

**Volume 22, Number 1**

**ISSN 1948-5638**

**Allied Academies  
International Conference**

**Las Vegas  
March 30-April 1, 2016**

**Academy of Entrepreneurship**

**PROCEEDINGS**

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# **BUSINESS AS MISSION AND MARKETING TO THE POOR**

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## **ABSTRACT**

*The Business as Mission movement relates to Christian entrepreneurs engaging in entrepreneurial endeavors to serve God and draw people to God. Similar to social entrepreneurs, BAM entrepreneurs are not necessarily motivated by profit, but are motivated to bring benefit to the surrounding community. The difference is that BAM entrepreneurs are led by their Christian faith. A significant characteristic of BAM organizations is their cross-cultural characteristic. BAM organizations have a tendency to operate in countries or areas that are least Christian or poor.*

*This conceptual article observes if Christian entrepreneurs are able to market to the poor. Prahalad explains the significance of the market for the poor stating that the market translates into a \$13 trillion economy. However, there are significant concerns with marketing to the poor including the “unmet needs trap,” “the affordability trap,” “the distribution trap,” and “the multiple objectives trap” as discussed by Garrette and Karnani. According to Karnani, the correct method for entrepreneurs to help eradicate poverty in these developing countries is to provide opportunities for the poor to sell goods and services to the wealthy. Because of the challenges and difficulties with marketing to the poor, it is best for Christian entrepreneurs to identify opportunities where they can develop innovative solutions that enable the poor to sell goods and services to the wealthy.*

**Keywords:** *Business as Mission, BAM, Entrepreneur, Bottom of the Pyramid, BOP, Globalization, Christian, Tentmaking*

## **INTRODUCTION**

Through recent years, many transnational firms have expatriates managing business in foreign countries (Moodian, 2009). Moodian (2009) finds that there are approximately 70,000 transnational organizations around the world. From a Christian perspective, the concept of globalization is not foreign. In Matthew 28, Jesus gives the Great Commission and instructs His followers to “make disciples of all nations” (v.19). Because of the Great Commission, Christians are to spread the Gospel to people around the world regardless of their ethnicity, background, and social status. To look at how Christian entrepreneurs engage in global entrepreneurship, this conceptual article observes the Business and Mission movement and relates BAM entrepreneurs to assisting the poor by providing them goods and services. The article looks at the concept of marketing to the poor, observes the difficulties and concerns with marketing to the poor, and provides some methods that BAM entrepreneurs can use to overcome the difficulties and concerns.

## **BUSINESS AS MISSION CONCEPT AND HISTORY**

The “Business as Mission” movement, or BAM movement, started in the late 1990s with entrepreneurs that believed in conducting business to serve God and to draw people to God (Rundle, 2012). The BAM concept is closely related to social entrepreneurship. According to Martin and Osberg (2007), entrepreneurs engaging in social entrepreneurship are not necessarily motivated by the profits resulting from business, but are more motivated to serve and provide benefit to the surrounding community. The significant difference between the BAM movement and social entrepreneurship is Christian faith. BAM entrepreneurs find their purpose in serving God, while social entrepreneurs are focused on serving others.

Wilson (1979) wrote the book, *Today’s Tentmakers*, which helped to promote the tentmaking movement and the BAM movement (Rundle, 2012). Wilson explained the significance and validity of self-funded mission and promoted individuals to perform work along with ministry. Wilson also provided advice to individuals considering tentmaking. The term tentmaking receives its roots from Scripture and describes the manual work that Apostle Paul performed to receive financial support for his ministries (Siemens, 1997). Paul reasoned that the churches had limited resources and did not want to burden them financially. Therefore, Paul resorted to manual labor to receive the financial resources he needed. Although the main concept of tentmaking revolves around the use of work to fund ministry, Rundle (2012) explains that tentmaking also allows business owners to access countries that are not accessible by outside missionaries.

Similar to the tentmaking movement, the BAM movement views “secular” work and entrepreneurial activities as a way to bring benefit to the surround community (Rundle, 2012). BAM entrepreneurs view their work as “missional,” “sacred,” and pleasing to God (Rundle). Initial advocates for the BAM movement include Markiewicz (1999), who argued that businesses should be able to support and transform the surrounding community, and theologians including Myers (1999) and Kirk (2000). Christian entrepreneurs embraced the new messages and thus started the BAM movement (Rundle, 2012). In 2004, the Lausanne Committee for World evangelism welcomed the BAM movement within world missions and claimed that “churches, mission agencies and kingdom business have the same purpose: to bring glory to God’s name among all nations” (Rundle, 2012, p.70).

BAM organizations have five distinct characteristics including being self-funded, laity driven, intentional, holistic, and cross-cultural (Rundle, 2012). They are self-sustaining organizations using profits to support and grow the organization (Rundle). The entrepreneurs leading BAM organizations view their work as a “calling” and are focused on their strategies and impact of their work (Rundle). The BAM organizations are holistic by considering their effect and impact on the surround community, the economy, as well as their spiritual impact (Rundle). Lastly, BAM organizations are cross-cultural because they operate in countries or areas that are poor or least Christian (Rundle).

Since the BAM movement concerns Christian principles, BAM entrepreneurs are usually Christian. There are some perceptions concerning the characteristics of these entrepreneurs. Den Dekker (2013) explains that Christian entrepreneurs view their work as a vocation from God resulting in increased motivation to provide goods and services to community. Winston (2010) supports Den Dekker’s (2013) point, but also describes the progression of Christian leaders through levels of calling, competence, confidence and character. According to Winston (2010) calling relates to the vocation one receives from God to perform work or ministry. Next, the individual progresses through competence through experiences to achieve a higher level of performance (Winston). As the individual attains a higher level of performance, the individual

can then continue to gain more confidence in one's skills and abilities (Winston). Lastly, from the continuous work, the individual is able to build character (Winston). Although character is the last level, Winston explains that the "character is not a determinant for success" (p.8). Winston describes character as being the most important aspect of Christian leadership since it leads to moral excellence. As the individual progresses through these levels, one continues to seek a standard of excellence for one's service.

### **THE CONCEPT OF MARKETING TO THE POOR**

BAM organizations are more likely to market to the poor since they operate in countries and areas that are poor or least Christian (Rundle, 2012). However, there are certain assumptions that large corporations and multinational corporations (MNCs) have concerning the poor. Large firms and MNCs do not usually market to the poor or those at the "bottom of the pyramid" (BOP) (Prahalad, 2014). They argue that:

- "The poor are not our target customers; they cannot afford our product or services" (p.32).
- "The poor do not have use for products sold in developed countries" (p.32).
- "Only developed countries appreciate and pay for technological innovations" (p.32).
- "The BOP market is not critical for long-term growth and vitality of MNCs" (p.32).
- "Intellectual excitement is in developed markets; it is very hard to recruit managers for BOP markets" (p.32).

In contrast to these arguments, Prahalad argues that there is a significantly large market that remains to be unlocked concerning the poor at the "bottom of the pyramid." Prahalad posits that the poor have much purchasing power since there are approximately 4 to 5 billion individuals that can be categorized in the BOP market. According to Prahalad the BOP market can translate into a \$13 trillion economy. Despite this, large firms and MNCs still find that providing goods and services to the poor can result in increased operational costs described as the "poverty premium" (p.36). However, Prahalad explains that the "poverty premium" can be addressed by resolving the inefficiencies associated with the distribution of goods and services. Most of these inefficiencies relate to the difficulties of delivering goods and services to remote areas.

By providing goods and services to the poor, the poor will be able to choose from a larger variety of products and services (Prahalad). "They acquire the dignity of attention and choices from the private sector that were previously reserved for the middle-class and rich" (p.44). The firms that initially provide these good and services will also have an advantage. According to Prahalad, these firms will have little competition with other firms since not many firms actively market to the poor. Also, since the poor lack access to previous technologies and innovations that are accessible to the middle-class and upper-class, the technological products marketed to the poor will have little to no competition from previous technologies. With firms marketing to the poor experiencing little competition, the firms can easily gain trust from the poor to help continue providing goods and services well into the future (Prahalad).

Prahalad (2014) explains that providing goods and services to the poor will help to alleviate poverty. Therefore, BAM entrepreneurs can find their purpose in marketing to the poor. Christians perceive that it is important for organizations to help individuals regardless of their social status. Keller (2012) argues that the purpose of Christians is to help in God's redemptive plan for the world. According to Keller, "we are to see work as a way of service to God and our neighbor, and we should both choose and conduct our work in accordance with that

purpose” (p.67). Christians should not be solely concerned on making the most profit or seeking the highest status, but should strive to provide excellent service to their neighbors by using their abilities and opportunities (Keller). BAM entrepreneurs providing goods and services to the poor help to fulfill God’s purpose and will receive benefit from Him. Proverbs 19:17 states, “whoever is generous to the poor lends to the Lord, and he will repay him for his deed” (ESV). For Christian entrepreneurs, the act of engaging in BAM entrepreneurial activities can be intrinsically motivating since the actions and tasks align with their purpose and calling.

### **CONCERNS AND DIFFICULTIES WITH MARKETING TO THE POOR**

Prahalad (2014) makes a compelling argument regarding the potentials of marketing to the poor. However, there are some concerns with marketing to lower-income individuals. BAM entrepreneurs need to watch for “traps” that businesses may encounter when providing goods and services to the poor (Garrette & Karnani, 2010). These traps include the “unmet needs trap,” “the affordability trap,” “the distribution trap,” and “the multiple objectives trap” (pp.6-14). The “unmet needs trap” views the poor as being a large untapped business opportunity (Garrette & Karnani). Garrette and Karnani’s (2010) argue that the potential \$13 trillion market Prahalad (2014) discusses may not exist if the poor are not willing to pay for a price that is higher than the cost to the seller. Although the poor may have unmet needs, the existence of an unmet need does not guarantee that a market exists especially if the poor is not able to afford the goods and services (Garrette & Karnani). The “affordability trap” concerns the perception that the poor has more purchasing power than what truly exists (Garrette & Karnani). This particular trap seems to contradict Prahalad’s (2014) argument that there is much purchasing power among the 4 to 5 billion poor individuals around the world resulting in a \$13 trillion economy. The entrepreneurs seeking to provide goods and services to the poor must understand the “consumption patterns of the poor,” and know that the poor use a majority of their income for necessities leaving little for other expenses (p.9). The “distribution trap” relates to the difficulties with distributing goods and services to rural and remote areas (Garrette & Karnani, 2010). “Distribution networks to serve the poor, especially in rural areas, do not exist or are very inefficient” (p.12). These the lack of efficient distribution networks can increase the cost of goods and services leading to the “poverty premium”(Prahalad, 2014). Lastly, the “multiple objectives trap” relates to the multiple objectives that entrepreneurs may be trying to fulfill (Garrette & Karnani, 2010). Entrepreneurs seeking to fulfill social and environmental objectives while trying to maintain profitability and employment may encounter conflict and difficulties with prioritizing their limited resources (Garrette & Karnani).

Another difficulty with engaging entrepreneurial activities in developing countries is corruption. There are three characteristics of markets that can lead to corruption in developing countries. The first characteristic concerns the concept of trapped assets (Prahalad, 2014). Trapped assets describes assets that cannot be categorized as capital since the regulations of the country do not specifically identify the owner of the asset (Prahalad). Because of trapped assets, it becomes difficult to sell, buy, and convert assets into other assets (Prahalad). The next characteristic concerns the lack of enforcement for market regulations (Prahalad). The lack of enforcement for market regulations can help to promote informal business transactions leading to the emergence of a black market (Prahalad). Next, each region may have local enforcement systems, but with unwritten and clearly understood laws (Prahalad). This makes it difficult for businesses to conduct entrepreneurial activities across many regions because of informal,

unwritten, and possibly complex market regulations. Lastly, the subjective interpretation of regulations can lead to corruption (Prahalad). The laws regulating business in the marketplace may not be clear and are open to interpretation by bureaucrats (Prahalad). Therefore, the subjectivity of the interpretation may favor businesses closely affiliated with the bureaucrats as opposed to others.

### **OVERCOMING OBSTACLES FROM MARKETING TO THE POOR**

Prahalad (2014) provides three propositions regarding the poor. These include the ability for firms to make significant profits by selling to the poor due to their untapped purchasing power, the ability to alleviate poverty by selling to the poor, and notion that firms should lead the entrepreneurial processes of marketing and selling to the poor (Prahalad). But as discussed previously, there are difficulties and concerns that challenge these propositions. Although the poor can be seen as a large untapped group of consumers, the unmet needs trap and the affordability trap seem to contradict the proposition. This also leads to the difficulty of fulfilling the second proposition of alleviating poverty by selling to the poor. However, Karnani (2007) provides another perspective that can help BAM entrepreneurs overcome these obstacles. Karnani explains that instead of perceiving the poor as consumers, BAM entrepreneurs should view the poor as producers and focus on buying from the poor.

Karnani (2007) argues that the correct method for eradicating poverty is to raise the income of the poor and explains that there are two methods for raising income. The first method is to lower the prices of the goods and services offered to the poor, and the second method is to “emphasize buying from the poor rather than selling to the poor” (p.102). Of the two methods, the second method is best. Karnani explains that the poor utilize their limited resources and income to purchase necessities. Therefore, it becomes quite difficult for the poor to purchase newly introduced goods and services (Karnani). Also, since the goods and services being marketed to the poor must have lower prices that the poor can afford, there can be significant trade-offs in quality (Karnani). Unfortunately, the trade-off in quality may not be up to the standard of quality that the poor is willing to purchase, and therefore, the goods and services risk having low sales (Karnani). The better method to eradicating poverty is to follow the second method of viewing the poor as producers and purchasing good and services from the poor (Karnani). According to Karnani, the best way to eradicate poverty is economic growth. This results from the increasing opportunities for the poor to sell goods and services. By providing employment and reasonable wages, the poor are able to increase their income (Karnani). Karnani states, “it is not enough to create jobs; we also have to increase productivity such that wages are high enough to enable to the employees to rise above poverty” (p.105).

A success story relating to the concept of perceiving the poor as producers is the implementation of the ITC e-Choupal in India. According to Prahalad (2014), farmers previously sold crops through commission agents. The commission agents were closely affiliated with the government, and the market was “created, manipulated, and managed by the agent” (p.326). Unfortunately, the farmers did not have accurate information regarding the prices of their crops (Prahalad). They had to travel long distance to conduct business with the agents, and had inaccurate weighing systems (Prahalad). ITC developed the e-Choupal to address these issues by allowing farmers to have access to the information regarding their market including the prices for their crops, reducing the distance for traveling, reducing the transaction times, and increasing the accuracy of weighing crops (Prahalad). The e-Choupal was computer



system that had access to the Internet and was managed by a local farmer (Prahalad). The implementation of the e-Choupal in India viewed the poor as producers. It helped the farmers lower their operational costs to increase their income, and gave them more information to better market their goods. The system also provided an effective distribution network for the goods sold by the farmers.

Lastly, Garette and Karnani (2010) discuss the significance of the distribution gap. According to Garette and Karnani, the distribution networks that exist to provide goods and services to the poor are inefficient or do not exist. The implementation of the ITC e-Choupal helped to address the concern with the distribution gap and was a result of innovative thinking related to jugaad. According to Bitchnell (2011) the concept of jugaad “refers to the widespread practice in rural Indian of jury-rigging and customizing vehicles using only available resources and know-how” (p.357). The term jugaad means “quick fix” or “making do” (p.358). Given the limited resources in India, ITC did not build large infrastructures to implement e-Choupals, but set up kiosks at a local farmer’s residence in strategic villages around India (Prahalad, 2014). By using innovative thinking to utilize limited resources based on jugaad principles, ITC was able to provide an effective distribution network to help farmers effectively market their crops. Particularly in poor and developing countries and areas, BAM entrepreneurs should utilize jugaad principles to develop distribution networks, new technologies, and goods and services that help to make effective use of the limited resources.

## CONCLUSION

The Business as Mission, or BAM movement, exists to serve God and to bring people to God (Rundle, 2012). The organizations that participate in the BAM movement are self-funded, laity driven, intentional, holistic and cross-cultural (Rundle). The entrepreneurs engaged in the BAM movement view their work as ministry and as a calling or purpose provided by God. (Rundle). They also operate in areas where citizens are poor or least Christian (Rundle).

Because of their cross-cultural impact, BAM entrepreneurs can provide goods and services to individuals in poor and developing countries. Prahalad (2014) explains that there is a large market potential regarding the poor since there are 4 to 5 billion individual that can be categorized as poor resulting a \$13 trillion economy. However despite this potential, there are some significant concerns. These concerns include the “unmet needs trap,” “the affordability trap,” “the distribution trap,” “the multiple objectives trap,” and corruption (Garrette & Karnani, 2010, pp.6-14). Fortunately, there are ways that BAM entrepreneurs are able to overcome these obstacles. One significant way is to view the poor as producers of goods and services as opposed to consumers. By empowering the poor to provide goods and services, the poor will be able to increase their income leading to economic growth (Karnani, 2007). Also, BAM entrepreneurs can utilize jugaad principles to help develop new distribution networks and technological innovations using the available limited resources.

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# **ETHICAL ENTREPRENEURSHIP: CROSS CULTURAL TRAINING**

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## **ABSTRACT**

*In the current paper we examine methods used to instruct students on ethical entrepreneurship and how to use differences in Hofstede's Cultural Dimensions in order to better educate students.*

## **INTRODUCTION**

This program is designed to meet the needs of secondary school, undergraduate, and graduate students in understanding the costs of opening an Internet Based business while looking at cross cultural differences in methods of approaching entrepreneurship. Program description – In this project high school, undergraduate school, and graduate school students are assigned to start a business on E-bay. The goal is for the student's to learn to fill market niches and how NOT to do it. The students begin by studying on E-bay a class of products that they might be interested in selling. They track the products for at least a week and then write up a proposal as to what they would like to sell and why they believe that they could do a better job at selling products than those currently selling them on E-bay. The proposals are then reviewed and the best three in each category (high school, undergraduate, and graduate) are given some seed money to seek to operate their businesses for a month. After the businesses operate then the classes are debriefed and critiqued in terms of how they operated. Suggestions are made as to how they could operate better in the future. Students are taught the basics of performing a strategic gap analysis and modes of differentiating products and services.

### **6-Step Strategic Gap Analysis**

Step 1 – Identify an organization's or individual's available resources and determine areas of strength and weakness as compared to one's competition.

Step 2 – Identify the organization's or individual's capabilities or what they can do with the resources that they have available to them.

Step 3 – Evaluate the rent generating potential of their capabilities and evaluate them in terms of their potential for developing them into a sustainable competitive advantage.

Step 4 – Select a strategy that best helps the organization or individual to exploit the capabilities and achieve a sustainable competitive advantage that offers excess economic rents.

Step 5 – Identify strategic resource gaps that exist between what the organization/individual needs to be able to do and what they are able to do.

Step 6 – Seek to fill the strategic resource gaps that are identified in Step 5.

Contribution - The contribution of this program is that it takes the theory of the classroom and

takes it in to real life in a way that the students can better relate to the material. Prior to training less than 1/3 of students are able to operate profitably while after training 100% have been able to make money. We have found that many American consumers hesitate to purchase products that are offered by sellers outside of the U.S.A. The reasons behind this include unfamiliarity with business practices outside of the U.S.A. and concerns about the shipping time. In studies done with 990 transactions done on E-bay the median shipping time for domestic products was less than that for international products although the average time was not any different due to a higher standard deviation for domestic shipping. Future research should examine different instructional methods and marketing methods (Carraher and colleagues, 1991 to present).

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# FOUR CORE LEADERSHIP CHARACTERISTICS FOR LEADING INNOVATION IN ORGANIZATIONS

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## ABSTRACT

*Today's organizations are constantly seeking ways to increase their sustainability and their competitive advantage. In particular, innovation has become a hallmark by which organizations attempt to distinguish themselves within their respective market sector. This article seeks to explore leadership characteristics needed for successfully leading innovation in an organization. Four-core leadership characteristics are provided that support innovation in an organization from inspiration to implementation. The four-core leadership characteristics are: a) Futuristic, b) Faithfulness, c) Empowering, and d) Forgiveness. The four-core characteristics suggest that leading organizational innovation requires a leader to think out into the future and inspire with a vision of what excellence in organizational innovation could be for the organization. Next, leaders have to show faith in the innovation process and their team to render innovation outcomes. In faith and in deed will the leader be able to provide freedom to members encouraging risk taking in order to implement innovation. In doing so, organizational members must know that the leader will show forgiveness and mercy toward mistakes in order to inspire future innovation endeavors and to create an environment where innovation practices are encouraged. Successful organizational innovation will require leaders to internalize these characteristics and apply the suggested strategies. Implications of this article provides organizational leaders with valuable insight for creating an environment where stakeholders feel supported and are encouraged to participate throughout the innovation process.*

**Keywords:** *Future-Orientation, Faithfulness, Empowering, Forgiveness*



# CONTEXTUAL CONSIDERATIONS IN ENTREPRENEURIAL FINANCE EDUCATION: A SYSTEMATIC ANALYSIS OF U.S. UNDERGRADUATE COURSES

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## ABSTRACT

*As undergraduate institutions in the United States have expanded their offerings in entrepreneurship education, increasingly distributing them across the curriculum, the number of courses on the subject of Entrepreneurial Finance or Entrepreneurial Financing also has grown. In order to further the field's understanding of the content and pedagogies employed, apart from traditional Corporate Finance courses, this meta-analysis explores the prevalence of Entrepreneurial Finance courses in the curricula of universities offering entrepreneurship majors, analyzes course descriptions and syllabi, and proposes a typology of Entrepreneurial Finance courses including the modified corporate, public/private equity, and life cycle models. This typology is empirically tested and analyzed.*

*Empirical methods, including parsing terminology, factor analysis, and cluster analysis, are used to identify course clusters based upon course names, descriptions and syllabus topics. Differences between courses are calculated by running Multivariate Cluster Analyses using K-Means approaches to generate the optimal Cubic Clustering Criteria (CCC) under various conditions. We also conduct Factor Analysis for Principal Component/Varimax using Rotated Factor Loading. There are two primary clusters which are essentially the high growth venture/public/private equity model (17 courses or 30.9 percent) and all others (38 courses or 69.1 percent). The CCCs for two and three clusters are -3.7546 and -3.7885. Given that the larger number of clusters will routinely generate a somewhat higher CCC value, these are virtually identical. Therefore, we also conduct multivariate cluster analysis on the larger cluster and identify two clusters, falling into the modified corporate and life cycle models. Cluster analysis generates some difference from the initial parsing results. The overall results suggest that course strategy may be a function of the institution type when considered by AACSB accreditation and public/private institution status. The departments in which the courses are situated matter. Examples of the predominant syllabus topics for each model are compiled and presented. Texts and teaching pedagogies are analyzed to provide insights.*

*Opportunities for further investigation are identified. With entrepreneurial finance as an emerging sub-discipline, empirical evidence on entrepreneurs' special needs could be helpful to those structuring courses or writing texts for this area of entrepreneurship education.*

# THE ENTREPRENEURSHIP CHALLENGE IN THE TRANSFORMATION OF AGRICULTURAL VALUE CHAINS IN AFRICA

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## ABSTRACT

*An overview of value chains for agricultural commodities in Africa shows that there are major obstacles to overcome, but these also present opportunities for entrepreneurs to innovatively take advantage of the existing gaps. Intrinsic factors, such as the competence and experience of the management, and extrinsic factors including environmental factors as well as instruments available to the entrepreneurs are found to be formidable challenges in the African agribusiness sector. It is noted that agricultural value chains in Africa are characterized by limited value addition, and entrepreneurial activity is mostly logistical in nature and there is very little evidence of product transformation. The challenge faced by African entrepreneurs is to identify the opportunities, examine the constraints that have hindered them from making the quantum leap, and take appropriate measures to overcome the obstacles. Managerial and leadership skills are greatly needed in order to effectively lead and create the atmosphere that supports innovation. Cultural issues have to be identified and evaluated accordingly, so as to take advantage of the positive aspects and to deal with the negative ones in order to promote a positive entrepreneurial environment. Training and mentoring of entrepreneurs by the more established and more knowledgeable entrepreneurial leaders will help to create the required capacity for innovation to transform the value chains. Context-specific research is needed to clearly identify the intrinsic and extrinsic factors affecting African entrepreneurial capacity to so as to bring about the required transformation of the agricultural value chains, and it is particularly important to identify organization-specific constraints as well as factors in the business-environment that need to be addressed.*

## INTRODUCTION

Many supermarkets' shelves in sub-Saharan Africa are full of consumer items processed from agricultural produce, ranging from pop corn to coffee, most of which (in some cases) are imported from Europe, the Middle-East, Asia and even North America. This article examines the challenges of entrepreneurial leadership that seem to have contributed to the lack of innovation that is needed in the transformation of the agricultural value chains in many countries in sub-Saharan Africa. The history of many sub-Saharan African countries is such that they treasured agricultural exports as raw materials for the manufacturing industries in the developed economies, and initially the terms of trade were very good in the 1950s and early 1960s, and the African governments were contented with this phenomenon (Meredith, 2011, pp. 141-142). Unfortunately, the terms of trade deteriorated eventually and yet African countries have largely

continued to export unprocessed or semi-processed commodities which have low or no value added (UNCTAD, 2005).

The US Government passed the Africa Growth Opportunity Act (AGOA) to specifically promote the export of processed goods from Africa so as to improve the terms of trade for African countries, and in line with the emphasis on promotion of trade for development, rather than the focus on foreign aid (Nouve & Staats, 2003). However, Nouve and Staats noted that although African countries had preferential access to European Union (EU) markets even before the AGOA initiative, their volume of processed exports to those markets did not increase in spite of the incentives that were given by the EU. With the exception of Morocco, Tunisia and South Africa, the bulk of the exports from most of the other countries were noted to be generally in the form of unprocessed or semi-processed commodities (UNCTAD, 2005, p. 90). There is evidence of opportunities in the agricultural value chains in Africa, but there is need for a paradigm shift so as to have the right entrepreneurial approaches which take advantage of the new knowledge and opportunities (Wiklund & Shepherd, 2005).

### **AFRICAN ENTREPRENEURSHIP**

A Global Entrepreneurship Monitor (GEM) study on African entrepreneurship found that major constraints cut across several countries relating to African entrepreneurship. The key challenges were noted as access to finance, educational systems that did not provide the required skills to promote innovation and entrepreneurship, unfavorable government policies, and limited research and development (Herrington & Kelley, 2013). Perhaps most critical could be limited “knowledge creation” (Von Krogh et al., 2000, p. 19) and limited knowledge dissemination. While local business people might see opportunities for adding value to agricultural products and engaging in import-substitution investments, this may not have been feasible for a number of reasons including the lack of competitiveness of locally manufactured goods due to technological and economic factors (Trienekens, 2011).

Technological factors mainly relate to the fact that processing technologies available in Sub-Saharan African countries are either obsolete or inefficient, or both, in comparison with more modern technologies in the developed countries, and all this is compounded by the low economies of scale (Trienekens, 2011). However, new opportunities need to be sought out, which is critical to entrepreneurship (Krueger & Brazeal, 1994). Discussing Shapero's (1982) model, Krueger and Brazeal posited that an “entrepreneurial event requires a preexisting preparedness to accept that opportunity” (p. 91), and yet it is evident that there are not many who take on the opportunities that are presented by the vast agro-processing potential that is available. There is therefore need for a paradigm shift (Francis & Bessant, 2005), where perhaps African entrepreneurs could consider new innovative ideas, and begin to lead their businesses in a new direction and take advantage of the new opportunities.

### **FACTORS HINDERING AFRICAN ENTREPRENEURS**

The factors that hinder African entrepreneurs in the quest to transform the agricultural value chains through agro-processing, product transformation or high level value addition could

be summarized as intrinsic as well as extrinsic factors (Sykes, 1986). Sykes described the intrinsic factors as “those inherent to the venture itself” (p. 275), where these could be connected to the product, and therefore related to issues of the market as well as the risks associated with the business venture itself. In addition, issues to do with management-where the competences and experience of the management are key considerations-are intrinsic factors that affect entrepreneurship ventures (Sykes, 1986). According to Sykes, extrinsic factors are environmental in nature and are related to the type of investment, the vehicle used for such investment and the sponsor of the investment or source of funding for the investment. Extrinsic factors, according to Sykes, are of two types: either “structural or procedural” (p. 275), where the structural factors are “technology, market, organization, and people” (p. 275); and the procedural factors are “control, selection of venture managers, incentive compensation, and financing” (p. 275), which have to do with entrepreneurial actions. Culture is another factor that has an impact on entrepreneurial potential in Africa, as well as the need for training in order to develop skills.

### **INTRINSIC FACTORS**

The key intrinsic factors to be considered here are the products (agricultural commodities), the production, processing and storage of these products as well as the entrepreneurial and management skills. Taking the example of coffee, the commodity is produced mostly by smallholders, most of whom have a few hundred trees (IACO, 2014) and the quality is subject to variation from one farmer to another, and from season to season. An entrepreneur must be able to mobilize a large number of farmers, and put in place an effective quality management system. He or she will need to invest in processing facilities for the transformation and packaging of the product for the market. The coffee has to be roasted, ground and packed, and a distribution channel has to be established. In order to venture into the large scale processing of coffee as a finished product for export, the level of entrepreneurial ability would be beyond the ordinary. An African exporter of roasted coffee would have to contend with well funded multinationals in the consuming markets, a hurdle that remains unassailable by the majority of African coffee entrepreneurs, and might require a cooperative effort or alliances (Krueger & Brazeal, 1994). The lack of management skills is thus a big set-back for many African entrepreneurs (Xavier et al., 2012).

### **EXTRINSIC FACTORS**

The environment within which an entrepreneur operates in Africa presents a host of obstacles. As noted by Herrington and Kelley (2013), financing is one of the most formidable of challenges, and financial markets have a limited range of instruments, and a great dearth for venture capitalists. Sykes (1986) highlighted technology, market, organization, and people as key structural factors affecting entrepreneurial initiatives. The under-developed financial markets and lack of access to reliable information are key limitations for African entrepreneurs (Arnould, 1989). African entrepreneurs might need to look at the challenges in the environment as an opportunity to come up with innovations that provide solutions to such challenges (Dampour, 1996), as has been the case in Turkey (Apak & Atay, 2014).

## CULTURAL ISSUES

It has been acknowledged that the innovation potential and capacity of a given people is greatly influenced by the prevalent culture in that society (Tekin & Tekdogan, 2015, p. 1418). African societies are characterized by high power distance and collectivist cultures (Hofstede, 1980). Cultures can have a powerful influence on innovation orientation (Engelen et al., 2014), and the GEM study showed a high rate of innovation in some African countries, particularly Uganda (Kelley et al., 2012), so the question becomes how such potential can be turned into a reality that will bring transformation. This is especially helpful if the innovativeness is associated with the indigenous people and where such potential could be properly harnessed (Marshall & Shaver, 2010). Perhaps what is needed is the kind of entrepreneurial leadership that will promote knowledge creation and dissemination, while also mobilizing and motivating such entrepreneurs and helping them to achieve their potential (Von Krogh et al., 2000).

One aspect of the culture that will need to be dealt with is the issue of trust. Trust levels in the society can have a serious effect on entrepreneurship. According to Amabile (1997), teamwork is more likely to produce more effective and significant results than lone individuals, however creative they may be, and that “success in entrepreneurial creativity will be more likely in team undertakings than in solo undertakings” (p. 25). In fact, Amabile noted that this was regardless whether the entrepreneur had full control of the financial resources. Ndiaye (2009) noted that there was a “climate of mistrust” (p. 25) in African communities, and this could have potential setbacks in terms of encouraging people to work together as teams in entrepreneurial ventures. High levels of corruption among politicians and those in public services have the effect of dampening the trust levels in society (Ndiaye, 2009).

## ENTREPRENEURIAL TRAINING

Given the findings of the GEM report that show a high level of entrepreneurial capacity in several African countries (Xavier et al., 2012), this capacity could be tapped through appropriate training that recognizes and augments the gifts that different people have and through enabling them (DePree, 2004). These entrepreneurs are a kind of network that needs to be developed, and they can be helped to overcome the negative culture of distrust noted by Ndiaye (2009). As advocated by Von Krogh et al. (2000), knowledge creation and sharing can enhance the cooperation between the entrepreneurs, and they could pool resources and begin to bring about significant transformations. Rooks et al. (2012) observed that “clique-like closed networks are beneficial for cooperation and resource sharing, which is often needed to implement an innovation” (p. 631), but this approach also had its limitations because these networks had limited opportunities for the entrepreneur in terms of outreach, and characteristically had limited contacts.

## CONCLUSION

The potential that exists among African entrepreneurs can be marshaled, and appropriately used for the economic transformation of Africa through the transformation of

agricultural value chains. The agricultural commodities produced in Africa can become the raw materials for a lot of African industries, and can serve both the domestic and export markets. The bottlenecks that exist only present opportunities for entrepreneurs to be innovative and find creative ways of doing things. What is needed is good leadership that will help entrepreneurs to systematically identify the different challenges, agree to work together in teams that systematically find solutions and progressively build trust to overcome any cultural hang-ups that interfere with efficiency and prevent effective cooperation.

Rather than lament over the limitations or constraints in the environment, African entrepreneurs should identify the opportunities presented, and take lessons learnt from elsewhere on how such opportunities have been harnessed, which underscores the need for access to tacit and implicit knowledge that can be applied to create innovations. The training of entrepreneurs, and building such capacity, will greatly enhance entrepreneurial and innovative capabilities, and the role of entrepreneurial leaders who mentor and develop others is critical. Rather than working as solo operators, these entrepreneurs need to be able to work with others, and part of the capacity building could be to help them develop the required team skills, as well as the promotion of integrity enhancement schemes or endeavors. Context specific research, that helps to identify the intrinsic as well as extrinsic factors inhibiting entrepreneurial initiatives in target countries in Sub-Saharan Africa, would provide useful information to guide the necessary interventions that are needed to address the constraints faced in each of the cases.

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# **CUSTOMER SERVICE & HOFSTEDE'S CULTURAL DIMENSIONS IN LEBANON, THE KINGDOM OF SAUDI ARABIA, & THE USA AMONG ENTREPRENEURIAL FINANCE PROFESSIONALS**

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## **ABSTRACT**

*Saudi Arabia and the United States are two countries that vary greatly in the studies that follow. Focusing on the Big Five Personality first, Saudi Arabia is low in Openness while the United States is high. In Conscientiousness, Saudi Arabia is in the middle ground; they may be organized, but lack punctuality. In the United States, they are high in Conscientiousness; they appreciate having order and punctuality. Saudi Arabia is high in Extraversion; they tend to be more social and outgoing. On the other hand, here in the United States, we tend to appreciate a more individual lifestyle, thus low in Extraversion. For Agreeableness and Neuroticism, we believe both countries are high and low in them, respectively. For the 6-D model, Saudi Arabia favors high in Power Distance, which equates it to being a monarchy. It is low in Individualism, high in Masculinity, high in Uncertainty Avoidance, low in Long Term Orientation, and high in Indulgence. The United States, conversely, is low in Power Distance, high in Individualism, high in Masculinity, low in Uncertainty Avoidance, low in Long Term Orientation, and high in Indulgence. Interestingly enough, these ranking/studies accurately depict customer service in both countries. Having lived in both Saudi Arabia and the United States, we noticed customer service in Saudi Arabia tends to be unprofessional, yet friendly. It is complicated and confusing, but if you speak to the right people, it becomes straightforward. On the contrary, in the United States, customer service is professional and simple. There are a set of rules and procedures to follow which makes it effortless.*

## **INTRODUCTION**

Hofstede's 6D Model - 1) The power distance model is larger by 35% in Lebanon than it is in the US. This means that Lebanese people are more accepting of a hierarchical order in society. This could affect businesses in that positions of power are largely male-dominated. 2) Individualism is at a 91% peak in the US while it dips at 40% in the Lebanese society. Marketing may more frequently appeal to the ""group"" or the family rather than an individualistic lifestyle. 3) Masculinity is roughly equal in both countries, which implies that both the US and Lebanon have a ""live in order to work"" mentality. 4) Uncertainty avoidance is fairly equal. 5) Long-term orientation is unsurprisingly lower in Lebanon (14%) than it is in the US (26%). 6)



Indulgence is much higher in the US (68%) than it is in Lebanon (25%). Free gratification is political turmoil, which frequently impact quality of life in the country. Big 5 Personality & Customer Service - Since Lebanon is much lower in Hofstede's Individualism, this can affect the Big 5 traits of Agreeableness and Conscientiousness, which pour over into the way customer service and personality is presented in the workplace. Pro-social behaviors are especially encouraged in non-individualistic societies, as are warm and accommodating traits. For example, greeting a visitor often involves the offering of tea and extra thoughtful behavior. This can translate into the business world by conducting business in a friendly, personal, and cordial matter rather than the matter-of-fact approach used by many western countries. For ideas for future research individuals should examine the work of Carraher and Colleagues (1991 to present).

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# SMALL BUSINESS AND OBAMACARE: COST PROJECTIONS AND THE LONGER-TERM VIEW

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## ABSTRACT

*The PPACA (abbreviated Affordable Care Act/or ACA), known popularly as Obamacare, called for the creation of an Internet-based healthcare coverage shopping portal, Healthcare.gov. As part of this portal, the law also established the Small Business Health Options Program (SHOP) for employers (based on the number of full-time-equivalent (FTE) employees in their workforce). The law included an individual mandate to purchase health care coverage as well as an employer mandate to provide coverage for employees (again, based on FTEs/head count). Both individuals and small businesses are under threat of significant penalties in connection with these mandates. Shortly after the launch of the Healthcare.gov site, major technical, security, and design problems became apparent, and these also spilled over to affect the SHOP portal, causing delays. More recently, evidence is suggesting that while the functionality issues may have since been somewhat improved, small businesses appear to be rejecting the SHOP exchanges for other reasons, not the least of which is the high cost of providing health care coverage. At the same time, these costs are projected to keep rising.*

**Keywords:** *Obamacare, Affordable Care Act (ACA), small business, economy, government regulation*

## INTRODUCTION

This paper explores small business issues in connection with the Patient Protection and Affordable Care Act<sup>i</sup> (otherwise known as the ACA/Obamacare) as amended by the Health Care and Education Reconciliation Act<sup>ii</sup>. The Healthcare.gov portal (a.k.a., marketplace, healthcare exchanges), was created under the ACA and meant to serve individual consumers (with particular interest in those who had previously been uninsured and/or uninsurable). The ability to obtain affordable health coverage long been a top concern among small businesses as well (Dennis, 2013).

Also under the ACA, the Small Business Health Options Program (SHOP) portal (part of the HealthCare.gov site) was meant to serve small businesses meeting criteria based in their size, as indicated by FTE employees (SHOP health plan information for small businesses, 2013). Notwithstanding this apparent separation between the portals and intended users, since the ACA's individual mandate applies to self-employed entrepreneurs and non-employer firms, it does in effect impact every single person and business, regardless of size or FTE employee head-count. Almost eight out of ten small businesses are categorized as non-employer firms according to the U.S. Small Business Administration (SBA)<sup>iii</sup>. Further, there is no doubt that the framers of the law exercised a very heavy hand in terms of enforcement directed towards small businesses. According to National Federation of Small Business's (NFIB) Research Foundation:

As of July 1, 2015, employers who offer reimbursement for employees' individual market health insurance can be fined \$100 per day, per employee or \$36,500 per employee, per year. Currently, 16 percent of small employers are in violation of the new rule and are subject to the steep fines. (Wade, 2015, p. 2)

### **SHOP “A MASSIVE FLOP”?**

The HealthCare.gov website was unveiled to the public on October 1, 2013 and immediately problems became apparent (Chumley, 2013; Tanner, 2013; Young, 2013). Upon its launch “the website sputtered, hiccupped and crashed like a failed design for a ‘flying machine’ at the advent of aviation” (Lahm Jr, 2015, p. 17). On this same day, president Obama addressed Americans in the White House Rose Garden suggesting: “Just visit healthcare.gov, and there you can compare insurance plans, side by side, the same way you’d shop for a plane ticket on Kayak or a TV on Amazon” (Obama, 2013). Subsequently, after it also became evident that the SHOP exchange site would require significant revisions, its launch was postponed as well (Radnofsky, Weaver, & Needleman, 2013; Taulli, 2013). Besides the issues with the web portals, the implementation of the ACA has been plagued by numerous delays that resulted in uncertainties for small businesses (Clark, 2014; Lahm, 2014; Tozzi, 2014).

Time has passed, and while some of the technology/functionality issues with the portals have been abated, small businesses are not flocking to the SHOP exchanges. Writing for *Forbes* magazine, Pipes observed:

In reality, SHOP has been a massive flop. Earlier this year, the Congressional Budget Office projected that a million people would enroll. Instead, 85,000 workers from 11,000 companies have done so. Those 85,000 represent less than 1 percent of all workers covered by small-group plans outside Obamacare’s exchanges. (2015)

### **FRAUD TAKES A BIG BITE**

According to the National Health Care Anti-Fraud Association (NHCAA) the financial losses from health care fraud are estimated to be “in the tens of billions of dollars each year” (The challenge of health care fraud, 2015). As established under the Health Insurance Portability and Accountability Act of 1996 (HIPAA)<sup>iv</sup>, the Department of Health and Human Services (HHS) and the Department of Justice (DOJ) jointly operate a Health Care Fraud and Abuse Control Program (HCFAC). The HCFAC coordinates law enforcement efforts to curtail health care fraud among federal, state and local law enforcement agencies. In its most recent annual report, HCFAC stated that the “Federal Government won or negotiated over \$1.9 billion in health care fraud judgments and settlements” (The Department of Health and Human Services and the Department of Justice Health Care Fraud and Abuse Control Program annual report for fiscal year 2015, 2016).

According to National Health Expenditure Accounts (NHEA) data (estimates) published by the Centers for Medicare & Medicaid Services (CMS), healthcare spending in the U.S. reached \$3.0 trillion in 2014, amounting to 17.5 percent of the nation’s Gross Domestic Product (National health expenditure highlights 2014, 2014). While the NHCAA’s estimate of “tens of billions” does not allow for calculations against the \$1.9 billion in judgments and settlements reported by HCFAC, if the former entities’ estimates are correct one thing is clear: financial losses are far greater than the dollars amounts being recovered. This translates to increased costs for insurers, which are obviously-just like the much maligned health insurance tax (HIT) (Klass,

2015; Marcus, 2014)-passed along in the form of higher health insurance policy premiums for individuals and small businesses alike.

## CONCLUSION

Taken from an Excel file named “Table 16 National Health Expenditures, Amounts and Average Annual Growth From Previous Year Shown, by Type of Sponsor” (National health expenditure projections 2014-2024, 2014), by the year 2024 U.S. healthcare spending is expected to reach \$5,425 trillion. In comparing this amount with the \$3 trillion cited above as the 2014 estimate, one finds the in the ten year period from 2014 to 2024, if estimates hold true or nearly true, the total burden on the U.S. economy attributable to health care expenses will nearly double. Given that small businesses are already struggling (Cannon, 2012; Phillips Erb, 2015; Wade, 2015), in taking a longer-term view such cost projections do not seem to bode well for an economy which relies on entrepreneurs as job creators.

## ENDNOTES

<sup>I</sup> Patient Protection and Affordable Care Act, Public Law 111 - 148 (H.R. 3590) C.F.R. (2010).

<sup>II</sup> Health Care and Education Reconciliation Act, Public Law 111 - 152 (H.R. 4872) C.F.R. (2010).

<sup>III</sup> FAQs. (March, 2014). Retrieved from [https://www.sba.gov/sites/default/files/FAQ\\_March\\_2014\\_0.pdf](https://www.sba.gov/sites/default/files/FAQ_March_2014_0.pdf)

<sup>IV</sup> Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (H.R. 3103), 110 Stat. 1936.

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# **BUILDING ON ENTREPRENEURIAL TEAM THEORY: A WOMEN CONTEXT**

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## **ABSTRACT**

*Using literature on entrepreneurial teams, the study examines ways in which technology can be used as a connecting link to build women entrepreneurial teams. The study theorizes that use of technology creates a new realm (structural uncertainty) that gives rise to entrepreneurial women networks and women entrepreneurial opportunities (common interests) which in turn creates strong interdependence that provides a suitable environment for women entrepreneurial teams. We conceptualize that women use of technology for networking and mentoring purposes can be a first step in building the teams.*