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Not worth it, not for me? Predictors of entrepreneurial intention in men and women

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Abstract

While entrepreneurship is touted as an opportunity for women to exploit opportunities that are often not available in the traditional workplace, the rate of participation in entrepreneurship is lower for women than it is for men. What remains relatively unclear are the reasons that make this so. This study addresses this deficiency by examining two lines of thought related to entrepreneurial adoption: (1) the personal traits thought to contribute to entrepreneurship, and (2) the rational decision making processes that are believed to form a basis for entrepreneurial endeavors. Our results find men and women to be different in both respects, with ambiguity tolerance, internal locus of control, perceived effectiveness of entrepreneurship, and having an entrepreneurial parent all positively predicting entrepreneurial intention for men. For women, perceived effectiveness of entrepreneurship and achievement motivation predict entrepreneurial intention. Women also rate the potential reward of entrepreneurship as significantly lower than do men, possibly because women entrepreneurs objectively face more obstacles than men with regard to obtaining financing and other stakeholder relations.

Entrepreneurship is touted as a wonderful opportunity for women. Nevertheless, women's participation in entrepreneurship is lower than that of men. Across cultures, fewer women than men own and run their own businesses (Fairlie, 2004; Minniti, Arenius, & Langowitz, 2005). The gap between male and female rates of business

startup and ownership is greater in poorer countries (Maxfield, 2005).

In this study we test two competing explanations for the preponderance of men in entrepreneurship; one explanation is that women possess lower levels of those personal traits such as achievement motivation, tolerance for ambiguity, and internal locus of control, which are often associated with entrepreneurship (de Pillis & Reardon, 2007).

The second explanation is that what we are observing is the result of rational decision making; women believe that entrepreneurship holds higher risks and lower rewards for them than it does for men, and similarly men on average believe that an entrepreneurial endeavor is likely to be a rewarding one. The result would be men who are more strongly and unambiguously directed toward starting a business than are women.

Even as female business ownership rates are increasing (Mueller, 2004), women-founded and women-run businesses are often less successful than their male-run counterparts (Winn, 2005). Entrepreneurs are stereotyped as, and expected to be, male (de Pillis & Reardon, 2001; de Pillis & Meilich, 2006; Fagenson & Marcus, 1991; Gupta, Turban, Wasti, & Sikdar, 2005). Female entrepreneurs are seen as anomalous—both as women and as entrepreneurs—and as less competent than their male counterparts (Ahl, 2004; Anna, Chandler, Jansen, & Mero, 2000; Bates, 2002; Bigelow & McLean Parks, 2006; de Pillis et al., 2006). As a result many female entrepreneurs report deliberately downplaying their gender in order to avoid violating the norm (Lewis, 2006).

One reason for the difference in startup and success may be the way women entrepreneurs are treated by the network of stakeholders on whom an entrepreneur depends (Ahl, 2004; Gupta et al., 2005). In one recent experiment, MBA students were willing to “invest” 300 percent more in a hypothetical firm run by a CEO with a male name than in a comparable firm whose CEO had a female name. These participants also evaluated the hypothetical female business owners more negatively, and deemed them deserving of lower salaries, than male counterparts with resumes designed to be comparable (Bigelow et al., 2006). Studies outside the laboratory indicate that women business owners and entrepreneurs receive less family support than men do (Winn, 2005), have more difficulty selling to government and business clients due to not being taken seriously by buyers in these institutions (Bates, 2002), encounter more obstacles in obtaining financing (Brush, Carter, Gatewood, Greene, & Hart, 2006; Marlow, 2005; Winn, 2005), and have less startup capital on average (Verheul & Thurik, 2001). Women contemplating an entrepreneurial venture may consider these obstacles, and decide that for them, the rewards are unlikely to outweigh the risks.

Hypotheses

The dependent variable in our study is not entrepreneurial activity, which can be affected by extrinsic factors, but entrepreneurial intention, defined as the intention to create a new enterprise (Low & MacMillan, 1988). Entrepreneurial intention is a useful indication of whether an individual will attempt to create a business. Measuring intention has advantages over measuring business creation (Krueger, Reilly, & Carsrud, 2000). In previous studies, personality traits, self-concept, and perceived opportunity

have all been found to predict entrepreneurial intention to some extent (de Pillis et al., 2007; Kristiansen & Indarti, 2004; Krueger et al., 2000; Luthje & Franke, 2003; Reitan, 1996; Segal, Borgia, & Schoenfeld, 2005; van Gelderen, Brand, Van Praag, Ombach, & Bodewes, 2004).

We tested two competing but not mutually exclusive explanations for men's higher participation in entrepreneurship, using entrepreneurial intention as the dependent variable for both.

Explanation I: Men possess higher levels of achievement motivation, tolerance for ambiguity, and internal locus of control than women do. For this reason, men are more attracted to an entrepreneurial career.

Explanation II: Women infer that entrepreneurship is objectively less rewarding and more problematic for them than it is for men. This assessment lowers women's desire to start a business.

Our first hypothesis tests our assumption that men do indeed display a higher level of entrepreneurial intention than women.

H1: Women will indicate a lower level of entrepreneurial intention than men

The following hypotheses test the explanation that the difference in entrepreneurial intention is significantly explained by differences in tolerance for ambiguity, personal control (similar to internal locus of control) and achievement motivation, and that women have lower levels of these traits than men.

H2: Women will display, on average, significantly lower levels of tolerance for ambiguity, personal control, and achievement motivation than men.

H3: Tolerance for ambiguity, personal control, and achievement motivation will positively and significantly predict entrepreneurial intention.

The following hypotheses test the explanation that the difference in entrepreneurial intention is significantly explained by men's and women's perception of the potential rewards of an entrepreneurial endeavor:

H5: Compared to men, women will rate the perceived effectiveness of entrepreneurship significantly lower.

H6: The perceived effectiveness of entrepreneurship will positively and significantly predict entrepreneurial intention.

In order to control for the possible influence of parental role models, we asked participants whether they had a parent who was an entrepreneur.

H7: Having had an entrepreneurial parent will be positively and significantly related to entrepreneurial intention

Methods

Participants

Surveys were completed by 116 female (48 %) and 128 male (52 %) undergraduate

students enrolled in general management courses. Seventy-four percent of the participants identified themselves as White or Caucasian.

Instrument

We administered a single survey that combined the following measures.

Entrepreneurial intention. Following (Krueger et al., 2000), we measured the stated likelihood, on a scale of 1 through 5, of starting a business within five years..

Achievement motivation, tolerance for ambiguity, and personal efficacy. We used Driver's 10-item Achievement Motivation subscale, adapted from Murray (Driver, 1991); We measured ambiguity tolerance with 16-item short version of the General Incongruity Adaptation Level instrument (Driver, 1984); and we measured personal efficacy/control with Paulhus' Spheres of Control Scale. Paulhus's measure is similar to Locus of Control (Rotter, 1966), but takes into account the fact that individuals perceive different levels of control in different areas of their lives. For this study we used the Personal Control subscale (Paulhus & Van Selst, 1990).

Entrepreneurial Parent. Participants indicated whether a parent had started or owned a business.

Results

Hypotheses 1 was supported: Women indicated a significantly lower mean level of entrepreneurial intention. Table 1 shows differences between men and women. There was no difference in the rate of reporting an entrepreneurial parent.

Table 1: Gender differences

	GENDER	Mean	Std. Deviation	P
Perceived Effectiveness of Entrepreneurship	M	3.60	0.96	0.000
	F	3.20	0.99	
Ambiguity Tolerance	M	3.37	0.48	0.081
	F	3.26	0.53	
Personal Control	M	3.22	0.36	0.768
	F	3.20	0.35	
Achievement Motivation	M	3.37	0.65	0.243
	F	3.28	0.64	
Entrepreneurial Parent y/n	M	0.37	0.49	0.364
	F	0.32	0.47	
Entrepreneurial intention	M	3.38	1.41	0.021

	F	3.01	1.42	
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Our first explanation of the difference in entrepreneurial intention is that tolerance for ambiguity, personal control (similar to internal locus of control) and achievement motivation are lower in women than in men, and that these traits predict entrepreneurial intention. Hypotheses 2 was not supported: The results in Table 1 indicate no significant difference between men and women on these measures. Hypotheses 3 addressed the extent to which these personality traits predicted entrepreneurial intention. These predictors differed between men and women. For men, Hypothesis 3 was partially supported (Table 2): Linear regression indicated that ambiguity tolerance and personal control positively predicted entrepreneurial intention, but achievement motivation was not significant. For women, achievement motivation positively predicted entrepreneurial intention, but ambiguity tolerance and personal control did not. Hypothesis 3 was partially supported: two personality traits had predictive value for men's entrepreneurial intention, and one personality trait had predictive value for women's entrepreneurial intention.

Table 2: Predictors of 5-year Entrepreneurial Intention in American men

	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta	B	Std. Error
(Constant)	-3.975	1.446		-2.748	.007
Perceived Effectiveness of Entrepreneurship	.358	.113	.257	3.165	.002
Ambiguity Tolerance	.721	.246	.239	2.925	.004
Personal Control	.771	.338	.197	2.284	.024
Achievement Motivation	.308	.189	.142	1.633	.105
Entrepreneurial Parent y/n	.453	.239	.157	1.895	.060

Table 3: Predictors of 5-year Entrepreneurial Intention in American women

	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta	B	Std. Error
(Constant)	-.122	1.489		-.082	.935
Perceived Effectiveness of Entrepreneurship	.662	.117	.463	5.643	.000
Ambiguity Tolerance	.204	.225	.073	.908	.366
Personal Control	-.373	.365	-.084	-1.022	.309
Achievement Motivation	.480	.184	.214	2.605	.010
Entrepreneurial Parent y/n	.096	.252	.031	.383	.702

Our second explanation of the difference in entrepreneurial intention is men perceive entrepreneurship as more effective in helping them to meet their goals, and that perception of entrepreneurial effectiveness predicts entrepreneurial intention. Table 1, showing differences between men and women, indicates that Hypothesis 5 was supported: Women have a significantly lower perception of the effectiveness of entrepreneurship than do men ($p=0.000$). Hypothesis 6 was also supported: Perceived effectiveness is a significant predictor of entrepreneurial intention for men (Table 2; $p=.002$) and for women (Table 3; $p=.000$). For both men and women, perceived effectiveness is the predictor with the largest beta coefficient, although the difference is more marked for women (Beta = .463) than for men (Beta = .257).

Table 4: ANOVA with partial eta squared: Entrepreneurial Intention

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	277.944(a)	104	2.673	1.621	.004	.548
Intercept	202.010	1	202.010	122.509	.000	.468
GENDER	.337	1	.337	.204	.652	.001
Achievement	61.136	33	1.853	1.124	.314	.211
Effectiveness	67.289	13	5.176	3.139	.000	.227
Personal control	34.011	19	1.790	1.086	.372	.129

A m b i g u i t y tolerance	73.725	37	1.993	1.208	.216	.243
Entrepreneurial parent	2.801	1	2.801	1.699	.195	.012
Error	229.203	139	1.649			
Total	3052.000	244				
Corrected Total	507.148	243				

a R Squared = .548 (Adjusted R Squared = .210)

An analysis of variance on the pooled participants shows that perceived effectiveness of entrepreneurship is the single most significant predictor of entrepreneurial intention, explaining 22 percent of the variance in entrepreneurial intention.

Discussion

Our results indicate different predictors of entrepreneurship for men and women. For men, ambiguity tolerance and personal control predicted entrepreneurial intention. Having an entrepreneurial parent was marginally significant ($p=.06$). For women, achievement motivation predicted entrepreneurial intention, and having an entrepreneurial parent was not significant at all. For both men and women, perceived effectiveness was a strong predictor. The fact that women see a much lower effectiveness/reward for entrepreneurship appears to explain a large part of women's lower entrepreneurial intention.

Entrepreneurship is often touted as providing a career refuge for women and offering freedom from the corporate glass ceiling. In fact, women are often "pushed" into entrepreneurship by discrimination in large organizations more frequently than they are "pulled" by attractive opportunities (Hughes, 2003). While frustration with discrimination is a major factor in women's opting into self-employment, the female corporate refugee then faces entrenched networks of customers and suppliers who prefer to deal with men (Weiler & Bernasek, 2001). Large organizations at least have Human Resources departments and codified antidiscrimination policies; individual investors, customers and suppliers are free to indulge their prejudices, and are rarely required to defend their choices (Ahl, 2004).

Explanation I is partially supported in that personality traits partially predict entrepreneurial intention for both men and women, with the predictive value being stronger for men. This explanation does not appear to account for differential rates of entrepreneurial intention, however, since there was no significant difference between men and women in levels of achievement motivation, personal control, or tolerance for ambiguity. We believe this indicates that perceived effectiveness of an entrepreneurial career is a necessary but not sufficient condition for strong entrepreneurial intention. The development of entrepreneurial intention may require certain personality traits and other cognitive factors along with the perception that an entrepreneurial career is an effective way to meet one's goals. This is consistent with research on the ACE (Appropriateness, Consistency, Effectiveness) model of persuasion (Reardon, 1991);

perceived effectiveness of an action is influential in the decision to take that action, but it is not the most powerful motivator. Consistency—whether one perceives that action as consistent with one’s identity—has been shown to be a more powerful motivator (de Pillis, 1998; Reardon, Sussman, & Flay, 1989).

Explanation II was strongly supported. Our results indicate that women appear to be aware that objectively they would face more obstacles in an entrepreneurial career than would their male counterparts. They rate the effectiveness / rewards of entrepreneurship lower than do their male counterparts. Perceived effectiveness is significantly related to entrepreneurial intention for both men and women; it accounts for 22 percent of the variance in intention.

In light of these results, shaping policy around simply getting more women into entrepreneurship may not be the ideal course of action. As long as women realistically perceive that entrepreneurial venturing is relatively unlikely to help them meet their financial and personal goals, participating at a lower rate is the most rational choice for women.

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Appendices

Appendix A

Perceived Effectiveness of Entrepreneurship

Alpha = .659

E1	Starting one's own business is an effective way to make a living.
E2	Starting a business is more rewarding than working for someone else
E3	The best way to succeed is to be one's own boss.
E4	Starting one's own business is an effective way to gain significant financial rewards

Ambiguity Tolerance (Driver's GIAL)

Alpha = .655

GI 01 R	Generally I have found that slight frustration gets me quite upset. (R)
GI 02	Generally I have found that I don't worry about failures too much.
GI 03 R	If I had my way, I would like to know exactly what lies in store in the future. (R)
GI 04	If I had my way, I would like to know nothing for certain, only some hints as to future possibilities.
GI 05 R	If I had a choice of games, I would select one in which I had a 100% chance of winning. (R)
GI 06	If I had a choice of games, I would select one in which I had a 40% chance of winning.
GI 07R	When someone has disagreed with me in a discussion, I have usually felt considerable hostility unless it was a friend or someone I respected. (R)
GI 08	When someone has disagreed with me in a discussion, I have usually felt considerable interest no matter what the importance of the topic.
GI 09R	Generally speaking, when I have come into a situation where I have not had any clear idea what would happen or how I should act, I have been extremely disturbed. (R)
GI 10	Generally speaking, when I have come into a situation where I have not had any clear idea what would happen or how I should act, I have been quite fascinated.
GI 11 R	With regard to my daily activities, I have rarely changed my daily routine in the last few years. (R)
GI 12	With regard to my daily activities, I change some aspects rather frequently.
GI 13 R	With respect to attaining my goals, I haven't had much luck so far but I keep trying because I think I have reasonable goals. (R)
GI 14	With respect to attaining my goals, I find that as soon as I get close to attaining a goal, I set a higher standard for myself.

GI 15 R	When someone has pointed out to me that I have just said something inconsistent with some previous remark, I have normally felt quite embarrassed. (R)
GI 16	When someone has pointed out to me that I have just said something inconsistent with some previous remark, I have normally felt interested in exploring the situation more.
GI 17 R	When someone has disagreed with me in a discussion, I have usually felt considerable hostility unless it was a friend or someone I respected. (R)
GI 18	When someone has disagreed with me in a discussion, I have usually felt considerable interest no matter what the importance of the topic.
GI 19 R	Generally speaking, when I have come into a situation where I have not had any clear idea what would happen or how I should act, I have been extremely disturbed. (R)

R= reverse scored

Paulhus Spheres of Personal Control

Alpha = .653

P01	I can usually achieve what I want when I work hard for it.
P02	Once I set a goal I am almost certain to achieve it.
P03R	I prefer games involving some luck over games of pure skill
P04	I can learn almost anything if I set my mind to it
P05	My major accomplishments are entirely due to my hard work and ability
P06R	I usually do not set goals because I have a hard time following through on them
P07R	Bad luck has sometimes prevented me from achieving things (R)
P08	Almost anything is possible for me if I really want it
P09R	Most of what will happen in my career is beyond my control (R)
P10R	I find it pointless to keep working on something that is too difficult for me (R)

R= reverse scored

Driver's Achievement Motivation

Alpha = .718

n1	I am driven to ever greater efforts by an unquenched ambition
n2	I feel that nothing else which life can offer is a substitute for great achievement

n3	I feel that my future peace and self-respect depend upon my accomplishing some notable piece of work
n4	I set difficult goals for myself which I attempt to reach
n5	I work with energy at the job that lies before me instead of dreaming about the future
n6	When my own interests are at stake, I become entirely concentrated upon my job and forget my obligations to others.
n7	I enjoy relaxation wholeheartedly only when it follows the successful completion of a substantial piece of work.
n8	I feel the spirit of competition in most of my activities.
n9	I work like a slave at everything I undertake until I am satisfied with the result.
n10	I enjoy work as much as play.

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The Corporate Social Responsibility Practice in the Turkish Automotive Distribution Companies

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Abstract

Corporate Social Responsibility (CSR) is integral part of sustainability management in today's global business world. Corporate Social Responsibility (CSR) has become an important subject for business since it affects on competitive advantages and corporate brand. Corporate Social Responsibility is newly emerged concept for Turkish companies. This paper is investigated the current status of CSR efforts in the Turkish automotive distribution companies. Sabanci Holding, Dogus Group and Koc Group are selected as the top three best CSR practice cases for Turkish automotive distributor companies. Sabanci Holding, Dogus Group and Koc Group have improved practice in the CSR subject at Turkey. Their practice will guide for other companies and will increase of awareness for importance of CSR. Information from has been gathered both through personal interviews and by reviewing web sites of the corporations. This paper is contributed to increased awareness and practical application of CSR principles among Turkish Automotive distributor companies, investors and regulators.

In order to stay competitive in international area, Turkish automobile distribution companies should continuously improve their process efficiency and innovation capacity. The aim of this paper is firstly to define corporate sustainability and corporate social responsibility and then to highlight the corporate social responsibility efforts of the Turkish Automotive distributions companies.

Key words: corporate sustainability, corporate social responsibility, sustainability management, Turkey.

Introduction

Companies that change their viewpoint about environmental and social pressures and integrate sustainability issues to their business strategy will have a competitive advantage over their rivals and accrue the benefits sustainability offers for them (Nemli, 2005). Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations (Wikipedia, 2008). Business is doing more than ever to tackle the sustainability challenge; to recognise social responsibilities, to reduce environmental impacts, to guard against ethical compromises, to make governance more transparent, and be more accountable to stakeholders.

CSR is no longer a trend just among large multinational companies operating in developed countries. More and more emerging market companies are seeing the value of committing to responsible business practices. A strong strategy and reputation as a responsible business can help these companies build trust with local stakeholders thereby establishing a local license to operate. Better ways of approaching employee concerns, such as progressive labor relations, have also been shown to enhance productivity and reduce costs associated with recruitment and turnover (International Finance Corporation, World Bank Group, 2008). CSR can contribute to Turkish competitiveness. According to the December 2005 issue of Capital magazine, the five Turkish companies with the best reputations -- Arçelik, Vestel, Turkcell, Koç H./Sabanci, Garanti Bankasi, and Coca-Cola -- all also have some form of CSR programmes. Some scholars argue that CSR promotes “reputational capital” and trust which sustains long-term relationships. Customers are more loyal (and buy certain brands – such as Fairtrade – because they think these brands are responsible. Workers stay longer and ask for lower wages because they get other benefits (Barney and Hansen, 1994).

The purpose of this study is to present the main findings from a survey of the Turkish automotive distributor companies on the extent of their CSR policies and practices. The paper is organized into five main sections and begins with explanation of the corporate sustainability and corporate social responsibility. The methodology of research is given section 3. Corporate Social Responsibility Practice in the selected Turkish Automotive distributor companies is given in section 4. The overall conclusion is given last section.

Corporate Sustainability and Corporate Social Responsibility Concept

Corporate sustainability (CS) is a new and evolving corporate management paradigm. Although the concept acknowledges the need for profitability, it differs from the traditional growth and profit-maximization model in that it places a much greater emphasis on environmental, social, and economic performance, and the public reporting on this performance. CS can be viewed as a new and evolving corporate management paradigm. The term ‘paradigm’ is used deliberately, in that CS is an alternative to the traditional growth and profit-maximization model. While corporate sustainability

recognizes that corporate growth and profitability are important, it also requires the corporation to pursue societal goals, specifically those relating to sustainable development — environmental protection, social justice and equity, and economic development (Wilson, 2003).

Corporate Social Responsibility (CSR) is defined as the voluntary integration by firms of the environmental and social issues in their daily business operations and in their interactions with all their stakeholders. CSR is thus closely linked to the concept of sustainable development, which is a development that “meets the needs of the present without compromising the ability of future generations to meet their own needs” (Agence Française de Développement, 2008).

CSR deals with the role of business in society. Its basic premise is that corporate managers have an ethical obligation to consider and address the needs of society, not just to act solely in the interests of the shareholders or their own self-interest (Wilson, 2003). Profit making is the fundamental dimension for an enterprise to sustain, perform and grow, which means wealth maximisation and mobilisation; whereas social responsibility is the fundamental accountability of the state that focuses on social enlistment in its totality. CSR is also concerned with treating the stakeholders of the firm ethically or in a responsible manner. Ethically or responsible’ means, treating stakeholders in a manner deemed acceptable in civilised societies. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation (Joshi, 2008).

CSR has become a crucial element of firms’ efforts to foster sustainable and equitable development within countryside and worldwide since last two decades. Because, in today’s business environment sustainable business success and shareholder value cannot be achieved solely through maximizing short-term profits, but instead through market-oriented yet responsible behavior. Thus, companies, as well as automobile supply manufacturers, should be aware that they could contribute to sustainable development by managing the operations in such a way as to enhance economic growth and increase competitiveness whilst ensuring environmental protection and promoting social responsibility, including consumer interests (Eraslan and Bulu, 2004). CSR contributes to CS by providing ethical arguments as to why corporate managers should work toward sustainable development: If society in general believes that sustainable development is a worthwhile goal, corporations have an ethical obligation to help society move in that direction (Wilson, 2003).

3. Methodology of Research

The purpose of this paper is to determine the most successful companies on corporate social responsibility issues based on the data collected through a field survey and to see the corporate social responsibility (CSR) approach of the 3 most successful

Turkish Automotive distributor companies, their future projects, and improvement of CSR awareness in the Turkey. In this study, data was collected from two sources, at first; a literature survey is completed about Turkish Automotive distributor companies. These companies have CSR practice. Second, company web sites are reviewed about CSR issues of these firms. Their CSR efforts and practices are presented in this study. These companies are leaders in the field. The most important issues according to these managers, and the main basic principles of the companies making a CSR investment, are determined. The aim of this study has been to examine the current and future prospects of CSR practice in Turkish automotive dealer companies. Only three leading company are included in the second part of the study. The study enriches the extant literature and provides future research areas. As the subject of the study is open to continuous development, this study shows the current situation on CSR issues via the leader automotive dealer companies in Turkey.

Turkey possesses a dynamic domestic market with nearly 50 competing brands and a strong and well-established automotive industry. Many international automotive brands have production facilities in Turkey, either through joint ventures or wholly owned subsidiaries, making Turkey an important international production hub. In 2006, the automotive sector, including the component industry, had exports of USD15.5 billion or 18% of Turkey's total exports, making it the country's top exporting sector. The Turkish automotive sector is in a strong position to attract new large-scale export projects in the coming years due to the cost advantages of its workforce and other production inputs, engineering skills and advanced technological infrastructure, geographic location and zero customs access to the EU market.

Ascigil (2003), in her unpublished survey conducted for TESEV explored management attitudes towards CSR in Turkey. Using Carroll's (1979) and Aupperle's (1994) contextualized questionnaires, Ascigil found that 75% of the managers included in the survey gave priority to economic criteria when making decisions whereas 19.11% gave priority to ethical criteria and only 6% to legal criteria. Ascigil notes that Turkish managers do not differentiate between legal and ethical responsibilities as evidenced by the structural analysis of their responses. Furthermore, the study shows that customers are considered to be the most important stakeholders by 75.8% of managers; employees being the second by 50.8% and the society at large by only 24.3%. According to the same survey, 53.5% of the managers would not give priority to ethical considerations if these would negatively impact economic performance. "Quality" and "Customers" are the most frequently used concepts in companies' mission statements by 61.5%. "Society" is mentioned in only 22.1% of statements whereas "Profitability" is mentioned only in 3.3%. This may be related to the timidity regarding wealth and concerns about the legitimacy of business. Ascigil notes that the mere existence of a mission statement positively affects management attitudes towards CSR and that companies' awareness of CSR increases with post graduate education and with an increased share of foreign capital. She further notes that 49.7% of managers consider themselves as reactive with respect to CSR issues, 13.6% totally ignore the concept and 33.5% believe that they handle CSR as a strategic matter. She concludes that CSR in Turkey has not moved

beyond a public relations matter in Turkish companies.

The research information from has been gathered both through personal interviews and by reviewing web sites of the corporations. This paper is contributed to increased awareness and practical application of CSR principles among Turkish Automotive dealer companies, investors and regulators.

4. Corporate Social Responsibility Practice in the Turkish Automotive Sector

GfK Turkey has completed third “The Leaders in Social Responsibility in Turkey” survey, which they first started in 2005. This year framework of the year, which covers 1305 people, has been expanded to include the perceptions of business circles regarding corporate social responsibility in addition to those of the public. In Turkey there are tens of companies which are aware of the concept of corporate social responsibility and which are actively working on the subject. Sabanci Holding, which invests an average of Euro 6.6 million a year just in environmental issues, is just one of them. The Holding spends approximately €1 million on reducing emissions and another €3.5 million just on purification of waste water and solid waste. Since 1974 it has via the Vaksa foundation invested US \$1.11 billion social projects. This is why Sabanci Holding has been chosen as the most successful company in GfK Turkey survey of “The Leaders in Social Responsibility in Turkey” for the last three years (Firat, 2007).

Business interest in CS and CSR is growing in Turkey. The aim of the research is to investigate leading Turkish automotive distribution companies’ practice to CSR. This study is offered to the best samples of the corporate social sustainability practices in the Turkish Automotive Sector. The reason why these companies is selected for the research is that these companies are the leading companies in their sectors, they are innovative firms, they have quality management systems, and hence are more likely to have a positive approach to corporate sustainability and have integrated environmental and social dimensions in their sustainability strategies. The pre-research studies showed that only a few of these companies have formal CS and CSR strategies. So it was decided that to examine the sustainability practices of these few companies would be more informative about sustainability in Turkey. Turkish companies are at the beginning of sustainability journey. In this section, Dogus Group, Sabanci Group and Koc Group are selected as best samples according to the corporate sustainability efforts and related practice.

4.1. Coporate Social Responsibility Practice in the Doğuş Group

The Doğuş Group combines its business development and growth across a variety of sectors and dozens of companies with strong commitment to social responsibility, based upon an approach transcending commercial investment and interests, and carries out these two disparate activities in a holistic way. Today, major responsibilities fall upon both corporations and individuals to enhance social welfare and promote development that is sustainable economically, socially and environmentally. These corporate

responsibilities are classified as: Economic (being productive and profitable), Legal (complying with regulations and laws), Ethical (acting in accord with social norms and expectations, as well as the body of law) and Social (voluntarily contributing to solving social issues). Well-attuned to its corporate responsibilities, the Doğuş Group aims to make a difference socially by integrating this commitment into its code of conduct and throughout its work environment. At the Doğuş Group, their understanding of “Corporate Social Responsibility” rests upon helping to create the future of our country and our world. Dogus Group work to ensure that this perception is shared by as broad a base as possible and that it takes an even stronger foothold. This socially responsible philosophy and outlook is best demonstrated in projects implemented by the Group and its companies in education, culture, the arts, sports, health and the environment, as well as in the constant and systematic support provided for these undertakings.

As an indication of its sensitivity towards sustainable development, the Doğuş Group has become one of the companies to sign the United Nations Global Compact as of April 2007. By signing the Global Compact, the Doğuş Group’s corporate attitude, based on awareness of social responsibilities and commitment to contributing to society, will include compliance with the ten principles of the United Nations. The Global Compact initiative, with a vision of “sustainable and inclusive global economy” and based on voluntary participation, was launched when the Secretary-General of the United Nations, Kofi Annan, called upon business leaders during a speech on the “Millennium Development Goals” at the 1999 Davos World Economic Forum. Subsequently, Ten Principles were established under headings such as human rights, working standards, environmental protection, and fight against corruption. Companies from all over the world started to join the initiative and to declare that they would integrate these global principles with their business strategies, operations and cultures.

Through existing and planned projects of social responsibility, Doğuş Otomotiv seeks to enhance society and the environment, by improving living standards. Due to this fact, at the heart of all projects lies the quality of human life. Every year, hundreds of Turkish citizens lose their lives in traffic accidents. In light of this tragic statistic, Doğuş Otomotiv implements a variety of social activities to instill awareness of traffic rules, and thereby reduce the incidence of traffic-related casualties. Sponsoring pioneering projects such as “Traffic is Life!” and “The Backseat is mine”, Doğuş Otomotiv underlines crucial topics such as widespread provision of training in safe driving techniques and of appropriate traffic-related education at young ages. Responding to the need for well-trained and qualified employees, one of the industry’s core concerns, Doğuş Otomotiv supports the establishment of training labs at industrial schools. Instructors and students selected for these Training Labs have the opportunity to gain in-depth knowledge of the Volkswagen brand and technology through theoretical and practical training courses offered at the workshop and computer lab. Each year, the Volkswagen Training Lab offers training to 32 students at Şişli Industrial School in two classes of 16 students, and to 18 students at the Kartal Samandıra Industrial School (Dogus Group, 2008).

4.2. Corporate Social Responsibility Practice in the Sabancı Group

With this policy statement, the Sabancı Group stresses CSR principles and the importance and priority given to the topic by the Group. Based on the accepted core values of modesty, respect and proximity to people, the Sabancı Group regards basing all corporate conduct on the awareness of CSR as an unchangeable core component of its management approach. Sabancı Group expects all of their establishments that constitute the Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to place priority on the development of society. Sabancı Group does not regard the scope of their CSR limited to just their business operations or their impact. Sabancı determine their level of CSR and its priority on what is good for society and the environment as a whole. Sabancı Group pursues a pioneering role with regard to actions that protect democracy, human rights as well as the environment. As the Sabancı Group, the SA-Ethics program prepared and put into practice in accordance with the principles of CSR constitute a guide to their business operations (Sabancı Group, 2008).

The basic principles that govern Sabancı Holding CSR practices are (Sabancı Group, 2008);

1- The Sabancı Group fulfil their social and environmental responsibilities toward society in all places that they operate, in close collaboration with their shareholders, employees, public, non-governmental organizations and other stakeholders.

2- The Sabancı Group regards their human resources as the most significant component in creating sustainable growth. Sabancı Group ensures that all employees take advantage of their personal rights as members of the Group, fully and accurately. Sabancı Group treats their employees with honesty and fairness; they are committed to creating a non-discriminatory, safe and healthy work environment. They are undertaking efforts to enable the personal development of all employees while pursuing a balance between their private and professional lives. Any discrimination within the organization based on race, religion, gender, age, political opinion, language, physical challenge or similar reasons are not tolerated. Sabancı Group strive to ensure that people of different beliefs, views and opinions work together in harmony by creating a positive and cordial work environment that supports cooperation and prevents conflict. Sabancı Group administers programs that contribute to preserving employee health that they accept as important to ensuring their employees' quality of life and success. The Sabancı Group believes that all employees deserve to work in a healthy and secure work environment consistent with human dignity. Sabancı Group employees are their most valuable assets and they strive to provide employee safety and security as their primary goal.

3- The Sabancı Group manages the environmental impact of their activities with a sense of responsibility. All of Sabancı Group companies are required to identify and apply the necessary improvements and development activities that minimize or eliminate negative environmental impact. Sabancı Group requires their companies, beyond their legal requirements, to apply the best environmental solutions to all they do and to support any initiative that will develop and deploy environment-friendly technology

and enhance environmental awareness.

4- The Sabancı Group struggle toward the improvement of society pursuant to their sense of corporate social responsibility. Sabancı Group encourages their employees to take part in social and societal volunteering.

5- The Sabancı Group develops and implements approaches to ensure that all of their partners and particularly their suppliers act in accordance with social responsibility standards of the Group.

6- The Sabancı Group shows sensitivity to the traditions and culture of Turkey and other countries in which they operate. Sabancı Group complies with all legal regulations currently in effect.

7- The Sabancı Group encourages their Group companies to comply with international standards and assure that their operations are certified.

All principles of this policy statement are put into practice in accordance with the relevant regulations; relevant units audit the level of implementation. Sabancı Group considers the success of the companies with regard to social responsibility activities as a significant criterion for evaluating overall company performance. The Sabancı Group share CSR activities realized by their Group with the public via annual reports and on their website. All of their executives and employees, starting with the CEO of H.Ö. Sabancı Holding A.Ş., undertake accountability for carrying out CSR activities. This policy document has been prepared to share with their employees, shareholders and all other stakeholders, their public commitment on the part of the Sabancı Group to fulfill its responsibility to help create a better world and a better future.

4.3. Corporate Social Responsibility Practice in the Koc Group

Established in 1926, Koç Holding operates in the automotive, durable goods, food, retailing, energy, financial services, tourism, construction and IT industries. Koç Group has 88.912 employees and 14.000 dealers as well as agencies and after-sales services and operates having in mind international standards in the areas of corporate governance, corporate social responsibility, environmental protection, customer satisfaction and human resources. Koç Holding is not only the largest company in Turkey, but it is also rapidly climbing the steps in the ranking of world's 500 largest corporations, with leadership positions in profitable business lines. Total exports of Koç Group account for 12% of Turkey's total exports, while Koç Holding and 19 publicly traded Group companies comprise 16% of the total market value of companies traded on the Istanbul Stock Exchange (Koc Holding, 2008).

Koç Holding CSR Projects are presents in the following parts. Since its establishment, Koç Group has worked to give back to its country through projects that will add value to the community. Every year Koç extends thousands of scholarships and initiates numerous projects in the arts, environment and healthcare sectors. In addition to projects at home, Koç Group sponsors events and activities abroad in order to promote

Turkey in the international arena. A pioneer in Turkey in countless areas, Koç Group has broken new ground by establishing the country's first private philanthropic foundation, Vehbi Koç Foundation, which in turn signed up to many "firsts" like the first privately operated museum, first industrial museum and first student dormitory. Koç Holding carries out projects all of which share the common aim of being an engine of change for economic and societal transformation by striving for excellence in all its activities and commitments. The Group's 80th anniversary provided an impetus to add new projects to complement and expand past efforts.

One of the major CSR projects initiated in 2006 and aimed to increase attractiveness of vocational secondary schools. As a major employer of blue collar workers, Koç invests in their education from the secondary school level, thus bringing attention to the issue of the need for skilled workers on one hand, and unemployment on the other. Thus it is envisioned that the project will support Turkey's bid for membership to the EU by triggering a structural change in the economy through productivity increase and enhanced value creation. This project was developed to create awareness among public and to set off a public debate among the private and academic circles on the needs of vocational education. Koç Holding has pledged to grant 8,000 students scholarships throughout their education, while providing internship opportunities and priority in employment. The Vehbi Koç Building of the Faculty of Vocational and Technical Education in Adıyaman was opened on September 20, 2006. The Faculty will be the main pillar of a university to be established in this southeastern city. Foundations for the building were laid in 2005 by Koç Holding and Vehbi Koç Foundation and construction has been completed in one year at a cost of USD2 million.

Limon and Zeytin, the characters of cartoonist Salih Memecan's popular Sizinkiler series, came to life in a children's musical performed by the BKM Players. Nearly 100,000 children saw the show, which was performed in Istanbul and then in 16 cities in Turkey through the support of Koç Holding as part of its 80th anniversary celebrations. Koç Holding has sponsored the Turkish Radio & Television (TRT) April 23rd International Children's Festival for the past ten years. In 2006, children from 45 countries, representing a variety of languages, religions and races participated in the Festival at Antalya's antique Aspendos Theatre in a celebration of brotherhood, love, peace and friendship.

After replacing the wax figure of Mustafa Kemal Atatürk, the founder of Turkish Republic, in 2005, donated a copy of the wax figure to Atatürk's Mausoleum in Ankara on April 23rd 2006 as a present to the Turkish public. As a tribute to its 80th anniversary, the Group launched in 2006, a grassroots effort to spread social responsibility efforts through its distribution network in 81 Turkish cities which will be celebrated with a new project at the Group's Anniversary, during the last week of May every year. The initiative asks all distributors, 87,000 employees and 15 thousand local subsidiaries to bring in personal involvement and creativity to address a communal problem such as renovation of a school, building of a park or even cleaning a lake. The projects encompassed a wide variety of ideas: 144 focused on repairing and equipping schools,

51 contributed to orphanages and rehabilitation centers, others dealt with specific social and environment problems. Dealers from Kahramanmaraş, for example, organized annual newspaper subscriptions to 185 families who did not receive newspapers; in Mersin a daycare center was opened to look after street children; and in Van employees of Migros and Tansaş organized a clean-up of Lake Van together with local citizens. Some projects initiated for “For My Country” Day have become part of the way our companies do business. For example, Divan collects and refrigerates the leftovers from industrial meals it serves and donates them to animal shelters. A major part of Koç Group’s CSR activities is carried out through Vehbi Koç Foundation. After the enactment in 1967 of the law enabling the establishment of private foundations, which he personally led, Vehbi Koç founded in 1969, the first private philanthropic foundation in Turkey. The Foundation has supported education, culture and healthcare for nearly 40 years.

With an endowment of close to USD1 billion, Vehbi Koç Foundation is one of the largest foundations not only in Turkey but also in Europe. It operates The Koç School, a private elementary and high school, and Koç University in the area of education; American Hospital and MedAmerican Polyclinic in the field of healthcare; Sadberk Hanım Museum, Vehbi Koç and Ankara Research Center and Suna - İnan Kırac Mediterranean Civilizations Research Institute and Kaleiçi Museum in the field of culture. These organizations are among the most highly regarded in their fields in Turkey, serving hundreds of thousands of people every year. Both Koç School and University give scholarship support to promising low-income students over and above the legal thresholds set by law. Koç University has succeeded in becoming a world-class institution of higher learning in a short period of time in terms of various criteria including student rankings, success of graduates in business and academic life and the number of publications per faculty member. In 2006, Koç University faculty members published a total of 412 articles, 24 books and received 11 patents. Of the published materials, 140 appeared in ICI attributed journals.

The Scholarship Program, one of the most important activities since the establishment of the Foundation, gave over 5,000 scholarships during the 2006 - 2007 academic years. The Vehbi Koç Award, which was first presented in 2002, was given in the area of education in 2006 to the Governor of Sakarya for his leadership and exemplary efforts in the field of pre-school education. During the year, American Hospital and MedAmerican Polyclinic treated over 220,000 people. SANERC (Semahat Arsel Nursing Education and Research Center) continued its program of research, training and publications and initiated the “Nursing Services and Quality Program” in cooperation with the Ministry of Health. The seminars, conferences and exhibitions organized by Sadberk Hanım Museum, VEKAM and Suna - İnan Kırac Mediterranean Civilizations Research Institute (AKMED) in 2006 continued to make important contributions to cultural life. The Museum also lent 64 objects for the “Istanbul - The City and the Sultan” exhibition opened in Amsterdam. Adalya, the periodic journal of AKMED, succeeded in becoming the only Turkish journal listed in the 2006 Arts & Humanities Citation Index. Founded in 1994, The Rahmi M. Koç Museum is the first major museum in Turkey dedicated

to the history of transport, industry and communications. Housed in magnificent buildings—prime examples of industrial archaeology themselves—on the shore of the historic Golden Horn, the collection contains thousands of items from gramophone needles to full size cars, ships and aircraft. The Museum also conducts corporate social responsibility projects like “MuseumBus Project”. An exceptionally designed bus travels to the villages all around Turkey and provides children the opportunity to see certain parts of the exhibitions. Thus, it allows children to comprehend the significance of technological developments and to gain the conscience to protect historical artifacts.

Group companies support the efforts of various key non-governmental organizations such as Turkish Volunteers for Education (TEGV), Foundation for Combating Soil Erosion, Reforestation and Protection of Natural Habitats (TEMA), Family Health and Planning Foundation (TAPV), and Turkish Maritime Environment Protection Association (TURMEPA). Within Koç Group, 21 companies apply ISO 9001 environmental management system at 31 plants. Thirteen companies have attained ISO 14001 certification for waste facilities while eight companies apply OHSAS 18001, the international occupational health and safety management system specifications to minimize the risk of occupational accidents and dangers and provide a safe working environment. Koç Group Occupational Health and Safety Committee meet every month. The Committee’s major objective is to share information, formulate a joint stance on universal problems and carry out activities to boost the environmental performance of Group companies. The Koç Group Environmental Reference Handbook, published in 2005, is a vital guide for all the companies in the Group. An environmental inventory has been completed and is being used to prioritize activities.

Migros, a member of Migros-Çevko, continues to be a leader in recycling by providing financial support to collection centers and recycling facilities. Energy savings of around 5% have been attained in stores and management offices through computerized control of lighting and temperature, an important step toward preserving the ecological balance and effective use of resources. In 2006, Otokar received the Akdeniz University Environmental Service Award for the environmental projects it has carried out in Turkey. Otokar has made an important contribution to the effective use of natural resources by treating and recycling all sorts of waste water in a way that does not harm the environment. With the support of the Ministry of National Education, Yapı Kredi and TURMEPA organized the Limitless Blue project to make primary, middle and high school students aware of the need to preserve natural resources. The program reached 3,000 teachers and 400,000 students in 2006. Sensitivity to the environment prompted reforestation projects from several companies including DemirDöküm, Otokar and Koç Allianz. The Koç Allianz project in Çeşme hopes to save the nearly extinct mastic tree. Through the Green Road Project, Opet has planted 261,923 trees and other plants around 302 stations and in areas designated by city governments, taking care to choose plants suited to the region’s climate and soil. This project won Golden Compass Awards from the Turkish Public Relations Association in the categories of Social Responsibility and Environment.

Yapı Kredi and The Educational Volunteers Foundation (TEGV) organized “I am reading and learning Project”, which is a multifaceted educational project to contribute to the personal and social development of primary school children. The project aims to develop the capacity of school-age children to think, do research, question and analyze. With Yapı Kredi’s support, the project will be implemented at TEGV’s 11 Education Parks and 57 Teaching Units by volunteer teachers, including well-known academicians, through 2010 in order to instill the love of reading among 50,000 students.

Migros prepared and distributed Turkish and Mathematics CDs to students in the fourth through eighth grades in a campaign that benefited 15,000 students. During the year, the company also sponsored the April 23 Migros Theater Festival in cooperation with State Theaters in 11 provinces, bring the colorful and exciting world of the theater to 18,000 children. Throughout 2006, Migros Children’s Theater, treated 25,400 children in eight provinces to free productions of plays dealing with important topics such as love and friendship. Otokoç cooperated with Aygaz and TEGV to support the “Firefly Mobile Learning Units”. The project targets supporting the personal development of 7-16 year olds by introducing them to computers and encouraging their participation in drama, reading and other activities, In 2006, Otokoç and Aygaz mobile units reached close to 104,000 children.

Aygaz organized a Careful Children Campaign for primary school children instructing them in first aid and how to behave in case of accidents at home or in school, earthquakes, traffic accidents and fires. A play concerning Careful Children was performed free-of-charge and a total of 310,000 children were presented with certificates. Arçelik’s Volunteers for Education Association, in cooperation with the Ministry of National Education, provides support to elementary-age students in 300 Boarding Schools throughout Turkey. The project aims to contribute to the formation of modern, self-confident young men and women by raising the quality of education received by children studying in boarding schools. The project also intends to create public awareness of the needs of these state-run boarding schools. In 2006, the number of schools covered by the project increased to 101 in 24 provinces, touching the lives of 80,000 students. Effective training was given to 253 teachers who have in turn trained another 1800 teachers. At the end of the eight-year project, the program will have reached close to 200,000 students attending 300 Boarding Schools.

Arçelik highlighted its support for culture and the arts by sponsoring the Leonardo: Universal Genius, a traveling international exhibit, in order to expand the values of innovation and technology to a broad audience. Over 114,000 people visited the blockbuster exhibit at the Rahmi M. Koç Museum in Istanbul from November 2 - December 31. The exhibit featured real-life replicas of machines designed according to Leonardo Da Vinci’s original drawings. Çatalhöyük: From Earth to Eternity was the first exhibit in Turkey devoted to the excavations of the Hittite city of Çatalhöyük, a site of great interest to archeologists since its discovery. The exhibit at the Yapı Kredi Vedat Nedim Tör Museum reflected Koçbank’s ten years of support for the ongoing excavation. Yapı Kredi Private Banking assumed sponsorship of fund-raising events to

support the continuing excavation at Afrosias, one of the most beautiful Hellenistic and Roman sites in Turkey. The temple to Aphrodite and the well-preserved stadium, theatre, baths and marketplace colonnade make the site especially noteworthy. Aygaz has underwritten since 2005, the restoration of the antique city of Sagalassos, 110 km from Antalya in the Ağlasun district of Burdur and is the sole sponsor for the restoration of the Antonin Fountain (161-180 A.D.), the site's most spectacular structure. The work is expected to be completed by 2010. Aygaz was one of the main sponsors of Turks: A Journey of a Thousand Years, 600-1600, a landmark exhibition held at the Royal Academy of Art in London. The exhibit explored the artistic and cultural riches of the Turks from Inner Asia to Istanbul and beyond over a period of a thousand years, showing the artistic diversity that culminated in the splendors of the Ottoman Empire. The exhibit reached a broad audience through a program of gallery talks, workshops and conferences.

Koç Allianz provided Fine Arts Insurance to bring various exhibitions to Turkey including a show of Alev Ebüzziya Siesbye's ceramics from the Danish Museum of Decorative Art at the Istanbul Museum of Turkish and Islamic Art, and Drawings from Rembrandt and His Circle from Rotterdam's Boijmans van Beuningen Museum as part of the worldwide celebrations of Rembrandt's 400th anniversary. As part of Opet's Respect to History project, rehabilitation of the villages of Alçitepe, Seddülbahir, Bigalı, Kilitbahir Büyük and Küçük Anafarta was completed and the surroundings renewed. Work was also done on the Eceabat region. Improvements were made in the infrastructure and appearance of the Gallipoli peninsula and villages, an area heavily visited by local and foreign tourists on March 18 and April 24. In the villages on the peninsula, progress was made in key areas such as education, health, environment and tourism. Respect to History educates locals regarding the importance of historical preservation while ensuring that visitors to the area (over the 3.5 million annually) are pleased and impressed by what they see. Classes in English, cleanliness, hygiene and bed and breakfast services were conducted in cooperation with the Popular Education Center; the landscaping of village squares and modernization of museums, toilets and shops have helped encourage tourism to the region, securing a source of income for villages.

For Arçelik, investing in sports activities is a part of its vision to support youth and to develop appreciation for and encourage participation to sports. In 2006, Arçelik assumed the sponsorship of the Turkish Basketball League for four years under the "Beko" brand, a symbol of youth, innovation and dynamism. With the long-term cooperation between the Basketball Federation and the Beko brand, Arçelik believes it will make a significant contribution to the development of young athletes who represent Turkey abroad in international competitions. As main sponsor of the Fenerbahçe Women's Basketball Team for the 2004-2006 seasons, Koç Allianz has also contributed to the popularity of basketball in Turkey. Since 1999, Koç Allianz has sponsored Basketball Schools for children from 6 to 16 and sponsored many tournaments. In addition, Koç Allianz is the main sponsor of the Marmaris Yacht Festival, continuing to bond with yacht enthusiasts since 2001 through the sponsorship of the Aegean Yacht Rally. The

company widened its involvement in this area with sponsorship of the Winter Trophy organized by the Bodrum Yacht Club Association (BAYK) since 2005. Migros has supported the Special Olympics in Turkey for three years and given sports training to 1,000 mentally challenged athletes for the past two years. In 2006, in cooperation with P&G, it supported the sports training of 1500 handicapped athletes.

Opet's Clean Toilet Campaign is one of the longest running social projects in Turkey. The project highlights the importance of cleanliness and hygiene in public restrooms. In cooperation with the Ministry of National Education, nearly 100,000 school children were educated. Furthermore, the restrooms in Opet gas stations were redressed for the handicapped. Standards thus introduced were enforced in all stations. Animated films were prepared to instruct children and adults and these films were broadcast on television. The Opet Clean Toilet Campaign was awarded first place in the International Public Relations Association (IPRA) Golden World Awards in 2004 in the Social Responsibility category as well as in the Golden Compass Award given by the Turkish Public Relations Association. Opet was ranked as one of the "Top Companies" of Turkey in the Social Responsibility category in an annual survey published by Nokta weekly magazine.

5. Conclusion

Companies have three general objectives as acquiring of profit, providing of sustainability and corporate benefits. They should be interrelated and supported each other for corporate sustainability. As well as quality and reduced prices, social responsible and appropriate moral activities also became necessary condition for competition. Corporate Social Responsibility (CSR) has become an increasingly important topic in our country. The study shows that Turkish companies are getting more interesting in corporate social responsibility activities. There is a growing awareness of the importance of corporate social responsibility in Turkey. The leading Turkish automotive distribution companies is communicated with environment related non-governmental organizations, local, national, and international press in order to inform stakeholders about their environmental progress. Thus other companies should follow the same path for corporate sustainability.

The study also shows that the Turkish companies are getting more interesting in CS subject and CSR activities. Achieving of corporate objectives and improving the company's image is the main reasons of CSR. When the subject of corporate responsibility comes up, Turkish companies most companies still see corporate responsibility as a matter of philanthropy and PR. Environmental protection is weak, and corruption remains a problem. Within the framework of meeting European standards, Turkish companies must make the demonstration of their capacity to build more sustainable modes of production, which is an essential stake to optimize their contribution to the improvement

of the quality of employment and to the sustainable development of Turkey.

According to research result, the Turkish automobile dealer companies should promote CS and CSR as part of its mandate to create the foundation for a more productive, competitive, knowledge-based economy. This can help to support improving innovation performance, employment growth, and income growth of the Turkish automotive distributor companies.

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Motivational & career drivers for entrepreneurs

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Abstract

In this study, 35 entrepreneurs living in the Bay of Plenty and Waikato regions of New Zealand were interviewed and completed typological questionnaires relating to entrepreneurial style and success factors. The interviewees ranged from those with the entrepreneur as sole employee to those with 26 outlets across the country.

While the entrepreneurial personality has been well-researched, this study goes a step further and examines career triggers including family backgrounds, education, motivational triggers, assistance received from external agencies, mentors and coaches and hurdles faced, as well as personality characteristics. It explores common denominators amongst the various interviewees.

The emerging common themes suggest there may be some advice to be given to budding entrepreneurs about their suitability for entry into this field if they are to achieve success. The paper raises the question of whether government agencies are providing the services that entrepreneurs need to succeed.

Introduction

Entrepreneurs are agents of change – they spur economic growth, create new jobs and serve as significant role models in a community. There is a great deal of research on entrepreneurial activity and outcome, but less data on the social dynamics of becoming or being an entrepreneur (Stevenson, Grousbeck, Roberts & Bhide, 1999).

New Zealand is a country of small businesses, with 96.3% of businesses employing 19 people or less and 86.5% employing 5 people or less (Wilmot, 2007). New Zealand has the most business-friendly regulations in the world, as measured by the Doing Business indicators (The World Bank Group, 2007). While many fantasise about owning their

own business – only some make it a reality (Greenhaus, Callanan & Gottshalk, 2000). 85% of all small businesses fail within the first five years of operation (Consulting Resources Group, 2005).

The NZ government's focus is on building a knowledge economy, which requires not only infra-structural change, but also entrepreneurial enterprise. To this end, the New Zealand government offers free information about how to set up a new business, free mentoring and market research grants. There are export advisers, who offer free advice on intellectual property, export opportunities and marketing. Entrepreneurs by definition are individualists, who are independent in their thinking and approach. It is not clear how more people can be encouraged to choose an entrepreneurial career or whether entrepreneurs benefit from the support and services offered. The questions this research addresses are: what drives individuals to become entrepreneurs as a career choice, what motivates them to continue and are they are currently finding the services offered to be useful? Entrepreneurs are defined as people who create or recognise opportunities in business and develop business concepts to exploit that opportunity.

Research has shown that motivational triggers include some doing it to escape or avoid a negative situation (Greenhaus et al, 2000), while for others it is the opportunity to be independent, to gain approval and to grow through personal challenge by taking a risk on ideas (Stevenson et al 1999; Timmons, 1994). There may be the lure of financial independence, choosing one's own image, fulfilling personal values or gaining social approval.

Various personality and motivational traits of entrepreneurs have been explored, with the following being key elements:

Self-confidence, and self-esteem to seize the moment and to pursue an opportunity

Risk-taking with a propensity to tolerate uncertainty, be action-oriented and adapt quickly

Energetic, independent and egocentric leadership style

Commitment & determination to work hard, overcome hurdles and never give up

Self-starter with high need for achievement and ambition

Internal locus of control and strong sense of self belief (Stevenson et al, 1999).

A range of demographics may affect who becomes an entrepreneur. While Colonel Saunders started Kentucky Fried Chicken at age 60, most successful entrepreneurs are in their 30's and 40's (Gartner , Shaver, Carter and Reynolds, 2004). Men are the dominant majority, most are married and have some relevant education or work experience. Many have served an "apprenticeship", with women doing so in sales and marketing and men in technical and finance roles. In the entrepreneurial role, business and careers are synonymous (Ibid). Many are the first-born child as a "result of the special attentions and opportunities provided by parents" (Greenhuas et al, 2000: 367). Self-employed parents may play key role models with the family as a key element in the making of an entrepreneur (Massey & Cameron, 2002). There is however, some

recent research on identical twins, which suggests that the main influence is not family environment, but could in fact be genetic (NZ Herald, 7 June 2006, p A5).

This current study goes a step further and examines career triggers including family backgrounds, education, motivational triggers, assistance received from external agencies, mentors and coaches and hurdles faced, as well as personality characteristics. It explores common denominators amongst the various interviewees and assesses usefulness of current government assistance.

Methodology

For the purposes of this research an entrepreneur is defined as someone who has spotted an opportunity and either started a new and unique business or taken over a business, changed its direction, its growth potential and expanded it beyond recognition from the original business.

35 entrepreneurs in the Bay of Plenty/Waikato region of New Zealand took part in individual semi-structured interviews and completed the Entrepreneurial Style & Success Indicator. The interviews covered the following areas: family background, career path, perception of success, vision for future, mentors or coaches, use of agencies and motivational needs.

The Entrepreneurial Style & Success Indicator (CRG International Inc , 2005a) is a typology and consists of two parts.

The first part is Entrepreneurial Style and Success Indicator. It consists of 4 columns of 16 sets of adjectives and words with each line ranked 4, 3 2 and 1. Styles are considered to fall into four dimensions:

Behavioural or action oriented (B)

Cognitive or analytical (C)

Interpersonal or harmony seeking (I)

Affective or expressive (A)

While most people are likely to have a predominant style, all scores above 40 are regarded as significant and people may have up to 3 or even 4 styles, in which case their style pattern (eg CI & A is interpreted as Resourceful) is interpreted and described more fully. The typology assists people to assess their entrepreneurial style, tendencies and motivations.

The underlying assumption is that people have been born with a predisposition to a particular style and that this remains consistent throughout one's lifetime. Style could impact on how people perceive, approach and interact with others, their work and situations. Most people will have a dominant style, but the more flexibility one has in style, the more successful one will be in adapting to various situations. There are some consequences to use of each type of style.

The second part of the questionnaire, the Foundations of Entrepreneurship considers background factors, personal circumstances and feelings towards these factors, which can continue to affect work, business behaviour and entrepreneurial success. The statements are based on research with 4000 entrepreneurs and the score indicates the degree to which a person may possess the “success factors” similar to those possessed by successful entrepreneurs. The various statements, such as “Successful entrepreneurs have a philosophy that they can succeed at just about anything to which they put their minds” (CRG International Inc, 2005) are scored on a scale of 1-10, with 1 being “does not describe me at all” to 10 being “describes me completely.” Total scores are graded as high (205-280), medium (104-204) or low (28-103).

Demographics

The demographics of the participants were as follows:

63% were male and 37% female. This reflects the 2:1 male to female ratio found in other studies and approximates the population of entrepreneurs in NZ which has 37.7% female entrepreneurs, a higher number than elsewhere in the world. (internationalEntrepreneurship.com, 2005)

52% were the first-born child. This was slightly less than expected based on previous research.

The age range was large with ages ranging from 28-95. The oldest participant became a millionaire at 65 years of age. When this outlier participant’s data is excluded, average age is 42.

56.25% were married or in a long-term relationship. Many of those in long-term relationships had their partner involved in the business in some way.

40% had no formal post-school education and most had no relevant formal post-school education relevant to their current role.

Average number of years in business was 12 years

Results: Interviews

Career triggers

Early role models

68.35% had parents or family members who had been self-employed

They described coming from an “independent family”, with their fathers in particular having businesses for as long as they could remember. One noted that five of the six children had created entrepreneurial enterprises. In some cases both parents and grandparents were entrepreneurial.

Major influence in life

94.29% saw their parents, particularly their father as the major influence for their entrepreneurship. Their father, often described as a “hard man”, was the one who set expectations and some of them suggested they would know they had succeeded “when my father approves”. They often described their parents, but predominantly the father, as having a high work ethic and being the major influence for them. Most still had family members (partners, siblings) involved in the business – feeling that they could trust them. Many of them were informally taught skills by their parents at an early age, either through learning a skill at home (eg sewing/building) or by accompanying their parents to work. Many of the families had suffered some economic hardship during their childhood. They learned to work hard and value accomplishment at an early age.

Early work ethic

100% of the interviewees were self-starters. They earned money at an early age (9 years onwards) by mowing lawns, doing paper rounds, working in the local dairy, selling possum skins or honey to raise money, rather than receiving pocket money.

The early inclination to work did not seem to diminish, with 94.29% having no intention of retiring fully - they would continue to work in some capacity, but probably “on the business” rather than in it. However, most of them admit, they love the hands-on role. They work long and erratic hours, with some binge-working for 20-30 hours at a time when they are working on a new concept and the “creative juices are flowing”. Some felt this was when they delivered their best work - “under pressure and with adrenalin flowing.” None saw themselves as a “success”, but they acknowledged that others did perceive them in this way.

Career Vision

100% of the participants have a vision of growing, expanding and exporting business. There is an ongoing sense of striving. They want to be the ideas and concepts person, but find it hard to extract themselves from the operational role. Many noted that they delegate too quickly, because they are very decisive. If the employee fails to meet the expectations, they then tend to step in and take over the task.

Ongoing guidance

Only 40% had a mentor – often a friend or family member. Only 37% had ever consulted another agency such as Biz Info, NZ Trade & Enterprise or the Ministry for Economic Development. Most felt that these organisations were too bureaucratic and that the banks “lacked vision” to give business or career advice. Where participants had consulted an agency, it was often the local Chamber of Commerce, rather than a government or financial agency.

Motivational drivers

Most described themselves as “workaholics”, with a high need for achievement and control. They enjoyed the independence and creativity of being an entrepreneur. Positive drivers were the freedom, flexibility and autonomy they enjoy. Interacting with others and achieving outcomes were motivational issues.

Typical quotes were:

“I enjoy being in control of the business and seeing how it grows because of my initiatives”

“ I need independence”

“I like to have it my way”

Most intensely disliked the financial, compliance and administrative side of the business. They did not enjoy handling staff issues or complaints. Another factor which conflicts with the desired freedom, is the sense of being tied to the business, especially with mobile phones and PDA’s meaning they could “seldom escape.”

Entrepreneurial Styles and Success Indicator (ESSI)

Those with scores of 40 or more on the various style dimensions are indicated in Table X below.

Table X: ESSI Scores

Dimension	Behavioural	Cognitive	Affective	Interpersonal
Female	6	3	10	6
Male	19	11	20	17
Total	25	14	30	23
Percentage	27.4%	15.4%	33%	25.2%

The three most common styles were those of Behavioural, Affective & Interpersonal Dimensions.

A Behavioral Style indicates a drive to shape the environment to achieve goals, self-orientation to the extent of being oblivious to other’s needs, being a calculating risk-taker with lots of fearlessness and energy. This style on its own lacks the intuitiveness to compete in an aggressive business environment.

An Affective Style is characterised by intuition, spontaneity and excitement in expressing ideas, networking and influencing. They sell ideas and help others. Belief in the value of others may at times be inconvenient or inappropriate.

An Interpersonal Style suggests a strong need to align with others for harmony, a warm approach and adaptation to others. Others are offered support to gain approval. Those

with this style may struggle to adapt to unpredictable changes.

A combination of these three styles: BIA suggests people who are Persuasive. They are likely to be complex with a range of style flexibility enabling them to be both task- and person-oriented. Their focus on helping others or improving relationships, may interfere with business success, because they invite family members or friends to join them in ventures that require higher levels of expertise than those friends or family have. They are likely to be interested in business results, but treat people more sensitively than other entrepreneurs who are more results-focused.

The participants' lowest score was on the Cognitive Style, which relates to quality control, predictability, data analysis and handling and the ability to disperse information efficiently. (CRG International Inc, 2005b).

Foundations of Entrepreneurship

Only one participant fell into the High Success category, with the rest showing Medium Success characteristics. Elements in which these NZ entrepreneurs tended to match the success indicators of others included:

An early inclination to work hard

Belief that can succeed at anything

Understanding of personal strengths and weaknesses

Craving for additional income

Working erratic hours and doing creative work whenever the mood hits

Prudent and cautious

Feel can do most things better and quicker than others

Easier to do it myself

Tend to take over when others falter

Discussion

Entrepreneurs in this sample noted that they were mainly motivated by their parents as role models and by the development of an early work ethic to choose a career as an entrepreneur. There is some indication in recent research that nature rather than nurture is more significant, but in the interviewees' perceptions their parents, particularly their father, in many cases had played a dominant role.

An early idea or opportunity then escalates into an ongoing vision of growth. There is continual striving to create and develop the business. They are dedicated to working long hours, especially when experiencing the elation of creative innovation. Few intend to retire totally from the business. They are motivated by freedom and autonomy, but

this is a contradiction in that they are often reluctant to leave the operational side of the business to others, keeping them tied to it.

The style of Persuasive Entrepreneur means that loyalty to family or friends may result in inappropriate appointments to positions, where expertise is required. The lack of strong alignment with Cognitive Style is reinforced by the total dislike of administrative and compliance chores by the participants.

While they may be leaders in their fields, management skills are not necessarily sought nor enjoyed. The tasks they most dislike are the transactional, administrative and compliance issues. Although New Zealand is seen as a country with few regulations for start-up businesses, there is an opportunity for government to make these roles easier for entrepreneurs.

The independence shown by entrepreneurs suggests that providing mentors may not be the wisest use of resources, as they are unlikely to use them. It is interesting to note that local Chambers of Commerce, which provide training and networking opportunities are more frequently used than the formal information sources provided by the government, despite the fact that the formal organisations do have useful information available. There is almost a disdain for any source regarded as being “bureaucratic”. Organisations providing assistance for entrepreneurs need to take into account their high need for freedom, autonomy and independence.

These entrepreneurs are in the Medium Success category, suggesting that the areas of shortfall need to be clearly identified and addressed, possibly through training and networking if they are to match High Success entrepreneurs.

Conclusion

If people do not grow up with the genetic make-up or in an entrepreneurial environment, they are unlikely to have adequate role models to encourage them to enter a career as an entrepreneur. This suggests that role models provided at an early age, possibly in the schools, would be helpful. These role models would also encourage an appropriate work ethic. This may be particularly important as Generation Y becomes the potential entrepreneurs of the future.

Current entrepreneurs may benefit from information about what would enable them to match highly successful entrepreneurs. They may need advice about making appropriate appointments to key roles and assistance in ensuring the analytical aspects of the business are undertaken.

There is also an opportunity for these entrepreneurs’ skills to be utilised when they reach retirement age, as they are keen to keep some involvement in business, although their hands-on, operational approach may not necessarily make them the best mentors.

Government needs to ease the administrative and compliance burdens on entrepreneurs by making it easy for them to do the required paperwork. Services need to be offered

through organisations not seen as being part of the bureaucracy.

Career advice in secondary and tertiary education regarding suitability for entrepreneurship may also be helpful.

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Social Networking and Entrepreneurial Success: A Study Based on Indian Culture

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Abstract

Social networking plays a significant role in entrepreneurship development. Social networking provides the entrepreneur some of the very useful resources to run the business. This study makes attempt to explore the pattern of social networking in relation with entrepreneurial success. This study was conducted on three groups of entrepreneurs of three different phases: motivational, planning and established. By using nonparametric regression tree model, three models of entrepreneurial social networking and success are presented in this study. All these models are showing that entrepreneurial social networking is the powerful determinant of entrepreneurial success. Moreover, these models provide us some insight to understand the social networking profile of Indian entrepreneurs of different success level in different phases of entrepreneurship. Findings of this study confirms with other cross-cultural researches that were conducted in the area of social networking and entrepreneurship development.

Entrepreneurship researchers increasingly recognize the importance of social networking on entrepreneurial activities (Borch, 1994; Hansen, 1995; Larson & Starr, 1993; Reynolds, 1991; Starr & MacMillan, 1990). Social network analysis explores the relationship between entrepreneurs and others that provide the resources that are important in establishing a business (Johannisson, 1988; Larson, 1991). Entrepreneurs have their original ideas, some knowledge and competence to run the business, but they also need complementary resources to produce and deliver their goods and services

(Teece, 1987). Social network provides the entrepreneurs adequate knowledge, support and access to distribution channels to perform their business. Entrepreneurs are also linked to people and organizations that interact among themselves, these contacts can widen the availability of resources that sustain a new firm (Hansen, 1995).

Social networks are not fixed; they are the social context of business and can be activated according to different needs (Granovetter, 1985; Burt, 1992). According to the need of the enterprise, entrepreneurs interact with both the people that are close or distant to them. Family members can play an important role in decision making process and support. As they entertain, plan for and actually set up a firm, entrepreneurs call their family and others in their networks for different kinds of help and support (Rosenblatt, de Mik, Anderson & Johnson, 1985).

In this study, attempt has been taken to explore the pattern of social network among Indian entrepreneurs in connection with entrepreneurial success. Social networks have been measured from four perspectives- size of discussion network, time spending on developing/maintaining the networks, development of new social relationships in connection with business and social support. Entrepreneurial success has been determined by the economic growth of the organization. This study has been conducted on three groups of entrepreneurs of three different phases- motivational, planning and established. Social network structures of these three separate phases in association with entrepreneurial success are presented in this study.

Introduction

Entrepreneurship and Networking

For performing entrepreneurial activities entrepreneurs need information, capital, skills and labour. While the entrepreneurs hold some of these resources on their own, by using their contacts they often complement other resources (Aldrich & Zimmler, 1986; Aldrich et.al., 1991; Cooper, Folta, & Woo, 1995; Hansen, 1995). The contacts that lead to successful outcomes are their social capital and it is one of the key determinants of entrepreneurial networks (Burt, 1992). According to Burt (1992), when the entrepreneurs contacts contribute to their entrepreneurial goals these social contacts become their social capital. The contacts are often informal, work and non-work connections. These relations may extend across professional networks reaching friends, colleagues etc.

According to Grave and Salaff (2003), networks have several useful properties for entrepreneurs. The first useful property is the size of the network. Entrepreneurs can enlarge the size of the networks to get important information as well as the resources

that may help to improve their business in future. The next is positioning. Entrepreneurs position themselves within a social network to identify the knowledgeable others, so that they may gain some potential input for their business (Blau, 1977; Burt, 1992; Granovetter, 1973). Finally is relationship structure. Social contacts may be created by different types of relations or interactions. In single stranded relations, one person performs single activity with the entrepreneur. Multiplex ties, in contrast, have several layers of relationships (Scott, 1991). They may play numerous roles in the entrepreneur's support group. Researchers are more inclined to know about the multiplex ties of the entrepreneurs. Burt (1992) and Hansen (2001) noted that social network members can contact and organize themselves, expanding the opportunities they make available to the entrepreneur.

Primary objective of this study is to explore the pattern of social network among the Indian entrepreneurs of different entrepreneurial phases in association with entrepreneurial success. For conducting this study, we have considered the social network from four angles: 1. Size of discussion network, 2. Time spending on developing or maintaining the social network, 3. Development of new social relationship, 4. Social support for establishing or running the firm. Detail discussion on entrepreneurial phases and above mentioned perspectives of social network is given below:

Entrepreneurial Phases: Wilken (1979) first identified the concept of phases in association entrepreneurial activities. He identified three phases in the establishment of enterprises. First is the motivational phase. In this phase entrepreneurs discuss the initial ideas and develop their business concept. Second is the planning phase. In this phase, entrepreneurs prepare to set up a firm. Getting necessary knowledge and resources in this phase entails quite diverse activities (Carter, Gartner & Reynolds, 1996; Zhao & Aram, 1995). Third is the establishment phase. In this phase, entrepreneurs establish and run a firm, they focus more narrowly on daily activities, or exchange and on problem solving.

The concept of phase in entrepreneurial activities has gained acceptance (Kartz and Gartner, 1988); but researchers set different cut off according to their studies.

Kamm and Nurick (1993) pointed out that phase school assumes that organizations develop in an evolutionary manner, in a recognizable sequence. McCarthy, Krueger and Schoenecker (1990), found that entrepreneurs devote different amount of time to communicate with business relations and employees in each phase. Chu (1996) finds that network activities vary by each phase. However, phases are not equivalent and the establishment may not progress in a same rate from one to another phase, moreover the border from one to next phase may not be very distinct and the transition between phases is not automatic (Bhave, 1994).

For the purpose of this study, we have considered the concept of phase that had been identified by Wilken (1979). This study has been conducted on three groups of entrepreneurs in motivational, planning and established phase.

Discussion Network

Discussion network refers to the number of people to whom entrepreneurs discuss the different aspect of the business either in the stage of establishment or in the running phase (Renzulli, Aldrich & Moody, 2000). To establish a firm, entrepreneurs look for the firm on the basis of common interest or experience in establishing and running a business (Nohria, 1992). Discussion network helps the entrepreneur to obtain resources like information, capital, property, credit, market etc. Grave and Salaff (2003) found that during the planning phase entrepreneurs discussion network is higher than other phases.

Time Spending

Entrepreneurs spend considerable time in both developing and maintaining their social relations to get information and resources for successful business. They establish new contacts with the resource person or maintain the relationship with the people to whom they have no recent contact (Granovetter, 1973; Nardi, Whittaker & Schwarz, 1999). Since, the network becomes larger; more time will be spent in contacting others, in that sense time spending is also dependent upon the size of the discussion network. According to Hansen (1995), planning phase is the highest uncertain phase which needs most time spending in searching and establishing contacts to get a good standing.

Development of New Social Relations and Support

Entrepreneurs usually develop new social relationship with the people of different social network for different tasks. They use weak ties to pass on information they would not get from their close ties (Granovetter, 1973) and they use strong ties and family for getting resources and social support. But few researchers have studied the role of family in the network of those starting the business (Rosenblatt et.al., 1985, Litz, 1997).

Family members are very important at a particular point of starting the business, but over dependence on the family members may restrict the network from which the entrepreneur seeks a wide range of complementary resources when planning and establishing the business. Researchers stress the importance of weak ties for wide ranging information because entrepreneurs that continue to depend primarily on family members may overly limit their circles (Birley, 1985; Renzulli et.al.,2000). Renzulli et.al., (2000) pointed out that a network of loosely coupled acquaintances offering skills, knowledge and insights will reduce the importance of family members. But

Grave & Salaff (2003) recognized the importance of family members in all phases of social networking, particularly among those who took over an existing firm.

As it has been mentioned earlier, the basic objective of this study is to explore the pattern of social network in association with entrepreneurial success. Here, entrepreneurial success is the response variable and it has been judged from the economic point of view. Detail discussion on this variable and its measurement is given in the methodology section.

Methodology

Sample

Total 165 small scale registered entrepreneurs were selected from four major cities of India (Kolkata, Bangalore, Ahmedabad and Agartala) for this study. Among these 165 entrepreneurs (96 male, 69 female) 65 entrepreneurs (39 male, 26 female) were in motivational phase, 50 entrepreneurs (27 male, 23 female) were in planning phase and another 50 entrepreneurs (30 male, 20 female) were in established phase.

Motivational phase is defined as entrepreneurs those who have started their business at least 1 year, but their entrepreneurial experience not exceeding 2 years.

Planning phase is defined as entrepreneurs those who have entrepreneurial experience more than 2 years but not exceeding 5 years.

Established phase is defined as entrepreneurs those who have entrepreneurial experience more than 5 years but not exceeding 10 years.

For the purpose of this study, following controls in the sample have been taken:

Age:

In motivational phase, we have considered the entrepreneurs up to 35 years.

In planning phase, we have considered the entrepreneurs up to 40 years.

In established phase we have considered the entrepreneurs up to 50 years.

Educational Level

Educational backgrounds of the entrepreneurs were at least up to 10+2 level.

Technical Knowledge

All entrepreneurs those who are selected for this study have formal technical training.

Entrepreneurial Status

Entrepreneurial status is defined as whether the entrepreneurs come from traditional background or he or she is from first generation background. In this study, to control the effect of 'take-over' business, we have selected all entrepreneurs from first generation background that means everybody starts their own business.

Measures and Data Collection

Measures of Entrepreneurial Success (Response Variable)

Entrepreneurial success is the response variable of this study. Suppose, P_0 is the profit of an entrepreneurial organization at the initial year and after 't' years it becomes P_t , which is current profit of the organization. Therefore, the average relative increment in profit (SP) can be expressed as

$$SP = (P_t - P_0) / P_0 \times t.$$

But this measure is somewhat crude in nature, and it is unable to incorporate the change in the market condition that took place over these t years. To find a more realistic measure for the success rate, these changes in the market condition can be taken into consideration by using the wholesale price index number of the initial and the current year (wholesale price index numbers were taken from the statistical abstract published by Government of India). Suppose that I_0 and I_t are these wholesale price index numbers, respectively. So, a profit of P_0 in the initial year is equivalent to a profit of $(P_0 \times I_t) / I_0$ in the current year. Therefore, the adjusted increment turns out to be $P_t - (P_0 \times I_t) / I_0$, and adjusted average relative increment SP^* may be expressed as

$$SP^* = \frac{P_t - (P_0 \times I_t) / I_0}{t(P_0 \times I_t) / I_0} = \frac{P_t / I_t - P_0 / I_0}{t \times P_0 / I_0} = \frac{P_t^* - P_0^*}{t \times P_0^*}$$

where $P_0^* = P_0 / I_0$ and $P_t^* = P_t / I_t$ can be viewed as the adjusted profit function for the initial and the final year, respectively. As a measure of success rate, SP^* is more realistic as it incorporates the changes in the market condition. Here it should be noted that in spite of having more profit in the final year (as compared to that in the initial year), an entrepreneur could have a negative success rate if he/she fails to increase the profit at least at the rate with which the wholesale price increases.

To get the information about the economic condition of the organization one Economic

Information Schedule was prepared. In this schedule, first of all we asked the subject about the year in which he/she started the business. Then we asked him/her about the amount of profit, turn-over and capital of the firm in the initial and the current year. We also asked about the number of employee in the first and the current year. Everybody gave the information by consulting their record book which they have to produce to the Government each and every year.

We calculated the success rate on the basis of profit. But the other information (amount of turn-over, capital, number of employee in the first and the current year) that we collected, helped us in cross checking the direction of success.

Measures of Independent Variables

Discussion Network: Following the question that was given by Grave and Salaff (2003), respondents were asked to give the response in an open end question. The question was: “During the previous two months, with how many people would you estimate you have discussed the aspects of starting or running your own business?” This question leads to give the response that limits the number of people involved in the discussion network.

Time Spending: Again, following the question of Grave and Salaff (2003), respondents were asked to give the response in another open end question. The question was: “How many hours per week do you spend in developing/maintaining contacts with persons with whom you can discuss their business matters (either starting a new business or operating your current one)?” This question leads to give the response that limits the number of hours he/she is involved in the discussion network

Development of New Social Relationship: Under this perspective, one multiple choice question was provided to the respondents. The question was: “Do you develop any new social relationship in connection with business?” If the answer is “Yes”, respondent was given four alternatives: Friend/ Business Partner/ Marital / Others.

Social Support for Establishing or Running the firm: Here, also one multiple choice question was provided to the respondent. The question was: “Who is the major source of your social support in establishing or maintaining the business?” Along with this question four alternatives were provided: Parents/ Spouse/ Relative/ Outsider.

In both the multiple choice questions (3 & 4), liberty has given to the respondents to choose more than one alternatives, if they need. We have scored “1” against the alternative (alternatives) that has (have) been selected by the respondent, at the same

time “0” has been given to the other alternatives.

Results and discussion

On the basis of our data, we may summarize the following features:

Entrepreneurs develop new friends in all entrepreneurial phases.

Entrepreneurs consider business partner only in established phase.

Both in planning and established phase, in connection with business entrepreneurs develop marital relationship.

Only in motivational phase, very low percentages of entrepreneurs develop other relationship in connection with business.

Parental support is most prominent in motivational phase than other two phases.

Spouse support is most prominent in both planning and established phase.

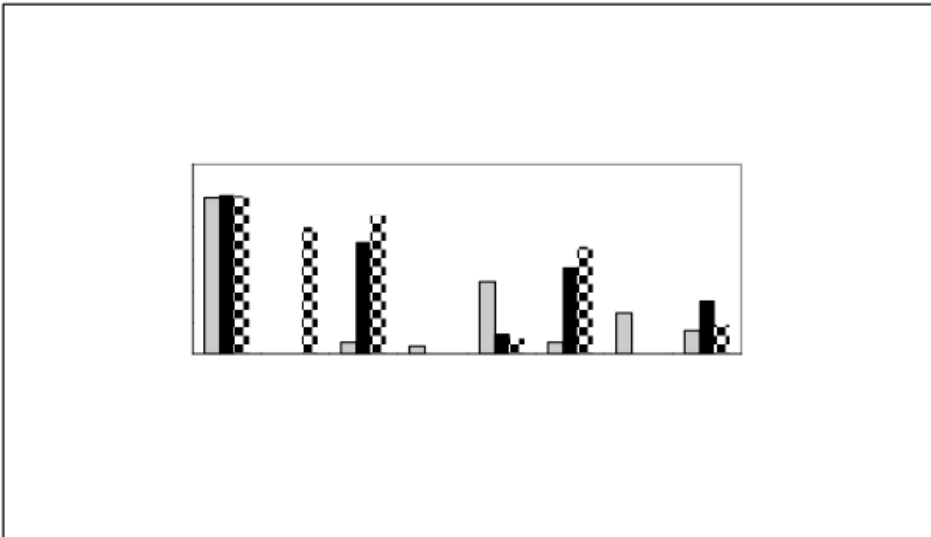
Relative support is only evident in motivational phase.

Outsiders support is relatively higher in planning phase.

To get a general idea about size of discussion network, time spending and as well as entrepreneurial success in three different phases of entrepreneurship, mean and S.D. is calculated.

Table: 1 Mean and S.D. of discussion network size, time spending on networking and entrepreneurial success in three different phases of entrepreneurship

	Motivational	Planning	Established			
	Mean	S.D	Mean	S.D	Mean	S.D
Discussion	20.09	10.84	22.22	7.3	5.61	3.06
Time spending	8.5	6.1	12.36	5.83	5.55	2.17
Success Rate	0.42	0.16	0.46	0.14	0.70	0.19



This table indicates that size of discussion network is higher in motivational and planning phase than established phase. In the planning phase, entrepreneurs spend much time in developing or maintaining the relations than other two phases. As expected, success rate is highest in the established phase.

Main objective of this study is to know the nature of social networking in association entrepreneurial success. More clearly, our basic aim is to find out how entrepreneurial success varies according to the social networking. To know the clear picture of this relationship, here in this study we have used non-parametric regression tree model developed by Breiman et. al. (1984). Classification and Regression Tree (CART) is a recursive partitioning method that splits the sample space into several homogeneous regions for predicting the response variable, which could be categorical (for classification) or quantitative (for regression) in nature.

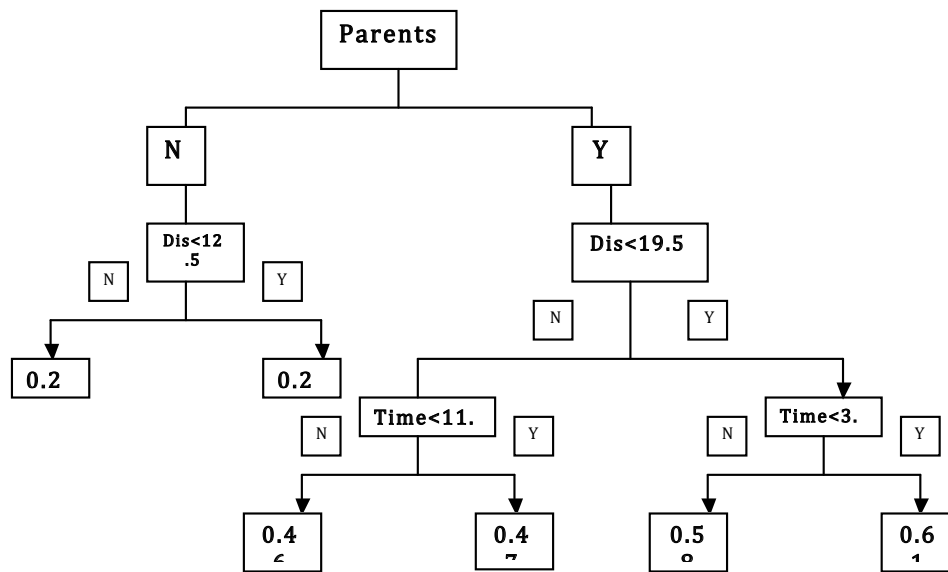
Basically, there are two justifications behind the use of this model. As our primary objective is to estimate the entrepreneurial success on the basis of social networking, therefore linear regression is the simplest one for this purpose. But in this dataset, some of the covariates are categorical in nature; moreover, success rate does not seem to be linearly related with the other continuous covariates. Even after using Box-Cox and Box Tidwell transformations that includes logistic regression, (see e.g., Rawlings, Pantula & Dickey, 1984) we could not achieve desired linearity.

In this situation, one can use other nonparametric methods like local polynomials (see e.g., Fan and Gijbels, 1996) or splines (see e.g, de Boor, 1978). But these methods usually lead to some complicated regression surface, which are not very easy to interpret. On the other hand, this model is easy to interpret as compared to the other nonparametric methods. Given the values of the related covariates, starting from the

root node, one can easily proceed downward to predict the success rate without any further calculation.

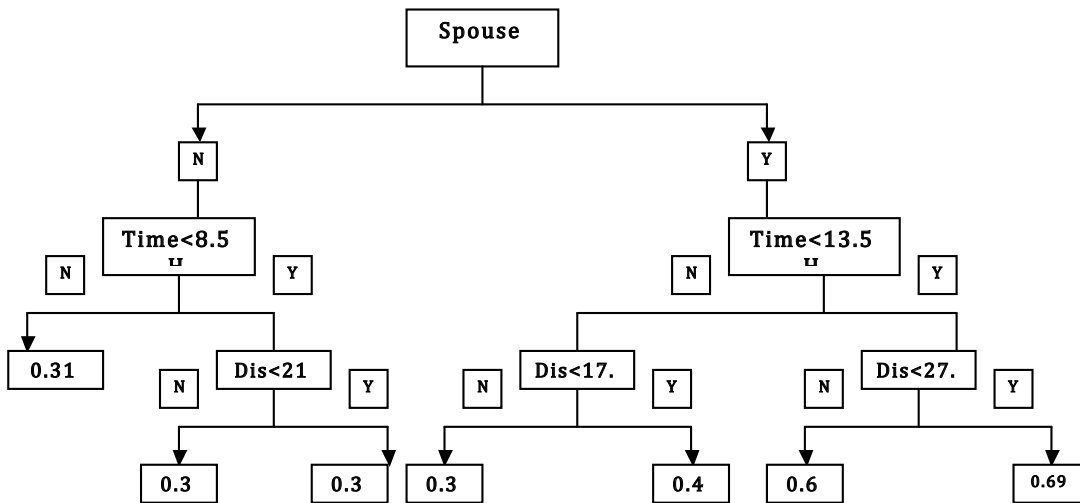
Here, in this study, we have developed three separate tree models for three phases of entrepreneurship (motivational, planning and established). Models and explanations are given below:

Figure: 2 Regression tree model for entrepreneurial success and social networking in motivational phase



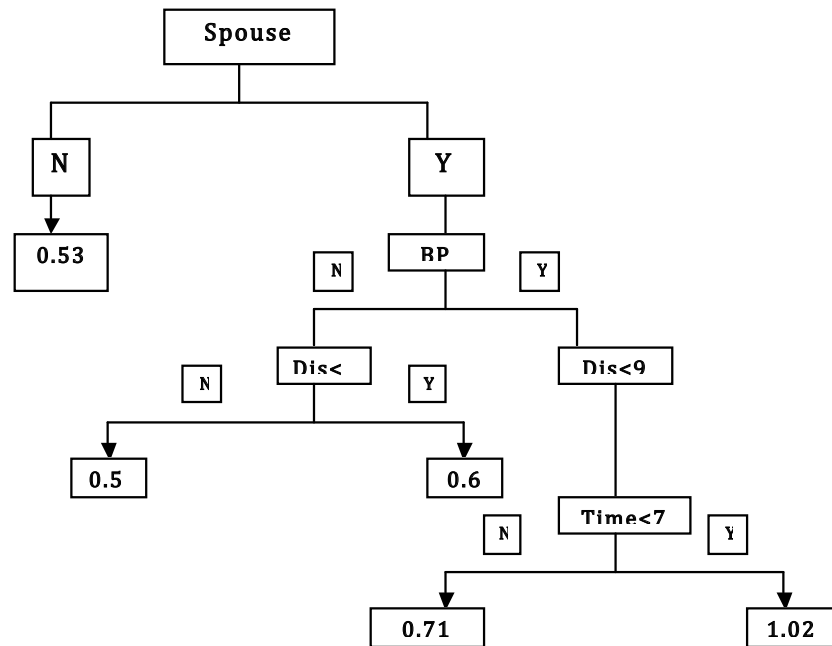
This developed tree model shows that only three social networking variables are required to predict the success rate of the entrepreneur in the motivational phase. These variables are Parental support, Size of Discussion Network and Time spending on developing/maintaining the relations. This model indicates that entrepreneurs who have their parental support, size of the discussion network is more than 19 or above and spend 3.5 or more hours per week in discussion are the most successful one. On the other hand, entrepreneurs those who have no parental support and the size of discussion network is less than 12 are the least successful entrepreneurs of this phase.

Figure 3: Regression tree of entrepreneurial success and social-network in planning phase



Tree model of planning phase also includes three variables, spouse support, time spending on discussion and discussion network. According to this model, entrepreneurs those who have spouse support, spend more than 13.5 hours in developing or maintaining social relation in connection with business and discussion network size is more than 27.5 are the most successful entrepreneurs in the planning phase. Entrepreneurs those who have no spouse support and spend less than 8.5 hours in developing or maintaining the relations in connection with business are estimated as least successful entrepreneurs in this phase. Here, it should be noted that in estimating the success rate of least successful entrepreneur in this phase, model does not consider size of the discussion network also.

Figure: 4 Regression tree of entrepreneurial success and social network in established phase



Tree model of established phase considers four variables: Spouse support, inclusion of business partner, time spending on network and the size of discussion network. According to this model, entrepreneurs those who have spouse support, have business partner, discussion network size is higher than 9 and spend more than 7 hours in developing or maintaining the social network are considered as most successful entrepreneurs of this phase. On the other hand, in estimating the success rate of least successful entrepreneurs this model considers only one variable, spouse support. Entrepreneurs without spouse support are considered as least successful in this phase.

Concluding remarks

Importance of social networking in entrepreneurship development is well recognized in entrepreneurship research. This study is the first real time attempt where we have used the information of social networking to estimate entrepreneurial success. In other words, in this study we have developed entrepreneurial success prediction model on the basis of their social networking. Here we have presented three models of entrepreneurial success and social networking for three different phases of entrepreneurship. The regression tree models which we have proposed in our study are very easy to interpret and at the same time very easy to apply. By collecting the data on selected variables (according to the model) related with social networking, one may apply any of these models (according to the phase) to estimate the success rate of an entrepreneur without further complicated calculations.

These models help us to understand the social networking profile of entrepreneurs of different success range in different phases of entrepreneurship. This study, basically conducted on Indian culture, where it is found that for being a successful entrepreneur, in motivational phase he/she has to depend on parental support, by contrast in planning

and motivational phase spouse support is very essential. In this culture, successful entrepreneurs usually prefer business partner in established phase. Importance of the size of discussion network and time spending in developing or maintaining the relations are well recognized in all the phases.

Our findings show some similarities with the study of Grave & Salaff (2003), where they have analyzed the social networking pattern of entrepreneurs of four different countries (USA, Sweden, Italy & Norway). Similar to their findings, our study on Indian entrepreneurs also reveals the fact that successful entrepreneurs talk with more people and spend more time in maintaining or developing social networking in planning phase. Beside this, Grave & Salaff (2003) recognized the importance of family members in social networking in every phase. Our findings also confirm that family members are essential in every phase for being a successful entrepreneur. Though in this culture we have found that for being a successful entrepreneur parental support is much important in motivational phase and spouse support is essential in planning and established phase.

No research is without limitation, this study is not an exception. Here, we could not able to apply the models of entrepreneurial success and social networking on the entrepreneurs of other countries; therefore, we can not generalize these models. As this study shows some similarity with the four country research of Grave & Salaff (2003), therefore, we may expect if this study is replicated in other countries, generalized models may be achieved. Anyway, for this, further cross cultural studies are needed.

We have consciously conducted this study only on the first generation Indian entrepreneurs, which is another limitation. In fact, in India there are certain communities who are only engaged in business and invest only for their in-group members and would not allow any outsider to start the similar business. Their social networking is very strong and running across the generations. Even competitions among these communities are so high; sometimes these community members set a norm for not providing any support to the members of other business community, which is one of the dark sides of social networking. Therefore, we may expect that social networking of these communities is different. Anyway, as we have excluded this group from our study, therefore we can not say that is study is generalized over the Indian entrepreneurs. But if we think from the practical point of view, entrepreneurs from these communities are not much interested for getting support from the government or any other funding agencies or from any outsider to run the business. Therefore, from the view of policy makers or the financers, development of success prediction model (based on social network) for those entrepreneurs may not be very useful one. However, further study can be conducted by comparing social networking pattern (in association with success) of first generation and traditional entrepreneurs who have their own communities.

Despite of the weaknesses, this study is the first effort to estimate entrepreneurial success on the basis of social networking pattern. This study may provide insights to the entrepreneurship researchers as well as the financers who are always interested to identify entrepreneurial potential in a comprehensive way.

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From abject poverty to aspiring middleclass – micro-entrepreneurship in urban Mozambique

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Introduction

Shaw (2004) makes a distinction between survival micro-enterprises and entrepreneurial micro-enterprises. In developing countries where the poor are poorly educated, finance and technology are largely unaffordable, most micro-enterprises are entered into for survival purposes. Does this preclude them from growth and entrepreneurial activity? Kiggundu (2002) identifies that despite significant problems, there are promising cases of an emerging entrepreneurial class in Africa.

Small and micro-enterprises play a significant part in most economies, whether developed or developing. However, in developing countries these enterprises have tended to be looked at from a development, or poverty alleviation perspective, rather than as entrepreneurial activities and potentially growing businesses (Mead & Liedholm 1998, Toye 1993). Micro-enterprise development programmes have been a popular poverty alleviation strategy in developing nations for many years, starting as early as 1947 (McPherson 1996). Micro-credit institutions, following the example of the Grameen bank in Bangladesh, attempt to overcome some of the hurdles faced by the micro-entrepreneur in these countries. (Rutherford 2000, Mwenda & Muuka 2004).

Vast sums of money are now made available through a variety of micro-credit schemes, yet there appears to be little empirical evidence on the impact of this financing for business growth, or the factors that might influence the growth and sustainability of those enterprises that start life as ‘survival’ enterprises. A question that needs to be

answered is who is actually receiving micro-finance in African urban areas, and what is the impact of the opportunities that this offers? To better understand the potential for growth and entrepreneurial activity of 'survival' micro-enterprises and the aspirations of the entrepreneurs, an empirical study was conducted among micro-enterprises who had received micro-financing in the Beira area of Mozambique.

The purpose of this paper is two fold. Firstly, to document the activities of a group of micro-entrepreneurs in a developing economy who received micro-financing to establish or grow their micro-enterprises to get a better understanding of the constraints under which these businesses were established and run. Secondly, to explore the potential for micro-enterprises entered into for necessity and survival, to become opportunity focused and encourage middle class aspirations..

Mozambique

Mozambique lies along the Indian Ocean sea border of Southern Africa and is characterised by mountainous inland zones with a coastal plain. Mozambique is among the poorest countries in the world with a per capita GDP of US\$210 in 2002 (World Bank 2006). This is largely attributable to a history of both human and natural destruction.

The Portugese 'colonised' Mozambique in the 15th century with a view to establishing supply points for Portugese sea routes to India. At the time there was already a flourishing trade in gold, ivory and slaves conducted by the Arabs. By the early 20th century a pattern was established in Mozambique. Rather than developing the country the Portugese simply rented out available resources (www.lonelyplanet.com 23/11/2005). There was no social investment in Mozambique and what few services existed were largely reserved for the Portugese and other white residents. The independence movement that began in the 1960s lead to independence in 1975. The Portugese pulled out virtually overnight leaving the country lacking skilled professionals and infrastructure. Frelimo (the Mozambique Liberation Front) turned to the governments of the Soviet Union and East Germany for help as by the early 1980s the country was nearly bankrupt and the shops were empty. This instability was compounded by the disapproval of (then) Rhodesia and South Africa who supported and trained rebels in Mozambique (Renamo) leading to civil war. Renamo's aim was the wholesale destruction of Mozambique's communication infrastructure and the eventual overthrow of the government. Whilst they did not succeed with the second aim – they did destroy most of Mozambique's infrastructure, including roads and railways (Dana 1996).

In 1983 drought and famine struck the country and Frelimo opened up Mozambique to the West to receive food aid. In 1992 a peace treaty was signed and official elections were held in 1994. By mid 1995, over 1.7 million refugees who had sought asylum in neighbouring countries had returned to Mozambique but nature had not finished with the country (en.wikipedia.org 23/11/05). In January 2001 floods killed 700 people and devastated the country. Some of the flooded areas were hit by drought the following

year. The current economy is crippled by debt with annual payments almost twice the public health budget. The country, outside of Maputo, as of late 2004, was still largely derelict. 2006 shows the beginning of construction work in Beira, which may indicate that economic activity is moving north from the capital.

The country has an estimated population of just over 19 million in 2006 (www.ine.gov.mz) with an estimated population growth of only 1.4% in 2005 (cia.gov/cia/publications/factbook). Infant mortality rates are high at 13% (cia.gov/cia/publications/factbook). Trends of future population growth are unknown due to the impact of HIV, whose prevalence rate was estimated at 13.8% in 2004 (www.worldbank.org/website). 60% of children attend primary school, 8% attend secondary school and 2% attend higher education. The illiteracy rate in the adult population is high. Agriculture is still the basis of living for the majority (80%) who live on livestock farming production. There are resources such as timber, cotton and copper but these are not competitive because of the lack of infrastructure development. Good road and rail services are almost non-existent, as are power, communication and sanitation infrastructure.

Some of the challenges facing the people, the government and the entrepreneurs of Mozambique include overcoming: low educational standards, high levels of unemployment, low productivity of household farming, weak development of infrastructure, bureaucratized government, corruption and a very high mortality rate from curable diseases. It is anticipated that life expectancy will go from 44 years in 2001 to 37 years in 2007. Death is through diseases such as malaria, tuberculosis, cholera, leprosy and more recently HIV aids. Over the first 4 years of the new century annual average growth of GDP was about 8%, and the absolute poverty level has dropped from 69% in 1997 to 54.5% in 2002, however the positive results of this are not yet reflected in the actual life of much of the population. (worldbank.org/wbsite/external/countries/africa/mozambique)

Beira, where the research was undertaken, in the province of Sofala, suffered greatly during the brutal 16-year conflict that wreaked havoc upon Mozambique. Today, it has the dubious reputation of being Mozambique's poorest province (RoZ, 2003). As an economy, Beira is struggling: physical infrastructure is broken and its people appear to have few opportunities to progress. Commercial districts have shut down, as traders shift business to the smaller scale appropriate to a nation with per capita income of US\$210 in 2002 (World Bank, 2003).

Micro enterprises in developing nations

The 1970s saw a flourishing of activity in the informal sectors of developing nations. The poor, unable to find paid employment, were setting up their own small businesses outside the formal sector, in cities and in rural areas (McGuire and Conway, 2001). Microenterprise development (MED) programmes have been a popular poverty

alleviation strategy in developing nations for many years. Indeed, the existence of policies to promote textile production by Indian microentrepreneurs was reported as early as 1947 (McPherson, 1996) the very time at which attention of developed world policymakers first turned to relieving poverty in the world's poorest nations (Toye, 1993).

Micro-enterprises are typically defined as very small, informally run businesses, involved in activities other than crop production. These enterprises employ ten or fewer people, including the owner(s) of the business and any unpaid workers (USAID, 1995). A further distinction may be made between survival microenterprises, low skilled, low-cost, low return activities, and entrepreneurial microenterprises, which tend to require more skills on the part of the business owner and a greater use of capital and technology in production (Shaw, 2004).

Hisrich and Peters (1998) define entrepreneurship as “the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence (page 9). They go on to identify a number of types of start-ups including lifestyle firm, a small venture that supports the owners and usually does not grow, foundation company – a type of company formed from research and development and usually does not go public and a high potential venture – a venture that has high growth potential and therefore receives great investment interest (p 13).

Whilst Shaw (2004) makes the distinction between survival and entrepreneurial micro-enterprises – it seems that entrepreneurship, using the Hisrich definition, is required for either type of micro-enterprise. The difference may be in the motivation rather than the activities engaged in. It is questionable whether the types of start-ups, the ways in which business start-ups are categorized in the West are relevant to the particular circumstances of start-up business in developing economies. ‘Survival’ micro-enterprises might have the potential to grow and contribute in a greater way than mere survival of the owner and his/her family. As will be illustrated many poor micro-entrepreneurs have middle class aspirations.

Micro finance

A micro-entrepreneur in any location requires capital for two main business reasons: to fund the start-up of the business, and to fund further business growth. A number of factors can and do hamper attempts by the poor to secure business finance. Saving even small amounts of money can be difficult for the poor, given their very low levels of income. However, a greater obstacle to saving in developing countries may be the inability to access safe deposit facilities for accumulating funds, since savings facilities are commonly limited in number and geographic dispersion in these nations (Rutherford, 2000). Without a store of funds to protect them, the poor become particularly vulnerable to exogenous shocks that draw on household resources (for instance a failed crop or

illness in the family). This vulnerability is a contributing factor to the high levels of risk aversion exhibited by the poor, which in turn may deter them from seeking loans to start a business.

Micro-credit institutions attempt to overcome some of these hurdles since they are typically set up by NGOs for the specific purpose of making loans to the poor. These institutions are usually willing to loan in small amounts and to those without collateral. The poor may self-exclude due to their high risk aversion as noted above, or the 'product' on offer from the micro-credit institution may fail to meet the needs of the poorest members of the community (Mwenda & Muuka 2004). This micro-finance may not only enable a business to start-up or grow, but may also enable the entrepreneurs to achieve some of their middle class aspirations such as good education for their children

Case study: microfinance in mozambique

The empirical research undertaken for this study was done initially through the auspices of MozBIZ. The sample of micro-enterprise owners interviewed for this research were all funded by MozBIZ, a small NGO with activities focused upon building and strengthening entrepreneurial activity in five village areas in Beira, Mozambique's second largest city. MozBIZ was started in 2002. It ceased to operate in 2005. Originally conceived as a programme component of another NGO, Integrity Care, in 2002 the micro-credit operations separated to form MozBIZ. An Australian philanthropist, also involved with Integrity Care, provided start-up funding. This money was the only significant injection of funds the organisation received. The donor provided core funding to cover monthly salaries and running costs for the duration of the organisation's existence..

By June 2004 when the first data was collected, the programme had supplied 74 loans, averaging approximately A\$66. Almost three-quarters of participants in the programme were women (70%), most of whom borrowed for 'grocery businesses'. Loans were made to individuals, and recipients had to attend fortnightly business skills' training classes, conducted by the In-country Manager, Francis N'sona, while they were repaying their loan. Beneficiaries of MozBIZ's programme were not members of the organisation, but rather its 'clients'. The idea of 'service' is directly in line with the development philosophy of the organisation.

Fowler (1997) considers 'the most fundamental element of [an NGO's] identity [to be] its beliefs...Beliefs, vision and values are at the top of a hierarchy of organizational features which need to be in place if lower levels of organizational activity are to be done well.' (p.33-5) MozBIZ promoted the operating philosophy of Integrity Care that poverty is a symptom of many ills, most significantly of a lack of expertise and resources on the part of the poor, and the culture of corruption within which the poor must operate. MozBIZ aimed to address the first concern (expertise and resources) explicitly, through 'connecting people's innate gifts and abilities with how they make a living through small business combining small business loans and business training'

(Integrity Care, 2004, website). This is a narrow view of ‘resources’ and does not take into account the potential for apparently worthless items, to the Western eye, to be useful resources for those in other circumstances (Baker & Nelson 2005).

The organisation described its microcredit programme intervention as ‘values-based micro-enterprise development’. The ‘values-based’ component was aimed at addressing the second challenge facing Mozambique – the culture of corruption: ‘our end-in-mind is not to create capitalists, but responsible, values-driven leaders. So our training combines technical skills with leadership skills that require participants to live values-centred lives that will influence others into right living.’ (Integrity Care, 2004, website). Reflecting upon the development philosophy of MozBIZ, and the programme it implemented in support of this philosophy, situates MozBIZ most accurately within Korten’s (1990) second generation NGO classification. Korten claims of second generation NGOs the tendency to assume ‘local inertia is at the heart of the problem [and] that this inertia can be broken through the intervention of an outside change agent who helps the community realize its potential...’(p.119). MozBIZ sought to be that change agent, through stimulating the local economy and consolidating businesses working within it. In reality MozBiz appeared to emphasize the individual benefits of taking and successfully repaying a loan rather than promoting the flow-on effects of the individual’s business to the local community.

No matter how capable the micro-entrepreneur, a business cannot be successful in the long run without supportive external conditions (Sebstad & Chen 1996). This requires that macro as well as micro conditions be addressed. This was not part of the MozBIZ programme or philosophy.

As an organisation, MozBIZ was very poorly equipped: the In-country Manager, Mr. N’Sona, had no project team with which to work (the other staff member was administration only), no bicycle, and, as of recently, no office or computer. Despite his frustration with this (and the fact that he has been offered more than twice his current salary to join a large international NGO operating in Beira), he continued to work with MozBIZ. A powerful motivating force for Mr. N’Sona personally was that MozBIZ worked in his local community. He clearly illustrated feelings of downward accountability to clients in his repeated requests to attend business skills’ training himself, so as to improve and build upon the knowledge and advice he imparted to MozBIZ clients. He is also a Christian, and based on these beliefs he professed to feeling a deep commitment to promoting the values and ‘right living’ underlying the organisation’s beliefs. The knowledge, skills and commitment of local staff are critical to the success of any venture.

Mr N’Sona’s position as ‘a local personality’, as well operating in a target area in and around his neighbourhood, allowed MozBIZ to build upon pre-existing trust and ties of social capital Mr. N’Sona brought with him to MozBIZ. This familiarity would have been advantageous particularly in the early days of the organisation’s operations, since communities’ knowledge and trust of Mr. N’Sona would have reduced suspicion of the organisation he represented. Similarly, Mr. N’Sona’s knowledge of local conditions

would have been invaluable in identifying good business opportunities. (and facilitating this research)

As to the 'type' of clients with which MozBIZ worked, a survey of MozBIZ loan recipients in 2004 showed some 60% had their business prior to receiving the MozBIZ loan (Dalglish and Bradley, 2004). This suggests the programme was particularly (though perhaps not intentionally) supporting micro-entrepreneurs who had a pre-existing level of education and skills related to starting and running a business. This in part may reflect the process by which a micro-entrepreneur applied for a MozBIZ loan. The process, briefly, was: a potential 'client' of MozBIZ approached Mr. N'Sona with a business idea. Mr. N'Sona then explained the application documentation (amounting essentially to a business plan) and if necessary assisted the potential client in completing the documents. Following a positive appraisal by Mr. N'Sona, the business plan was then passed to an Advisory Board for final approval. The Advisory Board members were invited by the donor and comprised 3 people, an Australian woman working with Integrity Care, a Mozambiquan man and the donor himself. It is noteworthy that unlike many other NGOs who target specific groups, Mozbiz appeared to support businesses based on the merits of the business case submitted. The nature of the MozBIZ programme – providing business loans – and the nature of the funding method (revolving loan) lent itself to short-term relations with the organisation. Certainly, some clients have had more than one loan; and clients were encouraged to continue attending the business training sessions after the repayment of their loan, although none have taken up this offer long term.

In terms of generating and transferring knowledge and technology resources, the In-country Manager appeared to have more control. Specifically, he planned the content of and delivered training sessions, which reflected the Executive Chairman's confidence in Mr. N'Sona's abilities as a trained teacher, as well as consolidating upon Mr. N'Sona's knowledge as a community member, aware of local business conditions and practices. However, the flow of knowledge was primarily one-way. Aside from initial training provided by the Executive Chairman when MozBIZ first started operations, the In-country Manager did not receive any formal training. As is the case in many developing countries, access to research resources (conferences, books and/or the Internet) is virtually non-existent. In Beira there were no networks of community development workers with whom Mr. N'Sona could share experience and ideas.

MozBIZ, as a microcredit organisation, was accountable to the donor for funds it dispersed to micro-entrepreneurs. There was transparency in the recording system, and the Executive Director reviewed records regularly. In 2004 these financial records appeared to be the only official monitoring tool in place. MozBIZ, as a facilitator of community development, had no formal means by which loan recipients could feed back to the organisation on the effectiveness of the service it provided. Nor were there mechanisms to monitor the success or otherwise of the enterprises funded, except through the mechanism of loan repayment. As a microcredit NGO working in

Mozambique, MozBIZ had as its primary strengths a clear goal – to support micro-entrepreneurs to build and strengthen their businesses – and, most importantly, committed and hardworking staff. Interestingly, these organisational advantages lie at the heart of two challenges identified by Remenyi (1997) as facing NGOs throughout the developing world.

Methods

To answer the research questions and collect the relevant information, a longitudinal study was undertaken with the micro-entrepreneurs in 2004, 2006 and 2007. Each entrepreneur had received micro-credit to start or grow what would be considered a ‘survival’ enterprise in the informal sector. The research was conducted using informal individual and small group interviews that were arranged by Mr N’Sona, who acted as interpreter. Mr N’Sona appeared fluent in Portuguese (the Official language of Mozambique), English and a number of local dialects.

What the three waves of interviews allowed was an insight into what had changed, internally, in the business. This approach provided an ongoing picture of a group of entrepreneurs who were successfully growing their enterprises, were extending their view of what it was to be successful and beginning to access technology and services. They were also using their increased resources to improve their living conditions, access education and plan for the future. The qualitative nature of the research has the strength of providing rich data, directly from the micro-entrepreneurs. It provided an opportunity to explore with the entrepreneurs changes to their businesses, their attitudes and aspirations, and whether motivation had moved beyond ‘survival’. The discontinuance of MozBIZ impacted on the successive waves of interviewing and was a tangible illustration of the uncertain resource environment in which these enterprises operated and prospered.

There were a number of significant constraints in the data collection. Interviewing through an interpreter raises a range of issues, no matter how good the interpreter. Here, it could be considered that Mr N’Sona had a vested interest in presenting the situation in a positive light. He was very committed to the organisation. Although there is no evidence of bias, this cannot be totally dismissed. The interviewer was a stranger, with extremely limited cultural knowledge. The interviewees are unlikely to have shared all of their views, and may also have been influenced by the fact that the interpreter was the person instrumental in making funds available to them. The negative impact of these factors was not apparent. The interviewees were friendly and welcoming, though not used to talking about themselves and their ventures. The third round of interviews led to much more open discussion. There is an indication that it took this long for the entrepreneurs and the interpreter to believe sufficiently in the interest of the interviewer. This has interesting implications for research in developing countries that is undertaken by strangers.

The questions in the first wave of interviews were very basic – to gain a simple

understanding of the nature of their businesses, their motive for starting a business and their business aspirations and to develop a trusting relationship with the entrepreneurs.

The interview questions were framed around the following ideas:

What is the nature of your business?

How long have you been in business?

How successful are you? This is their estimate of success.

Is the business sustainable? Here the questions involved identifying whether the business could continue if they were ill for any length of time and the nature of demand and competition.

Would you prefer to work for someone else for a wage?

How would you like to grow your business and what would you need to grow it.

One of the researchers interviewed while the other took notes. Tape recording was started but conditions caused the recordings to be of very poor quality and largely unusable, so the practice was stopped. The notes were then typed up and shared with the interviewer.

The second wave of interviews was more problematic. MozBiz had ceased to operate, the translator previously used was employed elsewhere and was no longer in a professional relationship with the entrepreneurs. Despite this Mr N'Sona made himself available, provided data which indicated 11 of the 12 entrepreneurs previously interviewed were still in business, and was able to facilitate and interpret interviews with four of the original twelve entrepreneurs. This increased the limitations of the study but also suggested that there had been significant progress.

The second wave of interviews were framed around the following ideas.

What has changed in the past two years?

What contributes to your successful?

What are your plans for the future?

The third wave of interviews was undertaken early in 2007 with the view to establishing what these entrepreneurs needed to be able to continue to expand their businesses and to find a local group willing to support entrepreneurial activity locally. Questions were framed around their personal aspirations, their plans for their businesses and their willingness to be involved in future micro-finance and business support activities.

Below provides examples of four of the entrepreneurs that were interviewed on the first two occasions and whose progress led to an interest in re-establishing access to resources for these entrepreneurs..

The entrepreneurs

Regina

2004

We met Regina in the local church building. She was the pastor's wife. (The pastor was out of work.) She lives in a shanty area of Beira. To get there, we drove through the market servicing the people in the area – stalls and tables set up down each side, and in the middle, of a bumpy, muddy road. The church building was a bamboo room, thatched roof, very well ventilated... A number of other people – women and men – came along to the meeting. Regina was the only one to have received a Mozbiz loan thus far; the other attendees were keen to receive a loan, and I suspect curious about having foreigners in their midst.

Before MozBIZ, Regina sold dried fish at the market we had just driven through. Selling dried fish is hard work. She had to the beach to buy the fish; the process also requires her buying salt; and she must prepare the fish herself before selling. After receiving a 1 million meticaais loan from Mozbiz(A\$66), Regina began selling fresh fish instead. She has finished paying back her loan, and her business was going well – she was busy finishing her house, and growing fat.(her comment!)

She plans to continue selling fish at the market – unless she gets sick (in which case she will have to stop). She hired someone to go to the beach for her to purchase fish, but did not indicate there was someone who could sell the fish for her at market. Her family help out by doing work in the home while she is at the market.

Regina preferred business to having a job. In business her income was reliable, and she did not need to wait until the end of the month to receive payment. She would like to grow her business – selling other types of fish and/or prawns. To do so she said she needed more capital. She would use this money to buy more fish (in bulk). When the researcher suggested that refrigeration would be useful, she did not appear to think such a thing was possible.

2006

Regina was interviewed in the same location. She was still selling fresh fish. However she now rented space in a freezer to ensure that her fish stayed fresh. She stated that quality was the key to being successful at selling fish. She had bought a mobile phone and planned to have electricity connected to her house and find financing for her own freezer. She identified a need for the equivalent of A\$500 to do this.

Maria

2004

We met Maria, who runs a bicycle spare parts stall, at her stall which is situated in a busy shopping area beside a busy highway. Her table was shaded and brimming with

brake pads, ball-bearings and tyre tubes; hanging all around are tyres. The stall next to Maria's was a large area in which there were men repairing bicycles. The repair shop was there before Maria started her business. She recognized the excellent position – near not only the repair shop but also a very busy main road. She had run the business for nine years.

With her loan from MozBIZ she was able to increase her holding of stock. She started importing good quality tyres from Malawi (she sends someone to Malawi to purchase them). She has now repaid her loan. Her business was going very well.

Maria did not want a job. Business was good for her, and her profits were her own.. She would like to grow her business. She would like to set up another store elsewhere, but needs capital to hire someone to run the stall. She told us that if she were sick for an extended period, her brother would be able to take care of the business for her.

2006

Nothing much had changed for Maria. Business continued to do well but her domestic responsibilities appear to impair her ability and willingness to invest in the future. She would still like to expand but there were no plans in place.

Jose

2004

We met Jose at his home. He is a banana wholesaler, and has had his business for five years. In 2002, he received a loan from Mozbiz. He has built a shed in which to store his bananas and also made some improvements to his home, since receiving the loan. He was still paying off his loan to MozBIZ at this time.

Jose's business generated a number of jobs. He purchased the bananas from out of town farms, and hired two people to load the bananas onto a truck and drive them to town. People in the neighbourhood help unload the bananas and take them to market as necessary. These people he paid in cash and/or bananas. His wife also sold bananas directly to customers.

Jose preferred business as a way of life. Bananas are a good business as there is no seasonal fluctuation in supply. The money was more reliable than if he were to have a job, and he did not have to wait until the end of the month to receive payment. He was able to save money.

He had a business selling small goods prior to starting his banana business, but business was not so good and he did not make any profit. He would like to grow his business – buying more bananas was his idea. However he needed to pay for transporting them, and this would require more money. He also said he would need more knowledge – a better understanding of the how much stock to buy at once – he must be careful, since bananas may rot if he could not sell them quickly enough.

2006

Jose and his wife were still running the banana business successfully. Jose was concerned about the quality of the product and would like to know more about ways of storing the bananas effectively, particularly in the summer. He had thought about air-conditioning but at present this was not financially viable. He has made improvement to his home and opened a bank account. Jose has been approached to supply a local supermarket with 500 kilos of bananas a week and he was exploring ways of raising the necessary initial capital to allow this to happen. The investment capital he was seeking was around A\$600.

Rosa

2004

Rosa has been a hairdresser for 13 years. She has 2 children. She had a 'shop' constructed of bamboo with an open shop front, on a busy market street. She needed to make her business better, and her MozBIZ loan had enabled her to do so. With her loan, she was able to buy more (styling) products in particular. She employed one person.

Rosa wanted to improve her business further. At present, clients had to wait while their hair dried in the sun; if she had a 'machine' she would be able to have more clients. In order to have a dryer she first needed to connect electricity to her store. (It was available in the area). For her plans to be realized, she said, she needed money.

She liked working for herself, and would not like to have a job instead. In business she did not have to wait to receive her money. Her daughters are 15 and 13 years of age. Rosa was training them both, and both could help out in the shop if Rosa was sick.

2006

Rosa's hairdresser salon now occupied a lock up shop. It had electricity and a hairdryer. She borrowed money from a financial institution to make these purchases possible and was currently repaying the loan. The new hairdressing salon was located next to a mobile public phone. She had comfortable chairs for clients to wait in. She was not there when we visited and we spoke to her daughter who was engaged in the business. She was very clear about the plans for the future. There was every intention to expand the size of the salon and increase the number of driers so that clients did not have to wait. They were also seeking to connect running water to the sink. Both Rosa's daughters were being trained as hairdressers and demand for their services was good.

Of all those we saw Rosa's progress appeared the most dramatic. The difference in the nature of her services have moved in a two year period from a roadside service using minimal technology to a lockable shop that would be recognisable as a hairdressing salon anywhere in the world. There were clear plans for the future, which Rosa had shared with her children, whom she was training to work with her, and she has begun to use other financial resources available in the locality. Considerable progress for a

two year period.

Issues for entrepreneurs

All of the entrepreneurs interviewed in the first wave had a number of things in common:

They had a thought out reason for the business they chose.

They saw their businesses as successful – that is they were receiving acceptable rewards for their efforts.

Most had someone to look after their business should they be ill. Barriers to entry being quite low the other entrepreneurs saw themselves as being able to take up the business again after their illness. However, this did not address the issue of support while ill.

Most would like to expand their business through fairly traditional means – another outlet or increased product range.

All stated that business provided a more reliable income than a job, and that they received their income more frequently.

Of those interviewed during the second wave of interviews, three of the 4 had made substantial progress in growing their businesses. They were thinking ahead, had clear ideas about what they considered necessary for success in their area of endeavour and appeared to have realistic plans for growth.

The third wave of interviews less than 1 year later showed that these entrepreneurs were still progressing according to their plans. Other entrepreneurs were also interviewed to identify potential need and willingness to participate in future micro-finance and business support services. All asked informed questions about any possible new service before indicating support. They conditioned their interest on issues like: Interest payable on loans, period of time over which repayment would be required. This indicates a new level of awareness of the responsibilities and pressures of borrowing that was not present before.

The structure of the market within which micro-enterprises operate can impact upon their performance in both developed and developing countries. Barriers to market entry can include registration or licensing fees, highly differentiated production, and/or capital-intensive production methods, expertise, infra-structure. Many of these barriers tend to be low in the informal economy since in these markets, production tends to be labour intensive, adding little value, requiring little fixed capital investment and not requiring formal registration of business (Shaw, 2004). All of the entrepreneurs interviewed were operating in the informal sector at the time of interviews.

On the positive side, low market entry barriers enable microentrepreneurs to be

responsive to changing demand conditions (Versluisen, 1999). However, the disadvantages to operating in such markets are far more significant. As a result of the ease of entry into such markets, they tend to be overcrowded and highly competitive (Barton 1997). Returns on production are low, and markets highly volatile (ADB, 1997). Sellers have no market power – demand is highly price elastic and attempts to raise prices will drive customers toward lower priced competitors. This is heightened where the lack of distribution channels restricts the available market, as it does in Beira. What is less clear from the data gathered is whether there had been changes in the economic environment that led to greater demand for services, to which they had responded, or whether these individuals were using the existing resources more effectively than their competitors.

A household's poverty level in developing countries can impact upon the survival and growth of any enterprise run by that household's members. Ghate, Ballon, and Manalo (1996, in ADB, 1997) suggest that, particularly in the case of survival micro-enterprises, much of any surplus earned by a micro-enterprise tends not to be reinvested into the business, but rather diverted to household expenditures, particularly in response to exogenous shocks. One of the less successful entrepreneurs commented very clearly on this issue and all appeared to be aware of the risk.

The effects of low barriers to entry described above can be amplified in a situation of isolated markets (Snodgrass, 1996). Not only are these producers faced with a limited market but also the market is small to start with. With adequate transport and access to nearby markets micro-entrepreneurs may not be faced with highly elastic demand curves. However, isolated markets lack access to transport and other forms of infrastructure required for successful microenterprise operation (Shaw, 2004). Microenterprises without access to electricity have one more obstacle to their introducing productivity enhancing technologies, though connecting to electricity supply had become a reality for one entrepreneur and was on the horizon for a second. With the exception of the banana wholesaler they were using public transport, or walking to collect goods, which is very time consuming and takes time away from the business.

What became clearer in the third wave of interviews was that compared to a general population that had not had access to schooling all the entrepreneurs interviewed had had some schooling. Whilst all were operating in the informal sector, they were beginning to open bank accounts, access infrastructure services and had aspirations for their children's education.

Conclusions

It is apparent from the nature of the businesses and their response to some of the questions that the entrepreneurs interviewed are survival entrepreneurs. What was also apparent though was that many of them had plans to move beyond this stage and had

acted on these plans. They have ideas about expansion and the resources they will need to grow. In this they are not unlike many micro-enterprises in the developed world who need financial support to grow their businesses. (Grosh & Somolekae 1996) They already believe themselves to be successful – but still have aspirations to grow further. They appear to prefer to have their economic well being in their hands, rather than those of an employer. One of the respondents identified the need for more knowledge to be able to grow and the lack of external stimulus may well slow down the rate of innovation, as the lack of good infrastructure and access to finance may slow down and restrict their growth potential. (Haynes, Seawright & Giaque 2000) Their businesses were surviving and even flourishing, solving problems and exploiting opportunities, despite resource constraints. This may provide a different context to test theories such as entrepreneurial bricolage (Baker & Nelson 2005).

The second wave of interviews raised a range of issues and questions that require further research. What was the trigger for the rapid growth of several of these businesses between 2004 and 2006? How can the triggers for growth be identified and responded to? The results of this study also challenge the clear distinction made between survival micro-enterprises and entrepreneurial enterprises in developing economies. As little is known about the process of growth from ‘survival’ entrepreneurship to ongoing participation in the formal economy this study begins to fill a significant gap in our understanding of enterprise development in developing economies.

The third wave of interviews indicated that the entrepreneurs were largely better educated than the population at large and that they had developed an increased awareness of the business environment, its opportunities and constraints. They welcomed support for the future but were wary of the conditions that might be attached. They did, however, provide an indication that offered appropriate opportunities they were willing to further expand their businesses and support others in their community who wanted to develop business ideas.

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