "sector-bending… a wide variety of approaches, activities, and relationships that are blurring the distinctions between nonprofit and for-profit organization."

The lines are certainly blurring, but the research question remains the same: how is – and how should – social value be measured?

Traditional Metrics

Former IBM CEO Louis Gerstner, Jr. (2002) asserts that "people do what you *inspect,* not what you *expect*." Metrics do influence managerial behavior. Most companies focus on profits, operating margins, net present value, time to profit, ownership and control,

manufacturing efficiency, intellectual-property-based profits, and known markets. (Prahalad and Mashelkar, 2010, p. 141). Market share, stock price, earnings, and market capitalization are also commonly used in public companies.

In their analysis of performance measures used in business research, Carton and Hofer, (2010, p. 2) conclude that, "there is no consensus in the entrepreneurship and strategic management research conducted over the 5 years with respect to valid measures of organizational performance. However, it is also clear from this prior research that organizational financial performance is definitely a multi-dimensional construct." They identified performance metrics that discriminated between high-and low performing companies, including: return on assets, equity, sales and investment; operating margin; growth rate of sales and total assets; operating cash flow to equity; residual income return on investment; cost of equity capital; and price to book ratio.

In professional services firms, very often privately held, there are typically "six performance categories: client service, financial success, professional satisfaction, practice development, contribution to the success of others, and self-improvement" (McKenna and Maister, 2002).

In their study of small and medium-sized enterprises (SMEs), Garengo et al. (2005, p. 28-29) found that five common characteristics [of performance measurement (PM) in small and medium enterprises (SMEs)] were:

1. The difficulty in involving SMEs in performance measurement projects. Moreover, the companies that do take part in these projects rarely continue… because of the lack of time available for non-operational activities…
2. SMEs do not use any PM model, or they use models incorrectly.… Since small companies focus on operational and financial performance, balanced models are seldom used.
3. SMEs approach to performance measurement is informal…
4. SMEs have limited resources for data analysis."

This list might well characterize many ventures in the citizen sector.

Traditional metrics are often used in a contemporary performance measurement model. The balanced scorecard (BSC ™) introduced by Kaplan and Norton (1992) originally seemed like a radical departure from running a business based on financial measures. The term "balanced" represents the need to include internal and external perspectives, as well as short-and long-term measures. As a "scorecard," the system can provide an at-a-glance view of how well an organization is fulfilling its mission and following its strategies. The actual process of developing a scorecard also benefits the organization, by enabling it to link its financial budgets with its strategy goals (p. 78). In addition (p. 84):

> "The balanced scorecard supplies three elements that are essential to strategic learning. First it articulates the company's shared vision, defining in clear and operational terms the results that the company is trying to achieve. The scorecard communicates a holistic model that links individual efforts and accomplishments to business unit objectives. Second, the scorecard supplies the essential strategic feedback system. A business strategy can be viewed as a set of hypotheses about cause-and-effect relationships. [The] feedback system should be able to test, validate, and modify the hypotheses embedded in a business unit's strategy. Third, the scorecard facilitates the strategy review that is essential to strategic learning. The balanced scorecard, with its specification of the causal relationships between performance drivers and objectives, allows executives to evaluate the validity of the strategy and the quality of its execution."

Traditionally, a scorecard uses four key perspectives: financial, customer, internal process, and learning and growth. These categories may be adapted to an industry context, but the idea of balance should persist (Brennan, 2010).

Not-for-Profit Metrics

Interestingly, the BSC approach is being used increasingly in the public sector (c.f., Kong, 2008; Bull, 2007; Sommers, 2005; Bryson, 2005; Wall et al., 2004; Kaplan and Norton, 2001). In contrast, Niven (2008) notes that applications of the BSC outside of the private sector had been scarce, citing only four applications within business schools. Nonetheless, he agrees that a BSC can be customized for nonprofit organizations in a way that can help them face increasing scrutiny.

Whether governmental or nonprofit, applying the BSC approach to the citizen sector has many challenges. To start with, addressing the section that is traditionally devoted to customer satisfaction evaluation is a two-fold challenge: first, to acknowledge the range of stakeholder accountability that is required and second, to define social value. This challenge is further exacerbated because nonprofit effectiveness is (Herman and Renz, 2008):

1. Typically a matter of comparison
2. Naturally multi-dimensional
3. Vaguely a social construction

It is unlikely there is a "best practice" that can be prescribed universally (p. 405). They assert, however, "there are useful dimensions of effectiveness (for example, financial condition,

fundraising performance, or program outcomes) that can be grounded in hard data" (p. 410). No specific program outcome measures are suggested.

In addition, Bull (2007, p. 51) notes that many social enterprises see impact measurement as a burden and potentially expensive, with the added difficulty of:

> "… how to include the measurement of social value, what it is, and indeed how to score or articulate social objectives in measurable and accountable ways. For many, performance measurement and quantification are either economic indicators or unexpressed social values that are often quite often intangible and… immeasurable…"

Kaplan and Norton, the originators of the BSC (1992), point out that another barrier to applying the scorecard to nonprofits and governmental organizations is the considerable difficulty these type of organizations have in clearly defining their strategy, beyond mission, vision, and a list of programs (2001, pp.97-98). They advocate the use of "an over-arching objective at the top of their scorecard that represents their long-term objective such as a reduction in poverty or illiteracy, or improvements in the environment…. Financial measures are not the relevant indicators of whether the agency is delivering on its mission" (2001, pp. 98-99). Instead of the traditional BSC containing financial measures and customer perspectives, they suggest using three high-level perspectives: cost incurred (reflecting operational efficiency), legitimizing support (satisfying donors or funders) and value created, acknowledging:

> "This [value creation] perspective identifies the benefits being created by the agency to citizens and is the most problematic and difficult to measure. It is usually difficult to financial quantify the benefits from improved education, reduced pollution, better health, less congestion, and safer neighborhoods. But the balanced scorecard still enables organizations to identify the outputs, if not the outcomes, from its activities, and to measure these outputs. Surrogates for value created could include percentage of students acquiring specific skills and knowledge; density of pollutants in water, air or land; improved morbidity and mortality in targeted populations, crime rates and perception of public safety; and transportation times… The citizens and their representatives – elected officials and legislators – will eventually make the judgments about the benefits from these outputs vs. their costs" (p.99).

The scorecard would track progress against these objectives as well as those for internal processes and learning and growth.

More specifically, Dodor, Gupta, and Daniels (2009, p. 1) propose a Governmental Organizations BSC (GO-BSC) which has the following components: 1-financial condition; 2-

service efforts accomplishments and constituents' satisfaction; 3-internal operating efficiency and effectiveness, and 4-innovation, learning and growth.

In a BSC case study of the commercial trade union in Croatia, the social value measures are evaluated as "users' satisfaction perspective," and include measures such as: the cost of new member recruitment compared to the increase in the new members' fees, the number of new members vs. reasons for leaving the union, and user satisfaction questionnaires. (Alfirević et al., 2005).

In another international case study using the BSC for a nonprofit, in this case a foundation in Brazil, Gomes and Liddle (2009) emphasize the need to consider sponsors as strong stakeholders in the customer perspective. Other published studies of nonprofit BSC implementations include: a Taiwan hospital (Yang et al., 2005); Spanish healthcare management (Urrutia and Eriksen, 2005); and a Midwestern United States healthcare system (Kocakülâh and Austill, 2007).

Other Metrics

Social entrepreneurs are often found in the context of developing countries. Prahalad and Mashelkar (2010, p. 134) describe and suggest that traditional measures are inappropriate for social, or "Ghandian," innovation. Instead, "affordability and sustainability, not premium pricing and abundance, should drive innovation today. At the base of the pyramid, the 2.5 billion people that live on approximately 2.50USD/day, social entrepreneurs can respond to needs by developing strategies that allow them to create more products with fewer resources and sell them cheaply… Learning to do more with less for more people, we believe, should be the innovator's dream."

Ashoka (2011) "designed its Measuring Effectiveness study to specifically address the difficulties of assessing impact. Each Fellow… receives a multiple-choice, self-response questionnaire and a cross section participate in in-depth interviews." Social impact is determined by such questions as:

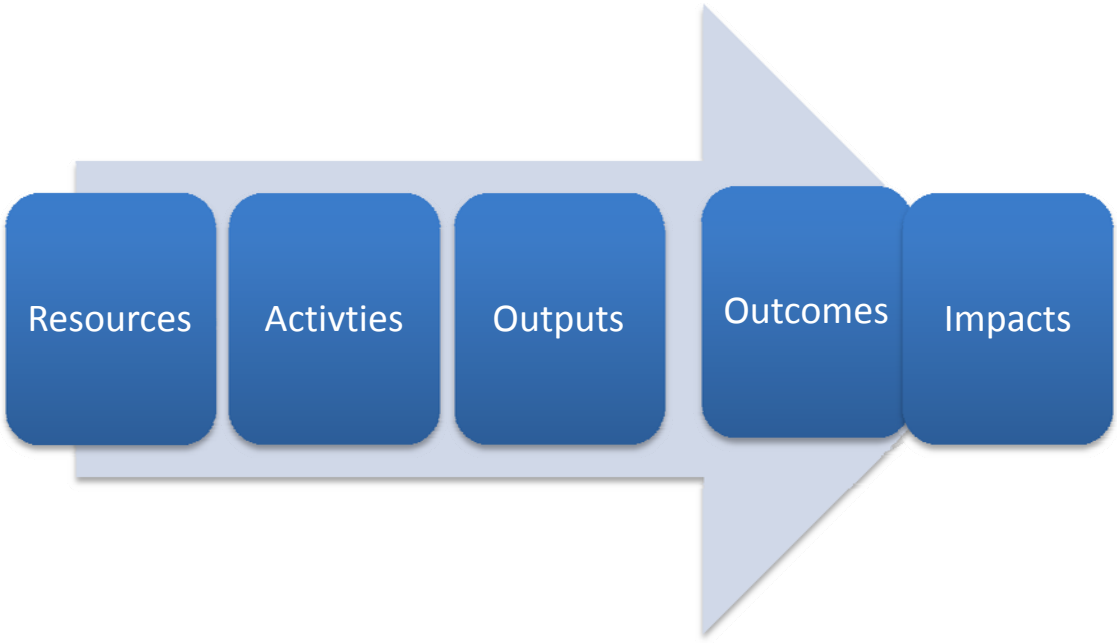
1. Does the idea persist and has it spread?
2. Are you still working toward your original vision?
3. Have others replicated your original idea?
4. Have you had an impact on public policy?
5. Has an institution been created or expanded?

With the increasing emphasis on environmental sustainability, an impact that is arguably easier to measure than social value, there may be a way to derive social metrics from sustainability measures. "Methodologies for measuring sustainability can be based on the cost of control to mitigate risk, i.e., avoiding damage before it occurs; damage costing; valuing depletion

cost at market price for resources traded in existing markets; hypothetical questionnaire; hedonic pricing, i.e., property value or wages as proxy of costs; and travel cost" (Epstein, 2008, p. 149).

McLoughlin et al. (2009, pp. 164-165) suggest "moving from the commonly termed triple bottom line to the 4BL [quadruple bottom line]. The triple bottom line typically includes the financial performance plus the social and governmental impacts. When an organization has a discernable impact on local GDP or employment, with multiplier effects, then the financial impacts fail to capture these effects… economic impact … is a valid separate impact category in its own right." They propose a methodology for managers of social enterprises to conceptualize impact, building in part on the Whaley (1979) logic model, as shown in Figure 1. Given the organization's resources, the next step is to determine the activities that lead to outputs. From the outputs, outcomes can be identified. Then the impact of the outcomes can be evaluated in the aggregate.

Figure 1: Whaley's (1979) Logic Model (WLM)



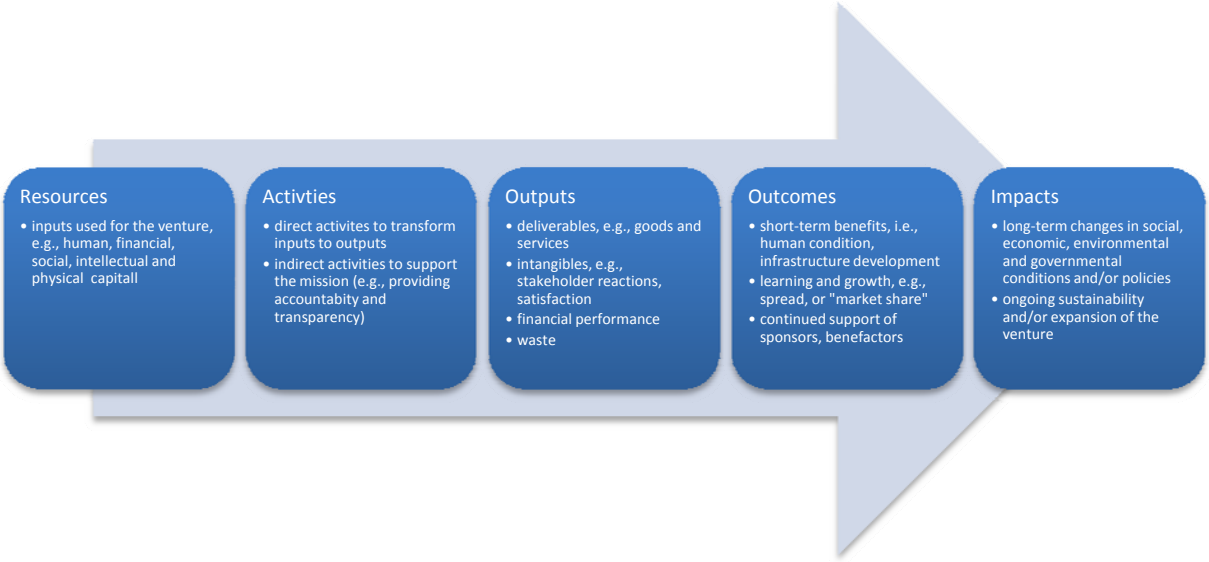
In the same vein, Epstein (2008, p. 163) acknowledges the importance of the economic perspective, stating "any social and environmental impacts may appear to have no market consequences and no financial effect, but many of the externalities are internalized in future periods and do affect the operations and profitability of the firm in the long run." He (p. 165) also distinguishes between outputs (deliverables and stakeholder reactions) and outcomes (long-term corporate financial performance).

Using a synthesis of these frameworks, we incorporate the short and long term perspectives of the balanced scorecard, cost avoidance insight from sustainability measures, and the economic dimension of the 4BL in the context of the logic model. The resultant framework, which we refer to as a "balanced value matrix" (BVM), is proposed as a normative view for social ventures' performance measurement. We then apply the BVM view to evaluate its potential usefulness for performance measurement, by adapting the BVM to archetypes of common social ventures. Our discussion ends with a criteria-based evaluation of the BVM approach, implications for practice, and suggestions for further research.

MATRIX DEVELOPMENT

As we strove to develop the Balanced Value Matrix (BVM), we started with Whaley's (1979) logic model (WLM), and overlaid the various measures and criteria uncovered in the literature review, to refine our understanding of each component of the WLM. Figure 2 represents this understanding.

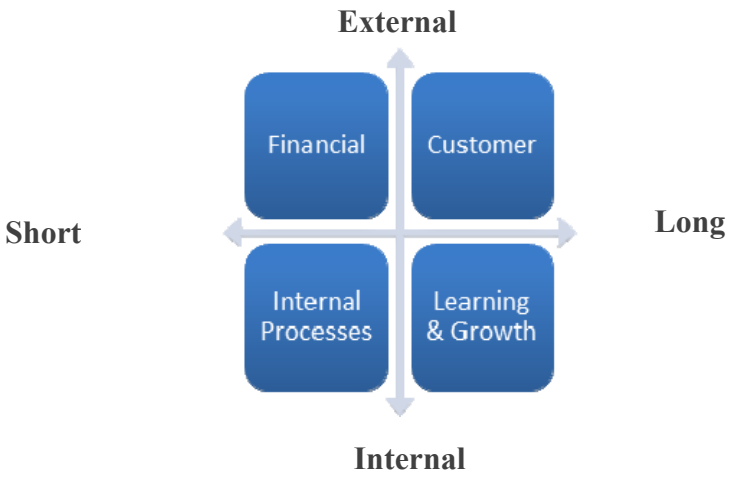
Figure 2: Extension of WLM (Whaley, 1979)



This was then our launching point to structure a balanced scorecard. Yet, we felt that rather than a two-dimensional scorecard, we needed a three-dimensional matrix to capture the "ripple" or "multiplier" effects of outcomes and impacts.

Generally, you might consider a traditional scorecard as reflecting dimensions of time (short- and long-term perspectives) and stakeholders (internal and external perspectives), as shown in the Figure 3.

Figure 3: Two-Dimensions of Traditional BSC

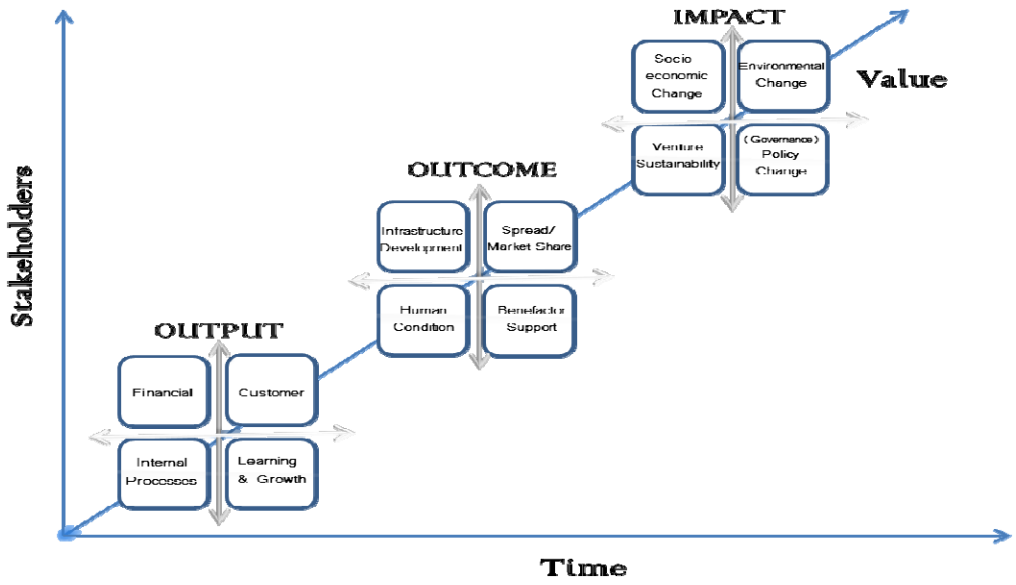


The financial measures, typically for investors' benefit, and customer measures represent the external stakeholders. Customer satisfaction, retention rates, referral rates tend to be longer-term measures, while financial measures are typically shorter-term. Internal processes' measurements tend to be operational indicators of productivity and quality, measured frequently. Learning and growth, the ability of the firm to make money now and in the future, takes the long view.

What the third dimension represents in the proposed matrix is value. Outputs have limited value; outcomes are intermediate; and impacts have the most significant value. Thus the Balanced Value Matrix is conceptualized as shown in Figure 4.

So a social entrepreneur now has up to twelve categories of measurement, although not every category will apply to every venture. Operationally, this might look like a conventional scorecard, presented in tabular fashion, as shown in the first Appendix. The adaptations for the different social entrepreneurial archetypes are also presented in the Appendix, and are discussed below.

Figure 4: The Proposed Balance Value Matrix (BVM)



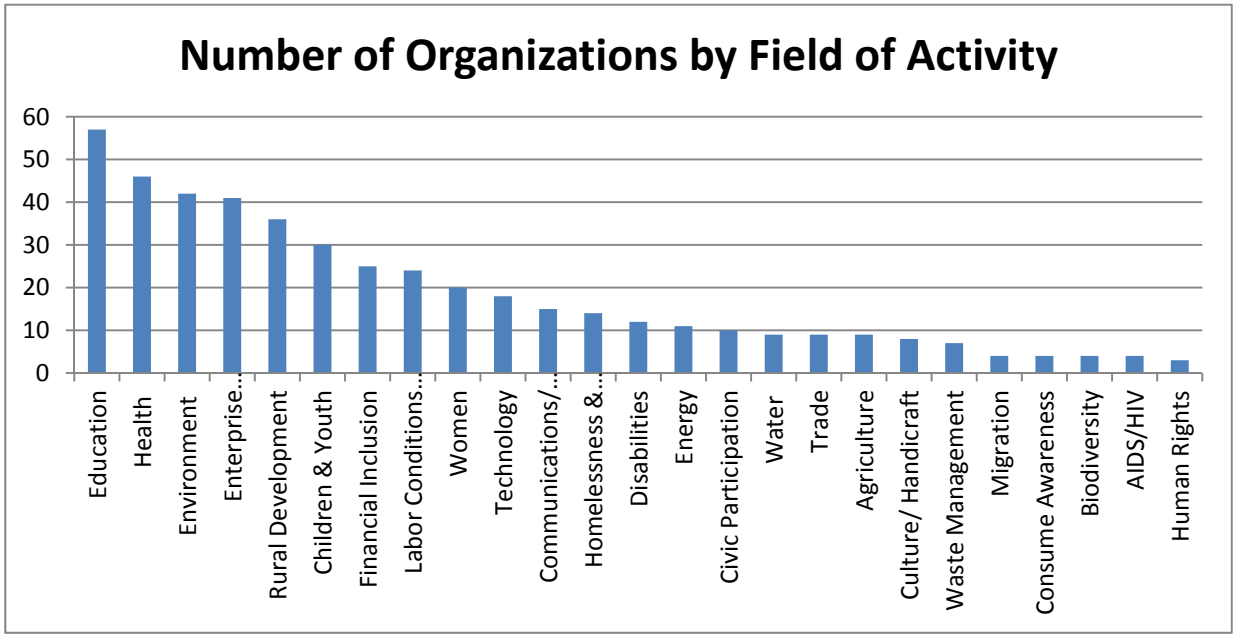
ILLUSTRATIONS

We created four archetypes based on information contained in a directory of organizations published by The Schwab Foundation for Social Entrepreneurship (The Foundation). These organizations are engaged in leading the efforts consistent with the mission to:

> Provide unparalleled platforms at the regional and global level to highlight and advance leading models of sustainable social innovation. It identifies a select community of social entrepreneurs and engages it in shaping global, regional and industry agendas that improve the state of the world in close collaboration with the other stakeholders of the World Economic Forum (www.schwabfound.org).

The Foundation identifies and evaluates organizations base on innovation, sustainability and direct social impact. In our review of the 176 organizations in the directory, we found a wide range of "fields of activity, as shown in Figure 5.

Figure 5: Summary of Social Ventures' Fields of Activity



Based on this information, plus background gleaned about the specific ventures, and our own experiences, we created four archetypes that represent several of these activities:

1. Education, AIDS/HIV, Children & Youth, and Women: Girls to Success, Limited promotes education of school age girls in rural regions of Africa where low attendance and high dropout rates are prevalent. The goal is to reduce poverty, improve health and promote their successful future. Graduates join the network to help sustain the effort.
2. Environmental, Rural, and Energy: Energize Development, Inc. focuses on rural electrification in South America with the organization of cooperatives using wind turbines. The intent is to promote economic development through infrastructure improvement. The business model is "pay it forward," where cost recovery occurs through cooperative

members' dues, essentially making it possible to develop new cooperatives.

3. Enterprise, Labor, and Financial: Microfinance, Limited promotes economic development and improved quality of life by providing poor people with access to small amounts of capital and training for business development.
4. Health and Rural: Sight and Sounds, Inc. provides low cost/no cost vision and hearing medical services and products in rural areas globally through the collaboration of a network of medical professionals worldwide.

As we worked through the matrix for each illustration, we identified some challenges and identified adaptations to the base matrix. These are summarized in Table 1.

Table 1: Adaptations to BMV

BMV Cell	Adaptation
Financial	No change. Metrics in this area are well established for both profit and non-profit sectors.
Customers	The element of need of the people served is so great that the construct of "satisfaction" may be insignificant. However, referral rates, adoption rates, and utilization rates could be valid measures.
Processes	Perhaps add industry-specific productivity and quality metrics.
Learning	These measures should really capture how to do more with less in these resource-constrained environments.
Infrastructure	No change.
Spread	No change.
Humanitarian	Perhaps be more specific about quality of life measures.
Benefactors	No change. Since it is essential to so many of these ventures, it must be measured to ensure sustainability.
Socioeconomic	No change.
Environmental	No change.
Sustainability	No change.
Policy Change	No change.

Overall, the impact measures seemed to be appropriate and widely applicable. The metrics that applied to output need the most customization, which may the result of the unique nature of social enterprises.

DISCUSSION

Performance measurement establishes indicators; i.e., what you measure (the indicator) is not the result you are ultimately trying to measure (the construct). For example, the construct of quality might be measured with indicators such as a conformance to specifications, customer satisfaction, reliability, and more. When developing a measurement system, it is important to first define the desired result, e.g., a specific social impact, then to define the appropriate constructs that make up that result, and identify which indicators can and should be used to provide valid insight into performance (Brennan, 2010, p. 29).

In the same way, the BMV starts with a value statement, the "why" behind the social venture. The outputs (what you do), outcomes (what is the benefit), and impacts (what is the desired result) all have separate, and balanced indicators. It is conceivable, then, that a social entrepreneur may be very effective in delivering output, but the intended beneficiaries do not realize the expected benefit. (It is like the story of teaching my cat French; I am doing an excellent job of teaching him, yet he is not learning a thing.) Similarly, the outcomes may be achieved, yet the long-term impact is not, suggesting a need for further examination, e.g., is it a question of building a critical mass, or addressing a cultural barrier, or adjusting the approach. Crandall (2003, p. 59) suggests that good indicators "... are planning and performance measures. They:

1. Provide physical as well as financial measures
2. Can be used as both planning and performance measures
3. Can be used at all levels of the organization
4. Can be adapted for use across the organization
5. Are easy to understand and report
6. Are easy to change as measurement needs change
7. Can focus on improvement, not just control
8. Can be assigned different priorities
9. Can be selected by the persons being measured to gain acceptance and use
10. Can be used as common measures for different functions to stimulate cross-functional relationships."

The proposed BVM has physical measures such as the time it takes a customer to acquire the service or product; whether an institution is created, expanded, or enhanced; and crime rates. A variety of financial measures are included. The use of long-term measures encourages planning and directs behavior accordingly. Improvement measures such as cost avoidance, growth percentages, and renewals or referrals are incorporated. Certainly, the ability to change the metrics and assign them different priorities exists.

Whether or not the BVM is easily adapted is illustrated with the archetypes. What remains to be seen, though is whether these measures are easy to understand and report. Can they be used at different levels of the organization, i.e., by different stakeholders of social ventures? Would the BVM be accepted by social entrepreneurs for their use?

Performance measurement costs time and money, which some organizations cannot afford. It might be a case of the chicken and the egg; which comes first? If you implemented performance measurement, you could become more profitable, in which case you could afford to implement performance measurement.

Thus we propose to test the BVM empirically, by contacting social entrepreneurs around the world, surveying them, and ideally, refining the framework to be a useful tool for measuring – and realizing – social value.

ENDNOTE

[1] From the Ashoka.org website: "Why 'Citizen Sector'? … Words matter – and being defined by what we are not [i.e., non-governmental, nonprofit] certainly does not help. Instead we use 'citizen sector' and 'citizen organization'… because citizens – people who care and take action to serve others and cause needed change are the essence of the sector."

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APPENDIX A: Tabular presentation of Balanced Value Matrix				
VALUE STATEMENT OF VENTURE: (top line objectives**)**				
BMV CELL	**MEASURES**	**TIME**	**STAKE-HOLDER**	**VALUE**
Financial	Operating margin (%) Growth of total assets (%) Cost to mitigate risk(s) ($)	Short	External	Limited
Customers	Satisfaction (survey rating) Cost to acquire benefit(s) (time, $) Accountability and transparency (survey rating) Effectiveness of output (survey rating)	Long	External	Limited
Processes	Efficiency (% of $ directed to programs) Cost to acquire new customers (time, $) Savings from damage avoidance (time, $)	Short	Internal	Limited
Learning	Professional satisfaction (survey rating) Retention rate of employees (%) Growth rate (%)	Long	Internal	Limited
Infrastructure	Institution created or expanded or enhanced (count) Population potentially affected (count)	Short	External	Intermediate
Spread	Customers served (count) Areas reached (count, square miles) New practice areas (count, $)	Long	External	Intermediate
Humanitarian	Direct human impact (quality of life metrics) Cost avoidance for output access (time, $)	Short`	Internal	Intermediate
Benefactors	Self-reported satisfaction (survey rating) Individual enrichment (survey rating) Renewal of support ($) Referral for additional support (count)	Short	Internal	Intermediate
Socioeconomic	Educational outcomes (count) Employment (%) Per capita GDP ($) Crime rates (count) Property values (%)	Short	External	Significant
Environmental	Density of pollutants (ppm) Renewable resource use (%) Depletion cost ($) Transportation time (time)	Long	External	Significant
Sustainability	Self-sustaining revenues (%) Replication/transference of business model to other regions (count)	Long	External	Significant
Policy Change	Morbidity/mortality rates (% of population, life expectancy, birth rate) Market consequences (% access to basic goods) Currency circulation ($/base) Savings rate (%) Human rights violations (count) Government corruption (survey rating)	Long	Internal	Significant

APPENDIX B: Archetype 1		
VALUE STATEMENT OF VENTURE: Girls to Success, Limited promotes education of school age girls in rural regions of Africa where low attendance and high dropout rates are prevalent. The goal is to reduce poverty, improve health and promote their successful future. Graduates join the network to help sustain the effort.		
BVM CELL	**GENERAL MEASURES**	**Girls to Success, Ltd. Version**
Financial	Operating margin (%) Reinvested earnings ($) Cost to mitigate risk(s) ($) Fundraising performance ($) Profits from intellectual property ($)	Operating margin (%) Reinvested earnings ($) Fundraising performance ($)
Customers	Satisfaction (survey rating) Cost to acquire benefit(s) (time, $) Accountability and transparency (survey rating) Effectiveness of output (survey rating)	Effectiveness of education (assessment performance) Dropout rate (%) Employment rate (%) College entrants (count)
Processes	Efficiency (% of $ directed to programs) Cost to acquire new customers (time, $) Savings from damage avoidance (time, $)	Efficiency (% of $ directed to programs) Cost to acquire new contributors (% of revenue to fundraising) Cost of administration (% of budget)
Learning	Professional satisfaction (survey rating) Retention rate of employees (%) Growth rate (%)	Teacher satisfaction (survey rating) Teacher retention (%) Teacher training (hours)
Infrastructure	Institution created or expanded or enhanced (count) Population potentially affected (count)	Regions created or expanded (count) Population affected (count)
Spread	Customers served (count) Areas reached (count, square miles) New practice areas (count, $)	Girls receiving education (count) Areas reached (count, square miles) New educational offerings (count, $)
Humanitarian	Direct human impact (quality of life metrics) Cost avoidance for output access (time, $)	Direct human impact (quality of life metrics)
Benefactors	Self-reported satisfaction (survey rating) Individual enrichment (survey rating) Renewal of support ($) Referral for additional support (count)	Graduates joining program (%) Donor satisfaction (survey rating) Renewing donor support ($) Referral donor support ($)
Socioeconomic	Educational outcomes (count) Employment (%) Per capita GDP ($) Crime rates (count) Property values (%)	Graduation rates (count) Employment (%) AIDS infection rates (%) Teenage pregnancy rates (%) Per capita GDP ($)
Environmental	Density of pollutants (ppm) Renewable resource use (%) Depletion cost ($) Transportation time (time)	Not applicable
Sustainability	Self-sustaining revenues (%) Replication/transference of business model to other regions (count)	Self-sustaining revenues (%) Replication/transference of business model to other regions (count)

APPENDIX B: Archetype 1		
VALUE STATEMENT OF VENTURE: Girls to Success, Limited promotes education of school age girls in rural regions of Africa where low attendance and high dropout rates are prevalent. The goal is to reduce poverty, improve health and promote their successful future. Graduates join the network to help sustain the effort.		
BVM CELL	**GENERAL MEASURES**	**Girls to Success, Ltd. Version**
Policy Change	Morbidity/mortality rates (% of population, life expectancy, birth rate) Market consequences (% access to basic goods) Currency circulation ($/base) Savings rate (%) Human rights violations (count) Government corruption (survey rating)	AIDS-related morbidity/mortality rates (%) School attendance for girls (%) Graduation rates for girls (%) Gender equality in employment opportunities (index)

APPENDIX C: Archetype 2		
VALUE STATEMENT OF VENTURE: Energize Development, Inc. focuses on rural electrification in South America with the organization of cooperatives using wind turbines. The intent is to promote economic development through infrastructure improvement. The business model is "pay it forward," where cost recovery occurs through cooperative members' dues, essentially making it possible to develop new cooperatives.		
BVM CELL	**GENERAL MEASURES**	**Energize Development, Inc. Version**
Financial	Operating margin (%) Reinvested earnings ($) Cost to mitigate risk(s) ($) Fundraising performance ($) Profits from intellectual property ($)	Operating margin (%) Reinvested earnings ($) Debt to equity (ratio) Cost of capital (%)
Customers	Satisfaction (survey rating) Cost to acquire benefit(s) (time, $) Accountability and transparency (survey rating) Effectiveness of output (survey rating)	Member satisfaction (survey rating) Elapsed time application to electrification (days) and time spent in building (hours) Income growth from electrification ($)
Processes	Efficiency (% of $ directed to programs) Cost to acquire new customers (time, $) Savings from damage avoidance (time, $)	Efficiency (% of $ directed to electrification) Cost to maintain infrastructure by cooperative (% of dues) Reliability and availability of electrification (%)
Learning	Professional satisfaction (survey rating) Retention rate of employees (%) Growth rate (%)	Member satisfaction (survey rating) Member retention rate (%) Power output increase (%) New venture creation by members (count)
Infrastructure	Institution created or expanded or enhanced (count) Population potentially affected (count)	Cooperatives created or expanded (count) Population affected (count)
Spread	Customers served (count) Areas reached (count, square miles) New practice areas (count, $)	Points of electrical distribution (count) Areas reached (count, square miles)
Humanitarian	Direct human impact (quality of life metrics) Cost avoidance for output access (time, $)	Direct human impact (quality of life metrics)

APPENDIX C: Archetype 2		
VALUE STATEMENT OF VENTURE: Energize Development, Inc. focuses on rural electrification in South America with the organization of cooperatives using wind turbines. The intent is to promote economic development through infrastructure improvement. The business model is "pay it forward," where cost recovery occurs through cooperative members' dues, essentially making it possible to develop new cooperatives.		
BVM CELL	**GENERAL MEASURES**	**Energize Development, Inc. Version**
Benefactors	Self-reported satisfaction (survey rating) Individual enrichment (survey rating) Renewal of support ($) Referral for additional support (count)	Donor satisfaction (survey rating) Renewing donor support ($) Referral donor support ($)
Socioeconomic	Educational outcomes (count) Employment (%) Per capita GDP ($) Crime rates (count) Property values (%)	Employment (%) Per capita GDP ($) Crime rates (count) Property values (%)
Environmental	Density of pollutants (ppm) Renewable resource use (%) Depletion cost ($) Transportation time (time)	Density of pollutants (ppm) (directly from electrification, and indirectly from electric users) Depletion cost from deforestation ($)
Sustainability	Self-sustaining revenues (%) Replication/transference of business model to other regions (count)	Self-sustaining revenues (%) Replication/transference of business model to other regions (count)
Policy Change	Morbidity/mortality rates (% of population, life expectancy, birth rate) Market consequences (% access to basic goods) Currency circulation ($/base) Savings rate (%) Human rights violations (count) Government corruption (survey rating)	Infrastructure development by government ($) Market consequences (% access to basic goods) Currency circulation ($/base) Savings rate (%)

APPENDIX D: : Archetype 3		
VALUE STATEMENT OF VENTURE: Microfinance, Limited promotes economic development and improved quality of life by providing poor people with access to small amounts of capital and training for business development.		
BVM CELL	**GENERAL MEASURES**	**Microfinance, Ltd. Version**
Financial	Operating margin ($) Reinvested earnings ($) Cost to mitigate risk(s) ($) Fundraising performance ($) Profits from intellectual property ($)	Operating margin ($) Reinvested earnings ($) Bad debt write-off ($) Growth of available capital ($)
Customers	Satisfaction (survey rating) Cost to acquire benefit(s) (time, $) Accountability and transparency (survey rating) Effectiveness of output (survey rating)	Satisfaction (survey rating) Elapsed time application to loan (days) and time spent in application and training (hours) Truth in lending (survey rating) Revenues generated ($)

APPENDIX D: : Archetype 3		
VALUE STATEMENT OF VENTURE: Microfinance, Limited promotes economic development and improved quality of life by providing poor people with access to small amounts of capital and training for business development.		
BVM CELL	**GENERAL MEASURES**	**Microfinance, Ltd. Version**
Processes	Efficiency (% of $ directed to programs) Cost to acquire new customers (time, $) Savings from damage avoidance (time, $)	Efficiency (% of $ directed to programs) Cost to acquire new borrowers (time, $) Cost of training to bad-debt write-off (ratio)
Learning	Professional satisfaction (survey rating) Diversity of investment portfolio (%) Expansion of investment portfolio ($)	Micro-lender satisfaction (survey rating) Micro-lending employee turnover (%)
Infrastructure	Institution created or expanded or enhanced (count) Population potentially affected (count)	Businesses created or expanded or enhanced (count) People employed by borrowers (count)
Spread	Customers served (count) Areas reached (count, square miles) New practice areas (count, $)	Loans serviced (count) Areas reached (count, square miles) New practice areas (count, $)
Humanitarian	Direct human impact (quality of life metrics) Cost avoidance for output access (time, $)	Direct human impact (quality of life metrics)
Benefactors	Self-reported satisfaction (survey rating) Individual enrichment (survey rating) Renewal of support ($) Referral for additional support (count)	Self-reported satisfaction (survey rating) Individual enrichment (survey rating) Renewal of support ($) Referral for additional support (count)
Socioeconomic	Educational outcomes (count) Employment (%) Per capita GDP ($) Crime rates (count) Property values (%)	Employment (%) Per capita GDP ($)
Environmental	Density of pollutants (ppm) Renewable resource use (%) Depletion cost ($) Transportation time (time)	Not applicable
Sustainability	Self-sustaining revenues (%) Replication/transference of business model to other regions (count)	Self-sustaining revenues (%) Replication/transference of business model to other regions (count)
Policy Change	Morbidity/mortality rates (% of population, life expectancy, birth rate) Market consequences (% access to basic goods) Currency circulation ($/base) Savings rate (%) Human rights violations (count) Government corruption (survey rating)	Market consequences (% access to basic goods) Currency circulation ($/base) Savings rate (%)

APPENDIX E: Archetype 4		
VALUE STATEMENT OF VENTURE: Sight and Sounds, Inc. provides low cost/no cost vision and hearing medical services and products in rural areas globally through the collaboration of a network of medical professionals worldwide.		
BVM CELL	**GENERAL MEASURES**	**Microfinance, Ltd. Version**
Financial	Operating margin (%) Reinvested earnings ($) Cost to mitigate risk(s) ($) Fundraising performance ($) Profits from intellectual property ($)	Operating margin ($) Reinvested earnings ($) Growth of available capital ($) Cost per patient ($)
Customers	Satisfaction (survey rating) Cost to acquire benefit(s) (time, $) Accountability and transparency (survey rating) Effectiveness of output (survey rating)	People "in-need" served (%) Wait time for appointment (days) Improvement in medical condition (survey rating)
Processes	Efficiency (% of $ directed to programs) Cost to acquire new customers (time, $) Savings from damage avoidance (time, $)	Provider availability (% > in network) Access to healthcare providers (distance travelled) Efficient improvement in condition ($ per patient)
Learning	Professional satisfaction (survey rating) Outcome improvement measures (%) Diversity in portfolio of services/treatments (#) Growth in portfolio of services ($)	Sharing of methods (# of replicated procedures)
Infrastructure	Institution created or expanded or enhanced (count) Population potentially affected (count)	Institution created or expanded or enhanced (count) Population potentially affected (count)
Spread	Customers served (count) Areas reached (count, square miles) New practice areas (count, $)	Customers served (count) Areas reached (count, square miles) New practice areas (count, $)
Humanitarian	Direct human impact (quality of life metrics) Cost avoidance for output access (time, $)	Direct human impact to patients (quality of life metrics) Direct human impact to families (quality of life metrics)
Benefactors	Self-reported satisfaction (survey rating) Individual enrichment (survey rating) Renewal of support ($) Referral for additional support (count)	Self-reported satisfaction (survey rating) Individual enrichment (survey rating) Referral for additional support (count)
Socioeconomic	Educational outcomes (count) Employment (%) Per capita GDP ($) Crime rates (count) Property values (%)	Employment outcomes (# returning to work)
Environmental	Density of pollutants (ppm) Renewable resource use (%) Depletion cost ($) Transportation time (time)	Not applicable

APPENDIX E: Archetype 4		
VALUE STATEMENT OF VENTURE: Sight and Sounds, Inc. provides low cost/no cost vision and hearing medical services and products in rural areas globally through the collaboration of a network of medical professionals worldwide.		
BVM CELL	**GENERAL MEASURES**	**Microfinance, Ltd. Version**
Sustainability	Self-sustaining revenues (%) Replication/transference of business model to other regions (count)	Replication/transference of business model to other regions or medical disciplines (count)
Policy Change	Morbidity/mortality rates (% of population, life expectancy, birth rate) Market consequences (% access to basic goods) Currency circulation ($/base) Savings rate (%) Human rights violations (count) Government corruption (survey rating)	Morbidity rates (% of blindness/deafness)

AN INVESTIGATION OF THE RELIABILITY AND VALIDITY OF AN ENTREPRENEURIAL ORIENTATION INDEX IN BRAZIL

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ABSTRACT

The present paper aims to discuss the validation of a translated version into Portuguese of the Carland Entrepreneurship Index – CEI. This instrument measures personal entrepreneurial orientation and has been widely applied in entrepreneurship research across the USA. CEI consists of a set of 33 pairs of affirmatives in a forced choice format in a paper and pen version, that measures an individual's proclivity to entrepreneurship in four factors: personality traits); innovation; risk-taking propensity; and strategic posture. There have been no reports, to our knowledge, of CEI's use in other cultures, and this is the first time it has been used in the Portuguese language. Entrepreneurship has been studied as a culturally independent phenomenon thus, this paper contributes to this discussion showing the appropriateness of this measure for another culture. The sample consisted of Business Administration undergraduate and graduate students and general adult population located in Paraná, a Southern Brazilian state. Data were collected with 495 respondents, averaging 26 years old, 54% were female and 44% were male, and, as expected, only 18% reported ownership of an enterprise. Research methods included backtranslation of the instrument, factor analysis, reliability tests (Cronbach's Alpha), and correlation tests for different groups of respondents, considering sex and ownership of enterprise variables. Results pointed to a normal distribution of CEI's scores, a non-significant difference between male and female scores, and a significant difference between scores of owners and non-owners of an enterprise. Statistical analysis indicated, also, that the Portuguese CEI version obtained good levels of validity and reliability. This means that CEI can be useful for academic and practitioners in a different cultural setting such as Brazil.

PRELIMINARY REMARKS

Entrepreneurship is gaining scientific status and tends to consolidate as a research field (Bruyat & Julien, 2000; Shane & Venkataraman, 2000). For instance, the Academy of

Management, in 1987, created a division for studies in this field including a definition of entrepreneurship as follows:

> *Entrepreneurship is the creation and management of new businesses, small businesses and family firms, as well as the characteristics and special problems of entrepreneurs. Its major topic areas include: new venture ideas and strategies; ecological influences on venture creation and demise; the acquisition and management of venture capital and venture teams; self-employment; the owner-manager, and the relationship between entrepreneurship and economic development* (Shane, 1997, p. 83).

Prior to the Academy of Management creation of the Entrepreneurship Division, Harvard Business School, since 1946, has established a research programme on entrepreneurship defining it as *the pursuit of opportunity beyond the tangible resources currently controlled*, described as *a way of managing rather than a specific economic function or characteristic of an individual* (Retrieved December 9, 2001, from http://www.entrepreneurship.hbs.edu/). Furthermore, the Arthur M. Blank Center for Entrepreneurship at Babson College defines entrepreneurship as *a way of thinking and acting that is opportunity obsessed, holistic in approach and leadership balanced*. At Babson, entrepreneurship is conceptualized as *identifying an opportunity regardless of the resources currently available and executing on that opportunity for the purpose of wealth creation in the private, public and global sectors* (Retrieved December 9, 2001, from http://www2.babson.Edu/babson/babsoneshipp.nsf/).

Explanations about the entrepreneurial act have been sought in both individual's traits and behaviors (Kets de Vries, 1985; Carland & Carland, 1991; Hufner, Hunt, & Robinson, 1996; Machado & Gimenez, 2000). Thus, entrepreneurs have been described in diverse manners in the literature. Researchers and practitioners divide among those who consider the entrepreneurial act as an extraordinary phenomenon, those who consider it as common as the breathing process, i.e., a universal human feature, and those (the majority) that consider it as a complex and multifaceted process.

Our own understanding is that the most adequate definitions can be found in Filion (1999a) and Carland et al. (1984) that are included in the third group above. The entrepreneur is someone who, in the process of building a vision, establishes a business aiming for profit and growth, manifesting an innovative behavior and adopting a strategic posture. We also believe that studies should not focus on being or not an entrepreneur, but as Carland and colaborators point out, on a continuum of different levels of entrepreneurial behavior. Individuals may show higher or lower levels of entrepreneurial behavior.

The present paper aims to discuss the validation of a translated version into Portuguese of the Carland Entrepreneurship Index – CEI. This instrument measures personal entrepreneurial orientation and has been widely applied in entrepreneurship research across the USA. There have

been no reports, to our knowledge, of CEI's use in other cultures, and this is the first time it has been used in the Portuguese language. Entrepreneurship has been studied as a culturally independent phenomenon (Reynolds et al, 2000) thus, this paper contributes to this discussion showing the appropriateness of this measure for another culture.

THE CARLAND ENTREPRENEURSHIP INDEX

CEI is the result of research efforts conducted by Jim and JoAnn Carland and collaborators over a long period of time as reported in Carland, Carland & Hoy (1992). Their work has been published widely since 1982, and CEI is still being investigated quite recently (Carland et al, 1998; Carland, Carland & Ensley, 2000). For Carland and his group, entrepreneurship is a function, mainly, of four elements: (i) personality traits; (ii) risk taking propensity; (iii) innovative behavior; and (iv) strategic posture.

Recently, Kets de Vries (2001) characterized clearly and similarly the main attributes of an entrepreneur. For him, entrepreneurs seem to be driven towards achievement, they enjoy assuming responsibilities for their decisions and do not like repetitive and routine work. Creative entrepreneurs have high levels of energy and high degrees of resilience and imagination that, combined with a disposition for taking moderate and calculated risks, allow them to transform what usually starts as a simple and ill-defined idea into a concrete endeavor.

The presence, in a higher or lower level, of these four elements in an individual, places him/her in a scale that ranges from 0 to 33. The CEI result has been divided into three groups: micro entrepreneurs (0-15), entrepreneurs (16-25), and macro entrepreneurs (26-33).

Macro entrepreneurs will see their businesses as a mean for changing the industry and becoming a major competitive force. For them, success is measured in terms of business growth. Micro entrepreneurs, on the other hand, create businesses that will hardly grow, but may become a reference in their neighborhoods. They see their initiatives as a primary source of family income or for generating family employment. While macro entrepreneurs consider their businesses as the center of the universe, micro entrepreneurs consider the business as an income source, an important part of their life, but certainly not the main one. Many individuals will likely fall somewhere between these two positions – the entrepreneurs.

CEI consists of a set of 33 pairs of affirmatives in a forced choice format in a paper and pen version that measures an individual's proclivity to entrepreneurship. It requires less than 10 minutes to be filled in and is easy to score. The Portuguese version of the instrument was designed following the back-translation method (Douglas & Craig, 1999). Appendix A brings a Portuguese version of CEI and Appendix B the score sheet instructions.

THE SAMPLE

The sample in our study consisted of Business Administration undergraduate and graduate students and general adult population located in Paraná, a Southern Brazilian state. Data were collected with 495 respondents, averaging 26 years old (range: 17 to 67), 54% were female and 44% were male. Respondents were asked to fill in the Portuguese version of the CEI and to provide some demographic details (age and sex). They were also asked about ownership of a business in the present or in the past. Table 1 reports sample characteristics.

Table 1 – Sample Characteristics

Age	**n**	**%**		**Business ownership**	**n**	**%**
>20	95	19		Yes	86	17
[20, 25)	190	38		No	399	81
[25, 30)	78	16		N/I*	10	2
[30, 35)	39	8		**Type**	**n**	**%**
[35, 40)	34	7		Undergraduate	360	73
[40, 45)	24	5		Graduate	66	13
>= 45	20	4		General adult population	69	14
N/I*	15	3				
Sex	**n**	**%**		**Type of Entrepreneur**	**n**	**%**
F	265	54		Macro entrepreneur	32	6
M	221	44		Entrepreneur	412	83
N/I*	9	2		Micro entrepreneur	51	10

* N/I = Not informed

CEI'S VALIDITY AND RELIABILITY

The design of a research instrument has to observe a number of criteria that will result in sound measurement. Cooper and Schindler (1998) comment upon three major criteria for evaluating a research instrument. The first one is the validity, which refers to the extent to which a test measures what we actually wish to measure. The second is the reliability that is concerned with the accuracy and precision of measurement procedures. The last one, practicality, encompasses a diversity of factors such as economy, convenience and interpretability (Cooper & Schindler, 1998, p. 166).

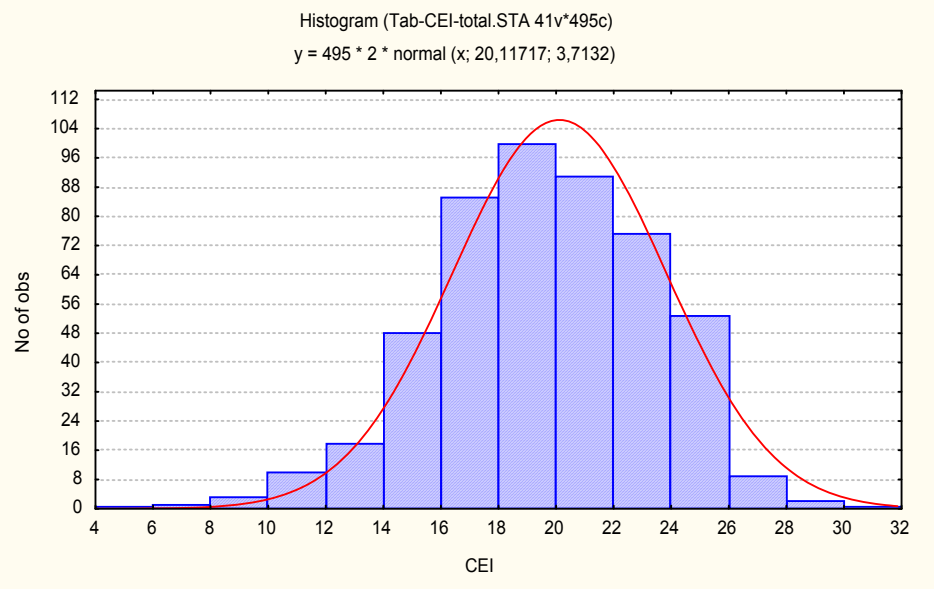
Although, the research literature identifies the existence of two types of validity, external and internal, in this study we focus solely on the internal validity. In this sense, we report the construct validity that attempts to identify the underlying constructs being measured and

determine how well the test represents them (Cooper & Schindler, 1998, p. 167). The main statistical method used for construct validity measurement is factor analysis.

Construct validity

In order to verify CEI's construct validity a factor analysis of 485 responses was carried out. However, prior to this, we checked whether the distribution of frequencies for CEI score behaved in a normal way. As shown in figure 1 the distribution approximates almost precisely the normal one.

Figure 1 – Histogram for CEI



Following the original CEI report (Carland, Carland & Hoy, 1992) four factors were extracted for analysis. Although, the literature reports different ways for determining the number of factors to be extracted, such as, Kaiser criteria, *screen test* and inferential methods (Kline, 1994), we have decided in favor of four factors because of the conceptual model, and also due to the results of the *screen test* criteria (figure 2 and table 2).

Figure 2 – Eigenvalues distribution

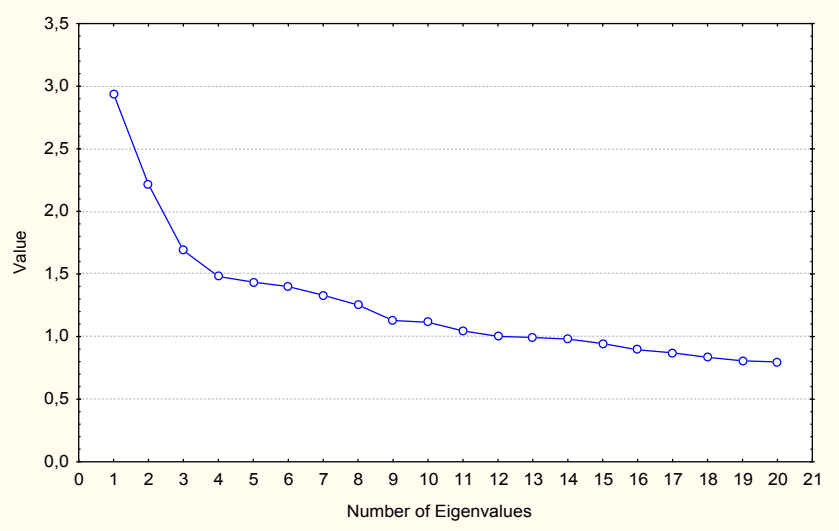


Table 2 – Eigenvalues (n= 485, Varimax raw, Principal Componentes)

Factor	Eigen value	(%) total Variance	Cumul. %	Diff. Variance		Factor	Eigen value	(%) total Variance	Cumul. %	Diff. Variance
1	2,94	8,90	8,90			18	0,83	2,53	71,35	0,11
2	2,22	6,72	15,62	2,19		19	0,81	2,44	73,79	0,09
3	1,69	5,11	20,73	1,60		20	0,80	2,42	76,21	0,03
4	1,48	4,48	25,22	0,63		21	0,76	2,29	78,50	0,13
5	1,43	4,35	29,56	0,14		22	0,74	2,25	80,75	0,04
6	1,40	4,24	33,81	0,11		23	0,71	2,14	82,89	0,11
7	1,33	4,03	37,84	0,21		24	0,66	2,01	84,90	0,13
8	1,25	3,79	41,63	0,24		25	0,65	1,98	86,88	0,03
9	1,13	3,42	45,05	0,38		26	0,64	1,93	88,81	0,06
10	1,11	3,38	48,43	0,04		27	0,61	1,84	90,65	0,08
11	1,05	3,17	51,59	0,21		28	0,59	1,78	92,43	0,07
12	1,00	3,04	54,63	0,13		29	0,55	1,66	94,09	0,12
13	0,99	3,01	57,64	0,03		30	0,53	1,61	95,70	0,04
14	0,98	2,97	60,61	0,04		31	0,50	1,52	97,23	0,09
15	0,94	2,86	63,47	0,11		32	0,47	1,42	98,64	0,11
16	0,89	2,71	66,18	0,15		33	0,45	1,36	100,00	0,06
17	0,87	2,64	68,82	0,07						

As displayed in table 3, seven of the questions (highlighted in red) did not produce significant loading weights (>= .30). However, the four factors are covered by multiple questions. Comparisons between the factor loadings of this study and the original ones showed many of the questions did not load in the same factors as would be expected. These results indicate that the Portuguese version of the CEI needs some refinements in the future. In the concluding session we will return to this point.

Table 3 – Factor loadings
(n= 486, Varimax raw, Principal Componentes)

Questions	Factor 1	Factor 2	Factor 3	Factor 4
Q1	0,01	**0,67**	0,00	0,04
Q2	**0,25**	0,19	0,19	-0,05
Q3	0,12	-0,13	0,12	**-0,21**
Q4	0,10	0,10	**0,49**	0,04
Q5	0,13	**0,62**	-0,02	-0,03
Q6	0,05	-0,02	-0,04	**0,65**
Q7	0,15	0,12	**0,46**	0,12
Q8	-0,17	**0,59**	0,06	-0,03
Q9	-0,16	0,01	**0,52**	0,09
Q10	-0,19	-0,04	0,30	**0,43**
Q11	-0,06	0,15	**0,45**	0,16
Q12	0,06	**0,40**	0,09	0,27
Q13	**-0,32**	0,19	0,10	0,30
Q14	**0,48**	0,03	0,17	0,15
Q15	**0,45**	0,17	-0,04	-0,21
Q16	**0,21**	0,12	-0,01	-0,07
Q17	**0,56**	0,13	0,09	-0,01
Q18	-0,18	0,07	-0,06	**0,55**
Q19	**0,49**	-0,07	0,16	-0,09
Q20	0,16	**0,40**	0,10	0,03
Q21	-0,22	-0,07	-0,06	**-0,25**
Q22	**0,62**	-0,01	-0,07	-0,09
Q23	-0,05	-0,03	**0,31**	-0,21
Q24	-0,21	0,23	**0,29**	-0,17
Q25	0,05	0,02	**0,35**	-0,14
Q26	0,10	-0,02	**0,43**	-0,32
Q27	0,24	-0,05	**0,41**	0,00
Q28	0,15	0,03	**0,18**	0,07

Table 3 – Factor loadings (n= 486, Varimax raw, Principal Componentes)				
Questions	**Factor 1**	**Factor 2**	**Factor 3**	**Factor 4**
Q29	**-0,38**	0,25	-0,07	-0,05
Q30	0,12	-0,05	**0,51**	-0,27
Q31	**0,33**	-0,17	0,27	0,22
Q32	**-0,42**	0,01	0,05	0,17
Q33	**0,25**	**0,25**	0,16	0,01

Reliability

Our analysis of CEI's reliability consisted of two stages. The first step consisted of a split-half, odd-even reliability examination. In the second step the index was subjected to an internal consistency test (Cronbach's alpha for dichotomous questions, i.e., Kuder-Richardson Formula 20). The results are shown in tables 4 and 5. Although a number of items in factor analyses have not loaded significantly in any of the factors, both internal reliability indexes (split-half and Cronbach's alpha) showed a good level of significance. Furthermore, statistics for each CEI item demonstrated that the Cronbach's alpha does not improve if any of the questions were deleted. "Alpha if deleted" indexes ranged from .67 to .70.

Table 4 - Split-Half, Odd-Even Reliability Examination		
Cronbach's alpha, full scale: 0.69 Standardized alpha: 0.71		
	Summary	Summary
	1st Half	2nd Half
Number of Items	17	16
Mean	9.58	10.55
Standard Deviation	2.70	2.38
Variance	7.29	5.67
Cronbach's alpha	0.54	0.46
Correlation between first and second half		0.57
Split half reliability		0.73
Guttman split-half reliability		0.72
Questions	Q1, Q3, Q5, Q7, Q9, Q11, Q13, Q15, Q17, Q19, Q21, Q23, Q25, Q27, Q29, Q31, Q33.	Q2, Q4, Q6, Q8, Q10, Q12, Q14, Q16, Q18, Q20, Q22, Q24, Q26, Q28, Q30, Q32.

Concerning item-total correlation indexes, results showed that a reasonable number of items poorly correlated. This fact is another indication that our version of CEI needs improvement, in spite of its high internal reliability.

Table 5 – CEI Cronbach's Alpha					
Summary for scale: Mean = 20.12 Std. Dv. = 4.50 Valid N:486					
Cronbach's alpha: 0.69 Standardized alpha: 0.71					
Avarage inter-item corr.: 0.070					
Questions	**Mean if deleted**	**Var. if deleted**	**Std. Dv. if deleted**	**Item-total Correl.**	**Alpha if deleted**
Q1	19.45	18.93	4.35	0.27	0.67
Q2	19.50	18.75	4.33	0.30	0.67
Q3	19.72	19.79	4.45	0.05	0.69
Q4	19.21	18.58	4.31	0.65	0.66
Q5	19.43	18.59	4.31	0.36	0.67
Q6	19.57	19.96	4.47	0.01	0.69
Q7	19.42	18.39	4.29	0.42	0.66
Q8	19.33	19.44	4.41	0.18	0.68
Q9	19.77	18.68	4.32	0.32	0.67
Q10	19.38	19.41	4.41	0.17	0.68
Q11	19.40	18.59	4.31	0.38	0.67
Q12	19.43	18.70	4.32	0.33	0.67
Q13	19.77	19.71	4.44	0.07	0.69
Q14	19.72	18.50	4.30	0.36	0.67
Q15	19.77	19.09	4.37	0.22	0.68
Q16	19.33	19.83	4.45	0.07	0.69
Q17	19.48	18.72	4.33	0.31	0.67
Q18	19.66	20.24	4.50	-0.05	0.70
Q19	19.49	19.07	4.37	0.22	0.68
Q20	19.43	18.65	4.32	0.35	0.67
Q21	19.97	20.77	4.56	-0.20	0.70
Q22	19.71	19.51	4.42	0.11	0.69
Q23	19.34	19.50	4.42	0.16	0.68
Q24	19.51	19.24	4.39	0.18	0.68
Q25	19.43	18.92	4.35	0.28	0.67
Q26	19.27	19.11	4.37	0.32	0.67
Q27	19.52	18.70	4.32	0.31	0.67
Q28	19.51	19.14	4.37	0.20	0.68
Q29	19.75	20.36	4.51	-0.08	0.70
Q30	19.23	18.89	4.35	0.47	0.67

Table 5 – CEI Cronbach's Alpha					
Q31	19.50	19.14	4.37	0.21	0.68
Q32	19.60	20.56	4.53	-0.12	0.70
Q33	19.30	18.98	4.36	0.33	0.67

ADDITIONAL EXPLORATIONS

We thought that a good way of further exploring the validity of the Portuguese version CEI was to look for possible associations between CEI scores and business ownership and sex. Researchers agree that there are psychological and social differences between men and women regarding acting and thinking on entrepreneurial processes, but not in relation to the individual capability to start an enterprise (Carland & Carland, 1991; Fleenor & Taylor, 1994). Thus, we expected no significant differences in the mean CEI score for male and female respondents. If the results were in the expected direction, this would mean that the Portuguese version CEI would be a good instrument for differentiating individuals' entrepreneurial orientation. Table 6 indicates that our assumption was confirmed, although the mean score difference for male and female respondents was not statistically significant at 5% level.

Table 6 – CEI Mean by Sex				
Sex	**CEI Mean**	**Std. Dv.**	**n**	**p**
Female	19,88	3,55	265	.045866
Male	20,55	3,84	221	

On the other hand, the validity of the Portuguese version CEI could be confirmed as well by checking the existence of differences between respondents who had already started a business and those who had not. However, this potential difference may be not very large because CEI was designed to differentiate between different types of entrepreneurs and not entrepreneurs from non-entrepreneurs. Thus, we would expect that business-owners would produce a higher CEI mean than those who had not started a business. Our results, as shown in table 7, were in the expected direction, but without significance at 5% level.

Table 7 – CEI Mean by Business Ownership				
Business Ownership	**CEI Mean**	**Std. Dv.**	**n**	***p***
Yes	20,36	4,03	86	.577253
No	20,12	3,62	399	

A word of caution in interpreting these results has to be mentioned. Over 70% of our respondents were business administration students, at undergraduate level, who had previous contact with theories and models on entrepreneurship. This contact certainly happened in a positive environment, since most of business administration courses in Brazil emphasize the need for reinforcing entrepreneurial behavior. Besides, the current social climate in Brazil for entrepreneurship is being fostered by deliberate government policies. This probably could have influenced their potential entrepreneurial orientation, even having not started a business.

FINAL REMARKS

Our intention was to discuss the validation of a translation into Portuguese of the Carland Entrepreneurship Index. As a preliminary discussion of ongoing studies, this paper indicates that our translated version has proved useful for measuring entrepreneurial orientation, and overall reached good levels of validity and reliability.

A potential benefit of having a well-validated instrument for measuring entrepreneurial orientation in Brazil is that it can contribute for more cost-effective government policies towards entrepreneurship. This instrument could be used, for instance, as an additional tool for evaluating business plans by official and private venture capital agencies such as incubators. A Brazilian Incubators network reported that the first element used for selecting candidates for incubation was entrepreneur's profile (ANPROTEC, 2001).

Further studies will have, first of all, to return to the relationship between instrument's items and theoretical models. This is necessary because, as mentioned before, a reasonable number of items did not correlate as should have done.

Secondly, some items will have to be revised against possible cultural Brazilian preferences. For instance, some items have shown a very uneven distribution with a high concentration in one of the alternative choices. This happened with the choice between "I want this business to grow and become a major force" x "The real purpose of this business is to support my family", and also with "The only undertakings this business makes are those that are relatively certain" x "If you want the business to grow you have to take some risks".

Finally, we have to mention that our sample was biased towards business administration students. Future studies will try and verify how the Portuguese version CEI behaves with a larger general population sample.

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APPENDIX A
PORTUGUESE VERSION OF CEI

Por favor, preencha os seguintes dados:

Empresa:		Data: / /		
Nome:	Idade:	Sexo:	M	F
Formação Acadêmica (Grau e Área):				

Por favor, responda todos os itens abaixo tão honestamente quanto puder.

1) **Assinale com um (X) qual alternativa melhor descreve seu comportamento ou maneira de ser para cada um dos 33 pares de afirmações apresentadas a seguir.**

01	Objetivos por escrito para este negócio são cruciais.	
	É suficiente saber a direção geral em que você está indo .	
02	Eu gosto de pensar em mim mesmo como uma pessoa habilidosa.	
	Eu gosto de pensar em mim mesmo como uma pessoa criativa.	
03	Eu não teria iniciado este negócio se eu não tivesse certeza de que seria bem sucedido.	
	Eu nunca terei certeza se este negócio dará certo ou não.	
04	Eu quero que este negócio cresça e torne-se poderoso.	
	O real propósito deste negócio é dar suporte a minha família.	
05	A coisa mais importante que eu faço para este negócio é planejar.	
	Sou mais importante no gerenciamento do dia-a-dia deste negócio.	
06	Eu gosto de abordar situações de uma perspectiva otimista.	
	Eu gosto de abordar situações de uma perspectiva analítica.	
07	Meu objetivo primário neste negócio é sobreviver.	
	Eu não descansarei até que nós sejamos os melhores.	
08	Um plano deveria ser escrito para ser efetivo.	
	Um plano não escrito para desenvolvimento é suficiente.	
09	Eu provavelmente gasto muito tempo com este negócio.	
	Eu divido meu tempo entre este negócio, família e amigos.	
10	Eu tendo a deixar meu coração governar minha cabeça.	
	Eu tendo a deixar minha cabeça governar meu coração.	
11	Minhas prioridades incluem um monte de coisas fora este negócio.	
	Uma das coisas mais importantes em minha vida é este negócio.	
12	Eu sou aquele que tem de pensar e planejar.	
	Eu sou aquele que tem que fazer as coisas.	
13	As pessoas que trabalham para mim trabalham duro.	
	As pessoas que trabalham para mim gostam de mim.	
14	Eu anseio pelo dia em que gerenciar este negócio seja simples.	
	Se gerenciar ficar muito simples, eu iniciarei outro negócio.	
15	Eu penso que eu sou uma pessoa prática.	
	Eu penso que sou uma pessoa imaginativa.	

16	O desafio de ser bem sucedido é tão importante quanto o dinheiro.	
	O dinheiro que vem com o sucesso é a coisa mais importante.	
17	Eu sempre procuro por novas maneiras de se fazer às coisas.	
	Eu procuro estabelecer procedimentos padrões para que as coisas sejam feitas certas.	
18	Eu penso que é importante ser otimista.	
	Eu penso que é importante ser lógico.	
19	Eu penso que procedimentos operacionais padrões são cruciais.	
	Eu aprecio o desafio de inventar mais do que qualquer coisa.	
20	Eu gasto tanto tempo planejando quanto gerenciando este negócio.	
	Eu gasto a maior parte do meu tempo gerenciando este negócio.	
21	Eu tenho percebido que gerenciar este negócio cai na rotina.	
	Nada sobre gerenciar este negócio é sempre rotina.	
22	Eu prefiro pessoas que são realistas.	
	Eu prefiro pessoas que são imaginativas.	
23	A diferença entre os concorrentes é a atitude do proprietário.	
	Nós temos alguma coisa que fazemos melhor do que os concorrentes.	
24	Meus objetivos pessoais giram em torno deste negócio.	
	Minha vida real é fora deste negócio, com minha família e amigos.	
25	Eu adoro a idéia de tentar ser mais esperto que os concorrentes.	
	Se você mudar muito, você pode confundir os clientes.	
26	A melhor abordagem é evitar o risco tanto quanto possível.	
	Se você quer exceder a concorrência, você tem que assumir alguns riscos.	
27	Eu odeio a idéia de pegar dinheiro emprestado.	
	Empréstimo é somente outra decisão de negócios.	
28	Qualidade e serviços não são suficientes. Você tem que ter uma boa imagem.	
	Um preço justo e boa qualidade é tudo o que qualquer cliente realmente deseja.	
29	As pessoas pensam em mim como um trabalhador esforçado.	
	As pessoas pensam em mim como alguém fácil de se relacionar.	
30	Os únicos empreendimentos que este negócio faz são aqueles relativamente seguros.	
	Se você quer que este negócio cresça, você tem que assumir alguns riscos.	
31	A coisa que eu mais sinto falta em trabalhar para alguém é a segurança.	
	Eu realmente não sinto falta de trabalhar para alguém.	
32	Eu me preocupo com os direitos das pessoas que trabalham para mim.	
	Eu me preocupo com os sentimentos das pessoas que trabalham para mim.	
33	É mais importante ver possibilidades nas situações.	
	É mais importante ver as coisas das maneiras que elas são.	

Appendix B

Scoring Instructions

Put a check in the appropriate box for the first or second choice for each of the questions. Count the number of checks appearing in boxes, which have the word "count" appearing in them. The total of number of checks in "count" boxes will be the respondent's Entrepreneurship Index and will range from 0 to 33.

Questions	1st	2nd		Questions	1st	2nd
1	Count			18		Count
2		Count		19		Count
3		Count		20	Count	
4	Count			21	Count	
5	Count			22		Count
6		Count		23		Count
7		Count		24	Count	
8	Count			25	Count	
9	Count			26		Count
10		Count		27		Count
11		Count		28	Count	
12	Count			29	Count	
13	Count			30		Count
14		Count		31		Count
15		Count		32	Count	
16	Count			33	Count	
17	Count					

DOES ON-MARKET EXPERIENCE MAKE PRODUCTS MORE ATTRACTIVE TO MASS RETAILERS?

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ABSTRACT

Small firms that are able to create higher levels of product attractiveness are more likely to make retail buyers interested in investigating those products further. This study examines whether current market experience can be defined as a product attractiveness characteristic. The results of a study of products from more than 1700 firms indicate that small firms whose products are already on the market at some level are more likely to have them viewed in a positive light by independent evaluators and retail buyers than firms whose products are not yet on a retail shelf. Products with market experience are clearly seen to be better prepared to satisfy national consumer demand than products yet to be tested at the retail level.

INTRODUCTION

Selecting the right products and suppliers is essential for long-term success in the mass merchandising industry. Product acceptance, however, often involves substantial risk due to the high failure rates associated with unproven goods and the financial uncertainty associated with a new buyer-seller relationship. According to the Federal Trade Commission (2003), failure rates for new products can be as high as 70 percent, and product sales may not be strong enough to cover the cost of market introduction. Retailers also have limited shelf space; therefore, they must be careful in determining their overall product mix. Not having a popular product on-shelf when customers want or need it is a critical mistake that most retailers cannot afford.

Product acceptance and product attractiveness seem to go hand in hand. Retailers desire products that have unique features, strong demand expectations, and promotional support, and studies have shown that these factors increase product attractiveness and ultimately product acceptance (Rao & McLaughlin, 1989; St. John & Heriot, 1993; Kim, Jones, & Knotts, 2005). In this paper, we propose that "market experience" or prior on-shelf status is an attractive product feature to mass retailers and that suppliers who have it enhance their odds at product acceptance.

Specifically, we looked at small manufacturers who were attempting to become vendors to Wal-Mart and posed the question—does market experience affect which products buyers actually reviewed positively and which products retailers placed on-shelf? In other words, does having a product already on-shelf in another market make a product more attractive to mass retailers? Because entrepreneurial firms and their owners may face more marketplace hurdles than large established businesses, these small manufacturers were of particular interest. We wanted to know if having a proven product helped their vendor selection chances. We begin by describing the desire of small suppliers for mass merchandising shelf space and the challenges they face, followed by a discussion of product attractiveness and its role in supplier selection/product acceptance. The remainder of the paper discusses our study and its findings.

LITERATURE REVIEW

The Appeal of Mass Merchandising

Becoming a mass merchandising supplier is not easy, especially for smaller firms. According to Wal-Mart executives, small manufacturers have about a 1 in 300 chance of actually getting their product reviewed and on-shelf at the retail giant because Wal-Mart buyers may not see the need to invest time in small ventures when they already have established relationships with larger ones (Udell, Atehortua, & Parker, 1995). In addition, acceptance rates are not good for new vendors, and small firms are unlikely to get a second chance if they fail the first time (Anderson, 2003). With these roadblocks, why do some small firms want to become Wal-Mart suppliers?

Wal-Mart's never-ending quest for the next best product makes being their supplier seem like the American dream. Don Harris, Wal-Mart's former Executive V.P. of General Merchandise, estimated that Wal-Mart reviews 2,000 product submissions each week from entrepreneurs who believe that being on-shelf at the mass retailer epitomizes business success. Some of these entrepreneurs are so intent on becoming rich with Wal-Mart that they ignore the price concessions, production costs, and delivery requirements necessary to supply the world's largest retailer. Others actually pick up and move to Bentonville, Arkansas, where Wal-Mart is headquartered, in order to be more responsive to the retailer's needs (Anderson, 2003). As Fishman (2003) stated, these potential suppliers believe that "the only thing worse than doing business with Wal-Mart may be not doing business with Wal-Mart."

The Role of Product Attractiveness

Product acceptance for retailers involves choosing the best supplier or the one who has the most attractive product (Swift & Gruben, 2000). Kaufman, Jayachandran, and Rose (2006)

broadly defined product attractiveness as any differentiating characteristic, such as product features, market demand, or promotional strategy that gives a new product a competitive advantage over an existing product. Prior research on supplier selection has identified multiple attractiveness criteria, both product-related and supplier-related, that influence product acceptance.

St. John and Heriot (1993) reported that product characteristics such as low costs (price), quality, and uniqueness were attractive features for just-in-time buyers. These authors suggested that potential suppliers could establish a competitive edge by raising quality above the industry standards and by offering products with distinctive designs. Pearson and Ellram (1995) also identified price, quality, and design as important criteria for small and large electronic firms in their study. Other research by Piercy and Cravens (1997) and Verma and Pullman (1998) echoed these findings. Buyers expected quality products and fair prices from suppliers who wanted to do business with them.

In the mass retail market, Jones, Knotts, and Udell (2003) identified similar product-related criteria as being critical for supplier selection. The product's perceived appearance/design and its price were important factors in determining which suppliers deserved further review by retail buyers. Additional research in this area, however, suggested that mass retail buyers are looking for more than just price, quality, and design. Kim, Jones, and Knotts (2005) found that other factors including demand stability, amount of product testing, and promotional requirements contributed to overall market readiness of the product. This readiness level, in turn, influenced the product's mass merchandising potential or attractiveness to buyers.
For some buyers, supplier characteristics were more important in their product acceptance decisions. For example, Piercy and Cravens (1997) examined selection criteria to determine what buyers rated as critical elements. In general, buyers ranked supplier-related issues such as trust, communication, and a positive attitude higher in importance than product-related issues such as packaging, warranties, and international brand recognition. Other firm factors including delivery reliability, timeliness, and flexibility have been found essential for buyers (Verma & Pullman, 1998). Similar criteria regarding potential suppliers (e.g.—trustworthiness, positive outlook toward the future, and speed of development) were shown to be critical factors used by small business executives in their decision making process (Park & Krishnan, 2001).

In the mass merchandising market, Jones et al. (2003) found that a small firm's overall focus on quality and their level of board involvement influenced product acceptance rates. Kim et al. (2005) explored further and identified two other factors--management experience and level of R&D commitment. Their research suggested that the resources devoted to R&D were necessary to improve existing products that satisfy consumers' diverse and ever-changing tastes and to introduce new products that could be attractive to consumers.

While previous research has identified both product-related and supplier-related factors that enhance product attractiveness, this paper focuses on demonstrated marketability of the product in the marketplace. Therefore, the purpose of this study is to determine whether small

manufacturing firms whose products had market experience were viewed as more attractive to mass retailers than firms with no such products. To the best of our knowledge, no studies have examined this particular question. The next section of the paper describes the background of the study.

THE STUDY

The sample firms for this study were small manufacturers who participated in a mass merchandising screening program developed at a regional Midwest university. The screening program consisted of two assessments: an external review of the firm's submitted product and a self-appraisal of the firm's management practices. For the purpose of the paper, only the product evaluation measure will be examined, and specific items can be found in the Appendix. Each product was either rejected from the program or sent on to the mass merchandiser for buyer review based upon the results of these evaluations. The final decision as to whether the forwarded product was placed on-shelf was left entirely to the retailer.

All of the participating firms were independently-owned manufacturers who wanted to be suppliers for Wal-Mart. Out of 2113 potential suppliers, 1717 firms (81.3 percent) completed the entire evaluation process. These participants were from all states, and none were dominant in the industry. The products ranged in suggested retail price from inexpensive and/or point-of-purchase to major purchase levels. No racial, ethnic, or other minority data were kept as part of the main database.

Product Evaluation

The product evaluation instrument consisted of 41 items based on the Product Innovation Evaluation System (PIES) developed at the University of Oregon (Udell, O'Neill, & Baker, 1977). Product areas included societal impact, business risk, demand analysis, market acceptance, competitive capabilities, and experience and strategy. An independent, trained evaluator completed this portion of the assessment process. The independent evaluator was typically a current or former retail buyer or an experienced small firm owner with a retail background whose role was to assess the mass market potential of the product.

Products were judged on a five-point ordinal scale using specific achievement levels rather than a sliding subjective scale. The three-point (or middle) response was the minimum performance level acceptable to retail buyers. The independent evaluators rated each product using items like the one below:

> **Functional Feasibility.** In terms of its intended functions, will it do what it is intended to do? This product:

(1) is not sound; cannot be made to work.
(2) won't work now, but might be modified.
(3) will work, but major changes might be needed.
(4) will work, but minor changes might be needed.
(5) will work; no changes necessary.

METHODOLOGY

Participants in this program voluntarily submitted their products to evaluators in return for a professionally developed independent analysis of the product and its potential at the mass retail level. Evaluators, in turn, thoroughly examined each product presented and provided both analysis and feedback which was intended to help the participants make decisions about further market and product development strategies.

For this study, we examine the differences between products that already have a presence on the market versus those that have not yet been offered at retail. Because the variables have non-parametric, ordinal responses, we chose to use the chi-square distribution and the Mann-Whitney ranks tests to determine: 1) whether or not there was an actual difference in the evaluators' assessments of products based upon market presence; and 2) which group of products (if any) would have been judged more favorably by evaluators in this program.

Market Experience

Because we wanted to assess the value of market experience on the attractiveness of a product to a mass merchandiser, we needed a way to determine which products were already on the market versus those which were still in development or testing. Four items in the evaluation instrument included an assessment point indicating that the product in question was already on at least one retailer's shelves. These items are:

Investment Costs. This item asks for information on the level of capital investment likely needed to launch the product onto the market. The highest rating (6) indicates that the product is already established.

Payback Period. This item asks for the period of time expected before the product recovers initial commercialization investment funds. The highest rating (6) indicates that the product is already established.

Research & Development. This item examines the amount of research and development still needed on the product before it can be placed into the market. The highest rating (6) indicates that the product is already established.

Distribution. This item assesses the difficulty of establishing distribution channels for the product. The highest rating (6) indicates that the product is already established.

Products which the evaluator identified as already established were then labeled as having market experience. Of the 1717 firms in this study, 795 (46.3 percent) were identified by evaluators as possessing some market experience. The level of market experience – or amount of time spent on the market - was not directly calculated in this program.

Variable Definitions

Several variables are used in this study to gauge differences in success between products with or without market experience. One level of success is the most critical: did the product receive a favorable assessment from a buyer and land on the retailer's shelves? However, other assessments of success are also noteworthy. Even a product that is well thought of may not find its way to a mass retailer's marketplace for any number of reasons. At times, the retailer may already have a popular competing product on the shelf and may not wish to give up limited shelf space for a relatively unknown new entrant. At other times, the retailer may simply not be interested in selling the product, even if it would provide a reasonable profit, for philosophical reasons. Neither of these nor many other reasons should be the sole indicator of the market worthiness of the product, and evaluator assessments of other qualities of the firm and its product are useful in determining the success potential of the venture.

Approved and On-shelf. This item is an after-program variable which indicates whether or not: (1) the product made it successfully out of program review and was forwarded on to a buyer (reported by the evaluator); and (2) the product was eventually accepted by the retailer onto its shelves (reported by the retailer).

Evaluator's Recommendation. This item indicates the geographical breadth expected by the evaluator for this product. Those goods with limited market potential or with uncertain market potential were assessed poorly, while those with greater potential were recommended for regional or national development.

Evaluator's Readiness Assessment. This item expresses the evaluator's opinion as to the market readiness of the product. Products that were ready to be placed on a retailer's shelves, whether locally, regionally or nationally, were assessed more highly than those that still needed significant development.

Venture Overall State of Readiness. This item evaluated the overall readiness of the firm to enter into a supplier relationship with a mass merchandiser. This is affiliated with the assessed capability items discussed below.

Product Overall State of Readiness. This item evaluated the overall readiness of the product to be placed onto a mass merchandiser's shelves.
Assessed Capability - Production. Production levels expected from the manufacturer.
Assessed Capability - Quality Control. Assessed quality control measures in place.
Assessed Capability - Marketing. Marketing resources available to the firm.
Assessed Capability - Engineering/Technical. Design and production resources.
Assessed Capability - Financial. Capital resources in place or expected.

RESULTS

Previous research on this group of firms has determined that male versus female ownership of small manufacturers in this program is a question rarely worth pursuing. Knotts, Jones, and LaPreze (2004) found that both male- and female-owned firms were successful in getting their products positively assessed by evaluators, although in achieving this goal female-owned firms were more affected by product quality factors while male-owned firms were affected by the entire venture's quality. In Knotts, Jones, and Brown (2008), more successful (characterized by survival rates) female-owned firms relied on marketing strengths while the same success in male-owned firms was highlighted by a stronger reliance on production quality.

Survival rates between the two types of firms, however, was nearly identical. As a demographic discussion point, both on-market products and those not yet on the market had nearly identical gender ratios in this study (see Table 1). Use of the Mann-Whitney ranks test for this variable generates a difference in gender ranks which is not statistically significant (Table 2). Since gender is not the focus of this study but rather on-market status, we shall leave this variable to the side.

The primary success statistic for this study is on-shelf approval given by a mass retailer. In Table 1, the results show that products with market experience were more than 30 percent more likely to be accepted for placement on-shelf than those that were not already on-market, and the products without market experience were more than 40 percent more likely to be outright rejected by a program evaluator as unfit. The chi-square statistic for the crosstabs procedure showed statistical significance for this result. The Mann-Whitney test statistic echoes this result in Table 2. Products which had market experience were viewed more favorably by both program evaluators (getting forwarded to a buyer) and by retail buyers (being accepted for retail sale).

Products were also judged in general about their fitness for the market place in the next two variables, the evaluator's recommendation and readiness assessment. Similar results were found for these variables. Again, products with market experience were less likely to be considered unfit and more likely to be considered ready for the both the general marketplace and a mass merchandiser's shelves. In fact, on-market products were more than twice as likely to be

recommended for Wal-Mart or another mass retailer than those without market experience. The Mann-Whitney tests corroborate these results.

Finally, the readiness of both the venture and the product for the market in general and for a mass retail market in specific was tested. As before, market experience translated to a perceived higher level of readiness for both the firm and the product from program evaluators. Almost three-fourths of all on-market products were considered ready for all market channels, and nearly half of the firms with on-market products were considered either well- or very well-prepared to enter the mass retail market. Less than half of the products without market experience and only about one-third of their firms received the same assessment. Again, the Mann-Whitney test statistics provide similar support.

The underlying strategic capabilities which create this state of readiness were also examined. While each of the tests shows a statistically significant difference between the two classes of products, quality control capabilities were judged to be slightly but significantly better for products without market experience. All other capabilities were judged to be in favor of those firms with products with market experience. The differences in performance in quality control were not great, but firms without market experience apparently were judged as having somewhat better procedures for maintaining higher product quality standards. These results were confirmed by the Mann-Whitney ranks tests.

DISCUSSION

The results of this study seem to indicate that having market experience from a product that has been on-shelf in some retail form or another is more attractive to potential mass merchandisers and their buyers. Lessons learned from this study's results would include:

(1) Products with market experience are judged to be of higher quality and readiness for all levels of the marketplace, and the firms that manufacture those products are judged to be better prepared to handle the rigors of all levels of the marketplace. Manufacturers with some market experience get a positive boost from the simple fact that the product is seen on the market and is therefore judged to be "proven."

(2) Products with market experience are more likely to be judged positively by a third-party (including and especially a retail buyer), and they are more likely to be accepted onto a mass merchandiser's shelves for consumer distribution. The act of getting a product out into the market prior to attempting to enter larger, more complex markets seems to indicate to buyers at higher levels that a manufacturer has the experience needed to perform at that level. Manufacturers that cannot demonstrate this capacity to the buyer in charge of finding and developing new product offerings will not find an opening to the retailer.

(3) Mass retailers are not interested in creating a national consumer interest in a product but instead wish to use an already existing market interest to fuel its sales. Discount superstores are not known to provide national advertising campaigns for products. Rather, they expect the manufacturer itself to undertake that commitment while they promote their lower prices and convenient shopping experiences. As a result, the retailer expects the firm to be able to match its mass demands for product for its nationwide network of stores and to stoke the consumer interest needed to move it off of the shelves. If a firm is not judged to be ready to do that, the retailer is unlikely to sign the firm on as a supplier.

Product manufacturers are often owned and managed by skilled and intelligent people who know a great deal about invention and innovation and who may have excellent technological abilities. However, these same people will often hold the out-dated opinions that a quality product will sell itself, that large retailers are waiting for manufacturers to bring the latest new products to them, and that customers flock to a retailer's shelves to buy anything new at any price. In today's marketplace, the mass retailer is generally unwilling to take on any new and unproven product, especially if it has little or no market exposure to consumers. Without a track record, products and their manufacturers will not rate even a cursory review.

CONCLUSION

Product attractiveness is an important concept for manufacturers to remember when they attempt to enter into the marketplace. This is especially true for those wishing to become suppliers to national mass merchandisers. These large retailers expect mass quantities of products manufactured to their own specifications, and firms unwilling or unable to meet that demand will not succeed in entering the mass market.

On the other hand, firms with products already on the market at some level are generally perceived as more capable of creating sufficient consumer demand for their products and of meeting the higher expectations of the mass retailer. Manufacturers wishing to move into niche, regional, national or mass retail markets should choose to first market in local or specialized retailers to gain the experience sought after by these other retailers, especially those at the highest volume levels. Failing to do so will make it much more difficult to get a firm's product placed on a mass retailer's shelves.

Table 1: Independent Variable Chi-Square Test and on-Market Status			
Variable	Not On-Market n = 922 (53.7%)	On-Market n = 795 (46.3%)	Significance
Firm Owner Gender			
Male-Owned	80.7%	80.7%	NS
Female-Owned	19.3%	19.3%	
Approved & On-Shelf			
Rejected Outright	77.5%	54.7%	0.001
Forwarded – Not on-shelf	17.7%	39.0%	
Forwarded – On-shelf	4.8%	6.3%	
Evaluator's Recommendation			
Not Recommended	4.1%	2.5%	0.001
Limited & Cautious	23.1%	14.6%	
Recommended Other Channel	48.2%	30.9%	
Recommended Mass Retailers	5.1%	6.9%	
Recommended Wal-Mart	19.5%	45.2%	
Evaluator's Readiness Assessment			
Not Ready for Distribution	27.3%	16.8%	0.001
Some Changes Needed	24.5%	27.8%	
Ready for Distribution	48.2%	55.4%	
Venture Overall State of Readiness			
Poorly-Prepared	3.6%	1.5%	0.001
Inadequately-Prepared	27.3%	16.0%	
Moderately-Prepared	35.0%	33.8%	
Well-Prepared	29.2%	37.7%	
Very Well-Prepared	4.9%	10.9%	
Product Overall State of Readiness			
Low Potential	1.0%	0.3%	0.001
Not Market Ready	2.5%	0.8%	
Almost Market Ready	5.4%	1.6%	
Ready for Limited Distribution	11.2%	3.9%	
Ready for Some Channels	30.5%	20.8%	
Ready for All Channels	49.3%	72.6%	

Table 1 (cont.): Independent Variable Chi-Square Test and on-Market Status			
Variable	Not On-Market n = 922 (53.7%)	On-Market n = 795 (46.3%)	Significance
Assessed Capability - Production:			
Very limited quantities – local sales	5.3%	2.3%	0.001
Limited quantities – regional sales	24.1%	16.7%	
Moderate quantities – regional/national sales	43.2%	40.3%	
High volume – smaller mass merchandiser	22.2%	30.5%	
Very high volume – national mass retail	5.3%	10.2%	
Assessed Capability - Quality Control:			
Lacks adequate quality control	1.2%	1.1%	0.01
Needs to correct deficiencies	10.1%	15.0%	
Average quality controls	43.0%	42.3%	
Above average – acceptable quality expected	37.3%	30.6%	
Well above average – high quality expected	8.4%	11.0%	
Assessed Capability - Marketing:			
Questionable ability to market product	4.1%	1.1%	0.001
Limited – extensive outside support needed	41.8%	28.5%	
Moderate – some outside support needed	41.6%	52.3%	
Extensive – sufficient to support national sales	10.8%	15.4%	
Very extensive – easily supports national sales	1.7%	2.7%	
Assessed Capability - Engineering/Technical:			
Questionable ability to design and produce	0.5%	0.3%	0.001
Limited – needs extensive outside support	15.3%	7.2%	
Sufficient – needs occasional outside support	63.1%	66.2%	
Extensive – rarely needs outside support	18.9%	20.6%	
Very extensive – exceeds expected tech needs	2.2%	5.6%	
Assessed Capability - Financial:			
Very limited – local market limitations	13.8%	5.0%	0.001
Limited – may sustain regional sales	41.9%	25.6%	
Moderate – may sustain regional/mass sales	29.5%	43.5%	
Extensive – may sustain national mass sales	11.4%	21.7%	
Very extensive –supports national mass sales	3.3%	4.3%	

Table 2: Mann-Whitney Ranks Test and on-Market Status					
Variable	Mean Ranks		Mann-Whitney U	Z	Signif.
	Not On-Market n = 922 (53.7%)	On-Market n = 795 (46.3%)			
Client Gender	856.36	862.06	364060.5	-0.328	NS
Approved and On-Shelf	759.84	944.74	277978.0	-9.423	0.001
Evaluator's Recommendation	678.95	904.85	215430.5	-10.408	0.001
Evaluator's Readiness Assessment	742.96	828.54	269842.5	-4.087	0.001
Venture Overall State of Readiness	751.64	924.34	274800.5	-7.664	0.001
Product Overall State of Readiness	727.12	941.44	254276.5	-10.434	0.001
Assessed Production Capability	725.42	866.20	258326.0	-6.449	0.001
Assessed Product Quality Control	850.73	811.51	328720.5	-1.774	0.076
Assessed Marketing Capability	760.96	910.13	283036.5	-6.856	0.001
Assessed Engineering/Technical Capability	747.96	839.18	275513.0	-4.670	0.001
Assessed Financial Capability	660.46	872.11	210572.5	-9.841	0.001

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Appendix: Product Evaluation Criteria (Original Instrument Items)		
Societal Impact	Legality Safety	Environmental Impact Societal Impact
Business Risk	Functional Feasibility Production Feasibility Commercialization Stage Investment Costs	Payback Period Profitability Marketing Research Research & Development
Demand Analysis	Potential Market Potential Sales Trend of Demand	Stability of Demand Product Life Cycle Product Line Potential
Market Acceptance	Use Pattern Compatibility Learning Need Dependence	Visibility Promotion Distribution Service
Competitive Capabilities	Appearance Function Durability Price	Existing Competition New Competition Protection
Experience & Strategy	Technology Transfer New Venture Marketing Experience Technical Experience	Financial Experience and Resources Management & Production Experience Channels: Promotional Requirements Channels: Sales & Selling Price

A MODEL OF SHARED ENTREPRENEURIAL LEADERSHIP

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ABSTRACT

We review the literature to demonstrate that there is strong support for the conclusion that teams are more often involved in the creation of high growth potential entrepreneurial ventures, than the apocryphal sole entrepreneur. Further, entrepreneurial teams tend to provide more effective leadership for those ventures. Recognizing that leadership incorporates visioning for the venture and command and control of the venture, we investigate how sharing of both processes operates. Finally, we present a model which explains how shared entrepreneurial leadership, incorporating both visioning and command and control, operates in a venture.

INTRODUCTION

The stereotype of the entrepreneurial leader is an individual of great charisma who is beloved by his or her subordinates and who inspires them to heroic acts of performance. Like the stereotype of the lone genius who develops a paradigm changing innovation, it is a romantic perspective, but not one which bears a great deal of resemblance to reality. Humans discovered the value of teams while we were still living in trees and caves. Teams are stronger, wiser, and more powerful. We used teams to protect the tribe; we used teams to forage for food; we used teams to conquer the soil. As we grew into a more structured society, we used teams to advance that society. In fact, we have always used teams to leverage our insight, our power, and our understanding. We still do that today.

The evolution of the great person stereotype is interesting to observe. We seem to have always been fascinated by stories of lone rangers fighting against insuperable odds, and winning. These legends have not only entertained us, they have gained the stature of expectation and admiration in our societies and in our lives. That does not change the fact that they are legends!

ENTREPRENEURIAL TEAMS

Gartner, Shaver, Gatewood and Katz (1994) argued that the "entrepreneur in entrepreneurship" is more likely to be plural than singular. That is, entrepreneurial firms are more likely to be started, by teams of entrepreneurs than individual entrepreneurs. Since that piece appeared, there has been a veritable flood of articles demonstrating the ubiquity of

entrepreneurial teams. We have always believed in the value of teams, and, in fact, when individuals tend to be recognized for their accomplishments, there is, more often than not, a team actually involved, but one or more members simply are not recognized. Consider the role of a spouse or companion who does not take a leadership role or position in the founding of a venture. Quite often, such support people tend to be deeply involved in the development, maturation and evolution of the entrepreneurial vision or idea. Even when a successful entrepreneur is interviewed about the "early days" of the venture, the involvement of other people in the evolution of the idea is frequently minimized simply because memory is imperfect and the slow evolution of an amorphous idea into a crystalized vision fades to become a memory of an "aha" idea.

In 2005, in the introduction to a special issue of the *International Small Business Journal* devoted to entrepreneurial teams, Thomas Cooney (2005) presented a great review of the evolution of the literature recognizing the ubiquity of entrepreneurial teams. Table 1 displays a sampling of the findings of entrepreneurship researchers studying the role of teams in the founding of the venture.

Table 1: The Appearance of Teams in Entrepreneurship Literature

Date	Researchers	Findings
1986	Aldrich and Zimmer	reliance on a team provides access to a greater diversity of resources and skills
1986	Roure and Madique	entrepreneurial firms rely heavily on a team-based approach
1990	Kamm, Shuman, Seeger and Nurick	entrepreneurial firms rely on a team based approach to leadership
1990	Feeser and Willard	entrepreneurial firms rely heavily on a team-based approach
1990	Eisenhardt and Schoonhoven	entrepreneurial firms rely heavily on a team-based approach
1990	Vesper	firms with the potential for strong growth require multiple skills found in an entrepreneurial team
1994	Gartner, Shaver, Gatewood and Katz	entrepreneurial firms are more likely to be started by teams than by individuals, and viewing entrepreneurship as a collective activity, rather than an individual one, is a new meta-theme
1994	Timmons	effective functioning of the entrepreneurial team is critical to success
1994	Cooper, Gimeno-Gascon and Woo	a team provides access to a greater diversity of resources
1998	West and Meyer	research focusing on teams, as compared to individuals, is emerging as a trend
1999	Ensley, Carland, Carland and Banks	entrepreneurial teams do exist and are the norm in high potential venture starts
2003	Ensley, Pearson and Pearce	top management teams in entrepreneurial ventures share leadership
2005	Cooney	entrepreneurial teams have become accepted in the literature
2006	Forbes, Borchert, Zellmer-Bruhn and Sapienza	entrepreneurial teams are the norm in successful venture starts
2007	West	entrepreneurial teams make better decisions than individuals

There can be little doubt that the predominant view embodied in the entrepreneurship literature is that entrepreneurial teams do exist and they are disproportionately involved in the establishment of ventures which have the potential for rapid growth and expansion. In fact, there is a vast body of empirical literature which demonstrates that entrepreneurial teams do, in fact, lead ventures which have better financial performance than firms led by individual entrepreneurs. Table 2 displays a sampling of these studies.

Table 2: The Impact of Entrepreneurial Teams on Entrepreneurship Performance

Date	Researchers	Findings
1986	Roure and Madique	entrepreneurial teams positively impact firm growth
1990	Feeser and Willard	larger teams lead to improved entrepreneurial firm performance
1993	Siegel, Siegel and MacMillan	functionally balanced entrepreneurial teams were positively associated with growth
1998	Ensley, Carland and Carland	team heterogeneity leads to improved venture performance
1999	Ensley	entrepreneurial teams improve venture performance
2003	Ensley, Pearson and Pearce	cohesion and collective vision are positively and reciprocally related to new venture performance
2006	Ensley, Hmieleski, and Pearce	shared leadership leads to improved entrepreneurial venture performance
2006	Amason, Shrader and Tompson	team heterogeneity is negatively related to performance when the venture produces innovative products
2007	West	entrepreneurial teams make better decisions than individuals
2007	Beckman, Burton and O'Reilly	more diverse founding teams are associated with higher performance, particularly in more complex environments

We conclude from the literature that entrepreneurial teams are disproportionately involved in the creation of entrepreneurial ventures with greater growth prospects. In other words, if we discount the creation of low potential ventures, entrepreneurial teams are the norm. Secondly, we conclude from the literature that the entrepreneurial team engages in shared leadership and that the composition of that team has a significant impact on the financial performance of the venture.

We can view entrepreneurial leadership as being composed of the visioning process, which evolves the initial and on-going vision or idea for the venture, and of the leading process, which involves the initial and on-going command and control of the venture. We will look at these pieces independently before looking at them together.

SHARED VISION

The most critical aspect of leadership is developing and inculcating a vision for the organization. This is even more critical for an entrepreneurial venture in which the operation is truly little more than the embodiment of the vision of the entrepreneur or the entrepreneurial

team. If we understand how a vision evolves, then we can better understand how shared vision works. A vision is really a well developed idea, so let's talk about inventions and ideas first.

Teams create inventions; teams develop ideas. The lone genius occupies the same genus as the yeti. What really happens is that an individual begins to study and reflect about something. At first, the ideas are amorphous, but the individual talks about those ideas with others. The discussions turn into exchanges, and the exchanges help to move the amorphous concept along an evolutionary path toward a concrete concept. The people involved in the exchange of ideas need not be directly involved. In fact, it can work better if they are not involved and know little about the core concepts. Edison's 'invention factory' had no partitions or interior walls (Josephson, 1992). Any inventor could, and did, walk by any other inventor's work space, observe what was happening, and make a comment. Those comments often led to breakthroughs.

It is all about the cross pollination of minds. As people listen to the expression of an idea, they have thoughts of their own, and they express these thoughts in the form of questions, observations, or comments. In essence, each mind involved in the discussion, piggybacks on concepts expressed by the other minds in the discussion, and the result is a constant shifting, moving, growing and changing of the underlying idea, until it achieves concrete and workable status. This is the way that inventions are created and ideas are developed.

Frequently, these cross pollination processes are forgotten by the participants, or given short shrift in memory. Consequently, interviews with people may result in a minimization of the contribution of other people to the discoveries and breakthroughs. Worse, the people involved in the cross pollination might not seem to the participants to have been of much value. For example, we have often seen entrepreneurs who claimed solo credit for their ideas be completely oblivious to the contribution of a spouse. You see, the final idea or concept or breakthrough might very well be made, and frequently is made, by the originator of the idea. What that originator might not realize is that his or her idea coalesced because of the cross pollination.

Now, let's identify the idea under development as the vision for establishing an entrepreneurial venture or the vision to expand it and move it forward. As our literature review has shown, it is a team that is usually involved in the startup of an entrepreneurial venture. In our view, this is so even in those low potential firms which the literature ignores. We believe that some members of the team might not be directly involved, or might not be paid, such as a spouse or family member, but it is almost always a team that translates an idea into reality. Teams are just smarter and more capable, and individuals just face so many challenges when they try to operate without a support mechanism. By the same token, it is a team, some members of which might not be openly acknowledged, which is involved in the evolution of a vision.

In our view, shared visioning is a common occurrence in entrepreneurial ventures. Anecdotally, we can see how continuously evolving a shared vision actually works. We have seen this in *inc. 500* companies and in many high growth firms with which we have consulted. In an entrepreneurial venture, any member of the top management team can be found in the office

of another member at any point in time; one can find various members of the team conversing with each other continuously. In fact, one will observe various members of the team exploring ideas, issues, concepts, challenges, perceptions, problems, and opportunities at all hours of the night and day; inside the office, outside the office, at each other's homes; during social occasions, etc. The team is constantly cross pollinating each other's minds. Even if there are no formal members of the entrepreneurial team, the sole entrepreneur is likely to be constantly talking with advisors, supporters, or other respected individuals, in the same way that the members of the entrepreneurial team operate. It is the cross pollination of ideas, insights, and thoughts that is the essence of shared vision.

In an entrepreneurial venture, effective leadership is virtually equivalent to effective visioning (Ensley and Pearce, 2001; Ensley, Pearson and Pearce, 2003; Pearce and Ensley, 2004; Ensley, Hmieleski and Pearce, 2006). The sharing of command and control is a separate decision from shared visioning, which can exist independently.

SHARED LEADERSHIP

Shared leadership is really just the use of a team instead of a single individual at any given level of management within an organization. Basically, the organization recognizes and embraces the value of a team in terms of leadership, as well as in terms of operations. Two or more people will share responsibility for leading a unit or an organization, and they will cooperate with each other, just as the members of an operational team cooperate. This allows each member of the team to contribute his or her strengths to the team, and provides an opportunity for the members of the team to use each other's skills and abilities to produce a greater level of insight and knowledge. In the case of an entrepreneurial venture, the team will be the group of entrepreneurs who share the running of the venture.

The members of the team will work out how best to incorporate themselves into it. They may decide to pursue consensus on all decisions that must be made, or to pursue consensus only on major decisions, and to assign responsibility for certain routine tasks to individual members of the team. They may partition the role or position which the team occupies; assigning some members to components of the role. Alternatively, they may involve all of the members in every act. The important thing is that they work together as a team on their leadership of the venture. That cooperation, in any form with which the team members are comfortable, will create synergy of leadership in which the outcome is more powerful than the inputs.

We know that a team is smarter and more effective than an individual. Why then, would we not also recognize that a team of leaders is smarter and more effective than a single leader? Pearce and Conger (2003) explain that leadership has historically been conceived around the concept of an individual and his or her relationship to subordinates since the early 1800s, when leadership and management were formally recognized in the literature as factors of production. During the early decades of the nineteenth century, leadership was thought to be all about

command and control, a hierarchical concept. By the dawn of the twentieth century, the school of scientific management was born, and the command and control aspect of leadership was embedded as the only aspect of import.

A remarkable and visionary management consultant, Mary Parker Follett (1924), one of the first of her gender to become influential, expressed a different view in 1924 when she talked about the law of the situation. Her perception was that rather than simply following the lead of a person who was in a position of formal authority, one should follow the lead of the person who was most knowledgeable about the situation at hand. This was a radical departure from the management scientists of her day, but her work did not win broad acceptance.

As Pearce and Conger (2005) tell the story, in the 1950s, work on co-leadership, a situation in which two people share a single position of authority, began to appear in the literature. Despite the emergence of a small number of firms in which Co-Presidents operate, the practical impact of the co-leadership literature remains observed more in the breach than in the application. Participative decision making emerged in the 1970s, and that literature began to have an effect on management practice, and more research began to demonstrate the value of teams and teamwork in improving performance.

In reality, it was only at the turn of century, the late 1990s and the early 2000s, that shared leadership began to receive the recognition in the literature that it deserved and this was through the work of researchers examining shared cognition and looking at the empirical impact of shared leadership (i.e., Ensley and Pearce, 2001; Pearce and Sims, 2002; Ensley, Pearson and Pearce, 2003; Pearce, Sims, Cox, Ball, Schnell, Smith, and Trevino, 2003; Ensley, Pearce and Hmieleski, 2006; Ensley, Hmieleski, and Pearce, 2006). Their findings provided robust evidence for the value of shared leadership. These works, and other contributions, have led to a greater level of acceptance of shared leadership in practice, and formal shared leadership has become a reality in an increasing number of organizations.

In our view, shared leadership is much more than the formal division of command and control within an organization. The burden of leadership is in the mind, not in the structure of the organization. It is in the mind that the burden is shared, and any process that does that, is at heart, shared leadership. In other words, if the entrepreneur or entrepreneurs tasked with the command and control of the venture discuss aspects of the task with a support group, those people are engaging in shared leadership whether or not a formal division of authority exists in the venture.

A MODEL OF SHARED LEADERSHIP

In our view, shared leadership in an entrepreneurial venture is a function of a desire in the minds of entrepreneurs and members of the entrepreneurial team to share the vision development and maturation process and/or to share the command and control process of the venture. The people involved in these ventures may not recognize that they are engaging in shared visioning

or shared leading. In fact, if one were to survey the managers of a large number of entrepreneurial ventures, one is likely to find very few who would agree that they were practicing shared leadership, when, in fact, they are. Shared leadership is not well understood, and most people do not recognize it when they see it. Formal recognition in a venture exists in the form of shared command and control, but that formal recognition is not required for the sharing of the leadership burden. The sharing takes place in the minds of the entrepreneurs and the entrepreneurial team.

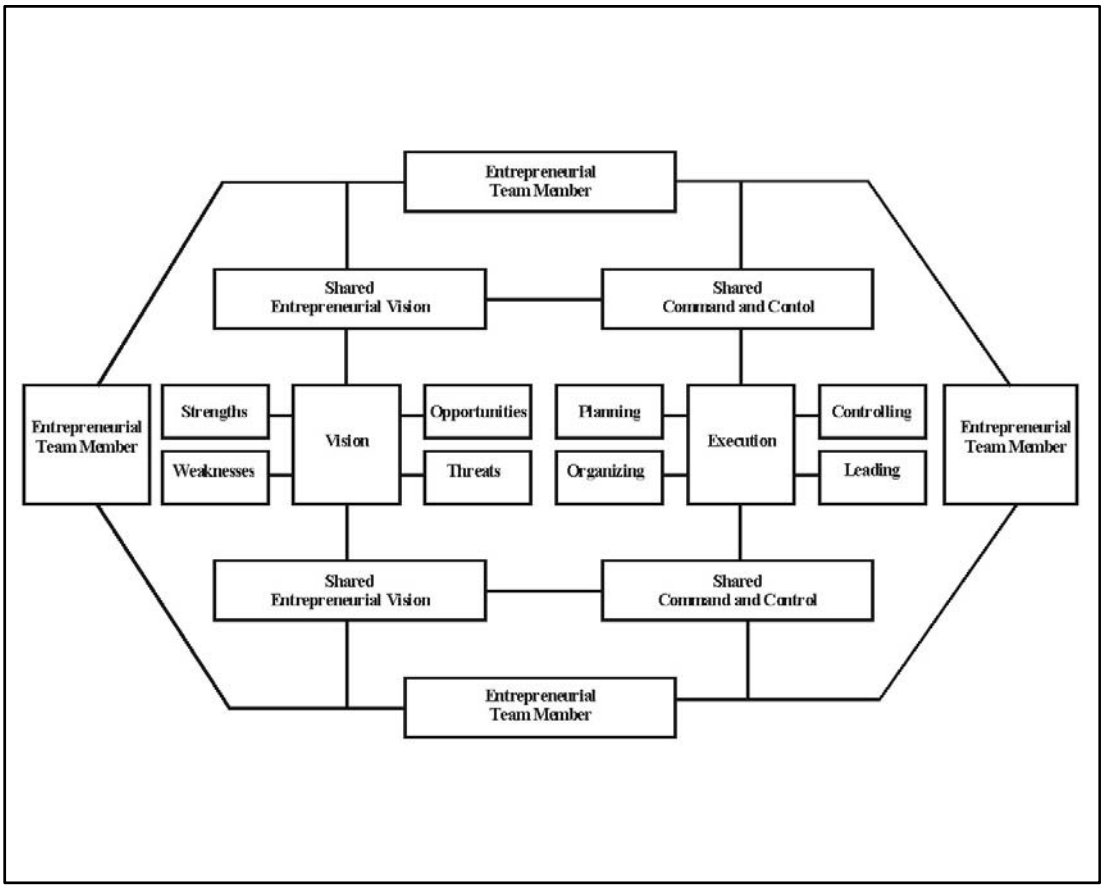
Figure 1 is a model of the shared entrepreneurial leadership process. As the model shows, the members of the entrepreneurial team interact with each other, sharing ideas, insights, perspectives, opinions, values, and concepts, in a continuous fashion. These are depicted in a ring around the center of the model linked in a perpetual, mental cross pollination mode. It is important to note, that the members of the entrepreneurial team may be formally recognized or informally established. All that is required for membership in the team is respect from the other members of the team, and a desire on the part of the other members of the team for input into the leadership process.

The left side of the model shows the cross pollination process culminating in a continuously evolving vision of and for, the venture. The vision will take into consideration the traditional perspective of all planning models: the strengths and weaknesses of the venture, and the opportunities and threats it faces. The entrepreneurial team will take this process to its ultimate end by considering opportunities and threats which do not currently exist, but which could be created or evolved, and by imagining strengths and weaknesses which do not currently exist, but which could be developed or which could emerge. The vision for the venture which results is a constantly changing vision, limited only by the minds of the team.

The right side of the model shows the cross pollination process culminating in a continuously evolving understanding of how the venture will be led. This perspective of execution will take into consideration the traditional understanding of all command and control models: the planning, organizing, controlling and leading of the venture. The entrepreneurial team may share the command and control of the venture formally, or the team may only share the mental imaging of command and control, while leaving one individual in the titular leadership position. The team will take the process of leading to its ultimate end by considering aspects of leadership which do not currently exist, but which could be developed or which could evolve. The leadership execution which emerges is a constantly changing model of execution of the vision of the venture.

Please note that an important part of the shared leadership process is the feedback between the shared entrepreneurial vision and the shared command and control. These aspects of leadership do not exist independently and constantly impact each other in an iterative process. In fact, the entire leadership process is an iterative one, with the sharing of ideas resulting in a continuous evolution of the entire entrepreneurial experience.

Figure 1: A Model of Shared Entrepreneurial Leadership



CONCLUSION

Teams are stronger than individuals; teams are wiser than individuals; teams are more resilient than individuals; teams are more adventurous than individuals; teams are more creative than individuals; and teams are more capable than individuals. They are also much more commonly involved in the establishment and operation of entrepreneurial ventures, especially high growth potential ventures, than is commonly understood. The myth of the lone entrepreneur is exactly that, and even when a formally recognized team is not involved in an entrepreneurial venture, an informal network of minds is often contributing to the venture. The result is shared entrepreneurial leadership.

Shared leadership operates through a constant exchange of ideas, insights, perspectives, opinions, values, and concepts, about both the vision of and for the venture, and the command and control of the venture. The result is a continuously evolving and changing venture which embodies the paradigm changing potential of a team of entrepreneurial minds.

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