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LETTER FROM THE EDITOR

We are extremely pleased to present the Academy of Entrepreneurship Journal, an official journal of the Academy of Entrepreneurship, Inc. The AOE is an affiliate of the Allied Academies, Inc., a non profit association of scholars whose purpose is to encourage and support the advancement and exchange of knowledge, understanding and teaching throughout the world. The AEJ is a principal vehicle for achieving the objectives of both organizations. The editorial mission of this journal is to advance the knowledge and understanding of entrepreneurship throughout the world. To that end, the journal publishes high quality, theoretical and empirical manuscripts, which advance the entrepreneurship discipline.

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.

The Editorial Policy, background and history of the organization, and calls for conferences are published on the Allied Academies’ web site. In addition, we keep the web site updated with the latest activities of the Academy and its affiliated organizations. Please visit our site and know that we welcome hearing from you at any time.

Sherry Robinson, Editor
Penn State University
A STUDY OF VETERAN-OWNED SMALL BUSINESSES AND THE IMPACT OF MILITARY RESERVE CALL-UPS SINCE 9/11

Martin S. Bressler, Southeastern Oklahoma State University
Linda Bressler, University of Houston-Downtown
Mark Bressler, Bressler & Bressler Consulting

ABSTRACT

Many business experts consider small businesses to be the engine that drives the economy. According to the U.S. Small Business Administration, small businesses account for 99.7% of all businesses, and employ almost half of all American workers. Small business continues to dominate the U.S. economy in terms of employment and new job growth. The U.S. Small Business Administration reports that companies with 500 or less employees accounted for all net new job growth in the most recent reporting year of 2004. These small firms employ slightly less than half the U.S. workforce and account for just over half of gross domestic product (U.S. Census Bureau, 2007). In other words, for the U.S. economy to do well, small
businesses must succeed. Veterans account for approximately 13% of all small business owners, yet at the same time, veteran unemployment levels range from 30.4% for young veterans aged 18-24 to 48% for black veterans in that same age group, and 12.1% for veterans overall (BusinessWeek, November 11). Because of the impact of veteran-owned businesses on the economy, the authors chose to conduct a study of small business owners, specifically veteran-owned businesses, to examine their overall business health and in addition, to measure the impact of military reserve call-ups on small businesses since 9/11.

INTRODUCTION

According to the U.S. Small Business Administration (SBA), small businesses employ 59.7 million workers, or slightly less than half of the U.S. workforce and that small businesses with less than 500 employees account for 99.9 percent of an estimated 27.5 million businesses in 2009 (SBA, Office of Advocacy). Of these businesses, 52 percent represent home-based businesses and 2 percent franchises. In addition, small businesses account for 97.5 % of exporting companies and 31 percent of total export value (SBA, Office of Advocacy). Finally, small businesses produce 16.5 times more patents per employee than larger companies (SBA, Office of Advocacy, 2012).
Just as our economy depends on small business to be the driver of our economy, as a nation, we depend upon members of our military to secure our freedom. Upon leaving the military, some veterans choose to start their own business rather than work for someone else. In some cases, veterans with service-connected disabilities might choose self-employment due to physical limitations. In fact, service disabled veterans account for 196,760 or 8.3 percent of all veteran owned businesses (http://www.census.gov/econ/sbo).

Many veteran-owned businesses provide employment for others. The Census, through the Survey of Business Owners, collects data from both employer and nonemployer businesses and further breaks down that data by demographic characteristics and ownership status. In 2007, 491,344 veterans reported owning companies. Those firms employed 5.8 million persons and a payroll of $210 billion. In addition, those businesses generated $1.1 trillion in revenues. In 2007, employer firms accounted for 20.1 percent of the total number of veteran-owned firms and 92.3 percent of such firms' gross receipts. Average receipts for these veteran-owned employer firms in 2007 exceeded $2.3 million.

Many other veterans choose to become self-employed. In 2007, the Survey of Business Owners reported an additional 2.0 million veteran-owned firms without employees. These nonemployer firms generated $93.8 billion in receipts. In 2007, nonemployers accounted for 79.9 percent of the total number of veteran-owned firms.
and 7.7 percent of the gross receipts of such firms. Receipts for these veteran-owned nonemployer firms in 2007 averaged $47,931. With regard to the type of business activity veteran-owned firms engage in, 32.5 percent operate in professional, scientific, and technical services (Survey of Business Owners, 2007).

Hope, Christman, and Mackin (2009) offered good insight into characteristics of veterans as entrepreneurs. The authors indicated that military veterans with 20 or more years of military service report higher levels of self-employment. The authors suggested that this could be due to longer-service retirees generally possessing more wealth. Veterans who are small business owners also tend to be older married males, and possess at least a high school diploma. Interestingly, their study also found that for each additional year of age, the probability of self-employment increases by approximately 7.5 percent.

The Hope, Christman, and Mackin study (2009) also reports commissioned officers to be 55.6 more likely to start their own business than enlisted personnel. The authors attribute this to the fact that commissioned officers possess higher education levels than enlisted personnel.

**Promoting veteran business ownership**

The U.S. Small Business Administration provides special assistance to military veterans through the Office of Veterans Business Development. Programs and resources for veterans include business counseling for those veterans
seeking to start or expand a business and special financing programs including the Patriot Express Pilot Loan program. This program, launched in 2007, provides for loans of up to $500,000 with loan guarantees up to 85% (http://community.sba.gov) and loan money can be used for business start-up, expansion, inventory, working capital, equipment purchases, or also real estate purchases when business-related. “The SBA approved more than $250 million in loan guarantees to more than 2,800 veterans and their spouses” in the first 20 months of the program during the 2007-2009 time period (http://community.sba.gov).

The SBA Office of Veterans Business Development also partners with other business and organizations to provide business assistance to veterans seeking to become small business owners. The International Franchise Association started a new program called VetFran, working with a network of more than 200 franchisors. Franchisors that are part of this program often waive training fees or provide discounts on franchise fees or other incentives for veterans.

In addition, veteran business owners can contract with the federal government to provide goods and or services to the many agencies of government. The Service-Disabled Veterans’ Small Business Federal Procurement Preference Act of 2002 (PL 106-50), requires federal government agencies to set aside a percentage of contracting dollars to veteran-owned small businesses (http://community.sba.gov). In addition, the SBA offers free assistance to veterans and others seeking information
regarding contracting opportunities and how to become a federal contractor.

The effects of reserve call-ups on civilian employers

The 9/11 attacks occurred more than ten years ago. The wars in Iraq and Afghanistan require that significant numbers of employees who also serve in the armed forces reserve would be called up for active duty service. This situation cannot be considered something new as the same situation occurred during the Persian Gulf War in 1991. At that time, however, the primary concern focused on guaranteeing jobs for returning veterans of that conflict. Today, with multiple deployments spanning more than ten years, the situation also now includes dealing with the impact on employers. Initially, the concern focused attention on police and fire departments or rural hospitals. Hickman (2006) reports that during a twelve-month period from 2002-2003, military reserve call-ups included 23% of police officers across the country, approximately two-thirds of those from local law enforcement agencies. Hickman (2006) further notes that 93 percent of jurisdictions with 250,000 or more residents report their police officer reservists called to active duty. However, with more reservists called to active duty than any time since World War II, almost all employers appear to be impacted to varying degrees (Hunsberger, 2003).

In addition to law enforcement agencies, health care facilities also bear the burden of reservist activations.
Schmidt (2001) states approximately 9,800 nurses serve as military reservists and another 5,250 in the Individual Ready Reserve. Although the Individual Ready Reservists do not actively serve in the reserve forces, they can be called to active duty if necessary. Schmidt (2001) reports that of 81 nurses at University Hospital in San Antonio, Texas, 22 serve as military reserve members. Hunsberger (2003) also reports of Grande Ronde Hospital in Oregon left with only one general surgeon when their only other general surgeon reported for duty after being called up by the Army Reserve.

Ha (2003) cites several examples of small businesses impacted by employee-reservist activations. One California plumbing business estimates thousands of dollars in monthly revenue losses and in another example, a gas station owner pays auto technicians overtime to fill in for an activated reservist. Whereby big companies might be able to absorb the additional costs associated with activated reservists, smaller companies might not be able to afford continuing benefits and pay differences. According to Ha (2003) “small business owners who are in the military reserves or employ reservists are seeing the bottom-line cost of patriotism”.

Doyle and Singer (2008) found that 21% of small business suffered financially from lost business due to reservist employees compared to only 5% of large businesses (p. 140). Costs associated with reservist activations include sales or revenue decline, paying overtime to other employees, training costs for replacement
employees, payment of benefits while activated, and assuming pay differentials between civilian pay and military pay. In their study, Doyle and Singer (2008) also cite employers report reservists “equal or superior in terms of work performance, high in terms of leadership, teamwork, and dependability, which are key characteristics associated with military training and experience” (p. 137).

Nearly half of the nation’s 2.6 million member military force come from the Reserves and reservists also assist in fulfilling peacekeeping missions in Bosnia, Kosovo, Egypt and Southwest Asia (Hunsberger, 2003). In addition to impacting businesses and employees, reservist-entrepreneur businesses can be impacted by reservist call-ups. For example, National Guardsman Stanley Adams of Alabama received only three days notification to prepare his livestock trailer business for his absence before shipping out to Fort Benning (Gangemi, 2007). Many reservist-entrepreneurs might not be aware that the government, through the SBA, provides special loans for activated business owner reservists. That program, the Military Reservist Economic Injury Disaster Loan (MREIDL) awards average loans of approximately $90,000 to qualified military reservists (Gangemi, 2007).
The effects of reserve call-ups on employees

Of course, employers should not be considered the only group financially impacted by military reserve call-ups. The reservists and their family can suffer financially, as well. Despite laws enacted to protect employment and benefits for activated employees, businesses recognize that hiring reservists results in higher business costs. Watson (2010) cites a 2008 Labor Department report that states employment law as “complaint driven” and then goes on to say that the government does not file criminal charges against those companies that fail to comply with the law.

In recent years, the number of complaints filed with the Labor Department appears to be growing at a significant rate. Watson (2010) further cites the Defense Department organization that handles such complaints reporting that number at annual rate of 17,000. The problem can be especially difficult for returning reservists as once laid off from their previous employers, they now lack the money to fight for their previous job.

In 2007, the Defense Department’s Status of Forces Survey of 58,000 returning reservists found nearly 11,000 reservists denied prompt re-employment and more than 20,000 additional reservists lost seniority (which includes pay and benefits) at their place of employment (Watson, 2010). A Washington law firm that specializes in assisting returning reservists in their fight to regain their jobs estimates that 15 to 20 percent of the cases the firm handles
involve intentional violations on the part of the employers (Watson, 2010).

Watson (2010) cites an informal online poll conducted by *Workforce Management* magazine that 51 percent of 348 responding firms would not hire a military reservist if they knew that the reservist could be called to active duty for an indeterminate period of time.

**DEFINITION OF TERMS**

*Call-ups*-military reservists activated for military duty, sometimes for an indefinite period of time.

*Employer businesses*-firms with paid employees, including workers on the payroll and excluding sole proprietors and partners (http://www.census.gov/econ/sbo).

*Equally veteran-/nonveteran-owned*-Veterans own 50 percent and nonveterans own 50 percent of the interest or stock of the business (www.census.gov/econ/sbo).

*Multi-generation business ownership*-businesses that transfer ownership from one generation to the next.

*Nonemployer businesses*-firms without paid employees, including sole proprietors and partners of unincorporated businesses that do not have any other employees on the payroll (www.census.gov/econ/sbo).
**Nonveteran-owned**-Nonveterans own 51 percent or more of the interest or stock of the business (http://www.census.gov/econ/sbo).

**Service disabled veteran**-disabled as the result of injury incurred or aggravated during active military service (http://www.census.gov/econ/sbo).

**Veteran-owned**-Veterans of the U.S military own 51 percent or more of the interest or stock of the business (http://www.census.gov/econ/sbo).

**RESEARCH METHODOLOGY**

The researchers searched for answers to the following questions in this study. First, would reported owner demographics of veteran-owned businesses be consistent with reported data of small business owners in general? Specifically, the researchers wanted to know whether demographic characteristics including ethnicity and gender would be under-represented among veteran-owned businesses. Finally, to what extent have small businesses been impacted by the effect of military reserve call-ups since 9/11?

The researchers selected 2,000 small businesses from across the country using a compiled database of small business owners. The researchers then developed a questionnaire which included questions on basic demographic data including owner age and gender along with more detailed questions on veteran status and firm ownership. In order to insure questionnaire validity, a panel
of experts critiqued the survey questionnaire. After updating, the researchers distributed the pilot study to 25 small business owners. Based upon responses from the pilot survey, no changes to the existing questionnaire were necessary.

The researchers communicated the survey questionnaire to the small business owners via email. In addition, the researchers sent two follow-up emails to improve the survey response rate. The small business database includes data on thousands of small business owners across the country. From the database, the researchers transmitted two thousand questionnaires via email to a randomly selected group of small business owners. From those 2,000 surveys, 450 small business owners responded and (at least partially) completed the questionnaires. The returned survey questionnaires netted 397 usable responses for an overall 20% response rate.

Measures

The first segment of the survey questionnaire included demographic questions (see Table 1 & Table 2) including survey questions concerning age, gender, marital status, race, place of residence, and educational attainment. Nearly two-thirds of those who responded identified themselves as female. This might be explained as the database the researchers used primarily includes contains women and/or minority small business owners. Business owner age differed considerably, with a range of 18 years
old to 82 years old and a mean age of 52 years old. According to survey responses, small business owners indicated on average that their firm employed twenty-five employees.

Table 1: Demographic Data and Descriptive Statistics

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In the second part of the survey questionnaire, the researchers incorporated questions with regard to business ownership. These questions requested information on type of ownership and length of ownership, in addition to questions with regard to debt load. Some of the businesses were founded by parents or grandparents, though most of the surveyed businesses indicated original startups. Economic sectors varied from small manufacturers and retailers to service related businesses. The researchers also
included questions inquiring as to the impact on their business of military reserve call-ups since 9/11.

Table 2: Pearson Correlations (2 tailed)

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<th></th>
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<td>Generation Passed</td>
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<td>.112*</td>
<td>.664**</td>
<td>-.148**</td>
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<td>Sig.</td>
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** Correlation is significant at the 0.01 level (2 tailed)
* Correlation is significant at the 0.05 level (2 tailed)

Limitations

Two limitations could be noted to this study. Due to the composition of the database used by the researchers, women and minority owned small business owners appear to be over-represented. This could explain why women small business owners accounted for 65.2% of the
responses as compared to a 34.8% from male small business owners. Additionally, the researchers could only contact small businesses which made their email address available.

FINDINGS

The first hypothesis tested whether a relationship exists between veteran owner status and owner ethnicity. The hypothesis speculated that veterans with a certain ethnicity may be more apt to own their own small business. The researchers used a Pearson Correlation analysis between veteran owner and owner ethnicity. The results of the correlation analysis found a significant positive relationship between veteran owner and owner ethnicity. The comparison between the two variables resulted in a significant positive relationship $r (397) = .15, p < .01$ correlation significant at the .01 level.

The second hypothesis tested whether an association exists between veteran owner status and owner gender. The hypothesis speculates that veterans with a certain gender may be more apt to own their small business. The researchers used a Pearson Correlation analysis between veteran owner and owner gender. The results of the correlation analysis found a significant positive relationship between veteran ownership and owner gender. The comparison between the two variables resulted in a significant positive relationship $r (397) = .14, p < .01$ correlation significant at the .01 level.
The third hypothesis tested whether a relationship exists between veteran owner status and years of formal education. The hypothesis speculates that veterans with a certain level of education may be less apt to own their small business. The researchers used a Pearson Correlation analysis between veteran owner and owner gender. The results of the correlation analysis found a significant positive relationship between veteran owner and years of formal education. The comparison between the two variables resulted in a negative relationship \((397) = -.09, p < .05\) correlation significant at the .05 level.

The fourth hypothesis tested whether a relationship exists between veteran owner status and owner age. The hypothesis does not speculate that veterans with a certain age may or may not be more apt to own their small business. The researchers used a Pearson Correlation analysis between veteran ownership and owner age. The results of the correlation analysis did not find a relationship between veteran owner and owner age. The comparison between the two variables did not result in a relationship \(r (397) = -.02, p < .05\) correlation significant at the .05 level.

The fifth hypothesis tested whether a relationship exists between veteran owner status and years of education. The hypothesis indicated that veterans with more year’s education would be more apt to own a small business. The researchers used a Pearson Correlation analysis between veteran education and business ownership. The results of the correlation analysis found a significant positive relationship between veteran business ownership and years
of formal education. The comparison between the two variables resulted in a positive \((397) = -.11, p <.05\) correlation significant at the .05 level.

The sixth hypothesis tested whether a negative relationship exists between gender status and multi-generation business ownership. The hypothesis speculates that gender may be more apt own a multi-generation business. The researchers used a Pearson Correlation analysis between veteran owner gender status and multi-generation business ownership. The results of the correlation analysis established a significant positive relationship between gender and multi-generation business ownership. The comparison between the two variables resulted in a negative \((397) = .57, p <.01\) correlation significant at the .01 level.

A total of 232 (58.4%) of survey respondents identified themselves as veterans. This should not be surprising, as the researchers specifically selected a database heavily weighted with veteran small business owners to meet key objectives of the study. As previously mentioned, female business owners accounted for 65.2% of the responses which might reflect in the number of veteran business owners or affect other responses.

**DISCUSSION**

Tables 1 and 2 provide an in-depth look at veteran small business ownership in the United States. Results of the survey indicated a relationship between ownership and
ethnicity (hypothesis 1). Likewise, as expected, survey results also indicated a correlation between small business ownership and gender (hypothesis 2) with males more likely to own a small business.

The third hypothesis examined whether a relationship might exist between educational attainment and veteran status. Survey results indicate that the more education the small business owner acquires, the less likely s/he would own a small business. This might be accounted for in that more educated veterans could have more job opportunities and higher immediate incomes than starting a business venture of their own.

With hypothesis four, the researchers assumed there could be a correlation between business ownership and age similar to the general population of small business owners. However, in this study the researchers found no correlation between small business ownership and age. The fifth hypothesis examined whether a relationship might exist between small business ownership and the business being passed down from a previous generation of owners. In this case, the hypothesis did find a relationship between veteran status and previous generation small business ownership. The sixth hypothesis took this one step further and found female small business owners less likely to assume ownership through the business passing down from parents.

Perhaps the most surprising results of the study can be found in the limited response regarding the impact of military call-ups since 9/11. The researchers assumed there could be significant findings in this area, however, of the
397 responses only two small business owners indicated any impact. This finding counters previous studies of the impact of military reserve call-ups, including the 2005 report by the Congressional Budget Office (CBO). Other examples, such as the report in the *San Jose Mercury News* (Knight Ridder Tribune News, March 8, 2003) cite not only the number of employees called to active duty, but also that some employees could be called for multiple deployments.

The Hope, Christman, and Mackin study (2009) found military reserve call-ups result in small, although negative effects on business revenue. Smaller companies (those with less than 100 employees) report stronger negative effects than bigger companies. In addition, longer reserve activations produced greater impacts on firm sales than shorter reserve activations.

The researchers do not offer an explanation for the disconnect between those previous reports and responses to this study. This could suggest additional research could might more insight into this issue.

**CONCLUSION**

The researchers uncovered several useful findings in this study. First, veteran-owned businesses possess some unique characteristics compared to the typical small business owner. Veteran-owned small businesses can be more likely owned by white males, though age of ownership can be less a factor. Second, veteran-owned small business owners tend to attain less formal education
than other small business owners. This might suggest that veterans with certain technical skills could benefit from starting their own small business rather than be dependent upon other businesses, particularly during an economic down-cycle.

Although results of this study further emphasize the dominance of white males as the typical small business owner, the increasing trends of women business ownership and female military service should shift the demographic characteristics of veteran small business ownership. The Survey of Business Owners’ reports that women-owned businesses increased from 26 percent to 29 percent of all small businesses during the 1997-2007 time period (Survey of Business Owners).

**Implications for future research**

Further insight to veteran small business ownership could be gained from additional studies that would examine unemployment among veterans and the possibility of increasing small business ownership among those veterans with lower levels of education but with good technical skills. In addition, researchers could investigate areas of difference (such as age of ownership or compare commissioned officers to enlisted personnel) reported in this study when comparing veteran-owned businesses to the typical small business owner.

Research findings of both veteran and nonveteran small business owners indicate that the typical small
business owner to be overwhelmingly older married white males. This suggests that despite increases in business ownership among women and minorities, perhaps new strategies could entice more to become entrepreneurs, especially among military veterans.

This study did not find significant impact of reserve activations on small businesses. As stated earlier, this contradicts findings of other studies and suggests that additional study could provide better understanding as to the disconnect between studies.

Finally, further study could look into the impact of military reserve call-ups over the last ten years. Studies exist that examine the impact on municipal police and fire departments, as well as hospitals, to a lesser extent. However, very few studies exist on the resulting impact on small business.

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http://www.sba.gov/advocacy/847


ENTREPRENEURSHIP MIX AND CLASSIFYING EMERGING SUB-FIELDS

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ABSTRACT

This paper reviewed the field of entrepreneurship and proposed four criteria for classifying entrepreneurship sub-fields; the classification criteria include the entrepreneur's work environs wherein the entrepreneur is embedded, the motivation behind the venture, the nature of the opportunity being exploited, and the location of the opportunity. We then strive to advance the concept of the Entrepreneurship Mix by linking these classification criteria to the 4W's which make up the Entrepreneurship Mix (Who, Why, What and Where).
HISTORY OF ENTREPRENEURSHIP

What is an entrepreneur? Like virtually all culturally constructed concepts, the term has been defined incongruently in different contexts and time periods. The word entered English as a cognate from French (Hébert & Link, 2009). Throughout history its significance shifted greatly between concepts as varied as a cleric in charge of public architecture projects during the Middle Ages to referring to governmental contractors throughout the sixteenth and seventeenth centuries (Hébert & Link, 2009). Such wide variations continued until Cantillon, a French businessman and financer, articulated a new definition of entrepreneur in the early eighteenth century (Hébert & Link, 2009). His work outlined how the interdependency of array of agents, including entrepreneurs who take risks in order to make exchanges for a profit, forms the basics of a market economy (Hébert & Link, 2009). This influential work effectively launched the modern concept of an entrepreneur.

Since this time the defining attributes of an entrepreneur have continued to evolve. Is it a risk-taking profit-seeker, an innovator, or an exploiter of opportunity? The answer has been routinely debated by individuals from various disciplines such as marketing, psychology, management and other social sciences. However, the creation of an academic discipline to study and teach entrepreneurship, the act of being an entrepreneur, in 1947
spurred an array of work to define an entrepreneur and the acts which constitute entrepreneurship (Volkmann, 2004).

**BRIEF REVIEW ON DEFINITIONS OF ENTREPRENEURSHIP**

Individuals have developed different approaches to the challenge of defining entrepreneurship. Some merely highlight key characteristics of entrepreneurs while others focus on what are perceived as their primary actions, such as new venture creation. For example, Gartner (1988) has explored traits and behavioral approaches to entrepreneurship, linking the act of entrepreneurship to the individual – or entrepreneur. In his opinion, the defining phenomenon of entrepreneurship is the creation of organizations and the process by which new organizations come into existence. He believes that organization creation separates entrepreneurship from other disciplines because:

“studies of psychological characteristics of entrepreneurs, sociological explanations of entrepreneurial cultures, economic and demographic explanations of entrepreneurial locations, etc., all such investigations in the entrepreneurship field actually begin with the creation of new organizations.”

To Gartner (1988) entrepreneurship is a narrowly defined role which individuals undertake to create
organizations; frameworks like Gartner’s which are specific and accurate are also exclusive, failing to provide a sufficient description of all acts of entrepreneurship. To capture the entrepreneur’s work environs; vis a vis, a start-up company start-up or an existing company, Easton (1977) defined entrepreneurship as including, “new venture initiation, acquisitions, and new major developments by either large or small firms.” He further noted that “‘enterprise’ development is intended to emphasize the development, revitalization, and growth of the smaller enterprise, rather than just ‘management’ of such firm” (Easton, 1977, p. 41). This definition broadens the scope of entrepreneurship by establishing that an entrepreneur does not have to create a new organization.

In order to clearly define an entrepreneur one must account for and redefine the entrepreneurial phenomenon to include innovative development within already existing organizations. Firms that launch new products as an attempt to exploit a business opportunity for profit are labeled entrepreneurial firms. While this could lead to the creation of a separate spin-off organization, it is often characterized by an existing firm’s attempt at product or service diversification through strategies such as increased investment in research and development, horizontal integration, and/or conglomerate diversification. The strategy allows for the exploitation of opportunity without the creation of a new organization or industry.

Though most entrepreneurial firms are small, not all small firms are entrepreneurial. Identifying small firms
as entrepreneurial may be complicated since the age and size of firms have been implicated as factors that affect firm’s entrepreneurship. For example, small business management may not be considered entrepreneurship because nothing new is being created in the traditional management process (Van Praag & Versloot, 2007). However, generally individuals who start a business or own a business are considered entrepreneurs because they tend to follow the entrepreneurial process by exploiting new opportunities through innovation (Van Praag & Versloot, 2007). "Act of innovation" is therefore one defining characteristic of an entrepreneur (Srivastava & Agrawal, 2010).

While some defining characteristics are easily defined, others require an expansion of the definition of entrepreneurship if it is to encompass the wide range of activities which are entrepreneurial in nature. According to Miller (1983), entrepreneurship does not always come about due to the efforts of an entrepreneur; rather, the emphasis has shifted to include varied units and factors within organizations collaborating to take advantage of opportunities. Many economics acknowledge that risks are inherent in the process of exploiting such opportunities and therefore consider an entrepreneur to be someone who is willing to bear the risk of creating a new venture for profit. Another challenge arose when considering innovative individuals perusing entrepreneurship in order to transform society, rather than personal or corporate monetary gain. Such entrepreneurship can have powerful,
transformative effects; as economist Adam Smith (1977) articulated: “By pursuing his own interest, an individual frequently promotes that of the society more effectually than when he intends to promote it;” therefore, the motivation behind entrepreneurship is not always personal, or corporate, profit (Original Work Published in 1776). Considering that entrepreneurship can be undertaken without the goal of earning profits significantly broadens the scope of entrepreneurial activities and highlights the importance of developing a holistic understanding of entrepreneurship. Scholars can only recognize such individuals acting alone or within corporations as social entrepreneurs given that they exemplify the traits and skills academics identify with entrepreneurs.

In summary, entrepreneurship involves the anticipation, identification, or creation of opportunities and innovatively harnessing a combination of resources to exploit the opportunities while motivated by some perceived value and deliberately assuming the risk associated with the newness of the process. Defining entrepreneurship in broad terms enables scholars to identify its features, correlates and motivations, while weaving specific areas and sub-fields into a general entrepreneurship framework.
A MODEL FOR ENTREPRENEURSHIP

For entrepreneurship to occur, two main ingredients must be present concurrently: (1) an entrepreneur, and (2) an opportunity which the entrepreneur can recognize and exploit. It is these ingredients—the entrepreneur and the opportunity—that all entrepreneurial research hinges upon. Generally, there is a time lapse between an entrepreneur’s decision to pursue an opportunity and the moment the opportunity is fully exploited. The entrepreneurial process occupies this time lapse. Figure 1 below depicts a simple entrepreneurship model.

Figure 1: A simple entrepreneurship model. The model shows that entrepreneurship is concerned with an entrepreneur exploiting an opportunity. The process by which the entrepreneur exploits the opportunity is called the entrepreneurial process.

As a social science, entrepreneurship continues to struggle to earn its place in the academic world. This delay in acceptance is directly linked to a lack of frameworks as well as a lack of both theoretical and empirical research in the field. Despite this, several branches (or sub-fields) of entrepreneurship studies have emerged in recent years. Not
only have these branches become foci of research but in many cases are being taught in universities as stand-alone courses. The defining characteristics of entrepreneurship are further explored and understood by delving deeper into these sub-fields. To qualify as sub-fields, their definitions must be consistent with the broader definition of entrepreneurship. Various criteria for classifying an area as a sub-field in entrepreneurship are outlined here namely, (1) the immediate work environs of the entrepreneur, (2) the motivation of the entrepreneur, (3) the nature of the opportunity being exploited, and (4) the location of the opportunity or the entrepreneurial process.

The work environs of the entrepreneur should not be confused with the external environment which often includes the legal environment and competition within a firm’s industry. The work environ simply refers to the immediate surroundings of the entrepreneur. It informs whether the entrepreneur is operating from within a company, operating within a start-up team, working with members of a family, working alone, etcetera. If the entrepreneur is working within a family unit, then the family is the entrepreneur’s work environ. If the entrepreneur is working within a large firm, then the company building and its resources (including the company’s human capital) constitute the entrepreneur’s work environs. The environs – family and company, for example - will contribute to the formation of two very different work dynamics. As highlighted earlier, researchers seek to understand how family entrepreneurship
is hindered by the development of strong emotional attachment of family members to maintain traditions in their business practices (Craig & Lindsay, 2002). This sort of attachment may not be found in corporate entrepreneurship settings. Historically, entrepreneurship has been about an individual – the entrepreneur. Therefore, there is a unique dynamic that would be observed when an individual alone is acting as the entrepreneur without family or corporate influences. The creation and development of academic sub-fields within entrepreneurial studies can be triggered by the various influences of such dynamics.

Another criterion that prompts the creation of sub-fields is the motivation for entrepreneurship. The classical motivation for creating any new venture is to reap profits. So, it is unique when an entrepreneur decides to create a new venture by a desire to benefit others rather than a desire for personal monetary gain. Therefore, frameworks that support the profit-driven definition of entrepreneurship are challenged by the existence of an entrepreneurial motive that is unrelated to monetary gain—a unique concept that warrants new research that has called for the creation of a sub-field – Social Entrepreneurship.

Entrepreneurs can also be motivated to create new businesses in responses to newly developed technological advancements. Technological advancements, such as the creation of the computer and the Internet, are offerings that have not only revolutionized the way we live and view the world but are innovations which have transformed the
business models of enterprises and facilitated the creation of completely new industries. Therefore, any offerings that possess entirely unique qualities and characteristics—such as technology-based products, services, and processes—will inspire new and continued research.

The location of the sought opportunity is the fourth criterion which should be considered. For instance, there is nothing unique about the geographical location if an entrepreneur from Seattle, Washington, opens a toy store in the same city, buys products from a Seattle-based manufacturer, recruits employees from Seattle, and establishes a Seattle-based target consumer market. However, if that entrepreneur decides to launch a business in Nigeria or establish a supplier relationship with a Japanese manufacturer, then factors such as cross-cultural differences and monetary exchange rates must be considered.

SUB-FIELDS IN ENTREPRENEURSHIP

Since the creation of an academic discipline focusing upon entrepreneurship, academics have classified entrepreneurial activities into sub-fields. The primary sub-fields are academic, corporate, family, international, small, social, and technological entrepreneurship. In the next few paragraphs we briefly explore the defining characteristics of and challenges facing these sub-fields.
Academic Entrepreneurship

In 1980 the United States Congress passed the Bayh-Dole Act, allowing for universities to claim the intellectual property resulting from federal government-funded research grants (Wood, 2011). This legal change spurred the commercialization of academic endeavors which has offset diminishing governmental provided revenue sources (Wood, 2011; Benneworth, 2001). The term academic entrepreneurship refers to research undertaken by university faculty in hopes of generating research that the university, and their industrial partners, can commercialize (O’Shea, Allen, O’Gorman and Roche, 2004). The evolution of this phenomenon has led to policy making within institutions being influenced by the desire to build and maintain commercial partnerships and the subsequent development of multiple approaches for understanding these dynamics (Benneworth, 2001) and the stages involved in the process of academic entrepreneurship (Wood, 2011). Although such partnerships raise many ethical considerations, researchers, academic institutions, private corporations and society at large reap a colossal of benefits from academic entrepreneurship; given the increasingly competitive economic environment and declining governmental investment in higher education, the ability to spur economic growth from academic entrepreneurship has never been more important (Wood, 2011). Academics working within this sub-discipline seek to provide
information highlight the steps critical to creating profitable ventures from academic research and recommend methods for overcoming barriers (Wood, 2011).

**Corporate Entrepreneurship**

In order to develop an advantage over competitors, corporations commonly adopt an entrepreneurship strategy to continue to be able to identify and exploit opportunities to drive corporate growth (Ramachandran, Devarajan & Ray, 2006). Corporate entrepreneurship does not explore the role of individuals but instead the innovative undertakings of a corporation as a whole. Corporate entrepreneurship takes various forms, including the creation of a new business within an established organization, transforming business practices and changing the status quo of business practices among an industry (Stopford & Baden-Fuller, 1994). These traits can occur simultaneously throughout a corporation, or be secluded to focused initiatives within company subgroups (Ramachandran et al, 2006). Adopting a corporate entrepreneurship strategy can significantly increase the competitive ability of a corporation (Zahra, Kuratko, & Jennings, 1999) while transforming corporations, markets expectations and industry practices (Ramachandran, et all, 2006).
Family Entrepreneurship

Family businesses are defined by Craig and Lindsay (2002) as businesses managed by one family or a small number of families. Worldwide they are the most prevalent form of businesses which employs the majority of people in the workforce (Shanker & Astachan, 1996). Family businesses play a critical role in entrepreneurship, especially in areas lacking Western capitalistic systems (Heck, Hoy, Poutziouris, & Steier, 2008). The sub-field of family entrepreneurship explores how familial dynamics and entrepreneurship processes influence each other (Craig & Lindsay, 2002). This academic discipline has identified many obstacles to running successful family businesses. For instance, researchers seek to understand how family entrepreneurship is hindered by the development of strong emotional attachment of family members to maintain traditions in their business practices (Craig & Lindsay, 2002). Concurrently, family entrepreneurship studies have also identified methods used to address such concerns, such as the benefits of developing external directors to guide the family entrepreneurship process (Craig & Lindsay, 2002). Such realizations occur through studying specific case studies and the development of general theories to understand the processes influencing familial entrepreneurship enterprises.
International Entrepreneurship

At its inception the study of international entrepreneurship developed a phenomenological approach (Keupp & Gassmann, 2009), focusing upon new business endeavors which sought to increase their competitiveness by acquiring resources from and selling to more than one country (Oviatt & Dougall, 1994). As academic interest in the subject grew, scholars began to examine the emergent facets of entrepreneurship. The definition of international entrepreneurship therefore broadened to include existing organizations which extend their operations into international markets (Wright & Ricks, 1994). Oviatt and McDougall (2005) define international entrepreneurship as, “the discovery, enactment, evaluation and exploitation of opportunities—across national borders—to create future goods and services,” (540). Scholars additionally seek to understand the behavior of international entrepreneurs as well as compare the entrepreneurial systems, behaviors, and cultures of different societies (Oviatt & McDougall, 2005). International entrepreneurship scholars have incorporated theoretical frameworks from an array of disciplines including anthropology, finance, economics, marketing, psychology sociology and international business (Oviatt & McDougall, 2005). This multifaceted approach allows for a holistic understanding of the factors shaping international entrepreneurship. Furthermore, it highlights the array of possible research topics (Keupp & Gassmann, 2009).
Small Business Entrepreneurship

Many small businesses are only entrepreneurial in their start-up phase; after the company is established, the focus tends to shift to maintenance and away from growth and innovation (Easton, 1977). Large firms have been viewed as the foundation of the modern economy although academic research suggests small business entrepreneurship significantly drives the economy (Acs, 1992). Although large businesses have advantages such as their access to capital and business networks, small business entrepreneurs are shown to be just as innovative on a per employee basis and even have an advantage in some industries (Acs, 1992). As this realization spread, policy makers worldwide have sought to create an entrepreneurial culture which allows for small businesses to thrive in an effort to stimulate the global economy (Thurik & Wennekers, 2004). This focus on small business entrepreneurship creates new options for innovation, changes industry dynamics, generates significant job growth and leads to lower levels of unemployment (Thurik & Wennekers, 2004). The dynamics within small business entrepreneurial enterprises and the obstacles they face are vastly different than those of the large corporations, necessitating the creation of a sub-field within entrepreneurial studies to focus upon small entrepreneurial firms.
Social Entrepreneurship

Entrepreneurship can develop effective and sustainable solutions for addressing the widespread social problems facing the modern world, such as prevalent global poverty and the social tensions caused by growing unemployment rates. Social entrepreneurship describes innovative activities which are undertaken by individuals, organizations, and businesses that are motivated by the desire to address such social problems (Noruzi, Westover, & Rahimi, 2010). This emerging, and constantly diversifying, phenomenon is undertaken within both the non-profit sector and by for-profit corporations (Noruzi et al, 2010; Smith & Stevens, 2010). Individuals within a corporation or working in any business sector can choose to tailor their entrepreneurship innovations to address social problems and therefore act as social entrepreneurs, although certain industries, such as the government sector, face unique challenges (Noruzi et al, 2010). The continuously evolving nature of this phenomenon creates unique challenges for creating a theoretical foundation for studying social entrepreneurship.

Technological Entrepreneurship

The development of new technologies provides many opportunities for entrepreneurship which both existing and new ventures can exploit. In fact, technological advances have created a modern version of
the California Gold Rush where corporations race to exploit emerging markets to capitalize on new or improved technologies (Thukral, Von Her, Walsh, Groen, Van Der Sijde & Adham, 2008). At times, such entrepreneurship is hindered by a lack of tactical exploration since the highly competitive and constantly evolving nature of technology encourages rapid strategic alterations (Thukral et all, 2008). Academics group technologies into categories based upon factors which affect the entrepreneurial process, such as the availability of opportunity the technology presents and its long-term rate of change over time, as well as the barriers which must be overcome in order to exploit these opportunities (Marsili, 2002). Technological entrepreneurs exploit such opportunities in order to improve current business practices, expand their current customer base and expand into new markets.

THE ENTREPRENEURSHIP MIX: CONNECTION WITH ENTREPRENEURSHIP SUB-FIELDS

Based on the foregoing concepts in entrepreneurship, five dimensions of entrepreneurship are advanced in this paper. They are: Who, Why, What, Where, (4 Ws) and How. The first four dimensions constitute the Entrepreneurship Mix (EM), whereas the fifth dimension, How is concerned with the entrepreneurial process. The How also influences many other factors; for example, when a venture should be exploited. (This set of entrepreneurship classification criteria discussed here was initially presented
by Prof. J. K. Osiri at the Washington State University’s College of Business on March 30, 2011. He also previously presented Entrepreneurship Mix as the *Who, Why, What,* and *How* of Entrepreneurship at the Allied Academies’ Entrepreneurship Division Meeting on Friday, October 15, 2010. It has been revised in this paper such that the Five Dimensions of Entrepreneurship are *Who, Why, What, Where,* and *How,* where the first four dimensions comprise the Entrepreneurship Mix).

The EM seeks to answer the questions: Who is creating the new venture? Why create this venture? What is the opportunity being sought? Where are the opportunity and/or entrepreneurial process occurring? How (and when) would the opportunity be exploited? The four classification criteria mentioned earlier: (1) the work environs of the entrepreneur, (2) the motivation of the entrepreneur, (3) the nature of the opportunity being exploited, and (4) the location of the opportunity and/or entrepreneurial process can be viewed in the light of the EM. The entrepreneur’s work environ answers the *Who* question; the motivation of the entrepreneur addresses the *Why* question, the nature of the opportunity being exploited answers the *What* question, and location of the opportunity and/or entrepreneurial process addresses the *Where* question.

To categorize sub-fields in entrepreneurship, the EM is used to ask, “What is unique about “Who,” “Why,” “What” and “Where” of Entrepreneurship. Table 1 condences this information so that with a few basic questions the entrepreneurial activities can be classified.
For example, if we ask, “Who is venturing?” and if the answer is, “an individual,” and if the other dimensions are not unique, then we are most likely referring to Small Business Entrepreneurship. But if the answer is, “a firm,” then Corporate Entrepreneurship is the likely sub-field. When the question “Why the venture?” is posed and if the answer is “not-for-profit,” then the likely classification is Social Entrepreneurship, and so on and so forth. Table 1 classifies the entrepreneurship sub-fields using the proposed EM and the four classification criteria.

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<tr>
<td>1. Academic Entrepreneurship</td>
<td>University, Education of Higher Learning</td>
<td>Not unique</td>
<td>Intellectual property (IP)</td>
<td>Not unique</td>
</tr>
<tr>
<td>2. Corporate Entrepreneurship</td>
<td>Firms or any for profit organization</td>
<td>Not unique</td>
<td>Not unique</td>
<td>Not unique</td>
</tr>
<tr>
<td>3. Family Entrepreneurship</td>
<td>Family members</td>
<td>Not unique</td>
<td>Not unique</td>
<td>Not unique</td>
</tr>
<tr>
<td>4. International Entrepreneurship</td>
<td>Not unique</td>
<td>Not unique</td>
<td>Not unique</td>
<td>Across national borders</td>
</tr>
<tr>
<td>5. Small Business Entrepreneurship</td>
<td>Acting alone or within a small group</td>
<td>Not unique</td>
<td>Not unique</td>
<td>Not unique</td>
</tr>
<tr>
<td>6. Social Entrepreneurship</td>
<td>Not unique</td>
<td>Social change</td>
<td>Not unique</td>
<td>Not unique</td>
</tr>
<tr>
<td>7. Technology Entrepreneurship</td>
<td>Not unique</td>
<td>Not unique</td>
<td>Technology-based offerings</td>
<td>Not unique</td>
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</table>
Granted, the sub-fields overlap with each other. For example, a company that is engaged in corporate entrepreneurship may be going international, thus there would be an overlap between International Entrepreneurship and Corporate Entrepreneurship. Or, a small business entrepreneur may be established primarily for Social Entrepreneurship, thereby creating a connection between Small Business Entrepreneurship and Social Entrepreneurship. Figure 2 captures the seven sub-fields in entrepreneurship already described. The networks of relationships or overlaps that may exist among the sub-fields are shown using black lines.

Figure 2: Map capturing relationships among various entrepreneurship sub-fields. The sub-fields (green circles) are shown to overlap with each other using black lines.
CONCLUSION

As the importance of entrepreneurship in spurring economic growth and vigor has been recognized, the academic discipline of entrepreneurship studies continues to evolve. The definition of entrepreneurship has expanded greatly, although the discipline is hindered by a lack of solid theoretical and empirical research. Today, entrepreneurs are understood to be individuals who recognize opportunities and are willing to take risks in order to creative innovative methods to exploit them. Entrepreneurship can occur in a variety of methods, such as launching new ventures, developing new products and/or services, or expanding existing operations. Indeed, the academic study of entrepreneurship focuses on understanding the implications of variations among the Entrepreneurship Mix – the Who, Why, What, and Where of Entrepreneurship. This paper connected the entrepreneurial mix to four criteria scholars can use categorize existing and emerging sub-fields of entrepreneurship: entrepreneur’s work environs, motivation that drives entrepreneurship, the nature of the opportunity and the location of the opportunity or entrepreneurial process. As an evolving social science discipline, entrepreneurial scholars continue to develop a theoretical framework for understanding these phenomena. Multiple academic sub-fields have recently developed in response to unique conditions within the Entrepreneurship Mix. These sub-fields must not be viewed or practiced as isolated fields.
as they overlap in many instances and are all shaped by the entrepreneurial process.

REFERENCES


ENTREPREUNESHIP AND ETHICS UNDER EXTREME CONDITIONS OF POVERTY: EXPLORING THE ETHICAL REALITIES FACED BY ENTREPRENEURS

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ABSTRACT

Research into entrepreneurship and business ethics has attracted increasing attention in western developed markets. However, the focus of recent studies into these issues has mostly been in Europe and North America. In the process, the impact of these issues on consumers and entrepreneurs exposed to extreme poverty has been overlooked. Using findings from a study conducted in Zimbabwe which is a market exposed to harsh conditions and experiencing harsh poverty, we demonstrate a need for research into entrepreneurship and business ethics in conditions of extreme poverty. We argue that a different mindset is required for entrepreneurs in this environment and that this requires a different approach to western based forms of ethical practices. We argue that researchers
should study business ethics in this environment in the context of the environment in which entrepreneurs must operate.

Keywords
Extreme poverty, entrepreneurship, ethics

INTRODUCTION

There have been calls for international business to expand the scope of research in different research fields beyond western developed markets to include emerging and underdeveloped markets in order to draw new insights which practitioners can use (Ni and Wan, 2008). Entrepreneurship and ethics in markets characterized by desperate poverty are examples of research streams where there is scope for new research (Branzei and Abdelnour, 2010; Seelos and Mair 2007 Shane and Venkataraman, 2000). There is evidence to demonstrate that entrepreneurship has potential to emancipate people from extreme poverty. (Branzei and Abdelnour, 2010; Mahajan and Banga, 2006). Whilst research in both entrepreneurship and ethics has increased over the last twenty years limited attention has been paid to entrepreneurs in markets characterized by extreme poverty although there is growing evidence of entrepreneurship’s contribution to poverty alleviation in these markets (e.g. microfinance) and
subsequent calls for increased ethical behaviour (Cross and Morales, 2007; Weiser et al, 2006). Whilst there is an acknowledgment of the diversity that exists among entrepreneurs questions have emerged as to how entrepreneurs deal with new and unforeseen ethical dilemmas that are brought about by the very nature of entrepreneurship which entails business innovation (Hannafey, 2003).

A significant amount of research studying consumers and firms in markets under extreme poverty has focused on the base of pyramid or bottom of pyramid or (BOP) which has attracted multi-discipline research interest. Whilst there have been various attempts to classify the BOP, consensus is to use the United Nations indicator of consumers who survive on less than $2 a day which covers consumers living under extreme poverty. Focus of BOP literature has been largely on economic incentives to both large and small business for conducting business at the BOP (Prahalad, 2005; London, 2009; Rangan et al, 2007). A major gap in this literature has been the lack of insight on the nature of entrepreneurship and ethics under conditions of extreme differences between rich and poor in such markets (Seelos and Mair 2007). This is a gap which this article seeks to address.

We argue that there is limited knowledge of how entrepreneurs conducting business in conditions of extreme poverty cope with the extreme constraints they face and the potential impact such constraints have on their ethical
attitudes and behaviour. Researching this gap is supported by Griffith et al, 2008; Branzei and Abdelnour, 2010; and El Jack, 2007; who advocate that research on entrepreneurial activity should go beyond investigating the phenomena under conflict to include disaster and terrorism. The gap is further justified by Hisrich (1998) who advocates a global focus on entrepreneurship and ethics in multiple cultures and across different sectors within such cultures. Whilst acknowledging the previous studies mentioned above which cover some conditions of crisis, our article extends investigation into the relationship between entrepreneurship and ethics under extreme poverty conditions. By so doing the article makes the following contributions to literature on entrepreneurship and ethics. First we articulate the nature of entrepreneurship that takes place in conditions of extreme poverty highlighting the constraints faced by entrepreneurs operating in this environment identifying the unique form of entrepreneurship that emerges under such conditions. Whilst there has been previous work on the general constraints faced by entrepreneurs in poverty stricken environments, we extend the discussion by outlining coping strategies used by entrepreneurs to mitigate against these constraints (Abdelnour and Branzei, 2009; MacSweeney and Tanburn, 2008; Tang, 2006). Second we outline the subsequent impact of the constraints and coping strategies on the ethical behavior of these entrepreneurs. The research area of the relationship between entrepreneurship and ethics
is an on-going one which has largely focused on western developed markets. We extend the debate to markets under conditions of extreme poverty and we seek to expand insights on the relationship and thereby improve potential for generalizability and application to entrepreneurship and ethics theory (Harmeling et al, 2009; Fisscher et al, 2005). Finally the article will provide a theoretical framework for managing ethics in markets with conditions of extreme poverty.

CHARACTERIZING DESPERATE POVERTY SITUATIONS

Profiling of extreme poverty has been a key task of the World Bank and has been the subject of the institution’s World Development Reports (World Bank, 2010). There are various working definitions of poverty although there is some consensus on key indicators such as income security, economic stability and predictability of one’s continued means to meet basic needs (UN, 2010). In terms of a value indicator, there is consensus on the one adopted by the World Bank in 2005 which identified consumers who live on less than $1.50 a day which was later consolidated with the United Nations indicator of the BOP of less than $2 a day as being those who can be identified as living under extreme poverty. Whilst there is on-going debate on the classification, there is consensus on the broad description of these consumers as espoused in the United Nations
Commission on Human Rights and Extreme Poverty which defines extreme poverty as

“The lack of basic security connotes the absence of one or more factors enabling individuals and families to assume basic responsibilities and to enjoy fundamental rights. The situation may become widespread and result in more serious and permanent consequences. The lack of basic security leads to chronic poverty when it simultaneously affects several aspects of people’s lives, when it is prolonged and when it severely compromises people’s chances of regaining their rights and of reassuming their responsibilities in the foreseeable future” (United Nations 2010)

At a global level, extreme poverty is pre-dominantly common in Sub-Saharan Africa and in some countries in South Asia, East Asia and non-resource rich countries in Latin America (Jenkins, 2005).

Nature of extreme conditions of poverty

A state of crisis is a permanent feature in markets with extreme conditions of poverty and is reflected in the constraints faced by consumers and firms that conduct business in this environment. Natural and policy-induced risks are common facts of life for both consumers and firms, due to high macro-economic volatility in particular (Dercon, 2005; Ersado, 2006; Viswanathan et al, 2008). This results from these markets being exposed to external shocks such as financial crises, policy induced mistakes or
poor strategies for coping with shocks. Collectively these result in a number of challenges such as disproportionate spread of income and weak infrastructure. Economic, infrastructure and political challenges have been identified as the main constraints for firms operating in such environments (Johnson, et al, 2007; Ndulu, et al, 2007).

Key economic constraints which contribute to extreme conditions of poverty include low income, high inflation, import price shocks, declines in the terms of trade, foreign currency shortages, lower foreign remittances and reduced private capital inflows (UNCTAD, 2008). These constraints collectively create an environment where there is extreme poverty for consumers and a crisis for firms. For consumers this is reflected in lack of access and affordability of basic provisions and poor quality of life. For firms, this is reflected in tough cash flow management, increasing cost of running the business, chaotic pricing structure which results in prices changing rapidly (in some cases every day), decrease in business volume coupled with eroding profits and diminishing real value of cash and other liquid instruments (Coorey et al, 2007). These are not challenges that firms in other markets such as those in western countries have to deal with on a regular basis, hence their narrower exposure to crises. In bottom of the pyramid (BOP) markets, capital shortages remain a critical barrier for growth and expansion of firms thereby posing particular challenges for entrepreneurs (UNDP, 2008). Low incomes mean that there are low savings which are returned
to the financial system to be invested and create extra money that can then be loaned to entrepreneurs. Financial institutions in this environment are often not as advanced as in the developed world and this constrains their capacity to generate money and access the international capital needed to operate and expand their businesses (Eifert and Ramachandran, 2005).

Infrastructure challenges, such as lack of reliable electricity, poor distribution channels and unreliable transport, are established facts of life in these markets (Fay and Morrison, 2006; Yumkella and Vinanchiarachi, 2003). For example, lack of distribution channels might impact on consumers’ processes of searching for products and impact on where they buy products (Rubesch, 2005). These are challenges which are unlikely to be present in western markets or other markets which are not exposed to extreme conditions of poverty.

Political and governance constraints such as political instability, poor governance, corruption, and weak legal systems are also evident in this environment (Kauffman, et al, 2008). Political instability is often cited as being the main criterion by which entrepreneurs decide whether or not to invest in new ventures (Fosu, et al, 2001). Political instability has a potential negative impact on firms' operations since it constrains firms’ capacity to plan and contain costs which makes the environment in which they operate even more uncertain (Kauffman, et al, 2008). There is also the threat of nationalization of firms and consequent
disruption in manufacturing and distribution of products (Loayza, et al, 2007). Emery (2003) argues that the strength of personal relationships with key government officials can determine the success or failure of entrepreneurs in this environment characterised by ad hoc changes in policy such as imposition of price controls (Johnson et al, 2007). Corruption is common, where public officials solicit bribes for a variety of favours that they can offer firms linked to the positions the officials occupy (Emery, 2003). This can be manifested in various ways, such as getting an illegal entry license, in tax exemptions and in exemption from price controls.

**Impact on entrepreneurial environment.**

Previous study on the impact of the macro-environment on entrepreneurial activities has largely focused on variables such as competition, changes in technology, supply and demand, labour issues, legal developments, and relations with suppliers and creditors in the context of western markets (Chau and Siu, 2000; Robin, 2009). These are variables which might take a different role in conditions of extreme poverty outlined above which like in any other environment will require entrepreneurs to be both pro-active and reactive to changes in the environment they operate in. However, we argue that entrepreneurs operating in an environment with extreme conditions of poverty are likely to be required to be more dynamic in
their approach to dealing with the external environment in which they operate. Whilst there have been some attempts to study entrepreneurship under stressful conditions such as conflict and natural disaster, the nature of challenge and demands posed by extreme conditions of poverty assumes a different dimension for entrepreneurs - this is a gap which this paper seeks to address.

ENTREPRENEURSHIP AND ETHICS

The research streams of entrepreneurship and ethics have attracted increased attention from researchers from multiple disciplines over the last twenty years (Hannafey, 2003, Shane and Venkataraman, 2000). There is on-going debate on the definition of the two constructs with various authors highlighting the need for streamlining the different definitions currently used.

Entrepreneurship

Shane and Venkataraman (2000) argue that the discipline has lacked a conceptual framework and they attempt to address this by defining the field of entrepreneurship as the scholarly examination of how, by whom, and with what effects and opportunities to create future goods and services are discovered, evaluated, and exploited (p.218). They argue that this different from
previous definitions which focused solely on who the entrepreneur is and what they do (Covin and Slevin 1991). In order to fully understand the concept of entrepreneurship, it is important to acknowledge the fact that in order for entrepreneurship to occur, opportunities need to exist for individuals or organisations to exploit. Carson (1982) identifies these as situations in which organisations and individuals can introduce new goods, services, raw materials, and organizing methods. Baumol (1986) distinguishes between two key primary forms of entrepreneurship, *initiating* and *imitative entrepreneurship*. *Initiating entrepreneurship* involves the creation of ‘new to the world’ products, new productive techniques, or procedures. These are not very common forms of entrepreneurship and are only likely to emerge once in a while. On the other hand, *imitative entrepreneurship* involves the creation of new products, new productive techniques, or procedures after initiating entrepreneurship has occurred. This is a form of entrepreneurship used by established organisations such as multinationals (MNCs). Tikei (2011) further explores this in his study on strategic management of ethics by MNCs. This is deemed to be a more common form of entrepreneurship which Powell (1990) categorises as the low order form which is useful to meet basic human needs especially those of consumers in developing countries. Hence its particular importance to markets where there are extreme conditions of poverty and
our article which call for dynamic new products or productive techniques to meet needs such as food

**Business ethics**

Entrepreneurs do not operate in isolation in the marketplace and need to acknowledge the importance of business ethics (Freeman, 1984; Fraedrich, 1992). There is no consensus on the definition of business ethics (Robin, 2009; Jones, 1991). Ip (2010, p97) defines business ethics as a complicated set of processes and relationships that firms have with their stakeholders with the ultimate objective of ensuring their wellbeing. Research on business ethics has largely been dominated by US academics and is reflective of crises that have taken centre stage at a global level (Chan et al, 2010). For example the dot.com crisis posed new challenges for ethical business practices and brought forward questions as to whether the business world was equipped to respond to such a crisis.

Various approaches to business ethics have been suggested in the context of western developed markets and in some cases markets with extreme poverty (Chan and Rossiter, 1997; Dawson, 2005). A key focus area in previous research in markets with extreme poverty has been on the impact of corruption on business ethics, corruption levels are generally high in these markets (Collins and Uhlenbruck, 2004; Fletcher and Crawford, 2011). However, Fletcher and Crawford do indicate that the study of ethics in
business should not be confined to corruption but should be expanded to cover other issues such as unethical labour and manufacturing practices which differ from country to country. A key contribution in the study of business ethics is made by Fletcher and Crawford (2011) who identify three ethical behaviour perspectives - namely, relativist, utilitarian and universalist. The relativist approach takes host country’s definition of what is ethical or unethical when assessing ethical behaviour for example bribery is acceptable in a particular country because it is the norm. The utilitarian perspective considers the overall benefit of a business practice to the whole community in order to determine whether it’s ethical or unethical. The universalist approach assumes there is a universal set of acceptable ethical behaviour that should be applied in any context. Chan and Rossiter (1997) argue that business ethics are influenced by the values held by persons in a society. In western societies, values are a matter of right or wrong (deontological) whereas in other societies, values are a matter of what best leads to a good or bad outcome (teleological). They further argue that actions of individuals may vary from their expressed views because of the perceived greater good of maintaining social harmony, a situation which is likely to be common in markets with extreme poverty (Chan and Rossiter, 2003).

A key shortcoming from previous research has been failure to grapple with understanding business ethics from a global perspective. Although Chan et al (2010), attempt to
expand this discussion, they only focus on the output of research on business ethics by institutions from across the globe. There still is a gap in understanding how contexts such as those of extreme poverty, such as those in Africa, influence business ethics, especially for entrepreneurs. This is a gap which this article seeks to address. Researching this gap is supported by Murphy (2010) who identifies it as one of the key emerging areas for research in business ethics. Enderle (2010) provides further support for research into business ethics in Africa in order to critique ‘the western philosophical definitions of ethical dilemmas and case studies of business which do not necessarily reflect the reality in markets such as those where there is extreme poverty’.

Such research into business ethics in specific cultural and macro-environmental contexts broadens the scope of ethics research and explores whether the western narrative on business ethics is relevant to all contexts (Jorgensen and Boje, 2010; Staman, 2007). This difference in approach to values also impacts on the degree to which values are strongly held. Because of the above, in non-western contexts, it is important to understand why people hold certain values rather than focus solely on what values are important. This deontological vs teleological framework has been used in the study of business ethics (Dawson, 2005; Hunt and Vitell, 1986; 1992). Whereas in the west, ethics as reflecting values tend to be absolute, related to specific episodes and individual in application, in
many non western environments ethics tend to be relative, influenced by a long term perspective and oriented towards a range of stakeholders rather than towards the interests of the individual. This is because in such environments, managers do not perceive the legal system as able to offer credible protection to their interests and rather than rely on contracts, they tend to rely on relationships to safeguard their interests in a climate of environmental uncertainty. When legal enforceability is weak, firms need to build personal relationships to safeguard exchanges (Zhou and Poppo, 2010). In some non western countries, whilst the central Government may espouse adherence to ethical practices as understood in the west, this is often not the case at the provincial level where the enforcement of law is variable due to intervention from local government officials, lack of independent law enforcement and frequent changes to the law (Luo, 2007).

As an example, Robin (2009) discusses values from different perspectives. Whereas in most western societies, desirable values tend to be absolute, (e.g. you are either honest or dishonest, fair or unfair, or have respect or disrespect for people) this is not necessarily the case in many non western environments where circumstances may dictate that in specific situations the teleological approach that leads to the best outcome overall, requires that dishonesty is the preferred approach.

Svensson and Wood (2008, p.305) argue that the field of business ethics has not developed a model which
can be used as a reference point for researchers and practitioners to apply. They attempt to address this gap by suggesting a conceptual framework which consists of three principal components (i.e. expectations, perceptions and evaluations) that are interconnected by five sub-components (i.e. society expectations, organizational values, norms and beliefs, outcomes, society evaluations and reconnection). However, this model is fundamentally based on the tenets of developed western markets which have distinct value systems compared to those that might be found in conditions of extreme poverty in emerging markets.

**Entrepreneurship, ethics and societal expectations**

Entrepreneurs play an important role in society and are governed by expectations from the same society they serve (Svensson and Wood, 2008; Hannafey, 2003). Decades ago, Schumpeter (1942), regarded as one of the intellectual fathers of entrepreneurship, argued that the role of the entrepreneur in society is to ‘creatively destroy by combining previously unconnected elements to create new products, services, channels of distribution and technologies’. Previous studies on entrepreneurship indicate that entrepreneurial activities create employment, new organisations and perform other roles that have the potential to improve the well-being of society (Brenkert, 2002; Joyner and Payne, 2002). A social contract is deemed to exist between entrepreneurs and the society in which
they operate and failure by entrepreneurs to meet or satisfy the expectations which society has of them can result in some form of reprimand from the society (Thomas et al., 2004). Regulation of entrepreneurs by society can take different forms such as government legislation and lobby groups (Hoffman et al., 2003). Society’s increased demand for and expectations of entrepreneurs’ conformity to the society’s values have to a very large extent been enhanced by increased levels of education and the power of the media (Collier, 2000; Wheeler et al., 2002). Consumers in developed western markets evaluate the impact of entrepreneurs on their well-being by evaluating variables such as their corporate citizenship, tax contribution, environmental responsibility, and employee retention among others (Svensson and Wood, 2008).

However, these previous studies have largely been undertaken in western developed markets and would not necessarily reflect what happens in markets with conditions of extreme poverty with regards to the relationship between society and entrepreneurs. This was particularly important for our research given the limited number of studies articulating the role of entrepreneurship and ethics in such environments. The need to address the question of whether entrepreneurs should have particular ethical obligations to society is highlighted by Hannefey (2003) who raises a number of questions that future research into society’s expectations of entrepreneurs’ ethical obligations could focus on. These include whether society treats
entrepreneurs differently because of the important tasks they carry out in the economy or whether ethical standards of entrepreneurial behavior are different from those guiding business persons in established organizations or whether entrepreneurs have unique or special ethical obligations (p.102). These are fundamental questions which could be extended to markets with extreme conditions of poverty which is the subject of our study.

**Entrepreneurship and Ethics: A dyadic relationship or two worlds apart?**

The debate on the relationship between entrepreneurship and ethics is an on-going one, dominated by lack of research on the importance of the connection between the two (Hicks, 2009, Wempe, 2005). Fisscher et al, (2005, p.207) describe the relationship as being characterised as an ‘intense love-hate relationship’. The authors argue that whilst entrepreneurs are applauded for introducing new products and contributing to the economic well being of society they are also accused of negating the moral obligation of ensuring society’s well-being in pursuit of business success. Hannafey (2003), argues that there has been limited focus on the relationship between increased entrepreneurial activity and the ethical behaviour of these entrepreneurs. He attributes these weaknesses to the lack of consensus on the definitions of the two constructs which has been complex and largely unresolved. This is a gap that
is further articulated by Harmeling et al, (2009) who advocate increased questioning of the relationship between the two constructs. They argue that whilst ethics are concerned with values and entrepreneurship is concerned with value creation, there is need to study the two jointly in order to get a more complete understanding of the relationship between them.

There has been some increase in focus on this research stream in western developed markets (Buchholz and Rosenthal, 2005; Lepoutre and Heene, 2006). Hence, our motivation to explore the importance of this relationship within the context of conditions of extreme poverty. The assumptions of continuity or familiarity for entrepreneurs are just as flawed for well established firms. This could be particularly relevant in conditions of extreme poverty where entrepreneurs may move into a new geographical market where ethical norms are unfamiliar or to address the needs of a new customer base with changing needs due to the volatile environment (Harmeling, 2009).

**RESEARCH QUESTIONS**

The above review of literature indicates distinct research gaps in the area of questioning the nature of entrepreneurship and ethics in markets other than western developed markets where attempts have been made in the past thirty years to investigate various issues pertaining to
the challenges that entrepreneurs face in spearheading business innovation and at the same time meeting their ethical obligations to society. In view of the apparent limited research on these two fields in the context of conditions under extreme poverty, our article seeks to expand the research scope in the areas by first investigating and confirming constraints that consumers and entrepreneurs face under conditions of harsh poverty and the subsequent coping strategies they implement to mitigate these constraints. We then investigate the potential ethical dilemmas faced by entrepreneurs dealing with these constraints as reflected in the coping strategies they employ. In so doing we attempt to establish whether there are any unique ethical considerations that entrepreneurs, operating in extreme poverty conditions, must take into account. We also explore any variations of ethical standards between established companies engaging in entrepreneurship and new entrepreneurs.

**RESEARCH CONTEXT AND METHODOLOGY**

Research was undertaken in Zimbabwe since it is an example of a country with extreme conditions of poverty. The market in Zimbabwe has the potential to pose distinct ethical dilemmas for entrepreneurs that can be generalized across different markets. The country has been subjected to policy and natural induced risks thereby putting consumers
under strain and potentially creating distinct opportunities for entrepreneurs to serve the needs of these consumers. Natural and policy-induced risks such as ill health, weather shocks and economic policy changes are common facts of life for many households in emerging markets (Ersado 2006). Zimbabwe presents an example of a country where households are experiencing conditions of risk, uncertainty and extreme poverty and have to cope with adverse shocks. It has been exposed to a combination of natural and policy induced shocks, which have affected the livelihoods of consumers. In Zimbabwe’s case, the persistent droughts since early 1990s, the land reform program, the economic structural adjustment programmes (ESAP) and the post ESAP policies in early 2000 resulted in significant changes in the income patterns and lifestyles of both the rural and urban populations (Scoones, et al, 1996). It is estimated that at least 85% of Zimbabwe’s population now lives on less than $2 a day (Consumer Council of Zimbabwe, 2007), and the majority of them are self-employed. The policy induced and natural shocks in Zimbabwe have resulted in the deterioration of key infrastructure such as telecommunications and roads which in turn has required both consumers and firms to change the way they conduct their lives and their business operations (UNDP 2008). An important result of this process has been the emergence of an informal ‘economic space’ in the Zimbabwean marketplace.
The research approach and entrepreneurship context

A mixed qualitative research method approach was used to collect data from consumers, established firms engaged in some form of entrepreneurship and new entrepreneurs. The research comprised semi-structured interviews, focus groups and ethnographic observations for the consumer study whilst case studies were conducted for the firms. This is in line with calls for more qualitative research in emerging markets. These are necessary in order to study consumers in their natural settings which in turn enables researchers to capture nuances and details which may not be captured by quantitative methods (Osland and Osland, 2001; Piekkari-Marschan and Welch, 2004).

The research undertaken focused on the imitative form of entrepreneurship within the food and personal hygiene sector. Food and personal hygiene products for this research are appropriate as these products constitute more than 70% of an average family’s monthly expenditure in Zimbabwe. This is also a common feature in markets where there are extreme conditions of poverty (D’Andrea et al, 2006). This in line with Powell (1990)’s argument that there is more opportunity for entrepreneurship in low order basic human needs products such as food and personal hygiene products. These are products which consumers in western developed markets take for granted, unlike those who live in conditions of extreme poverty. Imitative entrepreneurship involves identification of opportunities
that are not necessarily new to the world but could entail creation of new products, new productive techniques, entry of an established business into a new market segment with a new category of customers previously not served (Baumol, 1986).

The procedure

Phase 1 - Case studies - Case studies were conducted using two new Zimbabwean companies that had emerged in response to the extreme conditions of poverty and engaged in imitative entrepreneurship and two subsidiaries of MNC’s which also engaged in imitative entrepreneurship, primarily in response to the dynamic needs of consumers under conditions of extreme poverty. The number of case studies was determined by the participation of the firms in some form of entrepreneurship, by issues that needed to be investigated, the period of the study and by the practicality of undertaking the study (Patton 1990; Yin 2003). The preliminary data collection phase, which covered companies in the entire sector, enabled the researcher to identify four firms for case study purposes. These four firms in the sample represent at least 70% of the current industry players in the FMCG category and they collectively account for more than 80% of the market. Multiple sources of evidence such as archival documents, observations and personal interviews were used to collect data which in turn enhanced validity in the sense
that findings were drawn from and corroborated by diverse sources (Patton, 1990).

**Phase 2 - consumer study** - A total of sixty five semi-structured personal interviews were conducted using an interview guide to establish constraints that consumers faced and the subsequent coping strategies they used. Our research found that those facing extreme poverty in Zimbabwe were not a uniform segment of the population but that there were in fact four segments which were the urban poor, the rural poor, rural breadwinners working in urban areas and the diluted urban group of former middle class consumers who had fallen on hard times. Respondents were asked about the nature of interactions they had with the firms under study in order to establish whether the firms satisfied their expectations. The researchers conducted these interviews whilst living with the respondents in their communities. A research assistant who was knowledgeable about customs and norms of the respondents was part of the research team. In order to complement and enrich the quality of data collected, six focus groups were then conducted at social network group gatherings such as income generating projects and community groups. An interpretative ethnographic observation approach was used to augment the ‘one on one’ interviews and focus groups. This was made possible by the decision to conduct the interviews while living with the consumers in their natural environments, instead of the researchers coming to just conduct the interviews. This approach is advocated by
Wolcott (1999) who encouraged researchers to live with interviewees when conducting ethnographic observations. This helped the researchers obtain a more textured view of consumers as they interacted with the firms under study. Random purposeful sampling was used for this study in order to improve the credibility of the sample since the potential sample was very large. This sampling involved random selection of ‘respondents for study who can purposefully inform an understanding of the research problem and central phenomenon in the study’ (Creswell, 2007, p.125)

A mixed methods research approach was adopted as this allows for synergistic value (Remenyi et al, 1999 and Patton, 1990) in the sense that the research benefits are more than summations of the benefits of the methods used. The approach exposes researchers to special opportunities to utilize multiple sources of information from multiple approaches in order to gain new insights so as to understand more about human and business phenomena (Axinn and Pearce, 2006). There has been an increase in calls for greater use of mixed methods in international business research in order for the research to be more rigorous and thorough (Piekkari-Marschan and Welch 2004). Analysis of meaning of text was achieved through condensation, categorization, narration, and interpretative approaches (Kvale, 1996). Condensation involved reduction of the huge texts into succinct summaries where long statements were compressed while categorization
involved the reduction of the data to simple categories, figures and tables. Narrative structuring involved creation of a coherent structure and plots of the data and expanding new potentialities of meaning. Interpretation of the text involved an in-depth re-contextualization of the statements within a broader framework of reference.

FINDINGS AND DISCUSSION

Case Descriptions

Case A is a new locally owned entrepreneurial firm which manufactures and packs a wide variety of nationally strategic products such as staples like cooking oil, mealie meal, flour, salt, beans and rice as well as personal hygiene products such as bathing and washing soap. Case B is also a new locally owned entrepreneurial company formed by former employees of a locally owned diversified conglomerate which manufactures a broad spectrum of food products including beef and pork, meat substitutes and cooking aids. Case C is a subsidiary of a global multinational which manufactures a variety of personal hygiene and food products. Case D is a subsidiary of a global food multinational which manufactures a variety of food products.
Impediments Faced by Entrepreneurs Conducting Business in Zimbabwe

Executives in all of the firms in the case studies identified diverse impediments which impacted on the manner in which they conducted business in the harsh environment of extreme poverty. Their comments largely confirmed previously documented impediments covered in the literature review. However, there were new forms of impediments which emerged from this study. The four main groups of impediments identified were, economic, financial, governance and political. However, all the firms mentioned that these impediments were intertwined and connected to each other such that ranking them by importance would not reflect their relative impact. The level of exposure to these impediments differed among firms.

Economic and Infrastructure Impediments

The main economic impediment identified by all firms in the case studies was the general economic decline and dilapidation of key infrastructure. This started in 2000 and the effects had become more severe by 2008. Hyperinflation was regarded as the symbol of the economic crisis which impacted on the day to day running of the firms and ultimately affected their capacity utilization. This was confirmed by the annual industry surveys which were
carried out by the Confederation of Zimbabwe Industries which is the industry lobby group. Examples mentioned by firms of how hyperinflation affected firms’ conduct of business included the unpredictable costs of raw materials and the high cost of borrowing money to run their operations because of the prevailing interest rates.

Lack of investment in new public utilities such as energy and water generation and poor maintenance of existing facilities was mentioned as an impediment which affected the firms’ operations. There was evidence across all the cases of disruptions that had been caused by power cuts, and fuel and water shortages which had become a regular event in Zimbabwe. Electricity and clean water supplies were cited by all of the firms in the case studies as being critical for their operations given the type of products which they manufactured. For example, Case B had abattoirs and a meat processing plant which used a lot of water. Case D also used a lot of water in its milk processing plants. As a consequence, these shortages had a serious impact on their operations. Shortage of fuel was also cited in all four case studies as a key issue which affected the distribution of products. In Case B’s situation their pie ovens used paraffin which was also used for energy by consumers and was thus in constant short supply. This was particularly important for the firm since the pies were the company’s top revenue earner and required regular production in order to meet demand.
Financial Impediments

Lack of access to international capital from local and offshore banks, which would have allowed the firms in the case studies to obtain needed foreign currency, was also identified as a key impediment by all firms. They indicated that this was a major obstacle for them since they imported the majority of their packaging and raw materials. Whilst firms in all cases acknowledged their exposure to this threat, those in cases C and D still had access to some form of offshore capital through their MNC regional network. This is discussed in detail in the section on coping strategies. The Central Bank controlled all export earnings and allowed firms to access only 65% of their foreign currency earnings, and the bank still determined when and how much foreign currency companies could access. The bank allocated foreign exchange to the manufacturing sector according to the importance of their products. All four firms in the case studies were in a priority category for access, but still struggled to obtain sufficient foreign currency.

Governance and Political Impediments

Governance and political issues cited in all four case studies included corruption, political instability, the land reform programme, poor industrial policy, imposition of price controls, an unattractive export retention policy, government intervention in allocation of raw materials and
arrest of managers. However, there was variation in the impact of these impediments in each of the four cases. Firms in all the case studies relied on agriculture for their core raw materials because of the products they manufactured. For example, maize meal required maize, flour required wheat, cooking oil, beans, margarine, and soap all depend on soya beans, milk was from dairy farmers, and beef, chicken and pork was from livestock and poultry farmers. These were supplied by the farming sector, but the chaotic land reform programme introduced by the government in 2000 affected agricultural output, which in turn resulted in shortages of agricultural raw materials for these firms, causing them to import raw materials. To compound this problem, the government controlled the allocation of all agricultural produce by only allowing state corporations to buy the produce from the farmers and then distribute it to manufacturers.

Price controls introduced by the government in 2005 were cited in all case studies as a major impediment for the firms. The firms mentioned that the recommended gazetted prices were way below the cost of producing the products and this made it difficult for firms to replace their stock, causing product shortages. There was selective exposure to this impediment which was reflected in the different time lags it took the four firms in the case studies to obtain approval for price increases. On average, Cases A and B’s (local firms) applications for price increases took between one and two weeks for approval. In contrast, Cases
C and D’s (subsidiaries of MNC’s) applications took as long as six weeks, According to the executives, such delays made a key difference in the hyperinflation environment, because even a delay in decision making by a day could make a significant difference to the firm’s cash flow in a hyperinflationary environment.

The same selective treatment was evident in the access to foreign currency from the companies’ export earnings. Cases A and B reported shorter waiting periods with an average of ten to twenty days to access their foreign exchange, as opposed to Cases C and D who reported waiting periods of as long as three months. Cases C and D reported that this was due to the Government’s belief that MNC subsidiaries could get foreign currency from their sister companies. Another key impediment that emerged in 2008 was the enactment of legislation which required foreign-owned firms to have a majority local shareholding; otherwise the government would nationalize them. This was cited as a key constraint by Cases C and D who are private companies in Zimbabwe and have 100% foreign ownership. Firms in both these cases had taken the potential impact of this legislation seriously because they had seen how the government moved swiftly to nationalize agricultural land in 2000 and feared such nationalisation could happen to them also.
COPING STRATEGIES

Having identified the nature of impediments the firms faced in their effort to conduct business in Zimbabwe, the next challenge was to establish the coping strategies used by firms to militate against the impact of these impediments. All firms in the case studies used diverse coping strategies for the different impediments they faced. All the firms mentioned that the key challenge they faced was to be proactive and innovative in the way they conducted business in this environment. This is reflected in the following statements:

Case A Informant: Survival in this environment is not guaranteed unless you adapt a dynamic management style and be proactive in responding to the constraints prevalent in the environment.

Case B Informant: The only solution to the challenges we face as a business is to be creative and proactive when dealing with the environment.

Case C Informant: You have to be proactive in your planning and ability to respond to these shocks in order to survive in this environment.

Case D Informant: We have become experts in crisis management by being creative and innovative in the way we manage the constraints that we face when doing business in this tough environment.
Economic and Financial Coping Strategies

Economic impediments were identified as being at the hub of business operations by all firms in the case studies, and there were common coping strategies that were used by these firms. Cost cutting measures such as resorting to cheaper packaging, modifying products by substituting imported raw materials with local ones and where possible reducing quality, were common in all four cases. However, firms in cases C and D were more reluctant to modify their packaging and product formulation because of the standardisation requirements for their products required of them by their MNC head offices.

All firms in the case studies invested in generators and boreholes to ensure uninterrupted supply of electricity and water. However, cases C and D had invested more in this equipment than cases A and B, who mentioned that they had limited resources to undertake infrastructure investment at similar levels. Case D obtained used, but reliable, big capacity generators from its sister company in South Africa. Firms in all the cases imported their own fuel which provided them with some security in terms of their ability to distribute their products.

There was evidence of firms in all the case studies using alternative methods to raise capital for their operations. The chief of these was through participation in the money markets, in particular the Zimbabwe Stock Exchange (ZSE). Case B’s annual financial figures
indicated that money market activities contributed at least 45% of the total revenue for their business in 2007. The other three cases also confirmed a similar trend although access to their figures was not possible since they were not publicly listed. Firms in all four case studies reported placing customers on cash trading terms to militate against hyperinflation and to generate cash for their stock exchange investments.

**Governance and Political Coping Strategies**

Governance and political impediments posed challenges which required all firms in the case studies to devise situational coping strategies. Although there were common forms of coping strategies in all the cases studies, there was some reluctance to discuss strategies in detail, especially in areas such as dealing with corruption. All the firms in the case studies condemned the practice and indicated that it was official company policy to dismiss any employees involved in corrupt practices.

All the firms in the case studies were members of industry organizations such as Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Affirmative Action Group (AAG) and Food and Personal Hygiene Manufacturers Association (FPMA). These bodies were used to lobby for raw material access, foreign currency and price increases because the firms believed it was beneficial to have a united voice when
approaching the government. A variety of other networks were also used to manage relationships with government. Use of connections was both at an organizational and an individual level, where firms entered into working arrangements which were driven by the relationships among the individual executives. The networks that were used were diverse, although common ones included the old boy alumni network, and ethnic grouping networks often referred to as the ‘homeboy’ networks. These were based on the rural areas from which the executives came. These were prevalent in all the case studies and were augmented by new networks created at social events such as at golf clubs.

Price controls were cited as a key governance impediment and firms in all the cases used multiple coping strategies to avoid them. These included industry lobbying and product diversification, whereby the firms concentrated on manufacturing products which were not on the controlled price list. For example, firms did not bake ordinary bread since this was on the controlled list but opted to produce confectionary which was not controlled. In all four cases, firms rationalised their product mix in favour of non-controlled products which in most cases were luxuries or expensive. Cases A and B as local companies, had some relief from these governance impediments as reflected in the earlier discussion (e.g. they had shorter waiting periods for raw materials and foreign exchange compared to Cases C and D). As a result, Cases C and D
capitalized on their regional networks by increasing their exports and contract manufacturing orders or bartered for raw materials from their sister companies.

FORMS OF IMITATIVE ENTREPRENEURSHIP

In all the case studies, firms acknowledged the importance of adopting an imitative entrepreneurship strategy of changing their conventional methods of providing products for consumers given the extreme poverty levels. This supports findings in previous studies that entrepreneurs to explore opportunities in low order basic human needs (Powell, 1990). Firms agreed it was necessary to enhance both accessibility and affordability of products through assessing the degree of essentiality and potential for value addition as far as product offerings were concerned. This expands the focus in previous literature of just targeting the affordability of products without acknowledging the challenges faced by poor consumers of getting access to these products (Mahajan and Banga, 2006). In the firms under study, product availability and accessibility was enhanced through the development of new affordable products that took degree of essentiality of the products into consideration and constituted some form of imitative entrepreneurship. In cases C and D it involved the firms expanding into customer segments which they had not previously focused on. Table 1 provides a summary of the initiatives by the four companies to achieve this. Previous literature has also focused on packaging
modification of existing products to smaller units such as the sachet as the main product modification strategy (Prahalad, 2005). However, findings from this study indicate the need to broaden the marketing strategy by engaging in innovative new product development as evident from the various new product initiatives that are outlined in Table 1.

Table 1: Product initiatives by firms in the case studies.

<table>
<thead>
<tr>
<th>Case A</th>
<th>Case B</th>
<th>Case C</th>
<th>Case D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single serve meat substitute soya chunks</td>
<td>Single serve cooking oil substitute</td>
<td>Fridge-free margarine</td>
<td>Meat substitute soy mince.</td>
</tr>
<tr>
<td>Single serve soya based cooking oil</td>
<td>using pork and beef drippings</td>
<td>Single serve washing powder</td>
<td>2 in 1 Sugar and powdered milk.</td>
</tr>
<tr>
<td>Soya based starch alternative</td>
<td></td>
<td>Multi-purpose soap bar</td>
<td>Single serve relish aids</td>
</tr>
</tbody>
</table>

CONSTRAINTS

Consumer constraints

The role of diverse macro-environmental constraints on consumers facing extreme poverty, are supported by findings from this study (Ersado, 2006; Johnson, et al, 2007; Ndulu, et al, 2007; Kauffman, et al, 2008; Loayza et al, 2007). These constraints are outlined in Table 2. However, new constraints were identified in this study which included shortage of cash to make purchases
and government driven political patronage systems in distribution channels. The current study found that consumers resorted to some previously documented coping strategies, such as relying on remittances from overseas to augment their income.

### Table 2 Constraints faced by consumers

<table>
<thead>
<tr>
<th>FORM</th>
<th>CONSTRAINT</th>
</tr>
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<tbody>
<tr>
<td>ECONOMIC</td>
<td>Product shortages</td>
</tr>
<tr>
<td></td>
<td>Cash shortages</td>
</tr>
<tr>
<td></td>
<td>Unemployment</td>
</tr>
<tr>
<td></td>
<td>Hyperinflation</td>
</tr>
<tr>
<td>POLITICAL</td>
<td>Corruption</td>
</tr>
<tr>
<td></td>
<td>Political instability</td>
</tr>
<tr>
<td>SOCIAL, NATURAL AND INFRASTRUCTURE</td>
<td>Poor Public utilities</td>
</tr>
</tbody>
</table>

#### Economic Constraints

The harsh economic environment was cited by the interviewees in all groups as the main constraint faced. This was manifested by the hyperinflation mentioned as the key obstacle to the purchase of food and personal hygiene products. The impact of the harsh economic environment was also reflected in high unemployment which meant they had little income with which to buy products. High prices for products were another key constraint for interviewees in all groups of consumers facing extreme poverty. However, the constant adjustment of prices of products to keep up with the hyperinflation was cited as the biggest challenge,
which significantly impacted on the timing of product purchases. This was complicated by the product shortages prevalent in their environment. Besides the high prices charged for products, interviewees identified a new challenge that had emerged for consumers in Zimbabwe. This was the extreme shortage of cash which was caused by the hyperinflation and had resulted in the government putting restrictions on the amount of money these consumers could withdraw from the bank on a daily basis.

**Political Constraints**

In their discussion of the economic constraints, particularly hyperinflation, interviewees from all groups attributed the economic collapse to political instability in the country. Corruption and political patronage were identified by interviewees as the key political constraints which affected consumers’ ability to buy products. They alleged that corruption was common in many facets of their day to day lives. As an example, there was payment of bribes to shop attendants to get scarce products, or to be informed when supplies of products were due for delivery, or to be allowed to buy more quantities than those the restrictions permitted. Another related constraint identified by interviewees in all of the four groups of BOP consumers was what they viewed as greedy and corrupt behaviour by retailers and manufacturers, who increased prices at rates that were not sustainable under the claimed guise of tracking hyperinflation. Examples cited in the personal
interviews, and confirmed in the focus groups, included daily and hourly price increases which the consumers found very difficult to accept, even in the hyperinflationary environment Zimbabwe was experiencing.

Social, Infrastructure and Natural Constraints

Lack of reliable public utilities such as electricity and transport were constraints faced by the interviewees. Intermittent supplies of electricity, water and fuel posed challenges for the interviewees since these could determine the type of products they bought.

COPING STRATEGIES

Findings from the current study identified a diverse set of coping strategies not previously documented which consumers used to militate against the constraints.

Economic Coping Strategies

Common economic coping strategies adopted by consumers included engaging in multiple income-generating projects, expense management and relying on remittances. Asset striping was also a common strategy used by those consumers who had some form of assets they could dispose of such as furniture. Remittances from overseas were identified as being critical in meeting the income shortfall and minimising the effect of
unemployment. A key economic coping strategy used by all groups was managing the budget by forgoing expenses which were deemed not to be necessary or important. These included a variety of expenses such as those on clothes, entertainment, and medication. These are expenses which consumers in developed western markets consider to be basic security and safety needs (Maslow, 1964). Other strategies used included exploiting weaknesses in the governance systems to delay paying water and electricity rates, cutting down on meals, walking to their places of work, or substituting meat with cheaper alternatives such as soya chunks. All four groups cut down on buying new clothes and had resorted to buying second hand clothes which were readily available at informal markets.

Political Coping Strategies

Social networks were used a way of protection from malpractices such as corruption. Social networking enabled consumers to get information about product availability and some of the networks had direct access to products. Participants in the diluted urban focus group argued that their counterparts in the rural and rural urban groups were partly to blame for corrupt practices such as hoarding and eventually selling products on the black market since they spent most of their time looking for products while the diluted urban group was at work.
Social, Infrastructure and Natural Strategies

Non-governmental organizations (NGOs) were a key vehicle for alleviating infrastructural constraints. International NGOs such as CARE provided portable equipment such as power generators and boreholes which the consumers shared in their areas of residence. Interviewees from the rural group also benefited from interventions by NGO’s in agricultural activities such as helping them to diversify the crops they cultivated to include drought resistant crops. A wider variety of seeds was also made available by NGO’s so as to help minimise the negative impact of the drought.

INTERACTIONS BETWEEN FIRMS AND CONSUMERS.

Interactions between consumers and firms were largely reflected in two key marketing mix elements - distribution and promotion. Social networks were found to be influential in facilitating this interaction and went a long way towards alleviating poverty through access to products and creation of employment for marginalized women.

This is reflected in the following statements by consumers:

BOP Consumer 1: We are not really concerned about where we get our food and other groceries as long as the companies
provide us with cheaper alternatives. Location is not that much of a factor although we would prefer to buy from local shops to cut down on transport costs.

**BOP Consumer 3**: I believe companies like X, Y and Z (being cases A, B and C) are doing a great job developing new alternative products which we can afford. That way they are showing us that they value us their customers and also as human beings who need to eat.

**BOP Consumer 5**: Companies such as X and V (being cases A and D) are doing a good job of allowing our community groups to buy cheap products from them for re-sale and consumption. This provides us with much needed income since we are self-employed and it also means we are able to get access to cheaper alternative sources of food and soap.

**BOP Consumer 9**: although we are living in a tough environment, the help that we get from companies such as X and Y (being cases A and B) through their cheap products has made life a bit more bearable, without these products we would starve.

**Interactions Manifested Through Distribution**

All four firms used both formal and informal distribution channels. The high uncertainty of product availability encouraged consumers to look for products from informal channels. The formal channels that were used included neighbourhood grocery shops, supermarkets and wholesalers. The informal channels included buying clubs, open market stalls and tuckshops. The firms
mentioned that their primary concern was to have their products readily available in the market in order for their customers to get access to the products which showed that they were meeting their obligations to serve the needs of the communities in which they operated. The informal channels that were used were diverse, embedded in the consumers’ social networks, and were said to have become the key sources of products for the consumers. This is reflected in the following statements:

**Case A:** Consumers now develop coping strategies such as creating their own buying clubs or using other community organisations to access products from us

Case B: *We are also using some women’s clubs and buying clubs to distribute our products*

Case C: *We have actively engaged networks such as women, community clubs and church cell groups.*

Case D: *Network groups such as community groups are critical for our distribution*

This strategy was largely viewed by consumers as being responsive to their needs and value systems of using social networks as a mechanism for managing the challenges they faced. All firms in the case studies suggested that formal channels such as retailers were reluctant to stock products in large volume because of their exposure to price controls, although Cases C and D still had
a large proportion of their products going through the retailers because of their fear of reprisal from government for allegedly creating shortages. Hence, cases C and D indicated a greater reluctance to rely on the social networks for distributing their products. This was different to cases A and B who had the majority of their products distributed through the informal channels using a variety of networks. These locally owned entrepreneurship expressed more confidence in dealing with the price controls compared to their MNC counterparts and received preferential treatment from government when it came to obtaining authorization for price increases.

**Interactions through Marketing Communication**

Besides expanding product availability, interactions with social networks were identified by all firms in the case studies as an effective way of communicating with consumers. Consumers relied on these networks for credible information on new products. Firms also indicated that using social networks was a key strategy for reaching out to consumers given the poor infrastructure in this environment which made it difficult to communicate with consumers. All the firms in the case studies used the social networks for demonstrating their products at women’s self help group meetings. Participants in such networks were given free product samples and were used for marketing research and test marketing.
ETHICAL IMPLICATIONS

Findings from the study have outlined the impediments, coping strategies and subsequent interactions which occurred between consumers and entrepreneurs. Whilst it is prudent to identify potential ethical dilemmas that emerge from this discourse we argue that there is need for scholars to discuss and evaluate these dilemmas in the context of the environment of extreme poverty instead of imposing western based evaluation of whether the firms have been ethical or not. Expansion of research in this direction is supported by Chau and Siu (2000) and Robin (2009). A number of the potential dilemmas were a product of the environment and in so many ways the reactions were pro-active responses to the impediments common in the environment. We also argue that the ethical aspects of the decisions made in response to these impediments and strategies also benefited consumers.

Economic and financial ethical dilemmas

Key potential ethical dilemmas that emerge from the economic impediments and coping strategies are largely centred on the firms’ decision to lower quality standards of products by substituting raw materials or using cheaper inferior raw materials in order to ensure the availability of products for consumers. However, this could be viewed as a strategic decision which resulted in these firms being
innovative by way of developing new products which were required by consumers. This supports earlier calls for expansion into this research area by Powell (1990). Examples of new product variations include a fridge free margarine, soya based meat substitutes and animal fat based cooking oil. While some of the ingredients used to produce these products could potentially be deemed to be of inferior quality or not suitable for human consumption in western markets (see Svensson and Wood (2008), the situation is different in conditions of harsh poverty. The development of cheaper products and lowering of quality levels should not be perceived as being unethical behaviour given the extreme poverty conditions under which these firms were operating. Modifications to standards was undertaken in consultation with the government which was aware of the challenges faced by firms in ensuring that consumers had access to products. This in some way confirms the role of government in monitoring entrepreneurs’ activities highlighted in previous literature. As an example, the Tata Nano vehicle built in India to cater for those at lower income levels is so basic and ‘no frills’, that it would not be able to be registered in most western countries.

There could be ethical concerns about the over-reliance of firms on non-core business activities such as stock exchange investments which yielded superior profits. This had the potential to encourage firms not to focus on producing basic products required by consumers. However,
this could be viewed as a pro-active teleological financial strategy of minimising the risk posed by hyperinflation in a turbulent environment (Chan and Rossiter, 1997). Hence, spreading risk in this way facilitated the survival of these firms and a continuation of their ability to provide products for consumers albeit at a low utilisation of their production capacity. Although most of the economic and financial coping strategies employed by firms in the case studies were commercial reactions rather than responses involving ethical considerations, the strategies adopted were driven more by teleological than deontological considerations.

**Governance and Political Ethical Dilemmas**

The strategy to rationalise the product mix to evade price controls could raise ethical issues given the fact that this meant that many poor consumers did not get products they needed since firms would concentrate on products that were not on the price control list. Whilst there might be some merit in arguing that this could be potentially unethical, this was a short term strategy used by firms to improve their cash flow and sustainability. Moreover, market realities such as limited demand for products that were not basics meant that firms could not forever continue to ‘starve’ the market of basic products. Hence, the accusation of unethical business practices levelled against these firms was contextual since in the medium to long
term it actually ensured continued operations for the firms and some level of product provision for consumers.

The diversity of methods used to manage relationships with government and other key stakeholders could be perceived to be a source of ethical dilemma for firms. This was particularly important in view of the preferential treatment given to the local entrepreneurs with regards to raw material and foreign exchange allocation. The way the local entrepreneurs leveraged the advantage of being local could be perceived to be unethical and a source of unfair competitive advantage in western markets. However, this could also be perceived to be a legitimate advantage facilitated by the government in the interests of protecting local industries. This is an on-going debate in international business which is not limited to markets facing extreme poverty (Fletcher and Brown, 2008). This is because it can be perceived as a form of protectionism and in western developed markets; governments do provide some level of protection to firms that are in sectors of national importance.

The emergence of new forms of intervention networks such as those based on ethnic groupings and rural background could be viewed differently in western markets but in essence these were simply different forms of networks operating in this environment compared to those found in western markets. Some of the networks such as school/college alumni and social club membership were similar to networks found in western markets. However,
there is often a tendency to describe or dismiss the use of such networks in developing country environments as forms of corruption and unethical business practices yet they are simply mechanisms used by firms to leverage relationships created by their managers to enhance their competitiveness. In the case of governance and political impediments, the approaches adopted by firms reflected expediency and teleological consideration rather than concern with absolute right or wrong. This was evident in ways of getting around government imposed price controls, discriminatory practices and raw material shortages.

**Ethical dilemmas from interactions between firms and consumers.**

The interactions that occurred between consumers and the entrepreneurs which were embedded in social networks and resulted in employment creation, validate Branzei and Abdelour (2010)’s argument that entrepreneurship has potential to emancipate people from extreme poverty. This interaction was identified by consumers as being central to whether the firms under study were responsive to consumer needs and whether they met their expectations. Due to the extreme poverty levels, consumers in this environment did not have as much power as those in western developed markets when it came to making firms accountable for their behaviour. The consumers were more concerned about being able to get
access to readily available and affordable alternative food and personal hygiene products. Hence, firms’ evaluation of their sensitivity and achievement in terms of meeting these needs and creating satisfaction were judged by the interactions which took place between firms and consumers. This relates to the gap identified by various authors for the need to understand the boundaries of evaluating society’s expectations of entrepreneurs and ethical conduct in different contexts (Svensson and Wood, 2008; Dawson, 2005, Hunt and Vitell, 1986; 1992). Whilst literature on western markets has highlighted the importance of entrepreneurs credibility in the areas of environmental protection, safety of products, better corporate citizenship and payment of taxes as indicators for evaluating entrepreneurs’ ethical conduct, this is not paramount in conditions with extreme poverty as is illustrated by this study. However, whether the fact that these consumers are not empowered to monitor and reprimand firms for unethical conduct, is an issue that requires further investigation.

All firms in the case studies indicated that the impediments they faced when distributing products, such as price controls and channel conflict with retailers, incentivized them to use the informal channels of distribution dominated by social networks. Informal channels such as tuckshops and market stalls were said to be keen to stock products since they could evade price control supervision by virtue of their operating in the
informal sector which was difficult to monitor. This could be perceived to be indirect participation in evading government controls by firms. A different view to this approach could be based on the criticism of the potential flouting of laws by the firms through their use of informal channels of distribution which did not pay tax to the government thereby making the firms indirect participants in some illegal transactions. However, this could be an example of different approaches to values - in this case the teleological approach appears to be more relevant given the need to ensure that consumers gain access to products (Chan and Rossiter, 1997).

Cases A and B were more upfront about their motivation for using the social networks for distributing their products. For example they cited as a benefit the passing of the risk of price controls onto these networks and the preferential treatment from government with regards to enforcing price controls. This could raise further ethical questions with regards to the local entrepreneurship engaging in forms of unfair competitive practices taking advantage of their relationships with government. The key question to be addressed would be the whether the preferential treatment accorded to cases A and B was formal and institutionalised or whether it was some form of corruption. On the other hand this could be part of what Zhou and Poppo (2010) advocate as a strategy of managing exchange where there are weak legal enforcement systems.
Cases C and D practiced caution in using their social networks, limiting their interaction to a smaller number of the groups that were registered with them, such as buying clubs and community clubs. Fear of prosecution or accusations of fuelling the black market were cited as reasons for caution by these two firms. However these informal channels of distribution played a critical role of ensuring that consumers gained access to products. More importantly, some channels such as buying clubs became a key extension of the firms’ corporate social responsibility because of the economic empowerment they facilitated for marginalised groups in the community. The majority of them were run by women from poor backgrounds who did not have a source of income. The firms could take responsibility for ensuring that these groups did not fuel the black market for products in short supply by way of putting control measures in place to minimise overcharging.

Another potential area for criticism related to unethical behaviour could focus on how firms promoted their products to marginalised consumers. Whilst this could raise ethical issues in a western context, it would not be relevant in extreme poverty conditions because the entrepreneurs are basically structuring their business model in line with the dictates of the environment they operate in. Svensson and Wood (2008) highlight the influence of media and increasing education on consumers’ expectations of ethical conduct by entrepreneurs. The scenario is different in conditions of extreme poverty as evident from
the fact that consumers did not have the same access as western consumers to media which could influence their evaluation of entrepreneurs or their product claims. Moreover, this evaluation was not a paramount issue for consumers who were pre-occupied with accessing basic food and personal hygiene products.

In the western context, conducting product demonstrations, test marketing and marketing research at women’s self help groups could be perceived as taking advantage of vulnerable consumers. However in this environment, given the low literacy levels and lack of access to above the line communication vehicles such as television and radio, firms are faced with the challenge of finding innovative methods of promoting their products in a cost effective way. Hence, the strategy of these firms was to resort to using direct marketing methods such as product demonstrations targeted at consumers. In many ways this was an innovative strategy which expanded the firms’ corporate social responsibility activities which had the potential to change consumers’ lives.

In coping with impediments to interaction between firms and consumers, firms in the case studies adopted a teleological approach to ethical issues occasioned by the crisis environment in which they operated by resorting to informal channels of distribution embedded in consumer’s social networks and ‘below the line’ promotion strategies tailored to these social networks.
A CONCEPTUAL FRAMEWORK FOR MANAGING ENTREPRENEURSHIP AND ETHICS UNDER CONDITIONS OF EXTREME POVERTY

The above findings from this study can be summarised in a conceptual framework for studying entrepreneurship and ethics under conditions of extreme poverty. This is illustrated in Figure 1. The key components of the framework are the entrepreneurs and consumers, the constraints they face in this harsh environment and the subsequent coping strategies they use to manage the constraints. Then there are defined interactions which occur between the entrepreneurs and consumers which are embedded in the coping strategies used to manage the constraints. Ethical dilemmas and their solutions can be identified from these interactions which can then be used to manage frameworks.

LIMITATIONS AND DIRECTION FOR FUTURE RESEARCH

The emic focus on Zimbabwe, which has its own inherent circumstances, has the potential to minimize the generalizability of findings from the study. However, this does not detract from the findings of the study but actually provides a basis for further research in other markets that
have extreme poverty conditions. An extension of the study in this direction would establish whether the insights from Zimbabwe are relevant given the fact that there are other markets that face similar extreme conditions of poverty, especially in Africa (Ndulu, et al, 2007; Johnson, et al, 2007). Another area for further investigation involves broadening product categories studies beyond food and personal hygiene products.

Figure 1. A conceptual framework for managing entrepreneurship and ethics under conditions of extreme poverty
CONCLUSION

This paper has demonstrated the existence of multiple forms of impediments for consumers and firms in conditions of extreme poverty which have implications for entrepreneurship and business ethics. These, practitioners need to understand. We have argued that limiting the discussion on understanding the importance of and the relationship between entrepreneurship and ethics to studies from western developed markets limits development of theory in these two research streams.

We have argued that the different mindset required for entrepreneurs to conduct business in conditions of extreme poverty means a different approach is needed to adopting western based ethical values and practices. In essence we argue that researchers should study business ethics and entrepreneurship in the context of the environment in which firms operate. To a degree, we have answered a key question posed by ethicists. This is whether researchers should understand the nature of impediments that consumers and entrepreneurs in conditions of extreme poverty are exposed to, so that they can appreciate how these impediments influence the interactions that occur between the two and the subsequent ethical implications of such interactions. In so doing we have attempted to address a gap in existing research as far as business ethics is concerned.
REFERENCES


