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Entrepreneurship
Gender, Geographies and Social Context

Edited by Thierry Burger-Helmchen



ENTREPRENEURSHIP - GENDER, GEOGRAPHIES AND SOCIAL CONTEXT

Edited by **Thierry Burger-Helmchen**

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Preface

The birth and infancy of entrepreneurship was turned into a specific area of academic study and empirical research quite early. The field greatly evolved, and at the same time, a constant urge to deal with real problems existed, from firm creation to industrial growth, including firm strategy and economic policy.

Economic, sociological, and managerial academics began to devise a detailed and interpretative framework for the study of entrepreneurship. Many people came from different fields, and there was a need to overcome the limitation of the standard neoclassical theory of entrepreneurship. New areas of research were embraced, thereby recognizing that powerful mechanisms are at work in entrepreneurship which now require systematic analysis.

The economics of entrepreneurship

Entrepreneurship, in a very broad sense, has always been at the heart of firm and industrial dynamics extoling influence at macro level. Starting with the analysis of the specific properties and effects of entrepreneurship as an economic function, researchers then proceeded to the historical and normative analysis of resource allocation mechanisms in the field of entrepreneurship. More generally, they analyzed the socio-economic institutions that could be relied upon to produce, mediate, and favor entrepreneurship.

Many authors tried to define Entrepreneurship

“Entrepreneurship is an act of innovation that involves endowing existing resources with new wealth-producing capacity”

Drucker (1985)

“Entrepreneurship is a process by which individuals pursue and exploit opportunities irrespective to the resources they currently control”

Stevenson (1985)

“Entrepreneurship is the creation of organizations, the process by which new organizations come into existence”

Gartner (1988)

“Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity drive, holistic in approach, and leadership balanced”

Timmons (1997)

“Entrepreneurship is about how, by whom, and with what consequences opportunities to bring future goods and services into existence are discovered, created and exploited”

Venkataraman (1997)

From these definitions, we can see that the academic understanding of entrepreneurship broadened over time. The first dimension of the entrepreneurial space is the continuum between economic approaches oriented towards the origin and context of entrepreneurship, social science approaches, and managerial concerns. Among others, influences can also be found in the education context, or, the institutional context. And finally, researchers raised the question of what happens if we do not take those issues into account? What if we take them for granted and simply state that entrepreneurs do things differently, for whatever the reason, and have ideas in different ways other than economic factors?

The following table summarizes these three divisions of research in entrepreneurship.

	Approaches		
	Classical economic and social context Where	Education, development and institutional context Why	Managerial context How
Description of the entrepreneur, object of the study:	The entrepreneur is an important element of macro and local development. The impact can depend on gender, geographical location and social context.	Is one a born entrepreneur? Does one become an entrepreneur through a specific education system or a special institutional context?	The entrepreneurial process, the detection of opportunities, the development of ideas, creativity, and innovation. The construction of new business models
Sectors of interest:	Political level (country, region, town level)	Educational system, historical studies, political influence	Economists involved in theory of the firm, management science

The three volumes of entrepreneurship are each dedicated to one of the above divisions. The first volume **“Entrepreneurship - Gender, Geographies and Social Context”** sheds new light on how the entrepreneur is an important element of macro and local development by taking into account gender, geographical places, and social context.

The second volume “**Entrepreneurship - Born, Made and Educated**” raises the question why some human beings turn into great entrepreneurs. Is it a gift of Mother Nature, or the outcome of a specific education system or from other institutional construction?

The last volume “**Entrepreneurship - Ideas, Creativity and Innovative Business Models**” is more managerial oriented and takes into account the detection of opportunities, the creative processes, and the impact of the entrepreneurial mindset on business models.

Entrepreneurship - Gender, Geographies and Social Context

Entrepreneurship, in a gender-related approach, is tackled by the following works from the contributions in **Section I: Gender and Entrepreneurship**. **Section II: Geographies and Entrepreneurship** is composed of eight articles where the geographical origin of the entrepreneurs or the geographical location of their actions play a special role. The last six chapters of the book correspond to **Section III: Social Context and Entrepreneurship**. In this section, several presentations study the characteristics of some specific contexts, such as the agricultural context, farming, and family business.

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Part 1

Gender & Entrepreneurship

Gender Differences Among Social vs. Business Entrepreneurs

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1. Introduction

A rapidly growing body of research attests to the interest in **women's entrepreneurship** (e.g. Boyd, 2005; Bruni, Gheradi, & Poggio, 2004; Brush, Carter, Gatewood, Greene & Hart, 2006; Lerner & Pines, 2011; Mulholland, 1996; Pines, 2002; Pines & Schwartz, 2008). This interest is relatively recent (Humbert, Drew & Kelan, 2009). As Carter and Shaw (2006) have noted, research on entrepreneurship has been moving from looking at *whether* gender makes a difference to *how* it makes a difference. This chapter is a case in point.

Despite the growing interest and despite the fact that the number of women entrepreneurs has accelerated radically in recent years (Weiler & Bernasek, 2001) the **gender gap in entrepreneurship** is still very big. This is clearly evident in the Global Entrepreneurship Monitor (GEM) Reports on Women and Entrepreneurship (Allen, Elam, Langowitz & Dean, 2007; Allen, Langowitz & Minniti, 2006; Minniti, Allen & Langowitz, 2005) that examined the rates of entrepreneurship in over 40 countries and showed that in all these countries the rates of women's entrepreneurship were lower than men's. The 2009 data are based on 55 countries, but the picture remained very similar, as can be seen in the data presented in GEM Figure 1 which show early stage entrepreneurial activity rates by gender (Bosma & Levie, 2009 p. 25).

Even a cursory examination of GEM Figure 1 reveals several interesting findings, such as the very different rates of entrepreneurship in the different countries, ranging from as low as five percent to as high as over 35%. Part of the explanation for these differences, suggested by GEM, are the different types of economies, ranging from the poorest factor driven economies, through efficiency driven economies, all the way to the most advanced innovation driven economies.

Another interesting finding is the different percent of women as compared to men entrepreneurs in the different countries, ranging from a relatively small difference in countries such as Ecuador, Brazil and Tonga to a relatively large difference in countries such as Korea, Norway and France. In only two countries, Guatemala and Brazil, the percent of women entrepreneurs was higher than that of men. In all other 53 GEM countries, the percent of men entrepreneurs was higher than that of women.

The surprising finding that the percent of women entrepreneurs is higher in countries where the general income per capita is small and where women have no other option for

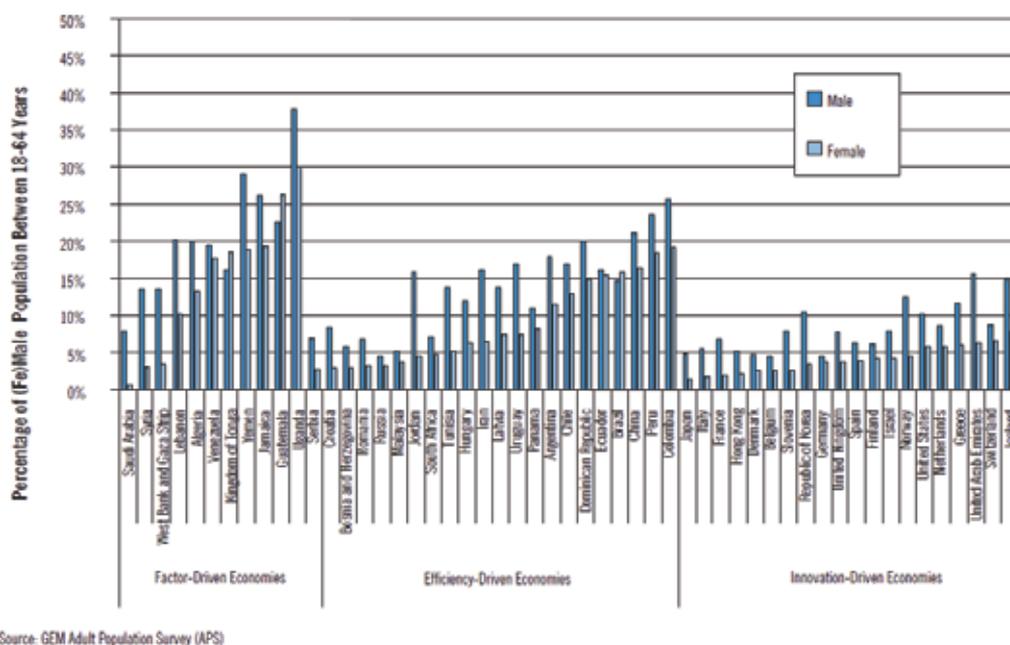


Fig. 1. Early-Stage Entrepreneurial Activity Rates by Gender, 2009.

making a living (such as Ecuador) and lower in countries where the general income per capita is high (such as Norway) has been explained as a result of the **difference between "necessity" and "opportunity" entrepreneurship**, with necessity entrepreneurship found to be more prevalent among women (Allen, et al., 2006; Allen, et al., 2007; Bosma et al., 2009; Reynolds, Bygrave, Autio, Cox, & Hay, 2003). Related terms used in the entrepreneurial literature are "push" vs. "pull" factors, where "push" factors force people to become entrepreneurs, while "pull" factors attract them to entrepreneurship (Orhan & Scott, 2001). Women in poor countries, it seems, are more influenced by "push" than by "pull" factors. In other words, when women are forced to by economic conditions they can be much more entrepreneurial; which is to say, women's entrepreneurship is as much a result of circumstances as it is a result of innate tendencies.

This conclusion times the question of gender differences in entrepreneurship to the larger question of the origins of gender differences in human behavior. As noted by Eagly and Wood (1999), the origins of sex differences in human behavior may lie mainly in evolved dispositions that differ by sex or mainly in the differing placement of women and men in the social structure. The difference between these two options is critical because if gender differences are the result of social forces such as socialization, cultural norms and gender roles and stereotypes, they can be assumed to be changeable (e.g., Deaux & LaFrance, 1998; Ruble & Martin, 1998; Spence & Buckner, 2000). But if they result from evolutionary forces (e.g., Buss, 2000; Fisher, 1999) then they are innate and fundamentally unchangeable.

The discovery of cross-cultural variation in gender differences in entrepreneurship can be viewed as supporting the social structural (rather than evolutionary or biological) explanation for gender differences in entrepreneurship. Another finding that can support

the social perspective, is similarity in entrepreneurship between men and women. Such similarity can be explained by Schneider's (1987) Attraction Selection Attrition (ASA) model. Schneider's basic proposition is that the processes of attraction to organizations, selection into organizations, and attrition from organizations produce over time a restriction of range on individual differences. Consequently, people who remain in an organization over time come to be rather similar. This has been referred to as the homogeneity hypothesis (e.g., Denton, 1999; Schneider, Smith, Taylor, & Fleenor, 1998). Based on Schneider's model, it can be expected that men and women who are attracted to an entrepreneurial career, who go through the selection process that screens out those who don't have the needed attitudes and personality, and who acquire the skills and experience needed for running a business, end up being rather similar, whether they are male or female.

This proposition was examined by Pines and Schwartz (2008) in three studies that addressed gender differences in entrepreneurship. Each study focused on a different subject population and different entrepreneurial activity. The first was a national telephone survey of adults. Its results showed few gender differences in entrepreneurial values. However, women described themselves as valuing job security more than men and men described themselves as more confident and as loving challenges more than women.

The second study involved management students who responded to a self-report questionnaire. Its results showed large gender differences in the willingness to start a business. About twice as many male than female students either had a business or intended to start one. Male students viewed themselves as more suitable to be a business owner, expressed greater preference for being one, and described themselves as being more entrepreneurial.

These findings can be explained by women's tendency to perceive themselves in a less favorable light as entrepreneurs than men (Langowitz & Minniti's, 2007). However, all these gender differences almost disappeared in the group of the management students who either owned a business or intended to start a business.

The third study involved interviews with small business owners. Its results showed far more similarities than differences between male and female business owners, including similarities in demographic characteristics, work and businesses characteristics and reasons for starting a business.

Combined, the three studies can be interpreted as supporting Schneider's (1987) ASA model and the social perspective on the origin of gender differences in the case of men and women entrepreneurs. The current chapter extends the discussion of **the gender gap in entrepreneurship to a comparison between business and social entrepreneurs.**

Social entrepreneurship has been growing fast in recent decades with the growing number of third-sector organizations, the segment of the economy that is neither public nor business. The trend in many countries of adopting the ideology of diminishing government involvement in the economy and in society has made it increasingly more difficult for welfare states to answer social needs and claims, and has broadened their reliance on the activities of the third-sector nonprofit organizations (NPOs) (Sharir & Lerner, 2006). As a result there is growing interest in the activities of social entrepreneurs in different countries and contexts.

Social entrepreneurs have been described as "People who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet and who gather the necessary resources and use these to 'make a difference'"

(Thompson, Alvy & Lees 2000). As such, social entrepreneurs are perceived as change agents who create and sustain social value without being limited by the resources at hand (Stevenson & Jarrilo, 1991).

Like business entrepreneurs, social entrepreneurs establish new organizations, develop and implement innovative programs, and organize or distribute new services. Even though they are differently motivated, the challenges and problems facing social entrepreneurs during the initiation, establishment and institutionalization of their ventures resemble those faced by business entrepreneurs (Yitzhaki, Lerner & Sharir, 2008). However, their activity is valued by their ability to maximize social rather than economic returns (Sullivan Mort, Weerawardena & Carnegie, 2003).

It appears that the main difference between entrepreneurs operating in the business sector and those operating in the not-for profit sector is in the latter's sense of mission and service as opposed to the goal of profitability and financial gains that characterizes the former. A sense of mission and a commitment to service, as opposed to profit, also characterize women (e.g., Fisher, 1999; Helgesen, 1990; Henning & Jardim, 1978). Thus the gender gap in entrepreneurship can be expected to be smaller in social entrepreneurship as compared to business entrepreneurship. In other words, the rate of women in social entrepreneurship can be expected to be similar or even higher of the men.

2. Results

The results of a GEM 2009 study of gender differences in Social Entrepreneurial Activity (SEA) (Bosma & Levie, 2009) offer partial support for this proposition. These findings revealed that social enterprises were more likely to be started by men than by women, but the gender gap was not as big as the Total Entrepreneurial Activity (TEA) in business enterprises. These results are evident in Figure 2 below. Figure 2 presents men's and women's mean SEA and TEA entrepreneurial activity by type of economy based on GEM 2009 data.

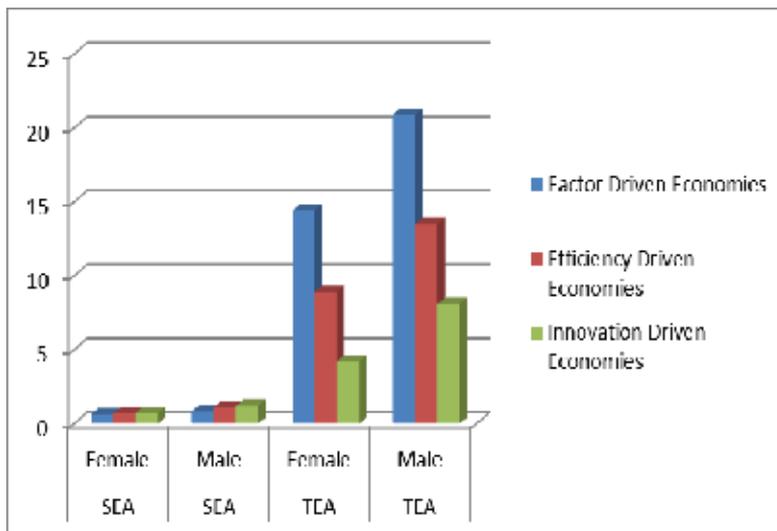


Fig. 2. Men's and women's mean entrepreneurial activity by type of entrepreneurship and type of economy.

It is clear from Figure 2 that the rate of Social Entrepreneurial Activity (SEA) of women was very similar across the three different categories of economic development, while the rates of men's SEA increased with economic development (lowest in Factor driven economies and highest in Innovation driven economies).

A further examination of the gender gap in entrepreneurial activity is suggested in Table 1, which compares men and women's early stage SEA and TEA in the three types of economies, based on GEM 2009 data.

	SEA				TEA			
Factor Driven Economies								
	1	2	3	4	5	6	7	8
	Female	Male	Difference= Male- Female	Relative Difference= Difference/ Male	Female	Male	Difference= Male- Female	Relative Difference= Difference/ Male
Average	0.6	0.8	0.2	0.3	14.4	20.9	6.6	0.4
Std.	0.6	0.7	0.2	0.5	9.2	8.4	4.1	0.3
Efficiency Driven Economies								
Average	0.7	1.1	0.4	0.3	8.9	13.5	4.6	0.4
Std.	0.6	0.6	0.4	0.4	5.7	6.2	3.5	0.3
Innovation Driven Economies								
Average	0.7	1.2	0.5	0.4	4.2	8.1	4.0	0.5
Std.	0.6	0.9	0.8	0.3	1.9	3.5	2.6	0.3

Table 1. Comparison between Social Entrepreneurial Activity (SEA) and Total Entrepreneurial Activity (SEA), by Type of economy and by Gender (Percentages)

Table 1 presents the percent of women's SEA (column 1) and TEA (column 5), the percent of men's SEA (column 2) and TEA (column 6) the difference between women's and men's SEA (column 3) and between women's and men's TEA (column 7), and the relative difference in men's entrepreneurial activity (the percent difference divided by the percent of employed men) for SEA (column 4) and TEA (column 8).

Table 1 and Figure 2 show very clearly the differences between SEA and TEA, between men and women and among the three types of economy. They demonstrate the following:

- Business related entrepreneurship is much more prevalent than social entrepreneurship
- Men are more entrepreneurial than women
- There are different entrepreneurial rates in Factor, Efficiency and Innovation driven economies
- The gender differences in entrepreneurial activity are smaller in SEA than in TEA.
- Women's SEA in the three types of economy is much more similar than women's TEA.

Table 2 and Figure 3 present the relative difference (i.e., Male-Female/Male) between men's and women's Early-Stage SEA and TEA, in Factor, Efficiency and Innovation Driven economies.

	SEA		TEA	
	1	2	3	4
	Average	SD	Average	SD
Factor Driven Economies	0.3	0.5	0.4	0.3
Efficiency Driven Economies	0.3	0.4	0.4	0.3
Innovation Driven Economies	0.4	0.3	0.5	0.3

*Relative Difference= (Male-Female)/Male

Table 2. Comparison of the Relative Gender Difference* in SEA and TEA by Type of Economy: Averages and Standard Deviations

Only the relative rates (means and SDs) in the entrepreneurial activity of the three types of economies are presented in Table 2: in column 1 the mean for SEA and in column 3 for TEA, in column 2 the SD for SEA and in column 4 for TEA.

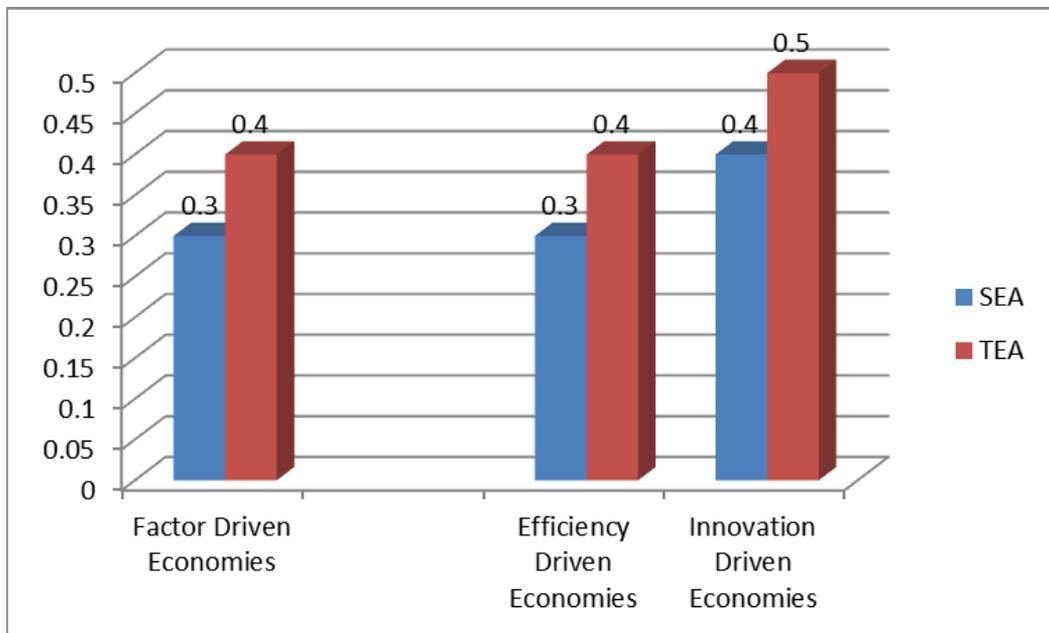


Fig. 3. Comparison of the Relative Gender Difference* in SEA and TEA by Type of Economy

Once again Table 2 and figure 3 make the relative differences between SEA and TEA, between men and women and among the three types of economy abundantly clear:

- When the comparison made in relative, rather than in absolute terms, the gender differences in SEA and in TEA become smaller.
- Nevertheless, there are still relative differences between SEA and TEA, with smaller gender differences found in SEA in all three types of economy.
- The relative gender difference is somewhat smaller in the less developed Factor and Efficiency driven economies and higher in more developed Innovation driven economies, but still, the relative difference is smaller in SEA than in TEA.

- Looking at the Standard Deviations of the relative gender differences, it seems that the variability among the countries in each of the types of economy is higher in SEA than in TEA. This variability may be a reflection of the fact that this type of entrepreneurial activity is often the result of specific social and economic conditions. The higher the level of the economy, the more SEA becomes established, and probably becomes an integral part of the economic life, which causes the cross-cultural variability to diminish. Thus, the greatest variability in SEA is found in the Factor driven economies, and the lowest, in Innovation driven economies.
- However, the variability of relative gender differences in TEA is very similar in the three types of economy, with no relationship to their economic level. It seems that TEA, which represents all different types of business activities, is part of the general economic fabric of countries.

3. Discussion

3.1 Difference between Total Entrepreneurial Activity (TEA) and Social Entrepreneurial Activity (SEA)

The overall lower level of SEA, when compared to TEA, may be related to several reasons, paramount among them is the fact that social ventures tend to have lower levels of turnover than business related ventures, where as turnover is part and parcel of a competitive market.

One possible explanation for the finding that SEA is highest in more developed (Innovation Driven) economies and lowest in the least developed (Factor driven) economies, is that individuals in wealthier countries, having satisfied their own basic needs, may be more likely to turn to the needs of others. In other words, the opportunity cost of social entrepreneurship may be higher in developing countries (Bosma & Levie, 2009). This is unfortunate, because social and environmental problems are often more prevalent in developing countries.

Examined through the lenses of opportunity vs. necessity entrepreneurship, it seems that necessity social entrepreneurship is comprised of people who were expelled from the job market and are looking for ways to get back to it. Raising awareness to social issues around them, they are able to raise financial as well as other resources. Opportunity social entrepreneurship, on the other hand, originates in worldwide trends including the shrinking role of governments in the provision of social services, the privatization of public services, and the rise in standard of living which increases awareness of the need for further services. In opportunity entrepreneurship there is a fundamental difference between less developed countries where the focus is on survival and more developed countries where ventures may be related to the standard and quality of life, such as environmental and conservation issues.

Another explanation for the finding that SEA is higher in more developed economies and lower in the less developed economies (suggested by Bosma & Levie, 2009) is that the definitions of a traditional business enterprise and a social enterprise may overlap in developing countries, whereas they may be more distinct in developed countries. William

Baumol has suggested that the level of entrepreneurship is the same across countries, but that entrepreneurship is manifested in different ways depending on the institutional context (Baumol, 1990, 1993). In wealthier countries, social entrepreneurship may replace business entrepreneurship, at least to some extent. SEA rates are much lower than TEA rates in almost all countries. SEA as a proportion of SEA plus TEA, but not SEA itself, tends to increase with GDP per capita, providing partial support for Baumol's hypothesis of substitution of one form of entrepreneurship for another.

In some countries, the level of overlap of social and business entrepreneurship is quite significant, such as Peru (2.5%), Colombia (2.8%), Venezuela (1.7%) and Jamaica (2.0%). This finding is important, as it indicates that "social" and "business" entrepreneurship categories may be blurred. Earlier reported TEA levels in these countries may have included a small but still considerable level of social entrepreneurs who were running "social businesses" (Allen et al., 2007 p. 11).

3.2 Gender difference in Total Entrepreneurial Activity (TEA) and Social Entrepreneurial Activity (SEA)

Examination of entrepreneurial behavior around the globe yields a clear picture of a gender gap. Overall, men are more likely to be involved in entrepreneurial activity than women. This gender gap is evident in both early stage entrepreneurial participation and established business ownership, and it exists irrespective of the economic level of the country, from the lowest Factor driven economies to the highest Innovation driven economies.

The gender gap is more pronounced in high-income economies than in either low or middle-income economies. As noted in the introduction, these differences can be explained as reflecting the difference between "*necessity*" and "*opportunity*" entrepreneurship, (Allen et al., 2006; Allen, et al., 2007; Bosma & Levie., 2009; Reynolds et al., 2003;) or "push" vs. "pull" factors (Orhan & Scott, 2001).

While men are more likely to be involved in entrepreneurial activity than women overall, there are several interesting exceptions. In Japan, Brazil, Peru, and Thailand, for example, the entrepreneurial activities of women equal or exceed those of men (Allen et al., 2007, p.13). The gender differences are also small in Latin America and Caribbean countries. These findings may be explained in part by the differences in choices for women across these country groups in which labor markets, institutional structures, and cultural norms provide a varying array of incentives to women's entrepreneurial activity.

When examining the gender gap in social entrepreneurship, it seems that while the gender gap still exists (there are more men than women social entrepreneurs), the difference is smaller. Furthermore, there is no difference in the rate of women social entrepreneurs in the different types of economies. The consistent gender difference can be related to the findings reported by Pines and Schwartz (2008) of women's greater reluctance to start a business, self-perception as being less suitable to be a business owner and less entrepreneurial than men; to Langowitz and Minniti's, 2007 finding of women's tendency to perceive themselves as less entrepreneurial, and to GEM data showing that men are more likely than

women to say that they have the knowledge, skill and experience required to start a new business, while women are more likely to say that fear of failure would prevent them from starting a venture (Allen et Al., 2007).

The fact that a gender gap, albeit smaller than the gender gap in TEA, still exists in SEA is significant and worrisome, because as noted earlier, social entrepreneurship seems to be an area to which women are expected to be attracted and in which they are expected to have a relative advantage.

In our global village, public companies that are traded in the stock market in developed countries (especially in those that are characterized as Innovation driven, but gradually also in those defined as Efficiency driven) have to publicize in their balance sheets their contribution to the community. This fact, combined with the fact that a contribution to the community has become a trade mark asset, increases the prevalence of social ventures and encourages business leaders and public service leaders to initiate various social ventures. This type of social entrepreneurship is lead by high ranking public and private officials, who tend to be male, especially in the economic areas that tend to have money for ventures.

Women in high ranking positions, however, tend to have greater difficulty taking on additional roles, since many of them still carry the main responsibility for household and child care. In addition, the economic crisis in recent years has challenges social ventures, that have to deal with budget cuts and function like traditional businesses that have to operate within strict budgetary limitations and at times even create revenues. The result of this trend is that the skills needed for managing social ventures are similar to those needed for managing regular ventures, and as noted earlier there is a big gender gap in those skills.

This is critical because as social entrepreneurship is growing (especially in Innovation driven economies), there is a growing danger that women entrepreneurs will again find themselves lagging behind, and given the lower turnover rates in SEA, the danger is that this lag will remain.

4. Implications

The findings related to the gender gap have theoretical implications for gender theory and research and for entrepreneurship theory and research. They also have important practical implications. A study by Wilson, Kickul and Marlin (2007) demonstrated a relationship between self-efficacy and career intentions and showed that the effects of entrepreneurship education in MBA programs on entrepreneurial self-efficacy was stronger for women than for men. The implications for the importance of entrepreneurial education and training for women are obvious.

Other implications involve the development of social networks for women entrepreneurs that will support and empower them through all the stages of establishing their venture – be it a business or a social venture.

The findings related to the difference between SEA and TEA have important implications for business owners and managers and for policy makers as contribution to the community

and social responsibility is fast becoming an important strategic asset of companies and part of the creation of value for business owners.

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Gender and Entrepreneurship in Uganda: Women Manoeuvring Economic Space

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1. Introduction

Despite the vastness and depth of the entrepreneurship literature, there is a gap between women's experiences of the phenomenon and what explanations traditional research is producing in academic setting. This means that explanations of entrepreneurial experiences remain largely rooted in orthodox perspectives focused on comparisons of male and female entrepreneurs. Yet such an approach does not illuminate how and why entrepreneurship came to be defined and understood in relation to the behavior of only men.

Inadequacies in comprehending the phenomenon of entrepreneurship by the orthodox approaches have led to the criticism that the concept of entrepreneurship is discriminatory (Billig, 1994), gender-biased (Moore, 1990; Stevenson, 1990), ethnocentrically determined, and even in some respects ideologically controlled (Armstrong, 2001; Ogbor, 2000). More specifically, Ogbor (2000) argued that the discourse on entrepreneurship can potentially sustain not only prevailing societal biases, but also serve as a tapestry for unexamined and contradictory assumptions and knowledge about entrepreneurs. Feminist critics have similarly pointed out weaknesses in the ability of the orthodox frameworks in small business and entrepreneurship research to advance theories relevant to women's experiences. Moreover, despite appeals by researchers (Davidson & Wilklund, 2001; Low & MacMillan, 1988; Shane & Venkataraman, 2000) for alternative approaches, many problem formulations and research themes in the entrepreneurship literature are mainly approached from a particular paradigmatic orientation.

The above arguments suggest that while the research on female entrepreneurship has provided much insight into the behaviours and characteristics of some women business owners, much of the focus has remained on strategies through which female entrepreneurs can mimic the male norm. Such an orientation is guided by an interest in sex-equality, defined as women's similar access to success in business ownership as men's. Citing the limitations that have been recognized with these basic approaches to the study of women and gender which initially looked promising, Ahl (2006) argued that they are inadequate for understanding gender and women's activities. Ahl's argument was that the women's own perspectives are lost in these strategies of adding women, not merely by their under-

representation in research, but by the fact that whenever they are represented, they are represented in the terms controlled by the dominant groups, rather than their own terms and with their own voice.

Against that background, although women have been included in a number of studies on entrepreneurship in recent years, there has been little focus on challenging traditional definitions of entrepreneurship or in developing new methods to collect information on entrepreneurship. As such, while there has been some reflection on the difference which the sex of the business owner makes, this reflection has not been contextualized within theoretical understandings of the ways in which entrepreneurial work is socially constructed. That is the ways in which entrepreneurial work is situated within gendered processes which form and are formed through relationships between work, organizational structure and the sex of the entrepreneur.

2. Doing gender and entrepreneurship

Discussions in the previous section made reference to problems involving culture and gender in relation to the entrepreneurial experiences of entrepreneurs in contexts different from those on which much of the dominant discourses are based. As such the case for linking gender and culture in the analysis of activities of entrepreneurs is a compelling one. That is, it's pertinent to focus on ongoing and context specific practices and the relationships that are created through them. In this case (with respect to the study on which this chapter is based), what else are Ugandan women and men doing under the mantle of entrepreneurship discourses?

The argument has long been made that gender is culturally determined. Oakley (cited in Mills, 1988), for example, distinguished between sex and gender, arguing that sex refers to basic physiological differences between men and women, while gender refers to culturally specific patterns of behaviour which may be attached to the sexes. In other words, gender refers to a set of assumptions about the nature and character of the biological differences between males and females; assumptions that are manifest in a number of ideas and practices which have a determinant influence upon the identity, social opportunities and life experiences of human actors (Mills, 1988). In respect to entrepreneurship, they are assumptions that have tended to be taken for granted in discourse and praxis (Ogbor, 2000). This has led to calls for a shift in epistemological position to the study of entrepreneurship (Steyaert & Hjorth, 2007; Rindova, Barry & Ketchen, 2009). Along with others in the entrepreneurship literature (e.g. Blake & Hanson, 2005), the work of Bruni, Gherardi, and Poggio (2004a, b) which used feminist theorizing are good examples to this effect. Bruni et al. (2004a, b) argue that gender and entrepreneurship become mutually constituted through gendered practices performed on a daily basis. That is, doing entrepreneurship is also doing gender. Inspired by such approaches to entrepreneurship scholarship, this chapter takes the social constructionist approach to feminist theorizing as appropriate for these purposes. First, all feminist theorizing is premised on the assumption that gender is fundamental in the structuring of society, with women being historically disadvantaged, and it seeks to end this condition. To this end feminist scholars critically analyse social agendas and consider all forms of knowledge (including that of entrepreneurship) as advancing the interest of some and not others (Harding 1991). As such feminist theorizing offers possibilities for critical

scholarship which can encourage reflexive theoretical analyses when researching entrepreneurship.

Second, feminist theories are not only about 'women's' issues (i.e., studying women *qua* women) (Maynard, 2004a). Rather, by using feminist theories as conceptual lenses, a more inclusive social research practice, one that brings in the concerns of others, not just women, who are directly effected by global social and cultural practices and discourses, can be created (Maynard, 2004a, b). In Africa diverse perspectives on feminism can be found in the contemporary literature (Lewis, 2001). Indeed a range of perspectives are encompassed by feminist scholarship in Africa (Arnfred, 2004; Lewis, 2001; Sadiq, 2002). Recurring themes include the divide between continental Africans and those in the diaspora, the diversity in 'African' feminisms which includes womanists (Kolawole, 1997), black feminists, African feminists, or post-colonial feminists (Pereira, 2002; Touré, Barry, & Diallo, 2003); and varying forms of engagement with 'Western' feminism. However, what is crucial to the question of how women in different socio-cultural and historical locations organize, around what kinds of issues, whether or not they view their activities as feminist, and if so, how they formulate their relations to feminism, is that their struggles have been not only a response to oppressive features of their own societies, but also a fight against the imposition of Western norms (Pereira, 2002).

Those who advance social constructionist ontology argue that a focus on gender relations brings the analyst's attention not simply to the sex of participants as embodied actors but to the cultural production of their subjectivities and material production of their lives (Ahl, 2006). From these processes emerge power-laden, contested, and ever changing social terrains where diverse interests play out (Calàs, Smircich, Bourne, 2009). In terms of entrepreneurship, as Calàs et al (200) suggested, two questions come to the fore: in which ways is entrepreneurship implicated in those gendering processes and practices? What else can be revealed about entrepreneurship through analyses of those processes? Using examples from Uganda, the next sections focus on contextual dynamics in entrepreneurship that are less visible in the extant entrepreneurship literature.

3. The study

3.1 Context

According to the report by the Uganda Bureau of Statistics (2007) on the Uganda Business Register of 2006/2007, informal sector businesses constitute the largest number of businesses in Uganda. This is particularly the case in the trade sector into which over 60% of the national businesses fall. As the report observed, the informal sector has turned out to be very important in terms of employment creation. Despite quantitative measurement of the contributions of female micro-entrepreneurs to the GDP being slow in coming, the trading and services sectors (especially food and beverages, textiles, retail trade, pottery), which have led to the high rate of economic growth in the informal economy (Global Entrepreneurship Monitor [GEM] Uganda 2004 Executive Report), are areas of female dominance.

In Uganda, the history of women's entry into the business world in some ways parallels, but is distinct from, that of men. As Snyder (2000) noted, the contemporary story of

female entrepreneurs in Uganda is also the story of the country's experience of, and recovery from, civil war and its legacy of death, destruction and fear. In terms of explaining the rise in women's entrepreneurship, Uganda's case is unique because "a veritable explosion of Ugandan African entrepreneurship was born out of the need to survive amidst chaos" (Snyder, 2000; p. 17), since the civil wars and economic crises that engulfed the country in the 1970s and early 1980s had such profound demographic and structural impacts.

3.1.1 Gender ideology¹ and the challenges to female entrepreneurship in Uganda

In Uganda, men and women are connected through kinship relationships that, in turn, are nested in broader structural domains, such as ethnic groups and classes (Ssetuba, 2002; Tادريا, 1987; Wakoko & Lobao, 1996). The values and beliefs generated by this system create gender differences in social behaviours, and at the same time reinforce and maintain the status quo in terms of economic and social relations (Tادريا, 1987). In Uganda, these distinctions are articulated in proverbs, jokes and myths, and in informal and formal discussions (Ssetuba, 2002). In contrast to other African nations, where gender ideologies stress the role of women as both producers and reproducers (Overa, 2003), in Uganda Tادريا (1987) noted that a woman's worth is measured first in terms of what she can offer to family survival. That is, in terms of procuring and processing food (Tادريا, 1987). In addition, childbearing is considered an added advantage in marriage. Following this tradition, and as a result of the fact that a high proportion of women live in rural areas, over time Ugandan women have come to provide 60% of the labour force in the agricultural sector and account for over 80% of the labour force in food production (Snyder, 2000).

According to Bantebya (1992) the analysis of the societal impact of colonialism on women's economic activities suggests that this system was more detrimental for women than for men. After all, as Tادريا (1987) observed, in Uganda men became part of the money economy while the women remained in the traditional sector. More specifically, Tادريا (1987) argued that the economy was demarcated into two ideologically-aligned sectors: a local sector dominated by women and characterized by the sale of agricultural produce and other commodities around the homesteads, and the external sector dominated by men (men who migrate from their homes to engage in a variety of cash-generating activities). However, consciousness of discrimination by formal institutions has been on the rise in recent times in Uganda, and women's recent actions in politics (Goetz 2002; Tamale, 1998; Tripp, 1999, 2001), entrepreneurship (Snyder, 2000) and finance (Guwatudde, 1994) have been acknowledged by scholars. It is even suggested that these actions have created changes in gender ideology and power relationships at both the social-structural, and the household levels (Wakoko & Lobao, 1996).

The economic crisis discussed above embraced the position of many Ugandan women, especially poor and peasant women, and weakened the basis of men's domination. With the decline of agriculture in the 1970s, which had been dominated by men, women learned to

¹ Wade and Tavris (1994) suggested that in a given society people hold a model or ideology of gender in which differences - and the basis and justification for differences between the sexes - are explicated.

work outside of their homesteads. Thus, the National Resistance Movement's [NRM's] ascent to power was critical for entrepreneurship because it provided an encouraging environment that came with stability. In spite of these successes, Ugandan feminist groups complain that their countrywomen still have a long way to go before their efforts can bear any significant fruits. Although the Ugandan government has offered strong leadership in promoting women's rights - something the feminist groups admit - economic factors and the lack of supporting infrastructure continue to prevent women from achieving gender parity. A look at the recent Uganda Business Register survey sheds more light on this. For instance, in the report on the Uganda Business Inquiry of 2006/2007 the trade sector has the highest value added, namely 735 billion shillings. In addition, most businesses in this sector are in the one to four employees size band. However, although the report revealed that women entrepreneurs are mainly to be found owning the small businesses employing between one and four persons, the report treats and characterizes women workers in the economy as a minority, and explains the differences between men's and women's businesses as a result of women owners' lesser qualifications in terms of human, social and financial capital. This is paradoxical in the sense that women's progress in business ownership remains virtually invisible while a few demographic differences between men's and women's businesses are documented.

Similarly, Snyder (2000) observed that whereas women in Uganda now have the instruments for their political empowerment (enshrined in the 1995 constitution), women's economic power has not been boosted with similar positive policies and actions. Thus, such features make Uganda a particularly interesting place for research that addresses questions relating to experiences of female entrepreneurs.

3.2 Study design and methods

In this study, a choice was made to undertake a narrative type of inquiry because of three contributions that such an approach has been observed to make to research studies that emphasize interpretation, rather than prediction. First, it has been observed that narrative inquiry provides an internally consistent research approach when asking questions that relate to meaning and interpretation. Second, narrative inquiry is an appropriate methodology to capture complex interpretations of experience because it captures context and makes space for the multiple representations of various voices with a stake in the research (Dodge, Ospina, & Foldy, 2005). Finally, it taps into the unique kind of knowledge that is communicated through stories.

In order to carry out a narrative form of inquiry, a number of research techniques were used to generate stories about participants' entrepreneurial experiences. This meant that the researcher listened carefully to how the participants thought about their lives, and critically to how traditional social sciences scholars conceptualized women's and men's lives. In terms of specific techniques, the study utilized in-depth interviews and short life-story forms of interviewing.

The sampling strategy followed that of Byrne (2004), broadly described as a purposive approach. That is, the selection of participants was based on information derived from already available sources of data, such as life-history documents relating to some of the

participants. These sources were used to identify and locate appropriate participants who would then be approached and asked to participate. In some cases, snowball sampling (Byrne, 2004) was also followed. In the snowball strategy, some of the participants identified potential participants who were then approached by the researcher. As it has been observed in the literature, life-history research typically relies on small sample groups (Plummer, 2001). In this study, this meant that the participant sampling was based on considerations of data quality, rather than on statistical representativeness.

The current study made the following three assumptions that underpin three approaches to narratives discussed in this paper. The first assumption is that the stories of entrepreneurs tell about their experiences in their entrepreneurial activities give us access to the arguments, intentions, and meanings that support entrepreneurship (narrative as language). Secondly, entrepreneurship as practice is a legitimate source of knowledge from which to draw lessons about entrepreneurship, which can then be applied to other contexts (narrative as knowledge). The third assumption is that even though an entrepreneur may actively resist societal structures of power, those structures may influence their work, producing incongruence between discourse and practice (narrative as metaphor).

In analysing and interpreting narratives generated during the research process, three assumptions guided the researcher's methodological choices and influenced the nature of the analysis that was carried out. Drawing on narrative as language, the researcher used stories about participants' entrepreneurial experiences as the primary source for exploring entrepreneurship practices. Life-story interviews facilitated the flow of stories and storytelling. Similarly, in order to tap into the wisdom of participants' tacit knowledge- so important to the narrative as knowledge approach- the researcher's emphasis was focused on access to the insights embedded in entrepreneurs' day-to-day practices. Finally, drawing from narrative as metaphor, texts were critiqued and deconstructed, rather than taking them at face value in order to decipher implicit shared meanings of the participants' narratives of their experiences, and possibly offering alternative interpretations of accepted views in entrepreneurship discourse. Integrating elements from all these approaches, the study combined formal narrative analysis, thematic coding, and deconstruction techniques to analyse the data.

Case stories in the study database fell into three main categories: bigmanship, African woman, and cultural entrepreneurship stories. These are briefly described as follows: bigmanship was a category of stories of a culturally idealized form of masculine character. Such stories came in two forms. In the first form, which was referred to as hegemonic masculinity, entrepreneurs in this category provided stories that were consistent with the idea of a male archetypical entrepreneur. In the second form there were stories that provided a defensive grappling with gender issues. That is, in their accounts, emphasis was on gender neutrality as the criterion of fairness.

Women entrepreneurs' stories of challenges, perseverance and triumph constituted the second category which is referred to as African woman stories. More specifically, African woman stories came in two forms: gendered identity and manoeuvring space stories. In the gendered identity story category, there is a certain tentativeness regarding the position of men in the female entrepreneurs' business lives. This is reflected in their views of the

current gender order and the accommodations they have to make. Manoeuvring space stories provide narratives of the ways in which gender is created and maintained in entrepreneurship discourse and practice. Cultural entrepreneurship stories provide narratives that tell of the meanings that entrepreneurs attach to, and the strategies for, success they adopt.

Rather than presenting case materials relating to entrepreneurial experiences of all the cases in the study, narratives of selected cases are presented in the next sections based on their potential to articulate issues relating to how female entrepreneurs manoeuvre economic space. Therefore a detailed presentation and discussion of “bigmanship”; cultural entrepreneurship as well as gendered identity stories is beyond the scope of this chapter. Interested readers can refer to Kikooma (2007; 2011).

4. Manoeuvring economic ‘space’² for female entrepreneurs in Uganda

While it’s still largely the case that local gender ideologies shape women’s economic opportunities in Uganda, this section presents two case studies of the extent to which female entrepreneurs manoeuvre space within the male economic space. In the third case study entrepreneur’s highlights one female entrepreneur’s effort to initiate a self-help association in order to deal with the hostility that was being directed at her ability to crop-farm successfully in a village with culturally biased negative attitudes towards progressive methods of crop farming.

4.1 Case study 1: The story of Uganda’s ‘woman publisher’³

Robinah’s story of how her company (RORASH Educational Publishers) was established starts with her experiences of working outside of the country with mostly international organizations. The characters in her story are family members, and the importance of family is apparent in her narratives. The success of the company is presented as being entirely dependent on her prior experiences while working with international publishers and the marketing skills acquired earlier. In her story, two characters from her family are mentioned in relation to how RORASH was established. Although their involvement in the process of establishing the company was acknowledged, it was taken for granted. For instance, the role of her brother is referred to only when describing the difficulty she had in communicating with Heinemann.

So Heinemann was looking for someone to represent them in Uganda and my former boss at Oxford University Press who [*sic*] I had worked with - the Heinemann staff in charge of Africa some years ago in Nigeria - recommended me. That is how the relationship started. I mean it was a long one. We missed each other, phones were not working. Sometimes they would travel to Kampala to come and meet me. I would not know how long the flight [would take?] I wouldn’t know ... So trips were made and

² The concept of space used here is based on Daly’s (1991) social constructionist understanding of economic space as no longer presenting itself as a fixed totality constructed independently of its articulations with other social practices.

³ That is how the media carried her story when it first came out (Kamugasa, 1998).

one of the reasons we missed each other was communication owing at the time. The telecommunication system was very poor. Finally we met. The first obstacle was phones. I would have to make an appointment to talk to him through my brother. So my brother would give him something like one or two days to try and locate me. And when I appear maybe his phone is not working. You know. That sort of thing. So it was like a rat race. I don't know how to call it. Eventually we met and they appointed me as their agent in Uganda. Sole agent.

Robinah's story of the creation of RORASH as sole agent shows how the ingredients of entrepreneurship described in 'epic' terms (Gabriel, 1998) acquire meaning not in the abstract, but by being framed within the entrepreneurial stories. Unlike other stories, the interweaving between the business and the family in its dimensions of gender are not described in problematic terms. In fact, it is at this point that difficulties emerge that make the apparently gender-neutral epic story reveal its carefully constructed gendered nature. For example, the husband's involvement in the business at any stage in the creation process, as well as after its establishment, is not made explicit except to mention that through his contacts, they (he and Robinah) were able to convince someone to give them a loan to cover the foreign exchange of 10,000 US dollars that were allocated by government to RORASH when it was being established.

I had to look for the equivalent Uganda shillings to cover the allocation ... It was not a liberalized market. So I had to get the match up in Uganda shillings and the equivalent at the time. I think this was seven million shillings. So you can quickly work out the rate at the time. So I used my husband's connection. My husband used to work with Bank of Uganda before we left the country; and remember foreign exchange was by allocation. So many allocatees become his friends. In other words, there were many business people whose applications were fronted by him. So we wrote to one of the friends to lend us seven million shillings. The friend offered the money interest free with only one condition; that the stock will be warehoused by the lender. So, in so far as I would withdraw certain quantities, sell off, pay off, then I would be allowed to withdraw more. This was not a hindrance on my part. If anything, it was ... it helped us cut on costs because warehousing costs would have hindered us.

For the most part, Robinah's story 'silenced' other stories, so to speak. The husband and his role in the business are not visible in the narratives. It is only at some critical junctures that his contribution is made reference to. Moreover, she referred to the character of her husband in unpretentious terms.

I think here, let me talk about my husband. He is a globe-trotter, but he is a shy man and he is not very sociable. For him, he likes sports, exercises. Unlike him, I am social. I like both dancing and parties. But he has had no problem with my activities. He gives me guidance whenever I seek it. Being a banker, he finds this sort of work a bit boring.

Here we see how the narrator's 'theory in use' (Bruni et al. 2004) can give meaning to discursive practices of story-telling situated in a specific spatial setting. Robinah's framing of her story seems to put emphasis on her part of the story of RORASH, and in so doing lessens the possibility of the husband's part of the RORASH story being seen as necessary

for anyone to understand the 'success' story of the company fully. That is why, although the husband's guidance is acknowledged as useful, it is presented as only given when it is sought for. Yet even the name RORASH (an acronym from the names of the couple - Robinah and Rashid) suggests that the husband is, in fact, central to this business, something which is not apparent in Robinah's narratives.

From Robinah's narratives, what is said (but also from what may not have been said of the company's success story) is here seen as mobilizing, and even legitimating an entrepreneurial figure with an image of a "woman multi-million publisher" as one newspaper once described her business prowess (Kamugasa, 1998, p.15). Thus, her narratives contribute to the hegemonic entrepreneurship discourse which glorifies an entrepreneurial male figure akin to what in the literature are masculine ideals related to risk-taking, authority, sexuality and paid work (Connell, 1995, 2001).

The work of Weedon (1987) may be instructive in examining the above examples. According to Weedon (1987), a post-structuralist perspective allows an investigator not just to evaluate the material possibilities available to women, but it also gives the investigator a sophisticated account of how discourse steeped in particular ideologies may make choices impossible or contradictory. In the case above, Robinah recognizes herself as an independent, successful business woman, but does not recognize the ways in which such a subject position is constructed and, in the words of Weedon (1987, p. 310), "assumes she is the author of the ideology which constructs her subjectivity".

4.2 Case study 2: A woman who ventured into a non-traditional domain

For a long time in Uganda the business of driving a public transport vehicle, let alone owning one, was a "man's thing". However, it was not to remain so forever. In November 1997 the *New Vision* newspaper wrote that when Victoria Muwanga decided to venture into the transport business like any other ambitious Ugandan, little did she know that it would be such a big issue. Nine months later, she not only captured the traffic officers' attention, but also won public acclaim (Rwomusana, 1997). The media described the shock on a passenger's face on realizing that the driver was a woman

A *matatu* [minibus] passenger bound for Ntinda from Kampala was deeply impressed with his driver's safety consciousness. "Drives carefully. Does not screech the brakes," he commented as he moved forward to congratulate the driver. Astonished, he blurred out, "Are you really a woman?" (Rwomusana, 1997, p. 14).

Driver Victoria is one of the female entrepreneurs in Uganda who tried to find new ways to enhance her livelihood. Although she acknowledged that her job (of driving the *matatu* [mini bus] - the most common form of transport) had been labelled as a 'men only' job in Uganda, she believed that this was changing as her passengers like 'her driving'.

As Kampala's first female *matatu* owner-driver, and probably also first in Uganda, her story compelled Snyder (2000) to include her in the book on "Women in African economies". Describing her experience in her new job, Victoria said: "You need to see the shock on people's faces, especially men, who enter my bus unknowingly and later discover a woman behind the wheel. But now they like my driving" (Snyder, 2000, p. 187).

Snyder hailed her for bravery and said that Victoria is unwilling to be sidelined because she is a widow and is determined not to become the burden to her family and community. When some men say that she is a *muyaye*⁴ her reaction is clear:

I do not care because I know I am not a *muyaye*; I am just earning an honest living. I have to survive. Women should not fear what people say. It is what you think, how you carry yourself that matters. Nothing is going to stop you from being a woman, a wife, a mother just because you drive a taxi! (Snyder, 2000, pp. 187-188).

Victoria plies the Ntinda-Kampala route, a service that earned her a vocational award from the Rotary Club of Mengo. "This is great. I did not expect such recognition and respect from these young people," she told the *New Vision* newspaper. She said the recognition made some members of her family who had been reluctant to accept her new profession, change their minds.

My eldest son who had insisted that his friends would laugh at him is now happy with my achievement. The big girl had encouraged me from the start but had probably not expected such an honour in a short time.

But why was she driving? Born into a polygamous family whose head was a medical assistant, Victoria tried her hand at many things. She dropped out of her secondary school education at senior three level upon her father's death. With a helping hand from a maternal uncle, she later enrolled for a nursing course in Nsambya, but this hope soon withered for the ambitious young woman when one time she (ad)ventured into a discotheque at night and was suspended together with friends. "Naturally, my uncle was disappointed, but being a forgiving parent that he is, he sent me to Nakawa to study secretarial," she said in her interview with the *New Vision* newspaper.

Victoria learnt driving as a young girl while living at her uncle's place, a man whom she regards highly. "My uncle was a minister and one could bribe his drivers to teach you how to drive. The first vehicle I drove was a Mercedes-Benz," she revealed. Victoria tried farming and food businesses for a while until a friend suggested buying a taxi. However, when she bought a taxi and gave it to a driver, with a relative to oversee, the two connived to cheat her. "For a whole year I got no money while the vehicle became ramshackled," she revealed. The hired drivers were using the vehicle to transport goats, *matooke* [green bananas] and other produce from many hundred miles away. "When I grew tired of all that, I thought that I could surely drive," she explains. She went to UTODA (Uganda Taxi Operators' and Drivers' Association) offices for a driving permit, and after undergoing several tests she was commissioned to drive. "It is best to be your own driver", she admits. Victoria believes there is no reason not to drive and hiring 'young boys', most of whom have never handled a million shillings before. "They can cheat an owner out of a hundred thousand shillings, then

⁴ In Uganda, more particularly in towns, *muyaye* is a derogatory term that is used to insult someone. According to Obbo (1991), the word *bayaye* (the plural of *muyaye*) originally referred to the unruly, marijuana [*njaye*]-smoking young men from Kyagwe county in Southern Uganda during the reign of Kabaka [King] Mwangi. They were mostly rebellious youths who rebelled against their parents and teachers, and sought a short-cut means of earning a living. Currently, they are stereotypically seen as 'unemployed', shabbily dressed, and foul-mouthed, operating in city market places and taxi and bus parking lots.

think they are very rich, stay at home until the money is gone and then come crawling back," she explains.

What this case study reveals is that while women, on the one hand, are faced with reduced access to both material and other resources, and are subjected to a large number of oppressing mechanisms legitimized by patriarchal structures (Snyder, 2000), they are far from being passive individuals. On the contrary, Victoria's case shows that they are reflective and active agents, often with both influence and authority within their daily reality. From her story it is clear that gender struggle is integral to all expressions of gender relations, though it can take various implicit and explicit forms. Victoria grew up struggling with expectations of her as a female with specific roles. For instance, these expectations influenced which profession she was expected to join, courses that she studied at school and what skills she acquired as a young girl growing up in a male-dominated world. Indeed, she studied nursing, then studied with Irish nuns in Nsambya Hospital and later studied a secretarial course; all of which were considered as training for 'women's jobs' (Snyder, 2000). Later, she tried different sorts of businesses, including operating a restaurant, farming, as well as food businesses. These are, again, 'women's jobs'. None of these were in transport.

The main message of this case study is in the way it brings to the foreground a discord in the traditional role patterns revealed through her entrepreneurial activities. In addition, the traditional notions of gender identity and relations are brought into question. In her case, for instance, girls would normally not be expected to learn how to ride a bike, let alone drive a vehicle, which would later become a critical skill in her current business life. Her story calls into question traditional notions of masculinity in discourse of entrepreneurship and suggests that men gain advantages from the culturally-dominant ideal of masculinity centred around authority, physical toughness and strength, and paid work (Pilcher & Whelehan, 2004), but that few men actually live up to it as the last paragraph in Victoria's narratives demonstrates.

4.3 Confronting negative cultural interfaces⁵ using entrepreneurship

Some of the most familiar cultural interfaces in Africa are to be found in work by Munene, Schwartz and Kibanja (2005) who attempted to characterize the social and cultural life in relation to poverty in Uganda. They described a particular focal entrepreneurial individual with social capital in a community development association. They explained how in that case study, a focal individual joined a new community after the Ugandan civil war (during the period 1981-1986) and brought with her new ways of crop-farming. In this particular community members experienced perennial food shortages because the rocky landscape with saline topsoil on which they farmed was infertile. The authors noted that for unknown

⁵ According to Munene, Schwartz and Kibanja (2005), an interface is an abstraction referring to an interpersonal or an intergroup space, which is generated by the meeting of two parties (agents) in the process of an exchange. It is composed of the interactional outcome of motivations, beliefs, perceptions and underlying experiences that each of the parties brings to an exchange. According to Munene et al. (2005), there are many types of cultural interfaces which may be viewed as negative or positive for economic development in Africa.

reasons, the community had never utilized the services of an agricultural extension worker to show them how to overcome this problem. Overtime they had come to believe that it was impossible to get good harvests in their village and they were suspicious of anyone who claimed it could be done.

The community members who had been struggling to survive off their saline soil immediately noticed the new settler's success. Part of the village thought that the newcomer to their community was a miracle worker who was using supernatural powers to achieve 'bumper' crop harvests. The more extreme community members holding this view thought that the newcomer had been excommunicated from her former village because she was a witch "since only a witch could succeed where everyone else was failing" (Munene et al, 2005, p. 89). The settler became the talk of the village and of even neighbouring villages and expressing negative evaluations of her. To deal with the hostility that was being directed at her because of her ability to crop-farm successfully, she decided to train the villagers in what she referred to as environmentally sustainable agriculture. To achieve this objective she initiated a self-help association called *Twegombe* (let us be ambitious) Development Association through which she could impart her skills. According to her, the people of the village were neither hardworking nor progressive. *Baali tebegomba* (they had no ambition and no admiration for those who were successful), the new settler said. In time women around the village heard and saw what members of *Twegombe* were doing and they gradually joined one by one and, according to Munene et al. (2005), the association has become one of the most progressive development associations in the community.

For a study on entrepreneurship in a context such as the one described above, what one can note is that entrepreneurial individuals not only seek to combine various resources, but also combine various social relationships in order to create and generate value in the community. An interesting insight in the case study just described above is the role of the focal entrepreneurial individual in changing community mores and social values through unpaid self-motivated social functions, as well as through the exchange of information on villager behaviour and through financial incentives. Moreover, she saw that in order for her to do well, she needed to ensure that the village did well, too.

5. Beyond a sole economic discourse

Recently, there have been calls to entrepreneurship as a more complex phenomenon than is allowed by its narrow formulation as an economic activity (Calàs, Smircich & Bourne, 2009). They question whether the economic emphasis behind entrepreneurship constructs in that traditional perspectives, as well the constructs themselves, represent appropriately all the may constitute the domain of entrepreneurship, including its nature as phenomena. The forms and practices of entrepreneurship presented in this chapter allow us to include other discourses such as cultural and civic discourses besides the economic one. The first two case studies provides us with insight into how individual men and women in the study context perform gender in daily interaction. This was similar to a study by Gherardi (1996), who showed that there was a discursive limitation to what subject positions were available for professional women in male working environments. As the two studies show, the women remain as outsiders. These studies do not only simplify explanations for women's

subordination to what individual men and women did or how they were but also accounted for the choices available through the discursive order. Even when studying individuals “the social” was accounted for.

The social dimension focuses on the social process that constitutes entrepreneurship. The third case study example shifts the focal point from singular entrepreneurs to the everyday processes where multiple actors and stakeholders are made visible as related to entrepreneurship. As Steyaert and Katz (2004) observed, by relating entrepreneurship to society, we become aware of the scenes, aspects and stakeholders we have privileged taking part in entrepreneurial processes and draw attention to other possibilities to tell stories of entrepreneurship.

6. Conclusions

Whereas the contributions of this study relate to the broadening of entrepreneurship knowledge in general, case materials presented and conceptual lenses applied to analyze them help inform general theory and explain conditions that deviate from traditional theoretical explanations of the phenomenon. The descriptions and discussions in this study highlight a contrasting process, namely examining how entrepreneurs in the case studies presented were practising entrepreneurship and gender in forms that can be considered alternative (if not opposite) to those normally prescribed by a model of hegemonic masculinity.

It has been acknowledged that an account of the processes that position people as ‘men’ and ‘women’ within business practices and as entrepreneurs within gendered practices is an approach still underutilized in the literature (Bruni et al., 2004). In this regard, the use of gender and cultural interfaces as conceptual tools with which to examine entrepreneurship, as both an economic phenomenon, as well as a social practice among historically situated men and women entrepreneurs in Uganda can be seen as a first step towards rethinking female entrepreneurship discourse in this particular context.

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Entrepreneurship in Schools and the Invisible of Gender: A Swedish Context

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1. Introduction

For a long time entrepreneurship has been of great importance for society. Consequently its role in society has been of great interest. It is significant for the research in this area that it is multidisciplinary and there has been a struggle finding an explicit definition of the concept of 'entrepreneurship'. Now, entrepreneurship has made its entrance to more arenas than the economic ones and has become a concern for schools and education as is evident from national as well as international policies. Since the beginning of the 1990s, the concept of 'entrepreneurship' has been an item on the agenda of the Organization for Economic Co-operation and Development (OECD) as well as the European Commission. The report *Towards an 'Enterprising' Culture: a challenge for education and training* states that schools should 'go in for an enterprising culture' and that, at the same time, this implies a challenge for education (OECD, 1989, pp. 21-22). The European Commission also states the need for developing enterprising people and the importance of starting at early ages and to be a natural part of the whole school system. Children and young people are supposed to acquire an entrepreneurial attitude through teaching and learning. In this way entrepreneurship has more and more become a concern for schools and education. Schools have therefore a big responsibility for fostering and developing young people's enterprising abilities (European Commission, 2002, 2004).

In the Swedish debate on education, it is often claimed that a well-educated population is a prerequisite for welfare, because it lays the foundation for employment, growth and a sustainable society (Leffler & Svedberg, 2005). The value of education for the individual in the form of personal development and better chances in working life is also emphasized (the Ministry of Education and Science, 2001). The current interest in education and training in enterprise and lifelong learning has its origin in the employment and growth problems in the 1980s and 1990s. Entrepreneurship in schools has often been initiated by actors outside school, and in Sweden this question earlier belonged to the area of economic policy, as the Swedish National Board for Industrial and Technical Development (Nutek) was the driving force for the introduction of entrepreneurship in education. The concept of entrepreneurship in schools has now received topical interest within the educational agenda and big efforts are made to implement the concept of entrepreneurship in the whole school system not only in Sweden, but also in the rest of the world. This raises questions of driving forces, underlying motives and consequences

(Leffler, Svedberg & Botha, 2010). Critical voices have been raised, however, claiming that the introduction of enterprise in school contexts is a way of concealing the increasing youth unemployment by transforming structural problems in society into a matter of influencing young people's attitudes (Shacklock *et al.*, 2000; cf. also Johannisson *et al.*, 2000). It would thus be a way of transferring the problems from a societal to an individual plane. Against this background, one may assume that the effort of launching entrepreneurship in schools may be seen as a mobilization strategy aimed at changing society in a specific direction (Leffler & Svedberg, 2005). On one hand, entrepreneurship is thus described as something good for both the individual and society (Stevenson & Lundström, 2002) while, on the other, it is questioned what relations between the individual and society entrepreneurship symbolizes.

In a Swedish context and especially in Swedish schools, entrepreneurship and gender issues may be regarded as a challenge in several respects. Firstly, entrepreneurship as a concept is controversial in many ways, as it has ideological and political connotations. For example, in Sweden in the 1970s the entrepreneur represented the ugly face of capitalism and the predominant attitude to entrepreneurs was contempt (Johannisson *et al.*, 2010). The attitude to the concept then developed from denial to become more affirmative. Today entrepreneurship is expected to contribute to developing the welfare of Sweden and in many other countries as well as helping countries moving out of the economic crisis and is associated with societal growth (OECD, 1989). Secondly, Sweden as a country has a long tradition of gender equality work. The concept of 'gender equality' denotes what the relationship between women and men should be like and was introduced as a political recommendation in the middle of the 1970s (SOU 2005:66). The work for gender equality has had different foci in different periods. In the 1960s the focus was on women's access to the labour market, while in the 1970s women's working conditions were in focus. It was characteristic of these decades that an institutionalization of gender equality began and structures were created to raise the status of women. Since then, there have been a development and shift of traditional gendered professions to include both genders, but there has also been a development of new professions that may be even more gender stereotyped.

2. Brief description of method and perspective

The purpose of the chapter is to problematize and discuss if entrepreneurship in schools can contribute and encourage gender crossing in pupils' choices of professions, and if so, in what ways education in entrepreneurship can develop young people's entrepreneurial capacities with a focus on gender. The research questions raised concern; what gender discourses are visible in entrepreneurship in schools? And what is the contribution of entrepreneurship to educating individuals with a focus on gender perspectives?

The empirical material consists of research material, reports, policy documents and interviews with pupils and teachers about issues related to self-image, abilities and future prospects. A total of 37 pupils from the eighth form of lower secondary school of whom 21 were girls and 16 boys and a total of 35 pupils from upper secondary school of which 25 were girls and 10 were boys participated in the study. These pupils represented two different school programmes, PRIV (Programinriktat Individuellt Val, [Programme-Oriented

Individual Choice’]), which is an introduction programme for pupils who have too low marks for a national programme, and an Entrepreneurial programme. I also had a total of 8 teachers of whom 3 were women and 5 were men participating in the study. The interview study was conducted in spring 2008 and designed as an individual open letter based on some issues about self-knowledge, self-confidence, personal strengths and weaknesses and future plans.

In my way of analyzing and expressing myself I take a discourse analytical attitude, which means that I highlight expressions and statements in the text in order to describe how contexts, patterns and meanings are created, to elucidate what statements, concepts and theories conceptualize a certain area, in this case entrepreneurship in schools and gender. My theoretical points of departure for interpretations and analyses will be Michel Foucault’s theories of discourse (Foucault, 1993, 2002a, 2002b) and theories of gender. Although Foucault has been criticised for being gender blind (Braidotti, 1991), there is research that has further developed Foucault for feminist analysis (see for example Lindström, 2005). I have chosen to use the concept of ‘gender’, which includes sex and gender at different levels: the biological, social, cultural and theoretical level (Sporre, 1999). In this study it is sometimes analytically profitable to use Judith Butler’s concept of ‘performativity’ (Butler, 1997). According to the ethnologist Marie Nordberg, gender may be considered a performative practice, because “gender is something that comes into being through norms being repeated and practised” (Nordberg, 2005, 24). Nordberg shows in her thesis how discourse, hegemony and performativity can overlap. She thinks that while ‘discourse is the linguistic set of norms and *hegemony* is dominance and normalisation and the practice whereby a certain meaning is fixed, performativity is the act and process that creates and brings about certain subjects, experiences and practices’ (Nordberg, 2005, 27). Why, for example, do we still talk about male and female businesspersons? Our mode of expression reveals what practices are possible and impossible respectively. Discourses contribute in this way to shaping our reality. By means of the concept of discourse, I will be able to show in my analysis how it is possible to talk about a certain topic, what is accepted or not, and how this manifests itself in practical activities (Foucault, 1993, 2002a; Whinther Jørgensen & Phillips, 2000). What may be regarded as true and false respectively and what can be said and who has the right to speak are made visible through various exclusion procedures (Foucault, 1993). Power and knowledge are linked together and the concept of power may be seen as a method, a technique working with normalisation and control (Foucault, 2002b). The power is both restrictive and productive, since some aspects of the world are omitted or subordinated. As such, aspects of power are of importance with respect to girls’ self-image and what they express and also what strategies they develop for what they consider possible in their future.

3. Entrepreneurship in schools

Unemployment among young people and society’s changing needs are reasons why the concept of ‘enterprise’ exists on most of the OECD countries’ agendas today. Society requires creative individuals who can take initiative and responsibility. The meanings of the concepts of entrepreneurship and enterprise vary, however, which has been a problem in many different research disciplines. Considerable efforts have been made to appropriate and claim rather than explain entrepreneurship, which in turn has resulted in the concept

becoming increasingly ill-defined and all-inclusive (see among others Berglund, 2007; Bull *et al.*, 1995; Harwood 1982; Landström, 2000). According to the OECD (1989) and The European Commission (2002, 2004) entrepreneurship is about an approach to learning comprising all working methods that stimulate pupils' self-reliance, self-knowledge, creativity, energy, and ability to cooperate and communicate. The OECD (1989) report was followed by the Lisbon strategy 2000. The objective of the Lisbon Strategy is, among other things, to make the European Union the world's most competitive and dynamic knowledge-based economy. The strategy contains eight key competencies for lifelong learning, one of which is 'sense of initiative and entrepreneurship' and is described as the:

[A]bility to turn ideas into action. It involves creativity, innovation and risk-taking, as well as the ability to plan and manage projects in order to achieve objectives. The individual is aware of the context of their work and is able to seize opportunities which arise. It is the foundation for acquiring more specific skills and knowledge needed by those establishing or contributing to social or commercial activity. This should include awareness of ethical values and promote good governance (European Commission, 2006).

In the Lisbon strategy it was stated that entrepreneurial competences are fundamental and linked to education and lifelong learning. For this reason entrepreneurship is not to be regarded as a separate subject. A possible interpretation is that entrepreneurship may come also to influence the subject content, which makes it reasonable to ask: How should education in the different subjects be implemented in order to be regarded as entrepreneurial? Using the discourse theory, there seem to be two competing discourses (Leffler, 2006, 2009). There is one discourse on entrepreneurship that may be interpreted as the dominant and common way of understanding entrepreneurship related mainly to business, the entrepreneurial part, which is also regarded as a narrow perspective. The other discourse is connected to education, especially to primary and lower secondary education, the enterprising part or a broad perspective. But it is not that easy when understanding entrepreneurship in a school context. A clarification that should be primarily made is that entrepreneurship in teaching and learning contexts also contains these two parts: the enterprising part that in the first place is targeted at younger pupils and the entrepreneurial part that is chiefly intended for older pupils (Erkkilä, 2000; Johnson, 1988; Stevenson & Lundström, 2002, European Commission, 2004). The enterprising teaching and learning aims at developing the pupils' power of initiative, responsibility, creativity, self-confidence and ability to cooperate, while the entrepreneurial teaching and learning is oriented towards business and entrepreneurship (European Commission, 2004). According to the European Commission, these two discourses are connected to each other. Being allowed to develop one's enterprise is however regarded as a precondition of being able to work as a good entrepreneur. The struggle for schools is in many ways a question of how the dominant discourse is understood (Leffler, 2009). Hence, in many European countries there seem to be a general agreement that entrepreneurship education in general should include both an entrepreneurial and an enterprising approach, though there is still a greater focus on entrepreneurship in for example the US (Kourilsky & Wahlstad, 2003) and Great Britain (Deuchar, 2006) and South Africa (Nieman *et al.*, 2003). The ways of teaching and learning entrepreneurship in schools is thus dependent on the context and the aim and goal.

In accordance with society's development the concept of entrepreneurship has been widened and receives now attention beyond the sphere of economics. In the last few years the concept of entrepreneurship has started appearing in contexts other than economic ones and voices are raised for a widening of the concept of entrepreneurship to comprise all sectors of society (Leffler, 2009). Nowadays we do not only talk about economic entrepreneurs; instead we highlight societal entrepreneurs, cultural entrepreneurs as well as ecological entrepreneurs to show the widened meaning of the concept (Berglund, 2007). Entrepreneurship has become a way of acting and being, and being an entrepreneur is defined as an attitude to life and working life. Efforts at entrepreneurship and enterprise in education are being made all over Europe as well as in the rest of the world with varying contents and results. The focus has often been on pupils' skills and potential to start and run businesses. This is common in many countries (the Swedish National Agency for Education, 2010). Several countries stress the importance of entrepreneurship education for economic development and focus on the specific value of entrepreneurship education. Entrepreneurship is seen as an important factor not only for creating jobs but also for stimulating innovation in existing companies (Haftendorn & Salzano, 2003). Young Enterprise is an international familiar concept, which allows young people to learn to plan, to start and run a business and then finish them. Research within the field has mainly studied how teachers describe their different ways of incorporating an entrepreneurial perspective into their teaching. Previous studies have shown that teachers' knowledge of entrepreneurship is very limited and mainly connected to business, to the entrepreneurship discourse, and that they have difficulties in transforming entrepreneurship into an enterprising discourse (Leffler & Svedberg, 2005; Leffler, 2006, 2009; Berglund & Holmgren, 2007). One reason may hence be the connection with Young Enterprise. According to Young Enterprise in Swedish schools, it has been shown that female pupils in most cases succeed in starting companies but that they do not choose to develop and proceed with their companies, as male pupils do to a greater extent.

Another issue connected to entrepreneurship in school is whether or not entrepreneurship can be taught. Some researchers argue that entrepreneurship is an inherent ability and that children are born natural entrepreneurs. The schools' mission is thus to utilize and develop pupils' entrepreneurial abilities (Johannisson & Madsén, 1997; Johannisson *et al.*, 2000). The starting point for entrepreneurship in schools is thus that entrepreneurship, like everything else, can be taught. Entrepreneurial learning is described in terms of learning by doing, trial and error, problem solving and learning by experience, often outside the formal learning environments (Cope, 2005).

Now, entrepreneurship is clearly written in international policy in the OECD, European Commission, UNESCO as the World Bank with common keywords such as creativity, initiative, problem-solving and innovation (Leffler, Svedberg & Botha, 2010). Several researchers claim that, with regard to entrepreneurship, lifelong learning and individual freedom of choice, among other things, many countries' educational policies are being standardized into what might be compared to a global educational model and curriculum (Mahieu, 2006; Svedberg 2007; Leffler & Mahieu, 2010).

More than two decades after the OECD published their ideas in the report *Towards an enterprising culture*, the Swedish Government presented in spring 2009 a strategy for

entrepreneurship in education. This strategy was preceded by a number of different school projects in different municipalities in Sweden and was often designed as extracurricular activities (Leffler, 2006). As a background to what a Swedish enterprising culture means in comparison with that of other countries, Sweden has a low entrepreneurial activity. One reason for this is Sweden's demographic structure, with weak population growth. Other reasons are the large public sector, the sluggish labour market, underrepresentation of female entrepreneurs and 'denigration of education' (Leffler & Svedberg, 2005, 220). Research shows that there is a clear connection between educational level and entrepreneurship, and Sweden is characterized by a relatively small proportion of entrepreneurs with post-secondary education (Delmar & Aronsson, 2001). The political initiatives on the supranational level as well as on local levels resulted in a Swedish definition of entrepreneurship as a:

/.../ dynamic and social process where people, individually or in collaboration, identify opportunities and utilize them to reshape ideas into practical and goal-oriented activities in social, cultural or economic contexts. (the Swedish National Board for Industrial and Technical Development, 2004, p. 9)

In this definition, the emphasis is on the process. An individual can, alone or together with others, 'reshape ideas' and it is a matter of seeing opportunities and proceeding from ideas to actions. But the definition also shows a broad interpretation of entrepreneurship. It is not only related to an economic context; the definition also gives us the opportunity to think beyond and outside the economic sphere, as entrepreneurship also includes social and cultural contexts. As the guidelines from the Swedish government rely on this definition, the starting point is therefore that schools should also take responsibility for entrepreneurship and therefore entrepreneurship should be integrated throughout the education system (the Government Offices of Sweden, 2009). The entrance of entrepreneurship in schools is justified on the one hand to enhance the academic quality, and on the other hand to enhance responsiveness to market needs, and is clarified by the Government, who stresses the importance of highlighting schools' academic mission and closer cooperation with working life, for the purpose of giving young people better opportunities to meet tomorrow's challenges. Therefore cooperation and interaction with the surrounding community and active entrepreneurs are important in entrepreneurship teaching and learning. The pupils need to have role models to identify themselves with.

The gender issue is also visible in the strategy, as the Government points out that it is a fact that more young men than young women start up a business of their own, and for this reason, it is important to promote entrepreneurship among girls and young women. The Government also states that the foundation for developing an entrepreneurial approach is laid at an early age by encouraging girls' and boys' curiosity, creativity, self-confidence and ability to take decisions. Further in this strategy the Government discusses the broad and the narrow perspectives by talking about 'certain aspects of entrepreneurship being more relevant in some parts of the education system than others'. This is the same recommendation that the European Commission has. In accordance with the broad aspect of entrepreneurship, the curriculum for Swedish primary and lower secondary education uses this definition as a guide for understanding the concept of entrepreneurship:

An important task for the school is to provide a general but coherent view. The school should stimulate pupils' creativity, curiosity and self-confidence, as well as their desire to explore their own ideas and solve problems. Pupils should have the opportunity to take initiatives and responsibility, and develop their ability to work both independently and together with others. The school in doing this should contribute to pupils developing attitudes that promote entrepreneurship (Swedish National Agency for Education, 2011, 9).

The definition points out that entrepreneurship is both an individual and a social issue, and the importance for schools to help pupils understand and discover the context, but also encourage pupils to think independently, solve problems and take responsibility. It's about an attitude to teaching and learning and it is meant to be visible throughout the education system.

4. Entrepreneurship and gender

In order to understand the problems with entrepreneurship in education and gender I will first give an overall picture of the relation between entrepreneurship and gender, what is meant by talking about gender, and what it implies to assume a gender perspective. In order to briefly summarise solid research work on sex, gender and entrepreneurship, it might be said that the point of departure is that the concept of 'gender' deals with relations between women and men and how its varied manifestations, causes and consequences are shaped (Thurén, 1996). Relations are created and re-created through individual and collective processes in the family, at work and in society at large. The debate about gender may be said to be about how we relate to the fact that humanity is divided into two groups and how as individuals we experience and describe our gender (Berg, 2000). Mythical pictures of what is typically female and typically male have always influenced and continue to influence us. These social constructions have an impact on our everyday life and thereby also on education. The gender system is constructed of two logics. One of these is precisely the dichotomy. The other is the hierarchy, that the man is the norm (Hirdman, 1988). It is the male norm that governs the picture of what characterises an entrepreneur, how an entrepreneur works and functions. The entrepreneur is generally regarded as a hero and groundbreaker. The female entrepreneur is described as something else (Ahl, 2002; Bruni *et al.*, 2004; Lewis, 2006). Entrepreneurship is thus an extremely gender-impregnated construction. Gender functions in entrepreneurship and enterprise in the same way as in the labour market and society at large. What is regarded as male and female respectively governs how the entrepreneurship is exercised in practice. Concepts traditionally associated with masculinity, e.g. 'competitive', 'active', 'independent', 'decision-making', 'stress tolerant' and 'self-confident', are also concepts identified as typical of an entrepreneur. The innovative, technical and economic aspects are placed in focus (Holmquist & Sundin, 2002). The masculine characteristics are regarded and defined as the norm and the feminine characteristics are then described as something else. The very fact that we choose to distinguish between enterprisers and female enterprisers indicates that women differ from the norm (Lewis, 2006). In addition several of the features that characterise an entrepreneur get an entirely different meaning if they are associated with women instead of with men. The positive meanings are e.g. more often male rather than female. The designation of 'enterpriser' entails that women do not get any self-evident identity confirmation through their enterprise, which men on the contrary get. The reason for this may be that individuals

construct their identity based on available discourses. The male attributes can more easily be attributed to the entrepreneur, while the female attributes make it more difficult (Ahl, 2002). Gender can hence also be linked to power. On the one hand there is 'power as dominance' and on the other 'productive power' (Pettersson, 2002). Power may be regarded in terms of dominance or oppression, where power represents supremacy and subordination respectively, but power is also that which creates our social world and affects what the world looks like and what can be said and not said (Foucault, 2002c). Our social world is created through language in different practices. Power is thus both delimiting and productive, since some ways of talking about the world are left out or subordinated (Whinter Jørgensen & Phillips, 2000).

4.1 Entrepreneurship in schools and gender

As shown above research about gender and entrepreneurship points out that the entrepreneur and entrepreneurship are male-gender concepts. As regards entrepreneurship in school, it may still be considered an unexplored area, but the limited existing research has shown that gender perspectives on entrepreneurship in schools are avoided and absent (Leffler, 2006; Berglund & Holmgren, 2010). Entrepreneurial school projects are often aimed at increasing girls' interest in things that could be regarded as traditionally male, for example technology, while no comparable idea is expressed for boys. Earlier research shows that this is a challenging task (Leffler, 2006; Komulainen *et al.*, 2009).

In my thesis (Leffler, 2006) I studied entrepreneurship in primary and lower secondary school projects, of which one perspective that was problematized was gender. One of the points of departure of the studied entrepreneurial school projects was that they should contribute to increasing the gender equality between girls and boys. As mentioned above, gender equality is emphasised in Swedish society as well as in the Swedish curriculum, and it is thus expected that schools should actively work with gender equality. The following is written about gender equality in the Swedish curriculum:

The school should actively and consciously further equal rights and opportunities for women and men. The way in which girls and boys are treated and assessed in school, and the demands and expectations that are placed on them, contributes to their perception of gender differences. The school has a responsibility to counteract traditional gender patterns. It should thus provide scope for pupils to explore and develop their ability and their interests independently of gender affiliation (Swedish National Agency for Education, 2011 p 8).

What is stated in the text of the curriculum is that it is a matter of 'equal rights and opportunities', 'treatment and assessment of girls' and boys' and schools' mission to 'counteract traditional gender patterns'. The analysis clearly showed, however, what difficulties schools encountered when trying to pay attention to gender equality in the projects in question. There were no clear strategies for realising this aim in practice. Gender equality work was however more or less clearly stated as a goal in the schools' project plans. Among other things it was a matter of strengthening girls in various ways:

Special efforts will be made vis-à-vis girls /.../ one of the goals of the project is to create better prerequisites for to compete in the long term in male-dominated occupations (Leffler, 2006, p. 209).

The project plans also presupposed that the girls would increase their interest in something that could be regarded as typically traditionally male, while there was no comparable idea for the boys. It was presupposed that the girls would change and become more like boys and not the other way round.

Another picture was not to problematize gender equality at all and thereby make gender completely invisible with regard to entrepreneurship in education, which the following quotation exemplifies:

Gender equality is a natural part of our school; we make no difference here between boys and girls. It is important, however, to place a special gender perspective on the issues concerning entrepreneurship in the teaching and in the practical project work (Leffler, 2006, p. 209).

Stating that girls and boys are treated equally is common as regards gender equality. This idea has however turned out to be marred with two problems. Firstly, there is unawareness of how difficult it is in reality to treat girls and boys in the same way. We expect different things from girls and boys because we are so used to doing so (Hedlin, 2004). Secondly, the conditions for women and men are different and it may therefore be questioned whether the strategy of 'not making any difference' really is a gender equality measure. At the same time as schools think that they do not make any difference, they see a need for placing a gender perspective on issues concerning entrepreneurship. What this implied was clear neither in the project application nor in the evaluation that was later on made of the school.

Yet another way of treating gender equality was to count how many girls and boys respectively had participated in the projects, since gender distribution was something the schools should state in their final reports. The following quotation shows such an example:

There were on the whole just as many boys and girls that took part in the projects. As regards creativity we saw no difference between the genders (Leffler, 2006, p. 210).

It is thus assumed here that there is gender equality if equal numbers of girls and boys participated. The result of the study shows that gender equality work together with entrepreneurship requires knowledge of both gender issues and entrepreneurship in order to be successful.

How is entrepreneurship in schools working, giving the purpose of encouraging entrepreneurial capacities among pupils? Is running a business a future thought? What is done for the girls? What is done for the boys? What is the contribution of entrepreneurship in schools in relation to young people's thoughts of their future and their future plans seen from a gender perspective? These questions highlight big challenges for schools working both with gender equality and entrepreneurship.

4.2 Young people's pictures of their future choice of study and occupation

In the general debate about gender differences and educational achievements, Sweden adheres to the same pattern as many other countries in the Western World (the Swedish National Agency for Education, 2006). One reason for the partially infected debate is that

girls now exhibit better study results than boys previously did. This debate is also conducted in England, Australia and the USA. What distinguishes the current discussion from previous ones is that girls' lower study results were considered to lie on an intellectual plane, while today's discussion of boys' worse educational performance has to do with educational shortcomings. The report of the National Agency for Education, which is based on previous research, partially shows contradictory results. On the one hand research shows that schools have worked with trying to adapt themselves to boys' preconditions, but on the other hand later research shows that girls are now occupying more space and breaking traditional gender patterns. Schools are considered to be more adapted to girls, which is thereby regarded as a contributory reason for their higher educational performance. Research also shows that schools' expectations of girls and boys respectively influence their behaviours (Holm, 2008). Attitude investigations made in schools show however that girls have lower self-esteem than boys and that girls make higher demands on themselves than boys (Björnsson, 2005).

Despite formulations in policy documents and an active policy in the labour market, upper secondary schools in Sweden continue upholding their tradition of being strongly gender segregated (the Swedish National Agency for Education, 2006). Girls tend chiefly to choose programmes preparing for further studies, which is partly caused by some vocational programmes for girls having disappeared. As regards the vocational the tendency is that the gender segregation between the genders is increasing. The investigation of girls and boys making non-traditional choices shows that they 'drop out' more often and do not complete their studies. The problem is however not only that the pupils 'drop out' but that the schools do not support the young people who are after all interested in making non-traditional choices. The central question is what forms the basis of and is the reason for the young people dropping out. The traditional choices that are made may be seen as a reflection of the traditional expectations that are linked to various occupations. Upper secondary education, which in Sweden may now be regarded as a compulsory form of education, is far from being a gender-integrated form of education in view of the strong gender orientation that several upper secondary programmes have (Löfström, 2007).

By 'visiting' the Internet and reading about the different upper secondary programmes one can observe that the gender patterns are clearly confirmed in the introductory texts about the programmes and the pictorial material used in the information. One programme that doubtless is addressed to girls has the heading 'Unique specialisation of the craftsmanship programme' and starts with 'Are you interested in beauty and health?' We are further told that it is an education for pupils who are interested in working with people and contributing to greater quality of life with inner and outer beauty as a whole (http://www.gymnasium.se/Hantverksprogrammet_HA_Stylist_146542.htm [2011-08-08]). A so-called entrepreneurship programme also has a clear feminine specialisation with a picture of a girl and the subheading 'Trade and service'. There are similar examples in programmes primarily addressing boys and not surprisingly these are about construction and technology. But now it is not a matter of inner and outer beauty but of occupations that will make it possible for society as a whole to function (http://www.gymnasium.se/Bygg_och_anlaeggningsprogrammet_BA_Anlaeggningsmaskinfoerare_119889.htm [2011-08-08]). Former pupils (boys) talk about inner driving forces and

their own ambition serving as guidance for the future professional career. With the help of Butler (2007) we can see how girls' and boys' gender identity is strengthened through their acting in a certain way because they are girls and boys respectively. The identity's being is preceded by the action's doing. Through certain actions and behaviours gender is created as well as a conception of an identity that gives rise to certain actions. The language is of great importance. The language influences both how we think and what we are like. The language used in the information about the different upper secondary programmes builds up a female discourse about beauty and inner well-being at the individual level and a male discourse about the welfare of the whole of society at the collective level. Löfström (2007) thinks that if the future labour market will both require men in typical female occupations and women in typical male occupations, it is not sufficient to make prospective pupils choose non-traditionally; instead the structures behind the gender characteristics of the programmes must be scrutinized.

What do young Swedish people then think about their abilities and their future prospects and what differences between the genders are discernible? These young people will be our future entrepreneurs and exhibit good self-confidence, responsibility, flexibility, ability to cooperate and risk-taking. When the young people in my study were to describe themselves and describe their abilities and think about what they needed to be better at, it turned out that in the answers among the girls in the eighth form there was a care-taking discourse. Among other things they answered that they were good at 'caring about others', 'putting people in a good mood', 'listening' and 'making jewellery'. What they needed to develop was to get better at 'daring more', 'talking to people', 'putting their foot down and believing in themselves'. The boys' answers contained a clear discourse about sports when they described themselves as being good at 'ice hockey', 'floorball' and 'athletics'. When they were to talk about what they needed to be better at, their answers changed more towards school achievements such as: 'need to get better at swotting and learning things at school' or 'get better at reading and writing'. These answers are in accordance with the discourse about boys and school achievements and the importance of gender equality for knowledge and development in Swedish schools (SOU 2010:99). The upper secondary pupils' answers differ from the primary and lower secondary pupils' through the pupils' answers being marked by the school's aesthetic profile. There are also differences among the girls' answers in the different programmes. The girls in PRIV ['Programme-Oriented Individual Choice'] are good at 'singing', 'acting', 'drawing', 'making up and dressing others' hair', while the girls in the Entrepreneurship Programme are good at 'pressing issues forwards', 'taking responsibility and managing on their own', 'getting on well with people' and arguing for their things'. What the girls in PRIV think they need to get better at are 'living here and now', 'becoming more social' and 'music and notes'. On the other hand the boys' answers are more in agreement among the different upper secondary programmes. They answer that they are good at 'music', 'aesthetic subjects', 'film', but also at 'relaxing' and 'meeting people'. Like the boys in the primary and lower secondary school the boys in the upper secondary school thought that they needed to get better at 'managing school', 'swotting', 'oral accounts' and 'concentrating during lessons'. I was also interested in what the young people's plans for the future were like. The pupils in the eighth were also asked to tell me what upper secondary programme they were planning to apply for. The result is shown below.

8 th form girls (N=21) Choice of upper secondary programme		8 th form girls (N=21) Future working life		8 th form boys (N=16) Choice of upper secondary programme		8 th form boys (N=16) Future working life	
Number	Programme	Number	Profession	Number	Programme	Number	Profession
5	Hotel and restaurant	4	Hotel and restaurant	3	Sports	5	Sports
5	Children and recreation	6	Teacher of young children	3	Technology	4	Technology; welder, car mechanic
2	Design	2	Design	2	Construction	2	Outdoor work
4	Aesthetic	1	Music	1	Vehicles	1	Actor
1	Theoretical	1	Lawyer	1	Science	1	Enterpriser
1	Hair dresser	7	Do not know	2	Trade	3	Do not know
1	Hunting and fishing			1	Aesthetic		
2	Do not know			3	Do not know		

Table 1. The 8th form: choice of studies and their thoughts of future working life.

As we can see it is only one of the girls who thinks of a programme that may be regarded as a non-traditional “girls’ programme”, and only one girl who is going to apply for a theoretical programme. The other girls are going to choose vocational programmes that may be regarded as typical “girls’ programmes, in which child care is included, among other things. As regards their plans for the future most of the girls were rather vague and unclear in their answers and not related working life to the programmes they were planning to choose. 7 of the 21 girls did not know or had not thought so much about their future working life. The girls who had thought of Hotel and restaurant could imagine a future in a hotel or as a cook, but other suggestions that also emerged were working with small children or animals. Only one girl could imagine a creative profession as an interior designer if it generated money. The girl who was going to choose a theoretical programme saw herself as a lawyer in the future. As we can see most of the girls’ ideas are dominated by a caring and service-oriented discourse. On the contrary the boys are going to apply for upper secondary programmes specialising in sport, technology, construction and trade. None of the boys intends to apply for something that may be regarded as non-traditionally male. Sports and then above all football and floorball are something that several of the boys can imagine as a future occupation, either as a professional or as a coach. It is a matter of earning a lot of money. To be able to work in various technological lines of business also attracts several of the boys. One of them could however think of himself as a future entrepreneur. Most of them were also clear about what they would like to do in their future working life and kept themselves within a sports and technology discourse.

The pupils in the upper secondary school were asked to tell me if they attended a programme that was their first choice or why they had ended up in precisely the programme they were now attending, and how they looked upon their future working life. The result is shown below:

Upper secondary programme girls		Future choice of profession girls		Upper secondary programme boys		Future choice of profession boys	
Number	Programme	Number	Profession	Number	Programme	Number	Profession
5	PRIV 1 st form	5	music, art, dance	5	PRIV 1 st form	1	Teacher
						1	Psychologist
						3	film, music
						1	Do not know
20	Entrepreneurship 2 nd form	2	Teacher	5	Entrepreneurship 2 nd form	1	Children and recreation
		1	Culture, media			1	Music
		1	Industry			1	Physical work
		4	Nursing: Doctor/psychologist			2	Do not know
		1	Lawyer				
		1	Pharmacist				
		1	Writer				
		2	Enterpriser				
		1	Design				
		6	Do not know				

Table 2. Upper secondary pupils: programmes and their thoughts about their future working life.

Even if the above table is not very clear, since the gender distribution is more uneven than that of the primary and lower secondary pupils, it is interesting in several respects. The pupils are probably influenced by the fact that they attend a school with aesthetic specialisation; it is a choice they make when applying for a school with aesthetic specialisation. The girls attending PRIV regard themselves as future artistes. They will go out into the world and sing and become known. The boys in PRIV also look forward to something that has to do with aesthetics, but is not a matter of a solo career. Instead they want to make films and play in a pop band. The view of their future varies among the female upper secondary pupils in the Entrepreneurship programme. It is only one girl that has ideas outside what may be designated as traditionally female professions and she wants to work with something in industry. She also regards herself as creative and thinks that it is easy for her to get into contact with other people. The other girls keep themselves within a typically female job discourse. A relatively large proportion of the girls did not have any ideas about what they would do after completing their upper secondary education. Among the boys it is more difficult to discern any direction and whether they keep themselves within or outside any typically male or female direction.

What is then the importance of the teachers in these contexts? The answers that the teachers in my study gave show a difference between female and male teachers. The female teachers

'want to be helpful', 'create a positive working climate' and 'be flexible'. The male teachers introduce the concept of 'courage' by saying that they 'dare to test and develop the teaching and do new things' and that they have 'a clear structure' and distinguish between 'profession and private life'. In addition other studies show that most often there is a compact male and female dominance respectively among the teaching staff in the typically girls' and boys' programmes (Löfström, 2007). The classical discourses about what subjects women and men are expected to teach are strengthened. In the thesis *Taking and taking positions* the researcher has studied what discourses are at work in the science classrooms (Nyström, 2007). In the thesis it is stated that there is a hierarchical pattern not only among the different upper secondary programmes and among subjects but also between women and men who teach science. Female science teachers think that they are not considered fully competent by the pupils because they are women and are hence not expected to teach science. The researcher thinks that for this reason the teachers exist in two different worlds as regards both their own attitude to their subject and their relation to the pupils. Since language is an important part of forming a discourse, it is obvious that the dominating discourse about what is male and female respectively in subjects and attitudes to teaching further strengthens the gender segregation. Women represent the software and men the hardware. The female science teachers are in a subordinate position in the sense that they are not sufficiently masculine in their way of being and expressing themselves. From a pupils' perspective they are then given lower legitimacy as science teachers. A study of relations in schools points to teachers as co-creators of gender (Holm, 2008). The study shows that teachers often have notions of girls and boys, which governs their attitude towards the pupils in the daily educational practice. There are several studies that show that teachers' conceptions may contribute to certain forms of femininities and masculinities being actively strengthened while others are suppressed in the classroom (see e.g. Mac and Ghail, 1994; Holm, 2007; Nyström, 2007).

4.3 Entrepreneurship and gender equality

According to the above reasoning and the directives given by the Swedish Government, entrepreneurship in schools is about the education being in phase with the societal development, and it is then a matter of qualities of learning, where pupils' creativity, ability to act, ability to cooperate and responsibility should develop in collaboration, not only with the classmates but also with the surrounding society. It is also a matter of the education giving qualities corresponding to the labour market's needs. In addition there is a need to make more women choose to be enterprisers. The Government also expressed the importance of the pupils getting role models by meeting active entrepreneurs. But it is not only this that is important as regards different forms of collaboration but also what role models we have in the working life/the surrounding world that influence or way of thinking and acting. It is therefore important also to widen both teachers' and pupils' intellectual horizon and make them think outside traditional gender structures as regards choice of education. According to the policy documents the mission of education is to counteract traditional gender structures and allow the pupils to develop abilities and interests regardless of their gender (the Ministry of Education 1994, 2011). Thus schools have a responsibility and a duty to promote gender equality work. What is then the connection between gender equality work and entrepreneurship in schools? The answer is that girls'

and boys' situation and preconditions in schools and women's and men's situation and preconditions in the labour market turn out to have more than one connection. We observed earlier that entrepreneurship can be learned, that it is not something a person is born to and hence something that only a few people are privileged to practise. Both within and outside the walls of schools there are notions of girls' and boys' respective 'aptitude' for different subjects or ability to learn different things, which in turn influences attitudes and choices that are made. In addition conceptions of gender contribute to certain school subjects being given higher or lower status depending on what subject it is and what gender the teacher has (Silfver, 2010). Science and technology are subjects that traditionally enjoy high status, which in turn gives high status in the labour market. This implies that girls'/women's status can hence increase if they go in for technological and scientific subjects (Öhrn, 2004). Even if entrepreneurial learning in the main does aim at educating pupils to be enterprisers, there are insights about working life and gender that we need to take into consideration and be aware of in entrepreneurial education (see e.g. Ahl, 2004; Holmquist & Sundin, 2004). As mentioned above, research on entrepreneurship and gender clearly shows a connection with a traditional gender pattern, where male entrepreneurship represents the norm while female entrepreneurship is described as something else. Parallels are drawn between women's and men's situation in the labour market and as enterprisers, where women are chiefly active in the public sector and trade. This is recognisable in schools, since different efforts specially targeted at girls have for example been made as well as different measures aimed at increasing women's entrepreneurship in the labour market. In spite of this the gender segregation is still tangible as regards women's and men's choice of occupation. Generally it might be said that we still carry unspoken pictures within ourselves of what may be regarded as typically female and typically male respectively.

Research shows that the gender perspective is invisible and implicit when it is about entrepreneurship in a school context. (Leffler, 2006; Komulainen *et al.*, 2009). In many places, both nationally and internationally various school projects or activities called entrepreneurship are being implemented (see e.g. Kourilsky & Walstad, 2003; Leffler, 2006). Several of these are conducted for the purpose of increasing girls' interest in technology, which may still be regarded as a male specialisation, while similar projects aimed at e.g. taking an interest in nursing professions are more rare (SOU 2010:99). In some of the technology projects implemented under the heading 'technology and entrepreneurship' there is a so-called gender equality perspective. In spite of the pedagogues' task in the teaching being to identify and work with what is considered gender stereotyped the gender aspect was still invisible. The teachers noticed that the pupils made choices based on gender, but did not participate actively in widening the pupils' spheres of action. There was a marked difference between rhetoric and practice, which is not unusual as regards entrepreneurship and gender (Skogh, 2007). Another Swedish study questions whether girls attending an entrepreneurial education led by a typical male entrepreneur really have really got an opportunity as 'entrepreneuses' to form their coming life, or if they have become followers of another male hero entrepreneur (Berglund & Holmgren, 2010). They think that such a simple thing as using 'eur' instead of 'euse' in the entrepreneur creates notions of male and female aspects. There are several occupational categories whose names are clearly gendered and hence 'doorkeepers' are formed for what governs the norm. Studies also show that the Swedish upper secondary programmes' specialisations are still strongly gender

segregated, which results in many programmes being typically divided into girls' and boys' programmes and in cross-gender choices being unusual (Fransson & Lindh, 2004; SOU 2004: 43). Theories of entrepreneurship describe the entrepreneurial individual as innovative, enterprising, energetic, seeking opportunities, risk taking and responsible (see e.g. Brockhouse, 1982; Landström, 2000). It is an individual with great self-confidence that dares to take risks and accept challenges, and for this reason it is important to find out how this is visualised and emphasised in entrepreneurial teaching. But what is it then that contributes to shaping an entrepreneurial individual regardless of gender?

We can take an example from the Swedish neighbouring country Finland, which was the first country in Europe to introduce fostering to entrepreneurship in education. Studies have been made there of how girls and boys regard themselves as future entrepreneurs by analysing narratives written by pupils in the ninth form in the writing competition *Good Enterprise* (Komulainen, *et al.*, 2009). What was striking in the pupils' narratives was that the girls chiefly wrote that their ideal notion of an entrepreneur was in the field of restaurant, café, tourism, care of animals, nursing and agriculture. The femininity that emerges in the girls' narratives is however not only the caring and service-minded middle-class woman, since there is also a picture of a glamorous woman seeing an opportunity to work on an international arena. The boys stressed ideas about technology, recreation services, IT and media. The masculinity that emerges in the boys' narratives is rather suggestive of the traditional working-class masculinity. The authors think that in a comparison between girls and boys the girls are still to be regarded as 'number two' as regards access to and entries into entrepreneurship. One conclusion drawn by the authors is that the mainstream in politics is about men without admitting this. Although the entrepreneur is presented as gender neutral in policy documents, the entrepreneur is a masculine construction that is normative, which implies that feminine characters are excluded from entrepreneurial ideals. The authors also assume that entrepreneurial teaching in schools is chiefly adapted to low achieving boys who exhibit the kind of courage and inventiveness that is required of entrepreneurs, and that it is these boys that are hence considered to be in need of entrepreneurial teaching. In entrepreneurial teaching these boys receive respect in contrast to the 'ordinary' teaching that fits girls better. What can we then learn from this study? Firstly we need to keep in mind that entrepreneurial learning includes both a *broad* and a *narrow* perspective. In this case it is a matter of the latter, i.e. an enterprising perspective, where the pupils regard themselves as prospective entrepreneurs in the sense of a self-employed person. What is interesting from a gender perspective is then which lines of business girls and boys respectively identify themselves with. As we can see, it is based in this case on a traditional conception of gender. Secondly, if we take a broad perspective, the authors assume that education generally favours girls and that an entrepreneurial education favours low-achieving boys. It is not possible to draw any general conclusions about how this teaching is conducted; we can only note that the authors' conclusion is that it favours low achieving boys. The idea of entrepreneurial teaching is, however, that it should favour both low- and high-achieving pupils (OECD, 1989). In addition investigations show that girls are better at solving problems, cooperating and taking responsibility (SOU 2010:99), which are important abilities in entrepreneurial learning. A question that is relevant in this context is how entrepreneurship in education should contribute to traditional gender patterns not being strengthened and preserved? We end up again in the rhetoric and can observe that in both teachers' and pupils' statements there emerge notions of differences

between girls and boys. These differences are of importance for the handling of a subject, attitudes to a subject and the ability to teach a subject (Silfver, 2010). By talking about and to girls and boys in different ways and making different demands on girls and boys, there is a great risk that what is 'typically' feminine and 'typically' masculine will be strengthened and preserved. It is thus a matter of knowledge that influences the treatment, how teachers treat pupils based on gender. Our rhetoric reflects our conceptions and we are therefore still talking about female enterprisers and enterprisers respectively, who in the latter case are presupposed to be men. Through knowledge and awareness of how we express ourselves, what we talk about and how we relate to girls and boys, we can contribute to opening new doors. Entrepreneurship in education is hence not only a matter of making more girls choose to be entrepreneurs, but it is also a matter of changing the notions of male and female characteristics in the labour market.

5. Conclusion

In this chapter I have problematized and discussed questions concerning entrepreneurship in education and gender. My purpose was to study whether and in what way entrepreneurship in education might be able to contribute to more gender crossing ideas by describing the discourses surrounding entrepreneurship and gender. This is so far an unexplored area, and for this reason it is difficult to draw any far-reaching conclusions, and in addition the questions in this chapter tend to be more numerous than the answers. I have tried however to point out and hence visualise the problems that entrepreneurship in education and gender are surrounded by. The discourses that are visualised in entrepreneurship in education and gender show that gender carries a tradition where the man is the norm. The discourse is also based on education reflecting society and vice versa, which includes both teachers and pupils, but also on society being influenced and affected by the rising generation. What is the demand and what is the need, or to use a metaphor, what is the chicken and what is the egg in this issue? Discourses about occupations and gender influence pupils' choices of study programmes and occupations/ professions. In accordance with Butler's way of regarding identity as performative, that we experience ourselves as a woman or a man through our doings and actions, the gender differences between women and men are strengthened through the typically gender-coded upper secondary programmes. As long as the myth of an entrepreneurial person is based on a male enterpriser, girls will have difficulty asserting themselves as entrepreneurs. They will still be regarded as female entrepreneurs and hence also subordinate to the men. There is also a risk that girls' entrepreneurship is associated only with discourses such as beauty and nursing and that girls thereby find their entrepreneurial identity in these areas. The same applies to boys who want to make gender-crossing choices that are not included in a male discourse on entrepreneurship. If we are not observant of these problems, there is a risk that already known and ingrained gender patterns and gender structures will be further strengthened and become a part of the already established entrepreneurship discourse. Since entrepreneurship is supposed to run throughout the Swedish educational system where an entrepreneurial approach should form the basis of the teaching, one may wonder how this will affect the primary and lower and upper secondary education as regards encouraging girls and boys to develop entrepreneurial abilities such as self-confidence, enterprise, inventiveness, taking risks, responsibility and cooperation, abilities that are considered important for being able to be regarded as an entrepreneur. We could see that at

present girls apply for typically feminine specialisations and boys for typically masculine specialisations in the upper secondary programmes. A further question is what role student and vocational counsellors have in schools' gender equality work. It may be safely said that there is a lot to be done in this area. In the folder *Jämställdhet och entreprenörskap i skolan* ['Gender equality and entrepreneurship in education'] we are exhorted to start thinking in new and different ways. If we want to achieve a different result, we will have to act in a different way by breaking traditional patterns; in this way gender equality and entrepreneurship are connected. Entrepreneurship as an attitude may hopefully contribute to our critically examining our taken-for-granted assumptions and contribute to our starting to think in a different way. By making gender invisible in entrepreneurship in education we risk strengthening and preserving traditional gender patterns instead of seeing entrepreneurship as a potential opening for changes not only as regards attitudes in the teaching but also in attitudes regarding gender. Taking risks is after all an essential part of entrepreneurship. Let taking risks serve as a guide as regards bridging traditional gender patterns and widening the scope of action for our girls and boys. In this way entrepreneurship in education can contribute to increasing gender equality not only between girls and boys in schools but hopefully in the labour market as well.

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Part 2

Geographies & Entrepreneurship

Social Entrepreneurship and Cross-Sectoral Partnerships in CEE Countries

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1. Introduction

1.1 Setting the stage: A call for synthesis

Recent financial scandals and the ongoing global financial crisis not only cast dark clouds on the traditional paradigm of Western style capitalism but also call for entrepreneurs which regard economic activity and corporate social responsibility as mutually inclusive (anonymous, 2011). Some authors (i.e. Jamrozy, 2007) even suggest a corporate aim to be orientated towards the improvement of quality of life for all. These developments clearly point to a new mindset and school of entrepreneurs and an increased social importance (Thompson, 1999) of entrepreneurs reflected in the concept of social entrepreneurship which is still in its infancy stage. Against the background of the still ongoing transition of Central and Eastern European countries from a centrally planned economy to a market economy, this contribution suggests a synthesis and internal consistency between the concepts of cross-sectoral partnerships, social entrepreneurship and management and marketing as well as traditional entrepreneurship related concepts. The problems in CEE countries are illustrated by apparent gaps (Kaufmann, Davies and Schmidt, 1994) and in ethnic or societal conflicts, for example, in the Balkan or Caucasus region (Kaufmann, Zagorac and Sanchez, 2008). These multifaceted problems require the involvement of other than non-governmental organizations due to the coherence of political, social and economic problems. Regarding previous research in Eastern Europe in this context, Kaufmann, Davies and Schmidt (1994) suggested resorting to 'synergy experience' for behavioral change. Unfortunately, there is a gap between the calls of the Millennium Declaration for the co-operation between the public sector, private and civil sector aiming to reduce the poverty levels in the world (Friedrich and Gale, 2004) and the concept of *Global Governance* for a cross-sectoral co-operation of politics, economy, science, civil society/NGOs and media for the development of a world order (Gruber, 2003) and its actual implementation on a local, regional and national level.

In this context, civil society organizations (CSO) alone cannot avoid the emerging discrepancy between the development of city centers and the marginalization of rural regions. In addition, the currently isolated and emphasized focus on the civil sector in this respect faces resistance from the population which is still not familiar with these organizations. Newly to be designed development projects increasingly have to take country or even region specific forms of common civil, governmental and entrepreneurial engagement into consideration aiming to create self-organized and self-financing sustainable structures (localization). Eventually existing external role models cannot just be copied, but are suggested to be gradually internalized and adapted according to idiosyncratic local conditions calling for new exploratory, ethnographic and qualitative empirical research approaches. Attempting to bridge these gaps and solve the problems in a most efficient way, this contribution, in line with Grossman (2008), calls for a concerted action and an Across-the-Sectors Development Partnership integrating organizations of the civil society (CSO), governmental organizations and social entrepreneurs synergizing the contributions of the diverse actors when designing, financing and implementing appropriate strategies.

This proposal corresponds with the new public governance paradigm by integrating policy making (public administration) and effective service delivery processes (new public management) (Osborn, 2006, in Paerenson, 2011). If the assumption is accepted, that private sector managerial techniques can add to increased levels of effectiveness and efficiency of the respective service delivery processes, then entrepreneurship (Grossman, 2008) and, especially, social entrepreneurship might have a significant role to play (Paerenson, 2011). Due to its disequilibrium role, entrepreneurship in general seems to be a valid concept to affirmatively cope with transitional situations (Kaufmann, 2009).

This research follows the most recent suggestions of Paerenson (2011) for future research to provide so far not existing empirical evidence on the criteria for impact evaluation of social entrepreneurship. It contributes to inform the current discourse on the actual effectiveness of social entrepreneurship raging between protagonists and opponents of the concept. Going beyond that suggestion, the paper intends to provide a holistic conceptual framework on the key success factors of effective social entrepreneurship differentiated by idiosyncratic Eastern European conditions and suggests criteria for impact assessment. For the aforementioned reasons, case studies in Central and Eastern Europe (Hungary, Bosnia and Herzegovina and Croatia) have been chosen as the most appropriate research method and settings. The case studies relate, for example, to addiction prevention in Bosnia Herzegovina or the reformation of governmental youth support in Hungary or informal adult education in Croatia. Due to the idiosyncratic macro, meso and micro environmental conditions in transition countries, compared to established economic settings, a differentiation of the, albeit scarce, theory on social entrepreneurship is anticipated. Based on a constructivist ontological background, the researchers provide empirical findings of participant observation (resulting from longstanding consultancy activities), in-depth group interviews and focus groups as the chosen ethnographic research techniques. The innovative findings analyzed by content analysis are suggested to inform educators and trainers of social entrepreneurs and create enhanced awareness for legislators on how to better support social entrepreneurship.

As Corporate Social Responsibility provides the overarching theory for social entrepreneurship, the following paragraph sheds light on central pillars of this concept.

2. Corporate Social Responsibility

The concept of corporate social responsibility is in an evolving stage, positions on many CSR related issues are still diverse, and empirically tested holistic concepts to understand the issues involved are urgently required. There are many facets attributed to corporate social responsibility: “corporate social responsibility, corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, global citizenship, corporate societal marketing, society and business, social issues management, public policy and business, stakeholder management, corporate accountability, or corporate sustainability” (Garriga & Melé, 2004, Kotler & Lee, 2005, in Marquina, 2007, p. 5) .

Moreover, Moir (2001) proposes additional issues related to corporate social responsibility, such as workplace (employees), marketplace (customers, suppliers), environment, ethics and human rights. Padmakshi, Platts and Gregory (2009), based on a synthesis of conceptual frameworks (Elkington, 1998, CSD Report 2001, Bradby, 2005, GRI Report, 2006, Labuschange et al., 2006, Elliot, 2006 in Padmakshi, Platts and Gregory, 2009, p. 6-14), suggest a framework integrating the interrelated concepts of social responsibility and sustainability for achieving a sustainability goal and further relate it to the food industry sector.

CSR, Ethics and Profits Intertwined

Frederick (1986, 1994 cited in Moir, 2001) portrays a sequence of three CSR eras: the first two eras reflect the transition from an initial philosophical approach (social betterment) to one focusing on the corporate capacity for managerial action (corporate social responsiveness to social pressures); the 3rd CSR era is seen as relating to ethically inspired corporate decision making (corporate social rectitude). The following definitions illustrate that CSR is regarded to benefit both, the companies and society. Lantos' (2001, p. 600) states that CSR is the “organization’s obligation to maximize its positive impact and minimize its negative effects in being a contributing member to society, with concern for society’s long-term needs and wants”. Dubbed by Elkington (1997), the triple bottom line (TBL) aims to measure corporate performance going beyond the common profit measures (Connolly, 2002; Slaper & Hall, 2011). TBL incorporates three performance indicators: social, ecological (or environmental) and financial. In essence, TBL measures “the impact of an organisation’s activities on the world” (Savitz, 2006, p. xiii). Accordingly, Porter and Kramer (2011) suggest that societal issues should be targeted by business core objectives and should not be seen as a peripheral additional value. They call for a more advanced stage of social responsibility in terms of Creating Shared Value (CSV). In a nutshell, CSV creates economic value by combining the achievement of corporate needs with creating value for the society. This is supported by Robins (2008, p. 331) stating that “yet a growing number of voices in contemporary society, especially in the more prosperous economies of the world, are calling on business to contribute more than at present to general public and social welfare”.

Relating more specifically to corporate and internal effects, Holme (2010, p. 185) believes that “there is plenty of evidence that CSR activities can be beneficial for businesses and not for profit organizations even if carried out for compliance or philanthropic reasons.” This is confirmed by Padmakshi, Platts and Gregory (2009, p. 14) referring to a “misconception of divide between social responsibility and profit maximization”.

A more skeptical view of Smith (2007, p.186) could contribute to and ignite the ongoing discussion even more: “Some obligations are obvious, such as the obligation of the firm to serve the financial interests of shareholders and provide employee satisfaction. But other obligations are not as apparent, such as the firm's obligation to reduce pollution, educate consumers, or consume supplies in a timely manner. All affected parties claim some responsibility of the company, which may conflict with one another.” Masaka (2008, p.17) adds that “genuine show of CSR is actually an illusion in the contemporary business environment. According to this reasoning, contemporary business operations are never inclined towards genuine concern for public interest because it is a good thing to do but simply because they ensure a conducive environment to make profits.”

CSR – A Strategic Approach

In practice, CSR often consists of non-systematic programs and activities (Nola, in www.ceoforum.com.au/article-detail.cfm?cid=8449; Nielsen and Thompson, 2009, in Spence and Painter-Morland, 2010). However, Galbreath (2009) based on a wide ranging literature review links corporate social responsibility with formal strategic planning in that it requires systematic environmental monitoring, cross-functional co-ordination and integration to successfully meet stakeholder demands and high resource intensity. In the same vein, Misani (2010) calls for socially responsible firms achieving stakeholders' goodwill and differentiating themselves from other competitors. Accordingly, Husted and Allen (2001) indicate a direct positive relationship between CSR actions and competitive advantage, stating that the “right” CSR strategy is very likely to result in a higher possibility for obtaining competitive advantages.

A strategic approach is also reflected in the development and daily application of a set of rules, in other words, a code of conduct for corporate social responsibility. Crouch (2006, p. 1533) defines the CSR code as “the approach by firms that voluntarily takes account of the externalities produced by their market behavior”.

Bondy et al. (2004) claim there are two main distinct types of CSR codes. An internal one is targeted at management and employees of the organization, and the external one is targeted mainly at external stakeholders such as suppliers, partners and representatives of the society. In this context, in 2000, the United Nations announced the creation of Global Compact. That is a voluntary association guiding corporations on CSR by ten principles relating to human rights, labor, the environment, and non corrupt business conduct. In addition, a created network of companies, NGOs, labor groups, and UN agencies can share ideas about how to create better corporate citizens (Blair et al, 2004).

Reasons to Differentiate

Being of considerable national and even global importance, CSR refers to political, economic and social levels with different countries having their differentiated perception on it. For

example, according to Silberhorn and Warren's research (2007), in terms of CSR perspectives, exemplarily, British companies have been found to be more performance-driven in their primary activities, while German companies tend to be more value-and stakeholder-driven. Both, however, rate the performance perspective higher than the value-and stakeholder driven one. A further notable difference, for example, refers to corporate governance, compliance and sponsorship issues. Whereas British companies stronger emphasize corporate governance and compliance issues, German companies seem to put a stronger emphasis on sponsorship.

A further indication for the necessity of differentiating is provided by Baker (2004) comparing the American view on CSR with that of the European one: "In the United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving. The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business case reasons" (Baker, 2004).

According to Crane and Matten (2007) ethical responsibilities are higher on the agenda in European businesses compared to the United States and developing countries.

Visser (2008) defines the main drivers for CSR in developing countries to be internal ones resulting from pressures within the country (cultural tradition, political reform, socio-economic priorities, governance gaps, crisis response, market access) and external globally originated ones (international standardization, investment incentives, stakeholder activism and supply chain).

Referring to the concept of the growth machine in Eastern European transition countries, Kulcsar and Domokos (2005) reason a differentiation as to the Western environment by the socialist legacy, the influence of elite transformation and the strong influence of powerful external actors such as the state or international investors. A further reason for differentiation is provided by Tonoyan (2011) having investigated the East-West corruption gap. The author sees the reasons for corruption in less efficient financial and legal institutions with lacking enforcements, the perception of corruption as a generally existing business practice, and the existence of social networks, which might decrease opportunism.

A Network Approach

As social entrepreneurs are in business to further social and environmental aims, many opportunities for teaming partnerships between companies, non-governmental organizations (NGOs), not-for-profit organizations, governmental agencies and social entrepreneurs emerged (Menon, 2005). Based on best practice cases in social entrepreneurship, Isaias and Kaufmann (2011) suggest complementing the Triple Bottom Approach with a network structure. This network with governments, municipalities or private companies should facilitate the growth of social entrepreneurship by providing funding, appropriate legislation frameworks, incubation centers and co-operation opportunities. This research is regarded to provide further suggestions for a conceptual underpinning of required network structures.

3. Social entrepreneurs- social capital and equilibrium builders

Regarding a concise summary of the current and emergent schools of traditional entrepreneurship and its contribution to cope with transition situations, it is referred to Kaufmann (2009). Currently, a consensus on a clear or comprehensive definition of social entrepreneurship is urgently required (Martin & Osberg, 2007). This research follows the definition according to which social entrepreneurship aims to solve social problems by innovative solutions in organizational forms targeting either on profit or non-profit or by cross-sector co-operations blending profit and non-for-profit objectives (Paerenson, 2011, referring to Dees, 1998, Austin et al., 2006, Townsend and Hart, 2008; Ashoka, 2011; Skoll, 2011).

This definition reflects a major contribution of social entrepreneurship in terms of creating social capital, i.e. community projects by designing the co-operation of people devoted to a common purpose or mission (Fukuyama, 1995, in Thompson, 1999; Thompson, 1999; Thompson, Alvy and Lees, 2000; Grossman, 2008; Kaufmann, 2009; Paerenson, 2011) based on community values (Grossman, 2008). Relating to public management entrepreneurs in business improvement districts, Grossman (2008) found a combination of traditional entrepreneurial characteristics and social capital builders, a view supported by Drayton (US News, 2005) regarding social entrepreneurs as reformers.

Expanding on characteristics, attitudes and personality domains, Van Ryzin et al. (2009, p. 136) found by quantitative research that social entrepreneurs dispose of more social capital, "are happy people, interested in politics, giving to charities, extroverted, and more liberal in their political ideology". Furthermore, they are described as being innovative, ambitious, persistent, problem solvers rather than transferring problem solution to government or business sectors, and "persuading entire societies to take new leaps" (Ashoka, 2010, p. I in Makhoulf, 2011). Very relevant for the three cases of this research, Martin & Osberg (2007, p. 39) define the social entrepreneur as "someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large." Due to the necessity of mutual trust building, Grossman (2008) calls for transcending the traditional business mindset with strategic community oriented business skills. The previous two suggestions are in line with Thompson's (1999) and Grossman's (2008) view that social entrepreneurship imaginatively revitalizes unused community resources to satisfy existing social needs which the welfare system could not meet, for example, due to budget constraints.

Regarding publications on key success factors in social entrepreneurship, Makhoulf (2011) refers to Morral's (2010) 4 C's:

- Compatibility of product/service and stated corporate purpose
- Connection with customers and other stakeholders created by a passion and a mission for the venture
- Communication with stakeholders as to capability, reliability in terms of keeping promises, and measurable outcomes

- and measurable outcomes
- Commitment to persevere in spite of various problems

When it comes to teaching social entrepreneurship, Shockley and Frank (2010, p. 770) suggest

- to include many disciplines and organizing units rather than only the business school (Ashcraft, 2008 in Shockley and Frank, 2010)
- to focus on a social-moral motivation or social mission, supported by Makhoulf (2011) whereas leadership, vision, drive and opportunism are already demonstrated qualities.

Confirming the social motive of social entrepreneurs, Sundin (2011) additionally introduces the care concept.

These suggestions include but go beyond MacLagan's (1998, p.2) suggestion that such training is intended "not to convert 'unethical' individuals but rather to help the majority of essentially well-meaning people in organizations appreciate and understand the moral significance of events around them, and to respond appropriately".

The second stage of the research involved the empirical part which is provided in the next chapter.

Derived from the literature review, the following research questions guided the empirical stage:

1. Is there a genuine care for public concerns or, in other words, is CSR of intrinsic or instrumental value?
2. Does the CSR and Social Entrepreneurship approach applied in Eastern Europe reflect a strategic approach?
3. Should social entrepreneurship be differentiated as to Eastern European idiosyncrasies?
4. Has CSR and Social Entrepreneurship to be taught differently in Eastern Europe?
5. Do characteristics and competences of social entrepreneurs differ in Eastern Europe?
6. What are the implications of cross-sectoral partnerships on the effectiveness dimensions Social Entrepreneurship in Eastern Europe
7. Does Social Entrepreneurship make an impact in Eastern Europe and which criteria for impact assessment can be elicited?

4. Research methodology

The aim of this research is to contribute to shorten the gap in existing literature related to provide empirical evidence and conceptualizations on the effectiveness of social entrepreneurship and its interplay with cross-sectoral partnerships in Eastern European settings.

Based on a constructivist ontological background, the data collection was conducted applying the qualitative case study research method. According to Tellis (1997), Yin (2002), and Salkind (2006), the case study epitomizes three parts of a qualitative method: describing, understanding and explaining. Salkind (2006, p.205) suggested that case studies "are a unique way of capturing information about human behavior". Furthermore, he and

Yin (2003) provided several reasons for using them: first, it focuses on a person, company or a country; second, it allows several techniques to be applied for gathering the information; third, it is perceived the best way to obtain rich, deep and microscopic information; fourth, compared to a survey method, the researcher has a better control over the research project; fifth, the case study is based on a real life context. Three Eastern European case studies have been explored over a period of 6 years (2006-2011). The case study settings were Hungary, Bosnia and Herzegovina and Croatia.

The research techniques used for the ethnographic qualitative case studies were focus groups (6 members of Ágota and 4 members of Narko-ne) and one group interview (two interviewees of Marijin Dvor Lužnica). The rationale for using focus group and group interview was that these techniques are regarded as flexible research techniques when listening to people, learn from them, getting rich context specific information and creating a line of communication between all research participants involved (i.e. Evmorfopoulou, 2000 in Wilson, 2009; Salkind, 2009).

Due to the fact that the focus group members could not speak very well German or English, the discussions were held in their mother tongue using interpreters. All terms had been clarified before hand to achieve common understanding and conceptual equivalence.

In the following presentations of the research findings, direct quotes of the participants are provided followed by an (R), meaning respondent and the respondent's number to care for anonymity. The data were analyzed using content analysis to elicit the main categories and sub-categories.

5. Research findings

The following introduction of the respective cases, presents the reader with a description of the major activity of the respective organizations. The case studies reflect that philanthropic initiatives of social entrepreneurs can change state systems to the very, i.e. budgetary, benefit of these systems and the marginalized people in question. The cases mirror a very high level of dedication, commitment, empathy and passion, past experience and know how in the field, methodological competence, business administration, i.e. planning and marketing skills as well as the ability to successfully lobby the activities with political decision makers. This is culminating in Civil Society Organizations actually taking responsibilities, which initially were those of the state systems. Initial initiatives in this way, can experience national and even international radiation of the ideas and concepts.

Results of Participant Observation

Case Study 1: Ágota Foundation – Reform of the State's Child and Youth Care in Hungary.

The Ágota Foundation was created in December 1996 with the general objective to improve the situation of marginalised children and youth in Hungary, especially of children which were brought up in the state's child care system. The founder's János Kothencz' motivation was seeded in his own life experience having been growing up in the state's children homes.

He started to build a wide net of volunteers who cared for the kids one by one and organised annual summer camps for children living in state's child care institutions all over Hungary. The foundation opened the Children and Youth Centre in the social hot spot of Szeged where the foundation is seated. The thought behind this initiative is that prevention is better than healing. The main services provided ranged from various leisure time activities, hot meals, health education, private lessons, drug prevention and crisis intervention. The most important aim is to dedicate attention to every child, as well as to their mothers, fathers and teachers.

The values, that every child deserves to be loved and to be prepared for her/his future, were shared by the rapidly growing team members of volunteers. But nevertheless, the leading team was aware that the foundation's single activities would not change the child care system and that concerted action was required.

When Hungary accessed to the European Union in 2004, the building norms for the children homes were changed with every child getting some own space and the material base getting much better in the children homes. However, the pedagogical work still did not differ too much from the old communist measures which had not sufficiently respected the children's dignity and had not strengthened their personalities for a self-responsible and successful live management when becoming adults.

The Ágota's research project's results presented in 2006 showed the entire disaster of social exclusion: Most of the children leaving the state's child care institutions became long life clients for social state care. They had no self-esteem or resilience, had very low education levels - mostly incomplete school or vocational training. Criminality and aggression belonged to their every day life. The very high number of Roma among them, being drawn from their families, missed cultural identity. The children's future dreams about a secure and trustful family life remained unfulfilled, but many unwished babies were born. Last but not least, the children of the state's child care system were stigmatised by the Hungarian society.

The staff in the children homes very often had no or too little pedagogical know-how and experience. In fact, education in the sense of enabling or empowering someone did not take place in the children homes. Although it was already forbidden by law, many children were still beaten and locked up. The personnel had no motivation for or satisfaction of their work. Therefore, the personnel's fluctuation was very high and the children missed caring persons or psychological parents.

Facing these research results, the Ágota foundation decided to change the situation in a long-term process, going step by step, but in a sustainable way. The biggest challenge was to raise confidence inside the child care system, in the children homes of 10 governmental regions (Komitate), and as well as in their supervising institutions (Tergyész). The Ágota team started a pilot project (2006-2009) with test groups from children homes which already participated in the summer camps. As a result, they developed the new pedagogic-therapeutic method KÁSZPEM®, which was finally registered as the intellectual property and accredited by the Ministry of Education as training courses for professionals working in the state's child care system. For the accreditation the implementation of the quality management system was obligatory.

From this moment, the organisational structures started to differentiate and to grow. The work places were defined, the hierarchy established and the separated volunteers' network was founded. Ágota applied for subsidised personnel at the labour office in Szeged.

As a next step, the Ágota Adult Education Institution was founded as a special-purpose commercial activity. From its profits the foundation is benefitting and financing its core activities like summer camps and youth centre. A business plan was made to forecast and control the whole Ágota budget. Nowadays, the financial aim, to build an own financial source of income, is reached although not all the Komitate are included yet.

By extraordinary press and media work, the Ágota Foundation became famous in Hungary. The social entrepreneur János Kothencz was speaking in the Hungarian Parliament received some high honours, and an awarded documentary movie about his life experience and mission was presented in the Hungarian cinemas. In 2011, the "National Conference on the State's Child Care System" was organized in Szeged with the Hungarian President Dr. Schmitt Pál as speaker.

The high publicity contributed to a mind change in the Hungarian society. On top, now it became possible what already was usual in other European countries: In accordance to the subsidiary principle, Ágota as civil society organisation (CSO) takes responsibility for state duties of child care and child protection. When the Ágota team got encouraged for this task at the FICE Conference (*FICE= International Federation of Educative Communities*) in Helsinki 2008, it represented a new beginning, but the achievement seemed very far away yet.

However, already in 2010, the St. Ágota Foundation for Child Protection was founded, and is now undertaking by contract some services which were originally duties of the Tergyesz's like supervision of the children homes, further education of the educators and social workers and others. Currently, Janos is the supervisor of around 500 professionals in the child care system of two Komitate, other regions will follow.

Due to many requests, currently, Ágota is planning to go international. János Kothencz wants to sell the KÁSZPEM® Training Courses in Bulgaria, Romania and in the Ukraine. The target remains the same: changing the state's child care system to save the children.

Case Study 2: Narko-ne Association – Prevention of Addiction in Bosnia and Herzegovina

In 2001, Sr. Madeleine Schildknecht TOR, the Franciscan nun from Switzerland came to Bosnia with the intention to contribute to the peace making and reconciliation process in the post war society of Bosnia and Herzegovina (BiH).

After the war in Bosnia and Herzegovina the problem of drug abuse was urgent but political stakeholders tried to ignore it. Neither in the national youth report nor in the EU reports the topic was mentioned. When Sr. Madeleine came to Banja Luka, at first she got acquainted with the sisters of the Holy Blood who just have been establishing the therapeutic community in their former Monastery of Alexandrovac. This experience was the starting point to think about addiction, therapy as well about the complementary services.

After the fact finding phase, the positioning was made in the field of primary and secondary prevention of addiction where the concept of "Salutogenese" is focused on by strengthening the resilience factors (Buessers, 2009, referring to Aaron Antonovsky's research). In 2001, Narko-ne was founded in Sarajevo under the umbrella of the existing Franciscan welfare organisation "Bred of St. Anthony" what gave the new CSO certain security and recognition from the very beginning. Nevertheless, Sr. Madeleine became director of Narko-ne and the organisation became the own independent brand.

The organisational development was less driven by strategies, but more by carrying out various projects. The first volunteers were committed to the pilot projects "Droga-tel" and "Peer group education" in schools. The first important steps for building the wider professional network was the further education of social workers and psychologists working in youth work in various cities of BiH. The intercultural creative summer weeks (IKS), annually held together with Swiss art students in small cities in Middle Bosnia, are already celebrating their 10 years anniversary in 2011, and are presented in the very interesting jubilee video about its history and local impacts on the multi-ethnic communities. The other important long-term ongoing projects are the "Intercity Theatre"; the pupils' journal "Preventeen"; and, finally, the student volunteering project "Older brother, older Sister" for social inclusion of children being registered at the governmental social centres.

The steadily growing net of volunteers is the *conditio sine qua non* for all Narko-Ne project work. The main projects' have their own logos, their own supporting local and international stakeholders which also renders an advantage to the organisational brand of Narko-ne.

Most of the projects were supported by know-how transfer from abroad by foreign lecturers and supervisors or by hospitation travels. Therefore, today Narko-ne is acknowledged as representing a form of specialised social entrepreneurship in the field of prevention of addiction, still being the only one and having a profound theoretical and practical background. Further education is a prerequisite for the Narko-ne personnel and volunteers. Clear defined objectives and work plans as well as published quality standards underline the professional standards.

The expertise of Narko-ne is asked for by donors and policy makers in the field of health or youth, alike. However, the social entrepreneurship is selective with becoming a member in networks. Sr. Madeleine focuses on the core mission and only joins networks when also Narko-ne may benefit from results or impacts or/ and when Narko-ne can significantly contribute. Selected networks with international mentors involved are: The NGO Council, the Coalition for Fair Education, the Anna Lindh Foundation and the CIDI project (Policy Dialogue for All Project). Selected networks on a local level are: Justice Network (Mreža pravde); Agreement plus (Sporazum plus); Network Volunteer Diary (Volonterski dnevnik); Peace building network (Mreža izgradnje mira).

The biggest challenge for Narko-Ne has been the team changes which are naturally occurring when inviting young professionals who are just starting their careers. In this situation, Narko-ne had to be very flexible, and it is still very difficult to build the middle management which undertakes duties like project development and acquiring funds. Sr.

Madeleine tries to see the bright side: She sees the advantage of this situation for Narko-ne in being always up-dated to the needs of young people, and a well-known and popular employer. But, an important open strategic question remains: who will be her successor when she will go in pension in some years? Or are there any promising growth strategies to bring Narko-ne and its projects onto the next future level of its development?

Case Study 3: Marijin Dvor Lužnica - Informal Adult Education in Croatia

In 1925, the Zagreb Province of the Sister of Charity of the Holy Vinzenz von Paul bought the baroque Castle of Lužnica including park and forests which they used as a home for the aged nuns. During socialist times, the property was confiscated, and only after the political change the nuns received it back.

Soon, it became obvious that the use of the castle as a home for the aged nuns was not possible any longer due to lacking hygienic, damaged heating, and so on. After a storm had damaged the castle's roof, the community was contemplating a new purpose respecting the nuns' charisma (social-caritative or educational missions) and supporting the local people. The nuns felt highly responsible for the cultural heritage.

After consultation, the nuns decided to establish the first Informal Adult Education House / Spiritual Centre of its kind in Croatia. The preparation has been taking six years, entailing the following works:

- Construction (renovating and rebuilding the castle with regard to monument protection including conference hall, seminar rooms, dining rooms and professional kitchen; construction of the new guest house including an architectural concept with 60 bedrooms and separated nuns' enclosure; and reconstruction of the park according to the baroque plans)
- Conception (development of the education concept with four contextual pillars: religious education, ecological education, social and political education as well as cultural education)
- Further education of the nuns in hotel management including e.g. leadership, HR management, process management, marketing, finance, bookkeeping) and in adult education (programmes, methodology, didactics)
- Preparing the first year's education programme
- Preparing the business plan with the following revenue mix: booked seminars of the annual programmes, occupancies with own programmes, room rents without accommodation, exhibitions and presentations on other cultural events and charity concepts, castle's guidance, shop of monastery goods, café,...Revenues could also be generated by selling land to an interested company
- Preparing the registration. The public law institution could be only established after enacting the law of adult education in Croatia in 2007.

Construction, learning as well as fundraising that addressed public institutions, private donors and local companies had to go hand in hand.

The director, Sr. Miroslava Bradica and her team, that also changed from time to time, had to stand a lot of uncertainty and also to go through internal and external struggles before, in

2007, the opening of Marijin Dvor Lužnica could be celebrated. This was hard because after socialism the nuns were not attributed such a social entrepreneurial role, neither by the church nor by the society.

Moreover, the nuns did not have a pattern for their project development in their own country. hospitation visits abroad gave them some ideas about informal education houses or about the reconstruction of historical buildings, but the adaptation to the own, very much differing situation, was far from being easy. Overall, the project success was empowering the nuns in what they were doing and gave them self-esteem.

The Open Day with various programmes for all interested people was visited by more than 1000 people. A press conference was held.

At that time, the main target group were defined as follows: religious groups, CSOs, companies and international groups. Reflecting on learning by doing, the target groups were shaped more precisely: senior groups and local and international, cultural and religious tourist groups. The share of companies using the facilities for conferences or presentations was also continuously increasing.

The problem the nuns are facing until today is related to the status as an education house which is different from the hotel business with other taxation and regulation rules. In this context, they face a restriction regarding accommodation without programmes whereas for the guidance in the castle Sr. Berislava Grabovac attended a course and got the licence. Summarizing, the entire business runs perfectly: In 2010, the nuns had their capacities nearly fully booked and, finally, the biggest future threat is also prevented: the planned highway will not run next to the Lužnica castle. After many visits and letters to public decision makers it will run down another way. The silence, nature and unique characteristics of the location could be saved.

Results of focus groups and group interview

The following narrative highlights the main emerging categories reflecting the key success factors of the three social entrepreneurship ventures. An emerging conceptualization will be provided after the narrative.

a. Motivation- Recovering from an Identity Crisis: The Human Being, Political System and War, Recovering Human and Christian Values, Cultural Heritage, Personal Life Experience and Faith

In order to start the challenging adventures of “changing the society for better” (R1-R12), specific key motivators existed. The motivators were mainly routed in the affection to the human being and/or experienced shock due to the detrimental consequences of political influences. As mentioned by several respondents (R7, R8, R9, R10), it was the war in BiH, which thrilled the need to take action and responsibility in their societies to change the situation. As reported by R11 and R12, the influence of socialism was crucial: “Christian and human values were destroyed in Socialism. The church and religious orders were in the underground” (R11). Hence, the motivators for the Informal Adult Education in Croatia were twofold: The first motivator refers to the recovery of Christian and human values by providing the old nuns living there in bad conditions with a dignified living surrounding

and the second motivator to preserving cultural heritage. The castle where the nuns were living was expropriated, and therefore, so R 12 said that “we were longing for a place of peace, the location for encounter, also for the youth. Men needed a place to find themselves after Communism and war in some parts of our country”. A different motivator drove (R1) to initiate this project: “it was based on my own life experience, I found enthusiastic people joining me”.

For all the members of the Ágota foundation the opportunity to reform the child state care system in Hungary to the benefit of every child was the most salient motivator. The members of Narko-ne wanted to contribute to the peace making and reconciliation process in Bosnia and Herzegovina, social inclusion and addiction prevention.

The final motivator, which is the common denominator for all three projects, was faith. Exemplarily, R2 stressed that “faith belongs to the community so that we are always committed to our vision and mission. This is not restricted to working hours but expands to life and also to faith”. For R7 faith was supportive “for respecting different believes” and for R12 faith was an obvious motivator due to “the nuns being the management team”.

b. Volunteers' Commitment

The very high level of commitment is underpinned by the very high number of volunteers as already indicated by the previous factor. Importantly, the commitment is lived by all the volunteers who carry through the projects. R3 highlights that “Ágota volunteers have their own identity, being engaged, and smart, enthusiastic and a bit crazy”. In the same vein, R9 of Narko-ne comments: “100% focus is on the volunteers, every project has own teams of volunteers”. Regarding the Marijin Dvor Lužnica project, there are “the alumni's networks of volunteers (Internet based social network)” (R12) who carry all the work. For R11 it is clear that in this type of organization “it needs much more higher commitment than in other institutions”. She further explained “that it is not a normal work place, it is a mission”.

c. Management- An Ambivalent Stance to Strategy

The management of the projects embraced issues like having objectives in place indicated by R5: “everything starts from the top, without clear objectives there are no results”. Objectives are followed by strategic development as mentioned by R10: “in 2006 we made our strategic plan. It gave us the important directions, but we considered it as more important than it turned out to be in practice”. On the other hand, all three respondents underlined the importance having the defined mission and visions and as well conscious value proposition that volunteers and employees share alike (R1-R12).

Other managerial activities referred to process description, reflection on practice, change management, quality management systems e.g. “for accreditation stressed by R2, or “for defined quality standards as highlighted by R8 or project management including learning of how to apply for projects. A common emphasis of all respondents regarding the methodology was put on “learning by doing”.

The importance of quality management closely related to the factor of ‘organizational development to be described later was highlighted by several respondents. R5 commented that “the implementation of the monitoring system was an important milestone; we defined

objectives, success indicators and methods for observation". The necessity to implement a quality system was commonly agreed upon by the three organizations. Accordingly, R6 it was needed for the accreditation process, it is applied in the management system, but not consciously on a daily basis but it should not be a point for further discussions at the moment. For R9 it is an issue which helps in gaining credibility: "it was important in the "Older brother, Older sister programme. The QM handbook gives us credibility from the international donors". Finally, in the Lužnica case, this quality management system is used for "getting regular feedbacks from visitors and participants and prepared feedback sheets (R12).

d. Leadership- specifically of volunteers

The leader's personality and charisma turned out to play a paramount role. In the case of Narko-Ne, the option of losing their leader due to retirement may cause difficulties for the organization calling for sustainable leadership. R9 drew attention to this important issue by regretting that "in about five years Sr. Magdalena will retire; Narko-Ne is searching for solutions, either to survive as organization with new leadership or distributing the core programmes to other youth organisations / social organisations. In the case of Ágota, leadership had to be learned as explained by R4: "at the beginning, we were just a group of volunteers; we had to professionally familiarize with hierarchical structures and leadership. This was not an easy step". Nevertheless, after passage of some time, "today, we are a professional organization where the group of volunteers have their own important space; currently, the volunteers have grown their own small organisation, with own leadership inside of Ágota. They are still the base of our work" (R6).

In terms of leadership development, R11 indicated that "the nuns studied or have been trained in economics, law, education, marketing and tourism".

e. Idiosyncratic Skills and Attitudes

In these challenging projects, special skills and abilities are required for their implementation. The following skills and attitudes have been agreed upon by all the respondents: learning by doing, power of endurance and frustration tolerance, flexibility and openness for change, cross-cultural communication, conflict solving and the ability to 'fight' (R1-R12).

f. Attracting Financial Resources- Balancing with Independence

A crucial issue in these projects proved to be the attraction of financial resources. Continuous financing had to be assured by one or a few private donors, for example, Renovabis from Germany, supporting the Hungarian and Croatian projects or Renovabis and international church institutions and organisations supporting Narko-ne. Another option is public funding. In the case of Ágota, R3 complained that "we had established the good public fundraising, but the amount of funds is steadily reducing". Concordantly, R10 of Narko-ne added: "we have steady public funding of 5%; we do not see that this is changing soon". A more optimistic view is expressed by R11 from Marijin Dvor Lužnica: "we have good chances to receive public funds due to our legal form".

An interesting observation was made as to the respondents' views on staying independent to donor's policies. In this context, R8 mentioned that "the strategic approach of addiction

prevention is defined widely so that Narko-ne fits into many programmes or can easily adapt to them without losing the key competence. We never had debts which are the temptation to do everything and not to keep the focus". In the case of Marijin Dvor Lužnica the situation is different, since they can already financially maintain themselves. In the case of Ágota, they explained that "we are working strategically on financial independence, which most probably will be reached in 1-2 years as stressed by R6.

g. Organizational Development

As first initial step to the organizational development all three social entrepreneurship ventures stated that the registration and receiving the legal form was very important. "Due to administrative requirements that was not an easy step" (R12). And R5 of Ágota pointed out that "legal advice was essential to various stage of our organizational development".

In relation to the overall organizational development, R2 indicated that short term lines for strategic guidelines allow them to keep flexible, whereas, on the other hand, long term time lines for strategy guidelines are considered "very important for being able to design the changes" (R5).

Due to the very transitional macro environment, R3 highlighted that "change management is constantly necessary". Referring as well to the organizational development is the issue of cooperation and networking which is rising in importance. Although Ágota and Narko-ne are aware of the potential benefits of networks and co-operations, both organizations are very careful in terms of selecting their business partners as indicated by R1: "We carefully select our partners. We can lose time and our good image when co-operating with the wrong partners. We concentrate on the "real" work compared to many CSO and networks having little or no results". The criteria for partner selection for Narko-ne are "to select some local and international ones where we are active and hope to have influence on policy making for our own benefit later on" (R8). Furthermore, they differentiate as to "the civil sector, where some CSOs should concentrate on advocacy, others on their key activities. Just networking and working on meta-structures is inefficient" (R10).

h. Marketing- Traditional and Lobbying

The positioning, a strategic marketing aspect, of the three projects has three factors in common: being unique, being first in the social market and choosing the right location. During the findings' analysis stage, the enthusiasm perceived by the respondents regarding themselves as pioneers in the field was very prominent. Similar statements sharing this pride of being a pioneer could be perceived. R7 stressed that "we are unique, we are first and it was important to go to Sarajevo". This statement is in line with that of R3: "being unique and being first in the social market". Similarly, R12 confirmed these views: "we are unique in Croatia; we are first and have calm and the outstanding location (the castle and the park).

As already indicated by the previous summary of the three case studies, Marketing, especially the marketing-mix, had been considerably applied. Commonly agreed upon by the members of the three projects were the use of homepages, internet based social networks, e.g. "we have alumni networks" indicated (R12). Flyers and brochures, fairs, open

conferences, public events, e.g.” Yearly Narko-ne Day, Yearly International Volunteering Day, Some Conferences in the “Older Brother, Older Sister” Programme (which are considered as milestones in the Narko-ne development)” (R7). Referring to advertising, R11 referred to press and media work: “very important for us is to be in TV, e. g. tourism broadcasts, morning magazines, articles in journal of Croatian airlines; we have our media manager”.

Implying the importance of Customer Relationship Marketing and Internal Marketing, R8 of Narko-ne emphasized: “Because the media allow themselves to be taken by political interest, we are more cautious with marketing via media and are instead mainly focusing on “Human networking”. Through our own “Preventeen” journal we are constantly visible in our main target group; the internal marketing is stronger than the outside”.

In addition, political lobbying is considerably used as a marketing tool in the three projects. The way Ágota uses political lobbying is outlined by R2: “speeches in the Hungarian Parliament, member of youth councils, National Ágota Conference 2011 with presence of the Hungarian president, various ministries and stakeholders of the child care system”. In the case of Lužnica, political lobbying “was needed to get our land and real estate back as a base for new projects (school, kindergarden, Marijin Dvor Luznica) indicated (R11). Lužnica was seriously endangered by the construction of the new close-by highway. The writing of more than 200 letters, holdings of many meetings with decision makers and stakeholder proved to be successful. Currently, the highway takes another route. A different view is taken by Narko-ne trying “to avoid political contacts and to stay neutral, but for public conferences we invite selected people from the political and administrative scene to involve them into our discussions” (R10). They are involved in networks, mouth to mouth propaganda from reliable and engaged people. R8 adds: “we also take part in the EU CIDI project (Policy Dialogue for All) as well as in the “Sporazum Plus Network” (the “Network Agreement Plus” will implement its activities through topical public forums, advocacy campaigns and other forms of democratic expression of opinions and joint actions of the civil society organizations).

i. External Support: Coaching & Consulting Catalysts in the Initial Stage

As external support, consulting and coaching companies co-operated in the three projects. The contribution of consulting and coaching was perceived by R1 as “important to have impulses and reflection from outside”. Concordantly, R2 confirmed that “we were pushed in some directions where we were still hesitating to go; but it turned out that it was the right way, and we accelerated the entire development, e.g. when integrating the educators to the pilot projects”. A further contribution of the consulting co-operators was highlighted by R4: “consulting helped us to differentiate the tasks and share it in the team and further to build professional structures”.

Coaching and consulting expand their field of activities in the area of multicultural teams as referred to by R8: “consulting and coaching is always very, very important for the multi-ethnic team to get the view from outside. Up to 2006, we mostly had consultants from abroad (Germany, Switzerland). Now, we also have some local consultancies of good quality, and we invite them to work with us. We are satisfied with them. We also co-operate with the EU Tasco project that gives us many impulses (Tasco = The Technical Assistance

for Civil Society Organisations). Finally, for R11 and R12, Consulting/ Coaching were very important at the initial stage in the meantime they are learning by doing.

j. Cross-Sectoral Co-operation

The final success factor is dedicated to the cross-sectoral co-operation. Many different institutions were contributing to the success of these projects. To start with, there is co-operation with church institutions. (R3) specifies "dioceses and parishes, contacts to single priests, receiving strong support from the local bishop and having Renovabis as donor". R7 further comments in this respect: "for us the inter-religious council is important. Other church institutions are sometimes too close to political parties, and they have a nationalistic attitude". On the other hand, the main donors are coming from international church organisations (e.g. Renovabis, Caritas, parishes). Further cross-sectoral co-operations relate to public administrations and governmental organisations. R2 mentions different public entities which provided an enriching experience for the project members: "we have learned a lot from the public sector and have now a lot of contributions from this sector". Amongst the public entities are municipalities, local offices, family help centres, various ministries (all for child care and fundraising), accreditation office (for programmes and institutional accreditation), centre of employment (for applying for new staff with funded salaries). Co-operation with industry representatives and SMEs are "mainly for funding or in-kind funding, e.g. the summer camp, playhouse, publications 10% to 20% of the action budget. The private sector is very sensitive and open to our needs and problems", explained (R6). R10 confirms the contribution in kind.

R1 expressed his concern related to these co-operations with Civil Society actors: "we are cautious with too many co-operations. Many NGOs do not really work, but get funds (corruption). We also avoid tender consortia in order to not get in danger to cheat. We cooperated with just two foundations and the Roma Agency, and we are the formal member of KIFE, which is the relict of former times". Due to this precaution and lack of trust, R4 stressed that "the biggest challenge was building confidence with the public sector. In the public sector, there is the very high bureaucracy for fighting corruption. It blocks us a lot". In line with this criticism, R9 added "the public sector is strictly hierarchical. The work places get inherited which encourages laziness, but in all sectors you also find highly motivated people".

Exemplifying an advantage in the cooperation with the civil society it was mentioned that "Bred of St. Anthony is important because they are helpful in fundraising and they are close to the people; during our co-operation they changed, now they also employ, as a catholic organization, Muslims and employed some of our students"(R7).

For R11 and R12, there is no doubt regarding the importance of these co-operations. They highlighted that "without cooperation in all sectors we do not survive. It is our daily life. May be there are differences or even difficulties, but we are not focusing on them. We have to work together and we do. It is simply a necessity".

The following figure 1 conceptualizes the categories elicited by the content analysis representing the key success factors of the social entrepreneurship projects in Eastern Europe.



Fig. 1. Successful Social Entrepreneurship in Eastern Europe

6. Research questions and derived recommendation

Referring to research question 1, the statements in various paragraphs clearly underline that CSR and social entrepreneurship as to the three cases was strongly intrinsically rather than instrumentally driven.

Referring to research question 2, ambiguous results could be found. Whereas vision, mission, objectives and strategies (i.e. change or quality management) seem to be generally appreciated, some statements imply a stronger emphasis on operations. This might be explained by a lack of existing knowledge structures, knowledge 'road maps', and experience. It is suggested that more strategic approaches resulting from the reflection on previous experience could usefully inform further projects. In terms of Marketing, growth or competitive strategies were not mentioned by the interviewees and could be a promising route to follow.

Regarding research question 3, it is suggested that social entrepreneurship has to be differentiated due to an apparent identity crisis (Kaufmann, Zagorac, Sanchez, 2008) reflected, for example, by a loss of values and social identity roles of certain segments of society. This implies that new value systems have to be created or new societal roles to be accepted. The role of the media being still used for political influence is also seen a reason for differentiation. This finding has direct connotations with and implications on research questions 4 and 5. Tonoyan's (2011) corruption related findings were confirmed by this research and, additionally, call for differentiating social entrepreneurship as to Eastern European conditions.

Regarding research question 4 on training & development, Ashcraft's, Makhoul's, Sundin's and MacLagan's views, as provided in the literature review, were confirmed by the research. It is suggested to focus on management and leadership for the middle management relating to project management, international teamwork, career planning, leading intrinsically motivated volunteers, fund application, importance of legal form for organizational development,

strategy development, organizational hierarchies. Whereas transformational leadership focusing on visions, values and empowerment seems to reap very good results in terms of commitment, also instrumental leadership (i.e. in terms of strategy development) is recommended. For social entrepreneurs from non-entrepreneurship or non-management background a more comprehensive and basic education and training in all management and leadership roles is suggested. Regarding the teaching and training methodology, a more inductive rather than deductive approach is suggested due to the often mentioned emphasis on 'learning by doing' and a lack of existing knowledge structures.

With respect to question 5 on differentiated characteristics for Eastern European social entrepreneurs, a social-charitative feature, perceiving an educational mission as well as charisma can be mentioned. Other characteristics and competences to be differentiated refer to 'learning by doing', frustration tolerance, cultural communication, conflict solving, lobbying, and pioneering. Further aspects refer to the ability to attract resources, both financial as well as good will and commitment, is suggested by the findings. The strive for continuous independence of social entrepreneurs in Eastern Europe is a commonality they share with traditional entrepreneurs. Latter aspect could be phrased as a very interesting leadership competence as to start a social movement.

Research question 6 was referred to in the paragraph on cross-sectoral co-operation. As a positive implication, the influence of church institutions, both as entrepreneurs and donators was highlighted. Positive implications were also attributed to the public sector, which was perceived as sensitive to social entrepreneurs' needs and providing supportive experience being even crucial for the social entrepreneurs' survival. The co-operation with the industry and SMEs referred mainly to funding and in-kind funding. The view towards the civil societies was ambiguous with negative implications referring to corruption and implicit high bureaucracy requiring the generation of mutual trust and selective choice of networks. From this finding, which points to a 'bottle neck' of cross-sectoral co-operation, it is recommended to expand training and teaching activities on the civil society actors as well. Ideally, an objective and multidisciplinary education provider, i.e. university, is recommended to inform, manage and train all partners involved in the cross-sectoral co-operation relating also to research question 4.

Regarding the assessment of impact factors of social entrepreneurship (research question 7), the findings entailed the following suggestions for measuring the impact of social entrepreneurship in Eastern Europe:

- change of organizational and social structures on a local level
- improvement of individualized care for the respective marginalized human segments
- pioneering initiatives materializing new 'off springs'
- creation of new concerted actions with various societal stakeholders
- creation of reforms accompanied by innovative educational and pedagogical approaches leading to more sustainable outcomes
- creation of intellectual property to be publicly accredited
- raise of profits to self-sustain the projects
- achievement of perception, acceptance and participation of national and international stakeholders

- sustainability of newly created projects
- creation of new professional benchmarks
- preservation of cultural heritage
- creation and 'healing' of social identity roles for segments previously suffering from an identity crisis
- customers' acceptance of newly created services
- making a contribution to national political objectives (i.e. tourism or adult education)
- Starting and sustaining a social movement

7. Conclusions

Based on three qualitatively researched case studies on marginalized human groups in Hungary, Bosnia and Herzegovina and Croatia, this research provides the key success factors for and suggests factors to assess the impact of social entrepreneurship and cross-sectoral co-operation in Eastern European settings. Whereas, Morral's (2010) model on key success factors seems to be generally confirmed, a more detailed differentiation of all the four variables as to Eastern European idiosyncrasies is suggested. A commonality, however, was found regarding the general categories of motivation, marketing (in terms of communication) and leadership (in terms of commitment). As to Morral's variable of 'connection' and Kaufmann's, Davies', and Schmidt's (1994) variable of 'synergy experience', a differentiation of the conceptualization in an Eastern European context as to volunteers, external support and cross-sectoral co-operation is urgently recommended. Additionally, the variables of management, idiosyncratic skills and attributes, attracting financial resources and organizational development have been found to be relevant in Eastern European social entrepreneurship. The necessity to differentiate conceptualizations in the field is also due an identity crisis which social entrepreneurship seems to be able to overcome. Innovative contributions also refer to newly provided characteristics of social entrepreneurship and differentiated teaching and training content and methodologies. To make the overall cross-sectoral partnership process more smooth and trusting, it is recommended to include an education provider from the meta level (i.e. university) to act as a multidisciplinary catalyst for this urgently required construct and to improve effectiveness and efficiency levels even more.

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Motives for Entrepreneurship: The Case of Lebanese Family Businesses

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1. Introduction

1.1 Overview

Family businesses are the engine that drives socioeconomic development and wealth creation around the world, and entrepreneurship is a key driver of family businesses. The ability to build and keep the business running over generations is a major element of family business continuity and is influential in strategic execution, innovation, and growth. Entrepreneurial family businesses are a primary source of job creation (Shanker & Astrachan, 1996) in market economies where resources are allocated via supply and demand. In Lebanon, family businesses constitute 85% of the private sector, accounting for 1.05 million of 1.24 million jobs (Fahed-Sreih, 2006). The family unit is usually the only intact institution capable of sustaining entrepreneurial activities in Lebanon following civil war.

Lebanon provides a unique experiment where to explore entrepreneurship, family business, and SME development. Lebanese firms went through years of war and survived the massive destruction. Given the instability in the country in recent decades, it comes as no surprise that Lebanon has low scores when it comes to economic performance. Accordingly, researchers have a chance to spot, survey, and analyze the personality of new Lebanese entrepreneurs, the enterprises they are building, and family network involvement.

The general research question posed is: "What are the characteristics attributes, and growth orientations of Lebanese entrepreneurs and what relationships, roles, and contributions do family and culture play in the development of private SMEs?"

This study explores four dimensions shaping entrepreneurial characteristics and orientations: (a) the psychographic motives and demographic attributes of the entrepreneur, (b) the types of businesses being started, as well as their ownership structure and method of

establishment, (c) family and enterprise relationships related to participation and influence including employment, investment, and advice, and (d) how family participation shapes and influences the growth intentions and expansion plans of Lebanese entrepreneurs.

By understanding how social forces affect entrepreneurial motives, we expect to find how culture influences and helps in starting a private enterprise. This study explores demographic aspects (age, education and experience), and how they help in starting a new business.

2. Entrepreneurship in a shaky economy

Since ancient times, Lebanese then called Phoenicians; Lebanon was the center of commerce in the Middle East region. The country was famous for its marketing skills and its educated inhabitants. Before the 1970s, Lebanon's per capita income was similar to that of Southern Europe (Plamondon, 2004). This created a sophisticated consumer base, particularly in and around Beirut, Lebanon's capital.

Twenty years of civil war damaged Lebanon's infrastructure and cut its GNP output by half. After the war ended in 1991, Lebanon's main source of income was tourism and banking. Following the September 11, 2001 attacks, Lebanon was seen as the secure place for the Arabs for deposits because of its banking secrecy and was no longer in war. Unfortunately, the assassination of Prime Minister Rafic Hariri in February 2005 and afterward bombings were major setbacks. Given its security crisis, Lebanon's GDP growth in the first quarter of 2005 was zero (The Daily Star, 2005).

Israeli occupation from 1978 to 2000 and Syrian occupation from 1978 to spring 2005 have left Lebanon with enormous political and financial problems to solve, including physical and social infrastructural reconstruction. The unexpected 34-day Israel-Hizbullah war in July 2006 further distressed the Lebanese economy. The 34 days of fighting killed 1200 Lebanese, destroyed 15,000 homes, and cost the economy approximately twelve billion dollars (The Economist, 2006). The Israeli-Hizbullah conflict caused an estimated \$3.6 billion in infrastructural damage during July and August 2006, and internal Lebanese political tensions continue to hamper economic activity (CIA, 2007). It is within this unstable framework wherein this study was undertaken.

3. The socioeconomic process of entrepreneurship and the role of the family

The family plays an important stabilizing role in social and economic value creation and trans-generational wealth perpetuation processes (Habbershon & J. Pistrui, 2002).

Families play an important role during start-up and business development. This study assesses two general areas: 1) what is the direct role of family in the process of developing new ventures, and 2) what is the direct role of family in the growth and expansion plans.

Family serves three major functions in its social system. First, it plays an economic role, (Steier, 2003) pointed out the substantial role that familial ties play in the entrepreneurial process, as the family represents a valuable repository of socio-economic resources. Family represents a learning element that teaches and passes on skills that encourage economic development. Secondly, family establishes a moral system, which helps the conduct of the

unit. Finally, the family creates its own culture, in which family creates a motivating force that is central to private enterprise formation and enterprise preservation across successive generations.

4. Where are we from growth orientation, entrepreneurship, and family participation?

Dunkelberg and Cooper (1982) argue that growth orientation in and of itself represent an important entrepreneurial characteristic. Carland et al. (1984) suggest that planned growth is an important method of differentiating entrepreneurs from small business owners. This research intends to build on the work of Pistrui et al., (1997), Gundry and Welsch (2001), and Pistrui (2002) by advancing the understanding of how family participation and involvement affect growth orientations and expansion plans of Lebanese entrepreneurially led enterprises.

5. Lebanese culture, family dynamics, and business development

It is known in Lebanon and in the Arab world, that family business is a way to improve a family's social standing (Fahed-Sreih, 2006, p.206). This special way of managing a business in Arab countries relates to the socioeconomic and cultural backgrounds of these families (Ali, 1993).

Usually succession is not openly discussed, older generation tend to keep in management, and refuse to give the power as long as they can stay in business. Lebanese family firms tend to exhibit perseverance, follow a path of self-reliance, and, despite the turmoil of war and destruction, express optimism (Fahed-Sreih, 2006).

usually it is difficult for researches to collect data in developed countries with transitional economy. Having survived harsh wars, occupation and ongoing uncertainty, Lebanese firms are unenthusiastic to fill surveys. Besides, most enterprises are very cautious in sharing details of their companies. To overcome these obstacles, personal interviews were required.

Drawing from the database of registered and active Lebanese entrepreneurially led enterprises on file with the Lebanese American University's Institute for Family and Entrepreneurial Business, a series of 112 in-depth personal interviews was conducted over a twelve-month period between May 2006-07. The interviews took place at the business premises with the founder, president, or CEO. Interviewees were assured of complete confidentiality.

The Entrepreneurial Profile Questionnaire (EPQ) was utilized as a data collection instrument. The EPQ was designed to survey the effect of individual, societal, and environmental factors on entrepreneurship and family business development by collecting a combination of demographic information and extensive detail related to characteristics and orientations. The EPQ was successfully piloted and validated through a series of studies in Romania (Pistrui, 2002, Pistrui et al., 1997), Germany (Pistrui et al., 2003, Wintermantel, 1999), Venezuela (Pistrui et al., 1999), South Africa (Welsch et al., 1996), the United States (Gundry et al., 2001,), and China (Pistrui et al., 2006). The EPQ has been independently validated as a valuable data collection tool in transition economies such as post-communist Eastern and Central Europe.

6. Lebanese entrepreneurial motives

In Table 1, the mean ratings of the top ten motive-based attributes were arranged in descending order, including the standard deviations. Given the fact that the attributes are not independent, a standard T-test of means was used to determine whether the overall mean ratings were different. Results verify that the attributes differ significantly in importance. The results suggest that Lebanese entrepreneurs are motivated by the need for independence and personal flexibility, family well-being, and the desire for high-income levels. Family security and family life also appear to be central motivating forces.

<i>Item</i>	<i>Mean</i>	<i>(SD)</i>
1. To be my own boss, to work for myself.	3.93	(.945)***
2. To make better use of my training or skills.	3.89	(.902)***
3. To give myself, my husband/wife and children security.	3.87	(.973)***
4. Desire to have high earnings.	3.87	(.893)***
5. To have greater flexibility in my personal and family life.	3.87	(.940)***
6. To achieve something and get recognition for it.	3.86	(.887)***
7. To make a direct contribution to the success of a company.	3.86	(1.036)***
8. To be able to develop an idea for a product or a business.	3.85	(.848)***
9. To control my own time.	3.85	(.859)***
10. To have the opportunity to lead, rather than be led by others.	3.84	(.924)***

N= 112; Range: 1-5 *** $\alpha = 0.001$, ** $\alpha = 0.01$, * $\alpha = 0.05$

Source: *Family and Cultural Factors impacting Entrepreneurship in war time Lebanon*, (Fahed-Sreih et al, 2010)

Table 1. Top Ten Reasons and Motives for Entrepreneurship

Lebanese entrepreneurs are motivated to provide security and to generate the income necessary to create and protect a strong family life. This finding is consistent with the works of Melikian and Diab (1959, 1974), Barakat (1977), Diab (1980), Faour (1998), and Fahed-Sreih (2006), which document the family as the most important social entity among all social institutions in Lebanon. Lebanese entrepreneurs clearly have a unique set of motivational attributes when compared to other transition economies that have suffered socioeconomic turmoil.

7. Demographic profile: Business and work experience

Table 2 indicates the profile of our sample. The average age of our sample of Lebanese entrepreneurs is approximately 41 years old. Survey results suggest that entrepreneurship is not an exclusively male activity in Lebanon. Over fifteen percent (16.82%) of the entrepreneurs surveyed were women, which is similar to findings in China (Pistrui et al., 2006, 2005), Romania (Pistrui et al., 1997), and Hungary (Hisrich & Fulop, 1997). Furthermore, Fahed-Sreih (2006) points out that although men have historically dominated Lebanese culture, women are entering the work force and starting businesses.

Overall, Lebanese entrepreneurs have a high level of education. The vast majority have a college education, with women having about two years more education than men. It is clear is that Lebanese culture places great value on education and learning.

<i>Category</i>	<i>Total</i>	<i>Male Mean</i>	<i>(SD)</i>	<i>Female Mean</i>	<i>(SD)</i>	<i>Sign. Diff.</i>
Years of education	16.09	15.05	(3.56)	17.38	(1.82)	0.0264*
Years of business experience	15.51	17.17	(14.79)	5.80	(5.36)	0.0000***
Years of work experience	17.22	19.31	(15.04)	5.88	(5.99)	0.0000***
Age	41.41	43.29	(14.74)	31.19	(8.83)	0.0000***
Total	112	93		19		

N=112 ***α = 0.001, ** α = 0.01, * α = 0.05

Source: *Family and Cultural Factors impacting Entrepreneurship in war time Lebanon*, (Fahed-Sreih et al, 2010)

Table 2. Demographic Profile: Business and Work Experience

Lebanese entrepreneurs have an average of 17 years of work experience. As Table 2 shows, Lebanese entrepreneurs were found to have close to 16 years of business experience (15.51 years on average). Male entrepreneurs have over eleven years more business experience than females. This reflects the fact that it is only within the last decade that Lebanese women have emerged as an active entrepreneurial group. These findings suggest that Lebanon has a deep-rooted entrepreneurial class and an emerging new group of dynamic female entrepreneurs.

8. Family and enterprise relationships

The family is at the heart of the Lebanese society. Per Table 3, the family plays an important role in enterprise formation and development. These findings support the studies of Fahed-Sreih (2004), Wellman (2001), Sik et al. (1999), Poutziouris et al. (1997), and Pistrui et al. (1997, 2002, 2006), which show that the family plays a central role in venture development in transitional economies that have experienced severe socioeconomic turmoil.

Question 1: *How many family members are investors in your enterprise?*

Question 2: *How many family members are full-time employees in your firm?*

Question 3: *How many family members are part-time employees in your firm?*

Question:	0	1	2	3	4+	Mean	(SD)
Question 1	20%	30%	19%	9%	7%	1.80	(1.60)
Question 2	30%	19%	25%	8%	2%	3.40	(14.30)
Question 3	53%	11%	18%	5%	3%	0.94	(1.25)

Source: *Family and Cultural Factors impacting Entrepreneurship in war time Lebanon*, (Fahed-Sreih et al, 2010)

Table 3. Family and Enterprise Relationships – Investment and Employment

Eighty percent of the firms interviewed have one or more family members investing in the business. Further indication of the importance of family involvement in funding start-ups is the fact that 50% of the firms surveyed have more than one family investor, and 15% have over four. Family employees are also active in enterprise creation, development, and operation. 70% of the companies surveyed employ at least one member of the family on a full-time basis.

Approximately 35% employ two or more family members on a full-time basis. In contrast, the majority of Lebanese enterprises did not employ family members on a part-time basis.

Employment is seen as a family's obligation. Fahed-Sreih (2006) reported that there was a strong relationship between Lebanese families and their enterprises. Businesses are viewed as an extension of the family.

9. Type of business organization

There is 41% sole proprietorships, 37% corporations and 20% limited liability companies (see table 4). These facts indicate that entrepreneurially led SMEs are closely held private enterprises built on family and extended family financial support.

10. Method of establishment

Type of Business Organization

<i>Registered as:</i>	<i>Percent of Total</i>
Sole proprietorship	41.00
Corporation	37.10
Limited liability company (LLC)	20.00
Partnership	1.90
Total	100.00

Method of Establishment

<i>Technique</i>	<i>Percent of Total</i>
Originate	52.34
Inherit	28.04
Purchase	19.62
Total	100.00

Business Activities of Lebanese Entrepreneurs

<i>Business activities</i>	<i>Percent of Total</i>
1. Construction	24.30
2. Retail	17.76
3. Professional services	15.89
4. Computer/technology	14.02
5. Financial/insurance	11.21
6. Service organization	7.48
7. Transportation	5.61
8. Distribution	2.80
9. Manufacturer	0.93
Total	100.00

N = 112

Source: *Family and Cultural Factors impacting Entrepreneurship in war time Lebanon*, (Fahed-Sreih et al, 2010)

Table 4. Business Organization and Activities of Lebanese Entrepreneurs

Slightly over half (52.34%) of the entrepreneurs surveyed originated their enterprises. As Table 4 shows, almost one third of these entrepreneurs (28.04%) inherited their business.

This illustrates the strength of family within the entrepreneurial development of SMEs in Lebanon. Approximately twenty percent of respondents indicated that they purchased their enterprise. It would be interesting to know if they were purchased outright or from family members as part of a succession process.

The findings of this study suggest that Lebanese entrepreneurs are either creating new family enterprises or carrying on the family business as part of a succession process. The results of this study suggest that over 80% of the entrepreneurs surveyed are leading family businesses. It is evident that there will be an emerging need for succession and continuity assistance as these businesses mature and integrate additional family members into their operations.

11. Business activities of lebanese entrepreneurs

Following the post-war economy, the Lebanese entrepreneurs are supervising the rebuilding and development process, filling the voids and gaps, responding to the marketplace demand, and disrupting the geo-political grip imposed by Syrian and Israeli occupation. Three types of business activity, construction (24.30%), retail (17.76%), and professional services (15.89%), were found to dominate the sample (see Table 4). These three indexes represented well over half (57.95%) of those enterprises surveyed.

12. Family participation, growth Intentions, and expansion plans

The study focuses on how family participation in employment and financial investment, influence growth intentions and expansion plans of Lebanese entrepreneurs.

Item	Mean (SD)
1. Adding operating space.	3.88 (1.07)***
2. Acquiring new equipment.	3.72 (1.01)***
3. Selling to a new market.	3.71 (1.21)***
4. Expand current facilities.	3.68 (1.12)***
5. Expanding distribution channels.	3.65 (1.17)***
6. Adding specialized employees.	3.64 (1.16)***
7. Expanding advertising and promotion.	3.61 (1.04)***
8. Researching new markets.	3.53 (1.05)***
9. Redesigning layout.	3.52 (1.07)***
10. Upgrading computer systems.	3.50 (1.05)***
11. Adding a new product or service.	3.49 (1.23)***
12. Replace present equipment.	3.47 (1.11)***
13. Computerizing current operations.	3.47 (1.06)***
14. Expanding scope of operating activities.	3.41 (1.13)***
15. Redesigning operating methods.	3.30 (1.14)***
16. Offsite training for employees.	3.28 (1.20)***
17. Seeking additional financing.	3.18 (1.22)***
18. Seeking professional advice.	3.16 (1.18)***
***α 0.001 **α 0.01 * α 0.05	N = 112 Range 1-5

Source: *Family and Cultural Factors impacting Entrepreneurship in war time Lebanon*, (Fahed-Sreih et al, 2010)

Table 5. Growth Intentions and Expansion Plans

The growth model was developed, tested, and confirmed the validity of a growth model based on entrepreneurs' intentions to implement specific attributes associated with market expansion, technological upgrades, and operation/production expansion. Based on this research, we hypothesize that family participation in the business has a positive impact and encourages entrepreneurial growth intentions and expansion plans. Growth intentions and expansion plans were measured along eighteen items as presented in table 5.

13. Structural equation modeling

The research model was tested using covariance-based Structural Equation Modeling (SEM). The evaluation on the measurement model includes an exploratory factor analysis to identify the constructs and examine the convergent and discriminant validity of the research instrument. The evaluation on the structural model consists of estimation of path coefficients and their associated significance p-value. Squared multiple correlations (SMC) are calculated to know the proportion of explained variance in the each construct. Finally, the evaluation of the overall model is on the overall goodness-of-fit for SEM.

SEM is a powerful multivariate technique that facilitates the testing of psychometric properties of the scales used to measure unobserved variables (constructs) as well as estimate the parameters of a structural model, which is the magnitude and direction of the relationship among the model variables (Bollen 1989, Genfen et al. 2000, Hair et al. 1998). SEM embodies two interrelated models. The measurement model represents the relationships between the observed items and their constructs measured by these items, while the structural model represents the paths among a set of dependent and independent variables.

14. Assessment of the structural model

The structural model shown in Figure 1 provides the hypothesized relationships between Family Participation (FP) and the growth constructs. As previously discussed, we hypothesized that Lebanese cultural traditions encourage family participation. This in turn has a positive impact on entrepreneurial growth intentions and expansion plans. Thus, we will further define and dissect the specific types of growth constructs and how FP affects these subsets. The hypotheses were tested by SEM, using the input model in AMOS (Analysis for Moments Structures), as shown in Figure 2. The Maximum Likelihood function was used to estimate the model parameters.

15. The impact of family participation, growth intentions and expansion plans

Family participation in the business has a positive impact and encourages the entrepreneurial development and expansion. Participation of the family in employment and investment, revealed to be encouraging too. These findings conclude that new emerging family businesses tend to expand and grow which lead to witness a transition from war and foreign occupation to an open market economy.

Six specific growth constructs have been identified and validated in these entrepreneurially led family enterprises. Using AMOS 5.0.1, we obtained the results presented in Table 6. For

example, the squared multiple correlations (SMC) of 0.526 in H1 reveal that FP explains 52.6% of variance in EU. The path coefficient in H1 is 0.756. All paths are statistically significant at the 0.001 level.

Hypothesis	Testing the relationship between	Squared Multiple correlation	Standardized regression coefficient	p-value
H1	FP has a positive impact on EquipUpg	0.526	0.725	***
H2	FP has a positive impact on BusDev	0.761	0.872	***
H3	FP has a positive impact on OpExp	0.484	0.695	***
H4	FP has a positive impact on ITUpg	0.408	0.639	***
H5	FP has a positive impact on MktExp	0.508	0.713	***
H6	FP has a positive impact on MktDev	0.662	0.814	***

*** denotes $p < 0.001$

Source: *Family and Cultural Factors impacting Entrepreneurship in war time Lebanon*, (Fahed-Sreih et al, 2010)

Table 6. Summary of the Parameters for the Research Model

16. So what- practical implications for entrepreneurs and policy makers

Lebanon represents both unique opportunities and challenges to enterprises large and small. There are many emerging opportunities to work with Lebanese entrepreneurs both at home and abroad. This research provides helpful insights that have sensible applications for entrepreneurs and businesses in general.

17. Conclusion

This study was made on a small sample of Lebanese entrepreneurs in a traumatic post-war economy. Although it shows part of the Lebanese society, it provides one remarkable caution and distrust permeating Lebanese society. The insights provided in this research mark a rare and in-depth examination into the engine driving the reconstruction of the post-war economy, with family participation serving as a strong component.

This study highlights the vital need for the Lebanese government to support the Lebanese companies with financial resources, services and create innovative programs. This is critical for the growth of new businesses, as well as the continuity and succession of larger, more established companies.

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Entrepreneurship: Geographies and Social Context

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1. Introduction

This paper presents some researches' results conducted by the authors between 2006 and 2010. It aims to analyze the process in which entrepreneurship rose in Brazil, focus on SEBRAE (Brazilian Service of Support *for* Micro and Small Enterprises). It is an institution whose origin is associated with government policies, principally, between 1970 and 1980.

Since the 1970s, the media, newspaper and best-seller books have been reported the entrepreneurship as an economic practice that promotes national economy development. According to Swedberg (2001), entrepreneurship movement spread around the world without regard to differences in the countries, their mindset and values related to economic and social activities.

There are many social aspects that favored the rise of entrepreneurship in several countries such as the revival of small and medium enterprises (SMEs), changes in political and economic ideology after Thatcher and Reagan government (1979-1980) and the passage of Keynesianism, which promoted pro-market policies. The unemployment, which has haunted this period, also encouraged the perception that new businesses could create jobs in scale (Swedberg, 2001).

In the U.S., entrepreneurship was already discussed since the 1950s. However, the researches about the SMEs were not directly linked to the entrepreneurship; it focuses on the SMEs as creator of employment. SEBRAE is the main institution responsible for conducting quantitative research that addressed the topic of micro and small enterprises in Brazil. These surveys have been served as empirical material for academic studies.

Serva (2002) realized a literature review and pointed out that the entrepreneurship is often puzzled with small enterprises issues in Brazil. The author has mapped entrepreneurship's courses in Brazilian universities. As a result, it was noted that by the 1980's, the first business courses deal with companies issues, and after, they were renamed to emphasize what is called entrepreneurship.

In this way, Brazilian academic researchers about entrepreneurship also focus on small and micro enterprises. These researches aim to evaluate the entrepreneurial businessmen contrasting their actions and performances established by the academic literature about entrepreneurship. Other studies emphasize the introduction of technology in micro and

small enterprises in order to achieve greater competitiveness. There is also another perspective that understands entrepreneurship as a set of strategies such as creation, growth and survival of micro and small enterprises. An additional group of authors were concerned with entrepreneurship as a discipline; they were dedicated to analyze education programs at universities and the rise of other institutions that promote the entrepreneurship.

Finally, there are also academics works that adhere to the peculiarities of projects driven by ethnic and minority groups such as women. Consequently, there are various social actors that make reference to entrepreneurship as a way to tackle the economic problems presented in some developing country. They are researchers, consultants, journalists, etc. This scenario led us to investigate the origin of this phenomenon in Brazil. After all, if the entrepreneurship had no stimulus, how was it been developed in Brazil?

The process that stimulates the entrepreneurship also is concerned symbolically in promoting national economic growth. To comprehend the entrepreneurship dynamic is important to be familiar with the small enterprises progress issues. So, it is also important to understand the Brazilian economy scenario since 1970s.

2. Theories of economic development and small enterprises issues

In the 1970s, the academic literature suggested that the debate around national development was the transition from a rural economy to an urban and industrial economy. The national policies points were the industrialization process and new forms of labor occupation that emerged in that scenario (Abramo and Miller, 1995).

Diniz and Boschi (1978) present that, in the 1930s, the literature take for granted the industrial irrelevance in the Brazilian economy sphere, as well as, the political corporate elite insignificance that marked that decade. The authors traced some considerations about small enterprises spread that formed a single market from wage labor. Diniz and Boschi explained that there were large numbers of small enterprises composing the industrial sector, but the large enterprise already formed a solid business elite.

In spite of this, the academic literature until the 1970s focused on analysis that related capital *versus* labor, in which the intermediate layers as small enterprises owners had no place in national economic development or the small enterprises were consider merely to illustrate the corporate elite as having a political power (Wanderley, 1999).

Brazil, when compared with companies from developed countries, appeared as a pattern of "traditional" companies, because they were related to family management. Within the modernization, Brazilian companies should go through a rational process of management. Therefore, Cardoso (1964) studied the Brazilian economy modernization, regarding not only the transition from agrarian to industrial economy, but also the internal transformations that occurred in Brazilian industry.

Cardoso's effort expressed the perception that symbolically involved Brazilian companies in 1960s and 1970s. The idea that family businesses predominate in Brazil and Latin America was also reproduced in the academic literature. Lipset (2000), for example, established an evaluation between North-American and Latin American literature, as a result, it pointed out that there were differences among the cultures related to the organizational level and the companies' management.

In Latin America, there is not much separation between management and other administrative activities, the bureaucratic norms are weak, the personal characteristics are more valued than the organizational skills, and the managers are recruited based on family relationships. It is interesting to observe that national and foreign authors believed that traditional companies were not a good business model. It justified their exclusion in relation to incentive and support programs, both by public policies and private bank.

Until the 1970s, the illustrative factor of national modernity was concentrated in large companies. It was in large companies that new technologies and better jobs were found in that period. The small enterprises were dependent on big companies. Considered as large thumbnails, small enterprises would present a general tendency to become great, otherwise, it would tend to fail.

Even in the 1970s, the academic studies were developed based on the informal economy notion, in which it was defined as an easy way to get into businesses. The ownership was individual or controlled by families, the production was based on small-scale, the technology was adapted, and the markets were competitive and unregulated. In this economic sphere that small enterprises were located in the national economy.

The economic activities, that did not fit the rhetoric capital versus labor, did not emerge in the literature or appear classified as belonging to the informal economy were activities considered transitional to the wage labor. They were temporary activities realized by migrants that came from rural places or other countries. That is, activities related to the lack of job. By the way, it was stated that these activities would tend to come to an end or to reduce as long as the industrialization move forward in Brazil.

In the 1970s, not all banks employed a definition to describe the company size (small, medium and large - but not micro enterprises at that time). This frame served the purposes of defining the credit market to businesses. In that moment, there was no government legislation to define the tax laws. In this period, it appears the CEBRAE (Center for Management Assistance to Small and Medium Enterprises), the first government entity to support small and medium enterprises, in which the main goal was to support the credit orientation.

According to the IBGE (Brazilian Institute of Geography and Statistics), it was in the 1980s, that Brazil had witnessed a slowdown of economic growth accompanied by an increase unemployment level. In this moment, small enterprises became an alternative occupation and it brought the first initiatives that favored the rise of micro and small enterprises. As a result, it became institutionalized the company categories by their size that improve incentives and tax laws.

From 1990's, small enterprises issues reached the media and SEBRAE (Brazilian Service to Support Micro and Small Enterprises) replaced the CEBRAE, which ceased to exist in 1989s. These were two important factors to the entrepreneurship institutionalization.

It also marked the history of small enterprises institutionalization as company category and also the advances in some political system, for example, unions, associations and the emergence of discussions forum. In summary, the initiatives that have institutionalized small enterprises in Brazil: First Small Enterprises Law (1984); Inclusion of SME's in the Federal Constitution (1988); Establishment of credit lines coming from the public sector;

Law n. 9317, which established special tax by company size (1996); Law n. 9841, which established the status of SME's (1999); Establishment of a SME's Permanent Forum (1999).

The SME's was considered a kind of traditional company, but it survived from the imperatives of capital. Today, SME's formed an economic niche with potential great to stimulate modernization and economic development in Brazil.

3. The rise of SEBRAE

The Brazilian economic process that incorporated small enterprises as part of the national economic development agenda is essential to comprehend the rise of Cebrae, an institution that is the principal proponent of entrepreneurship nowadays in Brazil.

The CEBRAE, an institution that emerged in the 1970s, as a state apparatus, gained preeminence when the national economic policies established by a dictatorial government were seeking to promote industrialization. The rise of CEBRAE/SEBRAE is the main focus of this paper, because it was consider one of the principal institutions recognized to stimulate the entrepreneurship in Brazil. This institution has gone through several historical phases as the economic policies of governments have changed, but it was always linked to the prospect of national development.

CEBRAE was constituted as a government structure from 1972 to 1990. While the organization was linked to the State, it operated mainly credit programs focus on credit concession and managerial assistance through consulting activities. The credit was granted by BNDE (National Bank for Economic Development) and Regional Development Banks, administered by the government.

This structure was changed in 1990, when CEBRAE was transformed into an autonomous social service institution. In other words, it became part of parastatal organizations and its name was changed to SEBRAE. Throughout its history, this institution has operated credit policies for industry, but as the national development policy changes to other sectors, SEBRAE needed to ensure its position, so it was necessary to SEBRAE accompany the scenario changes. "SEBRAE came into being in 1972 as result of a pioneer initiative of many institutions that encourage entrepreneurship in the country.¹"

These organizational changes followed the restructuring of companies trend in the 1990s, requiring that SEBRAE programs must be changed. In this point of view, SEBRAE introduced the entrepreneurship program and it also transformed the old programs into the entrepreneurial perspectives.

Therefore, entrepreneurship became associated with the historic of the institution and it is also part of the national economic scenario, in which large companies went through restructuring process, because the levels of unemployment rates were increasing in that period. The small enterprises promotion had the entrepreneurship theme as a slogan that appeared associated to the national development program in the 1990s.

¹ Information taken from:

<http://www.sebrae.com.br/customizado/sebrae/institucional/sebrae-in-english>. June, 2011.

From the 1990s, SEBRAE introduced a program to encourage entrepreneurship that is linked to UN (United Nations Organization). This program, Empretec, is applied in several countries to stimulate economic development from individual behavior. And, it is the base for all other entrepreneurship programs elaborated by SEBRAE. The Empretec will be the subject of the next chapter.

4. Entrepreneurship and Empretec

Entrepreneurship was a conventional subject from economic theory. Schumpeter (1982) is considered the classical theorist of entrepreneurship. He suggests that the connection between innovation and business leadership generates economic development, theoretically, it contrasts with the neoclassical perspective.

Schumpeter has two articles about entrepreneurship. The first is the second chapter of his book "Theory of Economic Development" and the second article is a paper prepared for a Handbook in 1928. The first is his best known work. In the first edition of his book, Schumpeter presented a more heroic entrepreneur concept and its activities. He also affirms that some people present characteristics to be an entrepreneur while others do not have the same competence.

In addition, there is a recent psychological bias known as behaviorism, in which the characteristic of the entrepreneur goes beyond the creative and innovative skills. For the behaviorist, the entrepreneur is also the man who organizes the firm and increases its productive capacity. McClelland, the principal representative of the behaviorists, sustains the notion that it is through these entrepreneur activities that is possible to achieve economic development. From this perspective, individuals frequently tend to seek for improvement and individual progress (McClelland, 1961).

This perspective stresses a combination between economic variables such as technology, capital, etc. and psychological attributes. The entrepreneur pointed out by Schumpeter is no longer an economic function located in a given time into the economic cycle, but now, the behaviorist perspective presented that the entrepreneur becomes a kind of human being.

In this sense, the small enterprises have become embedded in the economic development project and the entrepreneur became an important economic actor that needs to be stimulated to reach the success. This new circumstances could be explained by the concepts of entrepreneurship and entrepreneurs that have been studied and motivated by academic theories.

In general, the notion of entrepreneurship began to be massively spread to the global society from the 60's, especially after the UN (United Nations Organization) published as unsatisfactory some results about financial incentives given to developing countries. Therefore, UN has been relied on surveys conducted by behavioral psychologists, especially Dr. David McClelland that also acts together with USAID (United States Agency for International Development), in which pointed out that individuals who are motivated have better performances.

The behavioral research conducted by McClelland was used by MSI (Management Systems International) consulting firm that elaborated a methodology for behavioral training. This

coaching is composed of behavioral dynamics and it is applied in many countries, especially in the developing ones. This program was named Empretec. In Brazil, it is applied by SEBRAE since 1993.

The Empretec methodology (developed by David McClelland at Harvard University) is based on the finding that everyone has an inner motivation to improve. This “motive for action” is divided into three motivational categories: achievement, affiliation, and power².

There are 10 Personal Entrepreneurial Competencies, which form the basis of the Empretec Training Workshop. The 10 competencies are: Opportunity-seeking and initiative, Persistence, Fulfilling of commitments, Demand for quality and efficiency, Calculated risk-taking, Goal-setting, Information-seeking, Systematic planning and monitoring, Persuasion and networking, Independence and self-confidence.

Empretec is presented by UNCTAD as a program that aim to promote small and medium enterprises as well as business skills. It can be applied to different people from businessmen to government officials. The Empretec Foundation in Argentina, the entity that applies the program in the country, discloses that the Empretec was created to foster entrepreneurship in developing countries.

The Empretec program should be requested to the UNCTAD to be implemented in the countries. The entity is responsible to evaluate and to select what local organizations could apply the program. After, the methodology be transferred to the partner institutions or Empretec national centers, it is expected that the next workshops would be implemented by the local team, but within the UNCTAD Program framework.

Although, there is no other entrepreneurship program that replaces the Empretec. By the way, it is possible to find some alternatives programs that stimulate entrepreneurship skills. The Empretec suffers from high competition. The Universities have been developed entrepreneurship programs and consulting firms that are interest to enter in the educational entrepreneurship market.

In 1991, the Empretec was developed by the State Bank of Rio Grande do Sul (Banresul) in Brazil. In 1993, it was implemented by SEBRAE, today there is about 550 locations around the country. In UNCTAD’s report, Brazil has been highlighted to conduct significant numbers of seminars about the topic. Moreover, Brazil also held international events every year.

The Empretec plays a central role in the activities of SEBRAE. The other courses offered by SEBRAE are also shaped by Empretec content, for example, “Know how to be an endeavor” and “Learning to endeavor”. The material distributed also aggregated the entrepreneur subject, but focus on different audiences.

SEBRAE also incorporated the entrepreneurship into its organizational structure, programs and transformed the Education Unit in the Education Unit and Development of

² Source UNCTAD, 2011.

Entrepreneurial Culture (EUCD). Some SEBRAE instructors also helped to implement the entrepreneurship program in other countries like Romania, Jordan, northern Italy, Angola, Mozambique, etc.

Empretec is the basis for the entrepreneurship programs developed by SEBRAE. In this sense, it is important to understand how Empretec training is been conducted and what means entrepreneurship nowadays. These issues will be elaborated in the next chapter.

5. The entrepreneurship by Empretec

Having started in 1988, Empretec is now operating in 10 countries (Argentina, Brazil, Chile, Colombia, Ghana, Morocco, Nigeria, Uruguay, Venezuela and Zimbabwe). Well over 10,000 “empretecos” (one third of them women) have participated in ED workshops and related follow-up services³.

Empretec is a program that provides training in entrepreneurship for small and medium enterprises in developing countries. Its activities involve the delivery of motivational and technical seminars, the provision of advisory services and the development of national and international networks serving the needs of entrepreneurs⁴.

The Empretec seminars usually have six days training. Over 100 thousand people have taken the Empretec in Brazil⁵. The seminar focuses on entrepreneurs or people who decided to open their own business. Initiatives in seeking opportunities, aptitude to take risks, persistence and objectivity in goal setting are some of the behaviors focused on the course.

Programmers can also help to orient educators and the educational curricula to the relevance of entrepreneurship development. Vocational schools and university programmers, especially in such fields as business and engineering, can encourage students to apply their skills by starting new businesses and they can assist them in doing so. At the primary and secondary levels, it may be most appropriate to focus on developing entrepreneurial attitudes⁶.

The seminar has different activities such as dynamics interaction and lectures with professors and it also is supported by fictional stories as motivational tool. It is possible found the entrepreneur in different activities, that is, there are several reasons and means to be entrepreneur, but the final result is the individual ability to become an entrepreneur that is measured by its economic success not by social context.

These fictional stories symbolic have the capacity to change the perception about the social world, emphasizing the existence of different social actors that figure as an entrepreneur,

³ Entrepreneurship Development

In:<http://www.undp.mn/publications/essentials/document/english/EssentialsEntrepreneurship2.pdf> f_ UNCTAD. P. 08.

⁴ *Ibid.*

⁵ *Ibid.*

⁶ Entrepreneurship Development

In:<http://www.undp.mn/publications/essentials/document/english/EssentialsEntrepreneurship2.pdf> f_ UNCTAD. P. 07

for example, housewife and unemployed. The types of entrepreneurs (housewife and unemployed) present different ways to carry out economic activity, such as, reasons (opportunity, necessity) and means (underutilized resources, technological competence).

Thus, it evidences that the entrepreneurship content spread by Empretec organizes the relationship of individuals between themselves and the world, performing individual qualities perceptions. What makes people from different social classes and activities be identified (and identify themselves) as entrepreneurs is the characteristics shared by the same social meanings setting, even if they lead failure or success.

6. Final considerations

Currently, there are a lot of advertising, publishing books and magazines, TV shows and universities that spread the entrepreneurship; what makes the term and the ideas that it carries embedness in social thoughts. This dynamic makes the term seems a natural characteristic of individual.

The Empretec training, as well as events, lectures, media, success stories, which are in vogue by the 2000s, aims to spread a belief that ensure adherence to voluntary activities of individuals capitalist as well as the social construction of an new ethic that recognized as "good" or "fair" the entrepreneurship. And so, it produces a cultural change that alters practices and perceptions about the economic world and social development in Brazil.

Entrepreneurship, as a way of reframing the small enterprises and labor world, values informal activities, people that was excluded from business world and banned from formal employment. Even if the objective conditions of the social structure do not change deeply, at least, it changes how they are socially viewed, that is, the excluded individuals move to the positive pole, or at least, the individual have the option to transform his economic condition.

In Brazil, SEBRAE is an institution that expresses the social process and condenses the new social values that allows entrepreneurship be developed in Brazil. SEBRAE via entrepreneurship have been aggregated a public which had no support and social legitimacy to become an entrepreneur.

Instead of a definitive conclusion, this study allows us to raise questions about the economic development in Brazil. Does it possible understand the entrepreneur behavior as an issue that expresses national economic development? Now, within the entrepreneurship movement, is the individual economic success a single factor in the country?

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Does Romania Have a Chance to Join the Innovation Driven Economy?

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1. Introduction

After two decades of democracy and four and a half year joining the EU, Romania's economic performance is still lagging behind almost all EU member states. Overheating its economy two years before and one year after joining EU, with an average annual GDP growth of over 6%, at the end of 2008, Romania was bitterly stroked by the world financial crisis. Unaccustomed with economic forecasts and foresights, low cohesion of its business environment, and lack of vision, Romania pasted the crisis in confusion and low self trust.

But crisis almost past away and Romania is still not finding its own way and its place in EU and the world economy. The well trained workforce of the country is used efficiently mainly by foreign organizations, or left the country. Real cooperation between research organizations, universities and industry, almost doesn't exist. With a traditional regional low trust in government and own trade and professional organizations, it will be hard for the Romanian companies to be competitive in the future.

And new challenges are rising at the horizon. The developed countries observed that innovation driven countries past much easier the crisis than followers and strengthen their research and innovation policies and programs. More than this, the BRIC countries, which are counting for almost the half of the world population, developed and put in place very ambitious programs which have to bring those countries in 2020 to the innovation driven economy. The "Europe 2020" and the Chinese development program, for the same time horizon, which have to create 60% of the 2020 Chinese GDP by innovation, are good examples of those challenges.

The concern about the chance of Romania and the measures to be taken to guide our country to the innovation driven economy is lasting from more than 15 years. The Romanian Association for Electronic and Software Industry - ARIES, and The Association for Promoting Electronic Technology - APTE made several surveys, studies, strategies and policy papers to support the innovation process and culture for the electronic and software industry of Romania.

As methodology we used, both for analysis and synthesis of the strategies and policy papers the model developed by Prof. Michael Porter. But in the surveys we used also questions which came from our members and stakeholders, which reflect their needs and aspirations too. For the level of trust, which we are considering to be a crucial factor for how to shape

the policy papers, we used the recommended questionnaire by Steven Covey in his book "The speed of trust". We consider that the culture issue, particularly the culture of innovation, is all the time the crucial factor to make a study or a policy paper which could shake and move people ahead.

Our intention is to follow the entire value chain of the Romanian business environment and to reveal the most important factors which jeopardize our way to the innovation driven economy and to design a road map which have to overcome most of our challenges. The resulting documents are not used only for advocacy purposes, but also to develop new services to the membership, or to shape the existing ones to the changing needs of them.

For the moment we succeeded to analyze the national system of innovation, by gathering information on the trade legislation, rules, national and European programs, which are very influential and effective in our country, on research, IP, technology transfer and best practices from the entire world. Surveys we did mainly on the general data of our companies, human resources, cultural issues and the perception of our members regarding programs to be implemented or university curricula for engineering.

In the future we are intending to extend our research on more sophisticated issues like clustering, cooperation synergies and new cultural approaches. We hope that in the future we will be able to make a research frame which will allowed us to conduct at least annually the surveys, to reshape each year our strategy and services to the membership.

2. Overall description of the Romanian economy

Embraced by the European integration fever, and the opportunities offered by it, Romanian and foreign companies, especially those coming from European Union, massively invested in sales, production and R&D capacities in the country. The business opportunities of the companies, domestic and foreign, overstressed the demand especially that related to the human resources. The human resources engaged in the industry rose almost three times, and the sophistication rose significantly especially in the foreign companies which have invested in Romania. Locations like Bucharest, Cluj Napoca and Timisoara were been considerate as cities with major lack of qualified human resources. The pressure of the demand raised the net wages of the high tech organizations, from about 400 Euros/month to almost 1.000 Euros/month. Even the number of graduates from the technical universities doubled in this period, 8.000 graduates/year, the number of university professors and the investment in university R&D, do not raised in the same proportion. According to a survey made by ARIES and the "Politehnica" University of Bucharest, the content and quality of the university curricula are considered totally inadequate to the actual needs of the employers.

In accordance with the actual FDI rates and domestic new investments, the sophistication of the demand of human resources raised also significantly. Not only foreign MNC like Infineon, Continental, Microchip, Freescale and others invested in R&D, but many spin offs from those companies multiplied the know how which people got during their employment or expats coming back to their homeland to exploit the experience they got abroad. All those investments raised the capacity of the country to participate in the European research Framework Program and in other international and domestic programs. Even if the Romanian participation in those programs is still modest, each year we encounter significant growth and improvement.

A significant lag behind is registered still in open innovation and technology transfer. If in the most developed countries university innovation means over 50% revenues, in Romania, technology transfer, spin offs and acquisition of innovative companies are almost inexistent. The Romanian universities and research centers do not passed a radical transformation to become real resource centers for human resources or new products for the market. Their research and innovation experience and know how of them are still missing and the trust of the business environment in their competences is also very low.

If we are taking into consideration that Israel is producing more than 45% of its GDP from innovation, and the 2020 horizon of China is to produce more than 60% of its GDP by innovation, we can imagine at which challenges are obliged the Romanian industry.

A significant lack of government services to support the competitiveness of the companies acting in the country and especially a low interest and appetite of the local governments to rise and support the local competitiveness is also an impediment for the self trust of the companies. Science and technology parks are totally missing, and the related support services of the governments, which abound in the developed countries, are also missing. For this reason, the clustering and their synergetic effects are in an incipient phased development.

However it has to be mentioned the program of the Ministry of Economy, Commerce and Business Environment to support the internationalization of the Romanian companies by trade missions and participation at international fairs of more than 500 companies per year, and the branding of different industries, which really has a real impact in contracting on foreign markets and on the image and trust in our country. In the last three years of crisis the export of our country rose over 50%, in contrast to the domestic market which diminished more than 15%.

A similar important vector for the competitiveness of the Romanian companies, during the integration fever, was also the significant growth of the internal market, which became four times larger as before this process, assuring more market and product expertise for the emerging domestic companies and the size of the FDIs. A significant importance of this extension was the public and private investment in the information and knowledge society.

2009 started with the financial crisis, strongly moderating the explosive expansion of the Romanian companies. Companies like Siemens and Alcatel Lucent diminished significantly their operation in Romania. Recently, Nokia closed its production facility in our country. All MNC which operate in our country significantly diminished their expenses, beginning with promotion and ending with the operational ones. Luxurious headquarters are not anymore a fashion and a significant number of employees had to change their job.

Even if the Romanian companies do not reported significant drawbacks, they had to reduce their manpower or to freeze it at the level before the crisis. A large number of SMEs, especially micro enterprises closed the doors. Even if they are not employing a significant number of human resources, the signal given by them was very negative, especially for the young entrepreneurs. However, in full period of crisis, a number of companies, especially the innovative ones, reported significant growth and increase of employee's number.

Despite the strong negative effects, the crisis revealed that the old chip qualified labor offer of Romania, in the close neighborhood of Western Europe, is not anymore competitive and a new approach focused on innovation is the only reliable and lasting solution of any company acting in our country.

3. Chalanges and dificulties

3.1 Globalization

After a decade of the twenty first century the entire world face unprecedented challenges of his history. Traditional and emergent or modern cultures of the entire world are fertilizing and influencing each other, creating by synergetic effects new cultures, approaches and thinking stiles. Doe to the modern transportation and communication means, people and cultures are in permanent contact in real time. Effectively, perception and understanding distortions are coming from cultural and thinking stiles differences of the different actors of the world. The internet and other communication means, included people all over the world, not far away isolated, in the world communication concert.

Surely, the thinking and the decision making stile or responsibility assuming and the competitiveness of nations are strongly influenced by the globalization. If today we are speaking about regional, national or transnational competitiveness like European Union, North America or Far East, surely, in several decades we will speak about global competitiveness of the communities as vectors of world development and stability.

But globalization has also quantitative and structural effects which, in the near future, will strongly influence the quality of our life. In less than two or three decades, billions of people will be integrated in the innovation driven economy, and billions of people around the world will work and think in a global knowledge environment. If today we are speaking about a targeted 3% of the GDP, the biggest part of the innovation and knowledge in the developed countries, probably in few decades, those activities will count over 50% of the world GDP. Generation and valuation of knowledge will be the most important activity of the world.

The most important challenges of the globalization are linked to the individual readiness to understand globalization phenomenon and structures, to shape measures and take decisions, and to have the capacity of analysis, synthesis, integration and implementation, in accordance with the needs and cultures of the national, regional and professional communities which they are representing. Also the organic structure of the communities and the rise and speed up of their analytic, synthetic and harmonization capacity will be in the near future crucial because pioneering will surpass the follower's strategy.

3.2 National system of innovation

3.2.1 Innovation

Innovation was, is and will be the universal vector of development and competitiveness of the human communities, from the beginning of history to the end of the human kind. Communication and information in a broader sense, and the related technologies, were been and still are the innovation drivers in the entire world. From the beginning of history and today, there are no groups of people or communities to impose them self in front of others without innovation. From the abstracting, formalization, processing, diffusion and infusion of information, to the modern technologies, everything is related to innovation. This essential innovation, brought people much closer to each other, developing synergetic effects for the development of the social structures, communities and welfare, which permitted the innovation for other common needs.

Even if it appear to be exaggerated, in the modern sense of the notion's acceptance, the support and diffusion systems of innovation are present also at the early human societies,

but especially at the early states, by standards, rules and laws, later on by techniques and technologies. As more powerful was the innovation, as larger and more lasting was the society which made it. That type of innovation for the development of societies and communities, by specialized institutions for security, regulation and law, locally or central, are mutually recognized by any member of the community, accepted as universal standards.

The narrow sense of innovation, even if it is totally dependent on the broader sense, means mostly technology and process innovation, more recently also business model innovation, and very recently, coming back to the roots, social innovation. The most important components of the innovation, analyzed by most countries, and on which are concentrated the majority of policies, are education of human resources and R&D.

We are willing to stress on the crucial importance of the innovation culture and attitude, which make the difference between nations.

The most important challenges of the technology, process and business model innovation, of any nation, are the financing of the human resources education, the R&D activities and infrastructure, and the development and assimilation of new standards. Also challenges are related to the access to the information, diffusion and communication of information, intellectual property right, and the increase of the learning capacity of people during their entire lifecycle. If in the twenty century, government responsibility on innovation was mainly in the most developed nations, today, almost all governments are dealing with this issue because it became a life or death problem. In less than two decades, half of the people of the world will live in an innovation driven economy. And social innovation and culture of innovation will become crucial to support national or community global competitiveness.

If in the previous subchapters we describe the challenges in a general sense, because they are common for any nation, in the following subchapters we will refer more specific to our country.

3.2.2 Education

The Romanian university education is based on a French German model from the beginning of the twenty century, largely accepted and implemented by many countries from central and Eastern Europe. It is a model which brought outstanding outcomes supporting the modernization of this part of Europe. The competitiveness of its graduates was been worldwide recognized during the last century, and still used as fresh and educated human resources in the most developed countries. Several scientist from this region were been excellent researchers recognized in the entire world, and even Nobel Prize awarded, including Romanians. Examples as Henry Coanda, which made in France the first jet propulsion airplane of the world, and Prof. Gheorghe Samachisa which developed several patents for the flash memory, or Prof. Gheorghe Palade in California which was awarded with Nobel Prize for his contribution to the physics are only few of the outstanding Romanian scientist recognized worldwide. And many others, less known are enriching the human knowledge heritage in our country and worldwide.

But the university education system was not reformed from about 70 years. Due to the old and strong organizational culture, it was almost impossible to reform anything in the university educational system. Not even the Bologna Declaration adoption, or any other type of reform do not succeeded. In general, any change came up against with hostility.

Even if the entire world is concerned about the life long learning, and the European Commission released significant funds for it through numerous programs, the corresponding curricular development are very poor at the Romanian universities.

If in the first decade after the revolution this approach do not harm, because the entire Romanian economy dropped over 50% and nobody cared about, in the first decade of the twenty first century, the industry began to rise rapidly, benefiting from significant foreign and domestic investments, the tensions between the business and university environments rose significantly. The communication between the two environments is relatively poor due to the lack of associative structures. The exchange of experiences, content and good practices are poor and mainly based on interpersonal communication and not on communication between communities which are caring about each other.

First 2004, ARIES, The Romanian Association for Electronic and Software Industry, a trade professional organization, articulated the first innovation related strategy of the industry, university education and research included. Later on was founded the EPETRAN association of the electronic faculties of Romania, which is a forum of best practice sharing and communication with the industry. This initiatives and the foundation of the Export Council and more recently the National Competitiveness Council, where university, industry and public bodies are gathering discussing about the future developments and cooperation are real hopes of our country for its future competitiveness and community cohesion. Also very encouraging is the recent Employers Commission of ARACIS, the national university accreditation body of Romania, which comprise professional, trade professional and companies, concerned about the new European standards of accreditation.

If in the last decade of the twenty century and the first decade of the twenty first century, the main preoccupation of the Romanian universities was the assimilation of the triple size number of students, by enlarging the existing old universities and new universities, the next decade, the most important thing to be solved, will be the adaptation and matching of the university curricula to the real needs of the stakeholders and the development of the competitive research capabilities to support the national innovation effort.

The previous strategy, to raise the number of students and graduates was adequate for the business model based on chip labor cost. Entering the European Union, the business opportunities diversified and sophisticated very much, the old model beginning to show its limits. Companies which came to Romania several years ago for the educated chip labor cost are leaving more and more our country, and more and more domestic and foreign companies are investing and orienting toward innovation.

The most important challenges related to the human resources competitiveness and the sustainable curricular structures are determined by the structure of the professional organizations of the two environments, the quality and competitiveness of their content, the intensity and quality of their cooperation and trust and synergy between them. The introduction of a demand based funding of the public universities and faculties will motivate surely the opening of the universities to the business environment, which will drastically lower the actual conservative behavior. Also imposing evaluation criterions of the public universities related to the post university curricula for life long learning, to the research outcomes to support the national innovation and cooperation for knowledge and best practice sharing with the business environment will strengthen the interest of both parts to cooperate in their benefit and the trust which have to speed up their efficiency and

reputation. Nevertheless a significant shift in attitude and culture related to the new world tendencies will be the key to success.

3.2.3 R & D

Before the First World War, we can not speak about a competitive Romanian R&D, even if the second industrial revolution already consecrated the universities as main vector of knowledge and innovation for the new competitive industries of US and Germany. Between the two World Wars, on the base of the German model, the university research is developed, mainly for the natural sciences and the first state owned foundations for research funding appears. Still, most of the Romanian scientist distinguishes oneself in the developed countries like France, Germany and UK.

After the Second World War, especially in the sixtieth and seventieth, were been funded very numerous technology research institutes, based on the Soviet model, very similar to the German one. The major differences between the German and the Soviet model was the strict political control of the hierarchy of the institutes, not all the time based on competences, a strict isolation from the university research and from each other, and an unnatural command of the state. In contrast, the German model means national foundations controlling individual institutes linked in a network and strongly related to the needs of the stakeholders and related to the university research. The university research was strongly diminished and restricted. The disjunction between universities and research institutes brought different evaluation standards and equivalents. Simple researcher was equivalent with university assistant, Principal Researcher III with lecturer which had to have also a doctoral degree and Principal Researcher I, equivalent with university professor, even if the first do not had to prove didactical activities. Those differences implied, during the time, excessive over employment, reduction of interest for innovation and focus on marginal themes and missions, implying a very low efficiency of innovation; too many efforts for insignificant outcomes.

The quasi general collapse of the Romanian industry in the first five years of democracy, the diminishing of the GDP with over 50% and the general confusion, characterizing that period, implied a systematic lowering of the government research funds for more than ten years. The number of researcher drastically diminished, several research institutes were been sold (privatized) especially for real estate interests and many researchers emigrated to US and other developed countries, mainly in Europe, or reoriented them self toward universities, private companies and other activities. The patenting activity is also diminishing significantly in that period.

At the beginning of the twenty first century, the first university research oriented programs was launched. Also the first sophisticated and innovation driven public procurement appears mainly in the field of information and knowledge society, implying Romanian workforce for their development. The constant positive growth of the Romanian economy and the European integration perspective in 2007 brought significant resources to the Romanian budget. The public research funds rose in that period from 0.1% of the GDP to almost 0.8% in 2008. Also the share of the university research reached 70% of all public research funds. Unfortunately, the crisis stroke bitterly our country and the R&D public fund dropped again to around 0.2% of the GDP. In compensation, the Romanian participation in the European Framework Programs rose, and the first innovation driven projects in the frame of the Structural Funds appears, supporting the competitiveness of the Romanian economy and of the companies.

Unfortunately not even this flourishing period, which lasted five years, do not brought significant structural changes to Romanian R&D. The R&D outcomes, both from universities and research center network, are still not valued by technology transfer, spin offs or on the IP market.

In this very moment, The National Agency for Science, Technology and Innovation, is the main public financing institution of the Romanian R&D. The organization is leaded from the beginning by people coming from the old research institutes and from the universities, with insufficient knowledge and low commitment to the real needs of the emerging Romanian industry or other stakeholders. Their constant conservative attitude to preserve the survival, interests and the former "status quo" of these organizations, delay the reform. The cooperation with the business environment is almost inexistent. In comparison with ARACIS, the national body for higher education accreditation and other government and nongovernmental organizations, this one do not expressed any interest for the cooperation with the business environment or other stakeholders to improve the situation.

It have also to mention that the business environment don't was really interested about the outcomes of the Romanian research, being focused on the low cost labor opportunity which is not requiring too much sophistication or innovation. First in the last two years, doe to the rise of the wages and lower interest for chip labor cost in this region, companies began to switch for more innovation and IP development.

The main challenges for the Romanian R&D are related to structural changes, attitudes and overall and organizational culture and behavior. So long as the stakeholders, companies, local authorities and government organizations interested in sophisticated public acquisitions, do not have the authority to say anything for the structure and destination of the research funds, and can't step in anyhow for the evaluation and attribution methods of the funds, a significant change or improvement are not to be expected. The link of the R&D activity with the innovation support infrastructure, based on performance criterions is essential to ensure the efficient valuation of its outcomes.

3.2.4 The innovation support infrastructure

Even if the second industrial revolution is strongly related to R&D, research were been made mainly in own research laboratories by vertical integration or by close cooperation with the university environment. The third industrial revolution brought new actors like SMEs, and new attitudes and business models like specialized R&D companies and institutions and externalization of those activities to specialized organizations. Based on the US experience and success, after the Second World War, by its massive investments in military R&D with extensions through spin offs and technology transfer to civil applications, all developed countries, and recently almost all states of the world, implied them self directly more and more to support the national competitiveness by public financing of the R&D activities. Missis Chancellor, Angela Merkel, at the opening ceremony of CeBIT 2010, sad that Germany will spend in that year 3% of its GDP for R&D. All the states from the world are currently in an unprecedented competition to find the required funds to support directly the national effort for R&D.

But very soon, everybody stated that this financing is not enough if they are not putting other efforts to support the speed up of the rapid valuation on the market of the R&D activities' outcomes by supporting innovation. From the early fifties of the twenties century, US begun to build with public funds and public private partnership the cohesion and

synergetic entities and clustering services like science and technology parks, business incubators and related support services for mach making, internationalization, technology transfer, IP and many others. The Silicon Valley initiative around the Stanford University demonstrated its viability and sustainability over the time. Its success inspired and still is inspiring the entire world.

By multiplying the success of Silicon Valley in many other states, the US created a strong network nationwide, which was enriched later on with other networks of technology transfer services, national laboratories and consulting services. Also private fund were been attracted and new institutes were been created to facilitate the diffusion of knowledge, new business foundation, and externalization of studies and specific strategies.

During its development, by assuming new functions and missions, the European Union developed also such networks like Enterprise Europe Network or funds to support common strategies and to facilitate synergies and clustering. Compared with US, the EU is focusing mainly on know how transfer, knowledge and best practice diffusion and valuation of the R&D outcomes in the frame of the Union. The national initiatives could be supported by structural funds or they could be the responsibility of the national governments. Both, US and EU created independent specialized institutions like National Science Foundation and European Innovation Institute.

Unfortunately, out of several Romanian organizations involved in several European support programs, Romania is not excelling at this chapter too. Except of several enthusiasts, which have also European experience, the National Science, Technology and Innovation Agency's program turned out mostly in real estate business as real support of the Romanian innovation.

The main challenges of the Romanian innovation support infrastructure are related to the public private partnership, finance of the national research institutes or laboratories, financing facilitation, support services and business ethics including cultural and attitude shift toward the world best practices. At national level those issues are almost unknown. Identification of the needs related to R&D and innovation, in public private partnership, and design and financing of the corresponding services in accordance with the local needs and conditions could support in the near future the local and national innovation and competitiveness.

3.2.5 Culture and cohesion issues

In my country business ethics is a foreign notion. Corporate social responsibility means mainly a responsibility related to employees and is mandatory by law. Company is a money producing machine and if it is possible, as easiest could be. Competition means a brutal fight against it. Quality is good if you need a label on it. Cooperation has to be avoided as possible. Community is very important if they could give money. And the good examples could go on.

Several years ago, speaking to a German deputy in the European Parliament, I was amazed by his reaction at my question about the concern of this Parliament on business ethics. His face expressed likes "what the hell is this". As fresh graduate of a special training on business ethics at George Washington University, I was sincerely surprised about his reaction. But I past over and I never were been surprised when somebody do not understand what about I'm speaking. At that occasion I learned that I have not to be surprised when other people are thinking otherwise as my self, but I have to make an effort to understand what they really meant.

In general, if people would perform they have to get trust from others. Other way they remain isolated and the speed of growth is lowered by a factor dependant on trust. Trust means not only competences but also common feelings in a common space of language and culture. As higher the trust is and as stronger the empathy between each other, so better and higher is the efficiency between individuals, organizations and communities and the benefits are in the same proportion. Each individual from out of seven billion people in the world are thinking differently, but they have common tools like language and culture to understand and synergize each other.

Leading more than hundred Romanian trade missions abroad, I learned that before to make any step forward you have to understand the culture of your counterpart and to offer something which is valued within his culture. And your work is never ending because different people have different culture and different communities have different culture. Taking into account these things and consulting our membership, I observed that the efficiency of our delegation rose from event to event.

For example Germans in Europe have a very strong culture. They are very confident to each other, but if somebody is coming from a culture they do not understand they begin to be very mindful. Their culture is based on common unwritten standards which are taught as young children in a common sense. For people whom are growing up in this culture, it is very unusual to understand somebody more relaxed and much more flexible in interpreting things and thoughts.

Romania is located in a region with a more relaxed behavior and less formalized culture with a low community cohesion. People are more own centered as community centered. But they want to be included in the larger concert of the world. They want to be trusted, they want to be efficient and innovative and they want to be accepted as they are. Everything is O.K., but for the last which they have to strive bitterly.

The main challenges for the Romanian people are the big effort to understand what really is valued in the culture of others, and radically change their own culture and attitude. They have to understand the culture of the larger community of innovators or any other community they think to be part and to change attitude to shall more empathy and to have more engagement towards that communities. As any other culture, for sure, the Romanians have also values which could be valued within others culture and they have to strive for it. If they could be proud of their nation's heritage they will be able to conquer other's heart.

4. Conclusions

Several years ago I participated at a European conference on R&D and innovation. Presenting the overall situation of this issue, a lady from DG research told to the audience of the conference that Romania and two other countries of the union are not striving enough for their competitiveness and they are "no chance lands". Even if I understood what she meant because she gave facts and figures compared to the other countries outcomes, being Romanian, I was very frustrated. I'm not blaming her because she told this before a large international audience, because I had the feeling that she was very honest, but I still not feeling good when I remember about this case. This event was for me the determination to understand really the situation, and if it is possible to contribute to my nations improvement. It was also the moment to start my research and to find solutions for my nation.

I decided to be not scared or subjugated by this judgment but to be honest and straight on, to be able to have clear mind and clear judgment for the best recommendations and consulting I can make, first to the community of my association's members, and secondly to the Export Promotion Council and the National Council for Competitiveness. The same approach I used to improve the national and European quality standards of the national body for higher education accreditation ARACIS, and the funding body of the Romanian higher education research UEFISCDI. I already developed five policy papers in Romanian, of which content I used in this article.

From all challenges from the end of each chapter and subchapter I believe that the most important is about culture and attitudes. I already told to the reviewers from the World Bank on the performance of the National Agency for Research, Technology and Innovation, that doesn't make sense to raise the research funds before structural, cultural and attitude change, in accordance with the real needs and challenges of the stakeholders and the larger community of our nation, are not put in place. I'm also deeply convinced that those changes have to be made inside the beneficiary organizations, private or public. Financing have to come after competence and efficiency are proved.

Citing Peter Drucker who sad that the most important thing of our recent history is not the internet, or any other technology, but that people are less and less dependent and more and more have the opportunity to chose, and for the first time in the history, tremendous number of people, which rapidly growth, will lead them self, I understand that as people are getting more independent from each other, as much they have to care about their communities. Starting from this point I strongly believe that a concerted and harmonized triple helix public private partnership for any major concern of our nation, have to be put in place. Not only one part is responsible for what is happening among the community members or with the community as a whole, but everybody.

However, I'm strongly confident that solving these fundamental problems, it will be piece of cake to get the right solutions for any challenges mentioned by this article.

Yes for sure, Romania has a chance to join the innovation driven economy. Romania have to find his way among the most developed countries of the world, but he have to play his role, to be confident in him self and to get the trust of others.

4.1 Empirical data - entrepreneurial spirit within ELAN project participants

In the Global Innovation Performance 2009 report, Romania RANKS 61st. Also in Total Entrepreneurial Activity Ranked by Country, Romania has 4.3%, compared to world average of 10,6%¹. Also Romania ranks 5th lowest in the world in terms of feeling that hard work brings adequate returns , ranking lower than the Eastern European average, lowest in the world.²

ELAN projects's main objective is to promote entrepreneurship in Romanian electronics industry, the electronics packaging education, and technological transfer, to offer

¹ 2nd report on Entrepreneurial Activities in Romania: executive summary for the year 2008, Total Entrepreneurial Activity Ranked by Country - TEA by Country Measures Entrepreneurial Activity as a Percent of GDP.

² Gallup World Poll , January 2011

technological and technical support for innovative SMEs, in order to compensate the small entrepreneurs number (~50% of the European average).

In this context, data collected during the implementation of the strategic project “Promoting the entrepreneurial spirit within the Romanian electronics industry”, co-financed by European Social Fund (ESF), can give us an idea about the entrepreneurial spirit of the participants. 3628 participants to the campaign for promoting the entrepreneurial spirit “Be an entrepreneur!” answered the question: “Are you an entrepreneur?”

1. Never thought to
2. No, I thought to, made some steps and renounced
3. No, but I am thinking to a business
4. Yes, I am on the way to start a business
5. Yes, I have started or undertaken a business in the last 3 years, and it is alive
6. Yes, I have started or undertaken a business more then 3 years ago and it is alive
7. No, I started some time ago a business, but now I am not anymore an entrepreneur

ELAN participants Statistics		Total	Female	Male
	Total	3628	1268	2360
Education level	Top of Form			
	Lower Secondary	91	11	80
	Bottom of Form			
	Top of Form			
	Arts and Trade School	39	7	32
	Bottom of Form			
	Post Arts and Trade Schools	18	3	15
	Top of Form			
	Lower cycle of Highschool	576	226	350
	Bottom of Form			
	Upper secondary school	1434	456	978
Post Uper Secondary	62	22	40	
Bachelor	1038	390	648	
Master of science	284	130	154	
PhD	79	23	56	
Post PhD	7	0	7	
Age	15 - 24	2289	731	1558
	25 - 44	871	359	512
	45 - 54	298	119	179
	55 - 64	159	57	102
	over 64	13	2	11
Labor market status	inactives	2086	691	1395
	Entrepreneurs	112	26	86
	Self-employment	76	16	60
	Members of an agricultural / cooperative	2	2	0
	Employees	1351	533	818
	Unemployed including unregistered unemployed persons			
Bottom of Form	1	0	1	
Residence	urban	3156	1082	2074
	rural	472	186	286

Table 1. Participants grouped by gender, educational level, age, labor market status, place of residence.

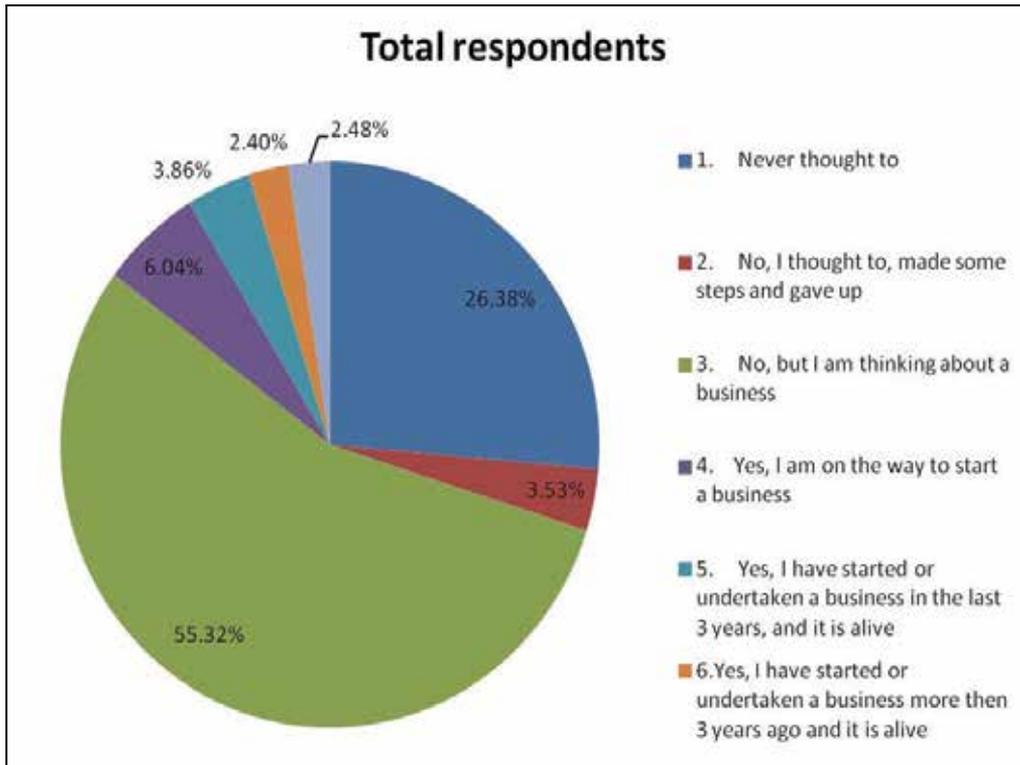


Fig. 1. Entrepreneurial spirit within ELAN project participants

Out of 100%, 26% never thought to a business, 3.53% thought to a business, made some steps and renounced, 55.32% are thinking to a business, 6.04% are on the way to start a business, 3.86% have started or undertaken a business in the last 3 years, and it is alive, 2.40% started or undertaken a business more than 3 years ago and it is alive, and 2.48% started some time ago a business, but now I they are not anymore an entrepreneur .

Male participants have higher entrepreneurial spirit compared to female participants 76.78% /23.21%.

There is a difference between male and female participants for those who:

- never thought about a business 23.77% / 31.23%;
- are on the way to start a business 7.29%/3.71%;
- started or have undertaken a business in the last 3 years and it is alive 4.11%/3.39%;
- have started or undertaken a business more than 3 years ago and it is alive 2.54%/1.42%.

The difference is less significant between male and female participants for those who:

- thought about a business, made some steps and gave up 3.56%/3.47%,
- are thinking about a business 55.81%/54.42%,
- started some time ago a business, but now are not anymore an entrepreneur 2.54%/2.34%.

Entrepreneurial spirit is higher among highly skilled professionals (Post Arts and Trade Schools - 16,67%, PhD - 16,46, Post PhD -14,29)

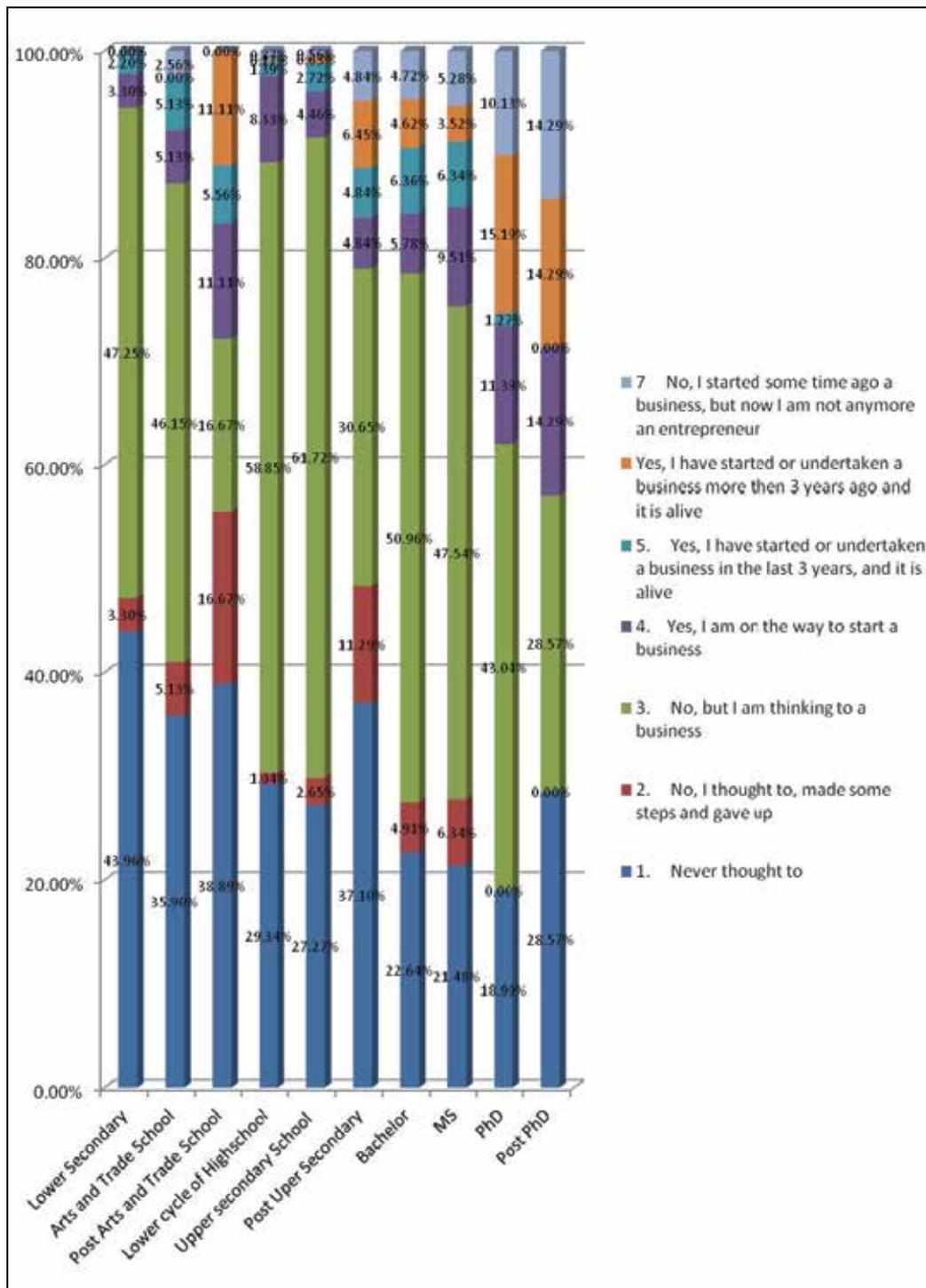


Fig. 2. Elan participant's entrepreneurial spirit by education

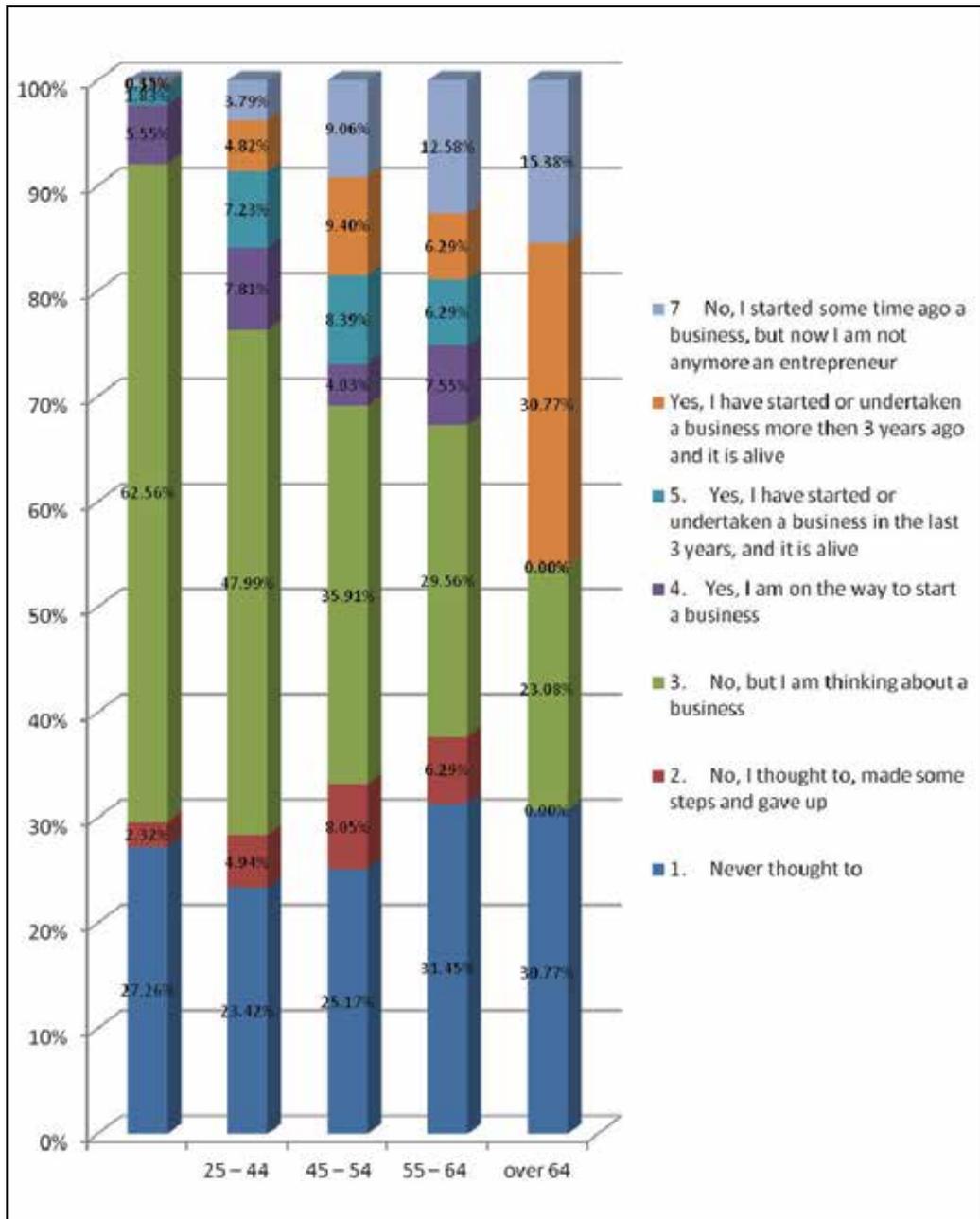


Fig. 3. Elan participant's entrepreneurial spirit by age

Entrepreneurs are not 'born'....rather they 'become' through the experiences of their lives.

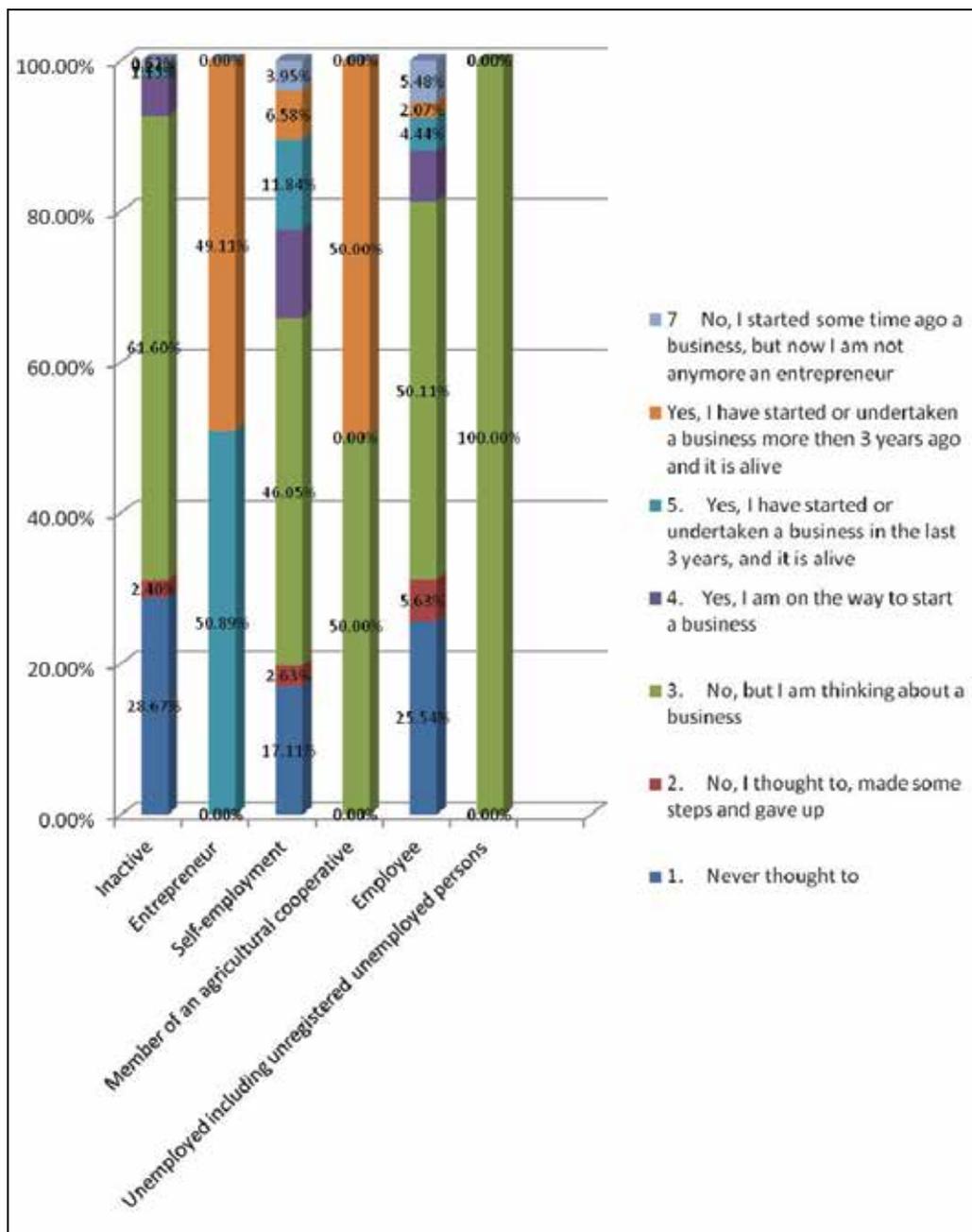


Fig. 4. Elan participant's entrepreneurial spirit by labor market status

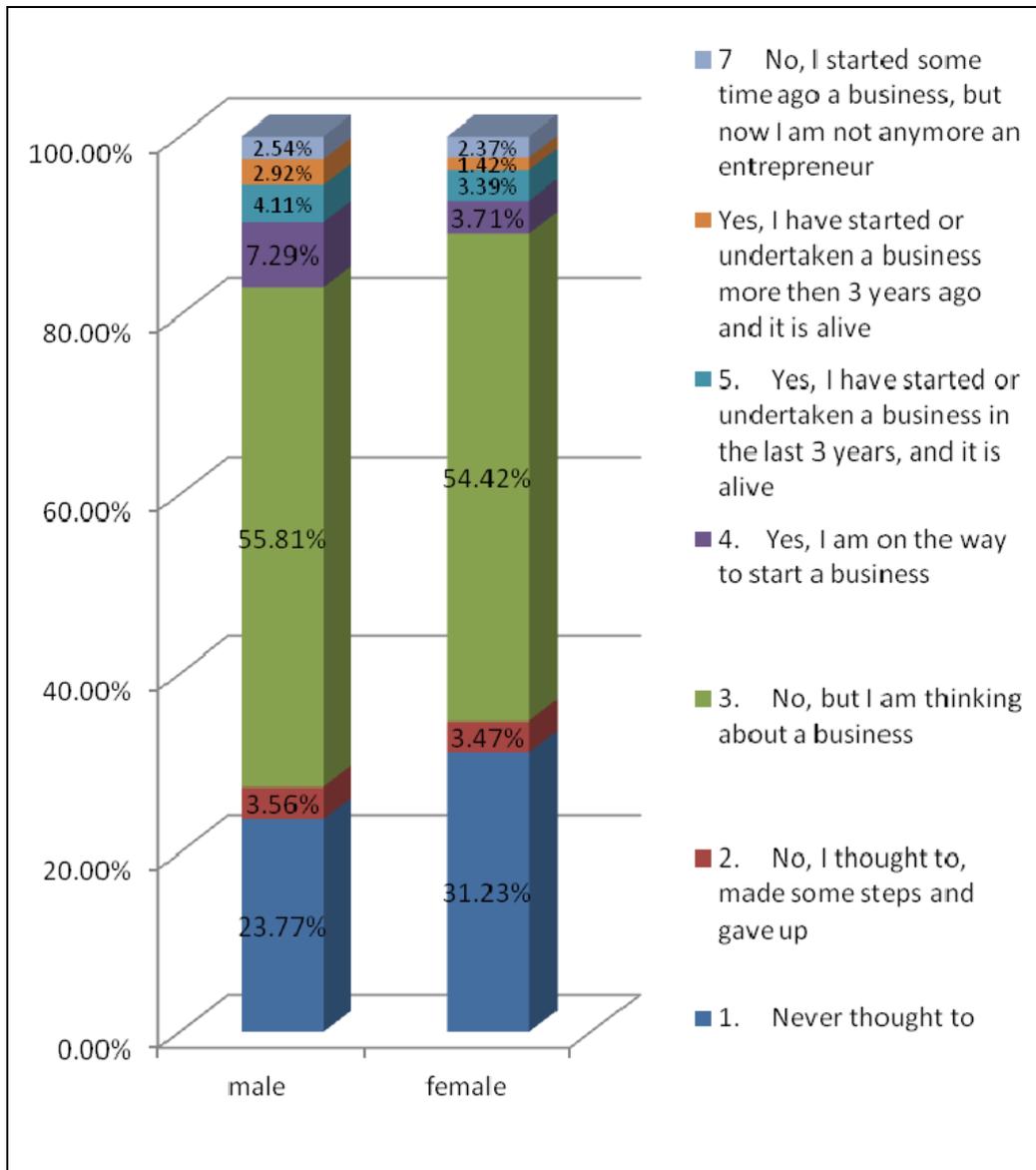


Fig. 5. Elan participant's entrepreneurial spirit by gender

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Immigrant Entrepreneurs in Spain Concepts, Kinds of Business and Advances in Research

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1. Introduction

The development of ethnic economies, a business formula which immigrant groups create for themselves, connects their home country and their destination, configuring a transnational economic influence (Moldenhauer, 2005; Roudometof, 2005; Vertovec, 2004; Waldinger, 2010; Wong, 2004), which consolidates migratory fields. Thus what is known as the enterprising “bourgeois” sometimes overcomes the idea of the anachronism of self-employment (Vidich & Bensman, 1960), since for some groups, it arises as a successful economic and social formula. On the other hand, immigrants form a new urban subclass (Clark, 1998). Therefore, some researchers have suggested that by entering the labor market as self-employed, they have more economic possibilities (Light and Gold, 2000; Werbner, 1980) and break with situations generating exclusion.

The success of these ethnic economies, such as the Koreans in Los Angeles or Cubans in Miami, is due mainly to the effort of owners and their employees, although in some cases they have also benefited from public aid. In any case, to open a business, the entrepreneur has to mobilize all the resources available to him, from the startup of certain ethnic strategies and design of the economic project within the opportunity structure and group characteristics (Waldinger et al., 1990).

The entrepreneur sacrifices himself and is self-exploited, which extends to his family and/or co-ethnic employees as well, working long days, without holidays and with very little vacation. This is more evident when there is a hostile host context (Portes & Böröcz, 1992), due to the difficulty in consolidating a business network in a primary segment, by setting up small dominant businesses.

In fact, in a hostile context, most of the immigrants are on the lowest levels of the fragmented market, where at most, small businesses develop in which the owners are middleman minorities. In such cases, Bonacich (1972; 1973; 1975) describes an starting situation in which there is not much development, and even stagnation, around the proliferation of entrepreneurs.

The phenomenon of immigrant entrepreneurs is not exclusive to the United States. It has also expanded to other geographic areas of the planet, especially European cities. With no attempt at being complete, see the studies on the subject by Aldrich et al. (1983) on different

cities in the United Kingdom, Werbner (1980) on Manchester, Blaschke & Ersöz (1986) on Berlín, Rekers & Van Kempen (2000), and Kloosterman (2000) on Amsterdam. Jan Rath (2002) for a comparative analysis of Europe and the United States (Paris, London, the West Midlands, Amsterdam, New York, Miami and Los Angeles), Dinh (2006), Goldring (2006) and Vuddamalay (2007) on Paris, Hillmann (2006) on Berlin, Serra (2009) for a study that reviews recent literature on ethnic business landscapes in metropolitan areas in North America, Australia and Europe, and Kloosterman & Rath (2010) for a review of OECD¹ countries. In Spain, the proliferation of this type of business initiative has also been studied for over a decade, as discussed below.

However, the forms of incorporating self-employment in Europe are very different from North America, due to the host context, and variation in the opportunity structure. Therefore, explanatory paradigms must be reformulated and/or adapted for them to be valid in these countries.

In Spain, the case is even more complicated for two basic reasons. One, the short time that has gone by since it has become a host country, hardly twenty-five years, and two, the labor market structure, where immigrant labor enters secondary segment niches that are precarious, unstable and temporary (Carrasco, 1999; Colectivo IOE and Fernández, 2007; Pajares; 2010).

In spite of the above, a wide variety of ethnic businesses that supply co-ethnic and other immigrants are starting to appear. This is happening in the neighborhoods of Lavapiés (Madrid), Ciudad Vella (Barcelona), Port of Alicante, and the historical city centers of Seville, Almería, Valencia and Zaragoza.

Although the characteristics of these businesses are not comparable to North America or Central Europe, either in number of businesses and employees, or invoicing, income and economic involvement, they nevertheless share certain traits, such as the spatial concentration of ethnic communities (Checa, 2007; Echazarra, 2009; Fullaondo, 2008; Martínez, 1998), the proliferation of businesses thanks to that concentration and the use of public space to do it in (Monnet, 2000), their mostly co-ethnic customers, and the use of certain strategies in the economic project.

Thus Spanish research in what is commonly called the ethnic economy has begun to increase, to the point where at present there are at least half a dozen monographs and over twenty articles and as many chapters in books. Therefore, the purpose of this text is to review the main studies published in Spain to see the application of the different theoretical paradigms and the conceptual typology of the immigrant self-employment phenomenon.

2. Prior theoretical perspectives: the demand for implementing a new model for the Spanish case

There are a multitude of currents explaining the appearance of business initiatives by immigrants in the societies where they settle. However, the most suitable classification distinguishes between culturalist, ecological and interactive approaches typical of the

¹ In 2010, a joint study on immigrant entrepreneurs in the OECD (Open for Business Migrant Entrepreneurship in OECD Countries) was published. It is a review of the labor insertion by self-employment in various countries in the developed world. However, there is no chapter on Spain.

American environment, to which would have to be added the theory of mixed embeddedness developed in Europe.

The culturalist current (Bonacich, 1973), pioneering in this field, argues that certain immigrant groups have an *optional affinity* to the qualities required for business success, or in other words, immigrants choose self-employment either because of their merchant tradition or for religious reasons that provide the individual with wide knowledge in exercising their profession.

The second current is the *ecological* type. Its arguments present two lines of analysis. The first are based on a comparison of modern and subsidiary economies in the hands of a small business class. In the second, the crucial factor is the patterns of spatial succession, first among neighboring residents and later, in the small class devoted to business (Aldrich, 1975). Therefore, opening ethnic businesses is only done when there are services and job offers which the overall economy does not satisfy. This situation derives from progressive abandonment of small businesses by the native population to enter a more profitable general market. Thus immigrants occupy labor niches in spaces that have been vacated (vacancy chain).

In the third place the *interactive* approach is determined by economic hypotheses. Their original proposition maintains that there is a connection between the internal resources which the community enjoys and the external opportunity structure. That is, self-employment as a response to labor segmentation and blocked opportunities affecting immigrants, although it depends on adaptation of the groups that can offer to what their consumers demand (Waldinger, 1984), an idea which basically comes from the ecological hypotheses.

This theory suggests that ethnic businesses proliferate in industries where there is a balance between the demands of economic development and the informal resources of the ethnic population (Light & Rosenstein, 1995). The owners of ethnic businesses thus have a favorable position for competing with native owners. This integrating current is the most accepted and recognized in American literature. It is less applicable to Europe because the institutional framework and the economic and political context in which the entrepreneur enters are undervalued.

Finally, as a consequence of the above, in the European framework, explanations arise that emphasize the host context and legal-regulatory frameworks as essential components in forming ethnic entrepreneurs. This model, called *mixed embeddedness*, originated in the studies by Kloosterman et al. (1999). For these theorists, ethnic economies depend on the adaptation of what groups can offer and what they are allowed to offer, more than the relationship between consumer demand and what the groups try to market, as in the North American model.

In view of the above, Kloosterman himself (2000) established a typology of embedded models. The first to appear is the *Neo-American Model*, typical of the United States and which is repeated in Australia, Ireland and England, covering countries where economic adaptation has undergone transcendental development and high ratios of employment are accompanied by low salaries, with very little government control over redistribution and provision of public services. On these premises, it is very attractive for immigrants to set up

a business, to the point where in some cities and in certain minorities, the ratio of self-employment is higher than among natives.

Secondly, the *Rhineland* model is present in Austria, France, Luxembourg and Germany. This approach is contrary to the above: high salaries and secure employment in exchange for high unemployment, which leads to strong state control on migratory flows, with strong impediments and obstacles for immigrants entering the labor market. It is a model, therefore, characterized by a double *insider/outsider* structure. In this case, the ratio of immigrant self-employment is no higher than among natives (Haller, 2004).

Finally, the *Nordic Model*, characteristic of Denmark and Sweden, is based on strong control of the economy and industrial network by the State, similar to the *Rhineland* model, but the true difference is in the welfare state and gender equality. In this model, the proliferation of ethnic entrepreneurs is lower than in the other cases. With the regulation of labor relations and equality policies, immigrants choose to enter the open economy market.

It may be observed that an considerable theoretical effort has been made to fit to the social and economic reality of entrepreneurs. So now how do they fit the Spanish case? Is there specificity in the self-employment of immigrants in Spain? To answer these questions we review some of the most relevant studies on the Spanish case and try to place them in the theoretical perspective where they originate. Although on no few occasions, researchers overlap in different perspectives, since, in fact, we are dealing with a multifactor reality and, in others, no model is taken as a reference.

The studies by Crespo (2006) and Sow (2004) have a culturist focus. Both study self-employment of Senegalese "Móodu-Móodu" in itinerant sales, finding that they maintain their business traditions at their destination. Part of the products offered and put on the market are even from Senegal or other countries, like Belgium, supplied by other Senegalese. Behind all of this there is a hidden network of solidarity and support founded on a religious philosophy of in-group self-help.

Similarly, among the Chinese in Spain there is an outstanding enterprising spirit (Beltrán, 2006) which had already been acquired in China, although once at their destination, their businesses are directed toward an open market, such as restaurants or everything-for-0.60€ stores, since their main customers are Spanish. At the same time the type of open business in Spain does not usually coincide with those at home. The decision to set themselves up as self-employed is maintained by help from their own group and because the service they offer is very competitive compared to others run by Spaniards or other nationalities, which gives them a large clientele.

Research in Madrid by Cebrián & Bodega (2002) has an ecological perspective, since they analyze abandonment of commercial spaces by the national population and explain how those business niches are recovered by immigrants, even sometimes offering the same services. They therefore describe the process of succession which was already shown in the classical studies of the Chicago School. However, these authors leave open the following questions: First, what components would differentiate ethnic communities in creating this type of establishment, and second, what components differentiate the business activity of minorities from the natives in the same type of business?

The answers should help distinguish successful businesses of some minorities from the failure of others, where the authors note cultural elements. Furthermore, the characteristics

that distinguish these merchants from the Spaniards, namely, ethnic social networks, in-group solidarity, family support, co-ethnic clientele and employees, etc. The idea is to make the best use of their ethnicity and the group they belong to their commercial advantage.

Moreras (1999) and Aramburu (2002) show a similar ecological situation in the Ciudad Vella neighborhood of Barcelona. Giménez, 2000, Cebrián, Bodega & Bordonado (2004) do so in the historical center of Madrid, in the zone of Lavapiés, Arjona (2004) in the El Puche neighborhood of Almería, where there is a proliferation of local businesses that have been vacated by natives, generating an economic revitalization in neighborhoods that were clearly declining.

The Neo-American embedded model coincides with the hypotheses of the interactive current and, due to the lack of a suitable reference for the Spanish environment, only a few studies have used it as the hypothesis for their work. Thus Moreras (1999) shows how the interactive paradigm has some goodness in the explanation of the insertion of Muslims in the meat market in Barcelona, especially in the deployment of ethnic strategies: family help, long hours, specialization in products, urban location, etc. Solé & Parella (2005:99) suggest a phenomenon in Catalonia that "suggests the North American model, in which self-employment arises as an attractive option for the most enterprising immigrants."

Martínez (2009) also works with a connection between group resources (class and ethnic) and immigrant family businesses. This author finds that companies are structured based on three dimensions: the family as a class resource, the family as an ethnic resource and, finally among her results she emphasizes that the role of the woman in the immigrant family business is fundamental, since in addition to her children's socialization, she covers absences from the business of her husband or oldest sons.

Along a similar line, Arjona & Checa (2006), based on an interactive model, found that for open businesses in the Province of Almería the role of the host context is more important in the opportunity structure than the characteristics of the groups, which tips the balance toward the model of social embedment.

However, the most outstanding thing about research in Spain is that it is not based on any single or particular model, but take as its reference some of the variables to explain why business works, especially the use of social networks, or in other cases leaves open some questions that must be resolved with the consolidation of the phenomenon and later scientific contributions. For example, Gómez (2007) studies small immigrant trade in four neighborhoods in Madrid. In one of his starting hypotheses, he seeks to verify whether immigrant companies and services share the basic strategies of small merchants in a native neighborhood based especially on the use of information and resources acquired from their social capital. His results highlight that these small companies were outside of the circles of the large firms that govern markets, and work based on group solidarity. That is, the same products offered are acquired by their compatriots.

Serra (2006) also describes the social implications of businesses in Barcelona, showing that the main agent of neighborhood economic revitalization is mainly the neighbors themselves, who prefer the nearest shops and direct communication. Furthermore, these entrepreneurs supply products and services that immigrants cannot find anywhere else. This makes them profitable in the face of outside competition from supercenters and native businesses in general.

Labajo (2007) examines the relevance of immigration as innovative commercial distribution in Madrid. In his study, he describes the retail business as responding increasingly to the new demands of immigrants, either by adapting its offer of value, or by immigrant integration as entrepreneurs. In Madrid, García et al. (2006) also describe the characteristics of entrepreneurs and the strategies they deploy to make their businesses work, in particular, intergroup solidarity and supply of ethnic products.

These situations explain the proliferation of *halal* butchers, bazaars, tearooms, groceries, etc. that are set up in both co-ethnic neighborhoods and places with through traffic. For example, Sempere (2000) in Alicante and Arjona (2006) in Almería, cities which connect Europe and North Africa by ship, have found that many shops supply immigrants that go and come between their homes and destinations. Some itinerant entrepreneurs even trade between the shores of the Mediterranean.

Aramburu (2002) goes a step further when he suggests why these businesses are different from natives whose businesses are also based on family and solidarity. Responding to the distinctive trait of some immigrant shops with respect to natives, there is a certain tendency to expand. Once the business gets going, the owner often opens other shops, putting uncles, cousins, nephews or trusted friends who had worked for them previously in charge. In other words, a school of entrepreneurs is created, as suggested by Waldinger (1993). Thus the fragmentation of family businesses finds its own way of independent economic integration, which protects them from the subordination and discrimination immigrants are often subject to in the salaried job market.

Torres (2006) analyzes businesses in Russafa (Valencia) based on the consolidation of informal networks in each group. He notes that shops not only serve as points of information, money or goods, but are also places for socializing. Commercial areas adopt one form or another according to the culture of the group they come from, the type of business, the insertion strategy, and the different uses they make of the neighborhood. Thus a "geographic boundary" becomes a space for socializing.

After this succinct analysis of previous studies done in Spain, it is clear that although certain elements coincide, new theoretical contributions are necessary to explain a very specific, definite reality, in which the singularities of the host context and regulatory framework differentiate it from other places. The Spanish situation does therefore not respond to any of the three wide interpretive theoretical models.

Based on the characteristics of the Spanish labor market, such as self-employment, which is described below, we attempt to formulate a model more responsive to the Spanish situation, which continuing with English nomenclature, is called the *South-European Model* (Arjona & Checa, 2006a) and which later research and consolidation of the phenomenon will have to refine, especially in local or particular case studies.

The Spanish labor market is characterized, among many other things, by being highly flexible and irregular, which makes it possible in times of expansion for its gross domestic product to grow more than in countries such as Germany or France, even though there is high unemployment, except in secondary markets, e.g., agriculture and construction. And in times of recession, such as the present one, its growth is much less than in most of the countries in the OECD, and its employment rate much higher, surpassing twenty percent,

and affecting, above all, construction. At both times, salaries are low, especially in the labor niches where immigrants enter. Border controls are also lighter in times of expansion and stronger in times of crisis. These realities invite immigrants to set up their own businesses, in times of expansion to take advantage of the economic boom and that their co-ethnics are working, increasing their purchasing power. That is why a qualitative study by Parella (2004:7) found that some of the subjects interviewed did not use self-employment as way out in an emergency, but rather as an attractive option for the most enterprising immigrants, analogous to what occurs in North American society.

But also, and in an attempt to escape from some of the characteristics of the secondary market which are accentuated during times of crisis, ethnic entrepreneurs take advantage of premises vacated by Spaniards because of the low profitability of the offer on the market. Moreras (1999:221) says, "...this type of [commercial] initiative has taken advantage of the crisis, adapting to it, as a way of finding a way to place itself on the market. They have discovered that under these circumstances, the native competition would not be very strong and that they could overcome it easily by applying certain strategies (long work day, self-exploitation, family business, credit to customers, wholesale and retail sales, etc.) and offering a very specific type of product to attract customers from their own group, while not limited to it."

Moreover, in this situation, the immigrant entrepreneur who knows the social context and the unsatisfied demand will try to cover those gaps in products and services which the general economy does not, or does so at high cost (Arjona, 2008; Arjona and Checa, 2006b; Beltrán, Oso & Ribas, 2006; Buckley, 1998; Cavalcanti, 2007; Gómez 2007; Oso & Ribas, 2004).

In any case, once they decide on self-employment as an economic strategy, foreigners must overcome an enormous number of contextual hurdles, both external and internal.

The first has to do with the conditions required for registration in the Special Regime for Self-employed Workers. To start with, a residence and work permit are required², at the same time all the administrative authorizations corresponding to the activity intended, including legalization of academic degree and membership in a professional society if applicable. These conditions are not required of all foreigners, since there are conventions or agreements with some countries for starting business in Spain (see Arjona, 2006). But as a general rule, the immigrant who intends to settle in Spain as a self-employed worker has to demonstrate first, employment generated by the activity to be performed, second, provision of capital to the national economy, third, sufficiency of investment, fourth, professional qualification, and fifth, contribution of new technologies; apart from compliance with the general regulations applicable to the rest of the nationals. Even when a new economic activity is going to be started up, the Government may deny the residence visa for self employment without having to provide a reason for it.

² Work permits for self employment may be: Type d (original), valid for one year, for a concrete activity and only a geographic area. Type D (renewed), which authorizes any self-employment activity throughout the national territory, this type is valid for two years. This permit Type D (renewed) may be acquired by holders of a Type d permit at its expiration. Finally Type E may be acquired at the expiration of D (renewed), also for a period of two years and authorizes any enterprising activity throughout the national territory (Art. 69.2. Immigration Law).

The second is that in addition to the limitations and/or conditions imposed by the *Ley de Extranjería* (Immigration Law) (Trinidad, 2003), local governments may also impede setting up a business, either through their administrative demands, or because of pressure from national entrepreneurs. This causes many businesses to be set up illegally, and their location and activity to be known only to their co-ethnic customers (Arjona, 2006; Arjona, Checa & Acién; 2005; Sempere, 2003; Sow, 2004).

Doubtless, in addition to all these governmental requirements which have a dissuasive effect on the immigrant, is the demand of having sufficient economic resources, which it is understood that only the fewest applications of this type of permit have. The business strategy, in this case, is to set up an informal business, which is what happens with home services, such as technical repairs, hairdressing, clothes, door-to-door sales, etc.

Immigrant entrepreneurs in Spain must thus surpass a considerable number of legal barriers imposed by governments, from national to local, as well as economic impediments and social rejection as foreigners and competitors. Thus all these elements combine in a new model which is different from others in the international framework.

3. Types of business and profile of the immigrant entrepreneur in Spain

Analysis of the different concepts that have arisen in establishing businesses by foreigners is a complicated task. There is, nevertheless, a certain consensus in international literature around the conceptual network that attempts to explain different situations within the ethnic economy, such as middleman minorities, enclave entrepreneurship and ethnic enclave economy.

The main characteristic that defines middleman minorities is self-employment in family businesses located in poor neighborhoods or immigrant ghettos, occupying the labor niches in the secondary sector vacated by natives. At present, they have begun to enter middle class neighborhoods with activities in the service sector, but establishing hardly any ties to the social structures of the community their economic activities are directed at.

Enclave entrepreneurs are defined mainly by co-ethnicity in both use of social structures and location. That is, they are businesses that operate in immigrant neighborhoods where the majority are co-ethnics. This is not the case of the middleman minorities, and there is a system of social relationships which makes them self-sufficient, which is where the hypothesis of ethnic solidarity gains in strength.

The concept of *ethnic economy* derives from the theory of middleman minorities (Bonacich, 1973). When Bonacich & Modell (1980) developed the concept of ethnic economy, they differentiated employment that arises from the general economy from employment which the minority creates for itself. The immigrant at destination enters in a divided labor market, which is determined by ethnic antagonism. The ethnic economy is defined as the economy that includes any immigrant who is an employer, self-employed or who is employed by co-ethnic businesses. In this sense, "The context of an ethnic economy is defined by race, ethnicity or national origin, characterized by acquiring advantages from the relationships between owners of businesses and owners and workers of the same national origin," (Logan, Alba & McNulty, 1994: 698).

Finally, the concept of ethnic enclave economy comes from the literature on the segmented labor market (Piore, 1974), where several elements are added to the ethnic economy concept (Zhou, 2004). In the first place, permanence of the business, in the second, the economic activities are not exclusively trade, but also include production activities directed at a general market, in the third place, the commercial variety that overcomes the succession of labor niches abandoned by the natives, and finally, the territorial variable, that is, businesses must be concentrated in a certain physical area where their networks are also located (Logan, Alba & Stults, 2003).

Therefore, studies on ethnic economy still originate in the theory of middleman minorities (see, e.g., Kim, 2003 and Yeung, 1999), although the economic independence of immigrants and ethnic minorities are now analyzed to a greater extent and not only the middleman minorities. Furthermore, the different concepts analyzed do not make specific allusion to the regimen of holding businesses and ethnic control. Light and Gold (2000:5) suggest that, "These definitions are only valid to describe the *ethnic ownership economy*, which is only one component of the ethnic economy and the enclave and is not extensive to the whole." An *ethnic ownership economy* is defined by the ownership of the business. This leads to hiring co-ethnic employees and a wider margin of profit for the owner. On the other hand, "*ethnic-controlled economies* exist when and to the extent that the co-ethnic employers exert an appreciable and persistent economic power on workplaces due to their numbers, concentration and organization, and possibly external political or economic power" (Light & Gold, 2000:23). Thus these immigrants have the ability to make decisions on subjects related to salaries or contractual relationships that govern the relationships between workers and the owner.

Moreover, both the ethnic-controlled economy and the ethnic ownership economy have formal, informal and illegal subsectors (Tienda & Rajjman, 2000). The formal sector is made up of businesses that pay their taxes and are officially registered. The informal sector includes businesses which produce legal goods and merchandise, but do not pay taxes and are not officially recognized. The illegal subsector consists of businesses that manufacture or distribute prohibited products or merchandise including drugs, gambling and forged documents.

This description of the typology of businesses makes it possible to specify the typology of ethnic entrepreneurs in Spain. Thus, in many of the zones studied in Spain, insertion of immigrant labor as self-employed, in the beginning, fits in the concept of the middleman minorities, as described above, entrepreneurs who set up a business that is needed in a certain area: a Chinese restaurant, a telephone booth center, money transfers, etc., where customers are not necessarily co-ethnic. As these are open businesses, where both the location and the product offered are intended to attract a mixed clientele, natives and immigrants, the entrepreneurs who are the most successful are those with restaurants, and by nationality, mostly the Argentines and Chinese (Arjona & Checa; 2005; Beltrán, 2000; Gómez, 2007).

However, there are also studies that concentrate on enclave entrepreneurs because their businesses are in segregated neighborhoods where the majority of the inhabitants are co-ethnic or other immigrants. So they become the main customers. This is the case of the *halal* butcher shops of Pakistanis in Barcelona and Madrid, Moroccans in Almería, etc. (Aramburu, 2002; Arjona, 2006; Moreras, 2002; Solé, Parella & Cavalcanti, 2007), Latin

American groceries and music shops, Romanian cafes and bars, etc. (Arjona & Checa, 2008; Sáiz; 2005; Torres, 2006).

Although in view of the characteristics of the businesses, could we speak of ethnic economies in Spain? Studies done up to now show an incipient situation, as there is quantitative and qualitative leap of middleman minorities and enclave entrepreneurs to vertical and horizontal multiplication of businesses, to larger shares of co-ethnic participation as employees (Arjona, 2005; Riesco, 2004; Solé & Parella, 2005), and a transnational logic in their activity (Arjona & Checa, 2009). This shows, in any case, that there is an incipient ethnic economy, consolidation of which will depend on the future economic situation and of the regulatory patterns of the Spanish State.

There is no doubt that in Spain there are no ethnic economic enclaves. The host context described above, where legal and governmental impediments are determinant, and the short time since the first businesses were set up, prevent us from being optimistic insofar as immigrants consolidating economically around ethnic economic enclaves; keep in mind that this phenomenon is rare even in other areas of Europe.

Finally, it should be emphasized that both ethnic ownership and ethnic control businesses do exist in Spain. Among the first, because of their number are the *halal* butcher shops, who supply meet to both Muslims and other immigrants, groceries and restaurants or bars, where typically ethnic products are offered (Arjona, 2006; Moreras, 2002; Solé & Parella, 2005). Ethnic-control businesses respond mostly to money transfer and telephony. They are the property of large multinational businesses in the sector that put an immigrant in charge to attract customers.

Likewise, and as a result of bureaucratic and economic impediments that this economic activity bears, a network of informal businesses is being generated that is fattening the underground economy. This includes hairdressers, bars, and other services offered in private homes, in cities, evading taxes and other legal requirements. Such clandestine businesses are known only to their customers and advertising and communications for access to them is through ethnic networks.

4. Discussion and conclusions

Spain, in its still recent condition as a host country for immigrants and with a hostile host context, is emerging on a first level of development of ethnic economies. Certainly, there is no Spanish city where we could speak of a *favorable* host context, that is, where professionals are able to enter job positions of leadership and entrepreneurs become prosperous around an ethnic economic enclave.

This leads to neither an interactive theoretical model arising out of an American model, or the European social embeddedness explaining precisely what is happening in Spain, and by extension, the countries in the south of Europe with similar characteristics. Therefore, a new paradigm is required, called the South-European Model, to explain the dynamics of the Spanish labor market and the scant opportunities for enterprising immigrants not from the European Union.

This is like that because immigrants in Spain enter a segmented labor market (Colectivo IOÉ, 2001; Gualda, 2005; Pajares, 2010). This reality limits them in large part to depending

on their human capital, just as it reduces their possibilities for ascension and promotion. Therefore, group characteristics and individual initiatives are slowed down by the opportunity structures which are not inclined toward the installation of ethnic businesses (Arjona, 2006; Solé & Parella, 2005).

In spite of the above, one of the most valued alternatives among immigrants is setting up a business of their own due to the transnational character, commercial and cultural ties are maintained with their home country and with other countries or regions, and the economic and social success this provides. A combination of transnationalism (Checa & Arjona, 2009), spatial concentration (Arjona & Checa, 2007), use of networks and ethnic solidarity compensates for (Cebrián & Bodega; 2002; Solé, Parella & Cavalcanti, 2007) the regulatory "hostility" imposed by the host context, which slows down the appearance of ethnic economies.

However, from the internal labor relations in this market, characteristics typical of labor niches in other segmented markets and hostile reception are also observed (Riesco, 2004).

To summarize, as discussed above, the various studies carried out in Spain show that we are facing the particularity of a small business economy with profitability subject to several conditions. In the first place, the diversity of products offered. Most of the businesses offer their customers a multitude of services or products to maximize their resources and increase profit. In the second place, business hours are unscheduled. Opening and closing adapt to their customers, so most of the sales are when their co-ethnics and other immigrants finish their workday. In the third place, there are no salaries when the employ is a family member, child or wife, or they are low when the employee is a co-ethnic non-family member. And fourth, they are precarious and illegal. Employers, only on numbered occasions, register their workers. So the true alternative is for owners or managers, however, for the co-ethnic employees, it is a school of entrepreneurship.

The definitely novel nature of this phenomenon in Spain and its particularities require a theoretical model to explain how it functions. The text proposes one called the *South-European Model*, which because entrepreneurship is still incipient in Spain could be reformulated over time, especially if the role of the host context changes and the characteristics of groups become more important, and human and social capital as opportunity structures are defined. Therefore, research in new questions must continue to shed light on the explanatory model and the concepts used: Will the Spanish labor market stop being a hostile host context? Will there be a noticeable increase in ethnic businesses, and will they lead to ethnic economic enclaves? How will labor relations between employer and their co-ethnics develop? And finally, will the ethnic economy become an alternative for employers and employees? And how have immigrant businesses been affected by the current economic crisis?

In any case, the transformation of the Spanish urban landscape based on the proliferation of ethnic businesses is already an indisputable reality which is revitalizing the neighborhoods where they have been set up, as these entrepreneurs have reactivated trade in zones of the city that were heading toward poverty. Consumers must take advantage of this economic coincidence and understand the enterprising initiatives of immigrants as an opportunity.

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Exploring Entrepreneurial Initiatives Among New African Nations: Reflecting Upon the Entrepreneurial Culture of Ghana and Namibia – Two Former German Colonies

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1. Introduction

In the 'olden' days Africa was well known for its numerous challenges. In a 'new' Africa, the continent aims in addressing its challenges and develop essential strategies which will lead to the development of the continent. This chapter seeks to explore the entrepreneurial initiatives that occur in two African nations namely; Ghana and Namibia and the role culture plays in shaping entrepreneurship in Africa. The term entrepreneurship is derived from a French verb '*entreprendre*' meaning to take one's own hand and do something (Nieman et.al, 2009). In this chapter the author further explores this initial definition from an African context.

In addition this chapter explores the significant difference in terms of entrepreneurship between Ghana and Namibia and why the Western African nation of Ghana who received independence in 1960 has a lower literacy compared to Namibia who gained independence 21 years ago.

This chapter will first look into the background of Ghana then Namibia. The methodology employed to conduct the study will be discussed to the greatest detail. Thereafter economies of these two nations will be explored, followed by a distinctive comparison. The chapter will be summarized with conclusions and recommendations for further research.

2. Background on the two African economies (Ghana and Namibia)

2.1 Ghana

This West African nation of Ghana was initially part of 'Togoland'; a nation which was a German protectorate from 1884-1914. Togoland initially constitute two nations, the nation of Togo and a major part of the Volta Region District, Ghana. These colonies were formed during the imperialism period of Germany, which was also known as the scramble for Africa. Germany occupied Togoland for less than three decades and the German colonial period ended on August 6, 1914, however French and British troops invaded the territory on August 7, 1914. Although Ghana is relatively small in size, the nation has earned a special

place in the hearts of many African people. The nations were known as Golden Coast, from the days of the Asante's federation, Ghana has served as a role model for a number of African nations, mostly due to resistance to colonial conquest. Ghana was the first African nation to receive independence on 6 March 1957 in sub-Saharan Africa. The capital city of Ghana is Accra, and the nation has a land area of 238,537 square kilometers (Turner, 2009). It is illustrated in the literature that fifty (50%) of the Ghanaian people are Christians, while the remaining population constitutes Muslims and other traditional religions.

The primary interest of Germany in Ghana was due to the nation's abundance and richness in crops such as cacao, coffee and cotton. During this period the colonial administrators brought with them scientific methods which ensured efficient and effective cultivation of crops which made it easier for the crops to be exported. Prior to the occupancy of Germany, Ghana had well established infrastructure most of which was destroyed during World War I. Given the current situation in Ghana it appears that no strong initiative measures were employed to rebuild the infrastructure of the country to date.

2.2 Namibia

The Southern African nation: *Namibia* was previously known as South West Africa whose western border is the Atlantic Ocean, and shares land borders with Angola and Zambia to the north, Botswana to the east and South Africa to the south and east. Namibia is a relatively large and sparsely populated country and is the 31st largest country in the world. The country is divided into thirteen (13) regions; the Caprivi, Kavango, Kunene, Omusati, Ohangwena, Oshana and Oshikoto regions in the north, the Omaheke, Otjozondjupa, Erongo, and Khomas region in central areas, and the Hardap and Kara's regions in Southern Namibia (Republic of Namibia, 2010).

Namibia has its diverse history embedded in a rich culture. It was first ruled by Germany, and after the First World War (I) the newly formed League of Nations gave the mandate for governing Namibia to Britain. This mandate was managed by South Africa on behalf of Britain, and came into effect in 1921, and this was the beginning of South African control over Namibia. In 1973 the South West African People's Organization (SWAPO) was the official representative of the Namibian people. Followed by political unrest and internal violence, South Africa installed an interim administration in Namibia in 1985. Namibia gained full independence from South Africa on 21st March 1990, following Namibian War of Independence.

Namibia is a member state of the United Nations (UN), the South African Development Community (SADC), the African Union (AU), and the Commonwealth of Nations (Republic of Namibia, 2010). The total population of Namibia is 2million and a stable multiparty parliamentary democracy. It is the second least densely populated country in the world. English is the official language used for business communication but other recognized and widely spoken languages include: Oshiwambo, Herero, Setswana, and German amongst many others. The Namibian dollar is the official currency used in Namibia. Its capital city and the largest city is Windhoek. The backbone of the Namibian economy is driven by agriculture, herding, tourism and mining of gem diamonds, uranium, gold and silver production. Close to fifty percent (50%) of the population lives below the international poverty line, and the nation has suffered heavily from the effects of Human

Immunodeficiency Virus (HIV)/ Acquired Immune Deficiency Syndrome (AIDS) with fifteen percent (15%) of the adult population infected by HIV in 2007 (Pikkarainen, 2004: 11).

3. Education or literacy levels in Ghana and Namibia

This section of this chapter will briefly outline the education or literacy levels of these two economies, as the dimension of education is strongly associated with the level of entrepreneurial activity which occurs in an economy.

3.1 Education in Ghana

In Ghana the education system has been very formal since the country attained independence in 1960 and there is little room to integrate the cultural constituents in a classroom setting, due to the challenge faced by native educators to integrate local cultural systems into the mainstream curriculum. This makes the system relatively similar to patterns of education which were followed during the period of colonialism. Schools or any training institutions used minimal self-initiative when conveying academic material to the participants. Instructors find it difficult to convey academic material in a local cultural context, because they are not equipped to do so. The nation of Ghana appeared to have lower literacy levels compared to Namibia which gained independence during the last twenty one (21) years. Literacy levels in Ghana could be relatively low because individuals are not taught content which they can relate and apply to their daily living circumstances.

The Ghanaian people spoken to for the purpose of this research are of the opinion that changes which were prevalent at independence of Ghana did not follow a gradual pattern, which integrated people of color, ethnicity and race. The language dimension also has an important role to play when viewing the changes in the Ghanaian economy after independence. English is the official language used in the country; however the integration of local languages into mainstream business activities can help the economy to prosper.

3.2 Education in Namibia

Soon after independence; education and literacy programmes in Namibia underwent two fundamental phases due to colonization. Initially the invasion of the Germans had a fundamental influence on the education and literacy programmes followed by a long period of South African (Dutch) colonial rule. At Namibian independence educational and literacy programmes were not phase out indefinitely, however the process followed a gradual pattern of change or transformation. At independence most of the Namibian elderly people were employed by white settlers or employed in mines where most of them were accustomed to speak Afrikaans (similar to Dutch or German).

Upon gaining independence the government of the Republic of Namibia did not phase out all the educational and literacy programmes indefinitely as the process was conducted following a gradual transformation. This was mainly to ensure that all citizens were given an equal opportunity to be part of the transformation process, regardless of race, sex or gender (in short ensuring that the diverse nationalities within the country are fully represented and catered for). In a similar fashion schools and adult literacy programs have streams for various languages, and learners have the opportunity to learn at their own pace

in native language, followed by Afrikaans and German. Although English is the official language most Namibians are multilingual and this is made possible by the manner through which the government integrated new educational programmes after independence. This does not imply that Namibia has the best education system in Africa, the country is also faced with its challenges, but there is a vision of change and hope that Namibians are striving to achieve.

4. Research methodology

Being explanatory in nature this chapter aims to reveal the cultural differences between Ghana and Namibia. This chapter will give a general vision of Ghana and Namibia based on other sources and academic literature. It was wise for the researcher to select both qualitative and quantitative research methods to write up this chapter. Qualitative research techniques capture rich meaning of the respondents in their own words. Quantitative methodologies allowed the researcher to obtain information about the people of Namibia and Ghana in a fast and orderly manner. In addition quantitative methodologies will clearly illustrate why there is such a distinctive difference in terms of entrepreneurial orientation amongst these two nations, given the fact that Ghana was a prime role model for most African nations. When the researcher employs quantitative techniques the focus is on how rather than why? 'How come Ghana's entrepreneurial initiatives are much lower than that of Namibia?

The technique of participant observation was also employed for this research, with the methodological mandate of being technically sensitive. This technique was only employed for the Namibian participants, as the lack of research funding did not enable the researcher to conduct the study in Ghana. Participant observation is a good research technique as it enables the researcher to grasp an understanding of entrepreneurship and its social context (Bruyn, 1966; Jorgensen, 1993, and Spradley, 1997). The use of participant observation was very critical to obtain information about the Namibian respondents because, according to the African concept of "Ubuntu", the individual is part of the society and the individual's survival depends on that society (Mbigi, 2005).

Secondary printed sources were also reviewed to derive information for this chapter, in particular to get information on Ghana, as it was not possible for the researcher to conduct the study in Ghana. An extensive literature survey was conducted to capture information on both nations. The methodology enabled the researcher to review secondary literature and record possible and meaningful insights. Interviews were identified through snowball sampling. As explained by Muller-Wille and Hukkinen (1999), In snowball sampling of interviewees, those already interviewed identify who else they think should be interviewed'. According to Goodman (1961) interviewing only stops when the last respondents suggest only individual's names by others. Prior to conducting the interviews the interviewer tried to build a trusting relationship with the respondents ensuring that correct and accurate information about Ghana and Namibia is obtained.

The researcher developed a clear interview guide which constitutes open ended questions and close questions to capture a rich and meaningful understanding of what people say in their own words, about the entrepreneurial initiatives of these nations, their own experiences and the way forward envisaged for the respective nations. Interviews generally

lasted for about 15 to 20 minutes. Most of the research pertaining to Ghana was obtained through desk research, and twenty Namibians were interviewed to obtain information on Namibia. The respondents were very eager to be part of the research and also very cooperative. To ensure consistency, reliability and quality, data was consistently updated and verified. Whenever the researcher came across conflicting ideas follow up interviews were conducted to verify information or data

5. Entrepreneurial initiatives in Ghana and Namibia

5.1 Ghanaian entrepreneurial initiatives

Ghana's government has a vision of accelerated and sustained economic growth which aims at providing equal opportunities for all Ghanaians. According to Mitchell (2006b) the West African nation of Ghana is currently seen as one of the most underprivileged regions in the world. This could be viewed and judged in terms of the commonest yardstick, gross national product or by certain measures which pertain to human development. These measures include life expectancy, education, food security and adequate access to clean and safe drinking water. There are local food products or commodities which the Ghanaians trade with namely; cassava however to movement of products from one destination to another. However effective and effective service delivery is complicated by poor communication networks and great distances which make the movement of both people and products impossible.

Entrepreneurial activity in Ghana refers to the degree to which the citizens of Ghana find ways and means to produce food and local consumption of commodities for individuals within the nation to benefit the community. Like a number of other nations in West Africa, Ghana's economy is primarily based on agriculture. Cacao is the main product exported from Ghana and is the main source of external revenue. Approximately close to fifty percent (50%) of the Ghanaian gross domestic product constitute agriculture, forestry and fishing, while the manufacturing and mining industries contribute twenty percent (20%) of the GDP. Wholesale and retail trade add 12%, services constitute 14% while transport and communications contribute 4% to the GDP. Regardless of this well laid distribution of resources across the various sectors, natural and in some situations skilled human resources at its disposal the Ghanaian economy was still unable to sustain its growth. The downspin of the economy has been symptomatic of the political turmoil and social unease which pervaded in the past and continued to persist in the neighboring countries of West Africa (Pellow and Chazan, 1986: 4). When we study local communities in Ghana at a community level most of the enterprises falls within the category of micro, small and medium entrepreneurship, with an employment capacity of close to seventy (70%) of the Ghanaian labor force. Some communities engage in farming, art, craft, grow crops, carpentry, just to name a few. This form of entrepreneurial initiatives practiced by these communities is a good illustration of indigenous entrepreneurship. Entrepreneurship based on self-knowledge which is conducted by indigenous people (Dana, 2005).

5.2 Entrepreneurial initiatives in Namibia

Namibia is rich in mineral deposits namely; uranium, diamonds, silver, tin, zinc. Most of the Namibian population is employed in the agricultural sector. It is critical to highlight at this

point that people in the agricultural sector have a very strong sense of sharing regardless of the resources that they are producing. The lifestyle of the people is strongly embedded in the cultural concept of "Ubuntu" which is a term Former South African President Nelson Mandela describes as, *"I am, because you are"*. No individual can sustain or live by him/herself, but can only achieve because of the support from others.

The mining sector contributes fifty percent (50) of the Namibian exports. In return exports accounts for forty percent (40%) of the GDP. It is important to clarify at this stage that GDP growth is volatile because of the heavy reliance on mineral exports, but nevertheless robust and Namibia has exceeded a number of its neighboring countries.

The manufacturing sector of the Namibian economy is an industry which produces or sells food. An entrepreneurial initiative in terms of the Namibian economy entails the development of local resources by Namibians, for the sustenance of their own people based on local knowledge. Similar to Ghana the small business sector in Namibia operates under an umbrella body of small and medium enterprises, and these are sometimes not formally linked to local communities. Most entrepreneurial initiatives of local communities normally operate in an informal manner (underground economy) before they are eventually integrated into the formal economy.

When we talk of Namibia, most entrepreneurial initiatives are integrated within the agricultural sector where communities focuses on raising stock livestock, due to inefficient supply of water and poor rainfall which limits effective farming. Except for the northern regions of Namibia, who are closer to the Angolan border (which is naturally greener), some of the central and most of the southern communities survive from small livestock (in terms of indigenous communities).

6. Concluding remarks and recommendations for future research

This chapter explored the entrepreneurial initiatives of two African nations namely Ghana and Namibia. The chapter in particular looked at why Ghana which has been a prime model of development for many African nations is still challenged to develop its economy, while Namibia which was the last nation to gain independence is doing relatively well. The findings from this chapter reveal that the forms of business enterprises adopted by these two nations at their independence had significant differences. The programs adopted by Ghana had a strong Western approach to business, while Namibia seems to have adopted local cultural practices in its business initiatives. Western African nations seem to be very entrepreneurial at a local community level, but the level of cooperation and coordination for communities to work together seems to be major challenge for Ghana. Issues of nepotism, corruption seems to be a major challenge for the Western nation of Ghana, which seems to hinder good initiatives for flourishing entrepreneurship. Most respondents which were interviewed for this paper felt that there is room for good entrepreneurial initiatives, but the issues of nepotism and corruption cause many Ghanaians to leave the country to seek for better opportunities elsewhere.

Namibia seems to have a good balance between Western cultural practices of conducting business with indigenous cultural practices. However flourishing entrepreneurial initiatives remains a major challenge. Opportunities for entrepreneurial initiatives in Namibia are

good, but the lack of skilled people to take up these opportunities is scarce. From this chapter the researcher can also deduced factors that hinders business formation in these nations namely lack of well-established infrastructure, poor communication links or networks, overpopulation, strict regulatory measures or procedures which make it difficult for certain members of the community to contribute to their maximum potential. The findings of this chapter also reveal that higher levels of literacy are critical for any economy to flourish and in particular developing the entrepreneurial initiatives within an economy. Strong differences in terms of culture can be seen between Ghana and Namibia. Both nations' lives by the "Ubuntu" principles but challenges exist within the various cultural groups within the regions of each nation. Namibia seems to have undergone a longer period of German colonization, and that might bring about significant differences between the various nations: both in terms of culture and literacy. It is the recommendation of the author that both Western and African approach should be integrated both in Ghana and Namibia for entrepreneurial initiatives to flourish and improve the living conditions and the well-being of the communities. It is important to reiterate that skilled manpower is an essential ingredient for any successful economy. It is worry some that the current education systems in Africa are directed in giving a sub-average education to the masses rather than also giving superb education to the gifted few. To make matters worse, the gifted few are often nabbed by the greedy first world economies. For both the Ghanaian and Namibian economies to be a success in future, it has become high time that professionals trained abroad returned to their home nations, but African nations fail to create an enticing environment which would make those trained abroad to stay. Issues amongst many others which make the stay of the Africans trained abroad unpleasant is professional jealousy from those which have never studied abroad. Both Western and African practices should be adopted for effective and efficient change to take place. A limitation of this study is that an in depth study on Ghana could be conducted for future research, and the researcher has to extract a larger sample which could probe more information on these significant differences in terms of entrepreneurial activity.

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The Talents' Impact on China's Economic Development

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1. Introduction

This paper focuses on the role of talents and aims to extend the framework of economic development and innovation theory. The cause of issue in this paper comes from the empirical observation as following: talents are the most vital and scarce resources in the knowledge economy. They affect the regional economics in various aspects. The capability to attract these precious talents determines the competitiveness of one region. This lesson is useful for the developing and transforming country, like China. Since 2006, China's regional economy has been ongoing a nationwide industrial shift and upgrade, in which talents are highly valued, especially in the regions that aimed to move towards advanced industry system.

Based on the new trends of talents development and their role in industrial upgrading, we propose a new view of talents on how to promote the China's regional economic development. That means talents should not just a supporting element, but a leading role in the industrial upgrading for the transforming regions.

The first step to analyze is defining the talents. Generally speaking, we think labors who have college education experience or specialty and can enhance the production efficiency are talents. In china' statistical approach, there is one category called Professional technical personnel. But this range is narrow than talent we defined, also no standard can be used to international comparison. In this paper, we regard talents as labors who have bachelor degree or above, or have specialty education after high school. The core of talents is entrepreneur-related management and technical staffs. This data can illustrate the trend of Chinese labor structure transformation more clearly.

This kind of data is usually used to illustrate human capital of one country in economic growth theory and almost have the same meaning with what proposed by OECD for policy analysis. Also, it is one important indicator in talent geography and creative class ideas. The common of above philosophies is regarding talents as the most vital part of labors who have technology and higher education, conduct systematical creation, issue, promotion and application of knowledge, so they are the key factor for competition. The idea of talents of

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economic growth theory came from the human capital theory, and then further extended to creative department and scale economic effect. It explains that the labors who have more human capital and conduct knowledge creation and innovation have the crucial influence for high-tech department. Talents geography and creative class theory regard the talents as strategically resources. In the management field, talents with creation and leadership are the most important part of production factor, which influences regional competitiveness in Michael Porter' diamond framework. Peter Drucker proposed the concepts of Knowledge workers and Knowledge workers society. In additional, OECD proposed talents concept to aid government to promote the economics performance in mid-1990.

Based on the Schumpeterian endogenous growth theory and competitiveness theory, labor productivity or total factor productivity are driving force for the regional development. And, talents and knowledge innovation are the core factor for the enhancing total factor productivity. That's why governments pay much attention to talents supply.

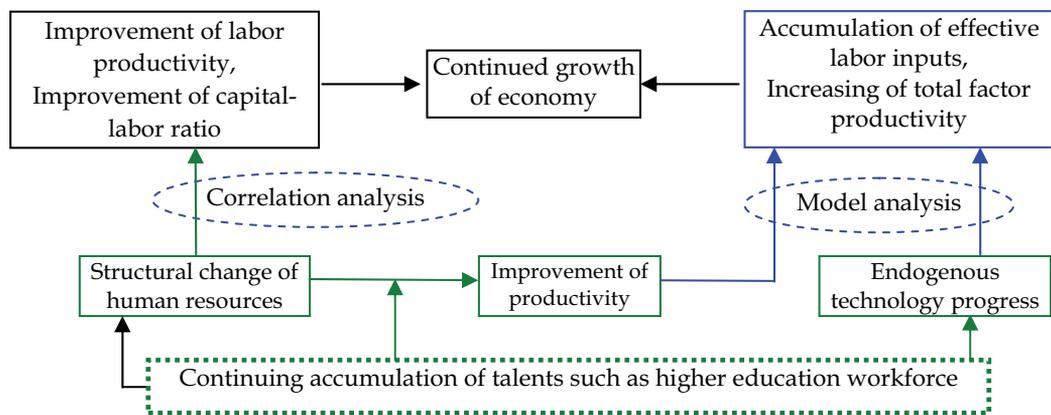


Fig. 1. Contents analysis and conceptual framework.

The logical framework is shown in Fig. 1. The point of left part is that, the continuing increase of labor productivity is the driving force of economic development, and the main cause of labor productivity is upgrading of labor construction, which means the proportion of talents who have better education experience and better technical skills is larger than before. You can see more details on the right of the chart. On one hand, the driving force of economic development is the total factor productivity, which is supported by endogenous technology progress (the production-possibility frontier is extended and the portfolio of factors is changed) and efficiency enhancement (the output become more close to the fixed production-possibility). On the other hand, Institutions are also very important factors in some developing countries. Talents can play a crucial role in both two aspects: more talents mean higher labor quality in technology progress and efficiency enhancement, and talents are the foundation of creative system of one country or region.

After the issue of this paper in the first section, the 2nd section describes the features of the talents in China based on a database from 1996 to 2007. It includes two parts: subsection 2.1 is concern about the overall structure: evolution of aggregate talent resource, structural change based on major categories like profession, industrial sector or research units and so on;

subsection 2.2 is concern about the spatial pattern, especially the extent of 'core-peripheral' pattern. In order to reveal the importance of the talent resource, some other economic inputs and outputs variables are introduced in the database to made comparison. Section 3 made empirical analyses on the talents' impact on China's regional economic development. We built a panel database from year 2001 to 2007 including major economic, social and innovative variables. The aim is to reveal the causation relationship of the talents and regional development, and the significant and extent of supporting and leading effects under different developing stage. A conclusion was made as the end of the Chapter in the last section.

2. Evolution of spatial pattern

This section describes both the aggregate structural features and the location distribution features of china' talents, analyzes the relationship between talents and other variables (e.g. output, capital), illustrates the differences of roles in core (developed regions) and periphery (developing regions).

2.1 The evolution of talents location distribution

The data in this section is the labors with education category in china' census every year. Till 2007, the total number of labors who have specialty or bachelor degree and above is 50.8134 million, and the population who have the same education background is 81.3444 million, so the participate ratio of this category is 62.47%.

2.1.1 The talents accumulate slower after one peak; The growth rate varies in different regions and negative growth rate emerges

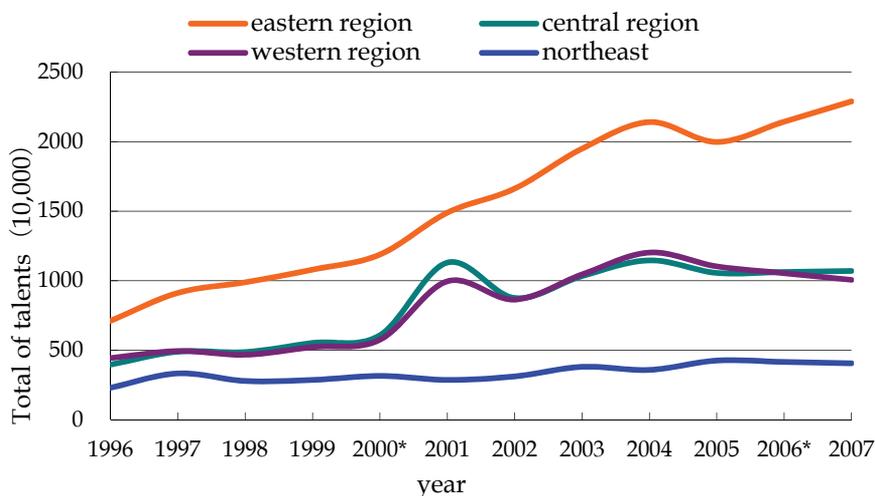


Fig. 2. The trend of total talents in four regions of China.

The trend in Fig. 2 shows that, from 1996, the talents in Eastern region have accumulated very rapidly, which is tripled among twelve years. The Central region and the Western

region are similar and doubled among twelve years. But the north-Eastern region has the lowest growth rate. What is more, from the curves, we also can see the apparent fluctuations both in east, west and Central regions.

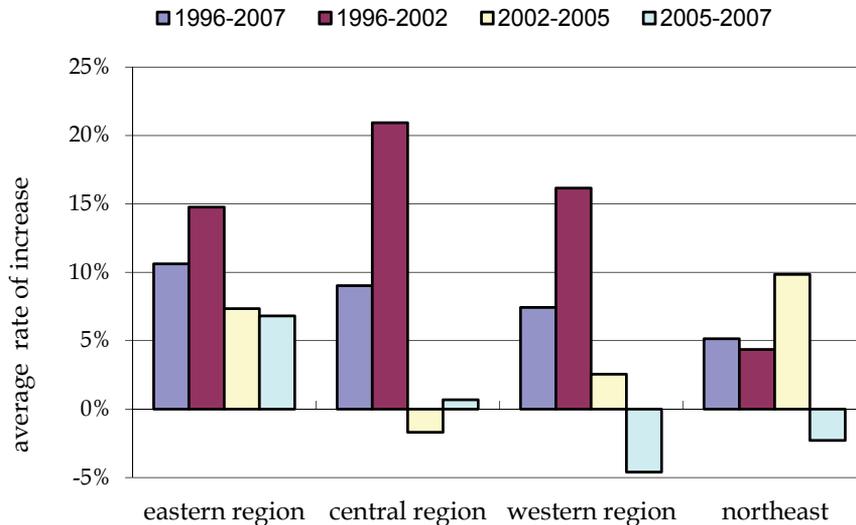


Fig. 3. The growth rate of talents in four regions of China.

We can observe the trend more clearly by dividing twelve years into three periods and calculating the compound annual growth rate (CAGR). Generally speaking, the CAGR of Eastern region is 10.62%, Central region is 9.02% and Western region 7.43%, the north-west is lowest, which is 5.15%. We can divide twelve years into three periods. The first period is 1996-2001, in which the most visible feature is Central region and Western region have the highest CAGR. The CAGR of Central region excess 20% and the Western region also excess 15%. The east, middle and Western region have the most rapid accumulation among this decade. The second period is 2001-2005, which is the tenth five-year development plan of china. The most significant feature of this period is the high CAGR in north-Eastern region, almost 10%, but the negative CAGR emerges in Central region. The Western region have very steady but lower CAGR than east and north-Eastern region. The third period is 2005-2007, in which the growth trend varies in different regions. Eastern region has steady CAGR for a long time, but other regions, like west and north-east, have negative CAGR.

2.1.2 The changes of talents' education level is different significantly

According to the national census' data, we can describe and analyze the education level of talents. Here we emphasize three categories of education: specialty, who mainly receives skills training after high school, the labor who have bachelor degree and who have master degree or above. The following analyses just cover the period since 2001 because of the data quality.

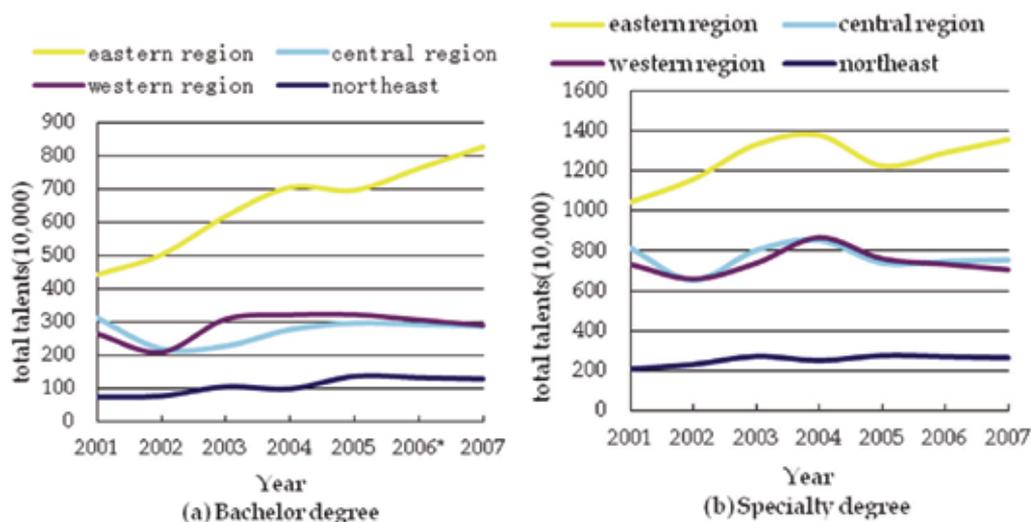


Fig. 4. The trend of talents with bachelor degree and specialty in four regions from 2001.

In china's talents, the percentage of labors that have specialty and bachelor degree is higher than 90%. With the development of china' education, these two group of labors have very outstanding growth. During the period of 2001-2007, the average growth rate of bachelor degree is 3.77%, and the specialty is 0.11%. in the same time , the growth rate of total talents is only 1.65%. So we can infer that the accumulation of china' talents almost means the bachelor degree's rapid growth.

Because of this fact, the growth rate of bachelor degree is higher than that of specialty, which is still has a large proportion, but the trend of decreasing is ongoing, especially in Eastern region and north-Eastern region. Only in Central region this trend is not very significant. In general, the education experience of specialty is shorter than who get bachelor degree, so we can get the conclusion that the talents' education structure is improving.

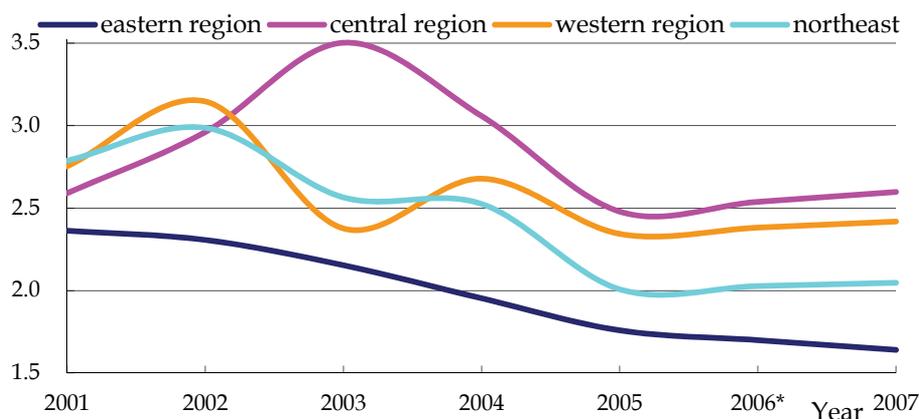


Fig. 5. The ratio of talents with specialty to talents with bachelor degree in four regions in China.

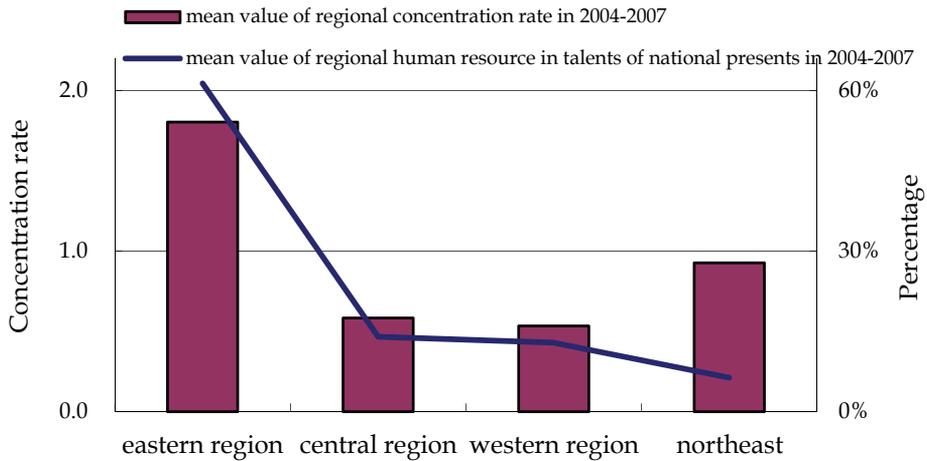


Fig. 6. Spatial distribution characteristics of post-graduates in four regions in China.

The labors with master degree or above have a very low proportion, only 3.03% in 2007. But this group of labors has better education experience, get science and technology training more systematically, so they are more likely the key element of jobs, especially in technology innovation and knowledge creation.

From the location distribution of master degree or above, the most significant feature is that Eastern region has the highest proportion, almost 61.32%. As to the concentration rate based on the total labors, this indicator is about 1.8 in Eastern region. So Eastern region have huge scale advantage of talents.

2.1.3 The distribution difference between province varies like “W”

This part analyzes the location distribution from the unit of province. We calculate two indicators to illustrate the concentration situation and evolution of regional difference: the proportion of high education experience labors, and the polarization rate.

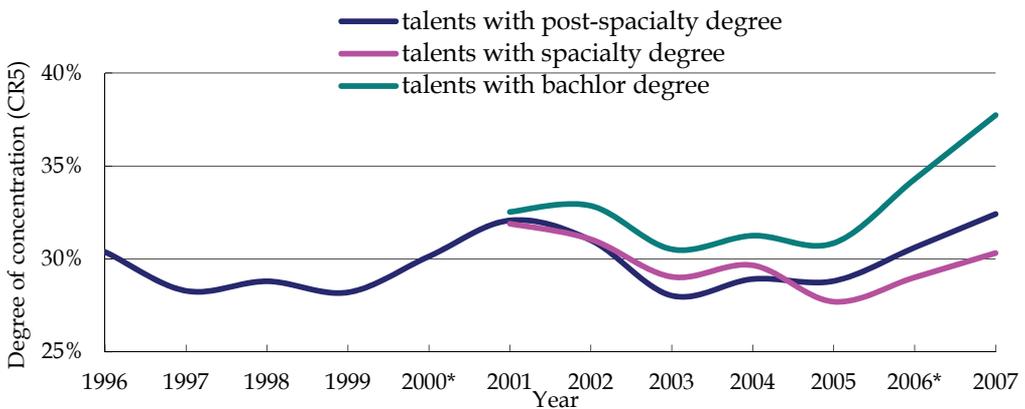


Fig. 7. The trend of degree of concentration of talents' spatial distribution characteristics in China.

Here we use the indicator of CR5, which means sum up the highest five province percentage. In 2007, the total CR5 of talents is 32.42%, and the CR5 of master degree is 61.17%, bachelor 37.74% and the specialty 30.32%. Since 1996, the total CR5 have a little increase. But when we analyze the detailed level, we can find the CR5 of bachelor is significantly rising, but the CR5 of specialty is decreasing.

The second indicator is polarization rate. The chart can tell us the education level is higher, the polarization rate is higher. From the trend since 1996, the total polarization rates of total talents, specialty, and bachelors are almost 2.5-4.0, which means a relative significant polarization. Judging from the curves, it varies like "W".

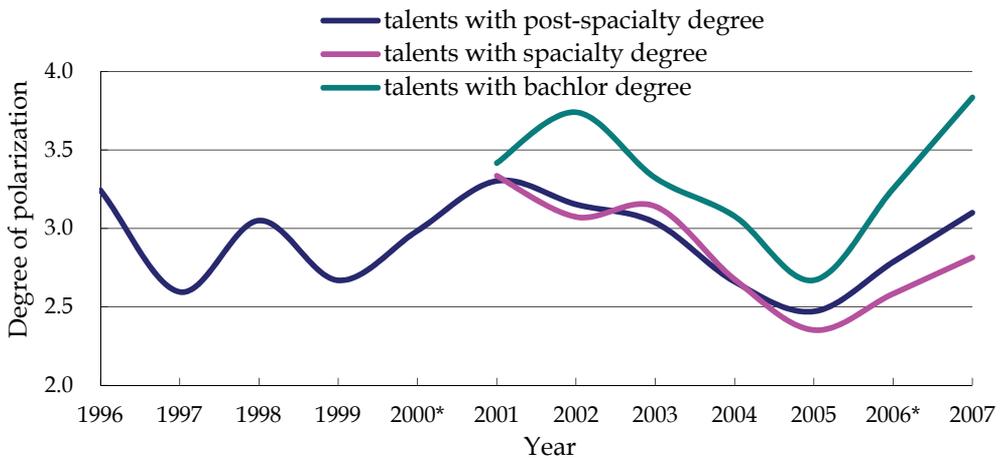


Fig. 8. The trend of degree of polarization of talents' spatial distribution characteristics in China.

2.1.4 The coefficient of talents between province varies like "V"

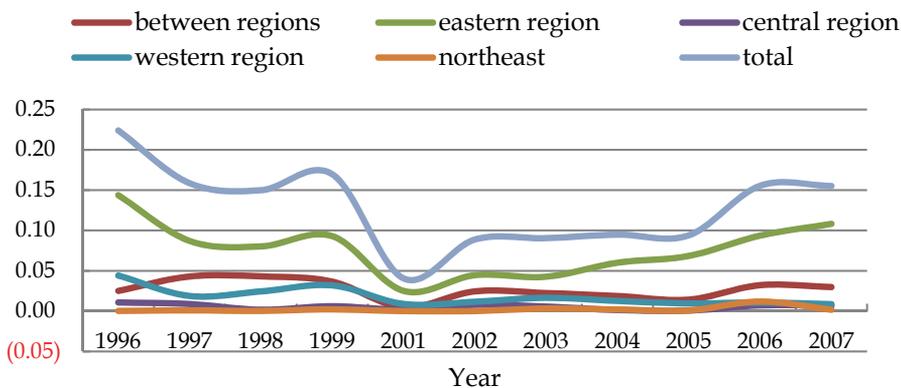


Fig. 9. The changing trend of Theil and its decompose of talents' spatial distribution characteristics.

This part we calculate the coefficient of talents based on the total labors to analyze the difference variance. From the difference variance of total talents, the turning point occurs during 2001, when the difference between provinces began to grow larger. Before 2001, the talents in Central region and Western region have the significant accumulation, but after this time, the situation reversed. Because of the small proportion of talents in middle and Western region, the rapid accumulation before 2001 means smaller difference between regions. In addition, the coefficient illustrates that the main difference comes from the inner difference in Eastern region and have an increase trend. The difference inter-regions are not very significant. So we can infer that with the high difference inter-regions, a higher difference inner Eastern region also cannot be ignored.

2.2 The correlation between talents and region development

The paragraphs above have explained the scale and distribution feature of China' talents. As the logic framework has showed, the accumulation of talents will improve the regional labors structure and the proportion of labors with high education will increase. This will lead to extend the scale of effective labor input and promote the technology innovation. Aiming to verify this logic thinking, we calculate the correlation of variables and conduct a multivariate model in the following sections.

2.2.1 Talents density and the labor productivity

1. The correlation based on region samples

Productivity illustrates the capability of one state or region to capture wealthy. The main channel to increase the total wealth of one country is improving the quality of input (labors and capital, etc) and enhancing the efficiency, not just simply increasing the input. From this idea, we have the hypothesis that the quality of talents has positive correlation with productivity. We separate China' province into four regions: east, west, middle and north-east, and then make the scatter based on the data from 2001 to 2007. This figure supports the hypothesis partly, especially in the Eastern region. The positive correlation means with the accumulation of talents, the labor productivity is rising. But this significant correlation does not appear in three other regions.

Units of measurement: 1) "talents' density": 1 person per 1000 population, 2) "labor productivity": 10,000 RMB per capita.

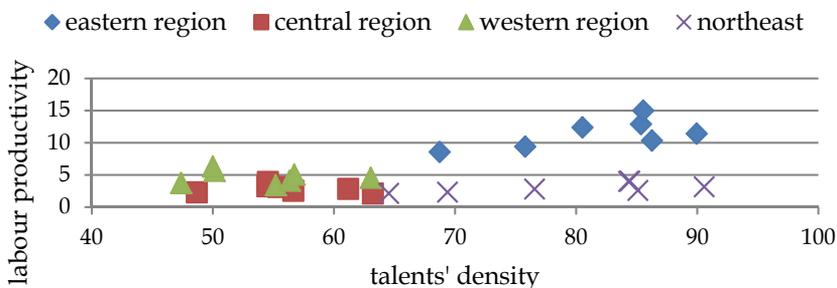


Fig. 10. Correlation of talent density and labor productivity under belt scales.

2. The correlation based on province sample

In addition to the correlation of region samples, we want to test the logic framework on a more detailed level. So we calculate the average value of talents density of each province and make a scatter (Figure 11). From this chart, we can see most of the provinces have relative low talents density and productivity. Three provinces differ with other samples significantly: Beijing, Shanghai and Tianjin, their density of talents and productivity is much higher than the average level. But no significant positive correlation appears from the province samples. so in our opinion, the correlation between talents density and labor productivity is disturbed by the heterogeneity of province samples.

Units of measurement: 1) "talents' density": 1 person per 1000 population, 2) "labor productivity": 10,000 RMB per capita.

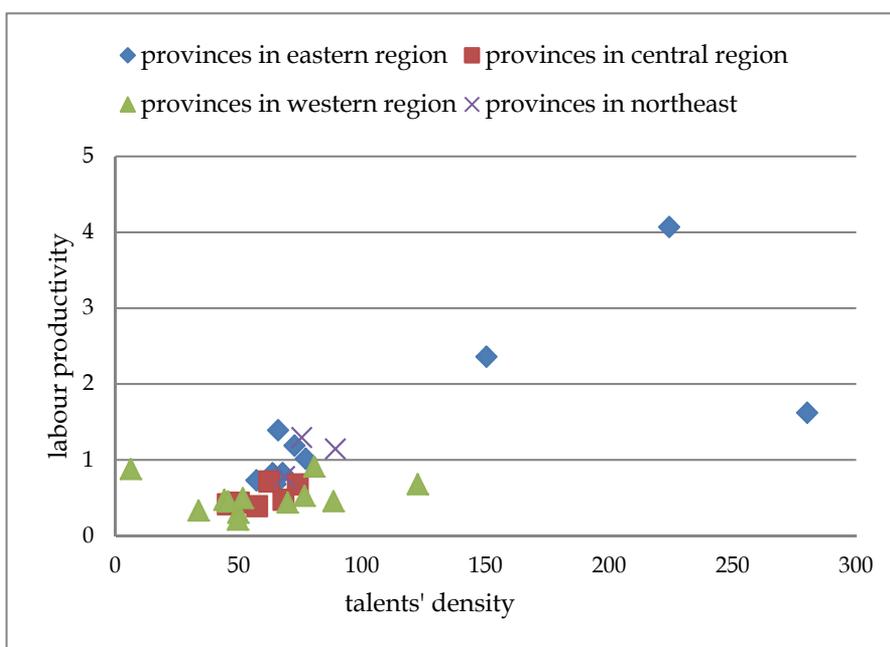


Fig. 11. Correlation of talent density and labor productivity under provincial average.

2.2.2 Talents density and capital per labor

This section we use the same approach to verify the correlation between talents density and capital per labor. Now the scatter chart tells us the significant positive correlation appears in Eastern region and north-Eastern region. With the accumulation of talents, the capital per labor is rising. In addition, the slope of estimated trend line of Eastern region is larger than that of north-Eastern region. But in west and Central region, there is no significant correlation between these two variables.

Units of measurement: 1) "talents' density": 1 person per 1000 population, 2) "per capita capital stock": 10,000 RMB per capita.

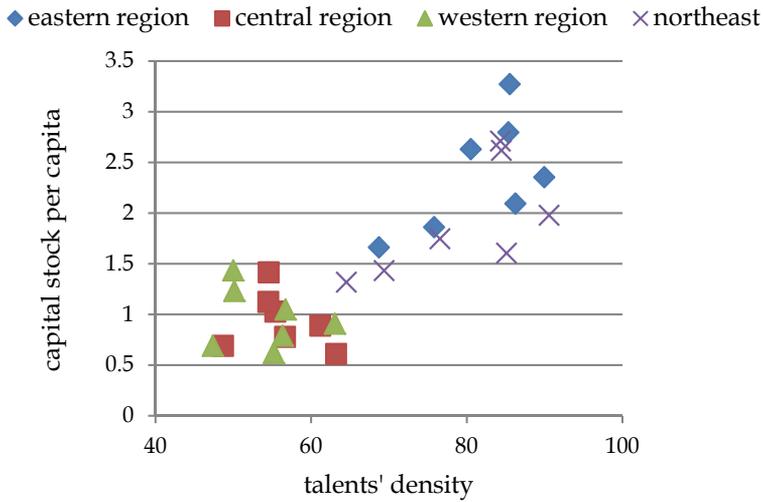


Fig. 12. Correlation of talent density and labor capital stock under belt scales.

1. The correlation based on province samples

We also use the average value of talents density of each province to match the capital per labor. From the chart, Beijing, Shanghai and Tianjin are different from other province. Their talents density and capital per labor are higher significantly than other provinces. What is different from above scenario is that, there is relative positive correlation between talents density and capital per labor in Eastern regions. But in other regions, on obvious trend appears.

Units of measurement: 1) "talents' density": 1 person per 1000 population, 2) "per capita capital stock": 10,000 RMB per capita.

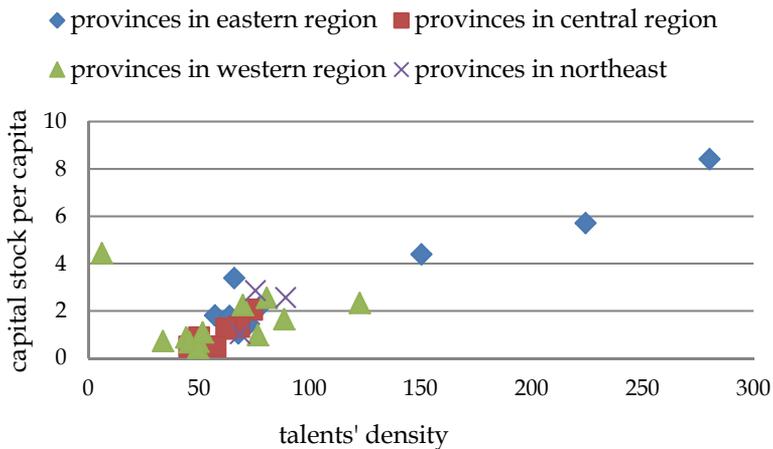


Fig. 13. Correlation of talent density and labor capital stock under provincial average.

2.2.3 Talents agglomeration and regional economic development

The agglomeration of talents is also one important aspect. In this section, we use the talents agglomeration indicator(Wang Fen, 2006), which formula is, here is the total number of talents in region i , is the total population of region i .GDP per capita is used to illustrate the regional economic development. This part not only pays attention to the total talents, but the core of talents, scientists and engineers, who are the key factor for the innovation and high-tech industry.

2. The correlation based on region samples

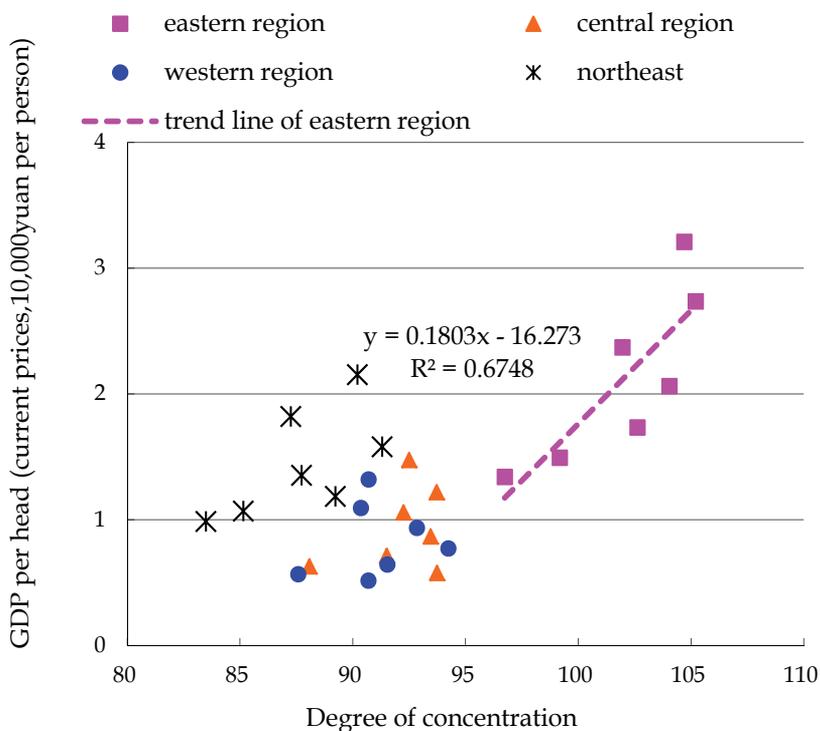


Fig. 14. The Trend of connections between talents concentration and total per capita output in four regions in 2001-2007.

We make a figure using the agglomeration indicator and GDP per capita of four regions since 2001. A obvious positive correlation can be seen about the Eastern region. As for three other regions, the slope of curves is larger, which mean no significant agglomeration occurs there, but the GDP per capita is rising. So there is no obvious interaction between these two variables.

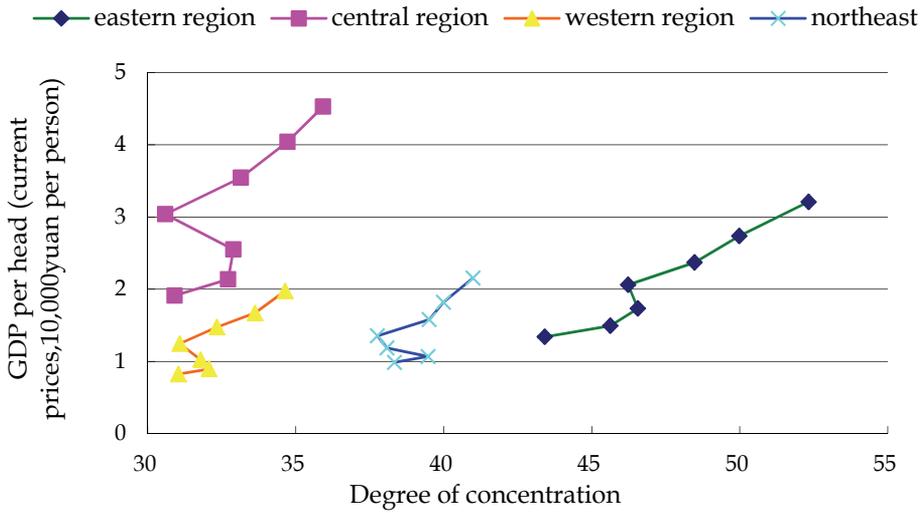


Fig. 15. The Trend of connections between R&D concentration and total per capita output in four regions in 2001-2007.

Now we pay attention to the scientists and engineers of each region. From the figure 16, we can see the rapid accumulation of core talents since 2001, which is similar with the growth trend of GDP per capita. Also a visible “gradient” among regions is a very important feature, which means the very different correlations between talents agglomeration and economic development in each region.

3. The correlation based on province samples

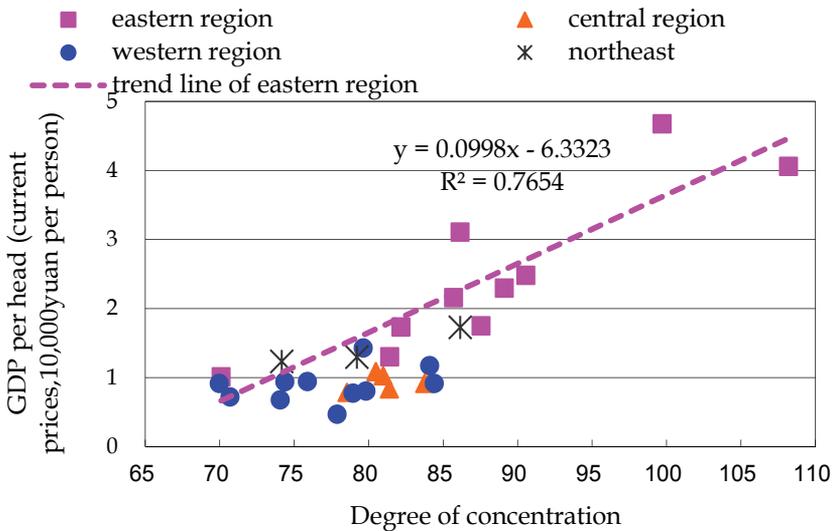


Fig. 16. The connections between talents concentration and per capita output in provinces of china in 2001-2007.

This part we use the average value of each province from 2001 to 2007 as samples. The scatter chart shows that the correlation in Eastern region is very obvious, which means with the agglomeration of talents in Eastern region, its output per capita is higher and higher. But we do not notice the same feature in other regions. Especially in Central region and Western region, the elasticity between agglomeration indicator and GDP per capita is very small.

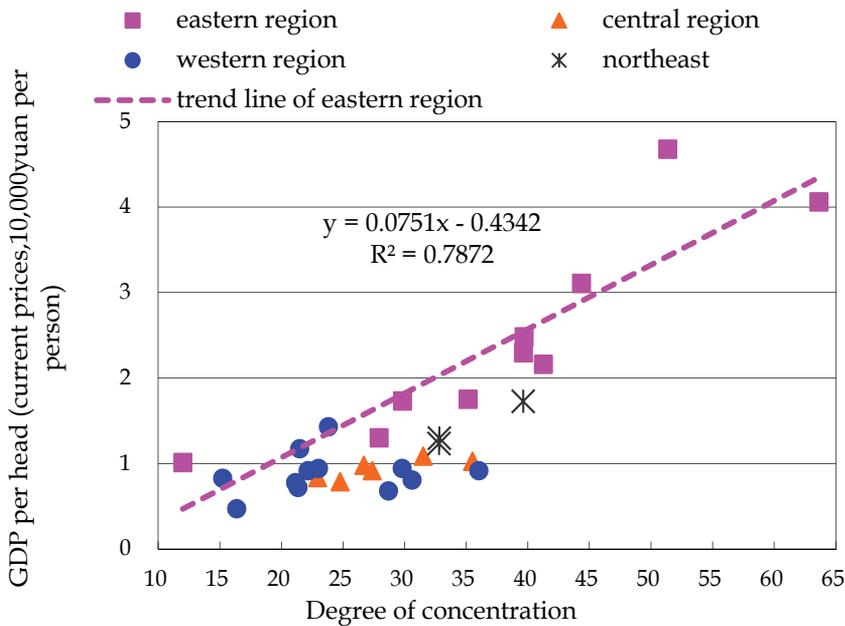


Fig. 17. The connections between R&D concentration and per capita output in provinces of china in 2001-2007

We also can use the same method to test the correlation of core talents and economic output. The result is similar: only the Eastern region has obvious correlation between core talents agglomeration and GDP per capita. No obvious interaction can be seen in other regions. This conclusion is stated in above analysis.

3. Impacts on regional economic development

In this section, we construct the panel data of province samples from 2001 to 2007. According to the location and economic development level, we can separate the province samples into different groups and analyze the mechanism of talents' influence on competitiveness. The final conclusion is that, the influence of talents on regional competitiveness is not very significant from the empirical analysis, even in the Eastern region. The section 3.1 is a brief data description. 3.2 is the process to select the optimal model. In 3.3 sessions, we add province heterogeneity into the basic model to double check the talents' influence.

3.1 Data description

3.1.1 Indicators

This paper constructs the panel database of 31 provinces from 2001 to 2007 (Tibet is not a sample because of its bad data quality). In the Table 1, the GDP per capita illustrates the economic development and is the criterion of different regions.

Index	Variable
Economic aggregate	Reality area GDP (rGDP) ¹
Material capital	Capital stock (K) ²
Talent	Labor force with junior college and above degree (H)
Total of labor force	Total of the employed (L)
Investment in science and technology	Scientists and engineers (S&E), R&D labor force (Full-time equivalent: R&D), R&D research and development spending (R&D_Exp)
Index of regional development	Urbanization (Urb), Rate of non-agricultural (Including: Industrialization (Ind) and Service rate (Ser), S&T_Mark ³
Average area GDP	Permanent resident population (P), Name area GDP (nGDP)

¹ With the comparable prices based on year 2000.

² We estimated the capital stock of each province from 1993 to 2007 based on Sustainable filing method. We took 1993 as base year and the data estimated by Zhang et al (2004). Then based on the "China's GDP accounting history information: 1952-2004" and "China Statistical Yearbook(1995-2008)" we collect data "Gross fixed capital formation" and "fixed-asset depreciation" of each province from year 1994, with which we calculate the "net investment flows". With the "Fixed asset price indices" and the transform ratio of year 1952, 1978 and 2000 estimated by Zhang et al (2004), we got the net flow with comparable price and accumulation each year net flow from the base year to get the results.

³ Urbanization variable use the share of urban population which is the inhabitant live in cities and towns. Industrialization rate and Service rate is the share of the second industry and tertiary industry. S&T_Mark is the growth of regional technology market which is measured by the share of Total technology market transactions on GDP.

Table 1. Indicator system.

The regional economy develops very rapid since 2001. The real GDP of provinces have increased two times, and the capital stock increased 1.38 times. At the same time, the quality of labors has improved obviously. The growth rate of high education experience is two times than that of total labors. The budget of R&D also increases a lot and the nominal expenditure for R&D have increased 2.56 times. The growth rate of labor in technology field excess the average value three to four times. In addition, a fierce urbanization is ongoing and the urbanization rate increase 6%, but the service rate decreased 2.6%. the market of technology is developing a little slow. As to the regional difference, the difference of economic output is increasing, and the difference of capital is almost the same, but the difference of labors is decreasing, especially in some province with low proportion of talents. The labor input of technology and the difference of regional market have the largest change, which means the agglomeration in advanced region is very obvious. In the end, the difference of urbanization rate is lower.

(1) Statistical information of data base in 2007

Variable	Unit	Mean value	SD ¹	Maximum	Minimum
rGDP	100 million RMB, 2000 comparable price	7490	0.8112	26299	587
K		16926	0.6561	46306	2580
H	100 thousand person	159	0.6225	424	22
L		2365	0.6397	5560	253
S&E	1 person	104086	0.8477	327712	4677
R&D	Hour ²	57804	0.9032	199464	1262
R&D_Exp	10,000 RMB, 2000 comparable price	1236516	1.1010	5053870	26020
Urb	%	48.0	0.3006	88.7	28.2
Ind		48	0.1504	60	27
Ser		39	0.1879	72	30
S&T_Mark		0.77	2.2202	9.44	0.02

(2) Statistical information of data base in 2001

Variable	Unit	Mean value	SD	Maximum	Minimum
rGDP	RMB100m, at 2000 price	3596	0.7785	11868	295
K		7099	0.6530	18272	1082
H	10,000 person	132	0.6674	350	10
L		2153	0.6503	5405	246
S&E	person	68136	0.7317	194793	3154
R&D	hour	30687	0.7970	95255	927
R&D_Exp	RMB 10,000, current price	347802	1.1779	1711696	8457
Urb	%	41.2	0.3926	88.5	24.0
Ind		42	0.1669	52	20
Ser		42	0.1476	67	32
S&T_Mark		0.73	1.3403	5.15	0.01

(3) Contrast 2007:2001

Contrast	Mean value	Maximum	Minimum
rGDP	1.0828	1.2160	0.9935
K	1.3844	1.5342	1.3840
H	0.2029	0.2114	1.2000
L	0.0984	0.0288	0.0249
S&E	0.5276	0.6824	0.4829
R&D	0.8836	1.0940	0.3614
R&D_Exp	2.5552	1.9526	2.0767

¹SD: standard deviation² full-time working hour

Appendix 1. Contrast of cross section library in 2001 and 2007.

(4) D-value 2007:2001

Contrast	Mean value	Variance	Maximum	Minimum
rGDP		0.0327		
K		0.0031		
H		-0.0449		
L		-0.0106		
S&E		0.1161		
R&D		0.1062		
R&D_Exp		-0.0768		
Urb	6.7700	-0.0920	0.2000	4.2000
Ind	6.4667	-0.0166	8.0000	7.0000
Ser	-2.6000	0.0403	5.0000	-2.0000
S&T_Mark	0.0351	0.8798	4.2881	0.0115

Appendix 1. Contrast of cross section library in 2001 and 2007. (Continuation)

In addition, the appendix 1 gives us the correlation matrix of these variables, and you may notice the correlation of three variables about technology is very high.

3.1.2 Separating provinces into groups

Two methods are used for separating the provinces into different groups, which criterion are regional difference and economic development. In the first method, regional difference, the most common results are three groups or four groups. The latter method, the GDP per capita is the main criterion. You can see the result of groups in appendix 2.

3.2 Selecting the basic model

The statistical model of this session comes from the macroeconomics product formula: $Y = AK^{\alpha}L^{\beta}H^{\gamma}$ is output per labor, K is capital stock per labor, H is the proportion of labors with high education of total labors. A is the cob-Douglas and the S is the compound indicators of technology input and social development. the formula of statistical is as following:

The variables are all Logarithm based on two causes, one is the deposition of product formula and the other is easy to understand the elasticity. In addition, because the indicators of S is ratio, its absolute change is already illustrate the same meaning with Logarithm.

Appendix 1 is already shows the correlation of variables and they are not significant except the three variable of technology. Selecting optimal basic model starts from the one variable fixed effect regression of panel data. Form 3 gives us the result. We can see the variable K is very significant, which illustrate the capital is still a very key drives in current economic development. the variable h is also significant, but the coefficient is only half of that of K . you may notice that the $S&T$ market is not significant.

Table 3 gives the result of selecting process. Model 1 run the fixed effect regress on K and Urb , the adjusted R-square is 0.7823, and the variable Urb is not significant. So the model 0 with K is the optimal basic model. Model 2 adds the variable lnh , the adjusted R-square rises a little, and this variable is significant. So this new model can be accepted. The model 3 and model 4 adds the technology variable and regional development variable, and the model 3 have three technology indicator at the same time, but you can see the appendix 3, other

portfolios of variables are better. As to model 4, the adjusted R-square decreases, and the variable is not very significant. In the end, the model 5 is the compound model, which has not the S&T market variable, but every variable is significant.

Explanatory variable	(totality) Goodness of fit	Significance(t)	Estimate parameter
lnk	0.8074	86.11***	0.7706
lnh	0.4240	3.21***	0.2519
lnS&E	0.2089	11.65***	0.9102
lnR&D	0.2214	19.52***	0.8024
lnR&D_Exp	0.3587	34.72***	0.4437
Urb	0.8218	25.50***	0.0731
Ind	0.1218	21.87***	0.0620
Ser	0.1112	-11.40***	-0.0751
S&T_Mark	0.1996	-0.69	-0.0306

Significance level 1% (***), 5% (**) and 10% (*).

Table 2. Regression result of single factor panel data.

Ln(y)	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5
Goodness of fit	0.8074	0.7823	0.8083	0.8455	0.7921	0.8299
lnk	0.7706	0.7886	0.7671	0.7436	0.7813	0.7658657
	86.1***	38.2***	84.2***	29.3***	38.6***	26.03***
lnh			0.0225	0.0291	0.0178	0.0214362
			1.79*	2.3**	1.36	1.65*
lnS&E				0.0847		0.0985074
				3.0***		3.44***
lnR&D				-0.0869		-0.0973451
				(-3)***		(-3.3)***
lnR&D_Exp				0.0324		0.0193096
				1.68*		1.98**
Ind					-0.0034	-0.0063655
					(-1.2)	(-2.22)**
Ser					-0.0041	-0.0071026
					(-1.4)	(-2.37)**
S&T_Mark						
Urb		-0.0021				
		-0.97				
Constant term	1.636	1.536	1.6309	1.4183	1.8045	1.650106
	16.9***	10.9***	17.0***	6.2***	9.47***	6.15***

notes: (1) first line is 'estimate parameters', second line is 't test value': significance level 1% (***), 5% (**) and 10% (*) (2) concern about the spillover effect, the regression introduced national average value of each production factors. (3) we tried to test regional disparity on the four-region division, but the result is much less significance than the three-region division by which Liaoning Province belong to eastern region and other two northeast provinces belong to central region.

Table 3. Exploration for optimal basic model.

Although model 5 is a little weak that model 3, but it has technology and regional development variable, so model 5 is the optimal basic model of this paper.

This model can illustrates that the elasticity of capital input is very high in the improving labor productivity. In addition, the variable of talents is significant, but the influence is very limit. As for the technology, it is hard to judge the net influence of talents. But one puzzle you may notice, the coefficient of Urb is negative. One possible reason is that with the rapid urbanization of china's cities, the industrialization level is not very high.

3.3 The analysis of difference of regions

In order to analyze the detailed mechanism of talents, model 7-9 adds the dummy variables that can explain the difference of regions. The following regress is random effect. The statistical formula is as following:

Here is cross variable, is dummy variable is province i, is the proportion of talents of province i.

Ln(y)		Model 6(1)		Model 7(2)		Model 8(2)
Goodness of fit	Four regions	0.8805	Three districts	0.8785	Deviation group	0.8794
	lnk	0.7280685 27.23***	lnk	0.730141 27.05***	lnk	0.7313616 27.78***
	lnh	0.0270291 2.09**	lnh		lnh	0.0124749 0.92
	lnS&E	0.1159404 4.05***	lnS&E	0.115227 4.00***	lnS&E	0.1174038 4.16***
	lnR&D	-0.0791509 (-2.7)***	lnR&D	-0.0792803 (-2.7)***	lnR&D	-0.0829923 (-2.9)***
	lnR&D_Exp	0.0427174 2.24**	lnR&D_Exp	0.0420618 2.2**	lnR&D_Exp	0.0415296 2.22**
	Ind	-0.0037026 (-1.37)	Ind	-0.0038241 (-1.4)	Ind	-0.0033463 (-1.3)
	Ser	-0.0044396 (-1.58)	Ser	-0.0045369 (-1.6)	Ser	-0.0040317 (-1.5)
	Eastern region d_h1	0.005523 2.0**	East district d_h1	0.0312781 2.35**	Super-mean d_h1	0.0173532 3.4***
	Central region d_h2		Middle district d_h2	0.0266102 2.05**	Below-mean d_h2	0.0160936 3.1***
	Western region d_h3		West district d_h3	0.029459 2.15**		
	NorthEastern region d_h4					
Constant	Constant	1.383922 5.4***	Constant	1.38744 5.35***	Constant	1.355763 5.4***

Table 4.

From the regress result, we can see that the models with location groups are stronger. If we separate the provinces into four regions, the impact of Eastern region is higher 25% than other regions (see model 6(1)), but the north-Eastern region is not significant. If we separate the provinces into three regions, the difference of regions is very obvious. In model 7(2), the Eastern region's coefficient is highest, and that of Western region is higher than Central region. Because most of the rich provinces belong to Eastern regions, so we can infer that talents have stronger supporting effect in developed regions. (To refer to appendix 2)

On the other hand, the model with economic level groups is also shown in the result. Our purpose is to check whether the influence of talents is related to the economic development level. Generally speaking, the regress result gives us "yes" feedback, but this difference is very weak.

4. Conclusion

Talents have been concentrating absolutely in eastern region where is the most developed areas and the share increased by 8.06 percentage points from 1996 to 47.96% in 2007. The accumulation in other regions is stopped or negative, especially after 2004. The structure of education level of talents is promote robustly. From 2001 the accumulation of china' talents come from rapid growth of bachelor-degree talents and although the specialty-degree talents still has a large proportion the trend of decreasing is ongoing, especially in Eastern region and north-Eastern region. Considering the even larger concentration of post-graduates talents, the concentration of talents in eastern region and north-eastern region (the Old Industrial Base) is not only in the quantity but even more in quality.

The correlation test of talents with productive rate and factor shows in the Eastern region and north-Eastern region, the accumulation of talents correlated with the rise of labor productivity and capital per labor significantly, but the significant correlation does not appear in another two regions, and the degree related to the talents density is larger in eastern region than the north-Eastern. Considering the economic developing stage it is inferred that talents' effect is stronger in more developed regions. The interesting correlation is in the province-level, the concentration of talents and capital is positive related, and the difference is the regional disparity of scale of resources and degree of correlation.

The agglomeration of talents is also consider as an important aspect of regional development. Testing the correlation talents agglomeration degree with GDP per capita, it shows very different correlations between talents agglomeration and economic development in each region. In Eastern region, an obvious positive correlation is observed which means with the agglomeration of talents the output per capita in Eastern region is higher and higher. But the same feature can't be seen in other regions, especially in Central region and Western region, the elasticity between agglomeration indicator and GDP per capita is very small.

The empirical analysis based on optimal basic model method illustrates the influence of physical capital input is still dominant. And the effect of talents is significant thought is

Appendix 2. Regional division of provinces.

Province	Four-region division	Three-region division	Deviation (related to the national average)
Beijing	eastern region	eastern part	above
Tianjin	eastern region	eastern part	above
Hebei	eastern region	eastern part	below
Shanxi	central region	central part	below
Neimenggu	western region	western part	above(after 2005)
Liaoning	northeast	eastern part	above
Jilin	northeast	central part	below
Heilongjiang	northeast	central part	below(after 2003)
Shanghai	eastern region	eastern part	above
Jiangsu	eastern region	eastern part	above
Zhejiang	eastern region	eastern part	above
Anhui	central region	central part	below
Fujian	eastern region	eastern part	above
Jiangxi	central region	central part	below
Shandong	eastern region	eastern part	above
Henan	central region	central part	below
Hubei	central region	central part	below
Hunan	central region	central part	below
Guangdong	eastern region	eastern part	above
Guangxi	western region	western part	below
Hainan	eastern region	eastern part	below
Chongqing	western region	western part	below
Sichuan	western region	western part	below
Guizhou	western region	western part	below
Yunnan	western region	western part	below
Shanxi	western region	western part	below
Gansu	western region	western part	below
Qinghai	western region	western part	below
Ningxia	western region	western part	below
Xinjiang	western region	western part	below

Appendix 3. Results of optimal basic model.

Ln(y)	model 0	model 1	model 2	model 3	model 3(1)	model 3(2)	model 3(3)	model 4	model 4(1)	model 5	model 5(1)
R ²	0.8074	0.7823	0.8083	0.8455	0.8631	0.8334	0.8228	0.7921	0.7908	0.8299	0.8314
variables	0.7706	0.7886	0.7671	0.7436	0.7379	0.7768	0.7279	0.7813	0.7825	0.7658657	0.7673352
Ink	86.1***	38.2***	84.2***	29.3***	28.6***	48.73***	28.7***	38.6***	38.3***	26.04***	26.04***
Inh			0.0225	0.0291	0.0243	0.0319	0.0202	0.0178	0.0188	0.0214362	0.0233474
InS&E			1.79*	2.3**	1.9*	2.5**	1.6	1.36	1.42	1.65*	1.78*
InR&D				0.0847	0.0386	0.093				0.0985074	0.1017325
InR&D_Exp				3.0***	1.6	3.3***				3.44***	3.53***
Incl				-0.0869		-0.0671	-0.0382			-0.0973451	-0.0977118
Ser				(-3)***		(-2.5)**	(-1.5)			(-3.3)***	(-3.3)***
S&T_Mark				0.0324	0.0096	0.0424				0.0193096	0.0193119
Urb				1.68*	0.54	2.18**				1.98**	1.99**
常數項	1.636	-0.0021									
	16.9***	-0.97									
	1.536	1.6309	1.6309	1.4183	1.3985	1.1754	1.9091	1.8045	1.792	1.650106	1.610016
	10.9***	17.0***	17.0***	6.2***	6.0***	6.5***	11.6***	9.47***	9.31***	6.15***	5.93***

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Part 3

Social Context & Entrepreneurship

Social Entrepreneurship

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1. Introduction

The term social entrepreneurship (SE) describes sustainable ventures that combine “business principles with a passion for social impact” (Wolk, 2008, p. 1). They strive to create social value as a primary organizational objective by employing business concepts to sustain their operations in pursuit of this objective (Weerawardena & Sullivan Mort, 2001). Swanson and Zhang (2010, 2011) positioned SE on a map of organizational forms relative to the ways organizations plan to implement social change and the degrees to which they apply business practices to do so. As shown in Figure 1, organizations in the social entrepreneurship zone might be organized as profit generating entities, not-for-profit enterprises, and some forms of social services agencies and government institutions; but do not include groups that only engage in social activism and organizations that exist to provide social services but do so without demonstrating entrepreneurialism and self-sufficiency (Austin, 2006; Martin & Osberg, 2007; Swanson & Zhang, 2010). This is consistent with a practitioner perspective of SE, which is more concerned with the mission the socially oriented organization is striving to achieve than with its legal form (Lynch & Walls, 2009).

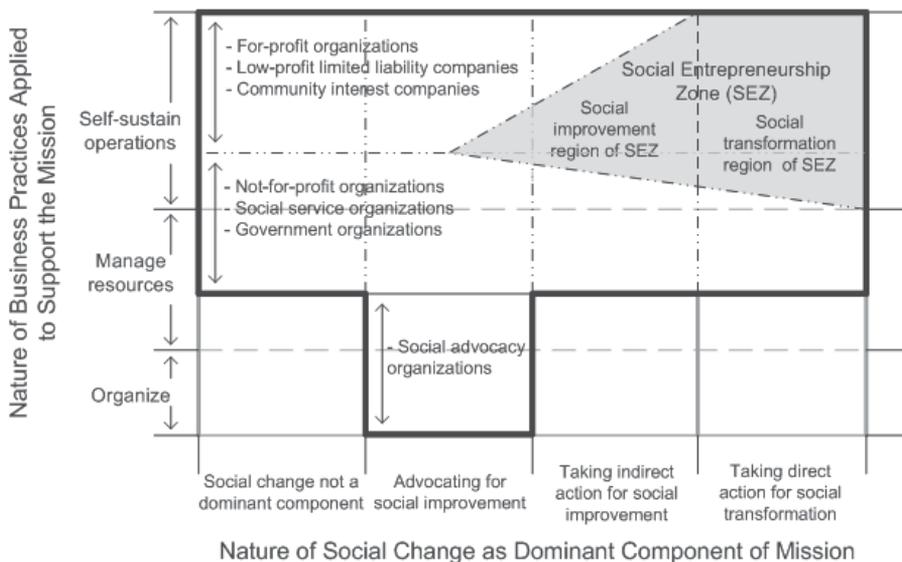


Fig. 1. The social entrepreneurship zone on the map of organizational forms: (Swanson & Zhang, 2010, 2011)

This chapter describes SE as a developing field of research while presenting some of the most influential literature on this topic. It also presents the results from a new study of social entrepreneurial intentions, including how changes to these intentions influence SE operating missions, and the resultant positioning on the map of organizational forms (Swanson & Zhang, 2010, 2011). The study was based upon a survey of social entrepreneurs and follow-up interviews with SE stakeholders.

2. Social entrepreneurship as a field of study

Although entrepreneurship has long been acknowledged as a major force for economic development (Schumpeter, 1934), only recently has the important role SE plays in contributing toward both economic and social wellbeing been recognized (Christie & Honig, 2006; Dees, 2001; Harding, 2004; Schultz, 2009). SE is a relatively new field of inquiry (Mair, Robinson, & Hockerts, 2006), and one that is generally following the pattern of the early study of commercial entrepreneurship (Light, 2008). This is not surprising since, according to Surie and Ashley (2008), SE and entrepreneurship are not dichotomous: they occupy different positions along the same continuum. "In fact, just as sustaining economic value in the market necessitates that for-profit firms generate some value for society, creating enduring value in the social domain [as do social entrepreneurial firms] requires value generation of the type that enables participation in the market economy" (p. 238). This view is represented in the positioning of the social entrepreneurship zone shown in Swanson and Zhang's (2010, 2011) map of organizational forms in Figure 1.

Recently SE research has gained much attention as evidenced by, among other things: the growing number of scholars focusing on the topic (Zahra, Gedajlovic, Neubaum, & Shulman, 2009); the launch of new journals dedicated to this subject (Halkias & Okpara, 2011; Nicholls, 2010a); the consideration related journals, like *Social Enterprise Journal*, have given to social entrepreneurship (Haugh, 2005; Thompson, 2008); and the interest shown by more established journals, like *Entrepreneurship Theory & Practice* when it published its 2010 special issue on SE (Nicholls, 2010b). SE has also attracted attention from governments interested in promoting this activity in their countries (Defourny & Nyssens, 2010; Nicholls, 2010b). For example, in 2010, the Presidential Summit on Entrepreneurship, intended to "identify ways to advance economic and social entrepreneurship", was held in Washington, D.C. (The White House, 2010a). At this event, President Obama described SE by saying that "real change comes from the bottom up, from the grassroots, starting with the dreams and passions of single individuals serving their communities" (The White House, 2010b).

As described by Nicholls (2010a), although SE research "is still in a pre-paradigmatic state of development this challenging context also offers rich opportunity ... [and] provides scholars with both an intriguing research object and a space in which to develop concrete contributions to praxis" (pp. 1-2). Desa (2007) categorized the extant social entrepreneurship research into four broad streams.

First, there is literature that attempts to define the field of social entrepreneurship and differentiate it as a unique phenomenon of study. A second stream focuses on the resource-constrained environments within which social enterprises operate. A third stream addresses the constraining and enabling role of institutions on social enterprise. A fourth stream focuses on performance metrics for social entrepreneurship. (Desa, 2007, p. 2)

The next section describes the nature of social entrepreneurship research under these four categories representing different ways in which researchers have studied the topic.

3. The nature of social entrepreneurship research

3.1 Defining the field of social entrepreneurship

As yet there is no single, widely agreed upon definition of SE, although it is generally accepted that its goal is to change the social equilibrium to a more desired state (Light, 2008). This is clearly reflected in the Martin and Osberg (2007) definition, which states that a social entrepreneur is someone who:

targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large. (p. 39)

Dees (2001) identified a set of criteria to be used to determine whether the actions of an individual can be considered to be socially entrepreneurial.

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

- adopting a mission to create and sustain social value (not just private value),
- recognizing and relentlessly pursuing new opportunities to serve that mission,
- engaging in a process of continuous innovation, adaptation, and learning,
- acting boldly without being limited by resources currently in hand, and
- exhibiting heightened accountability to the constituencies served and for the outcomes created. (Dees, 2001, p. 4)

The emerging definitions of SE have either been *inclusive* in that they are broad enough to include “more individuals, ideas, opportunities, and organizations into the tent” (Light, 2008, p. 11) or *exclusive* when they, for example, exclude for-profit enterprises from being called socially entrepreneurial. In a similar vein, Perrini (2006) distinguished between scholars who take what he called a *limited* view of SE that mainly considers changes in the not-for-profit sector when these organizations strive to enhance their sustainability by generating more revenue, and the *extended* view, which considers SE as something other than simply an enhancement of not-for-profit enterprises. Dees and Battle Anderson (2006) were proponents of an inclusive, or extended perspective on SE based upon the argument that the decision as to what legal form to use for a venture is simply a choice about which tool to use and not a factor to use to include or exclude an organization from being called socially entrepreneurial.

Rather than attempt to define what SE is, some scholars have instead chosen to identify its important parameters. Swanson and Zhang’s (2010, 2011) social entrepreneurship zone (see Figure 1), for example, seeks to *position* SE among other forms of organizations “to enable researchers and other stakeholders to move beyond the issue of definitive description and on to other components requiring investigation and work” (p. 72).

Some efforts to define or describe SE have focused on how it differs from and is similar to traditional entrepreneurship (Austin, Stevenson, & Wei-Skillern, 2006; Dees, 1998; Mair, et al., 2006; Massetti, 2008; Nicholls, 2008; Thompson, 2002; Weerawardena & Sullivan Mort,

2006). Perhaps the most important difference is that SE purposely attempts to correct or alleviate common social problems that mainstream entrepreneurial enterprises largely ignore (Mair, et al., 2006; Nicholls, 2008). We address this particular distinction of SE later in this chapter when we describe our research findings into how and why the social component of SE missions changes over time.

The nature of the differences between SE missions and those of other ventures is one of the topics of intensive debate among researchers in this field. Martin and Osberg (2007) are among the scholars who claim that to be socially entrepreneurial, an organization must take direct actions designed to cause transformational social change – not just incremental change or modest improvements of current situations. Swanson and Zhang's (2010, 2011) social entrepreneurship zone includes a *social transformation region* within which *social transformation entrepreneurial ventures (STEVs)* reside. These organizations match the Martin and Osberg (2007) requirement for SE to cause transformational change. Swanson and Zhang's (2010, 2011) SE zone, however, also includes a second region for *social improvement entrepreneurial ventures (SIEVs)*. SIEVs "do more than simply act in a socially responsible manner because they include social change as part of their missions" (p. 72). Creating positive social change is a *reason for being* for these types of social entrepreneurial ventures although the impact of the change might be less than broadly transformational.

The similarities between SE and traditional entrepreneurship largely derive from the perspective that social entrepreneurs must apply the same basic operating principles as other entrepreneurs in order to sustain their ventures. Both rely on innovation to implement change and they are each primarily motivated by making their visions real (Makhlouf, 2011). In fact, SE is considered by some to be a hybrid form of organization that combines the economic sustainability features of traditional, for profit ventures with the social change ambitions that characterize many not-for-profits, government agencies, and social service providers (Boschee, 2008; Perrini, 2006; Sullivan Mort, Weerawardena, & Carnegie, 2003; Swanson & Zhang, 2010, 2011). The social change component might include elements of social service provision or social activism (Battle Anderson & Dees, 2008; Dees, 1998; Hockerts, 2006; Martin & Osberg, 2007; Massetti, 2008; Nicholls, 2008).

Other types of entrepreneurship that are often considered subsets of SE because of their focus on social issues include indigenous entrepreneurship (Anderson, Dana, & Dana, 2006; Hindle, Anderson, Giberson, & Kayseas, 2005; Peredo, Anderson, Galbraith, Honig, & Dana, 2004) and environmental – or green – entrepreneurship (Neck, Brush, & Allen, 2009).

3.2 The resource-constrained environments of social entrepreneurship

The second category of SE research identified by Desa (2007) is concerned with the environments in which these organizations operate and the resource-constraints that characterize them. Particularly, the extant literature has identified a number of internal factors that seem to characterize the individual *social entrepreneurs*.

Emerson (2003) suggested that SE organizations could obtain their financial resources from a wide range of sources; from grants and charitable gifts to traditional equity investments. Raising money through the traditional capital market, however, has been difficult for nonprofit organizations (Emerson & Bonini, 2003). "The nondistributive restriction on surpluses generated by nonprofit organizations and the embedded social purpose of for-profit or hybrid forms of social enterprise limits social entrepreneurs from tapping into the

same capital markets as commercial entrepreneurs” (Austin, et al., 2006, p. 3). Despite the persistent limitations on resource availability, social entrepreneurs tend to find ways to survive and even thrive. Baker and Nelson’s (2005) description of how resource-constrained entrepreneurs applied bricolage, or ways of managing to get along within the means available, is informative. In particular, the resources social entrepreneurs utilize from among the accessible options shape the development patterns and sustainability of SE ventures. At an individual level, Desa (2007) summarized how researchers have examined the role of past experiences, social identity, and the current operating environments in shaping how social entrepreneurs have chosen the types of ventures to develop. For example, many social entrepreneurs have indicated that their decisions to launch their social-mission ventures were influenced by past childhood experiences where they were positively influenced by the high ethical standards of important adults in their lives (Bornstein & Davis, 2010). Simms and Robinson (2006) applied social identity theory and found that “when the activist identity is salient, [socially entrepreneurial] individuals are more likely to yield to a dependent funding stream and establish not-for-profit ventures, while salient entrepreneurial identities are more likely to lead to profit-making ventures” (p. 5).

Other personal factors social entrepreneurs draw upon to acquire needed resources include their personal credibility as established by their network of contacts, status, and professional histories; framing and reputational effects, which involves persuading others to support their missions by stressing the social values they espouse; and leveraging their social network (Desa, 2007). Certain personality traits of social entrepreneurs have been found to have a positive influence on the starting up and long term success of their SE ventures (Nga & Shamuganathan, 2010).

3.3 Social entrepreneurship and Institutions

The third category of SE research identified by Desa (2007) deals with the role institutions play in constraining and enabling SE. This category of research includes inquiries into how SE is impacted by the institutions, or the “humanly derived constraints that structure human interaction” (Desa, 2007, p. 12) such as the system of laws and rules or the norms of behaviour and codes of conduct. It examines whether and how institutions promote SE.

SE occurs at the intersection of the three mainly distinct sectors that define many modern societies. The private sector responds to market forces in an effort to provide goods and services to be sold for a profit. A dominant goal of the businesses that operate in this sector is to generate profits for the benefit of their owners. While this sector provides jobs, innovation, and overall wealth, it is not suited to addressing most social problems because there is usually no profit to be made by doing so. The public sector is funded by taxes paid by individuals and businesses. It redistributes this money to provide public goods and respond to market failures, which are needs that are not be met by the private sector. While this sector provides defence, public safety, education and a range of other public needs and social services, it has limited capacity to recognize and solve all social needs. The citizen sector (also called the voluntary or non-profit or third sector) mobilizes individuals to provide goods and services not provided by either of the other sectors. The Red Cross, Habitat for Humanity, and community food banks are examples of the organizations residing in this sector. These enterprises are not owned and run by individuals or by governments, and the resources they generate are used to sustain and grow their operations as they pursue their social missions (Mook, Quarter, & Richmond, 2007; Quarter, Mook, & Armstrong, 2009; Quarter, Mook, & Ryan, 2010; Wolk, 2007).

The environments within which SE develops differs from place to place based upon the level of organizational, or moral legitimacy and the resultant legislative, investment, and other supports this legitimacy affords them (Dart, 2004; Sud, VanSandt, & Baugous, 2009). In some countries the government is expected to assume the responsibility for providing certain services while in other countries the private sector performs these functions. In the United States, for example, health care is largely provided by the private sector while in many other developed countries, such as in Canada, it is a public sector priority. This means that SE, when viewed as something that develops where the private, public, and citizen sectors overlap, will evolve subject to the unique political and cultural environments in which they operate.

Some societies have implemented new legislation to encourage the further development of social enterprises. For example, community interest companies (CIC) have been introduced in the United Kingdom while some states in the United States have passed laws enabling low-profit limited liability companies (L3C) with the expectation these new business forms will make it easier for ventures with social missions to raise needed funding (Swanson & Zhang, 2011). Other societies have strong traditions of volunteerism or dynamic networks of non-profit organizations that serve the social needs left to social entrepreneurs to fill in other regions.

3.4 Metrics for social entrepreneurship

Desa's (2007) fourth category of SE research focuses on the performance metrics for this type of organization.

Legitimacy and often resource acquisition is contingent upon being able to measure the expected and actual impact of business outcomes. This, however, creates challenges for social entrepreneurs.

The social purpose of the social entrepreneur creates greater challenges for measuring performance than the commercial entrepreneur who can rely on relatively tangible and quantifiable measures of performance such as financial indicators, market share, customer satisfaction, and quality.... The challenge of measuring social change is great due to nonquantifiability, multicausality, temporal dimensions, and perceptive differences of the social impact created. (Austin, et al., 2006, p. 3)

An increasingly common term used to denote attention to both financial performance and social impact is double bottom line. When ecological concerns are also emphasised in measurements of an organization's performance, it is referred to as the triple bottom line (Kneiding & Tracey, 2009). The term quadruple bottom line has emerged relatively recently to refer to enterprises that attempt to measure their success in creating value in each of the financial, social, environmental, and cultural realms (Kabir, 2007). Efforts to develop a commonly accepted measure of these results, however, have so far failed and have been subject to claims of potential statistical manipulation and vague goals that produce suspect measurement results (Urban, 2008).

Some measurement tools, processes, and concepts have emerged that have worked well in particular contexts to measure double - or triple or quadruple - bottom lines. These include the balanced scorecard (Kaplan, 2001), social return on investment (Gair, 2009), social impact

management (Gentile, 2002), blended value investing (Emerson, Spitzer, & Mulhair, 2006), social impact for local economies (SIMPLE) (McLoughlin, et al., 2009), cost-effectiveness analysis, cost-benefit analysis, Robin Hood Foundation benefit-cost ratio, Acumen Fund best available charitable option (BACO) ratio, William and Flora Hewlett Foundation expected return, Center for High Impact Philanthropy cost per impact, and foundation investment bubble chart (Tuan, 2008).

3.5 Mission change

The importance of mission to SE has been acknowledged by both practitioners (Lynch & Walls, 2009) and scholars (Miller & Wesley II, 2010). From a practitioner perspective, Lynch and Walls (2009) referred to "mission versus margin" (p. 29), or the requirement many social entrepreneurs face for sustaining their socially oriented operations by running profitable enterprises. While some researchers have conceptualized the SE dynamic between mission and profits (Masseti, 2008; Swanson & Zhang, 2010) few have studied how and why the emphasis on the social mission changes.

While some research has examined the role of organizational mission on traditional entrepreneurship (Darling, Gabrielsson, & Seristö, 2007; Wickham, 1997) and also on SE (Miller & Wesley II, 2010), little attention has been paid to changing missions. Hoffmann and Cassell (2005) examined mission expansion in a commercial venture context using behavioural choice theory. Miller and Wesley (2010) considered SE missions as a critical element for social venture capitalists to consider while Alter (2008) distinguished between different degrees of focus on social missions. Hockerts (2006) observed a mission drift among some SE ventures which decreased their focus on their social missions over time while Quarter, Mook, and Armstrong (2009) also recognized this phenomenon.

In a non-profit context, Watson and Abzug (2005) noted that "mission drift is sometimes seen as one result of hiring key staff who do not share the organization's view on its future direction" (p. 645) while Axelrod (2005) and Smith (2005) both examined missions as related to board governance. While a board's role is to define and advance the mission through regular reviews and revisions, conflicts over the mission might occur.

The board may be made up of the founding members of the organization, who have a commitment to a specific mission. They may feel that the executive is trying to take the organization in a direction that violates the agency's spirit as originally defined by the board. The result may be protracted negotiations between the board and staff about the agency's future. Sometimes the outcome is the resignation of some board members or the ouster of the executive as the board and staff try to define the agency's mission. (Smith, 2005, p. 380)

Salamon (2005) identified other threats to the stability of missions, including one borne from the pressures of having to rely on earned revenue for organizational survival. This requirement generates a natural motivation for organizations to "begin to skew their service offerings to clients who are able to pay. What start out as sliding fee scales designed to cross-subsidize services for the needy become core revenue sources essential for agency survival" (p. 97). Other pressures affecting operating missions might occur when raising capital to expand, and finding that it is easier to do so by locating new facilities where

income can be optimized to finance the expansion. Similar pressures arise when funding sources for existing programs dry up.

Minkoff and Powell (2006) identified four factors which influence changes in nonprofit missions. First, the stage an organization is at in its life cycle, as indicated by factors such as its age, size, and ownership changes, can affect whether its mission drifts from its existing degree of emphasis on social outcomes. Second, if a volunteer-run organization becomes more professionally managed, its mission might become less socially weighted. Third, the social component of an organization's mission might be overpowered by funders or other external bodies imposing a conflicting operating mandate, perhaps one with measurable financial returns. Finally, governments might change the way in which they support the provision of social services. Some may reduce their financial supports and rely more on the market to provide social services while others might consider it to be a government responsibility to deliver these services. These internal and external factors can pressure nonprofits into assuming more conservative and conventional business practices. "As posited by neoinstitutional theory, the need for external legitimacy and survival tends to provide incentives for groups to compromise the missions that may have originally motivated them" (Minkoff & Powell, 2006, p. 594).

3.6 Critical views on social entrepreneurship

Some scholars have expressed some concerns about the apparent proliferation of SE. Dempsey and Sanders (2010) argued that SE is essentially the marketization of the non-profit sector, and called for critical examination. Marketization describes the process whereby social domains, such as church, school, and the state, adopt the techniques and logics of the market (or business) (Cheney, 2002; Deetz, 1992). Critics warn that marketization may subvert socially oriented missions and the values of non-profit organizations, thereby threatening their ability to create and maintain a vibrant civic society (Eikenberry & Kluver, 2004). Bull (2008) also called for critical reflections in order to assess different perspectives and provide some challenge to the dominant view on SE.

4. An empirical study of social entrepreneurship

4.1 Research method

According to Neuman (2003) researchers applying a triangulation of method - mixing quantitative and qualitative data and methods - can obtain outcomes that are more comprehensive and complete.

The quantitative portion of our study included a comprehensive 44-question telephone survey comprised of 27 closed-ended questions for which respondents provided Likert scale or magnitude estimation answers, two closed-ended questions which also included the opportunity for elaboration through an open-ended verbatim response, eight open-ended questions for which the verbatim responses were recorded and later coded for analysis, and seven demographic and descriptive questions.

We first pre-tested our questionnaire with 30 business leaders in the community. Refinements were made to the instrument based on the feedback. Then, we purposefully assembled a list of 413 companies from databases provided by chambers of commerce and other business associations. Our sample included a cross section of not-for-profit

organizations, quasi-government agencies, and businesses with stated or implied social missions.

We contacted the owners, or top executives of the organizations in our sample by telephone, informed them the nature of the study, and invited them to participate in our interview. Out of the 413 telephone numbers on our list, we made 282 successful contacts. The other numbers were either duplicates or incorrect. Out of the 282 successful contacts made, 202 people agreed to participate in our interview. Sixty-four percent of the respondents were female, and 36% were male. The majority of the respondents were senior managers (92%), and a small portion of the respondents were the owners of the organizations (8%).

Following qualitative data analysis on the verbatim answers and quantitative analysis on the balance of the survey responses, we conducted a total of 26 in-person or telephone interviews to acquire more complete data on the reasons why the social component of operating missions might have changed over time or might change in the future. These 26 participants were selected based upon their responses to the survey indicating they were socially entrepreneurial, that their operating missions had changed or might change over time, and on their willingness to do follow-up interviews after the initial telephone survey.

We chose to use a qualitative approach to seek further meaning from our quantitative results because qualitative research “uses complex reasoning that is multifaceted, iterative, and simultaneous.... The thinking process is also iterative, with a cycling back and forth from data collection and analysis to problem reformulation and back” (Creswell, 2003, pp. 182-183).

We applied a complexity theory perspective to our study of changes to the social component of organizational missions, particularly those guiding social entrepreneurial ventures. Complexity theory “provides illuminating, even transformative, ways of understanding what is going on in the world. It offers an alternative to the machine model to guide our thinking and practice” (Innes & Booher, 2010, p. 30). Complexity theory represents a departure from traditional ways to study organizations and their environments. Traditional scientific research methods are generally reductionist and deterministic in that they examine a limited range of conditions at a time and assume that systems behave in a controllable, linear, and predictable way and that they settle into states of equilibrium. The more mechanistic the subject of study is, like a car or a computer, the more effective this approach can be. The more organic or social a system is, like an ecosystem or an economy, the more suited complexity theory is for studying it. Complexity theory recognizes the need to consider whole systems, and that these systems and their subsystems emerge in non-linear, dynamical ways as large numbers of individual components interact and behave in semi-autonomous and adaptive manners. When viewed as a whole, these systems and subsystems self-organize into stable states; but do not settle at particular points of equilibrium (Battam, 1998).

4.2 Findings

4.2.1 The diversity within social entrepreneurship zone

Swanson and Zhang (2010, 2011) conceptualized a map of organizational forms on which SE occupies the space where organizations plan to implement social change and apply business practices to support that goal. We used participant responses to our survey questions to determine where their organizations were positioned on the map of organizational forms, and whether they occupied the social entrepreneurship zone.

Using a four-point Likert scale ranging from *strongly disagree* to *strongly agree*, we asked our survey participants to respond to a statement regarding whether their organization's primary purpose was to take actions to make social change happen. Just over 80% of the respondents either agreed or strongly agreed with the statement (See Table 1 and Figure 2).

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	5	2.5	2.5	2.5
disagree	35	17.3	17.3	19.8
agree	87	43.1	43.1	62.9
strongly agree	75	37.1	37.1	100.0
Total	202	100.0	100.0	

Table 1. Social Change as Primary Mission.

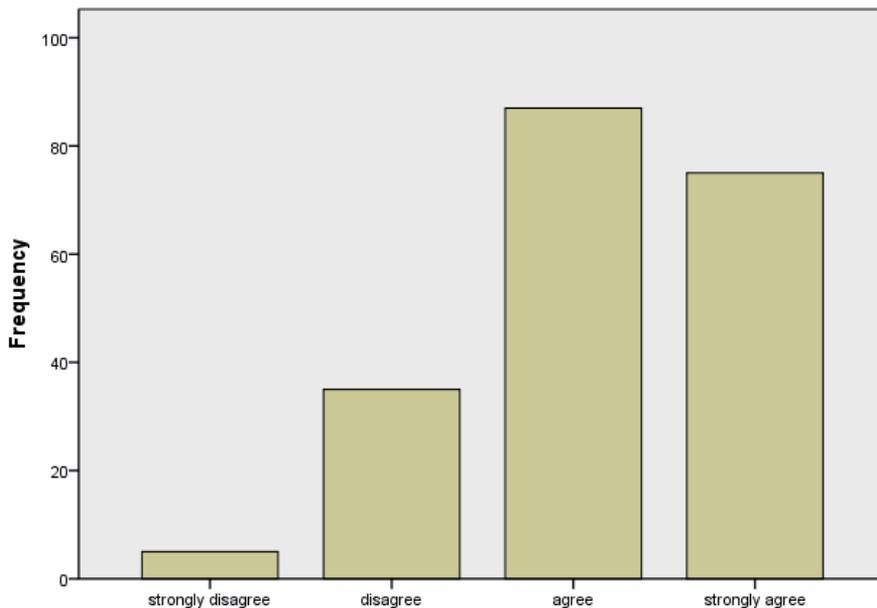


Fig. 2. Social Change as Primary Mission

We also asked our respondents informants whether they ran their organizations like a business. Over 91% indicated they did as represented by their *agree* or *strongly agree* responses (See Table 2 and Figure 3). Our follow-up verbatim response question asked what the phrase *running it like a business* meant to them. Their coded responses included the following:

- Financial controls (n=59)
- General accountability (n=52)
- Financial responsibility (n=21)
- Business standard practices used (n=18)
- Keep goals/plans/values (n=17)

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	2	1.0	1.0	1.0
disagree	15	7.4	7.4	8.4
agree	86	42.6	42.6	51.0
strongly agree	99	49.0	49.0	100.0
Total	202	100.0	100.0	

Table 2. Organization is Run Like a Business.

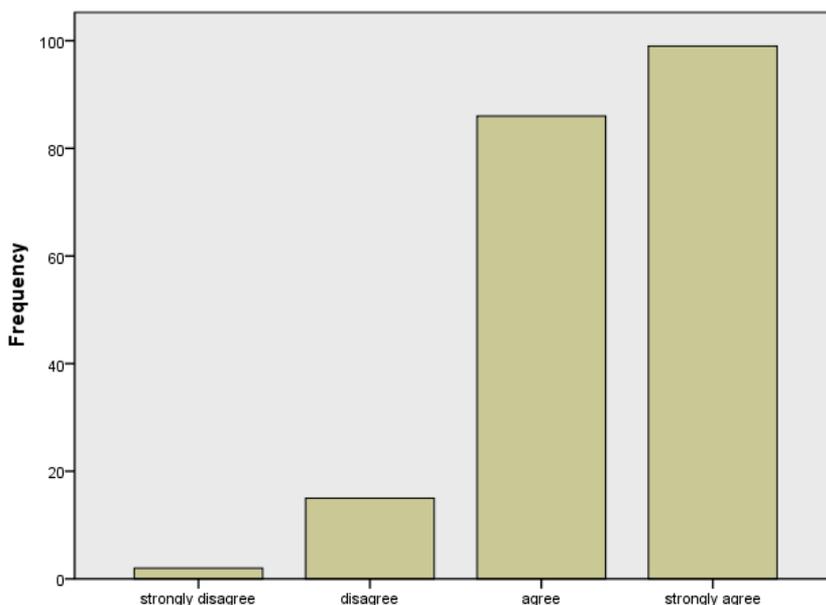


Fig. 3. Organization is Run Like a Business

Using the results from these two measurements, we categorized the organizations we surveyed by the degree to which social change was a primary component of their missions and the degree to which they applied business practices to achieve their purposes. This enabled us to determine whether they would be positioned within the Swanson and Zhang (2010) social entrepreneurship zone. The results indicated that while there was considerable diversity in the missions of the participating organizations and the degrees to which they ran their organizations like a business, a large majority of the enterprises we surveyed occupied the SE zone (See Table 3, Figure 4).

		Social Change as Primary Mission				Total
		strongly disagree	disagree	agree	strongly agree	
Run Like a Business	strongly agree	3	21	41	34	99
	agree	2	13	37	34	86
	disagree	0	1	8	6	15
	strongly disagree	0	0	1	1	2
Total		5	35	87	75	202

Table 3. Organizations by Social and Business Emphases in Mission

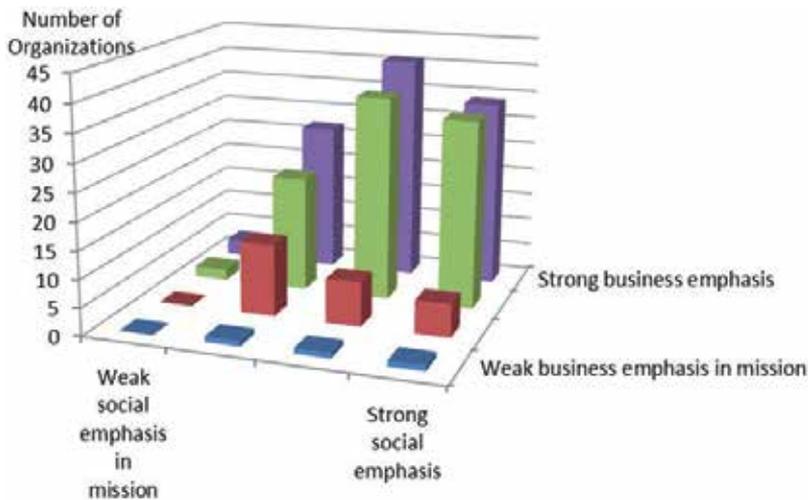


Fig. 4. Organizations by Social and Business Emphases in Mission

4.2.2 Defining social entrepreneurship

We asked our survey respondents whether they considered themselves to be social entrepreneurs and, if so, why. Nearly 83% of our respondents self-identified as social entrepreneurs. The reasons they gave for their assessments included the following:

- Fulfill social needs (N=33)
- Community involvement (N=25)
- Develop social fabric (N=15)
- Improve quality of life (N=14)
- Provide services to marginalized people (N=9)
- Address social needs (N=8)
- Youth involvement (N=6)
- Financial motives (N=5)

Overwhelmingly, these respondents considered themselves to be social entrepreneurs because they believed they had accomplished, or at least had intended to accomplish, some social improvement for the benefit of others. Comparing this to Dees' (2001) criteria for accessing social entrepreneurship, the view from the social entrepreneurs themselves seems to be much simpler – they are primarily defined by the outcomes they produce. As one of our interviewees simply stated: "... social enterprise can be used to solve real problems and make money".

4.2.3 Resource constraints and measuring social outcomes

A dominant theme that emerged from our interviews echoed the existing literature and highlighted the difficulties social entrepreneurs have raising needed financial resources. When seeking funding from the traditional capital markets, the SE priority on generating social outcomes might not be shared by potential funders who prefer to invest in organizations with a focus on creating value for their investors. Investors or potential

supporters from the emerging social capital markets or from government funding agencies might be willing to invest in SE, but they often seek evidence of – or a valuation of – the social outcomes generated.

A recurring subject from our interviews was the lack of a universally accepted or generally applicable social value measurement process or estimation social entrepreneurs can use to support their requests for resources. This situation is the root cause of many of the problems and difficulties faced by social entrepreneurs who need to acquire resources they cannot generate through their own business operations (Austin, et al., 2006). One high ranking public servant involved with government supports for SE said that a social entrepreneur “can quantify some of the [social] outcomes if it is affordable housing units or something of that nature... but it is obviously a difficult thing to quantify in some spheres”. Social entrepreneurs who operate ventures that address localized social challenges may have access to some funding sources those who generate benefits in faraway locations do not because of the difficulties in measuring benefits derived elsewhere or because of the localized mandates of some funding agencies.

Most of those we interviewed indicated that a social entrepreneur must often focus heavily on their business operations despite their dedication to the social component to their mission to ensure their own survival or to satisfy requirements for financial accountability placed on them by investors. Those interviewees lamented the lack of a commonly accepted and universally applicable measurement method for evaluating social outcomes.

In terms of potential government supports, one public servant stated that “government can’t really consider itself as the solution to every problem If social entrepreneurs are able to show that they are generating social outcomes that government wants ... they [will] increase their likelihood of being funded”. Our interviews revealed that it has become common practice for governments to place limits on the duration of their financial support to many agencies. One of our interviewees, a former politician turned social entrepreneur, argued that “government had a role to play in helping community-based organizations to establish the capacity they needed to deliver social services that governments would otherwise have to provide. The government should commit to financial support for an initial three years, after which an annual accountability review would be used to determine whether another year should be added”. The argument is that funding certainty is important for social entrepreneurs.

The respondents to our survey indicated that they evaluated their organizations’ performance on the basis of financial accountability (91%), social outcomes achieved (88%), cultural goals reached (50%), and improvements to their environmental impacts (24%). The number of organizations that assessed their performance based on all of these aspects – on the quadruple bottom line (Kabir, 2007) – however, was relatively small (n=29, or 14%). This result might be partially explained by the fact that most of the organizations did not have operating missions that addressed all four of those factors. The factors addressed in the missions of the organizations we surveyed include the following:

- People/community wellbeing (N=96)
- Youth and employment (N=27)
- Economic & business development (N=23)
- Improve health (N=16)
- Develop cultures (N=16)

One of our interview participants stated that social entrepreneurs should measure their results by first evaluating their business operations and financial positions. A second step should be to assess whether they have fulfilled their self-imposed social mandate. The assessment of social outcomes is not easy.

4.2.4 Mission change

One of the major findings from our telephone survey was that the missions of some social entrepreneurial organizations varied over time along a continuum ranging from having a moderate social component to having a mission dominated by social purpose. The results also confirmed that some social entrepreneurial organizations applied more sophisticated business practices than did others, and some were much more focused on earning business profits.

A majority of the organizations we surveyed (83%) maintained a stable balance between the social component of their mission and an organizational imperative to be financially accountable. Seven (7) organizations (3.5%) reported that their social mission had become a stronger component of their mission in the past 5 years and 16 organizations (7.9%) expected their social mission to become relatively more important in the future. In comparison, 27 organizations (or 13.4%) reported that the relative strength of the social component of their mission decreased in relation to the strength of the business operations part during the 5 years preceding the survey, and 16 organizations (7.9%) expect the social mission component to decrease in its relative strength over the next 5 years.

The social versus business weighting, or relative emphasis in operating missions, can shift due to changes in governance parameters, internal capacity, or external environment factors. One of our interview participants said the following about how changes in governance can shift the mission focus away from the social emphasis:

I believe that when the organization was initially set which would be some twenty some years ago, part of its mission was to be an advocacy agency for early learning and childcare and quality of childcare... Yet, that has changed... probably in the last seven or eight years based on strategic planning and board direction.... I think it probably has to do more with the type of leadership and direction we set at the board. You know, years ago with some of the old timers, they were much more focused and trying to lead us in that direction whereas in the last, say, ten years or so the direction from the board has probably been a lot more business focused.

Changes in the internal capacity of an organization can also alter the social versus business weighting in an operating mission. The following are among the insights provided by our interview participants in this regard:

The more successful we get the easier it is for us to do those things [that fall under the social part of our mission] because of credibility in the community and the ability to open doors or to get other people to join us in doing things.

[The relevant strength of the social component of our mission as compared to the business operations part has] as a percentage probably decreased [be]cause ... as a much smaller organization we probably did as much [but] we've grown a lot larger and we haven't really done that much more so I guess as a percentage that would be much less.

Among other external environment factors that our interview participants said can impact the relative emphasis in operating missions were an increase in the level of awareness of the availability of the services offered and changes in the overall socioeconomic situation in a region.

More people are realizing that [the program is] there and [are] trying to access it. I don't think there's any more social issues than there were, say, two years ago; it's just the fact that now we can help with those issues and lots of people know that so they're, for lack of a better term, coming out of the woodwork and really wanting to access the programming.

The intensity of those issues has grown over time and so you know you have like a larger disparity between rich and poor in Canada... the rich are getting richer and fewer and the [number of] poor is growing and those kind of caught between the middle are working a lot I don't think that the issues of poverty are going away anytime soon.

When considered through a complexity theory lens, changes in the variables affecting the emphasis placed on the social component of SE missions may lead to operating adaptations that leave organizations occupying the same general region of the social entrepreneurship zone. Some parameter changes, however, might be game changers in that they result in organizations shifting to another part of the SE zone, or perhaps to a position on the map of organizational forms that falls outside the SE zone. Whether these parameter changes are in the form of new government policies or large scale societal changes, further research is required to understand their impact (Swanson & Zhang, 2011).

5. Conclusion

In this paper, we summarized prior research on social entrepreneurship and presented some of the findings from our study. We explored the diversity of the social missions and the business practices of the organizations that reside in the social entrepreneurship zone. We identified how social entrepreneurs conceptualized their own social identities, and we considered the impact of resource constraints, governance strategies, and social impact measurement methods. Our final section investigated the reasons given by interview respondents for why the emphasis on the social component of operating missions might change relative to the business performance part.

Part of our objective was to highlight the uniqueness of social entrepreneurship and describe how both social and economic objectives are embedded in SE missions. We also wanted to explain why SE should be viewed through a complexity theory lens. While prior studies have typically applied a case study method to elaborate on the success stories of extraordinary social entrepreneurs, because of the uniqueness of these individual cases, the results have produced mixed signals in terms of what social entrepreneurship is and what social entrepreneurs do. Our mixed methods approach, combining quantitative and qualitative research components, as applied using a complexity theory lens, provided an alternative view of SE that we hope will lead to a better understanding of the phenomenon.

One of the major limitations of this paper is that our study was geographically bounded within a single province in Western Canada. Future studies should test our results against the outcomes from similar research in other regions of the world. Longitudinal studies are also required to shed new light on issues such as how changes to the variables and

parameters affecting SE operating missions impact these organizations and the social outcomes they generate.

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Sustainable Retail Banking and Asset Management: Lessons from Challenges Faced by Entrepreneurs in African Economies

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1. Introduction

In today's global banking marketplace, the pressures challenging traditional business practices are many and varied. Competition is fierce, resulting in new opportunities and new risks for entrepreneurs. Customers are becoming increasingly well informed and demanding, and the emergence of new financial service providers is transforming the banking industry. Meanwhile, deregulation and the effective disappearance of national boundaries are opening up greater opportunities and an increased portfolio of products and services. Some banks and asset management companies are rapidly identifying and exploiting opportunities. Such institutions meet the market demand by fast developing a new and inexpensive product.

The changing behaviour of customers is a critical consideration for banks. As a result, banks and asset management companies that fail to compete and innovate effectively across all areas may risk losing market share. Innovation in retail banking and asset management companies emphasizes more in organisational and process changes than in new product development in the traditional sense. Organizations that can provide a relatively faster service to customer requirements will benefit from a competitive advantage over those that do not. The need to maximise the opportunities in African economies requires banks and asset management companies to extend access to traditional services such as credit and savings. To service these needs, over the last few years there has been some proliferation of new financial institutions in some African states. It was necessary that these new financial institutions maintained trust in order to remain socially relevant.

2. Purpose and significance of entrepreneurship to retail banking and asset management studies

At the centre of entrepreneurship is the need to understand the inter-relationships between strategy and an organisation's business and environmental context, to mitigate associated risks, and to exploit opportunities for value creation effectively (Hamann *et al*, 2010). An understanding of these principles will help retail banks and asset management companies to identify strategic priorities for policy and action. It highlights the potential business benefits

of a systematic and proactive approach to sustainability concerns. Once a retail bank or asset management company has identified the scope and drivers of sustainability, the next step is to understand how to define and implement a corresponding entrepreneurial strategy. A crucial aspect of this is authentic stakeholder engagement and effective cross-sector collaboration (Hamann *et al*, 2010).

After reading this chapter, you should be able to:

- Understand the complexities and opportunities relating to the adoption of a strategic, proactive approach to sustainable retail banking and asset management in entrepreneurship.
- Understand the debates surrounding the role of corporate governance in sustainable retail banking and asset management, including various related concepts such as corporate social responsibility and stakeholder engagement.
- Identify the key principles and themes associated with the sustainable retail bank and asset management company, with an emphasis on the link to core business.
- Understand the business case for the sustainable retail bank and asset management company, and identify the business-related risks and opportunities associated with diverse aspects of sustainable development, emphasising a strategic entrepreneurial approach.
- Appreciate the opportunities and complexities of adopting a strategic entrepreneurial approach to the sustainable retail bank and asset management company, be it at the level of a small enterprise or multi-national corporation.

The research focuses on risk managing at the firm level as well as performance and productivity improvement. The study draws from the competitive demands and operating realities facing the industry sectors as they pursue competitive excellence. Implications of these results to the study of the broader service sector are drawn, as well as how the collapsing banks (and the different factors behind) impact entrepreneurs or small-to-medium-enterprises (or sme's).

3. Why did some African banks and asset management companies collapse in the last decade?

There are four leading suspects. Impacts on banking and asset management can be traced through, *inter alia*, four broad channels:

- A plethora of deficiencies; and
- Corruption; and
- Corporate governance; and
- Macroeconomic climate.

This leads to a focus on the four main hypotheses that have been mooted. To confront these hypotheses, the author looks at the disaggregated historical data on the performance of retail banks and asset management companies within the last decade in select African countries in order to determine the extent to which this proxy for the four main hypotheses.

Hypothesis 1: "a plethora of deficiencies" effect caused the distress and/or collapse,

"The natural selection process" determines which member of the two sectors collapse and which ones survive and recover.

Hypothesis 2: "the corruption" effect caused the distress and/or collapse,

Corruption permeates governments, commerce and society.

Hypothesis 3: "the corporate governance" effect caused the distress and/or collapse,

The central banks are effective in corporate governance practices.

Hypothesis 4: "the macroeconomic climate" effect caused the distress and/or collapse,

African banks are directly involved in the credit crunch.

A benchmark needs to establish "normal" in order to evaluate these hypotheses. To this end, the methodology adopted is that used guidance provided in the *New Capital Accord*, also known as *Basel 2*, which aligns economic principles of risk management with regulatory capital requirements (Hashagen, 2003; Lutz, 2000).

Each is addressed in turn, in the process considering the broader macroeconomic impacts, and concludes with some thoughts about what this means for Africa in light of the wider consequences for banking and asset management.

4. Literature review

Many banking crises have been reported around the world within the last few years. For example, more than 140 crises were reported since the 1970s (Reinhart and Rogoff, 2008, 2009; Laeven and Valencia, 2008, 2010). More recently, Reinhart and Rogoff (2008, 2009) reported only 121 banking crises since 1800s till 1970s. By failures to rollover debt during panics or rapid withdrawals of debt, and insolvency, these exogenous shocks introduce pressures on banks, and are associated with the banking system distress (Calomiris, 2008).

The collapse of Lehman Brothers in September 2008 is thought to have caused the global economic crisis known as the "Great Recession". Global credit markets froze affecting the letters of credit and other financial instruments that help grease the gears of international trade finance (Mora and Powers, 2009). There is a link between banking and credit problems as revealed by research on historical episodes. Evidence presented in this chapter suggests that decline in global trade finance had a major impact on banking and asset management in Africa. Banking failures not only hurt private investors but also cripple foreign enterprises in their capability to invest and to create new jobs (Lutz, 2000).

The systemic character of financial risks is exactly the normative reason why in banking, unlike in other branches of the economy, the management of economic risk is an issue concerning the state. Legalized duties to build up capital buffers for risk protection and sanctions in cases of rule violations are instruments to establish a regulatory, safety net (Lutz, 2000). Ultimately, the aim is to prevent situations in which the state and thereby its national central bank are forced to intervene as lender-of-last-resort, leaving the taxpayer burdened with the losses created by privately undertaken risks (Lutz, 2000; Goodhart et al., 1998; Herring and Litan, 1995). There have been calls in several quarters for the protection of small investors through a deposit insurance scheme. But critics have equally responded by saying that this might encourage failure in banking, a situation that the deposit insurance is supposed to mitigate.

The Basel Accords created an international standard on banking regulations (Hashagen, 2003). Basel I was first enacted in the 1980s. Basel II, the second issue of the accords, set up capital and risk management requirements. Thus, banks holding riskier assets now have to have a relatively higher capital reserve than those keeping safer portfolios (SearchSecurity, 2008). Basel II became a worldwide regulation in 2006 (Hashagen, 2003). Basel II requires companies to publish details of risk management practices and risky investments. Three essential requirements of Basel II are (SearchSecurity, 2008):

- Mandating that capital allocations by institutional managers is more risk sensitive.
- Separating operational risks from credit risks and measuring both.
- Reducing the scope of regulatory arbitrage by aligning the economic risk with regulatory assessment.

Basel II resulted in the emergence of a number of strategies which have allowed some banks to make risky investments, such as moving higher risks assets to unregulated parts of holding companies, the subprime mortgage market, and transferring the risk to investors by securitization (SearchSecurity, 2008). More important, however, are the wide range of risk management challenges and business implications that Basel II triggered for banks, their non-bank competitors, rating agencies, regulators, customers and, ultimately, the global capital markets. For example, (Hashagen, 2003):

- Banks are required to implement an organisation-wide risk management framework.
- Non-banks are not affected by Basel II but may want to draw important lessons as it is a competitive benchmark.
- Bank clients will need to collect and disclose new information – and likely will face new risk structures as a result of increased transparency.
- Rating agencies became visible under Basel II and thus could experience new competition.
- Regulators are asked to provide a level playing field as the Basel Committee's recommendations are implemented by legislatures in various countries.
- The global banks could experience extended trends towards securitization as financial institutions adapt to Basel II requirements.

Implementation of Basel II is a highly complex project (Hashagen, 2003). During a financial crisis, uncertainty is high, liquidity and trust are low, firms and banks rationalise by limiting their exposure to foreign banks and firms (Bernham and Martin, 2010).

5. Case studies

In most of the banking and asset management crises scrutinised around the world, there appears to emerge a number of common causal factors for entrepreneurial challenges. These studies of failed banking systems routinely point to explicit or implicit causes, and this study is no exception.

6. Egypt

The banking sector in Egypt witnessed many shocks over the last decade. The banking policies were put to the test and in most cases they proved rather successful (Business Today, 2011). The Egyptian banking sector was however subject to major reforms. The

Central Bank of Egypt (CBE) tightly oversaw the sector's lending procedures and improved the management of the exchange rate policy. An interbank foreign exchange market was developed by the central bank, and this kept the black currency traders at bay. After being characterised as fragmented and fragile, Egyptian banking was transformed into a more robust and solid sector (Business Today, 2011). The government assisted in the cleaning of the banks' balance sheets by selling its equities to foreign-led acquisitions. Privatisations and consolidations reduced the number of banks from 57 in 2004 to 39 in late 2009 (Business Today, 2011).

Egypt's banking sectors' avoidance of risky derivatives transactions and short selling spared the negative effects of the global financial crisis of 2008-2009. The strictness of the central bank caused the banks to maintain enough liquidity reserves and healthy ratios, which allowed them to weather the storm. The central bank controlled the outflow of liquidity by panicking depositors, and not all bank branches were opened during the same time (Business Today, 2011). The reserves helped the banks to honour all transactions. Foreign currency reserves also played a vital role in supporting the economy, and in maintaining the exchange rate at an acceptable level as the central bank intervened by selling some of its dollars (Business Today, 2011).

The central bank made life easier for dealers by offering them a series of repurchase agreements called 'repos'. Such transactions work by having the central bank accept money market securities from the banks and oblige them to buy back the securities at the sale price plus interest (Business Today, 2011).

7. Kenya

In 1986, the first bank crash occurred when poorly capitalized banks went belly up without the Central Bank of Kenya's (CBK) intervention. One banker ran away to Scandinavia and had his property inexplicably sequestered by government (Maiko, 2003). The next crash was in 1992. This was related to the elections which caused politically linked banks to obtain money from the CBK using devious schemes. Six banks associated with some Asian businessmen were put in liquidation in 1993 (Maiko, 2003). The next one followed the 1997 elections, in 1998. Shareholders and politicians stripped clean banks leaving them on the brink. Disaster struck when the National Bank was made bankrupt putting at the tender mercy of the liquidator before the government injected capital and the National Social Security Fund (NSSF). The Euro Bank went down after the exposure of a scandal involving the disappearance from the institution of US 3.4 million of NSSF money (Maiko, 2003).

The collapse of Trust bank in 2001 threatened to tilt the balance against small banks in the country (Maiko, 2003). On the other hand, the collapse of the Euro Bank with billions of shillings of parastatal money sparked off another flight to safety. The result was a loss of confidence in the regulatory role of the Central Bank of Kenya (CBK). In 2002, the cyclical banking crisis phenomenon benefited large transnational banks, such as subsidiaries of UK banks Standard Chartered and Barclays and the 35 per cent state-owned Kenya Commercial. Their coffers swelled whereas Asian and African-owned banks were on the fringes (Maiko, 2003). By March 2003, 77.5 per cent of the industry's US \$46 billion deposit liabilities was in the coffers of the ten largest banks, against a background of commercial banks dominance following the collapse of indigenous non-bank institutions in the mid 1980s (Maiko, 2003).

In 2003, profit sharing in the industry took a similar pattern, only that Barclays and Standard took a disproportionately bigger share compared to Kenya Commercial, which was managed badly then. There were ten commercial banks, two mortgage firms, three non-banks and four building societies in the country (Maiko, 2003). Structural asymmetry in the system was brought by insecurity in small banks. Small banks were forced to pay relatively high deposit interest rates. Large banks were deemed insensitive to customers, levying all manner of charges and penalties on both deposits and lending. The Central Bank (Amendment) Act 2000, popularly known as the Donda Act, helped to regulate the lending rate by controlling both supply and demand prices (Maiko, 2003).

The ill-fated Euro Bank was in the business of holding and not trading state money. Its dud assets piled at 260 per cent of their equity fund size. Ninety-two per cent of the non-performing debts were taken out by state firms' heads and politicians. These people pumped government funds into the dying bank. It is alleged that the bank was involved in money laundering. Its political connections are said to have helped to keep it open (Maiko, 2003). Some banks in Kenya collapsed when power changed hands, and the protective veil was withdrawn.

8. Nigeria

The emergence of indigenous banks in Nigeria almost immediately introduced collapse of deposit taking institutions. Twenty-one out of twenty-five indigenous banks in the country collapsed between 1947 and 1952 (Financial Nigeria, 2006). Capital injection into the banks in 2007 through public offers and IPOs alone resulted in mega banking in Nigeria. It is thought that the regulatory gap before the establishment of the Central Bank of Nigeria (CBN) may have been responsible for the earliest episode of collapse of banks in Nigeria. Between 1920 and 1930s, the earliest indigenous banks rapidly multiplied, whereas in 1954 that was the launch of the first banking regulatory instrument. At that time, skilled and experienced bankers and asset managers were scarce. Indigenous banks were characterised with insider loan abuses and poor capitalization. Thus, their performance standards were below par with competing foreign banks (Financial Nigeria, 2006). Some small and mid-sized companies and some fake companies received hefty loans, but before the banks went bust. Some politicians also made the A-list of bank debtors (Murphy, 2009). Some executives influenced share prices by conspiring with stockbrokers. Some CEOs who were charged with fraud went on the run and were wanted by Interpol (Murphy, 2009).

In 1960, over 95% of the licensed indigenous banks were liquidated by independence. Government replaced this model of bank ownership with government ownership. The argument was that banks are considered as development agents, and hence they became an integral part of Nigeria's economic nationalism (Financial Nigeria, 2006). The federal government bought controlling stakes in the foreign banks. State governments were encouraged to start their own banks (Financial Nigeria, 2006). The country was returned to the private ownership model when the economy was liberalized in the mid-eighties. Banking licenses were issued to over 80 local entrepreneurs. This was the era which resulted in banking distress and failures with depositors losing their money (Financial Nigeria, 2006).

There was a combined weakness in that the regulatory regime was weak and that the banks were too many to be effectively managed by regulators. There were gross insider abuses, financial recklessness, and outright criminality by a young generation of bank directors and bankers. Hence, banks became poorly capitalized. There was a skill gap in managing risks in

such a turbulent macroeconomic climate characterised by structural change driven by controversial policies.

Before July 6, 2004, 25 banks and those with interconnected liabilities almost collapsed (Financial Nigeria, 2006). Following consolidation in 2005, The Nigerian banking sector, however, took off to become the largest in sub-Saharan Africa outside South Africa. Nigerian banks aggressively expanded in Africa and Europe (Business Monitor International Ltd, 2009). The reform that began in 2009 is paying off and that the country's 24 banks are healthier (Daily Trust, 2011).

9. South Africa

South Africa's economy is very vulnerable to what happens on Wall Street. South Africa has a highly concentrated banking sector. There was legitimate fear of severe spillover effects of the escalating inflation and banking sector crisis in Zimbabwe. The escalating crisis in Zimbabwe's banking sector was a cause of concern to three investing South African banks that had majority shares in some Zimbabwean banks; that was Absa, Standard Bank and Nedcor. Standard Bank owned Stanbic Bank Zimbabwe. Absa owned 26% of Commercial Bank of Zimbabwe (CBZ). Nedbank Africa owned 39% of the Merchant Bank of Central Africa (MBCA) based in Zimbabwe, while Old Mutual Zimbabwe owned just under 23%. Standard, Absa and Nedcor, kept an eye on unfolding crisis for signs of systemic risk.

The banks that failed during the period commencing from 1994 to date included Prima Bank, Sechold Bank, African Bank, Community Bank, Islamic Bank, FBC Fidelity Bank, New Republic Bank, Regal Treasury, Saambou and BoE (Makhubela, 2006). Four big banks exposed to housing credit included ABSA and FNB. The introduction of the Financial Intelligence Centre Act 38 of 2001 (FICA) knocked the wind out of the housing market.

The African Bank Limited set up at the height of apartheid in the 1970s assisted mostly black investors. It was the first fully black-owned bank to be put under receivership in 1995 after 20-years in operation. Its closure was a blow to black economic empowerment (Chicago Tribune, 1995). Thereafter, a number of most troubling things happened in South Africa, which showed that the country's economic base was slowly falling apart and crumbling. One example is the accidental run on SAAMBOU bank due to some troubling news reports. As a consequence, one billion rand was withdrawn, and the bank put under curatorship, and all withdrawals stopped (Lamprecht, 2002).

10. Swaziland

The 2008 Lehman Brothers collapse in the United States is alleged to have triggered a worldwide banking crisis including in Swaziland (Swaziland Commentary, 2010). The IMF reported that Swaziland had the worst economy then in the whole of sub-Saharan Africa and that the economy was in a mess long before 2008 (Swaziland Commentary, 2010). Hence, the major economic crisis that Swaziland faced in the last decade was not connected to the Lehman Brothers collapse. Swaziland's economy stagnated over the last decade while that of the rest of sub-Saharan Africa grew (Swaziland Commentary, 2010). The major contributor to the stagnant Swazi economy was its financial sector, which despite being in a healthy operational condition, had however taken backward steps in the past decade (Swaziland Commentary, 2010). Swaziland's real per capita GDP growth declined from an

annual rate of two and a half percent during 1980-94 to 0.7 percent since then compared to the average one and a half percent annually for sub-Saharan Africa since 1995 and in the lower-middle income countries, growth averaged 7 and a half percent (Swaziland Commentary, 2010).

Swaziland's financial system became shallower instead of deepening – that is, the more access individuals and businesses had to varied financial services, the better it would have equipped Swaziland to mobilise resources towards growth and the reduction of poverty and income inequality (Swaziland Commentary, 2010). Since 1995, there was a decline in private sector lending, bank deposits, and money supply as a percentage of GDP. Swaziland's reported cases of HIV/AIDS are so far the highest in the world (Swaziland Commentary, 2010). It is believed that some important linkages between the financial sector and the real economy in Swaziland do explain the country's poor performance (Swaziland Commentary, 2010). For instance, the country mobilises a small amount of domestic savings (8 percent of GDP) to finance investment, A fall in foreign savings was witnessed since the 1980s and 1990s, and so were annual investment rates which declined far below other low-income countries in the region from 25 to 19 percent of GDP for the period 1981-94. The government spent more than it collected in revenues and was saddled with a huge civil service wage bill that, together with poor projects selection and appraisals, curtailed growth.

The commercial banking system catered for approximately 38 percent of the population who had access to a bank account, and concentrated on export financing. Yet, the export sector failed to promote effectively employment and growth. Swaziland had no public credit registry except private credit bureaus which covered only 38 percent of the population. The weak investment climate pushed up the cost of capital and reduced the rate of return investors sought. The inadequate regulation and supervision of nonbank financial institutions (NBFIs) rendered the financial sector more vulnerable. Savings and credit cooperatives (SCCOs) emerged to cater for the financial needs of the significant Swazis who had been abandoned by the commercial banking sector. Some borrowers failed to secure loans due to a lack of access to collateral. Approximately 60 percent of the land is held in public trust and could not be used by farmers as collateral to secure loans to facilitate the achievement of higher agricultural yields. Instead, people are limited to accumulating savings in traditional assets such as livestock (Swaziland Commentary, 2010).

11. Zimbabwe

The first report of a collapsed bank in Zimbabwe was that of Roger Boka's United Merchant Bank in 1998. UNIBANK followed in year 2000. From then on, the financial system began to suffer serious tremors. The climax came in 2003 after the failure of ENG Asset Management that triggered a wholesale run on banks. In a space of six months, seven banks closed their doors. Locally-owned banks and asset management companies battled for survival, with some closing, as the Reserve Bank of Zimbabwe (RBZ) cracked down on institutions engaged in shady dealings (Muleya, 2008; Mpofu and Nyakazeya, 2011; Business Reporter, 2011). Such institutions included the United Merchant Bank, First National Building Society, Unibank, Trust Banking Corporation, ENG Capital, First Mutual Asset Management Company, Century Discount House, Intermarket Holdings' subsidiaries – the Discount House, Intermarket Building Society, and the Banking Corporation. Some banks experienced liquidity problems arising from their involvement in speculative and non-core

activities (Muleya, 2008; Chimhangwa, 2011; Mambondiani, 2011; Business Reporter, 2011). The move to close some bank by the central banks was meant to protect depositors' funds. The central bank appointed administrators to run some of these troubled banks in a bid to prevent a sector-wide contagion (Mpfu and Nyakazeya, 2011; Business Reporter, 2011).

Corruption and mismanagement took place on a staggering scale. Some banks and asset management companies closed as a result of a domino effect resulting from exposure, to varying extents, to those that had closed before them. A typical example was the exposure due to the closure of ENG Capital where Trust Banking Corporation, Century Bank, Metropolitan Bank and First Mutual Insurance group were directly exposed to the ENG's financial flu (Mambondiani, 2011). The ENG Asset Management Directors diverted invested clients' money to buying properties and luxury vehicles in Zimbabwe and from overseas. The fraud case sparked a crisis that saw a run on deposits by panicky investors (Mambondiani, 2011; Mpfu and Nyakazeya, 2011; Business Reporter, 2011).

Prior to the collapse of several indigenous banks and asset management companies, Zimbabwe had seventeen commercial banks with assets amounting to about 3.522 million US dollars. Average liquidity ratio as at September 30, 2004 was 58.2 percent. About two-thirds of these banks had been established in the past decade when the government liberalized the sector in the 1990s. Skewed government policies since independence from Britain in 1980 had led to huge unemployment, soaring inflation, and acute shortages of foreign exchange, food, and fuel.

By January 2004, seven banks, namely Trust Bank, Time Bank of Zimbabwe, Metropolitan Bank, Century Bank, Royal Bank, Barbican Bank, including the Agricultural Bank of Zimbabwe (AgriBank) owned by the government, had been excluded from the daily clearing because they did not have the necessary cash to pay other banks. AgriBank lent an undisclosed amount to new farmers. These farmers were given land confiscated from white commercial farmers, and had not managed to grow adequate crops to repay their loans.

Most banks that had low liquidity levels were left exposed and scurrying for financial cover after the central bank demanded urgent recapitalization. In addition, the central bank expected the banks to observe the New Capital Accord known as Basel 2. This seeks to align regulatory capital with risk management. In November 2003, liquidity deficiencies in frailer banks were revealed by the real-time settlement system for interbank loans. Some banks had to sell their foreign currency reserves and properties in order to raise their capital levels and improve their liquidity. The tightening of the lending between the central bank and commercial banks led to an increase in interbank lending interest rates. This filtered through to an increase in interest rates charges for consumer loans.

In January 2004, the central bank in Zimbabwe began foreign currency auctions in what it said was a move to end black market trading. The central bank ordered banks to ensure they could meet their commitments to depositors. This resulted in some banks disposing of hoarded foreign currency, luxury vehicles, houses and jewellery. The short-term result was that the black market for U.S. dollars dropped. Several leading exporters said this had affected their ability to do business, because they had only managed to stay afloat by cashing foreign currency at the top rate.

Shocked cold by the closure of several banks, bankers called for an "amnesty" period from the central bank. They agreed that lessons had been learnt and that they now needed time to

clean things up. However, it seemed bankers' pleas for a moratorium were unlikely to get a favourable ear. The central bank stated that Zimbabwe was over-banked, pledging to block fresh applications for banking licenses. The sweeping clean-up drive by the central bank sent business magnates fleeing abroad to escape imprisonment (Nyakazeya, 2011).

In December 2003, Zimbabwe's central bank promoted greater accountability and transparency by announcing that no management position will be held by a bank owner. Bank management, the board and/or its chair, was not to have a shareholder with 10% or more shares. Prior to this announcement, and the clampdown by the central bank, Zimbabwe's 17 banks were reported to have had some managers who were also major shareholders (Mpfu and Nyakazeya, 2011; Business Reporter, 2010).

Thus, Zimbabwe's new banks faced failure due to irresponsible practices including mismanagement and structural ownership weaknesses which led to liquidity and solvency deficiencies and saw a run on deposits by panicking depositors (Muleya, 2008; Chimhangwa, 2011; Mambondiani, 2011; Business Reporter, 2011).

12. Diagnosing entrepreneurial challenge drivers in the last decade

The author evaluates four hypotheses on the causes of distress and/or collapses:

Hypothesis 1: "A plethora of deficiencies" effect caused the distress and/or collapse,

The author found strong evidence in favour of the *Hypothesis 1*. Darwin's (1859) natural selection theory is applied here to this particular retail banking and asset management situation. According to Darwin's theory, the natural selection process determines which members of species survive and reproduce, and which ones die prematurely. Hence the surveys show:

- Major commercial banks and other financial houses faced critical liquidity crisis largely caused by unlawful speculative investments which threatened to ruin the stricken institutions (Maiko, 2003; Muleya, 2008; Chimhangwa, 2011; Mambondiani, 2011; Business Reporter, 2011).
- The minimum capital adequacy threshold requirement was not complied with in a majority of cases, i.e. undercapitalisation (Chimhangwa, 2011).
- There was a high level of non-performing loans.
- Big clients moved their deposits from some recently established commercial banks to the traditional banks such as Standard Chartered and Barclays (i.e. flight to safety).
- These long-established traditional banks turned down cheques issued by banks suspected to be under investigation.
- Many retailers refused to accept cheques or guarantees from banks suspected to be under investigation.

Hypothesis 2: "the corruption" effect caused the distress and/or collapse,

The author found strong evidence in favour of the *Hypothesis 2*. Corruption permeated governments, commerce and society. Corruption is a stumbling block to development and has a bearing on economic fundamentals. As the African countries' economies struggle, most peoples' means correspondingly dwindle, and hence the temptation to become corrupted in order to survive. Surveys show:

- Special Purpose Vehicles (SPV) were used to circumvent regulations and to engage in non-core activities including gold, grain and fuel trading, stock of bricks, luxury vehicles, and houses contrary to the Banking Act (Sandu, 2011).
- Depositors' funds were siphoned through related party loans (Sandu, 2011).
- Internal controls virtually collapsed allowing unauthorised transactions to occur (Sandu, 2011).
- Some of the group's shareholding structures camouflaged the true identity of the beneficiary shareholders (Sandu, 2011).
- Non-performing insider loans were issued to sister and sinister companies (Business Reporter, 2010).
- Trusts were designed to camouflage reality on the ground, their purpose, and personalities behind them.
- Investors' money was used to buy fixed assets that could not be readily converted into cash when the investors' funds reached maturity, leaving banks unable to meet their financial obligations.
- The shareholding structure of some banks hindered effective regulation and supervision as it facilitated owner-managers of these banks to masquerade as non-executive directors (Business Reporter, 2010; Muleya, 2011).
- Some banks were conduits for money laundering while some engaged in shady dealings (Maiko, 2003).
- Some bank's political connections helped to keep them open, whereas others collapsed when the protective veil was withdrawn when power changed hands (Maiko, 2003).

Hypothesis 3: "the corporate governance" effect caused the distress and/or collapse,

The author found strong evidence in favour of the *Hypothesis 3*. This exercise suggests further evidence of slack in corporate governance practices at the time across the banking and asset management sectors of most of the African countries under consideration (Sandu, 2011). In some cases, internal audit failed to discharge its statutory obligations. Surveys show:

- Foreign-owned banks were targeted by the indigenisation act and required to transfer majority shareholding to local blacks under a controversial empowerment policy (e.g. Barclays Bank and Standard Chartered Banks in Zimbabwe) (Chinaka, 2011).
- Because of the absence of tight oversight, some banks were able to make seemingly small gambles, and these banks decisions routinely resulted in losses of substantial sums.
- Some banks short-circuited internal control/audit and normal accounting safeguards. In effect, they were able to operate with no proper supervision from central banks – and hence were able temporarily to hide their losses (Sandu, 2011).
- Some asset management companies were of an underground nature as they had neither physical addresses nor working contact phone numbers.
- There were cases of violations of the Exchange Control Regulations.
- There were cases of violations of the Banking Act (Mpofu and Nyakazeya, 2011).

Hypothesis 4: "the macroeconomic climate" effect caused the distress and/or collapse,

The author found strong evidence in favour of the *Hypothesis 4*. The financial crisis was systemic. It sparked a credit crunch which was severe in some African countries and

reduced the confidence of financial institutions. The severe economic crises were blamed on governments' mismanagement. It is believed that the growing turmoil in the banking sector followed the governments' new monetary policy announcements. Loose monetary policies left interest rates highly negative in real terms, intensified inflationary pressures, encouraged excessive borrowing, imposed a heavy tax on savers, and increased the vulnerability of the financial sectors. Surveys show:

- It is argued that African banks were not directly involved in the credit crunch due to Sub-Saharan Africa's low level of financial development (Bernham and Martin, 2010).
- It is argued that if the cost of such low development is that African exporters are very dependent on external trade finance, then the real cost of the global crisis on Africa may actually be higher (Bernham and Martin, 2010).
- It is argued that while African banks preferred not to buy "toxic" assets in order to provide for some shelter, the continent may have been hit harder by the trade transmission channel (Bernham and Martin, 2010).
- It is argued that trade collapse did hit hard African countries (Baldwin, 2009; Draper and Biacuana, 2009; Kandiero and Ndikumana, 2009).
- Part of the bank collapses can be accounted for by compositional effects and vertical linkages.
- Some institutions closed as a result of a domino effect resulting from exposure, to varying extents, to those that had closed before them.
- The adverse situation was a reflection of scarcity in the market, low level of economic activity and investor apathy (Robertson, 2011).
- Most of the money in banks was on call basis rather than fixed deposits. Banks could not lend money that urgently needed to be withdrawn (Robertson, 2011; Chimhangwa, 2011).
- The lack of investor interest naturally translated into money shortage in the banks resulting in high interest rate charges on loans (Robertson, 2011; Chimhangwa, 2011).
- Some banks were also being targeted by the indigenisation act (Chinaka, 2011; Chimhangwa, 2011).

13. How much does each factor matter in entrepreneurship?

One can test his/her thinking further and determine to what extent each effect accounts for the bank and asset management company collapses in the last decade. As it turns out, the corporate governance effect is by far the most important. This work suggests that because of the absence of tight oversight, some banks were able to make seemingly small gambles, and these banks' decisions routinely resulted in losses of large sums. This exercise suggests further evidence of slack in corporate governance practices at the time across the banking and asset management sectors of most of the African countries under consideration.

14. Multilateral support efforts

The central bank and the courts play an important role to ensure the protection of depositors' funds and to support entrepreneurs. Although banks were given a reprieve by the central banks to desist from the black market trading, the African states continued to pursue alleged offenders. The shocks of the credit crises spurred lawmakers to consider

semi-nationalisation of some troubled banks. Western countries use nationalisation to prop-up banks during tough times in an emergency. Its use is to lend to businesses in order for them to restructure burdensome loans (Kim and Moore, 2009).

The less vulnerable large foreign-owned banks with strong controls and foreign shareholder support benefited from the crises as they continued to attract money. Panicked depositors shifted money to them. Some banks discussed consolidation and possible mergers. Thus, the foregoing is a clear testimony of the "survival of the fittest" banks and asset management companies through superior service quality delivery. First National Bank of South Africa has since bought the Swaziland Meridian BIAO operations. Standard Bank of South Africa (Stanbic) acquired Tanzania's Meridian BIAO. The Ghana Reinsurance Organisation (GRO) together with the Social Security and National Insurance Trust (SSNIT) announced a \$7.2m rescue package for the local Meridian BIAO.

A new African regional strategy was recently drawn out by the World Bank. This provides a vision for the next decade for the multilateral institution. The strategy was developed through the widespread consultations with representatives from the private sector, government, and civil society (The Standard, 2011).

15. Overall conclusions and recommendations

Prior to discussing possible implications of this study for entrepreneurs (or sme's), it is important to mention some caveats.

- First, the analysis focuses on randomly selected African countries whose data was readily available; hence these results are considered to be fairly representative of the entire African continent comprising of 54 countries.
- Second, crises are not the same, as some countries are hit harder. Poorer countries with less developed financial systems suffer more during financial crises, e.g. Zimbabwe (relatively less developed) vs. South Africa (relatively more developed). Deeper crises have more profound consequences.
- Third, the impacts of the macroeconomic climate on entrepreneurship will depend on the respective country's foreign exchange reserves, balance of payments position, and fiscal position (Draper and Biacuana, 2009).

The effect of the crisis is crucially dependent on the external demand conditions surrounding the crisis and the sectoral composition. Hence using a theory-based benchmark in the form of Basel 2, this chapter marshals the best available evidence on the causes of bank and asset management company distresses and/or collapses in the last decade within select African countries and explains how the collapsing banks (and the different factors behind) impact entrepreneurs (or sme's).

This research revealed a plethora of deficiencies within the banking and asset management companies which included inappropriate shareholding structure, inadequate capitalisation, systematic abuse of depositors' funds, disintegration of corporate governance structures, chronic liquidity and income generation challenges, greediness, high level of non-performing insider and related-party exposures, gross violation of banking laws and regulations, inadequate regulation and oversight, as well as a weak and uncoordinated legal framework (Muleya, 2011; Mpofu and Nyakazeya, 2011; Business Reporter, 2010).

The crisis impacts serve to reinforce the point of the integration of African economies into the global economy. Any major changes to global banking and asset management patterns that the crisis may engender are likely to substantially transform the African entrepreneurial structural features (Draper and Biacuana, 2009). Additional impacts are possible at policy level too (Draper and Biacuana, 2009). For banks and asset management companies to fully recover, policymakers should undertake the following measures in the spirit of entrepreneurship, amongst others:

- Management teams should understand fully the nature of the businesses they manage.
- Management needs to establish and communicate clearly responsibilities for each business activity.
- In order to exercise effective control, there should be a clear segregation of duties.
- There is a need to establish relevant internal and risk management controls for all business activities
- Management should ensure that significant weaknesses identified to them are resolved quickly.
- Industry regulators should continue to monitor corporate governance and regulatory compliance in banks (Business Reporter, 2010; Financial Nigeria, 2006).
- The central banks should develop capacities to govern the fiscal and monetary policy frameworks that will drive growth in economies (Financial Nigeria, 2006).
- Skill acquisition and development in information technology security and risk management is needed (Financial Nigeria, 2006).
- Banks need to strategise by mobilization of deposits for lesser dependence on the high interest rate public sector funds (Financial Nigeria, 2006).
- There is a need to regulate inter-bank lending in order to prevent the new mega banks apocalyptic multiple failures (Financial Nigeria, 2006).

The efforts of the central bank should be directed at containing the multiplier and domino effect (Muleya, 2011). The central banks should keep eye on the ball. At the end of the day, autonomy of the central banks will reassure the banking industry. The curatorship protects depositors, preserves the assets of banks, and protects the stability of the financial system using the law and market solutions (Muleya, 2011; Macheke, 2011). Thus, given all the necessary support, entrepreneurs (or sme's) are able to take advantage of emerging opportunities, explore and question the world around them, and also to embrace their passion.

16. Acknowledgements

We are like dwarfs on the shoulders of giants, so that we can see more than they, and things at a great distance, not by virtue of any sight on our part, or any physical distinction, but because we are carried high and raised up by their giant size. (Bernard of Chartres, 12th Century)

It is without some hesitation that I assent to Chartres' point of view. It is with great pleasure to recognise and thank my giants who have frequently carried me on their shoulders in diverse ways. I have had the great privilege of working with various teams over an extended period of time and learning from, and enjoying, the insights of highly diverse and

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Lastly, a huge debt of thanks goes to my family, who have been amazing for their patience and unstinting belief, and are the ones who gave me the encouragement in the first place: I could not have done this chapter without you.

17. Footnotes

1. For a detailed description of BASEL II, see:
 - a. KPMG (2003). "Basel II: A Worldwide Challenge for the Banking Business", Financial Services, KPMG International, a Swiss non-operating association, Head of KPMG's Basel Initiative.
2. For a detailed description of banks performance evaluation, see:
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4. For a detailed description of distress classification measures in the banking sector, see:
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18. References

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Family Businesses: The Extensiveness of Succession Problems and Possible Solutions

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1. Introduction

Family businesses are an important group of enterprises within the small and medium-sized (SME) sector; many of the world's large enterprises are also family businesses. Although no statistics are complete enough to map the presence of family businesses throughout the world, many studies conducted in different countries have confirmed the weight these businesses carry in national economies (Astrachan & Shanker, 2003; IFERA, 2003; Mandl, 2008). In the past, family businesses were often perceived to be the weakest type of enterprises; if they were successful, it was concluded that such success was despite their family character (Mandl, 2008, 7). Nowadays, family businesses are gaining in importance in public and policy discussions, which is especially true for the European Union (EU). The most recent proof of the acknowledged important role of family businesses for the employment growth and economic prosperity of the EU economy is the Small Business Act (2008), in which special attention is given to family-owned enterprises and the issue of business succession (first principle of the Small Business Act).

According to findings in various studies, one of the major problems family businesses encounter is the transfer of ownership and management to the next family generation (Miller et al., 2003; Morris et al., 1997; Sharma et al., 2003; Transfer of SMEs, 2002). Approximately one third of businesses within the EU need to be transferred to new owners in the next ten years (ranging from 25 percent to 40 percent, depending on the member state).¹ This corresponds to an average of at least 610,000 SMEs being transferred each year, of which 300,000 are SMEs with employees involving 2.1 million jobs (assuming that an SME with employees has an average of seven employees) and 310,000 are SMEs without employees (Transfer of SMEs, 2002, 10-11). The success of SMEs in which families prevail also depends on the successful transfer of management and ownership. Several studies estimate that only 30 percent of family enterprises survive to the second generation because of unsolved or badly solved transition of ownership and management to the next family generation, and many enterprises fail soon after the second generation takes control (Kets de Vries, 1993; Miller et al., 2003; Morris et al.,

¹ Estimation was made for EU-19, without new countries joining EU in 2004.

1997). Failure in succession represents a serious problem not only for family enterprises and their employees, but also for the prosperity of an economy. Intergenerational succession represents a crucial point in the lifecycle of any family business and, as such, has been a primary focus of research. According to Howorth and co-authors (2006), the transfer of entrepreneurial learning between family members and the revitalization of entrepreneurial spirit through the transfer of ownership and management provide rich insights for entrepreneurship research.

The main goal of the contribution is to broaden our understanding of family businesses' succession issues and possible solutions, with a special focus on succession planning and the supporting infrastructure needed in order to carry out the transfer of ownership and management successfully. The in-depth review of studies and supporting measures as well infrastructure will be done by devoting special attention to activities conducted within the EU. However, EU countries are not a homogeneous group of countries, and differences exist among them in regards to economic and social-political developments, especially between some "new" members or candidates for membership (i.e., former socialist countries) and the "old" members (i.e., countries with the tradition of a market economy). Significant research efforts have been devoted to the topic of succession in countries with a tradition of entrepreneurship and market economy, and proposed solutions have been developed in an effort to create sound institutional (counseling, information centers, training) and educational support. However, studies of succession problems in family enterprises in former socialist countries are scarce. One reason for this lack of research is the fact that private enterprises were outlawed during the era of the socialist economy. The social and economic changes in Central and Eastern Europe in the 1990s have created an opportunity for the rebirth of entrepreneurship and family business development (Duh et al., 2007; McMillan & Woodruff, 2002; Poutziouris et al., 1997). Therefore, this chapter will make comparisons between the "old" and "new" EU member states regarding succession problems and solutions. For more a detailed comparison, we select Slovenia, one of the most developed European post-socialist countries.

2. Family businesses as an important factor of economic development

Family businesses are a vital component of the economic health of many countries, particularly in established market economies, where entrepreneurial initiative is strongly encouraged. Many studies conducted in different countries have confirmed the weight that these businesses carry in national economies (Astrachan & Shanker, 2003; IFERA, 2003; Mandl, 2008). In several European countries, family enterprises represent the majority of all enterprises (IFERA, 2003). Several studies have suggested that family enterprises are emerging as the central force driving economies in former socialist or so-called transition countries (Duh & Tominc, 2005; Pistrui et al., 1997; Poutziouris et al., 1997; Vadjnal, 2005). Indeed, the social and economic changes in the former socialist countries in the Central and Eastern Europe created an opportunity for establishing private enterprises, and the industrial policy in these countries has been focused on the development of a dynamic SME sector. Several studies have found that families provide critical resources and support to newly emerging enterprises in these countries (Duh, 2003; Dyer & Panicheva Mortensen, 2005; Poutziouris et al., 1997).

Some new data on the presence of family businesses in the European economy have emerged from the recently conducted project "Overview of Family Business Relevant Issues" (Mandl, 2008), in which partners (i.e., analyzed countries) were members of the EU and candidates for membership in the EU (Turkey, Croatia, the Former Yugoslav Republic of Macedonia) as well as Iceland, Norway, and Liechtenstein. Table 1 presents the data on the share of family businesses and the share of employees in family businesses for those countries that dispose with such data. Data on family businesses' share of value added, total turnover added, or their contribution to GNP was available only for a few of the analyzed countries and are therefore not included in Table 1. In some of the analyzed countries, the share of family businesses is measured using the SME population instead (or in addition to) total enterprises' population. The cross-national comparison shows quite diversified data regarding the presence and importance of family businesses for national economies. This is partially due to the definition used for family business. The dependency of the estimates on the applied definition is obvious for those countries in which different research studies (based on different definitions) came to varying results. Since the data in Table 1 are used for the illustration of the importance of family businesses across Europe (and not for a detailed analysis), the interval estimation on the family businesses' share/number is included for the cases of different national estimations (for detailed data, which also include information on the definition used, see Mandl, 2008, 40-46).

Based on the data on the presence of family businesses in the analyzed countries (see Table 1), it is estimated that 70 to 80 percent of European enterprises are family businesses. Family businesses account for an important part of European employment—indeed, 40 to 50 percent of all employees work in family businesses; in some countries, this share is even higher. In the majority of the analyzed countries, we can observe a higher share of enterprises than of employment, implicating that family businesses are on average smaller than the average national company (Mandl, 2008, 39). Similarly, IFERA (2003) demonstrated that the contribution of family enterprises to GNP or employment rates in analyzed countries is generally 10 to 30 percent lower than their rankings as a percentage of all businesses in terms of numbers. Even if these numbers indicate that family businesses are on average smaller than non-family businesses, in many countries family businesses also include very large companies. In Luxemburg, Norway, and Sweden, research results show that approximately 30 percent of the largest companies are family businesses; in Belgium this share is even higher, accounting for about 50 percent (Mandl, 2008, 48).

In Slovenia, which is an EU member state and a former socialist country, the tradition of family businesses persisted mostly within the craft sector during the socialist period (starting after World War II and lasting until the early 1990s). During that period, operating a family firm within the craft sector was not really attractive due to various pressures on the private owners, such as restrictions in employment, amount of productive resources allowed in the private ownership, and the weak image of crafts compared to favored social companies (Duh, 2003; Glas & Vadnjal, 2005). The transition to the market economy from the former socialist economy in Slovenia was closely connected with the development of private SMEs as well as family enterprises. For Slovenia, several estimations were done regarding the importance of family businesses.

Country	Share of family businesses	Share of employees in family businesses
Austria	80%	70-75%
Belgium	70%; 52% of the 100,000 biggest companies	-
Croatia	-	6.16% of total employment
Cyprus	85-90%	40-50%
Czech Rep.	80-95% of SMEs	-
Denmark	35.6-94.6%	-
Estonia	90%	50%
Finland	80-86%	75% of SMEs' employees
France	75% of medium-sized and 20% of large enterprises; 49.2% of the largest manufacturing enterprises	-
Germany	95% (differ in different size classes)	57%
Greece	52-80%	-
Hungary	70-72.2%	55%
Iceland	70-80%	70-80%
Ireland	75%	half of employment in the private sector
Italy	65-81%	-
Latvia	30% of SMEs with fewer than 50 employees	-
Lithuania	38%; 92.3% of SMEs	-
Luxembourg	70%; 1/3 of the 369 biggest enterprises	25% of the 369 biggest enterprises' employees
Norway	2/3; 30% of the largest 500 enterprises	40%
Poland	70-80%	40-65%
Portugal	70-80%	about 50%
Romania	more than half of the SMEs	19%
Slovak Rep.	80-95%	-
Slovenia	58.6% of SMEs; 60-80%	at least 26% of the active adult population
Spain	85%	75% of total private employment
Sweden	54.5%; 26.4% of large enterprises	34.7%
The Netherlands	55-83%	From 33 to 40%
Turkey	90% of enterprises; 94% of SMEs	-
United Kingdom	69% of SMEs; 65% of private sector enterprises	41.9% of private sector employment

Source: Mandl, 2008, 40-46.

Table 1. Family businesses in Europe

The estimated share of family enterprises among SMEs in one Slovenian region ranged between 38.1 and 50.1 percent (Duh, 2003). The results of another large-scale research study showed that 46.45 percent of SMEs in the sample were identified as family businesses; the estimated share of family enterprises among SMEs in Slovenia was between 41.11 and 51.79 percent (Duh & Tominc, 2005). The results of a study carried out in 2002 indicated that 58.6 percent of SMEs identified themselves as family firms (Glas, 2003; Vadnjal, 2005). In addition, Vadnjal (2005) estimated their share in employment and valued added based on the estimated share of family businesses among SMEs in Slovenia. According to his estimation, family enterprises employ at least 26 percent of the active adult population and contribute 22 percent to the total value added of the Slovenian economy. However, he considered both shares to be conservative (bottom-line) estimations. According to other estimations, the share of family enterprises falls in the 60 to 80 percent range (e.g., Glas et al., 2006), contributing 30 percent of the GDP (Vadnjal, 2006). These data show that family businesses in Slovenia are an important part of the SME sector. No data on large family enterprises are available for Slovenia. Some other research studies conducted in former socialist countries (e.g., Romania, Bulgaria, Hungary, Croatia, Poland; for references see, Duh et al., 2007) indicate that family enterprises represent an important share of enterprises in the SME sector; however, these enterprises are relatively young compared to those in countries with the tradition of a market economy as the majority of them have their beginnings in the early 1990s. For example, research results for Germany show that, of businesses founded prior to 1960 that were still around in 1996-97, more than 70 percent were still family businesses (Klein, 2000). On the other hand, in a comparative study between East Germany (as a former socialist country) and West Germany, Pistrui and co-authors (2000) found that the vast majority (79 percent) of East German SMEs surveyed were new start-ups, compared to 38 percent in the West. Similarly, Mandl (2008) found that family enterprises are an important group of enterprises in the analyzed post-socialist countries (see Table 1); however, the time horizon since when family businesses are considered in public and policy discussions varies between Eastern and Western Europe.

In numerous countries, family businesses are widely equated to SMEs—not only in public discussion, but also in policy. This is particularly true in the case in Central and Eastern European countries whereas in Northern, Southern, and Western European countries the awareness about the heterogeneity of family businesses regarding their class size is more widespread (Mandl, 2008, 36). However, EU member states are aware of the importance family businesses play in the economy, which is also clearly stated within the Small Business Act (2008). Family businesses are not only important for what they represent to the economy, but also (or especially) due to the commitment they show to local communities, the long-term stability they bring, the responsibilities they feel as owners, and the values for which they stand. In light of the recent financial crisis, these are especially valuable characteristics. This crisis may be a good moment for family businesses to prove the importance of the values for which they have always stood (Overview of Family Business, 2009, 22). Therefore, the first of the ten principles of the Small Business Act (2008) for guiding the conception and implementation of policies at both the EU and the member states levels refers to the creation of such an environment "... in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded." Special emphasis is given, among others, to business transfers as well. Of course, only declarative support is not

sufficient. An adequate supportive social-political, economic, and cultural environment as well as the creation of national and EU political measures is needed for establishing and developing family SMEs. This also refers to the family businesses' succession, which has been found to be one of the most critical issues within this special group of enterprises.

3. Definition and characteristics of a family business

Numerous attempts have been made to articulate conceptual and operational definitions of a family enterprise. The focus of most of these efforts has been on defining family enterprises so that they can be distinguished from non-family enterprises. However, none of these attempts has resulted in a generally accepted definition in either developed market economies or post-socialist countries. Researchers also question the homogeneity of these enterprises since a large majority of enterprises in most countries involve a significant "family" impact. Empirical research has revealed that family enterprises vary in terms of degrees of family involvement (e.g., Sharma, 2004), which can change during the lifetime of the family business and is well illustrated within different family business developmental models (e.g., Gersick et al., 1997).

Mandl (2008, 2), in the study "Overview of family business relevant issues," found 90 different definitions across 33 European countries, which mainly require major family influence on ownership and management/strategic control. Other characteristics used to differentiate family businesses from non-family ones were the active involvement of family members in the enterprise's everyday activities, the enterprise's contribution to the family's income generation, and intergenerational considerations. A recent study (Mandl, 2008, 1) confirms the absence of a single definition of a family business that would be "widely and exclusively applied to every conceivable area, such as to public and policy discussions, to legal regulations, as an eligibility criterion for support services, and to the provision of statistical data and academic research." The lack of a single definition for family business leads to other problems in addition to the absence of reliable and comparable data on family businesses in national economies. Therefore, the expert group established by the European Commission proposed a definition of family business that should enable statistics to be produced on the sector (e.g., contribution of family businesses to employment, total turnover of family businesses) and be comparable between countries (for the proposed definition, see Overview of Family Business, 2009, 10).

Many of the proposed definitions (including the EU one) are trying to be operational in nature, often using the criteria of the family's involvement in the enterprise (e.g., ownership, management, generational succession). These definitions do not explain why family involvement in an enterprise leads to behaviors and outcomes that might be expected to differ from non-family businesses. Chrisman and co-authors (2005, 556-557) describe such approaches to definitions as the components-of-involvement approach to defining a family enterprise and thus propose as more adequate definition whose essential approach is "based on the belief that family involvement is only a necessary condition; family involvement must be directed toward behaviors that produce certain distinctiveness before it can be considered a family firm." As such, two enterprises with the same extent of family involvement may not be family businesses if either lacks the intention, vision, familialness, and/or behavior that constitute the essence of a family business. The essence approach in

defining a family business is followed in this contribution. Therefore, we do not create an operational definition, but rather explain some distinguishing characteristics of family businesses.

Many studies indicate that family enterprises have unique developmental characteristics compared to non-family enterprises. Steier and Ward (2006) suggested that family businesses differ from non-family ones along important strategic and organizational dimensions. As the term family business implies, the most important differences have something to do with how a family influences the behavior of a firm. Mandl (2008, 54-55) exposed one of the most important characteristics of family businesses—namely, the strong inter-relationship between the family and the business; the family is at the center of the enterprise, formally (e.g., through ownership, involvement in management or employment) or informally (e.g., by providing advice and consultancy) influencing the business. These parallel decision-making lines increase the complexity of the enterprise's functioning. According to Olson and co-authors (2003), family businesses are complicated by dynamics within the family that owns and manages them. These dynamics affect not only business performance, but also business growth, change, and transitions over time. They also simultaneously affect family well-being outcomes. Other authors (e.g., Kets de Vries, 1993; Morris et al., 1997) have explained differences between family and non-family enterprises with advantages (e.g., the long-term perspective, strong family commitment to the business, a personal and positive motivating work environment). They also identify disadvantages such as nepotism, family conflicts, succession problems, and overlapping family and business interests. Other authors have examined differences between family and non-family enterprises in terms of company size, age, industry, performance, profitability, job creation, growth, strategies, and other factors (e.g., Jorissen et al., 2005). Although studies on family versus non-family differences have sometimes revealed mixed results (Sharma, 2004), researchers tend to agree that enterprises owned and managed by families are a special form of business organization whose "specialness" has both positive and negative consequences (Gersick et al., 1997; Jorissen et al., 2005; Neubauer & Lank, 1998). The very diversity of family businesses and their behavior make them an important and distinct field of study overlapping the study of entrepreneurship (Howorth et al., 2006). According to findings in various national studies, one of the "developmental characteristics" and a major problem that family businesses encounter is the transfer of ownership and management—namely, succession (Miller et al., 2003; Morris et al., 1997; Overview of Family Business, 2009; Sharma et al., 2003; Transfer of SMEs, 2002). However, problems linked to the transfer of ownership and management are not limited to family businesses, but to all SMEs; indeed, SMEs' crucial problem was also recognized by the European Commission, which initiated various activities related to business transfer, some of which are discussed within this contribution.

4. Succession process and possible solution to succession issues

In addition to a business's creation and growth, succession is a crucial phase in the firm's lifecycle. Many authors (e.g., Handler, 1994; Sharma et al., 2003) differentiate between succession in management and succession in ownership, although in most SMEs (both family and non-family) both processes go hand-in-hand. Succession is one of the key developmental problems in the SME population; however due to the involvement of a

family in the business it is much more emotional in family businesses (e.g., Kets de Vries, 1993; Morris et al., 1997; Sharma et al., 2003). Research results indicate that succession in family businesses often does not work out (Dyck et al., 2002; Kets de Vries, 1993; Miller et al., 2003; Morris et al., 1997; Sharma et al., 2003), which is why succession is one of the most studied and researched issues in the field of family business research (Giambatista et al., 2005; Sharma, 2004). Although this subject accounts for approximately one third of the family business literature, no general theory of succession or succession planning in family enterprises has emerged (Sharma et al., 2003).

Failure in succession represents a serious problem not only to family enterprises, but also to the health of an economy. Owner-managers are often not aware of the problem of securing the continuity of their enterprises. Due to their occupation with daily operational problems, they often cannot—or do not want to—start preparing changes in ownership and management of their enterprises early enough. They are often not aware of the crucial importance of solving succession issues on time. Although many problems are linked to family business succession, according to Molly and co-authors (2010), it should not necessarily be seen as a negative event in the lifecycle of a family business as no evidence is found that a family firm's profitability is affected by succession.

The succession is more a process than an event of transferring ownership and management control to the successor (Overview of Family Business, 2009, 16); it is a multistage process that occurs over time, beginning before heirs even enter the business (Handler, 1994). According to Longenecker and Schoen (1996), parent-child succession in the leadership of a family business involves a long-term diachronic process of socialization. In other words, family successors are gradually prepared for leadership through a lifetime of learning experiences; this preparation spans over many years and covers several successive positions, from non- or informal involvement over functional roles of a successor to early and mature succession, when a successor actually takes over the leadership position and is relatively autonomous in that role. Handler (1994) exposed the need of mutual role adjustment between predecessor/transferor and successor. She developed a model according to which the transferor evolves from the role of monarch over delegator to advisor; the successors in turn evolve from helper over manager to leader.

The transfer of ownership (i.e., succession in ownership) can take place within the family, through management buy-outs (i.e., sales to non-family management/employees), and sales to outside persons or existing companies, including takeovers and mergers (Transfer of SMEs, 2002, 10). Similarly, succession in management within the family is only one of the options. However, ownership in family businesses has a special meaning because it involves a strong "personal" factor. When an enterprise is transferred within the family, the financial capital is transferred with a "social and cultural capital" that usually results in the enhanced personal commitment to the enterprise as well as to the community. Family owners do not think that they possess just capital. They are aware that ownership encompasses persons, products, responsibilities, etc. Ownership of a family business is a property built and developed by the family over several generations (Overview of Family Business, 2009, 15). Although succession within the family is only one among many possibilities, a majority of family enterprise leaders have been found to be desirous of retaining family control past their tenure (Donckels & Lambrecht, 1999; Bjuggren & Sund, 2001). According to some

authors (e.g., Gersick et al., 1997), nepotism is suggested as one reason that succession occurs within the family. Next to this purely nepotistic explanation, Bjuggren and Sound (2002) indicated that a family member as a successor is preferable when so-called idiosyncratic knowledge is considered highly relevant to successful functioning of the enterprise. Similarly, based on their theoretical and empirical analysis, Royer and co-authors (2008) argue that situations in which family business-specific experiential knowledge is highly relevant for gaining competitive advantage make family members the most suitable successors.

However, studies also suggest that an increasing number of successions take place outside the family involving third parties due to a decreasing willingness of descendants (i.e., sons and daughters) to take over the family enterprise (Stavrou, 1999; *Transfer of SMEs*, 2002, 10, 40). Descendants may not want to join the enterprise for many reasons, but one of the most important reasons is that they want to start their own business (Bjuggren & Sund, 2001, 13). According to the results of the Eurobarometer (2003, as cited in *Transfer of Businesses*, 2003) survey, 65 percent of Europeans prefer starting a business to taking over an existing one, despite the obvious advantages of taking over a business, such as an existing production structure, a customer network, and a good name. Two reasons explain this situation. First, starting up a business allows the entrepreneur to shape it exactly the way he/she wants it. Founding one's own business also makes it easier to match personal needs, such as locating the business close to entrepreneur's home. Second, setting up a new business usually requires less financing than a takeover. According to some estimates, taking over an existing business requires 60 percent more investment than a startup (*Marketplaces*, 2006, 14).

Smaller chances of finding succession solutions within the family are also the result of the fact that parents have fewer children; in addition, a very competitive environment requires higher managerial and entrepreneurial skills of potential successors. Therefore, in the future, more transfers to third parties will be realized. However, finding the potential successor outside the family circle is not an easy task. The age group most active in establishing businesses will shrink over the next decades (*Communication*, 2006, 4), and the previously discussed preference of starting up one's own business instead of taking over an existing one also (negatively) influences the possibilities of successfully solving business transfers. Therefore, the success of business transfer will largely depend on its preparation, which should start sufficiently early.

According to the experts, succession is still often triggered by the owner-manager's retirement. However, retirement is only one reason for succession. Reasons for earlier successions (transfers) include personal decisions (e.g., early retirement, change of profession, interests in the family situation), changing competitive environments (e.g., changing markets, new products, new channels of distribution) or incidents (e.g., divorce, illness, death) and also play an important role (*Transfer of SMEs*, 2002, 10, 40).

Succession represents a problem not only in countries with a tradition of a market economy, where it is estimated that approximately one third of businesses within the EU need to be transferred to new owners in the next ten years (*Transfer of SMEs*, 2002, 10-11), but also for family businesses in many Central and Eastern European post-socialist countries; family businesses in these countries are currently approaching the challenge of managing the

transfer of ownership and management for the first time (Duh et al., 2007; Mandl, 2008, 8). The review of studies conducted in these countries (Duh et al. 2007; see also national reports in Marketplaces, 2006, 54-74) indicates that the majority of family businesses are owned by the founding generation. For example, Polish firms are mostly first generation in that the founder often serves as a CEO or chairman of the board. Almost all family businesses registered on the Warsaw Stock Exchange are still either owned or run by the founders (Kowalewski et al., 2010, 49). In Germany, where the tradition of entrepreneurship and private ownership has existed since the end of World War II, only 39 percent of family businesses are in the first generation; a remarkable number of family businesses in Germany and the UK are held within fourth or subsequent generations (Klein, 2000). However, in comparing East and West German entrepreneurs, Pistrui and co-authors (2000) found that only 10 percent of East German entrepreneurs inherited their business, compared to 40 percent in West Germany. Similar to other former socialist countries, the majority of family businesses in Slovenia are still in the possession of the founding generation (Duh & Tominc, 2005; Duh et al., 2007; Glas & Vadnjal, 2005). Slovenian owner-managers often believe that the business should stay in the family (Duh & Tominc, 2005; Glas, 2003). Regarding succession in management, research results (Duh et al., 2005) indicate that the majority of respondents decided to realize the succession within the family (63.5 percent). The proportion of family enterprises that decided to realize succession within the family is significantly higher than within non-family enterprises. The situation is rather similar when deciding about succession in ownership. The majority of respondents decided to realize succession within the family (71.4 percent). We can conclude that Slovenian family business owners do not find selling the business to be an attractive succession solution; owner-managers prefer that one of the family members takes over the business. These findings indicate a very similar situation as in other traditionally market-oriented countries. Another study in Slovenia found that the succeeding generation wants to retain more freedom to decide whether it will become part of the family business. Successors lack the proper training and mentoring; thus, they feel uncertain about their capability to manage the firm (Glas et al., 2005).

In former socialist countries, succession is even more problematic than in Europe in general as it has not always been recognized as the problem and family businesses' founders/owner-managers lack previous succession experiences (e.g., Duh et al., 2007). They have almost no possibility to share succession experiences with others given that the majority of their owner-manager colleagues are founders (not successors). The succession experiences seem to play an important role as some evidence suggests that the survival of an enterprise beyond the first generation increases the probability of the success of subsequent successions. Research results indicate that, if an enterprise survives to the second generation, the probability that it will also survive subsequent successions increases substantially. Of the fewer than one third of family enterprises that survive the transition to the second generation, approximately 50 percent survive from the second to the third generation and more than 70 percent of these enterprises are passed on to the fourth generation (Bjuggren & Sund, 2001; Stavrou, 1999). The increasing degree of survival can be due to—among other reasons—the experiences from earlier successions. Similarly, Davis and Harverston (1998, 1999) found that the transition from the founder to the second

generation is the most turbulent experience due to the conflicts resulting from the founder's shadow and the lack of succession experiences; therefore, it is expected that the transfers in management between later generation family members can be solved more smoothly due to the experience from earlier successions.

Since the succession process extends over time and different possibilities of future ownership and management structure exist, it needs to be carefully planned. Many authors conclude that succession planning increases the probability of a successful transfer of ownership and management, which will be discussed in the next section.

5. Succession planning as one of the most important factors of successful transfers of management and ownership

Succession planning refers to the deliberate and formal process that facilitates the transfer of ownership and management control. There is significant overlap between activities considered by researchers to be components of the succession process and those activities considered to be parts of succession planning (Sharma et al., 2003). In opinion of many authors (Morris et al., 1997; Sharma et al., 2003) succession planning is expected to help improve the probability of the success for the succession process. According to the experts' opinion, the necessary preparation period may take from five to ten years. If the preparation and planning also includes the qualification of a potential successor, even longer periods may be required (Transfer of SMEs, 2002, 21).

Many studies show that successions are not planned in due time (Bjuggren & Sund, 2001; Sharma et al., 2003) and that the first generation family enterprises did less succession planning than the second and third generation family enterprises (Sonfield & Lussier, 2004). Studies within the EU Member States also indicate that the majority of owner-managers did not take the necessary steps to plan and carry out upcoming successions. This results in failed business transfers, which take jobs, assets and opportunities with them (Transfer of SMEs, 2002). Also the research carried out in Slovenia show that family businesses' owner-managers are not always aware of the importance of timely succession preparations. According to Duh and Tominc (2005), less than 60 percent (on average 57.5 percent) of Slovenian family business owner-managers who are 51 or older are actually planning the succession in the next five years. Consequently, more than one third of family businesses in Slovenia will be unprepared to face succession problems in the next five to ten years (due to the age of the owner-manager). "Not planning to retire in the next five years," and "succession planning is not necessary" are two of the most often stated reasons for not preparing the transfer of management and/or ownership in the next five years.

The study of the expert group on the transfer of SMEs at the European Commission identified three kinds of problems linked to the preparation of business transfers (Transfer of SMEs, 2002); similar cognitions can be found in many other researches on succession problems in family enterprises. The first type of problems is psychological and emotional ones. Many owner-managers, who have created and built up their own businesses over a number of years, are very reluctant to let go and to prepare the transfer of their business. The transfer of know-how and skills takes place very late, if at all. There are many invisible, "soft" or emotional problems that play a major role in successions, especially where family

enterprises are concerned (Bjuggren & Sund, 2001; Dyck et al., 2002; Kets de Vries, 1993; Morris et al., 1997; Sharma et al., 2001): owner-manager being too busy running and controlling the enterprise, owner-manager's fears of losing a central role in the family, owner-manager's different excuses which are more or less connected to feelings of rivalry and jealousy toward potential successors, and owner-manager very often associates retirement with his or her own mortality.

The second type of problems is related to the complexity of the succession process and to the fact that owner-manager has no (or just limited) experiences or knowledge of handling this situation and scarce external support to facilitate the succession process. The owner-manager very often does not know who to contact for help or where to find information (Dyck et al., 2002; Malinen, 2004; Morris et al., 1997). The third type of problems stem from national legislation, in particular company law, taxation and administrative formalities. Examples of problems of this kind include high inheritance and gift taxes, and problems preventing the change of the legal form of a business when preparations are being made for transfers (Bjuggren & Sund, 2001).

The fourth set of problems is based on understanding that entrepreneurship consists of many complex activities in which a lot of tacit knowledge is present that cannot be easily transferred from one generation to another. There are many deeply ingrained routines (Nelson & Winter, 1982) and experiential knowledge that makes company successful and can be acquired only by learning by doing in which younger family members work together with elders adopting their experiential knowledge and skills. Family culture is an important constituent of tacit knowledge.

Many researches deal with the above mentioned problems in order to find solutions on how to support succession planning and enable successful transfers of ownership and management. Sharma and co-authors (2003) study revealed that the presence of a trusted successor willing to take over the leadership of an enterprise was the spark that controls the succession planning process. This suggests a need to engage the next generation family members in succession planning, as it is their careers and lives that are involved in this decision. But the authors also point out, that without the desire of the incumbent to keep the business in the family, the chance of a satisfactory succession are practically nil. An incumbent who plans for succession because of the feasibility rather than the desirability of succession is more likely to delay, abort, or sabotage its final implementation. Therefore, the incumbents should avoid the delusion that the presence of a trusted successor is all that is required for succession. Without the wholehearted commitment of the incumbent and the family to the process, it may be better to plan to sell the business than to plan for the transfer within the family.

Dyck and co-authors (2002) suggests that the effectiveness of management succession depends on sequence (i.e., appropriateness of successors' skills and experiences), timing, technique (i.e., details by which succession will be achieved), and communication between the predecessor and successor. Researches based on the resource-based view of the firm suggest the importance of transferring the tacit embedded knowledge, networks and social capital across generations. Due to their long tenures, family firm leaders possess a significant amount of idiosyncratic or tacit knowledge related to the firm (Lee et al., 2003). It

has been suggested that the performance of the next generation is likely to be based on the effectiveness with which the knowledge, and social networks, are transferred across generations (Cabrera-Suárez et al., 2001; Steier, 2001). With specific regard to the process of transferring knowledge (i.e., specific experiential/idiosyncratic/tacit) the research findings of Mazzola and co-authors (2008) indicate that the involvement of next-generation family members (after they join the firm) in the process of strategic planning enables the next generation to acquire crucial tacit business knowledge and skills as well as facilitates interpersonal work relationships between incumbents and next-generation leaders, and helps building credibility and legitimacy for next generation.

Research on effectiveness of knowledge transfer between generations has unequivocally revealed the importance of the absorptive capacity of the next generation and the nature of the relationship between generations (Sharma, 2004). The level of preparedness of the next generation and its relationship with the senior generation has a significant influence on the next generation's performance. A supportive relationship characterized by mutual respect and open communications enables the smooth transition of knowledge, social capital, and networks across generations (Duh, 2003; Dyck et al., 2002; Morris et al., 1997; Sharma et al., 2003). Such transfers would lead to competitive advantages for family enterprises (Sharma, 2004).

The findings on the complexity of the succession process and succession solutions as well as on problems linked to the succession planning indicate that owner-managers need a comprehensive support (e.g., advice, consultancy, training, network for exchanging experiences etc.) in order to tackle the succession problems successfully. Taking into consideration the extensiveness of the succession problem among the EU Member States, the European Commission has started many activities with the aim to avoid losing SMEs (family and non-family ones) because of difficulties in succession process, and lack of preparation and/or badly solved transfer of ownership and management. Since many of these activities are coping with problems exposed in our contribution, we found the recommendations and solutions as well as cases of good practices as a fruitful contribution for broadening our understanding of family businesses' succession. Especially, since they are all based on rich scientific cognitions and professional expertise.

6. Supporting measures and infrastructure for family businesses in the succession process

6.1 Supporting measures and recommendations to the EU member states regarding succession/business transfer process

Many businesses fail in the transfer phase not because they are not viable, but because the transfer has not been sufficiently prepared. In particular, during the recent economic crisis it has been even more important to ensure smooth business transfers, which preserve jobs and economic growth. An effectively and efficiently managed transfer is an important success factor for the future development since the enterprise disposes with experiences, networks, reputation and a customer base that newly founded companies are lacking (Mandl, 2008, 57). Successfully realized business transfers are important for national economies and the European economy in general as, according to some data (Transfer of SMEs, 2002, 27),

existing companies conserve an average of five jobs whereas a start-up generates an average of only two jobs. Moreover, the success rate of business transfers is higher than that of start-ups.

Therefore, the economic environment as well supporting infrastructure and measures need to be improved in order to raise the competitiveness of European economy. Based on the identification of problems connected with business transfer (discussed in the previous chapter), increasing owner-managers' awareness about the need to prepare for the transfer of their businesses in a timely manner has been identified among the EU member states as the starting point for a successful transfer (Transfer of SMEs, 2002, 21). In addition to raising awareness, the right regulatory framework and appropriate supporting structure and services need to be in place. All these areas have been identified and dealt with in the Recommendation on the transfer of SMEs adopted by the European Commission in December 1994 (Commission, 1994). The European Commission invited countries (EU member states) to improve their legal and fiscal environment for business transfers, raise awareness, and provide support for business transfers.

In March 1998 the Commission Communication was published on the improvements done in the member states for the period leading up to the end of 1996 (Commission, 1998). An expert group on the transfer of SMEs was set up in November 2000 to help the Commission monitor the implementation of the 1994 Recommendation on the transfer of SMEs. Its tasks included identifying new legal, task, and support measures taken since 1998, when the first review was made; assessing the measures taken; analyzing the provision of support measures; and making proposals for further action. The expert group found that significant support is available for business transfers from numerous bodies; however, such support is often not offered in a structured manner and, therefore, it does not necessarily reach the target group. The expert group pointed out that equal attention should have been given to start-ups and transfers; among its proposals was also the creation of the "European Business Transfer Centre," a virtual European platform for coordinating the gathering of information and exchange of experiences and best practices on business transfers as well as the creation of a European sellers and buyers database/marketplace (Transfer of SMEs, 2002, 44-45).

In October 2002, another project on business transfers was started: The MAP 2002 project. Its tasks were twofold (Transfer of Businesses, 2003): to help member states make further progress in implementing measures in key areas of the Commission Recommendation from 1994 and to act on the expert group's proposals. The latest recommendations published by the European Commission (Communication, 2006, 9-10) are based on the analysis of the progress in the member states and can be summarized in the following key areas: political attention should be given to both business transfers and start-ups, adequate financial conditions should be provided, raising awareness, considering "soft factors" and supporting mentoring, organizing transparent markets for business transfers, ensuring that tax systems are transfer friendly, and creating of appropriate structures to broadly implement the recommendations.

Similarly, the expert group on family businesses (Overview of Family Business, 2009, 16) pointed out the need to raise owner-managers' awareness of the importance of early business transfer preparation as well the need to make tools for transfers available (e.g.,

specialized training for parties involved. The Small Business Act (2008) further points out the importance of measures for supporting and ensuring successful business transfers, especially in family businesses.

How are these recommendations put into the practice? Several actions and projects aim to create conditions and support for facilitating business transfers. Significant support has already been realized on national levels, and some actions and projects have been initiated by the European Commission. We next describe some of these actions and support in more detail.

6.2 Support for owners-managers and mentoring in the succession/business transfer process

Across Europe, many good practices exist related to raising owner-managers' awareness as well as instruments for supporting succession planning. All of these initiatives are rather new (Mandl, 2008, 83). An example of good practice for raising entrepreneurs' awareness is the Netherlands, where the Ministry of Economic Affairs—in cooperation with three employers' organizations—developed the toolkit for business transfer (i.e., transfer package), which includes information on business transfer planning (for detailed descriptions, see Mandl, 2008, 139-141). In addition, all entrepreneurs age 55 or older receive a letter (first sent in 2004) informing them of the importance of a timely transfer planning and the availability of this toolkit/package. In addition to raising awareness, instruments in the field of advice or consultancy (for free or financial support) or "self planning tools" are offered by diverse actors, such as governmental authorities, employers' organizations, or family business networks. For example, the Belgian "Insituut voor het Familiebedrijf (IFB)" introduced the Succession Scorecard in 2006, which can be accessed for free via a website (in English: www.scorecardsuccession.com). The instrument provides a self-test for entrepreneurs (50 multiple-choice questions) to investigate the strengths/weaknesses in connection to the planned business transfer (for detailed descriptions, see Mandl, 2008, 135-138). Meanwhile, the Employment and Economic Development Centres in Finland launched "ViestinVaihto/Passing the Baton" program, consisting of three consulting days (cooperation with experienced management consultants on a confidential firm-to-firm basis) to discuss different options and solutions for business succession. Several seminars and workshops preparing potential successors for their future role are offered by family business networks or employers' organizations (Mandl, 2008, 84). Furthermore, the "Institut für Familien und Betriebe/Institute for family and business" in Austria offers a special seminar called "Generationen/Generations" that covers topics like dealing with the fear of change, emotional bonds, and entronement. Special training program for successors is offered by the Finnish Family Firm Association (FFFA). The program lasts four training days and consists of expert lectures as well as group and case assignments; the same program is offered on an international level in Barcelona, Spain (for detailed descriptions, see Mandl, 2008, 84, 152-154).

Although the analysis of the institutional actors as well as policy actions to support and promote family businesses (and especially family businesses facing succession issues) in Slovenia show that different actors support and promote SMEs and other business organizations, no special ones focus on family businesses (for a detailed analysis, see Duh,

2008). Exceptions do exist. In addition to some research activities on family businesses done within university-based institutes and educational support in the form of courses offered, the Slovenian Chamber of Craft and Small Business is an example of good practice in supporting family SMEs in the succession process; indeed, it was also selected within the project "Overview of family business relevant issues" (Mandl, 2008). Family businesses evolving from the crafts tradition are among those now facing succession issues similar to "newly established" family businesses set up during the 1990s. Part of the chamber's activities is therefore focused on dealing with succession problems. The main motive as well as objective of the activities (training, information, advice, consulting) of the chamber is to raise members' awareness of the problems of the succession process, to make the transfer of the business as simple as possible, and to enable enterprises to remain in the market after the change of generations in charge of the business.

Another important factor for successful business transfer is mentoring of the new owner who takes over the enterprise. Challenges and problems involved in transfers or takeovers do not end with the formal business transfer (e.g., with the signing of the sales contract), but also extend into the period after the transfer. As a result, a large number of business transfers still fail after transfer. In fact, more than one out of five enterprises close within six years after the takeover in France (Mentoring, 2009, 133). Owners of small enterprises particularly expressed a need for mentoring. Medium-sized and large enterprises know how and where to get guidance and advice and can pay for such advice, whereas small enterprises are often not able to afford these services. Therefore, the European Commission started the European pilot post-takeover mentoring project "A Helping Hand for SMEs—Mentoring Business Transfer" (Mentoring, 2009), whose basic purpose was to create innovative and specific support services for new owners throughout the process of business transfer. In the project, which ran between January 2007 and August 2009, 18 European countries participated. The Chambers of Commerce and Industry and their mentors involved in the project identified individuals who had taken over businesses with fewer than 50 employees less than one year before mentoring was provided. The transfer advisor then offered the buyer a personalized mentoring program, selecting appropriate mentors on the basis of the needs identified. The mentoring process could take various forms (support, advice, and training) in nine major areas: business strategy, marketing and commerce, accounting, fiscal and legal aspects, human resource management, technical know-how, financing difficulties, logistics, and IT systems. The pilot action included 9,067.30 full mandays of mentoring delivered, 937 mentees recruited, and 890 cases completed (89 percent of all cases) (Mentoring, 2009, 5). The project ended with the entrepreneurs'/buyers' evaluation of the mentoring process, assessment of their satisfaction with the content and type of support provided, and their expectation of any future mentoring (for a more detailed description of the project and results, see Mentoring, 2009). The results of the project indicate that it is useful to implement mentoring services at the national or regional level in order to adapt services to the local particularities where mentoring is occurring. The main quality of a mentoring scheme is its tailor-made aspect, which allows customized support to meet the new owner's (i.e., buyer's) needs; the pilot project further shows that the characteristics of business transfers differ significantly among countries. For example, business transfers realized within the family accounted for more than half of all cases in Austria and Greece, but less than 10 percent in the UK and France (Mentoring, 2009, 133-134).

Based on the project results, many recommendations regarding mentoring were put forth, among which we find especially important the following ones (Mentoring, 2009, 134-139): better information on businesses transferred and easier access to it by the main actors, establishment of a public-private partnership to offer the mentoring services, mentoring should be provided before and after the takeover, mentoring should not be restricted to entrepreneurs who have just taken over a company (i.e., first year of ownership) but should target entrepreneurs in their first years (i.e., from one to five years), and various types of mentoring should be applied.

The examples of good practices for supporting business transfers can be valuable for those countries where support is still lacking, especially the former socialist countries. In addition to these good practices, recommendations related to mentoring are also of great importance for creators and actors of supporting infrastructure and measures, especially as they are based on the project results in which both actors—mentors and users (entrepreneurs from different countries)—participated. In order to improve mentoring support, regular analysis and evaluations are needed, and information on good practices should be disseminated among the member states.

6.3 Transparent marketplaces for the transfer of businesses

In addition to raising awareness, specific consultancy, and mentoring that facilitates the transfer process, marketplaces that provide a platform for bringing together potential buyers and sellers are an important tool for fostering successful business transfers. Marketplaces are increasingly important since the number of transfers to third parties is increasing. It is therefore becoming more and more important to facilitate the matching of potential buyers and sellers of businesses, thereby contributing to successful transfers. According to findings from the project on fostering transparent marketplaces for business transfers in Europe (Marketplaces, 2006, 13-16), transfers to third parties are characterized by specific factors: matching the preferences of buyers and sellers, building trust (information asymmetries), and addressing emotional, psychological, and technical issues. Buyers and sellers have different preferences regarding the business; therefore, it might be complicated to match a potential buyer and potential seller in the same area and at the same time. The research shows a numerical difference often occurs between the supply and demand sides in transfer databases. Such databases usually include more offers of businesses (2/3 of advertisements) than persons actively looking for a business (1/3 of advertisements).

According to experts' opinion, building trust is difficult as strong information asymmetries usually exist between buyers and sellers of businesses, especially smaller ones. The owner-seller might exaggerate the strong aspects and downplay the problems. Knowing this, the transferee-buyer might distrust the information provided by the owner. The building of trust will also be made difficult because potential sellers usually do not want to have it widely known that their business is for sale. Therefore, advertisements in databases will be quite general and vague—in other words, not very attractive to potential successors-buyers, who wish to have a clearer picture of an enterprise. The issue of trust also applies to intermediary institutions. Potential advisers in a web-based marketplace sometimes do not trust the institutions involved in running the database.

For the incumbent owner (transferor-seller), the business to be transferred also has emotional value, which the buyer will not be willing to pay for. Only if the incumbent owner-seller has some emotional bond with the potential successor-buyer can the loss of the emotional value be diminished. Therefore, the seller and buyer have to get along on an emotional and psychological level, not just on a business level. In order to build trust between the buyer and the seller, longer tutoring periods during which the incumbent owner gradually retires from the business can be helpful. In addition, technical issues are linked to business transfers. The transfer of business is complex as it involves the transfer of several types of assets (such as machinery, real estate, cars), which might be governed by special rules and different tax provisions. Moreover, more than two parties are often concerned, including not only the owner-seller and the buyer, but also the owner's family, credit institutions, etc.

Based on the specifics of businesses transfers to third parties (as previously discussed in the text) and experiences of existing marketplaces and databases, the experts identified the relevant preconditions and factors for marketplaces and databases to work successfully. In continuation of the text they are briefly summarized (Marketplaces, 2006, 47-53). The fragmentation of databases should be avoided by establishing a comprehensive national database. If that is not possible, then a national portal for such databases should be considered. National databases and portals should also provide links to well-established databases in other countries. The database should be run and managed by a neutral and trustworthy host organization (e.g., chambers of commerce, chambers of trade and industry, and/or craft chambers) since this is a key factor for the databases' success.

In order to balance information asymmetries between buyers and sellers as well as attract more potential users of databases, a minimum standard is required with respect to the degree of detail of the information presented. Anonymity is of central importance for most potential sellers. The database host organization is responsible for the quality of advertisements and for regular checking of their validity as well as for offering additional services (e.g., information about business transfers issues, mediation services during the negotiations, and tutoring). With such an offer of services, marketplaces will be more successful. In order to adjust and improve marketplaces, a systematic follow-up of the success of transfers is needed.

Marketplaces and databases for facilitating successful transfers to third parties already exist in some of the EU member states (Marketplaces, 2006, 6, 17-22), including Overnamemarkt in Sowaccess in Belgium, Nexxt-Change in Germany, Passer le relais in France, Borsa delle Imprese in Italy, Bourse d'entreprises in Luxembourg, Ondernemingsbeurs in the Netherlands, Nachfolgebourse in Austria, and Yrittajat in Finland. Most of these databases were established only a few years ago. Today they contain more than 11,000 transferable enterprises, which correspond to roughly 7-8 percent of the businesses that are transferable each year. It is estimated that, each year, one out of four businesses in the databases finds a successor, and the success rate is 25 percent, although there is limited evidence to support this estimate as several database operators do not record what happens to businesses that leave the database. Most of databases are national, but there are also some established on regional bases. Differences exist regarding economic sectors covered (although it is

recommended to avoid fragmentation of national databases; see Marketplaces, 2006, 53). Most marketplaces and databases are not specifically oriented toward family businesses. An example of good practice is the "Austrian Nachfolgebörse der Österreichischen Wirtschaftskammer" (Mandl, 2008, 84), which was established in 2003 in Austria and provides a platform for persons looking for successors and persons wishing to buy an existing company. Both parties are supported by the experts providing knowledge and information relevant for business transfer. The services contain, among others, a succession check (i.e., whether the business is "fit" for transfer), guidelines, and a checklist for supporting the determination of the selling price.

Since the transfer of ownership and management within a family is only one of the possibilities for solving succession in family business (and according to research findings not a favorable option for potential entrepreneurs/successors), the marketplaces and databases are gaining in importance for solving succession problems at the firm level as well as the national and European level. However, the text has discussed findings on the needed characteristics of marketplaces and databases for business transfers, demonstrating that the creation and implementation of such platforms are not easy tasks, especially for countries in which the supporting infrastructure for business transfers is underdeveloped. This is especially true for former socialist countries (see national reports in Marketplaces, 2006, 54-74). Therefore, we find the exchange of good practices and dissemination of research results to be particularly important for ensuring the effectiveness and efficiency of marketplaces and databases among member states.

7. Conclusions

The problem of succeeding the owner (in the majority of SMEs, also manager) is a critical issue in all SMEs, particularly in family businesses because of its emotional nature. Various statistics indicate the limited survival rates of family businesses due to poorly solved difficulties surrounding the succession. Succession is gaining more importance in Europe because of the expected retirement of a substantial amount of family businesses' owner-managers. Many activities have been started within the EU (at the EU and national levels) in order to support business transfers. Successful transfers have direct affects for national economies as well as for the European economy in general. In realizing successful transfers, an important role is played by owners-managers of transferable enterprises as well as by national governments, which should establish supporting measures and infrastructure. The search for potential successors and preparations for succession should start early enough. Owners-managers should be aware of the fact that succession takes time and should be planned; this is true for transfer within the family as well as selling the business to third parties. Therefore, the main issue to tackle to ensure successfully transfer is to raise family business owner-managers' awareness of the importance of early preparation and then make support (tools, measures, and infrastructure) available for the transfer. Owner-managers close to retirement should be actively approached to support them with advice regarding succession (e.g., like in Netherlands; see also Molly et al., 2001), and potential successors should be trained to take up their role as family business owner and/or leader through well-structured, partially tailor-made programs or workshops (regarding knowledge needs, see also Duh & Belak, 2008).

The respective national institutions and organizations should create such measures and infrastructure to foster successful business transfers, promote entrepreneurs to prepare business transfers in a timely manner, and engage potential entrepreneurs in thinking about taking over the existing enterprise. In addition to raising owner-managers' awareness, providing information on support available for facilitating business transfers and offering special training programs on business transfers, including succession topics in study programs, special counseling on business transfers, and creation of a business sellers and buyers database/marketplace, are critical.

Many recommendations have been put forth (e.g., by the European Commission) while various activities and examples of good practice have been made public. Some countries have already created and implemented innovative and effective measures; these positive experiences should be shared, especially with post-socialist countries, where issues of family business transfer often do not attract the needed political attention and lack a family business support infrastructure. Private SMEs and family businesses in post-socialist countries are now in the majority and for the first time are facing issues of transferring ownership and management. According to research findings, this transition is the most critical one.

Although research findings indicate that we can expect an increasing number of successions to be realized to third persons, governments should take steps to stimulate succession within the family. Taking over a family business can be a valuable alternative for family members, especially in contexts/situations where it appears to be advantages associated with the selection of a family member as a successor (e.g., existence of family business-specific experiential/idiosyncratic knowledge). Researchers almost automatically assume that, in accordance with the model of stages of ownership evolution (e.g., controlling owner, sibling partnership, cousin consortium; for a description, see Gersick et al., 1997), over the generations, family businesses are inevitably confronted with greater family complexity; however, there are possibilities to reduce this complexity and problems arise from this complexity (e.g., conflicts among family members, growing demand for dividends from a greater number of family members). According to Lambrecht and Lievens (2008), pruning the family tree is an alternative method of handling family complexity that is usually done in the second and subsequent generations. By reducing the number of family shareholders and/or family managers, the business family introduces simplicity into the ownership and/or management structure of the family business. Good practices of how to prepare and realize the pruning of the family tree should also be the topic of family business owner-managers training.

It is also useful to continue with research, which should concentrate on the factors that contribute to effective successions and the effectiveness of the enterprise after the transition. Research findings also provide valuable insights into best practices regarding how to carry out a succession and how an enterprise is expected to change because of the transition while also calling attention to problems linked to business transfers. Next to research, the collecting of data on succession on a regular basis is important. An expert group (Transfer of SMEs, 2002) suggested indicators for monitoring business transfers at the European level (e.g., age structure of SME owners by size class of enterprises, number of business transfers by size class, number of start-ups and number of closures, age of the enterprise at transfer,

type of transfer [family, employees, etc.]), which would provide the basis for evaluation of transfer processes and the design for appropriate policies.

An important source of information on business transfers is provided by already cited reports on EU business transfer activities, which include the analysis of the improvements in EU member states, examples of good practices, and other solutions (e.g., legal, financial, tax etc.). Important data on the implementation of the ten principles of the Small Business Act are provided at the country level in the SBA fact sheets (e.g., SBA Fact Sheets, 2010) and, together with the SME Performance Review, represent one of the main tools employed by the European Commission to monitor SBA implementation (Annual Report, 2009). These are all valuable resources of data and information to support business transfers and make them a successful process in the life of a family business for national institutions, organizations, and government agencies.

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International Entrepreneurship in an Emerging Economy

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1. Introduction

The economic development of a country depends today on qualified integration into the world economy. In the past, internationalization tended to be restricted to large companies. Today, small and medium enterprises (SMEs) have become involved in the global market in a variety of ways. The growing internationalization of the small and medium size firms has stimulated the creation of a field of studies aimed at understanding this new phenomenon, the so-called “international new ventures”, “born global”, “global start-ups” or “international entrepreneurship”. The internationalization of these firms is based on singular features: their operations and strategies are not the same as the large firms, as they are not the same as the firms that remain on the home market. Internationalization requires small and medium size firms to mobilize different kinds of resources (economic and social) that uniquely impose greater degrees of risks and indeterminacy. In the past, small and medium size firms tended to be seen as victims; at present, they are seen as ‘players in the game’ (Ruzzier et al., 2006).

International entrepreneurship¹ is not a new phenomenon, yet it is certainly more significant today than it was some decades ago. Factors that have contributed to small and medium size firms involvement in international business are, among others, the increasing use of information and communication technologies (ICTs), growth of knowledge-intensive industries, reduced costs of transportation and logistics², trade liberalization and increasing competition, greater awareness of international economic opportunities, the need to share knowledge and costs with partners and the lack of qualified human resources on the home markets.

¹ Entrepreneurship is a controversial concept. For a good review of the concept, see Aldrich, H.E. (2005) “Entrepreneurship”, in Smelser, N. J. & Swedberg, R. (eds), *The handbook of economic sociology*, 2. ed. New Jersey: Princeton University Press. Briefly, for the purposes of this article, international entrepreneurship is considered “the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services” (Oviatt & McDougall, 2005, p.540).

² “...a three-minute telephone call from New York City to London cost \$717.70 in 1927 and 84 cents in 1999 (all in 1999 U.S. dollars). Shipping a 150-pound parcel by air from New York City to Hong Kong cost \$2,188 in 1960 and \$389 in 1999 (in 1999 U.S. dollars).” (Kuemmerle, W. (2005). *The entrepreneur’s path to global expansion*. MIT Sloan Management Review, 46,42–49).

Indeed, as a result of shifts in technology manufacturing and knowledge-intensive services, a worldwide restructuring is taking place. This can be demonstrated by comparing data on world trade for the periods spanning 1980-1993 and 1994-2008. Data show a significant increase in the annual average of global export – from 3.6 percent to 7.8 percent (International Monetary Fund, IMF, as cited in Nonnenberg, 2011) – as well as a change in the kind of goods and services exported: there has been expressive growth of high technological goods and knowledge intensive services while labor intensive goods have suffered a reduction (from 40 percent of the total, in 1980, to approximately 29 percent, in 2008). A shift in the flux of world trade can also be observed, with export of medium and high-tech goods and services increasing at higher rates in the emerging economies (resulting primarily from Chinese and Korean performances) than in the developed economies. The nature of international operations has also changed: in addition to export and/or commercial activities, these operations now include partnerships and contracts with other enterprises for manufacturing or assembling processes, for distribution, maintenance, after-sale support, and for brand transfer and franchises abroad.

These changes can, to a large extent, be seen as a result of the nature of innovation, technology transfer facilitated by multinational corporate investments in R&D, as well as the increasing volume of foreign direct investments in emerging economies (Nonnenberg, 2011)³ and, last but not least, the spread of science and technological capacity around the world. Indeed, research investments are growing more rapidly outside the centers that previously dominated world R&D – North America, Europe, and Japan (See Figure 1).

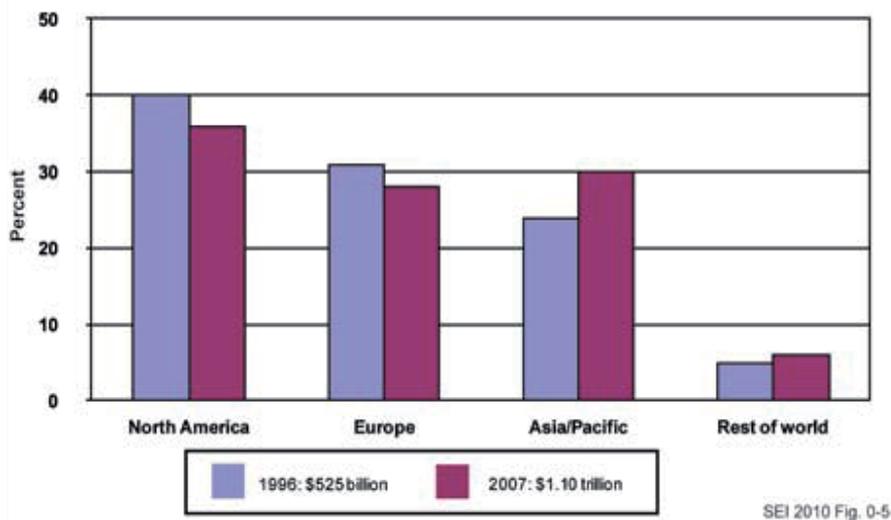


Fig. 1. Location of Estimated Worldwide R&D Expenditures: 1996 and 2007⁴

³ In developed countries, high-tech goods and services underwent a 53 percent to 66 percent increase during the 1980-2008 period; in emergent countries, there was a 16 to 50 percent increase over the same period (Nonnenberg, 2011).

⁴ Source: Globalization of Science and Engineering, Science and Engineering Indicators, 2010. National Science Board, Arlington, Virginia, US (accessed on 05.09.2011: <http://www.nsf.gov/nsb>)

The growth of knowledge intensive entrepreneurship in emerging economies may be associated with worldwide decentralization of R&D, made possible to a great extent by ICTs⁵. Data from the Science and Engineering Indicators, 2010, of the National Science Board (NSB), USA, reveal a new map of R&D (see Figure 1): in 2007, North America and European Union were responsible for 63 percent of the world's US\$ 1,10 trillion invested in this area, as compared to 71 percent in 1996. The Asian Pacific's (mainly China, Japan and Korea) contribution rose from 24 percent to 31 percent. Latin America remained a minor player with a mere 2.6 percent of the total. Despite the region's low performance, Brazil emerges as its leader in R&D, demonstrating growth that has repercussions for innovation and high tech-entrepreneurship.

Since the end of the 1990s, successive Brazilian administrations have made significant efforts to stimulate the internationalization of the Brazilian firms, through a range of incentives which have included SMEs. The Productive Development Policy, issued in 2008, aimed at increasing private investments in R&D in order to create conditions for the country's qualified integration (including SMEs) into global trade.

Recently (August, 3rd, 2011), the Brazilian Research and Innovation Enterprise (Embrapii) was created, in partnership with the German Institute Fraunhofer. It aims at promoting innovation in industrial and service sectors, based on the principles of the successful Brazilian Enterprise of Agricultural Research (EMBRAPA), which operates 90 research centers throughout the country. In the speech he gave, current Minister of Science, Technology and Innovation Aluizio Mercadante asserted that EMBRAPII seeks to "expand the system of innovation primarily within small and medium enterprises" (Minister of S,T&I speech, See <http://www.anpei.org.br/imprensa/noticias/cni-e-governo-criam-empresa-para-inovacao>).

Why is internationalization important? Internationalization is a general concept that includes a variety of activities, such as exportation of goods and services or establishment of joint ventures and subsidiaries abroad, aimed at setting up contracts and partnerships among enterprises for the development of R&D activities. In this article, we use the concept "internationalization" in its general sense, that is, the move to carry economic and productive activities beyond borders; in other words, activities that are not restricted to commercial operation. Internationalization is always considered here with a focus on technological innovation.

There is some consensus in the literature that internationalization has a positive impact on firm performance. Internationalization implies greater transaction costs than would be incurred within home markets, thus requiring the enhancement of firm performance. Thus a process of reciprocal influence is set off: internationalization favors the development of a firm's technological capacity which, in turn, benefits its competitiveness. Firms may also benefit from exchanges that are set up with international research centers, some of which are

⁵ This transformation, which the ICTs made easier, enables us to question the thesis asserting the inevitably peripheral position of developing countries - as exporters of commodities and bearers of a technologically-dependent industrialization - within the international division of labor (Arora & Gambardella, 2004; Ariffin & Figueredo, 2006).

known for their excellence. Furthermore, the possibility of establishing partnerships with other firms for joint developments of goods and services, aimed at accessing new markets, is opened.

Nonnemberg (2011) refers to several recent studies that demonstrate the existence of strong correlation between exportation, innovation (presence of R&D) and increase in productivity. That correlation would be especially true when considering SMEs in emerging countries, which benefit from the interaction with foreign enterprises through the transfer of technological, managerial and market knowledge. There is also evidence that shows a positive correlation between exporting firms and improved human resources management (for instance, higher wages and investment in training). Firms that rely primarily on exporting what they produce have 3.6 times more probability of producing radical innovation than firms relying on local or regional markets; firms that participate in cooperative arrangements with other organizations for the development of innovation have 4 times more chances of producing radical innovation than firms that are not involved in cooperation with other organizations (Tironi & Cruz, 2008).

Knowledge-based firms tend to employ more complex processes in designing a new product, an improved production method or more efficient service delivery. For instance, in the Bio-technological sector, a firm may develop processes that involve some type of manipulation of human genes. These firms may enjoy the possibility of internationalizing insofar as they tend to hold a competitive sustainable advantage which may be in demand in other countries (Oviatt & McDougall, 1994).

A study of technology, export and employment which considers Brazilian firms has concluded that "The innovative internationalized firms pay better wages, employ qualified people expend proportionally more resources in training, which improves the workers' qualification." (Arbix et al., 2005 as cited in De Negri e Salerno, 2005).

In the present article, our major goal is to describe the findings of research based on five cases. These cases were selected from a survey that our team carried out at 81 knowledge-based SMEs, located in incubators or in technological parks situated on five different university campuses. Among the 81 firms where interviews were conducted, there were only 19 that declared involvement in international activities, and in most cases, this was more occasional than regular; furthermore, for most of them, this involvement had taken place in the past. The five cases we selected were among the small and medium size firms that could be identified as minimally successful.

Our research main objective was to inquire into how entrepreneurs discover, evaluate, and exploit international opportunities, considering the relationship between environment, industry conditions and entrepreneurial actors. Based on that objective, some issues were raised, as follows:

How does a Brazilian start-up expand beyond borders? Can patterns of internationalization be observed among high-performing ventures or do they all tend to follow different paths?

How have an outward-oriented culture and strategic actions developed, in light of the fact that neither are part of the country's entrepreneurial culture and that the size of the domestic market could be considered an incentive to remain at home?

2. Brazil and internationalization

New features of economic development marked by knowledge-based industries, internationalization and innovation represent a significant challenge for an emerging economy like Brazil. The Brazilian industrialization process was based on an import-substitution model, geared toward the home market and favored by strong state protectionism. This worked to prevent the emergence of a culture of innovation, insofar as the reigning concern became the production of goods that had previously been imported. Yet over the last two decades, confronted by new economic dynamics, Brazil has been made a tremendous effort to overcome the lacunas that were the legacy of the “old culture”. Since the end of the 1990s, the country has been implementing policies aiming at stimulating innovation, aided by private investment in R&D and seeking to put the country on the map as a relevant player in the international innovation scenario. Incentives also target micro and small high-tech companies.

Notwithstanding government incentives, innovative small and medium size companies in Brazil show low performance in export activities. Moreover, this is particularly true with regard to the leading sectors of the “new economy” - ICTs and the Life Sciences sector. Findings of research carried out in 2008 (Biominas, 2009) which looked at 252 private firms in the Life Sciences field showed that only 11.2 percent of the respondents declared recurrent export activity, while 22.4 percent reported that they exported occasionally. Nonetheless, 30.7 percent of these firms declared an intention to take part in the world market within the next two years. Efforts are being made to overcome low performance: in the area of Biotechnology, BrBiotec, a Technical Network in Biotechnology and Health, was recently created, for the purpose of strengthening the identity and performance of Brazilian firms on a world scale.

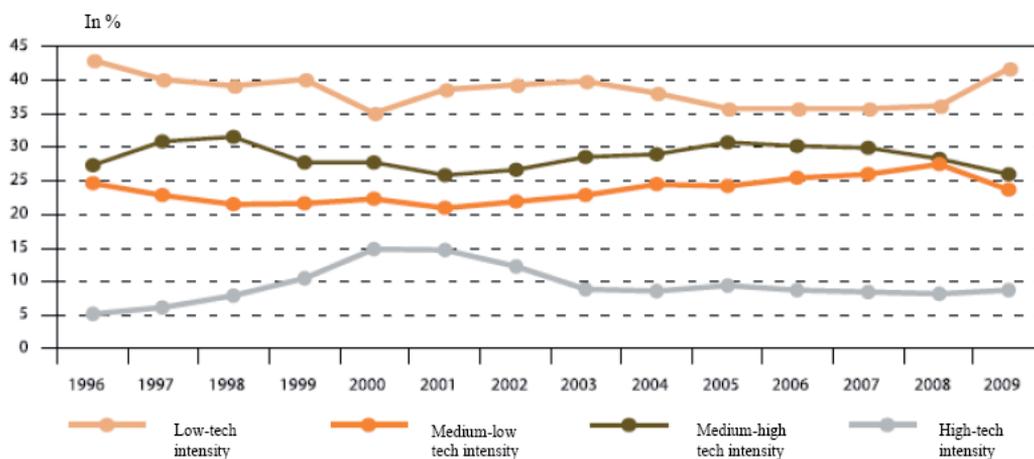


Chart 1. Export of manufacturing goods, by technological intensity (1996-2009)⁶

Despite low performance in the export of high-tech goods and services, Brazil’s export structure has undergone change. Chart 1 here maps Brazilian export performance over the 1996-2009 period, by degree of technological intensity for product groups. In the case of goods

⁶ Source: IPEA, 2010, P. 497.

produced with lower levels of technology (textiles, leather, shoes, wood, paper and cellulose), a decrease from 43 percent, in 1996, to 36 percent, in 2007, can be observed; however, this was followed by a later increase that brought the group up again to previous rates, reaching 42 percent in 2009. Products requiring medium-high and medium-low technological intensity maintained a largely balanced pattern, with some minor fluctuation, over the period. The world crisis explains drops in the medium-high group (cars and capital goods, refined oil and other fuels) and the medium-low group (rubber, plastic products, refined oil and other fuels; other mineral products) in 2008-2009. The high-tech group (airplanes and aerospace equipment/services, pharmaceuticals, information and communication technologies, medical and optical equipment) has increased its participation from 5 percent, in 1996, to 15 percent, in 2000, due to airplanes and cellular phone export. From 2003 on, exports in this group have fallen to 9 percent, primarily due to the drop in cell phone exports; nonetheless, when compared to 1996, a significant increase becomes evident (Instituto de Pesquisa Econômica Aplicada [IPEA], 2010, p.497).

3. International entrepreneurship

The literature on SME firm internationalization, although highly diversified, tends to focus primarily on Europe and the United States. There is a tendency to generalize firms' internationalization trajectory as a continuum that moves from local to worldwide, with regional presence as an intermediate stage. This tendency runs on the assumption that the lower the level of cultural differences and geographical distance, the faster and more successful the route to internationalization (Kuemmere, 2005). Yet the validity of this assumption may be questioned, since in the era of easy communication, a firm's trajectory is likely to be related to the economic dynamism of a region or market, regardless of geographical or cultural distances (an argument that we will be develop later on).

In examining the internationalization of small and medium-size firms, current literature tends to highlight the so-called structural aspects or enabling forces: faster and lower cost transportation that have enabled people and goods (the containerization of freight) to move easily among countries (Oviatt & McDougall, 1999) and improved communication (on line communication through digital technology and/or facilities for overseas travel). However, it is also acknowledged that in order for structural factors to be effective, motivating forces must be set into motion. Concerning the internationalization of small firms, several aspects may be identified as motivating drives: reduction of tariffs in target countries; incentives provided by the home country government; the influence of international-minded management; sharing of knowledge and research costs through strategic alliances and collaboration; favorable sales and profit opportunities in foreign markets; new markets; voluntary orders from foreign buyers; foreign expertise to improve domestic competitiveness; feasible ways to ship to foreign markets; unused productive capacity; adverse domestic market conditions; looser product regulations in target countries; favorable currency exchange values; foreign competitors' entrance into the domestic market and access to human and financial resources.

Beyond objective and enabling factors, some analysts also emphasize the ability of certain individuals to perceive valuable opportunities, which they call "opportunity recognition". This is considered to be a central characteristic of entrepreneurial behavior, the underlying subjective aspect of the phenomenon: how entrepreneurial actors interpret or mediate the opportunities that are created by enabling and motivating forces. The way in which an

entrepreneur observes and interprets opportunities to enable internationalization is considered to be contingent, to large extent, on personal experiences and characteristics (e.g. prior international experiences) and psychological traits (e.g., risk-taking propensity) (Oviatt, Shrader, & McDougall, 2004; Oviatt, & McDougall, 2005, p.542).

Other analysts challenge the subjective perspective by asserting that opportunities can only be recognized by individuals with certain capabilities (Shane & Venkataraman, 2000, as cited in Aldrich, 2005). Indeed, the perception of opportunities requires a diversity of information. The importance of the networks and their diversification, as well as learning acquired from earlier jobs or other professional experiences are all salient elements. Research findings highlight the absolute relevance of such factors. Nonetheless, they may be considered a necessary but not sufficient condition, since among many people in similar personal and cultural situations, only a few choose to found a firm.

In short, some approaches emphasize the entrepreneur's ability to perceive opportunities and make decisions based on his/her values and attitudes; others highlight the role of institutions and the general socio-economic conditions favoring or constraining actors' decisions and decision-making. To isolate only one of these perspectives would lead to too simplistic a position; as Thornton asserts, entrepreneurship is a dynamic phenomenon, changing according to social-economic and technological transformations. Individual or socio-economic or cultural factors may be responsible for the emergence of the phenomenon in one period yet not in another, since the nature of entrepreneurship and the requirements for starting a business also change. Thornton proposes a multilevel approach which integrates analyses of "the effects of individual-level traits, organizational and market-level variables, and population-level characteristics..." (Thornton, 1999, p. 36). This seems to be a more adequate approach for analyzing international entrepreneurship as well, since small firms' internationalization results from a combination of factors created by institutions, environment, the nature of the industry and actors' capabilities.

4. Our findings

The firms we researched were created over the last 10-12 years. Their products and services are knowledge-intensive: telecommunications equipment; software and biotech products. In four companies, at least one of the founders was connected to academic life. Some of them are still active as academic faculty. All firms except one began their activities as an incubator firm or within a technological park on a university campus; all of them are currently engaged in research projects with academic participation.

Different firms have taken different paths towards internationalization, thus limiting possibilities for generalization. This in turn poses some problems for perspectives that assume firms move, gradually, from shorter to longer distances, whether in geographical and/or cultural terms. The trajectories of the firms we researched portray other scenarios, as we suggest below:

1. Following the client – this is the case of firm A, created in the 1990s and specializing in development of software for the shoe industry (in southern Brazil). It was founded by an academic who abandoned academic activities due to the difficulties he had in combining them with business. These difficulties were heightened by internationalization itself, with its concomitant commitment to travel and long stays abroad.

In this case, the internationalization process began in 2004, following in the wake of a client - a Brazilian shoe company which had initiated production operations in China. Around 80 percent of the firm income is generated from export (a previous 90 percent). As we see here, the process of internationalization resulted from an indirect factor: the main client moved production to China, in an attempt to face the challenge of Chinese competition. In fact, this is not an unusual form of internationalization; it has occurred within the leather industry with some companies moving to Spain and China. Although "following a client" may seem like an easier way to internationalize - since apparently, the groundbreaking work has been carried out by the client - in reality the process demands significant changes for the software supplier. Support and maintenance services, require considerable adjustment, such as employees' intensive training; this has included building skills in oral and written communication in English, not often required for Brazilian employees, not even in the software industry. The need for frequent travel to distant places is cited by employees as another problem, demanding the ability to adjust to different or unusual situations.

The firm employs 30 people, of whom 70 percent hold undergraduate and graduate degrees. The remaining 30 percent are currently attending undergraduate courses. The company's founder expressed concern over the present situation: according to him, since 2004, computer professionals' wages have increased 80 percent, while the business' income was reduced by half due to the de-valuation of US currency exchanges rate. He also complained about high staff turn over - an indication of scarcity of personnel - which, he sees, jeopardizes firm investments in training.

The firm sustains a close relationship with the university, through joint development of research projects with academics, as well as providing training for students.

2. Strategic alliances with international partners - this is the case of firm B - one of the most innovative small firms in the field of Biotechnology in Brazil. It is a typical knowledge -intensive firm, investing 60 percent of its annual income in research activities. Its founder is a perfect example of "scientist-entrepreneur", preserving the qualities of a real scientist which he fuses with the practical view of an entrepreneur.

The founder holds a PhD degree in Medicine, from Alberta University in Canada. There, he was exposed to another sort of experience: his academic training was accompanied by technical training within a biotech firm located within the university technological park. This experience gave him expertise in technical aspects of the field. In contrast to what occurs in Brazil, the generation of knowledge was conceived of there as a potential tradable commodity.

His return to Brazil, in 1999, coincided with the government policy that created a system of support for Science, Technology and Innovation, guaranteeing finance resources for R&D aimed at the development of research and innovation in the private sector as well - something that had been previously almost inexistent.

Growth strategies involve investment in relevant innovation, in order to produce new knowledge at the global level, rather than simply adding improvements to a product already existing abroad. This kind of innovation adds considerable value to the product. As the entrepreneur argues: "(The firm) grows and makes money not by simply exploiting the firm's resources, but by adding value to the products."

This company has partners in Canada, Germany and Brazil, through trade agreements (distribution and representation), joint ventures (through mutual technology transfer) and

through contracting. The cooperation agreement signed with a Canadian firm, from Toronto, seeks to develop a vaccine for prostate cancer. The Brazilian firm is preparing to go to public offerings (IPO), at the Toronto Stock Exchange.

3. “Born global” - Firm C started in 2003, exporting electronic games (for family entertainment centers), first, to Spain, through the help of a reseller. The firm was able to expand to other European markets: in its current (2011) eight years of existence, it has exported to more than 30 countries in Europe, Asia, Africa and Middle East and has distribution contracts with 17 international firms. At the beginning, markets were opened through the help of personal social networks. Expansion to other markets was largely carried out through the firm’s presence in fairs and through contacts via Internet. Until recently, it exported up to 60 percent of its production. In 2010, exports dropped to 20 percent, due to the fall of international demand and the simultaneous growth of the home market, primarily as a result of upcoming international events such as World Cup and Olympic Games, which will require electronic equipment produced by the firm (electronic panels and stadium access cards). The firm also produces voting machines used in several state parliaments in Brazil. The firm’s entrepreneur considers exports very important primarily because of the value of feedback from abroad- which he sees as contributing with new ideas that help to improve the products- and to tax breaks, considered a way of compensating for the high taxation of the home market. The firm’s target goal is to export 50 percent of its total production. One of its founders, currently the minor partner, is a university researcher in Computer Science. The major partner has a background as a staff member at a firm which made games. The combination of both kinds of know-how has allowed them to become very successful, through innovation in electronic equipment and games. The firm’s R&D has about 30 employees (one third of the total number of employees).

The major part of firm C investments come from its own resources, although it has recently taken a loan from a public bank in order to build new installations. Despite the ease with which credit (at lower rates) can be obtained (especially since the firm was awarded a prize for its innovative performance), the owner is very cautious about taking loans; he fears unpredictable shifts in the market.

4. Sub-contracting in China - Firm D chose to subcontract out to China in order to benefit from lower labor costs in producing the cabinet for one item in its telecom equipment. However, it kept its innovative research sector at home. Producing in China is also a way to deal with Chinese competition. It involves a process of technology transfer from the Brazilian firm to the producers in that country, in order to guarantee compliance with quality standards and application of tests to assure the quality standards required. Furthermore, the pieces produced in China undergo thorough testing for compliance with standards at home. The firm has 90 employees, one third of whom work in R&D. The firm also contracts out R&D services and maintains a partnership with an university to carry out two research projects. In the past, these funds came from the firm’s own resources. At present, part of this money comes from a government endowment: the firm and a university have received resources to develop research projects jointly. The focus on R&D is also related to the firm’s concern for increasing its product portfolio in order to reduce market vulnerability.
5. Export on demand -Firm E is a small firm which focuses on R&D. It was created in 2001 by a group of researchers from two well known universities in the South of Brazil who

were motivated by a call from a government program to finance knowledge-intensive firms. Its current owners are three persons holding PhDs in Biotechnology, two of whom work in the academic area and a third, devoted to management activities. The goods and services the firm offers are based on modern Biotechnology and Bio information.

Firm activities are concentrated on R&D, focusing on biopharmaceutical research. They do engage in commercial activities but rely on resellers for packing and selling the products to other firms. Firm E employs 22 skilled staff members (among whom five hold PhD degrees and four, Master's Degrees). For approximately four years, firm income was generated by the supply of biopharmaceuticals to larger domestic firms. These firms, however, were bought by other larger companies – a consolidation process characteristic of what goes on in the industry worldwide. Previously-signed contracts were broken, generating penalties that allowed Firm E to continue in the business. At the moment of our research (2010), the biotech firm relied heavily on government financing. To complement its budget, the firm carries out services for larger firms. Its income is totally exhausted on running the business and owners are not currently receiving payment; their income comes from their academic work at the university.

This firm illustrates of the main features of the new paradigm quite well, that is, the close relationship between academic life and business. Its internationalization began through a foreign order resulting from an academic paper written by one of its founders which was accessed on line. The American subsidiary of a German multinational expressed interest in a potential product and asked the company whether it would be interested in producing and exporting it. The American firm then helped the Brazilian firm with the procedures to get the export process going – a very cumbersome process indeed, since they are dealing with biological material that requires strict certification rules. The relationship between the firms worked very well, until the 2008 economic crisis which reduced and eventually terminated demand.

5. The internationalization process

Knowledge-intensive firms have a variety of characteristics: some products and services such as the ones related to life sciences and Biotechnology are more complex and more difficult to work with than others. Biotechnology – one of the key sectors in the “new economy” – attracts billions of dollars in capital on a worldwide scale, but must cope with extreme risk and uncertainty. Innovation in Biotechnology demands a long process and depends on time-intensive R&D work. Nonetheless, the life sciences and Biotechnology industry in Brazil is growing, particularly in health biotechnology (primarily in the areas of vaccines and diagnostics). The country has acquired a strong technical position in a number of crucial enabling areas, such as stem cell research, genomic studies, plant Biotechnology and vaccines. Around 75 percent of the sector is made up by small firms (Biomina, 2009, p. 9). Notwithstanding the important governmental role in supporting R&D within life sciences companies, targeting internationalization (64.1% of the total amount of US\$ 95.8 million invested in 2008), the sector's international achievement still remains very low.

In the electronics industry, where competition is harsh and products have a short life, internationalization is seen as a form of surviving, not only through export but also by establishing strategic alliances and subcontracting. In general terms, internationalization was seen by our interviewees as a way of enhancing company competitiveness, since in the global era – where access to the markets is supposedly easier – goods and services must have international quality and prices, regardless of whether produced for home or foreign markets.

Despite sectorial differences and the distinct paths to internationalization that characterize the cases we have researched, all of our interviewees claimed to have been benefited by ease in communications, particularly electronic communication. In some cases, it has been absolutely crucial for business emergence and expansion. Reliance on electronic communication is particularly true in the case of Brazil, where labor laws make it practically impossible for a small firm to maintain employees abroad. Internet was considered a formidable tool for obtaining information of different kinds related to firm performance. Access to fairs and exhibits was also seen as a very important opportunity to engage in international business.

Our respondents identified internationalization experience as having a positive impact on firm performance. Interviewees felt they could characterize relationships with foreign partners as horizontal rather than dependant. Constraints stemming from requirements and certifications which are sometimes quite strict were regarded as an opportunity to learn and to improve the quality of the products and services.

Constraints were identified as emerging primarily from domestic problems. A common complaint was related to the lack of skilled personnel needed to deal with innovative research linked to market demands. It was noted that people holding university degrees are prepared for the academic world but not for producing innovation. The lack of skilled staff generates heavy competition over human resources within knowledge-intensive firms. Other problems that entrepreneurs pointed to were the excess of bureaucratic procedures imposed by Brazilian institutions and currency exchange rates that devalue the US dollar vis-à-vis other national currencies, thus favoring imports over exports.

The world economic crisis was seen as a problem acting to reduce demand. Nonetheless, the country's economic growth and favorable market conditions guarantee the expansion of the home market, without the uncertainties and difficulties of trading across borders. Therefore, small start ups which have been involved only sporadically within the world market become less motivated to internationalize.

The firms we researched have had different trajectories, performance outcomes and path dependence, demonstrating the risks of generalizations about innovative knowledge-intensive entrepreneurship. Their affinities can be identified as a shared focus on innovation. The two firms that come closest to what could be called "radical innovation" are in the Biotechnology field. One of them (Firm E) is still very dependent on government support while the other one (Firm B) relied heavily on government support in the past. It was able to consolidate its trajectory through strategic international alliances and it is now preparing to go to IPO, in Canada. The two other firms which are currently undergoing processes of expansion (Firms C and D) rely mainly on their own funds and can be seen as based on incremental innovation. At present, they are redirecting the major part of their production to the home market, due to conjunctural conditions. Firm A, focused on software development, was also the one which reported to have been most harshly affected by the negative impact of the present currency exchange situation.

6. Final considerations

At the macro-level, the so-called knowledge economy and globalization stimulated by ICT feasibility have tended to favor economic decentralization of production and of R, D &I,

which may facilitate discovery of promising market niches and business opportunities. The availability of a national/regional system of innovation, however incipient, tends to favor the expansion of high-tech entrepreneurship in emergent economies. In the Brazilian case, notwithstanding unfavorable cultural and institutional features, government legislation since the end of the 1990s has been a strong factor in stimulating entrepreneurship.

At the micro level, it has been shown that entrepreneurs have a particular view of the potentialities of some market conditions, contributing to the pursuit of their goals, even against the grain of predominant social and cultural conceptions. In that sense, their individualist perspective seems to play a role. At this level of analysis, empirical data suggest that individual differences in social status did not correspond to differences in the "opportunity recognition" - an ability that depends to a large extent on information but also on an ability to make good use of it through generating knowledge.

Individual exposure to multiple social and cultural influences (whether on the job, in school or through other means of information, locally or abroad) is vital in supporting the decision to be an entrepreneur, particularly when this does not seem to constitute a rational choice.

The dependence of successful entrepreneurial efforts and economic activities on embedded and densely connected network of social actors was demonstrated, as well as the importance of network diversification allowing firms to identify and access novel information and the resources needed for sustained development and improved performance. In the case in point - emergent societies - the articulation of educational and scientific institutions, students, professors, government, other enterprises, among others social actors, reveal relationships that are not properly embedded within social contexts but rather learned from an ad hoc situation. To cope with difficulties, firms have to extend their networks beyond the closed scientific circle, in order to reach different external partners: the finance industry and leading investors, administrative consultants in areas related to law, taxes and marketing, local authorities, customers, foreign partners and competitors.

High-tech firms are able to build different strategies that allow them to face competition from competitors who are better- positioned in economical and technological terms. A key difference between firms was identified: a) those producing incremental innovations (improvements in already-existing products - new to the national and to the Latin American markets), relied on their R&D departments, on relevant information usually sought abroad and on imported equipment; b) those firms whose innovation can be characterized as radical innovation or something similar to it, (that is, new to the world market) reveal a higher degree in founders' level of scientific training. This may be crucial factor in explaining the difference we have identified.

The internationalized knowledge-based firms we have researched here focus on R&D activities, since innovation is the main strategy they employ to compete in the global market. All the firms we studied had their own R&D department, which usually accounted for one third of total staff. This feature indicates a new trend among firms, since in Brazil - a lasting consequence of the import-substitution model of industrialization- even large companies tend to have little interest in maintaining a R&D department.

Some of the innovative firms we studied tended to privilege the R in detriment of D. In some cases, firms follow the organizational principles of the new division of labor, which

tends to separate R&D from production, which, in turn, is outsourced. Two firms in our research fell in that category.

The focus on R&D has created incentives for the development of relationships between firms and universities. The firms we studied all mentioned some kind of relationship with the universities. The two firms in the Biotechnology sector have a closer relationship to academic life although both have their own R, D &I departments. However, innovation – the creation of goods and services aiming at the market – was accomplished at the firm itself while universities contributed with knowledge creation and the training of skilled personnel. The university role has not been a relevant source of innovation for the firms, but maintains a secondary role, primarily related to personnel recruitment, consultancy and research partnerships. One case of joint development of research projects was observed, revealing a closer relationship between the firm and academics in which the academics were also the owners of the company.

To foster internationalization, innovation must be accompanied by market prospects and knowledge of communication channels. Information technologies are an invaluable contribution in easing the burdens of communication that have, in the past, posed restrictions on the SME internationalization. For our respondents, another crucial strategy refers to maintaining attendance at exhibitions and fairs, in order to become aware of novelties, identify the routes that large firms are paving and search for international buyers and partnerships.

As we have mentioned, the cases we studied did not confirm the thesis that one of the major incentives for firms to engage in international business is related to so-called “psychic distance”, that is, the better knowledge they have about business opportunities in their immediate surroundings, enabling the process of internationalization to follow a gradual path from regional to global. Our findings, to the contrary, show that the decisive factor regarding choice of a business destiny is not related to “psychic distance”, but to economic dynamism. If a dynamic economy is found in a distant rather than local region, cultural and geographical distance may not be determinant. Among the firms we studied, international networks were not based in Latin America. It seems that easier forms of communication such as those provided by the Internet, as well as the greater familiarity of foreign cultures and feasibility of covering long distances, have contributed to make cultural and geographical distances less important than they used to be.

These conditions confirm the importance of what some analysts call social capital⁷ - access to privileged information through connections (network) provided prior to any economic transaction. There is a marked need for the founder to be embedded not only in a scientific network (formed by senior researchers) but also within a network already oriented toward conceiving generation of knowledge as a possible tradable commercial commodity. In that sense, we also highlight the relevance of cross-organizational networks and entrepreneurs' ability to transfer experience obtained abroad in leveraging the performance of their ventures.

⁷ “Social capital” is a metaphor that indicates a set of social resources available to individuals who are part of network involving connections and interactions.

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Entrepreneurship, Farming, and Identity: A Phenomenological Inquiry

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1. Introduction

When necessity dictates, families can often make adaptations to continue in a lifestyle promoting family farming and signalling traditional values and way of life choices. This chapter investigates this phenomenon, including the dynamics of assets enlargement (economic and human capital) and how adept families are in integrating other forms of gainful employment into the farming way of life. The research utilises an interpretative (hermeneutic) phenomenological approach to foster insights and understanding about entrepreneurship capacity and action strategies of the farmer and family. The chapter hence explores how entrepreneurship relates to identity as ‘farmer’ and the ability to stay in a valued, yet modified, way of life. The term farmer is used in a broad manner, and includes crofters in Scotland (see Hunter, 2000; Stewart, 2005).¹

¹ Farmers have been defined in multiple ways. McElwee (2008, p. 467) identified farmers “as those occupied on a part- or full-time basis and engaged in a range of activities that are primarily dependent on the farm and agriculture in the practice of cultivating the soil, growing crops and raising livestock as the main source of income” whilst noting this left out some key components such as pluriactivity. According to the United States Department of Agriculture [USDA], a farm is “any place from which \$1,000 or more of agricultural products were produced and sold, or normally would have been sold, during the year”, a definition that is limited, especially in a global context. USDA notes that for analytical purposes, one is not necessarily constrained by this definition of a farm (Economic Research Service, 2011a). There is no hard-and-fast definition, but a conceptualization used by USDA indicates a ‘family farm’ is one with the majority of the business owned by the operator and individuals related to the operator by blood, marriage, or adoption, including relatives not living in the operator’s household. Brookfield and Parson (2007) used a broad definition, characterising family farms as both owner-operated and tenanted, and large and small in land endowment. The principle component defining a family farm is family organization. Family farms can vary from small to large in terms of income, with some being ‘residential/lifestyle farms’, or ‘hobby farms’, with most income coming from activities other than agriculture, to ‘farming-occupation farms’ with operators having farming as their major occupation (Economic Research Service, 2010; Hennon & Hildenbrand, 2005a). A ‘yeoman farmer’ is one with goals derived from personal identity as farmer and family concerns, such as continuity or passing the farm to at least one heir. In contrast, an ‘entrepreneur farming style’ is driven by profit optimising goals, to have an efficient business that is profitable (Davis-Brown & Salamon, 1988). See McElwee (2008), Capitano and Adinolfi (2010), and Hennon and Hildenbrand (2005b) for farm taxonomies that include entrepreneur functions. Scientific definitions or ‘typifications’ are applied by ‘outsiders’, and might not capture or reflect what common folk, including self-defined farmers, would argue.

Entrepreneurship is a charismatic concept, widely used and widely defined; for example, "as a creative and innovative response to the environment" (Chandramouli et al., 2007, p. 320). It is accepted that entrepreneurship, including family entrepreneurship, is an instrument driving economic development and creating wealth, developing technology, and producing employment (Baines et al., 2003; Chegini & Khoshtinat, 2010; García et al., 2007; Hennon et al., 1998, Hennon et al., 2000; Karlsson et al., 2010; Koveos, 2010; Moroz & Hindle, 2011; Nordqvist & Melin, 2010), including in rural areas and by farmers (Alsos et al., 2003; Chandramouli et al., 2007; de Wolf & Schoorlemmer, 2007; Dabson, 2008, 2011; McElwee, 2006a, 2008; Rudmann, 2008; Vesala & Pyysiäinen, 2008; Vik & McElwee, 2011). Farm resources can be put to use in entrepreneurial activities, such as tourism or food processing, to foster economic viability. Farmers are an "innovative reservoir in agricultural communities and a potential source of entrepreneurship" (Alsos et al., 2003, p. 436). Development agencies see rural entrepreneurship having employment potential whilst farmers favour it as a way for improving earnings. Rural women understand entrepreneurship as creating employment possibility near their homes, which fosters autonomy (Anitha, 2004; Chandramouli et al., 2007). Governments and organizations regard small enterprise development as a pleasing alternative for rural development, and often enact 'planned social change' policies to this end (Sandberg, 2003; Warren, 2002). Many rural enterprises are 'micro enterprises', employing 10 persons or less.

Improvement of agobusiness and subsistence farming is possible with effective exploitation of human and material resources. Farmers have different levels of skilfulness in use of entrepreneurial skills, can reflect on their strengths and weaknesses in these skills, and be trained in thinking from an entrepreneurial skills perspective (Dabson, 2011; Rudmann, 2008; The Foxy Farm Entrepreneur, 2008; Vesala & Pyysiäinen, 2008). Developing and improving skills among farmers is a feasible option and objective (McElwee, 2006a; Rudmann, 2008; Vesala & Pyysiäinen, 2008). Developing entrepreneurial skills of farmers can take two tracks. The first is to amend the social, economic, political, and cultural frameworks that hinders, and foster those that stimulates, their development. The second is encouragement of farmers, via their personalities and capabilities, to kindle the development of entrepreneurship. If farming competitiveness is to be improved by nurturing entrepreneurial behaviour, both tracks have to be considered (Rudmann, 2008; Vesala & Pyysiäinen, 2008). The skills and attributes a farmer must possess to maximise the entrepreneurial capacity of the farm business have been assessed. Various farm and non-farm activities could necessitate different types of entrepreneurial skills (Dabson, 2011; De Clercq & Voronov, 2011; de Wolf & Schoorlemmer, 2007; Hennon & Hildenbrand, 2005a; Hildenbrand & Hennon, 2008; McElwee, 2005; Rudmann, 2008; Vik & McElwee, 2011; Vesala et al., 2007).

The improvement of entrepreneurial skills in agriculture is an important condition to generate sustainable rural development (de Wolf & Schoorlemmer, 2007). If entrepreneurship is an instrument for improving the quality of life for families and communities, and for sustaining a fit economy and environment, fostering entrepreneuring skill must be regarded as an urgently needed development component (Chandramouli et al., 2007). Skills can include a person's technical skills, behavioural attributes, or personality characteristics. 'Entrepreneuring' might be considered as the dynamics whereby persons elect to become involved in the gestation of a new or modified organisation, and eventually

succeeding or becoming discouraged and giving up (Wisconsin Innovation Network, 1993). Lumpkin and Dess (1996, p. 136) declared: "The essential act of entrepreneurship is new entry. New entry can be accomplished by entering new or established markets with new or existing goods or services. New entry is the act of launching a new venture, either by a start-up firm, through an existing firm, or via 'internal corporate venturing' ". The 'entrepreneurial process' is how a new element with new value is created through using creativity, time, and resources; taking risks; and applying other relevant elements such as social capital (Chegini & Khoshtinat, 2010; Moroz & Hindle, 2011). The concept of 'entrepreneurial process' accents using individual abilities, and so empowerment, skill, and other human capital are vital. 'Entrepreneurial orientation' is the "processes, practices, and decision-making activities that lead to new entry" (Lumpkin & Dess, 1996, p. 136). 'Entrepreneurial self-efficacy' is the belief that one's agency can see a new venture through to its fruition (Wang et al., 2010).

Several personality factors are associated with entrepreneurial intentions and performance, and therefore the emergence and success of entrepreneurs (Cismariu & Mocan, 2010; Zhao et al., 2010). Identified traits associated with entrepreneurial orientation include proactiveness, autonomy, risk taking, innovativeness, and competitive aggressiveness (Covin & Wales, 2011; Lumpkin & Dess, 1996; McElwee, 2008). Among youth, traits forecasting potential entrepreneurs include revising important points after training, realising the significance of training, having high levels of competition orientation, being economically motivated, and showing capacity to bear well-planned risk along with a low level of nervousness about starting a business (Patel & Chauhan, 2009). Entrepreneurial skills are 'higher level' skills, having to do with initiating, managing, and advancing an enterprise. Several lower level skills related to production, administration, and marketing are needed. These are technical or managerial skills. Higher-level skills for farming related enterprises include developing and evaluating a business strategy, networking and utilising contacts, and recognising and realising business opportunities (de Wolf & Schoorlemmer, 2007; Vesala & Pyysiäinen, 2008). Not all skills and attributes need be present for successful entrepreneurship (Warren, 2002).

Some skills and qualities are of a preconditional nature, without which entrepreneurial behaviour is impossible. Without a risk-taking attitude, as an example, a farmer is not able to realise business opportunities. Absence of specific personal qualities and attitudes hinder the development of entrepreneurial skills. Motivation to learn, self-reflection, and attitude toward feedback are examples (de Wolf & Schoorlemmer, 2007).

There is no innate entrepreneurial aptitude; rather, given the right internal and external factors, a person might become an entrepreneur over time. People can express an intention to begin a business, and intention is a foundational aspect of entrepreneurial behaviour, but intention does not necessarily lead to action. The entrepreneurial process is 'triggered' (ie, initiated) when the person begins serious consideration about starting a business and dedicates time and resources for this to happen. Schutz (1967) enumerated the idea that when planning an undertaken to be completed in the future, the individual uses 'reflective projection'. Reflectivity permits imagining an endeavour as completed in the future, imagining what is realised after acting. Triggering this endeavour launches the 'in-order-to motive' of action. 'Because motives' are historical and environmental (*umwelt*) factors having influenced the decision to proceed with the endeavour.

What triggers the final decision to take action remains unclear. After the trigger phase, the entrepreneurial pathway needs correspondence to the person's aspirations and felt as desirable. Further, the person needs to believe the project is feasible and that she/he is capable of realising the initiative to completion, that is, having a sense of entrepreneurial self-efficacy or persistence (De Clercq & Voronov, 2011; Degeorge & Fayolle, 2011; Wang et al., 2010).

There are two types of triggers. The first type is 'intention'. Intention is a cognitive desire to act and a willingness to adopt a specific line of action. Intentionality can originate from a person's characteristics advantageous to entrepreneurship—optimism, internal locus of control, propensity for risk-taking, craving for achievement, wanting autonomy, wanting to be in control. Intentions are powered by motivations, which may or may not be stable and enduring over time. Possible motivations for initiating entrepreneurship include desire for autonomy, independence, and self-realization, and enjoying a challenge (Degeorge & Fayolle, 2011; Plant & Ren, 2010).

The second type of trigger is 'displacement', or a disruption of a person's life (see 'problematic' discussion later in chapter). The change in one's behaviour leading to initiation of an entrepreneurship action can proceed from either positive and/or negative factors. Examples of positive factors include potential funding sources, acquiring encouraging information about lifestyles of the self-employed, a family atmosphere promoting entrepreneurial adventures, and discovering an entrepreneurial opportunity. Negative factor examples include being made redundant, marital disruption, unstable income, debt, and bankruptcy. Negative displacements are often what motivate action, especially new entry ventures. A blending of positive and negative displacements, however, is what often leads to significant life changes. The displacements can be internal or external to the person. External displacements relate to changes in the individuals' social and employment life, one's *umwelt*; internal relate to things like personal dissatisfaction, the belief that one is not advancing professionally or career wise, or age-related feelings that it is 'now or never' (Degeorge & Fayolle, 2011).

Unlike the traditional entrepreneur having a mission to produce and distribute goods or a service in a unique way, self-employed entrepreneurs regularly elect this route to sustain themselves and their families (Aronson, 1991). Often they are 'survival entrepreneurs', who due to a drought of other income options take the course of action of creating enterprises (Dabson, 2008). Through 'purposeful enactment' (Van de Ven & Poole, 1995), people, including farmers, can undertake a generative process of what is termed the entrepreneurial function aimed at new-venture creation due to a perceived opportunity. A variety of triggers can set off pursuit of new enterprise creation. The 'entrepreneurial function' infers discovering, assessing, and exploiting opportunities. The function implies new products, services, or processes; new business or other strategies; and perhaps novel organisational structures as well as new markets for products and inputs that perhaps did not previously exist. An unexpected and/or unvalued economic opportunity characterises 'entrepreneurial opportunity' (García et al., 2007).

Much entrepreneurial work, especially cognitively and socially, takes place within a family system (Hamilton, 2011; Heck, n.d., 2004; Hennon et al., 2000; Nordqvist & Melin, 2010;

Renzulli et al., 2000; Rogoff & Heck, 2003). Families are important breeding grounds for entrepreneurial functions and activities that can enable seizing entrepreneurial opportunities. Members of business families experience “learning-in-practice” that “brings innovation and change as well as continuity” (Hamilton, 2011, p. 8). Entrepreneurship is quite often a family affair. “Entrepreneurship is the start and heart” of most family businesses (Heck, n.d.). An entrepreneurial family teaches, nurtures, promotes, and enhances the efforts of its members who recognised and realised opportunities and engage in entrepreneurship (Barnes & Lachapelle, 1997; Hamilton, 2011; Laferrère, 2001; Plant & Ren, 2010). Further on, family support can buttress ‘entrepreneurial persistence’ where the decision is taken to continue with an opportunity in the face of adversity, counterinfluences, or enticing alternatives (De Clercq & Voronov, 2011; Holland & Shepherd, 2011). The family business is an expansive view of entrepreneurship, as the morphogenesis of initial business efforts of one or more family members progresses (Baines et al., 2003; Entrepreneurship, n.d.; Heck, n.d., 2004). Wheelock (1993, p. 23) suggested, “Economic motivation must be examined in a family rather than an individual context. In relating lives to livelihood, a ‘familial economic unit’ and its distinctive work strategy are shown to be critical....” The Task Force of the International Family Business Program Association (n.d.) emphasized that the basic foundation on which to base analyses of the economy is not individual workers, entrepreneurs, or corporations, but rather families that create, control, and operate businesses. Even though family environment is an important contributor to incubating and sustaining entrepreneurship, families can experience challenges and strife as well as success and joy (Anderson & Miller, 2003; Baines et al., 2003; Bowman, 2001; Brown, 2011; Fairlie, 2009). Wheelock (1993, p. 33) warned, “families often need to adapt to a new way of life when they set up in business, and for some this...[is] much easier than for others”.

There is no lack of entrepreneurship throughout rural America, but this is not widely recognized (Dabson, 2011). The same can be said of farmers worldwide. Farmers have traditionally been entrepreneurial, especially pluriactive farmers, and are business owners and managers, including businesses in addition to the conventional farm business (Carter, 1998; Carter & Rosa, 1998; Eikeland & Lie, 1999; McElwee, 2008). Alsos et al. (2003, p. 436) asked, “Why do some farmers choose to start new business activities instead of limiting their engagement to farming or becoming employed?” and recognised, “a paucity of knowledge about which factors trigger the start-up of entrepreneurial activities among farmers”, a sentiment echoed by McElwee (2008). This chapter answers the call for adding to the knowledge base of entrepreneuring among farmers.

The content of this chapter displays how two couples prised opportunities and fulfilled the entrepreneurial function to create organisations in the service and retail sectors that have allowed the families to have economic viability whilst maintaining the self conceptions of traditional crofters and farmers. Issues investigated include entrepreneurial intentionality, what triggered the decisions to pursue entrepreneurship, entrepreneurial persistence and self-efficacy, awareness of entrepreneurial opportunities, some of the traits and abilities of the family members that foster entrepreneurial activities, their entrepreneurial orientations, use of their holding’s plant resources, and the types and nature of the new entries. Data for the analyses comes from interviews and participant observation of a crofting family in the western highlands of Scotland, and interviews and observations of a farm family in the Midwestern United States. Even though some people might not think of farmers as business

owners or entrepreneurs, they do own a business, thought not of the traditional type. Agricultural business is risky with unstable incomes, farm economics differ from most other businesses, and farming is a way of life. Family farms are family businesses with signature family dynamics and special emotional attachments to the farm and business (Brookfield & Parsons, 2007; Feldman, 2009; Gasson & Errington, 1993; Hennon & Hildenbrand, 2005a; Kobzar, 2006; Marotz-Baden et al., 1988; McElwee, 2008). Family businesses, including family-farm business, are complex because individual, family, and business subsystems overlap. Boundaries are often diffused and individual issues become family issues, and family issues become business issues, and vice versa. Family dynamics influence the family and enterprise and contribute to success or failure. Farm families are characterised by an 'agifamily system' with unique affiliations and organisations (Bennett, 1982). Hildenbrand (2008) presented a case study of one such Germany farm family. Brookfield and Parsons (2007, p. 217) argued that family farms persist, in the face of capitalism and predictions of industrial farms becoming hegemonic, due to the bonds of family. Families can adjust and adapt to market forces and take advantage of new opportunities. Policy makers are often blind "to the adaptive flexibility of family-scale operation, its competitive ability and its contribution to sustaining wider rural economies".

The chapter is structured as follows. First, background information about the crofting system in Scotland and the scale of family farming, and why for some families these remain a valued lifestyle and tradition, is offered. This section presents some important conceptualisations and reviews knowledge about entrepreneurship among farmers and farm families. Given that phenomenology is not widely utilised in the study of entrepreneurship, the next section provides an overview of this approach to research. The following section explains the methods employed for the research presented here in. Case-reconstruction analysis grounds the analytical approach, and the case reconstructions are presented next. Findings from the analysis of how two families, and by extension perhaps other families, make sense of their lifeworlds and can persist 'as if' they are still farm families rather than rural entrepreneurs, are offered. The conclusion section offers an explanation of how use of the 'as if' strategy can help during periods of difficult adjustments to emerging economic and other situations (in a sense, modernising to remain traditional). This section also presents the conceptualising of entrepreneurial vivacity and astuteness, two other themes that emerged. The chapter offers some understanding of the process by which families, struggling to survive in an economically peripheral area or whilst facing agro-economic changes and uncertain markets, can use entrepreneurial skills and attitudes to transform their livelihood and create new businesses, yet holding to identities of traditional crofter or family farmer.

2. Crofts and farms

The agricultural sector is fashioned by many contingencies impacting local economies – policy, geography, topography, climate, transportation systems, proximity to markets, and labour force size and skills for example. Other factors are culture, traditions, *habitus*, and availability of capital (Bourdieu, 1977; Brookfield, & Parsons, 2007; Hennon & Hildenbrand, 2005a; McElwee, 2008). Entrepreneurship orientation and opportunities also vary. Worldwide, farms and farming vary in many ways. Farmers and farms are not uniform, but represent heterogeneity, even in the same geographical area. In this chapter the focus is on crofts in Scotland and family farms in the U.S. Midwest.

2.1 Crofts

Approximately 85 per cent of Scotland is 'less favoured area', a European Union classification that acknowledges natural and geographic disadvantages. About 65,000 people are employed in agriculture, about eight per cent of Scotland's rural workforce; agriculture is the third largest employer in rural Scotland (National Farmers Union Scotland, n.d.).

Crofting is a form of regulated land tenure, unique to parts of Scotland (Busby & Macleod, 2010; Crofters Commission, n.d.; Scottish Crofting Federation, n.d.). Crofts are agricultural holdings in the Highlands and Islands of Scotland that are subject to the Crofting Acts. The word croft comes from the Gaelic *coirtean*, and means a small-enclosed field. In Scotland, a croft is a small individual holding of enclosed land with a share in a common grazing (Stewart, 2005). Crofters are entitled to have a dwelling house on the croft and to erect or use a building or other structure on the croft for an auxiliary occupation, such as a loom shed for weaving. Crofts range from less than one-half hectare to more than 50, with an average croft being five hectare of 'in-bye' (arable) land and a share in a larger area of common grazing. The common grazing land is subject to crofting legislation and used by crofters communally. There are about 800 regulated common grazings, usually managed by a Grazing Committee that makes Grazing Regulations to control their use. The crofters or others holding interests in common grazings are 'shareholders'. The number and kinds of livestock each crofter is entitled to graze is the 'souming' (Scottish Parliament Information Centre [SPIC], 2010). The Crofting Commission (n.d.) considers crofting to mean the "close and interlinked relationships between the land and the economy, agriculture, environment, heritage, culture and distinctive lifestyles of crofting communities".

A croft has been styled "a small area of land entirely surrounded by regulations" (Stewart, 2005, p. 1). Statutory conditions restrict the use of the croft land to farming, forestry, or putting the croft to a 'purposeful use'. Crofting agriculture is primarily rearing of lambs and cattle for sale to low ground farmers for breeding stock or fattening and finishing, as these are not cost-effective in the crofting areas due to climatic and soil quality shortcomings. Croft land is generally poor quality and the in-bye land is mainly permanent pasture. Crofts are typically small compared to other agricultural holdings in Scotland, and cannot sustain full time employment. A survey in 2007 found, on average, 30 per cent of a croft household's income came from crofting. Finding supplementary employment varies according to environment, climate, and other factors in the crofting counties. Many crofters have diversified into small-scale tourism and other enterprises, and others hold jobs in the public sector, tourism, rural industry, service sectors, and fishing (Scottish Crofting Federation, n.d.; SPIC, 2010).

The crofting lifestyle has a long history (Hunter, 2000; Stewart, 2005). The basic principle of crofting law is to furnish the crofter security of tenure at a reasonable rent. The crofter and landlord agree upon the amount of rent, normally before the start of a tenancy. Although technically a year-to-year arrangement, crofting tenancies have no time limit and are hereditary. Crofters can bequeath their tenancy to any one person (assignation). Different rules apply if that person is not a family member. The definition of family is restricted to certain relatives and includes a civil partner or cohabitant (SPIC, 2010).

Crofters are in danger of losing their tenancy only if failing to reside on or near their croft, breaching statutory conditions, failing to pay rent, or if the landlord 'resumes' part or the entire croft. The landlord must apply to the Scottish Land Court to do this, and permission is granted only if it is for the good of the croft or the estate, or is in the public interest or the interests of the crofting community (e.g., for building houses, harbours, churches, schools; planting trees; or for other purposes likely to provide employment in the locality). A crofter has the right to buy the site of his/her croft house. If the landlord refuses to sell or if failure to agree terms and conditions of sale ensues, the crofter can apply to the Land Court for an Order requiring the landlord to sell. When a crofter buys the croft, she/he essentially becomes the landlord (SPIC 2010).

Crofts are not intended to provide all the means of substance for a family through agriculture. The size of the croft was deliberately kept small so that the occupant would be available for work at kelping or fishing, or as hired hands on farms and estates, or engage in other economic activities that would benefit the landlord. This situation still exists, but the ancillary work of the crofter might not necessarily benefit the landlord. Many crofters have off croft work such as lorry drivers, tele-workers, postal workers, weavers, and teachers, and many have diversified in to small-scale tourism (Munk, 2006; Scottish Crofting Federation, n.d.). Some crofters have developed activities on or from the croft, such as weaving, creating jewellery or pottery, or retail sales of handicrafts or woollen sweaters.

The Crofters Commission (1998, p. 4) assessed "crofting is best described as a way of life. It is often equated with part-time agriculture. This is only partially true; agriculture links crofters with the land and crofting agriculture impacts significantly on rural economies. But crofting is more. It defines the economy, environment, culture, language and heritage for many rural communities. At the very heart of crofting are people. Our challenge is to work with them to enhance the crofting way of life."

2.2 Farms

In the U.S. Midwest, family farms can be large in terms of land endowment and income, but mostly are small in terms of income and land. Land is owned, and additional land often rented. Common products are soya beans, wheat, and corn, and beef and dairy farming. Most U.S. farms, 98 per cent, are family operations; the largest farms also are predominantly family run.² Large-scale family and nonfamily (often industrialised) farms are 12 per cent of U.S. farms, but account for 84 per cent of the value of production. Average net income for farm businesses (intermediate and commercial operations, including nonfamily farms) is projected to be \$83,100 in 2011, a 17 per cent increase from 2010. Smallholdings are less profitable than large-scale farms, on average, and their operator households often rely on off-farm income.³ Many family farms are part-time, small-scale operations with sales of

² The majority of farms in the European Union are family-owned and operated, as they are in Australia, most African nations, Canada, and the USA. The family-operated farm business prevails even in countries that are geographically and otherwise suited for industrialised farming (Hildenbrand & Hennon, 2008).

³ Off-farm as used here includes employment off the farm premises, as well as income earned on or from the premises from business enterprises owned and/or run by the farmer or family.

under \$250,000. The number of small family-farm operators who report farming as their primary occupation has declined. In 1993, these represented 37 per cent of farms; in 2003, 27 per cent. Residential farms (small farms with operators reporting off-farm work as primary occupation) increased to 42 per cent in 2003, from 36 per cent in 1993. Their average farm sales were low (\$12,000 in 2003), and represented five per cent of all U.S. farm production (Hoppe & Banker, 2006).

The median farm-household income in 2003 was \$47,600, 10 per cent greater than for all U.S. households. Farm business average income for all family farms in 2011 is projected at \$31,900. For almost all U.S. farm families, a significant proportion of income is earned off-farm, as is true for farm families in many other nations. U.S. farm operator households are not low-income when the combined farm and off-farm incomes are considered. Because small-farm households receive much income from off-farm work or self-employed operation of enterprises, general economic policies, such as tax or economic development policy, are as important as farm policy. Within the European Union, the Common Agricultural Policy presents farmers the opportunity for taking more responsibility for their businesses, and for having more freedom to farm as desired. This is generally true of the agricultural sector in the U.S. This means farmers have to adjust and be attentive to market forces (Barrett et al., 2001; Brookfield, 2008; Brookfield & Parsons, 2007; Economic Research Service, 2010; Hennon & Hildenbrand, 2005a; Hoppe & Banker, 2006, 2010; Hoppe et al., 2010; McElwee, 2005).

Hennon and Hildenbrand (2008, p. 481) asked: "Why, against the trend of modernisation and enlargement, and hence laden with risk, do many farming families continue to value and pursue a more traditional family pattern?" They provided two answers to this question: a) the family farm offers an advantaged way of living in regards to independence and the combination of life and livelihood, b) family tradition hampers surrendering a farm. The successor is expected to make a personal contribution to the farm. This tradition creates a dilemma not easily surmounted (Bourdieu, 1977). This, however, can be the motivation behind development of the farm, provided the generations living on the farm respectfully engage with one another (see Mishra et al., 2010, for a review of farm succession planning in the USA, and Bohak et al., 2010, for a review of succession in Europe).

Farm exits each year are approximately 10 per cent in the U.S. The same number of farms, mostly smallholdings, comes into existence (Hoppe & Korb, 2006). The number of farms has been stable since 1974. The exit probability is minimal for large farms in existence for 14 or more years and managed by people younger than age 65. This lower rate of exit supports the production concentration among fewer and larger family farms. Hampered by lack of capital and other resources, smaller family farms have difficulties adapting to globalised markets. Some do grow into larger operations (Newton, 2005).

'Getting big or getting out' is an applicable principle when judging the future of the family-operated farm business. Increasing the use of technology (e.g., geo-positioning systems for planting crops and computers for record keeping and forecasting), enlarging the land area, and expanding a mono-structure (specialising in one crop or type of livestock) can help secure survival (see for example, Fernandez-Cornejo, 2007; Halpin & Guilfoyle, 2005; Rossier, 2005). If these were only options available, the premise presented in this chapter, that farmers can be entrepreneurial in ways beside traditional agricultural activities, would

need discarded. The processes of concentration and/or enlargement restrict some reasons for maintaining a farm and its benefits to the family. Pluriactivity, multioccupation, and portfolio enhancement can be advanced via entreprenuring.

2.3 Pluriactivity, diversification, multioccupation, and portfolio of activities

In an agricultural context, 'pluriactivity' describes "the phenomenon of farming in conjunction with another gainful activity, whether on- or off-farm" (Mackinnon et al., 1991, p. 59), "existence of other gainful activities for the farmer, ie. every activity other than activity relating to farm work, carried out for remuneration" (Barthomeuf, 2008, p. 3), or "any business activity that the farmer engages in which is off-farm activity" (McElwee, 2008, p. 478). Pluriactivity designates that farm households realise income from not only agricultural activities, but also non-agricultural on-farm and off-farm activities. Pluriactivity among farm households in the United States, Europe, and elsewhere is an established tradition and has become more common in recent decades (Alsos et al., 2003; Barrett et al., 2001; Shucksmith & Winter, 1990; Toynbee & Jamieson, 1989). Significant numbers of farmers and spouses have resorted to other sources of income at certain times and stages of the life cycle, as either a temporary tactic for income enlargement or as a more prevalent fixture of wage earning and lifestyle benefits (Barthomeuf, 2008; Bergmann et al., 2006; Fernandez-Cornejo, 2007; Rønning & Kolvereid, 2006). Pluriactivity as an economic strategy can enable families to persist in farming and living in the countryside, and can be motivated by many factors—desire to keep the family farm going, to stay at home to care for elderly parents, affinity with farm labour, or emotional or family bond reasons such as not wanting to sell the family homestead (Alsos et al., 2003, Hennon & Hildenbrand 2005a; Hildenbrand & Hennon, 2008).

One type of pluriactivity is 'diversification', an intrinsic attribute of many rural livelihood strategies, and promoted by Britain and European policy makers as a desirable trend among farmers (Warren, 2002). Farm diversification is the "on-farm use of the resources of the farm for producing either new agricultural products which are not in surplus or non-agricultural products" (Shucksmith & Winter, 1990, p. 429). Warren (2002) conceptualised diversification "as the exploitation of multiple assets and sources of revenue". McElwee (2008, p. 478) considered diversification as "on-farm or farming-related activity. Thus contracting or farm accommodation would constitute diversification". The Scottish Government (2010) defined diversification as the "entrepreneurial use of farm resources for the purpose of producing non-agricultural commodities". For this chapter, diversification includes any gainful activities that do not comprise farm work, but are directly related to the holding. Examples include handicrafts, piecework, weaving, wood processing, aquaculture, contractual work using equipment of the holding, retail sales of food products or other goods, and tourism such as a B&B (Barthomeuf, 2008).

'Rural livelihoods diversification' processes can encompass a broad brand of activities, including wage labour or enterprise development. 'Rural self-employment enterprises' are activities organised by mobilising labour and other household capital assets (e.g., savings, buildings, equipment, land). 'Rural agricultural enterprises' are built from inventive on-farm agricultural activities such as independent commercial production or contract farming. 'Rural non-agricultural enterprises' centre on pursuits like processing of commodities, manufacturing, retail or wholesale trades, home-based piecework, or providing services to

the community or to outsiders such as tourists. Rural enterprises can arise within a single household or a wider social network (Warren, 2002). Rural enterprise development requires higher investment and higher risk. Diversifying farmers and their families should select the alternative best suiting their risk-aversion needs. Farmers proficient in joining conventional farming with rural enterprises experience higher income and more secure livelihoods than do farmers with income from conventional farming alone, or combined with wage labour (Warren, 2002).

Pluriactivity also can be conceptualised as better use of space and other resources. A closely related concept is 'multioccupation', or a person (or a family) simultaneously being gainfully employed in more than one occupation. Traditionally, crofters in Scotland have been involved in multioccupation (both on and outwith of the croft) and pluriactivity as they combined a variety of gainful activities to assemble a livelihood (Hunter, 2006; Kinloch & Dalton, 1990; Toynbee & Jamieson, 1989). Fernandez-Cornejo (2007) noted that off-farm employment is regarded as a usual feature in most farming societies, more than one-half of U.S. farm operators work off-farm, and the majority of farmers regard off-farm employment as a permanent pursuit (ie, strategic versus occasional diversification; Warren, 2002). The average African and Asian rural household acquires about 45 and 30 per cent, respectively, of their income from non-farm income sources, whilst in rural Latin America it is about 40 per cent (Warren, 2002). About one-fifth of U.S. farmers with a second source of income are self-employed business owners.

Certain farmers choose off-farm employment or to start their own enterprises as a way to stabilise household income given the volatility of agricultural earnings (Barrett et al., 2001; Warren, 2002). A desire to realise vocational training drives some pluriactivity. The decision to seek other income sources as well as the sustainability of such endeavours are supported by several factors, including family support and encouragement, own financial resources or obtainability of credit, availability of premises on the holding for alternative uses, and the ease of operating a business from the home. The alternate source of income can be one's own family enterprise as it is created, nourished, and maintained, such as done by the two families observed for the analysis presented in this chapter.

2.4 Farmers as entrepreneurs

A European Union Green Paper defined entrepreneurship as "the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organisation" (de Wolf & Schoorlemmer, 2007, p. 115). Research with European farmers used the following definition (de Wolf & Schoorlemmer, 2007, p. 119): "An entrepreneurial farmer is a person who is able to create and develop a profitable business in a changing business environment". Operationalizing farmers' entrepreneurial activity is difficult. Farmers do not operate in business activities similar to others. Additionally, farmers, and especially crofters, work in a highly regulated environment that is a barrier to entrepreneurship (McElwee, 2006a).

Regardless, many farmers are quite entrepreneurial if one accepts that it means creatively determining how, and then acquiring, additional income from strategic farm development, or service, retail, or wholesale new entries undertaken owing to entrepreneurial opportunities (Capitanio & Adinolfi, 2010; Haugen & Vik, 2008; Hennon & Hildenbrand,

2005a; Hildenbrand & Hennon, 2008; McElwee, 2005, 2008; Vesala & Pyysiäinen, 2008; Vik & McElwee, 2011). For the farm enterprise to remain viable and the family to sustain, additional sources of income besides the more common agricultural activities are frequent. These additional sources are components of the portfolio of earning activities for the individual and household, and include off-farm and on-farm occupations by multiply family members, and are more frequent when the family holding is closer to conurbations (Barrett et al., 2001; Rudmann, 2008; Sofer, 2001; Warren, 2002). A portfolio of activities can stabilise income flows and consumption (Barrett et al., 2001; Kobzar, 2006; Vesala et al., 2007). This type of pluriactivity and multioccupation is typical of crofters, farmers, and other households engaged in home-based employment (Hennon et al., 2000; Hillenbrand & Hennon, 2008; Scottish Crofting Federation, n.d.; Wheelock, 1993). One large-scale study in Europe concluded the farmers interviewed, for the most part, agreed entrepreneurial skills were important and relevant for one's business activities. Differences were found, however, about how skilful farmers were (Vesala & Pyysiäinen, 2008). Among farmers as potential entrepreneurs, portfolio farmers, in contrast to other farmers, see themselves as risk-takers, innovative, optimistic, growth-oriented, and possessing more personal control over their business activities (Vesala et al., 2007).

Owner-managers of a business who start new business activities are 'parallel' or 'portfolio' entrepreneurs. Farms are somewhat like other small rural businesses. Farmers are business owner-managers. Farmers, who initiate new business activities by realising and exploiting entrepreneurial opportunities and still maintaining the farm business, are therefore portfolio entrepreneurs (Alsos et al., 2003).

Various groupings of activities in rural livelihood portfolios have been suggested. One that captures an importance distinction is broadening through wage labour or broadening through growth of self-employment enterprises. The business idea, the resources available, and the lifestyle of the farm family influence the nature of the new enterprise. Alsos et al. (2003) identified three types of farmer entrepreneurs who contribute to society in different manners. 'Pluriactive farmers' take up the multifunctional of farming. 'Resource exploiting entrepreneurs' exploit distinctive resources to generate economic activity from the farm. 'Portfolio entrepreneurs' offer a greater contribution to household income, employment, and economic activity.

Pluriactive farmers identify as farmers, and they put their work effort into and receive their main income from farming. New business activities are started in order to maintain or expand the farm, and new business activities typically relate to the farm. The strong commitment to farming can be a choice of lifestyle—to staying on the family farm. The commitment can also be due to a belief of having no choice—due to a sense of duty or perceiving few other opportunities. Establishing new business activities is a way of increasing farm income. A new business activity is developed instead of waged employment because these farmers find off-farm employment difficult to combine with farm activities and difficult to fit into their lifestyle. The business started often emulate those of other farmers, are typically small in scale, and put up on competence and utilising spare capacity at the farm, such as work force or machinery. Pluriactive farmers pursue a traditional way of living whilst modernising it, and thusly contribute to the multifunctionality of agriculture (Alsos, et al., 2003; Barthomeuf, 2008; Bergmann et al., 2006; Hennon & Hildenbrand, 2005b; Hildenbrand & Hennon, 2008; Kinsella et al., 2000; Sofer, 2001).

The resource-exploiting entrepreneur wants to exploit available resources – material and/or immaterial, like particular buildings, unique premises or location, education, experience, vocational training, human and social capital – usually connected to the farm and/or family members. These could also be local community resources. These farmers have other opportunities including farm expansion or waged labour. These opportunities are forsaken for not allowing the person to utilise her/his unique resources. The farm is a place of residence, but strong ties to farming is lacking relative to pluriactive or yeoman farmers. A substantial portion of household income comes from the farm. The nascent business activity, however, can be just as, or even more, important concerning income, quality of life, lifestyle, and satisfaction. The activity is not necessarily rooted in farming and can be located on or outwith the farm. The businesses are often larger than pluriactive farmers' and require more capital. Family members own the businesses and typically only employ other family members. If these fresh activities utilise resources well, the businesses contributes to household income and local economic activity (Alsos et al., 2003; Capitano & Adinolfi, 2010; Carter, 1999; Davis-Brown & Salamon, 1988; Hildenbrand & Hennon, 2008; Marotz-Baden et al., 1988; Rossier, 2005).

Portfolio entrepreneurs have weaker bonds to farming, and sometimes to the farm as a residence. These farmers view the farm as a business, a business not always necessary to keep, unlike the perspective of pluriactive farmers. The burgeoning business sometimes becomes bigger than the farm business and the greatest source of income. They consciously chose self-employment, and this is an important point for them. The main trigger for starting a new business is wanting to develop a business idea, not necessarily originating in the farm's resources. They set forth to create uniqueness by such means as differentiating their products from others, using unique design, marketing as a niche business, and focusing on sales, implying a market-oriented approach. Portfolio entrepreneurs can marshal resources, and often invest greater sums compared to pluriactive farmers and resource-exploiting entrepreneur. These people thereby take greater risks, financially, reputation wise (stigma of failure), and time use. They might shift resources from the farm to the business if a better return is expected. They might curtail employment and other activities, including time with family, to fulfil the business idea. The business is expected to contribute significantly to the family income, and can contribute to economic development and employment (Alsos et al., 2003; Damaraju et al., 2010; de Wolf & Schoorlemmer, 2007; Hennon & Hildenbrand, 2005b; Hildenbrand & Hennon, 2008; McElwee, 2006b, 2008; Nordqvist & Melin, 2010; Rossier, 2005; Vesala & Pyysiäinen, 2008; Warren, 2002).

Historically known for commitment to independence and entrepreneurial ideals, farmers have experience of self-employment and food production. Agricultural households have a tradition of combining other sources of income with farming activities (Alsos et al., 2003). Families engaged in agobusiness frequently weave lives and livelihoods from complex strands of living and earning. Entrepreneurship is a global hedge against 'farm exits' due to inadequate income (Bohak et al., 2010; Brookfield & Parsons, 2007; Chandramouli et al., 2007; de Wolf & Schoorlemmer, 2007; Economic Research Service, 2006; Glauben et al., 2003; Kimhi & Bollman, 1999; Rudmann, 2008; Stam & Dixon, 2004). Entrepreneurship, can however, led to farm exits in the sense of the farmer giving up traditional farming to pursue other gainful activities.

3. Phenomenological method

Social sciences theories and concepts are 'second order', in that they are derived from and explain 'first order' everyday constructs and life. Schutz (1953, 1966, 1967) presented several postulates concerning the qualities of good social theory. The 'postulate of subjective interpretation' requires social scientific analysis and explanation to explain the subjective world of the actor. Schutz proposed (1953, p. 34), "compliance with this postulate warrants the consistency of the constructs of the social scientist with the constructs of common-sense experience of the social reality".

The postulate of subjective interpretation asserts theorists are not directly interested in a person's behaviour as observed. The description of a person's behaviour must be as if conceived through the mind of the person who enacted the behaviour. Theories of action construct images of actors' means and ends. The theory assumes, or hypothesises, the event or act is important to the actor as a means to achieve a particular end. The theorist's images must be reasonable and understandable to the actor and to others. The consequence for theory construction is that from observation of typical sequence of action, a model of the actor is constructed that includes realising 'in-order-to' and 'because of' motives attributed to the actor.

Schutz (1967) developed the idea of 'temporality' in the generation of an action theory. Passive experience (e.g., reflexes), spontaneous activity without a guiding project (e.g., noticing something in the environment), and deliberately planned and projected activity (ie, action, such as seeking funding for a business) were demarcated. When planning an action to be future realised, the person depends on reflective 'projection'. Such reflectivity allows the person to imagine a project as completed in the future, imagining what will have been accomplished after purposeful action. Realising or triggering this project launches the 'in-order-to motive' of one's action. A person's 'because motives' entail environmental and historical factors that influenced the decision, now past as it was already undertaken, to start upon the project. This motive can only be discovered by investigating past factors that preceded the decision.

The 'postulate of logical consistency' argues that scientific theories must be logical and clear, superseding the language, constructs, typifications, and common-sense thinking used in everyday life. Theories of human action are fashioned through a process of typification, an idea Schutz (1962) derived from Husserl. Typification is a fundamental process in people's sense making about the world. Common-sense typifications are continuously employed and developed. Scientific typifications, or social types (e.g., types of actors or actions), serve a similar purpose within the investigative objectives of the social scientist. They offer a way of identifying, classifying, and comparing modes of social action using defined criteria for the designation of phenomena to type (Wilson, 2002).

The 'postulate of adequacy' holds that scientific descriptions or explanations of social situations and lines of action be comprehensible to those involved – well linked to the lived experience. It accordingly demands that constructs used by the theorist be articulated and consistent with the constructs used by the everyday actor. These scientific concepts must be comprehensible and give a comprehensive and trustworthy explanation of the acts observed. The postulate of adequacy represents, to its proponents, a transformative idea in

sociology in that it distinguishes phenomenology from positivistic modes of explanation (McLain, 1981). “ ‘Holding onto the subjective perspective’ offers...the only really sufficient guarantee that social reality is not replaced by a fictitious non-existent world constructed by some scientific observer”. Schutz did recognise that the perspective of another person could only be approximated, always remaining an unachievable ideal for social theorists (Hitzler & Eberle, 2004, p. 69).

Phenomenological researchers are looking for understanding of the essential truths or essences of lived experiences (Byrne, 2001a). They accept that knowledge and understanding are ingrained in the everyday world experienced by embodied humans. Furthermore, phenomenologists believe knowledge cannot be quantified, reduced to numbers and statistics. Rather, phenomenologists posit understanding of life and ‘truth’ emerges from people’s life experiences. It is furthered argued that people live in taken for granted realities that are subjective. The ‘lifeworld’ is of central concern in a phenomenological analysis. It is the “only real world, the one that is actually given through perception, that is ever experienced and experienceable—our everyday Lifeworld....What we know best, what is always taken for granted in all human life, always familiar” (Husserl, 1970, pp. 49 & 123). Lifeworld (*Lebenswelt*) is what is self-evident or ‘given’; it is a world that people can experience together, and thusly intersubjectivity, the sharing of subjective states by two or more people, is achievable (Scheff et al., 2006). Intersubjectivity occurs when a phenomenon is personally experienced (subjectively), but by more than one person (Intersubjectivity, n.d.). It allows for empathy, or the experiencing of another person as a ‘subject’ rather than just an object. It also provides for ‘common sense’, or shared meanings, raised through interaction. Shared meaning is a resource to interpret what ‘things’ mean in everyday life, a definition of the situation experienced. One way intersubjectivity occurs is through communication as people report on their experiences and negotiate the meaning of things. Language and ‘talk’, or communication in interactions with others, is vital in phenomenological analysis (Gubrium & Holstein, 1993). One’s way of talking about things and events—the objects of people’s conversation—are of paramount importance. Each person’s world is one of things “constituted by language in interaction” (Gubrium & Holstein, 1993, p. 655). Social organisation is produced through linguistic interaction (Radina et al., 2008). Each individual’s lifeworld consists of socially and culturally given meanings, a lived realm of culturally grounded understandings (Habermas, 1981).

Schutz (1967) used the term *umwelt* to point to the ‘surrounding world’ or environmental factors that can affect the behaviour of an individual actor. He also mentions ‘consociates’ or ‘fellow-men’ of the individual that share a community of space and time. Experienced social realities are vast, directly experienced as well as indirectly experienced—a social reality beyond the horizon of direct experience.

Phenomenological understanding underscores how people impart meaning to the life they are living, a focus on individual consciousness. Experience is a critical aspect of living, a consciousness of being a physical and psychological person (corporeality) and of one’s relationship to the physical and social world (relationality). It is also how the immediate world is realised spatially and temporally. Phenomenology scrutinises and seeks understanding of how people experience and accomplish everyday reality, and how it is intersubjectively structured. People’s perspectives, voices, meanings, and their lives as experienced are prioritised. In phenomenological analysis, attention to how individuals give

meaning to the objects of their consciousness or experiences is critical (Daly, 2007; Gubrium & Holstein, 1993). Research intends clarification of situations lived in everyday life and the meaning of experiences (Giorgi & Giorgi, 2003).

The research reported herein is a phenomenological analysis about how farming couples' identities are interactionally constituted and sustained. Each person's identity is influenced by his or her family paradigm, biography, and 'local cultures' and 'going concerns' (Gubrium & Holstein, 1993, 2000). These cultures are organisers of shared concepts and expectations about the world and life. Going concerns are "relatively stable, routinized, ongoing patterns of action and interaction" and a "way of being who and what we are in relation to the immediate scheme of things" (Gubrium & Holstein, 2000, p. 102). To be understood is how language in social interaction fashions a meaningful world and self-identity. In experiencing life as a process, people might use categories such as farmer or crofter, or business owner or entrepreneur, to identify self or to provide indicators of statuses in the life lived. What matters in the analysis and interpretation of the experiences of the people studied is not so much the status of farmer or others that people offer, or the fact of farming, crofting, or running a business, but rather what the individual 'makes' of it. That is, the language used to live within one's world and explain it to self and others. The aim of inquiry is to capture as closely as possible the way the phenomenon of crofting and farming are experienced within the context in which it ensues. From the contextual presentation of the phenomenon as lived by the participant, the analysis endeavours to determine the essence of the phenomenon and to interpret how one experiences the phenomenon. Direct descriptions of experiences provided by those having the experience are sought, rather than 'scientific' analysis or understanding (Daly, 2007). The subjective meanings that compose the phenomenon are pursued through analysing lived instances of the phenomenon (Giorgi & Giorgi, 2003). To do this, the researcher must 'enter' the world of the investigated individual, but trying to withhold own preconceptions and scientific concepts whilst getting in touch in a direct and primitive way with the 'natural attitude' of the individual living in a social world as constructed by her or his subjective and intersubjective reality.

3.1 Phenomenology

Phenomenology has become a commonly used term and it is not always clear if the reference is to the philosophy or to phenomenological inquiry as an approach to research. Phenomenological inquiry designates a research perspective distinct from more positivistic, hypothetico-deductive forms of inquiry. Cope (2005) demonstrated how the philosophy is translated into an interpretive research method. There are two major branches within phenomenology, stemming from two seminal thinkers who shaped the early stages of the philosophy. The descriptive or eidetic branch is associated with Husserl, and the interpretative or hermeneutics branch with Heidegger (Heidegger, 1962; Husserl, 2010, 1999; Lopez & Willis, 2004; Munhall, 2007; Wojnar & Swanson, 2007). Both were German philosophers. Heidegger was Husserl's student, but when he took over Heidegger's chair, he fostered a different understanding of what phenomenology could do (Lopez & Willis, 2004).

There are important differences between the two approaches, but a simplified explanation is offered here. Descriptive phenomenologists attempt to put aside, or 'bracket' knowledge, presuppositions, or biases they have about the subject of investigation so that these do not affect the study. Interpretative phenomenologists accept that previously held ideas and

knowledge cannot be put asunder, as they are a part of the person. It is not possible to approach a subject in a completely blank, neutral manner. It is recognised that people, including the researcher, use one's own experiences to interpret the experiences of others. The goal then is to become acutely aware of presuppositions and how they may affect the study (Ball, 2009; Connelly, 2010; Crist & Tanner, 2003; Lopez & Willis, 2004).

Phenomenology as a philosophy emphasises the nature of experience as known to the person experiencing the phenomenon. A phenomenon is anything that appears or presents itself to someone in consciousness (Moran, 2000). The 'known experience' is termed 'lived experience.' A descriptive phenomenological researcher thus examines and attempts to understand the qualities, or essence, of an experience. Interpretative phenomenologists focus on the lived experience, or the situated meaning of a human in the world (*dasein*) (Flood, 2010; Lopez & Willes, 2004). This is typically attempted via in-depth but loosely structured interviews, people's stories, or observations of people having the experience of interest to the investigator (Balls, 2009; Connelly, 2010). The goal is accurate describing and revealing the meaning of the lived experience in the context of what is being investigated, rather than constructing a nomothetic theory, developing a theoretical model, or confirming/disconfirming existing theory. Phenomenology is discover orientated. The aim is to develop inductive, interpretive theories indivisibly substantiated in the lived-world (Balls, 2009; Cope, 2005; Flood, 2010). Cognitive meaning is discerned from the informational, expository, and conceptual aspects of the examined text of the interview or other data source. These are the semantic and linguistic meaning, making understanding achievable. Non-cognitive aspects of the text include expressive attributes and emotions displayed during the interview or observation. Combined, these types of meaning enrich the investigators and reader's understanding of everyday life (van Manen, 1997).

An individual's 'natural attitude' is the attention given to the world as assumed and taken for granted. The natural attitude assumes a uniform and predictable day-to-day lifeworld exists. Individuals assume that others share, to some extent, a similar consciousness of reality. This intersubjectivity is a process of on-going accomplishment—interactions with others leads to those involved contributing to each person's shared meanings of the taken-for-granted world (Daly, 2007; Gubrium & Holstein, 1993, 2000). Individuals share common localised cultures and family paradigms for making sense of their worlds as objective experiences, but each individual's worldview is subjective and singular.

Phenomenology focuses on consciousness and conscious experience. These experiences include perceptions, emotions, judgements, and the like (Balls, 2009). People are 'embodied beings', experiencing life as corporal beings having a physical and cognitive existence. 'Problematics' are experiences, positive or negative, bringing into question one's 'stock of knowledge' (the subjective types of knowledge one holds of his/her world, serving as a reference point for living in this world; Daly, 2007). People hold 'typifications', grounded in experience, allowing for a sense of predictability. People expect that life in the future will correspond with the schema of the familiar life of the past; what was typical is anticipated to be typical in the future. When an event, interaction, or piece of information is incongruent with one's typifications, new meaning is often essential. Learning of being made redundant, realisation that one's income is inadequate, or becoming conscious that changes in agriculture are making one's effort inadequate, could be problematics requiring conscious reorienting of one's everyday

reality. New typifications become possible as this proceeds. It is in understanding this process that phenomenological analysis provides a framework for understanding entrepreneurship due to displacement and disjunctions.

3.2 Analytical approach

There is a predominance of objectivist approaches in the entrepreneurship literature, including farm entrepreneurship (McElwee, 2006b; McElwee & Atherton, 2005). Grant and Perren (2002) argued that new perspectives on entrepreneurship would be achieved when one escapes the 'paradigmatic cage' of positivism. Phenomenological or closely related interpretative approaches are being used in entrepreneurship and management research (Cope 2005; Devins & Gold, 2002; Ehrich, 2005; Hamilton, 2011; Rae, 2000, Rae & Carswell, 2000). McElwee (2008) and Hildenbrand and Hennon (2008) used a phenomenology technique in their investigations of farmer entrepreneurship.

There is no accepted lock-step approach to using phenomenology for understanding social phenomenon (Groenewald, 2004). Analysis of the data, or interpretation, can take different approaches. The intention is detecting meaningful information and totalising this information into themes once all transcriptions of the interviews and field notes have been analysed. Themes are subjects or topics common among several of the people interviewed (Byrne, 2001b; Wertz et al., 2011). This approach is thematic analysis.

It is common when reporting thematic analysis for the author to make hefty use of direct quotes from the people interviewed. Such use of quotes is to verify or to make transparent the development of themes and assist the reader more fully understand and appreciate the experience as it was lived. Phenomenological research is judged for its quality based on its transparency and if it can be audited (Balls, 2009). Trustworthiness, or rigour, is important (Graneheim & Lundman, 2004; Jootun et al., 2009; Koch, 2005). Rigour focuses on objectivity and neutrality. Techniques include bracketing if doing descriptive research, having others including the people interviewed confirm findings to certify their credibility, as well as discussions with colleagues to help ensure awareness of biases along with help to prevent premature closure of the analysis undertaken. Reflexivity is important to further understanding of the phenomenon of interest and the researcher's role in selecting the subject matter and doing the analysis. Careful record keeping about the analysis and memoing about aspects of the study (including what the investigator was seeing, hearing, questioning, and doing) and emerging insights helps in tracking progress and identification of presuppositions and the basis for drawing conclusions and identification of themes. Importantly, the investigator should reflect upon the articulation of the research with the philosophy, answering questions such as: "Do the findings reflect as fully as possible the experience of the participants? Do the findings relate all feasible aspects of what it is like to be the person (in a body) who has experienced a certain phenomenon...?" (Connelly, 2010, p. 128; Cope, 2005). Phenomenological investigations endeavour to understand what an "experience was like to *live it*, not just the person's reaction to the experience" (Connelly, 2010, p. 127; *Italic in original*). Ideally, the findings are written in a way that communicates to the reader the participants' experiences as fully as they can be comprehended with out having experienced them oneself. However, there is difficulty in understanding and interpreting the words and stories of the people having the experiences of interest. Denzin and Lincoln (2011, p. 21) pointed out, people "are seldom able to give full explanations of

their actions or intentions; all they can offer are accounts or stories about what they did and why. No single method can grasp the subtle variations in ongoing human experiences”.

A person can interpret things differently at different times and in different contexts; interpretations could change with time. Phenomenological studies are situated in a specific context at a certain time, reflecting existentialist concern for understanding the ‘human-being-in-the-world’, with human existence explained by the experiential context in which it occurs (Bogdan & Taylor, 1975). The knowledge of the researcher is developed through a personal, interactive, linguistic relationship between the person investigated and the person doing the investigation. Descriptions casted by the investigator are interpretations of the interpretations of the investigated.

Bogdan and Taylor (1975, pp. 13–14, italics in original) encapsulated phenomenological inquiry: “The phenomenologist views human behavior—what people say and do—as a product of how people interpret their world. The task...is to capture this *process* of interpretation....In order to grasp the meanings of a person’s behavior, *the phenomenologist attempts to see things from that person’s point of view*”.

4. Material and methods

Two case studies were effected in order to illustrate the complex interrelation between families and farms, entrepreneuring activities, and self-identities. Case reconstruction, based on the theory of social action, was employed. The method is grounded on the dialectic of the general and the particular. The general represents the possibilities for action of the case family. The particular is the choices of the family in regard to these possibilities. These choices made are not random; they establish and reinforce the social order of the family, thusly shaping a pattern specific to the family and the decision-making process. This pattern is the case structure. Using case analysis, case reconstruction entails recognising and recounting case structures. The case structure is regarded as a hypothesis (ie, case structure hypothesis) and evidence for verification is sought in the data collected about the case. Hypotheses from a theoretical model or supplying empirical proof are not employed. Rather, ideographic theories of the action orientation of the cases are derived from empirical study of the families. Case reconstruction can identify structural issues, but a survey is necessary to determine the prevalence of the occurrence (Hildenbrand, 1999).

The analysis scrutinises how a couple constructs, through language in interaction, a family reality from individual experiences and sense making. The concern is how individual’s subjective experiences become a negotiated intersubjective experience. “Experience is not ‘raw’; people choose meanings and inquire of significant others as to how to make meaning of experiences and thus understand their experiences within the context of family life” (Hildenbrand & Hennon, 2008, p. 493). Families have an element of choice to create the reality of life lived together, to fashion life experienced what they choose to make it. The interest in this chapter includes holistic sense making and resulting lines of social action, or the family reality.

Two agricultural couples were investigated, one in Scotland and one in the USA. Interviews were transcribed and analysed through sequential analysis, observations were undertaken,

and extensive field notes were recorded and consulted. Each case was analysed separately, with eidetic descriptions of important events, emic concepts, and emergent themes identified. Cross analysis was then preformed to identify common and signature themes and strategies that the families used to modify their income generating processes, and, as a result, changes in lives and livelihood.

The aim of this study is to learn about the characteristic nature of the entrepreuneuring farmer/family. Human's subjective viewpoints, the taken-for-grantedness of knowledge and the social world, and how this knowledge is created are the concern of phenomenological inquiry. People's experiences are of 'something', characterised by 'aboutness', or what awareness is about or directed. The analytical charge of scientific inquiry is to understand the experiencing of this something within the context in which it occurs. This context includes the lived-life, present situation, and future intentions. The analysis presented in this chapter is attentive to the process by which farmers and farm families 'make sense' of their lifeworld (*Lebenswelt*), and their social position as 'self' and 'family' within this world. The theorists must 'enter' the world of the farmer and achieve intersubjectivity whilst best withholding, or at least being keenly aware of, preconceptions and judgements, and not applying scientific concepts a priori. This entering of the families' world requires adapting a 'phenomenological attitude' to better undertake the investigation. The farmer and family are the experts on the topic investigated (Cope, 2005; Glendinning, 2007; Hildenbrand & Hennon, 2008).

However, investigators are not naïve when entering the farmer's world and experience the interview (Cope, 2005; Cope & Watts, 2000). Previous research as well as experiences, values, and language inform the investigator's lifeworld and natural attitude. The investigator owns an agenda concerning why to conduct the investigation. The investigator attempts openness to insights and novel ways that farm families existentially establish and experience their worlds. Nevertheless, knowledge and experiences help form interview questions and interpretation of the interview. Awareness and reflexivity is promoted by the hermeneutic or interpretative tradition, the approached taken for this study. Interpretative phenomenologists accept that previous knowledge, hunches about what will be discovered, and biases cannot be stricken from the investigator's mind. Holding these presuppositions in abeyance to the extend possible by adopting a phenomenology attitude is attempted so to not unduly affect the research. The attempt is to reconstruct the meaning that is in the data, and then develop a theoretical explanation from this reconstructed meaning that is true to, and comprehensible by, the people investigated.

4.1 The cases

The worlds of the people investigated were entered in multiple manners. The methodological approach is interactive and interpretative (Hildenbrand & Hennon, 2008; McElwee, 2005). With phenomenological research, the indispensable criteria for participant selection are the persons have experienced the investigated phenomenon and are willing and able to describe the experiences (Polkinghorne, 1989). The investigator asked people in pubs and stores, and members of the Scottish Crofting Commission, for recommendations as to a crofting family to interview. The investigator approached a family identified and inquired about the possibility of being interviewed. Confidentiality was promised. Permission was granted, and informed consent obtained. The family ran a B&B so the

investigator rented a room for several days. One formal, recorded, interview lasting approximately three hours was conducted with Don (aged 58 at the first interview) the husband and Mary (aged 56) the wife, as well as Don's brother and sister-in-law who were visiting. Informal interviews were also conducted, and observations made, over several days. Field notes were taken. The transcribed interview was given to the family the following year and they clarified and corrected it. During this visit, additional interviews (a total of three hours) were conducted and observations made. Three years later the investigator conducted a participate observation study, working on the croft for six days. Follow up phone calls and email allowed for updates. Interviews were also conducted with the former president of the Crofter's Union and with members of the Crofting Commission staff. Local newspapers, agricultural papers, and other materials such as Commission reports, were read to learn more about the agricultural and crofting situation in Scotland. Interviews were transcribed and analysed using case reconstruction methods. A reconstructed case summary or 'story' of the family based on the interviews and other data was produced.

A third-generation farm family living in Ohio (USA) was asked if they would be interviewed. The author's knowledge of the geographical area and its social milieu, plus interaction with farmers, helped to select the family considered representative of other farm families in the area. The family is well known and respected. The author has had some farm business transactions with the husband. The purpose of the proposed interview and interview logistics were explained and confidentiality assured. Informed consent was obtained. The interview was conducted in the family's home on a winter Sunday evening. Present were the husband (Keith II aged 42) and wife (Kathy aged 38), as well as their son (aged 9) who did not participate in the interview. The interview was recorded and lasted approximately 2.5 hours. A draft genogram was constructed during the interview and finished after the interview was transcribed. Follow-up visits and telephone calls determined the accuracy of the interview and interpretation, and to learn of new developments. Observations of interactions in the family's place of business also occurred. These observations were of naturally occurring events and provided opportunities for insights of spontaneous and authentic daily life. The family was studied over a three-year period. A reconstructed case summary or story of the family based on the interview and observations was developed.

The formal interviews with both cases used a hybridisation of the phenomenological interview (Cope, 2005; Ryba, 2007; Thompson et al., 1989). The phenomenological interview creates a dialogue to enable a flow of questions arising from the intersubjective 'space' of the investigator and the investigated's conversation. Questions were formulated based on the experiences of the person being interviewed, the researcher's interpretation of the meaning of experiences being disclosed, and to reconnoitre topics stated by the interviewee. To focus the discussion on 'something' (an agreed upon phenomenon; aboutness), not 'anything', the interviews began with a 'funneling' technique—to commence a story (or narrative) about the history of the farm/croft and family. The interview started with "I have four questions for you: who are you, where did you come from, where are you now, and where do you want to go"? The interviews followed in the manner of a conversation, with follow-up questions asked to obtain information such as dates of events and changes in the history of the croft/farm. Two other techniques were used—'delineating and illuminating'.

Delineating keeps the conversation from departure too far from the phenomenon of interest, or the something/aboutness; after exploring a new line of conversation enough to determine its importance, the conversation was refocused to the agreed upon topic. An illuminating technique brings clarity to ideas and language of the participants not familiar to the researcher, or to get more detail about a topic mentioned.

Part of the interviews was devoted to gathering of relevant data on the family business over three generations (one for the Scottish couple). These data were integrated into a genogram that was analysed sequentially (Hildenbrand, 2005a). Starting from a given datum (e.g., date of birth, occupation of the grandfather) the investigator asked, "what are the 'objectively' given possibilities for this person (e.g., whom will he marry; will he continue the farm in the way of his father)? These potential answers were compared with the actual decisions taken. From this the investigation explored the now given possibilities until an action and meaning pattern relating the lifeworld of the family under study was discerned. This pattern was then confronted with interpretations of the family's history amassed during the interview. Comparing these with the pattern developed from the genogram offered a 'thick description' allowing formulation of hypotheses for this family. Comparing these hypotheses with those fashioned in case reconstructions of other families will allow developing grounded theory on the world of entrepreneuring farm families.

5. Case reconstructions

The goal is seeking understanding of the thoughts and behaviour patterns of family members to illustrate, in one case, how a crofting family could adapt over a period of years into a 'modern' business family integrating pluriactivity whilst maintaining the image of traditional crofters. In the second case the inquiry illustrates how the family could sustain their image as a farm family even when transforming within a year from farming devoted to cereal crops and livestock, into a family running a rural business in the tree nursery, vegetable, and flower trade. Both families engage in strategies of pluriactivity, including diversification and multioccupation, to weave a variety of employment opportunities together in order to maintain a lifestyle that is economically precarious, but personally satisfying. Instead of presenting thematic topics with supportive quotes, the families stories are presented and interpretations offered.

5.1 Don and Mary Cotts, a crofting family

The family lives in a remote but scenic area on the northwest coast of Scotland, in Ross-shire, an economically peripheral area. The croft lies alongside a winding road, a one-lane track with passing places. The croft is located about 8 kilometres from a small village and about two hours drive from Fort Williams and Inverness. This village has two small food stores, a pub, and a couple of other small retail establishments. The croft, which is rather large as crofts go due to it consisting of two and one-half previous crofts, is of approximately 32 hectares, located adjacent to a loch, with little flat land. The croft abuts a set of hills, which are steep and rough, with lots of rocks, bracken, and water. There are many trees on the croft in-bye land, some planted by the Cotts as an ecological move. This was part of a forest management scheme where the person bought and planted trees in designated areas. If the trees were of a certain height in five years, the person was paid. For

five additional years the person was paid a forest management fee. The Cotts pay rent—the amount set by the Land Court is minimal—to a landlord for 405 hectare of grazing land.

Don grew up in Edinburgh and met Mary in Switzerland when both were working for a multinational corporation. Don received technical training as an engineer and worked in Africa for a U.S. based corporation, and later was transferred to Geneva. Mary, who is German, was a dental assistant and worked for her father in Asia. She married a Swiss man at age 20, but soon divorced. She moved to Switzerland (became Swiss citizen by marriage) and was employment as English typist for the same company that employed Don. Later she becomes assistant to her boss. Mary had a serious automobile accident and in hospital agreed to marry Don (she had said no earlier). They were 28 and 26 at the time. Offices in Geneva were closing and Don was transferred to Edinburgh, as was Mary due to her being his wife. They were paid less in Edinburgh and Mary did not like living there. They had their honeymoon on Isle of Skye and decided they would like to croft, so wrote letters to landlords seeking a croft.

The Cotts moved to the croft in 1977, living in a caravan until the house was built. They have two sons, one now living in London and one in Edinburgh. The croft was purchased in 1990 for £80,000. Don is in a somewhat exceptional position of being both landlord and tenant for his croft (because it was purchased). Owner-occupancy has become more common since 1975, but typically the tenant crofter pays rent to a landlord upon whose land the croft resides (Crofters Commission, n.d.; Scottish Crofting Federation, n.d.). At one time there were five families in the Cott's village with about five hectare of out-run for winter grazing and a share in the common grazing. Each croft had one-half hectare of land. In the late 1950s, there were three crofts in the village. When Don bought his croft, he basically bought the total village. Don in effect is his own landlord. He could rent to someone else, and in fact does rent a small building for a shop to his wife Mary for legal reasons, including taxes. His application to buy the land was approved by the Crofting Commission as they considered local interests. To prepare for the land court appearance when he was trying to buy the land, Don dictated and recorded his speech on tape, listened, and wrote it down to edit. This was to remove slang and to sharpen its focus.

The croft has a house and a few small outbuildings, including a small retail outlet for wool and sweaters. A recently built shed/barn is over one kilometre away on other side of carriageway. The house was built in the late 1970s and expanded in the 1980s, with money obtained through a Crofting Commission housing scheme, so the Cotts could offer B&B accommodations. Three or four rooms are let for bed and breakfast. The couple also owns a house a couple kilometres away, purchased for Mary's mother. It is now let to tourist with the idea that one day it can be sold. There is also a caravan located between the house and the loch that is a tourist accommodation.

The croft is worked with the help of three border collies; there is very little mechanical equipment. Livestock consists of five cattle and about 150 sheep (lambs are not counted). Some sheep are of a rare breed raised for their wool. This wool is sold in the retail establishment run by Mary Cott. Angora rabbits are also kept for their fur, which Mrs Cott sells throughout Great Britain or to weave sweaters that are sold from the small retail shop located adjacent to the house. Mrs Cott mostly has other women do the weaving. Some of

these women live some distance from the croft and wool, patterns, and sweaters are sent by post. Tourists stop by to shop. Sweaters and wool can be sent by post to customers.

Crofts are not meant to provide all the means of substance for a family through agriculture. Don and Mary have preformed a variety of income generating activities over the years of their living on the croft. This family has engaged in such activities as raising sheep, rabbits, and cattle; harvesting seaweed; picking whelks; delivering the post; owning a small textiles retail establishment; running a propane business; letting a caravan and house to tourist; and operating a bed and breakfast. They have also worked in a hotel, for the county building roads, and for a large estate owner in a variety of capacities.

Mary indicated that the various sources of family income were in the following proportions: the bed and breakfast 50 per cent, letting a caravan and a house 15-20 per cent, the sheep and cows five per cent, the forestry two-three per cent, hiring out of Don's labour 25 per cent, and selling LP gas one per cent. Mary noted the shop was not a source of income because the money earned has been "going back into the shop...I want to get it good and established". This family's entrepreneuring, home-based employment, and hiring out of labour have created employment for themselves and others. This type of pluriactivity and multioccupation is typical of crofters, farmers, and other households engaged in home-based employment (Hennon et al., 2000; Hillenbrand & Hennon, 2008; Scottish Crofting Federation, n.d.).

The B&B is run year around, but doing busy times on the croft, such as lambing, the B&B is secondary and Mary stated, is on a "if we are available to answer telly or met a car that drives in" bases. Although there are four rooms that could be let, the number of guests is typically limited to six due to space availability at the table. With more guests, it is crowded and Mary feels this is not good for the guests. Because there is limited options to purchase meals nearby, one very expensive restaurant and one costly café, Mary cooks and serves an evening meal to guest for an extra charge above the B&B rate, securing another source of income. She bakes the bread served at meals.

The house is two storey, functional and simple. There are four guest bedrooms and two baths. The centre part of the house is a large sitting room with comfortable chairs, a fireplace, and the dining table. The kitchen is located at the rear of the house (the side facing the carriageway) with a rear door off a hallway. The couple spends a great deal of their time in the kitchen. The kitchen table is a work area. This is where most of the interviews and visiting took place, often over tea and a few times whiskey. The kitchen also affords a view of the drive and is convenient to exiting the house to go to the shop or out to tend to the crofting activities.

Don was asked about the advantages of crofting. He indicated that crofting should cost less to get into than farming. This is because the crofter does not have to buy the land, only the improvements made to the land and buildings by the current tenants. With housing grants and loans, people can afford nice housing. The grants and loans can pay for materials and the person can self build or pay for construction. There is a shortage of lower cost housing in the remote areas of Scotland. On a croft, the crofter can buy the house and a small amount of land. Buying the whole croft is more difficult. This purchase would include payments for the land to the landlord, for solicitors, and so forth. Any one landlord could own many crofts. In the Cott's area there are two landlords and perhaps 100 crofts. Each croft has a

share in or right to the common grazing. There are grazing officers who oversee this grazing and settle disputes. Mary is a grazing officer.

There are many regulations and legalities involved with agriculture and crofting. Some come from the European Union and some from the Crofting Commission as well as the UK. Local ordinances also play a role. Don noted "there was a thick book of regulations" and "no one knows all the regulations, but don't matter as long as you get along with the neighbours". The rules often come into play during disputes between crofters and landlords. The post brings news of regulations and modifications ("a letter a day on new regulations"), as well as reports and newsletters discussing grant schemes and regulations. The Cott's receive several newspapers and newsletters (some pertaining to rare breeds due to the animals they raise) as well as information from the Scottish Crofters Commission and Scottish Crofters Union. Don offered that whilst he paid money to the Union, "they were of marginal assistance". Learning about the regulations is possible through the Crofters Union, farmers' press, and talking to people. These sources also "help in learning how to get around regulations". There are many forms to be completed and records kept. Books must be up to date. Mary stated that "we can be fined or subsidies lost if mistakes are made. Some of the forms are complex and hard to fill out". Don offered, "It is hard to keep up". He mentioned he is sceptical of people. He has reservations about the government seeking to make regulations and laws. He commented many times over the years of visiting the croft the amount of paperwork, laws, and restrictions that do not make sense to crofters or to common people. He believes that if people used more common sense, things would be better.

Building a shed illustrates the complexity of crofter life as well as the regulations that Don repeatedly mentioned as one of the most problematic aspects of crofting. The shed or barn is about 9 x 14 metres and has a concrete paddock for cattle feeding. At the time, government grants helped pay for building sheds at the rate of 60 per cent if for animals and 50 per cent if for storage. Because this shed was for both, different amounts were granted. First Don had to "beg" his landlord (the person who owns the grazing land) to be able to build, and then he had to get permission from the local council as well as their approval for its location. He revealed there were "lots of hassles over this". He could not build where he wanted because the building would be visible from the road and distract from the scenic values of the countryside. Another location was approved farther away, approximately one kilometre. Consequently, the new structure has neither electricity nor running water. The area is wet and large lorries have trouble getting in and out due to the hills and curve on the road. Don reported there were "lots and lots of problems" with getting the shed built so he did much of the work himself. Due to a variety of delays, he could not get the grant money when he wanted to pay for materials and workers. Inspections had to be done and approvals obtained before the grant money was forthcoming. They had to borrow from the bank. Don did admit that because of grant schemes "people could now have nice buildings".

The B&B business is also regulated by laws as well as influenced by forces outside the Cott's control. The Cott's were concerned about a possible inspection from the tourist board. They make surprise visits by booking a room for the evening. Don said Mary likes to try to keep him away during inspections because he argues with the tourist board. He believes "the board should be working for me, not the other way around, should be doing all they can to give people, people like us, a break and get tourist wanting to stay in this area. We have a

lot to offer, but people don't know it". The tourist board has changed its rating systems over the years. The Cottis had to have three different signs in six years on the road advertising their B&B. They also pay £100 a year to have the B&B listed without a picture in the Highlands Tourist Board Book. The B&B is mentioned in various travel guides, often without the couple knowing about it. Mary reported, "About half our guests just stop by to ask for a room, the rest book ahead. I have to turn people away sometimes because we don't have space. Other times, no one here. Its up and down...you can't plan, like how much food to get for meals and such".

The B&B has received a score of seven out of ten by the board over the last few years. At the time of the first interview, rooms were £14 per night per person. If the guest booked a room through the tourist board, the board received 10 per cent of the B&B rate plus charged the person a £3 fee. Mary felt the Board "was leaning on them" to increase the charge to £16 per person with an increase over 10 years to £21. When preparing the business plan for the B&B with a 10-year projection, they had indicated that the rate would go from £9 to £16. The officials said it should be higher and go to £21. Don believes this is too high—"this is not a hotel and we don't have the services like a hotel does. People know this or quickly learn it". He indicated that if the Tourist Board wanted to make these kinds of accommodations available, "the board should help build hotels. Other tourists could use cheaper B&Bs if they wanted". Mary revealed the cost of doing business included banking fees. There is a charge to cash cheques, including a £5 charge if the cheque was drawn on a different bank plus a 10 per cent fee for cash deposits. There is also a three per cent fee for each credit card transaction.

Don runs a small LP gas distribution business. He took it over soon after moving to the croft, and gave it "a bit of a boost" and it becomes main source of income. Construction in area was booming and there was demand for gas for heaters, etc. He stores cylinders of gas in a shed convenient to the drive near the road. People can stop by to purchase or he delivers with help from "a young lad...strong boy...does the lifting". This business was started because Don figured he could make money from it, as the nearest distributor was in a town some distance away. More recently, the demand has slowed, and the income from the business is now minor. For a time they sold doors for homes and made "good pay" building beds for workers building drilling platforms.

Both Don and Mary work hard all day. Mary seldom sits down even though she has some trouble with arthritis and her feet. In response to questions about a typical day, Mary indicated that the alarm goes off at 6 a.m. They lie in bed and listen to the news on the radio until about 7 a.m. Don said this was to hear the weather and find out what was going on in the world. They have a cold shower. Don begins to take care of the animals. As he noted, around 7 a.m. they start "to sort out people and animals". The table is set for breakfast for the B&B guests. At 7:30 they have their own breakfast and Don opens the shop. Coffee is made and breakfast cooked for the guests. Between 8 and 9 breakfast is served and this is a hectic time. Between 9 and 10 the guests typically leave, but there is no set time for this and sometimes guests linger, especially those staying more than one night. The breakfast dishes are cleared, beds are made, and the daily laundry begins. Bed clothing, etc. are hung to dry and are ironed. Their bed is made and the house is dusted and hoovered. There are interruptions to this work as people stop in to visit the shop or inquire about rooms. Sometimes as people are leaving the B&B, they visit the shop. When cars are heard on the

drive, either Don or Mary will typically go out to greet them. Don helps in the house, carrying out ashes from the fire as well as tending to the fire. He also fixes things around the house, talks to guests, offers ideas on tourist attractions, and helps with cleaning and other chores as necessary. Mary cares for the house, cooks, and participates in outside crofting chores, such as medicating sheep and helping with lambing, a demanding and tiring time. Don does most of the outside work, except for cutting the grass in the garden, done by Mary. Decision-making is joint. One example was deciding on where to put a park for the cows (an enclosed area that was to be built somewhere across the road). As appears to be true with so much that occurs on this croft, Mary and Don jointly assessed the situation in order to come to a decision. The issue was if they were to run one fence for several metres along the road, or to make two bits of fenced in area, with an area between closed off to the cows. Don was concerned that part of the area was too rough for the calves and they would be injured. He thought it was better and cheaper to do two bits; Mary wanted one.

As they walked along where the park would be talking about it, sometimes at great distance from each other (as Mary was walking on the hill several metres from the road as Don walked along the road), they discussed the pros and cons of each idea. Mary walked the rough land on the ridge to show that it would be okay for the cows. At issue also was where to put the gate, as the area is quite rocky with several peat bogs (where the couple used to cut peat for fuel). The gate would have to be in an area where there was lorry access. A bulldozer would have to be hired and materials purchased. No decision was reached, but as Don said, "It was a draw at half-time. We both get our words in and then we compromise". Observations showed the couple often would sit at the kitchen table and discuss what was to be done that day. Many times Don would ask Mary's opinion about what he should do that day. The couple seems to discuss together and seek consensus about longer-term planning and monetary expenditures, such as purchasing a vehicle or entering into a crofting scheme.

As for the future, there is some uncertainty. Don mentioned that it is hard to project income based on tourism. In comparison, even though the price of lambs fluctuated and was down, there were subsidies as well as other programs that helped make predicting income easier. Mary noted that though sales at the shop have recently been good (about 100-150 sweaters are sold each year), this income also was hard to predict. Don would like to improve the appearance of the shop (it is a small wooden building), believing people drive down the lane after seeing the sign and then see the small shop and have a negative reaction. He indicated, as did Mary, that people must talk positively about the shop as they have many sales including return customers. People also mention that they have heard about the shop from others.

The couple had to learn how to be crofter and care for animals. Mary said local people are polite and "not in your business". She indicated the way to ask for help from locals was to "drop hints". They have borrowed ideas from others and it took time to learn, but people have been good about letting them learn; "Just ask if you want something". Don said the local way is people are suppose to notice if someone needs something and then offer to help. He also reported that over the years he has become an innovator, for example, being the first in the area to use movable electric fencing for the cows, and people have sought him out for advance.

5.2 Précis

There have been many changes in the local community as well as in crofting during the time that the Cotts have lived on a croft. More transformations are underway. Both Mary and Don's individual biographies are at the centre of an expanding set of forces that impinge upon their lives. Whilst these are economic, social, and political in nature, and some are distant and others more local, they impinge on their daily lives and plans for the future. Their lifeworlds have undergone change, but they have adapted, finding sources of income and living a desired but physically demanding lifestyle. Pluriactivity and multioccupation have been common, and entrepreneurship has played its part. They saw an opportunity with the LP gas business, as they did with building beds, raising rare breed animals for their unique fur and wool, and starting a small sweater retail business. They are not 'typical' crofters, but have identities and act as if they were. Both have technical training and worked in other countries. Neither come from an agricultural or crofting background. Intention appears to be the main motivator for their entrepreneurial endeavours, realising that crofters have to seek out multiple sources of income. Their entrepreneuring in terms of improvements to the croft and its income generating abilities, combined with creating new businesses, has allowed them to live a life they desire in an economically precarious area. In a sense, they are survival entrepreneurs and lifestyle entrepreneurs, as they selected businesses favourable to long-term and viable participation in areas where they had interest, talent, and expertise (Peters et al., 2009). They have experienced multiple problematics requiring conscious reorienting of their everyday reality. New typifications are created and applied as life proceeds.

The bed and breakfast start-up is an example of how they used their entrepreneurial attitudes and skills. They were alert and realised there were few tourist facilities in the area, discussed the possibility of entering into this aspect of tourism, sought out information and funding possibilities, assessed the risks, and made the decision to move ahead. They were able to recognise an entrepreneurial opportunity, trigger it, and it became the greatest source of household income. In terms of McElwee's (2008) typology of entrepreneurial farmers, the Cotts would be Type II, Farmer as Entrepreneur. They possessed and further developed the requisite skills for engagement in entrepreneurial activity. Their backgrounds and human capital situated in a 'surrounding world' or *umwelt*, fostered the entrepreneurial function. The croft is in a geographical and cultural region that facilitates certain types of entrepreneuring, such as the expectation of pluriactivity and the increase in tourism. Mary and Don, however, did not self describe as entrepreneurs. The word was not used during either the interviews or observations. They did use terms like 'having to do something', 'saw an opportunity and took it', and being 'innovators'.

5.3 Keith and Kathy Cropland, a farming family

A third-generation farm family living in Ohio (USA), the Cropland farm is located in a USDA labelled '1' county on its rural-urban continuum, meaning it is a fringe county within a Metropolitan Statistical Area with a population of 1 million. The family lives on the extreme edge of the MSA, the area is rural, and a small town (20,000 people) is about 5 kilometres from the farm. The largest town (60,000 population) in the county (370,000 population) is 34 kilometres distance. Within the county, 13 per cent of the population is

below the poverty level (Economic Research Service, 2011a, 2011b; U.S. Census Bureau, n.d.).

The farm is located on a paved single-carriageway connecting the two towns. In recent years, raising dairy cows, hogs, and beef, and growing hay and crops such as corn and soya were common. The county has experienced a decline in agricultural activity with farms converted to housing or commercial development activities. Several farms remain, the majority having a farmer also occupied in off-farm wage-earning activities. Both smaller (8–16 hectare) and larger farms exist. In Ohio, the average farm is 74 hectare with 60 per cent of farms between 1–40 hectare, and 90 per cent below 202 hectare. Most farms (56 per cent) have sales of \$9,999 or less, 75 per cent below \$50,000. The vast majority (90 per cent) are family farms, with the farmer's average age being 56, and 43 per cent having farming as their primary occupation.

Immigrants from Germany, the previous generations of the Cropland family helped settle a town about 35 kilometres from the current Cropland farm. Keith Cropland I purchased a farm of 100 hectare of land near this town in the 1920s, and was distinguished for breeding draught horses. His son Neil worked on the farm where they also raised corn. Keith I's second and youngest son, Martin, managed another farm and then entered the transportation sector. Keith I's oldest son Neil was a cattle breeder. Neil wanted to be in farming but his father was still living, so over about 20 years starting around 1960, he purchased four adjacent farms, cultivated over one connected area covering 2.6 sq. kilometres (approximately 250 hectare). He fattened pigs, sometimes having 2,000. His son, Keith II, who was interviewed for the study reported here, said "a semi [lorry] load of hogs would come into the farm...and between my mom, my sister and then me and Derrick, we were young then, would take care of them hogs and then dad would go to the sales, send the trucks in, and we were running thousands of heads of hogs through here every week. But the market on that fell through".

The family leased farmland and in a peak period had 21 farms totalling 680 hectare. During the 1970s, Neil traded in calves (approximately 8,000–10,000 per year) and grew corn and soya beans. Neil with his son Keith II hauled the calves from a 14-hour drive distance and sold them within days to two weeks. Keith II observed, "but see livestock...you either gotta be big or you're out... 20 years ago, I knew of at least 10 dairy farms within a 5 mile [8 kilometres] radius of here, and I knew of 30 hog farmers within a 5-mile radius of here. There's none now".

During the 1980s, Neil ran a USA-wide truckage company and later a construction business in addition to operating the farm. Neil is now semi-retired, owns the farm, and raises a few cattle. Two of the three sons (Derrick and Keith II) have worked for the business in its various sectors; the youngest son manages a steel firm and owns a construction company. All three sons built houses on the farm and live there with their families. The daughter married a metalworker and lives in a nearby town. Specialising in different agriculture areas, the two oldest sons engaged in the daily farm business. Each child is to inherit one of the four farm segments (about 65 hectare each). The two brothers rent the farmland from their father at below market value. This rent is the parents' main source of retirement income.

The two brothers assisted their father with the farm, including the leased land within a 48-kilometre radius. For a three-year period during the 1980s when his father retired from farming, the tillable land was leased to others, so Keith II worked as a driver in his dad's truckage company, and occasionally worked as a plumber, on a dairy farm, and in other occupations. Still driving a lorry for wages, at age 30, he and his brother took over the home farm and started farming together. They also leased 17 farms (a total of about 809 hectare) to grow hay and crops, mostly corn and soya beans, whereas the father still raised livestock. The two also raised about 1,500 hogs each year for five years and until 2004, hauled grain.

The brothers kept losing the leased land because it was sold to construct houses, until there was about 405 hectare. Derrick had more equipment and so farmed more land, whilst Keith II had about 121 hectare of crop. Keith II reminisced that with this amount of land, "for two families to make a living on that it can't be done...you just...there's just not enough there, so I hauled grain....I had semis [lorries] and I was hauling grain and hay...150, 200 loads for other farmers and that would help pay for my truck, plus I would get an income off the truck plus the farming and then we were baling hay 30...35,000 bales of hay here...and that was our best crop. We'd sell all that. My wife and I have an apartment house [they let the flats for income]...ah, still not enough income to support a family and ...we live average...I mean we don't have new vehicles". He also mentioned that when he married Kathy he expected her to have a 'town job' because "you got to have that second income...you have to have more than one income to farm...so you need the off the farm income". He further stated that in the 1940s a family could live on subsistence farming, but "nowadays you better have a full time job. At 160 acres [65 hectare, the size of the home farm], unless you do what I did...diversify...and go into specialty crops...then you can make it".

A crisis developed when Keith II, then aged about 40, learned from his wife (who manages a hotel in the near by town) that his brother Derrick was to take over the farm business on his own. He was to lease it from the parents at a special price. After coming to accept this situation, Keith II purchased one-half hectare and leased 16 hectare from his father. On the purchased land he established a landscape nursery and a store for agricultural produce and 'country' items including handicrafts. The store also sells provisions such as artisan bread, specialty cheeses, preserves, Amish prepared items and produce, and seasonal items such as pumpkins and Christmas trees. A corn maze is cut and a fee charged for its use. The store is located on the carriageway fronting the farm. He continues to drive a lorry hauling grain from local farmers to a transportation hub. He buys and resells hay. In the winter he has worked as plumber at the construction firm of his youngest brother. More recently, Keith II purchased a 'box' truck used for delivering produce from about a score of farms, including Amish, to farm markets and grocery stores. He reported that he saw an opportunity and decided to pursue it, and this now ensures another revenue stream for the family. Since opening the nursery, the building, what is termed a 'pole barn' in the U.S., has been expanded to twice its original size, and a large green house constructed. The building has a walk in cooler, but not heat. The business is open from spring until Christmas.

Keith II: "Got to the point where I knew I wasn't going to be able to stay in the farm, unless we found a lot of ground and dad always said do the landscape nursery and produce...well...[dad] always said we should do it, he said me and Derrick should do it...that acreage that I had...I, I knew I had to do something else, ...not that me and my

brother didn't get along, but it couldn't...we were butting heads, not feuding or nothing, but there just wasn't enough ground for both of us and we knew something was going to happen and finally I'm done...I'm going to do this, I don't know what she thought, but..."

Asked what she thought, Kathy replied that she did not think he was serious about opening a market until he sold a piece of farm equipment. "That's when I said, 'Mom, he sold the planter'...we're not doing this anymore... yeah, I think that's when it hit me was when he sold it".

Keith II turned over to Derrick the land he was leasing and his brother farms about 404 hectare and earns enough from that. Even without enough land, Keith II wants to remain in an occupation related to agriculture. He comments, "the way I look at it to me, tomorrow I could be doing something else, I mean I could...would if there was something comes along that I feel like I want to...we...I'm thinking about putting up a farm restaurant. I mean we're going to stay into the farming and into produce and the like, but...I'm open for suggestions...I mean if I see something...who knows. Perhaps buying and selling equipment...or... any way to bring another source of income into the farm, I mean...the farming. Since we've went to the nursery, this will be our third season...and we're making more off of this than we were off of farming and I think if I get a couple more years to really get established, it would carry us...I could retire off of that...but we're always open for new adventure...I mean, I can't see me as being one that said okay this is the way I'm going to retire...it's like the hay, it's like the trucks, it's that's the way of my dad. My dad has showed cattle, he's farmed, he's built houses, he's drove trucks, he did produce, he had a farm market...he plays in the stock market. I mean, dad is one that he would get into something when it was good and get out and try something else".

Interviewer: "If I would ask this question to your brother, what would he say"?

Keith II: "He's more cautious, I guess you'd say, he will stay in the farming...he's three years older, he's pretty well set, I'm a little more risky, riskier I guess you'd say in the family, and that's the way my dad did, I mean I'd want to stay...we will stay with the nursery and market, but if there's something else out there that I can try, I'll try it".

Even with the crisis resulting from the way his father worked out a deal with Derrick about the farm business, and despite the entrepreneuring and many facets of pluriactivity that were undertaken previously, Keith II still considers him self a farmer. He abridges his philosophy on life in two notions: "I have to keep control" and "farming is in our blood". Despite adjusting his activities to the altered conditions, habitus (a system of durable and transposable dispositions that form the principle of generating and structuring of practices and representations of the lifeworld) and self-conception do not automatically change.

Keith II discloses his modus of structuring and parleying his identity of farmer within the family milieu. Kathy is asked, "When someone asks you what your husband does, what do you say"? She responds with "self-employed farmer".

Interviewer: "I'm thinking about in the future; what are you going to say"?

Kathy: They [people in the community] say, "You're a Cropland".

The following conversation reveals that the name Cropland is synonymous with being a well-established farm family – accordingly, this is one's identity. The interviewer asks, "But

again, in five years from now, would you say he's a self-employed farmer or would you say he owns a..."

Kathy: "A nursery and farm market. Yeah that's what I say now, yeah, I have the last year".

Keith's rejoinder: "To me, like I say, I'm still farming".

Interviewer: "Farming"?

Kathy: "We own the nursery and farm market".

Keith II: "You're fertilizing...probably they're talking it's supposed to get down to about 19 degrees [-7 Celsius] Monday night. I'll drive a tractor all night Monday night. I'll go over and plough the garden while the ground is frozen, so I'll be in a tractor from 8 o'clock, 9 o'clock till 10-11 o'clock the next morning and that's farming. I mean you go out to the barn out here there's planters, there's equipment, it's not that great big 12 row planter, there's a four row but I'm still putting seed in the ground and I'm watching it grow and I'm picking harvest off of it so I am...the yield is not the old yield, but instead of having them say, and the government and the mills saying okay we're going to give you \$2 a bushel, when I sell mine I'll say I'm selling them for \$4 a bushel or a dozen, or I set my price and if I set it too high and I don't sell it, well that's my fault I overpriced it, or if I don't make enough, it's my fault...it's more, it's in my hands, I control my destiny, if I sell something bad, if I try to cheat somebody..."

A few minutes later, Keith II says: "My future is being a farmer". Keith II stills identifies as a farmer, and hopes that his son follows in this style. Both he and his wife think that trying to force their son to farm is a bad idea, and are accepting to whatever job he would like. This is revealed by Keith's observation "...cause if you were forced into it you wouldn't do it...the time, the hours, the headaches, the nightmares, of farming you gotta have it in your blood, you gotta want to do or you're not gonna do it". He further remarks, "I mean, it's too, it's too demanding of a job, you gotta love it and do it". He also comments that with the price of farmland and many people in his area exiting from farming, their son might not have the opportunity to farm. He mentions trying to purchase nearby farmland but cannot compete with the price offered by housing developers. He comments his father's farm (for which he paid perhaps one-half million dollars over several years) is now worth millions of dollars and if it was sold, his parents and all the children could be millionaires. Keith II is unequivocal that this will not take place in his lifetime.

Keith II: "It will never happen in my day as long as I am alive, I will own my farm that I get and I think my brothers are the same way, but you know, a big contractor comes in and gives you a number that...well, like the neighbours there. They have 300 acres [121 hectare], it'll bring 6 to 10 million [dollars]..."

Regarding his type of livelihood for his son, Keith II also says, "like I said, I'd like to see him carry on...to get into what I'm doing, I think...it's a good life, don't get me wrong. It's...I think it's you're out, you're not in a building, you're not sitting in an office, it's a good way of living, it's a proud way of living when you start with nothing in the fields and you do the work and you see it grow and you harvest it. I mean it, it's in your blood...more or less it's passed down from your dad from his dad. But farming, since dad passed it down to us till

when I pass it down to him, has changed 100 per cent". He also offers it is great to pass on specialised knowledge across the generations, but that large farms are "shoving the little guy out".

He is optimistic about the lost of farms in his area. This creates business opportunities for him and hopefully his son. As farms are converted into housing estates, there is more vehicle traffic driving by his nursery and market, more need for trees and other landscaping items, and people are interested in buying fresh farm produce.

5.4 Précis

Coming from a farming tradition, Keith II regards himself as a farmer although he is now the owner and manager of a profitable rural enterprise. Farming is 'in his blood', and his entrepreneurship savvy has allowed him and his wife (also from a farming background) to remain in a familiar lifestyle, albeit transformed from crop growing and animal husbandry to growing vegetables for retail sales and running a new business. The new business is additional to other income earning activities such as hauling grain and selling hay. Kathy still maintains her 'city job' but helps in the market and does the bookkeeping.

With a long running, but rather latent, entrepreneurial intention, a displacement triggered action to realise the new entry. The problematic calling into question Keith's taken for granted world was the discovery that he would not have enough land to support his family through the agricultural activities that had become common place for him. An entrepreneurial opportunity was seized, as the nursery and farm market is a unique enterprise for the area. Moving rather quickly, the family obtained funding and land, and had a building constructed. Both spouses' human capital and previous experiences with pluriactive (including record keeping and tax issues) allowed for seeing the feasibility of undertaking the new line of action. Family dynamics and history supported the entrepreneurial function, and Keith II had the experience of seeing what his dad had accomplished in business, and to learn from him. The business has been explained as Keith II has entrepreneurial self-efficacy, and the full support of his wife. Keith's portfolio of marketable skills is well developed, and these are applied so the going concerns of life are managed and new typifications applied as needed. Although their life has changed, Keith II uses an 'as if' strategy to find commonalities permitting a continuity to life. The present life is perceived as if it is the same as the past-lived life, and the future is assumed to be much the same.

In McElwee's (2008) typology of entrepreneurial farmers, this family would be Type II, Farmer as Entrepreneur. Keith II had, or developed, requisite skills to engage in entrepreneurial activity. The farm has advantaged location, being in an area facilitating the activity undertaken. There is access to infrastructure, the location is easily reached, and there is drive by sales opportunities as people can see the nursery and market from the carriageway. The business fills a niche in the local economy. The couple identified and exploited a non-farming opportunity, despite Keith's insistence that he is a farmer. Whilst being entrepreneurial, the family did not use the term during the interview or during follow-up visits. Terms like 'risk taker' or 'had to do something' were used. The Cropland couple fit the survival entrepreneurial mould, as well as being lifestyle entrepreneurs (Peters et al., 2009).

6. Conclusions

Two agifamilies operating in two distinct and different agricultural traditions (Crofting and Midwestern farming, one basically using dogs and the other a wealth of expensive machinery) developed pluriactivity, diversification, and multifunctioning strategies allowing for continuity in a valued lifestyle. Each family developed distinctive lines of action and income generating strategies, specified to the environmental constraints and opportunities. Both are entrepreneurial, but used different levels of capital and distinct resources. Both, however, did employ a similar cognitive strategy—use of ‘as if’. The interviews and observations revealed two other themes, entrepreneurial vivacity and entrepreneurial astuteness.

The analysis of the Cott and Cropland families allows a feasible interpretation of possible choices for survival as agricultural businesses. These choices are founded on a habitus (Bourdieu, 1977) with farm and land, and on the type of relationships within the couples and between the generations that provide a framework of possibilities. With this foundation, Don and Mary and Keith II and Kathy confront their lived world, negotiate a meaning for it, and choose lines of action allowing for increased financial remuneration and continuity of desired lifestyles. These people also develop and defend identities that could be considered, by some people, fictions. These identities, however, serve good purpose for presentation to customers and for continuity of the croft and farm, in a modernised manner, and persistence in living a valued lifestyle in a desirable location. Both couples recognised and realised entrepreneurship opportunities and created new entries. Each couple supported the entrepreneurship intentions of a spouse, and provided encouragement and human capital once the entrepreneuring was triggered. The spouses assist each other, providing labour and skills such as bookkeeping, in the rural enterprises created. The new enterprises provide income for the families and employment for a small number of people. The businesses contribute to the local economies in other ways such as purchasing provisions, equipment maintenance and petroleum, taxes, and attracting tourist who spend money in the community.

The Cottis present themselves to tourist and the local community as typical crofters, but innovative. This is not deception, as the investigation revealed that Don and Mary identify as typical, in a sense bracketing their history as educated, travelled, ‘interlopers’ into the crofting way of life. Their daily activities and language shows they believe and act as if they were traditional crofters. Concerning the Croplander family, the habitual patterns of action of Keith II relate to his farming ancestors, whilst the current operations are apart from that of these ancestors. Keith II self identifies as a farmer; Kathy refers to him as a self-employed farmer, mentioning the business they now own and operate. It would be mistaken to attribute self-deception and irrationality. Research (cf. Hennon & Hildenbrand, 2005) indicates that such a stance, ‘as if’ certain facts still are valid (ie, endurance of a family farm as a business although gainfully employed in another activity, or continuity of a family business as if family-operated farm), can be of assistance in mastering a transformation process in the family business. This use of ‘as if’ has mostly been observed with traditionally operated family farms at the margin of profitability (Hennon & Hildenbrand, 2005). The Cropland case demonstrates this strategy can function in businesses open to transformation with more than one option. Once the transition has been completed, the fictive as if can be

discarded, but does not need to be. It is not whether something is true in some empirical-objective fashion, but if it is pragmatic to act as if were true. Humans act as if the world corresponds to their models of it, and their place with in it—their lifeworlds are their realities (Vaihinger, 1913).

Both couples used what is commonly referred to as entrepreneurship over their life course. They recognised opportunities and initiated new or improved income activities, including new businesses. From this observation, two themes are apparent. These themes are captured by two constructs, entrepreneurial vivacity (*Lebendigkeit*) and entrepreneurial astuteness (*Scharfsinn*). These constructs are helpful devices for classifying the characteristics and line of social action of both the Cott and Cropland families. These are higher order concepts that encapsulate aspects of what is needed for successful and sustainable entrepreneuring as displayed by both couples. The terms are imprecise concepts, conceptualised here to offer a more abstract conceptualisation of the entrepreneurial phenomenon.

‘Entrepreneurial vivacity’ includes entrepreneurial orientation, or the preconditioned attitudes and skills without which entrepreneurial action will not ensue. Vivacity includes human capital and traits like high tolerance for risk taking, motivation to learn, self-reflection, acceptance of critical feedback, intentionality, networking and utilising contacts, and being alert for and recognising entrepreneurial opportunities. It allows for perceiving problematics and disruptions as opportunities. Entrepreneurial vivacity also captures the attitude and motivation that can see embryonic entrepreneurial activity through to success. It includes ‘because of’ and ‘in order to’ motivations. Because of motives could awaken entrepreneurial vivacity. Vivacity can carry one through setbacks and disappointments, allowing for entrepreneurial persistence. Entrepreneurial self-efficacy is captured by this concept, as is reflective projection and passion. Vivacity fosters reflectivity, imagining an endeavour as it would be when completed in the future, imagining what is realised after acting. Vivacity becomes part of the natural attitude and lifeworld, giving meaning to objects and ideas in the surrounding world, or *umwelt*. The families’ lifeworld consists of socially and culturally given meanings, a lived realm of understandings that recognises, permits, and fosters entrepreneuring.

Once intention is triggered or sparked (ie, initiated) into purposeful action, ‘entrepreneurial astuteness’ is critical. Astuteness includes the skills and knowledge prerequisite for entrepreneurial success. It includes marshalling resources and deploying them in constructive ways. It is knowing how to best use creativity, time, and other material and nonmaterial resources; assessing and taking appropriate risks; searching for and triaging information, learning necessary skills, and using other relevant inputs such as social capital. Astuteness permits management of entrepreneurial ambiguity as part of going concerns, peregiveness of life lived. The construct thusly includes what has been conceptualised as entrepreneurial process and function.

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Entrepreneurship is a main driver of economic growth and of social dynamics. However, some basic characteristics like the gender of the entrepreneur, the geographical location, or the social context may have a tremendous impact on the possibility to become an entrepreneur, to create a firm and to prosper. This book is a collection of papers written by an array of international authors interested in the question of entrepreneurship from a gender point of view (male vs female entrepreneurship), a geographical point of view (Africa, Europe, America and Latin America, Asia...) or a specific social context point of view (agricultural economy, farming or family business, etc.).

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