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

Densil A. Williams, University of the West Indies

ABSTRACT

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

INTRODUCTION

The literature on the international operation of the small firms is quite extensive (e.g. see Rueber & Fischer 2002; Brouthers & Nakos, 2004; Oviatt & McDougall, 2005; Miesenbock, 1988; Leonidou & Katsikeas, 1996; Williams; 2009; Lautanen; 2000 etc). There is no doubt that the increased attention given to the international operation of these smaller firms is driven by the increasingly globalized nature of the world economy. Economic integration, the revolution in information and communication technologies, the reduction in tariff barriers, among other things have all contributed to an increased level of competition in national markets. This competition has forced more firms to start looking to the international market place for customers in order to ensure their future survival (Cavusgil, 1994). A big portion of this literature however, focuses on the factors that motivate these smaller firms to seek business opportunities abroad. While the environment has dictated that they will have to change strategic direction in order to ensure their survival, because of their limited resource capacity, many do see them as having the capabilities to take on the complexities of doing international business transaction. How they do it and why they do it are questions at the heart of the research stream looking into the area of international entrepreneurship.

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

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

VARIABLES IN THE STUDY

The variable of interest is really the language competency of the principal in the small firm. However, besides language, there are other factors that impact on export decision and such have to be controlled for. These control variables will also be highlighted in this section.

**Language Skills of the Entrepreneur**

Foreign language competency as an internal resource for the firm is a source of competitive advantage in dealing with customers in international markets. Indeed, the resource–based view of venture internationalization shows that firms which possess this valuable resource will have a greater proclivity towards internationalization (Bloodgood et al., 1996). This important internal resource will also serve as the basis for the small firm to access external resources from various sources such as public institutions and formal or informal networks between firms (Birley, 1985; Bhagavatula et al., 2010). The empirical results however, are mixed. Some studies find a positive relationship (Lautanen, 2000) while others found a negative relationship (Ursic & Czinkota, 1989). The difference in findings seems to be a function of the context from which the firms operate. Because English is the langue franca of international commerce, native English speakers do not consider it important for international business but no natives do. This could explain the difference in findings.

**CONTROL VARIABLES**

**Firm Size**

The resource-based view of venture internationalization argues that larger firms (as measured by number of employees) will have access to more resources (e.g. more qualified managers, financial resources etc.) than smaller firms (Bloodgood et al, 1996). It is because these larger firms have more resources (e.g. financial, technology, human capital etc.) than smaller firms, thus they are better able to be more successful in the export market (Aaby & Slater, 1989; Katsikeas & Piercy, 1993; Philp, 1998). This interest in size became relevant because it is generally argued that size reflects resource capacity and international operations require a significant amount of resources therefore, small firms should not be able to effectively take on international operation (Bonaccorsi, 1992). The empirical evidence regarding the importance of size is also conflicting. Some argue that size matters (Mittelstaedt et al., 2003) while others argue...
that it doesn’t matter (Moen & Servias, 2002). What is clear however is that size is important to help firms overcome the fixed cost attached to exporting (Hall & Tú, 2004).

**Technology**  
The firm’s technological capabilities as captured by the level of investment in Research & Development (R&D) is considered one of the most important physical resources which can influence a firm’s decision to enter export markets (Tseng et al., 2004; Rodriguez & Rodriguez, 2005). Small firms by the nature of their size, are much more flexible and can respond to changing demands much quicker than larger more bureaucratic firms as such, it can have a greater competitive advantage in the international marketplace though its innovation (Simpson & Kujawa, 1974). Indeed, investment in R&D reflects this commitment to innovation. Having a unique product gives a firm a more positively outlook towards international businesses since there is the perception that this uniqueness will give it a greater competitive advantage in the export market (Moen, 1999).

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

**THE RESEARCH METHOD**

This research drew heavily on a survey of exporters and non-exporters in the agricultural and manufacturing sectors in the Jamaican economy. To capture the impact the group of variables that determine export performance, the logit model was used. The model took the form:

\[
\ln\left(\frac{P_i}{1-P_i}\right) = \beta_0 + \beta_1 EFL_i + \beta_2 EFTL_i + \beta_3 CPS_i + \beta_4 TS_i + \varepsilon_i
\]

Where:
- **EFL** = the entrepreneur’s foreign language proficiency  
- **EFTL** = the language spoken by the entrepreneur’s  
- **TS** = the level of investment in R&D as a measure of innovation  
- **IND** = the industry sub-sector  
- **\varepsilon_i** = the error term normally distributed with mean 0 and variance \(1/ NP_i (1-P_i)\) i.e. \(\varepsilon_i \sim N(0, 1/NP_i (1-P_i))\)
The results

Table 1. Logistic Regression- unrestricted model (N=92)

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>β</th>
<th>Wald</th>
<th>Sig.</th>
<th>Exp(β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-1.45</td>
<td>2.90</td>
<td>.09*</td>
<td>.30</td>
</tr>
<tr>
<td>EFL</td>
<td>-.57</td>
<td>.29</td>
<td>.59</td>
<td>.57</td>
</tr>
<tr>
<td>CPS1</td>
<td>1.16</td>
<td>5.14</td>
<td>.02*</td>
<td>3.18</td>
</tr>
<tr>
<td>1S</td>
<td>.11</td>
<td>.10</td>
<td>.75</td>
<td>1.18</td>
</tr>
<tr>
<td>IND</td>
<td>-.15</td>
<td>2.30</td>
<td>.13*</td>
<td>.86</td>
</tr>
</tbody>
</table>

-2LL (Initial Model) 127.37
-2LL (Final Model) 115.88
χ² (df) (Final Model) 11.58**
χ² (df) Hosmer & Lemeshow test 4.10***
Nagelkerke R² .16
R² = 1 - (Final model -2LL/ Initial model -2LL)

DISCUSSION AND CONCLUDING REMARKS

The results from the study suggest that firm size and industry sector, not the language competence of the entrepreneur are the most powerful factors that lead firms to adopt exporting. This results however is not universal as other studies have found that language skills of the entrepreneur is the most critical factor that determines which small firm develop their exporting rapidly. Indeed, Lautanen (2000) after investigating the export behaviour of Finnish firms from the manufacturing sector, conclude that it was not financial risk related to exporting; lack of experience related to exporting nor the education level of the white collar workers that would determine which small firm develop their exporting rapidly, but it was the language skills of the entrepreneur that mattered most. This finding as we have noted earlier, is not surprising in the context of the discussion presented earlier on the role of language in international business. Language does matter for export development, especially in the context of the small firm where the role of the owner in the decision making process is most crucial. Since English is the accepted language of international commerce, if the owner of the small firm does not feel confident in mastering the language, it possesses doubts in his/her mind about doing well in
foreign markets. Naturally, increased competence in foreign language will provide the owner with a greater orientation to international marketing as s/he will be able to communicate better with suppliers and customers.

CONCLUDING REMARKS

The implications of the findings for entrepreneurs are clear. For entrepreneurs/owners who are not native English speakers and who do not have a mastery of the language, they need to improve their language skills in order to increase their chance of engagement in the exporting business. The findings highlight that context is what determines whether or not language matters in a firm's export behaviour. This is indeed an important addition to the extant literature.

REFERENCES


MENTORING A NOVICE ENTREPRENEUR: ANALYSIS OF MENTOR FUNCTIONS

Etienne St-Jean, Université du Québec à Trois-Rivières

ABSTRACT

In the past few years, we have witnessed the birth of new mentoring programs, which consist in twinning a novice entrepreneur with an experienced entrepreneur (also known as business mentoring). The literature on mentoring in large organisation (where the protégé is an employee in the hierarchy) highlights that the mentor exerts three main categories of functions: psychological, career-related, and role model. This research aims to explore and to validate mentor functions for novice entrepreneurs. At first, a qualitative analysis based on focus groups including 51 mentees and 8 mentors was carried out. The theoretical proposal was then validated by a group of three experts in business mentoring. Finally, confirmatory factor analyses using LISREL were carried out on a sample of 360 mentees taking part in the mentoring program of the Fondation de l’entrepreneurship network, an organization which has twined more than 3500 novice entrepreneurs since the year 2000. The analyses confirm four psychological functions (reflector, reassurance, motivation, and confidant), four entrepreneurial career-related functions (integration, information support, confrontation, and guide) and a role model function. These results are useful to raise the awareness of volunteer mentors about functions they may likely exert when they are twined with novice entrepreneurs.
RETAILING INSTITUTIONS: 
EMERGENCE OF ENTREPRENEURIAL RETAIL FORMS

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ABSTRACT

Although the importance of entrepreneurial activities is clearly reflected in theories of retailing, research studies addressing the cross section of entrepreneurship and retailing are limited. The purpose of this study is to inform entrepreneurs and academic researchers about the causes of new forms of emerging retail institutions within existing retail change theories. To establish an infrastructure, forms of store-based and non-retail institutions are examined first. Next, cyclical, environmental, and conflict theories of retail change as well as combinations of these theories are discussed. Finally, critical accomplishments, gaps, and the direction of future research are presented. As a result, researchers are encouraged to explore further entrepreneurial retailing.
A MODEL FOR BUILDING INNOVATION CAPABILITIES IN SMALL ENTREPRENEURIAL FIRMS

Falih M. Alsaaty, Bowie State University

ABSTRACT

The purpose of this paper is to present a model for building innovation capabilities in small firms. The United States is a country of opportunities, political stability, and economic growth that spurs the formation of a significant number of business ventures annually. The contribution of the firms to the country’s employment and output is impressive. Many entrepreneurial firms are highly creative, productive, and prosperous. The majority of firms are, however, mediocre in performance and growth prospect. The model proposed in this paper consists of three key components: (a) creating the firm’s overall innovation strategy as well as mini functional innovation strategies, (b) managing resources creatively, and (c) augmenting internal competencies through training and educational programs. The success of innovative efforts requires visionary leadership, teamwork, and employees’ devotion.

INTRODUCTION

The U.S. economy is increasingly becoming a small business economy, as the role of small firms¹ is rapidly growing and their influence mounting. According to the Small Business Administration, there were 5.9 million firms in 2006 each of which employed less than 100 individuals². The firms accounted for more than 98 percent of total firms in the county. In the same year, these firms employed 42.7 million individuals or 35.6 percent of total employment by all firms combined. The role of small firms in the economy extends far beyond just providing employment. It includes increased investment, output, income, productivity, and exports. The firms’ contributions to the nation’s wealth and economic progress, however, can greatly be amplified if many more of them are active participants in innovation. Although entrepreneurial firms are often considered innovative organizations, this is not the case with small firms in general.

Innovation is a broad concept that refers to “the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations” (OECD, 2005, p. 33). As the definition indicates, the scope of innovative activities is wide and includes organizational creativity in such areas as product/service design, creation, promotion, and delivery as well as managing resources, recognizing opportunities, crafting strategies, and serving customers. Innovation is a viable growth strategy in the business world. It is interesting to note that as more firms come to realize the importance of innovation to their survival, the demand for individuals to serve in a capacity of chief innovation executive (CIO) has in recent years increased significantly (Pennington, 2008). The purpose of this paper is to highlight the benefits of innovation to small firms, explain the sources of innovative ideas, and discuss the requirements for building innovative capabilities.
BENEFITS OF INNOVATIONS

Innovation, unlike invention, is a lengthy, orderly process that involves a series of coordinated activities, beginning with the inception of an idea, to appraisal, to acceptance, to adoption, to diffusion, and finally to commercialization. The activities require planning, initiatives, skills, cooperation, knowledge, information, and funds. As Pavitt (1991) points out, innovations are firm specific, highly differentiated, uncertain, and involve intensive collaboration amongst professionally and functionally specialized groups. The spirit of innovation should be incorporated into the firm’s culture, because the benefits of innovation are immense. Innovation should also be considered a continuous process, and not a once-in-a-lifetime-event. As Williams (1992, p. 29) points out “Innovation can give a company a competitive advantage and profits, but nothing lasts forever. Success brings imitators, who respond with superior features, lower prices, or some new way to draw customers away”.

Innovation, particularly pioneering innovation (i.e., first in the industry) can entail enormous risk and disappointment. An innovative product, for example, might be rejected by target consumers, a situation that could lead to substantial investment loss for the firm concerned. Likewise, a major organizational policy/strategy innovation might be resisted by employees and cause internal conflict and resentment. In the majority of cases, however, innovations are worthwhile and financially rewarding, as evidenced by market leadership of such innovative organizations³ as Apple Inc. and Nvidia Corporation.

A recent trend in the field of innovation (i.e., green operations) is articulated by Nidumolu, Prahalad, and Rangaswami (2009, p. 58) by saying that “Sustainability isn’t the burden on bottom lines that many executives believe to be. In fact, becoming environment-friendly can lower your costs and increases your revenues. That’s why sustainability should be a touchstone for all innovation”. Indeed, the move toward environmentally-friendly production can have far reaching ramifications for small firms: it will create vast business opportunities; but it will also require huge capital outlays, especially for industrial operations, that many firms lack.

The firms’ orientation toward innovation is viewed in the literature from three perspectives (Renko, Carsrud, and Brännback, 2009): (i) market orientation (customers are the focus of the firm for its innovative activities), (ii) technological capability (the firm’s emphasis is on knowledge, patents, and R&D activities), and (iii) entrepreneurial orientation (the firm’s emphasis is on aggressive and pioneering innovation as well as on risky projects). Because of resource limitation and its need to achieve growth, the small firm’s orientation should always be concerned with the target market (i.e., market orientation). In any case, innovations are often realized as a result of management commitment, employees’ dedication, as well as resource availability. Benefits of innovations include the following:

A. Organizational renewal. Innovations give rise to added motivation, vigor, and task fulfillment to employees, because of a sense of accomplishment and anticipated success.

B. Financial reward. Product/service innovations enable the business enterprise to increase its revenue and improve its balance sheet, because of increased demand. Research shows (e.g., Berwig et al., 2009) that innovative firms outperform their competitors not only during economic prosperity but also during periods of economic downturns. Undoubtedly, innovations in such areas as marketing, finance, strategy, and organizational design, can also enhance the firm’s performance.

C. Productivity gain. Innovation efforts can help increase the firm’s productivity and reduce its costs.
D. **Market dominance.** Many innovative firms are dominant in their industries and are major players in the market, thereby influencing consumers’ tastes and buying habits.

E. **Securing resources.** Innovative firms can easily secure external resources (De Clercq and Voronov, 2009).

F. **Exploiting opportunities.** Innovations assist firms in exploiting economic opportunities (Smith, Matthews, and Schenkel, 2009).

G. **Stock price.** The stock price of firms that introduce new products or services is expected to increase substantially (Srinivasan et al., 2009).

H. **Organizational competitiveness.** For the reasons cited above, innovative firms can grow rapidly and gain competitive advantage.

**SOURCES OF INNOVATIVE IDEAS**

What are the sources of information about market opportunities that entice firms to come up with innovations? How do firms generate creative ideas for new products, services, processes, strategies, and so on? There are two sources of information that can assist firms in their innovative efforts: external (i.e., outsiders) and internal (i.e., insiders), as explained below:

**External sources**

The external sources of information for innovation are events, trends, organizations, and individuals. Outsiders can provide important indications or signals concerning existing or potential opportunities that encourage the firm to pursue innovative activities. To benefit from outsiders, the firm must be in a position ready to gain access to information. This requires the creation of a systematic process by which the firm monitors and analyzes its industry environment to identify attractive opportunities. It also requires the firm to establish strategic relationships with potential contributors such as consumers, suppliers and other firms. In this respect, research shows (e.g., Freel and Harrison, 2006) that such cooperative arrangements are becoming important strategic initiatives for an increasing number of large firms. As an example, Jusko (2008) reports that Kraft Foods has adopted “open innovation” by working with external innovation partners to speed up the process of new products development and introduction. The author indicates that the company has multiple avenues of engaging with its partners (e.g., suppliers), including the deployment of the so-called supplier relationship segmentation assessment. As another example, Nambisan (2009) indicates that the Rockefeller Foundation had a question: “How can you turn a solar-powered flashlight into all purpose room light?” At the time, no one knew the answer. The desired invention/innovation was intended to be used in poor, rural developing countries that lack electricity. The Foundation, then, paired with InnoCentive, a private innovation intermediary company, to ask 160,000 independent inventors worldwide how they could transform the flashlight. The author points out that the inventors were part of a Web-based network of “solvers” that the company has established. An engineer in New Zealand finally came up with a solution for a much powerful flashlight that utilizes the solar battery and LEDs. Likewise, customers can be an important source of creative ideas for the firm. Manjoo (2009) indicates that Twitter instituted its system known as @replies only after Twitterers invented it. The author points out that the users of MySpace have also been a source for the company’s innovation efforts.
Internal Sources

By instituting proper communication and information gathering systems, firms can receive brilliant ideas from their own employees (e.g., managers, skilled workers). The suggestions might involve both gradual (incremental) and radical (novel, disruptive, pioneering) innovations. Employees have long been recognized as the most important assets for the firm, because they are the source of output and profit. They are indeed an indispensable source for new ideas about goods and services, as well as other organizational innovations. Employees should be encouraged by means of incentives (financial and nonfinancial) to participate in the initiation, diffusion, and adoption of changes through innovation. Incentives can influence the behavior of employees to become more productive, cooperative, and creative. As Rock (2009, p. 62) indicates, “Neuroscience has discovered that the brain is highly elastic. Even the most entrenched behaviors can be modified”. Robertson and Hjuler (2009) points out that LEGO Group – toys and games manufacturer – established a leading team called the Executive Innovation Governance Group to guide and strategize the company’s innovation efforts. The team divided the responsibilities for innovation across four areas: (a) the functional groups (to create core business processes), (b) the concept lab (to develop new products), (c) product and marketing development (to develop the next generation of existing products), and (d) community, education, and direct (to support customers and tap them for new ideas). The author says that the creation of the company-wide team has resulted in many benefits for the firm. India’s Tata Group, a conglomerate organization that controls 15 large businesses, incorporates innovation as one of nine categories on which employees are evaluated (Scanlon, 2009). The company provides employees with training programs on creative thinking, so that they might think and act like innovators. As the author indicates, the company formed the so-called Tata Group Innovation Forum, a 12-member panel of senior executives who oversee the conglomerate’s overall innovation efforts.

INNOVATION AND INVENTION

According to Webster’s New World dictionary (2006, p. 751) invention is “something thought up or mentally fabricated”. As the definition implies, invention is a concept, model, theory, or idea that has not been operationalized (i.e., put commercially into use). As Rossi (2005) says, inventions are meant to appeal to end-users; some solve problems, others improve ways of doing things, still others promise a better life style. There are probably millions of inventions worldwide that are in the pipeline pending their transformation into economically valuable products. Some inventions could take years to become commercially viable. Many inventions, however, may not ever be translated into practice for a number of reasons, including their impracticability or cost consideration. For example, in the field of energy generation, Morse (2009) points out that an invention to produce green crude, that is, to engineer algae to create a “biocrude”, cannot yet be economically done. Other inventions that the author mentions in the field of alternative energy that are desired to be translated into innovations are (a) next wave (wave-motion energy), (b) star power (nuclear-fusion), (c) deep heat (enhanced geothermal systems), and (d) eternal Sunshine (orbiting solar cells to capture the Sun’s energy). Quite a few inventions have happened accidently. Jones (1991) discusses 40 familiar inventions that came about without prior planning. They include Coca-Cola, chocolate chip cookies, aspirin, penicillin, and x-rays. Eisen (1999) maintains that some inventions and discoveries are
suppressed by government agencies, corporations, and the scientific community, because they threaten the dominance of entrenched interest groups. Among the examples the author provides are alternative medical treatment of cancer, Alzheimer’s, and other diseases.  

As compared to invention, innovation, as indicated earlier, is a process that results in some economically useful output or outcome. Both innovation and invention are essential activities for achieving rapid growth particularly in high-technology fields, as is the case in biotechnology, pharmaceutical, petrochemical, engineering, food processing, and the Internet. Renko, Carsrud, and Brännback (2009, p. 332) point out that “Innovation is the lifeblood of virtually every successful technology-based business”. In the high-technology, innovations are often the translation of inventions. This is not the case for many other organizational innovations, say, in marketing, finance, management, and strategy. Similarly, in low-technology firms, such as insurance, home building, and retailing sectors, innovations are crucial for the business firm but not inventions. Although high technology firms are expected to produce inventions internally on their own, inventions, like innovations, can be outsourced, that is, can be bought or licensed from other organizations or individuals. In some cases, firms arrive at inventions through close cooperation arrangements with outsiders, as is the case with Kraft Foods mentioned earlier.

Some innovations are made popular because of the existence of other innovations or inventions. For example, the car-sharing service called Zipcar is made increasingly desirable for many people (a) with the use of the iPhone or the Internet to enable the company’s community members to make reservation, (b) the use of the iPhone to locate the car in a parking lot, and (c) the use of the iPhone or the Zipcard to open the car’s door. As Keegan (2009) points out, the Zipcar community consists of 324,000 members as of August 2009, and the innovation, because of its success throughout the United States, is attracting imitators such as car rental companies.  

For many products, the relationship between invention, innovation, and market adaptability is inextricably linked. To succeed, innovation must be workable, adaptable, and profitable. Lilienthal – the German builder of gliders who lived during the 1848-1896 period, said “To invent an airplane is nothing. To build one is something. But to fly it is everything”, as quoted by Caillavet (2009).

CONCLUSION

The United States is a fertile land for millions of small firms. Entrepreneurial ventures from different countries, including China, India, the United Kingdom, and Nigeria are also enticed by the domestic market, and its high growth prospects. The county’s business environment is attractive, opportunities are plentiful, and national resources are abundant. The business environment is conducive and receptive. As a result, the contribution of small firms to the nation’s employment and output is impressive, and rapidly rising. Some of the firms (i.e., entrepreneurial ventures) are highly innovative, growth-oriented, and successful. They are active participants in the introduction of new or improved goods and services. The majority of firms are, however, mediocre exhibiting a lack of innovative products and organizational excellence.  

Innovation is essential for business firms of all sizes. As Brown (2009) elaborates, the center of economic activity in the United States has shifted from manufacturing to knowledge creation and service delivery, innovation therefore has become a survival strategy. New ideas are the source of innovation. Encouraging employees to generate ideas to improve the performance of the firm is of critical importance. Of course, ideas need to be carefully screened and selected. For instance, a few thousands new equipment ideas and procedures were tested at McDonald’s
Innovative Center in 2006, but only 15 were adopted for deployment throughout the chain (Penttila, 2007).

Contrary to popular views, innovation is not confined to large, multinational organizations; it is open to all firms, industries, and economic sectors worldwide. As Studt (2004) indicates, for example, a study by Microsoft Corp. shows that the leading source of software innovation in the world is Chinese small firms. Successful innovative efforts demand a dedicated managerial leadership with a vision to transform the workplace into a team of committed, productive, and creative employees. The task is daunting because innovation is a long-term systematic process that necessitates planning, learning, and funding. In this paper, an attempt is made to build up a model that shows the basic requirements for building innovation capabilities for small firms. The model, which is also summarized in figure 2 below, consists of three main components:

A. Designing a broad innovation strategy for the firm as well as mini innovation strategies for its functions;
B. Acquiring and managing resources creatively; and
C. Creating internal competencies for organizational members by utilizing such techniques as idea generation and espousing values that support innovation, in addition to implementing training and professional development measures.

Figure 2
A Model for Building Innovation Capabilities in Small Firms
WHAT MAKES A SUCCESSFUL ENTREPRENEUR?

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ABSTRACT

Entrepreneurial success may be viewed differently from person to person. Success is defined as: favorable or desired outcome; also: the attainment of wealth, favor, or eminence, according to http://www.merriam-webster.com. Because entrepreneurship can include many different business sizes, it's not the amount of wealth it is just being able to make money off of your own business venture. This paper investigates what it takes to become a successful entrepreneur, and the different characteristics that are advantageous for the challenge. First we provide information on what personality traits are needed. These traits include leadership, innovation, non-conformists, etc. Next we will go into if stereotypical factors affect becoming successful. These factors are age, sex, marital level, and education level. Lastly we investigate different examples of successful entrepreneur’s and identify their qualities that helped make them successful.

INTRODUCTION/CONCLUSIONS

Future research is suggested based upon prior research (Carraher and associates, 1992-present; Carland and associates 1984-present).

REFERENCES


TEAM-BASED LEARNING TO ENHANCE CRITICAL THINKING SKILLS IN ENTREPRENEURSHIP EDUCATION

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ABSTRACT

An adaptation of Team-Based Learning (TBL) to the teaching of an introductory course in engineering entrepreneurship has been surprisingly transformative. TBL has three outcomes of particular interest to our entrepreneurship course design. First, TBL teaching is not didactic (learn-recite) but dialectic (reasoning oriented) with activities that revolve around the essential components of critical thinking skills. Second, the small-group peer learning structure dramatically increased student participation in class discussions (we have seen participation rise from 20% to as high as 70% on TBL class days). Third, the immediate (real-time) feedback associated with the TBL technique enhances real-time learning that appears to positively impact subject retention. This paper explores the “strides and stumbles” with a two-year experience teaching entrepreneurship, with and without TBL techniques.

BACKGROUND

Team-based learning (TBL) is an instructional strategy that has differences and similarities with problem-based learning (PBL). TBL and PBL are similar in the objective to promote high levels of student interaction in the class learning setting. Further, both methods require (or, work best) when students adequately read and consider subject facts and concepts in advance of class – that is, that the mind-set of the student is to know concepts and then use class time to apply concepts. Class activities are designed less around learning facts and more on application of information. PBL and TBL use case studies to some extent as a focus of discussion to link the class to real-world problems. Differences between PBL and TBL can be summarized in two ways:

- PBL involves a small-group activity over several days that is decoupled from and does not typically require interaction with other groups in the large-group setting. In contrast, the TBL framework involves multiple group-to-group interactions within a single class period, for which instantaneous feedback on decisions and performance occurs; every group sees the outcomes of decisions by other groups in real-time at the same time. This framework draws on instructor skills in different ways, as highlighted in our second bullet-point.

- The TBL framework places different demands on the instructor. As opposed to being the so-called “sage on the stage” the teacher-centered didactic approach gives way to the instructor role as a facilitator (so-called “guide on the side”). And, while PBL and TBL do require more work in advance by the instructor, there may be required new facilitator skills within TBL to successfully manage multiple groups and their interactions in the large-group setting. The instructor must be both an expert and a facilitator.
Books by Michaelson et. al (1984, 2008) outline the theory and use of TBL in several settings (engineering, finance, social sciences). Numerous examples in medical education arose in our literature search, including a two-year observational study on TBL effectiveness at ten medical schools (Thompson et. al, 2007). No studies on the use of TBL in entrepreneurship education were found, so the present work intended to highlight key features and outcomes of TBL as implemented at the Institute for Management and Engineering at Case Western Reserve University (CWRU). A complete description of the TBL can be found elsewhere (Michaelson et. al, 1984), so here we simply provide a brief overview of the method as applied at CWRU. For brevity, the narrative to follow blends a description of each TBL step with additional comments pertaining to the CWRU process implementation. Overall there were seven major components to our TBL process:

1. Students study assigned readings outside of class.
2. A 30 – 45 minute “mini-lecture” is provided by the instructor at the beginning of class to answer any questions on the assigned reading and to highlight important concepts.
3. The in-class TBL process is then launched with each student individually taking a 5 to 10 question multiple choice exam, the “Individual Readiness Assessment” (IRA). After 10-15 minutes the exam session is concluded and the exam submitted to the instructor.
4. Immediately upon completion of the IRA, students gather in pre-assigned groups to retake the same multiple-choice exam, this time the team deciding (or just coming to a consensus) on the correct choice. A folder is provided to each team with an immediate feedback form (IFF) so they can self-assess performance in “real-time”; this is the “Group Readiness Assessment” (GRA). Figure 1 provides an example of the IFF developed by Epstein (2009) and used in the CWRU implementation. The class reconvenes “as a whole” after the IFF and a representative from each team shares with the class their answer choice and any issues with the class. The instructor facilitates the Q&A from each group and records GRA test results on the board for all groups to see each others’ results.

![Image of Immediate Feedback Form](Epstein, 2009)
5. After the instructor has a sense that critical concepts have been mastered, the students remain in their groups and proceed to the “Grand Challenge” (GC). The GC is a case application of entrepreneurship concepts in the “real-world” typically involving a mix of ethics, organizational development, finance, technology, etc. Most important is that the GC is based on actual situations with known outcomes; this is important since there is limited data presented in the problem and students are presented with one of three choices as an outcome of their problem analysis.

6. Upon completion of the GC the instructor then reconvenes the class as a whole and then, again, the instructor facilitates the Q&A from each group and records GC results on the board for all groups. The ambiguity of the problems admits multiple perspectives and the lively class discussion draws on the instructor facilitation skills to ensure class concepts are reinforced.

7. Peer evaluation is an important part of the process and was given as an after-class on-line homework assignment; to simplify the process we used the CATME system.

A critical component of the TBL process is the development of the individual readiness assessment and grand challenge. It is proposed by Michaelson (2008) that in order for the TBL to be most effective, care must be taken to adhere to the “3Ss” throughout:

- All individuals and group efforts are centered on the same problem.
- Course concepts are used to make and defend specific choices.
- The specific choices of the group work are public and simultaneously reported.

Overall, each TBL session requires considerable preparatory time (offline) by the instructor and along with the extensive amount of grading to be performed after the TBL, it is often remarked that TBL is a very labor-intensive technique. In comparison to the classic lecture-format, the instructor must:

- Ensure that each group is properly formed (critical with a diverse, international class),
- Foster the idea that students are accountable for their own learning (dialectic format),
- Readiness assessments and grand challenges must be carefully designed to focus on the application of specific concepts,
- Feedback to students and groups must be immediate.

As a result, TBL was used on select days throughout each semester, not as replacement for every class session.

It is important to briefly mention two instruments that facilitated the TBL implementation effort. The first concerns the formation and evaluation of teams, and the second addresses the measurement of critical thinking skills.

1. The CATME tool was developed by a team lead by Matthew W. Ohland, Associate Professor, Engineering Education, Purdue University (CATME, 2008). This was a highly effective tool that helped in team formation and gathered peer evaluation data to assess team member effectiveness.

2. The Critical Thinking Skills rubric developed by Washington State University (2008) was used as a self-assessment technique for each student at two points throughout a given semester. Though elective self-assessment is limited, the form allowed the instructor to develop a sense of student progress on the development of CTS. The process of assessing CTS is not a part of the conventional TBL process, it was simply introduced as a way for the instructor to begin establishing some cause and effect between teaching techniques and student CTS outcomes.
STRIDES AND STUMBLES

Changing the direction of a course from simply presenting and testing on concepts to the situation where students are required to use the concepts is potentially risky. The present work was not without some “learning moments” and for the sake of simplicity we have divided the discussion into “strides and stumbles.” Four unanticipated “stumbles” occurred:

1. **Increased workload.** Although several case studies warned about the increased workload associated with TBL, these warnings were not taken seriously. Failure to anticipate preparatory and grading time suggests that TBL novices try to identify a colleague to help launch TBL or where team-teaching can be accommodated.

2. **Grading complexity.** TBL is a multi-dimensional process and at least five elements of the process can be subject to grading or general assessment (IRA, GRA, GC, Class participation, Peer Review). Developing a grading profile to weigh the various elements and integrate into a single TBL “grade” required several iterations.

3. **Tolerating silence.** At the outset and for some subsequent TBL sessions, students or groups may have to pause for some time prior to answering a question or responding to a comment. The natural inclination of the instructor was to jump in to “help” but this interfered with allowing the students time to “process then report.”

4. **Simultaneous coaching and evaluation.** During the phase of the process involving groups “reporting out” a single instructor must manage the process of coaching with questions while simultaneously evaluating student reasoning. This is an overwhelming (tiring?) aspect of the TBL experience. Add observers to the class.

It seemed that the (long-term) “strides” associated with TBL outweighted the (sort-term) “stumbles” and could be characterized in three ways:

1. **Enhanced class participation.** The entrepreneurship course weighted class participation as much as 25% of a student grade. Thus the instructor has a mechanism for monitoring class participation in a grade book. Prior to TBL the class participation was at the 15%-25% level. Student participation in class discussions was as high as 70% on TBL class days.

2. **ESL engagement.** Although diversity is welcome in entrepreneurship discussions, typically English as a Second Language (ESL) students (and even shy domestic students) seem reluctant to share their opinions in the larger class sessions. The small-group supportive structure appeared to encourage many to speak up; particularly when these students represented their group, they had some prior peer approval which seemed to empower them to share their thoughts.

3. **Improved class readiness.** Anticipating the IRA prior to class, many students (self-reported) that they made a stronger effort to at least review chapter materials prior to class. Recitation of chapter concepts in class discussion underscored that some form of preparatory work had been performed.

**IMPACT ON CTS**

End-of-semester evaluations for 3 consecutive semesters revealed the memorable and enjoyable class experience provided by the TBLK experience. But to several critics a question remained: “Was this just fun or was it educational?”
Activities to improve student CTS – long before the implementation of the TBL – included the selection of the University of Washington CTS rubric for data collection. Although a significant amount of data has been collected, it is illustrative to point out changes in just one dimension of the CTS. As shown in the chart below, there was a dramatic change in the ability to “develop an individual hypothesis” before and after TBL. While the nature of the data collection method is subject to more scrutiny, instructor evaluations of student essays concur with the statistics and suggest a causal relation.

<table>
<thead>
<tr>
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<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week +6 Mean</td>
<td>4.320</td>
<td>4.429</td>
</tr>
<tr>
<td>SD</td>
<td>0.912</td>
<td>0.598</td>
</tr>
<tr>
<td>Baseline Mean</td>
<td>4.267</td>
<td>4.139</td>
</tr>
<tr>
<td>SD</td>
<td>0.640</td>
<td>0.816</td>
</tr>
<tr>
<td>Delta Mean</td>
<td>0.053</td>
<td>0.290</td>
</tr>
<tr>
<td>SD</td>
<td>0.272</td>
<td>-0.218</td>
</tr>
<tr>
<td>Improvement Mean</td>
<td></td>
<td>1.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14.5%</td>
</tr>
</tbody>
</table>

Figure 2. CTS improvement: Develop Individual Hypothesis

SUMMARY

Entrepreneurship requires the ability to make choices within a context of ambiguity and limited data. Moving from individual, quantitative, directed thinking about a well-defined engineering problem to unbounded, qualitative, self-directed decision-making challenges many students, and our experience is that TBL has an impact on fostering these competencies. We have also discovered that implementing TBL takes what is otherwise a “large” class (40 students) and restores a “small class” feeling.

REFERENCES


GLOBAL COMPENSATION AMONG ENTREPRENEURS

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ABSTRACT

In this paper we discuss the variations in compensation among international entrepreneurs, the associated risks of entrepreneurial ventures, and the positive aspects of new business ventures in the global market. We research the compensation practices of entrepreneurs in five countries, common practices used to determine monetary compensation, what factors affect an entrepreneur’s salary, and how compensation relates to employee retention. There are a vast number of risks involved in starting a new venture in the international market; in this section we research the risks taken by international businesses and how their capital, revenue, and owner compensation have been affected. We aim to explore the cultural forces that produce minimum and maximum compensation satisfaction. We also examine the connection between compensation satisfaction and business success. The scale of entrepreneurial endeavors varies greatly from small garage businesses to large global corporations, and with each, come variations in compensation. These size variations depend largely on the owners’ long and short term goals. In this section we research the differences in capital gains by a wide range of international entrepreneurs and its relation to the business’ long and short term goals.

INTRODUCTION/CONCLUSIONS

Future research is suggested based upon prior research (Carraher and associates, 1992-present; Carland and associates 1984-present).

REFERENCES


THE COMMERCIAL LEASE: IMPACT ON NASCENT
BUSINESS TENANTS THROUGH RESTRICTIONS ON
USE OF PREMISES AND LIMITATIONS ON
ASSIGNMENT AND SUBLEASE RIGHTS

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ABSTRACT

The majority of commercial leases (defined as a lease for business purposes) include
restrictions as to the use of the premises and limitations on their transferability by assignment
and sublease of the leasehold. This becomes a double-edged sword which provides the landlord
two possible ways to thwart a tenant’s request to assign or sublet. As a result the unwary
entrepreneur often enters into a lease contract that can be detrimental to the tenant with little
opportunity for equitable remedies. While this study is not intended to address all aspects of a
commercial lease that could be of concern to the tenant, it is intended to equip potential tenants
with an understanding of those matters that restrict the unfettered transferability under the
leasehold. Such transferability and use rights are essential to the well being of the tenant’s
enterprise.

INTRODUCTION

Nascent businesses often-times do not pay sufficient attention to the terms and conditions
of the commercial lease they are about to enter-into. While there is a considerable amount of
case law on the subject (Barbuti, 2006; Crabb, 2006), it is missed on the intended audience of
this study. Beyond the lease rate and maturity provisions in a lease agreement, the balance of the
lease language represents just so much nonessential legalese to the prospective tenant (who is
most typically a layperson-entrepreneur relative to his or her familiarity with such legalese).
However, it cannot be stressed too much that every sentence (and most terminology) within a
lease is of material importance to both the landlord and the tenant. Specifically for the purpose
of this paper, we will be examining those interrelated sections of a commercial lease that deal
with use of premises, assignment and sublease of the real property leased with the interest of the
would-be tenant in mind.

THE ENTREPRENEUR’S IGNORANCE VS THE LANDLORD’S INTERESTS

Unfortunately many first time commercial tenants enter leases blindly. Further, when a
when a default occurs in many cases these situations never make it to the courthouse as the
tenants are also naive about their rights and whether they have standing. Unlike residential
landlord-tenant law which benefits from consumer law treatment and is “more akin to a purchase
of shelter and services rather than a conveyance of an estate” ("Park West Management Corp. v.
Mitchell," 1979), a commercial lease is instead interpreted under contract law. Therefore, it is
essential that one who is about to enter into a commercial lease become fully apprised of the terms and conditions in the contract as they will in most cases be strictly construed by the courts. Entrepreneurs must first understand what a lease is, what the objectives of the landlord are in presenting the lease and specific language therein, the rational for restricting the tenant’s rights to transferability of the leasehold, and circumstances where the tenant may have recourse; a basic familiarity with the notion that case law would dictate the means by which lawyers would argue in the settlement of any disputes would also be helpful.

THE LEASE: A CONTRACT AND CONVEYANCE

A lease is a contract by which a rightful possessor of real property conveys the right to use and occupy the property in exchange for consideration ([Black’s law dictionary], 2004, p. 907). Like every contract, to be enforceable it must contain competent parties, subject matter, a legal consideration, mutuality of agreement, and mutuality of obligation. The majority of states follow the common law regarding contract matters associated with landlord-tenant contracts.

Common law is “the body of law derived from judicial decisions, rather than from statutes or constitutions” ([Black’s law dictionary], 2004, p. 293). As a result, in common law jurisdictions there is little government intervention in regard to the interpretation of the terms and conditions of a real property lease, more specifically commercial leases, as the common law laissez-faire approach to landlord-tenant disputes comes down to what is contained within the four corners of the lease agreement. This can be problematic to the entrepreneur who is either unwary or lacks foresight to anticipate the implications of the lease relative to his or her business plans.

The landlord’s primary objective in the lease contract is to maximize income from the real property while minimizing risk of tenant default and damage to the premises. However, in real life, we presume that this entails a balancing act. For instance, one might allow for a lower lease payment rate when a convincing case is made that the tenant will care for the property more attentively and perhaps even perform leasehold improvements that would remain after the termination of the lease. Minimizing risk becomes more difficult for the landlord in periods of economic downturns when the landlord is also struggling with growing default rates, declining rental values and slowing market demand for commercial lease space. Just as in financing, the landlord is interested in protecting the investment in real property and expectations for a reasonable return. Potential tenants must therefore meet the test of credit worthiness, capacity and character.

When a landlord finds an individual that conforms his or her definition of a desirable tenant the landlord is thereafter not inclined to then give that tenant the right to assign the leasehold to another that may not meet the same qualifications. The tenant on the other hand is seeking a leasehold interest where there is an expectation of an option, should the need arise, to assign or sublet the premises to a third party to maximize the value of both the tenant’s leasehold interest and the business in general.

ASSIGNMENT VS SUBLETTING

Assignment and subletting are quite different. A lease assignment is a substitution of the original tenant for a new tenant or successor. The landlord only has rights under the lease with the new tenant as the original tenant is released from the lease contract entirely upon the
assignment to another. However, in a sublease situation, the original tenant continues to be obligated to the landlord under the lease:

“A majority of states continue to follow the common law rule that distinguishes assignments from subleases by their legal effect, rather than by their form or the parties’ intentions for the transaction. If a lessee conveys all of the property interest in the estate for the entire duration to a third party, then the transaction is construed to be an assignment of the lease; but, if the lessee retains some interest in the estate, such as a reversion before the expiration of the original lease, then the transaction is construed to be a sublease” (Barbuti, 2006).

The majority of states allow the landlord to restrict assignments by tenants. The exception applies when the tenant is a debtor in a bankruptcy proceeding in which case the U.S. Bankruptcy Code grants the tenant the right to assign its lease without the landlord’s consent regardless of whether the lease contains restrictions on assignment or subletting ("Executory Contracts and Unexpired Leases," 2004). Otherwise, a lease may contain a provision giving the landlord the absolute right to withhold its consent to assignment or subletting. Even if the lease is silent in this regard, the landlord can still withhold or condition consent, it just cannot do so unreasonably.

THE ASSIGNMENT RESTRICTIONS

There are several types of restrictions that landlords utilize opportunistically including absolute, qualified, and fully qualified restrictions. Absolute restrictions do not by definition allow the tenant to reassign for any reason. In this way, these restrictions maximize the landlord’s control of the property, as the landlord can choose to decline consent for almost any reason. Once an absolute restriction clause is signed, the tenant has very little power in the court of law. In a qualified restriction the tenant covenants not to assign the leasehold without the prior consent of the landlord. This type of restriction is left up to the landlord to accept or reject as the lease is silent on the parameters the landlord must follow in making a determination whether to give consent. In fully qualified restrictions the tenant covenants not to assign without consent, such consent not to be unreasonably withheld. Fully qualified restrictions impose a standard which limits the landlord's discretion (Crabb, 2006).

The common law or “majority view,” is against the implication of reasonable standards. First, this view suggests that implication of reasonableness standards interferes with freedom of contract because it holds landlords to stipulations that were never verified in writing. Also this view attempts to protect the tenant’s identity by having discretion on who is able to rent from him. This logic is based on the fact that the landlord had the discretion to choose the first tenant, so this right should be upheld with all subsequent tenants. Additionally, this view suggests that reasonableness standards create further ambiguity within contract’s therefore creating unnecessary legislation (Crabb, 2006).

The reasonableness standard or “minority view” is intended to shield tenants from overreaching restrictions. Consent of reassignment cannot be unreasonably withheld unless “freely negotiated” ("Restatement [Second] of Property §15.2(2)," 1977) provisions in the lease gives the landlord an absolute right to withhold consent. Even when a tenant agrees to such a clause, it could be void if the tenant had no bargaining power and a lack of legal advice as this would contradict the concept of “freely negotiated,” which requires landlords to make explicit any standards of withholding consent for reassignment before the tenant signs.
Under the reasonableness standard fully qualified lease restrictions are intended to bring about relational satisfaction in terms of the perceptions of the landlord-tenant, balancing the interests of both parties. California was the first state to adopt a reasonableness standard departing from the common law when the California Supreme Court issued an opinion ("Kendall v. Ernest Pestana, Inc.," 1985) finding that an unreasonable refusal to assign constituted an unreasonable restraint on alienation. In this case the lease had a provision in it stating that written consent was required before the lessee could assign his interest and that failure to get written consent made the lease voidable if the lessor desired. The lessee had requested consent from the landlord who refused to consent and argued it had an absolute right to arbitrarily refuse the request. The court held that the trier of fact may properly consider the following factors in determining reasonableness: financial responsibility of the proposed assignee, suitability of the use for the particular property, legality of the proposed use, need for alteration of the premises, and the nature of the occupancy, i.e., office, factory, clinic, etc. However, the court also determined that a denial solely on the basis of personal taste, convenience or sensibility was not commercially reasonable. Nor was it reasonable to deny consent in order that the landlord may charge a higher rent than originally contracted for:

"The concept of the implied covenant of good faith and fair dealing requires that neither party do anything that will injure the rights of the other to receive the benefit of their agreement. Denying a party its rights to those benefits will breach the duty of good faith implicit in the contract" ("Cafeteria Operators, L.P. v. Coronado-Santa Fe Assoc.," 1997).

On the other hand, a basis for good faith reasonable objection includes the tenant’s inability to fulfill terms of the lease, financial irresponsibility or instability, suitability of premises for intended use, or intended unlawful or undesirable use of premises ("Kendall v. Ernest Pestana, Inc.," 1985). Where the proposed assignees admitted they would never generate gross sales sufficient to produce rental income equivalent to that consistently being paid by Lessee, the court held that the Lessor's objections to the proposed assignment were commercially reasonable ("John Hogan Enterprises, Inc. v. Kellogg," 1986). As case law indicates in minority view jurisdictions, circumstances control in the interpretation of reasonableness.

USE RESTRICTIONS

The nexus between the landlord’s restrictions on assignment or subletting clauses and the use of premises clause is typically presented such that if one clause does not accomplish the desired effect, the other likely will. For example, where the tenant operated a restaurant in the premises and wanted to sublet to a person engaged in selling and repairing of electronic equipment, the proposed building uses under the sublease where quite different than those uses defined under the present lease. The building had been constructed for restaurant use. The lease contemplated revenues which included a percentage of the restaurateur’s revenues and the trial court found the proposed sublessee's business could not reasonably yield as great a return on plaintiffs' investment as the restaurant operation. Accordingly, the landlord was not compelled to consent to the subtenant ("Jones v. Andy Griffith Products, Inc.," 1978).

The use restriction clause will not, in the ordinary commercial building, create a reciprocal restriction against the landlord. Thus, the landlord can, in such a situation, lease to whomever it pleases (Claman, 1995).
CONCLUSION

While common law jurisdictions, which still represent the majority view, support the landlord’s right to place restrictions on the assignment, subleasing and use of commercial property the reasonableness standard is gaining traction in the courts. There are situations where absolute restrictions are necessary to protect the real property interests of the landlord. However, the arbitrary imposition of restrictions in this regard has the potential to be overcome by the tenant. It is the responsibility to the individual interested in becoming a tenant to conduct the due diligence required of any responsible party entering into a binding contract. But more often than not the parties have diametrically opposed interests: the landlord seeks to preserve the real property asset and profit from the lease, while the potential tenant’s thoughts are focused on the enterprise that will be situated in the property (not on the terms and conditions contained in the lease agreement). This lack of attention to detail regarding the lease instrument frequently becomes the basis for default. This suggests that it is in the interest of entrepreneurship educators, scholars and support organizations to intervene with research and training aimed at would-be entrepreneur/tenant’s to increase their awareness and cause them to focus on the serious consequences of lease agreements.

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INVENTIONS AND INNOVATIONS: DOES STAGE OF DEVELOPMENT MATTER IN ASSESSMENTS OF MARKET ATTRACTIVENESS?

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ABSTRACT

The purpose of this study is to determine whether market attractiveness is affected by the product’s developmental stage—specifically, invention vs. innovation. Two databases were combined for this study to assess prototype or market-ready products (innovations) and ideas submitted by inventors and manufacturers (inventions). On average, invention stage products were more attractive to evaluators than were innovation stage products; however, one critical factor – the ability to create a new venture from the product – was significantly higher for innovations. In addition, overall market readiness was on average more than 10 percent higher for innovation stage products than those at the invention stage. Stepwise regression results indicate that stage of development and new venture likelihood are more critical than other factors in deciding the market viability of a product.
THE EFFECTS OF THE BP OIL SPILL AND HURRICANE KATRINA ON BUSINESSES IN SOUTH LOUISIANA

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Ghase S. Alijani, Southern University at New Orleans
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ABSTRACT

In August 2005, south Louisiana received a devastating blow from Hurricane Katrina and is currently receiving another trauma with the BP Oil Spill that could have direct effects on the environment, economy, and the destruction of a ‘way of life’ cherished by South Louisianans. Even though the media has been instrumental in providing pictorial data on physical effects of these events, our focus is on people and businesses. It is essential to obtain data that includes the long-term effects of a natural event and the short-term consequences of a man-made disaster on every individual and the business community. To develop a clear picture, face-to-face interviews were conducted with those who were directly affected by these two events and data was collected. The analysis of collected data provided us with a full spectrum of effectiveness of our past decisions and appropriateness of our present actions on two different major disaster events on the same communities.

Keywords: Long and Short Natural Disaster, recovery, business and unexpected natural and manmade caused events.
WHY DO ENTREPRENEURS WORK? I

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Kelsey Barney, Minot State University
Charles E. Carraher, Florida Atlantic University

ABSTRACT

We are interested in figuring out why entrepreneurs do what they do. In this paper we seek to discover the reasons that individuals have for creating a business, as well as discuss the common characteristics that these business-creators have. We use scholarly sources to develop an accurate analysis of why entrepreneurs get into the work they do. Entrepreneurs start their own businesses for a variety of reasons. Many entrepreneurs start their own business for financial reasons and others for social reasons. They may not be happy with their current job because of the rules and regulations that come with working for someone else. The independence that comes with being an entrepreneur allows the individual to make all of the decisions on his or her own, and they do not have to wait to get approval. Some entrepreneurs simply love the product they make, the business they created, or getting to know people within the community that they serve. Some people enjoy the excitement that comes with starting up their own business and the risk that is involved with it. Entrepreneurs must be willing to take this risk because 75 percent of new businesses fail within the first year and 90 percent fail within the first few years. The analysis of why entrepreneurs work tells us that many of these start-up individuals have similar characteristics and a strong a desire to run successful a business.

INTRODUCTION/CONCLUSIONS

Future research is suggested based upon prior research (Carraher and associates, 1992-present; Carland and associates 1984-present).

REFERENCES


THE INFLUENCE OF PROACTIVE PERSONALITY ON ENTREPRENEURIAL LEADERSHIP: EXPLORING THE MODERATING ROLE OF ORGANIZATIONAL IDENTIFICATION AND POLITICAL SKILL

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ABSTRACT

The goal of this article is to show the importance of looking at proactive personality, organizational identification, and political skill in the context of entrepreneurship leadership. Individual differences such as personality may be useful in predicting entrepreneurial leadership and it has several implications for practice. Leadership research indicates that the trait approach facilitates the selection of leaders. Viewed from a selection perspective, organizations can determine the desired employee profile to meet their needs.

The concept of entrepreneurial leadership has become increasingly important because organizations must be more entrepreneurial to enhance their performance, their capacity for adaptation and long-term survival. Proactive individuals may be more successful in entrepreneurial leadership and may contribute more to the organization. Proactive personality, which is the tendency to show initiative and take action in one’s environment in order to effect meaningful change, may be more specifically tailored to predicting entrepreneurial leadership in firms than the more general Big Five factors and facets. The proactive personality construct fits well conceptually with the current emphasis on entrepreneurial leadership and has been linked empirically to a number of career outcomes.
ADDING ENTREPRENEURSHIP TO THE GENERAL EDUCATION CURRICULUM

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ABSTRACT

In any undergraduate program, the general education core courses are intended to provide students with knowledge, skills and professional attitudes that will prepare them for work and for good citizenship. Yet, most undergraduate general education programs are limited to liberal education courses such as mathematics, humanities, languages, and sciences. This paper makes the case for including a basic entrepreneurship course in general education. The paper also shares the content, instructional strategies and assessments that might form the framework for an introductory entrepreneurship course and discusses how including entrepreneurship as a general education core course will benefit all stakeholders. The goal is to help all students develop the art of entrepreneurial thinking—the “entrepreneurial mindset”.

BACKGROUND

Simmons (2003) cites a 1997 Gallup study, which indicates that 70% of high school students indicate that they want to start their own business. However, only a very small percent actually do. One contributing factor is the lack of direct experience with entrepreneurship, leading to unfounded beliefs regarding the difficulty if not impossibility of starting a business.

Public education enrolls more 54 million students in K-12 classrooms across the United States, students represent a significant potential market for entrepreneurship education. Daniel and Kent (2005) noted that this group tends to be very interested in learning about new business creation. Yet, over 80% of them indicated that they knew very little entrepreneurship and wanted to learn more about the topic. Entrepreneur has been found to be the preferred career choice of GenXers.

Despite this high level of student desire to learn more about new business development, many schools have been slow to respond (Charney & Libecap, 2000a). But, entrepreneurship has not become a major subject in most K-12 programs (Rushing and Kent, 2000), leaving the job to higher education. Daniel and Kent (2005) cite research in the Global Entrepreneurship Monitor, 1997 and 2003 that confirm that education plays a vital role in entrepreneurship development. Even if they decide not to start entrepreneurial ventures or manage small businesses, effective youth entrepreneurship education is believed to be very effective in preparing young people to be responsible, enterprising individuals who can contribute to economic development and strong communities. General education might be the best way to introduce a large percentage of youths to entrepreneurship education.

WHAT IS GENERAL EDUCATION?

Bellevue Community College (2007) describes the general education core as a group of undergraduate college courses that all students must complete, regardless of the major they are
pursuing. The general education program is designed to help prepare students for life—make them generally literate.

The Tennessee Technological University (2007) describes general education as the foundation of the undergraduate college experience. It notes that general education is unbounded and is intended to develop the cognitive process of reasoning, critical for effective functioning and self-directed learning. The Department of Education, State of Maine (2005) argued that the purpose of general education is to ensure that all students get the general education courses that will ensure that will provide them with a balanced, diverse and rich educational background, and the opportunity to integrate knowledge from a variety of sources and fields.

As higher education develops or revises the general education core courses, it must ensure that the courses that are included in the core give all students the exposure and basic skills that they need to make the best decisions about their college careers and the rest of their lives. With the increasing desire to pursue entrepreneurship, maybe it is time for the general education core to include an introductory entrepreneurship course.

WHAT IS ENTREPRENEURSHIP EDUCATION?

Entrepreneurship education focuses on identifying and realizing opportunity, distinguishing it from other disciplines and making it uniquely suited for general education. The U.S. Department of Labor (2008) noted that entrepreneurship education offers solutions as it seeks to prepare people, particularly youth, to be responsible individuals who become entrepreneurial thinkers. One of the purposes of entrepreneurship education is to help students develop personal qualities, such as creativity, initiative, and independence (Simone, n. d.).

Entrepreneurship is more than the creation of businesses, though that is the goal for many. As Kuratko (2005) wrote: “The characteristics of grasping opportunities, accepting risks beyond security, and having the tenacity to push an idea through to reality combine into a special perspective that permeates the entrepreneurs (p. 4). This “entrepreneurial perspective” is desirable in all students, in all workers, in all citizens.

WHY MAKE ENTREPRENEURSHIP EDUCATION PART OF GENERAL EDUCATION?

The general education core courses are selected to prepare students to live successful, satisfying lives, which implies that they are ready to be leaders, engaged citizens, and productive workers (The Pennsylvania State University, 2007; The Association of American Colleges and Universities, 2008). However, even with these widely accepted goals of general education, too often students see it as something to “get out of the way” so they can focus on courses that will prepare them for their chosen careers. In response, many institutions are pursuing more integrative designs as they try to make general education more relevant. For example, as the University of North Carolina, Chapel Hill revised its undergraduate curriculum its primary concern was to have a general education core that would allow graduates to “lead personally enriching and socially responsible lives as effective citizens.” (The University of North Carolina Chapel Hill’s Office of Undergraduate Curricula, 2006, p. 1).

Entrepreneurship education offers that opportunity. By integrating entrepreneur-ship, which includes elements of accounting, economics, finance, marketing and other business course, with other general education courses, all students will be better prepared for
employment, job creation and professional successes. Entrepreneurship education will help students to tie things together. Making entrepreneurship education a formal part of the American curriculum in every school district and educational institution can be partly realized by making it a part of the general education core courses in colleges and university.

THE COURSE

The purpose of the introductory entrepreneurship course is to introduce students to entrepreneurship as a career option and to help them develop a better understanding of the art and science of creating opportunity—responding to a need by developing something new from very little.

Table 1. Course Outline

<table>
<thead>
<tr>
<th>Course Content</th>
<th>Teaching/Learning Strategies</th>
<th>Assessments</th>
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<tbody>
<tr>
<td><strong>Module 1—Meaning of Entrepreneurship</strong></td>
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<tr>
<td>a. Definition and Context</td>
<td>Readings, lectures, guest speakers, mini cases, among others</td>
<td>Short research-based paper, small group discussions of mini cases, summary of entrepreneur lecture—guest speaker</td>
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<tr>
<td>b. History</td>
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<tr>
<td>c. Impact on the economy and the society</td>
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<tr>
<td>d. Entrepreneurship in Different Contexts—social, organizational, and individual</td>
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<tr>
<td><strong>Module 2—The Entrepreneurship Mindset</strong></td>
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<tr>
<td>a. Entrepreneurial thinking and how it is different</td>
<td>Readings, lectures, entrepreneurial testimonials, guest speakers, videos, entrepreneur shadowing, self-assessments of entrepreneurial interest and disposition, journaling, among others</td>
<td>Video reviews, mini case analyses, critique of entrepreneurship guest lecturers, short research papers, self analyses—online or on paper</td>
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<tr>
<td>b. Benefits of entrepreneurial thinking</td>
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<tr>
<td>c. Developing and cultivating entrepreneurial thinking</td>
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<td>d. Entrepreneurial characteristics and behaviors</td>
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<tr>
<td>e. Assessing entrepreneurial potential</td>
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<tr>
<td><strong>Module 3—New Venture Development</strong></td>
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<td></td>
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<tr>
<td>a. Recognizing and assessing opportunity</td>
<td>Internet and other research, interviews with local entrepreneurs, videos, group discussions, mini cases, entrepreneur shadowing, critical thinking exercises focused on entrepreneurship, projects, oral presentations, among others</td>
<td>Mini feasibility study, review of Secretary of State’s Office Article of Incorporation Bylaws, peer review of business ideas, review and discussion of business plan outline, presentation of business idea</td>
</tr>
<tr>
<td>b. Analyzing the risks and benefits</td>
<td></td>
<td></td>
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<tr>
<td>c. Developing the business model and plan—elements of an effective business model, elements of an effective business plan, and guidelines for preparing the business plan</td>
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<tr>
<td>d. Implementing the business idea</td>
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</table>
**Module 4—Entrepreneurship Success Factors**

| a. Ethical challenges/dilemmas facing entrepreneurs | Cases/vignettes analyses, role-plays, interviews of entrepreneurs, debates, videos, among others |
| b. Social responsibility issues facing entrepreneurs | Responses to mini cases and/or vignettes, peer and faculty review of role-plays, journaling about entrepreneurship shadowing, review of debates and videos, small group discussions/debates |
| c. Learning from successful entrepreneurs | |
| d. Factors contributing to success, e.g. experience and leadership style | |

**BENEFITS**

The major benefits that will accrue to students, the educational enterprise, and beyond. Entrepreneurship education can positively impact learners, resulting in changes in personal and career attitudes, self awareness, self management, responsibility, transfer of learning, interpersonal communication, problem solving, and creativity (Consortium for Entrepreneurship Education, n.d.).

**Student benefits.** Learning about entrepreneurship benefits all students, not only those who plan to start businesses as it teaches skills that are applicable to all students in any career (Joss, 2006). Business Wire (2004), citing research from Harvard University Graduate School of Education, notes that entrepreneurship programs help students, especially those from disadvantaged and underserved backgrounds, to bridge the gap between their present interests and future goals. For students who end-up choosing careers in entrepreneurship, the benefits are much more. Charney and Libecap (2000b) found that the entrepreneurship program graduates were three times more likely to start new businesses, to be self employed and less likely to work for government or non-profit entities; they had annual income about 27% higher than the other business majors, owned 62% more assets and experienced greater job satisfaction. Exposure to entrepreneurship through a freshman or sophomore course in the general education core builds awareness in all students and offers them the option to choose a career in path in entrepreneurship, if they so desire.

**Institutional benefits.** Benefits also accrue to the institution, including graduates who well better prepared for the competitive 21st century global economy, thus enhancing their image in the community and their ratings among their peer institutions. Finnilä (2006) listed other institutional benefits, including the opportunity to integrate theory and practice for students, to help build the entrepreneurship attitude, to forge relationships with the local community, and produce a better trained graduate.

**Economic benefits.** Evidence suggests that entrepreneurship education contributes to risk-taking and new venture formation, a propensity for self-employment, higher than average income and growth of small firms Charney and Libecap (2000c), all of which are coveted economic benefits. Greater entrepreneurship activity also benefits the economy in terms of employment, wealth creation and the stimulation of innovation.

**CONCLUSIONS**

The Marion Kauffman Foundation, Center for Entrepreneurial Leadership describes the goal of entrepreneurship education as providing individuals with the concepts and skills that will help them to recognize the opportunities that others have over-looked, and to have the insight, knowledge and confidence to act where others hesitate. An introductory entrepreneurship course
has the potential of offering college freshmen and sophomores the opportunity to build awareness of entrepreneurship as a career option, meet successful entrepreneurs in person or in the literature, explore concepts and skills related to entrepreneurship decisions and careers, and help them understand how to marshal resources in the face of risk and explore entrepreneurial decision making.

The introductory entrepreneurship course also has the potential to stimulate latent entrepreneurship potential and desire in students, and to enhance the culture of entrepreneurship among the college-age population. And, even if the student never pursues an entrepreneurship venture, the skills gained will be helpful in any career or profession. Making entrepreneurship education part of the general education core allows all students to be introduced to the basic concepts of entrepreneurship, giving them the opportunity to assess their own interest while developing critical life skills. In entrepreneurship education students are able to integrate a variety of skills from several courses while linking classroom instruction with practical applications.

REFERENCES


DYNAMICS IN ACADEMIC ENTREPRENEURSHIP

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Linda Clarke, University of Florida

ABSTRACT

As a contribution to the much needed theoretical work, which is required to guide research and practice in the field, we proposed a framework for Entrepreneurship. We then presented a review which monitored progress in Academic Entrepreneurship. We found that Academic Entrepreneurship is on the rise and offered insights to opportunities for further empirical research. We examined variables such as licensing, patent executions, and number university start-ups as well as factors that could influence them. We proposed that these variables could serve as potential markers for effectively tracking progress in Academic Entrepreneurship. Our analysis, which puts academic entrepreneurship in perspective, could be useful to practitioners and researchers in the field.

HISTORY OF ENTREPRENEURSHIP

Before examining academic entrepreneurship, let’s first consider the history of entrepreneurship - a field that has suffered much fragmentation and a lack of unity with previous work due to failure to articulate conceptual definitions by researchers coupled with the idiosyncratic studies of projects that are not based on a framework like other sciences (MacMillan & Katz, 1992). Lacking the necessary constructs, we begin by tracing entrepreneurship from its “roots”. Though considered a young field by many scholars (Brazeal & Herbert, 1999), the concept of entrepreneurship has coexisted with, if not predating, economics. Our assertion is grounded in the simple fact that the production, distribution and consumption of goods and services are initiated only when someone or an organization decides to engage in some entrepreneurial activity in order to realize an opportunity within a society. Adam Smith, Father of Economics, maintained that "by pursuing his own interest, [an individual] frequently promotes that of the society more effectually than when he intends to promote it” (Smith, 1977 (1776)). Smith believed that given the context of a free market, self-directed competition benefits the society because it results in high quality products offered at low prices. However, in order to be successful, the entrepreneur in pursuing her interest must be able to harness resources not just under her control, but beyond her control, too; plus, she must possess an entrepreneurial mindset. So, while the field of entrepreneurship is generally considered to be in its infancy, the concept is as old as the mature fields it draws upon – economics, management and psychology.

A PROPOSED FRAMEWORK FOR ENTREPRENEURSHIP

An entrepreneur is defined as anyone starting an organization or working within the confines of an organization “who pursues opportunities without regard to resources currently controlled” (Stevenson and Jarillo, 1990). This definition supports the notions of individual or small business as well as corporate and academic or university entrepreneurship where organizations acting through individuals engage in entrepreneurship. A simple model for the entrepreneurial process was previously proposed, but not as an all-inclusive model according to
the authors (Brazeal & Herbert, 1999). They model was based on three key entrepreneurship ingredients - change, innovation and creativity. In summary, it states that the entrepreneurship process begins with the decision to take advantage of an opportunity presented by a changing environment through innovation and creativity. Based on that model, we developed a framework for entrepreneurship which is shown in the figure below:

![Figure: A Framework for Entrepreneurship](image)

This framework relates to the various facets of entrepreneurship and offers what we have dubbed “The Entrepreneurship Mix,” or the “Who?”, “Why?”, “What?”, and “How?” of Entrepreneurship: Who is embarking on the venture? Is it an individual (small business entrepreneurship) or an organization such as a firm (corporate entrepreneurship) or a university (academic entrepreneurship)? Why the venture? Is it for profit or not-for-profit (social entrepreneurship)? What is the opportunity being sought? The answer to this question defines the business venture and should specify the product or service offered by the entrepreneur. For example, the entrepreneur may intend to pursue an opportunity to start a viable clothing store or an engineering consulting firm. Lastly, the framework deals with how the entrepreneur intends to offer something different within the environment. This entrepreneurial process should be perceived as bringing value to society; as such, he must be innovative, creative or both.

The entrepreneurial process and framework discussed above is in agreement with Schumpeter’s postulations (Schumpeter, 1942) that innovation and technological change, which drives a nation’s economy, stems from individuals with “wild-spirit” or entrepreneurial mindsets as well as big companies with the resources invest in research and development.

**ACADEMIC ENTREPRENEURSHIP**

Academic entrepreneurship can be defined as “the involvement of academic scientists and organizations in commercially relevant activities in different forms, including industry-university collaborations, university-based venture funds, university-based incubator firms, start-ups by academics, and double appointments of faculty members in firms and academic departments” (Pilegaard et al., 2010). This definition is encompassing and touches nearly all aspects of academic entrepreneurship. When examining academic entrepreneurship or any subset of entrepreneurship, it is important not to pretend as if the sub-field is an orphan discipline.
(Brazeal & Herbert, 1999), rather it is imperative to clearly delineate how the purported field of research and the research therein advances the science of entrepreneurship. Relating studies to the proposed framework (see Figure 1), or to the four “entrepreneurship mix,” may help to keep the research conducted within the field of entrepreneurship integrated.

Based on the definition, it is clear that academic entrepreneurship is a sub-set of entrepreneurship. For example, a scientist (who?) could decide to start a not-for-profit organization (why?) whose mission is to improve accurate diagnoses of liver functions (what?) in impoverished parts of Africa using an innovative technique or patented device developed within his academic lab (how?). Or, the university (who?) acting through its technology licensing department, might seek to make profit (why?) through licensing university technologies (what?) to members of the community by establishing a research technology park (how?). Academic entrepreneurship has multiple facets and meritoriously deserves to be treated as a sub-set of entrepreneurship. Further, because of the rich interaction between universities and industries or the community at large, universities acting through their agents, often serve as boundary spanners (Steffensen et al., 2000). There is currently a huge interest in and an explosive growth of academic entrepreneurship. For example parent universities of the spin-off companies are not only indirectly enabling the atmosphere to foster entrepreneurial culture, they are becoming sophisticated in taking advantage in the business creation process such as negotiating equity deals in the spin-off companies. Let’s consider the following evidence.

TRACKING PROGRESS IN ACADEMIC ENTREPRENEURSHIP

Due to the escalating interest in academic entrepreneurship, it is now imperative to identify markers for tracking progress in this sub-field – these are deliverables or the “whats?” in relating back to the framework. These markers are patents, licensing, equity deals, number of start-ups, number of successful start-ups, number of newly public companies to which a university had previously licensed a technology, presence of a research technology park, products introduced into the marketplace by university spin-off companies, etc. Some of these markers have been previously investigated (Powers & McDougall, 2005).

In an investigation of 124 research universities, Feldman et al. found that 1978 was the earliest date reported for an equity deal negotiated by a university (Feldman et al., 2002). By 2000, 70% of universities took equity in companies licensing their technologies - a jump from 1992 where university-equity participation was only 40%. Data show that academic entrepreneurship has become a legitimate vehicle for starting viable, profitable, and sustainable companies. According to the Association of University Technology Managers (AUTM, 2008), before 1980, the aggregate number of patents per annum obtained by U.S. universities was under 250 and discoveries were rarely commercialized for public use. In contrast, 11,089 new patents were filed and a total of 5,329 new licenses (and options) were executed in 2004. In 2000, the association reported that licensed technologies from U.S. universities led to the introduction of 347 new commercial products to the marketplace (AUTM, 2000) and by 2002 that number had jumped to 569. In 2002, AUTM also reported that of 26,086 active license agreements, about 23 percent of them were linked with product sales by licensees. By the end of the 2008 fiscal year, 3,381 university start-up companies were still operating with a total sponsored research expenditure of $51.47 billion and 648 new commercial products introduced to the marketplace.
SIGNIFICANCE OF ACADEMIC ENTREPRENEURSHIP

Another piece of the AUTM finding was that 72 percent of new companies formed operated from their institutions’ home state. This suggests that university-based spin-off companies tend to be making important economic contributions in their home-states; however, when all these spin-offs are aggregated, a national economic contribution due their business decisions and activities becomes visible.

As BankBoston noted, there is indeed a large-scale impact on the national economy by university spin-offs – an employment of 1.1 million people and a $232 billion in world-wide annual sales were directly linked to spin-off companies from just one university, Massachusetts Institute of Technology (MIT) (BankBoston, 1997). MIT’s performance, however, is atypical, and its colossal number of spin-offs and its significance in regional economic development, can be traced back in the university’s long history of academic entrepreneurship since World War II. For a more representative U.S. university, Steffensen et al. investigated the nature of spin-off companies from University of New University (UNM) and found that six spin-off companies from UNM associated with the university’s research centers employed a total of 108 people in and around Albuquerque, New Mexico, the home of UNM (Steffensen et al., 2000). Whatever the economic impact – global or local, there is no doubt that academic entrepreneurship is on the rise.

REFERENCES


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

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Maripier Tremblay, Université Laval

ABSTRACT

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

INTRODUCTION

Public organisms have implemented programs to support novice entrepreneurs in the years following the starting of their business. One of the processes proposed involves pairing up a novice entrepreneur with an experienced entrepreneur, who provides advice and ways of thinking to help the novice avoid costly and even fatal mistakes (Sullivan, 2000; St-Jean and Audet, Under press). For example, the American SCORE (Acronym for Service Corps of Retired Executives. Information at www.score.org.) program, founded in the seventies and funded by Small Business Administration (SBA), supported more than eight million small business managers through its network of over 12,000 volunteer mentors. Research has been demonstrated that mentors can help novice entrepreneurs in the identification of business opportunities (Ozgen and Baron, 2007). However, the process by which mentoring enable a mentee in identifying new opportunities is not well understood. This is the purpose of this communication.

LITERATURE REVIEW

The mentoring phenomenon is not new. The word “mentor” comes from Homer’s Odyssey, where the hero Odysseus entrusts his son Telemachus to his friend Mentor while he is away at war. Mentor is put in charge of Telemachus’ education as well as the development of his identity as he enters the adult world. When Mentor addresses Telemachus, the goddess Athena
speaks through him. Mentor thus has access to divine qualities and becomes the incarnation of wisdom. In contemporary times, inspired by Greek mythology, a mentor is generally a person which possesses certain qualities or is in a position of authority, and who kindly watches over a younger individual so that he may benefit from the mentor’s support and advice. In an entrepreneurial context, although other definitions are possible, mentoring is a support relationship between a novice (With the significance of being without experience as an entrepreneur) entrepreneur (named mentee) and an experienced entrepreneur (named mentor), where the latter helps the former develop as a person.

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

**H1** Learning with a mentor increases the novice entrepreneur’s ability to recognize new opportunities.

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

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

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

\[ H3, H4, H5 \text{ and } H6: \text{ Work experience, management experience, level of education and age impact positively the novice's ability to recognize new opportunities.} \]

**METHODOLOGY**

**The Studied Program**

The business mentoring program which is at the heart of the present study was created in 2000 by the *Fondation de l'entrepreneurship*, an organization dedicated to economic development in the province of Québec (Canada). It is offered to novice entrepreneurs through a network of 70 mentoring cells spread out across the province. These cells are generally supported by various economic development organizations such as *Centres locaux de développement* (CLD), *Sociétés d'aide au développement des collectivités* (SADC), and local chambers of commerce. These organizations ensure the local or regional development of the program, while subscribing to the business mentoring model developed by the *Fondation*.

**Chosen Sample for Analysis**

The studied population is the group of mentored entrepreneurs of the business mentoring program of the *Fondation de l'entrepreneurship*, that have had at least three meetings with their mentor, or that still maintain a relationship, and who had a valid email address. This population represented 981 individuals. Mentees were contacted by email to participate in the study, and two follow-ups were made to non-respondents. 362 participants accepted to cooperate which gives us a response rate of 36.9%. The sample contains 162 men (51.6%) and 152 women (48.4%). Mentees are quite educated since 173 (55%) of them have a university degree. The average age is 39.8 (standard deviation of 8.97) and age varies between 23 and 70. When starting their business, 24% had no experience in the field of their business, 33.2% had less than a year, 46.2% had less than three years, and 61.6% had less than five years. As for business experience, the majority (51.1%) had no experience, 63.4% had less than a year, 73.6% had less than three years, and 82.9% had less than five years experience. Mentoring relationships lasted 16.07 months on average (standard deviation of 14.4, median of 13). Meetings with the mentor lasted 68.52 minutes on average (standard deviation of 14.4, median of 67), and there were a little under one meeting a month (0.807), median being one meeting a month. The majority of respondents were still in their mentoring relationship at the time they participated in the study (58.6%).

**Measurement**

**OPPORTUNITY RECOGNITION.**

The measure used is the one developed by Anna et al. (2000) which includes 3 items on a Likert scale of 7: 1-I can spot unmet needs on the market, 2-I can recognize products that will succeed, 3-I can recognise opportunities. Cronbach’s alpha is 0.882.
LEARNING GOAL ORIENTATION.

The measure used is the one developed by Button et al. (1996) which includes 8 items, which are recorded on a Likert scale of 7, from 1 “Strongly disagree” to 7 “Strongly agree”. Cronbach’s alpha is 0.927.

LEARNING WITH MENTOR.

The measure used is the one developed by Allen and Eby (2003) which includes 5 items, which are recorded on a 7 point Likert scale. Cronbach’s alpha is 0.910.

RESULTS

As indicated in TABLE 1, age has a negative effect on the ability to recognize new opportunities. Management experience has a positive influence, as opposed to work experience which has no effect. In the second model, we find that learning goal orientation has a positive effect on the ability to recognize opportunities and that the addition of this component substantially improves the model. Lastly, learning through a mentor impacts the novice entrepreneur’s ability to recognize opportunities and is also a significant addition to the model.

<table>
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<th>Table 1. Hierarchical linear regression model of entrepreneur’s opportunity recognition ability</th>
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Sig. 0.000 0.000 0.000
Adj. $R^2$ 0.067 0.117 0.138
Sig. $F$ change 0.000 0.000

DISCUSSION AND CONCLUSION

Results indicate that learning through a mentor provides the novice entrepreneur with the ability to recognize new business opportunities. However, LGO also has a great influence on the novice entrepreneur’s ability to recognize opportunities. This would mean that some novice entrepreneurs could be more likely to learn from their mentor, although this finding still has to be established. As well, results confirm the value of mentoring for novice entrepreneurs wishing to improve their ability to recognize opportunities, a requirement deemed essential to the success of any business project.

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THE WHOOP CURVE: PREDICTING ENTREPRENEURIAL AND FINANCIAL OPPORTUNITIES IN THE PERFORMING ARTS

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ABSTRACT

Success in the performing arts is measured, like all industries, financially. And, because of the financial motivation, prediction of talent’s success is a large endeavor throughout the industry. The authors introduce an approach for the prediction of success of an entrepreneurial endeavor known as the “whoop curve.” Based on constructs, the curve measures consumer’s emotional preferences in order to identify artistic entrepreneurial opportunities and financial profits. The constructs are weighted to form an efficient “probability forecast” or “whoop curve.” The proposed weights are related to the correlations based on how quickly or slowly the acts and their recordings are able to gain rankings given the strength of emotional connections consumers have to the act. Finally, an example implementation of the approach is applied using Microsoft Excel.

Key Words: Entrepreneurship, Record sales, Duration Analysis
WHY DO ENTREPRENEURS WORK? II

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ABSTRACT

It is an interesting question, that is, why do entrepreneurs work? Is it a coincidence that the majority of successful entrepreneurs acquired jobs by the age of 14? Is a good work ethic something you’re born with, or is it something that is taught to you, or is it something that is honed and developed by getting out into the workforce at a young age and learning first-hand how firms function. The goal of this paper is to answer all of those questions as well as look at many other factors that deal with the idea of entrepreneurs working. We examine the advantages of getting into the workforce at a young age and weighing the positives against the negatives and actually seeing how beneficial working can be. By doing this we are be able to pick out certain skills and lessons that can only be acquired through experience, by seeing with your own eyes and experiencing things for yourself instead of learning from other sources such as books or stories. Also, look at why entrepreneurs will still continue to work even if they already have their needs met and are successful, why some entrepreneurs can’t seem to stop working, and are unable to remove themselves from businesses that they have built.

INTRODUCTION/CONCLUSIONS

Future research is suggested based upon prior research (Carraher and associates, 1992-present; Carland and associates 1984-present).

REFERENCES


BEYOND RISK PROPENSITY – THE INFLUENCE OF EVALUATION PERIOD AND INFORMATION RELEVANCE ON RISK TAKING BEHAVIOR

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ABSTRACT

Controlling dispositional risk propensity, we investigate the extent to which entrepreneurial students’ risk taking behavior changes due to the length of evaluation period they adopt and relevance of the feedback they receive. Using a 2 (group membership: entrepreneurship vs. non-entrepreneurship students) x 2 (evaluation period: long vs. short) x 2 (information relevance: relevant vs. irrelevant) factorial design, we assess the betting amount of 256 entrepreneur and non-entrepreneur students in a computer-facilitated game. We find that in general, entrepreneur students take higher risks than non-entrepreneur students. A longer evaluation period leads to higher risk taking in similar extent by entrepreneurs and non-entrepreneurs. Remarkably, entrepreneurs and non-entrepreneurs react to information relevance differently: entrepreneurs take higher risks when receiving relevant (vs. irrelevant) information and non-entrepreneurs take lower risks when receiving relevant (vs. irrelevant) information. These results suggest that when information is relevant, entrepreneurs take it as challenge, whereas non-entrepreneurs take it as threat.

Keywords: Risk taking behavior; dispositional vs. contextual differences; decision making; experiments
USING AN ENTREPRENEURIAL NETWORK ORGANIZATION MODEL TO TRANSFORM ACADEMIC INSTITUTIONS

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Christelle Edmo, Idaho State University

ABSTRACT

American universities can no longer depend on traditional public and private university funding to survive and thrive in the 21st century. Universities need to become entrepreneurial to secure the resources to maintain and expand programs and services to meet the current and future needs of their customers. In an era of shrinking government higher education budgets and reduced private philanthropic contribution to universities, new and innovative approaches to finance higher education are needed. This paper examines how one university is responding to these external pressures by using an innovative network organization model to meet this entrepreneurial challenge and transform the way business is carried out in higher education institutions.

INTRODUCTION

Universities have long been considered foundations for the transfer of knowledge to help prepare students for professional careers and for entry into the workforce. Historically, higher education institutions were accessible only by the elite. Today, a college education is accessible to most American citizens. The global environment has even expanded the reach of universities to international students who desire an American education. At the same time, globalization has introduced unintended consequences for universities. As students gain unlimited access to various forms of higher education around the world, a college education has become a commodity. This socio-economic shift has impacted many universities by creating, what some economists might consider market saturation in the academic sector. As universities compete with each other to attract and retain faculty and students, they struggle to gain a market share of potential students because so many educational options exist. At the same time, a period of unprecedented cut-backs in university funding have left many universities struggling to secure the resources to even maintain existing programs and services.

Some higher education institutions are implementing novel approaches to adapt to these external pressures. This paper explores how the Indigenous Nations Institute (INI) at Idaho State University is using an entrepreneurial mindset to help transform the university into a successful business entity while maintaining its identity as a nationally-recognized educational and research institution.
WHY UNIVERITIES NEED TO CONSIDER A NEW WAY OF DOING BUSINESS

Recent economic conditions have significantly impacted universities throughout the nation. States have slashed budgets and philanthropists have tightened their belts creating a funding crisis for private and public academic institutions. Instead of considering an alternative mode of operation, many colleges simply pass the burden on to students by increasing tuition and other fees to fill their funding gap. In the long run, many universities that continue to operate under the traditional academic paradigm will suffer serious losses in programs and services under the pressures of continuous funding reductions and increasing competition for resources. Collectively, universities must assert their entrepreneurial spirit to remain competitive in today’s education arena.

One way to achieve a competitive edge is to move from an outdated academic culture by incorporating a new mindset and structure into the university system that mirrors an innovative business entity. This transformation will not be an easy nor quick within academic institutions rooted in hierarchy and bureaucracy. However, those universities that learn to innovate and organize to engage with industry and other stakeholders to create value and capitalize financially on the university’s strengths will be able to secure the resources to join the ranks of the leading institutions of higher education. This is entrepreneurship at its best, applied in a setting that is ripe for creating value and generating economic activity and business opportunities – the world of higher education and research.

The INI is one academic entity that is taking a leadership role in making the transition to an entrepreneurial academic model. The INI is using an emerging entrepreneurial organizational model known as the cellular network organization (CNO) model (Miles and Snow, 1999). The cellular concept is based on networked collaboration and entrepreneurial principles. The term “cellular” is a biological, not a telecommunications, analogy.

CHARACTERISTICS OF A CELLULAR NETWORK ORGANIZATION

According to Miles and Snow, a CNO allows an entity to adapt to a turbulent environment by creating a flexible organizational structure. The organization (“cellular network”) consists of autonomous team units (“cells”) working collaboratively to accomplish certain goals. As pointed out by Miles and Snow, the function of the network is to create a highly entrepreneurial organization that is capable of capitalizing on opportunities (Miles & Snow, 1999).

Individual cells in the network are expected to contribute to the entire organization by scanning the environment for business opportunities. Cells must also possess the skills necessary to organize projects to capitalize on opportunities identified. Project leader organizations organize project teams that consist of other cells within the network that have capabilities to contribute to the project, a customer or customers that are willing to invest in the venture, and joint venture partners who are willing to invest and otherwise contribute to the project. The cells that identify, organize teams, and execute projects are rewarded for their entrepreneurship, and contribute to the overall success of the network. This entrepreneurial activity is the price of membership in the cellular network. Using this model, the INI has become an entrepreneurial organization that engages industry and tribal community collaborators into a business operation with psychological and monetary incentives for all of the collaborators (Miles and Snow, 1999).
The aim of this collaboration is to produce a more efficient and dynamic organization and to create long-term relationships.

**HOW THE CNO WORKS IN AN ACADEMIC SETTING**

The Indigenous Nations Institute (INI) is a unique program at Idaho State University (ISU) that has the potential to forever alter Native American higher education by advancing opportunities for Indigenous students and building capacity in Indian Country. The INI uses the entrepreneurial network organizational model adapted from Miles and Snow’s CNO model to develop a network of tribal, organizational and industry alliances.

The purpose of INI is to enhance programs and services offered to Indigenous students and to offer resources and technical assistance to tribal nations by linking ISU colleges and programs with tribal communities, businesses, and public and private agencies. Network members engage in collaboration with each other at various times on specific projects to create value-added offerings for Indigenous students. Members of the network also work together to develop cooperative economic ventures that utilize university expertise to create joint ventures with profit-sharing arrangements that provide long-term revenues to businesses, tribes, and the university; entrepreneurship centers and incubators; technology transfer opportunities; and other for-profit activities that generate revenues for the university. INI CNO projects generally consist of internal university units as the cells within the INI network, industry collaborators as joint venture partners in the CNO, and tribes serving as customers and partners in the CNO projects teams. Contributions and rewards are shared equally between the participants to keep motivation and satisfaction at optimal levels.

**WHY EXTERNAL ENTITIES COLLABORATE WITH THE INI**

In recent years, tribal nations have been presented with opportunities to become economic leaders in global markets. Tribes are no longer satisfied with being spectators on the sidelines in their business ventures, with non-tribal members assuming the key management and technical roles in the business partnerships. Leaders increasingly expect their own tribal members to take the field as key players in tribal enterprises. However, many tribes recognize the need to build their capacity to capitalize on these opportunities and to build relationships with entities that can assist them in meeting their goals. The INI is one of these entities. The INI also provides a number of very attractive advantages to industry collaborators, including technical services, tribal relations and capacity-building expertise, and research infrastructure.

**BENEFITS TO THE COLLABORATORS**

The INI organizational structure encourages an adaptable environment that adds value by creating and utilizing specialized knowledge and by reducing operational costs. The network requires minimal administrative oversight since most of INI's resources are derived from self-managing units. The INI network operates using a non-hierarchical model of collaboration, which empowers participants to make decisions without bureaucratic restraints. The flexible structure promotes innovation and creativity by continuously changing to meet the demands of its projects and customers.
Through collaborative efforts with the INI, tribes are able to enhance their management and technical capacities by engaging with academia and industry experts. INI business collaborators who are willing to invest in tribal capacity development to help prepare tribal members to assume key management and technical leadership positions hold a considerable advantage in the tribal relationship development process. Businesses that collaborate and partner with tribal nations in joint business ventures are given opportunities to access federal government loan guarantees and to access resources from other sources that would not be available or would not be as readily available to companies not in partnership with tribal entities. Through the INI, the university gains access to tribal/industry joint venture project opportunities that create significant opportunities to secure revenues for the university and opportunities to engage in research activities and other activities related to the university/tribal/industry joint venture projects.

**CONCLUSION**

Participants achieve optimal social and economic gains by aligning with the INI and following the CNO model. The INI model serves both as a philosophical ideal and as a practical organizational framework. From a social point-of-view, the CNO concept serves to build relationships between diverse groups of network participants, thereby, establishing trust among participants and creating the opportunity to add significant value to all network participants. The underlying purpose of the CNO model is to create synergy. From an entrepreneurial perspective, the CNO model creates innovation. When a business organization offers new and emerging goods and services, it creates value to customers and a competitive edge over its competitors. The INI entrepreneurial network model provides this edge to the university and to all of its collaborators.

**REFERENCES**

AN EXPANDED PERSPECTIVE OF NATIVE AMERICAN ENTREPRENEURSHIP

Doyle Anderson, Idaho State University

ABSTRACT

This paper describes tribal entrepreneurship as consistent with Native American traditional culture and encourages stakeholders to better understand tribal economies and how tribal poverty and prosperity impact American society. A “front-seat”, proactive approach to tribal entrepreneurship is proposed as the emerging approach for tribal economic development, and the author uses a tribal enterprise case study to back his claim. He argues that entrepreneurship broadens the community’s economic base and provides a means for native families to raise their quality of life. Citizen-owned Native American entrepreneurship is presented as an effective and necessary tribal economic development strategy and the role of citizen-entrepreneurs in the tribal economic development cycle is explained. As entrepreneurs stimulate tribal and mainstream economies by serving on-reservation markets and “expand the pie” of tribal economic development by emphasizing engagement of off-reservation markets, the global community can enjoy significant benefits created by Native Americans.

INTRODUCTION

Since time immemorial, Native American people have been successful entrepreneurs, and this quality has contributed to their success as societies, and in some cases, to their very survival. Entrepreneurship continues to play a key role in the development of native communities and figures to play an even larger role in the future. The number of Native American citizen-entrepreneurs is increasing (Champagne, 2004), and they are pursuing a combination of on- and off-reservation markets. The transition to a focus on off-reservation markets is a key to long-term sustainability for many native businesses, and contributes to building Native American economies. Native entrepreneurs are using a variety of approaches to make this transition.

NATIVE AMERICAN ENTREPRENEURSHIP IS TRADITIONAL

What is entrepreneurship? The term “entrepreneur” is defined by Webster as “one who organizes, manages, and assumes the risk of a business or enterprise” (“Entrepreneur,” n.d.). An enterprise is defined as “a project or undertaking that is especially difficult, complicated, or risky” (“Enterprise,” n.d.). There is no doubt that surviving and thriving in the wilderness of North America was a difficult, complicated, and risky undertaking. The Native American people who did it faced a major organizing and management challenge and assumed significant risk.

The notion that business development and entrepreneurship is alien and contrary to Native American culture and tradition is simply not true. Pre-contact Native American societies possessed vast trading networks that involved all aspects of a modern economic activity (Smith, 2000). Many tribes also demonstrated significant entrepreneurial spirit through the period of initial contact with Europeans. The Cree people provide an excellent example of this entrepreneurial approach to dealing with an environment that was full of uncertainty and change.
(Tobias, 1991). When European fur traders made contact with the Cree, this tribe seized an entrepreneurial opportunity presented by the appearance of these newcomers. This tribe embraced a series of entrepreneurial lifestyle changes that saw their role evolve successively from that of subsistence hunters and gatherers to that of fur trappers; merchants trading with distant tribes; and finally provisioners for inland trading posts. The Cree emerged from the forests of central Canada and through this series of successful entrepreneurial adaptations, expanded their influence and territory to become the dominant tribe in Canada.

STEPPING INTO THE DRIVER’S SEAT

Many native communities today are undertaking economic development projects in a very assertive entrepreneurial fashion. In the past, many of these projects were characterized by agendas established by either government or outside business interests (Jorgensen, 2008). These projects undertaken by outside interests provided, at best, employment opportunities for tribal members, and, at worst, legacies of environmental contamination and workplace-related illness. This approach might be described as a “back seat” approach to Native American economic development, with other interests driving and tribal communities merely “along for the ride”.

A “driver’s seat” approach to Native American economic development is emerging in Indian Country in which tribal communities set the agendas and take the lead in entrepreneurial ventures. One forestry project in western Canada illustrates this new approach. The “driver’s seat” approach is where the real benefits of entrepreneurship to tribal communities are realized.

The Peter Ballantyne Cree Nation in northern Saskatchewan made a bold move in initiating a major forestry development in their traditional territory that would result in hundreds of new jobs in their community. The traditional approach to forestry development involving native communities in that region was for the province of Saskatchewan to issue a forest management license to a major forestry company to undertake the project, and for the native communities to seek employment and contracting opportunities from the license holder. The Peter Ballantyne Cree Nation consists of eleven communities spread across this new forest management area, and they approached the province to request the license to develop this resource. If granted the license, they proposed to negotiate a joint venture agreement with a forestry company to plan and implement the project. The tribe reasoned that they, more than any of the major forestry companies, had the right to develop this resource which was located in the heart of their traditional territory. In response to an initial submission to the province that included a plan for training and educating tribal members to participate actively in and lead all aspects of the development, the province issued the forest management license to the tribe – the first time this had ever been done in Saskatchewan. A joint venture with a major forestry company was negotiated, and a planning process that included a “first-of-its kind” extensive tribal elder consultation process to incorporate traditional ecological knowledge into the development planning was initiated. Approval was then granted by the province to implement the project, and the Peter Ballantyne Cree Nation was able to move forward as the first tribe in history to occupy the “driver’s seat” in a major forestry project in Saskatchewan.

THE IMPORTANCE OF TRIBAL CITIZEN ENTREPRENEURSHIP

A balanced approach between tribally-owned and tribal citizen-owned enterprises is critical in Native American economic development. A private-sector business economy in tribal
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communities is essential to building sustainable tribal economies. Implementing an independent business strategy in tribal communities has many important benefits, several of which are outlined below (Jorgensen, 2008).

The Multiplier Effect. A vibrant tribal citizen-owned business sector helps keep the dollars circulating in the community so these dollars can provide a greater economic benefit to the community.

Job Creation. Small businesses employ nearly 2/3 of rural workers and account for 90% of rural businesses in America. Small businesses are an important and growing source of jobs in Indian Country as well.

Community Wealth Creation. The wages and profits of tribal citizen-owned small businesses typically remain in the tribal community.

Building a Tax Base. The small businesses represent an important contributor to a tribal community’s potential tax base.

Economic Diversification. A strong tribal citizen-owned business sector provides stability by broadening the community’s economic base to absorb the impact when federal budgets are cut or gaming or other primary industries experience major market or political shifts. A vibrant small business sector reduces the vulnerability of tribal economies to these changes.

Positive Psychological Impact. Successful citizen-owned tribal businesses send a powerful message to tribal membership regarding what is possible in terms of building economic self-sufficiency, individually and as a community.

Retaining Human Capital. Tribal citizen-owned small businesses provide an important vehicle to retain talented and entrepreneurial tribal citizens and to avoid “brain drain” from the community.

Improve the Quality of Life. The more local businesses exist, the better the quality of life is for all tribal members.

Broadening the Development Effort. Tribally-owned enterprises cannot solve the economic challenges alone. Citizen-owned enterprises provide a much-needed boost in the effort to bring prosperity levels in the community up to the levels enjoyed in the larger society.

Support of the Tribal Community. Despite the greater opportunities available to them elsewhere, tribal citizen-entrepreneurs usually choose to invest their energy and ideas in their own tribal communities.

Strengthening of Tribal Sovereignty. A robust tribal citizen-owned business sector reduces the community’s dependence on federal and other services to fund government operations and provide essential government services.

The leadership challenge to achieve these benefits is to make small business development in the tribal community attractive to tribal citizen-entrepreneurs. This can be accomplished by fostering an attitude toward citizen entrepreneurs that sees these entrepreneurs not as competitors for scarce tribal resources, but as partners in the effort to expand and strengthen tribal economies. Instead of seeing citizen-entrepreneurs as competitors in the struggle for a bigger slice of the community’s economic pie, these entrepreneurs need to be seen as team players whose purpose is to make the economic pie much larger for everyone.

Tribal leaders can also foster citizen-entrepreneurship and help realize its benefits for the community by investing in entrepreneurial and business skills training. This can be achieved through investing in formal business education programs and community-based entrepreneurship training programs. Tribal leaders and managers who “Buy Indian” by purchasing products and services from tribal citizen-owned entrepreneurs send an important message to the community and make a critical contribution to the sustainability of their tribal economies.

**EXPANDING THE TRIBAL CITIZEN-ENTREPRENEUR’S ECONOMIC PIE**

The “fixed pie” metaphor applies directly to tribal small business people as well. Competing solely for a share of tribal procurement or for tribal consumer business severely limits the potential for small business development in tribal communities. When the Cree people initially made contact with the English fur traders, they had a choice. They could fight them, they could
ignore them, or they could engage them to create new economic opportunities for their people. Of those who chose to fight or ignore them, many tribes were marginalized and some were even destroyed. The Cree chose to look beyond their communities for opportunities that could benefit them economically. This choice led to the Cree people becoming the dominant tribe in Canada today as their entrepreneurial spirit helped them to become an economic force and expand their influence across the entire territory of what is now Canada. Their choice expanded the pie exponentially in terms of future economic opportunities for their people.

Native American small business people today are faced with a similar decision. They can choose either to pursue or not pursue the off-reservation market opportunities for their businesses. Minority preference federal government contracting programs like the 8(a) small disadvantaged minority business program provide significant federal contracting opportunities for native entrepreneurs that dwarf most on-reservation small business market opportunities. These and other government and non-government off-reservation market opportunities provide tribal citizen-entrepreneurs with the opportunities to expand their individual economic pies to many times their current fixed size if they limited themselves to the on-reservation markets.

THE CONTRIBUTION TO THE ECONOMIC DEVELOPMENT CYCLE

Tribal citizen entrepreneurs play an essential role in the reservation economic development cycle. In a model described by Smith (2000), the economic development cycle in a reservation community includes: 1) income generated in the economy that can be used to purchase imports, 2) import replacement, 3) developing new and innovative products and production techniques during the import-replacing phase, and 4) developing these new and innovative production techniques into new export industries. Initial imports include any products and services purchased from off-reservation sources. Import replacement includes the establishment of businesses that provide products and services that were previously purchased off-reservation. Developing new and innovative products and production techniques during the import replacement process happens as a matter of course. Developing these new and innovative production techniques into new export industries, occurs as the business development capacity increases in the community. Smith also explains that the development of new export industries can occur independent of the import replacement process in the reservation economy.

Tribal citizen-owned businesses often become established through import-replacement of goods and services previously purchased off-reservation. These businesses satisfy Step 2 of the development cycle, as they help build the business development capacity of the community. This increased business development capacity fosters the development of new and innovative products and production techniques. The citizen-owned enterprises also contribute to the development of new export industries as they build their domestic capacity. Successful citizen-owned enterprises also contribute to the establishment of new export enterprises that are not directly related to the income replacement process. The creativity and innovation of individual citizen-entrepreneurs significantly strengthen and diversify the tribal economy.

MOVING FORWARD BY LOOKING BACK

Native American entrepreneurship is a key to the future of tribal development. Taking the “driver’s seat” approach to tribal business development is the only approach that will lead to sustainable economic prosperity for tribal communities. Expanding the tribal economic pie by
embracing tribal citizen entrepreneurship and incorporating an independent business strategy as a cornerstone of tribal economic development programs is a key to moving tribal communities toward the same measures of prosperity enjoyed in the larger society. Tribal citizen entrepreneurs likewise expanding their economic pies by looking beyond the reservation boundaries to engage the significant market opportunities that exist there is a key to achieving greater success and prosperity for themselves and for their communities. Entrepreneurship is an important aspect of the traditional way of life for many Native American people. Looking back to the traditional practice of entrepreneurship provides an excellent pathway forward to help Native American people achieve long-term economic sustainability.

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