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October 14-17, 1997

Academy of Entrepreneurship

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Volume 3, Number 2 1997

Proceedings of the Academy of Entrepreneurship

October 14-17, 1997
Maui, Hawaii

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Co-Editors
Western Carolina University

The Proceedings of the
Academy of Entrepreneurship
are published by the
Academy of Entrepreneurship, Inc., PO Box 2689, Cullowhee, NC, 28723.

The Academy of Entrepreneurship is an international, non-profit association of scholars whose purpose is to support and encourage the exchange of knowledge about entrepreneurship around the world.

Proceedings of the Academy of Entrepreneurship

Table of Contents

ENTREPRENEUR, MAVERICK OR BOTH

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ABSTRACT

Entrepreneurs and mavericks are different? Right! This paper investigates the similarities and differences between an entrepreneur and a maverick of the 21st century. Different entrepreneurship styles are reviewed and compared to the style of a maverick.

INTRODUCTION

The world has changed drastically over the past few decades. Television sets, cell phones, automobiles and jet airplanes have certainly changed the way in which people think and live. Many of the conveniences that we enjoy today in our homes, our offices and in our work places are results of new and interesting ideas from people who are labeled as "entrepreneurs" or "mavericks". Somehow, these individuals learned early how to think "outside the box" and become mavericks and/or entrepreneurs.

What new inventions are likely to occur within the 21st century that will continue to affect our lives? Obviously, the rapidly changing world of technology will greatly influence 21st century entrepreneurs. The students that we educate today will live the majority of their lives in the 21st century. This new era demands greater instructional effectiveness in our schools to develop creative and critical thinkers who can live effectively in an increasingly demanding society (Clouse, 1994).

Who are the mavericks and entrepreneurs that will emerge during the next decade? What kind of skills will they need to generate new inventions and new processes? Will they be entrepreneurs or mavericks or both?

Will the American dream of "making it big" by starting small, the entrepreneurial way, exist in the 21st century? That will occur only if entrepreneurial activity spans many fronts such as business, education, medicine, and many other work areas. Corporations will survive only by encouraging entrepreneurial strategies as a way to manage innovation (Clouse & Miller, 1996). Public schools and universities must form partnerships with business and industry and must make a pathway for the entrepreneurial-maverick.

THE MAVERICK MIND-SET

Developing the maverick mind-set is the highest order of courage. To be a maverick and to live free from organizational conformity sometimes means standing alone. Thinking for oneself can be more intriguing and exciting than "following the crowd." It is also the most risky path to travel. The maverick mind-set is different for each individual. In some eases the mind-set is bred into the individual at an early age from family, friends or circumstances. For others, the maverick mind-set does not come until perhaps middle age, the age at which the individual becomes disenchanted and dissatisfied with organizational conformity (Hall, 1997). Many individuals who have been downsized by corporate giants have become mavericks around their passion. For others, the entrepreneurial mind-set may come only after experiencing several defeats and somehow, successfully overcoming those. And still others do not achieve the maverick mind-set until after retirement, when they are free to pursue their passion. And lastly, the maverick mind-set never comes to the mass majority of people. Many individuals find it easier to live and operate their entire lives within a structured, contained and conformed environment.

Many never enjoy the pleasures of pursuing an interesting idea that leads to a business opportunity, a new process or a new friendship. It is sometimes easier to stay within the walls of the hallowed universities and the secure buildings of IBM, DuPont and General Motors. Only a few mavericks, such as Bill Gates of the Microsoft Corporation, and Steve Jobs, the founder of the Microcomputer and former president of the Apple Corporation, are willing to be mavericks who move against the structured environments. These two individuals trusted in themselves and had a personal dream that they pursued.

To be a maverick, you must have faith in yourself. You must be good and believe that you are good, or else no one else will believe it. You must have faith that you can see opportunities and to move swiftly on those opportunities. It is through your individual faith that you have the courage to be a maverick, to think differently, to be "outside the box".

The maverick is always on a journey. He/she never chooses to subordinate his/her life to something that he/she does not believe in because it is less of a strain or it appears more lucrative. The maverick lives a growth-oriented life.

ENTREPRENEUR

Who will be the Henry Fords at Ford Motor Corporation, the Tom Watsons of IBM, the Bill Gates of Microsoft, and the Steve Jobs of Apple Corporation in the 21st Century? Will it be you? It will be the person who has a never-ending desire to improve, to change, to impact society, to be innovative and creative, and still have a life filled with love and compassion for his/her fellow human beings and who, above all, enjoys life. It will be the person who can see a new opportunity, calculate the risk and move ahead. It will be the person who loves the excitement of creating something new and different. It will be the maverick who thinks "outside the box". It will be the person who likes a new challenge and who enjoys uncertainty. It will be the person who can deal with chaos and perhaps even create chaos (Clouse, 1997).

The 21st century entrepreneur will be a person who loves and protects freedom. It will be the person who cannot be inhibited by the limitations of structured organizations. It will be the risk-taker who does not dwell on the downside, but seizes the upside, and knows that he/she has capability of dealing with the downside if it happens.

The 21st century entrepreneur does not necessarily have to drive always on the super-highways. It will be the person who can take an off-road and travel on unpaved roadways and one who is not deterred by construction. It will be the person who is in a constant state of transition, a person who knows that he/she is on the journey, but does not always possess a road map to follow.

But the maverick or the entrepreneur in the 21st century will have enormous positive energy. It will be a person who can transmit a portion of this energy without diluting his/her current energy level. It will be the person who is constantly thinking of new, innovative and better ways of doing things. It will be the person who works for joy and succeeds because of his/her love and passion.

Isachsen (1996) has identified four entrepreneurship styles. They are as follows:

The Administrator - He identifies this style as somewhat "salt of the earth type". This person is conscientious and his/her word is his/her bond. This person is probably a work-a-holic and has a strong sense of family. He/she likes things to be orderly and predictable. They believe that social status is an important part of their well-being. They enjoy being recognized by their willingness to serve in areas where they can make a contribution. They are generally traditionalists, honoring institutional practices and customs.

The Tactician - For a tactician to have freedom and act on impulse is critically important. They do not want to be tied down to an organizational hierarchy, systems or procedures. They tend to live life "for all it's worth" without worrying about a rainy day. They believe in work, as in real life, life is to be enjoyed because tomorrow may never come. They are not likely to take themselves too seriously and are considered more playful than other people.

These people are likley to have a sizable ego and may find it difficult to be submissive. They have a real sense of fraternity and are willing to share even the "shirt off their backs." In order to accomplish their goals, they are willing to live with whatever discomfort it takes in order to achieve their goals.

The Strategist - The strategists are independent and they have great faith that they can create a promising future. They tend to see life in the future, as opposed to the past or present. Sometimes the strategist may be an intellectual "slob" and at times some people may think of the strategist as being arrogant. Usually this is not his/her intent. Some may see him/her as a moving target.

The mind of the strategist is seldom at rest. It is always looking for new and interesting things to pursue. The strategist is highly eompetitve and enjoys competing, not only with others, but with his/herself. This person is not always a good team player and thus, has many of the characteristics of the maverick. This person continues to seek knowledge where his/her knowledge is limited. This person enjoys uncertainty.

The Idealist - The idealist is very good at bringing people together and developing harmonious working relationships. The idealist is an entrepreneur not so much because he/she would like to make large sums of money, but because his/her primary interest is in people. He/she receives energy from people.

The idealist enjoys being with people and is frequently seen as a mentor or role model. He/she has a deep sense of integrity and respect for humankind. The idealist may fit, to some extent, the organizational expectation, but probably will have a team spirit toward people rather than organizational procedures.

The idealist likes to dream. He/she likes to look into the future and to see him/herself working with others. The idealist enjoys the good things in life and is romantic by nature.

ENTREPRENEUR, MAVERICK OR BOTH

From these discussions, the 21st century person who is on the cutting edge, and outside of the organizational box, may very well be both entrepreneur and maverick. He/she may well have the mind-set of the maverick along with the intuition and wisdom of the entrepreneur. He/she will have the courage to take risks, but not be so headstrong that he/she is unable to change as the environment changes. Success will continue to be important to both entrepreneur and maverick. Working on new and interesting ideas that have potential impact on society will be of vast importance. Traveling on roads, some paved and some dirt, will be exciting to the new 21st Century venturer. Some will find it even more exciting to get out of the car and make his/her own road by walking into the dark, dense forest. Who will invent the next phase of travel, the next system of communication, the next vaccine, the next educational system, or the next franchising system? It could be you, it could be your son or daughter, it could be your mother or father, or it could be someone that you know. Most assuredly, it will be a person who loves and enjoys work, who receives self-reward from his/her labors, and one who thinks like an entrepreneur and acts like a maverick.

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PRICING STRATEGIES FOR A FARMER'S MARKET: A CASE STUDY

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ABSTRACT

This paper examines pricing strategies of approximately forty participants in a Farmers market in existence in New Orleans, Louisiana for the past two years. The market is called the (Crescent City Farmers) Green Market and is organized under a planned division of about one-quarter value-added (prepared foods) and three-quarters (raw) farm products. The current mix, however, is approximately thirty-five percent value-added and sixty-five percent raw farm products. The market currently has a waiting list of vendors with value- added products. Generally, flowers and craft type articles have, so far, been excluded. All participants must produce the products they sell. No participant may operate a retail outlet, although they may wholesale some of their production. The market itself is open only on Saturday mornings until noon, at a donated facility. Contacts made at the market, however, often lead to incremental sales to restaurants and other retail establishments.

INTRODUCTION

The study examines how the producers make their pricing decisions. Products differ by type, sales revenue generated and whether or not the product is available on a limited or seasonal basis or year-round. The following will be considered: the objectives the producer wants to achieve through pricing, the producers pricing strategy and how the producer implements the strategy. Pricing variables to be analyzed include size, packaging, cost of production, competition, perceived quality and the volume of sales. Data for the study was collected both by personal interviews with, and a survey of, the vendors at the market. Analysis of the data and possible problems and solutions that relate to the paper are presented. The potential impact or interest we expect to communicate by this paper is related to the formation of farmers markets, pricing strategies that are likely to be successful and growth implications for established farmers markets.

Personal interviews with five vendors, focusing on their pricing strategy were conducted after the market closed one Saturday in August, 1997. The purpose of the interviews primarily was to gain a perspective on the their volume of business, business problems and opportunities, and pricing considerations as viewed by typical market participants. Also, the session was used to provide input to the content of the questions utilized in the formal written survey. Because on any typical Saturday there are approximately twenty-five vendors, this sample represented approximately one-fifth of the vendors present that day.

INTERVIEW RESULTS

The result of the interviews could be summarized by the following points:

1. Sales revenues ranged from $300 to as high as $1200 per week. The market has been open approximately two years and each of the five vendors interviewed had participated in the market at least one year. The interview group represented a cross-section of the market participants. Their products were diverse, varying from salad mix and herb breads, to seasonal raw vegetables, to strawberry wine, to specialty cheeses.
2. The participants agreed on two major problems: (a) weather and (b) workers. The weather problem referred primarily to rain. Even though there is an inside space which can be and is utilized by the

vendors when it rains, rain is deterrent to customers coming to the market. The worker problem centered on the availability, cost and reliability of individuals to work the stands at the market.

3. Opportunities in small farming were seen as career possibilities now as well as in the future. The participants were unanimous in their opinion that, in spite of large scale farming, there is a place for farming on a smaller scale. Particularly, there is a role for so-called "Truck Farms" located in close proximity to metropolitan areas. The fruit and vegetable market located in the New Orleans French Quarter (the "French Market") was not viewed as serious competition by the vendors. They said the French Market no longer was viable. Because the two-hundred-year-old French Market is located in the tourist-popular French Quarter, its character rapidly is changing. Traditional fruit and vegetable stands are being replaced by vendors selling souvenir type products to visitors. The French Market, because of its changing character, no longer has great appeal to local residents shopping for food items.
4. Major pricing strategy considerations for all participants included: (a) cost of production, raw materials and labor. Generally they agreed that a rule of thumb was "selling price equals three times cost," (b) competitors' prices and (c) the perception of higher-than-average quality in the market.
5. Many of those customers at the Market made purchases for use in preparing home meals. These customers frequent the market almost weekly and balk at unit prices higher than five dollars. Products in the one to four dollar range moved very well.
6. The participants also believed that because of the Saturday morning location, coupled with higher quality and freshness (as compared to retail stores), they could price their products twenty-five to thirty percent above the price they would have been able to charge at their farm locations. They indicated, however, that if prices were perceived as too high, the customers would make that known to the people who staff the information booth at the market. The booth functions somewhat in the role of an ombudsman. Whereas customers might hesitate to complain to vendors directly, they were not reluctant to "tell the booth". The availability of the information booth provided immediate customer feedback to the vendors in the market. Such feedback from the impersonal booth was used in vendors' price-setting processes.

   The best known health food stores in the local area were viewed as higher-priced and as ranging from lower to equal quality, as compared to the Farmers Market. The Market participants indicated that they regularly compared their prices with the grocery stores. They felt that Market customers would pay at least a twenty-five to thirty percent premium above grocery store prices because of the Market's freshness and superior overall quality. The most often quoted pricing rule of thumb was either A double their wholesale price or "triple their cost".
7. The vendors also said that they keep abreast of national trends in farm prices through the farm reports issued out by The Farm Bureau and the USDA (U.S. Department of Agriculture). One of the farmers said that his pricing for any given commodity was different based on quantity, e.g. a bushel of corn versus several individual ears, or a fifty pound sack of carrots versus a bunch of carrots.

The pricing variables gleaned from the personal interviews may be summarized as follows:

1. Markup - Retail price at the Saturday Market is derived by applying a multiple to either the wholesale price or to the farm site price.
2. Grocery store pricing - Vendors keep close tabs on prices charged by both "regular" and "health food" stores. Selling Prices (for similar items in these stores) were set above store prices to account for farm-to-market freshness and superior quality ("bring the best to the market").
3. Cost - The vendors know their costs. The Selling prices set were closely equivalent to three times cost, or were set by tripling their known cost.
4. Whole dollar - Items "were grouped" to permit whole dollar pricing.Rather than pricing one unit (e.g. an eggplant) at sixty-nine cents, price was set at "three for two dollars". A maximum price of five dollars seemed acceptable to purchasers.
5. Knowledge of customers - Vendors actively collected information from the customer through one-on-one contact, including knowledge of uses and preferences.
6. Volume - Pricing reflects quantity purchased, from individual units to bulk (e.g. bushel basket)

7. Customer comment - customer initiated information was facilitated through market information booth.

QUESTIONNAIRE RESULTS

Questionnaires were completed by vendors who did not participate in the personal interviews. Items which did not replicate information from the interview were as follows:

1. Before the growing season, vendors attempted to anticipate which items would be in short supply. One method was to learn what other farms were growing or planned to grow. Growing and supplying produce for which there would be an anticipated shortage assumedly was to maximize price and profit potential.
2. Some vendors practiced "Bundling" and selling for one price. An example would be onions, carrots, and celery "bundled"as "mirepoix." The set of products combined in the mirepoix carried a lower single price than would be the case it each item were sold separately.
3. One vendor priced at just less than whole dollars. This was an "odd-pricing" variation of the technique of "grouping" of several units of a product, as reported by the interview group.
4. Prices differed between larger and smaller sizes. For example, larger shrimp have a lower "count" per pound than do smaller shrimp. More desirable shrimp (i.e. larger) can be priced higher per pound. Similarly, items of produce may be viewed more desirable based on size. Note: In some cases larger was more desirable, whereas in others, smaller was more desirable. The more desirable could always demand a higher price.
5. Frequently, customers of the Market brought with them an expected or "reference" price. Vendors stated that the most common reference price of their customer included the last price they paid (recall, that many customers returned weekly) and the "going price", because these customers were aware of prices of alternate sources of supply (e.g. health food stores).
6. Customers recognized the unique qualities" of products and were willing to pay a premium price. Examples of unique qualities included organically grown, a special variety (e.g. "Creole" tomato) or never frozen.
7. Many vendors focused on some product which had a "holiday" or "niche" identity. An example was mistletoe for Christmas decorations.
8. Virtually all vendors offered seasonal products such as figs, pears, pecans, blueberries, blackberries, and pumpkins.
9. The most often cited price related objectives in the survey were: (a) to convey a particular product image. (b) to maximize long run profits (c) to create interest or excitement for the product (d) to maintain customer loyalty (e) to use initial pricing to create demand for introduction of a new product to the market.
10. Larger clients demanded price concessions. In implementing their pricing strategies, the leading consideration was giving pricing concessions to their most frequent or larger customers.
11. The most widely used day-to-day tactical move was "two for one" pricing. This was the preferred response to temporary price variance, rather than price reductions.
12. Respondents indicated that they targeted their pricing to an "up scale"customer. Vendors clearly believe that their customers come primarily from the nearby Garden District, Uptown and University sections of the city. These are sections with above average household incomes. Vendors also believe that the perception of the market is one of above average quantity and very fresh produce.
13. Vendors annual sales ranged from $5000 - $25,000 with an average of approximately $12,500. The average vendor had been in business approximately five years and the most common legal form of business was a sole proprietorship.

POTENTIAL FOR GROWTH

There are three structural problems with the Market. First, vendor participation is restricted by the limited size of the facility; second, the short time period the market is open, and third, the objective of a mix of three-quarters raw produce and one-quarter value-added product, which unnecessarily restricts the variety and availability of the offerings.

Unlike European open air markets, which are open daily and tend to be much larger, the New Orleans market's size and growth potential has been limited. The parking lot on which the market is located is utilized during the week by the owners who have donated it for usage by the market only half-days on Saturdays. For the market to grow, four things are likely to be necessary: (1) to be open for more days, and longer hours, (2) to provide more variety by soliciting more vendors, (3) to attract a larger volume of customers and (4) with the success in these three a possible need to find an alternative, larger location. Many European markets are located on public transportation arteries. Relocation to a site more easily accessed by public transportation would likely enhance the customer base, by being able to attract customers from a larger area. The enhancement of the customer base, however, would also likely require more vendors and products and possible a change in the composition of product offerings, i.e. larger amounts and lower unit prices. In European markets it is normal to sell raw produce by weight (e.g. in grams) whereas this market generally involves units, (e.g. bunch of carrots) or a specific count of items (e.g. one dozen).

Although this market has been successful on a limited scale the growth at this or other locations is potentially possible. The volunteer nature of the organizers and administration of this market, however, may also limit its growth potential.

SUMMARY AND CONCLUSION

Formation of the (Crescent City Farmer's) Green Market was envisioned as providing an opportunity for small farmers and food processors to market their products. In all respects, the project has been a success. All participants are small entrepreneurs, by any measure, and most are sole proprietors. Exposure from the market has resulted in incremental sales.

In many cases, matters of pricing have been intuitive and the result of trial and error. Without exception, however, the market participation incubation period has resulted in pricing "know-how". The know how they have gained includes deciding on the objectives they wish to achieve through pricing; discovering a pricing strategy to achieve those objectives, methods of implementing their strategy and day-to day-tactical pricing moves.

The market has established a regular following, with many customers returning most Saturdays to purchase their weekly needs. Through periodic get-togethers, the participants exchange experiences and ideas, a process which is beneficial to the market as a whole as well as the vendors individually.

The market is not without problems, however. Currently, vendor participation is restricted by the limited size of the facility and its availability for four hours on Saturdays. Also, the site is a donated parking lot in the downtown business district of New Orleans. An indoor parking garage may be used in case of rain. A self-imposed mix of participants does restrict the variety and availability of offerings. None of these problems are insurmountable.

The market does provide a basic model for similar markets which may be adapted to other metropolitan communities.

FINNISH AND US ENTREPRENEURS' NEED FOR ACHIEVEMENT: A CROSS-CULTURAL ANALYSIS

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ABSTRACT

The present cross-sectional study sets out to explore Finnish and US entrepreneurs' need for achievement (n Ach) in a comparative analysis design. Two main goals set are: first, to make an extensive literature review of the previous studies of need for achievement, and second, to utilize the Personality Research Form's (PRF) achievement subscale (Jackson, 1974) to reveal potential differences and similarities in the strength of achievement motivation among Finnish and US entrepreneurs. Thus, the purpose of this paper is twofold: the theoretical section of the study, past research on n Ach is reviewed in aim to examine the relevance and applicability of n Ach theory in the field of entrepreneurship. In the empirical section, results based on the analysis of nine-hundred Finnish and US respondents of n Ach will be reported.

The literary review carried out indicated the n Ach as a key entrepreneurial trait and major factor to entrepreneurial behavior. Empirical results pointed out US entrepreneurs' dominance regards to inclination for achievement motivation compared to Finnish counterparts. Significant differences at level .000 were found between samples and every subgroup (gender, business goals, start-up roles, business planning mode) analyzed. Overall results were highly parallel with past findings and consistent with the n Ach theory.

Keywords: need for achievement, entrepreneurs, small business owners, managers, USA, Finland

INTRODUCTION

> "For once, let's approach the problem the other way around - starting with people rather than resources, making sure that there is a critical mass of competent, highly motivated entrepreneurs who will, on their own initiative, develop an area economically. It will turn out, I feel sure, that they will find the resources needed for development, and that they will need less in the way of resources than people who are provided with resources but who do not have the personality characteristics which we know are crucial for entrepreneurial success...without motivation the people will perish." (McClelland, 1986, 232-233)

Arthur H. Cole (1942) was the first, who suggested that to study entrepreneur is to study the main player in economic activity. The pioneering efforts in this field were made by David McClelland. In 1961 his best known book "*The Achieving Society*" was published. Since then the personality of entrepreneur has been undoubtably one of the most researched areas in the field of entrepreneurship (Béchard, 1997; Filion, 1997), but nevertheless it is still one of the least understood areas. Entrepreneur still remains "an enigma, his/her motivations and actions far from clear..." (Kets de Vries, 1977, 36).

The underlying two assumptions of the research of entrepreneurial personality traits are as follows: first, traits are distinguishable and measurable variables, and second, traits are especially related to the entrepreneurs' personality as a distinction of non-entrepreneurs, and, furthermore, they are somehow relevant in entrepreneurial behavior (Palmer, 1971; Lachman, 1980; Hornaday, 1982). These clauses determine the most frequent research efforts focused on trait approach. To fulfil these requirements reliable and validated instruments to measure entrepreneurial traits are needed, and, moreover, the results should show that these traits distinguish entrepreneurs from people in general, and/or managers, and/or unsuccessful entrepreneurs. The two most investigated personality traits are need for achievement and locus of control (Brockhaus, 1982; Gasse, 1982; Gartner, 1985). These concepts are closely related to each other. This study focuses foremost on the need for achievement. In the theoretical section of the study a comprehensive literature review of the previous studies on n Ach is made. Empirical part of the study consists of observations of nine-hundred Finnish and US entrepreneur's need for achievement measured with the Jackson PRF achievement subscale (1974).

PREVIOUS RESEARCH

McClelland's early research and his motivation theory were greatly influenced by Murray's contributions of personality studies dated back to 1938. Murray (1938, 164) defined the achievement motivation as "...the desire or tendency to things as rapidly and/or as well as possible and to accomplish something difficult. To master, manipulate and organize physical objects, human beings or ideas. To do this as rapidly and independently as possible. To overcome obstacles and attain a high standard. To excel one's self. To rival and surpass other. To increase self-regard by the successful exercise of talent." Murray was also one of the creators of the Thematic Apperception Test (TAT), the method which McClelland later used to measure achievement motivation (Morgan & Murray, 1935; McClelland & Atkinson & Clark & Lowell, 1953; McClelland, 1955).

The leading assumption of McClelland's n Ach theory was that the motive of the entrepreneur is not, as earlier generally supposed, a quest of profit, self-interest, or social recognition and prestige. But, it is the strong desire for achievement itself - strive for excellence and success, to attain an inner feeling of personal accomplishment. Money and profits were primally in the role of the measure and feedback indicating how well one has done. (McClelland, 1961; 1962). The core of McClelland's n Ach theory can be described briefly and accurately. The theory claims that a person with a high achievement motivation is characterized by three role features in his thoughts and action - (1) initiative to take personal responsibility for solving problems in situations where the outcome depends on his abilities and efforts, in other words not in chance or factors out of his control; (2) tendency to take calculated risks by setting moderate achieving goals; and (3) need for a concrete, direct, immediate feedback as to know the results and evaluate how he is doing using money and profits for the purpose. This kind of behavior is energetic and involved with novel instrumental activity aimed to be more efficient, i.e. obtain same result in less time or with less effort avoiding repetitive routine work, and anticipated of future possibilities. As an outcome people with high n Ach tended to seek themselves in the entrepreneurial positions, occupations, or self-employment (McClelland, 1961; 1962; 1965a; 1965b; 1966). As a matter of fact, this finding implicitly established the ground of intrapreneurship, in other words, entrepreneurial behavior in the organizations. McClelland strongly emphasized that almost every human endeavor can be initiated and managed in an entrepreneurial way. Finally, it is worth of mentioning, that n Ach is related to two other key entrepreneurial traits: risk taking and innovativeness.

McClelland vigorously believed that people with low n Ach cannot see and seize the opportunities surrounding them (McClelland, 1962; 1965). Thus, in his opinion much more attention should be paid to the individuals, instead of environmental conditions in order to stimulate and initiate economic development and growth through public programs. Indeed, subsequent research findings indicated that higher achievement motivation influenced people's business activity, such as increasing new start-ups, business expansion, profit and efforts towards innovations. More importantly it was discovered and indicated many studies that achievement motivation is a trainable character that can be strengthen. Miron & McClelland (1979) came to the conclusion that motivation training has a positive effect in business performance by increasing energy to improve and establish business.

McClelland and Winter (1969) discovered that those who participated in achievement motivation courses showed significant improvement in their post-training entrepreneurial behavior compared with themselves and three control groups. Likewise, Timmons (1971) found that key development of minority enterprise lies in motivational training. He pointed out that training seems to be most effective in creating and intensifying entrepreneurial behavior, expansion of small firms and facilitating the start-up behavior among present and prospective small businessmen (Timmons, 1971; 1973). Moreover, Patel (1975) emphasized the importance of both business and motivation training to attain effective results in business start-ups.

Durand (1975) concluded to similar findings in his longitudinal study of thirty-five black business people, that achievement training is useful to carry out in conjunction with management training, and this kind of training enchained course participants achievement motivation scores and also they became less external. Together, this influenced positively by increasing their business activity. He also found significant relationship between Rotter's (1966) internal control perception scores and McClelland's achievement motivation scores. The motivational training enchained ones feelings of being in personal control over the outcome of events. Thus, he stated internal perception to be consistent with personal responsibility construct of n Ach. This was verified in his later studies. Entrepreneurial thoughts are most successfully translated into business action when the individual feels in control of his fate and recognizes the steps that are instrumental in reaching goals. (Durand & Shea, 1974, 57). It was earlier stated by McClelland a self-confidence being related to a strong achievement orientation (1962, 104). This kind of thinking should be quite plausible and natural to the entrepreneurs: why to take personal responsibility and pursue hard on goals set by oneself, if one does not rely his/hers ability to effect the outcomes?

More light was shed on the phenomena when Candace Borland (1975) studied the relationship between locus of control, n Ach and entrepreneurial drive of university students and found interaction. Hull & Bosley and Udell (1980) concluded in their study with respect of predicting likelihood to start a business, n Ach and internal locus of control are not the most important variables. Their findings indicated that risk-taking and creativity as personality traits had better potential of identifying entrepreneurial types. Perry & Macarthur & Meredith and Cunnington (1986) reported that rankings of need for achievement and internal locus of control distinguished their three samples of Australian small business owners-managers, super-entrepreneurs (i.e. highly successful entrepreneurs) and group sampled from general population. Their study made the non-linear relationship between n Ach and locus of control even more clear. The conclusion was that: “n Ach is the energy which is used to achieve goals, and locus of control shows the direction of the n Ach drive...A very high internality and very high n Ach small business will direct and energize a person towards the success exhibited by the super-entrepreneurs of this study” (Perry et al, 1986, 62).

There are several studies on n Ach which have dealt namely with the relation of entrepreneurial success and motivation. For example, Schrage (1965) found that most successful R&D entrepreneurs in terms of company profits are high in achievement motivation, low in power motivation, and high in awareness of self, the market, and his employees. Also, Komives (1972) studied high-tech entrepreneurs, sample of twenty successful ones were high in achievement and decisiveness, and low on need for support. Smith & Miner (1984) used task motivation theory and the instrument, based on McClelland’s n Ach, to investigate technologically innovative and successful entrepreneurs in terms of firm growth. They found that motives involving self-achievement, avoiding risks which were heavily loaded with uncertainty and chance (i.e. not skill involved), seeking feedback, personal innovation and positive orientation to the future (i.e. planning and goal setting) are strongly labeled in successful entrepreneurs. These findings were largely replicated by Bellu (1988). Fifty-one technical entrepreneurs were studied by Wainer and Rubin (1969) focusing upon the relationships between entrepreneurs motivation and company performance. They concluded that successful companies run by entrepreneurs with high need for achievement and moderate need for power performed high.

As a distinction between entrepreneurs and managers, McClelland (1975; 1976) showed that successful managers might also have a relatively strong need for achievement, but it is dominated by an even greater need for power, and that combination directs one’s thoughts and action for the organization, while entrepreneurs motivational construct is identified by a high need for achievement and a modest need for power, and, therefore, one’s thinking and doing is directed towards self-accomplishment. Rocheach (1973) confirmed that the need for power is negatively correlated to the need for achievement. In their study of one-hundred-twenty-two minority and non-minority female entrepreneurs, DeCarlo and Lyons (1979) discovered that both groups scored significantly different from women in general. Entrepreneurs in their samples manifested higher personal value on measures of achievement, autonomy, aggression, independence, leadership, and lower personal value on scales of support, conformity, and benevolence.

The instrument of measuring n Ach, TAT is a projective type, and accordingly it can be administered as well as interpreted only by a highly professional and trained psychologist. This feature widely limits opportunities to utilize the method for larger populations. Facing the problem and in terms of overcoming it, a research program was initiated in order to develop a valid, simple format and ease of administration and interpretation objective measurement. The major findings of two studies carried out in the program, suggested that successful entrepreneurs score significantly higher on scales of need for achievement, independence, and leadership effectiveness and lower on scale reflecting need for support than the norm groups, and that the structured - far more practical, objective scale can be used instead of “heavy” projective tests. (Hornaday & Bunker, 1970; Hornaday & Aboud, 1971).

Since 1971, objective tests of measuring entrepreneurs’ achievement need became the most popular type. The question which has been received far too little attention is wether the need for achievement should be measured as a conscious motive (as objective techniques do) or unconscious motive (as projective techniques do), and wether these types measure the same phenomena. To solve the problem, theoretical arguments are clearly not enough, strong empirical evidence is required. This demands a research design, where projective TAT and objective measures are used in conjunction. Moreover, the following definitional distinguish suggested by Kahl (1965) should be considered - the achievement motivation concept should be used when projective instruments are used, and the achievement value or orientation concepts when objective measures are used.

Finally, according to Bird (1989) the achievement motivation can be used to predict entrepreneurial propensity and venture success. And, together with one's perception of ability, they predict the decision to start a new venture, the ability to implement that decision and the results of the venture. These outcomes are also determined by circumstances and external environment. To end and summarize briefly the literature review, it can be stated that a vast of previous studies suggest n Ach is a distinguishable, measurable, and trainable character which is namely an entrepreneurial trait, that distinguishes them from non-entrepreneurs, affecting not only on their decision to become an entrepreneur but also entrepreneurial behavior - i.e. drive and success.

RESEARCH METHODOLOGY

THE INSTRUMENT. The instrument employed to measure the need for achievement was the Achievement Scale of Personality Research Form (Jackson, 1974). PRF is a self-report, 'paper and pencil' -type, comprehensive personality inventory assessing twenty relevant needs. Needs, when expressed by a person, depict his or her personality traits. Personality trait can be defined as a certain mode or a way of behavior that is distinguishable and relatively consistently expressed. The need for achievement scale was especially devised to measure achievement, and it yields a quantitative measurement describing that need. The scale consists of sixteen homogeneous, bipolar, 'true versus false' -forced choice statements, and can be completed easily by untrained people. The bipolarity assumes a trait scale extending from one extreme of behavior through a neutral point and on to the extreme opposite. The result is a score which is varying between minimum score, zero, and maximum score, sixteen. A qualitative description of achievement scale (Jackson, 1984, 6) is given below (see table 1).

TABLE 1
TRAIT DESCRIPTION FOR THE ACHIEVEMENT SCALE
OF JACKSON PERSONALITY RESEARCH FORM

Description of High Scorer:	*Defining trait adjectives:*
Aspires to accomplish difficult tasks; maintains high standards and is willing to work toward distant goals; responds positively to competition; willing to put forth effort to attain excellence.	Striving, accomplishing, capable, purposeful, attaining, industrious, achieving, aspiring, enterprising, self-improving, productive, driving, ambitious, resourceful, competitive.

Given the above definition here has a crucial role: it has shown earlier that a considerably amount of research efforts on achievement motivation of entrepreneurs is weakly linked to the original work of McClelland. That is, literature used in theoretical backgrounds of those studies has been inadequate. Jackson (1984, 9, 25) derived his PRF achievement concept from Murray's work - from the very same source that constituted the basis of McClelland's n Ach. Moreover, the instruments utilized to measure achievement orientation or achievement values have often been poorly validated and/or weak in respect to reliability. Likewise, the correlations of other measurements to McClelland's TAT have been without statistical significance or even negative. Contradicting results have emerged as the consequence. The concept of achievement motivation became fuzzy. To McClelland it was clear and determinable:''...n Ach is a measurable factor in groups and individuals ...achievement motivation is a precise term.'' (McClelland 1965, 8). As a matter of fact, many researches have dealt with concepts of achievement values or achievement orientation but used concept achievement motivation incautiously or incorrectly.

The PRF instrument has shown to have high reliability in terms of scales homogeneity and test-retest stability (Jackson, 1974), and to display convergent and discriminant validity. The high correlations with self- and peer-ratings were .65 and .46 respectively (Jackson &Guthrie, 1968). Odd-even reliabilities for two groups (N=83 and N=84) were .57 and .66 after application of the Spearman-Brown correction (Jackson, 1974).

Anastasi (1976) has reviewed the PRF as a highly psychometrically sound assessment device. Also, Wiggins (1973), Kelly (1978) and Hogan (1978) have reported encouraging results of the validity of PRF. Mehrabian (1969) used Jackson's PRF Achievement Scale to validate his achievement scale. Indeed, these two were the only among twenty-two different achievement measures that survived in terms of both sufficient validity, good internal consistency and stability across time were required (Fineman 1977).

Furthermore, Edwards & Abbott and Klockars (1972) found significant correlation (.25, p<.05) between Edwards Personal Preference Schedule and Jackson's Achievement measure. According to Edwards (1959), the achievement subscale of EPPS is the second most frequently used measure of achievement motivation of entrepreneurs. Not surprisingly, the most used is McClelland's version of TAT. Fineman (1977) did not cite studies in which the achievement scale of the PRF used in conjunction with McClelland's TAT. Johnson (1990) mentioned two studies from the field of entrepreneurship where the PRF were used: by Sexton & Bowman (1983; 1984) who studied university students' entrepreneurial propensity, and Mescon & Montanari (1981) who examined personality differences of independent and franchise entrepreneurs in real estate business. Due to the knowledge of author, other studies which have utilized Jackson PRF's Achievement subscale are carried out by Carlands (see e.g. 1988; 1990; 1996; 1997).

THE SAMPLES. The cross-cultural data were collected during summer 1995 in Finland and in the United States. The Finnish sample was developed by mailing the surveys to a group of 1,000 owners of small businesses of two different regions of Finland, using mailing lists of the Federation Finnish Enterprises. After a second mailing, response rate climbed to 43%. Hence, four-hundred-thirty-three usable answers were received. The fairly high response rate suggests a minimal non-response bias.

The American sample was gathered in two phases using a convenience sampling technique. In the first angle, two-hundred-twenty-five surveys were distributed through graduate students from the Southeastern United States. They were asked to have small business owners complete the questionnaires. Fourteen responses were later eliminated in data input process because the informant had omitted some key questions crucial in classifications. Hence, two-hundred-eleven responses were usable. The final sample consist of principal owners of small firms as defined by the US Small Business Administration. Later, the US sample was increased to four-hundred-fifty-six. A convenience sample, when sufficiently large one, has a level of confidence which approaches that of a random sample (Mason, 1982), thus most criticism faced of sampling here can be erased. Moreover, this technique minimizes non-response bias. Fewer than two out of the ten subjects approached through personal contact declined to respond. Likewise, there are other benefits of this kind of data gathering due to not anonymous sample and controlled data set. Also, it is an economical way to carry out a survey.

The demographics of the groups, displayed in Table 2, indicate averagely similar distributions, but some differences also emerged. For instance, regarding the type of business, the American sample was more retail intensive and a proprietorship was more general business form in the USA. US enterprises were also older and their respondents had a higher education. The most striking difference, which might have an effect on the later empirical results, was that an overwhelming majority of Finnish subjects reported ''Family Income'' as their primary business objective.

On the other hand, over a half of US respondents manifested to be "Profit and Growth-oriented" in their business goal setting.

TABLE 2
BASIC DEMOGRAPHICS OF SAMPLES

		Finnish Sample (N=434)	American Sample (N=456)
Type of Business	Retail	18%	46%
	Service	45%	38%
	Wholesale	4%	4%
	Construction	15%	6%
	Manufacturing	15%	5%
Annual Sales	Under $100,000	34%	43%
	$100,000 to $500,000	35%	41%
	$500,000 to $1,000,000	14%	13%
	Over $1,000,000	15%	0%
Number of Employees	10 or less	78%	79%
	11 to 50	12%	17%
	51 or more	2%	3%
Business Form	Proprietorship	25%	42%
	Partnership	37%	19%
	Corporation	37%	37%
Sex of Respondent	Male (Female)	75% (25%)	70% (30%)
Age	34 years or younger	13%	22%
	35 to 44	29%	33%
	45 to 54	41%	26%
	55 or elder	16%	16%
Education	Less than 12 years	73%	33%
	12 to 15 years	9%	22%
	16 years	3%	28%
	More than 16 years	9%	14%
Role in Start Up	Started Business	81%	71%
	Purchased Business	13%	23%
	Inherited Business	5%	6%
Primary Objectives	Profit & Growth	21%	55%
	Family Income	77%	43%
Plans for the Business	None	11%	29%
	Written	13%	19%
	Unwritten	76%	51%

May not add to 100% due to missing responses.

RESULTS

Key statistics for the both samples' scores on the Jackson n Ach scale are shown in Table 3.

TABLE 3
DESCRIPTIVE STATISTICS FOR
JACKSON NEED FOR ACHIEVEMENT SCORE

	Finnish Sample	American Sample
Mean Score	10.59	12.83
Standard Error of Mean	.115	.123
Standard Deviation	2.40	2.62
Mode	12	14
Median	11	13
Minimum	4	0
Maximum	16	16
Number of Cases	434	456

Already the descriptive statistics indicates the major direction of the difference, in other words, the American dominance in achievement orientation. Next, T-tests and background variables were conducted to investigate more closely the differences and potential similarities in mean responses between different respondent groups of the nationalities. Moreover, a combined sample, group of eight-hundred-ninety respondents was used to exhibit findings in both countries. The results of nine T-test executed are given in table 4.

TABLE 4
T-TEST RESULTS FOR THE DIFFERENCES
IN JACKSON NEED FOR ACHIEVEMENT SCORES

	Finns *Mean* (N)	Americans *Mean* (N)	*t*	*p*
Nationality	10.585 (434)	12.832 (453)	-13.30	.000
Gender				
Male	10.651 (324)	12.748 (318)	-10.35	.000
Female	10.391 (110)	13.045 (134)	- 8.70	.000
Primary Objectives				
Profit & Growth	11.506 (89)	13.178 (247)	- 5.62	.000
Family Income	10.364 (335)	12.425 (193)	- 8.98	.000
Role in Start Up				
Founder	10.564 (353)	12.838 (320)	-11.81	.000
Non-Founder	10.650 (80)	12.846 (130)	- 6.00	.000
Plans for the Business				
Established	10.772 (386)	13.113 (319)	-12.70	.000
None	9.152 (46)	12.164 (134)	- 6.76	.000

The first glimpse reveals the US entrepreneurs' significantly higher achievement score at the level of .000 in every subgroup investigated compared to respective Finns. Therefore, the focus will be largely in discussion of similarities and differences found in the samples.

What can be said about US entrepreneurs significantly higher achievement score compared to Finnish counterparts? To give a complete and short explanation is certainly impossible. But looking at the origin of achievement motivation, which stems from values, attitudes, ideology, and religion, it can noted that it is undoubtably a culture-related phenomena and rooted deeply in the society and its history. In other words, it is that symbolic American dream of entrepreneurial success which has a considerable role in motivating people to start their own business and strive towards excellence and accomplishment. The entrepreneurial "mythology" of America, the values, dreams, and ideals of a culture are as objectively real. This cultural heritage is fundamental, hence individuals are more or less exposed to it (Collins & Moore & Unwalla, 1964). Kets de Vries (1977, 34) depicts this phenomena, when he stated that entrepreneurship contains an element which is commonly perceived as highly popular mythology and legend, where entrepreneur is folk hero of the industrial world, the last lone ranger, a bold individualist fighting the odds of the environment, and finally after many hardships and trials, seems to have "made it". The need for achievement is a central tenet in the American view of the entrepreneurial psyche (Carland & Carland & Koiranen, 1997). In Finland, does not exist this kind of comparable, a long social heritage or similar shared meaning of entrepreneurship. On the other hand, since the 1990s, there are signs which hold great promise to the powerful raise of entrepreneurship in Finland.

US female entrepreneurs manifested stronger orientation to achievement (p=ns) compared to their male colleagues. Controversially, Finnish male entrepreneurs scored slightly higher (p=ns) than their female counterparts on the achievement scale. There is very little comparative research made on entrepreneurs' gender differences namely on achievement feature. Although some support can be found to the current results. Carland & Carland (1990) found no significant difference between male and female entrepreneurs. Similarly, in that study, US women scored slightly higher compared to men. Additionally, results showed that entrepreneurs of both genders, were more achievement-oriented than respective managers. Findings made here are consistent with many previous results by Horner (1970), Burlin (1976), Schwartz (1976), Strake (1979), and DeCarlo & Lyons (1979) who suggested that females have a strong achievement drive. Hisrich (1986) concluded that both women and men entrepreneurs tend to be goal-oriented, energetic and independent. Men in his data seemed to strive to make things happen and being in control, while women had a strong sense of accomplishment of goals and being independent. Hisrich (1986) found strong similarities in personalities of both genders. Likewise, similar findings can be drawn from the study of value profiles of male and female entrepreneurs by Solomon & Fernald (1987). In their study, achievement and self-actualisation related values, more precisely, a sense of accomplishment as a terminal value, and instrumental values like: ambitious, broad-minded, capable, obedient and self-control, were ranked by male and female entrepreneurs in an incredibly similar way. Welsch & Young (1983) found personality differences between male and female entrepreneurs to be minor.

The difference between founders and those who bought or inherited, non-founders, their businesses on achievement scale are minor and insignificant in both countries. It seems that subjects who are involved in entrepreneurship are driven by equal achievement motivation despite their different start-up roles. Because group of non-founders in this study did not consist of salaried managers and business executives not much can be said of these results in the light of previous studies. Begley & Boyd (1986) found significant difference between founders and non-founders on achievement scale in favor of the founders. These results were supported in their later study, when achievement orientation was measured nearly related concept Type-A behavior (see Jenkins 1975). Founders' companies grew faster and did not show weaker profitability than non-founders (Begley & Boyd, 1987). While their non-founder samples in both studies consists of hired managers, supportable conclusion can not been drawn to the current study. Distinction between managers and entrepreneurs in regards to achievement motivation is made also by Carland & Carland (1990), Smith & Miner (1984), and Bellu (1988).

Those who had established formal, written or unwritten plans for their businesses scored significantly higher on the achievement scale than those who were improvising without any formal plans for their business development. This finding is fully supported by Carland & Carland & Aby (1988) who concluded the very same. According McClelland's n Ach theory it could be supposed that a greater need for achievement will affect one's behavior in a way that indicates greater need for goal-setting and planning as a consequence of anticipation of future opportunities. Seeing planning as a vitally important part of goal setting, it is also a method of risk management and evaluation of future outcomes. It seems to be a critical element of intentional and achievement-driven behavior of entrepreneurs. Similarly, it is frequently cited as a required function to growth oriented entrepreneurs (Sexton & Bowman, 1991). Thus, a strong correlation (Chi-square, p=.000) between respondents' business goals and the planning modes was discovered in the combined sample. In other words, some eighty-five percent of small business owners with growth and profit objective had formal plans. And, on the other hand, seven out of ten of those with no plans pursued family income as their primary business goal. Undoubtably, this hints that entrepreneurs and entrepreneurial ventures are engaged in strategic management practices (Carland & Hoy & Boulton & Carland, 1984). Interestingly, Davidsson (1991) showed that entrepreneurs' need based factors were more important than their abilities or opportunity determinants in explaining, not only the growth motivation but also actual historic growth of small firm. He simply concluded that the core thing that matters is an individual with the right motivation. Former mentioned features give distinctly understandable, coherent and plausible picture of entrepreneurial behavior in the light of n Ach theory.

DISCUSSION

The current study tried to take steps in avoiding some weaknesses and pitfalls that might considerably diminish the value and usefulness of the results. These have been pointed out earlier in the research efforts delineating personality characteristics of entrepreneurs by Sexton and Bowman (1983). The study was carried out with relatively large samples, it was comparative and cross-cultural in nature and the subjects sampled were not defined as successful ones. Furthermore, utilizing well validated and reliable instrument with well established and explicit theoretical background is an effort which is needed when pursuing more consistent results.

The nature of entrepreneurship is a complex and dynamic process. The undeniable fact and starting point is, that entrepreneurship is first and foremost a matter of each individual. To understand the dance, i.e. entrepreneurial behavior, one should understand the dancer (Carland & Hoy & Carland, 1988). The dance takes on the personality of the dancer. And to teach the dance, one must teach the dancer. (Carland & Carland & Steward, 1996). Achievement motivation for an individual stems from the beliefs, values, and ideologies which are inculcated into his psychological system. Nevertheless, at the same time it is a fact that entrepreneurship has a cultural, social, and situational context (Shapero & Sokol, 1982; Aldrich & Zimmer, 1986; Carsrud & Olm & Eddy, 1986; Peterson, 1988; Low & MacMillan, 1988; Carsrud & Johnson, 1989). Also, entrepreneurship tends to occur differently in different countries (Giamartino & McDougall & Bird, 1993). If the social system surrounding the individual highly values entrepreneurial behavior, e.g. achievement, internal locus of control, risk-taking, and innovativeness, it is simply more likely to produce entrepreneurial events than a environment with other or contrasting values. To understand the differences in business behavior, factors such as social ideology, norms and rewards for behavior, individual and national aspirations, religious doctrines, and education, must be examined on a comparative basis. Obviously, the need for a cultural approach is not just limited to comparative analysis, but is also indispensable for an intra-cultural examination of entrepreneurial behavior (Palmer, 1971).

But what remains is the individual who decides based on his/her own perceptions of desirability and feasibility which actions will subsequently need to be taken by him/her in the given environment and situation. The trigger of the act and the initiating force is an individual who sees and seizes the opportunity (Carland & Carland & Steward, 1996). It is the intentional, highly motivated and opportunity-seeking individual in the starting point of entrepreneurial behavior. Thus, naturally individual entrepreneur is the most salient unit of analysis in entrepreneurship research and theory (Herron & Sapienza, 1992).

Given the relatively small size of the US sample and the difference in the sampling, the results of this study are of real value strictly with regards to Finland. Bearing in mind the pilot nature of the study, caution will be used in drawing conclusions. First, the major finding of this cross-cultural study suggest that the need for achievement is stronger among US entrepreneurs compared to Finnish counterparts. This significant difference was found in every sub-population, i.e. gender, business goals, role in start-up and planning mode, examined. Secondly, data form both nationalities indicates that there seems not exist gender difference in the strength of achievement motivation among entrepreneurs. This finding is fully supported by the former results (Horner, 1970; Burlin, 1976; Schwartz, 1976; Strake, 1979; DeCarlo & Lyons, 1979, Welsch & Young, 1983; Hisrich, 1986; Solomon & Fernald, 1987; Carland & Carland, 1990). Likewise, entrepreneurs who are profit, growth and planning oriented in their businesses seems to manifest stronger achievement proclivity than those who are providing family income through their businesses, and have more intuitive and improvising style to manage their firms. Former mentioned results can be verified through replication of this study. Longitudinal study is required to reveal whether the stronger achievement motivation of US entrepreneurs leads to better business success, faster growth and/or improved profitability, compared to Finnish counterparts.

Therefore, as a limitations of the study can be mentioned cross-sectional research design, and concentrating to only one, although key entrepreneurial personality trait. It has been stated earlier that entrepreneurial behavior is a combination of multiple personality factors, as innovativeness, risk-taking, internal control, and achievement motivation.

> *''If there is one thing that all this research has taught to me, it is that men can shape their own destiny, that external difficulties and pressures are not nearly so important in shaping history as some people have argued.''* (McClelland, 1962, 112)

ACKNOWLEDGMENTS

The author wishes to thank Professors JoAnn and Jim Carland for providing the original Carland Entrepreneurship Index instrument with Jackson scales, and compiling the US data base. Thanks are also due to Professors Salme and Juha Näsi, Matti Koiranen and Research Fellows Kimmo Hyrsky and Pertti Salonen, who were teaming and carried out the study with author in Finland. Last but definitely not least, author wishes to convey his honest thanks to Dr. Frank Hoy and the Center for the Study of Western Hemispheric Trade for facilitating the writer with outstanding resources during his visiting scholar period in UT at El Paso.

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PREDICTING ENTREPRENEURIAL INTENTION: A CROSS-CULTURAL STUDY

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ABSTRACT

Ireland's economy, although undergoing a celebrated economic renaissance, is still dominated by foreign multinationals. This has spurred policymakers into launching various programs to encourage indigenous Irish entrepreneurship. Entrepreneurial activity improves a community's economic health, and takes place only when individual actors decide to start businesses. Still, exactly what predisposes someone to become an entrepreneur is not well understood.

The goal of this research was twofold: First, to test whether and how certain experiences and personality traits are related to the intention to start a business. Second, to test whether and how culture is related to these experiences and personality traits. In a sample of Irish and American professionals, the Americans showed a higher level of entrepreneurial intention, as hypothesized. Contrary to predictions, however, personality traits such as achievement motivation and personal efficacy did not explain the difference in entrepreneurial intention, and did not predict entrepreneurial intention in either sample. Having a self-concept consistent with being an entrepreneur was most strongly predictive of intention to start a business, and explained the difference between Irish and American intention levels. These results have implications for policy makers desirous of encouraging indigenous entrepreneurship. While this study focuses on the Republic of Ireland and the United States, the findings are intended to be advance the general level of knowledge concerning the creation of new businesses.

INTRODUCTION

This study takes a cross-cultural perspective, comparing the Republic of Ireland and the United States. In this research, the dependent variable is not entrepreneurial activity, which can be affected by extrinsic factors, but entrepreneurial intention. Entrepreneurship is a relevant area of study because of its link to economic prosperity. Ireland's recent economic success has attracted the world's attention, but much of that economic activity is due to foreign companies operating within Ireland's borders, not to native enterprise. It is estimated that non-Irish firms account for 30% of Ireland's economy and nearly 40% of Ireland's exports. (The Economist, 1997). Although the Irish government no longer reports unemployment figures, the latest EU estimates show unemployment in the Republic of Ireland at over 11% (The Economist, 1997; Ferrie, 1997).

The United States is also reporting high levels of consumer optimism and economic health. At the same time, even though profits of Fortune 500 companies are at a 45-year peak, these companies eliminated nearly 4.4 million jobs between 1980 and 1993, cutting their payrolls by more than 25 percent. (Korten, 1995)

While economic health in both Ireland and the United States is mostly robust, multinational corporations cannot be relied on indefinitely. Increased native entrepreneurship may provide some relief for unemployment rate and overdependence upon multinational corporations.

WHERE ARE ALL THE IRISH ENTREPRENEURS?

Many explanations for Ireland's apparent lack of indigenous enterprise have been proffered. These include the lingering effects of British colonialism, Ireland's failing to assign top priority to economic development in the early days of independence, the high mortality rate of fledgling Irish businesses, Ireland's mid-century protectionist policies, and the Irish character (Kennedy, 1995). There may be cultural barriers to entrepreneurship in the Republic of Ireland which are not as prevalent in the dominant United States culture. The United States is used as a basis of comparison because much of the research on entrepreneurship has been done in the United States, by American scholars, at American institutions, using American samples.

A history of colonialism, the antimaterialistic influence of the Roman Catholic Church, and other factors contribute to an Irish culture which may foster low levels of personal efficacy and control, high intolerance of ambiguity, and an ambivalent attitude toward wealth accumulation. The existing personality research on entrepreneurs indicates that an individual with these characteristics would be unlikely to make the decision to start a business.

APPROACH TO THIS STUDY

In the past, pure trait-based research in entrepreneurship had not yielded completely consistent findings, and like trait-based leadership research, had become somewhat unfashionable. Recently, scholars in the field of entrepreneurship have begun to argue on behalf of the importance of the individual in the study of entrepreneurship (e.g. Shaver and Scott, 1991; Van Praag and Van Ophem, 1995). New venture creation does not occur all by itself. At some point, an individual has to decide to create a business.

DEFINITION OF TERMS

For the present study, it will be necessary to bound the definition of “entrepreneur.” Although there is no universally accepted definition of the entrepreneur in the literature of economics or its related disciplines (e.g. Hebert and Link, 1988), in most definitions entrepreneurship is associated with the founding of a business (Chell, Haworth and Brearley, 1991) or the creation of new enterprise (Low and MacMillan, 1988; Shaver and Scott, 1991). The currently popular entrepreneurial orientation, which can be exhibited by a firm or a manager within a firm (Lumpkin and Dess 1996), is not the focus of this study.

Definition: *An entrepreneur is an individual who has created a business alone or with one or more partners.*

Definition: *Entrepreneurial intention is the intention to create a business , alone or with one or more partners.*

This dissertation uses the concept of society, and society’s influence upon individuals. In this case the term “culture” is used interchangeably with the term “society.” The following definition of society has been used with regard to the Republic of Ireland, and is used for this study.

Definition: *Society is that amalgam of material and ideological conditions which, as an economic, political and cultural totality, is marked off by the existing state (Eipper, 1986: 6)*

ENTREPRENEURIAL INTENTION VERSUS VENTURE SUCCESS

It is essential at this point to specify that what is being sought is not a formula for success in entrepreneurship. Instead, the aim here is to characterize the individual who makes the decision to start a business. This study accomplishes this by examining the predictors and correlates of that decision. At this point the study deals with the characteristics of the individual who commits to that decision, as opposed to the venture’s eventual success. Starting a business and running a business are two entirely different activities; some may even go so far as to claim, as did the late NYU economics professor Jules Backman, that “good management and entrepreneurship are rarely found in the same person.” (1983:22). By examining entrepreneurial intention, this study takes care not to confound management and entrepreneurship, and examines firm creation separate from firm growth.

LITERATURE REVIEW AND HISTORICAL BACKGROUND

The following overview of Irish society and culture outlines the way in which Ireland arrived at its current dependence on foreign capital. This section is intended to establish the importance of native entrepreneurship in Ireland. After this section is a corresponding overview of American culture as it relates to entrepreneurship, then a review of the entrepreneurship literature, followed by a summary of the traits that emerge from the literature as important correlates of entrepreneurship.

IRISH SOCIETY & CULTURE

Cross-cultural comparisons of entrepreneurs and entrepreneurial behavior are still quite new and relatively few, but existing research indicates that entrepreneurship is only partly a function of traits; it is also the product of social, cultural and economic factors. For example, McClelland's writing in the early 1960s on cultural influences on entrepreneurship concluded that culture affects achievement motivation, which in turn determines a society's ability to create new businesses. In fact, McClelland implied that culture was more important to entrepreneurship than financing, and recommended that achievement training be substituted for financial assistance to underdeveloped regions (McClelland, 1961; Carney, 1995).

ATTITUDES TOWARD ENTREPRENEURSHIP AND VENTURE FINANCING

While entrepreneurship may be seen as something of a noble calling in the United States, it is viewed less favorably in Europe:

> It sometimes seems to an American as if Europe's working classes and upper classes are equally hostile to anyone who acquires new wealth... Traditionally, the best and brightest in Europe have aspired to become professional civil servants or employees in large corporations...Europeans regard business failure as a social disgrace....fail in business in Europe and you will probably never be able to borrow money again (McDermott, 1987:39, 44).

Although British culture is not Irish culture, British attitudes have influenced Irish attitudes, and both share an ambivalence toward entrepreneurial activity. In Britain, promising students traditionally pursued civil service positions, and refrained from attempts to amass wealth beyond their station:

> Historically the British culture was such that its high achievers were creamed off for top jobs in administration and government. Self-employment was not regarded as an attractive option until the popularisation of the 'enterprise culture' of the Thatcher era of the 1980's. This British attitude towards self-employment together with the stigma attached to business failure is not evident in the United States, for instance, where failure is seen as a positive learning experience (Chell et. al., 1991:37)

Fears of failure and of threats to the class system play a large role in British attitudes toward business venturing. Irish interpretations of business failure are much closer to those of Britain than to those of the US. Americans tend to be indulgent toward an entrepreneur's initial failure; for them, it is an expected chapter of the story. For the British, and the Irish as well, failure is a sign of incompetence and untrustworthiness. These attitudes promote a hostile climate for the emergence of entrepreneurship (O'Farrell, 1986).

Irish society has only a lukewarm regard for entrepreneurship as an occupation (O'Farrell, 1986), which was confirmed by preliminary interviews with Irish entrepreneurs and businesspeople. Aggravating the negative attitude toward entrepreneurship was the rise of a small new class of rapidly successful capitalists in Ireland in the 1980s. The success of those who have violated class boundaries often provoked resentment rather than admiration toward entrepreneurs themselves: "The successes of the new nouveau riche class fuelled the jealousy of the nonentities and the have-nots--the notorious age-old Irish spirit of begrudgery (Ardagh, 1994:14)."

The Irish ambivalence toward capitalists and entrepreneurs is illustrated in this excerpt from an account of Gulf Oil's entry into Bantry Bay:

> [Industrialists] brought invaluable benefits to the area, but they did so merely as a by-product of their chief concern, which was to bend the town, and the government, to their purposes, creating the most favourable conditions for making profits for themselves. Then, when this was no longer possible, they pulled out as fast and as cheaply as they could, leaving the workers jobless...[but the people] continued to see jobs as the patronage provided by the wealthy to the otherwise poor (Eipper, 1986: 53).

In sum, neither Ireland nor its neighbor to the east appears to offer a hospitable climate toward entrepreneurship. Entrepreneurial venturing is not a prestigious or popular pursuit, neither financially nor socially rewarding. A successful venture invites "begrudgery" -- the unhappy situation of one's peers resenting one's success. An unsuccessful endeavor may reap ridicule, or ensure that nobody ever does business with the unfortunate entrepreneur again. When asked what changes would encourage entrepreneurship in Ireland, Irish entrepreneurs in a 1986 study named lower tax (40.3%) and respect for profitable businesses (29.6%) as the two most important changes. Another 10.2% of subjects responded with "encourage entrepreneurial spirit." (Hisrich & O'Cinneide, 1986). Altogether, nearly forty percent of the Irish entrepreneurs indicated that changes were needed in the social climate in order to encourage entrepreneurship--about equivalent to the number that asked for lower taxes.

Begrudgery is not the exclusive territory of the Irish, of course--the Germans for example, gave us the word "Schadenfreude," which describes the shameful pleasure taken in the downfall of another. The Scandinavians speak of the Janteloven, unwritten laws against making too much of one's self, lest one incur the resentment of others. Americans are certainly not immune to these emotions. Interviews and open-ended survey responses indicate, however, that inviting the potential begrudgery of others is a particularly salient potential barrier to entrepreneurship in Ireland.

This lukewarm attitude toward entrepreneurship is also evident in the venture capital market. Ireland, the UK, and Europe in general do not have the kind of venture capital that is available in the United States. Startup funds tend to come from banks or personal fortunes; these sources tend not to fund ventures that may be seen as risky (McDermott, 1987) There seems to be no tradition of adventurous investing in new businesses. In addition to the seed capital issue, Ireland's small domestic market and difficulty in going public also work to inhibit startup activity (Southwick, 1995). Forbairt, the new Irish government agency responsible for promoting indigenous industry, now offers grants to startups, but it is too soon to see whether these are having an effect on the economy.

COLONIALISM AND THE ROMAN CATHOLIC CHURCH

Although the Republic of Ireland gained its independence in 1922, the effects of eight centuries of British colonialism linger. "The origins of the feeling of low self-esteem are to be found in centuries of colonial rule which fostered a mentality born of being rewarded not for individual achievement, but for dependent compliance" (O'Farrell, 1986: 160).

Colonialism may eventually have engendered a diminished sense of personal efficacy and control among the Irish. This may or may not have been the explicit intent of the colonizers, but it was the result of colonialism.

> If man wants to control his destiny, he must learn to deal less in terms of the supposed reasonable consequences of historical events and more in terms of their often unintended or indirect effects on the motives and values of the next generation. (McClelland, 1961: 388)

In the case of Ireland, a decreased sense of personal efficacy and control was at one time a reasonable response to colonial conditions. Although the Republic of Ireland is now independent, these responses may persist until the present day. Under British rule, the Irish were oppressed harshly. The Church was often the Irish people's only advocate, and in fact the only institution displaying any benevolence whatsoever toward the Irish:

> In the colonial period, the clergy became the people's advocates, protectors and advisers. Priests mediated in relations between landlords and tenants, state officials and catholic citizenry, employers and employees, creditors and debtors, between neighbors and between kin--adjudicating both inter- and intra-class relations. Priests were recruited from the rising strata of catholic society and in turn helped to socialize the subsequent generation, fostering the emerging counter-structure to the Protestant ascendancy (Eipper, 1986: 97).

Because of this, the Roman Catholic Church in Ireland continues to be closely identified with Irish nationalism and patriotism, and Irish ethnic identity continues to be "bound up with religion" (Nic Ghiolla Phaidraig, 1986:143). 95 percent of the Republic of Ireland's citizens are Catholic, and 82 percent attend mass regularly. Church and State are intertwined to an extent almost unimaginable in the United States.

The continuing influence of the Roman Catholic Church appears to be related to its having provided an alternate power structure to the hated colonizers. After Ireland won independence from Protestant Britain, the Roman Catholic Church continued to be very influential in the new Irish nation (Brown, 1985). Irish independence began with a great reserve of goodwill toward the Catholic Church, which has exercised considerable influence in policy and legislation since independence: "The colonial inheritance of an underprivileged church, which had often mediated on behalf of an underprivileged people, has headed off anticlericalism at source and provided loyal, if not always uncritical, support" (Nic Ghiolla Phaidrag, 1986: 142-143). Catholicism became a symbol of Irish nationalism as well as a system of beliefs, an association which persists in Northern Ireland to this day (Coogan, 1996). The newly independent Irish State capitalized upon this association. Church and State were conflated into a notion of Irishness which was broadcast on state-controlled radio. D. Bell, in the Journal of Communication, writes,

> [A] new notion of the nation -- a Catholic Gaelic nation-- had to be invented as part of a national popular program to secure bourgeois hegemony in the new state. Broadcasting was expected to play its part in this ideological task. (Bell, 1995: 80).

This is an important point, as the values of the Church--for example, spiritual attainment and antimaterialism--can be seen as directly opposed to the pursuit of individual wealth often associated with entrepreneurship.

THE CHURCH AND ENTREPRENEURSHIP

Does the influence of the Catholic Church act as a barrier to entrepreneurship? Weber (1930) and McClelland (1961) assert firmly that Protestantism is more conducive to entrepreneurship than Catholicism. Weber notes that Protestant working girls he observed seemed to work longer and harder, and to save their money for long-range goals, and that Protestant businessmen appeared to be more successful than their Catholic counterparts. Weber ascribes the success of Protestants in business to the character of their religious beliefs: the individual's direct relationship to God, and salvation on a personal level with minimal institutional support.

On the other hand, Van Praag and Van Ophem found that entrepreneurs tended not to be very observant in general, regardless of their religion (1995). This relationship was tested with two "strict" religions, Lutheran and Methodist. Adherents to these religions were slightly less likely than others to engage in entrepreneurship. This study did not include Roman Catholicism, however, and some may disagree with the categorization of the Lutheran and Methodist religions as "strict."

Critics of the Roman Catholic Church in Ireland, including some of the Irish participants in this study, explain the apparent shortage of Irish enterprise by characterizing Catholicism as an intrinsically anti-entrepreneurial influence. Weber and McClelland contrast Catholicism's emphasis upon salvation through the Church and its representatives with Protestantism's doctrine of salvation through a direct relationship with God, presuming that the Catholic model fosters a generally dependent attitude in the individual which is incompatible with initiative and entrepreneurship. (McClelland, 1961; Weber, 1930). It would be a daunting task to disentangle the precise influence of the Roman Catholic Church from that of colonialism, Druidism, and other facets of Irish history and culture. It is probably reasonable to assume that all of these factors have interacted to shape the nature of Irish society as it is today.

The Church may play an indirect role in the entrepreneurship shortage in Ireland due to the sheer magnitude of its influence, which has seldom been exercised in the cause of venture creation. Instead the Catholic Church has attempted to promote spiritual goals over material gain. The Church's great influence, coupled with its emphasis away from materialistic values, may contribute to the Irish distaste for wealth accumulation and their ambivalent attitude toward entrepreneurs. The strong influence of the Catholic Church in the Republic of Ireland may have swayed national priorities away from economic development in the early years of independence by channeling enterprising individuals into missionary work:

> Ireland's large religious missionary effort absorbed the energies of many highly motivated and enterprising people. De Valera articulated a vision of Ireland, which had at least wide sentimental appeal, as 'the home of a people who valued material wealth only as the basis of right living, of a people who were satisfied with frugal comfort and devoted their leisure to things of the spirit.' (Moynihan, 1980). According to this line of argument, the Irish failed to hit the target of economic development, not because they were bad shots but because they were aiming at a different target. (Kennedy, 1995)

In the American Protestant tradition, prosperity is compatible with spirituality; in fact, monetary success can even be interpreted as a sign of God's favor (Weber, 1930). Within Irish Catholicism, however, the pursuit of monetary gain may be seen as a distraction from more important spiritual concerns: "affluence makes you less dependent on God." (Eipper, 1986: 95)

EMIGRATION

Although emigration has been called "the great fact of Irish social history" (Foster, 1988: 345), and is at the very least an important part of Irish culture, there is not an extensive body of literature on the contemporary Irish Diaspora (Garavan et. al., 1994). Ireland continues to have the highest emigration rate in Europe, losing 5,400 people in 1995 (Ferrie, 1996, Irish Emigrant #505; Pollak, 1993), although Ireland's recent economic upturn may be slowing net emigration (The Economist, 1997; Irish Echo, 1997).

Exact emigration numbers are difficult to obtain because of the absence of strict border controls, but expert estimates indicate that Irish emigration peaked after the Famine and again in the 1950s (Courtney, 1986). Garavan et. al. offer a concise summary of the effect of the "potato famine" upon emigration (1988). Prior to the famine, Ireland's population stood at around 8 million people (Mulcahy and Fitzgibbon, 1982). During the famine period of 1845-1849, however, Ireland's population decreased by around 2.5 million. Of these, approximately 1 million were lost to starvation, while 1.5 million emigrated (Swift, 1992). Thus began a population outflow that continues to this day (Garavan et. al., 1988). Even now, Ireland's population holds at around 5 million, despite a fertility rate of 1.87 children per woman, the highest in the European Union (Ferrie, 1996, Irish Emigrant #505). Once established as a safety valve, Irish emigration continued even after the famine had passed.

With emigration a solid fact of Irish life, some Irish commentators are bemoaning the concomitant "brain drain" of Ireland's brightest college students and high-tech employees. It may be that potential entrepreneurs are among those carried out with the flow of emigration. On the other hand, Ireland's recent economic prosperity is beginning to lure many emigrants back to work in Ireland (The Economist, 1997; Irish Echo, 1997).

AMERICAN SOCIETY AND CULTURE

This research compares Irish and American subjects with regard to attitudes toward entrepreneurship. These two cultures are not opposites on some continuum, nor are they free of mutual influence. They are simply two different cultures, with different histories. American culture developed under unique circumstances which have predisposed Americans to display relatively pro-entrepreneurial attitudes and behavior.

America does indeed have its own culture, one of the unique aspects of which is Americans' tendancy to deny the existence of an American culture (Hammond and Morrison, 1996). American culture has been shaped by explorers, pilgrims, and immigrants, many of whom have come in the pursuit of wealth. America has a long tradition of business enterprise permeating daily life (Briedlid, Brøgger, Gulliksen, and Sirevag, 1996; Grund, 1837).

Elements of culture tend to persist and reproduce themselves (Giddens,1987). Much of the settlement that originally took place in America was backed by venture capitalists who expected to see a profit (Hammond and Morrison, 1996). This thread of enterprise has been become securely woven into the culture. This was a natural process: "Slowly and incrementally, networks of interaction become habituated, routinized, and institutionalized" (Berger, 1988:32).

From its enterprising beginnings, American culture has developed several features that make it generally hospitable to entrepreneurship. Dutch sociologist Geert Hofstede found that American culture is distinguished by extremely high individualism and low uncertainty avoidance (1980). Uncertainty avoidance is the cultural analog of individual intolerance of ambiguity. A low level of intolerance of ambiguity is associated with entrepreneurship (Low and MacMillan, 1988; Schere, 1982; Sexton and Bowman, 1985). A high tolerance for uncertainty might enable an individual to embark upon a venture of uncertain outcome. Similarly, a high level of individualism might encourage a restless employee to break away from corporate employment to start a business, rather than feeling obliged to remain part of the group.

Hammond and Morrison's *The Stuff Americans are Made of* enumerates seven cultural forces that define Americans: insistence on choice, pursuit of impossible dreams, obsession with Big and More, impatience with time, acceptance of mistakes, urge to improvise, and fixation with what's new (1996). Although *The Stuff Americans are Made of* is not particularly about entrepreneurship, the authors tie these seven forces together into something that reads very much like an archetypical entrepreneurial story:

> Our freedom of *choice* allows us to tackle an "impossible" *dream* that is *bigger* than anything we've done before; we want to achieve it *now*, but *fail* in our initial attempts; we try again and through some sort of *improvisation* succeed, only to wonder *whatsnew* so that we can start all over and make another *choice*. (1996:6)

THE ENTREPRENEUR IN AMERICAN CULTURE

Americans, with their love of individualism, romanticize entrepreneurs:

> The fascination of American society and of business scholars with the figure of the entrepreneur is a long-standing one. This should not be surprising, since the nearly mythical figure of the entrepreneur partakes of an old and enduring mythical figure in our society--the frontiersman or the cowboy. Like the entrepreneur, the frontiersman was a loner who did things his own way, who moved on when he saw the smoke of his new neighbor's hearth fire, who insisted on individualism and individual accomplishment, and who opened new lands for those who followed. (Shapiro, 1983: 57).

> Not only is the entrepreneur admired in the abstract; the real-life entrepreneur is also well-regarded as a necessary and beneficial part of economic life. One nationwide study found that entrepreneurs in America were perceived as important to economic growth, as well as better-liked than company executives, union leaders, or federal employees. These attitudes were consistent across different regions. (Jackson and Brophy, 1986).

Favorable American attitudes toward entrepreneurs and entrepreneurship may have taken root with the Pilgrims, if not before:

> [One can] think of the Pilgrims at Plymouth as America's first economic model...their venture had been organized as a joint stock company financed by London merchants. It was to run for seven years and proceeds were to be deoposited in a common fund that would pay for the bare necessities for the settlers. After that, profits were to be split between the venture capitalists...and the settlers. (1996: 39)

This was not an isolated instance: "Many of the colonies were established out of commercial motives" (Briedlid et. al., 1996:184). This entrepreneurial tendancy took root and continued to flower throughout America's history. An early 19th century observer was moved to remark:

> An American carries the spirit of invention to the counting-room. He is constantly discovering some new sources of trade, and is always willing to risk his capital and credit on some *terra incognita*, rather than follow the beaten track of others...He is an inventor, not an imitator; he *creates* new sources of wealth, instead of merely *exhausting* the old ones. (Grund, 1837: 191-192).

Americans admire entrepreneurs for the individual expression and freedom of choice that they embody. An entrepreneur makes a living by choosing which of his or her own ideas to turn into profitable reality. "More than any other people, Americans insist on choice...We can say, feel, think, organize, and do just about anything we choose--just short of the other fella's nose." (Hammond and Morrison, 1996:23) It is interesting to note that business venturing, something imbedded in the American experience from the time of the Pilgrims or perhaps even Columbus, is perceived by Americans as an almost spontaneous expression of individual freedom.

FAILURE AS A STEP TO SUCCESS

Entrepreneurship, or any activity with uncertain outcome, carries with it the real possibility of failure. Americans accept this; for them, initial setbacks may only make the final victory sweeter. Hammond and Morrison outline what they call the American Oops Script--the basis of popular underdog-triumphing-against-the-odds movies like "Rocky:"

> We take on an impossible task; We are unprepared to attain our goal immediately; We discover we are underdogs; We are goaded on by the odds against us; We fail the first time but try again; We get caught up in the process (no pain, no gain); We triumph in the end and celebrate; We move on to something else impossible. (1996:29).

Mistakes are a pivotal part of the American Oops Script. Americans value mistakes as learning experiences, and believe that they are better people because of mistakes they have made (Hammond and Morrison, 1996).

Having the freedom to fail at a business venture without embarassment can be very liberating for a potential entrepreneur. Preliminary interviews with Irish entrepreneurs and businesspeople indicated that the shame associated with business failure was a barrier to entrepreneurship. Ireland is an island country with a relatively small population, and word of failure spreads quickly. An entrepreneur who has experienced a setback may find it nearly impossible to recruit partners or capital. In the Unites States, by contrast, failure is understood to be part of an ambitious undertaking. Even if the United States were not physically vast, even if news of an entrepreneur's previous setbacks could spread across the entire nation, the shame attached to the failure simply would not be as great. Hammond and Morrison offer a somewhat flippant historical explanation for Americans' tolerance of mistakes:

> This mistake business may all have been started by Columbus. He 'discovered' America by mistake, and a German mapmaker working in France geve America its name by mistake, having concluded that Amerigo Vespucci discovered the New World. The only good thing is that he used Vespucci's first name. (1996:41)

RELIGION AND ENTREPRENEURSHIP

There are similarities as well as profound differences in the way the Irish and the Americans approach their religious faith. Both the Irish and the Americans perceive themselves as religious, and in both countries Christianity is predominant. There the similarities end. The Republic of Ireland is religiously homogeneous; the Roman Catholic Church is influential in spiritual and secular matters. Catholicism is intertwined with Irish national identity, and is strongly identified with Irish nationalism in Northern Ireland. (Coogan, 1996 ; Nic Ghiolla Phaidraig, 1986).

The United States, despite its remarkable cultural and religious diversity, has historically Protestant roots. In 1955, it was observed that "American Catholics still labor under the heavy weight of the bitter memory of non-acceptance in a society overwhelmingly and self-consciously Protestant" (Herberg, 1955:245).

Weberians might claim that this difference alone would account for variation in the level of native enterprise. Protestantism presumably fosters independence and individualism by focusing upon the direct relationship between the believer and God, while Catholicism relies on the Church and its representatives to make decisions on behalf of believers (McClelland, 1961; Weber, 1930). What is more immediately evident is that America, with its roots in commercially-backed religious settlements, has never viewed religion as innately anti-capitalist. America's religious ethos is not merely a secular adaptation of Protestantism; it is an individualistic, Darwinist, capitalist world view not at all confined to practicing Protestants.

The origins of America's industrious Protestantism lie in Europe. Protestantism in Europe was a pro-entrepreneurial force. Modern Western entrepreneurship, according to some scholars, is "rooted in the values and practices" of Protestant communities in Europe:

> Together, familistic sentiments, the Protestant ethic, and new forms of production required and emphasized hard work, frugality, individual accountability, and reliability, as well as habits of self-regulation and personal drive. (Berger, 1991:17).

The practices required by Calvinism happened to be precursors to success in business. Under Calvinism, work became a tool for salvation. Honesty was required, as was responsibility in business dealings. Calvinism's emphasis was on the individual, who was required to account for his or her deeds directly to God on a daily basis--a habit which may have translated into thoroughness in bookkeeping. The Calvinist strove to lead a simple and frugal life, which together with diligence in business, led to the accumulation of unspent wealth. (Berger, 1991).

The relationship between Protestantism and entrepreneurship may be partly a result of self-selection. While Weber and McClelland have inferred a causal connection running from religion to entrepreneurial disposition, the direction of the causality is actually unclear. Whenever Protestantism cropped up in Europe, it was by definition a new and controversial belief system. Individuals with a high level of tolerance for ambiguity may have been attracted to the various Protestant faiths:

> There is no way of telling whether it is those who are apt for change who opt for the new model of faith or whether those who opt for the new faith become as a result apt for change. (Martin, 1991:83).

Although Columbus was an enterprising Catholic, America's Protestant ethos started with Pilgrim settlers and subsequently became locked in to American culture. Subsequent immigrants had to adapt to the American reverence toward work (Hammond and Morrison, 1996). The Puritans' business-mindedness took root and continued to flourish. A nineteenth-century European immigrant might find Americans pursuing business enterprise with religious zeal:

> Business is the very soul of the American; he pursues it, not as a means for procuring for himself and his family the necessary comforts of life, but as the fountain of all human felicity; and shows as much enthusiastic ardour in his application to it as any crusader ever evinced for the conquest of the Holy Land. (Grund, 1837: 190).

Bruce Barton, in his popular book "The Man Nobody Knows," spoke of Jesus Christ as a successful strategist, a business-minded social reformer capable of organizing an unlikely team of fisherman and misfits into a world-changing organization (1925). Barton apparently did not think it irreverent or inappropriate to portray scenes from the life of Jesus for the purpose of illustrating sales and management techniques. For Americans, "Prosperity, success, and advancement in business are the obvious ends for which religion...is held to be useful." (Herberg, 1955:248).

Americans do not have culturally-ingrained reasons to perceive a dichotomy between faith and wealth. For American, wealth can be a sign of God's favor, and faith may bring material blessings. Americans may see themselves as religious, but the American concept of religion tends to be aligned with what Americans value--worldly success.

IMMIGRATION AND CULTURAL DIVERSITY

If emigration has been "the great fact of Irish social history" (Foster, 1988:345) then America's defining phenomenon has been immigration. Immigration has both helped to define and severely tested American cultural identity. Each wave of immigrants, once assimilated, viewed subsequent immigrants with suspicion. Pressures to assimilate conflicted with pressures to maintain ties with the old country. Masses of immigrants became Americans by shifting their self-definition and their identities. Between the 1840s and the early 1920s, around 30 million people immigrated to the United States (Briedlid et. al., 1996). America's immigration experience may have made the country even more fertile for entrepreneurship. The immigration experience accustomed Americans to the notion that circumstances of birth did not determine destiny; America was a land of possibilities, where one could become anything through hard work and a little luck. The diversity of America's immigrants has acculturated Americans to tolerating differences.

Certainly immigrants were not unanimously welcome. Emma Lazarus's stirring poem, "The New Colossus, " which welcomed the "homeless, tempest-tost" refugee (Lazarus, 1883: 36) stands in contrast to a 1921 essay titled, "Shall We Let the Cuckoos Crowd Us Out of Our Nests?" in which the author laments, "Alien eggs are being laid in our American nests. Our native blood is a diminishing drop in the bucket of inundating aliens." (Wister, 1921:39). The answer to the problems presented by diversity was a continual negotiation between the immigrant and the host culture, out of which came assimilated immigrants and a subtly shifting national culture. "The United States had a brilliant solution for the inherent fragility of a multiethnic society: the creation of a brand-new national identity." (Schlesinger, 1992:42)

Immigrants found a business-obsessed culture in their new home:

> Whoever goes to the United States for the purpose of of settling there must resolve in his mind to find pleasure in business, and business in pleasure; or he will be disappointed, and wish himself back to the sociable idleness of Europe (Grund, 1837:191).
>
> Part of the immigrant's new American identity had to be the businessman or businesswoman, for it was "as if all America were but one gigantic workshop, over the entrance of which is the blazing inscription, *'No admission here except on business.'*" (Grund, 1837:191).

America's history of commercial venturing started with Columbus on a trade mission and took root in the commercially -backed Pilgrim settlements. The pro-business bias in American culture continued to build and propagate through consecutive waves of immigrants, and manifests itself today in the admiration Americans hold for business leaders and entrepreneurs. Americans do not see shame in the entrepreneur's initial setbacks; these are a necessary part of the larger success story, a story with which this young upstart nation identifies. Americans root for entrepreneurs, and unabashedly admire and envy their material success.

ENTREPRENEURSHIP

The findings of trait-based research may have fallen into some degree of disfavor, but there is enough consistency to make them worth a look. Shaver and Scott's 1991 review makes an eloquent case for the validity or psychological trait-based research as long as it is rigorous, and takes environment into account. Some variables, such as achievement motivation, are characteristic of entrepreneurs in some contexts but not in others. Other intuitively appealing measures, such as tolerance for risk, turn out to be weak predictors of entrepreneurial behavior.

If certain characteristics are consistently associated with entrepreneurial behavior, then a culture that encourages the development of those characteristics may see a higher frequency of entrepreneurial behavior.

ACHIEVEMENT MOTIVATION

Achievement motivation has been singled out as the most prevalent theory of entrepreneurship (Johnson, 1990). In this study, achievement motivation is grouped with Need for Achievement, also called Need Achievement or nAch. Need for Achievement, originated by Henry Murray, was studied extensively by David McClelland and his associates, who believed that needs are learned and therefore culturally, not biologically, determined. Individuals with a high level of nAch exhibit a strong desire to assume personal responsibility, to set and meet moderately difficult goals, and to receive performance feedback. McClelland believed that nAch was critical to economic development and advocated providing developing countries with achievement training rather than financial assistance (Cherrington, 1994). McClelland's conclusion, that culture determines the creation of new businesses, helped to shut down economic development projects in the inner city and in third world countries (Carney, 1995). *In The Achieving Society* (1961), McClelland reviews a prodigious number of theories on achievement and entrepreneurship, discussing at length sources and effects of nAch in different cultures across space and time.

Some studies have found need for achievement to be typical of entrepreneurs, but have not measured the entrepreneurs in the sample against non-entrepreneurs. Hisrich (1986) compared women entrepreneurs from the US and Ireland. He found certain inherent characteristics in both samples. Both groups of women were well- educated, energetic, and motivated by achievement. Similarly, a qualitative study of six female entrepreneurs that had left corporate jobs found that achievement/success was the entrepreneurs' predominant value. (Jacobson, 1993). Another study of 18 women entrepreneurs found that the subjects matched McClelland's profile of the successful, achievement-motivated entrepreneur (Wells, 1994).

DOES ACHIEVEMENT MOTIVATION DISTINGUISH ENTREPRENEURS FROM NON-ENTREPRENEURS?

McClelland's work on need achievement concluded that nAch is a key factor in business creation. For McClelland, raising levels of achievement motivation in a nation will speed its economic development (1961). McClelland's work has attracted some criticism on methodological grounds . Later researchers found spurious correlations between nAch and economic growth and questionable proxy measures, such as using changes in electricity generation to measure economic development (O'Farrell, 1986). The debate on nAch is far from settled. Some research indicates that entrepreneurs have significantly higher need for achievement than do non-entrepreneurs; other research finds no connection between achievement motivation and business venturing.

SUPPORT FOR NACH AS A DIFFERENTIATING FACTOR

In a study of entrepreneurs in New England and rural Florida, need for achievement was one trait that differentiated founders and nonfounders. (Babb and Babb, 1992). An Indonesian study found seven important factors in the choice of an entrepreneurial career: achievement motivation, innovative/creative imitation ability, business vision, technical knowledge and skills, organizing skills, perseverance, and environment (Rissal, 1988). Shaver and Scott's 1991 review of the literature indicated that overall, achievement motivation is a valid predictor of entrepreneurial behavior. Johnson (1990) specifically examined the results of studies attempting to link achievement motivation and entrepreneurship. Like Shaver and Scott, Johnson found that of twenty-three studies that he examined, twenty of these studies found a positive relationship between achievement motivation and entrepreneurship. Entrepreneurs, on average, showed higher levels of achievement motivation than non-entrepreneurs.

LACK OF SUPPORT FOR NACH AS A DIFFERENTIATING FACTOR

In contrast to the above findings, there is research which does not demonstrate any correlation between achievement motivation and entrepreneurial activity. Subjects from a secondary - level entrepreneur program in the United Kingdom, the Young Enterprise group, demonstrated a more internal locus of control and a stronger belief in hard work than a non-entrepreneuring sample, but no difference was found between the groups on need for achievement (Bonnett and Furnham,1991). Low and MacMillan's 1988 review of entrepreneur research found that need for achievement was not a differentiating factor between entrepreneurs and non-entrepreneurs. Chell et. al. maintain that although need for achievement may have some limited value in predicting entrepreneurship in the United Kingdom, high achievers in this society have traditionally been tapped for prestigious government positions (1991).

RECONCILING CONFLICTING FINDINGS ON NACH AND ENTREPRENEURSHIP

It may be that cultural differences may be responsible for some of the inconsistencies in findings on whether achievement motivation is related to starting or owning a business. (We are not at this point addressing the role of founder achievement motivation in the business' success). This issue relates directly to differing perceptions of the value of entrepreneurship. Entrepreneurship researchers in the United States, for example, may assume that entrepreneurship is the natural result of a high need for achievement, achievement b.

In the United Kingdom, on the other hand, where some of the inconclusive nAch studies were performed, founding a business may not be the ultimate expression of personal achievement. Entrepreneurship is not as highly valued in the United Kingdom as it is in the United States (O'Farrell, 1986). Within a more rigid class system, where upward mobility is neither expected nor valued, those who violate class boundaries by enriching themselves may be viewed with suspicion, not admiration. A high-nAch individual in this environment would be unlikely to direct his or her energies toward an unworthy goal like entrepreneuring.

MEASURING ACHIEVEMENT MOTIVATION

This research is not based on an assumption of different levels of achievement motivation between entrepreneurs and non-entrepreneurs, or between Ireland and the U.S. The relationship of interest is the association between achievement motivation and entrepreneurship. If, as the studies cited above suggest, entrepreneurship is more highly valued in the United States than in Ireland or the United Kingdom, then achievement motivation would expressed through entrepreneurship in the U.S. more frequently than in the Ireland. If such a difference is found, this might indicate the extent to which entrepreneurship is valued in the two cultures. The adapted Murray scale was used to measure achievement motivation.

CAREER CONCEPT

McClelland acknowledges the possibility that achievement motivation may be directed toward non-business endeavors: "Is it not theoretically possible to have a society with a very high level of n Achievement in which...most of the boys with high n Achievement are drawn into occupations which have little or nothing to do with economic productivity?" (1961: 239). McClelland argues, however, that high levels of achievement motivation will affect an individual's performance *within a given occupation* which is probably predetermined by family tradition, but are unlikely to affect an individual's *choice* of occupation. In McClelland's view, a person is probably an entrepreneur because he or she comes from a family of entrepreneurs, not because of an individual choice.

This study takes a different perspective. While McClelland's work encompasses both ancient and modern societies, this research examines two modern industrial democracies, in which individuals are relatively free to select their own occupations independent of family tradition. Constraints upon career choice in modern societies are far more subtle. Intrinsic to this study is the possibility that an individual can in most cases choose whether to become an entrepreneur. Because the notion of career choice--namely, who chooses to be an entrepreneur-- is central to this research, career concept is examined.

The notion of career concept has been developed and researched by Michael Driver . Within the Career Concept framework, individuals display preferences that can be categorized as Expert, Linear, Transitory, or Spiral. The Expert is interested in improving his or her skill within a secure long-term career, and would be least likely to feel comfortable in an entreprenuerial career. The Linear seeks upward movement in a traditional corporate structure. The Spiral values diversification and learning. The Transitory pursues a series of short-term engagements lasting 2-4 years, and would probably be most suited to a career as a serial entrepreneur.

RISK

In founding a new venture, the entrepreneur risks financial failure and consequent public humiliation. If the venture succeeds, the entrepreneur stands to gain wealth, independence, and perhaps a sense of accomplishment.

Assuming that most people would like to have the latter, it at first seems reasonable to infer that tolerance for risk is a differentiator between those who have actually attempted to found a business and those who have not.

Although economists are primarily concerned with the function, not the personality, of the entrepreneur, the theme of the entrepreneur as risk-taker tends to recur in the economic literature on entrepreneurship (Chell, E. Haworth, J. Brearley, S. 1991). The willingness to take risks and accept the possibility of failure was identified as one of four determinants of successful entrepreneurial activity (the other three were the perceived difficulty of starting new firms, the importance and respect accorded to new and small firms and their owners, and the socialization children are likely to receive). (Jackson and Rodkey, 1994). In addition to being creative, energetic, and disproportionately first-born and male, entrepreneurs emerge from some sociological and psychological research as willing to accept risk (Hisrich, 1986).

Despite these indications that tolerance for risk is characteristic of entrepreneurs, the findings on this have not been entirely consistent. Low and MacMillan maintain that the literature does *not* support risk as particularly characteristic of entrepreneurs:

> the overall evidence is that entrepreneurs are moderate risk-takers and do not significantly differ from managers or even the general population. It is perhaps more insightful to view entrepreneurs as capable risk managers whose abilities defuse what others might view as high risk situations. (1988: 147)

Solomon and Winslow (1988) interviewed 61 entrepreneurs and found that in general this sample was “not prone to be reckless” and “not prone to take great risks” (162). One study indicated that entrepreneurs are more likely to *avoid* risks than are non-entrepreneurial managers (Bellu, 1987).

RECONCILING CONFLICTING FINDINGS ON RISK AND ENTREPRENEURSHIP

The lack of consistency in the research on risk-taking among entrepreneurs may be explained by inherent variation in the subjective perception of risk. Entrepreneurs may not have the same perceived risk pertaining to a given situation as do non-entrepreneurs. Business founders may not interpret risk in purely statistical terms. For example, one study of high-technology entrepreneurs found that 2/3 of the sample did not perceive themselves to be doing something risky (Shaver and Scott, 1991; Corman, Perles & Vancini, 1988). Entrepreneurship can conceivably entail nonfinancial risks as well, such as threats to the entrepreneur’s social status or family life. Overall, there is only weak empirical support for attitudes toward risk as a differentiating characteristic of entrepreneurs. A measure which may better capture the “adventurousness” of the entrepreneur’s mind set is tolerance for ambiguity.

TOLERANCE FOR AMBIGUITY

The concept of tolerance for ambiguity may be more suitable than risk for capturing the “adventurousness” required to found a business. It is probably easier to reach agreement on whether a situation is ambiguous or uncertain than on whether it is risky, because risk is very much in the eye of the beholder. Compared to managers, entrepreneurs have been shown to possess a significantly higher level of tolerance for ambiguity (Low and MacMillan, 1988; Schere, 1982; Sexton and Bowman, 1985). The support for ambiguity tolerance as characteristic of entrepreneurs seems sufficiently compelling that it is considered an entrepreneurial characteristic for the purpose of this study.

MEASURING TOLERANCE FOR AMBIGUITY

One of the the best-known ambiguity tolerance measures is the one developed by Budner (1962). Results of Budner’s scale in entrepreneurial research has been widely variable. For example, while the prevalent belief is that entrepreneurs have a higher tolerance for ambiguity than non-entrepreneurs, at least one study using Budner’s measure found exactly the opposite (Dollinger, 1983. Driver’s General Incongruity Adaptation Level measure (1984) has been used extensively and is well-validated.

LOCUS OF CONTROL

Julian Rotter originally popularized the concept of locus of control (LOC). Rotter's LOC is measured on a continuum from completely internal to entirely external. An individual with an internal locus of control believes that his or her life outcomes are the result of internal factors such as hard work. Someone with an external locus of control believes that events are controlled by luck or other uncontrollable phenomena. Entrepreneurship researchers have used the concept of locus of control to identify potential successful entrepreneurs. According to Gatewood, Shaver and Gartner, an internal locus of control should be more congenial to entrepreneurial venturing and success (1995). The justification for associating entrepreneurial behavior with internal locus of control is straightforward: If you do not believe that you can competently change your situation or your environment, you will be unlikely to embark on a project that requires you to change both.

LOCUS OF CONTROL AS A CORRELATE OF ENTREPRENEURSHIP

In studies comparing entrepreneurs to non-entrepreneurs, entrepreneurs have shown a more internal LOC. For example, Shapero (1975) found that business students were more external on Rotter's IE LOC than were entrepreneurs; similarly, Van Daalen's African study using Furnham's Economic LOC scale found that entrepreneurs have a more internal locus of control than a control group of university students (1990). It is not clear whether these results can be attributed to a highly internal LOC among entrepreneurs, or to an exceptionally external LOC among college students as compared to working people.

It is also not clear whether internal locus of control is an antecedent of entrepreneurship, a coping mechanism for business founders who cannot countenance the idea of their ventures being subject to the whims of fate, or a post facto attribution. What combination of cause and effect exists between internal LOC and positive life outcomes is unknown. Moreover, little work has been done investigating relative LOC--comparing LOC orientation to the amount of circumstantial control an individual actually possesses, thereby decoupling the perceptual element of LOC orientation from the individual's realistic assessment of his or her situation.

Like helplessness, locus of control orientation can be learned. Devereaux (1969) linked LOC orientation with parenting style, finding that supportive parents lead a child to develop an internal LOC, while overprotective, controlling parents encourage the development of an external LOC.

LOCUS OF CONTROL MEASURES

The main disadvantage of the locus of control scale as developed by Rotter (1966) is its unidimensionality. Low and MacMillan s literature review found that LOC was not a differentiating factor between entrepreneurs and non-entrepreneurs (1988), but this may be partly due to the use of the Rotter version. Rotter's LOC scale has not been successful at predicting either opportunity or willingness to become an entrepreneur. Furnham developed and tested his own economic locus of control scale and demonstrated that this scale was multidimensional, the dimensions being internality, chance, external-denial, and powerful others. Because this scale separates different aspects of LOC, it may do a better job of differentiating entrepreneurs from non-entrepreneurs (Chell, E. Haworth, J. Brearley, S. 1991).

More recently, Gatewood, Shaver and Gartner (1995) selected the Paulhus Spheres of Control Scale Personal Control Subscale, following Shaver and Scott's conclusion that this subscale is preferable to standard LOC measures for entrepreneurship research (1991).

The Spheres of Control Scale was originally published by Paulhus and Christie in 1981, and has since undergone several refinements (Paulhus and Van Selst, 1990). The full scale is comprised of three subscales: Personal, Interpersonal, and Socio-Political Control. The SOCS was originally designed on a 7-point Likert scale, but has also been used with a 5-point Likert scale and a True-False scale. Earlier versions of the Personal Control subscale were critiqued for containing a mixture of self-efficacy and locus of control items (Palenzuela, 1987). The Personal Control subscale has since been revised to focus on personal efficacy. A recent administrationt o undergraduates of the revised subscale yielded an alpha of .80 (Paulhus and Van Selst, 1990).

Gatewood et. al.'s longitudinal study found no relationship between the Personal Control subscale measure and subsequent business success, but their sample was comprised of people who were already planning to start their own businesses (1995). In this research, Paulhus's Personal Control subscale is used as a predictor of intention to start a business.

SUMMARY: ENTREPRENEURIAL TRAITS

Although findings on entrepreneurial traits have been mixed, and diversity exists within the entrepreneur population, there is an entrepreneurial profile that emerges from the research:

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CULTURAL PERSUASION: THE ACE MODEL

By what mechanism do cultural forces translate into individual attitudes toward, and barriers to, entrepreneurship? This section reviews the ACE model from persuasion theory and connects the ACE model to the development of entrepreneurial intention.

The ACE model of persuasion is adapted from communication theory (Reardon, 1981), and describes the elements of a message which make the message persuasive. It is the result of extensive analysis of existing communication and persuasion studies:

> The ACE model is derived from decades of persuasion research demonstrating that people are influenced by the opinions of others (appropriateness considerations), troubled by inconsistency between and among thoughts and behaviors (consistency considerations), and motivated to achieve short- and long-term goals (effectiveness considerations). (Reardon, 1991: 72)

The model applies to decisions that are based on conscious reason. ACE stands for Appropriateness, Consistency and Effectiveness. Within the ACE model, persuasion is achieved by a combination of appeals to *appropriateness* (by the standards of the persuadee's beliefs and norms), *consistency* (with the persuadee's self-schema), and *effectiveness* (in helping the persuadee to achieve desired goals). If one of these three criteria is particularly salient to the persuadee, then an appeal to that one criterion may prove more compelling than an appeal to all three.

Messages about the appropriateness, consistency and effectiveness of being an entrepreneur are received through the mass media and through personal conversations throughout one's lifetime. These messages help to shape one's beliefs about entrepreneurship. Assuming that conscious reasoning plays some role in career choice, people's beliefs about the appropriateness, consistency and effectiveness of entrepreneurship will be related to their level of entrepreneurial intention. This brings up some interesting questions: Are beliefs about appropriateness, consistency, and effectiveness of entrepreneurship significantly related to entreprneurial intention? Are some of these criteria more salient than others, and does culture affect which criteria are salient? Are potential entrepreneurs in Ireland and in the United States being "persuaded" to engage in entrepreneurship, or to avoid it?

It should be conceded that in analyzing the persuasive content of social messages instead of interpersonal messages, this study is applying the ACE model to a different level of analysis from the one in which it was developed. However, the ACE concept has been used to analyze mass media and appears to be sufficiently versatile and robust for this application as well. Moreover, the conceptual boundary between the study of interpersonal and societal -level communication is a fluid and permeable one (see Reardon and Rogers, 1988; Ball-Rokeach and Reardon, 1990; Reardon and de Pillis, 1996).

In the United States, entrepreneurs and entrepreneurship are highly esteemed. Entrepreneurs frequently appear on the covers of major business publications. Entire magazines are devoted to entrepreneurship. It may be that within the Irish culture entrepreneurship is not as well thought of. Venturing may not be considered a particularly appropriate occupation. It may be seen as inconsistent with national character, and ineffective with regard to chances of success. These social messages may effectively "persuade" the Irish *not* to be entrepreneurs as follows:

APPROPRIATENESS

The appropriateness consideration encompasses not only the persuadee's notion of what is appropriate, but also the persuadee's interpretation of what others think is appropriate (Reardon, 1991). Entrepreneurship is often associated with the pursuit of individual wealth and prestige. This may be perceived as in conflict with the teachings of the Catholic Church and with the values of Irish society, and therefore inappropriate. Dr. Michael Smurfit, chairman and chief executive of Jefferson Smurfit and a successful Irish entrepreneur himself, recently expressed concern about Ireland's recent economic progress and rising crime levels, warning that "money and criminality go hand-in-hand." (Irish Emigrant, n. 534, 4/28/97).

CONSISTENCY

Ireland conceives of itself as possessing literary, intellectual and spiritual wealth, not material wealth. It is the island of saints and scholars, not of tax shelters and numbered bank accounts. Entrepreneurial venturing may be seen as the domain of the colonial oppressors, not the native Irish. Eamon De Valera's Ireland of "frugal comforts" is not a nation consumed with entrepreneurial striving.

It is also important, however, to acknowledge that an appeal to consistency need not be limited to national identity. Individuals inhabit many roles apart from those pertaining to national identity or citizenship. Entrepreneurship may be viewed not only as un-Irish, but perhaps also as inconsistent with individual self-perceptions. For this reason, the study tests consistency with national identity as well as consistency with self-identity.

EFFECTIVENESS

Effectiveness is a measure of the probability of attaining a desired goal. It is hypothesized that the Irish will not perceive entrepreneurial venturing as effective. There are few financially successful Irish entrepreneurs to serve as role models. Even when wealth is attained, it is viewed with ambivalence. Irish proverbs such as "there are no pockets on a shroud" illustrate the inherent futility the Irish see in the pursuit of riches.

THEORETICAL DEVELOPMENT: WHAT AFFECTS ENTREPRENEURIAL INTENT?

Despite recent attempts by the Irish government to support native enterprise, it is possible that individuals growing up in Ireland run a cultural gauntlet of anti-entrepreneurial influences. Individuals are shaped to lack personality traits associated with entrepreneurship. The relative shortage of entrepreneur role models ensures that minimal social learning takes place in this area. Society sends explicitly negative persuasive messages about entrepreneurs and entrepreneurship. Finally, the longstanding, culturally-sanctioned outlet of emigration may provide easy egress for potential entrepreneurs who feel stifled by the anti-entrepreneurial climate.

This is not to dismiss the economic barriers to entrepreneurship that exist. A small home market and difficulty in raising capital also hinder the development of new businesses in Ireland. A recent Deloitte and Touche survey indicated that 75% of indigenous Irish companies find it difficult to raise funds, 25% have had growth restricted by lack of capital over the last three years, and only 10% received funding from venture capitalists (Ferrie, 11/27/96 IE Pro #79). In addition to these visible barriers, this study investigates whether budding indigenous enterprise in Ireland stumbles over intangible barriers as well.

HYPOTHESES AND RESEARCH QUESTIONS

The hypothses for this study can be divided into two main categories: first, hypotheses concerning the relationship between culture and personality and persuasion variables ; second, the relationship between personality and persuasion variables , and entrepreneurial intention.

THE INFLUENCE OF CULTURE UPON PERSONALITY TRAITS AND PERSUASIVE MESSAGES

Look at Americans for instance. They seem to think they can do just about anything. They have a nice, cosy, irrational belief in Progress. Now, Irish people are a bit passive perhaps, but there's history too...

from *A Stone of the Heart*, by John Brady

The previous section attempted to derive a profile of the entrepreneur from a review of the literature. Two traits, ambiguity tolerance and personal control, were found to be related to the behavior of founding a business. One goal of this study is to determine whether the Irish culture forms individuals in such a way that they tend not to possess these entrepreneurially compatible personality characteristics.

Many historical factors have interacted to influence Ireland's culture. Culture shapes the individuals within a community, including the potential entrepreneur and her family, friends, acquaintances and role models. Individuals are both the product and the carrier of values and institutions (Giddens, 1987). Some scholars have successfully examined culture by measuring traits of individuals within cultures (e.g. Hofstede, 1980). If there is a genuine difference among cultures, the researcher will find that intercultural variance is greater than intracultural variance.

Differences in ambiguity tolerance and personal control between the Irish and American samples are hypothesized, and it is assumed that these differences arise from the influence of culture. Because neither living under colonial rule nor struggling with independence brings many happy surprises, it is hypothesized that the Irish sample will display a lower tolerance for ambiguity than the American sample. Similarly, it is hypothesized that Ireland's continued and frequently unsuccessful struggles for political and economic independence may have engendered a lower level of personal control among the Irish.

H1: Irish subjects will display lower levels of ambiguity tolerance than will American subjects
H2: Irish subjects will display lower levels of personal control than will American subjects

APPROPRIATENESS, CONSISTENCY, AND EFFECTIVENESS OF ENTREPRENEURSHIP

"Nobody here likes John," said the Irish policeman, with a mischievous smile. "He's too rich, and the Irish are a very envious and suspicious race when it comes to persons of wealth. Such is the continued legacy of the British occupation."

from *A Couple of Acres and a Few Wee Beasts*, by Michael Jahn.

In addition to the trait-related hypotheses above, it is proposed that social messages specifically persuade the Irish that entrepreneuring is not a desirable occupation. These social messages pertain to appropriateness, consistency, and effectiveness, as predicted by the ACE model.

APPROPRIATENESS:

H3: Irish subjects will rank an entrepreneurial career at a lower level of appropriateness than will American subjects.

CONSISTENCY:

H4a: Irish subjects will rank an entrepreneurial career as lower in national -identity consistency than will American subjects.

H4b: Irish subjects will rank an entrepreneurial career as lower in self- identity consistency than will American subjects.

EFFECTIVENESS:

H5: Irish subjects will rank an entrepreneurial career as lower in effectiveness than will American subjects.

If, as is hypothesized, the Irish display low levels of ambiguity tolerance and personal control, and if in addition the Irish have internalized negatively persuasive messages about entrepreneurship, then it is to be expected that on average, the Irish sample will display a lower level of entrepreneurial intention than will the American sample.

H6: Irish subjects will display a lower average level of entrepreneurial intention than will the American sample.

PERSONALITY TRAITS AND ENTREPRENEURSHIP

The literature reviewed for this research indicates a positive relationship between ambiguity tolerance and entrepreneurship, as well as a positive relationship between personal efficacy and entrepreneurship. These findings are expected to be confirmed in this study.

H7: Ambiguity tolerance will predict entrepreneurial intention for both Irish and American subjects.

H8: Personal control will predict entrepreneurial intention for both Irish and American subjects.

APPROPRIATENESS, CONSISTENCY, AND EFFECTIVENESS OF ENTREPRENEURSHIP

In addition to the trait-related hypotheses above, this study introduces the ACE model of persuasion as it relates to an entrepreneurial career choice. Subjects who have been persuaded during their lifetimes of the appropriateness, consistency, and effectiveness of entrepreneurship will display a higher intention to become entrepreneurs themselves, as predicted by the ACE model.

APPROPRIATENESS:

H9: Perceived appropriateness of entrepreneurship will predict entrepreneurial intention for Irish and American subjects.

CONSISTENCY:

H10: National -identity -consistency will predict entrepreneurial intention for Irish and American subjects.

H11: Self-consistency will predict entrepreneurial intention for Irish and American subjects.

EFFECTIVENESS:

H12: The effectiveness rating of an entrepreneurial career will predict entrepreneurial intention for Irish and American subjects.

RESEARCH DESIGN AND METHODOLOGY

Along with the ACE audit, which was developed for this study, the instrument includes well-validated subscales, demographic information, and open-ended questions. Items from all scales were mixed together in random order, and presented with a five-point Likert scale. Participation was encouraged with a drawing for a cash prize of $100 in the United States, and a separate prize of IR75 in Ireland. Recontact information was requested in the survey for the purpose of longitudinal research.

ACE AUDIT

The ACE audit was designed to measure the perceived appropriateness, consistency, and effectiveness of an entrepreneurial career. Four subscales were developed: Appropriateness, Self-consistency, National consistency, and Effectiveness.

Appropriateness measures the respondent's perception of the acceptability of an entrepreneurial career. Effectiveness assesses the perception that an entrepreneurial career can effectively fulfill one's goals. Consistency is measured with two separate subscales. Self-consistency is the extent to which the respondent believes that being an entrepreneur is consistent with his or her self-image. National consistency is the extent to which starting a business is perceived to be consistent with the national character of the respondent's country.

The ACE audit was originally designed with 28 items, seven items per subscale. After pretesting different subsamples of the data, the author used correlation analysis and principal components analysis to eliminate inconsistent items. The final ACE audit contains seventeen items: four Appropriateness items, six self-consistency items, five national-consistency items, and two effectiveness items.

ACHIEVEMENT MOTIVATION

The 10-item Achievement Motivation subscale adapted from Murray was used.

AMBIGUITY TOLERANCE

Ambiguity tolerance was measured with the 16-item short version of Driver's General Incongruity Adaptation Level instrument.

CAREER CONCEPT

Six items from the Career Concept Questionnaire (Brousseau and Driver, 1981) were selected with the help of a factor analysis, to measure Transitory versus Expert ideal career concepts.

PERSONAL EFFICACY

The Personal Control Subscale from Paulhus' Spheres of Control Scale was used (Paulhus and Van Selst, 1990). This version of the Spheres of Control Scale has been researched and validated over a period of 10 years. It is made up of three subscales, each containing ten items. The subscales are personal control, interpersonal control, and sociopolitical control.

ENTREPRENEURIAL INTENTION

There were three measures of entrepreneurial intention: The intention to start a business within one year of graduation, the intention to start a business within five years of graduation, and the intention to found additional businesses if the first one were successful. The items were worded as, "What is (or was) the likelihood of your founding a business within one year of graduation?," which allowed working professionals to answer the question as well.

SAMPLE

In order to ensure consistency between the Irish and American samples, the instrument was administered to students and professionals in business- and computer-related fields. There were 165 valid, completed surveys from the desired population. There were 75 women and 90 men. 86 of the respondents named the United States as the country they both grew up in and considered their home, while 79 of the respondents named Ireland as the country they grew up in and considered their home. The final sample included in this study consisted of 86 Americans: 52 men and 34 women; and 76 Irish, 38 men and 41 women.

Respondents whose surveys were not included in the analysis named various other countries of origin including France, Canada, and Japan, or they grew up in a different country from the one they considered their home.

Computer and business students and professionals were selected as the most likely to start a computer software related business. Software companies require relatively little startup capital compared to manufacturing businesses, and a high-value, low-shipping-cost product like software is an ideal export for a geographically isolated island country. In addition, computer professionals are relatively well-compensated, further decreasing the need for external funding. Obtaining sufficient capital is a major hurdle in starting a business; therefore, for the above two reasons, translating entrepreneurial intent into action may not be as difficult for computer professionals as it would be for other groups.

T-tests on entrepreneurial intention variables, ACE measures, ambiguity tolerance and personal control showed no significant differences among undergraduates, graduate students and professionals, or between men and women. For this reason, the sample was divided into Irish and American, without further subdivisions.

ANALYTICAL METHODS

The first set of hypotheses, concerning the effect of culture upon ambiguity tolerance, personal control, and the ACE measures, was tested with t-tests and analyses of variance. The second set of hypotheses, which dealt with ambiguity tolerance, personal control, and the ACE measures as predictors of entrepreneurial intention, was tested with multiple regression.

RESULTS

The Irish showed a significantly lower level of entrepreneurial intention on two measures: one-year and five-year intention. There was no significant difference on serial intention. Why do the Irish show a lower entrepreneurial intention on these two measures? This study looked at AT, personal efficacy, and ACE measures. Although AT has been shown to be an effective predictor of entrepreneurship, there was no significant difference in AT levels between the Irish and American samples. There was also no significant difference in personal efficacy levels. The two samples were demographically similar except for country of origin. What, then, explains the difference in entrepreneurial intention?

The key predictor of entrepreneurial intention in this study was self-consistency. For both the Irish and the American samples, each of the three measures of entrepreneurial intention was strongly predicted by self-consistency with a T of .006 or less, with Beta values ranging from .3 to .7. Consistency was clearly more salient to entrepreneurial intention than were appropriateness or consistency; in fact, for one-year entrepreneurial intention in the Irish sample, appropriateness was a negative predictor (Beta = -.29, T = .03).

RESULTS OF INDIVIDUAL HYPOTHESES

The first set of hypotheses, which dealt with the relationship between country of origin and AT, personal control, and ACE measures, were tested with analyses of variance. The second set of hypotheses, which examined AT, personal control, and ACE measures as predictors of entrepreneurial intention, were tested with multiple regression.

THE RELATIONSHIP BETWEEN COUNTRY OF ORIGIN AND AT, PERSONAL CONTROL AND ACE MEASURES

H1: Irish subjects will display lower levels of ambiguity tolerance than will American subjects

The mean Reduced GIAL score for the Irish sample was 54.6. The mean score for the American sample was 55.4. Although the Irish score, as predicted, was lower, this difference was not statistically significant.

H2: Irish subjects will display lower levels of personal control than will American subjects

The mean Paulhus Spheres of Control Scale Personal Control Subscale score for the Irish sample was 39.3. For the American sample, the mean was 40.2. Although the Irish score, as predicted, was lower, this difference was not statistically significant.

APPROPRIATENESS

H3: Irish subjects will rank an entrepreneurial career at a lower level of appropriateness than will American subjects.

The mean Appropriateness score for Irish subjects was 14.7, compared to 15.1 for the American subjects. Although the Irish score, as predicted, was lower, this difference was not statistically significant.

CONSISTENCY

H4a: Irish subjects will rank an entrepreneurial career as lower in national -identity consistency than will American subjects.

There was a significant difference in the Irish and American scores. The average Irish score was 16.4; the average American score was 20.5. This was a very significant difference in the predicted direction, with an F-value of 59.04, and a significance level of .000. Hypothesis 4a was supported.

H4b: Irish subjects will rank an entrepreneurial career as lower in self- identity consistency than will American subjects.

There was a significant difference in the Irish and American scores. The average Irish score was 18.7; the average American score was 20.9. This was a significant difference in the predicted direction, with an F-value of 6.8, and a significance level of .010. Hypothesis 4b was supported.

EFFECTIVENESS

H5: Irish subjects will rank an entrepreneurial career as lower in effectiveness than will American subjects.

Although the Irish sample, as predicted, ranked an entrepreneurial career as slightly less effective than did the American sample--6.8 vs. 7.2--the difference was not statistically significant.

H6: Irish subjects will display a lower average level of entrepreneurial intention than will the American sample.

For one-year entrepreneurial intention, the Irish scored 1.4, with 1 being least likely and 5 being most likely, compared to the American score of 2.1. This difference was statistically significant.

For five-year entrepreneurial intention, The Irish scored 2.3, as compared to the American score of 2.95. This difference, although smaller than the difference for one-year intention, was statistically significant.

For serial intention-- "If that business is successful, what is the likelihood that you will move on and found additional businesses?" --there was no significant difference between the Irish and the American samples. The Irish scored 3.18, slightly higher than the American score of 3.15.

The measures of one-year and five-year entrepreneurial intention were significantly higher for the American sample, while the measure of serial intention showed no significant difference. Hypothesis 6 was generally supported.

SUMMARY OF H1 THROUGH H6

[Insert Table 2 about here - Not Available Contact Author for Copy]

PERSONALITY AND ATTITUDE VARIABLES RELATED TO ENTREPRENEURIAL INTENTION

Hypotheses 7 through 12 deal with relationships among continuous variables. Multiple regression is the appropriate analysis method for these hypotheses. First, the sample was split into Irish and American subsamples, and multiple regression was run on each measure of entrepreneurial intention: one-year, five-year, and serial. Variables entered into these multiple regressions were appropriateness, self-consistency, national consistency, effectiveness, ambiguity tolerance, personal efficacy, and age.

Second, stepwise regressions were performed to determine which variables held the most explanatory power. Variables entered into these regressions were American (a dummy variable to indicate nationality), appropriateness, self-consistency, national consistency, effectiveness, ambiguity tolerance, personal efficacy, career transitory, modeling, and achievement motivation. It was hoped that the personality and attitude variables would reduce the explanatory power of national origin alone, perhaps pointing to what it is about being American that explains increased entrepreneurial intention. Stepwise regressions find the variables with the greatest explanatory power. For the entire pooled population, the final variables in the equation were as follows:

[Insert Table 3 about here - Not Available Contact Author for Copy]

For the measure of one-year intention, national origin may have a separate effect not captured by the other variables. For all of the measures of entrepreneurial intention, self-consistency was a strong predictor.

SUMMARY OF H7 THROUGH H12

[Insert Table 4 about here - Not Available Contact Author for Copy]

As hypothesized, self-consistency was an extremely strong predictor of entrepreneurial intention for all three measures of entrepreneurial intention, in both the Irish and the American samples. The results of the other hypotheses are not as straightforward. It appears that the other personality and attitudinal variables predict entrepreneurial intention for Americans, and in some cases interact with American nationality to strengthen their effect. For example, personal efficacy per se does not predict entrepreneurial intention, but being an American with high personal efficacy does.

DISCUSSION

As hypothesized, the Irish rate themselves as less likely than Americans to start a business. Contrary to predictions, the difference does not seem to be completely explained by ambiguity tolerance or personal control. The Irish sample did not differ significantly from the American sample on these measures, and these measures did not predict entrepreneurial intention in any case. The ACE model seems to hold the key to the difference in entrepreneurial intention: Self-consistency is more salient in the decision to start a business than are considerations of appropriateness or effectiveness. The Irish see themselves as less like entrepreneurs both on a national and a personal level. National consistency does not predict entrepreneurial intention, but self consistency is an extremely strong predictor. What one's peers think of a decision to start a business, or even whether the business is viewed as likely to be effective, does not predict the intention to start a business.

The ACE model states that logical, central-route persuasion falls into three categories: appeals to appropriateness, appeals to consistency, and appeals to effectiveness. The avenue of persuasion that is likely to be most effective varies with the situation and the individual. Clearly, the salient appeal in this study of entrepreneurial intention is the appeal to consistency. This is consistent with another study which showed similar results, albeit with a very different population: junior high school students. Reardon, Sussman and Flay (1989) asked the subjects to respond to scenarios in which students were being invited to smoke. Across situations, the researchers found that the adolescents preferred to focus on consistency (their own personal rules) rather than appropriateness or effectiveness.

It may be inferred that in order to predict an individual's level of entrepreneurial intention, one do not need to know much about that person's ambiguity tolerance or personal efficacy, or whether the person believes that starting a business is an effective way to achieve his or her goals. The strong predictor of intention to start a business appears to be whether the person feels comfortable describing him- or herself using the word "entrepreneur."

LIMITATIONS AND FUTURE RESEARCH

The current research is cross-sectional, but eventually it will be expanded into a longitudinal study. A follow-up will be done in 3-5 years to see who has gone into business, who has gone out of business, who has left Ireland, and who has returned. In order to establish a robust baseline and enlarge the data set, data collection will be continuous.

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EDUCATIONAL OPPORTUNITIES: SELECTION AND DIRECTION BY FUTURE ENTREPRENEURS

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ABSTRACT

This study investigates entrepreneurial potential of students within a course specifically designed to match entrepreneurship traits to that of educational offerings. The study explored the assumption whether students who possessed higher levels of need for achievement, a higher propensity for risk, and higher levels of innovation would, in fact, self-select courses that fit these characteristics. Results did not support that, when given a choice, students selected those courses most consistent with their personality.

INTRODUCTION

> *"As the criticisms of business education show, current analytical-functional, quantitative, tools-oriented, theoretical, left-side of the brain, overspecialized, compartmentalized approaches are not adequate to begin solving ill-defined, unstructured, ambiguous, complex, multidisciplinary, holistic, real world problems." (Plaschka & Welsch, 1990, p. 61)*

Over the last decade, considerable attention has been given to the concept of entrepreneurship education. While much of this focus has been; the design of the curricula (Gartner & Vesper, 1994; Garavan & OCinneide, 1994; Benson, 1992-93; Plaschka & Welsch, 1990), job creation or economic development (Harris, 1994; McMullan & Long, 1987), and, the benefits derived by students (Watts & Jackson, 1994) with little attention given to the concept of attracting students into these course offerings (Zeithaml & Rice, 1987).

Few would argue that, before potential entrepreneurial students can be attracted to an entrepreneurship program, those educational characteristics appealing to this group must be in place. The question, however, of whether potential entrepreneurs self select those courses has yet to be asked.

The purpose of this current study is to examine an educational situation in which students had the option of enrolling in one section of a course that met the prescription for potential entrepreneurs (Carland & Carland, 1997), or whether they chose the "non-entrepreneurship" section. Before examining the results of this study, however, it is important to examine certain theoretical underpinnings.

SMALL BUSINESS INSTITUTE

The SBI program was introduced in 1971 to provide free consultation to small businesses using advanced business school students. Initially, this interaction was intended primarily for the purpose of preventing further Small Business Administration (SBA) loan losses. It was envisioned that the program would, however, evolve to specifically address all small business problems (Burr & Solomon, 1977).

Even though the worth of the program to small businesses was often questioned (Jackson, Vozikis & Babakus, 1992), the value to students was not (Burr & Solomon, 1977; Longnecker, 1977; Hicks, 1977; Judd, 1977; and Watts & Jackson, 1994). The merit applied in each of these studies, however, focused on the fact that all students involved benefited, not whether some benefited more than others or were some students more suited for the program than others.

At the university under study, SBI student projects are an integral part of the curriculum in one section of Business Policy/Strategic Management. The professor in charge of this section is responsible for developing the small business client, forming student consulting teams, assigning a faculty advisor to the team, assigning the team to a client, assessing the progress of consulting teams, and assuring the quality of completed student reports. Numerous other sections of Business Policy/Strategic Management exist as well as other sections taught by the SBI director.

POTENTIAL ENTREPRENEURS

In a recent study (Carland & Carland, 1997), the authors evaluated entrepreneurship traits of students enrolled in small business management courses (graduate and undergraduate). In the course of their study, validation was provided for a model of potential entrepreneurship (The Carland Entrepreneurship Index for Prospective Business Owners—CEI). The findings were characterized as:

Potential entrepreneurship = f(Achievement, Innovation, Risk Taking)

For anyone that has spent time on entrepreneurship research, these traits have consistently surfaced throughout the years. Therefore, as it is not within the scope of this article to rehash the entrepreneur trait issue debate, and as explained further within the methodology section of study, the CEI model is employed.

ENTREPRENEURSHIP EDUCATION

It has long been recognized that the entrepreneur is responsible for disproportionate growth within economic communities. It has likewise followed that, educational opportunities that help emphasize and develop skills needed by entrepreneurs, are a must (Ronstadt, 1985).

In keeping with many of the general criticisms of business school curriculums, no longer are employers content with just technical competence from our business school graduates. Employers are now demanding ". . . skills in leadership, problem solving, oral and written communications, along with attributes of motivation and assertiveness" (Fontenot, Haarhues & Hoffman, 1991, p. 56). However, the ability of our institutions of higher education to meet these changing demands has been severely questioned. Harvard President Emeritus, Derek Bok (1992), has chided our universities for their failure to even examine the effectiveness of their offerings.

There has been no less direct criticism for many of our university programs professing to be providing entrepreneurship education. Plaschka and Welsch (1990), for example, suggest that many of programs are preoccupied with providing a ". . . more departmentalized, compartmentalized, limited range of inputs . . . into discrete areas for future detailed analysis" (p. 61) rather than recognizing the integrative requirements of future entrepreneurs.

These views have been echoed by others in a call for redesign in the area of entrepreneurship education. Much of this attention follows the criticism that entrepreneurship education must separate itself from the functional framework of management education (McMullan & Long, 1987), and, instead, appeal to the personality characteristics of the entrepreneurial student (Sexton & Upton, 1987; Carland & Carland, 1997; Ronstadt, 1985).

In the initial design of the course used in this study, a concerted effort was made to match those characteristics of entrepreneurial preference. It allows for , as Sexton & Upton (1987) recommend, an environment with uncertain outcomes, thus ambiguity, as well as allowing for enhanced self-confidence development. It also specifically meets those issues addressed within the CEI model—achievement, risk, and innovation (Carland & Carland, 1997).

Numerous characteristics exist within the SBI course in this study that support those comments above. First, in regard to higher levels of risk, the basic format of the course obviously supports this point. Students are given a grade (outcome) based upon one project—the SBI report (effort). The reliance on one project allows little room for error. Second, students have no knowledge on the front-end what client or faculty advisor they will be assigned. Further, as is the case with any consultant , what they will discover in their investigation is always an unknown. Indeed, the perceived risk is higher than the traditional business policy/strategic management course.

For students interested in applying their innovation skills, their is no better situation than the SBI project. With few limitations, students are allowed to focus their efforts as they see appropriate for their client. Text book answers seldom apply.

Finally, there is probably no other course within the curriculum at the university under study that goes further in rewarding achievement than the SBI program. Recognition is bestowed from several fronts: administration clearly supports the students that enroll in this special program; potential employers are often swayed due to their participation in the program; a more personal relationship with the faculty evolves; and, most importantly, small business owners openly express their heartfelt gratitude for the students' performance.

All of the above course characteristics are clearly articulated to students before enrollment in business policy. In addition, students must be approved by the department chair after they affirm they are aware of these challenges. They are given a choice to either enroll in the traditional business policy course or the SBI section.

Based upon the above discussion, it was posited that entrepreneurial students would self select the course offerings that matched most closely their personal characteristics. That is to say, students that had a greater need for achievement, a higher propensity for risk, and were more interested in innovation would select to participate in SBI.

METHODOLOGY

SUBJECTS

81 senior level students enrolled in the capstone course at a southwestern university were surveyed to determine their entrepreneurial propensity. The students were enrolled in one of four sections of the business policy/strategic management course. Two of the sections were taught in the traditional fashion by one professor (N=25, N=28), with the other professor teaching one section in conjunction with an SBI project (N=15) and one section in the traditional fashion (N=12). As previously discussed, those students in the SBI section was strictly voluntary.

MEASURES

The Carland Entrepreneurship Index for Prospective Business Owners (Stewart, Carland & Carland, 1996) was selected as an appropriate scale for measuring entrepreneurial propensity for this study. The questionnaire collects data on personality characteristics (need for achievement, preference for innovation, risk taking propensity, cognitive typology) and behavioral characteristics (planning activities, establishing a distinctive competency). Selected demographic data was also collected.

PROCEDURE

On a predetermined date, the professors announced in class that they were participating in an important study and administered the instrument. Participation was voluntary with no rewards or inducements offered.

ANALYSIS

Consistent with the research hypothesis, data from the three traditional sections of the capstone curse were combined and the means compared with data collected from the SBI section. The two-tailed t-test was used for testing the null hypothesis that the means of the two groups are equal.

RESULTS

As the results in Table 1 indicate that was little identifiable differences in the demographic characteristics of the two groups—SBI section and traditional sections. The most interesting result in the demographics was the much lower percentage of females enrolled in the SBI program. This is, however, consistent with the preliminary findings of Carland & Carland (1997). As their study concludes, "males produced higher scores on entrepreneurial drive, preference for innovation, and risk taking propensity" (p. 6). Thus, it might be concluded that females consciously elected not to enroll in the SBI program.

TABLE 1:
DEMOGRAPHICS

SEX

SBI	TRADITIONAL

	FREQ	PERCENT	FREQ	PERCENT
FEMALE	4	26.7	32	48.5
MALE	11	73.3	34	51.5

PAST EMPLOYMENT

	SBI		TRADITIONAL	
	FREQ	PERCENT	FREQ	PERCENT
FULL TIME	9	60.0	23	34.8
NEVER EMP.	1	6.7	1	1.5
PART TIME	5	33.3	42	63.6

CURRENT EMPLOYMENT

	SBI		TRADITIONAL	
	FREQ	PERCENT	FREQ	PERCENT
FULL TIME	1	6.7	6	9.1
NOT EMPLOYED	10	66.7	31	47.0
PART TIME	4	26.7	29	43.9

NUMBER OF ORGANIZATIONS
EMPLOYED BY IN THE PAST

	SBI		TRADITIONAL	
	FREQ	PERCENT	FREQ	PERCENT
0-1	1	6.7	7	10.6
2-3	3	20.0	19	28.8
3-4	2	13.3	17	25.8
5-6	4	26.7	7	10.6
>6	5	33.3	16	24.2

AGE

	N	MIN	MAX	MEAN	S.D.
SBI	15	22	26	23.00	1.00
TRADIT.	66	21	39	23.33	3.13

As can be gleaned from examination of Table 2, no statistical significance can be derived from the results of the Ttest procedures. Of the scales examined, only an increased level of innovation surfaced for the SBI group over the traditional business policy/strategic management students.

Even though it might be discouraging that the null hypothesis was supported (students with high levels of entrepreneurship preference will self-select educational opportunities that match these characteristics), the study still provides some interesting implications.

TABLE 2:
T-TEST RESULTS

VARIABLE: INNOVATION

SECTION	N	MEAN	S.D.	STD.ER.	T	DF	P
SBI	15	15.33	4.89	1.26			
TRAD.	66	12.83	5.06	.062			
					1.7360	79	0.0865

VARIABLE: RISK

SECTION	N	MEAN	S.D.	STD.ER.	T	DF	P
SBI	15	12.26	3.57	0.92			
TRAD.	66	12.00	4.93	0.60			
					0.1976	79	0.8439

VARIABLE: ACHIEVEMENT

SECTION	N	MEAN	S.D.	STD.ER.	T	DF	P
SBI	15	11.53	2.99	0.77			
TRAD.	66	10.93	2.65	0.32			
					0.7640	79	0.4471

VARIABLE: ENTREPRENEURSHIP INDEX

SECTION	N	MEAN	S.D.	STD.ER.	T	DF	P
SBI	15	20.13	4.71	1.21			
TRAD.	66	19.46	4.05	0.49			
					0.5551	79	0.5804

IMPLICATIONS

What these results suggest could indicate some grave concerns for educators. First, educators may want to give increased attention to determine if the courses they consider entrepreneurial are indeed that. Second (and the one that hopefully exists in this study), students with entrepreneurial traits may not necessarily self-select courses that are congruent with their personality. This would clearly support the thoughts of Zeithaml and Rice (1987) they we need a system in place that tracks students that possess entrepreneurial desires.

In fact, this may not be as difficult a task as it sounds. A procedure could easily be implemented to administer the CEI to students in one of the early core courses in the business curriculum. It could be given again at some mid-point as well. Once students are identified, a procedure of counseling and nurturing could be applied. If we as educators fail to implement changes in these approaches to allow students to grow to their potential, failure in the area of economic expansion is sure to follow.

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EMPLOYMENT AND COMPENSATION: FACTORS OF CONSIDERATION FOR THE ENTREPRENEUR

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ABSTRACT

Perhaps one of the most difficult decisions entrepreneurs make after the decision to enter a particular business, is answering the question "who should I hire, and how much should I pay?" This paper reviews the literature with a focus on the relationship between hiring practices and wage levels concurrently. The balance of needed skills for the start-up business often is overwhelming. Nevertheless, this overwhelming task is compounded by the corresponding wages typically demanded by the market for individuals with adequate skills.

EMPLOYMENT PLANNING

In the area of employment planning, selection, and placement the main point of focus should be to define the position and fill the position with the best qualified applicant. For the entrepreneur this can mean the difference between success and failure. Employment planning involves the imperative that the entrepreneur engages in both long and short range planning. The long range planning would involve forecast for growth as well as predicting and forecasting of business cycles for the particular industry (Hubert, Northcraft, and Neale 1990). From this the entrepreneur can build an accurate job descriptions.

Pre-employment tests are gaining favor in some companies today (Inwald 1990, Blocklyn 1988). Measurement of hidden skills and abilities that will match and have congruence with the needs of the job is necessary. Testing and the types of test used may be debated (Aberth 1986) but a safer workplace, and the net reduction in turnover can benefit the company (Dodson 1991). Dangers inherent in using testing are lawsuits stemming from accusations of discrimination through adverse impact data collections (Inwald 1990).

Certain businesses regulated by the Department of Transportation are seeing an increase in the volume of testing and the setting of standards for what types of testing should be done and how often (Hogan and Hogan 1990; Rawlinson 1989). As the system of checks and balances becomes overloaded there will be greater pressures placed on companies to insure security is maintained (Evans and Brown 1988). Negligent hiring and employment practices puts the entrepreneur at risk because the ability to document practices such as inadequate skill testing and even poorer background checks is often used in attributing liability in lawsuits (Denton 1988).

Many of these 3rd (those age 55 and up) age employees will be looking for part time work to fill idle hours (Lewis and McLaverty 1991). Many times organizations are even willing to work with entrepreneurs in matching needs with someone with prior experience.

Also tracking and documenting of minorities hired and promoted is a necessary environmental duty to reduce exposure to class racial discrimination suits. This activity in and of itself provides the entrepreneur a tool in helping identifying potential weaknesses such as a lack of diversity where a different perspective might help one make identify new opportunities and make gains in new markets. Focusing on these weaknesses can help in developing a profile of those who can best fill in the voids in the overall corporate picture.

COMPENSATION THEORY

Classical theory states that pay is determined by forces in the labor market. Simple rules such as when there are shortages of labor wages would go up, and when there is excess labor, wages should fall often give little if any help to the entrepreneur when deciding wage rates for her business (Blanchflower and Oswald 1988). Skills required in industry today have vastly different requirements. OJT (on the job training) in some instances is losing its feasibility when considering the more complex technical levels required and the demand to get the work out the door. Many industries are having to turn to technical trade schools to find the qualified individuals they need immediately.

Economic conditions have forced many employers to put a lid on wages or they have even resorted to two tier wage systems (Halamachi and Holzer 1987). More and more personnel managers are braking with past practices of designing the job, writing the job description and then searching for the individual that can measure up to the requirements (Giblin and Wiegman 1990). The new theory holds that jobs today are designed around business necessity and individual capabilities. This current view changes much of the thinking and the approach to pay plans. One of the biggest complaints under the economic system of pay plans was that the true capability of the individual was never fathomed. Each individual was limited as to capability under formalized and fixed pay systems. Under the equity theory, the individual is considered unique and capable of adaptability and creativity. This point of view allows broader job descriptions and stringent job descriptions. Entrepreneurs should demand people who have more extensive track records to fill these extended jobs.

The contingency strategy is focused upon matching the pay for performance with the situation in which the firm is functioning (Harrick 1990). Life cycle and the factors of risk are reviewed by management and in turn helps develop a pay strategy that fits better. Larger firms are less likely to use piece rates as contrasted to companies that employ predominately females in their work force (Brown 1989). As common sense would tell us, piece rate pay is used more often in jobs where performance is easily monitored. Jobs that involve a greater number of functions or job duties tend to use the fixed rate wages.

There must be a true relationship between performance and pay in the mind of every employee before it will be effective. As in the classical system, merit pay makes the same assumptions as the classical theory, that people are motivated by money or the things it can buy (Geis 1987). Performance targeting enhances merit pay systems and allows each individuals need to be fulfilled as best as possible while at the same time conserving resources that would have been lost or wasted offering incentives that were not desired.

Dependency needs based wage policies comes from a behavioral perspective on the needs of the entrepreneur (Bartol and Martin 1988). These needs can be defined in three different areas. The first is self esteem, which correlates the need as defined in Maslows hierarchy. Organizational goals are the second form of dependency. This acknowledges the entrepreneurs need for the subordinates efforts in task accomplishments. The third area of dependency is defined as motivational needs.

Equal pay for equal work complaints is another problem that will plague companies that pursue merit pay plans (Martin and Peterson 1987). Litigations stemming from the concept of comparable worth have great impact on a company’s ability to adopt such plans. Entrepreneurs must develop employment defense strategies that justify differences in wages to counteract these litigations. Entrepreneurs must justify "apparent" discriminatory wage patterns as based on factors other than sex.

CONCLUSION

The earlier theories of market forces on the macro level are just not giving reliable results in the determination of who to hire nor the rate of wages to be paid. There are a great many factors to be considered when formulating a successful hiring and compensating plan. Variables such as true knowledge, skill , and ability needs combined with the understanding of the dependence of the manager on the subordinate have to be considered. Measurement devices such as personnel reviews and performance goals must be monitored to provide a clear link between pay and performance. Market forces should be considered but are not always the real measure of entrepreneurial needs.

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DEVELOPMENT OF A GENERIC INFORMATION TECHNOLOGY NEEDS ASSESSMENT AUDIT FOR SMALL AND MEDIUM-SIZED BUSINESSES INCLUDING SCENARIO CONSTRUCTION FOR EFFECTIVE IMPLEMENTATION AND APPLICATION

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ABSTRACT

This manuscript describes a two-pronged approach to assessing information technology needs of small businesses that can be used by small- and medium-sized enterprise owners/managers for analyzing their own businesses and used by consultants, entrepreneurship centers, Small Business Institute (SBI) programs, or other student teams as guides when providing consulting services. A generic information technology needs assessment audit is proposed which can be used as a stand alone analysis or as part of an overall business audit. In addition, a sample scenario is presented to demonstrate how a needs assessment may progress in conjunction with the written audit or independently. Scenario scripting is viewed as a useful training tool for the consultants and the owners/managers.

INTRODUCTION

The purpose of this article is to describe a two-pronged approach for assessing information technology needs of small businesses which can be used by consultants, business owners, entrepreneurship centers, SBI's or other student consulting teams to guide subsequent information technology need determination and ultimately lead to recommendations. The first part of the needs assessment approach is to propose a generic audit guide or questionnaire. "As a rule of thumb, 80% of business processes are generic…And then in most cases the last 20 to 30% needs to be customized for the customer" (Weston, 1997, p. 53). The generic audit guide is intended to be part of a larger Strategic Profile Questionnaire or business audit which may be completed by a client as a pre selection, initial analysis tool. (A copy of the Strategic Profile Questionnaire is available from the authors.) The generic audit guide is The Information Technology Needs Assessment Audit (ITNAA) which was developed with the input of an entrepreneurship center director, industry representatives from IBM and Deloitte Touche and Microsoft, an information systems professor/consultant, MBA graduate students, SBI student consultants, SBI training materials, U.S. Small Business Administration (SBA) educational materials, and standard small business/entrepreneurship texts. First, the authors confirm the need for this audit and then establish how to best combine it with scenario building to more effectively utilize the audit.

Cook and Wolverton (1995) in their research concluded "the literature appears to be devoid of an easy-to-use, yet comprehensive tool (for evaluation organizational performance) that will meet small business needs." We would have to agree especially when it comes to information technology needs for small business (Beguin, 1992; Scarborough & Zimmerer, 1996; U.S. Small Business Administration Seattle District Office, 1997).

Cook and Wolverton (1995) concluded that strategic performance indicators (SPIs) for evaluating organizational performance should focus "within the three primary functional areas of a business: management, marketing and finance." Then Cook and Wolverton design the scorecard incorporating input from other researchers. Questions are asked which assess the current level of performance. Questions are designed to provide general guidance.

However, information systems or technology is of similar importance to management, marketing, and finance. The need is still for overall audit or performance scorecard which includes IT issues for small business. It is an integral part of effective operational and strategic planning which is itself critical to success of small business (Dunphy, 1996, p. 72; Pendegraft & Geiger, 1997; Watts & Ormsby, 1990).

A few trends make it clear that IT/communication issues are critical to small- and medium-sized business and should be analyzed in business plans and company audits. It is estimated that the number of workers operating out of their homes has increased by 15% over the past two years (Girard, 1997) with 42% of U.S. companies using telecommuting. The need for effective information technology use is abundantly clear. Veiga and Dechant (1997) note there has been an increase in 25 million computers in U.S. offices since 1993, fax machines increasing in U.S. homes and offices 1987, an estimated 12 billion voice mail messages being sent a year, and 40 million U.S. with cellular phones with from 11 to 40 million people working at home at least part time or having a home-based business and with an estimated 42% of U.S. companies using telecommuting is well documented. And, even more e-mail messages are being sent than voice mail messages. The ITNA audit begins by establishing what the information will be needed for--determining what information is needed, what are the core business processes, what are the critical success factors of the business then the current status of information technology as it relates to the core business processes and critical success factors. A copy of the ITNA audit is available from the authors.

CONSTRUCTING SCENARIOS

Since paper audit responses could be inadequate when used alone, a second part of the information needs assessment approach included here for training purposes is a scenario/mini case approach. Scenarios have been found to be a useful training method for designing situations to enable students, owners, and consultants to understand "how things work."

Scenarios are used extensively in Futures research. James Ogilvy (1996, p. 32) notes that "Scenario planning provides a medium for sorting out our hopes and fears and have a medium for investing our plans with our values." Ashley and Morrison (1996) note that scenarios are one of the anticipatory management skills for the 21st century.

Scenarios thus could be real or hypothetical scripts or stories or vignettes to facilitate the process of need determination for information technology. A scenario is essentially one or more consultant's (in this case, an information systems professor's) reconstruction (construction) of an actual or hypothetical interview conducted with a small business owner concerning the organization's needs for computing. The scenario unfolds in dialogue (question-and-answer) format, which then serves as a semi-structured interview guide for students on how they could approach interviews with small business representatives concerning the assessment of information technology needs. Scenarios should enhance consultant understanding of what needs to be done and how. In addition, Schank and Abelson (1977) purported that understanding for people is script-based. People understand as they relate actions and experiences to stored patterns of action that have been previously experienced. People match what they see and hear to pre-stored groupings of actions they have already experienced. As used in this example of scenarios, the object is to build scenarios which the student consultant or business owner can use to learn about needs assessment and explore possible recommendations. The object is to script through scenarios rather than having to go through actual experiential learning. Scenarios meaningfully constructed could provide useful scripting of the consultants and owners (Lord & Kernan, 1987; Stapleton & Murkison, 1990).

Scenarios come in different lengths with the shorter ones sometimes referred to as vignettes. Vignettes have been in used for some time especially in survey research (Alexander & Becker, 1978). In business, Stephenson and Galbraith (1993), for example, used short scenarios (vignettes) illustrating decision makers in ethically ambiguous situations. Respondents were to respond as to how they would act in such a situation and how respondent thought the decision maker would respond and how the decision maker should respond. Stories of any length can thus be used as training and educational guides into which desired value issues can be built or points illustrated.

SORE FEET DEVICES

The organization used in this case is real, but the name is disguised. Sore Feet Devices is an organization that currently generates $12.5 million in annual revenues and sells foot orthopedics primarily to senior citizens. It advertises in magazines such as the *TV Guide*, AARP retirement magazines, and Sunday *Parade* newspaper advertising. The business is over 20 years old, employs twelve people (most of whom are over 55) and still operates out of a large basement in the owner's home. Sore Feet does not manufacture any products themselves. Customers typically hand-complete the magazine or newspaper order form and mail it in along with a personal check. The company does have an 800- phone number, but doesn't print it on order forms since the owners do not feel, among other things, that they have the current staff necessary to handle both phone-in orders, as well as process mail-in orders. Its current computing environment consists of one stand alone PC used occasionally for word processing letters and an old IBM System 38 minicomputer used only for printing mailing labels for sending out completed customer orders. What follows is a partial dialogue between the needs assessment consultant (referred to as "C") and the small business owner (referred to as SBO).

SBO: I contacted you because my daughter insists I should investigate using computers to upgrade my business practices, but I have to tell you that I don't think very much of them [computers]. I paid a lot of money for that hunk of computer over there [IBM System 38]...the guy who sold it to me years ago promised me the moon, programmed it to print mailing labels, wanted more money to program other functions which he never completed, and then ran off one day and I never heard from him again. It was a bad investment.

C: Okay...I understand your feelings. Let's back things up a bit. If I asked you what kind of car I should buy, you would probably respond by saying it depends on what you primarily want to use it for (e.g., for driving across country on long trips, for hauling stuff to the dump, for hauling a group of kids to soccer practice, a cheap economical car for commuting to and from work, etc.)? Same thing with computers. Suppose you had a good computer...what things would you want to use it for in your business?

SBO: For keeping track of revenues and expenses for planning and tax purposes.

C: Don't you currently keep these books by hand? What is wrong with having them done manually as you currently do?

SBO: I get revenue/expense reports now every month, along with summaries every quarter and annually. The problem is that I can't get quick comparisons over time (e.g., changes from January to February in expense categories like printing, or revenues to date compared to last year at this time) to know if there is an impending problem or opportunity I'm missing. It also takes Myrna (my bookkeeper) a lot of time to add up the monthly reports by hand to produce summary reports. Furthermore, when Myrna makes even a small error, it takes an incredibly long time to reconcile these before our Tax Accountant gets a hold of these for year-end reports. I would also like to keep better track of orders.

C: Can you describe in more detail what you mean by "keeping better track of orders?" How do you keep trace of orders now? What do you need to know about orders?

SBO: Currently, as orders are mailed in we have two women who keep daily tally sheets of the products ordered. At the end of the day, for example, we add up how many Model C, Size 8M orthodontics were ordered; the orders are then sorted by product and we pass these on to our basement warehouse area to fill orders. The filled orders are then given back to the order clerks who file them in those filing cabinets, alphabetically by customer last name. I think we keep these orders in the cabinets for 10 years back, or when we run out of space, we simply toss the oldest ones!

C: What do you do with the orders once you file them? Do you use them in some way?

SBO: Nothing much. We just keep them for the IRS, or in case we accidentally sent a package to the wrong mailing address, we can use the phone number on the order form to call the customer to get the correct address.

C: What do you do with the orders that you can't fill because you have run out of stock? .…

(For the entire scenario, request a copy from the authors.)

SUMMARY AND IMPLICATIONS

In summary, what the consultant in this sample scenario could accomplish is to:

1. Acknowledge the owner's inevitable past problems with computers;
2. "Plant the seeds" for considering potential uses of technology in the business owners own mind—plan for the future;
3. Force the owner to consider important human resources questions concerning resistance to change and to explore potential change management strategies; and finally
4. Make the business owner reflect on his or her own personal goals for the business as these impact upon information needs decisions.

With the IT audit and the sample scenario, the authors have provided two complementary methods for assessing small business computing needs—an ITNA audit and a structured interview guide based on a scenario approach. Neither the audit, nor scenario is cast in stone. Each necessarily reflects the views of the professionals, academics, business owners, consultants, and students who provided input into the development. The items in both methods will continuously undergo refinement as they are used and as more scenarios are developed as training tools and realizing that information systems/technology is a rapidly changing field. The scenarios could focus on one issue, one technology, one bit of information such as telecommunication, for example.

Three important points to consider are: (1) start with the What's, *not* the How's, (2) use the information generated from both methods to work further with the owner and employees to clarify what is needed and what might work and what training is needed. If vendors are involved, make sure the vendors who responded *take the time to read and understand* the business's needs, priorities, financial constraints, and training needs. Training needs should be considered. Finally, (3) be prepared to accept the conclusion, (a.) if warranted, that "no further computing or information or communication systems are justified at this time," which is just as valid a conclusion as recommending that certain business functions be computerized, or that some latest and greatest technology is needed, or (b.) too much is desired. It will be necessary to quantify risk and return, figure out and prioritize—what can be done now and what later.

Determining information system needs is an ongoing process. Utilizing the generic information technology needs assessment audit and building scenarios to help train all those who use information technology will help consultants improve the quality of their consulting and enhance the learning process for the small business owner and his or her people. This is a win-win developmental approach for the small business community of resource providers.

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TQM IMPLEMENTATION IN SMALL BUSINESS SERVICE SETTINGS

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ABSTRACT

This study examined TQM implementation within the context of small non-manufacturing businesses. Following training in TQM practices eighteen months previously, 15 small business service operators were questioned about what aspects of TQM benefited their businesses. A semi structured interview protocol was used to probe these small business operators attempts to put TQM theory into practice. The consensus among the small business respondents was that the TQM seminars relating to customer service and customer satisfaction had the greatest value. The least valuable topics were statistical techniques. The findings suggest a need to modify TQM training to meet the special needs of the service domain.

INTRODUCTION

TQM has been defined as a philosophy, a set of tools and procedures, and a systematic approach to management--focused on continually improving customer satisfaction at lower costs. TQM practice is associated with increased productivity, improved internal and external customer satisfaction and superior competitive strength. For that reason, it is no wonder that TQM has become pervasive and respected in large businesses. Most analysis of TQM effectiveness has focused on this group. Small businesses have been relatively slow to implement TQM (Ghobadian &Gallear, 1996). Consequently, fewer studies have examined this group. The few analyses of TQM practices in small business have tended to target manufacturing firms. Little attention has been directed to the small business service sector: an oversight which causes some concern since over 75% of US business are service related.

BACKGROUND

TQM studies of large business support the idea that TQM yields higher levels of employee satisfaction, product quality, productivity and customer satisfaction. (Larson & Sinha, 1995). Small business use of TQM has not been studied to the same degree that larger business have, but the findings are similar. Most TQM studies of small business focused on manufacturing or process firms rather than service firms. Transportation equipment (Wernick, 1991), water control systems and pipes (Gunaskaran, Okko, and Yli-Olli, 1996), metal fabrication and precision machines (Rishel & Burns, 1997), auto parts and electronics (Ahire, 1996), and plastic products (Brown, 1993) have been studied.

The analysis of TQM implementation in small business can be categorized as guides or research reports. The guides (Barrier, 1992; Brown, Hitchcock, & Willard, 1994; Hendricks, (1992) describe why TQM implementation fails and what should be done to keep TQM on track. Because of money and time constraints small businesses are advised to proceed cautiously and selectively in their implementation of TQM and apply the precepts of continuous improvement, focus on customer satisfaction, power sharing and accurate measurement to their own context.

The few articles relating TQM to small businesses within the service sector examined health care, banking. and accounting. The health care studies looked at administrative TQM practices (Berwick, Godfrey & Roessner, 1990; McLaughlin & Kaluzny, 1990; Milakovich, 1991). Kaldenberg & Gobeli (1995) studied TQM implementation in dental practices. In all the health related studies there was a significant positive relationship between outcome and TQM practices. However, the professional nature of any health care context makes it difficult to generalize the findings to other service context. According to Kaldenberg and Gobeli, professionals tend to assume they know what is best for the patient and are less interested in the notion of customer satisfaction; they hesitate from espousing the need for TQM since it implies that the previous care giving is less than optimal according to Kaldenberg and Gobeli. In another service sector study of TQM, Shea and Kleinsorge (1994) found that cost accountants working in different types of business setting all felt they had developed a customer focus as a result of integrating TQM practices. In one of the few general studies involving services, Barrier(1994) related the positive reactions of small businesses to TQM.

The literature review reveals the dearth of information about TQM implementation in small service businesses. Some people believe that what we have learned about TQM in small manufacturing business can be generalized to all small businesses. Ahire (1996) noted that the findings of his research of small manufacturing firms could have significant implications for small firms in any industry. The accuracy of this statement is dubious since there are such marked differences between manufacturing and service. The characteristics of services: intangibility, simultaneous production and consumption, and the involvement of the client/consumer in the service transformation process pose quite different demands on management than the demands of a manufacturing context. Larson and Sinha (1995) noted the difference between manufacturing and service and called for further research comparing the two contexts' application and success with TQM.

PURPOSE

The present study extends the research of TQM implementation in the small business context to non-manufacturing firms: specifically, those within the service sector. The study seeks to identify how TQM implementation "plays" in the service arena. What elements of TQM to work and what don't?

RESEARCH DESIGN

During 1995 43 small Texas businesses participated in TQM training sponsored by the local Small Business Development Center. Over 80% of the firms had fewer than 50 employees. All but three were non-manufacturing businesses. Eighteen months later these businesses were asked to relate their experience and thoughts about TQM implementation in their businesses. Since the present study focused only on service businesses, the three manufacturing firms were not included in the study. From the remaining original group of 40 firms that attended the TQM seminars, 15 agree to participate in the study. This represented a 33 percent response rate.

Each participant was interviewed. The interview protocol was partially open ended and partially structured. Interviewees were asked to describe what their business did, what their position in the company was, and why they were first interested in attending a TQM training. Then the respondents were shown a list of key TQM elements. These key elements were: customer focus, facts and analysis, benchmarking, teamwork, recognition, information and measurement, continuous improvement, and recovery, correction and prevention. They were asked to consider what elements were most useful and what elements were least useful. and what elements of TQM they wished to know more about. The last open ended question asked the respondents to describe what their business experienced in the way of positive outcomes as a consequence of their attempts to implementation TQM. Finally the respondents were given a list of benefits attributed to TQM. The list included reduced customer complains, increased ability to attract new customers, increased employee satisfaction, better services, and improved productivity. They were requested to rate each item on a scale of 1-5. The scale was anchored at 5, indicating a very strong benefit of TQM and at 1, indicating no benefit. Lastly the respondents were asked to rate the tools used in TQM in terms of their usefulness during the implementation of TQM. These tools were: flowchart, cause and effect diagram, pareto chart, scatter diagram, histogram, run chart, and control chart. This rating scale was anchored at 5, indicating a very useful tool and at 1, indicating a non useful tool. Zero was used to indicate that the respondents had no knowledge of the tool. The data were analyzed using descriptive statistics and content analysis.

FINDINGS

A wide range of non-manufacturing (service) businesses were represented in the group of participating small businesses: retail, repair, health care, police, repair services, telecommunication provider, photography, truck stop, car dealer, dry-cleaning, profession services (law), maintenance, and property management. All respondents except two were owners or managers of the firm and had attended the training meetings. One of the two was a director of quality management; the other was a professional (lawyer).

There were fourteen useful responses to the question about the beneficial outcomes of TQM. Following are the percentages of respondents who said the item was a strong or very strong benefit of TQM:

Increased employee satisfaction 71%
Better Services 57%
Improved productivity 57%
Reduced customer complaints 50%
Increased ability to attract new customers 21%.

TQM tools were rated in terms of their usefulness from 5(very useful) to 1(not useful).

The zero rating was not included in the frequency calculation because it meant the respondent had no knowledge of that tool. This meant that the individual had been absent from that particular training session. Following are the percentages of respondents who gave either a 4 or 5 to the item; this indicated that the item was useful in bringing about the outcomes noted in the previous question:

flow chart 70% (3/10)
cause and effect diagram 30% (3/10)
pareto chart 50% 3/6 (8 answered that they had no knowledge of the tool)
scatter gram 33% (3/9)
histogram 30% (3/10)
run chart 33% (3/9)
control chart 33% (3/9).

Below are the percentages of respondents scoring 1 or 2 meaning the tool was not useful in their business settings:

flowchart 30% (3/10)
cause and effect diagram 40 % (4/10)
pareto chart 50% (3/6)
scatter gram 33% (3/9)
histogram 60% (6/10)
run chart 33% (3/9)
control chart 67% (6/9).

The unaccounted for percentage in each of the categories should be attributed to scores of “3" which were not included into either calculation above since “3" indicated that the person was indifferent to the tool. None of the categories had 15 responses due to the fact that not everyone attended every TQM training workshop and therefore had to write “0" to indicate that they had no knowledge of the particular tool.

The content analysis of the open ended questions showed the following patterns of response. Customer focus was identified three times more frequently than any other element of TQM in response to the question: What elements of TQM have you found most useful? While customer focus was listed by fourteen interviewees, teamwork and continued improvement were mention 5 and 4 times respectively. Empowerment and analysis were discussed also. A number of elements of TQM were listed as not useful. Flow charts and analysis were most often cited as least useful (4 times each) to the service owners. Other elements were information measures, better organization, benchmarking and recognition of employees. The open-ended question: Why were you interested in attending TQM workshops? received with a general response reflecting curiosity and an interest in learning something new or a specific interest in increasing customer satisfaction or improving business operations to become more competitive. In response to the question: What elements of TQM do you wish you knew more about? interviewees most frequently said they wanted more information about continuous improvement achieving a customer focus. Two respondents said they wanted to know how the TQM elements applied specifically to firms providing services. One owner commented that TQM applies to more of a manufacturing business than to his business which is a service. Another said she wanted to know more about the areas that would help service providers perform better.

DISCUSSION

In this study, the results of trying to implement TQM were similar to other studies (Shea & Kleinsorge, 1994). There was overwhelming agreement among the small business owners that TQM helped them foster and improve a customer focus. They echoed Wernick's (1991) tenet that "understanding who the customer is and what the customer wants is the most important step in installing a TQM program"(p.14). They agreed teamwork and continuous improvement were the most important elements of TQM. Moreover, they were in concert that statistical tools were not very useful in their businesses. What emerges clearly from their reaction to TQM training is that they highly value the philosophy and certain aspects of TQM practice, but not others. Selectivity in TQM implementation is an idea which has been advised by others: Henrick(1992)cited a small businessman who advised against conforming to someone else's idea of TQM and advocated configuring TQM to the needs of a particular organization. Boggs(1996)noted that R. M. Hodgetts in *Implementing TQM in Small & Medium-Sized Organizations: A Step by Step Guide* suggests that the reader customize TQM strategies to fit the business; he also noted that statistical process control was mentioned only in passing. The findings of this study suggest that Hodgetts is correct in both aspects. Additional support for the idea that contextual variables influence TQM application can be found in Benson, Saraph, and Schroeder's (1991)article.

The need to customize TQM application may be partially explained by examining the nature of services in contrast to manufacturing. The service operation system is not as suited for statistical control as the manufacturing operation system because the service system is characterized by nontangibles and simultaneous production and consumption of the product. In addition, the unpredictable consumer is also an input to the service transformation system. It may be important to note that the flow chart was the one technique which was considered of value. This may due to the importance of appropriate scheduling and sequencing in the service system. This exactness in choosing one and not all techniques is another indication that certain TQM skills may be more needed that others in a service context.

This study is limited in its scope and range. Therefore, the findings cannot be used to prove any point of view; instead the findings can be useful in suggesting further research directions. The implications of this study are that future research is required in the small business service sector to determine how TQM can effectively be implemented. The findings make us hesitate in assuming that what works for manufacturing or process types of small business will be applicable to the service sector. The findings also suggest that further theory building efforts are needed to adjust TQM practices to service sector contextual variables.

CONCLUSIONS

Interviews with small business service owners show how they are selectively implementing TQM. The resulting changes brought about by TQM implementation reflect the same positive effect on organizational performance as has been found in earlier studies. Further study of TQM application to the service sector is suggested based on the findings of this study.

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INTUITIVE HUMOR: AN ENTREPRENEURSHIP STYLE

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ABSTRACT

Humor is a global concept. People all over the world like to laugh. Laughing is fun, and produces creativity. People like to laugh with each other, and sometimes at themselves. Humor is a wonderful way to minimize differences between employee status, alleviate tension, facilitate work, improve socialization, bond employees together, improve communication, break down barriers, relax everyone, create rapport, and boost morale. Successful entrepreneurs in the 21st Century need to know how to communicate to the world at large and use humor as a part of that communication process. This paper will explore the use of humor as an entrepreneurship style. Ideas will be presented for mental and visual applications.

INTRODUCTION

For years I have been interacting with others by using humor. I do not mean by telling stories or ethnic jokes; what I do mean is to play off of the moment and the circumstance. I have used this intuitive style in grocery stores at checkout counters, in banks with tellers, in airports with ticket agents, in graduate classes, in management seminars, with corporate groups, and in board rooms. Almost, without exception, people like to laugh.

In these situations from the ticket counter to the board room, I have left feeling either satisfied as a customer, or pleased with the joint decision of a board. My counterparts with whom I have interacted also have seemed to be pleased and, in most cases, smiles were on their faces. What is this thing called humor and how can it help us move organizations into the 21st Century?

I have seen intuitive humor operate effectively in most cases, here in the United States, and in international situations. Recently, while in a meeting with some of the sheiks from the United Arab Emirates, there was a pause in our discussions and the arable people all began to laugh. I thought I had done something wrong, but my arable friends said oh no, it is just a bit of local humor. Likewise, I used intuitive humor in high level meetings in Luxembourg; Paris, France; Frankfurt, Germany; San Jose, Costa Rica; Tokyo, Japan; Merdia, Venezuela; and Dar es Salam, Tanzania very successfully. People of all backgrounds and cultures like to laugh.

On some occasions the intuitive humor has not worked. On one occasion, while sitting in the office of a school superintendent, I made the statement that learning should be fun. I was quickly corrected by the superintendent when he said, "Boy, learning is not fun but hard work, and the sooner you realize that, the better off you will be." I quickly thought about my work in public schools around the world and realized that here is an organization that is essentially dysfunctional. When fun leaves the classroom, so does the student. Creativity and entrepreneurship are also gone. Making living fun is living life to its fullest.

Fun, laughter, and humor makes the work environment a pleasant place to be, or the classroom a wonderful place to learn. Many fads have come and gone in management. I remember zero defects, management by objectives, quality circles, theory x/theory y, situational leadership, systems theory, and many others. Whatever happened to the simple concept of treating people as you would like to be treated, and to make work and learning fun activities? I generally do not know when I am working and when I am playing. They are both so enjoyable and pleasurable. My entrepreneurship creativity comes when life is the most fun. My mind is always thinking about new roads to build and new ideas to share. Entrepreneurs work au the time because it is so rewarding. We never need to wait for someone to tell us we are doing a good job--we just know it, because we are creating it at that moment in time.

DEFINITION OF HUMOR

The history of humor research separates into three distinctly different divisions according to Goldstein (1978). The first stage, the theoretical stage, focuses on observational studies of laughter and smiling. The psychoanalytical stage, or second stage, focuses almost entirely on the view of Freud's interpretation of wit and humor. Third, and current stage research, focuses on the cognitive element of humor (p. 104). Goldstein reported that current research advances theories into one of the following areas:

- The development of a child's sense of humor through cognitive maturation or socialization;
- The cognitive processes that allows the interpretation of jokes as jokes, the use and affect of humor in various settings; and field studies related to joking (p. 105).

While most of the research on organizational humor has been qualitative, some examples of combined qualitative-empirical exist. Qualitative humor studies tend to focus on the social patterns found in organizations. Handelman and Kapferer (1992) proposed that humorous behavior was not random, but rather occurred in regular patterns. Supported by frequency the empirical data revealed that certain men joke more than others, were joked with more than others, and were the more frequent targets of jokes. In a more recent study, Duncan and Feifal (1989) studied the social organizational aspects of humor in the sociological frame to determine the relationship between humor and friendship, leadership, and perceived employee performance. Because humor is becoming a more recognized element in the environment of an organization, the need for formal programs is on the upswing. Williams (1994) and Clouse (1993) have identified five categories in which research indicates humor is used in the workplace. These categories include:

1) the organizational environment
2) as a socializing agent
3) as a reliever of stress
4) as a management tool
5) as a function of communications

And Clouse (1997) has now added a sixth category: as a way to introduce creativity and entrepreneurship.

William Fry (1963) has conducted studies on laughter and humor for more than three decades. He has identified humor as a form of play. He has also identified humor as a play-frame in which humor can be demonstrated openly, or through force intonation and body language. Hall (1959) identified ten different categories of human activity that assists in the understanding of cultural social phenomena. "Play" is described as the primary message system through which man comprehends culture. Hall suggests that "if you can learn the humor of a population and really control it, you know that you are in control of nearly everything else."

Researchers believe that humor has managerial applications. (Philbrick, 1989, Clouse & Williams, 1993; and Williams, 1994). Although humor is often considered a random "fun" activity, attorney turned humor consultant Malcomb Kushner (1990) proposes that it is also a form of communication that builds morale, manages conflict, motivates people, influences corporate culture, and improves productivity. Cornett (1986) considers additional uses for humor that include: changing perceptions and perspectives, problem solving, reinforcing desired behavior, transmitting culture, values, energizing, and developing a positive self image.

Humor is a culture phenomenon found in every society. What we do and repeat suggests that humor has a far-reaching organizational significance.. Some of the most profound thinkers in history have examined humor and propose separate theories as to its purpose and function. Men like Aristotle, Charles Darwin, Sigmund Freud, Arthur Koestler, all respected scholars have proposed various theories on the origin and value of humor to society. Men have struggled to explain the function of humor. Although there is some disagreement in that the theories reflect only the roles of humor rather than function, there is general agreement in the models proposed in Burger's research (1987). Aristotle, Hobbes,Kant, Freud, Jung, and Piaget are but a few of the contributors of the four persistent classifications of humor theory (Berger 1987). These models are superiority, incongruent, psychoanalytical, and cognitive.

In order to better understand the use of humor in organizations, these four models will briefly be discussed.

Superiority Theory - The predominant superiority theories such as Aristotle and Robbes interpreted humor through its social perspective. This theory supports the notion that we perceive a situation humorous when we feel superior to either our former sense of self or others. Application of these phenomena is noted when an action or activity becomes funny in hindsight (falling down stairs, slip of the tongue, etc.). Additionally, humor may be interpreted through the theory of superiority as it is expressed in ethnic "jokes" relay the jokers belief in the inferiority of an individual group. This humor serves to emphasize culture differences, and in most cases, prohibits social, political and economic advancement (Clouse, 1993).

Incongruent Theory - Theorists, Kant and Bergson, maintain humor is expressed when an incongruity exist between what an individual expects and what one gets. The response to incongruity is a "manifestation of the highest cerebral process encompassing the ability to jump across gaps in logic and find delight in the process." (Williams, 1993). In fact, much of our intuitive humor is based on incongruity situations. If one is unable to assess the degree of incongruity, one can't appreciate the humor. For this reason, the inability to recognize the humor in a situation implies insufficient appreciation or understanding of its various elements (Clouse, 1993). The unexpected and intuitive humor is potentially the most useful humor in developing organizational culture.

Psychoanalytical Theory - Freud theorized that humor camouflages aggression. In this context, humor is viewed as a coping mechanism that enables the initiator to release expressed feelings. It is similar and analogous to Prigogine's (1989) theory of chaos, where a lack of equilibrium within the psychic energy channels permits an overload of entering psychic energy. Humor then becomes the junction at which point aggression is released into a state of entropy. All permitting, some interaction with the other classifications of humor, this theory predominantly invokes social and cultural behavior norms. As individuals, we may regress to the use of humor rather than confront social exile (Spurgeon and Clouse, 1995).

Cognitive Theory - Another significant humor theory suggests that humor is also a cognitive process as indicated when an individual is confronted with oppositional information or the paradoxical nature of humor. Cognitive theory is focused on the way the brain processes oppositional or paradoxical information is required. Piaget states that the existence of symbolic humor is a developmental process appearing at different stages for dependence on each child by logical and maturational timetable. Clouse has also found that humor can be used in organizations based on a relationship timetable and composition of the group.

THE SOCIAL FUNCTION OF HUMOR

Bateson (1972) suggests that humor is a subset of the idea play. Coser (1959) suggests that humor is a social activity that is regulated by society. Bolman and Deal (1988) state that "play is what people do when they're not working" thereby implying that work activities are not play activities. Clouse (1993) states that one may assume that the social context in which humor is initiated may therefore influence its function.

These are some of the reasons that organizational humor is seldom seen in the literature. Humor is generally considered a social experience, rather than an organizational one.

HUMOR APPLICATIONS

People find their stability and security in the culture and direction of organizations (Kanter, 1983). In companies that are in need of a complete management and employee overhaul, these companies often look to the success of other companies and try to replicate the process. Hewlett-Packard managers are evaluated on their ability to create enthusiasm. Pepsico managers must insure an exciting place to work. The leaders of successful companies are concerned about clarifying the corporate value system and breathing life into the organization. However, each corporation must possess its own peculiar and unique culture system.

Several corporations have successfully used humor as a management strategy. The foremost company in this area could very well be Southwest Airlines. The colorful and eccentric Herb Kelleher is a distinct and humorous leader of Southwest. Kelleher believes in a "back to basics" approach where the airline provides service, cheap fares, and fun on each flight. Kelleher believes in making work fun. He considers himself more a company clown than corporate chief. He encourages flight attendants to wear tennis shoes during the summer, and allows pilots to improvise flight announcements. Ann Rhoades whose title is vice president of people, says "what we look for in employees is a sense of humor. We don't take ourselves too seriously. We find that when people are very relaxed, they are very productive" (Englere, 1990).

Herb Kelleher, president of Southwest Airlines, is perhaps the most effective CEO who applies humor throughout the entire organization. If you have ever flown Southwest, you know humor starts the moment you purchase the ticket, and continues throughout the entire flight, until you pick up your luggage at the carousel. Some of the concepts used by Kelleher are items such as: 1) act like an owner, 2) kill the bureaucracy, 3) celebrate each milestone, 4) don't fear failure, 5) become a member of the Southwest family, and 6) enjoy yourself.

You will find Southwest employees exemplifying these behaviors. The core values for Southwest are the driving force behind the success of the airline. Although Southwest, unlike many other companies has never formally documented its core values, one can identify the following values: 1) profitability, 2) low cost, 3) family, 4) fun, 5) love, 6) hard work, 7) individuality, 8) ownership, 9) legendary service, 10) egalitarianism, 11) common sense/good judgement, 12) simplicity, 13) altruism. These thirteen core values are interwoven with humor. Southwest airline employees don't take themselves seriously, but they do take their work seriously (Frieburg and Frieburg, 1996). Herb Kelleher and the Southwest Airline employees exemplify the use of intuitive humor as an entrepreneurship style.

Patagonia, Inc., of the fastest growing makers of outdoor clothing, believes in ecology for the individual. Yvon Chouinard, the company master-mind, spends six to seven months each year away from the office. His MBA philosophy believes in "management by absence." Susan Green, Director of Human Resources, says "we never wanted to create a company we wouldn't want to work for."

Wayne Rosing, Vice President of Sun Micro Systems Laboratories, Inc., found a life-size replica of his office constructed at the bottom of a shark tank in San Francisco aquarium. He was the target of the annual April Fool's Day prank, planned and carried out by the company engineers. Other pranks have included turning the CEO's office into a one-hole, par four miniature golf course, complete with two sand traps and a bird bath (Caudron, 1992).

Many other examples of humor in organizations can be cited. Companies are realizing that humor is one of the most effective ways to deal with workplace challenges and the stress they cause.

SUMMARY

Clouse (1993, 1994) reports that humor has been found to minimize differences between employee status, alleviate tension, facilitate work, improve socialization, bond employees together, improve communication, break down barriers, relax everyone, create rapport, and boost morale.

In working in the corporate environment, I have found that humor is a wonderful way to get attention, either in a meeting or conducting a speech. It is a very effective way to make a point and to stimulate new ideas. In group meetings, it reduces anxiety relaxes the audience and the speaker; in classrooms, it makes learning fun and reduces stress.

The organizational humor that I refer to is not the telling of jokes or making fun of other people, nor putting people down. It is the intuitive humor that rises out of the culture of the organization and the individual is empowered to be himself/herself in their work environment. It is an environment that takes our work seriously, but not ourselves. Humor is the element that makes work enjoyable and fun. Laughter is the expression of a happy person. Entrepreneurs pave the way to the future because they like creativity, self-reward, self-direction, and they love the joy of working. They make their own humor and use it as an effective style to create change.

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CHARACTERISTICS OF INTERNET USERS AND INTERNET NON-USERS AMONG SMALL BUSINESS OWNERS IN CONNECTICUT

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ABSTRACT

This study used a random sample of small business owners in the state of Connecticut listed in the l997 Connecticut Business Directory. Using a sample population of 91 small business owners, the study sought to determine if owners who used the Internet were managers of larger or smaller sized companies; whether they were of different age groups; whether they experienced different levels of computer anxiety; and whether they were internals or externals. It also examined relationships between owners' computer anxiety and age, tenure and size of work force. Relationships between owners' locus of control, a personality measure and age, tenure, and size of work force were also examined.

INTRODUCTION

It is evident that the Internet is one of the most dramatic phenomena to occur in the information technology industry, and continued growth can be expected. Large companies have moved forward quickly with using this technology for several purposes: for example, fancy home pages for advertising, direct sales campaigns, Intranets within their companies.

A recent survey conducted by Nielsen for CommerceNet (Tedesco, 1996) revealed a 50 percent increase in Internet users. Deloitte and Touche (1996) in conducting a national study of small business owners in Canada also found that Internet use among that population more than doubled in l996. Comparison of data generated in this study to prior research conducted by the authors (Adams, 1996) confirms that there is an increased use of the Internet among small Connecticut business owners: 64% of the respondents of this current study reported using the Internet as compared to 25% in last year's study. However, findings indicate that some owners are not quite certain of how the Internet can be utilized effectively and integrated into their businesses. Many of these owners are new to the Internet and have only found pieces of the Net of use to their company. Some have not yet discovered how to evaluate its effectiveness and usefulness. Most entrepreneurial business people are "owners" first and "technocrats" second.

But just how far have most small businesses progressed in this domain? The volumes of information now readily available to users on the Net provide a pivotal reason for small business owners to leap into Internet technology. Curiosity has some owners who were formerly skeptics peering into the Net. Those who are more proficient in using computer technology may be spending considerable time on the Net trying to determine just how to proceed in integrating the Net into their daily work activities. These owners may be researching on-line providers or determining the cost-effectiveness of investing in their own Web sites. Some owners merely continue to browse and use the Net for personal investments, such as checking stock quotes. With the plethora of Internet books and articles constantly appearing in a variety of papers and magazines, are these owners technically educated enough to make the full leap forward into cyberspace? Do they understand the features of the Net and the inexpensive connections available? For those who have leaped into cyberspace, has this change increased sales and revenue, contributed to raising productivity, or changed the way business was conducted?

METHODOLOGY

For purposes of this study, any company employing l00 or fewer people was considered to be a "small business". These businesses were randomly selected from the l997 Connecticut Business Directory. Using this sample population, the researchers conducted a statewide telephone survey, interviewing the owners of these small businesses. A survey instrument was developed and divided into four parts. The first part contained questions relating to demographic and business characteristics such as age of owner, length of ownership, and number of employees. The second part contained questions regarding the owner's Internet experiences and implementation of this advanced technology into their business. Data collected examined hours on the Net, reasons for using the Net, the development of Web sites, and future expansion plans. Section three contained questions found in the "Computer Anxiety Index" instrument (Schermerhorn, 1996) that measures the degree to which one may exhibit computer anxiety. This instrument is a modified version of the "Computer Anxiety Rating Scale" developed by Heinssen, Jr., Glass, and Knight,(l987). Respondents answered questions regarding their reception to computers and their perception of computer technology. Yes and no answers were evaluated into a Computer Anxiety Index based on scale of 0 to 10. The last section of the survey assessed the personality characteristic, locus of control (LOC), using the Work Locus of Control Scale (WLOC) developed by Spector (l988). This is a l6-key measure with a Likert-type scale. The low scores depict "internality," while the higher scores indicate "externality."

Demographic Data for Owners

Variable	N	Mean	Std. Dev.	Minimum	Maximum
Locus of Control	91	35.63	8.97	18	64
Computer Anxiety	91	3.21	2.26	0	10
Age	90	46.1	10.9	22	70
Tenure (years)	89	13.33	13.33	<1	65
Number of Employees	88	12.97	12.97	0	100

The sample population consisted of 91 small business owners. Demographic information such as age, length of ownership and number of employees is provided in Table l. In this study, the mean age of the owners was 46; the mean length of ownership was 13 years; and the mean number of employees supervised was 13.

While small business owners in Connecticut may not be pouring hundreds of thousands of dollars into computer hardware and software or building elaborate intranets and web sites, some are beginning to sense pieces of the unlimited potential of the Internet. From owners of a funeral parlor, feminist restaurant, trophy & plaque provider, historic building restorer, yacht service, embalming fluids manufacturer, and executive turn-key office system provider, to architectural, engineering, advertising, personnel, multimedia, graphic design, law, commercial printing, and embroidery promotions firms, many are looking at the Internet and seeing something valuable in it.

RESULTS AND CONCLUSIONS

When the Mann-Whitney statistical test was performed, significant differences between the Internet user and Internet non-users groups were noted. (Table 2). Results showed significant differences existed between these two groups on the locus of control value, the computer anxiety score, and the age of the owners.

As assumed by the researchers, internal people are more innovative and more willing to delve into new technology, such as the Internet, as compared to owners deemed external. A comparison of the median LOC values of Internet users and non-users on Table 3 indicates that Internet users received lower LOC ratings than non-Internet users. As anticipated, Internet users were found to be less computer anxious than the non-users.

Owners who felt comfortable with computer technology were more likely to spend time on the Internet. The lower Internet users' computer anxiety score indicates that Internet users have less computer anxiety than non-users. The researchers were surprised that the Internet users and Internet non-users both perceived themselves as having relatively low computer anxiety, users having a median score of 3 on a 0-10 scale and non-users having a median score of 4. A large portion of the owners surveyed reported that they personally do not use the computer much in their businesses. They hired others to do computer work. Curiously, this older group reporting a lack of extensive computer usage skills, still did not exhibit much computer anxiety. The owner population surveyed for this study are perhaps mostly "internals" by nature and may simply feel confident about their ability to do anything they put their minds to. Further study is being considered in this area.

Mann Whitney Non-Parametric Test				
Group Variable	Observation Variable	N1	N2	p
Internet users/non users	Locus of Control	33	58	0.023*
Internet users/non-users	Computer Anxiety	33	58	0.034*
Internet users/non-users	Age	32	58	0.024*
Internet users/non-users	Number of Employees	31	57	0.759

* Significant at the 0.05 level N1: Number of Internet users; N2: non-users

Table 3 shows that the median Internet user age is 43 as compared to Internet non-user median age of 53. Younger owners were expected to go online before their their older counterparts.

No significant difference was found between the size of the work force of companies owned by Internet users and Internet non-users. It is perhaps the nature of the business rather than the size of the company that may affect Internet usage.

Variables	Internet User Median Values	Internet Non-User Median Values
Age	43	53
No. Employees	7	7
LOC	34	38
Computer Anxiety Score	3	4

The Spearman Rank Correlation test was conducted on locus of control with four variables: computer anxiety, age, tenure, and number of employees (Table 4). A negative correlation found was between the personality construct locus of control and size of the work force. As expected, internals (with lower LOC values) manage more people than external (with higher LOC values).

Variables	N	Spearman's Rank Correlation Coef.	p
LOC vs. Computer Anxiety	91	0.139	0.189
LOC vs. Age	91	-0.035	0.743
LOC vs. Tenure	91	0.036	0.737
LOC vs. No. Of Emp.	91	-0.251	0.016 *
Computer Anxiety vs. Age	91	0.374	<0.001 *
Computer Anxiety vs. Tenure	91	0.349	0.001 *
Computer Anxiety vs. No. of Emp.	91	0.121	0.254

*Significant at the 0.05 level

It was expected that the computer anxiety variable would be related to demographic factors of age, tenure, and number of employees. Applying the Spearman Rank Correlation test, as anticipated a positive significant relationship was identified between computer anxiety and age, and tenure. (Table 3). The older the owner, the more computer anxious he is likely to be. Conversely, the younger the owner, the less computer anxious is he apt to be. The longer the owner's tenure, the more computer anxiety was found. This may be the result of a continued successful operation as a status quo entrepreneur. Introducing new technology may cause disruption of a successful status quo business and the comfort zone the owner has established, causing computer anxiety on the part of the owner.

INTERNET USAGE

Comments from survey respondents reveal that as Internet technology has improved and its cost decreased over the past year, its use by small business owners has substantially increased. The researchers have found over a 200% Internet usage increase from last year's survey participants. The percentage of owners interviewed using e-mail on a regular basis has increased from last year's survey population. A number of owners are using the Net for research purposes, primarily looking at ways to compete more effectively. A number of owners have developed their own Web sites. Although the investment with Internet providers and Web site construction has been made, participants report that sales and revenues have not yet increased substantially. A few reported satisfactory direct sales. Some, however, are still waiting for that first sale resulting from the Web. Nevertheless, many owners are finding that the Internet is an effective and efficient communication tool. Messages and files are currently being transported via e-mail and FTP, saving companies huge amounts of money. This is a cost-effective means diverting companies from other communication means such as the fax, US mail, Federal Express, and courier services.

Ongoing research needs to be conducted to see if businesses are reaping benefits from Internet technology as an increasing number of owners are finding it easy to navigate in cyberspace.

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ENTREPRENEURIAL IDENTITY, INTENTIONS AND THE EFFECT OF THE PUSH-FACTOR

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ABSTRACT

The research on entrepreneurship has for long been trying to find personality characteristics which could serve to explain business start-up. Often these studies have, however, been looking for only one stereotypical character, the classical entrepreneur, and contrasted this character with the non-entrepreneurial counterpart.

This study focuses on the process of business start-up, and more precisely on the pre-start-up phase, where people's self-conceptions, intentions and eventual need to find alternative career-options have the most central effect on the start-up decision. Our study aims to show that there actually exist more than these two extreme types of identities in the entrepreneurial–non-entrepreneurial continuum. We also look for the relationships between entrepreneurial identities, the start-up intention and the environmental push into entrepreneurship.

The findings suggest that there indeed exist more than one or two entrepreneurial identities. Beside the classical entrepreneur identity, we found also farmer, intrapreneur and custopreneurial identities. Furthermore, the results suggest that these identities function as important intermediaries in the pre-start-up phase of the entrepreneurial process. For example, the effect of push-factors seems more compelling people having farmer identities, whilst people with classical entrepreneur identities do not seem to react in any significant way.

The main interest of this study is in finding that the entrepreneurial identity has such a strong effect on the entrepreneurial process. The environmental pressure or subjective compulsion to choose an entrepreneurial career option does not relate to classical entrepreneurship nor to totally non-entrepreneurial people, but to those in between who have doubts about their usefulness, needs, attitudes and competencies for entrepreneurship. However, the positive value base for entrepreneurship is essential for the development of an entrepreneurial identity. The development of one's identity is formed during the early years as a human being, and therefore the study points to the importance of supporting the development of a positive value base.

Keywords: *Start-up, entrepreneurial identity, intentionality, push-factor*

INTRODUCTION

Since Kilby's hunting of the Heffalump, determinants of entrepreneurial behaviour (The term 'entrepreneurial behavior' here refers to the pre-start-up and start-up periods of an entrepreneur's personal and business-related development; especially strategic management literature uses the term in the narrower sense of the strict Schumpeterian interpretation with extreme innovativeness as the main content) have been searched for in various directions. It is somewhat surprising that even today there prevails an (at least implicit) understanding and belief in homogeneous Heffalumps. That is to say, we do not take into account seriously enough the great variation in entrepreneurial roles and types when trying to understand and find linkages between personal characteristics and entrepreneurial behavior. Thus, instead of searching for one Heffalump we should rather search for the species or tribe of those important actors. While searching for these characters it is important to note that the mode of appearance of entrepreneurial actors varies to a great degree. That is a fact that is very explicit in entrepreneurship literature. However, in research focusing on the determinants of entrepreneurial behavior the distinction between different forms of 'entrepreneurial behavior' is neglected.

It is a common view amongst the researchers in entrepreneurship that the moment of emerging entrepreneurial identity and intentionality is an important research object. Especially studies on varying backgrounds of would-be entrepreneurs and research on 'who, when, and which factors have influence on their decision to start up' are seen as important (see e.g., Dyer, 1994; Schein, 1994; Koskinen, 1996). In this paper we regard entrepreneurial identity as a latent occupational concept of oneself, and use our data of a 'normal' population to study how common entrepreneurial identities are (the proportion of people identifying themselves as possible entrepreneurs) and what kinds of different identities exist in a population. From there we continue by studying the entrepreneurial intentions (of starting up a business) within the population. Also relationships between identities and intentionality are studied. The paper ends up with an analysis of the push-factor's effect on the relationship between entrepreneurial identity and intentionality. There is quite a lot of theorising about the influence of the push-factor on entrepreneurship, but there are rather few research results about certain push-factors' influence on the intentionality of different personalities. This study tries to focus on that theme by elaborating the effect of the push-factor on various groups of persons.

DETERMINANTS OF ENTREPRENEURIAL ACTION

At a very general level of discussion, the various explanations of entrepreneurship can be categorised into two schools: (i) the environmental school and (ii) the people school. The environmental school bases its explanation of the existence of entrepreneurship on the cultural and structural conditions of (most often) the local environment. A recent survey by Reynolds, Storey and Westhead (1994) focused on various economic-structural characteristics in six countries trying to find out relationships between structural variables and entrepreneurship. Also Johannisson and Bång (1992), Davidsson (1993) and Havusela (1995) have reported empirical findings on the relationship between structural variables and entrepreneurship. Entrepreneurship-related values and attitudes have been used as a measure indicating local culture (see e.g. Davidsson, 1993). Similarly, in the classical work of McClelland (1961) the personal achievement motive was used to measure an achieving culture at the level of society. According to various investigations, there is a link between both structural and cultural aspects of environment and entrepreneurship. In many cases, however, this link seems to be quite vague and the strict causality between the independent (environment) and the dependent (entrepreneurship) variable is uncertain and thus problematic.

The people school of entrepreneurship stresses the importance of 'right stuff' (see e.g. Ronstadt, 1984). At an extreme, the point is that an individual having 'entrepreneurial characteristics' always finds the path to entrepreneurship regardless of environmental conditions. The mainstream of 'people school' research uses the so-called 'trait approach' in explaining both entrepreneurial intentions and entrepreneurial success. Perhaps the most widely used traits are the need for achievement (McClelland, 1961) and the locus of control (Rotter, 1966; Levenson 1973). Also tolerance of ambiguity and creativity have often been linked to entrepreneurship. Bateman and Crant (1993) defined a measure for the proactive personality. This 'new trait' seems to be a rather promising determinant of entrepreneurial behavior. The trait approach has found various linkages between personal characteristics and entrepreneurship. Also these relationships are usually quite weak, but it can be argued that traits in general possess at least some explanatory power with regard to entrepreneurship. The critique on the trait approach has for example focused on the fact that it has not succeeded in defining a unique entrepreneurial stereotype with a certain pattern of characteristics, and that the relationship between a trait and actual behavior is weak (see e.g. Chell, 1985).

It is true that traits alone have a limited explanatory power with regard to entrepreneurship. As a solution to this problem an interactive approach (interactionism) tries to explain entrepreneurial behavior as a function of the person and environmental conditions (Chell, 1985: 48). Huuskonen (1992) has also discussed the co-effect of personal characteristics and the objective reality individuals live in. In his approach the person's subjective interpretation of the objective reality functions as a triggering element towards an entrepreneurial career.

Values and attitudes in general and especially those linked closely with entrepreneurship are connected with entrepreneurial career development. Environmental observations shape people's attitudes and beliefs. Attitudes and beliefs influence the potential entrepreneur's view when he or she compares entrepreneurial and non-entrepreneurial career alternatives (c.f. Huuskonen 1992: 81-82). Ideological values have been regarded as important determinants of entrepreneurial behavior by classical writers like Weber and McClelland. Weber relates ideological values straight with entrepreneurial behavior, whereas McClelland uses the need for achievement concept as an intermediating psychological variable between values and behavior. (Kilby, 1971: 7 - 8).

Gibb and Ritchie (1981) have proposed an alternative 'social development model' to explain and understand entrepreneurial start-up decisions. They suggest that "entrepreneurship can be wholly understood in terms of the types of situation encountered and the social groups to which individuals relate" (1981: 183). Also Stanworth and Curran's (1976) definition of entrepreneurial identities refers to certain reference groups. That is, persons can identify themselves as certain types of entrepreneurs (artisans, classical entrepreneurs or managers). Entrepreneurial identity may be a new promising link in the discussion of entrepreneurial potential as it can be used to distinguish between various would-be entrepreneurs. The concept can be defined as an individual's latent occupational identity in relation to entrepreneurship. In most studies of entrepreneurship, there has clearly been an aim to define entrepreneurship as a unique and coherent phenomenon. This approach has failed mostly because of the complexity of the empirical reality of entrepreneurship. In order to measure entrepreneurial potential it is very important and interesting to find out how people define themselves as entrepreneurs and what is the link between identity, attitudes, traits and intentions.

Intentionality is a state of mind directing a person's attention (and therefore experience and action) towards a specific object (goal) or a path in order to achieve something (means) (Bird, 1988: 442). Intentionality is, thus, grounded on cognitive psychology that attempts to explain or predict human behaviour. It is seen that behavioural intention results from attitudes and becomes an immediate determinant of behaviour. Fishbein and Ajzen (1975) have illustrated this relationship as follows:

Beliefs => Attitudes => Intentions => Behavior

Entrepreneurial intentions are aimed at either creating a new venture or creating new values in existing ventures. Intentionality includes both rational/analytic thinking (goal directed behaviour) and intuitive/holistic thinking (vision). (Bird, 1988). Motivational factors, such as the need for achievement (McClelland, 1961) and the need for control (Brockhaus, 1982) predispose individuals to entrepreneurial intentions. Boyd and Vozikis (1994) have treated self-efficacy as an important triggering or inhibiting factor of intentionality. Self-efficacy is originally derived from Baundra's (1977) social learning theory and it refers to a person's belief in his or her capability to perform a given task. Self-efficacy also affects a person's beliefs regarding whether or not certain goals may be attained. (Boyd and Vozikis, 1994: 66). Thus it follows that if a person has positive attitudes to entrepreneurship and his/her intentionality has arisen, and if the triggers (suddenly changing personal or environment-based conditions) are stronger than the barriers to start-up, the decision to found an enterprise occurs (Volery, Doss, Mazzaroll and Thein, 1997).

The period of pre start-up has been described by many writers. For example Schöllhammer and Kuriloff (1979), Vesper (1980), Cooper (1982), Churchill (1983), Kazanjian (1984) and Stevenson, Roberts and Grousbeck (1985) have touched upon the theme. Those models usually include the stages of pre-start-up, start-up, growth and maturation (e.g. Churchill, 1983; Kazanjian, 1984). Cooper (1982) defines the pre-start-up stage as follows:

> "The pre-start-up stage includes those events which lead a specific entrepreneur to a specific venture opportunity. It can involve varying degrees of deliberate planning, development of contacts and resources, and systematic search for entrepreneurial opportunities."

Churchill (1983) defines the start-up-stage in three different sub-stages:

> "Seriously consider doing it - decide that having your own business is a serious possibility and that you want to be an entrepreneur. The potential entrepreneur undergoes a change in outlook - for what was pure speculation or an intellectual game now becomes a distinct possibility. Plan for it - First, develop the fundamental business concept ... second, prepare the business plan. Do it - take the plunge and actually launch (or acquire) the business."

Common to all definitions of the pre-start-up stage is the focus on business related facts, which together form a straightforward pathway to business start-up. The pre-start-up models usually begin with a "perception of market opportunities" (Kilby, 1971), "when the desire for entrepreneurship is recognized" (Vesper, 1980), or "understanding forces creating opportunity" (Stevenson et al. 1985: 23). Some writers have seen the pre-start-up period to begin with more person-oriented phases like the "entrepreneur sees a need" (Schöllhammer and Kuriloff, 1971: 31) or "seriously consider to do it" (Churchill, 1983).

Figure 1. Determinants of entrepreneurial behaviour

Determinants of entrepreneurial action (like the starting up of an enterprise) form a complex web of different explanatory concepts and variables. Even though the strict causality of these determinants in relation to entrepreneurial action is somewhat questionable, there is evidence enough to draw at least a hypothetical picture of the (loosely) explanatory structure behind entrepreneurial action. Figure 1 illustrates our thinking. We consider the following determinants of personal development as prerequisites to entrepreneurial action. Values and attitudes form a base for entrepreneurial development. McClelland (1961) placed the need for achievement motive as an intermediating variable bet ween cultural values and entrepreneurial action. Our thinking follows a similar line of reasoning in that also other personal characteristics can be placed as intermediating factors between a positive value base and entrepreneurial action. In our studies we have used nAch, locus of control, tolerance of ambiguity, creativity and proactivity as those intermediating personal variables.

It is possible to distinguish between three different main phases or areas of entrepreneurial determinants. The first can be called as *the values base* and it consists of a personal value structure, more precise attitudes to and beliefs in entrepreneurship as well as of various entrepreneurial characteristics and ways of behavior. (see e.g., Bygrave, 1989: 9). While some entrepreneurial characteristics are 'products' of a positive value base, they also add to the second level of the process, the development of a person's occupational base. The level consists of concepts related to a person's occupational development, such as different forms of occupational knowledge and skills. These are mostly developed through education and experience (or, to follow Collins, Moore and Unwalla, 1964: "the school for entrepreneurs"). Also motivations have significant meaning for the occupational development of a person. Entrepreneurial identity is a person's context-bound and socially influenced subjective interpretation of his/her eventual role as an entrepreneur, stemming from his/her personal values, motivations and skills (the concept of entrepreneurial identity is discussed more profoundly later). Entrepreneurial intention is the link between the development of a person's occupational base and real entrepreneurial behavior. The third and final area of entrepreneurial background processes is *the phase of pre-start-up*, which we see here as a straight pathway to realised entrepreneurship, even though it has been found that not all intentions lead to business start-up (Learned, 1992; Volery et al., 1997).

As to entrepreneurial determinants it is very important to distinguish between personal and external determinants. One of the main messages in Figure 1 above is that the entrepreneurial process is always a personal process, i.e. a person is subjectively involved in it and no external involvement can not realize the process unless the person wants it. Putting it differently, all external push- and pull-factors influence the start-up process through individual actors.

Prior research has dealt with several types of push factors. Specht's (1993) literature review showed that the five most common contextual factors used as determinants of entrepreneurship can be grouped as social, economic, political, infrastructure development and market factors. The failure of a previous organisation, getting fired, or concluding that the organisation or one's career is not progressing can also be treated as factors 'pushing' towards entrepreneurship. (Collins et al, 1964, Shapero and Sokol, 1982; Vesper, 1983). Push- and pull-factors are usually connected with the start-up process of a new firm. However, it is also possible to argue that several environmental factors influence the development of a person's value base as well as occupational base. Moreover, the environmental factors change during a person's development. In the early years the environment provides the cultural prerogatives needed for primary and secondary socialization (Berger and Luckmann, 1966), changing then from fostering and supporting to forming structures, expectations, pressures and obstacles.

From our point of view the discussion and research concerning the effect of external factors (push and pull) on the entrepreneurial process is too general. That is, the research has not tried to show the external factors' effect on different personalities and persons with different occupational identity. In this study we try to specify our research focus on a certain phase of the entrepreneurial development process (entrepreneurial identity) and study certain environmental factors' influence on its relationship with entrepreneurial intentions.

THE CONCEPT OF ENTREPRENEURIAL IDENTITY

The literature of entrepreneurship recognises various types of entrepreneurs. The basic differentiating line is usually drawn between craftsman and opportunistic entrepreneurs (Smith 1967; Stanworth and Curran, 1976; Routamaa and Vesalainen, 1989; Lafuente and Salas, 1989) even though many authors define more than two types. The above writers define varying forms of entrepreneurship through the socio-psychological approach and entrepreneur's goal orientation, especially growth. Vesper's (1980) categorisation of entrepreneurs differs from the above in that it mainly based on the way an entrepreneur is carrying out his/her business. However, definitions of the different types among the would-be entrepreneurs are rare. We aim to analyse a certain population in order to find out the quantity and especially the quality of entrepreneurial identity of would-be entrepreneurs within that population.

The concept of entrepreneurial identity has its roots in entrepreneurial types used to differentiate between various types of entrepreneurs. Especially Stanworth and Curran's (1976) definition of the entrepreneur identity has influenced our thinking. Following Gouldner (1958) they used the concept of *latent social identity* to deal with "the several possible constellations of meanings which may form the core of the entrepreneur's self-definition of the entrepreneurial role" (Stanworth and Curran, 1976: 104). Identity search, understanding oneself within one's social environment, has been considered as one of the main themes of human life. Identity develops in youth so that occupational identity is one of the latest areas of development. (Erikson, 1959) Identity may have a *foreclosure status* in the sense that a young person has taken the identity for granted e.g. as a legacy from his/her parents. In another path of development, *identity achievement,* the young person looks for and tries out several different identities and on the basis of the cumulated experience he/she chooses one. Identity becomes revaluated at different stages in life, when conditions of life change and when crises are encountered. (Marcia, 1980). Identity has been distinguished in several areas: clarity of definition of one's self, commitment to values, beliefs and objectives, activity towards these commitments, consideration of identity alternatives, approval of one's self, and thrust in one's own future (Waterman, 1982).

Schein's (1978) theory of career anchors is also applicable here. Schein argues that as people move into their careers they gradually develop clearer self-concepts in terms of their:

1. Talents and abilities; they discover what they are and what they are not good at .
2. Motives and needs; they determine what they are ultimately seeking out of their career (e.g., good income, security, interesting work, or opportunities to be creative).
3. Values; they realize what kind of company, work environment, product, or service they want to be associated with.

Schein continues by arguing that "talents, motives, and values become interrelated in a total self-concept through a reciprocal process of learning." This learning process can be seen as an important linkage between *the values base* and *the occupational base* defined earlier in this paper. It can be argued that entrepreneurial identity is the central concept of *the occupational base*. It is anchored in the values and occupational experiences, education as well as motivations, and it strengthens and changes the entrepreneurial intentions according to the circumstances. Also external factors like entrepreneurial culture or the existence of entrepreneurial 'heroes' as living examples of entrepreneurship have a certain influence on each person's occupational entrepreneurial identity.

Schein originally defined eight career anchors: (1) Security/stability, (2) autonomy and independence, (3) entrepreneurship, (4) technical/functional competence, (5) managerial competence, (6) service, (7) pure challenge, and (8) life style. The original career anchor of entrepreneurship is defined on the very strict basis of Schumpeterian entrepreneurship where extreme creativity and the need for creating a new business are the dominant features of the anchor. In the light of varying entrepreneurial roles (e.g., from self-employed to conglomerator or from artisan to classical entrepreneur) the entrepreneurial career anchor serves as too narrow a perspective to understand entrepreneurs' career decisions. Taking an opposite approach to the anchors it can be argued that only the anchor of security/stability is clearly against all entrepreneurial career alternatives.

Our definition of occupational entrepreneurial identity is based on varying entrepreneurial identities and its main rationale can be crystallised by asking *if entrepreneurship, what kind of entrepreneurship?* On the basis of the above discussion the entrepreneurial identity can be defined as a person's inclination to adopt a certain type of occupational entrepreneurial role. It has a career anchor -type of nature in that it is latent (social identity) and it becomes more explicit when the person becomes older and more experienced in different occupational situations.

RESEARCH QUESTIONS AND METHODOLOGY

This research report focuses on four questions:

(1) How common are different entrepreneurial identities in a population,

(2) How do the groups of persons categorised by the entrepreneurial identity differ according to personal characteristics, entrepreneurial attitudes and other background factors,

(3) What is the level of entrepreneurial intentions in each group, and

(4) What kind of effect has a certain push -factor to the entrepreneurial intention in each group.

As a base population we used small Finnish country municipality of Laihia which has a total population of appr. 7,500 inhabitants. We excluded all inhabitants under 16 and over 65 years of age and took a randomly selected sample of 1.000 names from the remaining population, which was about 4.800 inhabitants. After one reminder with a questionnaire we got a response rate of 48,5 % and thus our data consists of 485 accepted questionnaires. The age class 46 - 65 is somewhat underrepresented and the age class 31-46 years somewhat overrepresented. In other respects the data corresponds well with the base population.

Figure 2. The design of the study

Entrepreneurial identity was measured by a 19-item block of statements describing various entrepreneurial roles (the items listed in figure 3.) The data was analysed at three levels. First, we looked at the straight distribution of each type of role. Second, we conducted an exploratory factor analysis in order to find out some basic dimensions of identity, and third we used the factor coefficients in a cluster analysis in order to form groups of different would-be and non-entrepreneurs in the sample.

In the study we have also measured various personal characteristics. Tolerance of ambiguity was measured by a block of 6 questions (Cronbach's alpha 0.69). The need for achievement was measured by a block of 8 questions (0.73). In order to measure locus of control we used a Levenson -type of questionnaire instead of Rotter's by making the same statements as two Finnish researchers, Pitkänen and Vesala (1988), had used earlier (our alpha for the measure was 0.70). Creativity was measured by a block of 8 items (0.77) as we did with proactive behaviour, for which we used a shortened version of Bateman and Crant's (1993) measure (alpha 0.83). In the light of the co-efficient alpha all the measures are internally valid. Our aim here is not to concentrate on the 'traits-discussion' but to use the above personal characteristics as background variables to study whether different groups of would-be entrepreneurs differ with regard to personal characteristics.

Intentionality was measured by a block of 19 items. Of the items six dealt with the respondents' aim to start some kind of an enterprise within a year. The next six considered various searching activities for the year, such as active search for an opportunity, financing or a partner. The rest of the items (7) dealt with various aims related to development and training activities in order to acquire entrepreneurial and managerial skills. In this research report we use only the 'real' aims to start an enterprise within a year.

As a push-factor we measured *a person's dissatisfaction with prevailing occupational conditions*. Acknowledging that people may experience drastically different occupational conditions, we defined three different scales of questions: One for those having a job at the moment, one for those unoccupied at the moment (unemployed, mothers/fathers at home, students etc.) and one for farmers. Each scale (4-6 items per scale) represents the personal push-factor of *dissatisfaction with prevailing occupational conditions*. The three groups' dissatisfaction followed fairly well the shape of normal distribution but there were expected differences of scale. To improve their comparability within a single variable, the scales were standardised and normalised to follow normal distribution. This kind of push-factor can be categorised in the group of negative displacement-type of push-factors defined by Shapero and Sokol (1982).

ENTREPRENEURIAL IDENTITY

The distribution of all the 19 entrepreneurial roles is represented in Figure 3. It can be noticed that the most popular entrepreneurial role is that of *an independent professional.* This may include several professional solo entrepreneurs like lawyers, consultants, doctors or other professional experts whose expertise is acquired through education and experience. Over 60% of all respondents could at least partially agree that this kind of an entrepreneurial role might be appropriate for them.

The data was factor-analysed in order to find new and more coherent dimensions of entrepreneurial identity. The results of the factor-analysis are reported in Table 1. The varimax-rotated factor pattern produced five factors when the criterion was set on the basis of eigenvalue > 1. Factor 1 appeared to represent the main entrepreneurial elements like "businessman" (loading .7) and "owner-manager" (.8) -identities. Also the more innovative elements like "inventor" (.58), "scientist" (.65) and "expert" (.62) loaded strongly on this factor. This factor can be thus labelled as *classical entrepreneurial* identity.

Figure 3. The distribution of entrepreneurial identities

The second factor consists purely of items of internal entrepreneurship with respective loadings of "internal innovator" (.79), "internal provision earner" (.69) and "internal developer" (.75). Thus the factor can be labelled as *intrapreneurial* identity.

The third factor consists mainly of "franchising" (.83), "network-marketing" (.66) and "cooperative-entepreneurship" (.53). All these items reflect the new entrepreneurial roles in Finnish society. Franchising is increasing rapidly, many unemployed have joined work co-operatives through which they can offer their services on an entrepreneurial basis. Also network-marketing is clearly booming in Finland at the moment. However, the communality of the network-marketing role is quite low, thus this particular role is spread into other factors, too. Common to these entrepreneurial roles is that in each type the entrepreneur is not alone by him- or herself but some sort of 'principal' is always closely involved with the business. This factor can be called the *custopreneurial identity.* The term custopreneurship was launched by Lehtinen (1988) and it has been defined as involving those operations where the business has integrated its customers as resources into the business operations to work entrepreneurially (Koiranen and Tuunanen, 1996).

The fourth factor is easily interpreted. Two main items have very strong loadings, "farmer-identity" (.87) and "forest-entrepreneur identity" (.89). This factor can be called *farmer identity.*

In the last factor items "craftsman" (.78) and "independent professional" (.72) loaded strongest. This factor reflects a *craftmanship* -dimension of entrepreneurial identity. The difference between craftmanship and professionalism here is that the former is usually believed to be an identity for poorly and the latter for highly educated persons. However, people seem to mix between these elements because they loaded in the factor.

Compared with former entrepreneurship studies, it can be found that the factor structure includes the opportunistic - craftsman distinction. Factor 1 (classical entrepreneurship) corresponds the one end of the continuum and factor 4 (farmer entrepreneurship) and factor 5 (craftsman entrepreneurship) the ot her end. Factor 3 (custopreneurship) can be placed in between the extreme ends of that continuum. It should be kept in mind that the above factor pattern is a result of data gathered from the normal population and thus it cannot be directly compared with results from purely entrepreneurial data. Anyway, it can be concluded that the data reflects entrepreneurial identities in a population through five alternative dimensions:

> *Classical identity,* which is chararterised by businessman and owner-manager identities as well as the more opportunistic and innovative identities of innovator and scientist.
>
> *Intrapreneurial identity,* which is characterised by innovative behaviour, a positive attitude towards flexible reward system, and activity towards various development tasks within an organisation.
>
> *Custopreneurial identity,* in which entrepreneurial roles of franchising, cooperative entrepreneurship and network-marketing entrepreneurship dominate.

Farmer identity, where both farmer identity and forestry entrepreneur identity are the most characteristic features.

Craftsman identity, which is characterised by craftmanship and independent professionalism.

Table 1. Rotated factor matrix of entrepreneurial identities

Variable	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Comm.
Businessman	.70					.59
Inventor	.58					.58
Owner-manager	.80					.71
Scientist-ent.	.65					.55
Expert	.62					.52
Internal innovator		.79				.70
Internal provision e.		.69				.63
Internal develop.		.75				.67
Franchising			.83			.72
Cooperative			.53			.56
Network-mark.			.66			.49
Farmer				.87		.81
Forest				.89		.83
Craftsman					.78	.63
Independent prof.					.72	.66
Eigenvalue	5.75	1.73	1.45	1.35	1.16	
Variance explained	30.3	9.1	7.7	7.1	6.1	
Cumulative variance	30.3	39.4	47.1	54.2	60.3	

Only loadings > .5 are shown

The analysis was continued with cluster analysis using the factor scores computed. The cluster analysis resulted in five distinct clusters which can be labelled as follows (Table 2). In cluster 1 the farmer identity (cluster centre1 is a Euclideian mean of variables (here factor scores) of each cluster. 1.24) is clearly a dominating factor. This group of individuals seems also to have quite low inclination towards classical identity (cluster centre -.52). Thus this cluster can be labelled as *farmer identity cluster* and it consists of 98 individuals which is 20,2 % of the sample. In cluster 2 the absence of any entrepreneurial identity is extremely clear. All cluster centres are negative; thus this cluster can be labelled as a *non-entrepreneurial cluster* and it consists of 81 persons, which is 16,7 % of the sample. The most dominating factor in cluster 3 is the classical entrepreneurial identity (1.30). It is also worth noticing that three out of four other cluster centres are negative; thus people in this group seem to be quite focused in their identity. The cluster can be named as *classical identity cluster* and it consists of 102 members, which is 21,0 % of the sample. Cluster 4 is characterised by internal entrepreneurship. The cluster centre does not, however, reach as high a score as other dominating factors in other clusters (0,83). It is also worth noticing that factor 5 gets quite a high value in this cluster, too. Thus both the internal entrepreneurship and the craftsman/expert identity somewhat dominate this cluster. The main reason why the two factors get such high values in this cluster might be that many people having internal entrepreneur identity are at the same time experts, who could easily think of themselves as independent experts on a solo-entrepreneurial basis. This cluster can, however, be named as an intrapreneurial identity cluster and it consists of 88 persons, which is 18,1 % of the sample. The last cluster is dominated by custopreneurial entrepreneurship. The interpretation is quite clear as the other factors have very low or negative cluster centres. This cluster can be named as the custopreneurial identity cluster, and it consists of 116 persons, which is 23,9 % of the sample.

Looking at the result from the perspective of various factors, it is obvious that factor 1 (classical entrepreneurial identity), factor 3 (custopreneurial identity) and factor 4 (farmer identity) produced the most clear-cut solutions in terms of focused interpretation (the single factor clearly the dominating one in the cluster). Instead, the craftsman/expert factor spread into several clusters, and thus no pure craftsman cluster emerged. The main reason for that might stem from the questionnaire, which does not distinguish clearly enough between craftsman and expert identities which, in turn, leads to the result that both identities loaded on the same factor. Comparing this result against reality, it seems to be somewhat misleading.

Table 2. A five-cluster solution of the entrepreneurial identities of the sample

Cl.no.	no. of pers.	factor 1	factor 2	factor 3	factor 4	factor 5
1	98	-.52	-.29	-.00	1.24	.41
2	81	-.76	-.32	-.27	-.24	-1.31
3	102	1.30	-.02	-.32	.09	-.25
4	88	-.32	.83	-.79	-.65	.59
5	116	.07	-.15	1.07	-.48	.34

Factor 1: Classical identity	(F 131.51; prob .000)
Factor 2: Intrapreneurial identity	(F 23.84; prob .000)
Factor 3: Custopreneurial identity	(F 87.06; prob .000)
Factor 4: Farmer identity	(F 100.21; prob .000)
Factor 5: Craftsman/expert identity	(F 89.16; prob .000)

Several differences between the clusters were found. First, comparing the personal characteristics within and between the groups it was found that in the cluster of classical identity all the personal characteristics measured were at the highest level (Appendix 1). Correspondingly, all the characteristics in the group of non-entrepreneurial identity were the lowest. Most of the values of entrepreneurial characteristics of the classical entrepreneurship identity group were also higher than the values of all other would-be entrepreneur groups. The other three clusters (2, 3 and 4) were quite equal with respect to personal characteristics. On the basis of the above results it is quite clear that entrepreneurial identity and personal characteristics interrelate. Thus the strength of entrepreneurial characteristics seem to settle down at three levels. The highest overall level was measured in the group of classical identity. The 'mid-group' consisted of the other three groups which were also identified as entrepreneurs. Clearly the lowest scores of the characteristics measures were found in the group of non-entrepreneurs. Almost the same results could be found concerning the entrepreneurial attitudes (Table 3).

In regard to the background characteristics, the persons with custopreneurial identity were the youngest and the persons with farmer identity the oldest. It seems that custopreneurial activities are favoured by younger persons, which is logical because these (especially) franchising and network-marketing types of entrepreneurial activities are quite new phenomena. The groups of farmer identity (55,1 %), classical identity (64,7 %) and intrapreneurial identity (55,7 %) were dominated by men and correspondingly the groups of non-entrepreneurial identity (55,6 %) and custopreneurial identity (56,0 %) by women. As to the social background of the different groups of identities it was found that only 28,4 % of the persons in the non-entrepreneurial group had several relatives and/or friends who were entrepreneurs as compared to the groups of classical identity (50 %), farmer identity (48 %), custopreneurial identity (44,8 %) and intrapreneurial identity (42 %). The lowest educational levels were found in groups of farmer identity and non-entrepreneurial identity (37,8 % and 33,3 of the persons in the respective group had only basic education. Persons having an intrapreneurial identity represented the highest level of education (only 12,5 % having just basic education).

INTENTIONALITY AND THE EFFECT OF THE PUSH-FACTOR

According to previous studies environmental push might have a positive relationship to start-ups. Here we studied the push factor's effect on intentionality. A push-factor acts as an intermediate variable and it can be hypothesised that there exists a positive correlation between intentionality and the push-factor. That is, when the push-factor strengthens, the intentionality increases. As a push-factor we used here *dissatisfaction with prevailing occupational conditions.*

Appr. 30 % of the persons in the sample aimed at new business start-up within a year. In the groups of custopreneurial and classical identity, intentionality was strongest (37,1 % and 35,3 % aimed at start-up). At the overall level, the correlation between intentionality and the push-factor was .13 ($p < 0.001$). The relationship was elaborated further by calculating correlation coefficients in various sub-groups (table 4).

Table 3 shows that in the age group 16-30 the correlation changed clearly (weakened as low as to 0.09). In other age groups the correlation strengthened slightly (0.26 and 0.16). This result reflects quite clearly that in the case of younger persons the environmental push does not have any effect on intentionality. Instead, the older persons, especially the middle-aged, tend to have growing intentionality if the environmental push increases. The effect of the push-factor also strengthened in the group of poorly educated persons (0.16) and weakened in the group of highly educated ones. Thus it seems that education has a certain position in the chain of evidence concerning entrepreneurial intentions. It is possible to assume that entrepreneurship is more often the solution to problems of poorly educated than highly educated persons, who might more easily find another work if the conditions in the present job are not satisfactory enough. These findings correspond quite well to the social marginality theory (e.g. Collins et al, 1964). Further, it was found that intentionality strengthens in the group of men (0.17) and weakens in the group of women (0.08). This was no surprise either (see e.g, Cooper, Gimeno-Gascon and Woo, 1994).

In regard to identities, the correlation strengthened in the group of farmer identity (0.29). The farmer identity may be more linked to high environmental awareness than to strategic awareness (Gibb and Scott, 1985). The result indicates also that environmental push does not have any effect on intentions when a person has either a classical or a non-entrepreneurial identity. The correlation weakened in the groups of classical identity (-0.06) and non-entrepreneurial identity (0.05). The reasons for this, of course, are different. For classical entrepreneurs, 'the internal flame' is enough to cause entrepreneurial intentions and no push is needed, whilst in the case of non-entrepreneurial identity not even an environmental push can wake up the need for entrepreneurial behaviour.

The analysis was continued by calculating sub-correlations at the third level of analysis (i.e., age, education and gender within the identity groups). These results are also presented in Table 4. By bringing in the entrepreneurial identity as an intermediate factor, the correlations in the age-groups were turned around from the original setting. It was found that the push factor seems to have quite a strong influence on intentionality especially in the groups of young and middle-aged farmer identities. The increase in correlation suggests that persons having a farmer identity will be more influenced by the push-effect than other groups.

In the classical identity group the lack of positive correlation was confirmed. The bringing in of the classical identity erased the high correlations in the age group 31-45 and in the group of poorly educated. In the oldest age group 46-60 the correlation even turned significantly negative (-0,39*). This finding suggests that the push-effect and classical entrepreneurship are not linked together but classical entrepreneurship is an internally motivated and triggered phenomenon.

As a new type of 'quasi-entrepreneurship', custopreneurship has been well adopted by the young. Indeed, the only positive change that the bringing of custopreneurial identity into the equation caused, was that the correlation among the age group 16-30 grew statistically significant (0,28*). On the other hand, the other age groups declined in significance. The identity seems to fit well the group of young men with a low level of education.

Table 4. Sub-correlations (Spearman) between intentionality and the push-factor

overall level (n)	r2 (prob.)	*second level* group	(n)	r2 (prob.)	*third level* group	(n)	r2 (prob.)
overall (443)	0.13 (***)	age 16-30	(135)	0.09 (ns)			
		age 31-45	(200)	0.26 (**)			
		age 46-60	(104)	0.16 (**)			
		low-educ.	(321)	0.16 (***)			
		high-educ.	(122)	0.05 (ns)			
		men	(227)	0.17 (**)			
		women	(209)	0.08 (ns)			
		farmer id.	(98)	0.29 (***)	age 16-30	(18)	0.36 (**)
					age 31-45	(44)	0.37 (**)
					age 46-60	(30)	0.20 (ns)
					low-educ.	(76)	0.30 (**)
					high-educ.	(16)	0.12 (ns)
					men	(52)	0.40 (**)
					women	(39)	0.19 (ns)
		classic. id.	(89)	-0.06 (ns)	age 16-30	(32)	-0.18 (ns)
					age 31-45	(31)	0.16 (ns)
					age 46-60	(19)	-0.39 (*)
					low-educ.	(62)	-0.03 (ns)
					high-educ.	(27)	-0.09 (ns)
					men	(54)	-0.18(ns)
					women	(34)	0.05 (ns)
		custop. id.	(116)	0.15 (ns)	age 16-30	(41)	0.28 (*)
					age 31-45	(45)	0.02 (ns)
					age 46-60	(16)	0.28 (ns)
					low-educ.	(74)	0.26 (**)
					high- educ. (28)		-0.11 (ns)
					men	(43)	0.32(**)
					women	(59)	0.03 (ns)
		intrap. id.	(83)	0.19 (*)	age 16-30	(27)	-0.02 (ns)
					age 31-45	(35)	0.25 (ns)
					age 46-60	(17)	0.40 (ns)
					low-educ.	(57)	0.25 (*)
					high-educ.	(26)	-0.01 (ns)
					men	(46)	0.31(**)
					women	(33)	-0.08 (ns)
		non-entr. id.	(81)	0.05 (ns)	age 16-30	(18)	0.23 (ns)
					age 31-45	(39)	-0.19 (ns)
					age 46-60	(20)	0.39 (*)
					low-educ.	(52)	0.03 (ns)
					high-educ.	(25)	0.07 (ns)
					men	(52)	0.40(**)
					women	(39)	0.19 (ns)

* p < 0.10; ** p < 0.05; *** p < 0.01

In the group of intrapreneurs the identity has the mildest effect on the correlations. In the older age groups the correlation levelled off as well as with the poorly educated. In many respects the group seems to behave quite similarly to the classical entrepreneurs, with a remarkable exception in the age group 46-60, where the push has fairly high (though statistically insignificant) correlation.

The effect of the push-factor rises significantly also in the group of old non-entrepreneurial identities. In fact, the largest change takes place in the age-group 31-45, where the positive (0,26***) correlation drops to negative ($0{,}19^{ns}$). So it seems that having a non-entrepreneurial inclination is prominently a phenomenon of the middle-aged. Another finding is the lack of correlation in the low-educated group. This non-entrepreneurial group shows clear signs of passivity. We think that here is a sign of the significance of the positive value base, which provides entrepreneurship as an optional career choice for those who feel unsatisfied with their current positions.

DISCUSSION

The aim of this paper was to study entrepreneurial identities in a certain population and on the basis of the findings be able to discuss the possibilities of finding the 'real entrepreneurs' or of 'pushing' people towards entrepreneurial careers. We studied also the relationship between different identities and entrepreneurial intentionality, especially focusing on the effect of a certain environmental push-factor as a mediating variable between identity and intentionality. The main findings of this study can be categorised as follows. First, most of the people in the population have an occupational entrepreneur identity. The group of people who did not possess an entrepreneurial identity was quite small; only 16,7 % of the population could be included in that group (cluster). This result, however, may be regionally biased and thus dangerous to generalize. Further research will reveal whether there are differences between the identity structures of various regional areas. Second, the most common entrepreneurial roles were those of the independent professional, the team entrepreneur and the craftsman. These roles fill in both the intrapreneurship and micro business entrepreneurship posts, and were thus in no respect surprises. However, the findings suggest that most people do carry entrepreneurial determinants with them and therefore attempts to differentiate entrepreneurs from non-entrepreneurs with clear-cut measures may be futile.

Third, the further analysis of the separate entrepreneurial roles formed four types of entrepreneurial identity: (i) the classical identity, (ii) the intrapreneurial identity, (iii) the custopreneurial identity and (iv) the farmer identity. The fifth group of persons was characterised by non-entrepreneurial identity. The classical- and farmer- dimensions followed fairly well the existing logic of entrepreneurship literature. The classical entrepreneurs proved to score highest on all the personal characteristics. In many respects, however, even if the classical entrepreneurs scored highest in almost everything, the entrepreneurial identity groups did not differ drastically from each other in their value basis concerning entrepreneurship. The appearance of a separate intrapreneurship dimension was an interesting new finding in entrepreneurship research. The recent trends within larger organisations to increase the individuals' expertise and responsibilities has led to the clear emergence of the intrapreneur type of identity. They are well-educated and differ from classical entrepreneurs only in a few personal characteristics. Another interesting finding was that several quite modern types of entrepreneurial roles loaded on the same factor, which could be named as custopreneurial identity. This finding brings in additional confirmation on Baumol's (1990) theorising on the changing nature of entrepreneurship as a phenomenon. The custopreneurial movement makes it even more difficult than before to point out clear-cut differences between entrepreneurial and non-entrepreneurial behaviour. Custopreneurship seems to fit young people well, both as giving new options for employing oneself and as offering new unusual ways of balancing between work and leisure time.

Fourth, the push-factor as operationalised by '*dissatisfaction with prevailing occupational conditions*' has a statistically significant relationship to intentionality. That is, if people are dissatisfied with their prevailing occupational conditions, the probabilities of entrepreneurial intentions rise. However, this relationship is not universal in the sense that it would influence different people or groups of people similarly. According to our results, the push-factor has no effect at all on the groups of classical entrepreneur identities. As an interpretation of this result we assume that this particular type of identity does not need any external push because entrepreneurship is an in-grown quality of the type. On the other hand, in the group of non-entrepreneurial identities the absence of the push-factor effect can be explained by arguing that the identity is so strong an element that at least this kind of push can not wake up the need for entrepreneurial action. In both of the groups where the push-factor has no effect on intentionality neither age, gender nor education has any strengthening effect, whereas in the other three groups of identity those factors had a mediating role which strengthened the effect of the push-factor. Age, gender and education alone clarified the effect of the push-factor. According to the results summarised above, a young, educated man with classical entrepreneur identity is least influenced by the push-factor and a young or middle-aged man with a farmer identity is most influenced by the push-factor in regard to his entrepreneurial intention. These results bring in an important notion of the people and environment school on entrepreneurship (Ronstadt, 1984). It seems that the extreme types of entrepreneurship are not subject to the push-effect, and the 'right stuff'-argument holds firm, while the three other groups seem to confirm the significance of the environmental push towards entrepreneurial behaviour.

Entrepreneurial identity seems to be quite a good determinant of intentionality. As the psychological theories of identity development clearly suggest, the development of human identity takes place during the first years of life. When we think about the promotion of entrepreneurship, the development of entrepreneurial identities becomes one of most important areas of action. The education system as a whole is in a key position in young people seeking their identity. However, it is somewhat questionable, at least in Finland, whether our education system promotes or inhibits the adoption of entrepreneurial identities.

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APPENDIX 1

1 Scales for measuring dissatisfaction with prevailing occupational conditions

The following questions have been divided into three groups according to the current occupational status of the respondents. Choose
a) group 1 if you work as an employee
b) group 2, if you work as a farmer (this includes all forms of agricultural work)
c) group 3, if you have no employment at the moment (concerns the jobless, students, etc.)

Choose an alternative depending on whether you
1 wholly disagree
2 disagree to some extent
3 neither agree nor disagree
4 agree to some extent
5 wholly agree

1 The following statements are intended for respondents who hold a part-time or full-time job at present.

The threat of unemployment is in my case acute
The relations between my employer and myself are badly exacerbated
My present job does not offer me opportunities of promotion
My present job is not challenging enough
I am not satisfied with my present wage level
I cannot carry out my ideas in my present job

2. The following statements are intended for farmers and concern the present situation in agriculture.

The income earned in agriculture is in my case extremely uncertain
The income earned in agriculture is at present quite insufficient
A traditional farm like mine gives few opportunities for development
Agriculture no longer offers me enough challenges

3. The following statements are intended for the unemployed, for students and for others who do not at present go to work.

To get a job seems at the moment almost hopeless
I am extremely dissatisfied with my present financial position
I feel that my knowledge and skills are wasted in the present situation
I have energy but, being unemployed, cannot use it in any sensible manner
I feel I am useless in the present state of affairs

CERTIFICATION PARADIGM AND NEW VENTURE FINANCING

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ABSTRACT

This paper extends the Certification Paradigm- mainly used in the finance literature as an explanation for IPO underpricings- to provide guidelines to entrepreneurs in their efforts to secure funding for new ventures. After extending the model to cases of pre-venture-capital start-up firms, along with the practical implications that would follow, efforts are made to derive some testable hypotheses for further research on the topic.

INTRODUCTION

It is estimated that the capital needs of entrepreneurial companies in this country is around $60 billion a year. However, only a small portion of this amount is financed by venture capital investors. For example, in 1996, a record year for the venture capital industry, venture capital funds invested a total of $10 billion in 2,163 different deals, with over 60% of such funds going to late-stage ventures. Now, even if we add to the said flow the approximate $10-20 billion funding that allegedly come from private individuals (angels), still a very large number of entrepreneurial companies remain unfunded.

Worse yet, the majority of the investment goes to the late-stage ventures- that is those that are at their very late stages of entrepreneurial life cycle and are ready to going public. Specifically, over the past six years where we have data available, only 13% of the total venture capital investments went to early stage enterprises. This leaves all those start-ups which need funding the most in the dark.

The question then is, why so many start-up companies with good potentials never get to the funding stage and have to shut their doors without having gone very far? Well, one possible explanation may lie in what has become known in the finance literature as the certification paradigm. According to the paradigm, deserving new ventures should be able to secure funding provided that they overcome the information asymmetry enigma they shoulder.

The purpose of this paper is to extend the certification paradigm to pre-IPO and pre-venture-capital enterprises and develop some testable hypotheses from the model. Section II briefly introduces the theory along with its testable implications. Section III in the main paper provides some suggestions for future research in the area.

THE CERTIFICATION MODEL AND ITS APPLICATION TO VENTURE FINANCING

It is common knowledge that investors' uncertainty regarding the success of a given venture is responsible for the fact that such venture may not receive the financing that it needs and deserves from investors. Known in the finance literature as Information Asymmetry, such phenomenon causes the venture capital market to collapse if neither the entrepreneurs nor the investors try to eliminate or reduce the information gap surrounding the existing ventures.

Akerlof (1970) was the first to bring such an intuitive yet very powerful reasoning to light and examine it rigorously. Later, Booth and Smith (1985) applied the paradigm to underwriting and triggered a considerable flow of research papers especially as they relate to the role of investment bankers, auditors and venture capitalists in bringing IPOs to the market. Specifically, certification hypothesis has been used in examining how investment bankers and auditors, and more recently professional venture capitalists, help resolve the information asymmetry between the IPO issuing companies on the one hand and stock market investors on the other hand. Examples include DeAngelo (1981), Barry, et al (1990), Beatty (1989), Carter and Manaster (1990), James (1992), Johnson and Miller (1988), Lin (1996), and Titman and Trueman (1986).

However, the certification model is equally applicable to pre-IPO and pre-venture-capital (VC) businesses seeking outside risk capital for their ventures. This latter proposition is even more important than the IPO applications mentioned above because of at least three reasons. First, as mentioned earlier, very little, if any, of the available venture capital goes to seed and start-up companies. Besides, according to venture capitalists themselves, nine out of ten business plans do not even reach the desk of a general partner at a VC firm. Additionally, in 1995, D&B Market Identifiers Database reported the existence of 119,000 companies in the U.S. However, out of such a large number of companies, only 14,000 are publicly traded and the rest remain private with majority being smaller entrepreneurial firms. Second, even if all of the venture capital goes to start-ups, still a huge financing gap totaling $30-40 billion would remain. Third, based on actual capital raising observations and experiences- including this author's own firsthand experience with venture investors and especially private investors over a relatively long time period- the REAL (as opposed to theoretical) venture investors in fact require third-party certification.

Briefly, the certification paradigm is based on the realistic premise that, compared with everybody else (outsiders), the entrepreneur (insider) has superior knowledge about his/her venture (resources, abilities, and shortcomings) and that he/she can exploit the situation by providing false information to outsiders and especially to investors regarding his venture. Knowing this, investors will not invest in the entrepreneur's project until and unless all the relevant information regarding the venture is available to them so that they could make objective investment decisions concerning the business. However the entrepreneur, being concerned about the theft of his/her proprietary knowledge and information, will not share the vital details of his business with anybody else unless the interested parties commit to the venture. In such a situation the market for venture capital will fail and projects have to be cut back extensively or cancelled altogether. One way to bring back the market however is to have a bonded third party- one who will be penalized if he/she does not communicate the true value of the venture to investors- to certify the credibility of the entrepreneur and his/her venture.

In the past, reputable investment bankers and professional venture capitalists have used their "reputation capital" (bonding) to certify IPO issuing firms and therefore enabling them to raise capital in the public markets rather smoothly and more efficiently. The body of research mentioned above all deal with such topic. For pre-IPO, pre-VC firms, the backing of such institutions is not readily available by definition. However, for such ventures, there is a group of active investors that has historically invested in early stage, start-up companies. Known as angels, private investors, or informal venture capitalists, each year this groups pumps approximately $10-20 billion of its own capital into the venture market. Private individuals/ investors (PIs) play more or less the same role that professional venture capitalists (VCs) play for the advanced-stage companies.

Private investors not only invest their money in their favorite ventures, but more importantly they add credibility and reliability to such ventures. Once there is a lead private investor in a venture- especially if such investor is highly reputable and well known in the community- other investors would follow subsequently. Depending on the size of their investment, PIs usually become insiders and by bringing their colleagues on board, they can place a venture on the fast track. The point I want to make here is that once a venture is lucky to receive financing from a credible and no-nonsense investor/backer, then such involvement can be seen by the investment community as an act of certification. Once certified, the venture will have a much better chance for survival and further growth.

Specifically, we suggest that:

1. A significant portion of the successful entrepreneurial firms still operating today should have had one or more lead investor/backer on board early on in their life cycle.
2. A significant number of the folded ventures should have failed to employ the services of a certifier in their efforts to capitalize and grow their ventures.

To summarize, this paper extends Akerlof/Booth&Smith's certification paradigm to pre-IPO, pre-VC entrepreneurial companies. The power of certification model lies not only in its logic, but also in its wide usage among venture investors in the real world. Furthermore, the hypotheses advanced in this paper should be readily testable.

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FEAR, KNOWLEDGE, AND CONSEQUENCES OF AIDS: A PILOT STUDY OF SMALL BUSINESS OWNERS

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ABSTRACT

Small business owners view the 1990s as a turbulent decade due to the AIDS epidemic. The sheer number of working people with HIV/AIDS makes the disease a workplace issue. According to the Centers for Disease Control (CDC) 90% of HIV infected Americans are in the workforce, and all companies with a workforce of 300 will have two or three employees who personally suffer from AIDS or have dependents, spouses, or significant others with the disease (Breuer, 1995). How will small business owners cope with the work force at risk of infection with AIDS? Experts predict that every U.S. company will have at least one employee with AIDS at some point, and that AIDS will become the greatest dilemma facing business (Nagliera, 1987). The Americans With Disabilities Act (ADA) provides additional protection for those with HIV/AIDS and forces employers to respond to the AIDS issue.

This paper will provide information on the scope of the AIDS crisis, on the impact of AIDS on small businesses, on the effect on the economy in general, and on the legal ramifications. In addition, previous research will be examined. The results of a survey of eight hundred small business owners will be presented. The study utilized a needs assessment scale to determine the training requirements necessary to contend with the AIDS crisis.

SCOPE OF THE AIDS CRISIS

According to the Centers for Disease Control (CDC) 90% of HIV infected Americans are in the workforce (Breuer, 1995). The Centers for Disease Control (CDC) has estimated that since the first AIDS case was diagnosed in 1981, approximately 100,777 deaths have resulted (Beckman, 1991). By 1988, human immunodeficiency virus (HIV) infection/AIDS had become the third leading cause of death among men 25-44 years of age, and by 1989, it had risen to second by surpassing heart disease, cancer, suicide, and homicide. In 1990, AIDS was the leading cause of death for men in the 24 to 35 age range (Chu, 1990). In 1992, there were 242,000 individuals with AIDS while there were 196,000 in 1991 (Wall Street Journal, 1992). Furthermore, it is estimated that over two thirds of companies with more than 2,500 employees, and nearly one in 10 small companies, have had an employee with HIV infection or AIDS (Working Women, 1992).

In 1990, AIDS was the third leading cause of death of women in the 24 to 35 age range (Chu, 1990). In January, 1993, a new definition of AIDS was published and implemented that included three new illnesses--pulmonary tuberculosis, recurrent pneumonia, and invasive cervical cancer. These diseases join the twenty-three other symptoms that coupled with HIV infection currently define AIDS. The result of the expanded definition is that an additional 40,000 people will be diagnosed with AIDS each year. This is considered a victory for women since those infected will be eligible for programs and drugs to fight AIDS (Wall Street Journal, 1992).

METHODOLOGY

The study sample was drawn from the *Metro Directory of Business* that includes businesses in the geographic metropolitan area of Charlotte, North Carolina. The area was chosen since a diversity of companies are located there. Eight hundred small businesses were randomly selected from the directory.

Questionnaires were mailed to the owners of the firms. Data were gathered using the needs assessment scales for training and development by Vest, O'Brien, and Vest (1991). Small business owners were asked to respond on a five point Likert scale as to whether they agreed or disagreed to a series of questions. The questionnaire requested four different types of information: (1) demographic information, (2) fear of AIDS, (3) knowledge of AIDS, and (4) consequences of AIDS to the business. As this was a pilot study to examine the state of small business in the AIDS crisis, data were analyzed using descriptive statistics. Scores were calculated for fear, knowledge, and consequences of AIDS using the methods proposed by the designers of the instruments.

The response rate from the mailing was 18.75 percent with 150 responding and 140 usable responses. In order to guarantee the confidentiality of the business owners, a follow up mailing was not possible. Due to the sensitive nature of the questions, this was deemed a respectable response. Indeed, some owners refused to respond to the questions in a vehement manner. Of those responding, 95 percent had less than 500 employees, and 90 percent had less than 360. Ninety-eight percent had sales less than $90,000,000 and eighty percent had sales less than $26,000,000. Therefore, the sample would seem to fit commonly accepted operational definitions of "small businesses." The responding companies represented a broad range of businesses with 104 different SIC codes being represented.

RESEARCH RESULTS

The research results will be presented in the following order: demographic information, fear of AIDS, knowledge of AIDS, and business consequences of AIDS.

DEMOGRAPHIC INFORMATION

The average age of the small business owners was 52.6 with the youngest being 28 and the oldest being 78. The average number of years of ownership of the businesses was 16. Ninety-one percent were male, and eighty-eight percent were married.

FEAR OF AIDS

Suspicion, anxiety, panic and hysteria are often the first responses people have when they hear the term, AIDS. Such emotional responses can lead employees to fear interaction with co-workers who have the disease. The Vest, O'Brien, and Vest (1991) needs assessment scale was computed for 140 small business owners. The fear scale was designed to measure the level of concern that business owners or employees might contract AIDS through casual contact. Since AIDS is a fatal disease and there is no known cure, it is easy to comprehend the level of apprehension.

Table 1 presents the Fear of AIDS Scale. On the Likert scale, a score of 1 (strongly agree) represents high fear and a score of 5 (strongly disagree) interprets as low fear. The mean scores were calculated for each of the questions and ranged from 3.12 to 3.51. Scores in the range of 3 seem to indicate that business owners may not have decided how they feel about the possibility of contracting AIDS through casual contact.

Looking at each question individually provides greater insight. To the first question--*It may be dangerous to work around someone with AIDS*--50.4 percent agreed or were noncommittal. To the second question--*Working with AIDS victims places co-workers in a life-threatening situation*--42.7 percent agreed or had not decided. To the third question--*There is reason to fear employees who have AIDS*--57.6 percent agreed or did not obligate. To the fourth question--*AIDS victims pose a threat to their co-workers*--50.4 percent agreed or did not commit. To the fifth question--*There is reason to single out employees who have AIDS*--57.2 percent felt that segregation might be necessary. These individual responses seem to indicate higher levels of apprehension than the overall mean.

Utilizing the scale as designed, an overall fear score was calculated. Adding the mean fear scores for each question gives an overall fear score of 16.45 on a scale of 5 (high fear) to 25 (low fear). In other words, this score is near the midpoint of 15 which indicates some high level work related fear of AIDS.

KNOWLEDGE OF AIDS

To facilitate effective training or AIDS education, it is important to determine the knowledge level on AIDS. The Knowledge of AIDS Scale was developed from documents published by the U.S. Department of Health and Human Services and CDC (Vest, O'Brien, & Vest, 1991). As this information is publicly available and the media and government have actively attempted to educate the public, the researchers expected that business owners would be knowledgeable.

The Knowledge of AIDS Scale was used to assess the business owners' level of knowledge on AIDS (see Table 2). To determine the knowledge of business owners, an overall composite knowledge scale was calculated. The first question was true, and all other questions were false. For each of the seven questions, one point was assigned for each correct answer by the small business owners while one half point was granted for each almost correct answer, and no points were accumulated for the other responses. For example, since the first question was true, one point was given for strongly agree, and one half point for the agree response. Each business owner received a score, and the scores were then averaged for the overall composite knowledge score. Out of a possible seven points, that is, a perfect score, the owners in the sample had an average score of 5.04. Therefore, the business owners did seem to be informed on the topic.

Examining individual questions reveals that there still seems to be areas where individual business owners' knowledge could be improved. For example, 18.2 percent felt that AIDS could be contracted through sneezing or coughing, 14.5 percent thought that AIDS could be contracted from toilet seats, and 33.6 percent noted that AIDS was transmitted when people ate or drank after one another. The knowledge assessment gives trainers the problem areas to be stressed during AIDS training.

BUSINESS CONSEQUENCES OF AIDS

As business owners have many people depending on them, it is natural to worry over negative consequences of having HIV/AIDS workers. As the goal of business is, by definition, profit, owners' anxiety would include effects on the bottom line and disruptions in the work flow. In order to assess the owners' perceptions of AIDS related consequences, a modified version of the Consequences of AIDS Scale was utilized (Vest, O'Brien,& Vest, 1991).

The consequences scale is divided into impact on revenue and disruptions in the work flow (see Table 3). Conceivably, there could be positive results to revenue flow from having HIV/AIDS workers. Perhaps, the firm would be viewed as an exceptional example of a socially responsible company, and as a result, the public would increase their patronage. The first two items--improve the company's image and result in increased sales-- were included to focus on positive results. However, the mean scores seem to indicate that owners do not agree that positive revenue effects are likely. On a scale of 2 (highly likely) to 10 (highly unlikely), the overall mean score was 8.46. Therefore, the owners seem pessimistic about any positive results. The last three items are negative impacts to revenue from AIDS. On a possible scale of 3 (highly likely) to 15 (highly unlikely), the overall mean score for the perceptions of owners was 9.89. In other words, the small business owners seem to be very pessimistic about the impact of revenues from AIDS.

Disruptions to work flow are all adverse results of AIDS. The means for each item seem to imply that the business owners think that disruptions to work are highly likely. For example, 84.6 percent of the owners think that employees will refuse assignments, 73 percent figure that AIDS will undermine morale, and 83.8 percent conclude that AIDS will cause employees to quit. On a scale of 5 (highly likely) to 25 (highly unlikely), the overall mean score for disruptive consequences to work flow was 12.95. In summary, small business owners see a discouraging future in dealing with AIDS.

DISCUSSION

The CDC recognizes that business must respond to AIDS. In effect, the ADA forces business owners to treat those with HIV/AIDS equally. Owners can no longer choose to ignore AIDS. In order to respond to the educational requirements, a needs assessment, a diagnostic process used before designing a training program, should be performed. These tools can be used for both managers and non-managerial employees. Specific target areas can be identified for focus during educational sessions.

In this pilot survey, fear, knowledge, and perceived consequences of AIDS were assessed in a sample of small business owners. From the assessment of fear, it was obvious that business owners harbor fear of contracting AIDS from casual contact. In general, business owners who are more educated than the work force were rather knowledgeable on the subject of AIDS, but there were areas of misinformation. Owners' perceptions of the consequences of AIDS were measured. Owners were very pessimistic about the impact of AIDS on revenues. Moreover, owners seemed to think that AIDS will probably cause disruptions in the work flow.

UNCERTAINTY AND PLANNING IN EXPATRIATE AND INDIGENOUS SMALL FIRMS IN THE SOUTH PACIFIC

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ABSTRACT

The future for most business organizations today looks bleak and uncertain. This is mainly a result of the increasing environmental dynamism characterized by complexity and ambiguity in which these firms operate. To ensure continued survival of their businesses, managers should develop appropriate and necessary measures to counter or absorb the potential effects of the uncertainty generated. This paper posits that planning in the face of uncertainty is the key to a firm's survival in a chaotic and turbulent business environment. Also, small firms, having little margin for error, would have to react timely and appropriately to environment threats and uncertainty in order to survive.

Most studies of the relationship between uncertainty and planning in small firms center mainly around developed and sophisticated economies. In this study data was collected from three South Pacific nations, with relatively less developed and less sophisticated economies, to address the following issues: the entrepreneurial nature and sophistication of planning between indigenous and expatriate firms, and their strategic reaction to increased perceived environmental uncertainty. Data analyses suggest that expatriate firms engage in more sophisticated planning than indigenous firms, but as perceived environmental uncertainty increases planning decreases as well in both expatriate and indigenous firms.

HOW DO YOU SPELL FRANCHISING? N-U-C-L-E-A-R

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ABSTRACT

The NUCLEAR model developed by the author is a conceptual description to be used in entrepreneurship education, especially on franchising Courses- According to the catchword NUCLEAR, franchising is described by using the picture of one nucleus and seven electrons. The nucleus reveals the innermost core of business format franchising and the electrons all reveal a typical feature of this rapidly growing type of business.

The nucleus has been named by the letter 3- it stands for Systematization and Service, both being distinctive features of franchising concepts. The seven electrons, named N, U, C, L, E, A, and R, symbolize Networking, Uniformity, Customer care, League-type thinking, Entrepreneurship, Authorisation, Relationships and Resource mobilization. The paper discusses, why and how the above mentioned features portray franchising. The basic approach is conceptual but some empirical examples from well-known franchising concepts may be used illustratively.

Keywords: Entrepreneurship, Franchising, Franchising education, Conceptualization

BACKGROUND AND INTRODUCTION

Franchising has grown rapidly and knowledge about this form of business has grown substantively over the last few decades largely as a consequence of academic inquiry. Yet, it must be admitted that descriptive introduction of franchising for teaching purposes is difficult, Especially those teachers and consultants who are dealing with beginners ("novices") have certainly experienced how difficult it can be. The efforts to define franchising or conceptualize it seem to produce lengthy chapters in textbooks or tiresome talking in classrooms. Therefore, illustrative conceptual tools are more than welcome.

The following true story exemplifies what I mean with an illustrative conceptual tool. One winter a this happened nearly ten years ago - my friend Professor Juha Nasi invited Professor Henry Mintzberg, his famous colleague from the McGill University, to the visit to Finland as the keynote speaker of a research symposium. After the symposium, both of them decided to have a couple of days' break and so they went together to Lapland (north of the Arctic Circle). They wanted to have a cross-country skiing holiday. A few months later, Juha himself told me that this skiing experience had been very unusual. Most of the nine when they were skiing and discussing Henry Mintzberg kept stopping; first Henry M. alone and finally both of them started to draw in the snow new figurative models describing nothing less than strategic thinking.

The two gentlemen are extremely good in Visualizing and summarizing their conceptual thoughts by using pictures, Quite many of their "cool" ideas that were inspired by the arctic conditions have later been reproduced whether developed in their textbooks.

Shouldn't we try something similar in studying franchising? This time, however, without skiing. Here is one, although very tentative sup in this direction. The following effort is based on the catchword "NUCLEAR", a review of franchising literature and the author's reflections. Let's think about an atom with a nucleus surrounded by seven electrons.

ANALYSIS: NUCLEUS AND SEVEN ELECTRONS

Let's name the nucleus "S". A nucleus is a central thing around which others are grouped. In atom, the nucleus keeps the order and is always the innermost core. " S " stands here for "Systematization" with regard to the order [1]. It also refers to "Service" which is normally the core driving force of any franchising concept.

The list of seven electrons is not too difficult to establish. In the word "NUCLEAR" we have seven letters. N, U, C, L, E, A and R. Now, let's name the seven electrons with these seven symbols. As you will see, we can spell franchising as follows: N-U-C-L-E-A-R.

In brief, the N-electron represents "Networking", Franchisees create a network around and together with a franchiser [2], Structurally, franchising organization is dearly a (controlled) network rather than a hierarchy.

Next, the U-electron symbolizes "Uniformity", i.e. similarity [3]. Systematization often necessitates uniform or unvarying performance, i.e. conformist or obedient behaviour, For example, certain franchising companies are very rigid as far the use of their Design Management and the outlook of a unit am concerned. Expressed as a metaphor, they force their franchisees to use the same uniform.

More than anything else, the C-electron reminds that in any business but especially in service business "Customer Care" is of paramount importance [4]. It is a must. When it has been institutionalized as a "Company Culture" it should be transferred and placed firmly in the whole "Chain". The efforts of transfer and stabilization often look like a "Cloning" exercise. Franchising really challenges as to multidimensional "Cloning".

The next perspective, named here the L-electron, refers to a "League-type" thinking [5]. "A league" could be generally defined as an association promoting the interests of its members. Legally, franchising relationship is not an association whereas the council of franchisees is normally an association. The mind set of a successful franchising chain is often. "One for all, and all for one. There is no 'I' in the team". In other words, franchising is strongly based on the idea of group loyalty. In large franchising organizations group loyalty can be identified at many levels: There are regional and national franchisers' associations (leagues) and franchisees' associations (leagues or unions). Some joint organizations, like International Franchising Association IFA, is a good example of multinational allying.

Let's move to the next electron called E. This could be reserved for one word only: "Entrepreneurship". Consequently, the word "entrepreneurship" is used here in a very comprehensive way, including features of human's entrepreneurial thinking, acting and behaving frequently connected with one's ability to see an opportunity and willingness to seize it [6]. The doctrine of franchising is dominated by the descriptions and instruction of how to use people's entrepreneurial enthusiasm and commitment for setting up and expanding business.

In brief the A-electron stands for "Authorisation". A franchise means granting the right of using a product, trade name, or business concept for commercial purposes [7], Thus, it is an authorization from a franchiser to a franchisee.

Finally, the R-electron symbolizes "Relationship" [8] and "Resource Mobilization". Franchising is a Combination of relationship marketing and entrepreneurship. Franchising relationships which are not always unproblematic can be identified as follows: franchisor-franchisor, franchisor-franchisee and franchisee-franchisee. However, franchising is not only a marketing issue; it also covers many other functional relationships, such as: managerial, legal, financial, logistical, social, and information relationships. Nearly always the growth of franchising is based on generating and mobilizing resources from franchisees. Franchising is a relationship focused and resource-driven strategy for running and expanding business.

SYNTHESIS: THE NUCLEAR "MODEL" OF FRANCHISING

When the nucleus and the seven electrons are joined, a conceptual, descriptive "atom model" of franchising can be suggested. Exhibit 1 summarizes the main ideas discussed above.

Being only a simplified illustration, NUCLEAR does not deserve the title of a model if we think the word 'model' in its strictest academical meaning. Bearing in mind the purpose of the present article, the aim was to find an educational conceptual tool that covers some typical features of franchising in a descriptive way. The key ideas of NUCLEAR are extremely easy to remember. This easiness is of course its advantage. On the other hand, there is a risk that some very relevant issues of franchising are bypassed without due attention and that can of course, be a considerable disadvantage.

Not surprisingly, at first this "atom" illustration looks "atomistic". When observed more closely, NUCLEAR is holistic rather than atomistic. Accordingly, it is more useful in synthesizing than in analyzing. To a non-expert it gives an unpolished overall picture ("a forest") but it does not sufficiently help him/her to visualize any details ("trees in a forest").

Da capo, back to the beginning. Imagine you are a teacher who is just starting a course of franchising for beginners, or you are a consultant who have, been given half an hour to introduce be idea of franchising to beginners. What would you say and emphasize? In your position I would focus on the following ideas:

- Franchising is a systemized business concept which is widely used especially in service; (S-nucleus).
- Structurally franchising means networking (N-electron).
- Franchising necessitates uniformity (U-electron).
- Franchising calls for good customer care, deeply rooted and cloned as a company culture (C-electron).
- Franchising means playing in a league. A franchise is a solo and team player in an organized league: one of his requirements is the commitment based on sufficient group loyalty (L-electron).
- Franchising and entrepreneurship go hand in hand. (E-electron)
- A franchise is an authorisation based on the rights and the knowhow to be granted plus the obligations regarding the use of these rights and know how (A-electron).
- Franchising means management of relationships (R-electron).

FINALLY

In atoms, electrons move fast round the nucleus. Franchising is developing fast, running hot and moving with electric speed in many countries, As a topic for discussion franchising seems to remain hot and "electric". If your audience has learnt these eight key characteristics and understood the very energetic nature of franchising you have done a good job as their teacher or consultant. This article has aimed to highlight some fundamental issues in a compact and simplified way.

The NUCLEAR illustration does not pretend to be a new theoretical breakthrough. The author is we. I aware of Charles Darwin's warnings from 1863. He reminded about the appropriate balance between theory and observation: "Let theory guide your observations, but till your reputation is well established, be sparing in publishing theory. It makes pert ons doubt your observations" [9].

Why do we need models? Do we only need them for research purposes? It seems that for some people (like for the two meditative cross-country skiers mentioned in the introduction) illustrative models are if not a way of life at least their normal way of communicating. Teaching is a challenge for communication. We use conceptual models in teaching as tools for communication purposes in order to transfer knowledge and create understanding. It is argued that in franchising education you can with the symbolic NUCLEAR "model" bitter get your message through. Especially in such a classroom situation where you hive limited time and your audience is a group of amateurs.

Editors' Note: Exhibits omitted due to technical difficulty. Please contact the author for a full copy of the paper.

NOTES AND REFERENCES

1) As to systematization see for example: Thompson, D.N.: "Contractual marketing systems: An overview", in Thompson, D.N. (Ed.), Contractual Marketing Systems, D.C. Heath & Co., Lexington, MA, 1971, pp. 3-3l, or Erogly, S.: "The internationalisation process of franchise systems: a conceptual model", International Marketing Review 9:5, 1992, pp. So 18.

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2) A good recent discussion of franchising and networking is for example Achrol, R.S.: "The franchise as a network organization", in Ducan, A. (Ed.): Partners for Progress...A World of Opportunities, Proceedings of the Tenth Conference of the Society of Franchising. (Paper No 22), 1996

3) Standardisation of Products and services has been underlined by many prominent writers, such as Mendelsohn, M., "Franchising", in Golzen G., Guide to self-employment, 13th ed., Kogan Page Ltd. London, 1992.

4) The customer care culture of McDonald's is nicely analyzed in Love, J.F., McDonald's: Behind the Arches. Bantam Books, New York, NY, 1995, pp. 459-460. As to closing, see Stanworth, J., Price, S,, Purdy, D., Zafris, N. & Gandolfo, A., "Business Format Franchising: Innovation & Creativity or Replication & Conformity?". Proceedings of the 10th Annual Conference of the Society of Franchising. Patterns for Progress... A World of Opportunities. Honolulu, Hawaii, Feb l7-l8, 1996. Published in Ducan, op-cit.

5) League-type thinking is both supported and questioned in the literature. Achrol, op.cit, p.8 is one of the supporters whereas Stern et al. hold a nearly opposite view, See Stern, I.W., El-Ansary, A.I. and Coughlan, A.T.: Marketing Channels, Prentice-Hall, Upper Saddle River, NJ., 1996, p. 262, who think that goal compatibility cannot easily be achieved between franchisors and franchisees.

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CULTURAL DIFFERENCES AND THE CARLAND ENTREPRENEURSHIP INDEX: A COMPARISON BETWEEN FINNISH AND AMERICAN ENTREPRENEURS

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ABSTRACT

Researchers describing entrepreneurs and the process of venture creation are like the proverbial blind men describing the elephant. The failure to establish definitions has disrupted the evolution of a framework for the study of entrepreneurship and the absence of a paradigm handicaps future development. Entrepreneurship is unique among organizational and economic functions in that it is initiated by an act of human volition. It is this intentionality that distinguishes the entrepreneur. If one wishes to understand the entrepreneurial process, one must understand the role of the individual in triggering that process. Most empirical investigations assume that entrepreneurship is a discontinuous function: either incorporating a tacit assumption that one either is, or is not, an entrepreneur, a dichotomous condition; or, categorize entrepreneurs in classifications, a step function. What if entrepreneurship is actually a continuum? This paper presents the utilization of an instrument which demonstrates the continuous nature of entrepreneurship: the Carland Entrepreneurship Index. This paper reports on the cultural differences inherent in any measurement of characteristics of individuals, i.e., do Finnish and American entrepreneurs differ on the same instrument purported to measure that characteristic.

SEX DIFFERENCES BETWEEN FINNISH AND AMERICAN ENTREPRENEURS

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ABSTRACT

This paper examines the sex differences between Finnish and American entrepreneurs. The authors empirically compare an American group of entrepreneurs to a Finnish group in terms of risk taking propensity, innovation, need for achievement and entrepreneurial drive. The paper concludes that there appear to be more cultural rather than gender differences in the entrepreneurial behavior between the two groups.

PROFILES OF ENTREPRENEURIAL TEAMS

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ABSTRACT

In a recent article entitled "Finding the Entrepreneur in Entrepreneurship," Gartner, Shaver, Gatewood, & Katz (1994) argue that the "entrepreneur in entrepreneurship" is more likely to be plural than singular. That is, entrepreneurial firms are more likely to be started by teams of entrepreneurs than individual entrepreneurs. This goes against the belief long held by many researchers in the field of entrepreneurship that most entrepreneurial firms are started by individuals (Gartner, 1988; Carland, Hoy, Boulton & Carland, 1984). Gartner and his colleagues (1994) suggest that viewing entrepreneurship as a collective activity, rather than an individual one, is a new meta-theme that has remained basically unexplored either conceptually or empirically. Moreover, little is known about the effect of team composition or behaviors on the development of organizational strategy or new venture performance. The purpose of this paper is to draw profiles of entrepreneurial teams in an effort to delineate their characteristics.