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**IntEnt93**

**Internationalizing  
Entrepreneurship Education  
and Training**

**Proceedings of the IntEnt93 Conference  
Vienna, July 05-07, 1993**

edited by  
Heinz Klandt  
Josef Mugler  
Detlef Müller Boling

**Förderkreis Gründungs-Forschung  
Köln-Dortmund, Germany**

**Förderkreis Gründungs-Forschung e.V.  
Entrepreneurship-Research**

c/o Universität Dortmund, Postfach, D-44221 Dortmund

Dieses Werk wurde mit freundlicher Unterstützung des österreichischen Bundesministeriums für Wissenschaft und Forschung, Wien, erstellt.

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Die Deutsche Bibliothek - CIP-Einheitsaufnahme

**Internationalizing entrepreneurship education and training :**

proceedings of the IntEnt93 Conference, Vienna, July 05 - 07, 1993 / IntEnt93.

Ed. by Heinz Klandt ... Förderkreis Gründungs-Forschung . Köln, Dortmund, Germany. -  
Köln ; Dortmund : Förderkreis Gründungs-Forschung c/o Univ. Dortmund, 1994

(FGF-Entrepreneurship-Research-Monographien ; Bd. 6)

ISBN 3-9802285-7-6

NE: Klandt, Heinz [Hrsg.]; IntEnt <1993, Wien>; Förderkreis Gründungs-Forschung;  
FGF-Entrepreneurship-Research-Monographien

ISBN 3-9802285-7-6

ISSN 0936-790X

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Printed and bound in Germany (Druckerei Hansen, Köln)



# Preface and acknowledgements

At the IntEnt conference in Vienna 1993 (Austria) - following the IntEnt conference in Dortmund (Germany) 1992 - a world-wide auditorium of 200 scholars and experts from Western and Eastern Europe, North and South America, Asia, Africa and Australia met to discuss entrepreneurship education and training topics. Further IntEnt conferences are planned in 1994 at Stirling University/UK and in 1995 at Cowan University in Perth/Australia.

The IntEnt conference track provides a yearly opportunity for the presentation of research, personal experience, models, programs, and for an exchange of opinions with experts from all over the world.

Typical conference topics of interest are for example:

- \* ways of transferring education and training facilities
- \* entrepreneurship education and training needs arising from the opening and integration of markets (EC, EEA, NAFTA)
- \* education and training needs in the reform countries of Central and Eastern Europe
- \* public vs. private-sector entrepreneurship education and training
- \* the role of media in entrepreneurship education and training
- \* the didactic benefits of management business games
- \* the role of trade associations
- \* the role of the partners: banks, insurers, consultants, data-processing suppliers

Especially a systematic empirical research on the performance and efficiency of different entrepreneurship courses (contents, teaching method etc.) is welcomed.

Who should attend this conference?

- \* researchers from all over the world who want to present their research and discuss their findings with other experts
- \* representatives of trade associations concerned with the promotion of education and training

- \* senior officials in the fields of economic policy-making and administration
- \* entrepreneurs and consultants concerned with training the next generation
- \* suppliers of education and training services
- \* experts on Central and Eastern Europe.

Like 1992 also in 1993 there was the "**FGF-Best-Paper-Award**" sponsored by the Foerderkreis Gruendungs-Forschung, Cologne-Dortmund, for the best paper presented at the conference. The winner of the award in 1993 was Anthony R. Bennet, Anglia Business School, Department of Management, with his paper 'From command to market economy: Case of Estonian entrepreneurs'.

The editors of the proceedings and organisers of the conference say many thanks for all kinds of support by the other members of the conference advisory committee :

Bob Brockhaus (University of St. Louis, USA), Allan A. Gibb (Durham University Business School, UK), Barra O'Conneide (University of Limerick, Ireland), Bengt G. Johannisson (University of Växjö and Lund, Sweden), Tan Teck Meng (Nanyang Technological Institute, Singapore), Asko Miettinen (University of Lappeenranta, Finland), Jean-Jacques Obrecht (University Robert Schumann, Strasbourg, France) Bogdan Piasecki (University of Lodz, Poland), Hans J. Pleitner (University of St. Gallen, Switzerland), Rafael Alvarez Rodrigues (Monterrey Institute of Technology, Mexico), Michael Scott (University of Stirling, Scotland, UK), Rodrigo Varela (I.C.E.S.I., Columbia), José M. Veciana (Autonomous University of Barcelona, Spain), Joop Vianen (University of Tilburg, EIM, Netherlands), Karl H. Vesper (University of Washington, Seattle, USA), Harold Welsch (DePaul University, Chicago, USA), Dianne W. Wingham (Cowan University, Perth, Australia).

Our special thanks go to all contributors of the book especially in respect to meet the time schedule with their feedback. We also say many thanks to Leonie Wruck and Peter Micus for their untiring assistance when supporting the correspondence with the authors and when developing the extensive layout of the book.

Dortmund and Vienna, April 1994

Heinz Klandt  
 Josef Mugler  
 Detlef Müller-Böling

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# List of authors

- Auwers**, Tom, KMO-Management, De Vlerick School voor Management, Ledeborg (Gent), Belgium
- Behre**, Kirstin, M. A., Weiterbildung und Organisation, Niedersächsische Agentur für Technologietransfer und Innovation GmbH, Hannover, Germany
- Bennett**, H.F., Ph.D., senior lecturer, Massey University, Palmerston North, New Zealand
- Bennett**, Antony R., principal consultant, Anglia Business School, Department of Management, Danbury, Chelmsford, United Kingdom
- Blawat**, Dr. Franciszek, professor, Ph. D., D. Sc., Vice-Dean, Technical University of Gdansk, Faculty of Management and Economics, Gdansk, Poland
- Boshoff**, A. B., D. Com., distinguished professor, Chair for the Study of Entrepreneurship, University of Pretoria, Pretoria, Republic of South Africa
- Chang**, W. Y., National Taipei College of Business, Taipei, Taiwan
- Clarke**, Linda D., M.B.A., doctoral student, Florida International University, Department of Management and International Business, College of Business Administration, Miami, Florida, United States of America
- Croccolo**, Fabio, Ph.D., assistant professor, University of Bologna, Center for studies in business administration for engineers, Bologna, Italy
- Crous**, Martinus J., professor, head, Department of Business Management, University of the Orange Free State, Bloemfontein, Republic of South Africa
- Dammer**, Dr. Rainer, Geschäftsführer der Niedersächsischen Agentur für Technologietransfer und Innovation GmbH, Hannover, Germany
- de Jong**, Klaas F., ir., Strategem, AK Etten-Leur, Netherlands
- Deschoolmeester**, Dr. Ir. Dirk, professor, Small Business Center, De Vlerick School voor Management, Ledeborg (Gent), Belgium
- Evans**, Rodney E., Ph. D., professor, The University of Oklahoma, Oklahoma Institute for Enterprise and Family Business, Norman, Oklahoma, United States of America
- Filho**, Sergio Perussi, Sao Carlos Science Park Foundation, Sao Carlos, Brazil
- Gibb**, Allan A., Ph.D., professor, Durham University, Business School, Small Business Centre, chairman, Durham, United Kingdom

- Fleming**, Patricia, BBS, MBS, M.M.I.I., director, Small Business Institute, University of Limerick, Limerick, Ireland
- Goulart Rosa**, Sylvio Jr., Sao Carlos Science Park Foundation, Sao Carlos, Brazil
- Gregori**, Dott. Gian Luca, Universita degli Studi di Ancona, Faculta di Economia e Commercio, Istituto di Scienze Aziendali, Ancona, Italy
- Guthier**, Dr. Rudolf K. H., GTZ team leader, Small Business Promotion Project, Kathmandu, Nepal
- Hanbauer**, Doris, Zemendorf, Austria
- Harvey**, Dr. Michael, professor, Puterbaugh Chair of American Free Enterprise, The University of Oklahoma, Oklahoma, United States of America
- Heinonen**, Jorma, Ph. D., professor, Lappeenranta University of Technology, Department of Industrial Engineering and Management, Lappeenranta, Finland
- Helmes**, Peter, Hauptgeschäftsführer, Mittelstandsvereinigung der CDU/CSU, Bonn, Germany
- Hoogenboom**, Ruud M., consultant, HOBEON Management Consult, The Hague, Netherlands
- Jensen**, Hans-Peter, Ph.D., rector, Technical University of Denmark, Lyngby, Denmark
- Johannisson**, Dr. Bengt, professor of Entrepreneurship and Business Development, Växjö University, School of Management and Economics, Växjö, Sweden
- Kailer**, Dr. Norbert, Univ.-Doz., Institut für Bildungsforschung der Wirtschaft, Vienna, Austria
- Klandt**, Dr. Heinz, professor for empirical research, head of Department of Empirical Research, University of Dortmund, Dortmund, Germany
- Lau**, Theresa, M.A. lecturer, Department of Management, Hong Kong Polytechnic, Hung Hom, Kowloon, Hong Kong
- Lennart**, Andren, Director Management Center, Halmstad University College, Halmstad, Sweden
- le Roux**, E.E., B. Comm, M.B.A., C.A. Director: Management, Technicon R.S.A., Johannesburg, Republic of South Africa
- Luytjes**, Jan B., Ph. D., M.B.A., professor, Florida International University, Department of Management and International Business, College of Business Administration, Miami, Florida, United States of America
- Müller-Böling**, Dr. Detlef, professor at the faculty of business, economics and social sciences and president of the University of Dortmund, Dortmund, Germany
- Mugler**, Dr. Josef, professor, Department of Small Business Management, University of Economics Vienna, Vienna, Austria
- Neumann**, Dr. Bodo, Dipl.-Psychologe, Institut für Wirtschaftspsychologie, Berlin, Dortmund, Dresden, Wien, Germany/Austria
- Nortje**, Johan, professor, dean, Faculty of Economic and Management Sciences, The University of the Orange Free State, Bloemfontain, Republic of South Africa
- Petermandl**, Dr. Monika, Univ. Doz., WiFi der Wirtschaftskammer Wien, Wien, Austria
- Piasecki**, Dr. Bogdan, professor, University of Lodz, Dept. of Entrepreneurship and Industrial Policy, head of department, Lodz, Poland
- Pleitner**, Dr. Hans Jobst, professor, Institut für gewerbliche Wirtschaft, St. Gallen, Switzerland
- Popp**, Dr. Wolfgang, Geschäftsführer, Procudemus Management AG, Basel, Switzerland, Lehrbeauftragter an der Universität Innsbruck, Innsbruck, Austria
- Rebernik**, Miroslav, Ph. D., M. Sc. (Econ.), assistant professor, University of Maribor, School of Business and Economics Maribor, Maribor, Slovenia

- Reinbacher.** Komm. Rat. Ing. Peter, Kammer der gewerblichen Wirtschaft für Niederösterreich, Wien, Austria
- Rogut,** Anna, research worker, University of Lodz, Dept. of Entrepreneurship and Industrial Policy, Poland
- Rosa.** Dr. Peter, senior research fellow, Scottish Enterprise Foundation, University of Stirling, Stirling, Scotland
- Sadeq.** AbulHasan M., Ph. D., Dean, Research Center, Petaling Jaya, Malaysia
- Schauer.** Jane, University of Canberra, Education and Training Centre, director of the Schauer PTY LTD, Australia
- Schulus.** Dr. Alexej A., associate professor, Moscow, Russia
- Schutte,** J.L., M. Com. Officer, South African Medical Services, Pretoria, Republic of South Africa
- Sexton,** Donald L., Ph. D., William H. Davis Chair in the American Free Enterprise System, College of Business, Columbus, Ohio, United States
- Silvestrelli.** Sergio, professor, Università degli Studi di Ancona, Facoltà di Economia e Commercio, Istituto di Scienze Aziendali, Ancona, Italy
- Todorov.** Kiril, Ph. D., associate professor, management consulting, University of National and World Economy, Department of Industrial Business and Entrepreneurship, Sofia, Bulgaria
- Trevisan.** Italo, professor, Dipartimento di Informatica e Studi Aziendali, Università degli Studi di Trento, Trento, Italy
- Uudelepp.** Uno, M. Eng. Ph. D., ass. professor, Halmstad University College, Halmstad, Sweden
- van Vuuren.** Juri Johannes J., D.B.A. senior lecturer of management, Witwatersrand Technikon, Johannesburg, Republic of South Africa
- Visa.** Doina, International Management Foundation, Bucharest, Romania
- Welsch,** Harold P., Ph.D, professor, Coleman Foundation Chair in Entrepreneurship, DePaul University, Chicago, United States of America



Part A

**Entrepreneurship  
Education: Methods of  
Teaching**



# 01 Do we really teach (approach) small business in the way we should?

*Allen A. Gibb*

## **Introduction**

The title of this paper does not reflect exactly what the organizers of this conference wanted. They, correctly, saw a need to review the growth of all kinds of training support activities in Europe in the field of small business management and entrepreneurship in the past decade or so. They wished the author somehow to capture this in a way that was useful for experience exchange and learning.

I am afraid that I cannot easily do this. There have been a variety of attempts in the past five years, to review activities in the field: some with which I have been involved and therefore know about. But I do not pretend to have researched thoroughly the provision of SME training support in Europe. The work that I know of, much of it financed by the European Commission, is:

- a study of vocational training problems in small and medium sized enterprises (CEDEFOP, 1986)
- a study of the Spirit of Enterprise in Europe EC (DG XXIII, 1988)
- a study of distance education and training for small firms covering various European countries including the U.K. (CEDEFOP, 1988)
- a study of equality of opportunity and vocational training including creation and management of enterprise by women in Europe (CEDEFOP, 1988)

- a study of management education for small and medium size enterprise in the community.(CEDEFOP, 1989)
- an analysis and evaluation of databases of business and management training schemes of small and medium enterprises in the European Community (CEDEFOP, 1991)
- Profiles of Entrepreneurship and Development Programmes throughout the world including Europe (Interman, 1991)
- a study of support policies for business start-ups and the role of training in the EC with a conference report addendum (CEDEFOP, 1991)
- case studies of 'best practice' in Entrepreneurship Development Programmes (Interman 1992)
- a study of access difficulties of SME's to training in EC countries (CEDEFOP, 1992)

In addition there have been a number of broader reviews of policy support for SME development which have included some comment on training provision (Koning and Snijders, 1991). Within many EC countries there have also been varied attempts to provide syntheses of training programmes or evaluations of different training approaches (DUBS, DTI, 1992).

In a paper to the 18th EFMD European Small Business Seminar in Ghent Belgium almost five years ago, Josef Mugler raised a number of questions about the teaching of entrepreneurship, what we know about the success factors in entrepreneurship and whether indeed they are teachable (Mugler, 1988). He did this within the context of the contribution that universities might make to entrepreneurship and asked a number of very interesting questions (in addition to those above). I do not think we are able to answer many of them from the work that we have to date, largely because much of it is long on description and short on conceptualisation and also because it fails to recognise the heterogeneity of small firms population and therefore brushes aside many problems. Indeed we still have not resolved the relationship between entrepreneurship and small business in a way of value to practitioners.

In this paper I want to argue that if we really want to improve the way we teach small business then firstly there are simple pragmatic approaches that we need to take (many of which are well known but may be ignored under the pressures we face). Secondly however, there are a number of basic conceptual issues relating to the process by which we help small businesses to learn and which have implications for the design of our education institutions and the skills and competencies of our staff.

But first to the practice and what can be inferred about the 'market' for small business training and the supply response.

### **Doing the simple things - approaching the 'market'**

I do not wish to dwell too much on this. European and international forums have enabled us to learn much about the basic character of small and medium business training needs and of successful and unsuccessful approaches. A number of useful generalisations can be made. The first is the very important distinction to be made between needs and effective demand. Most surveys of small firms and owner-managers indicate that they acknowledge that they have training needs. They usually also indicate superficially that they are willing to attend an adequate programme at the right price. In practice, however, effective demand seems to fall considerably below needs. The reasons for this have been well documented for many years (Wilkie, Young, 1971). In general they point to the need to produce training programmes and other learning activities which are carefully tailored to clearly identi-

fied sets of needs and therefore market niches and are delivered in an entrepreneurial manner by persons who are credible to the small business community, its network and to the individual owner-manager. The first step in this approach is recognise that management development in owner-managed small firms is linked closely with organisation development and indeed business development (Gibb, 1983). The owner-manager is effectively learning and developing appropriate competencies by solving the problems of the business in 'real time'. He/she will look for opportunities to learn and to develop the knowledge, skills *and* attitudes which will enhance business performance: and/or cope with problems of change. These opportunities must be tailored as closely as possible to the needs of the business.

The approaches to market and needs segmentation are well known and include segmenting by: activity sector (retail, service, manufacturing, craft and so on); size of company; locality; the nature of the problem; the educational level of the entrepreneur; the age of company; the age of the entrepreneur; ethnic group; sex; minority group; sophistication of the company; production process or technology; customer or market type; owner-manager or paid manager; and phase of development. In respect of many of these segments, the market is already organised by trade associations, buying groups, local business clubs, minority or ethnic group associations, groups of large company suppliers or customers and so on.

If training needs are closely associated with the management of business development and survival then there are also major opportunities for segmenting the market by the nature of any change or stage of development in this respect. Useful distinctions can be made between:

- those people who might aspire to start a business but currently do not
- those people who aspire to start a business
- those people in the process of starting a business
- those in the process of the early years of survival
- those interested in a survival business only (the maintainers)
- those interested in early growth
- those interested in 'second stage' growth (associated with building management teams, markets and product diversification)
- those interested in internationalisation
- threshold businesses - the medium sized business with the potential to become a public company

Outside of this, strictly smaller/medium business, classification there are also other market groups, for example students in the primary, secondary, vocational and higher education system. And at the other end of the scale there are managers of large public and private institutions interested in developing entrepreneurial approaches to management in general or more specifically in corporate venturing, spin-offs, spin-outs and buy-ins.

Each of these segments can be further broken down in useful ways to emphasise where different learning needs will arise. Broadly, within the above segments, learning needs will relate to developing appropriate competencies linked to coping with the statutory environment and the changes in it; personal skills development; management techniques relevant to the stage of scale and task environment of the business; and the conventional key areas of management (marketing, finance, production, etc). As well as these areas of competency, the small business has a number of other needs which can be met by the educator or training provider<sup>1</sup>.

These include among others:

- the need to identify their own learning and competency needs (small businesses do not, by and large, employ training needs analysts who have the task of relating management training to personal, organisation and business development needs)
- the need to meet with peer groups and cope with the loneliness of being an entrepreneur
- the need to be motivated to learn and to tackle problems and
- the need to learn to learn in different ways and from different sources

In addition if barriers to meeting the need of small business are to be overcome then greater attention may need to be paid to certain of the basic characteristics of the customer and the way these might influence approaches to the 'supply' offer. Some of these customer characteristics and the associated implications are listed in Annex 1.

Overall therefore a great deal can be learned from existing experience about the ways to meet the needs of a small business owner-manager and how to convert those needs into demands. The question remains therefore as to why, in the light of this knowledge, more of these needs are not converted into demands.

## **Supply side issues**

### *The supply offer*

There is a substantial and differentiated supply of small business management and owner-management training in Europe which is extremely difficult to categorise and compare. There is, for example, no work that comprehensively classifies programmes offered according to the sectors and segments identified above. The CEDEFOP analysis of small firms databases (CEDEFOP, 1991) provides some classification by subject area but does not clearly distinguish between programmes that are specifically designed for small and medium businesses and those that are more generally 'on offer'. There have also been attempts by CEDEFOP, to analyse the provision for small firm start-up programmes in Europe: (CEDEFOP, 1992) but again there is no substantial conceptual classification. It is, however, clear that special programmes are available for a wide variety of different segments of the start-up market from youth groups through to women, ethnic minorities, innovators and so on.

Attempts have also been made to identify detailed institutional experience in catering for various segments of the market and to develop cases of good practice (Interman 1992). These cases include examples of programmes at the pre-start, start and growth and internationalisation level. Interman also has an associated programme to support transfer of programme development. The Comett and Tempus programmes of the European Community, among others in Europe, are also focused on the transfer of technology: but there is no overall coherent small firms dimension although many projects are linked in one way or another to small firm development. It is significant, however, that in a recent Comett conference reviewing achievements across Europe very little specific attention was paid to the small and medium firm (Comett, 1991); although a study of the activities and training needs of University Enterprise Technology Partnership (UETP) managers reveals concern for development in this area. (EFMD, 1992) There is evidence from recent work to indicate that small firms have common difficulties in accessing training across Europe, (CEDEFOP, 1993) many of which have been identified earlier: and they are fundamentally related to the small firm's lack of time and resource for more formal training. Many prob-

lems, also, however, relate to the nature of the supply side response. This is the key issue upon which the rest of this paper will focus.

### *Its organisation*

The supply side can be categorised into three overlapping groups of: *referrers* to training; *organisers* of training and *trainers*. *Referrers* are those who may signpost training and development opportunities for the SME either because they are frequently in touch with the SME, are dependent somewhat upon the health of SMEs (as customers and suppliers for example), are representative organisations or are in a position, formally or informally, to advise small business. They include Chambers of Commerce, Trade Associations, banks, accountants, representatives of statutory and legal authorities, local, regional and national government officials and small business persons themselves. Some *referrers* may of course be organisers of training themselves. *Organisers* are those who organise programmes and activities focused on management training and development for SME's. They include many of the referrers mentioned above: but in addition they also cover statutory formal or informal training authorities, and educational institutes, private consultants and trainers. Finally there are the *trainers* themselves, namely the individual teachers who may or may not themselves be organisers or referrers but who provide the learning inputs for the owner manager. They may be members of staff of organising and referring institutions or indeed hired from some other, for example a local polytechnic. One vision of the ideal supply side world is one in which the referrers, organisers and trainers work in harmony together linking the whole process of needs analysis, programme design, materials preparation, teacher competency, marketing, evaluation monitoring, control and budgeting in a manner that is precisely focused upon the needs of owner management companies.

There is little research to indicate how well this process is currently integrated. What is known is that there are large numbers of organisations who act as referrers, organisers and deliverers of training. And there are many hundreds of thousands of trainers in Europe although little is known as to how many of these are specialists in working for the small and medium company.

### *Its activities*

This heterogeneous supply side provides a wide range of programme typologies and associated materials covering such diverse methods of delivery such as:

- evening seminars
- short courses
- experience exchange groups
- problem solving approaches
- project based approaches
- business audit and development approaches
- interfirm comparison approaches
- inter-active video and expert systems
- distance learning
- formal conferences and workshops
- group and individual counseling

As noted above there have been recent attempts by the European Commission and indeed of other international organisations such as Interman referred to facilitate experience ex-

change. And for many years now there have been regular forums for exchange of models between trainers and teachers (EFMD). Via these mechanisms there have been notable successful transfers of 'programmes' between European countries and indeed internationally (IMI, 1993).

### *Its competency*

The specific programme transfer approach, however, has some limitations, perhaps the most important of which is that it does not necessarily teach those at the receiving end of the transfer to design their own approaches from scratch or equip them to proceed through a total approach of: needs analysis, programme development, materials and teacher competency development, marketing, evaluation, monitoring and control and so on. For this reason CEDEFOP in Berlin has published and trialled a set of guides focussed upon the basic competencies of small firm trainers both generic and more specifically related to pre-start, start-up, survival and growth (CEDEFOP, 1991). These Guides identify 18 key competency areas needed by small and medium enterprise teachers and trainers (figure 1). A modular training programme is now being built around these competencies. Each module focuses on development of a particular ability and an associated sub-set of competencies. Each module can also be expanded upon or reduced in relation to defined needs. The competency frameworks can be used to evaluate individual or organisational capability and training needs upon which can be based appropriate training programmes. This approach is already being used in the UK by organisers and funders of small business training to appraise potential suppliers. It is also being used as a basis for European training and development programmes for teachers. (CIFAG 1993).

These approaches are to be welcomed in that they embody the experience of a variety of practitioners throughout Europe and provide a framework within which transfers of experience can take place. There remains however, some over-riding issues on the supply side with which I would now like to deal. They concern, more fundamentally, the conceptual underpinning of approaches to small business *and* entrepreneurship training, the related design of training and management development institutions, their culture, and the competencies, teaching styles and focus of the effort of their staff.

Figure 1  
A framework for generic trainer competency

### ABILITY TO IDENTIFY NEEDS AND CUSTOMERS

- 1. PERSONAL NEEDS ANALYSIS
- 2. NEEDS ANALYSIS THROUGH BUSINESS PROFILING
- 3. SEGMENT MARKETS
- 4. UNDERSTAND THE BUSINESS DEVELOPMENT PROCESS

### ABILITY TO DEVELOP APPROPRIATE PROGRAMMES FOR ENTERPRISE TRAINING

- 5. DEVELOP DIFFERENT TYPES OF PROGRAMMES AND APPROACHES
- 6. USE THE RELEVANT ENVIRONMENT
- 7. USE EXISTING MATERIALS AND GUIDES
- 8. PRODUCE OWN MATERIAL
- 9. LAY OUT ATTRACTIVE PROGRAMME BROCHURES

### ABILITY TO FACILITATE EFFECTIVE LEARNING

- 10. DELIVER ENTERPRISE SKILLS TRAIN- IN A FLEXIBLE ENTERPRISING FASHION
- 11. TEACH IN MULTI DISCIPLINARY FASHION
- 12. COUNSEL GROUPS AND INDIVIDUALS
- 13. USE INVITED SPEAKERS AND THE NETWORK ADEQUATELY

### ABILITY TO REACH THE MARKET

- 14. TIME AND LOCATE PROGRAMMES EFFECTIVELY
- 15. MARKET PROGRAMMES EFFECTIVELY

### ABILITY TO EVALUATE, RESOURCE AND CONTROL

- 16. ASSESS, MONITOR AND EVLUATE PROGRAMMES
- 17. BUDGET AND FINANCIAL CONTROL AND MANAGEMENT

## Towards an underpinning model for entrepreneurship and Small Business Teaching and training

### *The entrepreneur as opportunist and promoter - is it enough?*

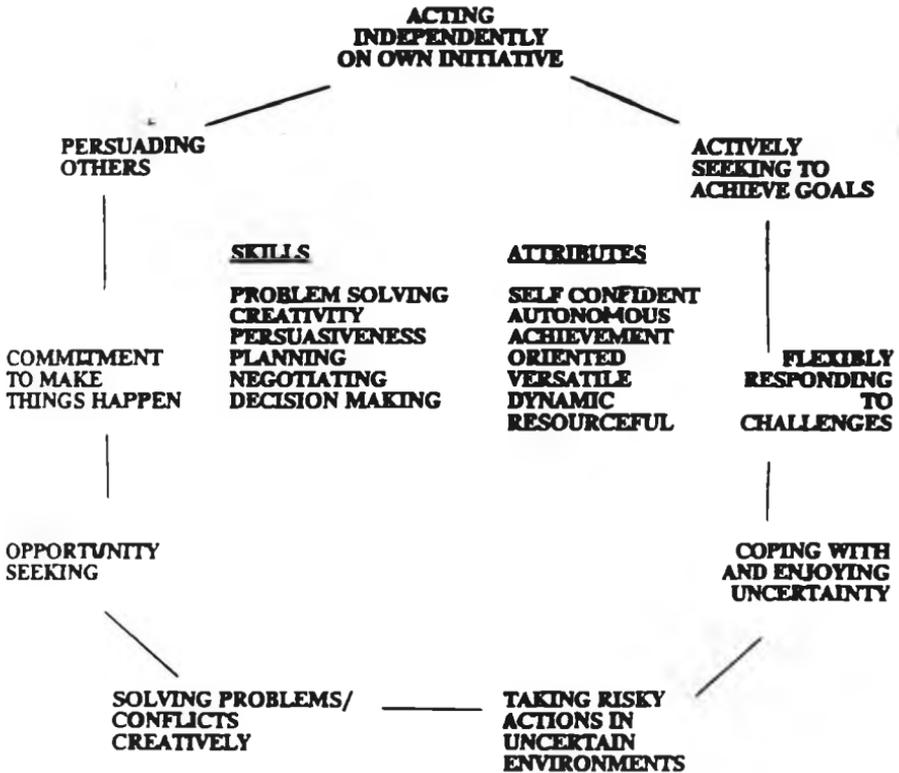
I have said little so far about the relationship between entrepreneurship and small business (if indeed there is one). I have argued elsewhere (Gibb 1993) that there is such a relationship and have described how it influences the approach to entrepreneurship and small business teaching at my own institution. Some of what I will state here is based on this work (which is far from complete). The major preliminary point I would like to make is that I believe that there has to be some firm conceptualisation of the small business/entrepreneurship relationship as a basis for the teaching stance we take. In many schools, particularly in America the word entrepreneurship is preferred to that of small business. Without being unfair to those schools who celebrate their professorships in the field I would guess that the word entrepreneurship might well be used in preference to small business because it sounds exciting and is more likely to appeal to the traditional customers of a business school. This, however, has some unfortunate side effects in that it enables Small Business Centres to be neatly compartmentalised and organised outside of the mainstream of the school (the Small Business Centre Development concept in the USA is a classical example of this).

A well endorsed method of differentiating entrepreneurship from small business in the management school context is that of defining entrepreneurship as being *concerned with opportunity creating and seeking behaviour* and the entrepreneur as someone who demonstrates such behaviour in filling gaps and bringing together resources in innovative ways - essentially a Schumpeterian view (Churchill, 1991). Indeed one Harvard view hints at the separation of the entrepreneur from the owner-manager by defining him/her as the promoter who uses other people's capital to exploit opportunities (Stevenson, 1983). This, somewhat narrow, definition conveniently allows the equivalence of the entrepreneur with the leaders of the larger 'medium sized' growth companies. It is underpinned by mythologies about these growth companies being the ones with major responsibility for the creation of wealth and jobs in society, a point not altogether justified by the evidence. (Birch 1987; EIM 1993). It also enables business schools to settle down comfortably with the 'professionals' with whom they are accustomed to dealing.

The problem I have with this definition is that it does not lend itself to clear classification nor to clear conceptualisation of learning approaches. Opportunistic behaviour is but one of a number of entrepreneurial behaviours (albeit arguably one of the most important)(Gibb 1993) (figure 2). But this behaviour cannot solely be associated with growth: it is clearly to be seen in many organisations and companies that are struggling for survival or indeed declining. It cannot also be easily associated with scale. There are many self employed people who are highly opportunistic but who do not wish to grow. The overall problem, however, is that of how this *opportunist* paradigm can be embodied in all aspects of teaching of entrepreneurship. It does, nevertheless, underscore one useful point, namely that not all small businesses are opportunity seeking and therefore possibly not manifesting at least one aspect of entrepreneurial behaviour. A further question begged is whether the entrepreneurial organisation is one that is consistently opportunity seeking throughout its life (however that might be measured) or that, as can be observed in most organisations, it is opportunistic at certain phases or stages of its development or in certain circumstances and not in others.

Figure 2  
Enterprising behaviours, skills and attributes

# BEHAVIOURS



### *Conceptualising an approach to entrepreneurship and small business learning*

To solve the problem a broader model is needed that: allows exploration of the link (if any) between small business and entrepreneurship by focusing upon entrepreneurial behaviour and associated skills and attributes and how and where these arise; and, secondly, is of value to teachers and trainers. The model proposed below is based upon a contingent theory of enterprising behaviour (Gibb, 1993) that argues that such behaviour can be displayed in a wide variety of different circumstances and forms of organisations and institutions (public and private)<sup>2</sup>. The model argues that entrepreneurial behaviour (enterprising behaviour within the business context) will be influenced by three sets of factors, to be found (more or less) in small owner managed business.

- a set of *culture* factors which impact fundamentally upon the way that owner-managers' live, affecting very broadly their behaviours, values and attitudes.
- a *task environment* composed of those tasks that an owner-manager or group of managers will have to undertake in order to survive or grow in business and
- a *learning environment* characterised by the way in which people in small and medium companies learn, are motivated to learn from their experience and to get things right in the future.

It is argued that these *culture*, *task* and *learning* factors combined will facilitate and indeed stimulate entrepreneurial behaviour. The model has been discussed extensively elsewhere (Gibb, 1993). Basically it is composed as follows:

- a *culture* set of factors which embody the essential essences of being self-employed and involve: living day to day with *uncertainty* (more or less dependent upon the nature and type of business); a degree of *freedom* or *independence* to be felt; pressure to cope with the management of a wide range of *dependencies*, particularly upon the *customer*; *ownership*, both psychological and financial, which may include ownership of idea and ownership of the process by which the product of services is made or delivered; *control* - essentially derived from having the ownership and responsibility for success or failure; an associated level of *commitment* to see things through which may derive from a number of factors including psychological and financial ownership; *family business networks* and linkages - in many cases the whole family will be involved directly or indirectly in the business; and the *social/business* network the nature of which will be dependent upon the type of the business - there may well be substantial changes in friendship and association patterns as the business is initiated and develops.
- A *task* set of factors which are derived from the holistic demands for action made upon individuals who are largely 'on their own'. The holistic nature of the task environment facing the small owner-manager and the essentially multi-disciplinary response required is well known. (Gibb, 1983). The tasks and response will derive from the need to focus upon successfully handling processes and projects in key areas of business survival and growth. The tasks may be more or less complex and will depend upon the nature of the business and its environment. To be successfully accomplished, however, will demand a range of behaviours which have already been well documented in the literature including opportunity seeking but also planning, problem solving, negotiating, selling, persuading, creating, all of which require certain skills and attributes.
- A *learning mode* which derives its importance from the onus that is placed on the individual in business to learn from experience, from action and from discovery.

Throughout the business life there is likely to be a marked absence of formal opportunities for learning. Most of the learning will be: by doing; from mistake making; from experiments; from feedback from customers, suppliers and others; by copying from others; from peer interaction in general; and from problem solving and opportunity seeking. The reality is that owner-managers in small businesses and many managers in general will learn most from interaction with customers, suppliers, bankers, accountants, representatives of statutory authorities, other business people and even government officials.

This combination of culture, task and learning mode factors will, it is argued, stimulate enterprising behaviour. If this model is accepted then it can be argued that, in the educational context, a prime task of the 'teacher' is to equip students or participants on programmes to cope with culture, task environment and learning modes in so far as they impact upon survival and development issues of the business, combining knowledge, skills and attitudes. Obviously these conditions will vary according to the different personal and environmental circumstances of individuals or groups of individuals. For example problems of coping with the culture, task environment and learning modes associated with small business may be somewhat different for females as for men. The need for entrepreneurial behaviour will be a function of the levels of complexity and uncertainty in the task environment (Gibb, Scott, 1985).

#### *The knowledge factor*

In the introduction to this paper it was argued that entrepreneurs derive their knowledge needs from their business and organisational development problems and opportunities (now and in the future). This important link between knowledge needs and business development underpins three outstanding characteristics of the small business persons approach to learning:

- the desire for knowledge on a *need to know* basis
- a concern for knowing '*how*' to do things (namely the application of knowledge to process)
- and an equal concern for '*with whom*' the knowledge will be applied (the *who with* factor)

The nature of the learning environment in the small and medium businesses hypothesised above is such that owner-managers will approach teachers if the latter can identify areas where entrepreneurs *need to know*. This *need to know* may derive from existing problems or opportunities or relate to anticipated changes in the business or business environment. If the small business owner-manager is faced with a supply offer which represents a menu of learning in conventional management subject areas (which is arguably often the case) then they will face the daunting task of extracting what they need to know in order to solve existing problems and opportunities. If they cannot easily do this they may well become disillusioned. One can, for example, conjecture about the number of small business start-up programmes that provide excessive amounts of knowledge to excessive levels (not needed in practice) by teachers who do not understand the process through which the business is going and therefore the appropriate levels of knowledge to deliver. For example, the question is begged as to whether it is necessary to be able to understand sophisticated balance sheets or to perform all kinds of ratio analysis with figures in the balance sheet in order to successfully run a small business. Indeed those who really understand the small business

will also understand that the balance sheets of small companies are often prepared in such a way that analysis via standard accounting conventions are meaningless. Many businesses at the start-up level will not need to know anything at all about sophisticated forms of secondary market research, product life cycle concepts or marketing strategies. The danger is that such things are taught at the expense of 'need to know' issues such as: finding out customer needs; ascertaining the acceptability of the proposed product and service; finding out how needs are met by existing products and services; and finding out whether there are enough customers to make a living now and in the future.

Associated with this need to know factor is 'how to'. Most people who attend start-up business programmes may do so not because they have clearly identified any 'learning needs' but because they wish to know (better than they know now) how to start a business. It is clear that when they begin their business they will learn most of what they learn by doing. Their learning questions are therefore all 'how to' questions such as: how to find customers; how to identify needs; how to find out about the competition and assess it; how to cope with changes in hours of work, lifestyle, friendship patterns, relationships with family; how to cope with the regulatory environment; and so on.

In addressing these questions it will be examples of 'coping' rather than the 'best way of doing things' that will often be important, dependent upon the level of existing practice capability and knowledge. In these circumstances it will be the *application* of knowledge that arguably ought to be of paramount concern to the trainer or educator.

Along with *how to* goes *who with*. People do business with people: business is not an impersonal activity. Managers need to manage their relationships with customers, suppliers, employers, friends, family, advisers, government officials, and so on. They need the skills to manage these relationships and to cope with the changes in the relationships that will be brought about by events in the environment and by the development of their own organisation. Perhaps the most important issue is that the owner manager learns to see his/her business through the eyes of customers, suppliers, employees, professions, bankers, and so on and to recognise that the views of the network are usually more important than his/her own. The importance of networks (only recently emphasised in the literature) and the implications of this for the way in which training programmes are run are substantial. To cope with this means bringing in many examples of the kinds of people that are to be dealt with in the environment, creating a climate of familiarity in dealing with them, allowing practice in negotiation and indeed also bringing in examples of family, friends and social acquaintances to demonstrate how they contribute to a business.

### **The challenge to teachers of small business**

The challenge to teachers from the above arguments can now be summarised as that of:

- Preparing individuals for coping with the *culture* of the business they live in and the management of change.
- Preparing individuals for coping holistically with the *task environment* and with the processes and projects by which the business will survive and develop.
- Preparing individuals for *learning to learn* in the way that they will be presented with in the future.
- Preparing individuals to cope on a 'need to know' basis relating to their stage of personal and business development.
- Ensuring that they know 'how to' apply knowledge to problems and opportunities.

- Supporting them in building the '*who with*' network and training them to use it effectively for the development of their business.

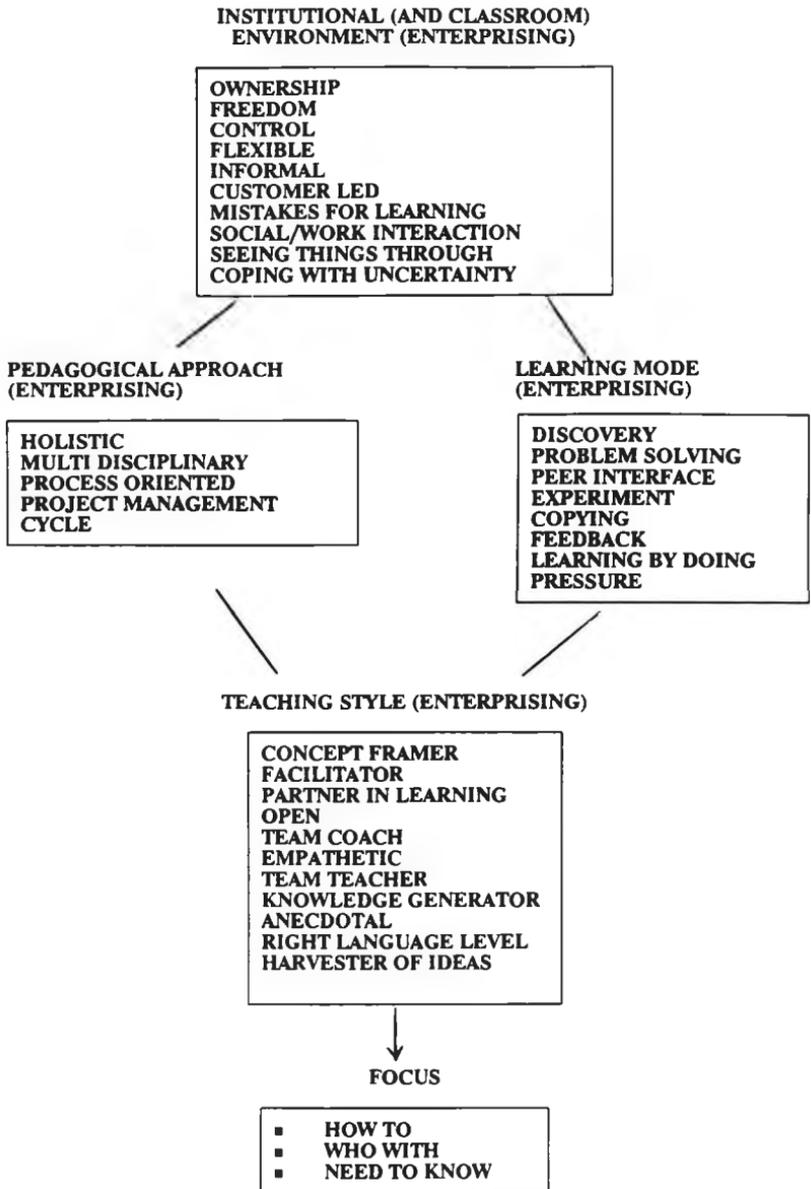
This has major implications for the process and content of the education and training approach. It demands the opposite of a formal didactic approach to learning narrowly focused on expert delivery of knowledge in functional areas. It necessitates instead (figure 3):

- a learning environment which simulates the culture of a small enterprise allowing considerable student control, ownership and freedom in learning, allowing them to develop commitments over time, allows them to learn by mistakes and take decisions using knowledge under conditions of uncertainty and to use knowledge in the management of dependency and inter-dependency with others. This arguably demands a similar culture in the learning organisation itself.
- a learning institution that is geared to provide opportunities for holistic management training carried out in a multi-disciplinary fashion. They will need to teach participants how to learn to handle the processes of business development and the problems and opportunities that arise from them and to handle projects from the ideas stage through to final implementation and follow-up.
- learning modes that are 'enterprising' providing opportunities to learn not just by case method but by a wide variety of different methods of: discovery; feedback; interviewing; presentation; criticism; copying; mistake making; and peer review among others.
- understanding of what '*needs to be known*' at various stages of business development, how such processes are managed and who in the network needs to be involved in what way in respect of this process. Thus teaching will be focused on the management of process and events including start-up, merger, acquisition, internationalisation and so on.

Overall therefore teachers need to be highly competent as multi-disciplinary facilitators, equipped to understand the processes of business development and with a wide range of personal enterprising skills including ability to handle: problem solving 'approaches'; experience exchange; encourage creative thinking and in general *facilitate* the learning process rather than formally and didactically lead it from an expert position.

The above model (figure 3) has been developed in the context of working with and teaching the owner-managed businesses. There will be those who argue that with other customers, for example students in the university the aim will be to teach *about* entrepreneurship and small business and not *how to*. However the argument for the approach can be extended if it is accepted that the aim of education is to provide real insight into the phenomena explored and indeed that true learning only takes place when knowledge is internalised into behaviour or behavioural intent (Maples, Webster, 1980). If this point is accepted then it follows that it is possible for students to know 'about' entrepreneurs and small business without really having insight into their behaviour or indeed really to have a 'feel' for how they behave. Arguably there are some academics who study small businesses who do not have this insight.

Figure 3  
The enterprising approach to learning



### *Conclusions and implications*

This paper has attempted to show that we already know a great deal about the needs of small business, the various customer segments and the ways to approach them. It has argued, that effective demand for teaching and learning is well below that of needs and that this is a major challenge facing education and training institutions in Europe and perhaps in the world. It has also argued that there is already a substantial supply offer and a great deal is known about what works with business of various kinds. It has suggested, however, that the supply side of organisers, referrers and trainers does not operate effectively and efficiently together for a variety of reasons. It has shown that, in response to this challenge attempts are being made to identify comprehensively the training and development needs of those who teach, train and organise small firms training at a European level.

The main thrust of the paper, however, has been its argument that there may need to be a fundamental shift in the paradigms used by the supply side. This involves recognition of the fact that as teachers and trainers we are helping people to cope with personal, organisational and social development and cultures which determine their 'need to know' and the processes by which they acquire knowledge and capability. A model has been prepared which determines an appropriate pedagogical approach. This leads in turn to consideration of whether our institutions are sufficiently enterprising in their culture, in their task structures, in their learning modes, in their focus and in their teaching styles to cope with this model. Arguably without such a combination teachers cannot provide real insight into entrepreneurship or/and small business nor can we expect to develop enterprising and entrepreneurial behaviour in our students. Indeed a central *hypothesis* behind the approach outlined has been that by simulating the culture, the task structure, the learning mode, teaching style and focus of the developing small and medium business in our teaching approaches then we will maximise the potential not only to provide insight into the phenomena but also to stimulate enterprising behaviours, skills and attitudes from our customers whether they be captive students or demanding entrepreneurs. This in my view is the challenge of the future to those who 'teach' small business (figure 4).

Figure 4  
The shift of emphases?

<b>ISSUE</b>	<b>FROM</b>	<b>TO</b>
■ <b>OWNERSHIP OF: LEARNING</b>	<b>TEACHER</b>	<b>STUDENT</b>
■ <b>CONTROL OF LEARNING PROCESS</b>	<b>TEACHER</b>	<b>STUDENT</b>
■ <b>FREEDOM TO EXPERIMENT</b>	<b>LOW</b>	<b>HIGH</b>
■ <b>STUDENT AUTONOMY IN LEARNING</b>	<b>LOW</b>	<b>HIGH</b>
■ <b>MISTAKES</b>	<b>PUNISHED</b>	<b>LEARNING VEHICLE</b>
■ <b>STUDENT DEPENDENCY</b>	<b>TEACHER</b>	<b>PEERS AND RANGE OF OTHERS</b>
■ <b>LEARNING PACE</b>	<b>CONTROLLED</b>	<b>NEGOTIATED</b>
■ <b>LEARNING TIMES</b>	<b>CONTROLLED</b>	<b>NEGOTIATED</b>
■ <b>CONTENT</b>	<b>DICTATED</b>	<b>OPEN TO NEGOTIATION</b>
■ <b>SOCIAL/LEARNING ENVIRONMENT</b>	<b>SEPARATED</b>	<b>MIXED UP</b>
■ <b>COMMITMENT</b>	<b>PASS EXAM</b>	<b>SEE PROJECT/ PROCESS THROUGH</b>
■ <b>LEVEL OF CERTAINTY</b>	<b>CONTROLLED</b>	<b>OPEN</b>
■ <b>CONTENT PRESENTATION</b>	<b>FUNCTIONAL</b>	<b>MULTI-DISCIPLINARY</b>
■ <b>CONTENT PROCESS</b>	<b>THEORY FOCUS</b>	<b>PROBLEM FOCUS</b>
■ <b>LEARNING MODE</b>	<b>DIDACTIC</b>	<b>ACTIVE/DISCOVERY</b>
■ <b>TEACHER ROLE</b>	<b>EXPERT</b>	<b>FACILITATOR</b>
■ <b>KNOWLEDGE FOCUS</b>	<b>ABOUT</b>	<b>HOW TO</b>
■ <b>KNOWLEDGE TARGETS</b>	<b>TEACHER DETERMINED</b>	<b>NEED TO KNOW</b>
■ <b>NETWORK LINK</b>	<b>LOW/PASSIVE</b>	<b>HIGH/PROACTIVE</b>

## Notes

<sup>1</sup> I will not deal with some of the finer distinctions between educator and trainer while recognising them.

<sup>2</sup> It is also based upon a number of axioms concerning the individual and enterprising behaviour that are set out in Annex 2.

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# 02 Contrasting images of entrepreneurship - implications for academic education

*Bengt Johannisson*

## **Abstract**

While the contents and form of training and education for small-scale business must encompass both the submissive subcontractor and the aggressive entrepreneur, basic paradigmatic assumptions concerning the (business) world must also define what is taught, why and how. While an objectivist approach legitimizes management as traditionally taught in university classrooms and practiced in large corporations, a subjectivist approach makes it easier to recognize the unique features of training for small-scale entrepreneurship. The paper reports some strategies used by Swedish academic programmes on the graduate and post-graduate levels to bridge the gap between the university and the world of small-scale business. On one hand it is evident that the applied teaching methods reduce the power of the institutions and the individual teachers; on the other the logic of these methods seem to become increasingly relevant in any business setting. The introduction of dialogue and experiment in academic teaching is not only a means of preparing for an increasingly chaotic reality. The value of different kinds of knowledge, including the tacit knowledge of entrepreneurs, will also become even more evident.

## **The scope of the paper**

Among both researchers and practitioners attitudes to small business and entrepreneurship are close to schizophrenic. While new venturing and small business are expected to bring solutions to the current economic and unemployment crisis in Europe, small-scale owner-managed firms are accused of being passive, incompetent, lacking resources and dominated by large corporations. On one hand individual learning capabilities and alertness are held up, on the other the role of the individual actor is devalued in favour of a corporate logic, i.e. strategic management, innovative cultures and massive investments.

These two contrasting images of small business/entrepreneurship can be dealt with in at least three ways. First, it can be argued that pluralism is the innate character of both research in general and with respect to small-scale business in particular. Second, some would propose that an advancement of theoretical analysis and associated empirical research will remove the contradictions. A third argument is that the varying interpretations of the small business/entrepreneurship phenomenon may be due to different paradigms, i.e. basic understanding of the constitution of the real world as well as what knowledge can be acquired about that world. Here I will focus on the third explanation, investigating the implications of an objectivist and subjectivist approach to the understanding of entrepreneurship and small business.

Scientific paradigms include opinions about how knowledge is acquired. The adopted paradigm also has consequences for the way knowledge is distributed, e.g. through education and training. In this paper I wish to elaborate upon what implications the choice of paradigm will have for the content, form and potential of academic education in entrepreneurship and small-business management. Similar considerations could be made for non-academic training of prospective entrepreneurs, of owner-managers and of corporate management.

In Section 2 two paradigms, or generic research approaches, are introduced and the different images of small business and entrepreneurship they provide are stated. In Section 3 these lessons are adopted to the management of undergraduate programmes for fulltime students and the experiences concerning (corporate) entrepreneurship within an MBA programme are presented and reflected upon as well. Section 4 reports an evaluation of the Scandinavian model of a European postgraduate programme in the field. The concluding section of the paper reflects upon which forces decide the choice of paradigm and what implications this will have for the training of practitioners.

## **Paradigms and their implications for understanding entrepreneurship**

Here the notion of 'paradigm' is adopted in much the same way as Burrell and Morgan (1979) use the notion of 'approach'. Others focus on the contemporary and substantive institutionalized knowledge within a research field and some address 'paradigm' as a personal stance of an individual researcher with respect to the objectives and tools of research. Thus, paradigm here reflects ideas about how the world is constituted (realism vs. nominalism), how knowledge about that world can be acquired and communicated (positivism vs. anti-positivism), image of the human nature and human potential (determinism vs. voluntarism) and methodology, i.e. ways of investigating the world (nomothetic vs. ideographic). Obviously these assumptions will guide the scientist in deciding what and how to research.

The objectivist approach is deductive, i.e. field studies are founded on conceptual frameworks emerging out of accumulated previous research. These models lend them-

selves to operationalization and statistical generalization. It is considered vital that the researcher controls her/his values by not getting personally involved in the realities of the people being researched. The ideal is to provide causal explanations and once this is achieved, normative recommendations follow naturally.

The subjectivist approach is, in contrast, inductive. i.e. the aim is to make both the world in general and a particular phenomenon intelligible for both the research community and the individuals being studied. This can only be achieved through personal involvement on the part of the researcher and it is acknowledged that the latter's own values will influence both the people being studied and the outcome of the research. Qualitative research is called for.

Beside the substantive knowledge being provided for 'local' use, the outcome of the research is 'analytical' generalization in terms of new concepts and metaphors which help people make sense out of the experienced world.

Table 1  
Legitimate images of proprietorship/entrepreneurship

	Approach	
	Objectivist	Subjectivist
Proprietorship	The Submissive Subcontractor	The Independent Fanatic
Entrepreneurship	The Elite Revolutionary	The Ambiguity Manager

Different paradigms have implications for which definitions of entrepreneurship are applied, what theories are generated and what methods are used - and obviously for entrepreneurship education. From a different perspective Gibb (1993) states the need for clarifying basic assumptions and concepts in the field. In table 1 I suggest alternative images of the owner-manager/entrepreneur according to varying paradigmatic assumptions. Within an objectivist perspective, where access to information and influence obviously is related to firm size in general and information processing capabilities in particular, the small-scale owner-manager in most cases is obliged to resort to the role of the submissive subcontractor. Within a subjectivist perspective the proprietor realizes her/his basic 'rights' as a free human being by running an own company. She/he will view any attempt at external involvement with suspicion; this includes submission to formal training and education.

Thus, only within an objectivist approach does it make sense to argue that the owner-manager is receptive to training. Such input can and must be congruent with the rules of professional management as practiced in large firms. In order to become accepted as a subcontractor the small proprietor must adopt to contemporary management technology, the topical fad known as 'quality management'. The associated administrative procedures are only marginally adapted to the smaller scale. Those small firms which are not able to invest in e.g. advanced computer technology, will have to exploit other small-scale advantages such as customized production and prompt deliveries. In this perspective the criticism that textbooks in small-business management are not adequately adapted to the target group seems a bit misdirected: if knowledge is acquired to improve the behaviour within a business community dominated by large corporations, the adopted educational strategy seems to be appropriate. Today many small subcontractors are linked to large customers in

computerized systems which of course call for similar management routines. Thus, authorities and consultants with great confidence instruct prospective businessmen to make business plans and established owner-managers to manage their firms in much the same way as the division CEO within the corporate context does.

Entrepreneurship as a new way of deploying resources according to opportunity also appears to be different within each paradigm. For good reasons the early Schumpeter (1934) presented the entrepreneur as a rare genius, a superman; few get the chance to 'beat the system' and almost nobody will do it more than once in a lifetime. This image of the entrepreneur is quite difficult to associate with institutionalized training and education, which is by definition confined to established mental and organizational structures.

Within a subjectivist perspective where reality is continuously constructed and reconstructed through human inter-action, the entrepreneur, in contrast and by definition, is a learning creature. The continuous learning reflects various characteristics of entrepreneurs, such as adaptability as well as a fanatic belief in the venture concept. This means that they try to realize the venture in spite of existing taken-for-granted restraints such as hesitant customers, strong competitors and a trade association which in its own interest defends the existing industry logic. Entrepreneurs thus 'enact' own theories (visions), using business intelligence to identify events which can be exploited as opportunities by carefully orchestrating resources and combining re-active and pro-active behaviour. Understanding entrepreneurs means focusing on how they operate the venturing process and not on what they do and why (cf. Stevenson, Jarillo, (1990).

Within the subjectivist approach the researcher tries to make the individual entrepreneur's theory more intelligible for research associates as well as for the entrepreneur. A criterion of good research thus is the ability to help the recipients of a scientific report gain a holistic understanding. This often calls for case research and the use of narrative methods.

Within a subjectivist approach training must focus general competences, not the least net-working capabilities, i.e. the ability to listen and, in interaction with others, create a new reality. The entrepreneur can be considered to be a person who builds her/his own career trajectory by integrating venture projects through a personal network. Each venture, then, is the out-come of an alert recognition of manageable opportunities in the environment. Although this reflects a learning capacity, it is of course more difficult to design educational programmes that teach such competences than it is to inform about 'objective' facts. - Thus, within both the objectivist and the subjectivist approach, an orthodox interpretation of entrepreneurship suggests that it is beyond formal training and education.

In spite of the difficulties outlined above, training for entrepreneurship is only challenging within the subjectivist paradigm. The proprietor will not be motivated at all and the genuine entrepreneur will demand individualized approaches. In order to elaborate on entrepreneurial learning strategies, we thus have to adopt a more liberal definition of entrepreneurship, including e.g. intrapreneurs (corporate entrepreneurship). This 'treachery' against the orthodox approach suggested above seems to be adequate considering that the realization of innovations calls as much for corporate resources and strategy as for individual initiative. This is demonstrated in the rich literature on corporate entrepreneurship originating in the 1980s. As a matter of fact, Schumpeter in his later writing adopted a more collective approach to innovation (Schumpeter 1943, Cf. also Sundbo, 1991). However, some differences important for the design of training programmes have to be pointed out, cf. table 2.

Table 2

Contrasting images of entrepreneurship - implications for task and training

Image of Entrepreneurship	Corporate man	Individual man
The entrepreneur	Innovative manager	Artist
Theories of entrepreneurship	General	Personal
Major challenge	Information processing	Ambiguity management
Focal resource	Financial capital	The personal network
Major competence of the entrepreneur	Combining planning and implementation	Combining vision and action
Training focus	Professional management	Experiential learning

Drucker (1985), discussing 'entrepreneurial management', also states that entrepreneurship is 'practice', even if his normative touch is almost paradoxical. I however assume that the entrepreneur, like any experienced practitioner, reflects in action (Schön 1983). Not all practitioners are entrepreneurs though; the latter pays e.g. little attention to collective experience accumulated by a professional group. Instead the entrepreneur tries to memorize patterns of behaviour which, when matched with challenges, have proven to be successful.

The notion of 'corporate' entrepreneurship encompasses the paradox that entrepreneurship is both comprehensible through planning and genuinely anarchic. Thus it suggests that both intended and spontaneous strategies for innovation should be pursued (cf. e.g. Burgelman, 1983; Pinchot, 1985). A way of coping with this paradox is to introduce the image of the corporation as an 'organizing context' for individual initiative. This context, characterized as a web of personal networks, contains, in addition to intrapreneurs, 'champions' and 'sponsors' giving support as well as others representing (access to) resources. With this image of innovation and change an additional question may be raised: how shall those who are not being entrepreneurs be taught to cope with entrepreneurs/intrapreneurs? This question is just as relevant in other context for entrepreneurship, e.g. the local community, where different interest groups must be informed about conditions for entrepreneurship.

Thus, any design of entrepreneurial training must encompass not only those being trained but the training context as well, whether a corporation, a region or a university. A more general, but also more illusive, context is the general personal network of the entrepreneur. Within these framing contexts people must be taught to both encourage and to tame entrepreneurship. When discussing academic training for entrepreneurship, both the manner in which direct education is pursued and the way the programme is generally organized in a specific setting must be reflected upon.

### Designing (under)graduate programmes in entrepreneurial management

First to initiate such a programme in Sweden, Växjö University has for almost 20 years run an undergraduate programme in Entrepreneurship and Small-Business Management. Today this three-and-a-half year programme offers a degree in Management Studies. The specialized focus covers a period of one and a half years of mixed classroom lectures and internships in small-scale business units in the region. The programme provides general management training. During the period of cooperation between the university and the business each student writes altogether six reports, each one linking her/his general conceptual knowledge and a problem as perceived by the management of the firm. While the

first five reports concern functional issues required by the programme curriculum, the final examination report concerns a strategic issue defined by the company alone.

Elsewhere I have described the objectives and design of the programme more comprehensively (Johannisson, 1991). Here I wish to make a few remarks and underline that the present programme does not have any ambitions to turn the participants into entrepreneurs. First, the programme aims at providing management support by way of the students to small firms, giving the entrepreneur more time for doing business and possibly providing a speaking partner. Second, general administrative competences are focussed. However, in the training context different activities which may increase the students' susceptibility to entrepreneurial initiative are present, e.g. student involvement in organizing seminars for practitioners and inter-student networking.

Reporting the Innovation Engineering Programme at Halmstad University, Andren and Uudelepp (1993) demonstrate how the entrepreneurial contents of an academic programme can be increased by including 'substantive' technological knowledge. The high frequencies of patent applications and business startups by (student) academics give evidence of success. One of the most intriguing aspects of the Halmstad programme is the interface between university and industry including the opportunity of building personal networks of mentors, resource suppliers and those providing business intelligence during the study period. The teachers themselves play different roles, e.g. provide general support, operate as intermediaries in networks and bring living entrepreneurs to the classroom. The adjacent science park completes the entrepreneurial context. Although both the Växjö programme and the Halmstad programme provide general competences within a learning-by-doing framework, only the Halmstad model builds a concrete platform for venturing processes.

To some extent the different approaches to small business/entrepreneurship training in Växjö and Halmstad reflect the academic traditions in social sciences and at technological institutes. The latter institutes have always been more pragmatic in their cooperation with industry; the contribution of the Halmstad programme is that it explicitly supports at business venturing.

The Växjö programme, in contrast, in the classroom proudly states its close connection with international research about entrepreneurship. In Växjö much effort is, though, put into both academic research methodology and hands-on field research methods including implementation and communication strategies.

The student reports are reviewed on the company sites implying that faculty legitimizes the pragmatic part of the programme. The different logics of academics, practitioners and entrepreneurs, (cf. Schön, 1983) are thus maintained throughout the programme, keeping both students and faculty alert.

Future plans concerning the Växjö University programme include both advancement towards a more entrepreneurial version and an option which is closer to traditional academic standards. In the first instance students operating own businesses will be invited to join the programme, applying the management technology taught to their own ventures. In the second instance a 'bank' of small-business cases will be developed as another approach to the provision of knowledge about entrepreneurship. First after these plans have been implemented and evaluated it will be possible to judge whether or not a (Swedish) business-school context is feasible for training in entrepreneurship and not just for teaching about entrepreneurship and small business management. However, it seems as if the Växjö approach satisfied most of the needs associated with 'enterprising learning' according to Gibb (1993, p. 21): 'the essence of enterprise into the classroom environment; a project management task structure for learning under conditions of uncertainty; and an 'enterprising' teaching mode.'

Starting in 1992, again first in Sweden, Växjö University now offers a genuine MBA-programme for Swedish residents. The two-year programme, a joint venture with University of Hertfordshire, includes a unit concerning Entrepreneurship and Network Management where the participants, beside classroom lectures and case discussions, are given two individual assignments. They both mean that the participants have to apply the theoretical input to their 'own' business unit - the fifteen participants include CEOs as well as other management. In the classroom setting a learning context is created through an open discussion of individual projects, implying an exchange of ideas and networking. The experiences gained from this first group suggest that the logic of corporate entrepreneurship as a strategy for renewal and change is feasible also in the Swedish setting. In several cases the projects outlined by the MBA-students' quite realistic projects provided openings for real-life experiments.

As indicated, a dividing line between the objectivist and subjectivist approach concerns the applicability of 'scientific knowledge' to concrete situations. In the academic year 1992/93 both the undergraduate and the MBA students were required to apply an 'entrepreneurial-audit' test according to an unpublished material by Dennis P. Slevin and John L. Naman to 'their' business unit. The logic of the test is that in order to survive varying environmental turbulence must be matched by entrepreneurial-capacity composed of (1) entrepreneurial style (pro-active and innovative behaviour), (2) organicity (an organic structure) and (3) a ('Mission') strategy aiming at building rather than harvesting. These variables are operationalized and between each of the entrepreneurial capacity dimensions and the environmental-turbulence index a misfit score is calculated. Using a group of small and medium sized high technology firms as a norm it is possible to standardize a firm's total misfit score.

The comments below are based on available completed audit forms from the undergraduate (9 forms) and MBA-course participants (12 forms). The form and accompanying instructions were translated to Swedish jointly by the undergraduate students and myself. No back-translation was made for quality control, but the MBA students were asked to evaluate the translation. - The outcome of this feasibility test was that in both groups there was a general misfit between environmental dynamism and entrepreneurial capacity: in the small-business group there was in most cases a surplus of entrepreneurial energy and in the corporate group there was often a deficit. Instead of looking for ways of exploiting the surplus entrepreneurial capacity most small firms seemed to accept the situation, possibly because they realized that dependence on large customers and sudden changes in the environment required organizational slack. The students/managers within the MBA group were not worried either in spite of lack of fit according to the test, their business unit had proven to be successful, i.e. viable. It is also possible that they implicitly assumed that the (often multinational) corporate setting of their own unit provided the power needed to compensate for lack of entrepreneurial capacity.

Both groups were also asked to critically review the test, its conceptual and methodological underpinnings. First, because of its American origin, it seems to generally appreciate entrepreneurial capabilities (as a success factor) more than European researchers and practitioners do. Second, the regional sample of high-tech firms used as the empirical standard was, for good reasons, criticized by both student groups; (high) technology per se does not define business success. Comments also concerned the possibility to define entrepreneurship as an organizational feature. One undergraduate student asked all members of the executive team (altogether 6) of 'her' founder-managed company to fill out the questionnaire. They all came up with widely different profiles with respect to each of the variables concerned. The general outcome of the audit to some meant that the firm has excess entrepreneurial capacity while others indicated complete lack of entrepreneurial leadership.

This finding can be interpreted in several ways: from an objectivist point of view it suggests that the instrument needs some refining and from a subjectivist view the finding only confirms that any evaluation of a real situation only reflects personal perceptions and judgements. The interpersonal tensions that the outcome reflects must be neutralized or, even better, exploited for the benefit of the organization. The exercise hopefully told not just the student but also the company a lesson.

The majority of the MBA students on a more general basis questioned the methodology for identifying and measuring truly qualitative aspects of business venturing. Some of the others, in contrast, asked for concrete advice how to cope with identified misfits, i.e. looked for normative recipes. This seems to reflect 'objectivist' learning traditions within their industries. Several of the undergraduate students, who with few exceptions lacked qualified field experience, recognized the test as an instrument for diagnosing the viability of 'their' firm.

A possible conclusive interpretation of the application of the Entrepreneurial Audit in both groups is that any normative instrument, such as the Entrepreneurial Audit, may be useful as a point of departure for a reflection process, especially among inexperienced evaluators. Such test procedures can also provide a context wherein group learning processes are initiated, bringing about a collective understanding beyond the technicalities of the instrument. The lesson clearly learnt by the students is that quantification of illusive concepts, such as entrepreneurship, remains a makeshift.

### **European doctoral programme in entrepreneurship and small business management - the Scandinavian approach**

In 1993 a Scandinavian 'consortium' - Copenhagen Business School (CBS) and Roskilde University (RU), both Denmark, together with Lund University (LU) and Växjö University (VU), both Sweden - was the sole organizer of the European Doctoral Programme in Entrepreneurship and Small Business Management. While the initial programme in southern Scandinavia in 1992 enrolled only six doctoral students, 16 junior researchers representing 10 nations participated in the 1993 version.

The 1992/93 programme includes four themes, i.e. course units:

- a. Entrepreneurship and Small Business (CBS) (Mainly lectures and site visits)
- b. Small Business and Regional Development (LU) (Lectures and two group assignments, one theoretical and one empirical)
- c. Small Business Development - Innovation and Management (incl. Design) (RU) (Lectures as well as an empirical group assignment concerning Design)
- d. Research Methodology (VU/CBS) (Lectures, empirical group assignment, Research Forums on individual thesis projects)

We have carried out an evaluation of the 1993 programme based on 12 returned questionnaires which were filled in during the last week of the course period, i.e. the final Research Forum (workshop on participants' thesis projects). The evaluation was made anonymously. Most questionnaire items were opened. We will here focus on methodological aspects of the programme. A more complete evaluation report is given by Johannisson and Mönsted (1993).

The Research Methodology (VU/CBS) unit consists of three subunits: general methodology, case methodology including field research and the Research Forum. The Research Forum runs parallel with other programme units during the whole study period.

According to the students the major strength of the Scandinavian version of the programme is the Forum because there the individual thesis projects are scrutinized on several occasions.

The lectures concerning general methodology were according to most of the students good but insufficient, in general and because of the focus on qualitative (case) research methods. Several students have requested basic quantitative methodology for making a survey. This type of methodological course is in Sweden and Denmark included in undergraduate programmes, i.e. postgraduate students are assumed to have completed them. Indirectly this also shows that the objectivist approach dominates the social sciences in most European countries.

As stated in the textbook (Yin, 1989) used, the case research method is appropriate for answering questions such as why? and how? (things are happening). As indicated above knowledge concerning how? seems to be especially relevant in entrepreneurship research. The more specific aim of the case-method assignment was to demonstrate that the answers of the questions why? and how? depend upon the preunderstanding - conceptual, methodological and empirical - which is brought into the field by the researcher.

The site of the case-research project was an industrial district in Southern Sweden and the task was to make intelligible why it had been prosperous, how individual entrepreneurs/firms had managed to build and maintain a strong sense of community and, if possible, forecast the viability of the business community. Since the doctoral students had little or no experience of similar realities and methodologies, a quasi-experiment could be arranged by providing subgroups of students with different conceptual input. Adopting this approach field studies were carried out in both 1992 and 1993. Here I focus the 1993 version; below I will cover the 1992 experiences from a different perspective.

Planning for four subgroups of students an equal number of conceptual frameworks were outlined by combining two dichotomized (qualitative) variables. On one hand, images of the interorganizational structure of the firms in the industrial district were proposed to be either hierarchical or resemble a network. On the other hand the distinction between economic and social rationality as a base for exchange between firms was introduced. Within transaction-cost theory, e.g., economic rationality rules and a pressure towards hierarchy is assumed. In contrast the proponents of viability of 'industrial districts' underline the importance of social embeddedness of economic activity and a network structure for integration. For various practical reasons, two of the conceptual substructures were collapsed into one, meaning that overall three different approaches were adopted.

Each with one assigned conceptual framework, the student groups researched appropriate literature and generated different questionnaires to be used as field research instruments. Jointly eight site visits were made, including the mayor's office and the local industrial museum. In the small firms only the owner-manager was addressed; the interviews lasted between one and two hours each. After interpreting the data, group reports (approx. 20 pages) were made.

In a special workshop the three 'rival' (Yin, 1989) theories and associated empirical findings were juxtaposed. Needless to say the conclusions varied radically between the three groups. Each one of them had experienced real situations and collected 'facts' which supported their 'prejudice' according to the assigned conceptual framework. The concluding discussions revealed that the objective of the methodological experiment had been achieved: reality as reported by scientists is a social construction made jointly by the researchers and the entrepreneurs. The two contrasting reports of 1992 were rewritten by myself into two articles which were published simultaneously in two regional newspapers, cf. below. While the case-research subunit was appreciated for its general design and considered to be useful, several of the students pointed out that it was quite time-consuming.

The organizers believed nevertheless that the case approach, its methodology and associated field experience, would give the participants invaluable experiences in the relativity of social research. The design has possibly made the doctoral students a bit more entrepreneurial, at least in their academic settings!

In evaluating the 1993 programme we also asked a general question about the most appreciated ingredient. The wide variety of answers given by the students included increasing motivation for own research, methodological input, concrete supervision and generally new perspective and ideas concerning the content and form of their own research. The spontaneous networking amongst (subgroups of) students was also appreciated. These answers suggest that the European Doctoral Programme in Entrepreneurship and Small Business Management as much represents an organized introduction to general doctoral studies as much as a specialized programme. Obviously I believe that it is very important that students very early in their career are made aware of the importance of choice of paradigm in a very clear way, and, within the same, what conceptual framework is guiding the empirical research. The designed research experiment reported here actually suggests that, by adopting a case framework, different paradigms may be put on trial - economic rationality originates from the objectivist and social rationality from the subjectivist approach.

### **Concluding remarks - the politics of entrepreneurship education**

Formal training and education is not just a technical matter but a political issue as well, i.e. it involves conflicting interests. In Sweden at least the major objective for introducing the obligatory elementary school in the 19th century was to forestall anarchic tendencies among its citizens. For the same reason professional organizations and trade associations regulate admission rules in detail. It is quite logical that large corporations recruit well-educated personnel and support such higher education which establishes and maintains these norms. These standards are in turn reflected in a special management vocabulary which suits large corporations with separate management but which is alien to a small firm where the managerial functions are embedded in operative work. For good reasons any institution wanting to train for behaviour which deviates from the norm - such as entrepreneurship - is looked upon with suspicion, especially since this approach means that managerial 'labeling' must be replaced by hands-on problem solving.

The objectivist paradigm dominates the university community as well as many other fields in society. It is in the interest of those in power to propose that the present state of the art is 'natural' and not a social construction that can be negotiated. Within such a perspective academic knowledge becomes more trustworthy than e.g. insight won through practice. Objectivist approaches will also benefit the teacher in the classroom since formal education and the accumulative character of 'objective' knowledge provides the teacher with a legitimate advantage.

In a subjectivist context, in contrast, where both problems and solutions are expected to emerge and knowledge to become obsolete, teachers and students must establish a dialogue. In such a setting it is as much up to the teacher to prove that she/he can provide the right answer to students' questions. The aim here is to increase the individual's learning capability in a way that is defined by the individual student. As far as academic education is concerned, the teaching rules however in most cases remain unilaterally defined by the university. Teaching methods based on dialogue and mutual exchange, e.g. cases, role plays and open discussions, do not necessarily mean that the student's personal perspective is focused.

Even if individual educational institutions realize the social construction of reality and adopt that belief in entrepreneurial training, it may still have to demonstrate a capability to manage 'objective' knowledge and the associated vocabulary. The students will in fact have to be able to practice that which is recognized as legitimate management technology.

The normative statements associated with formal education both with respect to content (often functional subjects) and form (often quantitative analysis and written communication) undermine thus the general and qualitative approach adopted by small-scale entrepreneurs. It is not surprising that training programmes for leaders and managers in small firms (according to Swedish experiences) attract few participants. Plain instinct of self-preservation lead genuine entrepreneurs to avoid formal education, for the benefit of themselves and the (business) community. The target group which does seem to be attracted to a significant degree is that of the prospective and young business starters. Evidently they need, and can therefore absorb, some administrative knowledge to bridge a career as an employee and that of an independent businessman. An even more important learning milieu for them, as for any practitioner, however, is the personal network, not the least if it is furnished with fellow entrepreneurs.

Independent and small-scale entrepreneurs may then refrain from formal education for several reasons. (1) Entrepreneurship is not teachable but must be learnt experientially: the design of the training with classroom settings separating thinking about and making business, reflects the existence of a separate management, almost non-existent in the small firm. (2) The rationalistic assumptions of the objectivist approach means that the 'facts' communicated in training are biased towards stable large-scale corporations: only they are able to collect and process the information needed. (3) Formal training aims at communicating what to do while entrepreneurs only can be told what not to do.

As stated above, most small businessmen however are not genuine entrepreneurs but rather alert imitators, usually in the role of subcontractors. This is e.g. the case in the industrial district where the experiment concerning competing research-designs within the international doctoral programme took place, cf. above. These businesses will have to keep pace with technological and logistical development. Although the business community, jointly with the municipal authorities, has organized some very specialized training programmes, e.g. concerning tool-making and computer support in production processes, academic knowledge is near to denounced. In e.g. Gnosjö, a municipality within the district with 9,000 inhabitants and 300 manufacturing firms, there is only a handful of university-trained engineers. Obviously radical measures are needed to create awareness and possibly change attitudes in such a setting.

As previously mentioned, the alternative interpretations of the Gnosjö phenomenon provided by the two groups within the European Doctoral Programme in 1992, were used by me in the form of signed articles, published in two regional newspapers simultaneously in order to present contradictory images of the future of the industrial district. In one newspaper the business logic adopted in the industrial district was presented as a role model for a national turn-around strategy while the second newspaper article forecasted a dramatic decline of the regional industry in the near future. This publishing event, beyond a clearer understanding of the massmedia itself, caused an intense debate in the newspapers during the summer. In the autumn this was followed up with a local public debate concerning the need for competence development in the district. The debate indicated that the local businessmen felt very much offended by the mere suggestion that their kind of expertise was insufficient.

This provocative publishing event and associated debate aimed at creating awareness concerning the relativity of (scientific) knowledge as well as the need for continuous learning, which was underlined in a third article published by me about a week after the

first two. However, even more pragmatic arrangements seem to be needed in order to bridge the gap between the business world as perceived by small-scale businessmen and that of the university. A competition is therefore planned between two groups of experts, one consisting of owner-managers in the district and the other made up of academics with experience as consultants. Each group will be presented the same (real) product development problem and be assigned the same length of time within which to suggest a solution. These two solutions will then be presented publically at a local meeting of entrepreneurs, where an evaluation board will decide what suggestion will be the most appropriate solution. My personal belief is that both solutions will be applicable and that this will teach all involved the complementarity of practical and academic knowledge.

Within a subjectivist approach to small business and entrepreneurship the limits to scientific knowledge and traditional academic training are recognized. Above I have reported different attempts to overcome these limitations. In many ways these initiatives, from the university's point of view, may appear to be a degradation of academic management training. Recent research into management proposes however, using chaos theory, that our future is unknowable in a generic sense (Stacey, 1992, 1993). This statement is intriguing because its rationale challenges the assumptions of both the objectivist and the subjectivist approach as adapted to business systems, e.g. encompassing both determinism and voluntarism. A chaos-theory framework uses mathematical logic to suggest on one hand that rational planning is meaningless, on the other that enactment guided by an entrepreneurial vision is in vain. Only in the short run it is possible to direct actions purposefully.

Chaos theory is promising because it provides a revised setting for the understanding of management and management training. Stacey argues that the major strategy for adaptation and survival is continuous learning in groups, using internal and external networking. Since a linear-rational causal logic cannot be used to direct the firm on a long-term basis, issues have to be dealt with as they turn up. Coping with these issues means recognizing and amplifying response patterns which, according to experience in similar situations, have proven successful. The need for stability and change, for single-loop and double-loop learning, has to be synchronized (cf. Argyris, Schön, 1978). In my mind this evokes two images. First, the notion of the viable business as an ever evolving set of projects interlinked through the personal network of entrepreneurs. Second, an image of appropriate education and training in any setting, academic or not, which focusses individuals and processes, not systems and structures.

Thus, the way small-scale business and entrepreneurship build their expertise must be recognized and needed competences added accordingly. After all, that which is expected from a university faculty is solely an adoption in the teaching milieu of that which we take for granted in a research context: a sensitive ear, commitment and mutual exchange. Summarizing all the experiences in education and training for entrepreneurship in an academic setting reported above - the MBA students' confrontation with the small-business reality, the review of the normative Entrepreneurial Audit, the research-design contest in the industrial district and the challenging of the entrepreneurs themselves in the media - they all aimed at creating an increased awareness of the social world to the benefit of all those participating in the dialogue.

Within such an 'emancipatory' research framework the differences between the objectivist and the subjectivist approach are reduced considerably. Such a framework suggests a teaching mode that encourages discovery and action and bridges the gap between proprietorship and entrepreneurship created at the beginning of the paper (cf. Gibb, 1993). The objectivist and subjectivist approaches thus remain mainly as tools for investigating and organizing the perceived world. I myself have tried to apply them in this way in order to

clarify some aspects of university initiatives to generate and distribute knowledge about entrepreneurship and small business.

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# 03 Methods of teaching: What is useful for entrepreneurship education?

*Heinz Klandt*

## **Introduction**

In North America, in Western Europe and at a lot of other places all over the world numerous courses for potential entrepreneurs are established at universities and business schools for many years and a lot of practical teaching experiences has been collected by academics (Katz, 1991; Vesper, 1993).

Therefore one should expect, that beside a rich body of documented syllabi (Solomon, 1986; Neumann, Klandt, 1993) and of intuitive experiences, also a broad literature based on systematical empirical research about the adeptness of contents of courses and the usefulness of different didactical approaches, when educating new business founders, should be identifiable. But actually only a few things can be found in terms of conceptual framework and empirical research on different teaching methods (Brockhaus, 1993).

On the other hand there is a lot of empirical based studies published about the entrepreneur, his motives, demographics, personal traits, etc., which may be useful to broaden the understanding of the entrepreneurial behaviour and make at least partially understandable, the educational needs of potential entrepreneurs.

With this paper it is intended, to bring some ideas about the linkage between existing empirical results about the entrepreneurial personality and the evaluation of different methods of teaching entrepreneurship into the academic discussion<sup>1</sup>.

### *Target groups of entrepreneurship training*

First it is to clarify, what is entrepreneurship training targeted to.

Entrepreneurship training - as it is understood in this study - is intended to prepare for the all-embracing entrepreneurial role in newly founded, small and medium sized firms. This is partially in opposite to the traditional business administration training, which prepares for the management function or specialist function in mature and big companies.

Thus, the most important target group for entrepreneurship training consists of potential self-employed business founders and young entrepreneurs, who usually are also owners of the firms (as a single entrepreneur or as a partner in a team).

Apart from the (potential) entrepreneurs, also those people who have direct working connections to the above mentioned belong to the target group of entrepreneurship training. For example:

- \* self-employed consultants and business advisors.
- \* consultants for business start-ups in chambers/associations.
- \* credit specialists for client businesses and
- \* venture capitalists.

Particularities of trainings with target groups outside the business field (for example for lawyers, engineers, etc.) are not taken into consideration here.

### *The necessity for empirical research on entrepreneurship training*

In spite of the impressive proliferation of the entrepreneurial education and training courses in the 1980s and 1990s, particularly in North America (Vesper 1980, 1985, 1990), little is known about the performance, effectiveness of this training or the extent to which it matches really the needs of target groups. Empirical research in this area remains the exception. Without a stringent feed back about the usefulness of the education programmes, the contents and methods of courses stay to be 'gospel' more than theoretically based teaching (Klandt 1991).

### *The frame of reference for teaching activities*

The necessity to apply empirical research to entrepreneurship training includes as a potential research subject all kinds of elements of such a training. The following figure suggests a possible frame of reference.

Table 1  
Elements of the teachings

- \* Content of teaching: researching the need for training
- \* Institutional frame of teaching:
  - Universities
  - Chambers and associations
  - Adult evening classes etc.
- \* Organization of teaching:
  - Duration of each lecture
  - Frequency of lecture
  - Part of a programme
  - Final examination/tests/graduation etc.
- \* Teaching staff:
  - Educational background
  - Professional, practical experience
  - Start-up experience etc.
- \* Teaching material/media:
  - Publications such as: books, printings
  - Transparencies/slides
  - Videotapes/audio systems
  - Computers to support the student  
(text/tables/graphics)
  - Computers to guide the training process etc.  
(multimedia interactive learning system)
- \* Teaching methods:  
are discussed in more detail in the following part.

## Methods for the entrepreneurship training

*What methods are (typically) used?*

The following figure provides a catalogue of different types of teaching methods which are used or can be used within the entrepreneurship education field (Brockhaus, 1993).

Table 2  
Teaching Methods

- \* reading books
- \* listening to lectures
- \* speakers programme
- \* watching videos of entrepreneurs
- \* practical work
- \* writing business plans
- \* other project seminars
- \* computer simulations
- \* written case studies
- \* live case studies
- \* excursions/company visits
- \* role games
- \* providing consulting services by students
- \* working with entrepreneurs
- \* preparing papers/theses
- \* student entrepreneurial club
- \* workshops for peers

### *Systematic description of some important teaching methods*

With the background of entrepreneurship education teaching methods can be classified as follows:

- \* Degree of Activities by the students:  
It is questioned to what extent the students consider the training process as practice related. That means that the student receives information passively, or he learns by himself through interaction with the trainer or media.
- \* Environment of the training process:  
This aspect refers to the question whether the training process takes place in an artificial environment, usually in class rooms or auditoriums, or within a real existing professional working environment, where entrepreneurs usually act.
- \* Given structured perceptions and analytical problem solving or not:  
The extent to which the problem is given to the student in a pre-set and structured manner, rather than identifying the problem and its analysis and possible solution alongside the student.
- \* Direct personal involvement of the teaching staff  
The extent to which the teaching is led by the teacher rather than through the traditional media of books (reading work) or modern media (such as computers). To specify the above, the used technical media are demanded again, up to the multimedia computers,

including the integration of the power of classic computers and TV (TV, VCR, video discs), telecommunication (telephone, fax, e-mail) etc.

Following there is a hypothetical classification of important teaching methods in respect to the dimensions introduced before.

Table 3  
Classification of teaching methods

Teaching method	activity- students	environment- natural	analytical work-up	personal-use of imparting technic
reading books	-	-	+	-
lectures	-	-	+	+
speakers program	-	-	+	+
writing business plans	+	+/-	-	-
excursions	-	+	-	o
consulting	+	+	-	-
work with entrepreneurs	+	+	-	-
interactive learning systems	+	-	+	-
i. l. multimedia systems	+	(+)	+	-
computer simulation	+	-	-	-
role games	+	-	-	-
case studies	+	-	-	+
papers/theses	+	-	-	-

+: fit;      -: does not fit;      o: indifferent

### Some hypotheses on the need of (potential) entrepreneurs training with regard to the training method

#### *Personality Oriented Entrepreneurship Research*

The core of entrepreneurship research is commonly concerned with the description of the psychological characteristics of entrepreneurs, where an attempt is made to give a description of the typical entrepreneur, or to consider the characteristics which accompany success. The practical benefit of these approaches remain largely unexploited.

Assuming a link between these characteristics and entrepreneurial success, the profiles found, could be used for selecting potential successful entrepreneurs by venture capitalists, credit institutions and public support institutions. In this scenario the granting of credit, equity capital, loans could be only made if the entrepreneurial personality fits. There are dangers to this approach. It is still a matter of academic debate how far such traits are valid. Secondly in combining those traits, technical problems can arise (for example using mean rather than medium scores). Thirdly combining scores leads to difficult judgments on the extent to which some high scores on some traits may compensate in low scores for other traits.

Assuming that entrepreneurial capabilities are not inborn but can be learnt, and also assuming that they may be enhanced or developed by a guided learning process, another way to use the already existing research results could be to develop these characteristics in the lessons. This was practised two decades before with partial success by McClelland to develop performance motivation in India.

A third possibility to use these research results is based on the idea, that such basic predispositions should be determined before training starts, and the learning environments should be adapted to the needs identified.

The following psychological dispositions have been identified as characteristic of entrepreneurs by research undertaken in the last 10-20 years (only some of the more important are listed here):

- \* High need of achievement motivation (n-ach), moderate risk tendency (n-risk):
  - tasks with a moderate level of difficulty, moderate difficult tasks within reach,
  - success feedback on the achieved personal performance,
  - criterion for success within the learning process should be "(play-) money",
  - possibilities to build up the wanted team (participants' wishes).
- \* Internal locus of control (feasibility thinking):
  - elimination of hazards,
  - experience and practice of own individual creational possibilities,
- \* need of independence (n-indep.):
  - no authoritarian teaching methods,
  - equal position of teachers and students.
- \* Effectiveness of role models (model orientation):
  - choose an entrepreneur as guest lecturer,
  - get to know entrepreneurs within their working environment.

#### *Analysis of the entrepreneurial tasks with regard to the psychology of complex thinking*

The psychologist Dörner criticized the common attempt to reduce general and especially the entrepreneurs' complex business tasks to elementary processes in psychological aptitude-tests (concentration tests, continuation of arithmetic rows, power of recall, imaginative faculty etc.). He mainly considered complex thinking processes, and developed a counter position in which he described important characteristics of complex business tasks. While doing so, he mainly considered the following aspects:

- \* undefined targets,
- \* unstructured tasks,
- \* complexity of tasks (many elements),
- \* interconnections of the different parts (many interconnections),
- \* intransparency, restricted information on the perception field,
- \* feedback to proper activities,
- \* selfdynamism of improvement without intervention,
- \* partial susceptibility of the system,
- \* restricted time and means.

From this description it follows that one should construct the education and training in a way that simulates in some way the real complex world of the entrepreneur, so that the trainee can learn to adapt to changing situations and utilise his or her entrepreneurial skills. This may involve:

- \* independent target adjustment and target modification:  
The student should have the chance to develop and improve individual targets, therefore, within certain limits the targets should not be determined by the teacher.
- \* active and limited information search:  
The learning process should be one which provides scope for the students to discover information needs on his own, to identify information sources, and independently be able to balance information costs and information benefits.

Another important point, which has been considered by economists for many years, is that the process of the creation of new ideas, of making decisions and of acting on decisions is made in a background of imperfect information and uncertainty. This should also be taken into consideration when formulating tasks in entrepreneurial training.

- \* analytical and holistic problem diagnosis, system thinking:  
The student should be confronted with tasks which cannot only be solved using analytical (standardized, quantitative) methods. Qualitative and highly complex problems where creativity and intuitive problem solving are practised should also be given to the student.

Analytical and holistic problem solving methods should help to get to know the interrelation of complex systems and the connected effects of individual performance alternatives (unintended side effects). This also includes the conscious treatment of the system's feedbacks to the individual performance (or its omission), and awareness that performance processes may need to improve and correct activities several times.

- \* Decisions and performance under time pressure:  
Of practical importance is that often a fast but not optimal decision leads to better results (for example in the opinion of the competitors) than an optimal decision which is available later.

### **How do different teaching methods fit the needs of an entrepreneurship training?**

Based on the preceding teaching method classification, the basic dispositions of the entrepreneurial personality and the analysis of the entrepreneurial tasks, some hypotheses are formulated within the two following figures.

This also should be seen as an attempt to establish a framework from which further empirical research could follow.

Table 4  
Teaching methods and entrepreneurial personality.  
Some hypotheses about the fit

teaching method	high n-ach	moderate n-risk	internal locus of c.	high n-indep.	model orient.
reading books	-	-	0	0	-
lectures	-	0	-	-	0
speakers program	-	0	+	0	+
writing business plans	+	0	+	+	-
excursions	0	0	+	0	+
consulting	+	+	+	+	+
work with entrepreneurs	+	+	+	+	+
interactive learning systems	+	0	-	0	-
i. l. multimedia systems	+	0	-	0	0
computer simulation	+	+	+	+	0
role games	0	0	+	+	+
case studies	+	0	+	+	+
papers/theses	+	+	-	+	-

legend: see figure before

Table 5  
Teaching methods and entrepreneurial tasks:  
Some hypotheses about the fit

teaching method	individul. target def.	active info. search	complete problem	feed-back	time pressure
reading books	-	0	0	0	0
lectures	-	0	-	-	-
speakers program	-	0	+	0	-
writing business plans	+	0	+	+	0
excursions	-	+	+	-	-
consulting	+	+	+	+	+
work with entrepreneurs	0	0	+	+	+
interactive learning systems	-	0	-	-	-
i.l. multimedia systems	-	0	-	-	-
computer simulation	+	+	+	+	+
role games	0	-	+	+	-
case studies	-	0	+	0	-
papers/theses	+	+	+	-	-

Summing up the hypothetical classification of teaching method of the background of the entrepreneurial personality and the entrepreneurial task, it seems that especially consulting activities, working with entrepreneurs and business simulations are very useful teaching/learning methods for the target group of entrepreneurship education.

## Notes

<sup>1</sup> In respect to the following: many thanks for support in translation to Peter Rosa, Stirling University. All remaining mistakes and weaknesses stay in the responsibility of the author.

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# 04 A management business game: The experience of the University of Padua with students of engineering

*Fabio Croccolo*

Those who listen, forget  
those who see, remember  
those who do, learn  
(Chinese proverb)

## **Business training, learning and business games**

As has already been amply dealt with in the literature (Pepe, 1981), teaching business subjects poses problems that are somewhat different from those posed by more traditional subjects. There are two main reasons for this. Firstly, the heterogeneity of the content of such courses, which do not have a well defined scientific corpus of knowledge but rather contain a multiplicity of subjects - dealt with specifically within different, and clearly defined, study contexts - which are interrelated and interconnected to each other at different levels. Secondly, the need to teach students not only theoretical skills but also, and above all, practical, especially behavioural, skills (decision-making, conflict management, management of emergencies, etc.) rather than purely operational skills (Kolb, 1974).

For some time now, a specialised training program which, through the use of specific teaching instruments, allows the students to become involved in a variety of management activities, has been seen as an indispensable component of all business education courses. These activities are, for obvious reasons, reproduced in 'the laboratory' (Hilgard-Bower, 1970).

Thus, teaching techniques specially developed for the teaching of management subjects, such as cases, incidents, role-plays, in-baskets, T-groups and business games (I.L.O. 1972; Rugiadini, 1976), which aim to teach skills and attitudes have been added to the more traditional teaching methods, lessons, exercises, and seminars which are specifically directed towards the simple acquisition of knowledge.

Business games are, in reality, none other than the simulation of situations that arise within firms. Such games make it possible to reproduce the complex realities of a firm in the classroom (Crookall, 1984). Although they are generally thought to have originated with 'AMA top management decision simulation' in 1956 (Waistell, 1992; Eminente, 1981), in reality their roots lie far further back in time with the simulation of war situations, the famous war games, one of which, the Chinese Wei-hai, is thought to have been invented as long ago as 3,000 BC.

Business games have many training objectives. These were ably summed up by Greenblatt in 1988:

*Increase in interest and motivation:*

- in the specific subject;
- in the more general study context;
- in further study of the topic.

*Transfer of knowledge or reinforcement of knowledge already transmitted by more traditional methods regarding:*

- specific contents;
- systemic interactions;
- increased knowledge of the policies and options available;
- consequences and interactions of and between specific events and/or policies;

*Development of specific skills in terms of:*

- decision making;
- contracts and negotiations;
- management of a firm's communications;
- group work;
- management of emergencies;

*Changing attitudes through:*

- diffusion of cultural values such as competition and cooperation;
- empathic relations with other members of the organisation;

*Increase in the ability to evaluate and for self-evaluation, in particular:*

- increase in understanding of personal knowledge, abilities, assumptions and motivations;
- ability to perceive the same characteristics within colleagues.

Empirical research carried out by Partridge and Sculli in the United States (1982) who interviewed various samples of people who had taken part in business games, showed that such games were seen as being most effective in the following areas:

1. Decision making when conditions are unclear or ambiguous;
2. Management of information flows;
3. Resource allocation.

However, Lanciotti (1981) underlines how, for teachers, simulation appears to be particularly important for, among other things, training in strategic orientation and in developing a systemic and integrated vision and management of the various functions of a firm.

It is clear from an examination of the literature regarding the benefits that are derived from the use of business games, that all authors lay emphasis on the importance of such games as regards not only knowing how, but also knowing how to do. What emerges from the above is that simulations of management functions are not, in themselves, a training process but rather that they reach their maximum potential usefulness within a teaching syllabus that tempers them to the right extent with the more traditional teaching instruments for the transmission of knowledge: lessons, seminars, etc. (Marzocchi, 1990).

Perhaps this could be best summed up, and expressed, by making an analogy with Zen philosophy which suggests that the dichotomy of 'knowing how/knowing how to do' can be overcome by *knowing how to be*. Analogously we can say that the use of business games within the context of a broader and well balanced training process allows the student to associate theoretical learning with equally important moments of practical training that are aimed at developing skills. Later on, this will enable students, through critical reflection, to integrate the two aspects and attain a breadth of knowledge that will enable them to *be* a good manager.

### **The 'Sistemika' business game**

The Sistemika business game was developed by Prof. Giorgio Pagliarani of the University of Padua. The author contributed to putting the final touches to the simulation, organised its application, checked on it during the testing phase and managed informatics development.

Sistemika is a typical management game, to borrow the term from Marzocchi's clear classification (1990), that is, it is a simulation involving more than one firm, in this case from four to six firms, which are free to interact and compete in the same market. The market in question is fictitious, as is the currency unit used the Euroaira, so as to underline the fact that the rules of competition within the simulation cannot in any way be referred to, compared with, or affected by, industrial sectors that exist in reality.

The game is based on three month periods, in other words, the firms are asked to make decisions that are valid for ninety days, thus, four decision-making cycles are required to complete one full year's operations. This sub-division into three month periods enables the simulation to be managed better, at the referee's discretion, in terms of stress and of acceleration of the pace of decision making. For example, usually, at the start of the game a relatively long time is allowed for taking decisions relating to one three month period, but, as the game proceeds, the time allowed for decision taking is shortened and players are asked to take decisions relating to two three month periods, up to one full year.

The firms are identical and are allocated to the players after they have been operating for three years during which period their history and development have been identical. Players are informed of all the choices made, and of their results and consequences, during the initial three years of operations.

The simulation model is a model, using Lanciotti's classification (1981), in which deterministic algorithmic elements are flanked by probability variables, in order to make the result as close as possible to the real behaviour of the market, that is, sensitive to unexpected events. Furthermore, it is a sequential game, this means that the results of every game depend on the decisions and the results of previous games.

But the greatest attribute Sistemika offers is, without doubt, its high level of interaction, that is, the fact that each individual firm's results are influenced not only by their own decisions but also by those of all the other firms taking part. This makes the model very realistic and close to the real market situation. With Sistemika, just as happens in real life situations, competitive advantage can obviously be won by following classic strategies such as those set out by Porter (1987), but there is also room for 'Cartel' agreements (although this is not encouraged) where the different firms may decide to divide up the market equally between themselves and not attempt to dominate the others. The analogy with the real world is enhanced by a suitable algorithmic mechanism, that allows the commercially weakest firm to be quickly eliminated from the market by zeroing its sales, hence, making it bankrupt.

The product that has to be sold is, as has been said, fictitious. It is available in two versions, standard and de luxe. The standard version is already on sale when the firm is given to the players, the de luxe version is put on sale only when the individual participating firms decide to. Initially, the firm is active on the domestic market, but each firm may choose to add two foreign markets which offer different conditions for marketing.

The firms are allowed a wide range of choice regarding:

- price;
- product innovation;
- advertising;
- promotional visits;
- structure of the sales network (only for the de luxe product);
- geographical location of commercial offices;
- allocation of missing consignments in case of breakdown of stock flows.

They must also, in the context, take the necessary decisions in terms of:

- production capacity;
- production planning;
- supplies;
- stock management;
- process innovations;
- sources of financing and financial management.

On his/her part the referee can manage the game's progress by intervening, in real time, selectively for each individual firm, with modifications of parameters such as credit allowances, restriction of sales on foreign markets and/or only on one of the two product lines, chance events (fires, strikes, sales of obsolete machinery, etc.) that create both positive and negative contingencies.

In order to take their decisions the firms have the use of a standard model, or rather, in the case of completely automated management, of windows on a computer.

At the end of each three month period, results are communicated by means of tables that show the balance sheet, the financial situation and the volume and distribution of sales.

The firms are classified on the basis of a parameter of evaluation that takes into account net capital and the profits on the firm's previous two years activity. It should be remembered that profits are not distributed but are accumulated and kept in reserve.

During the game, those firm's which are not able to meet their financial commitments are declared bankrupt. As an exception, and only to a limited degree, a small amount of

financial help may be given, under very tight conditions, in order to cover an unexpected liquidity crisis. However, so as not to diminish the interest of the game, the referee has a series of measures that he/she may use in order to keep even the officially bankrupt firms in play.

Although the number of firms operating on the market is limited (from four to six) there are no limits on the number of players who may make up the management group for each firm. However, experience has shown that to meet the teaching and learning aims described in Section 1, four to seven is the optimum number of players for each management group.

One cycle of Sistemika can be represented schematically as in figure 1, which highlights the phases carried out by the students and those managed by the computer (and by the referee).

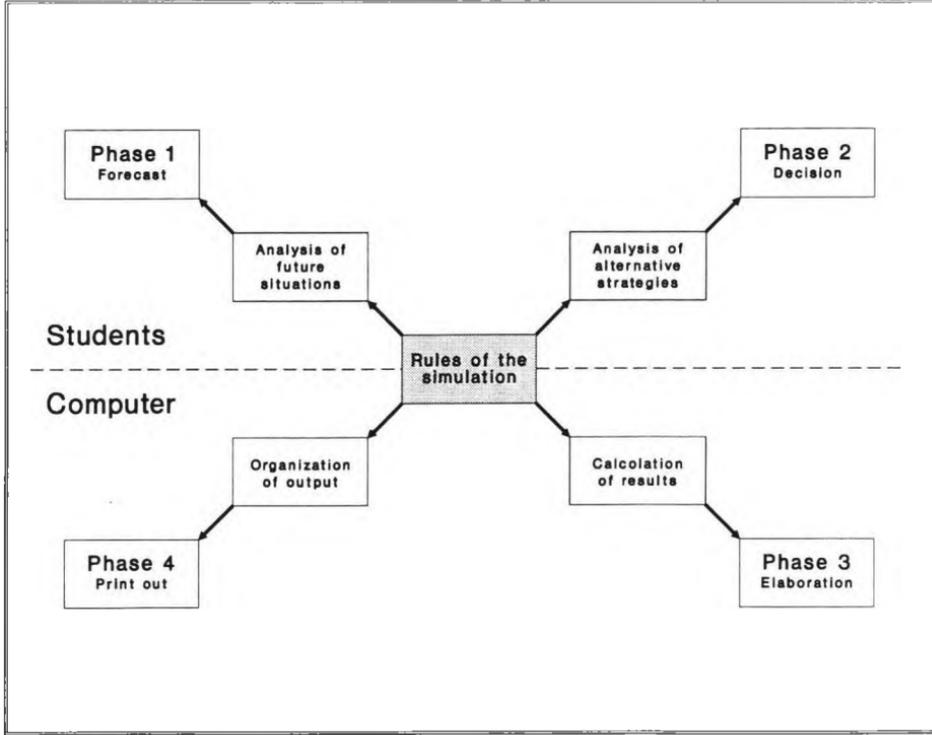


Figure 1  
Phases of one cycle of play with Sisemika

## **The experience of the University of Padua**

It is now generally accepted that industrial firms, in Italy, employ newly graduated engineering students with the intention of using them in management posts rather than in the field of technical design. In an attempt to satisfy the changing requirements of the labour market, the Engineering Faculty has, for some time now, begun to offer courses in business administration and organization which have been made compulsory for all undergraduates who orient their studies towards industrial engineering.

Undoubtedly, the University of Padua was one of the first to offer such an opportunity to students, and it now offers a wide choice of business administration courses. Since 1987, the business game *Sistemika* has been being used as a teaching instrument within the advanced business strategy course for engineering students and has, from the outset, been managed by the author. Considerable importance is attached to *Sistemika* within the training process and it now represents one third of the teaching program for whole course (the other two thirds are equally divided between theory and case studies).

As far as the author knows, this is the only case in Italy where a business game is used within a university course, above all within an engineering course.

Its use has provoked considerable interest from teachers of management at the University, such that students from other Faculties and courses have often been sent by their teachers to take part in the game (but usually not in the whole course).

Clearly, *Sistemika* can only be used because of the low numbers of students who enrol for the advanced course, indeed, it has been found that some these students decide to take the course because they would like to have the experience of playing the business game.

Despite the problems caused by the fact that many students do not live in Padua, and that the time available for the course is both limited and fragmented (six hours per week divided up between three different days), four or five years of play have always been successfully completed on each course. Rational use of the few hours available have always made it possible to carry out the simulation without causing problems for colleagues who hold courses in the same period.

Furthermore, teachers from other universities, attracted by the success of Padua's initiative, have asked to see *Sistemika* with the aim of introducing it into their own courses.

## **Teaching benefits obtained**

As already stated above, an evaluation of the teaching benefits of the business game should be made by both students and teachers.

The students were interviewed by means of a questionnaire given out at the end of the course and by a subsequent discussion in the classroom. All of them underlined the fact that they felt more highly motivated as a result of having been involved in a dynamic that they perceived as being a highly competitive yet, at the same time, one which had all the connotations of a game, thus allowing them to perceive the experience in a non institutionalised way. It should be noted that the actual result of the game does not count in exam assessment.

Furthermore, they stressed the importance of the business game as a means of acquiring a systemic vision of the firm, a vision that was, previously, both fragmented and fragmentary because of the study of specific subjects.

Also, in their opinion, this systemic experience enabled them to pass from a purely theoretical approach to a more practical understanding of a firms' problems because of the need to put the theoretical skills they had learnt into operation.

Lastly, all the students felt that the business game was very important and that this experience of working in a group and of problem solving under stress was going to be fundamental for their future careers in industry.

As teachers, the experience gained from using the business game as a teaching activity in an institutional environment, has convinced us of the validity of this approach despite the problems of using it within the University context where, in Italy, most students are not resident.

The exam results of those students who take part in Sistemika are, on average, better than those who do not take this section of the course.

In particular, we have been able to see that those students who participate are more concrete in their approach to the problems set, are more able to constructively relate disparate knowledge and are more secure in their use of economic, financial and strategic instruments.

In brief, we have been able, in a real situation, to verify the accuracy of both Greenblatt's (1988) and Lanciotti's (1981) hypotheses regarding the didactic benefits that may be obtained.

Furthermore, when using Sistemika in post-graduate residential (MBA) courses, we have placed experts, both in psychology and in business administration, within groups to observe the behaviour of the various groups. The data we collected from this has made the feedback phase even more fruitful. Each group's style can be analysed, as can individual behaviour and the roles assumed and these latter can then be correlated with the strategies formulated and with their success. Afterwards, each student has the opportunity to have a personal interview with the observers and to receive personalised advice regarding their behaviour and attitudes.

## Conclusions

Even within the problematic teaching context of an engineering course, the Sistemika business game has shown itself to be an essential element for heightening motivation, improving the overall vision of a firm, orienting students towards problem solving and stimulating group work.

Hence, it would seem that many benefits would accrue from a wider adoption of this training method as part of the university teaching of management subjects, even as a part of degree courses in engineering management.

The experience of its use at the University of Padua has unequivocally demonstrated the validity of this didactic approach and should be seen as a success story in the hope of encouraging a wider use of this method and capitalising from our experience.

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# 05 Bewertung audiovisueller Medien zur Unternehmergeaus- und Weiterbildung

*Monika Petermandl, Doris Hanbauer*

## Übersicht

Für Unternehmer und Führungskräfte von Klein- und Mittelbetrieben ist aus terminlichen Gründen der regelmäßige Besuch eines zeitlich fixierten Aus- bzw. Weiterbildungskurses oft schwer möglich. Gerade dieser Zielgruppe kommt die individuelle Zeitdisposition beim mediengeleiteten Lernen entgegen.

Eine Marktbeobachtung zeigt, daß vermehrt audiovisuelle Weiterbildungsmedien für Unternehmer und Führungskräfte angeboten werden. In dem Referat werden das einschlägige Angebot an deutschsprachigen Video- und Interaktiven Videoprogrammen charakterisiert und Wege zur kritischen Analyse aufgezeigt. Die Bewertung wird exemplarisch an zwei ausgewählten Videostreifen veranschaulicht.

## Das Angebot an audiovisuellen Medien

Ein Besuch der Didacta 93, der größten Lehrmittelmesse im deutschsprachigen Raum, machte es deutlich: Nur durch systematische Marktbeobachtung wird es möglich sein, den Überblick über das wachsende Angebot an Videos und interaktiven Videos zu wahren, die zum Themenkomplex Unternehmensführung angeboten werden. Dieser Überblick ist Voraussetzung für rationale Auswahlentscheidungen. Wir haben daher ein Projekt gestartet, dessen Ausgangspunkt eine Diplomarbeit an der wirtschaftspädagogischen Abteilung

der Wirtschaftsuniversität Wien ist und das vom Pädagogischen Referat des Wirtschaftsförderungsinstituts der Wiener Wirtschaftskammer weiterverfolgt werden soll: eine kritische Marktanalyse und in der Folge eine laufende Marktbeobachtung.

Bis dato konnten wir zehn deutschsprachige Verlage erfassen, die den Verkauf von - im weitesten Sinn betriebswirtschaftlichen - Videos bzw. interaktiven Videos in ihr Programm aufgenommen haben. Wir haben dabei bewußt jene Anbieter ausgeklammert, die nur auf Auftrag hin audiovisuelle Medien für den innerbetrieblichen Einsatz einer bestimmten Unternehmung produzieren. Es sollen also ausschließlich Medien in die Betrachtung einbezogen werden, die allgemein erhältlich sind.

Die zehn untersuchten *Verlage* sind, in alphabetischer Reihung:

- Frankfurter Studio- und Programmgesellschaft
- Gabler
- IMAKA AG
- Jünger Medien
- Klett WBS
- Manz
- Moderne Industrie
- Telekolleg-Aktuell
- Tele Media
- Ueberreuter

Eine zunächst nur an *quantitativen Merkmalen orientierte Analyse* vermittelt folgende Eindrücke:

\* Die am häufigsten explizit genannten *Zielgruppen* sind (63 Prozent aller Nennungen):

- führende Mitarbeiter / Führungskräfte / Vorgesetzte / leitende Mitarbeiter /
- Manager / Management (ohne jeden Zusatz)

Diese Bezeichnungen sind weiträumig, auf einen breiten Interessentenkreis gerichtet. Betriebsgröße und Branche werden nicht zur Eingrenzung herangezogen. Wenn Einschränkungen erfolgen, dann in Hinblick auf ein bestimmtes Aufgabengebiet und/oder die betriebliche Hierarchieebene, auf der Mitarbeiter agieren. Doch auch diese Einschränkungen lassen eine große Bandbreite für die Ausdeutung zu. Unternehmer werden nicht als Zielpersonen genannt.

\* Die in den Videos angesprochenen Aufgaben- und Problemfelder können nach bestimmten *thematischen Überbegriffen* geordnet und nach *Problemfeldern* gruppiert werden:

- |                                |         |
|--------------------------------|---------|
| - Mitarbeiterführung           | 8 Titel |
| - Aus- und Weiterbildung       | 4 Titel |
| - Personalmanagement           | 2 Titel |
| <br>                           |         |
| - Rhetorik                     | 3 Titel |
| - Kommunikation                | 9 Titel |
| - Persönliche Arbeitstechniken | 2 Titel |
| - Ethik                        | 1 Titel |
| - Unternehmenskultur           | 2 Titel |

Corporate Identity	3 Titel
Zukunftsstrategien	2 Titel
Betriebliches Rechnungswesen	1 Titel
Investitionen	1 Titel
Just in Time Logistik	1 Titel
Marktforschung	1 Titel

Schwerpunkte bilden jene Themen, die vordergründig konkret, durch Beobachtung von Verhalten vermittelbar sind. Diese Themenauswahl ist ohne Zweifel durch das audiovisuelle Medium beeinflusst.

\* Nur 3 der erfaßten Verlage bieten Videocassetten ohne weitere *Verbundmedien* an

Die *Jünger Medien* werden in jedem Fall durch Arbeitshefte ergänzt, in einem Fall auch durch Folien, Audiocassette und Arbeitsbuch.

Bei *Klett WBS* ist das Leitmedium ein Buch. Das Video hat nur Zusatzfunktion.

*Tele Media* erstellt ausschließlich Interaktive Bildplatten-Lernprogramme. Diese ermöglichen Reaktionsübungen mit unmittelbarem Feedback, Abrufen von Erklärungen, Zusammenfassungen, beispielhaften Problemlösungen.

Die Medien der *IMAKA AG* (Video, Trainerhandbuch, Teilnehmerunterlagen u.ä.) sollen nur mit Trainer-Begleitung eingesetzt werden. In zwei Fällen ist dieser Trainer sogar verbindlich vorgeschrieben und muß über eine besondere Lizenz verfügen.

## Bewertung

Eine *Analyse* des Medienangebots *nach qualitativen Merkmalen* ist auf der Grundlage der Beschreibungen in den Werbematerialien (Prospekten) kaum möglich. Es werden zwar Inhaltsangaben gemacht und z.T. auch Hinweise auf die eingesetzten didaktischen Gestaltungsmittel gegeben. Doch reichen diese nicht aus, um eine an bestimmten Bewertungskriterien orientierte Auswahlentscheidung zu treffen. Unser Projekt soll dieses Informationsloch schließen.

### *Bewertungsmethoden und Bewertungskriterien*

Als *Methoden zur Qualitätsanalyse* werden herangezogen:

- Inhaltsanalyse
- (lernpsychologische) Gestaltungsanalyse
- (didaktische) Funktionenanalyse

*Die Inhaltsanalyse (siehe FRIEDRICHS 1980, S. 314 ff.) erfolgt unter drei Fragestellungen:*

1. *Welche Theorie/Theorien steht/stehen hinter den Aussagen, die in dem Medium gemacht werden? Ist ein solcher Theoriebezug deklariert, erkennbar, oder bleibt er diffus?*

Diese Frage hat einerseits Bedeutung für die ideologiekritische Einschätzung des Medieninhalts. Ein deklariertes Theoriebezug macht bewußt, welches Denkmodell der Darstellung zugrundeliegt bzw. von welcher ethischen Position aus die 'Belehrung' erfolgt. Er ermöglicht begründete Zustimmung oder Ablehnung.

Andererseits ist der erkennbare Bezug zu einer Theorie Basis für das tiefere Verstehen der Aussagen. Konkrete Medieninhalte werden an abstrakten Begriffen und Sätzen angebunden. Der Transfer des Vermittelten wird begünstigt, die weitere Befassung mit dem Thema angeregt. Theoriebezug bedeutet nicht, daß das Medium schwer verständlich werden muß!

In Beziehung zu dem im letzten Abschnitt Gesagten steht die nächste Frage:

## 2. Welche Ebene der kognitiven Verarbeitung wird beim Zuseher angesprochen?

Bestehen die Kernaussagen des Mediums in Aufforderungen, Verhaltensempfehlungen, Rezepten, so ist die Tendenz zur unkritischen Übernahme und Anwendung dieser Anleitungen gegeben. Das entspricht einer sehr niedrigen kognitiven Verarbeitungsebene: Imitieren, unverändert wiederholen.

Die Textanalyse richtet unter diesem Aspekt die Aufmerksamkeit einerseits auf den relativen Anteil von

- Sätzen in Befehlsform
- Verwendung von Verben und Formen wie
- *Sie müssen; Sie sollten; ich rate; ich würde*

Andererseits ist der relative Anteil von begründenden, problematisierenden, einschränkenden Aussagen aufschlußreich.

Ein weiteres Kriterium für die verdeckte Manipulation des Mediennutzers ist der Kommunikationsstil. Als Frage ist zu formulieren:

## 3. Werden die Adressaten des Mediums als selbständig urteilende und entscheidungsfähige Personen angesprochen, oder werden sie implizit als Unmündige betrachtet?

Als relevantes Bewertungsinstrument bietet sich diesbezüglich die Transaktionsanalyse (siehe z.B. Rüttinger 1992) an. Es ist der Anteil von Aussagen zu erfassen, die nach dieser Theorie dem Bewußtseinszustand des 'Eltern-Ichs' entsprechen und demzufolge nicht an das rationale 'Erwachsenen-Ich' gerichtet sind. Kennzeichen dafür sind wertende Argumente, wie:

- richtig; falsch
  - gut; schlecht
  - es ist so; das macht man so
- (Es fallen auch die oben angeführten Befehls- und Empfehlungsformen darunter.)

Auch nonverbale Kommunikationselemente - wie Tonfall, Mimik, Gestik der jeweiligen Sprecher oder Moderatoren -, die Überlegenheit und Besserwisserei ausdrücken, sind in die Analyse einzubeziehen.

Bei der *lernpsychologischen Gestaltungsanalyse* ist zu unterscheiden zwischen der Durchleuchtung der Makrostruktur und der Mikrostruktur der Medien. Die *Makrostruktur* ist kennzeichnend für das jeweils gewählte dramaturgische Konzept. Die Betrachtung der *Mikrostruktur* gibt Aufschlüsse, ob dieses Konzept lernpsychologisch optimal umgesetzt wurde.

Bei der lernpsychologischen Gestaltungsanalyse kann auf die umfangreichen Ergebnisse der didaktischen Medienforschung zurückgegriffen werden. Es wird im folgenden nur sehr komprimiert angedeutet, welche Qualitätskriterien in diesem Zusammenhang von Bedeutung sind.

Es gibt vier erfolgreiche dramaturgische Konzepte zur Gestaltung audiovisueller Lernmedien. Erfolgreich bedeutet in diesem Fall, daß sie auf hohe Akzeptanz bei den Mediennutzern stoßen. Diese Konzepte sind (vgl. PETERMANDL 1982, S. 25 ff.):

- Ungewöhnliche Dokumentation
- Spannende oder humoristische Fiktion
- Direkte Beobachtung
- Strukturierte Information

Zu jedem dieser Konzepte konnten bestimmte Anforderungen an die Gestaltungselemente der Mikrostruktur identifiziert werden (siehe die zusammenfassende Übersicht bei Petermandl 1991, S. 215 ff.). Zum Beispiel spielt bei der Strukturierten Information die Entsprechung von Bild und Ton eine zentrale Rolle. Sowohl für die Strukturierte Information als auch für die Direkte Beobachtung gilt, daß nicht unmittelbar mit dem Lerninhalt verbundene visuelle und akustische Sinnesreize bei der Mediengestaltung zu vermeiden sind. Bei der Ungewöhnlichen Dokumentation und der Spannenden oder Humoristischen Fiktion sind aber gerade diese Sinnesreize wichtiges aufmerksamkeitsförderndes und motivierendes Element. Die Akzeptanz und somit auch Lernwirksamkeit wird bei der Spannenden oder Humoristischen Fiktion zudem ganz entscheidend beeinflusst von der Qualität und Ausstrahlung der darin agierenden Schauspieler.

In dem Projekt werden alle Medien nach einer Vielzahl solcher Gestaltungsregeln bewertet werden.

Die *didaktische Funktionenanalyse* untersucht den Stellenwert des Mediums für den Lernprozeß. Videos oder interaktive Videos, die alle zentralen didaktischen Aufgaben erfüllen, sind als Selbstlernmedien geeignet.

Diese Aufgaben sind (in Anlehnung an POSCH/SCHNEIDER/MANN 1983):

- *Motivation* (Wecken von Interesse, Aufmerksamkeit)
- Bereitstellen von verständlichen *Informationen*
- Bereitstellen von *Aufgaben* (zur aktiven Verarbeitung der Informationen und Anwendung an einem praktischen Fall)
- *Rückmeldungen* zur Aufgabenlösung (Bewertung)

Audiovisuelle Medien sind oft nur im Hinblick auf die Übernahme von Teilaspekten dieser Funktionen konzipiert.

SCHMID (1982, S. 28 ff.) hat einige solcher typischen didaktischen Medienfunktionen identifiziert, z.B.:

- *Impuls*  
Anstoß zu einer eingehenden Beschäftigung mit einem Thema; Intensivierung der

- Wahrnehmung
- *Anschieben*  
Anstoß zur Auseinandersetzung mit einem Thema, das bisher nicht im Blickwinkel des Mediennutzers lag
- *Anknüpfen an der Alltagserfahrung*  
Wiedererkennen von Situationen und Vorgängen;  
Ansprechen der eigenen Erfahrungen
- *Identifikation*  
Identifikation mit den dargestellten Personen und Situationen; Überdenken eigener Positionen durch Gegenüberstellung
- *Demonstration*  
Vorgänge verfügbar machen, die sonst nur schwer in eine Lernsituation eingebracht werden könnten
- *Veranschaulichung*  
Vorgänge, Probleme, Strukturen jenseits der rein sprachlichen Ebene zusätzlich sinnlich konkret oder ins Visuelle übersetzt darstellen.

Medien, die die didaktischen Funktionen nur teilweise erfüllen, erfordern vom Mediennutzer zusätzliche Aktivitäten, um sich ein Thema zu erarbeiten.

#### *Exemplarische Bewertung von zwei ausgewählten Videostreifen*

Ergebnis des beschriebenen Projekts zur Bewertung von Videos und interaktiven Videos für die Unternehmergebiet- und Weiterbildung wird sein, daß zu jedem Medium die relevanten Informationen gegeben werden, die durch Inhaltsanalyse, lernpsychologische Gestaltungsanalyse und didaktische Funktionenanalyse gewonnen werden. Es wird ein entsprechend aufbereiteter und jeweils aktualisierter *Katalog* in Jahresabständen verfügbar sein.

Exemplarisch sollen nun *zwei ausgewählte Videostreifen* einer solchen *Analyse* unterzogen werden.

***Video 1 trägt den Titel Motivation & Delegation.***

***Zielgruppen:***

Im engeren Sinn Unternehmer und Geschäftsführer von mittelgroßen Betrieben; im weiteren Sinn alle Führungskräfte

***Kernaussagen:***

Im Management setzt sich immer mehr eine ganzheitliche Sicht der Dinge durch. Das Unternehmen wird als ein sich selbst steuerndes System begriffen. Die Führungskraft muß diesem System die positiven Rahmenbedingungen geben. In ihnen können sich motivierte Mitarbeiter dann mehr und mehr selbst orientieren und steuern, können selbständig entscheiden und handeln. Die Selbststeuerung der Mitarbeiter darf nicht durch einen autoritären Führungsstil eingeschränkt werden. Demotivierende Faktoren wie Kritik sind möglichst auszuschalten. Motivatoren, das sind materielle Anreize, Absicherung, soziale Kontakte, Selbst- und Fremdwürdigung, sind entsprechend den altersgemäßen Bedürfnissen der Mitarbeiter einzusetzen. Es soll gezielt nach den positiven Eigenschaften der Mitarbe-

hier gesucht werden. Gute Leistungen sollen registriert werden. Es muß ein kommunikatives Klima geschaffen werden.

### *Dramaturgisches Konzept:*

Das Video ist als humoristische Fiktion gestaltet. Der Geschäftsführer eines Mittelbetriebes wird in Problemsituationen gezeigt, die scheinbar durch seine Mitarbeiter, in Wirklichkeit aber auch durch seinen Führungsstil verursacht werden. Eine zweite, geheimnisvolle Person tritt auf, eine Art Coach, der den Geschäftsführer konkret auf seine Fehler hinweist und ihn berät. Eingebildet werden auch Statements von erfolgreichen Führungskräften. Nach bestimmten inhaltlichen Abschnitten werden, mit Schriftgrafik unterstützt, Resümees in Form von Leitsätzen und Handlungsanleitungen gezogen.

### *Inhaltsanalyse:*

Der *theoretische Hintergrund* der Aussagen im Video wird nicht deklariert. Vielmehr wird ausgesprochen, welche Theorien als überholt gelten: Management by Objectives, linearkausales Denken, hierarchische Entscheidungswege. Implizit werden einige theoretische Ansätze des Videos aber deutlich: Ganzheitliches Denken (Systemtheorie), Mega-Marketing und Qualitätsmanagement (Total quality management), Motivationstheorien (Motivatoren nach Maslow, Selbststeuerung aufgrund persönlicher Wertmaßstäbe, Schutzmechanismen bei Demotivation, angstfreie Kritikgespräche, dominierende Mitarbeiter-Bedürfnisse entsprechend dem Lebenszyklus), Positives Denken.

Bei dem Video entfallen rund 60 Prozent der Laufzeit auf den Dialog zwischen dem Geschäftsführer und dem *Coach*, Prozent sind zusammenfassendes Resümee. Die reine Spielhandlung macht 15 Prozent aus. Der Rest besteht in Statements, die die Aussagen des Coach bekräftigen.

Von den *belehrenden* Aussagen des Coach haben 40 Prozent *Rezept-Charakter* (Sätze in Befehlsform, Empfehlungssätze). Überwiegend (zu 60 Prozent) werden diese Rezepte auf einer konkreten sprachlichen Ebene begründet. Weitere 20 Prozent sind als Aussagen mit Beeinflussungsabsicht einzustufen. 40 Prozent sind sachliche Informationen. Auch die Resümees sind mit wenigen Aussagen sachlich gehalten. Die kognitive Verarbeitung des Videoinhalts, so kann zusammengefaßt werden, erfolgt zwar auf einer eher niedrigen Abstraktionsebene, ist aber durchaus nicht nur 'Eintrichterung'.

Manipulierend wirkt dagegen der Kommunikationsstil, vor allem der des Coach. Er agiert eindeutig aus dem Eltern-Ich, dem der Geschäftsführer entweder ebenfalls sein Eltern-Ich oder sein 'trotziges' Kind-Ich entgegenstellt. Da auch in den Spielszenen selten aus dem Erwachsenen-Ich heraus kommuniziert wird, wirken die sachlichen Resümees und die Statements direkt erholend!

Die *gestalterische Umsetzung* des für das Video gewählten dramaturgischen Konzepts, also die humoristische Fiktion, ist professionell. Die Schauspieler-Leistungen sind akzeptabel. Die Resümees werden durch Schriften optimal visuell unterstützt.

Das Video erfüllt sehr gut die *didaktischen Funktionen*: Impuls, Anschieben, Anknüpfen an Alltagserfahrung, Identifikation. Es stellt darüberhinaus eine Fülle von Informationen bereit, die durch die zusammenfassenden Statements auch strukturiert werden. Da aber zusätzliche wichtige Informationen im Gespräch des Geschäftsführers mit dem Coach vermittelt werden und dieses Gespräch sehr emotional verläuft, ist zu vermuten, daß die kognitive Erfassung dieser Informationen durch den Zuschauer nicht erfolgt. Gar nicht berücksichtigt werden die didaktischen Funktionen Bereitstellen von Aufgaben und die damit verbundenen Rückmeldungen zur Aufgabenlösung.

Dem Mediennutzer werden somit noch eine Reihe von Lernaktivitäten in Eigeninitiative überlassen, sei es, daß er sich durch Literaturstudium systematisch die relevante Theoriebasis erarbeitet oder daß er sich selbst Aufgaben sucht und seine Aufgabenlösung kritisch bewertet.

**Video 2 heißt 'Am Horizont das Glück. Unternehmen suchen Identität'.**

**Zielgruppe:**

Das obere Management von Groß- und Mittelbetrieben

**Kernaussagen:**

'Wer auf den gesättigten und mit Informationen überladenen Märkten von heute im Geschäft bleiben will, braucht ein starkes Profil, das ihn klar von seinen Mitbewerbern abhebt. Produkte und technisches Know How lassen sich schnell von der Konkurrenz kopieren. Was ein Unternehmen hingegen wirkungsvoll und dauerhaft vor Nachahmung schützen kann, ist sein Wert- und Normgefüge. Denn was Jahre braucht, um zu wachsen, kann nicht von heute auf morgen imitiert werden. ... Die magisch-modische Formel für die Umsetzung eines solchen Unternehmensbildes in Kommunikation heißt CI - Corporate Identity.' (Zitate von der Einbandhülle des Videos)

**Dramaturgisches Konzept:**

Es handelt sich um eine Dokumentation. An Beispielen von 5 Firmen zeigt diese, mit welchen Mitteln und Strategien Corporate Identity jeweils geplant und umgesetzt wird.

**Inhaltsanalyse:**

Der *theoretische Hintergrund* des Videos wird indirekt vermittelt, indem mehreren CI-Experten Gelegenheit gegeben wird, ihre Philosophien darzulegen. Durchgehend bekennen sie sich zu einer ganzheitlichen Sichtweise von Corporate Identity.

Die Aussagen sind sachlich, begründend z.T. auch emotional, von spürbarem Engagement der dokumentierten Personen getragen. Der Kommentator (Off-Sprecher) agiert journalistisch neugierig, ohne zu werten, doch manchmal auch mit durchklingender Skepsis. *Handlungsanleitungen (Rezepte)* werden nicht gegeben.

Entsprechend ist der *Kommunikationsstil* des Kommentators als überwiegend rational zu beschreiben (Eltern-Ich).

Die *gestalterische Umsetzung* ist auch bei diesem Videostreifen professionell.

Die *Informationsfunktion* steht im Mittelpunkt. Allerdings sind die Informationen sehr vielfältig, mit den konkreten Fällen verbunden und nicht systematisiert. Der Stil der Dokumentation ist reizintensiv, so daß viele Aussagen beim Einmal-Sehen sehr wahrscheinlich untergehen.

Das Video hat allerdings aufgrund seiner Dynamik auch eine starke Anschiebefunktion. Als alleiniges Lehrmittel ist das Medium nicht geeignet. Es reißt Fragen an. Zusammenhängende und strukturierte Antworten muß der Zuseher durch Literaturstudium gewinnen.

## Erste Eindrücke und Forderungen

Positive Aspekte der meisten Weiterbildungsvideos/Interaktiven Videos sind:

- die konkrete Problembehandlung in Form eines dokumentierten Praxisfalles oder eines inszenierten Ereignisses
- die mediale Umsetzung ist in der Regel professionell, wenngleich auch lernpsychologisch nicht immer optimal.

Negativa sind:

- die nicht klar erkennbare Zielgruppenfestlegung (hinsichtlich Unternehmensgröße, Hierarchieebene)
- die fehlende thematische Bandbreite
- Einzelansätze, die nicht Bestandteil komplexer Konzepte sind
- die Vermittlung auf einer vordergründigen Konkretisierungsstufe ohne ausreichende und deklarierte Theoriebasis
- Verstöße gegen lernpsychologische Prinzipien der audiovisuellen Gestaltung
- mangelnde Reflexion der didaktischen Funktionen, die das Medium jeweils erfüllen soll (daher sind die Medien zur Selbstqualifikation im Grunde nicht geeignet).

Als erste Schlußfolgerungen aus der bis jetzt vorliegenden Bewertungsanalyse werden als Forderungen formuliert: Innovative Medienkonzepte zur Aus- und Weiterbildung von Unternehmern sollten komplexe Ansätze für jeweils abgegrenzte Zielgruppen sein. Die Möglichkeiten der neuen Medien, Lerninhalte auf unterschiedlichen Abstraktionsstufen zu präsentieren (Realbild, Originalton, Grafik, Text, Kommentarton) und auf unterschiedlichen Lernniveaus anzuwenden (Wiedergabe von Wissen, Routinehandlungen, Problemlösungen) sind - unter Beachtung des Kosten-/Nutzenverhältnisses - auszunützen. Zur optimalen Unterstützung des individuellen Fernlernens ist der Einbezug von Telekommunikationsmedien zu planen (zur Kontaktnahme der Lernenden mit Experten eines Weiterbildungsinstituts).

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# 06 Fostering of strategic leadership competence -framework of an integrated approach-

*Wolfgang Popp*

## **Introductory considerations regarding the approach in question**

Today in Europe we find ourselves presumably beyond the threshold of the worst political, social and economic crisis since World War II. A declining rate of economic growth, an increasing national debt, as well as a further increasing rate of unemployment are economic indications. According to current achieved levels we can assess the present scale of this critical situation. This holds true particularly in Germany.

The degree to which the present lack of ideas and perspectives is evident within management circles, appears to be less of a structural problem and least of all influenced by a temporary recession, but gives us reason to believe that the problems are caused by a system crisis, which also affects the European style of management. The loss of ground in key and pioneer technologies such as the areas of microelectronics and genetic research, as well as the concentration on problem areas, in particular the auto industry has, apart from the larger and smaller problems in Germany, raised questions such as the following:

Have we become a nation of failures in the field of business? Should we treat the managers in charge and their methods with less respect? Do we need a new generation of managers? Do we need a completely different type of manager? Do we once again need the personality of an entrepreneur like that of Schumpeter's (Schumpeter, 1942 and 1961)? Admittedly the narcissistic personality and high-class behaviour of managers, authoritative and self-satisfying management styles in connection with false estimations and sins of omission have lead to considerable displeasure on the side of employees, as well as investors (Kets de Vries, 1985). The sociologist Scheuch demands an entire break up of the 'cartel of exalted mediocrity', as he describes the group of today's managers (Scheuch,

1992). Does, however, the recourse emerge in the ideal conception of the entrepreneur along the lines of the great-man-ideology? Should we not look for new and better approaches and pull other stops to reform Europe's economy and its present form of management?

It also looks as if the antipode of today's dominant bureaucrats, the entrepreneurs along the lines of Schumpeter, who are characterized by their charisma, will of steel, limitless self-confidence and the highest possible ability to assert oneself, are no longer important nowadays (Holderegger, 1988). It's not as if entrepreneurialship is no longer important. Our complex world will no longer please the relatively non-differentiated personality structure of every doer and go-getter of the past. In increasingly difficult circumstances not only the 'desire' and 'the calling' are important, but also 'capability' to a large degree, as banal as this may sound.

The greatest economic plight of the 90's could be the availability of such managers within companies of all sizes and all branches, who do not represent the present management elite, but are also not in accordance with the stereotype conception of entrepreneurialship (figure 1). The lack of managers, who have the personality, the knowledge and the experience for professional strategic leadership of the company, in short strategic leadership competence, becomes obvious if one has faith in the professionals in the area of executive search.

It's not a matter of administrative organizational and planning skills, rather it's about the ability to constantly improve the company's adaptability and development capability. The attribute 'strategic' has at the same time adapted itself from a competitive advantage aspect to a synonym for comprehensive intellectual analysis regarding the question of survival security which also covers areas such as 'corporate structure' and 'corporate culture'.

The procedure for the above mentioned approach can be structured in two steps:

- in the first step the focus is placed on strategic leadership competence within the spectrum of qualification-theoretical considerations. The interest is concentrated on the strategic professional abilities which can be developed. Personality related characteristics, which are difficult to improve, are not taken into account even though they could also be strategically important. Such personality traits are intelligence, charisma, faith in the future, among others.
- in the second step the instruments of personnel management should be applied to the improvement and encouragement of strategic leadership competence with the greatest possible persistence. Other development and learning objectives concerning operational skills primarily, such as time management, will be entirely attributed to the personal responsibility of the management.

The following aims will be pursued:

- to avoid existing weaknesses of managers improvement contingent on the conception, for example, the use of generally formulated informal qualification and development criteria, which do not comply with theoretical and practical requirements of strategic management.
- to avoid an approach which concentrates on personality and personal qualities and naturally favours the top levels of management. The goal of the mentioned approach is against penetrating the entire organization with strategic leadership competence.
- to improve effectiveness and efficiency of the managers by supporting the 'correct' method, namely the strategic leadership competence, in the 'correct' way, namely with an integrated approach.

The approach of intrapreneuring, which has been modified by Bitzer and can be traced back to Pinchot, pursues a similar direction (Bitzer, 1991; Pinchot, 1985). This approach also tries to win over the rigid bureaucrats by means of an entrepreneurial-orientated broader approach. As the name implies, intrapreneuring is based on the classical entrepreneurial way of thinking and on organizational development. This approach allows itself traditionally to be integrated into the strategic leadership of the company.

### **Definition of strategic leadership competence**

Strategic leadership competence includes those specific abilities which can successfully provide the basis for personnel efforts for the company's overall long-term oriented leadership. Strategic leadership competence should be orientated with common recognized strategic understanding and the pursued goals of strategic leadership. Such aims are (Hinterhuber, 1992):

- to obtain permanently maintainable competitive advantages,
- to increase the company's value and attractiveness from the stakeholder's point of view,
- coordination of all company activities aimed at strategic orientation

The last point demonstrates that strategic leadership must expand itself over the planning sphere. This is a task that is not always fulfilled.

The following problems have arisen concerning the definition of strategic leadership competence:

- Under the title 'strategic competence' very differing aspects and facets of qualification, competence, etc., will be discussed within science and practical application without conclusively answering the questions, which of these abilities and personality traits could be strategically relevant and what the term 'strategic relevant' means (Grunwald, Rudolph, 1993; Jacobi, 1989). In this connection there is automatically the danger to underlie a transfiguration and glorification, which are looked upon as ideal leadership qualities and also a revival of a less favourably deemed great-man-mythos (Bass, 1990; Neuberger, 1990).
- Checklists of qualification criteria abilities, demands, etc. are popular; however, they have not proved to be very useful in regards to the above mentioned problematic. The potential users of such criteria catalogues, which usually contain indefinite empty phrases and parts of concepts, develop a kind of downright self-service mentality.
- The more general empirical findings of qualification research and the findings of the work-activity research are only relatively informative. Strategic leadership competence will not be affected by the managerial-work research with its empirical descriptive research approach and the resulting effects, for instance, the management actions are determined less through systematic planning, but rather by fragmentation and coincidence (Hales, 1986; Schirmer, 1992).

The following conclusions have arisen from the mentioned approach:

- refrain from referring to results of the qualification and/ or work-activity research
- consequent diversion to strategic leadership competence from the strategic management's way of thinking.

Due to a synoptic analysis of relevant strategic literature, in particular strategic management models (Ulrich, 1990; Steiner, Miner, 1977; Hax, Majluf, 1984), as well as a similar content analysis of mainly confidential strategy documents from companies of various sizes, ten strategically relevant competence areas have been identified. These areas of competence, which can also be described as areas of responsibility were -inspired by Mintzberg- transformed to the individual level by means of a role approach. The following roles were created in a theoretical-hypothetical way and were empirically verified in the course of active observation:

#### Superior Roles:

- mediator between conflicting interests: realize company's political functions, mediate between conflicting interests among stakeholders, formulate company's mission,
- integrator and coordinator integrate company's essential aspects (strategy, structure, culture), integrate management levels and areas of organization, integrate strategic and operational planning and implementing processes.

#### Roles of strategic thinking:

- visionary: develop a vision creating orientation and motivation, and giving a general thrust to the company into the future,
- (market and competition) strategist: establish a market and competition strategy, create competitive advantages,
- identity-creating representative: create a corporate identity, representation of the company inside and outside in the sense of the identity.

#### Transition roles from strategic thinking to strategic action:

- structure designer: create an organizational structure, establish responsibilities,
- culture-conscious manager: becoming conscious of the values and behaviour norms within the company, incorporation of cultural aspects in corporate strategic decisions.

#### Roles of strategic action:

- monetary resources manager: manage financial resources in keeping with the strategic aims,
- human resources manager: manage human resources having the goal to realize strategies, but also to open new strategic options for the company,
- initiator and doer: ensure the realization, link strategic and operational management.

The roles are correlated in various ways.

Interviews with management revealed that specific kinds of tasks must be dealt with and abilities developed within a 'role accentuated' strategic leadership style. This correlation is shown in figure 2 by using 'mediator between conflicting interests' and 'visionary' as an example. Strategic leadership competence will be defined in the mentioned approach through the strategic leadership roles and the demands which result from them.

## Improvement of strategic leadership competence

Basically the improvement of strategic leadership competence is conceivable in various ways. Simple forms of personal development, for example, seminars for strategic management and similar courses cannot, however, be regarded as being adequate. A comprehensive approach that deals with the complexity of strategic leadership tasks should be chosen for the improvement of strategic leadership competence. Not only the immediate competence development, but also the stimulation of entrepreneurial motivation could be considered in such an approach (Müller-Stewens, Bretz, 1991; Hinterhuber, 1992). This kind of approach is achieved, for example, if incentives are created and directives are given strategically. As a result the self-interest of the managers in competence development should be intensified.

An integrated holistic approach for fostering of strategic leadership competence falls back accordingly on elements which are directly suitable for the improvement of strategic leadership competence or indirectly support its improvement (see figure 3). Subsequently, only the possibilities of direct improvement of strategic leadership competence through personal development will be closely considered.

Every carefully directed development activity must above all lead the way for a precise evaluation of performance capability and the development potential of managers. The traditional instruments used for the evaluation of personnel, such as analysis of curriculum vitae and/or career, personal interviews, tests, certificates, etc. do not sufficiently consider the strategic relevant dimensions of leadership qualification (Selbach, Pullig, 1992). For this reason there is a special evaluation process comprised of:

- a special questionnaire oriented towards strategic leadership roles and the related tasks (questionnaire should be replied in a written form by the candidates),
- a guide for a structured interview (with the so called "triangle questions" according to situation, methodical orientation and results from strategic leadership behaviour),
- an assessment centre with emphasis on strategic-oriented case studies:
  - \* comprehensive cases (evaluation of stringency of strategic thinking, as well as comprehensiveness and consistency of the personal point of view and attitude to strategic leadership),
  - \* compact cases (evaluation of spontaneity and clearness of strategic thinking, as well as originality and practicality of developed solution approaches).

The result of the evaluation shows the competence level for strategic leadership as a whole and the strategic leadership roles individually.

An effective and efficient development of strategic leadership competence may be difficult to achieve in the conventional way (Thom, 1987). Figure 4 shows the results of interviews regarding the judgement of managers about conventional activities in the area of personnel development. These activities provide in fact an increase in knowledge and experience and/or certain mental impulses, which in their consequences are difficult to evaluate; however, they do not as a rule increase the competence level in the strategic sense.

A systematic long-term development process should make allowance for the following problem relevant, as well as personality building forms of learning and development(see figures 5 and 6):

- achievement of strategic leadership competence through practical leadership duties (learning by doing),

- achievement of strategic leadership competence through systematic leadership training (learning by training),
- achievement of strategic leadership competence through 'helping relationships' (learning by support).

In all three cases the strategic leadership competence approach serves as a systematic guide for the concrete arrangement of suitable development programs

- the strategic development aims of the company,
- the noticeable individual leadership deficits related to these aims.

In an individual case priority-identified roles can be the main aspect of a development program. It is imperative that the competence development is arranged and oriented according to corporate strategic management.

A program for achieving strategic leadership competence by means of practical leadership duties with increasing levels of difficulty and responsibility can be outlined in the following way:

- a. Project work:  
Undertaking of responsible management of specific projects, for example breaking into foreign markets, introducing new products, initiation and execution of a corporate-identity program for the entire company (concentration on strategy converting roles, like those of the 'initiator and doer' or those of the 'integrator and coordinator'),
- b. Intrapreneurship/New Venture Management:  
Expansion of entrepreneurial latitude within limits of self-organized processes and autonomous organizational units with comprehensive authorities and resources (emphasis on roles, such as 'monetary resources manager' and 'human resources manager'),
- c. Overall responsibility for divisions:  
To take over the responsibility of main departments, branches, divisions, central service departments, subsidiaries, etc. (with the roles of 'strategist', 'structure designer' and the 'culture-conscious manager' in the foreground),
- d. Overall responsibility for the company:  
Sole or co-operative responsible leadership of the entire company/or important larger autonomous divisions (dominant roles: 'mediator between conflicting interests', 'visionary', 'identity-creating representative').

It is possible to use the following basic ideas in the systematical training of strategic leadership competence.

- a. application of professional, scientific-based strategy and leadership know-how (specific roles, overlapping roles),
- b. use of case studies (branch-related, not branch-related; specific roles, overlapping roles),
- c. incorporation of actual and possible future strategic problems (successful strategies in the past, new and innovative approaches; specific roles, overlapping roles).

Finally the following points should be considered if coaching and mentoring are the third base of a development program (Megginson, 1988; Sattelberger, 1991):

- a. Coaching can be performed by external advisers, as well as internal managers, who have been trained especially for this task. A rule of thumb states that the higher the managers

are established within the hierarchy, who require coaching, the greater the need for external coaching is, because of the greater acceptance of external coaching. Coaching does not mean a relationship 'superior/inferior' as in instructing, rather it is about a voluntary partnership in which the manager can fall back on the coach's knowledge, experience and advice in accomplishing his tasks without detracting from his responsibility and authority in any way. It would be appropriate for the coach to familiarize himself with the approach in question.

- b. Naturally only the internal managers of the highest level of the organization, who possess the necessary respect, confidence and influence, can be considered as mentors. The main difference between mentoring and coaching is that the relationship is strongly informal and used less for problem solving, without losing the effect on the achievement of strategic leadership competence. Mentoring as a 'helping relationship', from which the mentor should also profit, concentrates more on the integration of professional and non-professional personality development than coaching does, and thereby achieves in form and content a new level of dialogue and cooperation. Individual roles are less important in mentoring in comparison to coaching.

The described elements of the development of strategic leadership competence are by no means new. The new concept is the integration of the above mentioned activities. The forms of strategic oriented leadership training are interlocking and are components of a holistic integrated point of view. Because the development aims concentrate on the professional-strategic qualification, which can be developed, the improvement of managers can be achieved effectively and efficiently.

## **Summary and conclusion**

Strategic leadership competence and its fostering should not be reserved for the highest levels of management (figure 7). A distinct strategic leadership competence on all levels helps to modernize the company and to advance its structures, to involve the representatives of the middle, as well as the lower management levels in the decision-making process and allow them to become accepted partners. The democracy within the company will herewith have moved one step closer to its goal. The company as a whole gains in competitiveness and, therefore, the ability to survive. Top managers, who possess a high level of strategic leadership competence may make errors in the individual operational matters, in the vision, in the corporate political principles and in the improvement of the guiding ideas their judgement and decision-making capabilities become well-established and improved. Through the development of strategic leadership competence they are thus able to comprehend the big picture intuitively and can experience relationships both inside and outside the company, as well as strategy formulation and implementation as a whole. Consequently, they will be more conscious of the big picture and this will have more of a direct affect as will isolated events.

The highest level of strategic leadership competence can only be achieved through lifelong improvement of oneself; however, it may be helpful to have on the one hand a supportive research-based approach, on the other hand building on this approach competence development activities. It is, however, absolutely unthinkable for managers on each level of the organization to feel they have reached their goal, have a perfect solution to a problem, or have spoken the last word on any subject.

Figure 1

**Schumpeter's  
entrepreneur**

**Top executives  
in the postwar era**

**Personality profile**

- Experimenter, inventor, invigorator
- Strong resolve, mental and physical strength
- Lust for power, struggle, victory
- Civil courage
- Patriarchal behavior
- Less pronounced intellectual capabilities
- Highly autonomous proprietor

**Personality profile**

- Narcissistic personality
- Image care and publicity
- Career
- Opportunism
- Commercial friendliness
- Intellectual capabilities
- Bound up in bureaucratic structures

Replacement of brutal, ruthless entrepreneurship by a much more perfidious form of self-seeking opportunism

**Problems**

- Success model from a 'simpler time' of questionable value today
- Overwork and resignation lead managers to yearn for the days of Schumpeter's entrepreneur

**Problems**

- Lack of vision and future prospects, linked with crisis of the senses
- Administration of progress
- Danger of a capitalistic planned economy

Figure 2

	Capabilities							
	Intellectual, intuitive			Sociological, interactive				
<p>What a CEO has to do as ...</p> <p>... mediator between conflicting interests</p> <ul style="list-style-type: none"> <li>- Identify goals, intentions, convictions of the interest groups and their critical subgroups.</li> <li>- Initiate negotiations and moderate them with the goal of finding common ground; try to arrive at reasonable, sensible compromises.</li> <li>- Highlight common areas of conviction and point to possibilities for compromising on and overcoming opposing viewpoints.</li> <li>- Develop a workable forcing for doing business over the long term on the basis of common outlooks, and formulate it in terms of general business principles or philosophies.</li> </ul> <p>... Visionary</p> <ul style="list-style-type: none"> <li>- Develop flexible future expectations with regard to the environment, market and competition on the one hand, and to the company and its divisions on the other.</li> <li>- Regard visions with a critical eye: try to cleanse thinking about the future of utopian and wishful thinking.</li> <li>- Include interest groups, management and employees in the process of creating and refining visions.</li> <li>- Also place visions in question; develop the ability to create emotional distance to one's own "intellectual product".</li> </ul>	Sensitivity to weak signals	Solution of poorly structured problems	Creativity/innovativeness	Grasp of the big picture	Ability to lead people	Ability to work in a team	Ability to communicate	Ability to resolve conflicts; ambiguity tolerance
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

● = absolutely decisive    ○ = very important    ◐ = important

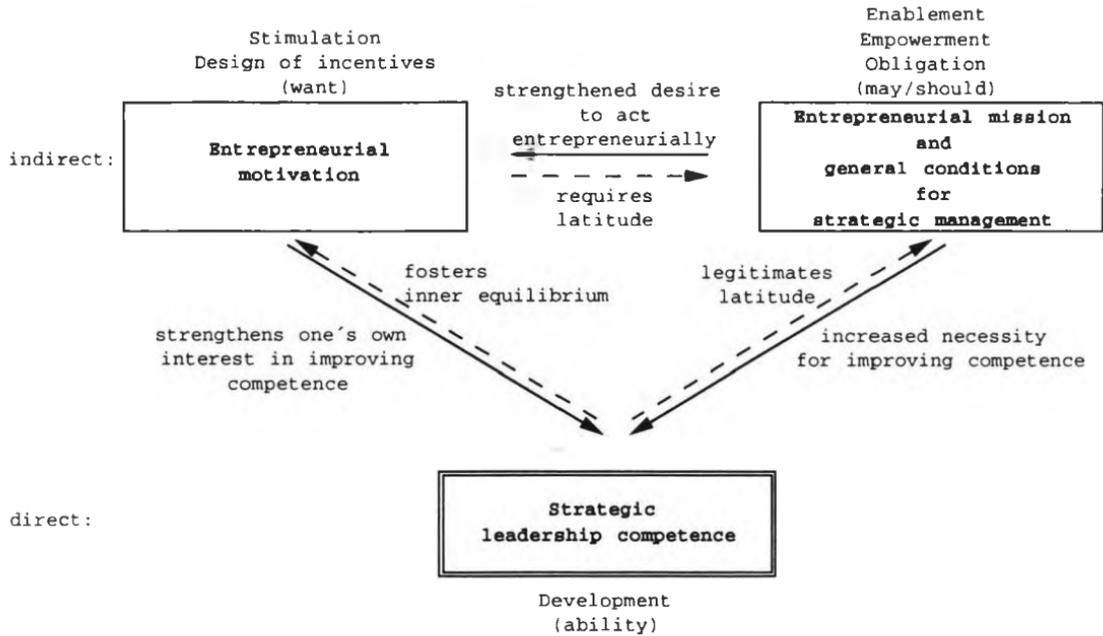


Figure 3 Integrated approach to the fostering of strategic leadership competence

Figure 4

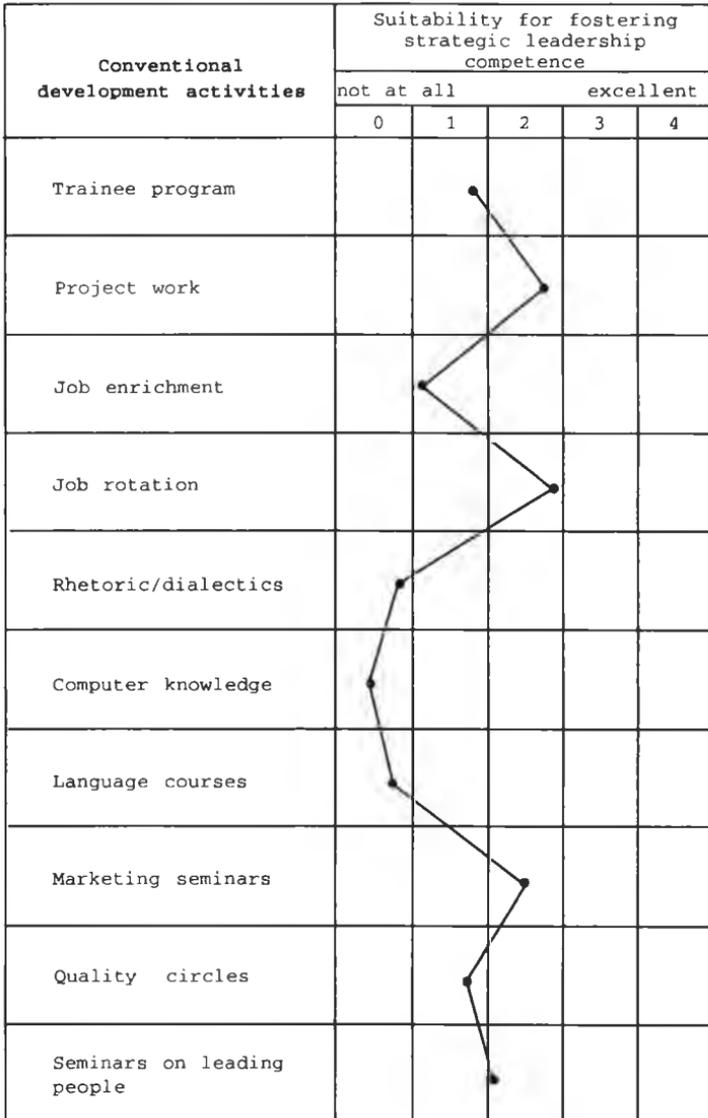
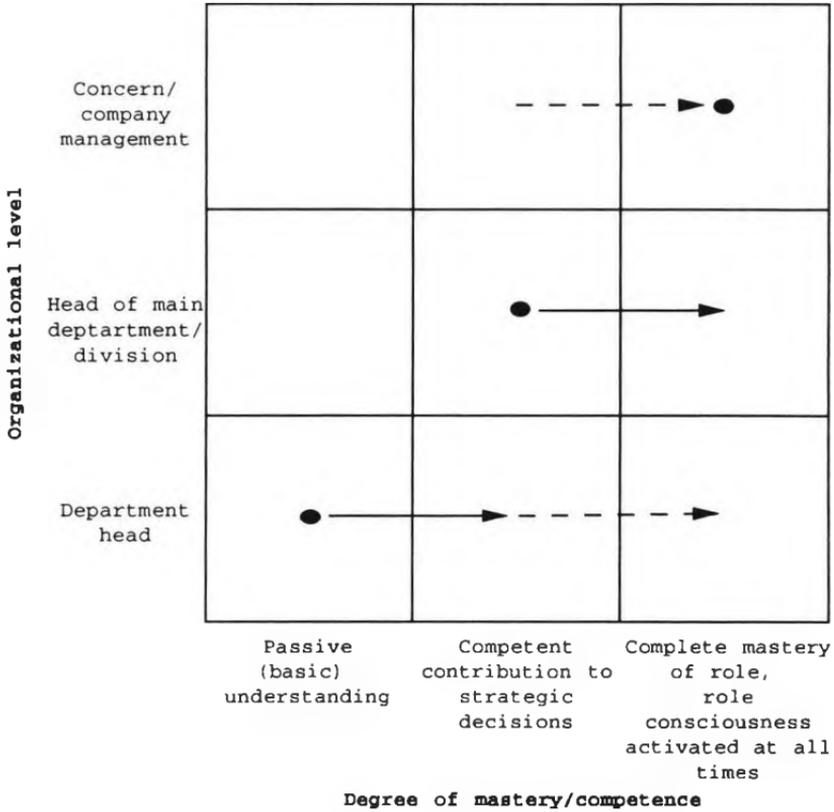




Figure 6  
Development program

Learning by doing	Learning by training	Learning by support
Assumption of project leadership role	Internal and/or external strategic or management training	Internal (or external) coaching
Assumption of entrepreneurship / role in new venture management	Comprehensive training program in strategic management competence	Internal or external coaching and/or internal) mentoring
Assumption of overall responsibility for 'important' parts of the company	Focused, intensive training courses (possibly in conjunction with coaching)	External coaching and (internal) mentoring
Assumption of responsibility for the company (alone or with others)	Strategic and management discussions on selected subjects (possibly in conjunction with coaching)	External coaching

Figure 7  
Development goals for strategic management competence



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# 07 Integrating international students into the entrepreneurial program

*Rodney Evans, Michael Harvey*

## **Introduction**

This paper is the outgrowth of an extended series of discussions about changes taking place in higher education and in particular, in schools of business administration and the possible implications for entrepreneurial education. Entrepreneurship has become increasingly popular in the United States due largely to the attribution of substantially all recent job growth taking place in new ventures and entrepreneurial small business. At the same time the number of colleges and universities offering entrepreneurial courses and programs has expanded dramatically in the last decade. Similarly entrepreneurial activity has deep roots in many economies. The dramatic social, political and economic changes taking place in China, Eastern Europe and Latin America have increased the pressures on both business and universities to be aware of, understand, and accommodate cultural diversity in their customer base. Not to do so is to ignore the differences in the marketplace and to shrink the opportunities which arise due to cultural differences.

International students have a long history of participation in the United States higher education system. Their level of participation is influenced by many factors including the absence of opportunity in their home country. But, students studying abroad are also driven by a desire to better understand the differences and similarities between their home country and other countries; in short, to understand the cultural, social, political and economic context of each country.

Similarly, we have observed a broadening appreciation for the globalization of economic relationships. This is clear in the spectacular successes of countries like Taiwan, Singapore, South Korea, to say nothing of Germany and Japan, where those successes are largely due to trading relationships and the ability to function competitively in many cultural and economically diverse markets. These factors have stimulated an interest in incorporating international students which represent these various diverse factors into entrepreneurial programs and courses in the United States.

### **Growth in the perceived importance of entrepreneurship**

In some ways, since it has become a darling of the popular press, entrepreneurship's growing importance needs no further elaboration. On the converse, however, it is important to understand how the entrepreneurial process has impacted the economic well-being of many economies. Small business has had a long and vital history throughout much of the world as the generator of economic activity. This is true not only in the United States but in many other countries as well. From its roots in agriculture, the family farm or ranch, exemplifies the emergence of entrepreneurial small business in many countries. Small farms employed a substantial portion of the population and accelerated the level of economic growth in the economy. The uncertainty and risk associated with entrepreneurial farms/ranches produced additional business opportunities. Sometimes the entrepreneurial activity combined both. For example, in the United States, a publication called the *Farmer's Almanac* which, in addition to other opinions and facts relevant to the farmer/entrepreneur, contained (and contains) an elaborate discussion of weather and planting seasons.

The evolution into the industrial age also brought with it the search for efficiency and economies of scale. government policies in the United States and elsewhere encouraged this growth by instituting favorable tax policies and using government resources in disproportionate support of large business (Brophy, 1974; Gilder, 1988; The Economist, September, 1989). And in many cases, the entrepreneurs who started the revolution and continued to contribute to the economic vitality of the industrializing economies were ignored.

In the United Kingdom, the result was much the same even though entrepreneurship was well entrenched (Carsrud, 1991). In Japan, the well know efforts of the Ministry of International Trade and Industry (MITI) to develop industrial policy for their economy encouraged growth, development, and financial strength of trading companies have been institutionalized in the culture of *Kyosei*, a harmonizing of relationships among economically dependent parties (Toyoda, 1992) *Kyosei*, has become sufficiently successful that it is now applied to smaller businesses and has been proposed as a model for increasing the global competitiveness of small businesses. Whether government policies were successful is not relevant to this discussion. What is significant is that legislative bodies have fostered benefits for decades to the large, increasingly global companies. The role of the entrepreneurial small enterprise continued to be in the shadows until David Burch began his reports attributing substantially *all* of United States job growth to small business (Burch, 1981). Accompanying these reports were, of course, those which showed employment levels at Fortune 500 industrial firms declining precipitously. Millions of jobs were lost at these large companies while the overall economy itself employed substantially more. The only conclusion possible was that, small business was the engine of economic growth. It provided the jobs.

Job growth or employment opportunity became the proxy variable of economic progress. While new employee prospects continued to enter the labor market, the search

for efficiency and the introduction of new labor saving technology were depressing employment opportunities. In fact, it is interesting that the very technology which attacks job growth has offered entrepreneurial opportunity. Entrepreneurs became the driving force in adapting this new technology in economic growth (Schultz, 1990).

During past several decades when economic attention and incentives were given to the growth of mega corporations, there was also an awakening interest in entrepreneurship. Driven by technology, the business world was changing rapidly. Once powerful companies, which had been nurtured by a strong, growing domestic market and by favorable (often protective) government policy, like steel, textiles, and railroads fell into disarray. Some were pressed by international companies and their countries (steel and textiles). Some were indicted for insular management and inflexibility (railroads). But no matter what the cause, entrepreneurship with its accommodation of risk and rapid change developed a kind of academic and economic legitimacy. Perhaps the most obvious sign of this legitimacy was the suggestion that entrepreneurship could be applied as successfully in large organization as in small. The name 'intrapreneurship' was coined. Simultaneously there was increasing attention to smaller entrepreneurial organizations and people. Whether it be Michael Dell of Dell Computer, Steven Jobs of Apple, Ted Turner of Turner Broadcasting or another, a kind of mystique developed around the very successful entrepreneur and the process from which they were spawned. Even though many of these, including those mentioned, have developed into relatively large companies, they are still small in relation to many competitors. Dell Computer, for example, at \$900 million is still dwarfed by IBM at nearly \$65 billion in annual sales.

Small business with its entrepreneurial streak dominates many economies from the developed to the less developed. It is frequently viewed as the difference between the successful and less successful economy. In OECD countries, small businesses employ more than half the labor force (Arzeni, 1992). In New Zealand, 98 percent of employers have less than 50 employees. In Japan, 80 percent of the people are employed by small business (Hawkins, 1993). In Italy, while major industrial companies lost ground with respect to their global competitors, small companies increased their share of both domestic and international markets, increased their profits and employment (Becattini, 1991). Conversely governments in sub-Saharan Africa, parts of the rural United States, and Latin America are striving to find mechanisms to promote entrepreneurial activity as a means of economic growth by loosening controls which had been used to give state-run or very large enterprises advantages (Takyi-Asiedu, 1993; MacKenzie, 1992). And encouraging entrepreneurial activity is frequently suggested as the relevant strategy for the development of Eastern Europe as it changes to a free market system (Arzeni, 1992).

In short, entrepreneurship, new enterprise formation, and small business operations have become important conversation topics. They are seen as the mechanisms for economic and employment growth. They are the target of aggressive government encouragement. The entrepreneurial process is decreasingly a local phenomena and increasingly will be an integral part of global business arena.

### **Entrepreneurial education**

Driven by the demand of students, the decline of traditional job opportunities, and the importance of entrepreneurial opportunity to economic growth, entrepreneurship education has also increased. Today there are more than 400 schools in the United States offering some kind of entrepreneurship education, up from a handful in the 1960s (Plaschka, Welsch, 1990). This education varies widely from single course to full blown

degree programs. It reflects the perception that there are key parts of entrepreneurship which can be developed in the educational environment. It also reflects the role cultural and societal variables play in the educational process.

Globalization has sensitized many people to the need to understand cultures. The wide availability of foreign products, indeed the complete domination of certain product categories by specific countries such as consumer electronics, and the business popularity of international acquisitions have shrunk the context in which many live. Slow growth in domestic markets forces the ambitious entrepreneur to seek opportunities in a broader and broader geographic context. These forces tend to be reflected in the educational system. When technology is prominent, there is increasing demand for technology driven programs. Even within narrow specialties, we have observed wide fluctuations in demand for educational programs. During the rapid rise of petroleum prices, upward pressure developed on suppliers outside of OPEC to increase production to reduce reliance on OPEC supply and relieve some price pressure. Rising prices for raw product also presented opportunity for increased profits. These pressures translated almost directly into increased demand for educational programs such as petroleum engineering and petroleum land management programs which directly serve the petroleum industry. When the upward pressure of declining production and rising prices abated, there was a corresponding reduction in pressure on these programs. So you will not be surprised to learn that the University of Oklahoma's number of petroleum engineering students mushroomed from 12-15 in 1973 to more than 100 in 1980 to 5-6 in 1988-market driven.

We see a similar effect in entrepreneurship education. Furthermore, we see increasing interest in our own courses from heretofore uninterested groups. For example, 25 percent of our master's level entrepreneurship students come from other professional schools on campus, e.g., law, architecture and engineering. We believe that globalization will produce a similarly attractive pattern for international students as the same pressures, which have so greatly influenced the United States job market and produced the entrepreneurial wave, will be experienced in many other countries. Further these experiences will be multiplied as many countries seek to fill the void as new market systems arise (Arzeni, 1992; Schultz, 1990; Schumpeter, 1967; Knotts, 1989).

### **Flows of students to and from the United States**

By definition, education is a reflection of inequality. It is a transfer of knowledge, skills and experiences from those who have them to those who do not. There are two aspects of this transfer that are relevant to our program. First, the United States has a substantial history of both receiving students from other countries and sending its students overseas. Exhibit One shows the origins and destinations of these students and the proportion of the total each flow represents. International students come to the United States for rather specific quantifiable reasons as shown in Exhibit Two. Study in the United States is triggered by both conditions in the students' home country and stimuli emanating from the United States. The stimuli are transparent to indigenous United States students because the educational programs provide the same benefits for domestic students as they do international students. It is clear from Exhibit One that countries with well developed educational systems are disproportionate recipients of international students. The availability and quality of educational programs, the more developed economy, and the availability of financial assistance (which is directly related to economic size and wealth) will attract students to countries having them. Students from developed countries conversely are likely to seek somewhat less concrete results. United States students, for

example, disproportionately go to other industrialized countries for the purpose of acculturation, familiarization with another language and/or simply a broadened perspective (Altbach, et. al., 1985; Zikopoulos, 1992).

Figure 1  
 Estimated flows of students to/from United States

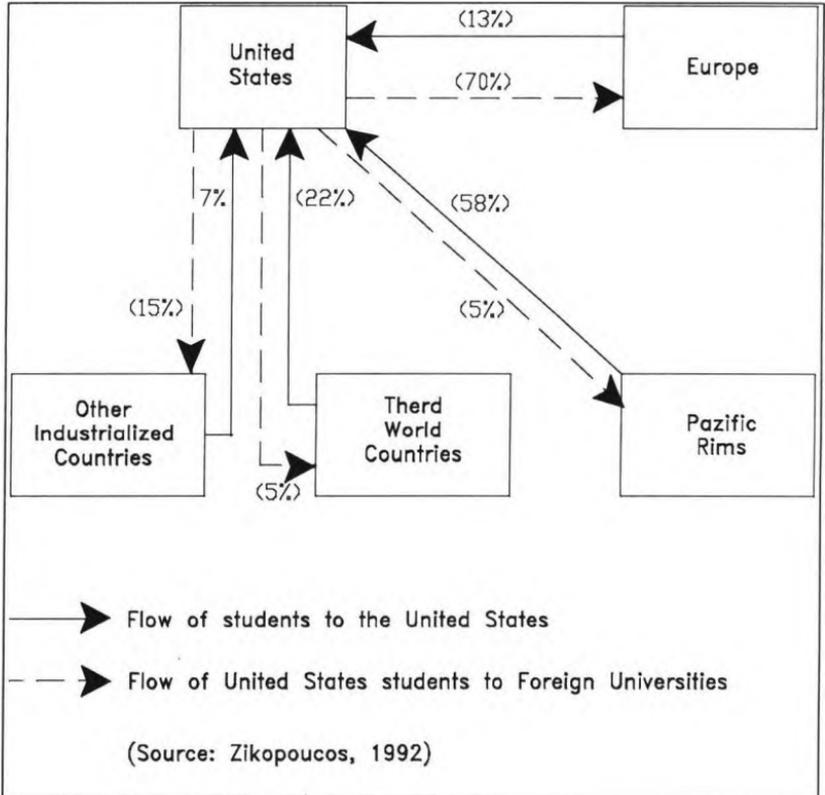


Table 1  
Foreign Student Motivation/Stimulus  
to Study in the United States

Country-of-Origin	United States
Inadequate programs of educational opportunity or poor quality programs	Scholarship, financial aid provided by U.S. Gov't and institutions
Failure to gain admission to top flight local institution	Availability of obtaining advanced degrees in technical fields
Perceived value of degree from United States in local market	Quality of educational programs and life-style at university
Access to technical facilities/research opportunities	Opportunity to have an international experience
Discrimination against minorities and women	Opportunity to remain in the United States after graduation
Government support (financial aid) to study abroad	Relatives willing to provide financial/living accommodations in U.S

### **The international student in the United States**

Our experience with international students thus far has created the following expectations:

- The costs of education continue to rise which will permit established schools to survive (if not flourish) while making it increasingly difficult to create new institutions. This increased cost will be felt in those countries attempting to upgrade existing institutions or create new ones. Many of these countries are in the less developed parts of the world where increases in population add to the pressure on the number and quality of educational institutions already buffeted by the limitations and slow growth of economic resources. Because this enlarges the opportunity gap between institutions in the home country and those in more developed countries, it may be assumed that there will be greater demand for spaces in United States schools. This would be consistent with the more than one-third increase of international students in the United States over the past ten years (Zikopoulos, 1992).
- Many graduate programs depend heavily on international student enrollment to meet minimum enrollment numbers. Because many offerings are a function of enrollment exclusively, the survival of programs may hinge on international student enrollment. Further, as cost increases drive the need to provide instruction more efficiently, the role of the graduate assistant as a teacher becomes more important to the United States school.
- A substantial fraction of our international students come from families who own operate businesses in their home country. They come to us with a small business orientation. Further, as a result of the dependence their home country places on these small businesses, they know that substantial opportunity exists there if they are able to duplicate/-enlarge an entrepreneurial venture. This is particularly true of those who come to study business and management but is, by no means, limited to such students.
- Even in the middle of North America, we see our international students coming from a broadening number of countries including, for example, Eastern Europe. Given the

changes taking place in many economies to privatize and reorient to a free market system, one would expect this too to increase demand for entrepreneurial education.

Simultaneously we observe changes in relationships, interpretations, and conditions within the United States:

- The pressure for understanding more about the world-globalization-is strong throughout the United States education and business systems. Some of this is driven by the changes in economic conditions mentioned earlier. Much of it, however, is driven by the presence of increasing numbers of immigrants in the United States, debates over language issues such as the effect of the Spanish speaking people in Dade County, Florida or south Texas, and communication and transportation technology which speeds information worldwide with increasing frequency and detail. Further, while they may be decreasingly important as job producers, large global companies are still a major influence and they strongly encourage the broader education by according it value in the form of salaries.
- As a country, the United States is in the middle of an historic debate surrounding the North American Free Trade Agreement (NAFTA) which will have wide-ranging social and political implications in concert with the economic changes proposed. And while NAFTA has not yet been completely ratified, it has focused the attention of a large number of hitherto unconcerned citizens on international activities, events, and the resulting impact of such a multinational market grouping.
- The impact of situations from Vietnam to Cuba to Haiti has also focused attention on immigration laws in the United States and, coupled with pressure from many groups within the United States have increased pressure for diversity on the college/university campuses across the country. Programs which accentuate and separate differences in language, culture, customs and heritage have grown rapidly. With that growth has also come more awareness of the international student.
- The economic success of the Japanese business in North America has spawned significant introspection in the United States. Japanese management, educational, and social attitudes and practices have been analyzed from many perspectives. The analysts seek keys to stem what is perceived to be a decline in United States competitiveness and to determine the causes of Japanese success. One idea that seems to be taking hold in United States industry and business schools is a focus on teamwork. Historically, United States university students, particularly those in business schools, have been pitted against one another in a competitiveness. Joint activity was discouraged often penalized. It is now being suggested that a team approach is more productive, more efficient and safer for both firm and individual. Consequently, teams are becoming more common in business school activity. In this way competitiveness becomes a collective rather than an individual characteristic.

As reflected in Exhibit Three, the United States already incurs significant costs in its international student programs and but at the same reaps consequential benefits. On balance, we believe that the benefits significantly outweigh the costs.

### **International students in the classroom**

The conditions faced by many international students are difficult at best. The language of instruction is typically the language of host country. Regardless of the amount of formal language training, the ability to communicate and understand at conversational speeds is

difficult. Typically a student, international or otherwise, enrolls in a course to gain the knowledge available by doing so. To that end, courses are structured by professors, instructors, and teachers, appropriate materials assigned and formats selected, and presented in a time sequence deemed appropriate. For students of the host country who have a cultural frame-of-reference to assist themselves when addressing the course, this is tolerable. For the international student, no such cultural underpinnings exist. Further, since the international student brings his/her *own* culture into this typical class where it is of limited value as a frame-of-reference. Unfortunately the student is not likely to share this culture to the home country students in the class either. Little or no benefit accrues to either student.

Table 2  
 Cost/Benefit Analysis of Foreign Students studying in the United States

United States cost Explicit/Implicit	United States
\$3.0 Billion spent annually on foreign students (413,000)	Inexpensive teaching/research labor
Concentration in technical fields at higher cost per student	Development of knowledge/data through research efforts
Disproportionate attention/time devoted to foreign students	Potential future demand for U.S. products/ service/education upon return
Support network, i.e. International Student Office necessary at high cost	Expenditures by students of 3.3 Billion
Displacement of domestic students in limited enrollment programs	Federal and/or Foreign Gov't funds infused into local economy through scholarships and grants
Time/money spent on training that leaves the domestic market	Integration of cultural diversity on university campus
	Improved intercultural understanding/communications
	Skilled workers upon graduation if they stay in domestic market

Language and diverse cultural issues contribute to a lack of socialization on the campus. Student organizations created around countries of origin abound but do little to encourage integration of the foreign students and the host country students. International students from a single country form a support system for those who will succeed them. In short, an effort is made to minimize the transfer of global knowledge by limiting the interaction to the classroom. The technical knowledge transfers, often with great success, but the process is clearly sub-optimized. Conditions faced by international students in their home country may be such that the purpose of further education is a ticket to another country. They may have no desire to return because they perceive limited opportunity or they simply prefer the host country.

## Entrepreneurship and the international student

Given that:

- International students frequently come from countries in which small entrepreneurial business is dominant and,
- are not typically integrated into the host country's culture and social patterns, and, will likely continue to seek educational opportunities outside their home countries, and will also seek mechanisms to achieve success in a market system oriented economy and,
- even if they return to their home country, would profit from a strong business/personal relationship with an existing home country (in our case the United States) student and

Given the United States student

- is under significant pressure to increase his/her understanding of other cultures and countries and
- is increasingly faced with entrepreneurial opportunity as an alternative to traditional employment, and
- will eventually seek economic opportunity internationally, and
- will be required to work effectively in cross cultural, conceivably transnational, teams of business specialists, we propose an integrative experience for both the United States and the international student using the entrepreneurship course as the vehicle.

The course would be an elective within a business program but while United States students would be required to have the appropriate business background, the international student could be pursuing a non-business academic program, e.g., engineering, law.

We envision the following structure:

- International students with family business connections and a desire to return to their home country would be encouraged to take at least one entrepreneurial course in the business school as an elective.
- Teams would be formed around the international student and other class members with the purpose of preparing a business plan for a new business. The thrust of the new business must be one which requires some form of economic interchange between the United States and the foreign country, e.g., exporting, importing, joint venture, technology transfer, etc.
- The interchange can be broadly defined and could include the import and/or export of goods from one country to the other. Exhibit Four contains other suggestions of potential projects.
- The international student would provide detailed background information on the economic, social, political and cultural aspects of their country.
- United States student team members would be selected based on (1) their interest in an internationally oriented project (2) their business skills background and (3) their willingness to include the international student member(s) of the team in study groups and other activities as appropriate.
- The team would produce a business plan for the start-up business which contains a detailed description of the cross-cultural and transnational issues in addition to the customary business plan features.

- Each participating United States student would be strongly encouraged to consider a minimum of one semester in some kind of study abroad program in the country of the team's international student. The international student would agree to provide introductions and to facilitate this exchange.
- In addition to the team work which would represent a major fraction of course requirements, we expect that the course would include an intensive address of entrepreneurship in the United States including those materials which are relevant to the students' consideration of an entrepreneurial career path. This would include appropriate text and reading materials and subsequent examinations.

### **Expected outcomes**

We expect the following as positive outcomes:

1. A closer, more integrative experience within the class. The cultural diversity in such a close working relationship will be positive by its existence.
2. Communication skills will be enhanced for all members of teams driven by the need to communicate culture and background materials in both directions.
3. Teamwork skills will be enhanced.
4. The role of cultural and social factors in the development of an entrepreneurial enterprise will be emphasized. This is a positive benefit even if the entrepreneurial student activity ultimately takes place within the domestic market.
5. To the extent the international student has a non-business academic background, his/her business skills will be enhanced.
6. Domestic students will be more adequately prepared to interact in the international environment.
7. Increased attention and participation in international exchange programs will occur. This will also encourage the development of international internship programs.
8. This program will provide an on-going link for the international student with his/her home country. This should decrease the stress of being in a foreign country and taking a structured course taught in a foreign language.
9. The program should be an effective recruiting vehicle for those institutions seeking to increase their share of the international student market which has its own diversity implications.

Table 3  
Potential Entrepreneurial/Foreign study Joint Projects

1. Identification of domestic products with markets in foreign student's country-of-origin
2. Identification of foreign products from foreign student's country-of-origin with markets in United States
3. Development of a means for means for effective measurement of market demand for United States products in foreign student's country-of-origin (methodology/data)
4. Determination of government support/outside both United States and country-of origin of exporting/importing
5. Determining of sources of capital to finance exports/imports between U.S./Country-of-origin
6. Develop a methodology to adapt U.S. business practices and marketing to be successful in both and/or each country
7. Development of a business plan to export/import from both and/or each country
8. Ascertain the means to a establish a business in the foreign student's country-of-origin
9. Evaluate various organization structures to most effectively sell products in country-of-origin
10. Develop a means to assess risk, et. al, economic, political, personal in the country-of-origin and how this risk would influence decision to do business in that country

### Summary and conclusions

The program proposed in this paper takes the shrinking world with its increasingly global perspective and combines it with the increased attention to entrepreneurship as a valid consideration for student working careers. It proposes that international students be recruited into entrepreneurship courses with the expectation that they will identify a potential opportunity in the business world of *their home country* to be the focus of a team project. The international student additionally will be expected to provide broad and detailed instruction to their team members on the social, political, cultural, and economic conditions in the student's home country. A business plan would be the expected product in addition to customary work in entrepreneurship. A number of positive outcomes is expected including a higher comfort level for international students in foreign universities, increased appreciation for cross cultural issues in business development, enhanced communication and team work skills, as well as providing a benign environment within the campus setting for the development of greater cultural appreciation. Finally we believe that this approach has the potential to produce positive economic development effects for both countries.

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**Part B**  
**Entrepreneurship**  
**Education: Infrastructure**  
**and Institutions**



# 08 Entrepreneurship education and training infrastructure: External interventions in the classroom

*P. Harold Welsch*

## **Introduction**

Business and management education has progressed through a number of stages and is evolving into an 'accepted' and recognized field of education. Within the last decade, entrepreneurship education has grown in stature and numbers as a popular and innovative part of the business curriculum. Along the way, it has picked up a set of complementary activities which Monroy calls 'external interventions' or also appropriately called 'the infrastructure of entrepreneurship education.' This infrastructure of complementary institutions serves to support and integrate the classroom components by serving as a bridge between the community and the classroom thereby supplementing the more traditional program.

Along the way, business and management education has been evaluated and criticized for its orientation, content and approaches. The most important contemporary review and evaluation is the comprehensive study by Porter and McKibbin, *management education and development: Drift or thrust into the 21st century?* (1988) which documents the first systematic and critical study of business schools since the Ford and Carnegie reports 25 years ago.

Business schools claim that their graduates contribute to the business world not only as technical specialists but also as organizational members. They assert that graduates will be prepared both for first jobs and for later careers. But are these claims being borne out? Anecdotes cite business school graduates who are organizationally naive and interperson-

ally inept, even arrogant, and who treat their degrees as meal tickets and view their jobs as mere stepping-stones (Louls, 1990).

### **Environmental changes impinging on business education**

Entrepreneurship has been given increasing emphasis in the economic, academic and political arena. Small business has traditionally been recognized as the mainstay and backbone of the American economy, representing 97 per cent business, accounting for up to 82 per cent of all new jobs in recent years, and contributing 43 per cent of the Gross National Product.

Entrepreneurs have been heralded in studies as the engineers of economic growth. They've been turned into the heroes of countless political speeches. Various governments and domestic corporate giants have envied their spirit and the jobs and profit it produced. Underlying economic trends have brought entrepreneurship to the foreground. *Nations business* cites entrepreneurship as the engine that drives America as entrepreneurs come to the rescue. President Clinton is relying on entrepreneurs to replace many of the jobs lost during the last recession.

Computers and electronics gave birth not only to a new industry, with hundreds of start-ups, but they also revolutionized older industries, such as telecommunications, and the way companies could be organized. A strong resurgence of these entrepreneurial undertakings occurred recently with over 700,000 new start-ups each year. The educational system is not necessarily geared up to cope with these rapidly changing environmental conditions.

One criticism lodged is that business schools follow a 'product' approach rather than a 'customer' approach to education. All too often schools like to pump out whatever they have rather than what is needed. Neck (1981) suggests that the top-down approach to education and training does not seem to cater adequately to the needs of small business and entrepreneurs. He charges that the small business sector has been effectively removed from the planning, development, implementation and evaluation of programs.

Criticisms also come from within the educational system by two business school deans Behrman and Levin (1984) who charge that: 1) too much emphasis is placed on theory and quantitative analysis, 2) too little emphasis on qualitative factors, 3) too much emphasis placed on tools, concepts and models, 4) too much emphasis on bureaucratic management, 5) too little emphasis on entrepreneurial activity, and 6) professors working on unreal rather than important problems.

Leavitt (1989, p. 39) summarized that '... we have built a weird, almost unimaginable design for MBA-level education. We then force it upon well-proportioned young men and women, distorting them into critters with lopsided brains icy hearts and shrunken souls. We perform less of that witchcraft in our programs for older executives, because they won't stand for it.' He points out further that we do not teach our chauvinistic American students to think globally or to view themselves as world citizens, or train them in habits of life-long learning or the most vital characteristic of 'action.' Nor do we teach them on the 'critical visionary, entrepreneurial path findings process part of the managing process, and (even) less on the problem solving and implementing parts' (p. 40).

Some of these criticisms are similar to Porter and McKibben's (1988) critique on the future of management education: 1) Lack of an international focus, 2) Too narrow concentration in specializations, 3) Lack of integration of disciplines, 4) Lack of active participation in the economic development process, and 5) Too little emphasis on entrepreneurship in the curricula.

Others charge that academics only talk to themselves and are too busy writing what other academics are interested in. Wajohn (1986) writes of complaints of students remembering classes that only taught them 'tools' and did not receive much 'practical advice' or 'streets smarts' as opposed to 'analytic smarts.' Byrne et al (1988) report a Duke graduate who stated 'I can crunch numbers to death, but I didn't learn anything about managing, motivating and leading people' (p. 84). Cheit (1984) also reviewed thirteen complaints about business schools among which was inadequate attention given to entrepreneurship, technology, productivity and international concerns. Leavitt (1989) joins the critics by charging that 'we presently devote perhaps 80 per cent of our pedagogical energy, generating a mountain of 'analysis' course: financial analysis, economic analysis, decision analysis, marketing analysis, and lots more' (p. 40).

Fortunately, the overemphasis on analysis, tools and theory has not been successful in 'killing off the deepest roots of individualism' (p. 41). The family has encouraged the children to act independently, autonomously and self-reliantly. However, to the hard line analysts, teaching about vision and creativity looked wrong-headed, second class, anti-intellectual - precisely what a proper education was intended to replace. Traditionalists generally could not abide the intuitive, often non-rational, and unyielding mental processes characteristic of path-finding styles and shared a disdain of pathfinders and their alien cognitive styles (Leavitt, 1989).

In reviewing *Venture Magazine's* current list of '100 Ideas for New Businesses,' we are struck by the innovative quality of the products or services as well as by their profit potential. These ideas ranged from an anti-wilting device for cut flowers to a talking yellow pages telephone book. The question that comes to mind is, 'How many of these ideas were conceived and/or developed in the classroom?' If one conducted some empirical research to determine the origin of these ideas, the answer would be 'precious few.'

Are small business/entrepreneurship educators driving and fueling these innovative ideas or are they lagging behind the actual entrepreneurial activities? Are colleges and universities bound by traditional curricula and outdated requirements designed by 'bean counters' and unimaginative institutions which lack 'vision'? Or are they at the forefront, leading the way to innovation by nurturing and maximizing the 'untapped potential' of the students under their charge? Are we preparing our students to think for themselves? Are we making them aware of new developments such as the new advances in agrotechnology, informatics, renewable energy, space travel, underwater aquaculture, superconductivity and pharmaceuticals?

Another innovative approach is to study changes in demographics, social forces and the marketplace. These include Socialist reforms to free enterprise, the European Common Market preparing for 2,000, the collapsing firstworld birth rate, dual income households, life-time employment and future cities. How can these changes be identified and predicted? In the race of the entrepreneur to produce something better, faster or cheaper (s)he should be guided toward current information acquisition strategies such as scanning newspapers, conducting polls, monitoring bellwether countries (regions, locales), pouring over obscure trade publications and monitoring junk mail, advertisements, magazines, movies and television.

Systematic and logical thinking can only go so far in generating innovations. In many cases, imagination is more important than knowledge. The right side of the brain allows intuitive and creative thinking and allows us to deal with fuzzy, messy problems. Traditional educational systems are devoted to the left side, focusing on terminology, techniques and analysis. Lateral thinking allows one to get away from the pattern that is leading one in a definite direction and to move sideways by reforming the pattern. Burch (1986) suggests that it is frightening and exciting to consider how many new ideas are lying dormant in an

already collected information form that could be rearranged in a better way. We must work on discovering and teaching methods that allow these 'new combinations' to be created.

Previously, many individuals and students deciding on a career sought a position that provided a 'security blanket' for life. In the past, 'secure' job opportunities were sought in such 'stable' industries as banks, government, automobile, insurance, steel and aviation. However, recent changes in government deficits, basic industries, mergers and acquisitions, and globalization have served to overturn many of the expectations of stability, continuity and career programs. It appears that lifetime careers and positions are vanishing faster than the dinosaur.

In his survey Brown (1984) stated that college placement directors are 'frequently counseling new graduates to avoid the Forbes 500 and head for smaller firms, or maybe even start one of their own' (p. 178). He believes that many people are turned off at the thought of 'spending the next 40 years inching up the corporate ladder, especially since they face fierce struggles at every rung'.

### **Small firm employment opportunity**

As a career counselor, Mark Satterfield believes that both small and large companies offer exciting yet different career opportunities. 'The individual stimulated and challenged in a smaller company is likely to be motivated by different factors than a person working in a larger corporation' (1990, p. 17). The entrepreneurship environment demands flexibility and the ability to deal with ambiguity, while large corporations challenge the employee's ability to implement programs in a structured and potentially bureaucratic environment.

In comparing large with small, career satisfaction will depend upon whether one has a generalist's or specialist's orientation to business. Although large corporations need to develop general managers to guide their business in the future, many business and career consultants believe smaller companies offer a broader exposure to various business activities at low levels in the organization.

Large companies tend to create specialists, while smaller organizations demand that their employees wear a variety of hats. Since jobs in smaller organizations are often less defined, employees may work in areas that they did not originally anticipate. This tends to appeal to workers with broad business interests who can adapt to the flexible nature of smaller companies. Conversely, workers with specialized interests may find requests to work in areas outside of their expertise as a source of frustration.

Small companies may be directed by charismatic leaders or industry experts. While in large organizations these industry leaders may be viewed only from far, smaller companies offer individuals greater opportunity to interact with the leadership on a day-to-day basis. Management training programs are often offered by large companies. This training establishes a base line of management competency. If one believes the premise that management skills can be taught, then large companies with their well-established training programs have a considerable advantage.

While the limited financial resources of smaller companies may indicate a potential lack of security, recent restructurings and layoffs in government owned and Fortune 500 firms indicate that job security is an antiquated concept. Although smaller businesses may not have extensive financial resources, this does ensure that only projects that are directed to building the business will be implemented. Small company employees are less likely to work on assignments where their efforts do not directly impact the bottom line. Thus the

value of one's day-to-day activities may be more visible in a small rather than large company.

### **Entrepreneurship as a second career**

Some people came to realize that their current job has no future and they are frustrated or mistreated on the job. Shapero reported as early as 1975 on comments he heard over and over again: 'I was fired;' 'I was going to be transferred to Hoboken by my company and I just didn't want to go;' 'I worked for the company for 10 years, day and night, and then they brought in their idiot son as my boss;' 'My boss sold the company.'

Brenner and Singer (1988) report that earlier a person who chose to switch careers in mid-stream was seen as an outlaw or oddity. But times have changed with larger corporations downsizing, merging, and squeezing employees out. Today an increasing number of successful individuals are leaving their bureaucratic careers and entering entirely different types of work such as opening their own business. Studies show that between one-third and 35 per cent of executives will likely make extreme career change. Nearly one third of the entire US workforce has changed occupations during a five year period. The trend is continuing.

This notion may be related to the 'total life' concept suggesting that once they have achieved initial career success, individuals experience a change in the extrinsic and intrinsic job rewards that they value. This re-evaluation leads to the decision to change careers. Several reasons are reported for changing careers: to obtain more meaningful work; chance for greater accomplishment; willingness and ability to take risks; and desire for harmony between their work and personal values. Only a small majority changed jobs for a higher salary or for greater job security.

Table 1  
Reasons for Making Career Change

Reason	Percent of Repotters
More meaningful work	74
Better fit between values and work	71
Changed values	64
Chance for greater achievement	42
More leisure time	31
Less stress on job	22
More variety	16
Health	16
Less travel	15
Freedom to pursue hobby	11
Boredom	8
Different geographic location	5
More money	4
Escape from company politics	3

'Repotters' which have changed careers, place more importance on individuality, risk taking, availability of leisure time and achievement. They did not receive sufficient feelings of accomplishment in their earlier careers. The need for achievement seems to be related to a sense of accomplishment which affects his or her career choice.

Table 2  
Means and significant t ratios for work values  
of repotters and stayers

Importance	Repotters	Stayers	t
<i>More important to repotters</i>			
Leisure time	4.02	3.59	4.31***
Working independently	4.01	3.59	4.24***
Risk taking	3.61	3.29	2.88**
<i>More important to stayers</i>			
Many fringe benefits	3.26	3.62	-3.09**
Job security	4.03	4.30	-2.80**
High income	4.02	4.28	-2.74**
Advancement opportunity	4.00	4.24	-2.46*

Their new chosen careers were many and varied. They included operating a bar, motel, or resort, selling rare stones, health food, politics, forestry, law, dog breeding and acting in summer stock theater.

Also the trend of 'love what you do' continues, there is growing body of evidence which indicates that increasingly, successful managers become dissatisfied with their chosen careers as they approach middle age. More and more frequently, disenchantment with their current vocations is causing both successful and unsuccessful managers to seek fulfillment through new careers that are totally unrelated to their former professions. Indi-

viduals' value systems change radically, as they grow, and they seek careers that fit with their new values. Merging vocation with avocation is often the alternative of choice.

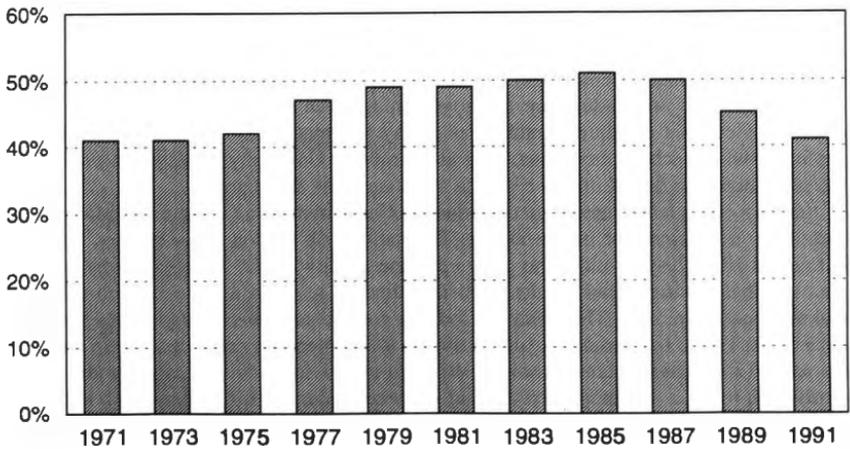
### **Entrepreneurship careers**

If business ownership seems a less promising road to enormous riches than it did several years ago, many young adults are not complaining. 'Ten years ago young people had the romantic view that entrepreneurship was a way to great wealth,' says Paul Reynolds, a professor who teaches entrepreneurship at Marquette University in Milwaukee. 'You get the sense now that they think it's a way to maintain some autonomy.'

Surveys of students' intentions to choose self-employment as a career option generally includes some element of independence. The nation's 48 million 'baby busters,' generally defined as 18 to 29-year-olds who grew up in the shadow of the 77 million baby boomers, also say that getting ahead means more than finding work in a shrinking job market or making loads of money. They also are looking for greater job satisfaction and independence (Selz, 1992). In formulating alternatives it is assumed that entrepreneurship intentions are related to behavior (career choice). We need to provide a deeper understanding of the motivation to be... self-employed and aid in career guidance for students and individuals considering becoming entrepreneurs. It is also important to provide an explanation of the image an entrepreneur projects. It may be possible that the image is cloudy and counselors may want to clear up individual impressions to help guide them toward self-employment career choices.

At the environmental level, there has been a strong impetus to create new businesses. It must be recognized that the entrepreneurial spirit 'is now a significant force in the U.S. economy .....there has been a gigantic boom in the economy, with 40 million new jobs created in smaller organizations since the late 1960's and more than 600,000 start-ups occurring each year' (Jackson, Vitberg, 1987, p. 16). Selz (1992) reports that a large share of America's youth still feels the pull of the entrepreneurial life. According to a long-running survey by the Higher Education Research Institute at the University of California at Los Angeles, 42 per cent of college freshmen last year said succeeding in their own business was essential or very important to them. This was off from the 49 per cent to 52 per cent in the mid-1980s, but about the same level as in the 1970s.

Figure 1



'The industries of tomorrow will spring from the nearly 8 million small businesses in the fields of biotechnology, computer software, advanced materials, environmental testing and control, health care and a broad range of individual services' (Neikirk, 1993). Are educators in a position to provide the required elements of a 'forward looking' business degree which would arm the student with the necessary skills for a successful career?

Louis (1990) has identified five critical elements of business education upon which educators can focus in making improvements:

*Analytic skills* concern problem identification and solution; assessment, selection, and use of information; and critical thinking. The focus here is on 'the general ability to sort through data and select the most useful data to solve management problems' and on 'the ability to select critical points from a vast collection of data.' Other aspects of analytic skills concern 'training in how to approach a problem' and 'ability to isolate problems and opportunities.'

*Technical content* refers to material covered in functional area courses such as finance, marketing, and production. It also includes the quantitative skills gained in statistics and computer courses. At a minimum, technical content entails 'learning the business language and knowing enough about finance and accounting ...to work with specialists.'

*Macro business perspective* refers to the gaining of an appreciation of how the various business functions (such as finance, marketing, and production) fit together, as well as of technical and strategic integration. It refers to gaining 'a broad perspective,' 'skills in developing overall business strategy,' and an understanding of 'how the functions of an organization tie together.'

*People skills* include the abilities to build effective relationships, work in groups, influence without formal authority, and communicate both in person and in writing. The ability to build and maintain lateral relationships as well as relationships with superiors and subordinates is critical. The ability to influence without formal authority is necessary in both

interpersonal and group contexts. 'One thing that is not taught is how to relate to the support staff, how to ask to have something done for you.' 'The problem is not so much in figuring out what to do as in figuring out how to accomplish it with, and through, other people.' Working in groups requires the abilities to function as both a team member and a leader and to run effective meetings.

A *realistic view of organizational life* is the final category. Overall, gaining a realistic view refers to gaining an appreciation of the rhythms and feel of daily life in a work organization, especially as contrasted with a school environment. One theme of organizational realism is uncertainty. Ambiguity is prevalent; often, many meanings are possible, with multiple interpretations and unknowns common.

A second theme is change. Unplanned change is constant, planned change is slow, and resistance is prevalent, if not always reasonable: 'The real world generally moves very slowly.' 'Things don't change rapidly, and your power to change things is limited.'

A third theme concerns the nature of tasks, which are often fragmented, repetitive, and boring. Time pressures are extreme, and interdependency is usually a given. 'Work is not school. Activities in a company tend to be relatively unsophisticated, but they demand common sense.' '[You have to] learn to work within 'unrealistic' time constraints.'

A fourth theme concerns decision-making realities. Organizational rationality entails politics and history: 'The political aspect of the business world is very important.' 'There needs to be more emphasis on deal-making [and] on being entrepreneurial in a large organization,' as well as on 'informal networks, how politics work, nuances of power plans.'

A final theme of organizational realism is culture. Official policies are different from standard operating procedures; managers need to know how to read norms and interpret work-group values. Together, these themes represent the content about which a realistic view is needed.

The problem is summed up well by one graduate: 'In school we lose sight of the fact that we're leaning about how organizations *should* function. This is the ideal....It would help to bring it down to reality more, to develop better skills in 'taking the organization where [it is] at.' The organizational realities revealed by participants echo Edgar Schein's findings, based on a study of MIT graduates of the early 1960s, of a significant gap between expectations and realities of the business world.

## **External interventions into the classroom**

A major theme arising from the feedback of business graduates as well as critics of business education is the lack of reality in the classroom. In order to decrease the complacency of current students and temper the 'reality shock' of the 'cruel business world,' it would be advantageous to integrate some 'reality' into the classroom. This forces the student to think about and interact with those elements that they will be facing in the near future. Simultaneously, it allows the external components to influence the education system.

There are a variety of 'two way influencing mechanisms' and external interventions that appear to work quite effectively on our campuses. Since these activities supplement, complement and support the entrepreneurship classroom activities, they are the infrastructure of entrepreneurship education. The 'total system' is thus made stronger by incorporating many of these 'reality' elements into the teaching strategy.

## The process model of entrepreneurship education

In formulating an entrepreneurship education model an input-output perspective provides a clarity of thought that allows a comprehensive approach to its description. On the input side, figure 1 provides the external factors that serve to complement the classroom activities of an entrepreneurship program. The integrated set of input factors represent the *infrastructure of entrepreneurship education*. These factors are coordinated by a director of the entrepreneurship program or a faculty member. The relative role and emphasis of each individual factor can be varied to accommodate different circumstances and situations. For example, one program may have a particularly active Chamber of Commerce with a high need for a certificate program, while another may stress workshops for family businesses in the community. Different 'streams' of activity can be designed to maximize exposure to the local public.

Multiple benefits are derived from external interventions. Some of these are included as outputs, but additional benefits include:

1. Appreciation for the complexities of real life and recognition that theory does not always work.
2. An opportunity for successful entrepreneurs to 'give something back' in the form of feedback and advice to the next generation of entrepreneurs.
3. An effective means to connect means/ends to complex (often overwhelming) problems to which students did not have an initial handle.
4. A more efficient maturing process whereby the student can escape some difficult lessons from the 'school of hard knocks.'
5. One of the important attributes of a successful entrepreneur is that his/her expectations are set at an appropriate level. This setting of expectations is an important orientation and socialization process that external interventions perform. Professors are not perceived as providing valuable information since they are taken for granted and are often considered too theoretical and 'eggheads.' Entrepreneurs are viewed as coming from 'where the action is' and thus have more credibility.

Now is an appropriate time to take advantage of these reality based skills and formally integrate this infrastructure into the entrepreneurship education system.

Training and education is only one component of the entrepreneurship education process model (figure 2) with the infrastructure playing a major role. Other components (e.g., complexity and size of the undertaking, maturity of the individual, etc.) also play an important role in defining the objective of the program.

Outputs of entrepreneurship education programs (figure 3) go beyond traditional measures of counting the number of start-ups and jobs created to include more far-reaching measures such as the innovative capability and actual innovations we have instilled in our students, the image that a forward-looking university can project, as well as the opportunity to conduct research among the entrepreneurs whom we included in the input model. As these relationships mature over time and strengthen, greater community participation can result with eventual financial support coming forth. From this participation greater guidance and direction from advisory groups can occur, which in turn, can result in the sons and daughters of these individuals coming to the university. These relationships thus provide a synergistic win-win relationship.

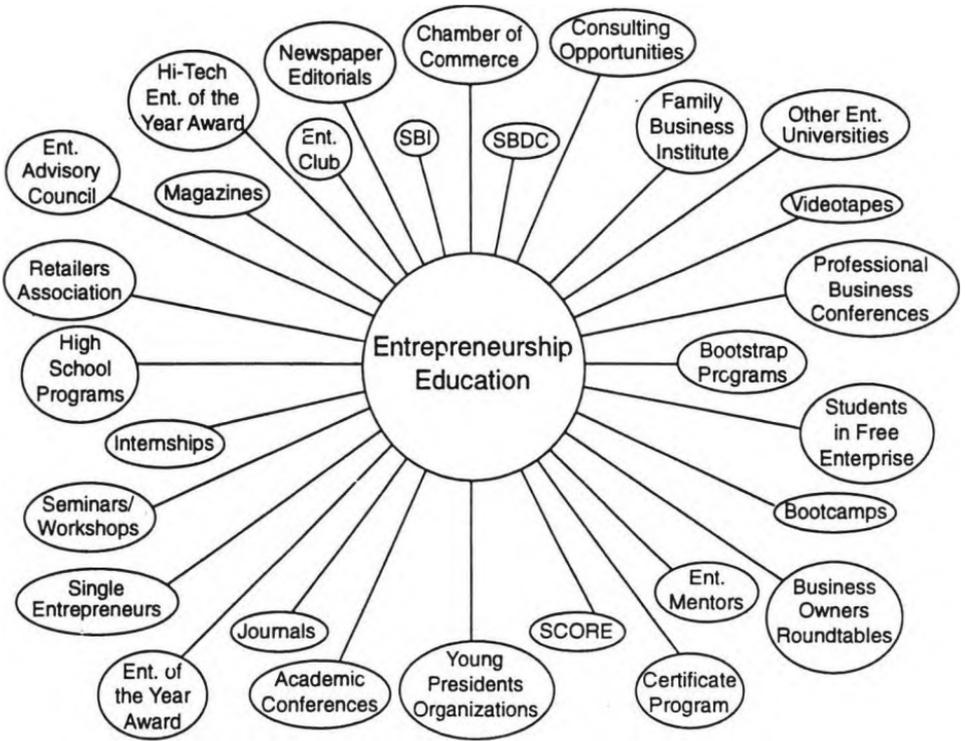
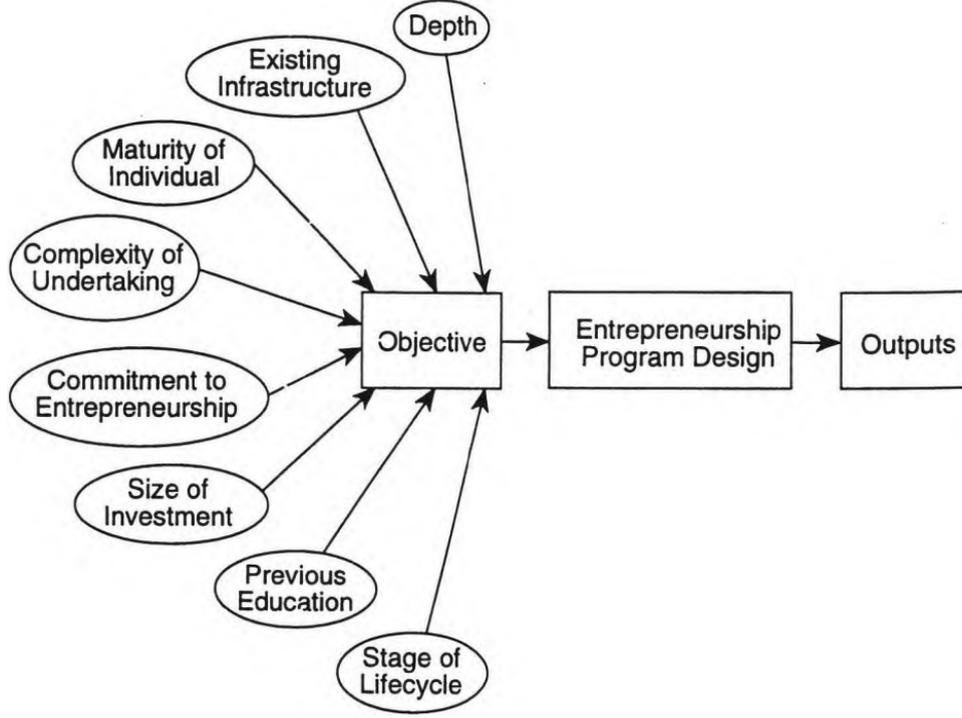


Figure 2  
External programs-entrepreneurship education infrastructure

Figure 3  
Entrepreneurship education process model



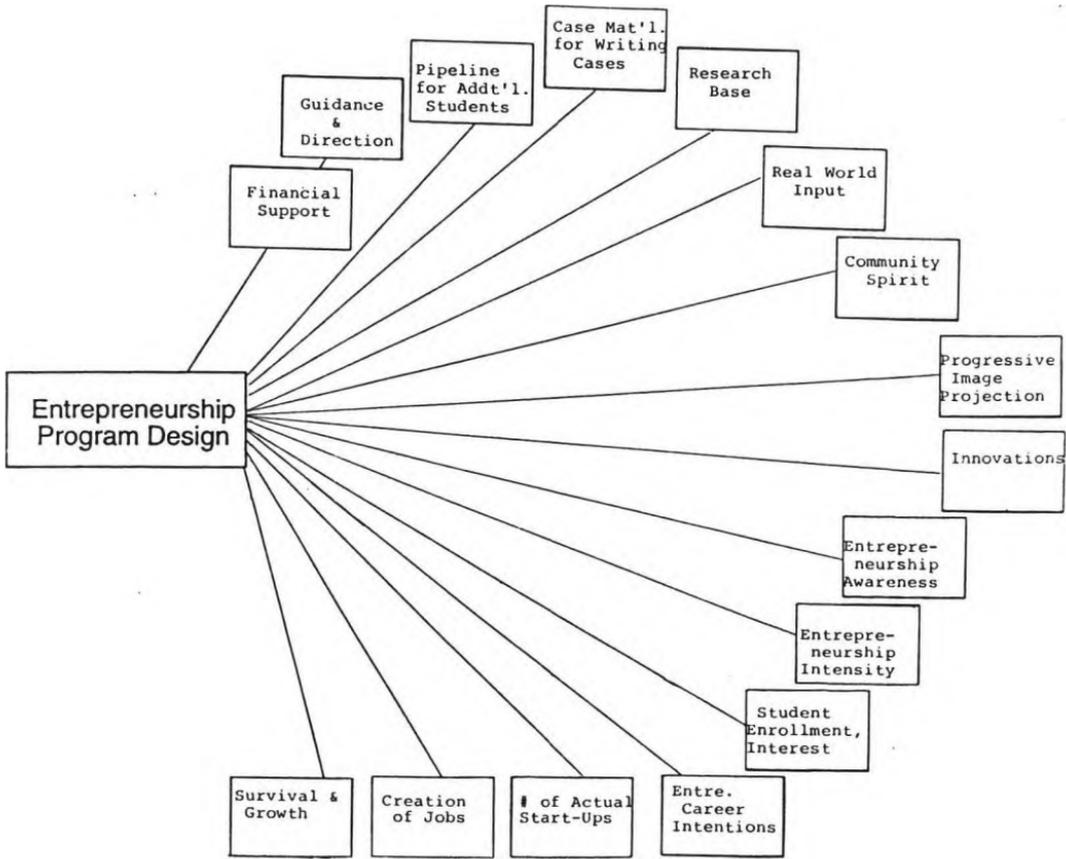


Figure 4  
Potential outputs of entrepreneurship programs

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# 09 The role of a structured intervention in shaping graduate entrepreneurship

*Patricia Fleming*<sup>1</sup>

## **Introduction**

While there has been significant research on various aspects of entrepreneurship during the past decade, only a limited number of research studies have focused on the performance and results of entrepreneurship education. The need for research into this area is well documented (Hawkes, 1981), (Vesper, 1985), and (Rosa, Mc Alpine, 1991). Questions which currently surface are; can entrepreneurship be taught? How can potential entrepreneurs be identified? Why should anyone choose to undertake the risks, financial burden and general disruption to social life which setting up and running one's own business entails? In particular, why should a graduate with a variety of career options open to him/her make this choice? These are some of the questions addressed in this paper.

Recognising the need for more research in the area of graduate entrepreneurship and drawing on the reserves of Irish third level institutions and, in particular, data available from the Irish Industrial Development Authority (I.D.A.) on students who participated in the I.D.A. Annual Student Enterprise Award 1984-88, this study lays the groundwork for assessing the productivity of enterprise development initiatives taken at the undergraduate level. The research project seeks to establish that education is a vital ingredient in the development of an entrepreneurial base. Higher education is a decided advantage in coping with the complexities and problems of modern business. Highly qualified graduates are a striking source of potential entrepreneurial talent. There is a need to investigate the measures that promote the emergence of graduate entrepreneurs in greater numbers.

## **The literature on graduate entrepreneurship**

Jackson and Vitberg (1987) report that business college graduates and students are increasingly disenchanted with career prospects as organisational employees. Intense competition, cost cutting pressures, and acquisitions and takeovers, have resulted in large company restructuring.

This has undermined traditional values such as employee loyalty, security and ownership of results. Consequently, more and more business students view the possibility of starting and operating their own business as a viable alternative to being employed in an established company (Duffy, Stevenson, 1984).

Recent surveys support this view. Scott and Twomey (1988), based on data collected from English students, reported that 25 per cent had a business idea and that 41 per cent aspired to self employment. Figures by Harrison and Hart (1992) revealed that 47 per cent of a sample of Northern Ireland students expressed a positive desire to run their own business. Curran and Blackburn (1989) report similar findings from another survey of English students. Attitudes towards enterprise and small business are positive. Karr (1988) reports that 46 per cent of college students consider a 'business of one's own' an excellent way to get ahead. Sandholtz (1990) reveals that of 1,000 MBA students surveyed at the University of Pittsburgh 44 per cent wanted to become an independent entrepreneur. Hills and Welsh (1986) in a survey of almost 2,000 students found that 80 per cent expressed an interest in taking one or more courses in entrepreneurship. This desire for entrepreneurial careers is reflected in the growing number of universities and colleges that have added courses and programmes on entrepreneurship to their business curriculum.

Brenner et al.(1991) found in their study of 237 graduates in the U.S. that business graduates generally perceived business ownership in a positive light. However, the survey revealed an inconsistency between the graduates' attitudes towards owning and operating their own business and their intentions towards pursuing such a career. When they were given complete freedom of choice, 55 per cent preferred operating their own business. When they were asked their most likely choice, considering their actual situation and constraints upon their option, only 5 per cent indicated that they would probably choose to operate their own business. On this point, Katz (1990) has emphasised that much more attention should be given to understanding the process of entrepreneurial follow-through, that is translating attitudes into actions. Statistics show that in the U.S. and Japan between 2 per cent and 2.5 per cent of graduates start their own businesses immediately after graduation (Brown, 1990). In the U.K. the number of graduates entering self-employment has been relatively stable at just over 1 per cent in recent years (British Universities First Destination Statistics). Rosa and Mc Alpine (1991) found that as graduates mature the incidence of self-employment and small business ownership increases, and that 4 per cent of those who graduated 1982-85 were self-employed. In Ireland the annual 'First Destination of Award Recipients in Higher Education' does not include a category for self-employment, so no comparative statistics exist.

## **Graduate entrepreneurship initiatives**

In the U.K. there is a special start-up programme for graduates, the Graduate Enterprise Programme (GEP). The programme was initiated in Scotland in 1983 and then developed and launched in England in 1984. The purpose of the GEP is to assist first time graduates with business ideas to start their own businesses. The programme began with major awareness seminars at major English universities and polytechnics and culminated in a two

day selection and training weekend for all those interested in starting a business. Participants were provided with support from academic counselors completing business plans. The subsequent training and support programme comprised 5 individual weeks training at management schools, interspaced with 11 non-residential weeks of market research funded by a grant. Brown (1990) in his study attempts to evaluate the first three years of the GEP from 1985-1987. Of the 125 participants between one-half to two thirds are still in business. The main conclusion of the research was that 90 per cent of the graduates would have deferred their entrepreneurial activities for at least five years without the help of the GEP programme.

In Ireland the enterprise development programme commenced in 1990. This program's aim is to equip young graduates with the necessary entrepreneurial skills to set up, run and develop their own businesses. The programme administered by the Dublin Institute of Technology is designed to support young graduates for one year to research and develop their business idea. The businesses entered in the programme are knowledge-based projects, innovative in nature and have job-creation and export-potential. Training takes the form of hands-on experience in carrying out product development, marketing and financial studies and the development of the business to a commercial stage. Tuition takes place in 12 modules of 2-3 days each month. Each trainee is assigned an individual supervisor, has an allowance of £85 per week and also funding towards development costs. The overall success of the programme can be judged by the fact that 55 companies out of 70 start-ups are currently trading and 219 new jobs have been created.

### **The research**

In 1984 the principal industrial promotion agency in Ireland, the I.D.A. introduced an Annual Student Enterprise Award. The programme is designed to provide undergraduate students with the opportunity to demonstrate their ability to set up a business venture of their own. The objective of the programme is to encourage students to examine the option of self employment as a viable career alternative and to realise that ideas can become businesses. Students are encouraged, while still at college, to identify a business idea, research it for viability and market potential, prepare a formal business plan and defend it through a series of assessments and live confrontations as would happen with any real business proposal.

The two key conditions for participation are that the proposal be either a manufacturing idea or an internationally traded service idea such as software development, international financial services, or a research and development project. Interdisciplinary teams, ideally three or four students, are encouraged to participate. Professionals from the I.D.A. and the business world judge the projects, first at a regional level, then at a national final which is televised live by Radio Telefis Eireann, (the Irish Broadcasting Authority). To date more than 5,000 young people from Irish universities and colleges have submitted business plans for new venture proposals.

## **Research objectives**

The research reported in this paper was an attempt to evaluate the productivity of the I.D.A. Student Enterprise Award in stimulating graduate entrepreneurship. The survey conducted examined the impact, effectiveness and usefulness of entrepreneurship programmes in enabling and encouraging graduates to start their own business.

## **Research design**

The data collection method used was a postal survey to a random sample of graduates who had participated in enterprise development initiatives during their third level education. In order to ensure that the results of the survey were meaningful, a control group of randomly selected graduates who were not exposed to enterprise development initiatives, but who had graduated during the same time period, were also surveyed. The rationale for selecting a control group is that students who are not made aware of the process of starting and managing an enterprise would be expected to have fewer aspirations to setting up a business of their own.

Two structured mail questionnaires were developed. The first questionnaire was sent to a sample of 419 graduates who had participated in the I.D.A. Student Enterprise Award (The Interest Group). This questionnaire was developed in three sections: 'Education and Enterprise Courses', 'Business Experience', and 'Personal and Family Background'. The second questionnaire, which was sent to a sample of 419 graduates who had not participated in any enterprise development initiatives (The Control Group), was identical to the first questionnaire with the exception of six questions which were directly related to undergraduate enterprise development courses and to the I.D.A. Student Enterprise Award. The samples selected graduated from college during the five year period 1984-1988, 66 per cent were business/commerce graduates, 34 per cent were engineering/science graduates, 70 per cent were male and 30 per cent were female in both groups. The objective of selecting an interest group and a control group was to attempt to isolate any significant differences that occurred between the two populations in terms of predisposition towards entrepreneurship. The students selected for the sample were at college during the five year period 1984-88.

## **Response rates**

A total of 121 valid responses were received from the interest group and 119 valid responses from the second sample, a response rate of 28.5 per cent. However there was some incomplete responses (i.e. not all 240 respondents answered all the questions). The results were analysed through comparisons between the characteristics of the interest group and the control group. Chi-square analysis was used to test the statistical difference of apparent similarities and differences in the categorical data. The Kolmogorov Smirnov two-sample test was used on the grouped interval data to test if there was a significant difference between the two groups. The results are compared to the findings of previous studies. In view of the difference in survey methods and sampling frames, the limitations of such comparisons should be borne in mind.

This research is the first part of a longitudinal study. It selects the interest group and the control group that will be revisited in order to determine the graduates' employment status and examine any further entrepreneurial activity.

## Findings

### *Education and qualifications*

The first part of the questionnaire, was designed to reveal a profile of the respondents' education and qualifications. The answers allowed classification into (i) graduates of university, or regional technical colleges and other institutions, (ii) primary qualification, and (iii) further qualifications. An analysis of the profile of the respondents indicated that 56 per cent (n=135) of the overall responses were from graduates of Universities and 44 per cent (n=105) from graduates of Regional Technical Colleges and other institutions of higher education. The total number of respondents holding a degree qualification was 61 per cent, a diploma qualification was 28 per cent and a certificate qualification was 11 per cent. When questioned on further or post-graduate qualifications 26 per cent (n=63) of the total sample completed a postgraduate course with 7 per cent (n=16) obtaining a Masters degree.

### **I.D.A. student enterprise award and entrepreneurship courses**

The next set of questions dealt specifically with graduate participation in the I.D.A. Student Enterprise Award and other entrepreneurship programmes. The interest group was asked to outline the entrepreneurship courses completed at both the undergraduate and postgraduate level. To explore how graduates felt about the effect of these programmes on their career direction and on the overall acquisition of entrepreneurial skills, a number of attitudinal questions were posed. These questions helped identify the impact and the limitations of these courses. The control group was questioned about any postgraduate exposure to entrepreneurship.

Table 1

Participated in entrepreneurship/start your own business courses after leaving college

	Interest Group	%	Control Group	%	Total	%
Participated	11	9.3	1	0.09	12	5.2
Did not Participate	107	90.7	110	99.91	217	94.8
Total	118	100	111	100	229	100

Chi-square analysis:  $df\ 1, \chi^2 = 7.40 (> \text{critical value } (0.05) = 3.84)$

As is indicated in table 1, while 9.3 per cent (n=11) of the interest group participated in an entrepreneurship/start your own business course after leaving college, only one respondent from the control group took such a course. The overall statistical result suggests that students exposed to undergraduate enterprise programmes are more likely to partake in similar courses upon leaving college.

Table 2  
Effect of the I.D.A. entrepreneurship course on career decision

	Very Important Effect		Important Effect		Fairly Important Effect		Little Effect		No Effect		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Business/Commerce	7	9.4	10	13.4	9	12.0	19	25.6	10	13.5	55	74.3
Science/Engineering	1	1.4	3	4.2	3	4.2	7	9.5	5	6.8	19	25.7
Totals	8	10.8	13	17.6	12	16.2	26	35.1	15	20.3	74	100

Kolmogorov-Smirnov test:  $D = .104$  ( $<$  critical value  $(0.05) = .361$ )

Whether the undergraduate enterprise initiative taken by the interest group had an effect on graduates' subsequent career decision was explored. While the majority of the respondents 55 per cent ( $n=41$ ), stated there was 'little' or 'no effect' a comparatively high proportion 45 per cent ( $n=33$ ) responded positively, with 11 per cent ( $n=8$ ) stating that the I.D.A. Student Enterprise Award had a 'very important' effect on their career choice. It should be noted here, that four students volunteered the information that in every employment interview the I.D.A. Student Enterprise Award had been singled out for discussion which resulted in a deep interest and appreciation of the Award scheme being expressed. The Kolmogorov-Smirnov test indicates that there was no significant difference in the views of business/commerce students and science/engineering students with regard to the effect of the I.D.A. entrepreneurship initiative on their career decision.

Table 3  
Are there areas where more emphasis is needed on entrepreneurship courses?

	Yes	%	No	%	Total	%
Business/Commerce	35	48.1	20	27.5	55	75.3
Science/Engineering	9	12.2	9	12.2	18	24.7
Totals	44	60.3	29	39.7	73	100

Chi-square analysis:  $df 1, \chi^2 = .69$  ( $<$  critical value  $(0.05) = 3.84$ )

The respondents in the interest group were asked to indicate if there were any areas of study relating to entrepreneurship where more emphasis was needed at the undergraduate level. Overall 60 per cent ( $n=44$ ) replied in the affirmative with 63 per cent ( $n=35$ ) of business graduates feeling that these courses could be improved; 50 per cent ( $n=9$ ) of science/engineering graduates had similar views. The Chi-square test indicates that there was no statistical difference between the opinions of both groups in terms of entrepreneurship course improvements. When asked specifically about the areas requiring more emphasis in entrepreneurship courses, the development of general enterprise management skills was the area of study highlighted by the majority of respondents. Improvement in knowledge of the

other functional areas of finance, marketing, production and general administration were more or less evenly distributed among the remainder of respondents. After general management, science and engineering students highlighted marketing/sales as an area that required more attention in these courses.

Table 3 indicates how the respondents in the interest group perceived the prime purpose of the I.D.A. Student Enterprise Award. Is it a mechanism for (i) giving students the opportunity to evaluate a business idea and develop a project which could subsequently be undertaken as a viable business concern? Alternatively, is the Award primarily designed to (ii) develop the skills required to set up a business, skills such as teamwork, planning, marketing and finance? Respondents were asked to rank the above two criteria in terms of importance.

Table 4  
Respondents' perception of the I.D.A. student enterprise award

	Develop Project	%	Develop Skills	%	Total	%
Business/Commerce	15	12.7	71	60.1	86	72.9
Science/Engineering	5	4.2	27	23.0	32	27.1
Totals	20	16.9	98	83.1	118	100

Chi-square analysis: df 1,  $\chi^2 = .12$  (< critical value (0.05) = 3.84)

The majority of respondents 83 per cent (n=98) felt that developing the necessary skills to set up and run a business was the prime aim of the I.D.A. Student Enterprise Award. This result reflects the fact that generally college students do not see themselves setting up their own businesses immediately on graduation. The remaining 17 per cent (n=20) of respondents indicated that the I.D.A. Award was an opportunity to develop a project for the start-up of a business venture. This begs the question: is it from this group our future entrepreneurs will emerge?

#### *Graduates in employment*

While the first part of the questionnaire established the perceptions and views of the graduates with regard to entrepreneurship courses and the I.D.A. Student Enterprise Award, the second part of the questionnaire explored details of the respondents' current employment. The results indicated in tables 5 - 9 deal only with graduates who were in employment. Respondents who were self-employed are treated later in this section.

In order to isolate any significant differences between the two groups in terms of predisposition towards entrepreneurship, a series of questions were asked concerning: the employment trends of the two populations, respondents' expectations to the probability of someday running their own business, the factors that militate against entrepreneurship, and any involvement in family or part-time business activity.

Table 5  
Employment status of respondents

	Interest Group	%	Control Group	%	Total	%
Employed	108	89.2	112	94.2	220	91.7
Self-employed	6	5.0	3	2.5	9	3.7
At College	5	4.0	3	2.5	8	3.3
Unemployed	2	1.8	1	0.8	3	1.3
Totals	121	100	119	100	240	100

Chi-square analysis:  $df\ 3, \chi^2 = 1.91$  ( $<$  critical value  $(0.05) = 7.82$ )

An interesting result occurs here. Twice the number ( $n=6$ ) of graduates who have participated in an enterprise development initiative have started their own business compared to the number ( $n=3$ ) of business startups among graduates who have not been exposed to these programmes. The entrepreneurial employment status is low by comparison with the total in both groups. The majority of the respondents chose a career in employment which suggests a strong attitudinal orientation towards employment. Since the differences between the categories are small, they are not statistically significant overall. The finding here indicates that 3.75 per cent of the total sample were self-employed.

Table 6  
Employed in family business

	Interest Group	%	Control Group	%	Total	%
Employed in Family Business	7	6.5	1	0.9	8	3.7
Not Employment in a Family Business	100	93.5	108	99.1	208	96.3
Total	107	100	109	100	216	100

Chi-square analysis:  $df\ 1, \chi^2 = 4.68$  ( $>$  critical value  $(0.05) = 3.84$ )

When respondents were asked to indicate if they were employed in their family business, a difference occurred between the two groups with 6.5 per cent ( $n=7$ ) of the interest group and only 0.9 per cent ( $n=1$ ) of the control group being employed in this business. The chi-square test results indicate that there is a significant difference between the two groups and suggests that respondents in the interest group entered family businesses on a greater scale than their counterparts in the control group.

Table 7  
Probability of running own business

	Interest Group	%	Control Group	%	Total	%
Highly Probable	27	25.2	10	12.7	41	19.0
Probable	28	26.2	21	19.1	49	22.5
Some Probability	36	33.6	47	42.7	83	38.5
Improbable	12	11.3	20	18.2	32	14.7
No Probability	4	3.7	12	7.3	12	5.3
Totals	107	100	110	100	217	100
Weighted Average Score	3.58		2.97		3.27	

Kolmogorov-Smirnov test:  $D = .233$  ( $>$  critical value  $(0.05) = .184$ )

The question on the probability of running a business was used to establish respondents' feelings and motivation towards entrepreneurship. With a score of 5 'indicating highly probable responses' and a score of 1 'no probability', a weighted score of 3.58 was achieved by the interest group and a score of 2.97 by the control group. A statistically significant difference occurs between the two groups. This finding suggests that the interest group were more predisposed to entrepreneurship than the control group.

Considering the constraints facing graduates who aspire to self-employment, the graduates who were in employment were asked: what were the factors that they believed militated against entrepreneurship. Respondents were asked to reply on a five point scale their perception of the criteria that hinder or discourage entrepreneurship. Table 8 summarises the responses.

Table 8  
Factors militating against entrepreneurship

	Interest Group	Control Group	Kolmogorov-Smirnov Test
	Weighted average	Score	Critical Value=208
a) Enjoyed good job satisfaction	3.09	3.26	D = .093
b) Lack of perceived opportunity	3.13	3.30	D = .104
c) Lack of finance	3.79	3.78	D = .120
d) Lack of relevant experience	3.41	3.31	D = 073
e) Perceived risk to high	2.95	3.40	D = .172
f) Constrained by family responsibilities	1.75	1.97	D = .084

When examining the responses to job satisfaction the control group scored highest (3.26) in the consideration that this was an important factor. The result here seems to indicate that this group were less prepared than the interest group (3.09) to explore the career alternative of self-employment. With regard to perceived business opportunity the control group scored higher (3.30 v 3.13) indicating again more caution than the interest group. Regarding lack of finance there was no difference between the groups. Lack of relevant experience featured higher in the interest group (3.41 v 3.31). This may be explained by this groups' awareness that experience, as taught on enterprise courses, is a prerequisite to successful start-ups. When questioned on the risk involved the control group scored the highest (3.40 v 2.95) indicating that this group were most risk averse, a feature characteristic of non-entrepreneurs. The constraints of family responsibilities were not considered important by either group. Overall lack of finance was considered the greatest militating factor by both populations. A distinguishing feature of the two groups is the tendency of the interest group to ascribe more relative importance to an intrinsic factor such as experience and less to the risk involved. By comparison, the control group appear less concerned with experience and attach more importance to the extrinsic factor risk.

Table 9  
Running a business on a part-time basis

	Interest Group	%	Control Group	%	Total	%
Run a business part-time	14	15.3	6	5.6	20	10.0
Do not run a business part-time	77	84.7	102	94.4	179	90.0
Totals	91	100	108	100	199	100

Chi-square analysis: df 1,  $\chi^2 = 6.70$  ( $>$  critical value (0.05) = 3.84)

Another statistically significant finding of the survey was the high proportion of the interest group, 15 per cent (n=14), who operated a part-time business since graduation versus only

5 per cent (n=6) of the control group. Interestingly, all the activities were in the service sector with the exception of 25 per cent (n=5) respondents who were involved in farming. In depth studies of new venture creation reveals that entrepreneurship is a process which generally allows many variations of a potential venture.

*Graduate entrepreneur start-ups*

This section of the paper provides information on the business ventures initiated by graduate entrepreneurs. It examines the type of business, the number of employees, the turnover, and it also gives a profile of the graduate entrepreneur. Factors that encouraged respondents to start their ventures are also detailed.

Table 10  
Type of business start-ups

	Interest Group	Control Group	Total
Financial Consultants	1	1	2
Consultant Chemists	1	-	1
Plastics - Manufacturing	1	-	1
Photography	1	-	1
Property	1	-	1
Electronics - Manufacturing	1	-	1
Mgt. Training Consultants	-	1	1
Design/Promotions	-	1	1
Totals	6	3	9

Table 10 and 11 reveal perhaps the most interesting results of the survey. Although the figures are small, it must be noted that the evidence suggests that not only is the interest group starting business at twice the rate of the control group but also a third of them are starting manufacturing ventures and trading internationally as opposed to none in the control group.

*Operating details*

Table 11

	Interest Group	Control Group	Mean Score
Trading Internationally	2	NIL	1
Mean Age	25.3	30	27.6
Mean number of year in business	2.5 years	1 year	1.75 year
Mean number of employees	9.5	1.6	5.55
Mean Turnover	£540,000	£74,000	£307,000
Mean Salary	£15,00	£19,00	£17,000

An examination of the mean distributions of the two groups with respect to age, number of years in business, number of employees and turnover reveals a profile of the new breed, the graduate entrepreneur. He/she is younger than their counterparts in the control group with the former having an average age of 25.3 years compared to 30. He/she has been in business for an average of 2.5 years, indicating an age of 22.3 years when starting the business as opposed to 29 years, employs 9.5 persons in comparison to 1.6 persons and has a mean turnover of £540,000 per annum as opposed to £74,000 per annum. The only area with less favourable results occurred in the average salary of these young entrepreneurs - £15,000 - compared to £19,000. Taking into consideration their age this salary differential would not seem to be a 'push' factor in terms of the pursuit of an entrepreneurial career path.

*Factors that encourage entrepreneurship*

Respondents who had established their own enterprises were asked to rank, on a five-point scale, from 'very important' to of 'no importance', the factors which prompted their decision to become entrepreneurs. The results presented in table 12 are scored on a five-point scale of relative importance where five is assigned to the highest scored factor and one to the lowest score.

Table 12  
Factors that encouraged start-up

	Interest Group	Control Group
	Weighted average score	
a) Perceived suitable opportunity	4.16	4.33
b) Entrepreneurship course	3.98	1.00
c) Frustration with existing job	2.83	3.67
d) Availability of venture capital	2.83	2.33
e) Low perceived risk	2.50	2.66
f) Discovery of partner	2.33	1.33
g) Failure of company of employment	1.00	2.66

The most obvious finding is that the perception of a suitable business opportunity represented the most important stimulus factor for both groups of respondents who had started a business. Particularly interesting was the response of the interest group to the effect of the entrepreneurship course they had completed. All considered the course to be an important contributing factor rating it second to their decision to start-up an enterprise. The control group not having participated in such a course perceived it to be the least important factor. Frustration with the existing job was seen as the second most important factor by the control group, with low risk third. The interest group perceived job frustration and availability of venture capital equally important in third place in the ratings. For these, low risk and discovery of a potential partner overall rated further down the scale. A somewhat similar pattern, for the remainder of the data, presents itself with the exception of failure of the company in which employed. This was seen by one respondent in the control group as being extremely important. Both populations added a number of other reasons for setting up their own businesses. The interest group cited the challenge, the experience, the money, working for oneself, their own ability and talent, as the factors that motivated their start-ups. One respondent in this group indicated unemployment as his reason for going it alone. Scott (1988) in his survey identified the effects of unemployment as a triggering factor for aspirations to entrepreneurship. A desire to fulfill a lifelong ambition to be self-employed was given as the reason by two respondents in the control group. The third indicated that he was dissatisfied with his previous employment and with the P.A.Y.E. tax system and therefore chose self-employment.

What is interesting in these findings is that overall 78 per cent of these entrepreneurs stated positive contributing factors, such as the desire to be self-employed, identification of a business opportunity, and the entrepreneurship course, as their reasons for start-up, while only two respondents (22 per cent) started their businesses because of negative situational factors as highlighted in Shapero's (1975) study.

Table 12  
Qualifications and specialisms of graduate entrepreneurs

	Interest Group	Control Group	Total
University Graduates	3	2	5
RTC and other Institution graduates	3	1	4
Totals	6	3	9
Business/Commerce	4	3	7
Science/Engineering	2	-	2
Totals	6	3	9
Degree	3	2	5
Diploma	1	1	2
Certificate	2	-	2
Totals	6	3	9

Table 13 indicates that there is little difference in the type of third level institution the respondents attended. Graduate entrepreneurs are emerging from both universities and regional technical colleges at approximately the same rate. The qualifications and specialisms of the respondents indicate that overall 78 per cent a business/commerce background and 23 per cent science/engineering qualification. Degree graduates accounted for 56 per cent the start-ups.

Table 13  
Personal variables of graduate entrepreneurs

	Interest Group	Control Group	Total
Sex of Respondents			
Male	5	2	7
Female	1	1	2
Totals	6	3	9
Marital Status			
Married	2	3	5
Single	4	-	4
Totals	6	3	9
Rank in Family			
First born	2	-	2
Second born	1	1	2
Third born	1	2	3
Fourth born	1	-	1
Other	1	-	1
Totals	6	3	9

In terms of personal variables graduate entrepreneurs were predominately male 78 per cent as is notable in the analysis is the high proportion of the interest group who were single as opposed to the control group where 100 per cent married. This difference, of course, may be attributed to the age differential between the two groups. In line with a number of previous studies McClelland (1965), Petrof (1981), a third of the graduate entrepreneurs in the interest group were first born.

## Discussion and conclusions

The resolve to carry out the present research evolved from the belief that enterprise initiatives introduced during third level education stimulate graduate entrepreneurship. The tentative evidence from this survey suggests that this hypothesis is well founded. It appears that creating an awareness of the enterprising process and developing and transferring knowledge about business formation can stimulate graduate entrepreneurship. This research is an exploratory study and clearly the question must be asked, do 'entrepreneurial students' self select the entrepreneurship options and programmes while at college? Are entrepreneurial attributes the *cause* of a favourable disposition towards these courses? On the other hand can entrepreneurship really be taught? Is graduate entrepreneurial activity the *effect* or result of these programmes. A review of literature suggests that the entrepreneurial role can be culturally and experientially acquired and is influenced by education and training (Gibb 1987). Ryle (1963) argues concerning the importance of education in terms of results and behaviours, in particular in reinforcing innovation, creativity, flexibility, capability to respond to widely different situations, autonomy, self-direction and self-expression.

It has been stated by Scott (1988) that the longterm supply of well educated and well qualified entrepreneurs is essential to a strong modern economy. Running fast-growing businesses, especially those with a large technological component, is a complex operation. Considerable knowledge is required to cope with these problems. These views are reinforced by a recent study of small firm growth by Davidsson (1989) who demonstrated a positive relationship between higher education, ability and business growth.

The study shows that the majority of the respondents chose a career in employment but there is evidence that the enterprise initiative taken by the interest group had an effect on the graduates' subsequent career decision. The results suggest that a higher proportion of the interest group will start their own business.

The IDA Student Enterprise Award is perceived by the vast majority of those who participated in the competition, as an effective way of developing the skills necessary to become a successful entrepreneur. These skills include problem solving, creativity, persuasiveness, planning, negotiating and decision making (Gibb 1987). More emphasis on general enterprise management skills is an area requiring attention in entrepreneurship curricula, according to the survey results. These functions might include developing formal business plans, analysing opportunities, acquiring resources, and working towards goals (Bird 1988).

The number of graduates who are involved in part-time business activities is worth noting. Just as a managerial career is often a progression of jobs and positions, an entrepreneurial career is usually a progression of ventures or the creation of new ventures within the existing venture (Ronstadt 1985). The phenomenon, labeled the *Corridor Principle*, proffers that most entrepreneurs will see corridors leading to new venture opportunities.

Overall the percentage of graduate start-ups is low. However it is interesting to note that though the figures are small, those who had taken enterprise initiatives were starting businesses at a higher rate than their peers, they were starting them at a younger age, were employing more people, had a higher turnover per annum and were establishing manufacturing as well as services businesses. Additionally they were involved in family and part-time businesses on a greater scale than their counterparts who were not involved in enterprise initiatives.

From the results it appears that the role of the education system is influencing entrepreneurship is strong. Kirby (1989) suggests that to develop more entrepreneurial graduates requires an enterprising approach to learning, where students deal with ambiguity and complexity and develop all the skills necessary to manage a business. This exploratory study provides initial evidence that initiatives such as the I.D.A. Student Enterprise Award appear to be stimulating the level of graduate entrepreneurship country-wide. These courses, it would appear, are contributing in the graduate market sector to what Blythe, Granger and Stanworth (1989) call the 'fast track' into business.

### Foot-note

The Chi-square analysis involves (1) calculating a statistic which summarises the differences between two sets of categorical data, (2) determining the degrees of freedom associated with the data set, and (3) using those two values, and a table of the Chi-square distribution, to determine if the calculated Chi-square statistic falls within the range which could easily have occurred by chance due to sampling variation. If it does not, the differences between the two sets of data are judged to be significant.

The Kolmogorov-Smirnov Two Sample test deals exclusively with the maximum difference in cumulative relative frequency in grouped interval data. If the maximum difference  $D$  is large the difference is considered likely to be a real one, and the two sets of data are judged to have come from two different populations.

### Notes

<sup>1</sup> Patricia Fleming lectures in Entrepreneurship at the University of Limerick. A Guinness IMI Sir Charles Harvey Award was presented to the author for the results reported in this paper.

Paper given at the Internationalizing Entrepreneurship Education and Training Conference, Vienna, July 1993.

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# 10 Die Rolle der Interessenvertretung in der Unternehmer-Aus- und Weiterbildung

*Peter Helmes*

## **Vorbemerkung**

Die Methoden und Wege der Unternehmer-Ausbildung wurden bereits dargestellt (Prof. Dr. Klandt). Bei dem mir gestellten Thema geht es um die Rolle der Verbände in diesem Bereich. Ich werde deshalb drei Kernpunkte ansprechen:

1. Interessenvertretungen, also Verbände, haben unter anderem die Aufgabe zur Unternehmer-Aus- und Weiterbildung, und sie nehmen diese Aufgabe wahr.
2. Kleine und mittlere Unternehmen haben besondere Probleme mit und in den Verbänden, aber sie brauchen die Verbände gerade im Bereich der Ausbildung. Man muß allerdings die Konflikt-Gefahrenstellen erkennen.
3. Ich will auf die Dominanz der großen gegenüber den kleinen und mittleren Unternehmen (KMU) aufmerksam machen.

## **Zunächst zur grundsätzlichen Betrachtung der Beziehung: Unternehmen./Verband**

Verbände nehmen in der Wirtschaft einen gewissen Einfluß auf die quantitative und qualitative Unternehmensentwicklung. Verbände sind ein fester Bestandteil der heutigen marktwirtschaftlichen Ordnung und aus dieser nicht mehr wegzudenken. Grundsätzlich kann die Unternehmung in dem von ihr gewählten Marktbereich selbständig agieren. Ihr

kommt Souveränität für ihre Entscheidungen zu; sie versucht, sich gegen Konkurrenz aus eigener Kraft zu behaupten, durchzusetzen und ihre Ziele zu erreichen. Selbständigkeit und Unabhängigkeit - so sehr diese auch geschätzt werden - stoßen an ihre Grenzen: Es fallen über kurz oder lang Probleme an, für deren Bewältigung die Unternehmung die nötige Kapazität nicht besitzt oder die Zusammenarbeit mit anderen Wirtschaftseinheiten notwendig wird. Außerdem wird die Unternehmung die Tendenz haben, Abhängigkeiten von ihrer Umwelt dadurch zu reduzieren, daß sie mit den für sie relevanten Umweltfaktoren über Verhandlungen und Abmachungen überschaubare (kalkulierbare) Beziehungen herzustellen versucht. Sie geht deshalb kooperative Bindungen ein, d. h. bewältigt einzelne ihr gestellte Aufgaben nicht mehr autonom, sondern in Zusammenarbeit mit anderen Unternehmungen. Indem sie einzelne Aufgaben ausgliedert und sich der Abstimmung mit anderen Unternehmungen unterzieht, verliert sie zwar an Selbständigkeit; das Unternehmen gewinnt aber im Verband durch:

1. Rationalisierungseffekte auf Grund kostengünstigerer Lösungen;
2. Realisierungseffekte bei der Bewältigung von Problemen, die die Eigenkapazität des KMU übersteigen;
3. Machteffekte an Potential für die Umweltbeeinflussung.

Mittels dieser von mir als Funktionsgliederung bezeichneten Strategie (Ausübung einer Funktion außerhalb der Unternehmung, über welche diese aber selbst mitbestimmen kann) schafft sich die Unternehmung ein zusätzliches Potential, ein Instrument, mit dem sie ihre Ziele effizienter realisieren kann.

Je nach Aufgabe wird eine solche Kooperation zu einer Genossenschaft oder zu einem Wirtschaftsverband (Fachverband, Arbeitgeberverband) führen. Diese Organisationen sind bedarfswirtschaftlich orientiert, d. h. sie werden eingerichtet und mit eigenem Potential versehen, um für die Mitglieder bestimmte Leistungen zu erbringen. Es handelt sich hier also um Hilfwirtschaften, die nach dem Förderungsprinzip die ihr angeschlossenen Unternehmungen zu unterstützen haben. Die Unternehmung geht immer dann Kooperationen ein, wenn sie sich davon per Saldo einen positiven Effekt für die Erreichung ihrer eigenen Ziele (Entwicklung, Existenzsicherung, Gewinnmaximierung) verspricht.

### **Innerbetriebliche Aufgaben, z. B. Aus- und Fortbildung**

Die meisten Kooperationsformen richten sich vor allem auf die Sicherung, Gestaltung und Entwicklung der Umweltbeziehungen der Unternehmungen. Unternehmensentwicklung heißt aber immer auch Verbesserung des internen betrieblichen Potentials, also der Qualität und Effizienz des Managements, der 'Human Resources' der betrieblichen Organisation. Leistungen, welche zur Verbesserung dieses Potentials eingesetzt werden, können selten oder gar nicht über den Markt bezogen werden, ihre 'Herstellung' übersteigt oft die Möglichkeiten der einzelnen Unternehmung. Deshalb werden auch in diesem Aufgabenbereich Kooperationen geschaffen, welche die benötigten Leistungen erbringen bzw. Einzelaufgaben erfüllen. Ich nenne insbesondere:

1. Den Zweckverband (das Gemeinschaftswerk) einzelner Unternehmer, z. B. zur gemeinsamen Betreibung einer Datenverarbeitungs-Anlage oder von Forschung und Entwicklung (FuE).

2. Den Dienstleistungsverband, der als Organisation einer Branche einer Region vielfache Dienstleistungen (Information, Beratung, Ausbildung, Durchführung von Messen usw.) für seine Mitglieder erbringt.

Wie schon erwähnt, kommt der Interessenvertretung in der Unternehmer-Aus- und Fortbildung ein besonderer Stellenwert zu. Interessenverbände erledigen teilweise Aufgaben, die die Unternehmer an sie delegieren.

Die Funktionen bedingen sich wechselseitig:

- Die Interessenverbände stellen Angebote zur Unternehmer-Fortbildung zur Verfügung, die in einzelnen Unternehmungen (KMU) kaum zu erbringen sind.
- Der Unternehmer ist gezwungen, die Rolle und Aufgabe des Interessenverbandes zu definieren und ständig zu kontrollieren. Er muß lernen, sich des 'Instrumentes' Interessenverband sinnvoll zu bedienen.
- Der Unternehmer muß lernen, den Interessenverband gezielt als Lobby-Instrument zu nutzen.

Dabei tritt auch hier das einzelne Unternehmen in Wettbewerb zu den anderen Mitglied-Unternehmen eines Verbandes.

Und hier droht:

### **Konflikt-Gefahr**

1. Ein vollständiger Konsens unter allen Mitgliedern und über das gesamte verbandliche Zielsystem und Aktivitätsspektrum kann nicht mehr vorausgesetzt werden. Durch Mehrheitsbeschlüsse werden Programme festgelegt, von denen die einzelnen Mitgliederbetriebe in unterschiedlichem Ausmaß betroffen werden.
2. Unternehmungen treten dem Verband als Mitglied bei, weil sie an bestimmten Leistungen interessiert sind und nur die Mitgliedschaft den Zugang zu diesen Leistungen ermöglicht. Diese Anreize schafft der Verband, um mit den Mitgliedsbeiträgen die Produktion von Kollektivgütern zu finanzieren, für die das Mitglied sich sonst nicht engagieren würde. Für die Unternehmung hat die Mitgliedschaft, die sie aus selektiven, begrenzten Motiven eingeht, zur Folge, daß sie automatisch sämtlichen Verbandsnormen unterliegt.
3. Verbände entwickeln oft ein Eigenleben 'am Markt vorbei'. Der Unternehmer (Prof. Klandt) 'blickt oft nicht durch'. Der Funktionärskader 'produziert sich, er wirkt leicht arrogant'.
4. Nicht alle für die Verbandsentscheide notwendigen Abstimmungen können von Generalversammlungen getroffen werden. Besonders größere Organisationen funktionieren schwergewichtsmäßig als Systeme parlamentarischer oder gar patriarchalischer Demokratie. Entscheide werden von der Verbandsleitung und von Ausschüssen getroffen und treten häufig dem Einzelmitglied als fremdbestimmte Elemente gegenüber.

Die Folge dieser partiellen Verselbständigung der Kooperation ist eine Art 'Mehrwert' des Verbandes gegenüber den Mitgliedern. Wohl bleibt der Verband an seinen Förderungsauftrag gebunden und zum Handeln im Interesse der Mitglieder verpflichtet. Dies verhindert aber nicht, daß der Verband zur Erreichung seiner Ziele auf seine Mitglieder einwirken muß, da er ja primär nicht Individual- sondern Kollektivinteressen verfolgt. In dem Bereich der dem Verband zur gänzlichen oder teilweisen Erfüllung übertragenen Aufgaben wird

das KMU zunächst teilweise vom Verband abhängig. Da in der Regel die Mitgliedschaft freiwillig ist, kann angenommen werden, daß die Unternehmung dieselbe solange aufrechterhält, als sie per Saldo einen positiven Nutzen aus der Verbandsarbeit zieht. Solange dies der Fall ist, wird sie sich den für sie ergebenden Inkonvenienzen unterziehen.

### **Aus- und Weiterbildung - Vorsprung durch den Verband**

Aus- und Weiterbildung ist eine der Kernfunktionen der Verbände. Viele Unternehmen haben erkannt, daß ihnen 'handgestrickte' Seminare - deren Seriosität oft kaum nachprüfbar ist - nicht weiterhelfen. Deshalb sind gerade KMU auf das differenziertere Angebot der Verbände angewiesen.

Allerdings laufen KMU gerade hier Gefahr, sich 'den Großen' unterordnen zu müssen. Die Dominanz der Großunternehmen - personell und finanziell - zeigt sich vor allem in Bezug auf die Teilnehmer-Gebühren (Seminar-Kosten) und die Programm-Angebote, die oftmals auf die Finanz- und Nachfragemacht der Großen zugeschnitten sind.

Ergo: Einen Vorsprung - oder zumindest ein Gleichziehen - können KMU erreichen durch die Formulierung eigener Forderungen bzw. eigener Weiterbildungsvorschläge an den Verband (Referenten-Benennung, Teilnehmer-Rekrutierung, Absprache mit anderen KMU). Hilfe bringt auch die Durchführung von sog. In-House-Seminaren, die dann ganz auf die Belange des jeweiligen KMU zugeschnitten werden können. Fordern Sie auch die Verbandsfunktionäre auf, in Ihr KMU zu kommen, um Ihre speziellen Probleme kennenzulernen! Schaffen sie eigene Weiterbildungsstandards gerade für Ihr KMU (z.B. 'geprüfter ... Berater')! Fordern Sie, nutzen Sie Seminarangebote, um neue Märkte zu entdecken (z.B. im Osten)! Wo kann der Unternehmer das lernen, wenn nicht im Verband?!

### **Wechselwirkung Verband./Unternehmen**

Wenn Verbänden ein 'Mehrwert' in Form von Durchsetzungsmacht zukommt, so ist ihr Einfluß auf die Unternehmensentwicklung unvermeidlich. Diese Verantwortung gegenüber ihren Mitgliedern paart sich mit derjenigen gegenüber Umwelt und Öffentlichkeit. Verantwortung wird den Verbänden durch die Partizipation am politischen Willensbildungsprozeß auferlegt. Wollen Verbände dieser Gestaltungsfunktion wirksam nachkommen, so müssen sie konstruktiv agieren und ihr Verhalten auf langfristig orientierte Strategien abstützen. Bei der heutigen Umweltdynamik scheint mir die Unternehmungsentwicklung eng mit der Effektivität von Kooperationen und Verbänden liiert zu sein. Unternehmungsentwicklung erstreckt sich immer als langfristig geplanter Prozeß in die Zukunft. Sollen Verbände ein taugliches Instrument der Unternehmungsentwicklung bleiben (und dies ist ja ihre raison d'être), dann müssen die Unternehmungen sich ihrerseits auch als Instrumente der Verbandsentwicklung begreifen. In dieser Wechselwirkung zwischen Verband und Unternehmensentwicklung liegt ein wichtiger Teil ihrer Zukunft.

Gerade mittelständische Unternehmen werden daher nicht allein gestützt auf traditionelle Strategien Erfolg erreichen. Erfolgreich wird sich nur dasjenige Unternehmen behaupten können, das mit den Unsicherheiten richtig umzugehen weiß, das jede Möglichkeit der Weiterbildung nutzt, das zusammen mit anderen Unternehmen und FuE-Einrichtungen Netzstrukturen aufbauen kann und das in neuen Märkten durch neue Techniken und neue Kunden Innovationschancen aufspüren kann.

**Fazit:**

In dieser Situation wächst der Bedarf an Verbandsleistungen. Verbandsdienste stellen eine neue Qualität der Dienstleistungsgesellschaft dar: Die 'Mediation' zur Sicherung der (unternehmerischen) Zukunft ist in diesem Konzept eine zentrale verbandspolitische Aufgabe. Die Unternehmen benötigen Entscheidungshilfen durch Hinweise auf Chancen in Technik und Märkten zur ständigen Innovation, ja selbst bei der Formulierung konkreter Unternehmensperspektiven.

# 11 Die Rolle der externen Anbieter bei der Weiterbildung von Leitern und Mitarbeitern in kleinen und mittleren Unternehmen

*Norbert Kailer*

## **Ausgangssituation**

Über 99 Prozent aller Unternehmen in der EG sind kleine und mittlere Unternehmen (KMUs) mit weniger als 500 Mitarbeitern. Auch für diese Unternehmensgröße wird die berufsbezogene Weiterbildung der Leitungsebene und der Mitarbeiter(innen) zunehmend zum strategischen Wettbewerbsfaktor. Wichtige Gründe aus Sicht von Inhaber(inn)en von KMUs sind

- der zunehmende internationale Wettbewerb
- die steigenden Probleme bei der Suche nach jungen Fachkräften am Arbeitsmarkt
- der erhebliche Weiterbildungsbedarf aufgrund der Einführung neuer Technologien und EDV und die dadurch ausgelösten organisatorisch-personellen Veränderungen
- Vorbereitung auf Audits im Rahmen von ISO 9000
- Auswirkungen durch die Dezentralisierung von Entscheidungen, Verantwortung und Qualitätssicherung usw.

Die Qualifikation der Mitarbeiter wird als 'Engpaßfaktor' bei der Nutzung des Potentials DV-gestützter Technologien gesehen (Staudt 1990). Weiterbildung soll zum integralen Bestandteil der Unternehmensstrategie insbesondere in KMUs werden (Irdac o.J.). Die EG setzt ebenfalls auf Weiterbildung als strategischen Wettbewerbsfaktor: Informationszentralen und Beratungsnetze werden aufgebaut, die EG-Bildungsprogramme enthalten

spezielle Weiterbildungs- und Beratungsangebote für KMU-Führungskräfte (Feuchthofen 1992), Jungunternehmer und Unternehmensgründer (Gibb 1987a).

In der Praxis zeigt sich jedoch ein von diesen Zielvorstellungen abweichendes Bild: KMUs bemängeln das Fehlen eines themen- und betriebsgrößenadäquaten Angebotes und die Unübersichtlichkeit des Weiterbildungsmarktes (Kailer 1990a). Anbieter klagen über die Weiterbildungsabstizienz von KMUs hinsichtlich der von ihnen entwickelten Bildungsveranstaltungen - nicht erst seit der derzeitigen Nachfrageflaute am externen Bildungsmarkt. In Untersuchungen wird auf eine geringe Weiterbildungs-beteiligung von KMUs und das Vorherrschen von ad-hoc-Weiterbildung hingewiesen.

Den Ausgangspunkt der folgenden Überlegungen bildet die These, da KMUs vorwiegend externe Anbieter von Weiterbildungs- und Beratungsleistungen als 'ausgelagerte Weiterbildungsabteilung' einsetzen. Damit bilden diese und ihre Dienstleistungspalette einen zentralen Ansatzpunkt für die Förderung der betrieblichen Weiterbildung von KMUs. Um Weiterbildungsaktivitäten der KMUs zu verstetigen bzw. KMUs überhaupt erst zu erreichen, ist eine Erweiterung bzw. Umgestaltung der bisherigen Dienstleistungspalette der Anbieter erforderlich. Dies setzt allerdings erhebliche Veränderungen nicht nur im Bildungsmarketing (Stahl 1990, Geissler 1992), sondern auch im Bildungsmanagement der Weiterbildungsträger voraus. Für solche Veränderungen am Weiterbildungsmarkt wurden in jüngster Zeit eine Reihe von Belegen in Fallstudienform vorgelegt (Geissler 1993, BFZ 1993, Kailer/Regner 1993).

## **Zur Struktur der Weiterbildungsarbeit in KMUs**

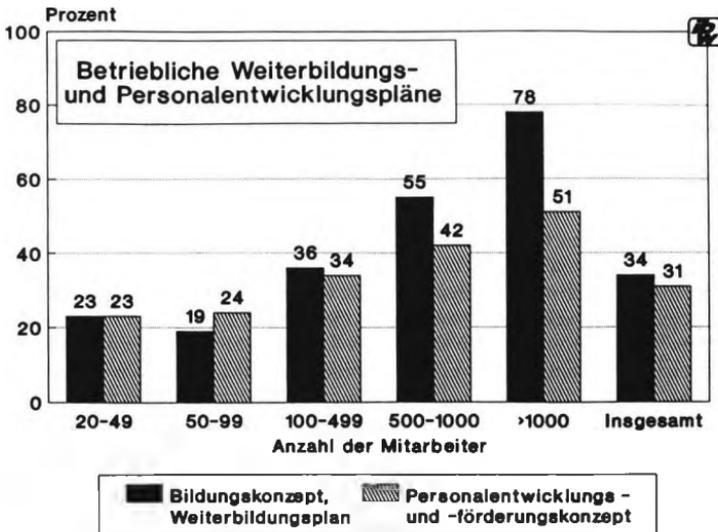
Die Weiterbildungsarbeit von KMUs wird in den wenigen auf diese Betriebsgröße ausgerichteten Erhebungen und Fallstudien relativ ähnlich beschrieben: Vgl. z.B. für Deutschland Koch/Kraak u.a. 1990, Kuwan u.a. 1990, Weiss 1990, Staudt 1990, Sinus 1992, Ackermann/Blumenstock 1993, Stooß/Jansen 1993; für Österreich Kailer u.a. 1985, Kailer 1990a,b, 1991, 1993a, Kraus u.a. 1992; für Schweizer Industriebetriebe Künzle/Büchel 1989. Es fehlt auch nicht an kritischen Anmerkungen zur Erhebungspraxis (z.B. Arnold 1990, 149ff.).

### *Betriebliches Weiterbildungspersonal fehlt*

In den meisten KMUs behält sich die Leitungsebene die Koordination der Weiterbildung selbst vor bzw. es gibt aufgrund der Nachrangigkeit der Aufgabe keine klar festgelegte Zuständigkeit ('wird von Fall zu Fall entschieden'). Mit zunehmender Mitarbeiterzahl wird diese Aufgabe nebenamtlich von den jeweiligen Vorgesetzten bzw. von Personalsachbearbeitern übernommen (Kailer 1990a, Weiß 1990). Hauptamtlich tätiges Weiterbildungspersonal wird vorwiegend in größeren Unternehmen eingesetzt. In KMUs wird diese Aufgabe z.B. vom Sekretariat, der Verkaufsleitung oder einem Meister übernommen. Diese (nebenamtlich tätigen) Weiterbildungsverantwortlichen in KMUs sind - so überhaupt vorhanden - für diese Aufgaben kaum ausgebildet. Sie haben meist nur wenig Erfahrung mit der Organisation, Planung und Durchführung betrieblicher Weiterbildungsmaßnahmen und wenig Übersicht über das externe Angebot.

Weiterbildung erfolgt in KMUs vorwiegend ad-hoc. So verfügt z.B. in Österreich etwa jedes zehnte Unternehmen mit weniger als 100 Mitarbeitern über einen Weiterbildungsplan (Tafel 1). Instrumentarien zur Bedarfserhebung und Evaluierung werden kaum eingesetzt (dies trifft aber auch auf eine Reihe von Großunternehmen zu)(Kailer 1990a, 1991a, Staudt 1990).

Abbildung 1



Q.: Kailer 1990a, Ibw-Betriebsbefragung (n=1100)

### *Externe Kooperationspartner als ausgelagerte Bildungsabteilung*

Wegen des Fehlens eigenen Weiterbildungspersonals sind KMUs sehr stark auf das überbetriebliche Angebot an Training und Beratung angewiesen. Die externen Anbieter (Weiterbildungsinstitute, Trainergruppen, Unternehmen) werden als 'ausgelagerte Bildungsabteilungen' verwendet. KMUs delegieren Aufgaben wie die Bedarfsdiagnose, Trainer- und Seminarwahl, Programmentwicklung und Durchführung. Diese Strategie kann allerdings auch dazu führen, daß Externe die 'Sündenbockfunktion' für betriebliche Probleme übernehmen.

KMUs sehen sich einem intransparenten Markt mit steigender Anbieterzahl gegenüber. Aufgrund der beschränkten zeitlichen Kapazität und fehlender Weiterbildungsverantwortlicher kooperieren sie meist mit einem oder wenigen Externen (insbesondere Weiterbildungsinstitute der Interessensverbände, Bildungsabteilungen anderer Unternehmen und Trainer- und Beratergruppen als 'Haustrainern') (Kailer 1990b, 1993b). Die Auswahl externer Anbieter bzw. Seminare erfolgt meist nur aufgrund eher einfacher Kriterien, wie z.B. Termin, Kosten oder Semintitel (Kraus u.a. 1992).

Mittel- und Großbetriebe setzen zunehmend die Weiterbildung ihrer Zulieferanten oder Kunden als strategischer Wettbewerbsfaktor ein. Etwa jedes fünfte Unternehmen in Deutschland und Österreich schult Mitarbeiter anderer Betriebe (Weiss 1990, Kailer 1990a). Gerade kleine Betriebe nennen als wichtigsten Weiterbildungspartner häufig ein anderes Unternehmen. Es handelt sich vorwiegend um Produktschulungen sowie um fachorientierte Kurse, jedoch zeigt sich auch eine Erweiterung des Angebotes in Richtung

Unternehmens-, Marketing- und Strategieberatung sowie Team- und Kommunikationstraining (vgl. z.B. SCHICK 1993).

Die Zahl der privaten Trainer- und Beratergruppen nimmt ebenfalls seit mehreren Jahren stetig zu, wobei diese sich zunehmend auch auf - meist sehr weiterbildungsaktive - Mittelbetriebe konzentrieren.

### *Hoher Stellenwert informeller Weiterbildung*

In Kleinbetrieben wird vor allem am Arbeitsplatz mit und von Kollegen und Vorgesetzten, durch den Besuch von Fachmessen, durch individuelles Studium von Unterlagen und Literatur sowie durch den Besuch überbetrieblicher Fachkurse und -seminare gelernt (Hendry u.a. 1991). In Bildungsstatistiken (und Befragungen) werden meist nur die letztgenannten Bildungsveranstaltungen berücksichtigt (vgl. Arnold 1991, S. 111ff.). Weiterbildung mittels Selbststudienmaterial, Fernlehrgängen oder computergestützten Lernprogrammen spielt derzeit in KMUs nur eine sehr geringe Rolle. Der Einsatz erfolgt vorwiegend in Großbetrieben. Zwar werden zunehmend Pilotkurse und Materialien entwickelt (z.B. im Rahmen von Modellprojekten, die durch das Bundesinstitut für Berufsbildung oder im Rahmen von EG-Bildungsprogrammen gefördert werden), aber die zukünftige Inanspruchnahme durch KMUs ist derzeit noch nicht abschätzbar und wird stark von der Preispolitik der Anbieter abhängen.

### *'Weiterbildungsauslöser': Technische Entwicklungen und Produktinnovationen*

Die Pro-Kopf-Aufwendungen sind besonders bei denjenigen Unternehmen hoch, die:

- über Leitbilder und Unternehmensziele verfügen
- betriebsrelevante Veränderungen (technischer, gesetzlicher Art usw.) im Umfeld des Unternehmens feststellen
- eine hohe Produktinnovation aufweisen
- sich einer starken Konkurrenz mit ähnlicher Produkt- und Dienstleistungspalette ausgesetzt sehen
- Produkte und Dienstleistungen anbieten, welche einen hohen Beratungsaufwand erfordern
- innerbetriebliche Veränderungen organisatorisch-personeller Art durchführen (Kailer 1990a, Kraus u.a. 1992).

Für die Leitungsebene von KMUs sind es insbesondere die folgenden Gründe, die sie veranlassen, sich mit Fragen der Weiterbildung zu beschäftigen (Kailer u.a. 1985):

- Einführung neuer Technologien, von EDV oder neuen Produkten
- die Installierung von Zwischenhierarchien (z.B. Einführung einer Meisterebene)
- personelle Veränderungen an der Unternehmensspitze (z.B. Rückzug des 'Pionierunternehmers')
- die Erschließung neuer Märkte

Der Schwerpunkt betrieblicher Bildungsarbeit liegt in KMUs - sowohl für die Leitungs- als auch für die Mitarbeiterebene - auf der fachlichen Ebene: Produktwissen, fachspezifische Weiterbildung in den Bereichen Technik, neue Technologien, Betriebswirtschaft und EDV stehen im Vordergrund, Verkaufstraining wird relativ stark eingesetzt.

Diese 'Auslöser' aus Unternehmenssicht weisen allerdings auch darauf hin, wo externe Beratungsleistungen ansetzen können, um über Fachschulungen hinaus auch an Fragen des Führungsverhaltens (Brinkmann u.a. 1982), der Kooperation, der persönlichen Entwicklung und generell der Unternehmenskultur zu arbeiten und um durch diese Reflexionsprozesse Organisationsentwicklung und Identitätslernen zu ermöglichen. Zeitlich liegen Anknüpfungspunkte vor allem in der Phase der Unternehmensgründung (Gibb 1987a,b) sowie beim Übergang von der Pionier- zur Organisationsphase (Glasl 1984).

#### *Unterschiedliches Ausmaß der betrieblichen Weiterbildungsaktivitäten*

Nach Branchen und Mitarbeitergruppen sind in den bisher durchgeführten Erhebungen erhebliche Unterschiede in der Gestaltungsform, den Themenschwerpunkten und der Intensität festzustellen. So liegen - unter Verwendung des Indikators der Pro-Kopf-Ausgaben - Banken, Versicherungen und größere Industriebetriebe an der Spitze. Mehrere Untersuchungen weisen jedoch auf eine in den letzten Jahren stark gestiegene Weiterbildungsbeteiligung von Kleinbetrieben hin (z.B. Bardeleben u.a. 1990, Weiss 1990, Kuwan u.a. 1990), wobei insbesondere ein Zusammenhang mit der Einführung neuer Technologien in KMUs gesehen wird. Damit kann nicht mehr generell davon ausgegangen werden, daß KMUs weniger weiterbilden als Großbetriebe. Auch bei KMUs gibt es nach wie vor sehr unterschiedliches Weiterbildungsverhalten, wobei sich die Einstellung der Leitungsebene als wesentlicher Einflußfaktor und damit zentraler Ansatzpunkt für die Einleitung von Veränderungsprozessen erweist (Kailer u.a. 1985, Fröhlich/Pichler 1988).

#### **Möglichkeiten der Kooperation von Unternehmen und externen Anbietern**

Zunehmend wurden in den letzten Jahren durch die 'Marktnischenstrategie' von privaten Trainer- und Beratergruppen, durch eine Reihe von Modellversuchen (z.B. des BIBB) und im Zuge der EG-Bildungsprogramme eine breite Palette von Weiterbildungsdienstleistungen für Einzelpersonen und Unternehmen entwickelt und praktisch erprobt. Zwar dominiert nach wie vor quantitativ gesehen die Entsendung zu außerbetrieblich abgehaltenen Veranstaltungen (Kailer 1990b), doch zeigt eine Reihe von Fallstudien von Weiterbildungsträgern sowie eine Analyse der angebotenen Programme, daß - auch bei bisher reinen Seminaranbietern - die Leistungspalette ausgeweitet wird. Dies bedingt wiederum markante Veränderungen personeller und organisatorischer Art sowie in den Qualifikationsanforderungen bei den Trainern und Bildungsmanagern (vgl. die Fallbeispiele in Geissler 1983, BFZ 1993, Kailer/REGNER 1993, Bardeleben 1989).

#### *Die Dienstleistungspalette der Weiterbildungsanbieter*

Die Kooperationsformen reichen vom Weiterbildungsverbund über unterschiedlichste Gestaltungsformen inner- und überbetrieblicher Veranstaltungen, die Unterstützung selbstgesteuerten Lernens (z.B. durch Selbstlernmaterialien, CBT-Programme, Fernlehrgänge) und Beratungsleistungen (z.B. Weiterbildungsberatung, Coaching) bis hin zur Unterstützung des betrieblichen Weiterbildungsmanagements (Hilfe zur Selbsthilfe durch Praxishilfen, 'Börsen- und Maklerfunktion' der Anbieter, Multiplikatoren- und Trainerausbildung usw. (Stiefel 1980, Kailer 1987) (Tafel/2).

Aus dieser gesamten Angebotspalette wird von KMUs die Entsendung von Mitarbeitern zu überbetrieblichen Seminaren bevorzugt genutzt. Diese Weiterbildungsstrategie führt jedoch oft nach der Rückkehr zu Umsetzungsproblemen am Arbeitsplatz. Zudem fühlen sich viele KMUs durch das überbetriebliche Standardangebot nicht angesprochen (Stahl

1990). Eine Intensivierung der Zusammenarbeit erfordert seitens der KMUs die Arbeit an Leitbildern, Unternehmenszielen und -strategien als Grundlage für Qualifikationsbedarfsanalysen und für die Formulierung von Weiterbildungszielen, seitens der Anbieter die Entwicklung von auf KMUs abgestimmten Trainings- und Beratungsangeboten unter Berücksichtigung zeitlich-örtlicher Rahmenbedingungen. Eine Vorreiterrolle bei diesen Entwicklungsarbeiten spielen in innovativen Marktnischen arbeitende Trainer- und Beratergruppen, jedoch zeigen sich auch bei bisher 'reinen Seminaranbietern' Ansätze zur Neupositionierung (Schade/Gurlit 1993).

Tafel I  
Die Dienstleistungspalette von Weiterbildungsanbietern

<b>KOOPERATIONSFELD Beispiele für Maßnahmen</b>	
<ul style="list-style-type: none"> <li>• Zusammenarbeit mit anderen Institutionen auf regionaler Ebene</li> </ul>	Weiterbildungsbedarfsanalysen Weiterbildungs-Motivationskampagnen Datenbanken Programmentwicklung im Anbieterverbund (auch grenzüberschreitend)
<ul style="list-style-type: none"> <li>• Bildungsbedarferhebung für das eigene Programmangebot</li> </ul>	Unternehmensbefragung Teilnehmerbefragung Programmevaluierung Expertenbefragung Auswertung von Bedarfsanalysen Kundenforen Programm-Beiräte
<ul style="list-style-type: none"> <li>• Weiterbildungsberatung</li> </ul>	Information über das eigene Programmangebot individuelle Beratungsgespräche zur Weiterbildung
<ul style="list-style-type: none"> <li>• Fachinformationen: Informationssammlung -aufbereitung, -weitergabe</li> </ul>	Fachbibliothek und -beratung Branchen-Newsletter
<ul style="list-style-type: none"> <li>• Lernmaterialien und -programme</li> </ul>	Verkauf/Verleih Adaptierung/Neuentwicklung tutorielle Betreuung
<ul style="list-style-type: none"> <li>• Förderung von Kooperation und Unternehmen) Erfahrungsaustausch ehemaligen</li> <li>• überbetriebliche Durchführung von Standardveranstaltungen</li> <li>• Ermittlung des Weiterbildungsbedarfes, von Teilnehmern</li> </ul>	regionale Erfa-Gruppen (Teilnehmer aus mehreren Kontakt-Treffen und -plattformen Erfa-Gruppe von Teilnehmern Blockseminare berufsbegleitende Lehrgänge Vortreffen, telefonische Interviews schriftliche Erhebungen

an überbetrieblichen Veranstaltungen	
• Lerntransferfördernde Gestaltung überbetrieblicher Seminare	Nachbereitungstreffen Transferkonferenzen Transferevaluierung
• Lernpartner- und Lehrmittelvermittlung (Börsenfunktion)	Datenbank über Interessenten/Materialien
• Weiterbildungsbedarfserhebung in Unternehmen	schriftliche Erhebung Interviewserie moderierte Klausurtagung zur Bedarfserhebung
• firmeninterne Durchführung von Veranstaltungen	Standardveranstaltungen (ohne Begleitmaßnahmen) 'maßgeschneiderte' bzw. adaptierte Programme
• Begleitung selbstgesteuerten Lernens Tutoreneinsatz	Begleitung von Lerngruppen am Arbeitsplatz/on-the-job- Trainingsmaßnahmen, Abhalten von Präsenzphasen bzw bei der Arbeit mit Fernlehrgängen und Selbst lempaketen
• Gruppenmoderationen Klausuren	Moderation von Arbeitsbesprechungen, Konferenzen
• Coaching	Einzel- und Gruppencoaching
• Organisationsentwicklungs-Prozeßbegleitung Beratung	Unternehmensdiagnose, Feedbackklausuren,

### *Probleme bei der Ausweitung der Dienstleistungspalette*

Allerdings sehen sich innovationsbereite Weiterbildungsträger einer Reihe von Problemen gegenüber:

- Spezialisierung (nach Zielgruppe, Thema, Branche usw.) erhöht das Absagerisiko. Dies verursacht nicht nur Kosten, sondern verärgert auch Kunden. Dies ist insbesondere in Zeiten schwacher Weiterbildungsnachfrage mit entsprechend hohen Absagequoten von Bedeutung.
- Je kunden-, problem- und transferorientierter das Programmdesign, desto höher ist der Zeitaufwand seitens der Trainer, der Teilnehmer und der Vorgesetzten und desto höher sind die Kosten. Dies schreckt insbesondere wenig weiterbildungserfahrene KMUs ab: Unterschiede in den Veranstaltungsdesigns werden bei einem Vergleich von Angebotsalternativen meist nicht berücksichtigt, KMUs beschränken sich (z.B. wegen fehlender einschlägiger Erfahrungen) meist auf einen reinen Preisvergleich bzw. wählen nach dem passenden Termin aus (Kraus/Kailer 1991, Kraus u.a. 1992).

- Die Vorteile neuer Dienstleistungen (wie z.B. Bildungsbedarfserhebung im Unternehmen durch den Anbieter) werden zwar gesehen, jedoch sind KMUs nur selten bereit, diese auch finanziell zu honorieren (BFZ 1993)
- Insbesondere Unternehmen mit geringer Weiterbildungserfahrung fragen vorwiegend bekannte, 'bewährte' Leistungen (wie z.B. externe Seminare, die bereits seit längerer Zeit angeboten werden), nach.
- Bei neuen Dienstleistungsangeboten werden solche bevorzugt, die außerhalb des Unternehmens erbracht werden (z.B. Information in Bildungsberatungsstellen, über Fachzeitschriften und newsletters, Praxisleitfäden). Dagegen ist z.B. bezüglich einer Beiziehung externer Fachleute für Bildungsbedarfserhebung im Unternehmen eine deutliche Hemmschwelle festzustellen. Weiterbildungsaktive Unternehmen präferieren integrierte Beratungs- und Schulungsprogramme (Kraus u.a. 1992).
- Nicht zuletzt steigen die Anforderungen an die eigenen Mitarbeiter aufgrund des veränderten Aufgabenspektrums. So gewinnen z.B. die Moderation von Bedarfserhebungsklausuren, die Entwicklung maßgeschneiderter Programme, Beratungsgespräche und Coaching für Führungskräfte und Mitarbeiter, Transferberatung in der Umsetzungsphase, Erstellung von Evaluierungsdesigns usw. an Bedeutung. Der Einsatz als Trainer tritt bei hauptamtlichen Mitarbeitern gegenüber Bildungsmanagementaufgaben in den Hintergrund. Die Auswahl, Aus- und Weiterbildung sowie Supervision von haupt- und nebenamtlichen Trainern, Beratern und Bildungsorganisatoren erfordert erhebliche Zeit- und Kosteninvestitionen durch den Weiterbildungsträger. Damit verbunden ist die Gefahr erhöhter Fluktuation der Berater, Bildungsmanager und Trainer des Weiterbildungsträgers, sofern dieser nicht auch begleitend organisatorisch-strukturelle Veränderungen in Angriff nimmt. Zentral sind dabei z.B. Neufestlegungen der Kompetenzen, der Beurteilungskriterien und der Entlohnungssysteme. Insbesondere bei größeren Instituten gewinnt auch die Laufbahngestaltung für die Weiterbildungler selbst an Bedeutung (vgl. Arnold 1991, S. 175ff.).

Die Erweiterung der Dienstleistungspalette unter dem Blickwinkel verstärkter Kunden- und Problemorientierung bedeutet damit nicht lediglich ein additives Hinzufügen eines weiteren Angebotes oder die Aufnahme eines zusätzlichen Fachspezialisten. Erforderlich ist vielmehr eine strategische Umorientierung des Weiterbildungsträgers selbst, d.h. die Einleitung von langfristig angelegten Organisationsentwicklungsprozessen.

Solche Veränderungsprojekte können bei einer Reihe von Faktoren, welche die Weiterbildungsnachfrage von KMUs hemmen, ansetzen, wie z.B.

- starke Angebots- und Produktorientierung
- Konzentration auf Standardprodukte mit geringem Entwicklungs- und Organisationsaufwand
- unklare und zu breite Formulierung der Zielgruppen der Maßnahmen
- Prospektüberflutung als Werbestrategie führt zu Desinformation
- zu wenige Bildungsmanager
- "Trittbrettfahreneffekt" bei neuen Angeboten von Konkurrenten
- großer externer Vortragendenstab ohne Möglichkeit zur Evaluierung
- Fehlen von Qualitätssicherungssystemen

## Strategien und Maßnahmen von Weiterbildungsträgern zum Abbau von Kapazitätsgengpässen und zur Kompetenzerhöhung beim Anbieter

Eine Umstrukturierung der Angebotspalette, z.B. durch Entwicklung von 'maßgeschneiderten' Angeboten für firmeninternes Training, durch Installierung einer Weiterbildungsberatungsstelle oder durch die Entwicklung von Selbstlernpaketen, setzt eine Erweiterung der fachlichen und pädagogischen Kompetenz der Weiterbildner voraus. Auch der Organisations- und Betreuungsaufwand erhöht sich bei mehrphasig angelegten Veranstaltungen wesentlich. Damit stellen für Weiterbildungsanbieter die Mitarbeiter und ihre Qualifikation den wichtigsten Engpaß ihrer Veränderungsbemühungen dar. D.h. Maßnahmen zur Kapazitäts- und Kompetenzerweiterung gewinnen zunehmend an strategischer Bedeutung.

Dazu gehören z.B.:

- die Einbeziehung externer Fachleute
- das Entrümpeln des Angebotes
- organisatorisch-administrative Routinisierung
- die Entwicklung und der Einsatz neuer Medien
- die Institutionalisierung der Zusammenarbeit der einzelnen Fachdienste des Anbieters
- die Weiterbildung der Weiterbildner
- die Forcierung des Prinzips der 'Hilfe zur Selbsthilfe'
- die Einführung von Qualitätssicherungssystemen

*Einbeziehung Externer: Seminarbetreuer, Lehrgangleiter, Programmbeiräte, Lehrmiteldesigner, Lernmanager, Spezialberater*

Die Einbeziehung Externer kann sowohl eine quantitative Kapazitätsausweitung als auch das Hereinholen von neuer Fachexpertise zum Ziel haben. Grundsätzlich wären alle diese Aufgaben durch hauptamtliches Personal des Trägers abdeckbar. Meist wird jedoch aus Kostengründen davon Abstand genommen. Der Nachteil dieser Kapazitätserweiterungsstrategie liegt darin, daß nicht sichergestellt werden kann, daß im Zuge der Arbeit mit Teilnehmern anfallende wichtige Umfeldinformationen gesammelt und ausgewertet und neu geknüpfte Kontakte weiterverfolgt werden.

Vorwiegend einer quantitativen Kapazitätsausweitung dient die Delegation von organisatorischen Arbeiten an *Seminarbetreuer und -assistenten* vor, während und nach Veranstaltungen. Bei entsprechender Ausbildung und Praxiserfahrung können diese auch eine Reihe zusätzlicher Aufgaben vor Ort (z.B. Marktforschung, Weiterbildungsberatung für Seminarteilnehmer, Co-Trainer-Tätigkeit) übernehmen. Diese Position eignet sich z.B. als Einstiegsposition, für Praktikanten oder als Nebenbeschäftigung für Studierende. Einer Ausbildung hauptamtlicher Assistenten steht meist das Problem der hohen Fluktuation entgegen.

*Lehrgangleiter und -koordinatoren* werden vorwiegend dann eingesetzt, wenn die Bildungsorganisatoren des Anbieters eine breite Angebotspalette zu koordinieren haben und die unterschiedlichen Bereiche inhaltlich nicht abdecken können. Diese Lehrgangleiter sind meist für die inhaltliche Seite, z.B. Themenfestlegung, Programmgestaltung, Referenzensuche und -auswahl zuständig. Die organisatorische Veranstaltungsplanung, -werbung und -abwicklung wird vom Bildungsmanager des Institutes durchgeführt. Damit wird allerdings die pädagogische Planungskompetenz nach außen abgegeben.

*Programmbeiräte* von Bildungsträgern sind meist aus Wissenschaftlern und Praktikern aus Unternehmen zusammengesetzt und beraten den Veranstalter. Diese Funktion wird oft auch als PR-Instrument eingesetzt, indem gezielt bekannte Personalentwickler angesprochen werden.

Weiterbildungsinstitute mit einer großen Anzahl externer Fachvortragender bieten diesen öfters Hilfestellung in der Form an, daß *Seminar- und Lehrmitteldesigner* (z.B. auf Werkvertragsbasis) zusammen mit den Inhaltsexperten das Veranstaltungskonzept entwickeln bzw. überarbeiten. Unterlagen didaktisch aufbereiten bzw. begleitende Selbstlernmaterialien entwickeln. Je größer die Anzahl der (nebenamtlichen) Vortragenden und je seltener diese Schulungen durchführen, desto geringer ist die Wahrscheinlichkeit, daß ein Service dieser Art auch angenommen wird. Zudem wird dadurch nur ein geringer Teil des Angebotes erfaßt.

Insbesondere bei längeren Lehrgängen mit einander abwechselnden Fachreferenten werden kursbegleitende Moderatoren als *Lernmanager (Lernprozeßbetreuer)* eingesetzt. Sie wirken als Bindeglied zwischen den einzelnen Programmteilen und Vortragenden und übernehmen meist auch die Vor- und Nachbetreuung der Teilnehmer.

Es werden aber auch gezielt einzelne Spezialfunktionen an externe Spezialberater übertragen (bzw. Externe werden auf Kosten des Weiterbildungsträgers in diesem Spezialbereich ausgebildet): So führen z.B. externe Trainer und Berater im Auftrag des Weiterbildungsträgers *Weiterbildungsbedarfserhebungen* in Unternehmen durch. Auf deren Grundlage entwickelt das Weiterbildungsinstitut einen Programmvorschlag für das Unternehmen. Dies kommt insbesondere dann zum Tragen, wenn der Anbieter erst mit firmeninternen Weiterbildungsangeboten beginnt und nicht über das notwendige know-how und Personal für die Durchführung von Firmendiagnosen verfügt. Auch hier besteht das Problem, daß wichtige Detailinformationen für die daran anschließende Programmentwicklung und -durchführung verloren gehen. Es werden auch *externe Evaluierungsberater* zur Erstellung eines Evaluierungskonzeptes für den Weiterbildungsträger bzw. zur laufenden Evaluierung der Veranstaltungen und Trainer (u.U. auch bei firmeninternen abgehaltenen Veranstaltungen) herangezogen. In ähnlicher Art und Weise werden auch externe *Lern- und Weiterbildungsberater* eingesetzt. Sie entwickeln Tests und Selbstdiagnoseunterlagen oder führen bei Bedarf individuelle Beratungsgespräche durch. Ein Problem liegt dabei darin, daß Externe das oft umfassende Programm des Trägers nicht detailliert genug kennen.

#### *Verstärkung von Ablaufroutinen und EDV-Unterstützung*

Bei einer entsprechend großen Anzahl abzuwickelnder Seminare wird die Programmplanung, Raumbellegung, Anmeldung und Abrechnung usw. meist EDV-gestützt durchgeführt. Begleitend werden Teilnehmerdateien aufgebaut und Interessentenprofile gespeichert, um gezielte Werbeaktionen durchzuführen bzw. um Bildungskennzahlen aus den Statistiken errechnen zu können. Auch Evaluationsberichte werden EDV-gestützt erstellt. Dies kann zu einer erheblichen Arbeitersparnis im administrativ-planerischen Bereich führen - verleitet aber auch dazu, noch stärker auf 'standardisierbare' Produkte zu setzen.

#### *Durchforstung des bestehenden Angebotes*

Eine wichtige und oft nicht in Betracht gezogene Voraussetzung für eine Umstellung des Leistungsangebotes und (anderweitige) Programmerweiterung stellt die konsequente

Durchführung des oft sehr umfangreichen bestehenden Programmangebotes dar. Dabei werden verschiedene Vorgangsweisen eingesetzt, z.B.

- Errechnung und Vergleich von Deckungsbeiträgen einzelner Produktgruppen und Themen
- Analysen der Konkurrenzangebote, Identifikation geeigneter Marktsegmente und -nischen, entsprechende Festlegung zukünftiger Programmschwerpunkte und Veränderung des bestehenden Angebotes
- Überprüfung der Kongruenz der Inhalte und Organisationsform der Angebote sowie der Trainer mit dem angestrebten Institutsprofil
- Erarbeitung von (trägerbezogenen) Qualitätsstandards und -kriterien für Angebote und Trainer und konsequente Anwendung auf die eigene Programmpalette (z.B. auch im Zuge der Vorbereitung auf ein ISO 9000-Audit)

Erst die Einstellung bestimmter Produktlinien liefert die Voraussetzung für eine von den Nachfragern erkennbare Instituts(neu) profilierung bzw. schafft personelle Kapazitäten für Neuentwicklungen. Massive Probleme treten dabei bei Produktlinien mit nach wie vor hohem Deckungsbeitrag auf, welche langfristig nicht ins angestrebte Profil passen.

#### *Institutionalisierung der Zusammenarbeit der einzelnen Fachbereiche der Weiterbildungsträger*

Gerade bei größeren Anbietern werden einzelne Dienstleistungen oft von eigenen Fachabteilungen getrennt voneinander entwickelt, geplant und angeboten (z.B. überbetriebliche Seminare, innerbetriebliches Training und Unternehmensberatung; Aufgliederung nach Zielgruppen oder Themenbereichen) und stehen somit aus Sicht des Kunden relativ unverbunden nebeneinander. Dies widerspricht dem meist propagierten Grundsatz der umfassenden Problemlösung für den Kunden.

Soweit nicht andere Umstrukturierungen vorgenommen werden, wird ersatzweise versucht, zumindest im Zuge von Projekten zusammenzuarbeiten, wie z.B. der Entwicklung einer neuen gemeinsamen Dienstleistung. Als Beispiel sei ein integriertes Beratungs- und Weiterbildungsprogramm genannt. Andere Anbieter forcieren die Zusammenarbeit der Fachbereiche schwerpunktartig z.B. bei Problemdiagnosen in Unternehmen, d.h. auch im Zuge fachlicher Unternehmensberatung werden Fragen des Qualifikationsbedarfes mit berücksichtigt. Dies erfordert eine entsprechende Weiterbildung der Fachberater, insbesondere aber auch organisatorische Regelungen bezüglich Kosten- und Erlözzurechnung auf die einzelnen Bereiche.

#### *Einsatz neuer Medien und Organisationsformen des Lernens*

Im Vordergrund stehen die Entwicklung von Fernstudienunterlagen und -lehrgängen, von Selbstlernmaterialien, computergestützten Lernprogrammen sowie von Audio- und Videocassetten. Beispielhaft genannt seien eine Reihe von Modellversuchen mit Förderung durch das Bundesinstitut für Berufsbildung oder im Rahmen von EG-Bildungsprogrammen. Viele Entwicklungen gehen auch auf Eigeninitiative einzelner, meist kleiner, Trainer- und Beratergruppen zurück, wobei eine hohe Anbieterfluktuation festzustellen ist. Trotzdem werden diese neuen Medien derzeit noch relativ wenig - vorwiegend in Großbetrieben - eingesetzt. Der hohe Aufmerksamkeitswert, den neue Medien auch bei KMUs genießen, hängt mit der Annahme von Kosten- und Kostenersparnis durch Ersatz bisheriger Präsenzveranstaltungen zusammen (Kailer/Ballnik 1989). Einsatzmöglichkeiten bei KMUs

ergeben sich aber eher durch Koppelung mit inner- bzw. überbetrieblichen Präsenzveranstaltungen, im Rahmen individueller Vorbereitung auf überbetriebliche Lehrgänge oder durch Einbau in eine bestehende Veranstaltung. Eine zentrale Voraussetzung sowohl für die Entwicklung als auch für den Einsatz in Unternehmen stellt jedoch eine entsprechende Weiterbildung des Weiterbildungspersonals dar (Zimmer 1993).

#### *Aus- und Weiterbildung von Trainern, Weiterbildungsmanagern und Weiterbildungsverantwortlichen*

Die Aus- und Weiterbildung des Personals des Weiterbildungsanbieters erfolgt in sehr unterschiedlichen Angebotsformen, z.B. durch:

- Seminar(reihen) für Bildungsmanager
- (verpflichtende) Teilnahme an Train-the-Trainer-Seminarprogrammen (mit entsprechender Berücksichtigung im Entgeltsystem des Anbieters)
- Team-Teaching-Konzepte zur Ausbildung neuer Trainer

Regelmäßige Erfa-Gruppen, Supervision oder Coaching werden inner- und überbetrieblich eher selten angeboten (Kailer 1993a).

Mit Blickpunkt auf betriebliche Anforderungen an die Ausbildung von Weiterbildungsverantwortlichen und Trainern (Kailer 1991b) wird von den Weiterbildungsinstituten eine breite Palette angeboten, die von Kurzseminaren für Weiterbildungsorganisatoren über Trainerkurse mit Abschlußprüfung bis zu berufsbegleitenden Trainer- und Berater-Ausbildungslehrgängen mit Arbeit an Praxisprojekten und Supervision reichen. Inner- und überbetrieblich werden Weiterbildner vorwiegend in Form von Seminaren weitergebildet, allerdings gibt es kaum Angebote, die speziell auf die Situation der Weiterbildner in KMUs abzielen.

Angesichts der zentralen Bedeutung der Kontakte zu PE- und Weiterbildungsverantwortlichen für das Zustandekommen von Kooperationen mit Unternehmen verfolgen die Anbieterinstitute flankierend zu den Seminarangeboten für Personalentwickler weitere Maßnahmen, mit denen Stammkunden gewonnen und langfristige Kundenbeziehungen aufgebaut werden sollen. Gleichzeitig stellt sich damit das Institut als kompetenter Ansprechpartner in Weiterbildungsfragen am Markt dar (vgl. z.B. BFZ 1993, Berger 1992). Dazu zählen z.B.

- die Installierung einer Kontaktplattform bzw. einer regionalen Erfahrungsaustauschgruppe mit ergänzenden Seminar- und Vortragsangeboten oder Firmenbesuchen speziell für die Gruppenmitglieder
- hotline-Beratung
- Forschungsprojekte
- spezielle Newsletters

#### *Zusammenarbeit mit anderen Anbietern (Anbieterverbund)*

Der Zusammenschluß mehrerer Anbieter erfolgt unter unterschiedlichen Zielsetzungen, z.B.

- zur Auslastung organisatorischer oder Raum-Kapazitäten

- zur Erzielung von Synergieeffekten durch Erweiterung der Angebotspalette und der Fachkompetenz des Trainerpools
- zur Durchführung gemeinsamer (regionaler) Werbekampagnen
- zur Entwicklung eines gemeinsamen (grenzübergreifenden) Programmes.

Der Verbund erfolgt z.T. institutionalisiert durch rechtlichen Zusammenschluß, z.T. wird projektbezogen in Task Forces zusammengearbeitet. Eine Kooperation erfolgt auch durch Gründung von Netzwerken, wobei bei Bedarf auf Netzwerkpartner zurückgegriffen wird.

#### *Unterstützung beim Ausbau Bildungsarbeit (Forcierung der 'Hilfe zur Selbsthilfe')*

Damit soll die Durchführung von Weiterbildungsarbeit unterstützt werden. Diese Dienstleistungsangebote setzen die Existenz von Ansprechpartnern im Unternehmen (Weiterbildungsverantwortliche, Trainer) voraus und zielen damit vornehmlich auf Mittel- und Großbetriebe ab. Dazu zählen z.B.

- Literaturberatung und -recherchen
- das Führen einer Fachbibliothek bzw. die deren Einrichtung bei Unternehmen
- die Entwicklung bzw. der Vertrieb von Lehrmitteln und Medien, von Praxisleitfäden für den Aufbau innerbetrieblicher Weiterbildung und von Seminarunterlagen

Beratungsleistungen zum Aufbau der betrieblichen Bildungsorganisation werden von KMUs - sofern es über kostenlose Informationsgespräche hinausgeht - eher selten nachgefragt (Kraus/Kailer 1991, Kraus u.a. 1992).

Ein wichtiger Ansatzpunkt liegt im Ausbau der 'Börsen- und Maklerfunktion' von Weiterbildungsanbietern: Unternehmen werden bei ihrer Suche nach Kooperationspartnern für gemeinsame 'quasi-interne' Weiterbildung unterstützt. Meist erstellen dabei mehrere Kleinbetriebe gemeinsam mit einem Trainer oder einem Weiterbildungsinstitut ein eigenes Bildungsprogramm ('Steuerberatermodell'). Das (kostenpflichtige) Angebot des Weiterbildungsträgers umfaßt die Vermittlung von Weiterbildungsinteressenten, die Suche nach Trainern oder das Zurverfügungstellen der Infrastruktur. In der Praxis zeigt sich, daß damit meist kein 'Abkoppeln' vom externen Weiterbildungsinstitut erfolgt, sondern daß die Kleinbetriebe nach wie vor auf externe Angebote zurückgreifen, wenn auch mit anderen inhaltlichen Fragen und erhöhtem Anspruchsniveau. Allerdings werden diese Formen der Kooperation derzeit noch relativ wenig genutzt, wobei insbesondere bei den Unternehmen Bedenken bzgl. der Arbeit an 'Betriebsinterna' bestehen.

#### *Aufbau von Qualitätssicherungssystemen*

Eine weitere Maßnahme, mit der generell einerseits Kostensenkung, andererseits auch die Hebung der Angebotsqualität beabsichtigt wird, ist der Aufbau von Qualitätssicherungssystemen (vgl. Meifort/Sauter 1991). In erster Linie wird darunter ein Evaluierungssystem i.e.S. für die angebotenen Dienstleistungen verstanden. Gerade in jüngster Zeit gewinnt aber auch der Aufbau eines QS-Systemes für Weiterbildungsanbieter entsprechend der Norm ISO 9000 an Bedeutung. Einige Anbieter - insbesondere Kundenschulungszentren von Unternehmen, welche ISO 9000 einführen, sowie Anbieter im Bereich technischer Fachschulung - verfügen bereits über das ISO-Zertifikat. Es ist zu erwarten, daß die Zertifizierungswelle in den nächsten Jahren auch auf den Bereich der Weiterbildungsanbieter übergreifen wird.

## Strategien und Maßnahmen zur Markterschließung und -ausweitung

### Anforderungen von Unternehmen an Weiterbildungsträger

Über Wünsche von Unternehmen bezüglich externer Dienstleistungsangebote im Weiterbildungsbereich liegen nur wenige Informationen vor.

Seitens der Unternehmen wird vor allem auf detaillierte schriftliche Informationen über das Angebot (Jahresprogramm, Seminarbeschreibungen) mit genauer Angabe von Zielgruppen und Kosten Wert gelegt. Externe Seminare werden vorwiegend danach ausgewählt, ob die Inhalte und der Titel 'passen', ob Termin und Ort die Teilnahme erlauben und ob die Seminargebühren angemessen erscheinen. Auch bisherige Erfahrungen mit der Anbieterinstitution fließen in die Teilnahmeentscheidung ein (Kraus/Kailer 1991).

Die Anforderungen der Unternehmen unterscheiden sich nach dem Ausmaß der Weiterbildungsaktivität (Kraus u.a. 1992):

Bei weiterbildungsaktiven KMUs steht die Entwicklung branchenbezogener Programme an erster Stelle. Danach wird aber bereits das Angebot einer Kombination von Unternehmensberatung und Training, die Weiterbildungsberatung durch externe Fachleute sowie die Aus- und Weiterbildung der Weiterbildner genannt.

Bei KMUs ohne oder mit geringen Weiterbildungsaktivitäten zeigt sich demgegenüber eine 'Hemmschwelle' bei der Heranziehung externer Fachleute zu firmeninterner Qualifizierungsberatung und -bedarfsanalyse: Neben branchenbezogenen Angeboten stehen die Wünsche nach Fachzeitschriften und Praxisleitfäden, nach Prüfungen/Zertifikaten bei überbetrieblichen Veranstaltungen sowie nach (außerbetrieblich durchgeführter) Qualifizierungsberatung an erster Stelle.

Tafel 2

### Hauptwünsche der KMUs bezüglich externer Weiterbildungsdienstleistungen

Weiterbildende Unternehmen	Unternehmen ohne WB
1. branchenbezogene WB-Angebote	1. branchenbezogene WB-Angebote
2. Kombination Beratung/Training	2. Fachzeitschrift für WB
3. externe WB-Beratung	3. Praxisleitfäden
4. Train-the-trainer	4. Prüfungen/Zertifikate
5. Fachzeitschrift für WB	5. externe WB-Beratung
6. Praxisleitfäden	6. Selbstlernpakete
7. Prüfungen/Zertifikate	7. Train-the-trainer
8. CBT-Programme	8. Regionale Beratungsstellen
9. Regionale Beratungsstelle	9. Kombination Beratung/Training
10. Gütesiegel	10. Informationsmessen f. Weiterbildung

Qu.: Kraus u.a. 1992

### Ansatzpunkte zur Förderung der Weiterbildungsarbeit von KMUs durch externe Weiterbildungsanbieter

Unternehmensbefragungen lassen auch innerhalb der Gruppe der KMUs sehr unterschiedliche 'Weiterbildungstypen' erkennen. So unterscheiden z.B. Kailer u.a. (1985) KMUs

- ohne Weiterbildungsaktivitäten

- mit Weiterbildung der Leitungsebene
- mit unregelmäßiger Weiterbildungsarbeit
- mit hoher Weiterbildungsaktivität
- mit integrierter Weiterbildung, Beratung und Unternehmensentwicklung

Dies weist auf die Notwendigkeit des Einsatzes zielgruppenspezifischer Strategien der Markterschließung und -bearbeitung und der Entwicklung unterschiedlicher 'Argumentationsstränge' (Stahl 1990) hin:

Bei *KMUs ohne bzw. mit geringen Weiterbildungsaktivitäten* liegt ein Hauptproblem in der Veränderung der Einstellung der Leitungsebene gegenüber Weiterbildung. Als geeignete Ansätze erweisen sich dabei persönliche Beratungsgespräche. Die Wirksamkeit schriftlicher Materialien ist hier sehr begrenzt: Die Sammlung von Fachinformationen, ihre Umsetzung in branchenspezifische Newsletters und ihre Weiterverbreitung, z.B. bei regionalen Informationstagen, kann zur Schaffung eines Problembewußtseins beitragen. Zunehmend wird auch versucht, in fachspezifisch ausgerichtete Unternehmensberatungen durchgängig den Aspekt der Qualifikation der Mitarbeiter mit einfließen zu lassen. Dies erfordert wiederum eine entsprechende (Zusatz-)Ausbildung der Berater.

Bei bereits *weiterbildungsaktiven KMUs* geht es nicht mehr um die Überwindung einer ersten 'Hemmschwelle' oder um Überzeugungsarbeit. Der Schwachpunkt liegt vielmehr darin, daß die Aktivitäten ad -hoc, unsystematisch und ohne eingehende Bedarfserhebung gesetzt werden, wodurch die Wahrscheinlichkeit der Umsetzung am Arbeitsplatz eher gering ist. Dieser Gruppe kann z.B. systematische Weiterbildungsbedarfserhebung angeboten werden bzw. es werden Selbstdiagnoseinstrumente bereitgestellt, um Problembewußtsein zu schaffen und damit die weitere Zusammenarbeit in Form einer vertieften Diagnose und Problembearbeitung mit externen Beratern und Trainern zu erleichtern (z.B. Kailer u.a. 1990). Aufgrund der meist hohen externen Weiterbildungsaktivität erscheint hier auch der Einsatz von Weiterbildungsdatenbanken sinnvoll - sofern dies mit persönlicher Weiterbildungsberatung gekoppelt wird. Als Ergebnis dieser Beratungen wird z.B. ein - auf kleinbetriebliche Verhältnisse abgestimmter - Weiterbildungsplan erstellt. Gerade Unternehmen dieses Typs fragen am häufigsten integrierte Beratungs- und Trainingsprogramme nach (Kraus u.a. 1992).

*Mittlere Unternehmen* sind schon allein aufgrund der Mitarbeiterzahl meist *weiterbildungsaktiv*. Jedoch fehlt oft ein systematischer Rahmen für die Weiterbildung. Das Hauptaugenmerk liegt bei dieser Zielgruppe darin, die bisher geübte Weiterbildungspraxis unter Beiziehung externer Berater kritisch zu reflektieren. Ziel ist die Erarbeitung bzw. Reformulierung eines Weiterbildungskonzeptes. Ansatzpunkte dazu sind z.B. das Angebot von firmeninternen Workshops zur Erarbeitung von Weiterbildungskonzepten (oft ausgehend von der Durchführung einer Weiterbildungsbedarfserhebung), die gemeinsame Durchführung eines 'Weiterbildungs-Audits' oder die Aus- und Weiterbildung des betrieblichen Weiterbildungspersonals.

Auch die Kooperation mit Weiterbildungsabteilungen von *weiterbildungsintensiven Großunternehmen* bildet eine wichtige Ergänzung: Angebote zur Weiterbildung und Supervision berufserfahrener betrieblicher Weiterbildner können entwickelt werden, durch gemeinsame Entwicklungsprojekte kann auf beiden Seiten Kompetenz aufgebaut werden, oder der Weiterbildungsträger nimmt innerbetriebliche Angebote des Großunternehmens in sein Programmangebot auf bzw. übernimmt die Distribution firmenintern entwickelter Materialien.

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# 12 Berufliche Aus- und Weiterbildung - eine Aufgabe der regionalen Interessenvertretung

*Peter Reinbacher*

## **Das duale Berufsausbildungssystem in Österreich**

Wenn man über die berufliche Aus- und Weiterbildung als Aufgabe der regionalen Interessenvertretung spricht, dann kommt man nicht umhin, sich zuerst mit dem System der gesetzlichen Interessenvertretungen - den Kammern - in Österreich, auseinanderzusetzen. Gewiß, Interessenvertretungen gibt es überall auf der Welt, aber dieser außerparlamentarische nach festen Regeln ablaufende gesellschaftspolitische Interessenausgleich in der Form der österreichischen Sozialpartnerschaft ist wohl weltweit einmalig. Es sind vor allem die großen, auf gesetzlicher Basis eingerichteten Interessenvertretungen der Arbeitnehmer und Arbeitgeber - die Handelskammern, Arbeiterkammern und Landwirtschaftskammern - die auf diese Weise die Geschicke dieses Landes entscheidend mitbestimmen und beeinflussen. Die Vereinbarungen der Sozialpartner haben zwar keine Gesetzeskraft, sie spielen aber im Vorfeld des parlamentarischen Entscheidungsprozesses eine wichtige, realpolitisch entscheidende Rolle. Deshalb wird die Sozialpartnerschaft auch als Realverfassung bezeichnet.

Wenn man dazu noch weiß, daß in Österreich Änderungen bzw. Reformen des Schulbildungswesens einer parlamentarischen Zweidrittelmehrheit bedürfen, dann mag es nicht verwundern, daß hierzulande das sozialpartnerschaftliche Engagement im bildungspolitischen Bereich besonders groß ist.

Bekanntlich gibt es in Österreich bei der Facharbeiterausbildung ein duales System. Darunter versteht man das Zusammenwirken von betrieblichem und schulischem Ausbil-

dungssystem während der Lehrzeit, nämlich die betriebliche Praxis und die Berufsschule. Dieses duale System wird trotz aller verschiedenen gesellschaftspolitischen Positionen, die später noch genauer erläutert werden, von einem breiten gesellschaftlichen Konsens getragen. Dies drückt sich nicht zuletzt dadurch aus, daß die Lehre in engem Zusammenwirken der gesetzlichen Interessenvertretungen der Arbeitgeber und der Arbeitnehmer gestaltet und vollzogen wird.

### **Berufsausbildung - Aufgaben der Handelskammer Niederösterreich**

Nach dieser notwendigen Einführung in das gesellschaftspolitische System Österreich nun zum Thema - der Rolle der regionalen gesetzlichen Interessenvertretung in der beruflichen Aus- und Weiterbildung. Die Handelskammer Niederösterreich ist die regionale gesetzliche Interessenvertretung der Arbeitgeber. Im größten österreichischen Bundesland sind insgesamt 1560 gewählte Funktionäre und 950 Angestellte für über 40.000 aktive Mitgliedsbetriebe im Einsatz. Darüber hinaus werden die spezifischen, fachlichen Interessen der verschiedenen Branchen von 137 mit rechtlicher Selbständigkeit ausgestatteten Fachorganisationen wahrgenommen. Diese Fachorganisationen sind die Nachfolger der einstigen Zünfte und fest im System der gemeinsamen Arbeitgeberorganisation verankert, was in dieser Form weltweit eine Besonderheit darstellt. Deshalb sind auch die verschiedenen Zuständigkeiten und Aufgaben in Fragen der Berufsausbildung innerhalb der Arbeitgeberorganisation, zwischen der Handelskammer und den Fachorganisationen aufgeteilt.

Zuerst zur Lehrlingsstelle. Die Lehrlingsstelle der Handelskammer Niederösterreich ist aufgrund des österreichischen Berufsausbildungsrechtes errichtet. Hier leitet die Handelskammer ihre Legitimation in Berufsausbildungsangelegenheiten tätig zu werden nicht von einem allgemeinen interessenpolitischen Auftrag, sondern eben von ganz bestimmten gesetzlichen Vorschriften ab. Im Auftrag des Staates hat die Lehrlingsstelle im sogenannten übertragenen Wirkungsbereich tätig zu sein, d. h. sie hat alle Aufgaben einer Behörde erster Instanz wahrzunehmen. Dazu gehört etwa die Registrierung aller in Niederösterreich auszubildenden Lehrlinge, insgesamt waren es 21.935 mit Stichtag 31. 12.1992, davon 15.328 männlich und 6.607 weibliche Lehrlinge. Wenn also ein Jugendlicher in Österreich ein Lehre beginnen will, dann wird das Lehrverhältnis, der gesamte Lehrvertrag bei der Lehrlingsstelle der Handelskammer Niederösterreich abgeschlossen. Ebenso gehört die administrative Durchführung der Lehrabschlußprüfungen, die Ausstellung der Lehrabschlußprüfungszeugnisse zum Aufgabenbereich der Lehrlingsstelle.

Ebenso wie die Lehrlingsstelle, hat auch die bei der Handelskammer Niederösterreich aufgrund der Bestimmungen der österreichischen Gewerbeordnung eingerichtete Meisterprüfungsstelle die behördliche, administrative Durchführung und die Überwachung des gesamten Meisterprüfungswesens vorzunehmen.

Die Tätigkeit der einzelnen Fachorganisationen beginnt bei der Erarbeitung und Weiterentwicklung der praktischen Ausbildungsinhalte. Hier erstellen die Fachorganisationen Berufsbilder, arbeiten bei den fachlichen Teilen der Lehrabschlußprüfungen und Meisterprüfungen mit und legen Programme für Prüfungsvorbereitungskurse fest. Diese Ausbildungsinhalte werden dann auf sozialpartnerschaftlicher Ebene in Berufsausbildungsbeiräten, auf Landes- bzw. auf Bundesebene, weiter beraten und an das zuständige Wirtschaftsministerium weitergeleitet, wo dann letztendlich die Entscheidung getroffen wird. Auf regionaler Ebene entsenden die Fachorganisationen Prüfer zu den Lehrabschlußprüfungen und Meisterprüfungen, bestellen Lehrlingswarte und organisieren Lehrlingswettbewerbe. All diese Aktivitäten geschehen in enger Zusammenarbeit mit der gemeinsamen Landesarbeitgeberorganisation - der Handelskammer Niederösterreich - insbesondere mit

der Berufsausbildungsabteilung, sowie der Lehrlings- und Meisterprüfungsstelle. Die regionale Arbeitnehmervertretung, die Arbeiterkammer entsendet auch Prüfer zu den Lehrabschlussprüfungen und nimmt an der Kontrolle der Berufsausbildungsvorschriften teil.

Selbstverständlich fallen in den Aufgaben- und Tätigkeitsbereich der Handelskammer Niederösterreich noch alle jene Aktivitäten, die man wahrscheinlich gleich zuerst bei einer Interessenvertretung ansiedeln würde. Dazu zählen z.B. die schon erwähnten Lehrlingswettbewerbe, spezielle Branchen-Lehrlings-Werbeaktionen oder allgemeine Imagekampagnen zur Lehre, also alle Aktivitäten die dem Ansehen und der Förderung der beruflichen Weiterbildung im weitesten Sinne dienen.

## **Die berufliche Weiterbildung - das WIFI**

Ebenso wie bei der Ausbildung gibt es auch bei der beruflichen Weiterbildung einen klaren gesetzlichen Auftrag. Im Handelskammergesetz steht, daß die Landeskammern sowie die Bundeskammern jeweils ein eigenes Wirtschaftsförderungsinstitut, das WIFI, wie es bei uns im Sprachgebrauch heißt - zu errichten haben. Zu den besonderen Aufgaben dieses Wirtschaftsförderungsinstitutes, das im rechtlichen Sinne nichts anderes als eine Abteilung der Handelskammer ist, zählt insbesondere die berufliche Schulung und das Bildungswe-  
sen.

Mit 38.252 Kursteilnehmern ist das WIFI der Handelskammer Niederösterreich die mit Abstand größte Erwachsenenweiterbildungsanstalt im Lande. 1992 haben wir in unserem Wirtschaftsförderungsinstitut insgesamt 2.030 Weiterbildungsveranstaltungen abgehalten. Neben Meister- und sonstigen Prüfungskursen, die in enger Zusammenarbeit mit den Fachorganisationen erstellt werden, liegt das Schwergewicht des Angebots auf speziellen Weiterbildungskursen aller Art. Dazu zählen Designlehrgänge, Sprachkurse, Kurse im Handel, Marketing, Controlling, Rechnungswesen und in der Automatisierungstechnik. Als neue besondere nach der Lehre weiterführende fachliche Qualifikationsschulungen werden die 3-jährigen WIFI-Fachakademien angeboten. Insgesamt sind 1.100 Lehrbeauftragte als Vortragende für das WIFI tätig, die auch laufend pädagogisch weitergebildet werden. Die Zentrale befindet sich in St. Pölten, Zweigstellen gibt es in Neunkirchen und Gmünd, wobei das WIFI Gmünd sowie Mistelbach und Gänserndorf gerade neu errichtet werden. Darüber hinaus werden diverse Kurse, die sich ohne größeren Geräte- und Maschinenaufwand bewerkstelligen lassen, laufend in den 22 Bezirksstellen der Handelskammer Niederösterreich abgehalten.

## **Die gesellschaftspolitischen Positionen zur Aus- und Weiterbildung**

Soweit der Überblick über die Aktivitäten und Tätigkeiten einer regionalen Interessenvertretung der Unternehmer, am Beispiel der Handelskammer Niederösterreich. Nun zu den verschiedenen gesellschaftspolitischen Diskussionen, zur innerösterreichischen Diskussion über die berufliche Ausbildung:

Im Wesentlichen zielt die Kritik der Arbeitnehmerverbände an der Lehre darauf ab, daß dem Lehrling in Österreich im Vergleich zu den Absolventen einer schulischen Ausbildung zu wenig Möglichkeiten einer postsekundären Ausbildung zur Verfügung stehen. Daher sei es notwendig den schulischen Anteil der Lehre zu erhöhen. Darauf fußt die Forderung, die mehr als 200 Lehrberufe zu Flächenberufen zusammenzufassen. Auf diese Weise meint man die Ausbildungsqualität und Mobilität am Arbeitsmarkt verbessern zu können. Die Arbeitgeberseite ist hingegen der Meinung, daß jede Verlängerung des schulischen Ausbil-

dungsanteils nur zu einer Reduzierung des betrieblichen Ausbildungsanteils führt und damit den Ausbildungsstand gefährdet. Die Arbeitgeberseite argumentiert damit, daß es einfach kein marktkonformeres und bedarfsgerechteres Ausbildungssystem als das Duale gibt. Das wird auch durch alle vorliegenden Untersuchungen und Statistiken belegt. Ein Großteil der Jugendlichen, die sich für eine Lehrausbildung entscheiden, finden ohne Probleme eine Berufslaufbahn im gewählten Beruf. Probleme bereiten in dieser Hinsicht nur überlaufene Modellehrberufe. Ansonsten ist das duale System in jeder Hinsicht flexibel und marktkonform.

Würde man den betrieblichen Ausbildungsstandard weiter verringern, dann geriete man in Gefahr nicht bedarfsgerecht auszubilden und am Markt vorbei zu produzieren. Man darf auch nicht vergessen, daß es in Österreich eine überwiegend klein- und mittelständisch strukturierte Wirtschaft gibt. Bei einer (allzu) allgemeinen theoretischen Grundlagenvermittlung, die durch die Zusammenfassung mehrerer Lehrberufe entstehen würde, könnten die Absolventen dieser Lehrberufe sowohl während der betrieblichen Ausbildung als auch im Zuge der weiteren Berufstätigkeit nicht mehr praxistgerecht eingesetzt werden. D.h. ein derartiges Berufsausbildungssystem würde einfach in Gefahr geraten nicht mehr bedarfsgerecht auszubilden.

Ein beliebtes und ewiges Konfliktthema zwischen den Arbeitnehmer- und Arbeitgeberverbänden ist die Regelung der Kostentragung der Lehrlingsausbildung. Hier warnen die Arbeitgeber davor, diese Problematik aus ideologischen Gründen überzustrapazieren. Denn für den einzelnen Ausbildungsbetrieb muß die Sinnhaftigkeit seiner Ausbildungstätigkeit unmittelbar klar erkennbar sein. Wenn aber einerseits die Kostenbelastung immer mehr steigt und andererseits ständig eine Verlängerung des schulischen Ausbildungsanteils gefordert wird, dann wird es sich der einzelne Ausbilder künftighin überlegen, auch Lehrlinge auszubilden. Damit würde es aber auf dem Arbeitsmarkt zu - von keiner Seite - gewünschten Substitutionseffekten kommen. Man würde vermehrt ungelernte Arbeitskräfte aufnehmen. Die Folgen wären klar: eine derartige Fehlentwicklung würde zu einer Nivellierung des Ausbildungsniveaus und damit zu einem Rückgang der Produktions- und Dienstleistungsqualität führen. In diesem Zusammenhang ist es auch nicht uninteressant, daß die Handelskammer Niederösterreich als Arbeitgebervertretung in ganz Niederösterreich 21 eigene Berufsschulinternate führt und verwaltet, was naturgemäß mit großem finanziellem sowie administrativem Aufwand verbunden ist.

## **Zusammenfassung - Ausblick**

Zusammenfassend läßt sich also sagen, daß eine regionale, berufliche Interessenvertretung der Unternehmer, wie die Handelskammer Niederösterreich, sowohl bei der beruflichen Aus- und Weiterbildung eine führende Rolle einnimmt. Trotz aller Anstrengungen, sind aber in jüngerer Zeit einfach noch weitere Bemühungen notwendig geworden. Denn auch in Niederösterreich hat der in allen OECD-Staaten aufgrund des Geburtenrückganges aufgetretene Facharbeitermangel zu einer teilweise dramatischen Verringerung des hochqualifizierten Arbeitskräftepotentials geführt. Dazu kommt, daß die Lehre in Österreich mit Imageproblemen zu kämpfen hat. Denn, obwohl das duale Berufsausbildungssystem aufgrund seiner Praxisnähe und seiner marktkonformen Flexibilität weltweit Anerkennung findet, hat sich in der modernen Gesellschaft ein Wandel vollzogen, der ausgehend von den Köpfen der Eltern, zu einer Abwendung von der reinen körperlichen, handwerklichen Arbeit geführt hat. Es ist deshalb auch eine wichtige Aufgabe der beruflichen Interessenvertretung, den Eltern und Jugendlichen wieder klar zu machen, daß es keinen gesellschaftlichen Abstieg bedeutet, wenn jemand ein Handwerk erlernt. Denn in weiten Bereichen sind

die Berufs- und Karrierechancen um ein Vielfaches besser als bei den meisten schulischen Ausbildungsgängen. Schließlich darf man nicht vergessen, daß das schulische Ausbildungssystem heute kaum noch in der Lage ist, mit den gesellschaftlichen Problemen fertig zu werden. Tagtäglich liest und hört man vom Schulstress an den Schulen, an den Gymnasien. Die hohen Drop-out-Quoten spiegeln die Ohnmacht des Schulsystems wieder, gesellschaftspolitische Probleme, angefangen bei familiären Schwierigkeiten, der mangelnden Erziehung bis hin zum Drogenkonsum, zu überwinden.

Vor diesem Hintergrund ist die berufliche Interessenvertretung aufgefordert, vermehrte Akzente sowohl bei der Berufsinformation als auch bei der Imageverbesserung der Lehrberufe zu setzen. Deshalb hat die Handelskammer Niederösterreich Berufsinformationszentren errichtet, wo sich Eltern und Schüler von Psychologen beraten und testen lassen können, deshalb werden regelmäßig Berufsinformationswochen abgehalten. Die Handelskammer ist auch bemüht, neue praxiserhaltende weiterführende Ausbildungswege nach der Lehre anzubieten. Diese verstärkte Informationstätigkeit geht bis in die Schulen, Funktionäre und Experten der Berufsausbildung halten dort Vorträge und diskutieren mit den Schülern. Unzweifelhaft steht die Handelskammer vor einer großen bildungspolitischen Herausforderung. Wissend, daß die grundlegende Richtigkeit des dualen Berufsausbildungssystems außer Zweifel steht, nimmt sie diese Herausforderung mit Zuversicht an.

# 13 Stimulation of entrepreneurship in professional higher education in the Netherlands

*Ruud M. Hoogenboom, Klaas F. de Jong*

## **Introduction**

In Holland the interest and sympathy for entrepreneurship has gone up and down. In the seventies enterprising Holland was looked down upon. They were blamed for unemployment, inferior working conditions, depletion of raw materials and of course the pollution of the environment. It was not before the middle eighties that the government got the courage to initiate a campaign to get it back on a pedestal again. HMC and HG played a significant role in boosting attention for entrepreneurship in professional higher education. The presentation here may emphasize the significance of entrepreneurship, especially in relationship with the developments in small and medium-sized enterprises (SMR) and as well as the activities that took place in entrepreneurship and PHE.

## **Presentation**

Part I : general situation

- by drs. Ruud M.Hoogenboom
- Hobéon Management Consult

Part II: training program

- by ir. Klaas F. de Jong
- Hogeschool Gelderland

The presentation consists of two parts. Part I treats a couple of general developments in enterprising and entrepreneurship and PHE. Part II gives an idea of how a special training program for students was developed in three different PHE institutions.

The items in part I are:

- Attention for entrepreneurship in the eighties
- Small and medium-sized enterprises
- Key-figures SME in the national economy
- Level of education of starting entrepreneurs
- Entrepreneurship and professional higher education
- Policy of the Dutch Government

#### **Attention for entrepreneurship in the eighties**

- unemployment
- core-business
- new technologies

From the middle eighties there was a boost in attention for entrepreneurship in Dutch society. Enterprises now were seen as the cornerstone of an affluent society and helping to boost economy. At the same time there were three lines of development that encouraged enterprising.

The high rate of *unemployment* became structural. So the government as well as the unemployed thought that entrepreneurship might help to do something about it.

In the bigger concerns a *process of restructuring* starts off having a twofold result: cutting all the non-core activities as for example catering, maintenance, transport, printing. The second one may be even more fundamental: business units were created having their own product/market combination and being led by really 'enterprising' managers.

The third line of development is a *technological* one, being faster and more complex. It has its impact not only on product and market innovations, but there is also a new generation of entrepreneurs capitalizing on these new developments and starting a business of their own.

## Definition enterprise management

- entrepreneur: manager on own account and risk
- entrepreneur: professional manager
- intrapreneur: business-unit manager
- extrapreneur: manager privatized BSU

In the literature of enterprises and entrepreneurs it are these developments that give rise to a number of new concepts. Four different forms of enterprise management can be distinguished:

- the management of large, mostly multinational companies being exercised not by entrepreneurs, but by *professional managers* (separation of ownership and management),
- within larger companies the trend of choosing a structure of business units being managed by an entrepreneur (read *intrapreneur*) becomes more and more manifest,
- sections of big companies not being part of the core activities are being privatized, afterwhich they are continued by an entrepreneur (read *extrapreneur*) for his own account an risk,
- new business being set up by *entrepreneurs*.

There are three reasons to move the accent, in this presentation about entrepreneurship and education, to the smaller and medium-sized enterprises. For decades the importance of entrepreneurship to boost economic development has been focused on the contributions of the big companies. The economy of scale expected to bring us most of the prosperity.

Research brought about that a great number of innovations was realized by the SME. And the same research made it clear that especially companies led by directors with an intermediate or higher professional education come to the more successful innovations.

The third reason is a more pragmatic one: starting or taking over a business takes of course usually place in the sector of SME, and this brings me to the next issue: What is in the Netherlands understood by smaller and medium-sized enterprises?

## Small and Medium-sized Enterprises (SME)

Definition:

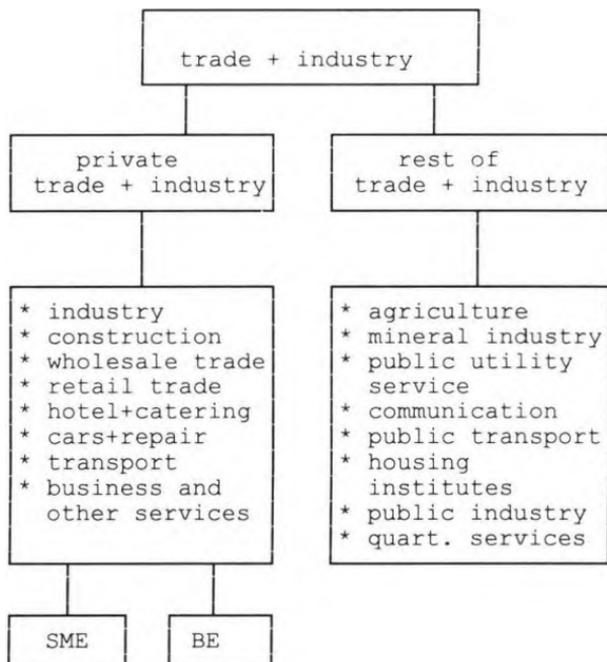
- private enterprises,
- 100 employees
- profit motive

We talk of private enterprises with less than a hundred employees all aiming to make a profit.

Now, before I am going to list up some major characteristics of the SME, I will show you the position of the SME within the existing social and economic order in Dutch society.

## Small and medium-sized Enterprises

Table 1  
Position SME



BE = big enterprises

This structure profile of Dutch trade and industry gives a two-line picture. At the left you see the privatized trade and industry, in which both the SME and the bigger companies are to be found (BE).

### Key-figures SME in the national economy

- Sales and employment
- Profitability
- Growth

Three points here that are worth paying attention to emphasizing the significance of the SME with regard to the national economy: the turnover, the opportunities for employment and the profitability.

Table 2  
SME in the national economy: sales and employment 1992

	SME + BE	SME		BE	
	total		%		%
total sales (billion gld)	888,1	322,9	36,4 %	565,2	63,6 %
employment (x 1000)	4341	1950	44,9 %	2391	55,1 %

Source: EIM, Kleinschalig ondernemen 1993  
(Small-sized entrepreneuring 1993)

The total private enterprise realized a turnover of some 888.1 billion guilders in 1992, of which the SME took part for 36.4 per cent that is for some 322.9 billion. They contributed for some 44.9 per cent in national employment.

Table 3  
SME in the national economy: development of  
sales and employment 1992 - 1994

	SME			BE		
	1992	1993	1994	1992	1993	1994
total sales	+1,5	+0,75	+2,0	+1,75	+0,75	+2,5
employment	+1,0	+0,25	+0,25	0,0	-1,0	-0,25

Mutations compared with previous year  
Source: EIM, Kleinschalig ondernemen 1993  
(Small-sized entrepreneuring 1993)

Extending the development of turnover and employment to the years 1993 and 1994, the expectation will be that the SME will be lagging in volume of trade, but will do better in the development of employment.

**Table 4**  
SME in the national economy: profitability 1992 - 1994

	SME			SME + BE		
	1992	1993	1994	1992	1993	1994
profitability	+1,25	+1,75	+5,25	-7,5	-4,75	+6,25

Mutations compared with previous year  
Source: EIM, Kleinschalig ondernemen 1993  
(Small-sized entrepreneuring 1993)

An significant indication for the success of private enterprise is the development of its profitability. The total enterprise shows a negative profit development, whereas, over the period 92 till 94, the SME manage to realize an increasing profitability.

### Growth of SME and BE

**Table 5**

sector	% mutation 1983 - 1991		total 1991	
	SME	BE	SME	BE
industry	15,6	8,7	46.490	1.444
construction	5,9	-5,9	40.670	380
wholesale trade	34,9	57,3	63.630	390
retail trade	-4,8	15,4	89.980	220
hotel+catering	5,5	57,4	38.360	70
cars+repair	17	0,0	19.180	30
transport	15	36,7	21.540	810
business service	74,8	35,6	63.020	3.110
other services	41	25,4	52.970	170
total	19	26	435.800	6.624

Source: EIM, Kleinschalig ondernemen 1993  
(Small-sized entrepreneuring 1993)

A real innovating impulse originates from the development as to the nature and number of businesses. Over the period 1983 till 1991 the neat number of businesses - so that is to say the existing plus starting businesses minus the bankrupt and non-active businesses - increased by about 20 per cent. The BE grew in the same period by 26 per cent against the SME by 19 per cent. A strikingly strong increase of enterprises can be seen in business services and whole sale trade.

Table 6  
Average growth SME and BE 1983 - 1991

	number of employees			
	without	1 - 9	10 - 99	100+
number of enterprises 1983	180,1	152,2	32,9	5,3
1993	224,3	174,4	36,8	6,6
(x 1000)				
average growth	2,75%	1,75%	1,5%	3,0%

Source: EIM, Kleinschalig ondernemen 1993  
(Small-sized entrepreneuring 1993)

After a further analysis of the growth curve over the period 1983 till 1991, the most striking growth within the SME appears to occur in one-man businesses. The average growth over this period was 2.75 per cent.

### Growth starting enterprises

Table 7  
(index 1985=100)

sector	1988	1991
industry	116,5	124,6
construction	116,3	125,2
wholesale trade	120,7	162,0
retail trade	92,5	84,8
hotel+catering	107,7	130,5
cars+repair	83,1	66,0
transport	108,3	157,8
business service	150,5	196,3
other services	115,8	197,8
total	118,9	146,1
amount (x 1000)	17,0	20,9

Source: EIM, Kleinschalig ondernemen 1993  
(Small-sized entrepreneuring 1993)

We may conclude from the preceding figures, that the growth rate of the enterprises is very unevenly divided over the different sectors. Setting the index for 1985 to one hundred, shows once more the enormous increase of enterprises in the sectors business and other services - with respectively index numbers of 196 point 3 and 197 point 8 in 1991. Other strong growers are wholesale trade and transport. The following matrix gives a ranking of the sectors with regard to growth number of enterprises.

Table 8  
Growth starting enterprises: ranking

sector	1988	1991
1.other services	115,8	197,8
2.business serv.	150,5	193,3
3.wholesale trade	120,7	162,0
4.transport	108,3	157,8
5.hotel+catering	107,7	130,5
6.construction	116,3	125,2
7.industry	116,5	124,6
8.retail trade	92,5	84,8
9.cars+repair	83,1	66,0

(index 1985=100)

Source: EIM, Kleinschalig ondernemen 1993

(Small-sized entrepreneuring 1993)

## Characterization of new entrepreneurs (1991)

Table 9  
Level of education

sector	level of education			
	lower vocational	intermediate vocational	higher professional	university
industry	14	52	30	4
construction	36	45	16	3
trade	19	57	21	3
commercial services	18	40	31	11
total	20	49	25	6
- men	22	45	27	6
- women	15	59	21	5

Source: EIM, Demografie van bedrijven 1992  
(Demographic of enterprises 1992)

So far some major developments in the SME. Most strikingly appears to be its contribution to the development of the number and the kind of businesses. From research into the level of education of starting entrepreneurs it appears that the greater number of starters received an intermediate vocational education: 49 per cent. Starters with a higher vocational education come second with 25 per cent. It means that each year about 4000 people with a higher vocational education start a business. This figure requires the importance of entrepreneurship in the curriculum of PHE. Even considering the average age of starters, which comes to 36.

Some important characteristics of the starting entrepreneurs are:

- average age : 36
- sex : 70 per cent men, 30 per cent women
- social background : 50 per cent entrepreneurial
- motives: free choice : 53 per cent

The last characteristic means that 47 per cent of the starters has more or less a negative motivation. In the Netherlands after 4 years about 34 per cent of the starters become bankrupt. Many of them started with a negative motivation: they looked upon their business as a last attempt to make something useful out of their life.

## Entrepreneurship and Professional Higher Education (PHE)

Table 10  
Business- sectors of interest for PHE-sectors

sector	PHE-sectors			
	Technology	Commerce + Administr.	Agriculture	Health care
industry	██████████		██████████	
construction	██████████			
wholesale trade		██████████	██████████	
retail trade		██████████		
hotel+catering		██████████		
cars+repair	██████████			
transport	██████████	██████████		
business service	██████████			██████████
other services			██████████	██████████

This matrix gives an outline of the sectors entrepreneurship in higher vocational education should aim at. Some HVE institutions the sections commerce/administration and agriculture lay a strong emphasis on it in their curriculum. Examples are the hotel and catering schools, Small Business in the city of Haarlem and the three colleges of higher education mentioned in the presentation of my colleague Klaas de Jong. In the other sectors the attention for entrepreneurship differs enormously.

### Policy of the Dutch Government, Promotion of entrepreneurship, Improve operational management

#### *Policymaking tools:*

- information
- promotion
- education

The Government policy aims to promote new and qualitatively good entrepreneurship. A program started that on the one side is directed to new entrepreneurship (intrapreneurship) aiming to improve the chance of success, and at the other side is aiming at existing entrepreneurship in order to improve operational management. The *policymaking* tools put in by the Government are: information, promotion, education and training. The Government campaign was rounded off in 1993 and during the presentation the results and effectivity will be evaluated.

## Results of the campaign

Table 11  
Source: Ministry of Economic Affairs, Netherlands

	1990	1993
Orientation on consultancy and information	50 per cent	74 per cent
Orientation on starting	15 per cent	25 per cent
Female/ethnic starters	26 per cent	33 per cent
Ethnic entrepreneurs	13,000	26,000

Evaluation shows that the Government campaign has led to a positive orientation on entrepreneurship. In order to hold on to this orientation and even strengthen it in HVE a national network has been founded. All major colleges of higher education are integrated in this network. The 50 participants to the network gather regularly in national meetings, exchange information, invite organizations influencing the development of entrepreneurship and put together a collective curriculum.

The College of Higher Education Gelderland in this respect is doing significant pioneer work. One of the projects that resulted from the Government campaign took place in the region of Arnhem/Nijmegen. Three institutes work in unison in order to develop activities directed to strengthen the attention towards entrepreneurship inside their institutes. Klaas de Jong of the College of Higher Education Gelderland will, in his presentation, go deeper into the practical way in which students in these three colleges are prepared for entrepreneurship.

# 14 The role of business and the Public Operator in internationalizing entrepreneurship education and training<sup>1</sup>

*Sergio Silvestrelli<sup>2</sup>, Gian Luca Gregori<sup>3</sup>*

## Opening remarks

The social, political and cultural changes which have occurred both in industrialized countries with a 'western' economy and in eastern European countries as well as in NICs emphasize the problem of education and training of internationalizing entrepreneurship. The ways that this phenomenon evolves will determine in the years ahead the development of companies, of the industrial districts, of the country-systems and of large market structures such as the EC, the USA etc. *The importance of intervening on the education and training of those involved in the economic life of these countries is clear to both decision makers of private companies and to public operators responsible for creating industrial policies at different levels (regional, national, community etc.). These people will be forced to pass from a national to an international concept of economy.*

There is no doubt that we are witnessing profound modifications of the main economic variables whose evolution will determine the world-wide economic system of the year two-thousand. One need only consider:

- the transformation in 'demand', which in the case of some products is becoming universal;
- the evolution of distribution systems of individual countries and of Europe as a whole, which signals phenomena of company concentration which are by no means negligible;
- the profound changes in the production structures of many companies in the field of consumer goods and goods used in the production of other goods. The most significant changes involve the processes of vertical disintegration of the operating cycles and the consequent production decentralization of components and semi-finished parts as well as

the introduction of new machinery and production systems using modern computer aided technology;

- increasing economical-financial concentration resulting from mergers and acquisition involving not only multinational companies but even small companies and companies with a different operating dimension;
- quantitative and qualitative innovations occurring in entrepreneurship all over the world as a result of the recent numerous political changes in various Countries (consider those which have occurred in Eastern Europe).

It follows that *the process of internationalizing entrepreneurship is also realized with different processes of company internationalizing*. In other words, the spread of entrepreneurship in different Countries is retained to be largely influenced by the behaviour of companies on international markets and consequently by the different modalities of penetration and level of introduction abroad, as well as the dynamics of international competition. It is consequently necessary to analyse the internationalizing process of companies, which can not be identified simply by the sales-marketing-and/or integration processes with foreign markets. This paper in fact also takes into account a number of diversified processes which include 'import penetration', international production decentralization and the new company organization structures based on the network of relationships at an international level. Of the factors which can favour the internationalizing process, the contribution of the public operator is of particular importance since internationalization can not be realized without a suitable domestic socio-economical environment which is rich in stimuli and services and which favours the process at a socio-cultural level (Secchi, 1986).

The aims of this paper are as follows:

- to present new elements for understanding internationalizing entrepreneurship by analyzing the development of the economic choices and characteristics of Italian entrepreneurs and owners of small-medium sized companies operating in the 'fashion system' (textile, clothing, textile-machinery, footwear, footwear-machinery). The paper identifies the factors, the operating modalities and the results of this development;
- to analyze the role of the Public Operator in helping to internationalize companies and Entrepreneurship.

Not only have the authors carefully screened existing literature on this subject but they have also examined (at the Italian Ministry of Foreign Trade) the 'applications' submitted by companies in the fashion system during the period 1988 - 1992 for the issue of permits for the realization of 'passive improvement trade'. Data from partially published public sources have also been analyzed.

Systematic and correlated empirical studies have also been carried out on small-medium companies in specific production areas in which 'fashion system' companies are located<sup>4</sup>.

Finally, a great deal of information has been supplied by sector experts, by the officials of research centres of entrepreneurial associations as well as by the managers of the main service centres which operate in the areas examined.

### **Entrepreneurial education and training and the development of Italian industrial districts**

Before facing the various aspects related to internationalizing entrepreneurship, a brief analysis is given of the principle research mainstreams on entrepreneurship of Italian and foreign authors<sup>5</sup>.

Various approaches have been used to study this problem, which are also however tied to the following matrices: 'strategic, organizational, functional and company institutional matrices' (Invernizzi, 1988, p.36)<sup>6</sup>

There are different mainstreams in the company-institutional matrix, including the following principle mainstreams<sup>7</sup>:

- a. *external entrepreneurship*, which draws attention to the formation of new companies, regardless of whether or not this is stimulated by the need to create new jobs (Coda, 1986), even using an historical-entrepreneurial approach;
- b. *excellent companies*, which grew up in the first five years of the 80's thanks to the contribution of various researchers mainly from an organizational-study mainstream whose aim was to identify factors of entrepreneurial excellence<sup>8</sup>;
- c. *economia aziendale*, which includes the majority of the previously cited contributions with a more far-sighted mentality (Invernizzi, 1988, p.57); this mainstream analyzes 'the conditions and manifestations of the company life' (Zappa, 1927, p.30) in its strategic and operating implications (AA.VV. 1985), by focusing attention on the responsibilities of executives in their role of guarantors of the continuity and autonomy of the company.

It is important to note that the concept of entrepreneurship has been characterized by a considerable development and therefore has the different meanings as indicated in table 1 (enclosed).

In this paper, which falls under the 'economica aziendale' mainstream, a *concept of extended entrepreneurship* has been used which does not involve merely with the ability of the individual (entrepreneur). On the contrary, this process is seen as the *result of integration between various operators who are not necessarily entrepreneurs*; this is even more applicable in the case of 'international entrepreneurship'.

Entrepreneurship is not a unique and analogous phenomenon at a national level, and less so at a European level; differences have in fact been found between entrepreneurs in different regions, production sectors and even within the same area<sup>9</sup>.

Entrepreneurship in the Italian fashion system is fairly recent: as far as the footwear, the related textile-machinery and the footwear-machinery sectors are concerned, there are many cases of first or second generation entrepreneurs.

## Table 1 Development of the entrepreneurial concept

Entrepreneurship is elusive, difficult to define. The word itself is derived from a French root meaning to 'undertake'. Entrepreneurship was compared by Kilby (1971) to 'Heffalump' whose characteristics have never been generally agreed.

'Similarly, there seem to be as many definitions of entrepreneurship as there are pundits or practitioners of the art. Entrepreneurship has been defined as «adventurism», «adrenaline-addiction», «risk-taking» and «thrill-seeking». While colourful, such definitions frequently reflect personal assumptions and are often contradictory' (Kao, 1989, p. 91).

At the risk of adding to the confusion, it may be helpful to review the historic definitions applied. There are several schools of thought regarding entrepreneurship. These schools may be roughly divided into those who identify entrepreneurship with an economic function, those who identify it with an individual and those who view in behaviour terms. 'The economic functional analysis of entrepreneurship focuses on the economic role rather than the individual who performs such as a role. This emphasis on the economic role was the historical wellspring of interest (Hisrich, 1986, 16pp.).

Say (1815) broadened the definition to include the concept of bringing together factors of production. This definition led others to question whether there was a unique entrepreneurial function or whether it was simply a form of management.

Schumpeter's work in 1911 (*The Theory of Economic Development*, Harvard University Press, 1934-first published in German in 1911) added the concept of innovation to the notion of entrepreneurship. He allowed for many kinds of innovation including process innovation, market innovation, product innovation, and even organizational innovation. His seminal work emphasized the role of the entrepreneur in creating and responding to economic discontinuities. Although his work on business cycles assumed equilibrium as the normal state, he recognized that the fundamental source of disequilibrium was the entrepreneur.

Other participants in the Schumpeter coterie, Cole in particular (Hisrich, 1986, p.16) saw the entrepreneurial function as the primary administrator in the economic engine (1959).

According to Dobb (1931) the entrepreneur is the policy decision-maker.

Cantillon (1952) saw the economic function as bearing the risk of buying at certain prices and selling at future uncertain prices. This risk bearing function was the definition coined by Cantillon when he first used the word entrepreneurship in the early eighteenth Century.

Chandler (1962) qualifies the entrepreneur not as the person who makes all the decision but the person who makes only the strategic decisions.

It is useful to make a number of considerations on the manager-entrepreneur relationship and on the possibilities that these figures can co-exist in the same person; 'Chandler tried to answer this question (negatively), attributing to the entrepreneur the strategic decisions and to the manager the decisions of ordinary administration'. Schumpeter's concept does not however exclude the possibility that these two figures might approach each other within the same position; their decisions and actions differ in terms of quality, but not necessarily in terms of the company level for which they are made (Dalla Chiesa, 1987, p.16).

Norman makes a distinction between the social entrepreneur and the general entrepreneur to emphasize two very different profiles of experience (1979).

According to other more recent definitions, the entrepreneur is both a creator and an innovator. He or she both generates the new idea and serves the human vehicle by which implementation of that idea occurs.

'Her or she takes the ball and runs with it, overcoming obstacles in the way' (Kao, 1989, p.91). The following definition was adopted: 'Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition' (Kao - Stevenson, 1984).

Another definition worthy of note is that of internal entrepreneurship, namely 'the modality of entrepreneurial development which tends to generate new activities by improving the ability available in the company and not only in research and development' (Invernizzi, 1988, p.35). In this sense, it is possible to talk of intrapreneurship (Roberts, 1968, 250; Vesper, 1980, p.13) and of intrapreneuring (Pinchot III, 1985; Berry-Roberts, 1985).

Another concept of entrepreneurship is that of systematic entrepreneurship (MacMillan, 1986). In other words, 'the activity of those entrepreneurs who during their career have established more than one successful company' (Colombo, 1987, p.126).

Source: our data processing of various authors

This system, as ascertained for other industrial sectors (Silvestrelli, 1982, 56) developed in «poles» characterized by a specific production specialization<sup>10</sup>.

Another interesting aspect is that development in various sectors has been conditioned by the very process of localization. In fact, in the regions with major distribution of entrepreneurship in the fashion system, the so-called «prerequisites» of industrial development (Gershenkron 1962, 31-62) did not in fact exist but were characterized by the Schumpeterian type entrepreneurial process (Silvestrelli 1982, 55)<sup>11</sup>.

The fashion system has been developed according to a model characterized by the creation and development of clusters of concentrated companies: moreover, in a relatively short period, a production structure was created using consistent localization economies which permitted many small companies to reach satisfactory levels of technical-organization development (Silvestrelli, 1982, 59).

The labour offer also appears to have encouraged the creation of entrepreneurship<sup>12</sup>. The new entrepreneurs of the 50's and 60's were generally former employees (workers, technicians, office workers) of companies in the fashion system. Often they were helped and encouraged by the company by which they were employed to start an independent activity; in many cases, these people continued the production activity of the 'mother company'<sup>13</sup>.

These entrepreneurs, who play an important role in the company often have an authoritarian management approach and tend to centralize the majority of decisions. In some situations there is discord at a management level, above all regarding the company's management, especially in terms of sales. These entrepreneurs are extremely experienced and qualified in technical and production matters but lack a sales background<sup>14</sup>.

Generally, these are fairly small companies or larger companies which are however family run where the role of its founder is still important, even though he may at times be Chairman of the Board of Directors and therefore with limited powers<sup>15</sup>.

The originating ideas of the founder often represent the fundamental basis around which the decisions and the growth of the companies revolve (Schein, 1988) and profoundly influence the company, even after the death of its founder (Lorenzoni, 1987)<sup>16</sup>.

In the case of the mechanical sector, entrepreneurs have passed through a process of production reconversion started in the second post-war period from the family run workshops which manufactured arms and ammunitions.

These entrepreneurs grew alongside companies manufacturing semi-finished parts, initially involving the maintenance and repair of textile and footwear machines purchased outside the area. These provided technicians of a good professional level who introduced the first modifications to existing machinery, reducing costs and often improving performance. Other initiatives revealed a more specific designing vocation which led to the construction of many original systems.

Very few of these companies however have personnel organization charts while job descriptions and procedures are often lacking. These companies therefore often have an informal type of organization based on personal relationships and trust, and in many cases, the entrepreneur does not use objective methods of assessment, nor does he involve his staff in company management.

### **The relationship between internationalizing strategies of companies and internationalizing processes of entrepreneurship**

Accepting the concept that internationalizing entrepreneurship may also be achieved through the different activities carried out by companies on international markets, it is im-

portant to emphasize the main characteristics of internationalization of the industrial companies.

Firstly it is important to note that *the strategic problem of allocating resources no longer only involves the choices between different product-markets, since <<business>> choices also include the definition of the most convenient activities or management functions within a specific production 'framework' (i.e. vertically) or goods sector (Silvestrelli, 1989, p.251).*

Moreover, *internationalization is not materialised simply by 'doing business', i.e. in the exchange of goods, but also involves non material aspects such as learning, experience and knowledge.*

These concepts are quite innovative in that previous studies made a net distinction between multinational companies (as an elite group), requiring a very specific organization and small-medium companies, which on the other hand tended towards the local markets. In this way, internationalization and industrial concentration were the two faces of the same process, which seemed to exclude small and medium sized companies from the activities on foreign markets (Grandinetti- Rullani, 1992, p.5pp).

Internationalization is found to occur in the unification, on a world scale, of the production circuit, circulation and use of knowledge which it creates in increasingly more penetrating and widespread forms; an *international cultural patrimony* through which companies transform their knowledge into products, processes and operating procedures (Silvestrelli, 1993).

The fundamental reason of this process lies in production economy and use of knowledge: in fact, by promoting 'country-system' contacts characterised by different experiences, international economy creates a *pool* which draws 'know-how' from the diverse knowledge accumulated in different national economies.

Broadly speaking, this is a pool of knowledge which includes the entrepreneurial, specialistic, organizing and professional abilities of the different national environments and is transmitted by these to the companies who represent an expression of the same (Grandinetti-Rullani, 1992, p.7pp).

*It is very difficult to identify a 'model of internationalization' common to all the small-medium sized companies because different processes of internationalization have emerged from the world economic reality (USA, Japan, Europe etc.).*

Many empirical studies, including several carried out by the research group of Ancona University, have demonstrated several important aspects of the strategies adopted by Italian small-medium sized companies, in particular those in the 'fashion system'.

- a. The process of internationalization in the 'development phases' (indirect, direct, integrated, multinational strategies). For example, a number case of some industrial areas has not always followed the traditional of interesting '*reversed*' processes of internationalization have been found. This is the case of companies which have developed significant exports to other European countries (such as Germany), before developing their sales on the local markets' (Silvestrelli, 1992).
- b. in other areas there are many companies whose sales are inadequately industrialized and which mainly adopt strategies of indirect exports; these, on the other hand are well introduced on the foreign buying markets (Taiwan, China, Thailand etc.) where they initially purchased only raw materials, later semi-finished materials and finally the finished products. Some companies have tried to establish long-term relationships with their international sub-suppliers who prefer a dynamic policy, meaning that they produce for the most convenient international buyers: *this is the case of competition on international*

*purchasing markets and a process of internationalization which starts from a 'purchasing function' to reach the 'production function' Silvestrelli, 1991a).*

- c. Small-medium sized companies have also established agreements and relationships on international markets which do not always involve a process of internationalization which is planned and controlled by the foreign company; at times, in the case of exclusive sales agreement, the company has to capitulate to the major contractual power of the foreign partner, which sets all the terms.

*Consequently, the internationalization level is not only determined by the 'form' of internationalization but also by the 'modalities' through which this process is realized (Silvestrelli, 1992).*

- d. There are also small-medium sized companies on the markets whose sales activities have not been internationalized, but which have resorted to international production decentralization.

These have in fact decentralized particular production phases or in some cases, even the complete product, to companies in Eastern Europe, in this way realizing operations of passive improvement trade (Gregori, 1992).

- e. Many Italian footwear companies have opted for foreign markets with direct export strategies or utilizing exclusive multi-mandatory representatives and agents<sup>17</sup>.

The complexity of the activities on foreign markets requires increasing geographic diversification on the part of small-medium sized companies, as well as a development of the entry channels, the diversification of the client portfolio, a differentiation of marketing policies in very different social-economic international contexts. This requires modern and efficient organizing schemes which even today very few entrepreneurs know how to formulate. For example, there are many small-medium companies who after years of export activities find themselves faced with a process of 'unaccomplished' internationalization, in the sense that:

- entrepreneurs remain rooted to the culture and national economy to which they belong;
- very few operative functions are internationalized, thereby creating an organization structure and a decision making process which are not coherent with a global 'unitary' strategy of internationalization (Grandinetti, 1992).

Finally, in order to emphasize the profound relationship between company internationalization and entrepreneurial industrialization, the following important aspects which appeared very clearly from our study, should be recalled.

- I. It is misleading and limiting to talk of entrepreneurship, without talking about entrepreneurial decisions and relevant psycho-sociological motivations<sup>18</sup>.
- II. Internationalising entrepreneurship is a process of economic culture in that it develops in very close correlation with the 'modalities' of doing business.
- III. Competition no longer occurs only between companies, but between Country Systems: it is consequently clear that internationalizing entrepreneurship is created and developed even through relations between Country Systems.
- IV. The phenomenon of entrepreneurship, and above all internationalizing entrepreneurship should not be related only to the ability of the single economic operator, but also involves other persons who are not entrepreneurs (managers, international consultants, embassy sales staff, international financiers etc.).

V. The competitive potential of the company on international markets will presumably be as great as the efficiency of the integration modalities of the individual company with respect to its 'country-system' and as high as the level of efficiency of the various institutions

(Research Centres, Cultural Institutes, Public Administration etc.); the formation and valorization of 'human resources' assume a determining role in this sense, both in terms of entrepreneurs and managers.

VI. Considering that it is in the best interests of the company to cooperate with other decision making Centres and Subjects - with differing aims, resources, decision making processes and elements on which know-how is based, and consequently their economical and political power - the problem of viscosity of the development of know-how between companies and other institutions operating in a Nation becomes obvious. *The fewer the positive and constructive interactions between operators in the economic world, as well as in a social and political context, the greater will be the problems faced by companies intending to internationalize*' (Silvestrelli, 1991b). This problem becomes even more complicated in the case of companies tending to internationalize and which are therefore forced to integrate with Public and Private institutions of other 'Country-Systems': how many Italian and European operators can in fact successfully implement this integration ?

### **Strong and weak points of internationalizing entrepreneurship in Small-Medium Sized Companies**

The conditions in which entrepreneurship develops can be described very briefly but not completely when new and more advantageous opportunities exist - a condition which must always be satisfied; particular personal qualities and the existence of suitable external conditions as well as an economical situation which permits reliable economic calculations are required (Schumpeter, 1934). In extending this concept from a domestic to an international outlook, the number of operators potentially involved in a process of internationalizing entrepreneurship increases. Worthy of note is the fact that the process of internationalizing entrepreneurship is also realized through the internationalization of companies. In fact the spread and development of entrepreneurship on international markets are also determined by the behaviour of these companies and by the modalities used<sup>19</sup>.

The Italian 'fashion system' depends heavily on the foreign markets and has increased its penetration on international markets: Italian entrepreneurs have in some cases encouraged the development of entrepreneurship on many markets, both by establishing production/distribution contracts with foreign partners and by decentralizing certain areas of production, above all in Eastern countries.

The fact that the companies in the Italian 'fashion system' are generally small-medium sized companies leads us to make a number of considerations.

1. The small company is a better training venue for local entrepreneurs than large companies. It has been repeatedly stated that large companies do not allow their employees to gain the experience necessary for running small companies (Johnson-Cathcart, 1979).
2. The conditions of internationalization of large companies are different to that of small companies. Large companies base their internationalization on capital, and face the problem of investment allocation at an international level.

Small companies on the other hand pass through individuals: this process of internationalization is based therefore more on individuals and personal ability (Silvestrelli, 1993)<sup>20</sup>.

3. It follows that a company's level of know-how, above all in the case of small-medium sized companies, is essentially incorporated in the company's human capital resources. Even if, theoretically, it is possible to appropriate this capital, presuming that the technicians possess the necessary know-how, this operation is costly and not always successful. There are more probabilities of success if the technicians possessing the know-how leave the company to found their own. This explains why, as demonstrated by many studies (Gudgin, 1983; Keeble, 1986) 'the founders of new companies start their activities in sectors in which they have had previous experience. The level of know-how incorporated in old companies is in this way transferred at a very low cost into the new companies' (Del Monte, 1987, 29).

It is consequently obvious that the contact between a company's human resources in different countries, makes it possible to transfer know-how and company culture in general.

On the other hand 'too often literature identifies limited market dimensions and lack of capital as the main obstacles to development in depressed areas. While it is impossible to ignore the fundamental importance of these factors, we believe that very often they are the consequence and not the cause of a vicious circle of entrepreneurship<sup>21</sup>. When a concentration of companies is achieved in a certain area, either because these are attracted by low labour costs or by other reasons, and following the process of social division of labour, a virtuous circle of entrepreneurship may be initiated, as has occurred in countries in South-East Asia in the electronic field<sup>22</sup>; *the process of internationalization of companies may in fact be one of the driving factors for the creation and spread of new entrepreneurship.*

On the other hand, the experience of many areas subject to intense regional policy (for example Southern Italy or Scotland) demonstrates that the spatial concentration of systems alone is therefore neither a necessary condition nor sufficient to activate as virtuous circle of entrepreneurship.

It should also be considered that in many cases Italian small-medium companies adopt a short-term approach on international markets which does not seem to favour the creation of international entrepreneurship, which at the same time is often disadvantageous for the exporting company in the long term.

It has for example been ascertained that the realization of passive improvement trade operations is implemented by Italian footwear companies in different ways and often gives a different performance; moreover, purchasers appear to prefer a short-term approach in their relationships with international sub-suppliers, which does not seem to be convenient.

The objective of the entrepreneur in this case is to exploit the differential advantages of labour cost offered by the country of the sub-supplier at that particular time. The Italian footwear company does not make 'investments' on the sub-supplier and monitors the evolution of labour costs at an international level (Gregori, 1992).

As stated by Varaldo (1992a), the lack of penetration by footwear companies on these markets, may favour the development of potential competitors; it may also increase the presence of foreign capital attracted by the industrialization process and may also catch Italian companies unprepared when the consumption of footwear in the above countries increases.

Another operation of passive improvement trade, based on the establishment of medium-long term relationships between purchaser company and the international sub-

supplier. has been very infrequent; consequently, consistent synergies may be obtained, which involve not only the cost of labour, but the entire value chain. Resorting to this type of operation moreover requires time and investments which the Italian company must realize in its partner<sup>23</sup>.

It follows that some re-importation operations may acquire a certain strategic value, not only in terms of the type of product re-imported, but above all in terms of the relationship established between the purchasing company and the international sub-supplier.

Strategic import or strategic re-importation should make it possible to develop a complementary relationship between the production capacity of the local entrepreneurs and foreign entrepreneurs (Saraceno-Gola, 1989, p.14).

It becomes obvious that small-medium Italian companies in the fashion system must improve their presence on international markets<sup>24</sup>; moreover, they often do not have the resources to develop adequate internal services, which assume growing importance and they do not even fully understand their own service requirements. The driving and support role that may be performed by Public Operators is consequently easy to understand.

### **The public operator and internationalizing entrepreneurship**

The process of internationalization can not be the result of a choice that the company can make individually, above all in the case of small-medium sized companies: the company must in fact be supported by public intervention, which can favour this process quite considerably and which can therefore influence the international process of entrepreneurs.

In recent years this has led to the development in Italy of various service centres which are directly managed by public operators, or which are financed by public capital, aiming above all at helping the process of internationalization; the service system in question is a rather 'varied' one in the different areas of the fashion system.

The empirical study involving entrepreneurs carried out has demonstrated that, generally speaking, there is a negative opinion of the National Service Centres, while there is appreciation of the services provided by local organizations (or at least those with a local agency), according to the area in question<sup>25</sup>. Many entrepreneurs feel that new Service Centres are not required in the Central-North area of Italy but that existing Centres should be restructured to make them more specific, efficient, and efficacious as well as more flexible in terms of supply modalities.

Generally, there is a limited service demand for internationalization as well as limited intervention by the Public Operator.

It is important to note however that the Public Operator can do a great deal to increase the service demand for internationalization, both in terms of quality and in terms of quantity; this demand is in fact rather limited due to a number of reasons. It has for example been ascertained in the case of textile, textile-machinery, footwear-machinery and footwear companies that often the potential users of the service do not know the offer system and consequently do not know which organization or company to contact (Gregori, 1991). Especially in the case of the textile-machinery sector, in many cases the company was found to be confused by the offer system.

In effect, different organizations supply the same service, in a different way, thereby overlapping each other (Silvestrelli, 1992). The Public Operator must therefore introduce efficient communication policies for service users, ensure better coordination of resources in order to avoid damaging dispersion and act incisively to promote the 'culture of internationalization' among companies. In planning the service offer, the Public Operator must implement a careful process of 'demand segmentation'; it is in fact not sufficient to aim in

an undifferentiated manner at the requirements of groups of companies, for which the internationalization service acquires different values. These organizations can use different 'demand segmentation variables' of internationalization services in order to identify distinct 'sub-groups' of potential/current users of the services (Silvestrelli, 1992).

The segmentation process moreover makes it possible to identify various types of demand which require different 'modus operandi' on the part of the organizations providing the services.

In some cases it is important to make the existence of the supplying structure known and to promote the necessary culture among companies, in order to make these understand the utility of the internationalization services; in fact, very often, companies do not feel the need for these services since they do not understand them fully and consequently do not always appreciate the advantages that can be attained by using them. This activity can be carried out in different ways: one need only consider the information and training activities, the organization of conferences and seminars as well as interrelations between University and companies etc<sup>26</sup>.

In some cases it may be necessary to modify the opinion of companies and to gain their trust. For this purpose, public organizations may involve entrepreneurs in order to realize particular projects or structures (Burrelli, 1991); moreover public organizations should be more selective with their projects and use the results of studies and research works more effectively; moreover, they should improve the structure and professional level of the different 'managing organisations' in order to correct the quality and the modalities of providing the service.

In yet other situations it is necessary to realize initiatives which aim at transforming the need of a firm into the explicit request for that particular service by the firm. Entrepreneurial and managerial training can be extremely useful for this purpose in that this substantially involves increasing the cultural level of the entire company structure.

Yet further improvements could be made by the public operator in the communication and transport systems.

Moreover, the Public Operator must make the company understand that the objectives established can not always be attained by a 'una tantum' use of the services offered and that attaining these objectives might require some time.

The various Organizations can in fact use an adequate 'positioning map' to develop a 'product policy' which aims at specific 'segments' of potential/current users only after having realized a 'market segmentation' in order to identify different requirements in demand.

In the majority of cases however, an 'undifferentiated marketing' strategy is used and many Organisations still appear to be unprepared to adopt a marketing policy, which involves a specific differentiation of the services offered and initiatives which aim at promoting an understanding of these services among companies (Silvestrelli, 1992).

It is obvious that the Public Operator may help the internationalizing process of entrepreneurship, for example by contributing towards the development of an entrepreneurship in Eastern Countries; the results that can be achieved in training the entrepreneurial category by setting up 'schools for entrepreneurs', seem to be rather limited<sup>27</sup>.

In fact the art of the entrepreneur can rarely be learned; besides basing itself on a 'natural talent', it also involves a high level of learning where the 'learning by doing' process is fundamental. The intervention of the Public Operator must on the other hand aim at improving the process of internationalization of the small-medium sized firms; considering the lack of internationalizing culture in these companies and that the process studied in the case of small-medium sized companies involves 'human resources' rather than 'capital', the training of entrepreneurs and managers, who are more directly involved with the inter-

national market, assumes particular importance<sup>28</sup>. This becomes even more important if we consider the fact that in the face of new internationalizing modalities it may be necessary to extend the overall perspective of strategy-human resources relationships, reconsidering the figure and role of the export manager in that if the strategies are different, this means that the activities and functions that the individual firm carries out on the various markets are different. As stated by Silvestrelli (1988), in observing the operating reality, it becomes clear that new professional levels and figures are very probably required in the firm. It may therefore be useful to start 'diluting' the figure of the export manager, that for so many years has represented the professional point of reference on which men of company organizations, scholars, managers themselves and entrepreneurs have relied. If in fact this system, whereby the company must choose the function to carry out in a given business, is analyzed, different figures of operators, directors or export staff emerge. If the company is to face competitors with different strategies on different markets, the firm will very probably need 'someone' who not only has the specific traditional experience of the export manager, but who at least has the ability to understand the changes in technology, consumptions etc<sup>29</sup>.

In the face of market globalization, an operator is required who can interpret what is happening in the world, not only in terms of selecting the correct distribution channels for selling a specific type of product in a given market; in fact he must also make others understand what is happening in the world because competition (at different levels in a vertical sense) may come from an unexpected country, from a new competitor or even from a company that has diversified etc. In this sense innovation is profoundly changing the 'modus operandi' of competitors at an international level.

As previously mentioned, since the company carries out a differentiated strategy on different markets and in different activities, different professional figures are also required within the company, obviously this applies mainly to fairly large companies.

It should however be noted that the nature of the problem does not change even in the case of small companies, since in terms of organization, these will still require a person who can efficaciously perform different functions. In other words, conceptually, the problems are the same but are resolved differently in a large company with respect to a small or medium sized company (Silvestrelli 1988).

## **Concluding remarks**

The first important aspect demonstrated by this paper is that the internationalizing processes of entrepreneurship are different depending on whether small-medium sized companies or large multinational companies are considered. This applies both to the interactions between human resources within an individual company and to the interactions of economic operators of different companies operating in different Countries and performing different economic-productive functions. The experiences in recent years of developing countries and the current experiences of Eastern European Countries are significant. The development and spread of entrepreneurship have also been increased by the behaviour of American and European entrepreneurs, who have decentralized various phases of production on different international markets, transferred technical and organizational know-how and introduced staff training processes, thereby developing local entrepreneurship and in some cases even creating new companies with the financial participation of local workers and technicians, who in turn have become entrepreneurs.

Internationalizing entrepreneurship involves a number of different factors and is moreover not related to the ability of the individual but depends rather on the multiple interactions with other operators who are not necessarily entrepreneurs.

A second aspect which is worthy of note is that the companies in the Italian 'fashion system', generally involving small-medium sized companies, have in time increased their tendency to operate on foreign markets in terms of volume and turnover share. A qualitative development in the modalities of how these companies are present on international markets has also been noted: in particular, *it is very difficult to delineate an 'internationalizing model' common to all small-medium sized companies.*

It is also important to note that *the process of internationalizing entrepreneurship is also achieved by internationalizing the companies*: the behaviour of companies and the modalities with which these are present on international markets contribute to the spread and development of entrepreneurship. It has been ascertained that this may even be truer in the case of small-medium sized companies which are a better training and education venue than large companies. It is not by chance that small-medium sized companies above all involve 'human resources' and not its capital as in the case of multinational companies.

It should also be observed that small-medium companies in the Italian fashion system mainly adopt a short-term approach on international markets and must therefore improve their 'modus operandi'. The internationalizing entrepreneurship process is a strategy which can not be implemented by the individual company in that it increasingly involves the various operators; it is in this sense that the role of the Public Operator may be determining.

As far as the Public Operator is concerned, it should be noted that he may help the internationalizing process of firms and consequently influence the internationalizing process of entrepreneurship. The results obtained by 'schools for entrepreneurs' seem to have been rather limited, at least in Italy; on the other hand, *entrepreneurial activities require a learning process which also depends on a 'learning by doing' process.* The training activities that can be realized by the public operator consequently become extremely important both for entrepreneurs and for managers who have closer ties with international markets.

It is obvious that the internationalizing process of firms and internationalizing entrepreneurship are strictly related and influenced by the 'internationalizing culture' within individual companies and in all the public and private structures with which these interact (companies, research centres, public administration etc.). It is in fact on the cultural aspect that the public operator may intervene successfully, as well as quite naturally on the abolition of physical, normative and technical barriers, together with other international operators.

Unfortunately however, limited attention has to date been given to the training process of international entrepreneurs by the public operator, by scholars or by the entrepreneurial class itself, which is very rarely able to activate 'education and training' processes within its own structures for potential entrepreneurs.

## Notes

<sup>1</sup> This paper presents the results of a research coordinated by Prof. Sergio Silvestrelli on 'Structures and Services for internationalizing strategies of small-medium companies: problems and prospectives of textile-clothing companies in some system areas', which was part of a CNR (National Research Centre) project (C.N.R. three-year research contract no. 9000160/73). Professors and researchers of Ancona University and of Florence University participated in this research. This paper is the result of a joint study and ex-

change of ideas: it should be noted however that points 1-3-6 were written by Prof. Sergio Silvestrelli while points 2-4-5 were written by Dr. Gian Luca Gregori.

<sup>2</sup> Sergio Silvestrelli is Professor of Industrial Business Administration and Director of the Istituto di Scienze Aziendali, Faculty of Economics - Ancona University.

<sup>3</sup> Gian Luca Gregori is Assistant Professor of Industrial Business Administration, Faculty of Economics - Ancona University.

<sup>4</sup> The empirical studies were carried out by interviewing entrepreneurs and managers of small-medium sized companies in the following system areas:

- textile sector: thirty companies in the area of Prato;
- clothing sector: fifty-six companies in the areas of Pesaro, Fermo, Macerata and Val Vibrata;
- footwear sector: fifty companies in the main Italian industrial areas;
- textile-machinery sector: forty-eight companies in the areas of Biella, Brescia, Bergamo and Prato;
- footwear-machinery sector: sixteen companies in the areas of Fermo, Macerata and Vigevano.

<sup>5</sup> The last five years have seen an extraordinary increase of studies abroad on 'entrepreneurship'. The increase in the number of 'Centres for Entrepreneurial Studies' (Lorenzoni-Zanoni, 1987, 2) bears witness to this. Moreover there is an increasing number of Universities in the United States with courses on entrepreneurship and small companies (Dollinger, 1991).

Other than in very few cases (Fazzi, 1957), in the past, Italian literature has dedicated little attention to the entrepreneur as a strategic protagonist.

<sup>6</sup> Entrepreneurial studies have a lengthy tradition in social sciences but have very probably suffered from a certain discontinuity; the information and interpretative schemes available are not sufficient to comprehend the extent and range of the activities involved (Lorenzoni, 1987, p.162). Moreover entrepreneurial studies using a company approach were originally developed as part of training strategies (Hicks-Popp, 1973). The differences in the approaches used to study this 'area' of analysis (Invernizzi, 1988, p.36) does not provide a sufficient degree of uniformity on this subject, which has only recently been established, with some difficulty, as a separate area of knowledge (Kao-Stevenson, 1985, 1ss; Kent-Sexton-Vesper, 1982, pp.352).

<sup>7</sup> The entrepreneurial studies analyzed with a managerial approach omit researchers from a Schumpeterian conception of the company, intended as a phenomenon which is achieved in the realization of innovation; these studies concentrate on innovative processes whose scope is to obtain useful information for those wanting to use these processes with efficacy and efficiency (Coda, 1986).

<sup>8</sup> There are many works on this particular line of research; works by Peter-Watermann (1982), Ohmae (1982), Ouchi (1981), Westley-Stanley (1984) refer.

<sup>9</sup> An original classification of the types of entrepreneurs in the area of Prato, was realized by Aiello (1991).

<sup>10</sup> For example the creation and development of textile-machinery companies and footwear-machinery companies have been found in areas with client-companies; moreover production specialization of machinery manufacturing companies is caused by the specialization of user companies.

<sup>11</sup> Numerous studies have tried to identify the reasons for the differences in companies present in one area with respect to another, by distinguishing the economical factors which affect the managerial and organizational characteristics of individuals (Del Monte, 1987, 26) (see Birch 1979; Gudgin-Fothergill, 1978; Aydalot, 1983).

<sup>12</sup>Some authors have attempted to see an additional factor of entrepreneurial development in the labour offer even if in fact it has not always been possible to verify this. Storey (1982-1985) affirms that the number of people wishing to establish new companies increases at times of widespread unemployment.

Del Monte (1987) considers that the limitation of the works considered is that, although they do in part explain the differences in the birth rates at a territorial level, they have no theoretical reference model.

<sup>13</sup>Commercial intermediaries (perhaps more important in the clothing sector), entrepreneurs, landowners, office workers and labourers from other sectors, lacking in experience but who were attracted by the high profits, seem to have had a more limited role with respect to other sectors.

<sup>14</sup>In many companies (footwear, textile-machinery, footwear-machinery), the production function is the most well organized function and is nearly always fairly well developed.

<sup>15</sup>As observed by Silvestrelli (1982, p.62), in the case of the furniture sector, it is reasonable to presume that, within certain limits, spatial concentration has proved to be an efficient alternative to the creation of large companies. The situation in the case of the clothing sector is a little different since there are fairly large groups in this sector where the role of the entrepreneur in some cases is more limited; this does however only occur very rarely because family run structures do prevail.

<sup>16</sup>There is therefore a continuous relationship between the founder and the development of the company; refer to Greiner (1972) with particular reference to the various phases of evolution-revolution of the company.

<sup>17</sup>These agents are allowed ample autonomy, to the extent that they often influence major company decisions, such as decisions regarding products, sales policies etc.; moreover the company does not generally visit customers.

Consequently, the direct export strategy is not such for the advantages that it provides; in fact, the company is again strongly dependent on agents, even if in this particular situation it has its own brand, both in terms of market contacts - which only the agents in the large majority of cases have - and for the request of types of products that they often impose on the company.

It is obvious that this leads one to consider a different concept of direct export strategies (Gregori, 1990, p.124).

<sup>18</sup>Many studies have involved the psychosociological origins of the phenomenon; the pioneering work of Collins-Moore-Unwalla (1964), McClelland and the later work of Silver (1982) and Kao (1985) have made attempts to evaluate the psychosociological origins of the phenomenon. Some have systematically attempted comparative studies where the entrepreneurs are paired with similarly successful managers. 'Others have compared successful with unsuccessful entrepreneurs. Still others have not attempted a controlled comparison but have simply identified the common characteristics. Implications in some of these studies as to causalities are strong even though the methodologies in general can only show association' (Hirsch, 1986, p.17). There is no doubt of the influence that company internationalization processes may have in developing entrepreneurial formation towards the international market.

<sup>19</sup>The creation of a company 'implies situation variables and phenomena which differentiate by subject, stimuli, typology, localization and diffusion, and which make the genetic and functional reality of each and every company virtually unrepeatable. Numerous stimuli, which can differ according to whether they express negative or positive circumstances, contribute to attributing this unique character' (Buttà, 1992, p.15). Mariti's contribution (1990) on the creation of new companies is of particular interest in this sense.

<sup>20</sup>It is a well affirmed fact that one of the most important decisions a company has to make in the process of internationalization involves the choice of personnel (of the country of origin, of the country of destination or of other countries); see Decastri (1993) in this regard.

<sup>21</sup>Regarding the identification of the values and characteristics of entrepreneurs it has been ascertained that the identification of entrepreneurship with distinct individuals has spawned much research on the personal characteristics of entrepreneurs (Hisrich, 1986). Considerable effort has gone into the development of an understanding of the psychological and sociological wellsprings of entrepreneurship, as Kent refers to it, 'supply-side entrepreneurship' (1984). These studies, says Hisrich, have noted some common modalities among entrepreneurs with respect to need for achievement, perceived focus of control, orientation toward intuitive rather than sensate thinking, and risk-taking propensity. In addition, many have commented on the common, but not universal, thread of childhood deprivation, minority group membership, and early adolescent economic experiences as typifying the entrepreneur.

<sup>22</sup>Several attempts have been made to construct models in which entrepreneurial offer is an endogenous fact (Kihlstrom-Laffont, 1979); for example, Lucas (1981) developed a model of general equilibrium for the creation of new companies. The models in question, moreover, have only a partial validity.

<sup>23</sup>The use of reticular organization structures on international markets could prove to be very convenient (Hakansson-Johanson, 1988).

<sup>24</sup>As observed by Varaldo (1992b, p.9) 'small-medium sized Italian companies are often passive exporters; in the majority of cases in fact they use independent sales operators such as buyers, export houses and foreign importers'.

<sup>25</sup>An interesting analysis on service demand was carried out by Bonaccorsi-Dalli-Varaldo (1990).

<sup>26</sup>The relationships between University and Industry may have different objectives, among which academic spin-offs assume considerable importance; see Varaldo (1991) in the case of Pisa University.

<sup>27</sup>The intention is not to undermine the role that at an Organization like the EEC might have in assisting the internationalizing process of entrepreneurship by intervening with a support policy to back risk capitals and real services.

Cafferata (1990) identifies a number of new incentives for the creation of small companies in public policies for Southern Italy.

<sup>28</sup>Drucker (1985) analyses the reasons and characteristics of the significant development of new companies in the United States as from the 70's; he identifies a technology called management as the main factor of the so-called 'entrepreneurial economy'.

<sup>29</sup>If one accepts that proper training must meet the requirements of the organization and coherently become a part of organization development, it follows that valid training must also comply with the strategic choices required by the company-organization and that a valid strategy implies adequate training among its many activities' (Maggi 1984, p.185).

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# 15 Entrepreneurship development and training: An Islamic perspective

*M. AbulHasan Sadeq*

## **Introduction**

Entrepreneurship has been emphasized by some economists as a key factor in the process of economic growth. In particular, Schumpeter has treated it as 'the key factor' in economic development.<sup>1</sup> Entrepreneurship formulates venture ideas, identifies potential and profitable areas of entry, mobilizes venture capital, combines other factors of production, and creates markets through advertising and other means, and most importantly in Schumpeterian sense, brings about technological change by undertaking inventive and innovative activities. Different levels of economic development of various countries of the world are said by some to be accounted for by the differential supply of entrepreneurship. In this sense, the causes of different degrees of economic development are different levels of entrepreneurship development in various countries of the world. Coffey and Polese have placed entrepreneurship at the centre of local or regional economic development.<sup>2</sup> In their four stages of local development, the emergence of entrepreneurship stands first.

McClelland views that the supply of entrepreneurship is highly dependent upon the intensity of achievement motivation.<sup>3</sup> According to him, this psychological spirit most often lead people, within a favourable environment towards the end of successful entrepreneurship.

Environment plays an important role in entrepreneurship development. Environment may broadly be divided into two categories: i) Socio-cultural environment, and ii) Economic environment. Our objective here is to analyse the entrepreneurship environment in the context of Islamic Culture.

## The status of entrepreneurship in Islam

Islam provides tremendous incentive for economic and entrepreneurial activity; it makes economic activity obligatory. The obligation reads as follows :

'Earning a *halal* (permitted) living is *fard* (obligatory) after obligatory worship.'<sup>4</sup>

From the viewpoint of entrepreneurial and non-entrepreneurial sources of earnings, there are broadly two means of earning a living: (1) working for others on the basis of fixed salaries/wages, and (2) undertaking entrepreneurial ventures. While there is a provision in Islam to work for others for fixed salaries, the real incentive is for the development of entrepreneurship.

'And when prayer is over, disperse in the world and search for the bounty of Allah.'<sup>5</sup>

The word 'search' is clearly something more than just working for others; 'search' or 'research' does not only imply a simple entrepreneurial activity; instead, it implies entrepreneurship with some innovative and risky ventures to utilize whatever is available in the world for the benefit of the people, since Allah has created everything for their benefit.<sup>6</sup> In addition to such general instructions, entrepreneurship in specific matters are clearly mentioned and encouraged.

'A faithful and trustworthy trader or businessman will be with the prophets, siddiqeen (i.e. those who have achieved the highest status of truthfulness in Islam) and martyrs in the Day of Judgement'.<sup>7</sup>

Entrepreneurship in business is specifically encouraged here so much so that a religious status is given to a sincere and honest businessman, such that a business entrepreneur of desired quality will obtain a very high status in the 'Day of Judgement'. Thus it is fairly clear from the above that a strong inspiration is available in Islam for entrepreneurship development.

## Entrepreneurship potential judged by conventional criteria

Economists have long been saying that the driving force and motive behind risky entrepreneurship is the desire for profit. There is said to be activated by profit expectations. In other words, motivation for entrepreneurship originates from profit motive.

Islam does not only allow, but rather encourages, one to earn profits. The Quran announces,

'Allah made '*bai*' as *halal* and prohibited *riba* (interest).'<sup>8</sup>

That is, '*bai*' is made '*hahal*' by God. '*Bai*' is a broad word in the Arabic language which includes any kind of transaction, business, industrial activity - all of which are to make profits. Needless to mention, such '*bai*' implies the existence of entrepreneurship for making profits, rather than working for others for a fixed salary. People have been recommended and encouraged to earn a *halal* living, which is obligatory, by involving themselves in trade and commerce with trustworthiness. By implication, it requires two things: (1) entrepreneurship and (2) motivation for making profits.

If profit motive is believed to activate entrepreneurship, Islam thus has appropriate provisions for it in order for motivating its growth and development.

McClelland and some other writers hold a different view, that it is achievement motive rather than profit motive, which inspires entrepreneurial activity. The argument is an indirect one which is as follows: if entrepreneurs are interested primarily in profits or money they should quit entrepreneurial activity as soon as they maximize profits and stop risking further entrepreneurial ventures. Instead, in reality, they are observed to be greatly concerned for expanding their business and industrial venture. Therefore, they should better be assumed to be motivated by a desire for achievement rather than by profits. This assumption includes the possibility that the entrepreneurs are interested in money or profits

because it provides a ready and quantitative index of their achievements. Profitability is a criterion of measuring achievement, rather than a motivation for entrepreneurial activity.

We do not want to argue for or against such a position, but rather to address a different issue arising out of this view, which is as follows. Sutcliffe argues that Islam lacks achievement motivation. His argument is based on a Quranic verse which states 'it is not for a believing man or a believing woman, when Allah and His Apostle have decided an affair, to have the choice in that affair...' <sup>9</sup> This proves, according to Sutcliffe, that achievement motivation is absent in Islam and '... its apparent absence in Islam would seem to be sufficient to establish Islam as an obstacle to development ...' <sup>10</sup> An empirical study was carried out in a Jordan Valley to test the hypothesis that Islam lacks achievement motivation and hence it is an obstacle to economic development. The hypothesis could not be supported by evidence. From this, instead of rejecting the hypothesis, Sutcliffe tended to posit that actual pattern of Muslim behaviour appeared to contradict the ideal pattern of belief. That is to say, Islam is an obstacle to economic development, but the economic behaviour of Muslims is not in accordance with normative values laid down by Islam. <sup>11</sup>

We start with a response to Sutcliffe's argument from the Quranic verse referred to above. For understanding the real meaning of the verse, one should have some idea about Islamic way of life. Islam provides norms for all walks of human life. Broadly speaking, human activities can be categorised in three groups. First, recommended activities (or goods and services) which include those which are encouraged (*nawafil*) as well as obligatory (*wajibat* and *faraid*). Second, activities (or goods and services) to which Islam is indifferent (*mubahat*). Third, discouraged activities (or goods and services) which broadly include those which are discouraged ethically as well as those which are absolutely prohibited (*makruhat* and *haram*).

Now if God or His Apostle includes a particular thing in the prohibited category, no Muslim has any choice to change its status and if they make anything as obligatory, a Muslim does not have any choice or option to practice it or not. Those who claim to be Muslims must lead their life according to the will of God and His Apostle which is reflected in Islam. This is the meaning of the Quranic verse referred to by Sutcliffe.

In our context, if Islam prohibits to have desire for achievement, it will definitely lack any scope for achievement motivation. On the contrary, if Islam requires from a Muslim to have achievement motivation, it would be a moral and religious duty of all Muslims to possess desire for achievement. Let us then see the position of Islam in this matter. The Qur'an commands, 'Complete to achieve what is good'. <sup>12</sup> 'Good' thing includes worldly achievements. 'Oh Lord, give us what is good in this world and what is good in the hereafter.' <sup>13</sup> The Qur'an further says, 'A person gets whatever he strives for.' <sup>14</sup> 'Do not forget your share of the world.' <sup>15</sup> These verses motivate mankind to make efforts for achievements.

Therefore, if achievement motivation is believed to activate entrepreneurship, Islam strongly recommends to have a high degree of it for entrepreneurship development.

### **System efficiency for entrepreneurship development**

Motivation will be of little benefit if the Islamic system does not provide a framework which is conducive for entrepreneurship development. In fact, Islamic system does provide this. It protects entrepreneurs from risk and uncertainty, encourages innovation, helps finance ventures to the fullest extent, and so on. These aspects are highlighted below.

### *Protection against risk and uncertainty and entrepreneurship development*

The world is full of risk and uncertainty and this phenomenon is a limiting factor in entrepreneurship development. Entry into any economic activity involves physical and intellectual labour as well as financial costs. The return is however uncertain. Nobody can guarantee a good profit from a business, or prevent capital from being lost. This uncertainty is a negative force working against or discouraging those ventures which involve high risks but highly productive and profitable. There is a direct relation between the degree of risk and profitability, but an inverse correlation between motivation for ventures creation and the degree of risk and uncertainty.

Islamic system tends to provide a good amount of protection to entrepreneurs against risk and uncertainty.<sup>16</sup> Modern entrepreneurial activities are mostly financed by banking system. Under traditional banking, banks advance loans to entrepreneurs with the terms and conditions that the principal and interest must be repaid as per schedule whatever might be the fate of the ventures. In this situation, entrepreneurs feel discouraged to undertake ventures involving high risk and uncertainty because the entrepreneurs think time and again about return from their ventures as the bank does not share in losses or failures, if any.

The Islamic Banking system, on the other hand, has such a built-in-mechanism that protects entrepreneurs from the adverse effects of failure. It is due to two outstanding methods of investment in the Islamic financial system : *Musharakah* and *Mudarabah*. *Musharakah* is a mode of financing under which funds are supplied by both banks and entrepreneurs, and the resulting losses or profits are shared by both the parties.

The distribution of profits does not have to be proportional to capital ratio (i.e. ratio of the contribution of capital by two parties); an entrepreneur who makes more contribution in the business may charge higher share of profit than capital ratio. For example, a *musharakah* entrepreneur, who contributes 30 per cent of capital, may charge 50 per cent of profits; 30 per cent for capital ratio and 20 per cent for entrepreneurial contributions. But during losses, the entrepreneur is in an advantageous position relative to the financing bank because he has to lose only in the ratio of capital contribution. That is, he is bearing only 30 per cent of the losses, while he is receiving 50 per cent of profits. On the other hand, the financing bank receives 50 per cent of the profits, but bears 70 per cent of losses.

Under this arrangement, it is clear that, entrepreneurship is protected against risk and uncertainty. This encourages entrepreneurs to undertake more 'risky' venture.

Under 'mudarabah' investment, the activity is entirely financed by banks, while the entrepreneurs organise it. The profits are distributed as per a profit ratio which is agreed upon in advance. If there is any losses, it is borne entirely by the contributors of capital, i.e. the bank, and the entrepreneur does not bear any part of losses, rather he simply goes unrewarded for his efforts. This arrangement provides tremendous incentive and courage to entrepreneurs to undertake risky entrepreneurial activities.

### *Innovation and entrepreneurship*

Innovation has recently been significantly emphasised as a dynamic function of entrepreneurship. The Quran requires innovations, since it commands to 'search for the bounty of God' and it instructs for the exploration of whatever is available in the world for human welfare.

Innovative activities are always risky and uncertain; nobody can guarantee success or productivity of an innovative activity; and even if success is achieved, there is usually a long gestation period. This risk and uncertainty coupled with long gestation period is a

discouraging element for the entrepreneur in the pursuit of innovation. If the entrepreneur is protected against such a risk and uncertainty, he will naturally be encouraged to undertake innovative activities by spending an adequate amount for the purpose. Islam provides such a protection to the entrepreneur.<sup>17</sup> If any project fails, the entrepreneur does not bear any of the incurred costs in the project in case of *mudarahah* arrangements; instead, the contributor of capital bears entire burden of losses. In case of *musharakah* arrangements, the entrepreneur bears only a part of the losses on the basis of capital ratio and does not take any losses for entrepreneurship. Entrepreneurship is protected against risk and uncertainty which is very likely to exist in innovative activities.

It is fair to assume an inverse relationship between R & D expenditure and the degree of risk and uncertainty. Therefore, it is also fair to say that there is a strong likelihood of experiencing more R & D expenditure in an Islamic entrepreneurial arrangements, other things being equal, since an entrepreneur is protected against risk and uncertainty involved in the innovative process.

### *Finance for entrepreneurship*

Entrepreneurship development does not simply mean the growth of new entrepreneurship, it as well includes the expansion and development of existing enterprises by increasing efficiency, size of operation and the like. If any limit is imposed to financing of a business, it may continue to survive, but it will not be able to grow further.

It has already been demonstrated by economists like John M. Keynes that an interest-based financial system limits use of funds which, in the present context, creates an obstacle to the development of entrepreneurship. An entrepreneur cannot increase the size of investment beyond a point at which the prevailing interest rate (R) is equal to the marginal efficiency of capital (MEC), since if  $R > MEC$ , an additional amount of investment adds more to cost than to profit. Therefore, an optimizing entrepreneur must limit his investment at which  $R = MEC$ ; neither before nor beyond this level. On the other hand, investment can be carried out beyond this point in an Islamic system.

The Islamic system of sharing profits (or losses) has the potential to increase investment up to the level at which marginal profit is zero. This can be demonstrated by a hypothetical example. For this, let us make some assumptions. First, a pre-decided profit ratio between an entrepreneur and the contributor of capital is 60:40; and that if the money is borrowed from an interest-based bank, the interest rate is \$10 for \$1,000 per project period. Second, the project life is three months (meant for trading). The example is presented in Table 1. In an interest-based system an entrepreneur can invest up to \$9,000, since marginal profit equals interest payment at this level of investment. That is, when the entrepreneur adds \$1,000 to previous investment of \$8,000, he earns \$10 as additional profits which he has to pay entirely to the financier leaving nothing for himself. His total profit after interest payment is \$505 (= \$595 - \$90) when \$9,000 is invested. In case, the entrepreneur continues investment up to \$10,000, his total profits fall from \$505 to \$503 (= 603 - 100). Therefore, a profit maximizing entrepreneur must stop at \$9,000. It is even less risky for him to invest \$8,000, since he is earning the same maximum profit of \$505 at this level as well.

On the other hand, an entrepreneur under an Islamic financial system can continue investment profitably beyond \$9,000, since he keeps on receiving positive profits up to the investment of \$13,000. He may even increase investment up to \$14,000 without risk, since risk is borne by contributors of capital, although net gain from the additional investment will be zero.

**Table 1**  
Expansion potential of entrepreneurship in an Islamic economy

Total Investment	Total Profits	Marginal Profits	Dist. of profits under Islamic Financial	
			Share of the entrepreneur	Share of the contributor of capital
5,000	520		312.0	208.0
6,000	550	30	330.0	220.0
7,000	570	20	342.0	228.0
8,000	585	15	351.0	234.0
9,000	595	10	357.0	238.0
10,000	603	8	361.8	241.2
11,000	608	5	364.8	243.2
12,000	611	3	366.6	244.4
13,000	613	2	367.8	245.2
14,000	613	0	367.8	245.2

It is thus evident that the entrepreneurs are facilitated under an Islamic financial system to develop their enterprises up to the maximum potential, which is not possible in the environment of an interest-based banking.<sup>18</sup>

### Quality-mix for entrepreneurship

Development of beautiful gardens and fruitful trees are always welcome but the growth of parasites is never desirable. This is true in the context of entrepreneurship as well. If the growth of entrepreneurship is important, the direction of its growth is not of less importance at all from the stand-point of social desirability. An Islamic financial system takes this into consideration when it extends its financial resources for the development of entrepreneurship.

Efficiency in the Islamic system requires that funds should not be directed to activities which are undesirable from social point of view. The production of those goods and services which destroy the targeted morale of an Islamic society, for instance, drugs cannot add to utility and value; because production, trading, marketing and consumption of such goods and services are prohibited. Thus entrepreneurship in the socially harmful activities are discouraged, while it is encouraged in the socially desirable areas.

Islam emphasises quality of entrepreneurship for the welfare of the people which has recently been considered as an inseparable element in the concept of economic development.

'He who cheats us (in business) is not among us (i.e., he is not a Muslim)'.<sup>19</sup>

'A faithful and trustworthy trader or businessmen will be with the prophets, siddiqueen and martyrs in the Day of Judgement'.<sup>20</sup>

'He who sells defective goods without showing the defects will be in the anger of God and the curse of angels'.<sup>21</sup>

It is revealed from these traditions that entrepreneurship is encouraged by giving a high religious value to it only and only if it possesses a high ethical standard; because this is necessary for the welfare of the people which is intended from entrepreneurship growth and for the resulting economic development.

## Education and training for entrepreneurship development

Does the experience of Muslim societies reflect the favourable cultural development of Islam? The answer seems to be in the negative. But why? A response to this requires one to differentiate among three entrepreneurship factors.

Factor 1: Cultural environment for entrepreneurship.

Factor 2: Training for operationalization of the cultural environment, and

Factor 3: Economic conditions influencing entrepreneurship development.

Cultural environment may be transmitted to operational skills through training which may be materialized if economic factors are favourable. If factor 2 is missing, the cultural environment will motivate the entrepreneurial candidate to utilize factor 3 by self-training for economic achievements. If factor 3 is not favourable, factor 2 will try to help facilitate realization of factor 1, but with limited success.

If factor 2 is missing and factor 3 is also not favourable, the state of entrepreneurship is not expected to move very far. Unfortunately, this is the reality in most of the present Muslim societies. Entrepreneurship training is lacking or inadequate in these countries. As to the economic conditions, the unfavourable conditions are manifested in the following. First, the Muslim countries are not self-sufficient in complementary resources if considered individually, although they are quite rich if considered collectively. Second, the market size of individual Muslim countries is too small to allow economically viable plant size.<sup>22</sup> Third, physical infrastructure is lacking. Fourth, political instability.

There is no short cut solution to the problems related to factor 3. However, it is possible to do something about factor 2.

### *Entrepreneurship education and training*

Education in general and entrepreneurship education in particular seem to play an important role in economic growth and in the development of its engine, the entrepreneurship.

Impressive statistics and a number of quantitative studies of the sources of economic growth in the West demonstrated that it was not the growth of physical capital alone but rather of human capital that was the principal source of economic growth in the developed nations.<sup>23</sup>

In addition, some studies show a strong relationship between education and entrepreneurial success, associated with a greater range of information sources and a wide market,<sup>24</sup> and that 'The success of the enterprise depends not on where it is located but on the skills of the management and employees.'<sup>25</sup> Entrepreneurship education and training help in developing such skills related to enterprises.

It is a pity that the Muslim societies belong to the category of developing countries which lags behind in education and training, and in particular, are characterised by more or less the absence of entrepreneurship education and training. If the economic conditions are attractive and promising, the potential entrepreneurs are likely to find their ways from themselves. In the absence of such conditions, entrepreneurship education and training is expected to facilitate its growth and development by providing related knowledge and skills to awaken the inherent entrepreneurial qualities and by equipping them with tricks to overcome the unfavourable socio-economic conditions.

Not only there is a need for universal education in Muslim countries, it is important to have the education system of these countries reformed to accommodate qualities and skills for their economic development, instead of existing concentration in general education without planning of manpower needs and strategies. This is expected of help solve the unemployment problem, since it will facilitate self-employment through entrepreneurial ventures, even at the small scale, in the rural-based population structure of these countries.

Besides, there is a need for specialized facilities for education and training for the development of entrepreneurship at the medium and higher level to facilitate growth of business and industrial enterprises in the urban and semi-urban locations. This should receive special attention from the policy makers of Muslim societies.

### **Concluding remarks**

The foregoing discussion leads to the following concluding remarks.

1. Entrepreneurship is the key factor in economic development.
2. Islamic culture provides both incentive and a favourable framework for entrepreneurship development. It is due to information gap about the Islamic system that some have missed the position of entrepreneurship in the Islamic culture.
3. Although the Islamic culture is favourable for entrepreneurship development, this is not reflected in the contemporary experience of the Muslim societies. This is because a conducive culture is favourable, or at the most a necessary, but not a sufficient, condition for entrepreneurship development. A sufficiency condition is provided by favourable socio-economic conditions, while entrepreneurship education and training can usefully facilitate its development, both of which are lacking in the contemporary Muslim societies.
4. There is no easy way out of this. However, an appropriate reform of the education system and the creation of some facilities of entrepreneurial education and training may favourably contribute to entrepreneurship growth and economic development of Muslim Countries.

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## Part C

# **Entrepreneurship Education: Technology and Innovations**



# 16 Planning and building the infrastructure for technological entrepreneurship: The case of São Carlos Science Park - Brasil

*Sergio Perussi Filho, Sylvio Goulart Rosa JR.*

## **Abstract**

This article describes the development of a successful program aimed at encouraging the start up and development of technology-based companies which was set up by the São Carlos Science Park Foundation, in São Carlos, a medium-sized city located in the south-eastern region of Brazil. Even in a hostile environment where a persistent inflation and a mismanaged public sector have destroyed all kinds of mechanisms toward the encouragement of high tech start up, the program which is undergoing this region of the State of São Paulo, has been very successful. The main characteristics of this program is that it is strongly based in the actions of entrepreneurial-minded professors, researchers and students as well as some intrapreneurs who has worked in the staff of key public organizations. The actions of these champions at the beginning of the process and even nowadays is the key element for the success. As a result of this new approach this model has been considered as a paradigm for other regions of Brazil and even for some other developing countries.

## **Introduction**

To become an entrepreneur in Brazil has been a task for giants. A persistent high inflationary process which last for a long period associated with several heterodoxy shocks in the

economy has eroded the investment capacity of the public and private sector and almost destroyed all kinds of mechanisms toward the encouragement and support of high technology start up. The huge problems faced by the public sector in the economic area, which for the most of experts has its root in some unsolved political affairs, has led the government to lose the basic conditions to create a healthy environment where entrepreneurs could set up and to develop their businesses. The deterioration of the infrastructure for business development has its cause on the bad performance of the Brazilian economy which had its worst period during the 80's. The Gross National Product (GNP) strongly decreased during the 80's after a long period of growth and the investment rate also has decreased steady since the 70's (tables 1 and 2) As a consequence of this recessionary period the Brazil's technological status went down as well when compared to others New Industrialized Countries (NIC).

Table 1  
Brazilian GNP Growth

Period	Average Rate (%)
30's	4.6
WW II - 60's	5.9
70's	8.8
80's	1.6

Source: Brazilian Institute of Geography and Statistics - 1992 <sup>1</sup>

These results were in part a response to a development model strongly based in the presence of the public sector in the economy which was set up in Brazil after the Second World War and which had its more important period during the Brazilian Miracle of the 70's.

After the failure of this model based on the strong presence of the public sector in the economy and considering the new deal that is in place due to the strong global competition, one of the main economic challenges for Brazilian Government has been to set up some conditions to direct the business sector under a more liberal economy in order to solve some important problems: 1) creation of high-value added jobs not created during the recession of the 80's and also to replace jobs lost which is undergoing with the public sector's restructuring and the privatization of the state-owned companies; 2) achievement of competitiveness in the international marketplace to keep the historic favorable balance of payments.

Some possible solution are the partial redirection of the public investments in the state-owned companies to the strengthen of the educational and scientific and technological systems and also to create a more innovation-friendly environment, conducive to encouraging entrepreneurship and developing more realistic multilateral links between basic and applied research and the production sphere.

Table 2  
Investment Rate

Period	% GNP
70's	24.0
1981-1985	18.0
1985-1990	17.2
1991	16.5
1992 (first semester)	14.8

Source: Brazilian Institute of Geography and Statistics - 1992<sup>1</sup>

Even though the Brazilian experts have been trying to put the economy on the right track the results if some will only come in the future. Thus, some actions should be implemented independently of some macroeconomics solution. This approach was what some entrepreneurs started to do in the middle of the crisis of the 80's. Acting as champions they had at that time envisioned that the solution for some part of the problems that Brazil was facing it was to create a more conducive environment for high tech start up. At that time Brazil had already a good business infrastructure in the traditional sector but it lacked a healthy environment to link the universities and the production segment as a mean to transfer the technology from the public to the private sector. There was only a weak relationship between the Universities and Research Institutes with the public and private companies and a great deal of academic thesis were not related to problems faced by the production system's needs. With this picture in mind and the knowledge about what was going on in Europe and USA the Brazilian National Research Council set up in 1984 a program to foster the creation of Sciences Parks in Brazil. Among the pioneers was the São Carlos Science Park. A more detailed history about its development will follow and it will have the main focus on the strategy to encourage the start up of technology-based companies.

### The early stage of the Science Park Development

São Carlos is a medium-sized city with around 160,000 inhabitants located in the central region of the State of São Paulo, the most important state in Brazil under the standpoint of economic and social development. This region is the second only to the region of São Paulo City, the capital of the São Paulo State. Some people use to call it the Brazilian California since it has reached an important level of development compared to other regions of the country. Among some interesting characteristics, like having around 500 manufacturing companies in the traditional sector, including some multinational ones, there is one that deserve a special attention: this relatively small city is the home of two public universities, the University of São Paulo at São Carlos, created in 1953 and the Federal University of São Carlos, created in 1970; two Research Institutes supported by the Ministry of Agriculture and also others Colleges and Technical Schools. As a result of this concentration of educational infrastructure on a small area it is said that São Carlos owns the biggest concentration of researchers per square meter in Brazil. Today around 2.000 people are directly working on science and technology development, either as a faculty member or as a student supported by some kind of scholarship.

To flourish the start up of technology-based companies in this healthy environment there was a need of a coordinating organization. The São Carlos Science Park was then created in 1984 by a partnership among the Brazilian National Research Council, the Municipality of São Carlos, the State of São Paulo's Center of Industries, the University of

São Paulo at São Carlos, the Federal University of São Carlos, the São Paulo State University and the Secretariat of Science and Technology of the State of São Paulo. A non-profit organization was set up to coordinate the Science Park and a first program to encourage the start up of technology-based companies was put in place.

Since this new program was not concerted with some industrial policy its success was strongly based in the actions of some important entrepreneurial-minded people. In fact some of the faculty members were aware about the needs of changing in the relationships between the universities and research institutes with the production system. The high number of skilled people most of them working for the traditional manufacturing sector and for the universities was very important as well. One interesting point is that the process of high tech start up began even before the creation of the coordinating organization. A survey conducted in 1987 showed that in a sample of 30 start up 23.3 per cent were set up before the creation of the coordinating organization in 1984 [3]. The reason for this movement is considered to be the difficulties of the universities to absorb the graduated students due to the stagnation of the universities growth. As a consequence those students began to work supported by scholarships and some of them turn their attention to the business area. For those who advocated a more linked university with the private sector this was an important turnaround. This movement help to start the openness of the university to work closer to the production system. Those professors and students desiring to continue their research but with no motivation to stay only with the university found their own way to keep one foot in the university while being able to begin their career as an entrepreneur. The results was the transferring of the technology generated in the universities to the production system, initially by those entrepreneurs and later on by the larger linkage between the university and the production system. This was the starting point of the process to change the attitudes of the University regarding the interaction with other sectors of the community. It is important to point out that this process only happened due to the presence of important entrepreneurs acting each one of them on some part of the process.

The results of these actions can be seen with the start up occurred after the creation of the São Carlos Science Park Foundation. After 1984 occurred around 80 per cent of the start up, according the same survey we have already mentioned. This rate was a result of a previously action set up by the Foundation: to encourage the entrepreneurial process within the university using the entrepreneurial-minded people who were aware of the necessity to change the 'status quo' of the relationship between the university and the production system. This was the key element for the success. Today the São Carlos Science Park counts with 60 technology based enterprises in the fields of optics, laser, advanced ceramics, special alloys, instrumentation, precision mechanics, telecommunication, medical instruments and other areas.

All this early developments was the result of the actions already described. However, we also have in mind that great part of these results is partially due to a natural process of spin off occurred from research that have been done for so many years. Due to serious financial restrictions up until last year there were not any kind of planned program aimed at encouraging professors and students to look more seriously the entrepreneur career. With no Business School associated with the universities there was not such a kind of entrepreneurship center or some kind of structured group to look at more detailed basis the small business development. Therefore, the São Carlos Science Park Foundation decided to set up a planned program on entrepreneurship training so that we can better prepare the future entrepreneurs of the Science Park and also to have more information about that entrepreneurial process. It is important to point out that this program is part of a broader program aimed at encouraging the creation of new technology-based ventures. Currently we are

running a business incubator with 18 offices, several training courses on business development in partnership with the Small Business Development Agency (SEBRAE) and planning a senior technical high school to provide workers with technical skills on new technologies. In addition we have sponsored for six years in a row the São Carlos High Tech Fair to show the products and developments of our companies. This year we launched a prize to encourage innovation among researchers, professors, students and general workers. In short, we set up a whole program to encourage innovation and creation of new technology-based companies.

### **The new developments and the building of an entrepreneurship program**

After a long period of development with no effective government support the situation started to change. In 1990 the government stated a new industrial policy and the model of development based on the Science Park was given its opportunity. The government set up with some important partners like Development Banks, Commercial Banks, Foundations and the like an entire program aimed at supporting the development of Science Parks. Also of great importance was the changing of the Small Business Development Agency. Today this agency is totally managed by the private sector and has directed its actions toward a more effective support to the small-sized companies.

Therefore with an industrial policy providing some financial support to this new model of regional development and a more structured organization aimed at encouraging the start up and development of technology-based companies the São Carlos Science Park Foundation finally is having the opportunity to set up some planned actions. Among those most important action nowadays in place is the planning and building of an entrepreneurship training program.

The Foundation working together with the Small Business Development Agency is starting its first program on entrepreneurship education and training. It is important to point out that although the local universities offers a great variety of undergraduate and graduate program on engineering, chemistry, physics, biology, ecology, mathematics, computer science and so on they did not have at least one Business School. This has put a great deal of importance on this program since we are giving the students the first contact with the venture creation issues.

The high number of students who attended our first program give an idea about the importance of the entrepreneurship education and training in Brazil: the opening seminar brought to the Federal University of São Carlos 253 people related to the university system - students, faculty members, researchers and administrative staff from the 3 universities. This event was considered to be one of the most important event sponsored by the São Carlos Foundation in the current year. After this opening seminar and included in the Program we started our First Course on Technology-based Venture Creation. Fifty three people took part in this course. Several of them students pursuing a master or Ph.D. degree and also some technicians and undergraduate students. A survey conducted during the course showed that most of them intend to open their own business in the next years. The course comprises all aspects of high tech venture creation and the students are required to develop a business plan. In addition, during the course several successful entrepreneurs and professional from the administrative sector are asked to give seminars about their entrepreneurial experience. However, we are not totally satisfied with what we have done so far. Next training program we intend to add even more practical experience in our curriculum, taking the students to the real business environment through a program of internship.

It seems to us that we are on the right track to build a even more entrepreneurial environment in São Carlos. Today the relationship between the university with other important partners in the process of high tech business creation is not the same we used to have some years ago. Due to the actions of those early entrepreneurs and intrapreneurs we have now a much more friendly environment for innovation and venture creation. And with no doubt the actions of these agents have been our main comparative advantage.

### Notes

<sup>1</sup> To whom the correspondence should be addressed:

Rua São Sebastião, 304 - 13561.170 - São Carlos - SP - BRAZIL.

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# 17 The EC-project 'Euro-innovations-manager' - possibilities for the transfer of training programmes within the technology transfer in Europe

*Kirstin Behre, Rainer Dammer*

## **Introduction**

Technology transfer, which incorporates the development of appropriate expertise, making research findings available to the company, and the choosing of suitable measures, requires, in the case of small and medium-sized enterprises, a transmitter and a transformer. These functions are realized through advisers on technology and innovation.

At the moment there is no system of training or qualifying certificate anywhere in Europe for this professional group which acts as a catalyst for the application of the latest technologies in companies from the most diverse industries.

The existing personnel in technology transfer, who has studied natural science, or is trained as engineers, lawyers or economists, have acquired their knowledge exclusively through professional activity. They are employed in a variety of areas, oriented largely to what is available in the case of universities, technical colleges, research establishments or other centers of education, regionally oriented in centers concerned with economic furtherance in the communities, e.g. in technology centers and regional governments, employee oriented in establishments run by trade unions, or demand oriented in the trade associations, chambers of industry and commerce, and commercial business consultancy bureaux.

Consequently, there is no qualification profile for the work of advisers in technology transfer (Habicht, Kück; 1981). Therefore a great need for cooperation and further education for the existing personnel in the area of technology transfer can be seen (Grote, 1987;

Rotholz, 1986). Those employed in technology transfer have, as a result, united in a great variety of working groups and regional networks.

### **Lower Saxony Agency for Technology and Innovation, (NATI)**

One of these networks is the Association of Lower Saxony Organizations Devoted to Transferring Technology and Promoting Innovation. The Lower Saxony Agency for Technology and Innovation, Ltd. (NATI) is the secretariat of the association and looks after the outward presentation of the entire network and promotes new links with other intermediary organizations.

As there are no existing training programs for personnel in technology transfer the working group 'Qualification for transfer activities' was created by the Association of Lower Saxony Organizations Devoted to Transferring Technology and Promoting Innovation in Lower Saxony. This working group has developed several training activities for personnel in technology transfer in Lower Saxony. Since 1992 NATI is offering these training activities to technology transfer personnel in Lower Saxony. So far experiences in training for personnel in technology transfer have been made just regionally or for certain technology transfer groups (Kayser 1991).

The experiences from these activities are transferred in the EC-project 'Euro-Innovations-Manager'. In this project a European-wide training program for personnel in technology transfer will be developed and tested.

### **Euro-innovation-manager**

The focal point of the project is the development and testing of five training modules in five different European countries. The five training modules are:

1. Technology assessment and management of the innovation process (Great Britain)
2. Information and communication (Germany)
3. Market analysis and promotion (Sweden)
4. Communication and presentation skills for personnel in technology transfer (Spain)
5. Types of agreement with SME (France)

These five modules will be integrated in one curriculum. This curriculum will be tested in three European countries.

The project started in July 1992 with a project period of three years. The partner organizations of the project are from Great Britain, Germany, Sweden, Spain, France, Ireland and Greece.

Figure 1  
Project Partners



## **Aims of the project**

The aim of the project is to improve technology transfer within small and medium-sized enterprises by working out and testing a program of further education for the personnel in companies, professional associations and technical colleges.

Proven methods and experiences should be transferred to other European regions, with the purpose of improving the level of education of personnel working in technology transfer.

By means of a further training program for technology transfer specialists a contribution should be made to the development of innovation in small and medium-sized enterprises in Europe.

With the creation of the European Single Market, many company problems will only be able to be solved by taking the EC general framework into account. It is, therefore, the aim of the project to familiarize technology transfer personnel with the new legal situation.

By the end of the project there should have been developed a concept for the training of new personnel in the area of technology transfer.

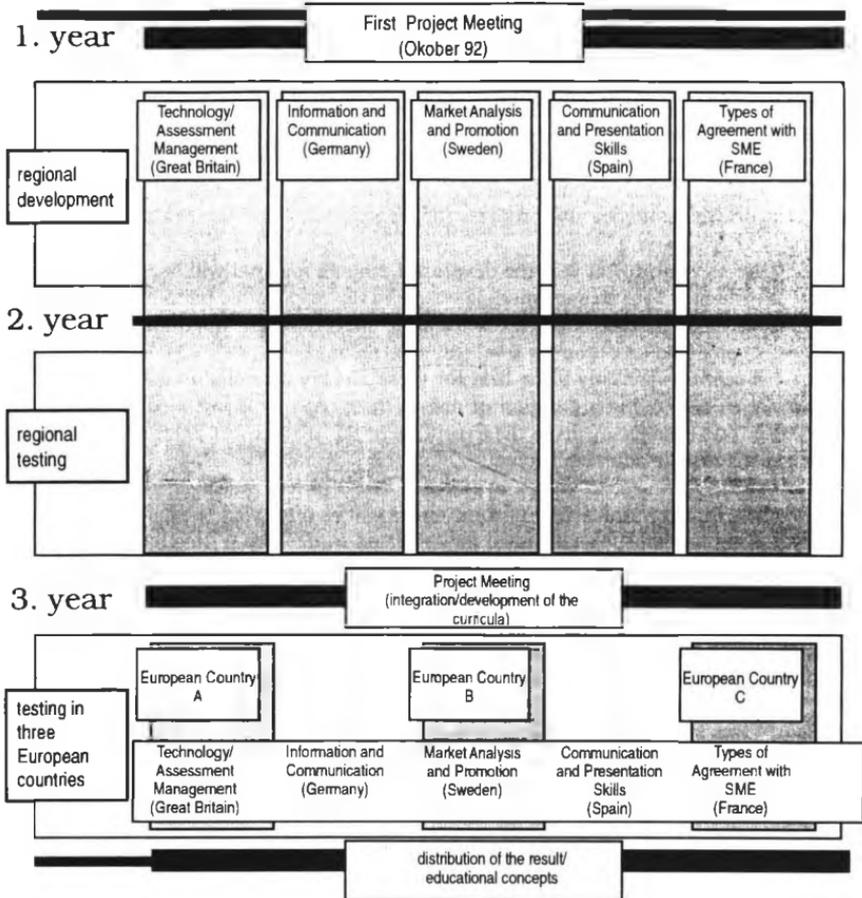
## **The comett-program of the EC**

The project 'Euro-Innovations-Manager' is a comett-project of the European Communities. The comett program (Community Program for Education and Training in Technology) covers three main areas of activity:

1. The establishment of a European infrastructure by setting up a network of university-enterprise training partnership (UETP's) in all EC and EFTA Member States,
2. Transnational exchanges: student placements in European enterprises and personnel exchanges between higher education and industry,
3. Education-industry cooperation in joint training projects to promote European training in the field of advanced technology. Partners of joint projects organize training courses throughout Europe and develop specific training material.

In order to be able to remain competitive in the market-place, small and medium-sized enterprises are dependent on the ability to transfer modern technologies into practice. The Comett program pursues this objective through primary and further training schemes. Normally, the projects which are promoted are the ones that are intended to qualify the specialized personnel or those responsible for training in companies. This project has been commissioned to make a contribution to the development of innovation in small and medium-sized enterprises by means of a further training program for technology transfer specialists, and thus to the improvement of technology transfer on a European scale.

Figure 2  
Training activities



The focal point of the training activity is the running of training courses. Training material will be developed for the training courses. Due to the complex subject matter, the courses will be organized according to key issues in modules, and developed and tested accordingly in the participating countries. As part of the process, one partner will take on the leadership and coordination for each training module.

In the first project year experts in technology transfer from different countries and institutions have compiled the curriculum. This took place for each module in one of the participating countries (regional development).

Every training module consists of several courses with training material. The educational material for the courses consists of written material, overhead transparencies, slides, Video, etc. Provision is made for the development of training software for the field of information and communication technologies, which should simplify dealing with techniques like for example as used in mailbox operations. Naturally, the testing of information and communication technologies also provides for the usage of European-wide communication systems.

During the second project year the developed training material will be tested in training courses. It is intended to run each module course in the responsible partner country at first. Experts from other partner countries will ensure that there are opportunities to include experiences gained on an European level (regional testing).

Since the schemes are only to be held for those already occupied in the profession, the seminars are to be fixed at a duration of one to three days. It is intended to fully involve further education establishments in the execution of the seminars in order to use the experiences gained there in adult education.

At the end of the second year a conference of all project partners will take place at which the development and testing of the courses will be discussed. The aim of the conference is to bring together the individual modules and to develop a broadly applicable curriculum.

In the third year this integrated curriculum of the five training modules will be tested in three European countries.

By the end of the project there should have been developed a concept for the training of personnel in the area of technology transfer. Whether the contents of the curriculum are appropriate for establishing a training course within the scope of a further study for the training of Euro-Innovations-Manager, has also to be investigated.

## **Target group**

For the training courses, consideration is to be given to the personnel who are employed in the area of innovation advice and technology transfer. Since there are still no European-wide primary and further training schemes on offer, and a need for such has been expressed many times, a lively interest from the participants is to be assumed. The participation of the organizations which are involved in technology transfer will ensure a high level of acceptance.

The courses are addressed to all persons involved in technology transfer activities or in managing Research and Development projects:

- Owners and managers (i.e., decision makers) in manufacturing small and medium-sized enterprises (SMEs),
- Trainers and technical staff in SMEs, responsible for introducing new systems
- Research and Development (R&D) staff in larger companies and research organizations,

- Industrial liaison staff in universities and colleges.
- Technology transfer staff in research institutions.
- Innovation advisers in the chambers of commerce and industry and the chambers of crafts.
- Staff of technology centers.
- Staff of Relay Centers, Euro-Info-Centers or Europe offices.
- Executive staff in Development and Training Organizations.
- Fieldworkers engaged in company visit programs and market surveys.
- etc.

## Course contents and course design

### *Module 1: Technology assessment and management of the innovation process*

project partner: Gordon K. Ollivere; RTC-North, G.B

#### *Course 1: The Need for technology transfer*

Purpose: To provide course participants with a comprehensive introduction to the subject of technology transfer and why it is necessary.

Elements:

- Introduction
- The roots of technology transfer
- Innovate or liquidate - why technology transfer is necessary
- The lone inventor
- Sources and resources
- The technology market place
- Scientific push
- The innovation-production market equation
- Common barriers to innovation in European SMEs
- Conclusions

Exercises:

- Relate learning elements to the local economic environment

Design elements:

- a. Distance learning elements
- b. Initial workshop

#### *Course 2: Agents of technology transfer*

Purpose: To provide course participants with a good working knowledge of the market place for innovation as it affects both the suppliers and users of technology in the region

Elements:

- Introduction
- Dimensions of technology transfer
- Suppliers of technology
- Consumers of technology
- Phases of technology
- Linkages and mechanisms for technology transfer
- Information and communication flows
- Conclusions

Assignments:

- Classify technology providers, users and agencies
- Create regional matrix of activities against organizations

Design elements:

- a. Seminar/workshop
- b. Distance learning elements
- c. Assignment
- d. Tutorial and group work

*Course 3: The management of change*

Purpose: To develop an understanding of the business and management issues affecting decision making with regard to technology transfer opportunities

Elements:

- Introduction
- Strategic issues
- Market opportunities
- Financial management
- Business management
- Technical management
- Training issues
- Legal agreements
- Conclusion

Assignments: Prepare self help material to audit SME capability in...

- technology resources
- financial resources
- marketing resources

Design elements:

- a. Seminar/workshop
- b. Distance learning elements
- c. Assignment
- d. Workshop

*Course 4: Techniques for technology implementation*

Purpose: To examine the technology transfer process as it will affect a single company using a step-by-step approach with frequent reference to case studies

Elements:

- Creating the business plan
- Recognize market need
- Establish market potential
- Prototyping and product development
- Obtaining technology awareness training
- Provide business training
- Establish good management systems
- Launch of the product, process or service
- Product-specific training
- Monitoring and controlling the new operation
- conclusion

Assignments:

- Sample industrial market research exercises
- Prepare company policy for technology management

Design elements:

- a. Seminar/workshop
- b. Distance learning elements
- c. Assignment
- d. Tutorial and group work

*Module 2: Information and communication*

project partner: Hans Schroeder; Technologiekontaktstelle d. Uni Hannover, Germany;

*Course 1: Sources of information and how to search in databases*

Purpose: To provide the participants with sources of relevant data of research institutions, research collaboration, R&D projects and results, new products and processes by searching in publications and databases

Elements:

1. Information from publications:

- Technology-transfer networks, e.g. Sprint-networks, TII
- Technology-transfer magazines, e.g. tech trade
- Technology-catalogues, e.g. from chambers, TII

2. Information from databases:

- EC-Host Echo and introduction into Cordis-System
- Available databases and contents
- RTD-Projects: provides description of European R&D projects
- RTD-Results: results and R&D prototypes arising from EC projects
- RTD-Publications: abstracts of reports and publications
- RTD-Partners: suitable cooperation partners for European projects
- RTD-News

3. Researches in databases:

- Retrieval-language CCL
- Other databases with scientific and technical information (hosts STN, FIZ-Technik, Dialog, Questel)
- Information and use of patents
- Technical access to databases

Course design and outcomes:

Part 1: information from publications

- workshop

Part 2: information from databases

- lecture

Part 3: researches in databases

- exercises

A computer aided learning software has been developed for this course.

*Course 2: Research and Development supporting programs and funds*

Purpose: To demonstrate available sources of information on programs and organizations giving financial support for R&D activities of companies, Research Institutions and Higher Education Institutions.

#### Elements:

1. Overview on the framework programs of the EC
  - General information, aims and the development from the beginning to the fourth framework program. The elements, (funding for activities in the fields of production technologies, information technologies,...) are described in this section. Special items are the funding of:
    - research and development
    - skills transfer
    - training
    - technology transfer
2. The structure, tasks and aims of the EC funding organization (Directorate-General)
3. The source of information in publications and databases
  - (Official Journal, Guide for Applicants, Information packages, Project synopsis, magazines of DG XIII, Innovation and Technology Transfer)\*
  - Advisory institutions and their tasks (e.g. EICs, Relay Centers, Europe Offices, Commission, National Points of Contact)
4. National funding institutions and programs
  - Comparison of the principles of national and European funding (Training on national programs is not transferable because of different structures in national funding systems. However, the material listing German funding institutions gives an example how to arrange this part of the courses in other countries
  - A case study (the example is created in cooperation with the Europe Office and EIC)

#### Course design and outcomes:

Part 1, 2, 4: Lecture

Part 3: It is possible to practice some searches in databases to talk about the different source of information from the view of the participants. The case study will be organized in form of a workshop.

\* The Echo databases should be used for training in this section as well. The software I supports the training activities. Further off-line researches are possible in the database DELFI (Database for European Funding Information), produced by the Euro-Info-Center in Hannover. The dates from DELFI are also on-line available at the National Coordination Office for the Scientific Organizations in Germany. It is intended to work close together with this institution in the second project year.

#### *Course 3: Communication and information exchange via mailbox-systems*

Purpose: The aim of the course is to show the use of mailboxes as an advanced communication system, to demonstrate the functions of a mailbox and to practice the handling on personal computers

#### Elements:

- Introduction to mailbox-systems
- Tasks and applications
- Benefits, advantages of electronic mail
- Mailbox-networks and gateways between them
- Electronic mailing: addresses, write and read letters, send and reply letters, data organization, file transfer, sending mail by distributors to defined addresses
- Utilities, gateways to databases, fax-service

#### Course design and outcomes:

Two days seminar including both days practical exercises in a mailbox-system.

It is proposed to use the NATI-Mailbox (Telehaus Nordhorn in GEONET), which is already available for technology transfer institutions in Lower Saxony. In the second year all partners in the project will get an account in this system to improve the acceptance of this technique.

The self-learning software will be distributed to all course participants and other interested persons.

#### *Module 3: Market analysis and promotion*

project partner: Arne Kullbjer; Center f. Professional Development, University Linköping, Sweden;

#### *Course 1: Strategic planning of marketing and promotion activities in the region*

- Basic principles and methodologies for market assessment
- strategic planning of marketing and promotion activities in the region
- defining goals and means for technology transfer activities.

A three day interactive face-to-face workshop

Main target group: personnel in technology transfer

#### *Course 2: The role of SMEs in the process of technology transfer:*

- sources and routines for information gathering,
- preconditions for implementing technical innovations,
- evaluation criteria.

A three day seminar, arranged as combination of a 1 day face-to-face workshop and 2 days of in-company project work, consulted on distance (consultancy/tutoring offered during a two weeks period).

Main target group: company staff

#### *Course 3: Continuity and equilibrate in the demander - supplier relationship*

- Continuity and equilibrate in the demander - supplier relationship in recognition of new standards and technology trends:
- routines, means and networks for continuous communication between suppliers and demanders.
- E.g. strategies
- to increase information on and availability of public financed technology and research in SMEs,
- to stimulate SME-managers to request innovative technology,
- to increase SME-staff ability to implement new technology.

A two day interface face-to-face workshop.

Main target group: personnel in technology transfer and SME-staff (managers, engineers, etc.)

#### *Course 4: Delivery of the product to the market place:*

- concerted efforts on marketing initiatives.
- Strategies of assisting SMEs in their marketing efforts,
- nationally (e.g. by utilizing newsletters, broadcast, television and other journalistic work for product information), and,
- internationally (e.g. by utilizing EC-networks and databases).

A two day interactive face-to-face workshop.

Main target group: personnel in technology transfer, SME-staff, journalists.

Training materials:

Course 2 material is planned to be adopted for distance learning (consulted self-studies) and supported by a 'Technology renewal-questionnaire'. This questionnaire has the aim of assisting SME-staff in the procedure of planning for investments in technology renewal in their company. The module 3 in-company project work should be considered as a training in adapting this questionnaire to the critical parameters of the own company. and. in applying a systematic procedure on a real or, fictitious investment case.

*Module 4: Communication and Presentation Skills for personnel in technology transfer project partner:* Vicente L. Frances; ADEIT-Fundacion Universidad Empresa de Valencia, Spain;

The training material corresponding to module 4 is composed of two documents and a training video-cassette. simulating a visit to an enterprise.

The objective of the first material is to supply useful methodology in order to prepare and evaluate technology transfer orientated visits.

*Course 1:* Methodology in order to prepare and evaluate technology transfer orientated visits

1. Selection of the firms to be visited

1.1. Identification of the firms

Present customers

Potential customers

1.2. Prospection of the firm

- Sources and means of Prospection (annuals, directories, databases, specialized journals, technological exhibitions...)

- Determining priorities in the visit to firms (criterion: production sector, productive processes, entrepreneurial culture, income per year, new products per year, suppliers...)

1.3. Arranging the visit

2. Preparing the visit

2.1. Defining the objectives

2.2. The reason why the different agents take part in the transfer process

2.3. The preparation of the material or audiovisual presentation or demonstration

2.4. The arguments for technology transfer

Contents:

- The performance of the technology

- Evolution of the technique

- Maintenance

- Costs/benefits

- Alternatives

How to make an argument.

3. Contracting with the client

3.1. Previous contacts with the firms

Instruments:

- Telemarketing and/or mailing
- Technical meetings

Press Dossier

Leaflet

Video

Personal contacts

Previous services

3.2. The role of intermediate organisms

OTRI/CTT

University-enterprise foundations

Chamber of commerce

CSIC

3.3. Evaluation of the visits

- Outcome analysis

Strong points

Weak points

- Improvement proposals
- Objection registers
- Continuation of the contacts held

*Course 2: The development of the communication abilities of the technology transfer agents.*

1. Interpersonal communication

- Definition of the communication (To be distinguished from information...)
- How do we communicate?
- Verbal and non-verbal communication
- The degradation of communication
- Communication obstacles and facilitators
- The communicator as issuer: assertiveness

2. Active listening

- The communicator as receiver: Listening
- Attitudes to active listening (Empathy..)
- Obstacles to active listening
- Listening to grasp interest centers

3. Negotiation techniques

- Negotiation process elements
- Negotiation phases  
(Different stages and meetings between the agent and the firm)
- Negotiating attitude
- The acknowledgment of the interlocutor  
(The objective of the client, common interest...)
- Objection treatment
- Emotion control
- Negotiation agreement and closing

4. Efficient presentation of techniques
  - Exposing methods
  - Presentation of norms  
(Respect the territory, gain confidence, control of the means to be used...)
  - Visual aids
  - The demonstration  
(Within the firm or research center)
  - Error-controlling
5. Personal and social abilities
  - Techniques to be used in the different social situations  
(Making delicate questions, bearing silences, acknowledgment of mistakes, making and receiving criticisms, expressing negatives...)
  - Communication and interview techniques
  - Communication and meeting techniques
  - How to grasp people's emotion and feelings.

The video shows how to make a visit in order to transfer a technology.  
Every course will last 3 days.

*Module 5: Types of agreement with SME project partner: Michel Mayer; Cellule de Transfert de Technologie, Université de Rouen, France;*

*Course 1: Negotiation and drawing-up of the general clauses of research contracts*

1. Negotiation I
  - a. Participants in the negotiation
  - b. Research of the contracting partners
2. The drawing-up of a contract
  - a. Presentation in writing
  - b. Drawing-up the contract
  - c. Length of contract
    - Classification of a contract
    - The legal nature of the contract
3. Content of the contract
  - a. Benefit of research
    - Definition of the research
    - Nature of the researcher's obligation
  - b. Finance of research
  - c. Follow-up of the contract: cooperation
  - d. Confidentiality
  - e. The publication of the results
  - f. Construction of the contract
  - g. Settlement of disputes generated by the contract

*Course 2: Research/funding*

1. Public research financing
  - a. Public financing of public research
    - The diversity of participants in financing
    - The diversity of forms of financing
  - b. Private financing of public research
    - Financing of national asset operations
    - Financing of joint ventures

2. Financing of private research
  - a. Private financing of private research
    - Funding from the financial markets especially from banks
    - Funding based in capital stock
  - b. Public financing of private research
    - 'Positive' financing
    - 'Negative' financing
3. Costs forecast and distribution of research expenses
  - a. Forecast of research costs
    - Overall costing
    - Real costing
  - b. Distribution of research expenses
    - Accounting registration of private research expenses
    - Budgetary, accounting, fiscal and social security rules of the execution of a public research

### *Course 3: Consultation*

1. The stakes of the consultation for the public research
  - a. Advantages
  - b. Risks
2. The consultation right
  - a. The legal plan
  - b. The procedure autorisation
3. The consultation contract
  - a. The nature of the contract
  - b. The obligations of the contracting parties
  - c. The relationships with the principal employer of the researcher
  - d. Contractual legal matter
4. Statutory and ethical obligations for the adviser (or consultant)
  - a. Obligations to meet one's responsibilities
  - b. Obligations concerning professional secrecy and discretion
  - c. Conflict of interest
  - d. The sanctions of the researchers' obligations
5. The fiscal and social protection system for the legal adviser
  - a. The fiscal system
  - b. Social protection
6. Aid to the adviser
  - a. Setting up relations with companies
  - b. counseling/professional advice

### *Course 4: Intellectual property*

1. Assignment of intellectual property right
  - a. No assignment in the matter of copy rights
  - b. Assignment is essential in the matter of industrial property right
    - Exclusive assignments
    - the various possibilities
    - the compensations: licenses ...
    - Joint-assignments: co-property

2. Trading royalties
  - a. Setting of the amount
  - b. Control and collection procedures
    - For private persons
    - For public persons
3. Trading royalties
  - a. Judicial procedures
    - State-controlled national courts
    - Outside state control arbitration's
  - b. Non-judicial procedures

## Conclusion

A project dealing with training in the field of technology transfer is of great importance in the course of creating a European Single Market. The problems and questions of small and medium-sized enterprises (SMEs) concerning technology transfer can only be dealt with in the context of cooperation on a European scale (EC: Task Force Human Resources Education Training and Youth, 1992). The participating institutions have been selected on the grounds that they contribute to a high level of participation and widespread dissemination of the results. The participating institutions from countries which do not have a high standard of technology at their disposal will benefit in particular from the project.

At the conclusion of the project a comprehensive training program will have been developed and tested by partners from seven European countries. The results of these activities in the participating countries will be to:

- help SMEs to become more efficient
- help SMEs to introduce new products/processes
- generate awareness of new technology
- improve academic-industry liaison
- facilitate exchange of skilled personnel
- develop international collaboration to achieve all the above.

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# 18 Search for an entrepreneurial education

*Lennart Andren, Uno Uudelepp*

## **Introduction**

In connection to the development of trade and industry, the importance of small technologically based enterprises has greatly increased. There is an expectation that they will create momentum in the development of new products and the starting of new ventures. Gradually those activities will also increase job opportunities.

Young technologically based companies with their roots in universities form such a source for transferring new product ideas and new technology to industry from university research and education. In general, only some special segments of the education could directly be applied to entrepreneurship and the establishment of new ventures.

Halmstad University in Halmstad, Sweden has established an educational program for Innovation Engineers in order to provide Swedish industry with a new kind of engineer for the development of products and processes. The main objectives of the three year education at the B.Sc. level are to provide the graduates with a broad technical and commercial base for handling the innovation process and for leading product development projects. In total 444 Innovation Engineers have graduated from the University since 1982 and 100 of them have been involved in starting 77 new enterprises. In comparison to other technical universities in Sweden, the number of young entrepreneurs is more than twice the corresponding number for technical university graduates (Wallmark et.al., 1992).

Does the education of Innovation Engineers at Halmstad University in any special way influences the graduates to act as venture starting entrepreneurs. Are there circumstances

and indications which explain the behavior of the students after graduation? Are there any courses in the curriculum which are especially motivating in respect to entrepreneurial activities? Is the pedagogical approach in any way used as a part of an entrepreneurial process? Does the selection of students have an influence on entrepreneurial behavior later on?

### **Halmstad University - spin-off companies**

To understand the effects of the innovation engineering program, it could be of interest to report some facts on the existing spin-off companies from Halmstad University.

Previous findings suggest that a high level of formal education does not improve the possibilities for business success. Concerning the relationship between the young age of the founders and the success of the ventures, previous findings suggest either no relationship or a negative relationship (see e.g. Johannisson and Johnsson, 1988 and Preisdörfer and Voss, 1990). Roberts and Peters (1981) found that few ideas from the universities in the US were successfully commercialized. The reason for this, according to Roberts and Peters, was that the universities do not attract or educate people who can exploit new technology.

These results, to some extent, contradict the fact that as many as 23 per cent of the innovation engineers from Halmstad University have launched their own spin-off ventures.

To start with, it is important to point out that the spin-off companies are mainly technology-based companies. A survey to which 226 students contributed (Wallmark et.al., 1992) showed that

- 22 per cent have applied for at least one patent during or after their studies
- 20 per cent have received some sort of official honour concerning innovation.

What characterizes the spin-off companies at Halmstad University? A pilot study has been conducted (Landström and André, 1992). The aim of the study was to describe and analyze the creation and growth of the technology-based spin-off companies started at Halmstad University. A comparison between spin-off companies at Halmstad University and other universities was made.

Many spin-off companies from universities are characterized by a gradual development from a software company, e.g., consulting and/or computer programming, to a hardware company with technical products (Bullock, 1982). These characteristics also hold true for the spin-off companies from Halmstad University. However, the spin-off companies from Halmstad University seem to be different in some aspects compared to the characteristics of spin-off companies from other universities (see e.g., McQueen and Wallmark, 1982; Olofsson and Wallbin, 1984; Olofsson et.al., 1987; McQueen, 1990). Spin-off companies from Halmstad University seem to be more demand-oriented and oriented towards exploitation of new technology. The differences between spin-off companies from Halmstad University and from other universities can be described in the following way.

**Table 1**  
Differences between spin-off companies from universities in general and Halmstad University.

Entrepreneur characteristics	Spin-off companies from universities in general: Age: 30-40 years Very high education (MS-degree or higher) Higher technical skills;	Spin-off companies from Halmstad University; Age: 20-30 years Relative higher education (B SC-degree or lower) Broad technical and entrepreneurial skill;
Technology characteristics	High technology base	Low technology base
Company characteristics	Development of products, based on advanced technology/research, i.e., technology driven companies;	Development of customer-related prod., demand driven companies;
Focus	Consulting and/or research and development of new products;	Consulting and/or development and exploitation of new products

From Landström and Andrén, 1992.

The above mentioned pilot study included only 12 companies. The Center for Venture Economics at Halmstad University is now involved in a research program including a study of all spin-off companies originating from Halmstad University (Eriksson, 1993). None of the preliminary findings in this research program contradict the results from the pilot study.

The conclusions of the study are that the innovation engineering program at Halmstad University offers a unique education which gives the students the necessary qualities to start their own ventures and exploit new technology.

### Previous findings on entrepreneurial learning

Could the pedagogical approach to education or the context for the innovation engineering program explain the number of spin-off ventures at Halmstad University?

To start technology based ventures it is necessary for the students to have at least encyclopedic knowledge in technology (Utterback, Reitberger, 1982).

Furthermore, to be able to discover market needs for different kinds of technology, knowledge of marketing could be essential.

A study in the US (Hills, 1988) summarized university entrepreneurship education as being in an embryonic stage, still to be a new venture in itself. After referring to the results of a survey (Vesper, 1985) where the trend of schools offering entrepreneurship courses is one of unabated growth, among other things educational objectives are discussed. The most important objective was to 'increase awareness and understanding of the process involved in initiating and managing a new business enterprise'. Entrepreneurship coursework should also be more experimentally oriented. Ronstadt (1985, in Hills, 1988) cited the need for objectives concerning, among other things, creative skills, career assessment skills, networking skills and ethical assessment skills.

Entrepreneurship competence includes a genuinely creative process and the question if it can be learned/taught and if so, how it can be learned/taught, is often discussed together with the question of the entrepreneurial learning process.

Training programs that aim at making people behave in an entrepreneurial way must focus on action (Johannisson, 1991). But, Johannisson continues, entrepreneurial learning does not take place in a social vacuum; instead the context of entrepreneurial action has to be included. Learning can be at different levels, depending on whether it concerns attitudes/values/motives, skills or knowledge. Learning also can be seen on an individual or a contextual level. This is presented in following two-dimensional classification scheme.

Table 2.  
Entrepreneurial competences.

Level of learning	Competences	The context
KNOW-WHY (attitudes, values, motives)	The individual Self-confidence, achievement motivation, perseverance, risk acceptance	Entrepreneurial, spirit, availability of mentors and role models;
KNOW-HOW (skills)	Vocational skills	Complex occupational and business structures;
KNOW-WHO (social skills)	Networking capability;	Production and social networks;
KNOW-WHEN (insight)	Experience and intuition	Industrial traditions;
KNOW-WHAT (knowledge)	Encyclopedic knowledge, institutional facts	Information networks, vocational training and varied cultural life;

From Johannisson 1991 p. 71.

Although the different forms of competence are not easy to separate, Johannisson's comments on different levels of learning can be interpreted in the following way.

Personal motivation and conviction of personal capability are important *know-why* competences that can perhaps be trained. At least they can be reinforced in a context where entrepreneurship is recognized and given full support and where mentors and role-models are available.

Field experience is a basis for supporting *know-how* competence or competence that can be used in action. The context for this kind of training should include opportunities for imitative behavior focusing on business activities as well as occupational skills.

The ability to build and maintain a personal network is the base of the *know-who* competences. This competence is partly developed by practice and is supported by a context crossed with different kinds of networks.

The *know-when* competence or the capability of timing management accumulates with experience of successful or unsuccessful ventures. This process is speeded up in a context where business values and practices have dominated for a long time and an entrepreneurial career is natural.

Encyclopedic knowledge may give the limits to a venture and in this way the *know-what* competences are important. At present supporting contexts are often established in research centers or science parks.

For successful learning and practice of entrepreneurship, *know-why* and *know-who* competences are fundamental but they are difficult to provide.

## **Halmstad University - background**

In 1983 Halmstad University was established as an independent university. Today the university has 2,500 students. There are programs in engineering, business administration, humanities and social science.

The program of innovation engineering started at Halmstad University in the academic year 1979/80. The twelfth class of innovation engineers graduated in June 1993.

The education of engineers on the B.Sc. level at the Swedish universities of technology is traditionally based on the level of basic knowledge in certain areas of technology without really treating the innovation process and entrepreneurship in ordinary programs. However, those processes are of vital importance for technological and commercial development. The unique programme for innovation engineering provides the students with a broad technical and commercial education for dealing with the innovation process and supervising product development projects.

An optional fourth year, entitled innovation management, focuses on leadership, innovation planning, choices of technology, product development and scientific methodology. The course is completed with a research oriented paper dealing with the innovation process.

The education in innovation engineering at Halmstad University has been specially recognized as the only program of its kind in Sweden. Through increasing internationalization, the program is well-known in a number of European countries. Sometimes the education is inadequately called School of Inventors. Last year the number of candidates has reached altogether about 600 applying to 48 annual places for the program.

## **Halmstad University - innovation engineering program**

The main educational objectives for the program are:

- Integration of a number of key subjects from fields of technology, marketing and economics.
- Combination of lectures and comprehensive project work.
- Construction of individual external information networks.
- Production of hardware prototype with scheduling and budgeting.
- Oral and written presentation of project results.
- Participation in public prototype exhibition.

Two technological areas are integrated: mechanical engineering with machine Design and electrical engineering with electronics and process control. Furthermore, there is an integration between engineering and business administration and marketing. Courses in Business and technical English are also given.

During the first year of the three-year program, basic subjects in science and technology are taught together with business administration and English language. During the second year mechanical engineering is integrated with electrical engineering. A course in Marketing with a product launching project is also given.

From the second year of study, significant subjects for the program, such as product improvement and innovation techniques, are studied. In both such cases projects are carried out in co-operation with industrial companies. The first project is concentrated on the technical and financial improvement of an existing product, the second project deals with product planning. During the entire third year students work with integrated product de-

velopment with entrepreneurship. Also, the graduation project is worked out comprising integrated product development.

The basic idea with the projects is to provide the students with practical ability training in project work in smaller groups applying the knowledge from the preceding years' study and from their external information network. The projects have to pass a number of methodological phases following a given check-list. Time schedules and budgets are set up for the consecutive project steps and used for follow-up by teachers at weekly consultations.

Projects start with a market demand analysis leading to a number of solution criteria. After that ideas are created and evaluated against the criteria. The chosen best idea is developed to a product solution. A general drawing, complete with detail drawings, is worked out. Normally, a first prototype is constructed in order to expose the design and functional concept.

The total project is presented in a written and oral report during the last week of the academic semester. The graduation project prototype is presented at the annual graduation project exhibition in first week of June. The exhibition is a public event, also covered by daily newspapers and technical magazines. Prestigious awards are given to the best commercialized project and to the most surprising project idea.

The students are in general very ambitious and determined individuals with great performance ability. They are rapidly introduced into the new special environment by teachers and former students. The education starts with a preparatory week with information and selected previous course repetition. During the last year a short course in personal development is given.

Besides teaching, Professors have to promote a creative environment for the education (Uudelepp, 1993). The students' individual self-confidence must be developed and supported. The role as project leader is emphasized. In an atmosphere of freedom, trust and encouragement, students are expected to draw up their own study objectives and to choose the right action to achieve them. Performance ability training is as important as the learning of the different subjects.

The students must be prepared to deal with different kinds of problems. He or she has to choose the project matter freely and carry the responsibility for the whole project process. Teachers have to check and discuss the procedure more as consultants following a fixed timetable.

In connection to the project process, a considerable need for information of a different kind arises. Information is required from specific marketing or technological fields in order to create and develop project ideas. Personal relations with a number of key persons within the project area of knowledge are of great importance, e.g., technological specialists, researchers, entrepreneurs, company managers, manufacturers, salesmen and economists. In connection to the project start, an information network is built up between project groups, teachers and the surrounding environment.

The product development process in study projects, seen from an entrepreneurial viewpoint, contains the following main aspects and problems:

- search for basic knowledge in appropriate fields
- construction of a network of relevant individuals and organizations
- working out time schedules and budgets
- search for financing
- negotiation of necessary agreements
- analysis of market demands and existing competitors
- generation of ideas, working out solutions
- application for legal invention protection (patents)

- product design with modifications
- quality assurance
- calculation of products and investments
- constructing and testing of a prototype
- writing project reports
- performing oral presentations
- participating in a public prototype exhibition.

Most of teachers possess academic competence in combination with industrial experience. As a complement, external entrepreneurs are invited to give lectures about how they started their ventures and how they are doing business today.

The students need good working conditions. The University offers the use of a desk, drawing-board, copy machine, telephone, telefax, computer with word processing and

CAD, library with data base search, e.g. The intention is to set up an engineer's office similar to the situation in industry.

### **Entrepreneurial training aspects**

The objective here is to focus the innovation engineering program from an entrepreneurial training viewpoint in accordance with the earlier presented two-dimensional classification scheme. At the same time the objective is to point out differences between this program and the traditional education of engineers.

During three years the students in the innovation engineering program, unlike most other engineering students, are in continuous contact with projects in cooperation with industrial companies or in projects aimed at the creation of a unique product of their own either in their own studies or when they observe older students in their graduation projects. This means that 'experiments' during the education are carried out in an industrial environment and industrial leaders as well as teachers are available as mentors. The existence of a technical park and companies acting as role-models close to the university reinforce the impression that graduation projects are important and that they could become successful ventures. At the same time they can have full support from teachers and others involved in different stages in their education. On top of this, at the end of three years of studies the exhibition of graduate product development projects attract lots of publicity, honors are given and most of the *know-why* competences are in focus. The form and the proportions of this exhibition as part of the program are probably unique.

The three different projects each student has to complete during the program all call for *know-how* competences or competences to be used in action in active companies. In the way the projects are built up, they call for skills, both in a professional and a commercial way, as they are carried out in cooperation with industrial companies. The influence is probably reinforced by the fact that their fellow students at the same time are engaged in the same type of activities and experiences are mutually shared. Together the students will know of a fairly large number of projects and what important experiences they have given.

The way the program works the students are forced to be in contact with a lot of different people. The personal network existing at the end of the program is built on people that the student meets at the university, in cooperating companies, financial institutions and many other institutions and organizations. Last but not least as the students have worked together for three years, a number of students are involved in the same network. Together this will multiply the number of the members in the same personal network. This situation

gives a good start for future development of the *know-how* competences in which building and maintaining a personal network plays a central role.

During the three year program each student will experience three graduation project exhibitions and probably hear of the best results from earlier years. They will also see some of the product development projects become successful venture launchings. This gives an entrepreneurial tradition and a context for development of the *know-when* competences. Furthermore, the students will know of a lot of graduation projects from fellow students and from different years, both successful and unsuccessful, and also know of a number of company start-ups. This will add to the experience and knowledge of the necessity for timing management in a successful development process.

All education of engineers starts with basic science- and technology-based knowledge. This education traditionally focuses on only one technological area (e.g., Electrical Engineering) and the level of knowledge in this area is very high. This kind of *know-what* competence in the innovation engineering program is more of an integration of many different areas and the level is not so high. Because of this, limits exist in ventures in very high technology areas but on the other hand combinations of technologies become natural and to some extent lack of knowledge can be compensated for by the existence of a good personal information network. Knowledge of marketing also makes it easier to see opportunities for a successful venture.

To conclude, it is important to make an overall comparison with traditional engineering education. A major impression is that the innovation engineering program combines the traditional way of teaching with a very large proportion of 'learning-by-doing' in the form of project activities. Maybe still more untraditional and important is the very high status and legitimacy that the 'learning-by-doing' activities are given within the program. On the other hand, the students are not supposed to and will not reach the same level of traditional professional knowledge in any one specified technological area.

## Summary and conclusion

Primarily it could be of interest to repeat some of the basic facts regarding the students graduating from the innovation engineering program at Halmstad University. The program is to some extent untraditional as it includes high proportions of

- integration of subjects
- project work
- industry related contacts.

Also it is important to stress that a high percentage of the students have

- applied for at least one patent (22 per cent)
- received official innovation honors (20 per cent)
- started their own ventures (23 per cent).

Also the status of the project work, the working conditions for students, and the access to role-models in the near-by technical park make the total context somewhat untraditional.

When the innovation engineering education is analyzed as a training program for entrepreneurial learning, contextual conditions on all levels of learning are found to be supporting the development of individual entrepreneurial competences.

The main reasons for this support originates from the program as a unity where the different parts form a unique environment for centrally placed project work. These projects act as

- learning-by-doing elements
- creators of industrial influence
- network building and using arena
- interface between students and role-models/mentors
- bases for training of imitative behavior
- context for development of business values
- testing ground for all kinds of knowledge.

This means that teaching/learning does not take place in a pure academic environment; instead the context of action is included. At the end of the program the students should have received not only *know-what*, but also *know-why*, *know-how*, *know-who* and *know-when* competences.

According to the analysis above, the aim to make students act in a more entrepreneurial way must have been achieved. The described education process promotes entrepreneurship in many different ways in the entire program. Furthermore the process promotes entrepreneurship on all levels of learning according to table 2 and this can be summarized in table 3 below.

Table 3  
Support for entrepreneurial competences

Level of learning	Contextual support from Innovation Engineering Program
KNOW-WHY (attitudes, values motives)	Industrial cooperation, high status projects near-by technical park, graduation exhibition, mentors and role-models available;
KNOW-HOW (skills)	Action learning in active companies, large number of projects, shared experiences;
KNOW-WHO (social skills)	Networking to cover information needs, financial needs, prototype production;
KNOW-WHEN (insight)	Experience through successful and unsuccessful projects, venture launchings;
KNOW-WHAT (knowledge)	Integration of technical areas, business administration and marketing, information network building;

The entrepreneurial learning model (Johannisson, 1991) was used in this study in order to make elements of the innovation engineering program, which are important from an entrepreneurial viewpoint, clear and also to explain effects of these elements.

The high proportion of venture start-ups is at least partly explained by the education process as described here. But there are of course other factors that could have an influence e.g., personal characteristics of the students admitted. To identify and estimate influencing factors, further research has to be done. A research project at the center for Ven-

ture economics at Halmstad University estimating the development of the students' personal characteristics is planned for the coming year.

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# 19 The importance of concerted entrepreneurial educational and industrial development programs

*Hans Peter Jensen*

## **Abstract**

The presentation refers to ongoing activities and experiences gained at the Technical University of Denmark and by Danish industrial development programs.

The objectives of the presentation is to demonstrate the importance of adjusting entrepreneurial education and industrial development to each other in order to enhance recruitment of new knowledge based companies. Further, the sound market regulation of well coordinated education and industrial development programs is pointed out.

As most knowledge-based companies have to establish themselves on markets in rapid technological change, capital and competence become equally important factors of success. Capital speeds up establishment. Competence prevents errors and focuses efforts. Brought together, these two resources provide the basis for a quick and targeted launching, which again is decisive when the window to the market is open for such limited time.

Advanced entrepreneurial courses provide the knowledge needed to form a new company, but not the experience, and certainly not the capital. Industrial development systems, adjusted to the needs of new knowledge-based companies, provide access to seed capital and management experience. Capital however should be available on a competitive basis only and granted only together with whatever supplementary expertise needed to complete the entrepreneurial team.

As a consequence of comprehensive entrepreneurial education, new companies are borne with a state-of-the-art knowledge on how to attract capital, how to establish them-

selves quickly on international markets and how to build up effective management teams. Existing companies have to adjust themselves to same level of competence or to perish. Basically this is a sound regulation, as it helps to develop regional or national competitive power as a whole.

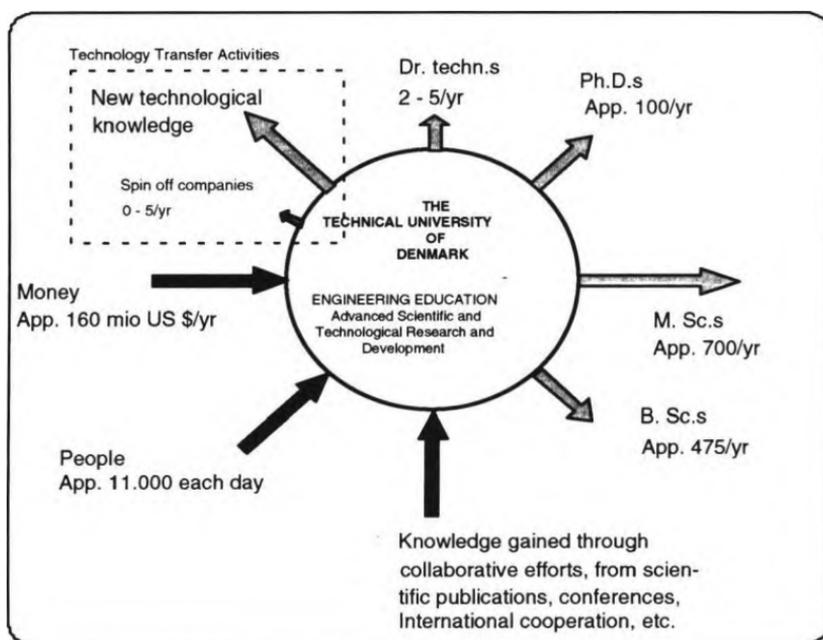
It only works however, if the industrial development programs are adjusted to stimulate the formation of new companies, for even the best education cannot replace a general lack of management experience and seed capital. So, if education and industrial development programs are linked, coordinated, and concerted, *entrepreneurial education will become an important condition for successfully forming new companies. On the same time it will impress competence as a market regulator.*

### Technology transfer from the Technical University of Denmark

Consider the university as a knowledge-producing unit: human, intellectual and financial resources provide the basis for the creation of new technological knowledge, which is transferred to society through a number of outlets. Figure 1 indicates this model.

Figure 1  
Knowledge from TUD

### DTH : a Producer of Technology



### What goes in and what comes out ?

One small outlet represents the formation of new companies. As indicated on figure 1, not many companies spin out directly from the university, and we do not envisage any significant expansion of this activity as the main objectives of the university is to educate tomorrows engineers and develop tomorrows technologies.

Two considerations however prompt us to engage ourselves in the stimulation of entrepreneurial activities: we do believe that the university should have this outlet in order to help viable product concepts created in the scientific environments to a quick commercialisation, and we do believe that if we develop a tangible token of our sympathy with entrepreneurship, our students will adapt this attitude and engage themselves more readily in creating new companies instead of preparing themselves for a career as employees. Thus, apart from the direct influence on the spin-off activity, we expect our activities and courses to have an impact on the knowledge-based entrepreneurial activities five to ten years from now.

The tangible part of our efforts is a business incubator, which we opened in 1987. From the start and up to now, some 20 companies have started in this facility. The direct job creation is about 50 jobs. From a modest start, we hope to develop this business incubator into a real company-producing concept by expanding our market segment from university spin-outs to regional high-tech entrepreneurs and by expanding the number of perspective tenants to a level that will attract investors and business partners, who can help us to create a fruitful environment for knowledge based entrepreneurs. Our partner in this project is Hoersholm Research Park. Together, we hope to develop a very interesting three-stage incubation concept as indicated on figure 2, page 2.

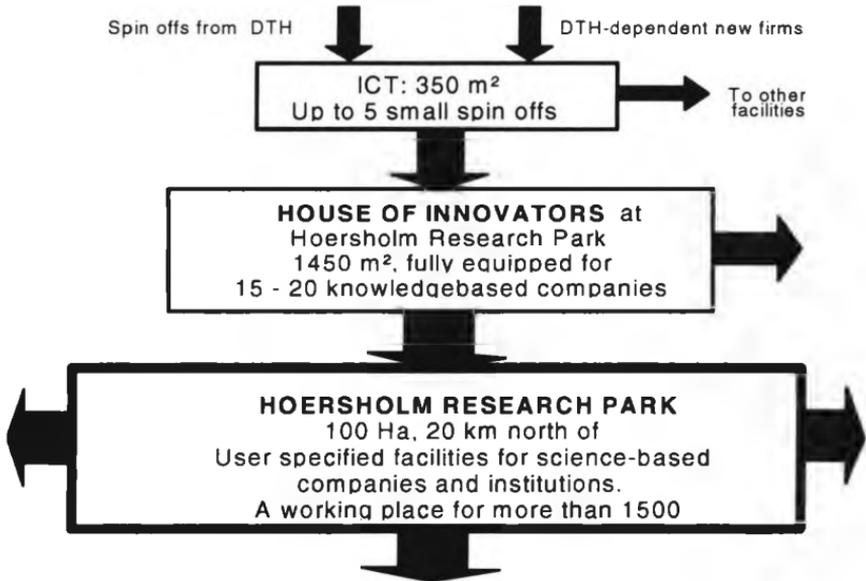
In order to fully understand our engagement in the stimulation of our students' entrepreneurial spirit, two concerns must be kept in mind: first, entrepreneurial activities are considered much to low in Denmark and second, most high-tech entrepreneurs in our country are graduates from our university. This puts us in a very special position, which we try to exploit by offering our students a high-level entrepreneurial education as well as facilities, guidance and counseling to those ready to start on their own.

These activities have brought us into contact with local and international industrial development programs and networks working for the creation of new companies. Information and experience from these sources together with our own reflections and observations form one of the basic points of this presentation: entrepreneurial education and regional industrial development programs must act concerted in order to obtain any significant results.

Figure 2  
The incubator concept

## THE INNOVATION CENTRE at THE TECHNICAL UNIVERSITY OF DENMARK

A three-stage approach to forming successful knowledge-based new companies:



### Concerted entrepreneurial education and industrial development programs.

Significant results can be termed as more and better companies over a given period.

*More* companies are a tangible result of increased entrepreneurial activities, which again are stimulated by a combination of improved economical conditions, adjusted industrial development programs and good entrepreneurial education at any level.

*Better* companies express a higher rate of success and a higher rate of growth. Again, credit for this development must be given to changes in the general economical conditions, as well as appropriate development programs and good entrepreneurial education.

This indicates that in a given economical environment, changes of quantitative and qualitative nature in the formation of new companies rely on the quality and activity of industrial development programs and entrepreneurial education.

At this point, let us have a short look at industrial development programs: Jim Greenwood, Executive Director of Los Alamos Economic Development Corp, phrased it very well at the Seventh national Conference On Business Incubation, which was held in Milwaukee in April, this year. In Los Alamos they CARE for businesses. Care is an acronym,

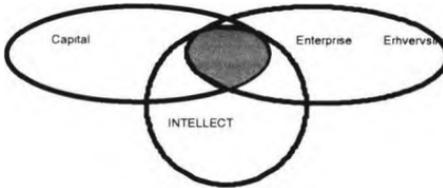
which stands for creation, attraction, retention and expansion of businesses. We agree with Mr. Greenwood in his way of phrasing what the society should do to develop it's industry. It also points out that entrepreneurial activities are only a part of the game.

Another great American, Dr. Kutzmetsky, Austin, Texas has given us a simple yet instructive model of what it takes to create a fertile environment for developing new knowledge-based companies.

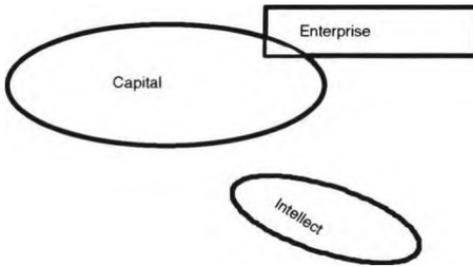
Dr. Kutzmetsky's principle is indicated on figure 3 together with a somewhat polemic model of the Danish entrepreneurial situation.

Figure. 3  
Dr. Kutzmetsky's model

Knowledge-based Companies are created in a crossfield between



**Entrepreneurial Invironment in Denmark**



According to Dr. Kutzmetsky, knowledge-based companies are created in a crossfield between capital, enterprise and intellect. This model explains very well remarkable American phenomena such as Silicon Valley and Route 128. Correspondingly, more unknown regional achievements such as the development of Austin, Texas into one of the most enterprising business communities owe their success to the availability of capital and management-skills to highly creative and well educated people.

We regret to admit, that in Denmark only few venture to start knowledge-based companies, and the rate-of-success is not remarkable. If we describe our environments according to Dr. Kutzmetsky's model, we find, that capital is not available until references on

market potential and management skills can be produced. At the same time, it is hard to find experienced business people, ready to invest some of their time on the boards of new companies. Add to this a general lack of interest in starting companies, particularly among well educated people, and you will recognize the picture in figure 3.

We are now getting close to the point: From our side, we can strive for increasing entrepreneurial interest and competence among intellectually gifted and well educated young people. This will bring Intellect closer to Capital and Enterprise in Dr. Kutzmetsky's model. But a really efficient campaign for more entrepreneurship also requires efforts in order to move Capital and Enterprise closer to Intellect. This calls for private and public efforts within the frames of an industrial development program.

Over the years, we have had a debate in Denmark on whether the low entrepreneurial activities were caused by a lack of seed capital or a defect in our education system. Each school had its' devotees with the lack-of-capital people as the largest group in numbers and influence. Four years ago, funds were made available to a large venture company together with the responsibility for changing the course. Recently, the company gave up early-stage financing owing to poor results, more or less coinciding with the appearance of entrepreneurial courses in higher education. This example of bad timing owes to the fact, that we have not yet developed a consensus of what it takes to increase the entrepreneurial activity.

It takes concerted action: universities must provide high-level courses and support systems that create competence and engagement among those that have the personal gift and talent for starting a company. The industrial development programs must provide seed capital and management skills. If however, initiatives in both sectors are not balanced and coordinated, the result is either frustrated entrepreneurs or disappointed investors, but certainly not more and better companies.

Assume now a well balanced and concerted program including seed capital, management skills and entrepreneurial education is implemented in an otherwise stable but unchanging industrial community. Soon, new growth-oriented companies start to develop under the guidance and supervision of experienced tutors and driven by young enthusiastic teams. They bring the latest technologies to the international marketplace, and their growth-rate is basically controlled by the inflow of net capital. Most of you will identify examples from your own regions. The drive and energy together with ample funding and skilled management makes such companies deadly competitors. Existing companies will either vanish or adapt to a new level of business competence, unless they are big enough to buy the newcomers.

This example leads us to the first conclusion of this presentation: successful business creation depends on the availability of entrepreneurial education, seed capital and management skills: skills acquired from the education of entrepreneurs and skills provided by senior executives on the boards of the new companies. Altogether, the educational system can produce only part of what it takes to create new viable companies. The rest must be provided by private and public institutions and investors, as well as larger companies. All must work together within the framework of an industrial development program.

The second conclusion is, that such coordinated programs will increase the creation of new growth oriented companies, operating at a high level of competence. This again will impress competence as a market regulator, which is basically sound.

An important feature of such programs is, that competitiveness and profitability by intelligent use of resources is the driving force as opposed to programs that work by giving new companies special benefits.

## Part D

# **Entrepreneurship Education: Countries in Transition**



# 20 From command to market economy: Case of Estonian entrepreneurs

*Anthony R. Bennett*

## **The outline design of the Estonian Executive Business Development Program (EEBDP)**

### *General background to the training program*

In February 1992, Anglia Business School (referred to as 'Anglia' for simplicity), a division of Anglia Polytechnic University, was invited by a computer aided design and training company based in Essex to provide a practical and cohesive program of small business training for nominated participants from Estonia.

These participants would, once trained in small business development techniques, become a support to other individuals who wished to set up and own, run or manage a business venture of some kind in their own country, Estonia.

The program was therefore aimed at men and women living in Estonia and who already had, or would become, responsible for the provision of small business training of one form or another.

In particular, this program was designed to 'train the trainers', that is to say, those people who were:

- prepared to work in local agencies or organisations (public or private) which would support the business community as it would exist in Estonia,
- prepared to develop their knowledge of 'market making', counseling, business organisation and techniques for teaching, consultancy and advice purposes, and
- considering starting up a business or developing an existing venture in Estonia.

The program was jointly funded by the British Government's Foreign and Commonwealth Office Joint Assistance Unit. (known as the 'know-how fund'). Anglia was sub-contracted by the Essex Company to deliver the training intervention.

Research evidence was collected on six of the thirty two Estonian entrepreneurs who participated in the EEBDP program

### *Identifying the target client*

Each participant was required to demonstrate:

- A basic command of the English language, enough to be able to understand the meaning of business terms used in the western context, and translate them into practical Estonian outcomes,
- A 'recognised' level of academic/educational attainment.
- Have held a position of some responsibility in business. (state managed or private company), education, industry or commerce in order to appreciate the aspects involved in business start-up,
- Provide a 'competent' response to an English language based small business case study aptitude test, and
- Pass an interview carried out by the author, in conjunction with a representative of the Estonian Small Business Association, the Estonian national sponsoring body for the training program.

### *The course philosophy*

In a western market economy, the range of expertise needed by the business adviser/counselor is quite broad. The adviser may be called upon to give general advice, interpret the meaning of business terms, explain what is meant by 'profit' and cash, construct accounts, help to forecast sales, explain business planning and customer service.

Alternatively, the adviser may have to support business start-ups through the setting up of a counseling service, training sessions and feedback workshops.

In this former command economy, the situation was quite different. The initial screening interviews revealed that there were no precedents or benchmarks on which to base any such similar assumptions. No agencies existed for business advice. The meaning of business counseling was not understood. Grants, loans and overdrafts were not part of the economic culture, and often bank officials knew far less than their customers about business plans or planning.

Consequently, the approach for the program was both knowledge and skill based, developed carefully in an evolutionary and iterative way by the Anglia staff.

The program contained eight self-standing units or modules which were based on two broad aims (figure 1).

Figure 1

The Estonia Executive Business Development Programme in outline

Week No.	1					2					3					4				
Module No.	ONE		TWO			THREE		FOUR			FIVE		SIX			SEVEN		EIGHT		
Theme	People in Business		Starting in Business			Legal Aspects of Business Formation		Marketing Aspects of Business			Basic Business Organisation		Finance for Business			Business Planning and Strategy		Business Counselling Skills		
External Visits																				
Business Analysis Project																				

On completion, course members would:

- Understand the stages and success factors of the business start-up process, and
- Appreciate the implications of the start-up process on the giving of advice, counseling and training, insofar as it was possible to in the time available.

On this basis, the course was designed using the start-up model as proposed by Gibb and Ritchie (1982), a model known to have both academic and practical rigour, and one suitable for this training intervention (figure 2, below).

As this model suggests, there are key components in the successful development of the new small business. It has major benefits in that it draws together the individual and the idea, but in the context of the process (planning and organisation) and the resources needed for initiation. These benefits provided the basis for the derivation of key priorities for the training program.

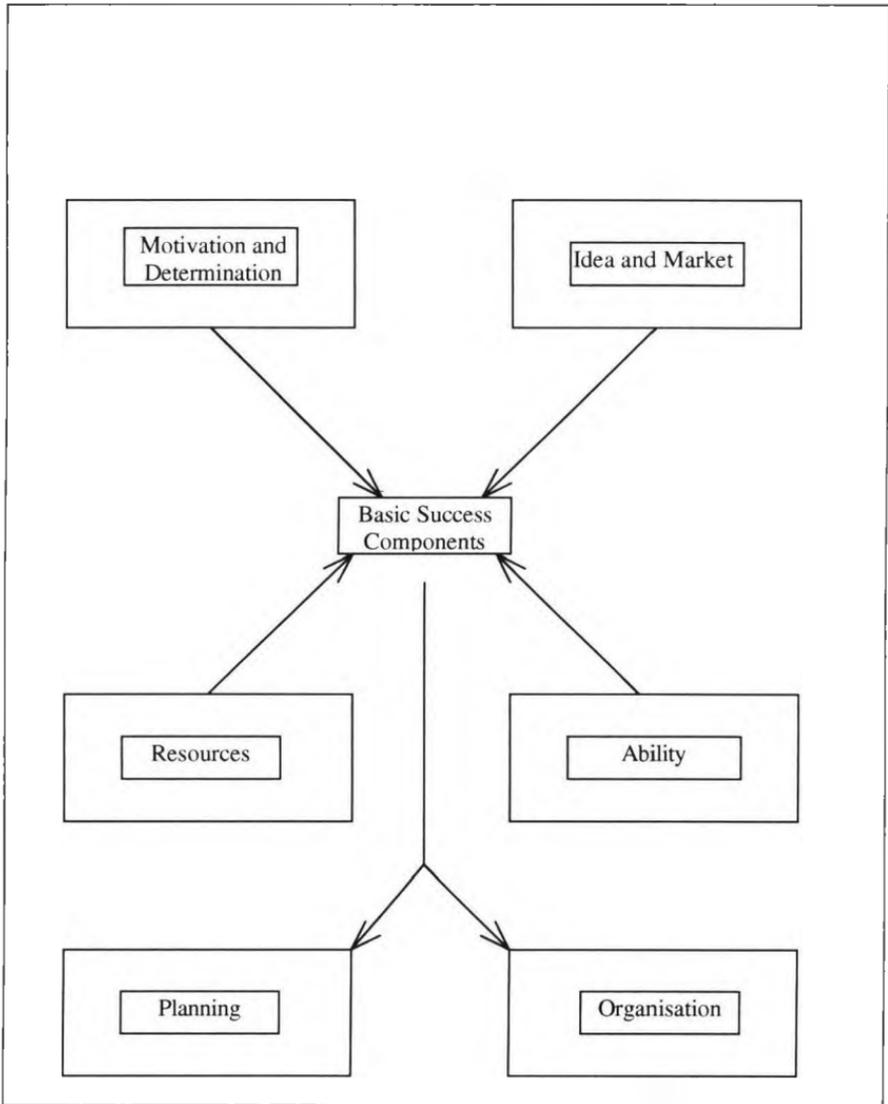
*The program*

- There were three defined aims to the EEBDP, namely:  
To create an awareness of how business is conducted in the western economy, its organisation, structure and the support systems needed to bolster small firm start-up.
- To provide the adviser/trainer with some of the analytical and functional skills required to help potential entrepreneurs in Estonia, and
- To demonstrate through visits, live case studies and workshops how practical help can support business ideas through action in the market place.

Figure 2

Key components in the successful development of a new small business (Gibb, Ritchie, 1982)

Each EEBDP lasted four weeks. The eight modules consisted of fifteen hours, and case studies were used to bridge and link modules, depending upon



1. The cultural and linguistic capabilities of participants,
2. Individual learning needs,
3. An acceptable teaching pace,
4. English as the teaching language,
5. Group dynamics and interpersonal behaviour.

### *Key program design issues*

Whilst every effort was made by Anglia to design a cohesive program of study for the Estonian people, the question remained as to whether it would actually address some or any of the issues mentioned above.

The choice of the Gibb and Ritchie 'Mair' model was to a certain extent in question. Was it the *right* model? Was there a better model available? Could the 'Mair' model be adapted in some way to incorporate the mind-set of the Estonian entrepreneur, taking into account their economic backgrounds, social and political history and culture, and their relative positions in the start-up process?

In particular, this research investigated whether the Gibb and Ritchie model provided an adequate framework for the training intervention. It also examined whether there were other additional factors involved which would achieve a better focus on training for such people as they move from a command to a market led economy.

## **Experiences and insights gathered during the presentation of the program**

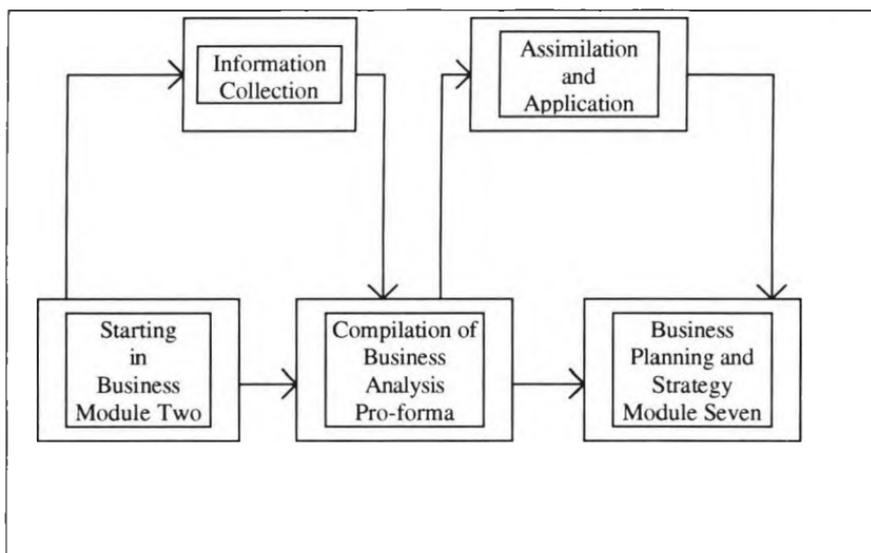
### *The Gibb and Ritchie 'Mair' model and the research instrument*

Each Estonian entrepreneur was invited to complete a 'business analysis' pro-forma during the first module, starting in business. The following information was recorded for each participant, under these headings;

- A brief summary of the business/idea,
- The product(s) and/or service(s) offered,
- The customer(s) and markets served,
- A strengths, weaknesses, opportunities and threats analysis,
- A summary of the business situation as it was perceived.

The results of this key activity provided the data for a detailed qualitative analysis against the Gibb and Ritchie 'Mair' model success criteria.

The business analysis pro-forma was regarded as the primary research instrument for data collection.



The information compiled through this process, and recorded by each Estonian, was used as the basis for developing action plans in the business planning and strategy module in the fourth week of the program.

The following points are a general reflection on the application of the 'Mair' model with the Estonian sample group, referred to by these headings.

### *Motivation*

Whilst each Estonian entrepreneur was found to be different and distinct, each was motivated towards achieving more independence than is offered by operating in a former soviet dominated command economy.

In each of the six cases examined the decision to start up had been made, and the immediate tasks of market making were being faced by the sample group.

What emerged from this research was that there were five key areas which highlighted barriers to market making;

1. 'Self-confidence'. Estonians generally have not had a culture of sharing information openly. As a result, personal details were kept closely guarded until a relationship of trust became established. Confidence in sharing information in a networking situation was difficult in a learning environment.
2. Structure and style. Estonians appear to have concern for organisational status, position and role identification as defined by western business terminology.

A further interesting and indeed relevant observation is that most of the sample group had at least two jobs; the major job provided income for living expenses, the minor jobs, often more than one, were more interesting, paid less, but carried longer term benefits, such as power, status, control, influence and income in dollars.

3. Technical business skills. There emerged a significant skills weakness in two major areas:
  - a. The processes which are undertaken in an office environment, and
  - b. The performance of functional business operations, e.g. keeping accounts, marketing, selling.
4. Business knowledge. Where Estonians lack specific knowledge in market making include:
  - Knowledge about practical business organisation and ownership through share allocation.
  - The principles of limiting liability to the individual,
  - Knowledge about sources of finance,
  - Knowledge about insurance, contract and trading law
  - Knowledge about business plans and business planning
5. Thinking skills. The existing mind set of the Estonian was one of 'individual thinking'. The social, cultural, ethnic, economic, political and legislative antecedents appeared to block the expression of shared values, free thought, feelings and actions.

### *Abilities*

A lot of what was observed stems from inexperience, perhaps due to previous education, life and job antecedents. Some of this is functional; marketing, finance, purchasing and supply, operational performance, productivity, cost control and so on. Some of this was also due to not knowing what a successful small firm does when trading in a competitive market-orientated economy.

This raised a number of interesting issues;

- What is a successful Estonian small firm?
- What are the functional components of such a firm?
- How do these components 'fit' together? (ie, what is the cultural logic?)
- What does each component consist of?
- What are the linkages between these components?
- How does the Estonian entrepreneur view these linkages?
- How are problems located and identified?
- How are the problems resolved, relative to a market economy?

### *The idea and the market*

From the sample group, the three less successful firms showed marked limitations in bringing about a planned and organised approach to satisfying customers needs. They also showed that they have changed career paths on at least one occasion, sometimes more than once.

The three more successful firms developed a much more proactive, structured and practical approach to market making, and they had adhered to their professionally chosen career paths in the process, following directly on from their academic specialty.

The life experience has been more continuous and applied in the more successful firms, with a clearer defined and targeted customer base.

### *Resources*

In all six cases, funding capital was a major hurdle. Funding was found to be complicated and time consuming. However, all the entrepreneurs had found premises, equipment, raw

material and labour resources sufficient to set up and run each business. These premises were not necessarily wholly owned, but leased off the state, with the same situation applied to equipment, where the state retained ownership.

### *Planning and organisation*

These two components were areas of real weakness in the Estonian sample group. Problems were dominated by getting adequate food, paying bills for rent, heating and lighting, buying clothes and by getting around on poor public transport.

Some evidence (or lack of evidence) to support these points was the difficulty that the sample group has had in estimating future sales (in a currency of their choice!), and profits, and forecasts of both.

One of the key western business tools is the business plan. There was no evidence of such a device being used in the sample group, although during the EEBDP the majority of participants recognised its potential either for planning, or for raising finance on which to base future plans.

## **Modifications to the Gibb and Ritchie 'Mair' model**

### *The cultural context*

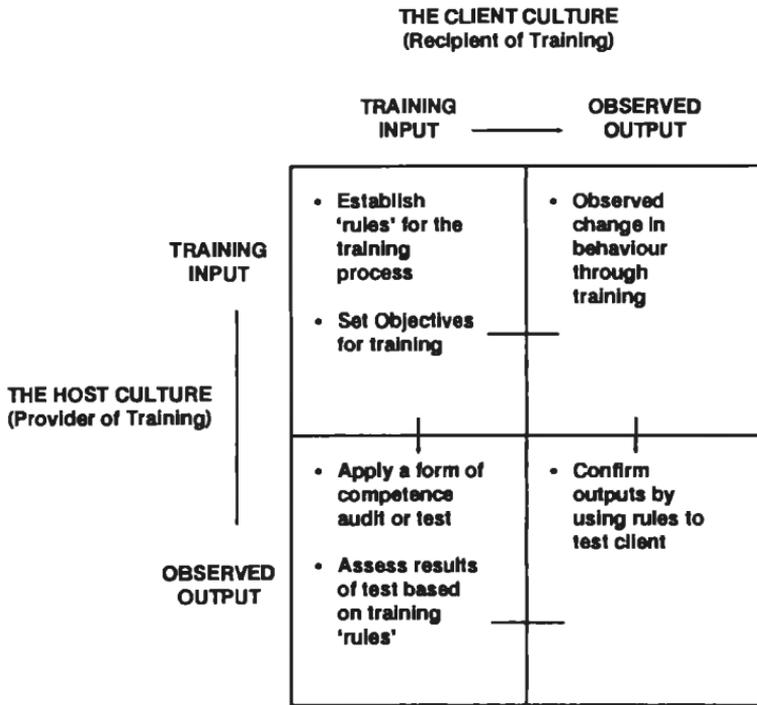
The use of the 'Mair' model as the conceptual framework for this Estonian training intervention (EEBDP) and the consequent design of the program itself identified a cultural perspective that emerged during the initial stages of the starting in business module.

This perspective is defined as a 'cultural context'.

Figure 3 (below) proposes this cultural context as a four box matrix. Two axes refer to Anglia as the 'Host Culture', with responsibility for the delivery of training, and the Estonians as the 'Client Culture', receiving the training provided by Anglia.

The cultural perspective is concerned with the translation of the business training context in 'western' cultural terms to that of the same training context, but in 'Estonian' cultural terms.

Figure 3  
The cultural context for training: A Host-Client Perspective



**(Rules: Accepted shared values between host provider and client recipient)**

Two findings emerged from this model.

- Such a training intervention must have a 'common cultural context' which takes into account the relationship between the host and client in the training context. Rostow (1960), Hofstede (1980) and Ettinger (1983) have all expressed relevant caveats when working across cultural divides.
- In both host and client processes of inputs and outputs, competence assessment is an important criteria, as reported by Gibb (ibid.) and Gibb and Ritchie (ibid.). It is interesting to note that Handy (1986) suggests that there exist four cultures within firms, 'club', 'role', 'task' and 'person'. Of these, the Estonian sample group appeared to show tendencies towards role and task cultures, where activities were largely dictated still by external events and the immediacy of making ends meet.

The sample group were intellectually very capable, which implied that such training is more an issue of 'fit', that is to say, finding the best curriculum level, depth and content, and pace within the learning situation.

### *The external environment of the small firm in Estonia*

The research confirmed the findings of Venesaar, Lugus and Klaamann that raw materials availability is heavily linked to large state controlled organisations.

Secondly, that to some extent, small firm success is also linked to such state organisations, either in the form of former personal employed relationships or through raw material, customer or supplier links. Small firms typified by the sample group relied on these links for marketing making.

Thirdly, the real costs of providing a product or service in Estonia is;

- A financial burden in the sense that actually buying raw materials for production and service provision was a commercial process that did not hitherto exist,
- Difficult to calculate because of the history behind the true nature of costing practice in Estonia, and
- There were no common systems of accounting and book-keeping.

Fourthly, the evidence highlighted that it has proved a real practical challenge for small Estonian enterprises to recognize and identify, assess and forecast the structure, size, dynamic and competitive nature of the markets being served by the sample group.

### *The internal environment of the small firm in Estonia*

Leadership styles in the sample group varied. The necessity for leadership, the options, styles and approaches to this in the context of management was a relatively new challenge.

What leaders do, and what leaders should do, could do and must do in order to run a successful enterprise were an important set of issues for the sample group. The need for specific market making behaviours, perhaps as a continuum that matures with time, which reflected the mission of the small firm, its direction and market orientation was not fully understood.

These apparent dilemmas contrast with the work of Tannenbaum and Schmidt (1958a, 1973b). The concept of the continuum recognizes that an appropriate style of leadership depends on the personalities and the situations in which they find themselves. Tannenbaum and Schmidt describe the most important elements that might influence a manager's style along this continuum as :

- Forces in the manager,
- Forces in the subordinate, and
- Forces in the situation.

The relevance of these points is brought out best in the latter, the context of the environmental and societal framework within Estonia, particularly as it moves from command to market economy. Organisations tend to be structurally flat, and driven by the founders (or managers) goals, ideals and values. Resources are not 'owned' yet; split ownership with the State is still a significant constraint to the small firm. Consequently, market making appeared to be reactive and iterative.

### *Some indications of Estonian typologies*

The sample group showed different 'driving forces' in their ambitions towards market making.

These 'driving forces' are somewhat akin to Stanworth and Curran's (1976) adaptation of the research of Mayer et al (1976) and Gouldner (1957) in the 'Latent Social Identity' typologies.

Stanworth and Curran suggest three latent identities, the 'artisan', whose role centre on intrinsic satisfactions, the 'classical entrepreneur', where earnings and profit are a core component, and the 'manager', whose meaning centres on managerial excellence.

Figure 4 (below) summarises three Estonian typologies that to some extent reflect what has been observed with the sample group.

Clearly it is of significant research interest to follow up this typology and to explore issues of marginality, education, ethnicity, inheritance of traditions and psychological characteristics of entrepreneurs (Curran, 1986).

### *Implications for the EEBDP and other Baltic interventions*

The research has indicated four key areas which need the attention of course planners with similar cross-cultural training interventions.

- Pre-course screening of participants, to include a cultural orientation to the country itself;
- Program design, which includes strong reference to information exchange, self-evaluation and motivational aspects;
- Delivery, which needs to include practical participant involvement, workshops and case studies;
- Post-course follow-up, in the entrepreneurs own environment.

Figure 4  
Some Indications of Estonia Typologies (Bennett 1992)

Typology	Name	Product/Service	Indicative Driving Forces
Romantic	Kallju Metsamagi Redo Ltd	Leather gift goods	Thoughtful, phlegmatic, calm. Sense of purpose. Ideology about business ownership. Contribution to a new society and environment
Romantic	Monika Veisson Sugesto Ltd	Language Courses	Relaxed and helpful. Concern for family. Learning before doing. Hope for new social and economic freedoms for the future. Language for all. Vision of academic sharing and caring for the community. Open society.
Scientist	Margus Tinitis EVEA Consulting	Small business consultancy support	Frustrated by internal confusion. Outspoken on minor details. Attention to detail. Methods more important than purpose. Focus on internal processes. Short term operational instincts. Concern for structure, professionalism, knowledge
Scientist	Paul-Roman Tavaast A E Kompact	Software consultancy/systems	Need for facts before decisions. Decisions difficult to make. Passion for incremental methods. Focus on short term planning. Inability to take risks. Dislike for uncertainty. Today is more important than tomorrow.
Practitioner	Aivo Roos Roos and Co Ltd	Manufacturer of clothes	Significant sense of humour. Market maker as a risk taker. Prepared to make mistakes. Learning by doing. Task more important than role. Profit maximisation. Somewhere the right way exists - possibly or probably.
Practitioner	Toomas Peek Lavi/Kuto	Communications supplier	Significant sense of humour. Practical joker. High risk taker. Prepared to make mistakes. Learning by doing. Hunger for all information. No information is wasteful. Profit goal-orientated. Ability to think and work across international boundaries. Everything can be achieved somehow.

*The implications of this research for the 'Mair' model*

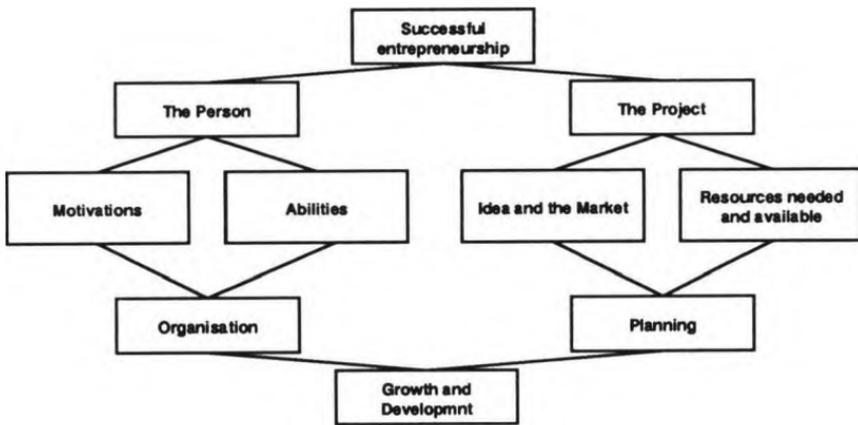
Essentially the Gibb and Ritchie model of start-up brings together the individual and the opportunity. Whilst Johnson (1983) points this distinction out clearly as a function of starting up, he and Liles (1984) stress the importance of this 'matching' process that occurs at start up, and propose that start-up and entrepreneur tend to go hand in hand.

Many writers have indicated that motivation and abilities of the individual must be matched against the opportunity, or idea in relation to the market and competition, and the resources necessary to exploit it.

The Gibb and Ritchie model refers, to the 'success factors' which bind the model together (figure 5). Two factors, motivation and abilities, reflect the 'person'.

Figure 5

The person and project extension of the Gibb and Ritchie Model  
(After Johnson, C., 1983; *Entrepreneurs and the start-up process*)

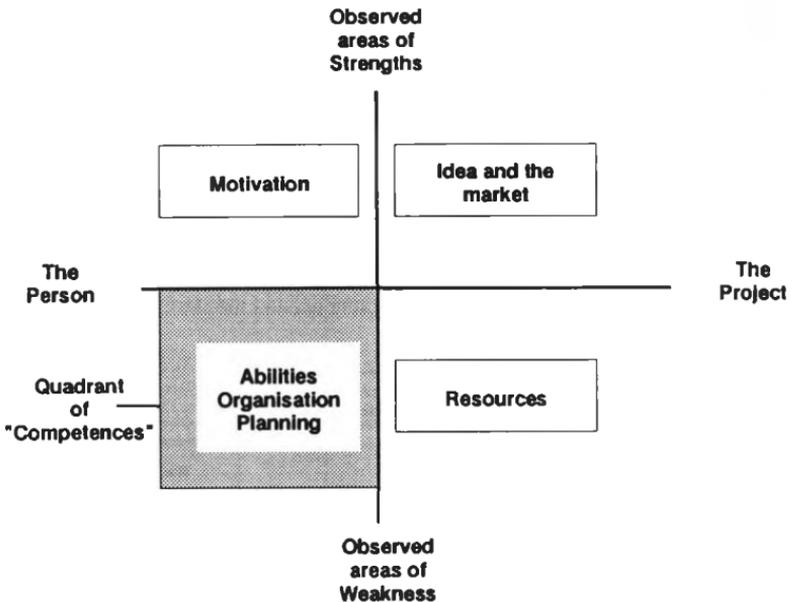


Two factors, the idea in relation to the market and resources, reflect the 'project'. Two factors, planning and organisation, reflect the managerial 'glue' needed to combine the person with the project, the risks, costs and timescales, and therefore the market.

When the framework is expanded and applied to the Estonian context, three aspects emerge:

1. The need for a 'competence assessment' of the Estonian entrepreneur. The model in its existing form requires some kind of 'competence assessment' added to it so that it becomes more of a dynamic vehicle for the assessment of the person-project potential. A reconstruction of the model is shown below, in figure 6.

Figure 6  
An Estonian perspective on the Gibb and Ritchie Model



It proposes that, by the Estonian experience, the area of greatest weakness lies in the lower left-hand quadrant (of figure 6) containing abilities, organisation and planning. By addressing these factors, some form of dynamic action plan that is participant-centered can emerge.

2. The need for integration. One of the key features of the EEBDP was the degree of integration achieved throughout the program, and the significant contribution made by participants in the Business Planning and Strategy module. As has been stated elsewhere, however, this requires host-client cultural orientation to work successfully.
3. The need for trust. It has been reported that once trust has been established, confidence builds, rapport develops and greater collaboration between participants occurs. Only at this point are psychological barriers removed so that the course participants are able to appreciate the relevance and synergy between the main functional business components.

Shown below in diagrammatical form is what the development of this model might look like for other British institutions planning similar training interventions. Its purpose is to convert the theoretical conceptual framework of Gibb and Ritchie into a practical model for specialists in the management development field (figure 7 below).

The intention of the framework is to link the four identified planning phases of the EEBDP to the Gibb and Ritchie 'Mair' model, and integrate the two together within the curriculum of the EEBDP itself.

It can be seen in the central section of figure 7 that the Gibb and Ritchie Model has taken on a 'person' perspective in the early course design stages of development, focusing on motivation and abilities.

During the program design and delivery phases, the remaining 'project' factors; idea, resources, planning and organisation, are found to be more relevant.

The course delivery, shown in expanded form at the bottom of figure 7, indicates where the Business Analysis Project fits into the curriculum, providing some useful guidance to the start-up position, competence levels, planning and organisation.

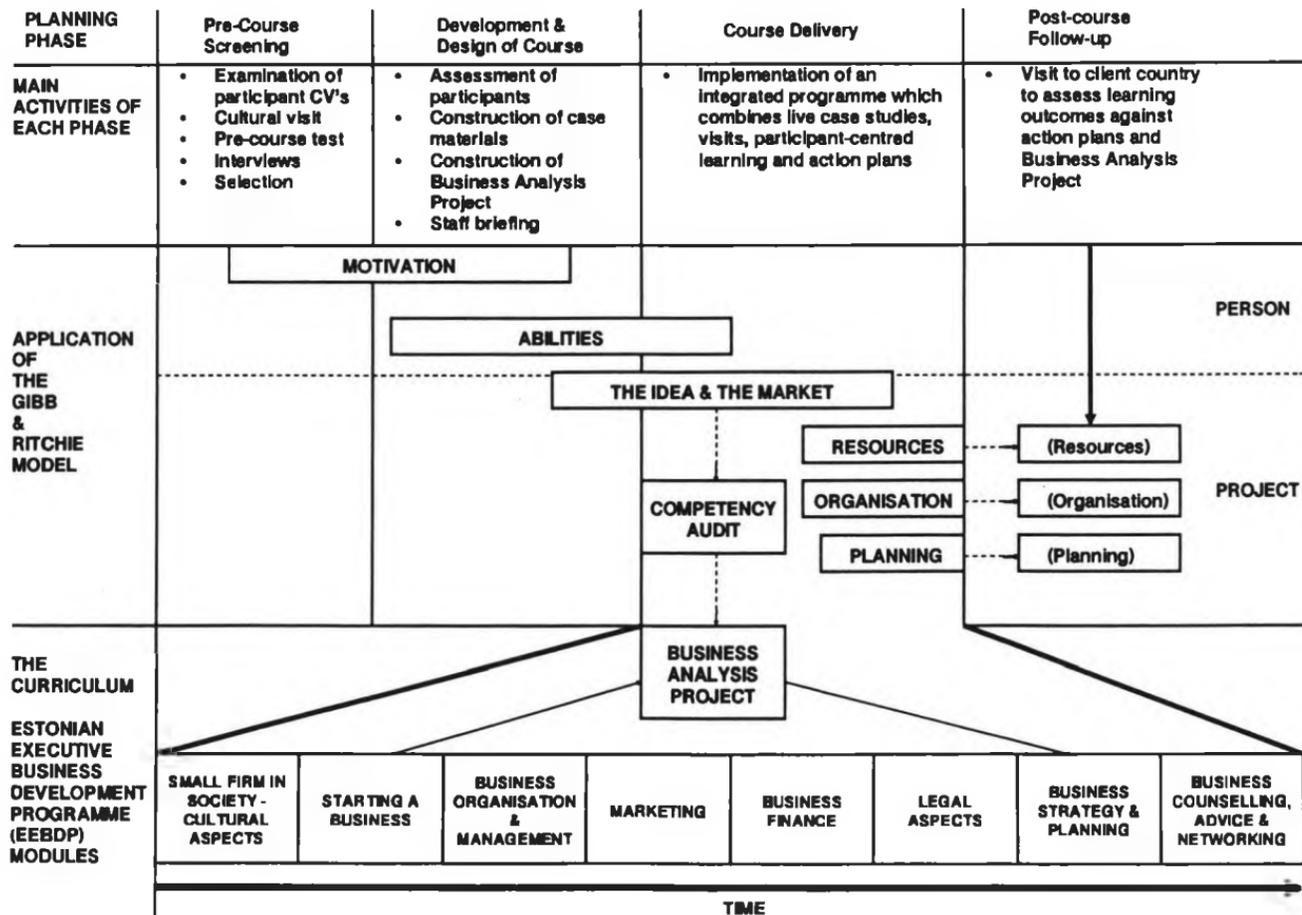


Figure 7  
The relationship between course planning, the Maier model and curriculum structure

## The way forward

The aim of this research was to examine the Gibb and Ritchie 'Mair' Model as it has been applied to the Estonian Executive Business Development Program, and to consider whether it required adaptation for future similar training interventions.

The literature tends to record background events, or antecedents, leading up to and influencing start-up, some of the important processes during start-up, and individual psychological, behavioural and other external experiences and influences after business start-up has occurred. From this literature, the 'Mair' model has been identified as a practical framework for exposing those factors which contribute to the formation of a successful small firm.

Estonian literature, although somewhat sparse, has indicated that external factors impose considerable constraints on market orientation for the small firm, but that legislation is encouraging enterprise and entrepreneurship generally.

The qualitative nature of this research has provided an insight into the market-making abilities of a sample group of Estonian entrepreneurs, where they are at in this process, and how successful a job they are making of it.

### *Preliminary findings*

- \* In practical terms, the Gibb and Ritchie 'Mair' model provides a sound basis for structuring a management development intervention such as the EEBDP, but in order for it to become a dynamic rather than static conceptual framework, it requires:
  - Separation of its individual success factors to allow a more logical, sequential and practical focus on the person and the project. This separation will allow trainers, business counsellors and consultants time to concentrate on the person, the project or idea, and their interrelationship over time.
  - The use of such a separation in order to focus and assess cultural aspects, competencies of individuals, curriculum planning and group dynamics before, during and after the delivery of training.

In the Estonian context, these are summarised in three dimensions,

- The need for a knowledge-based 'competence assessment', of individual participants, to try to achieve a cultural fit for the training intervention (figure 6),
- The need for integration through host training provider-client receiver curriculum planning (figure 3), and
- The need for trust to be established between training provider and client receiver at an early stage of course development.

Using these three principles, a modified framework for the 'Mair' model has been proposed (figure 7). Furthermore:

- \* A 'cultural context' model has been proposed (figure 3). This model highlights the importance of the cultural context of such work, and that competence assessment of participants enables effective curriculum planning and design.
- \* The external environment within which the small firm must operate is in a period of rapid change. Coming to terms with the true cost of market-making is paramount to commercial success. The evidence suggests that resources for business growth is dependent upon networking with large state controlled firms, at least in the short term.

- \* Within the Estonian enterprise, there are key learning and development needs, in spite of the sample group's significant educational attainments. These needs are not so much required at start-up, but more during consolidation of the business, surviving the aftermath of start-up and beyond. Gibb (1987) and Olson (1987) locates these specific needs as a combination of functional skills and management competencies. A major influence is leadership style, and the exact role definition of an individual in such a position.
- \* From the six Estonian cases studied, the most successful business ventures have been where the entrepreneur has used his/her previous academic qualifications and experience to their best advantage.
- \* The research has identified three possible Estonian entrepreneur typologies: the 'romantic', the 'scientist' and the 'practitioner'. Of the three, the 'practitioner' shows a clearer tendency to Schumpeterian market-making characteristics, where failure is as much part of the process as success is in the bid to make profits from arbitrage.
- \* The use of the Mair model with the EEBDP has identified four key process areas in terms of course planning; these have been expressed as pre-course screening, program design, program delivery and post-course follow-up. To make course planning fully effective, it is concluded that the 'person' factors, motivation and abilities, need to identify competencies during the initial stages of screening and design, whilst the 'project' factors need to concentrate on functional skills and personal competencies during the later stages of delivery and post-course follow-up.

#### *Recommendations for future work*

It has been a valuable experience to work with the Estonian sample group in the UK for the first time. The lessons learnt in course planning have provided guidance for future work with Latvia and Lithuania.

Getting to know them personally has been an essential part of this program, and has shown the significant progress that can be made by taking time to work together. It has also shown that unless this time is taken, their true feelings and thoughts could well remain hidden.

In the light of this, the following recommendations are made:

- More attention needs to be directed towards the cultural context of such training interventions. This will require a careful examination of conceptual frameworks such as the Mair model, particularly in conjunction with the level of knowledge, business skills and experience of the participant who will be receiving the training. This justifies the importance of competences once the business progresses beyond start up, in areas of business planning, organisation, and the necessary skills needed for managing the business itself.
- The research has confirmed a strong link between the educational attainment of Estonian entrepreneurs and successful ventures. This needs to be explored in more depth, and the remaining twenty six case studies will shed more light on this important issue.
- One area that is clearly a constraint on the small firm in Estonia is that of suitable government support agencies and networks. This situation can be brought to the attention of the Estonian Small Business Association (EVEA) with a view to influencing policy centrally for small firms.
- It has been recognised that post-course follow-up is as important to the training process as other aspects of planning. Further longitudinal research on sample groups should be

planned to shed more light on the move to a market economy, and the constraints which prevail as a consequence of former Soviet State control.

- The EEBDP has been delivered over a four-week period in an intensive way. Further curriculum research needs to be considered, together with funding methods, for more interactive training involving the host country, and not merely its people, outside the UK.

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# 21 Educational opportunity of internationalizing Estonian small business

*Jorma Heinonen*

## **Abstract**

In early 1990 the new Estonian government made an U-turn in deciding to convert the centrally planned system into a market economy. In that time some 95 per cent of the foreign trade was conducted with the Soviet Union while at present the share of the western countries in the import export business is already about 65 per cent. It is a common hope that largely the small business emerging in a form of new enterprises would more than compensate for the problems caused by the drastic economic and political changes. At the end of 1989 there were some 5,000 enterprises registered in Estonia; in the beginning of 1993 their number was already more than 30,000. In a short time Estonian SME's should become capable of international operations and the labor force should have skills compatible with western standards.

This means a challenging task in education and training. Among the numerous foreign organizations involved in training activities in Estonia the Finnish ones lead in terms of number. According to the Finnish experience it is of paramount importance to assure that the training provided is applicable to the receiver. This necessitates a comprehensive planning and close collaboration between the provider and the receiver from the initial stage through all the phases including the follow up. For the sake of efficiency more co-ordination is needed among the foreign and Estonian organizations involved in training activities. In that regard development of infrastructure including communication and information management is sought. In this paper the importance, difficulty, and

opportunities of education and training on the development of Estonian small business is discussed.

## **Introduction**

The Scandinavian firms and public organizations are active in Estonia these days. The most direct investments stem from Sweden but the number of Finnish companies is the largest. In terms of volume in foreign trade of Estonia Finland is the largest partner followed by Russia and Sweden.

The Estonian business environment has turned out to be rather complex. The situation is somewhat different than the usual matching issue in international business operations over the cultural, economic and political boundaries. The rapid rate of drastic changes in Estonian society combined with the fact that some structures of the old system still exist together with the new establishments altogether makes the environment difficult to manage and gives feeling of uncertainty. This has become apparent in different collaboration activities. There is a risk that the difficulties in managing the practical problems may harm the future development the potential of which is already visible and recognized.

The future of the Estonian economy is much bound to the development of emerging small business. SME's are expected to vitalize the lagging industrial production capacity, create export and jobs thus stop the growing unemployment. In order to fulfill all the above SME's should in short time become capable to international operations. At present one of the major handicaps of the Estonian business is the fact that the entrepreneurial business culture is still in a development phase. There is an evident lack of knowledge of the features and basic principles of market economy including the entrepreneurial practices. This is a challenge to the educational system and a task to fulfill also to the western business partners. Several educational and training programs with involvement of different types of foreign providers are being offered.

The development of Estonia is in a special Finnish interest. Besides the potential of beneficial economic relations the countries are close neighbors and have common ethnic and linguistic origin. The following examination is based mainly on the experience of Finnish firms and organizations operating in Estonia.

## **The dramatic change in Estonian economy**

### *Shifting the trade goal and facing problems*

The decision to convert the centrally planned system into a market economy together with the collapse of the Soviet Union produced consequently major changes in Estonian foreign trade. For some fifty years about 95 per cent of all foreign trade was carried out with Soviet Union. Although Estonia exported in the 1980's about 40 per cent of its industrial production, only 2-3 per cent ended up to markets outside the Soviet Union (Soon, 1991). During the past two years a dramatic change has taken place, it is estimated that already 65 per cent of the foreign trade is conducted with the western countries.

It is well understandable that this magnitude of change causes major problems as well. The industrial production has gone down sharply, its volume decreased during 1992 some 40 per cent. The biggest losses were in construction materials, metals, chemicals, as well as in the paper and pulp industry. Decrease in the production and availability of energy and raw materials and their substantial price increases have caused major shortages. Solely the

world market price for Russian oil has decreased the living standard some 16 - 20 per cent (Hansson, 1993).

One of the corner stones in building the new market economy was thought to be privatization. Privatization has gotten a slower start in Estonia than in the other Baltic States. It has been difficult to reach consensus and to develop a clear policy for privatization as well as to create a system for practical implementation. It is evidently very problematic per se to privatize a big state owned industrial company with outdated products and production facilities. Also the privatization of agriculture and forestry has turned out to be a very problematic and painful process, which slows down the development. The volume of agricultural production decreased in 1992 some 20 per cent (Tyllinen, 1993). Major problems are foreseen in the near future as well. While Latvia and Lithuania protect their agriculture by increasing customs, Estonian markets are fully open to foreign products. The prices have already collapsed and the Estonian farmers visualize their future pessimistically (Alanen, 1993).

The emerging new business suffers seriously due to the lack of infrastructure. According to the World Bank even the social service sector is lagging much worse than expected (Riipinen, 1993), which may have political consequences. The belief of political stability is of great importance to the development of foreign business input. Thus the major political issues including the problems between the two ethnic groups viz. Estonians and Russians are being monitored by the foreign firms intending to establish business in Estonia.

#### *Encouraging development*

The Estonian Government has been acknowledged for being determined in urging development. A remarkable achievement was the own currency in the summer of 1992 as first in the former Rubel region. The Estonian Crown has remained stable avoiding bigger pressures. A kind of recognition of the creditability of the Government is the substantial foreign aid Estonia receives from different sources e.g. G 24-countries, IMF, World Bank, EBRD. The energy shock is probably the main reason for the relatively large immediate aid needed and obtained. A better co-ordination of the aid coming from diversified sources would be needed (Hansson, 1993).

According to many experts and business people operating in Estonia there is a well founded optimism concerning the development of the country in the long run. Some industrial sectors show already signs of promising future. The most positive development is seen in the textile industry. Some factories have been renovated on the basis of foreign financing. Several Finnish and Swedish companies have started to manufacture their products in Estonia. Also the shoe and leather industry has shown some growth.

Despite the 50 years of Soviet rule the number of new enterprises have exploded. At the end of 1989 there were some 5,000 enterprises registered in Estonia; in the beginning of 1993 the corresponding figure was almost 31,000 (Tyllinen, 1993). Still many more young entrepreneurs are emerging. Most of the new firms are doing small scale indigenous business including services and retailing; new manufacturing is relatively rare. A number of new firms are successfully utilizing the temporary opportunities offered by the transitional phase of the economy.

#### *The nordic involvement*

Estonia with the two other Baltic States vision themselves with a specific role around the Baltic Sea and they thus aim to integrate with the transport and communication system of

Northern Europe and contribute to the movements of goods, services and capital in the area. In turn Scandinavia's current interest in the Baltic States is mostly because of their cheap labor. The foreign investments and business contacts have increased rapidly in Estonia. With reference to the number of joint stock companies with foreign involvement the overwhelming share stems from Finland and Sweden - more than 50 per cent of the entire amount, table 1 (Türnpuu, 1993).

Table 1  
Enterprises founded on foreign capital in Estonia

Country	Number of Joint Ventures 31.3.1992	Share of the foreign capital 1.10. 1991 (%)
Finland	675	21,3
Sweden	188	31,9
Germany	82	1,0
USA	40	3,0
Canada	27	0,9
U.K.	16	0,3
Austria	16	0,8
Poland	17	0,5
Switzerland	17	0,7
Denmark	14	0,1
Norway	13	0,1
Holland	6	2,0

Tiiranen (1992) reports a study based on an inquiry responded to by 30 Finnish private companies and 32 public organizations operating in Estonia. Most of the refereed undertakings were in an initial stage. The respondent companies and organizations together reported their near term investment in Estonia to amount to some 140 million FIM. Some 40 per cent of the companies were involved in ongoing production, 10 per cent in consulting business, 17 per cent selling their own products in Estonia, but they plan to invest in the country. Equity shares or joint ventures had almost all of the responded firms. The companies represented different industries e.g.: construction (the largest), environmental technology (consulting and equipment export), food processing, textiles, banking, insurance etc., also subcontracting in different fields.

Most of the activities of public organizations are dealing with education, expert change and technoeconomic aid. In 1991-1992 the direct Finnish aid to the Baltic states was 121,6 million FIM, 80 per cent of that was to Estonia. In addition different credit arrangements and governmental quarantees were reserved for the Baltic States, which amounted to 350 mill. FIM. According to the statistics Finland is the largest single aid donor country to the Baltic States. In the Finnish budget for 1993 the direct aid to Estonia is 80 million FIM (The Finnish - Estonian Trade Association , 1993).

## Education

### *Educational needs as a reflection of the present situation*

The revolutionary changes in the society challenges the entire educational system. In particular, far reaching renovations of the programs for higher education including massive re-education are needed. This has put continuing education to a key position.

The following examination is focused on education for management, business, and entrepreneurship, mainly with a view to the development of the open private sector.

The immediate needs are identified rather unambiguously by survey studies and by practical experience. Education and training is already extensively available by domestic and foreign providers. The apparent challenge is to enhance the meeting between needs and provision as well as to facilitate the relevancy of the programs offered.

The main target groups of education according to surveys (Alsti, 1993):

- New entrepreneurs covering also privatized firms resulting from splitting of big state owned companies, farm and forest entrepreneurs, regions with unemployment,
- Service sector including banking and insurance,
- Management of large state owned companies,
- Public administration; central, regional and local organizations.

Generic skills are required in two main sectors:

1. The basic principles, ideas, institutional and cultural aspects of western market economies,
2. The basic principles of entrepreneurship and running a company e.g.: equity, economic risk, investment, revenue, profit, and the operational business management.

In addition there are a variety of specific needs:

- First of all education on international business covering e.g.: foreign trade with its basic features and modes; international marketing; strategic alliances incl. joint ventures and technology collaboration, subcontracting; international project management,
- Items non existing during the centrally planned economy: Quality training and management; investment analysis; financing; business analysis; information technology and systems; support systems for management.

### *The existing educational capacity in Estonia*

The education in Estonia is under the Control of the Ministry for Education and Culture, which authorizes the licenses as well as degree requirements. The educational organizations operate, however, quite independently. The higher education is provided by two types of organizations (Alsti, 1993):

- 1) The universities and Institutions providing university-level teaching,
- 2) Consulting companies.

Three Universities have Centers for continuing Education, which is a new phenomenon in the country. There are five ordinary universities in Estonia In addition two institutions,

Estonian Business School and Estonian Management Institution provide University-level education in the field of business management.

*Tallinn Technical University* has traditional university collaboration with two Finnish Schools viz. Helsinki University of Technology, HUT, and Lappeenranta University of Technology, LUT, involving student exchange and some faculty exchange as well as the organization of seminars and short courses. Concerning continuing education and management training the close collaboration with HUT will be referred later on.

*Tartu University* has in its Center for Continuing Education a relatively limited program for business management covering e.g., general business mgt, communication, computer technology, legal aspects, languages etc.

*Estonian Agricultural Academy* has also a Center for Continuing Education which is divided into three Institutes: management-, technology- and psychological institute. The basic competence is continuing education in management related to agriculture and food processing technology. There are specific programs for the management of SME's as well.

*Estonian Business School, EBS* was founded in 1988 as a private school relying on Estonian, US- and Canadian collaboration. It aims to educate people capable in international business. There are both MBA-and BBA-programs, the latter one uses distance education. The teaching language is English; in 1991 the first academic program in German was added. Besides business management EBS is planning on the basis of Danish aid education of tax- and customs officials, insurance experts and public auditors.

*Estonian management Institute, EMI* has a leading position in Estonian management education. Its programs cover: management, economic aspects, societal and legal issues, and international business. It provides also management consulting, which includes entrepreneurship consulting, business analysis, and regional development programs. EMI has a well developed network in Finland and it has collaboration agreements with some 10 institutions outside Estonia.

In addition to the above organizations an increasing number of other providers are contributing to the developing market of Estonian business education. These include a variety of different types of organizations such as, governmental agencies, domestic, foreign and co-owned institutions and consulting companies. Ministry of education had given to 135 organizations a license for education in the beginning of 1993 (Alsti, 1993). Many of these are operating entirely or partly on the basis of foreign financing. Thus the market leader EMI is facing an increasing competition.

### *The Finnish educational activities*

*Private companies.* Many Finnish firms have organized themselves training of their Estonian staff and collaboration partners. The following two cases are aimed to give examples of the sophisticated service sector. ASH-Tallinn is a joint venture and subsidiary of a Finnish company providing consulting services in logistics. The initial operations were started already in the middle of the 1980's. The entire staff is Estonian, 6 well educated young professionals who have received, a thorough on the job training under Finnish supervision both in Finland and in Estonia. Still in many projects there is a Finnish contribution provided by the mother company, MH-Consultants. The company is running well and it has at least partly fulfilled its secondary function in serving as a basis to the

entire Baltic Region. However, representatives both in Riga and Vilnius have turned out to be necessary (Hackman, 1993).

Among the many Finnish organizations involved in education in Estonia, Mercury International Eesti AS provides an encouraging example. It operates completely in terms of markets without any subsidizing support of domestic or foreign sources- not any more even from the Finnish mother company. It offers education and training mainly on selling and customer services. The operations were started in 1989/90 first as a unit of ETMI and since 1992 as an independent company. The staff consists of 11 Estonians, who have been comprehensively educated in Finland by the mother company Mercury International Oy. The Estonian operations are productive enough to cover their own costs. The prospect that the subsidiary in Tallinn would serve as a basis for the operations in other Baltic countries look somewhat limited (Wigell, 1993).

*The universities.* Several Finnish universities are active in continuing education in Estonia. Business management and education of SME's and entrepreneurship is considered to be priority fields. While having a large Center for Continuing Education Helsinki University of Technology, CCE/HUT, has developed a contact network and initiated activities in Estonia. It is among the first foreign educational institutions to do so. One of the initial activities has been training of staff from Tallinn Technical University, Center for Continuing Education on the practice of organizing courses and in taking advantage of modern educational technology; multimedia computer aided learning etc. As a collaborative attempt the two Centers together organized a short course on quality management, ISO 9000 in 1992. In utilizing the experience gained an extended modulated learning and consultant course 'Management Skills for Managers' has been developed. It consists of six modules, up to one week each and it includes consultation as well. The content ranges from production management to export and marketing. The aim is to mobilize the existing expertise from the universities and to integrate it in useful ways into small business. The available know how will be amended by Western expertise as far as necessary with the intention to provide the firms just with those tools and methods which are needed. The cumulated experience of Finnish firms and joint ventures will be utilized. The goal is to provide just that kind of information which is needed and applicable for the current Estonian conditions. The project will include a thorough analysis of 10 Estonian small business companies, which are planning to start international operations. The analyses will be realized in a way that a training of trainers will be carried out of the same time i.e. Finnish and Estonian experts will work closely together (Kivelä, 1993).

Intellectual property rights play an important role in to day's international business. The CCE/HUT has run for several years a continuing education program in that field, which has been received very well in Finland. Some Estonian students have participated in recent courses on Finnish grants. In November 1992 The Finnish National Group of AIPPI arranged a Symposium on the topic 'Industrial Property Legislation and Practice in the Baltic States'. There are advanced plans for development of a course on industrial property rights just tuned to the Estonian conditions, although the theme initially did not belong to the prioritized ones within the Estonian industry and business (Wallenius).

## **Prospects of the Estonian business from education point of view**

### *Central issues in training of Estonian SME's*

Human resource development is in a key position in the internationalization of the SME's. The central competitive advantage is low cost labor, which needs to be provided with up to date skills matching European standards. According to experience of Finnish organizations operating in Estonia it is of paramount importance that the education provided is applicable to the receiver. This implies careful considerations of a few central issues during the planning phase; in particular:

1. The cultural issues should be considered with particular care, those are decisive in transferring know how and skills through education and training.
2. The level of knowledge of the receiver should be clarified - as a matter of fact the competence of the both parties should be adequately known.
3. The business environment, its relevant characteristics and features should be known as well. In the case of a transition economy simultaneously containing elements from both the old and the new system management of the environment is rather complex.
4. It should be clarified how the firms are managed, organizations, organizational cultures, operational practices etc.

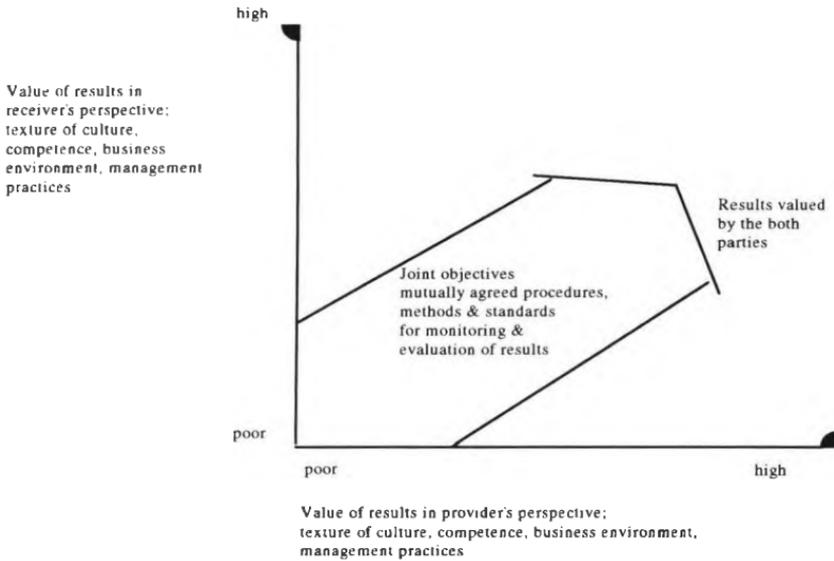
Further the training should as a rule have a plain, practical approach. It should provide the participants with immediately useable skills and tools - rather not too theoretical and too sophisticated and preferably avoiding the latest, less tested methodologies. Finally the potential contacts and networking through educational activities should always be kept in mind. For example some general information could be disseminated also in specialized courses e.g.; information on matching requirements, international contracting practices, supply and quality requirements etc.

The divides between the cultures, systems and conditions are important in all international operations There is a lot of published studies dealing with problems on international business operations as well as on transferring know how across the boundaries of culture, systems and conditions. Guttman (1976) introduces a practical approach for transferring know how and provision of developed services; Allesch (1990) and Heinonen (1992) discuss technology transfer from different points of view. Hofstede (1980) has focused his examination on just the cultural relationship between the provider and the receiver in education and training.

With reference to all the above it is emphasized that planning of a training program should be comprehensive and it necessitates a close collaboration between the provider and the receiver from the very beginning through all the phases including the follow up. Consequently the figure 1. illustrates that obtaining results valued by the both parties involved requires mutually agreed objectives, procedures as well as methods and standards for monitoring and evaluation of results. These can be developed in appropriate way only in perspective of the above numbered four points. Thus the figure is aimed to be a model for internationalization of business through international education and training.

Figure 1

Achieving results in international education and training  
valued both by the receiver and the provider



### *The need for collaborative coordination*

There is an evident need for co-ordination at least between Finnish, Swedish and German organizations operating in Estonia.

Willingness for it has already been expressed but perhaps a practical achievement would necessitate an active Estonian role as well. Unfortunately it has turned out that there is a serious lack of coordination even between the Finnish organizations. Many believe that an improved communication could solve the problem. Some feel that more fundamental revisions are needed, claiming that Finland lacks an economic and socio-political strategy for the near regions. Further it has been claimed that the Finnish undertakings have concentrated too much on Tallinn. Just because of the strong presence Finland should look also at those places where the foreign contributors are not acting so much. Regional aspects play a significant role in the long term development of the country. (Tiirinen, 1992)

Co-ordination is handicapped by one of the major problems in Estonia viz. communication. The old Soviet regime is still affecting the system. In that time it was not possible systematically to collect and disseminate information. It is a huge task for the Estonians to now change the entire communication atmosphere. A western type of communication and information management system is absolutely necessary.

## *SME'S and the future development of the country*

The economic and political development of Estonia implies modernization and development of industrial production.

Reinforcing exports is of paramount importance, since at present the major export article is scrap metal. The creation of exporting SME's is decisive for the future of the country. The service sector can hardly be productive in the short term. The decline of old fashion non-competitive big industry together with agricultural reform will worsen the unemployment and thus still increase pressure to small business. The foreign companies present in Estonia have already an important role to play, not only economically, but also in providing and disseminating western know-how. However, large scale entrepreneurship involving also manufacturing would necessitate a more massive western participation. Thus foreign investments should be increased substantially and Estonia needs to create suitable condition for them.

Many of the issues and problems of SME's in Estonia also exist in some form in the western countries with established market economies e.g. promotion of small business, its internationalization and competitiveness, transfer and diffusion of technology, more efficient utilization of the intellectual resources and establishments of the universities in business and society. Thus the experience and solutions developed in Estonia during the current period are potentially useful elsewhere. For many Finnish SME's the Estonian activities are important in their internationalization process, in particular, in the case of sophisticated services.

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# 22 In search of Golden Fleece: Or something more about transferring entrepreneurial know - how in the period of transformation

*Kiril Todorov*

## **Abstract**

An essential feature of the transition from planned to market economy in Eastern Europe now is the establishment of vital small (private) business and widespread entrepreneurial activity. Having in mind the 'recent state of art' (the fully dominance of state property and large scale firms, the problems with small business regulation and infrastructure and the existing (up to now) value system) we can understand all the difficulties of this task. In this respect there is no doubt about the decisive role of the entrepreneurial know-how, transferred from well developed western countries in the role of 'Golden Fleece', following the old Greece mythology.

The problem of transferring entrepreneurial know-how is vital, but at the same time much more difficult to be solved, taking into account the 'classical know-how transfer', oriented to the larger (state) firms. This difference is because the entrepreneurial field is much more influenced by the specificity of national and historical features.

The paper analyses the key aspects of entrepreneurial know-how transferred from Western to Eastern Europe: from where, how and how much? An essential subject is who (can) transfer? That means our attention is on the 'agents' of the transfer and the diffusion of know-how. As a conclusion in a prospective way we will synthesize and recommend 'the right choice' of this transfer - in another words, to get 'the Golden Fleece'.

## Introduction

The growing role of SB and entrepreneurial activity in modern economy is recognized by a number of scholars and practitioners in view of the key tasks they can solve: the dynamic development of national economy, the employment and development of high technologies, usage of local raw materials and regional development. This interpretation (so called classic) of the SB role is a basis for its stimulation and development. It is necessary to design it on the background of some present tendencies. Firstly, that is the growing internationalization of business and the following challenges. Secondly, that is the forming of strong regional frameworks and markets (like the common European market, the region of East Asia or the North American region - the USA, Canada and Mexico). They add to the first tendency some strong centrifugal force dependent on the SB participation or not in any of these group. Thirdly, but not last there is a unique change of the existing model of social and economic system in the East European countries. Therefore SB and entrepreneurial activity face big unknown challenges. Their development and vitality depends on meeting these challenges. That is why it is not surprising the number of publications and studies on these challenges and the way to solve them is constantly increasing.

No doubt in view of interest and difficulties of analyses and decisions the SB sector development in Eastern Europe is out of competition because of the uniqueness (and specificity) of the present on-going transition towards market economy. The big paradox lays in this thesis: the own opportunities are limited on the one hand; on the other these countries need entrepreneurial know-how. What we get here is a strange combination between implicit difficulties in knowledge transfer (because of it is heterogeneity and dependence on personal factors) and the great difficulties when carrying out the transition. Still it is clear it is not necessary to invent the bicycle claiming the trial-and-error method as a basic one. Therefore a big question arises here: what kind of entrepreneurial know-how to transfer and adapt, where from and how? The present theory and practice in developed industrial countries and especially the transition practice in Eastern Europe gives some answers to that question. What we mean here is it's necessary to orient to the transfer of entrepreneurial know-how from West to East Europe on historical, geographical, cultural and psychological reasons.

*The purpose of the article is:* to analyze the conditions, problems and opportunities for entrepreneurial know-how transfer and to make some useful recommendations on the critical analysis basis. We will discuss the case of Bulgaria as being representative for East European to some extent.

### **The development of SB sector and the need of entrepreneurial know-how transfer in the period of transition**

The dominance of state property and large state enterprises (often monopolies) is an important characteristic for the East European economies. That statement fits to the case of Bulgaria because of many specific reasons (see Todorov 1992a and Todorov 1992b). According to official figures to the beginning of May '93, the share of state property is still at about 93 - 94 per cent. Moreover the economic and industrial structure is irrational and the management system is elaborate bureaucratic. The imperative need for development of viable small business is to be characterized on that background.

## **Development of SB and entrepreneurial activity**

Small private and cooperative enterprises dominated Bulgarian economy till the communist social and economic model was implanted (September 1944). They became state property thanks to the nationalization (1947). Therefore strong traditions are at hand that cannot be forgotten though muted for a long time.

As a result of negative economic tendencies in East Europe and especially Bulgaria palliative attempt to develop SB were made in the beginning of the 80s. That is why the Bulgarian Industrial Chamber was established then. Unfortunately these efforts were not successful because of insufficient market environment and the formal attitude of the state. The newly established small enterprises usually were substructures (production units) to the LCEs. The latter took their incomes and therefore small enterprises did not reproduce. These enterprises could not be defined as 'small' even from formal point of view (their independence is an important criteria for belonging).

After the collapse of communism on November 10th 1989, small business began developing quickly under the influence of the economic reforms (new legislation, price liberation) along with 'the free entrepreneurial spirit out of the bottle'. Private initiative became stronger on the background of the developing new market environment and breaking of LCEs monopoly. The rapidly increasing number of small firms is a good example. While in 1989 the registered companies were 13625 their number reached 130,102 on 1 September 1991 and is 186,788 in February 1992 (see No. 5). Unofficial data in May 1993 says the number is nearly 300,000 and the population is 8.5 mln. Just for comparison the number of small private firms in Poland by the end of 1991 is 1,420,000 and the population comes to 38.2 mln. (see No. 8).

The basic spheres small companies do activity are trade (25.4 per cent) and services (22 per cent) while only 7.8 per cent operate in industry (see Small Business Research in Bulgaria, No.5). That condition is a result of the present macroeconomic situation - high prices of raw materials, lack of credits (especially long term), high risk in investment activity, not clear markets, etc.

## **The need of entrepreneurial know-how as a consequence of small business development**

As it was mentioned above the small business sector has to start again after long interruption not only because of the importance of transition from one to another totally different economic system but the old way of thinking and people's psyche. This unlike Portugal and Spain (that also underwent transition from dictatorship to democracy but within the framework of existing model and market economy) East European countries are dependent on the out transfer of the necessary entrepreneurial know-how. In contrast to the product and technological know-how transfer for the LCE that has functioning channels and experience at hand we have to start from the very beginning as to the entrepreneurial activity. Moreover the strong personal participation and image in that transfer is an important element along with the large number of recipients and their heterogeneity in terms of sphere for activity and behavior. We have to group these recipients for the needs of this study. If we follow Koning 1992 (about the relationship between small private firms and the personnel (mainly entrepreneurs<sup>1</sup>)) we can mark the key moments:

- the dominant position of the entrepreneur and manager.

- limited human factor in companies. That is why the entrepreneur and the staff are to do a large number of duties.
- lack of functional specialization as a result of the latter.
- vulnerability to the changes in environment.

Therefore as a result of his specific role in a small business enterprise the entrepreneur has to do some important functions: techno-technological, financial, managerial and social (Trade Unions in small firms are not to be found). That is why he is the one to have different skills and food knowledge. If we consider the time factor characterize the basic moments in the entrepreneurial knowledge and skills:

- starting own business (evaluate the idea, market and competitors, analysis of cost and revenues, risk evaluation, attract capital).
- management of SB: budgeting, analysis and control of activity, decision-making, structuring and personnel management.
- management of development (prognosis, generation and implementation of strategies, evaluation of the risk).

These skills and knowledge are necessary for a market economy but they have specific features in East European countries. We can define *some clear characteristics* on the basis of present publications (Todorov 1992a and 1992b; No5, 1992; Gibb 1992) and my personal experience as lecture and consultant:

- preparation for working in turbulent unclear environment (state properties, state policy and regulation of small business are not well determined; markets and infrastructure are not developed enough).
- acquiring skills and knowledge for carrying out the transition 'manager-entrepreneur'. A large number of entrepreneurs come from LSEs and have specific knowledge, skills, way of thinking and behavior.
- acquiring knowledge and skills to carry out the transition 'entrepreneur-manager' in case the company is growing; and managerial and entrepreneurial functions are being separated. There are some examples of failure because of not knowing and not having the will to do that separation.
- forming knowledge and skills 'entrepreneur needs to motivate the staff'. It is one of the stone corners for SB management because of the specific conditions, state and behavior of individuals in transition period.
- creation of partnership between LCEs and small private companies (as suppliers and subcontractors) having in mind the dominant state property and large companies.
- forming of knowledge and skills for building entrepreneurial networks for SB survival and development; and setting balance between own ego (independence and competitiveness) and partnership with companies whose interest is the same. In practice many owners cannot succeed and survive the present 'period of first capital accumulation' simply because they do not know and neglect the advantages of entrepreneurial networks.

## Theory and methodology background in entrepreneurial know-how

We will try to define some key terms (as working definitions) and hypothesis especially in concern of SB and entrepreneurial activity as far as possible.

'*Knowledge transfer*' is not defined in one way by the different authors. We can point out the definition of E. Rogers, 1983, who determined technology transfer as 'a process thanks to which an innovation reaches members of social system in time through communication channels'.

Rogers argues some *factors influence* the choice of transfer model and these are communication channels, time and human factor and the social system. Therefore *innovation* turns out to be a key transfer factor. Innovation takes place everywhere in modern economy and it includes creation of something new *by combining the existing elements of knowledge in a new way* (B. Johnson and B. Lundvall, 1992). This opinion is of great importance for us because of several reasons. Firstly, innovation is *cumulative process*. Secondly, it i

s creative 'combining of existing elements of knowledge in a new way'. Thirdly, that cumulative process includes *adapting and spreading of knowledge*. Therefore this way of analysis makes us be closer to the nature of entrepreneurial activity. The latter includes novelty treated in a modern way. Thus we can interpret entrepreneurial know-how transfer and try to do the transfer we need - it combines new technological and practical innovative components (entering new markets and forming of effective entrepreneurial behavior).

An important characteristic of the transfer process is the presence of *potential to absorb knowledge*. It depends on many internal and external factors. External factors are: educational level, history and culture (traditions, religion, psychology). Traditions and company type, quality and motivation of staff (especially managers) are in the first group of factors. Quality of staff and especially of entrepreneurs (managers) is of great importance for a small company.

An important initial characteristic of know-how transfer is its validity and importance or so called *transferability* of know-how: from one sphere and country to another. Johnson and Lundvall (1992) have a contrary opinion to the popular version and they discuss 'whether transfer from a cultural environment to another is possible and whether it can help to increase (rise) know-how effectiveness'. They point out the case of Denmark and Sweden. These countries have similar history and culture but their innovation systems and institutional structure are different. If hypothesis turns out to be true that will be useful for transfer theory and practice in a situation of business internationalization. As to entrepreneurial know-how a positive answer will open immense opportunities for transfer between similar (as territory and population) but different (as culture and people's psychology) countries because culture and the psychological aspects have important role for entrepreneurial know-how.

No doubt *transfer channels* are of great importance for transfer to be successful. They can be formal and informal; direct and indirect; and combined. Practice shows it is much better to transfer and adapt present know-how (though it might be not 'the top') instead of transferring 'top know-how' improperly. It is obvious formal channels are of greatest importance because standardized knowledge is transferred through them. We can study formal differentiated channels at two levels: macro level, presented by national systems and programs for transfer that are carried out by institutions (ministries, committees, etc.) and micro level, presented by Universities, colleges, business schools, consultant companies, foundations, etc. Each unit of transferred channel can be treated as 'donor' or 'recipient' in dependence of its position ( see figure 1 - illustrates general transfer process). It is obvious

transfer can pass indirectly through intermediate units (e.g. national system) or directly 'donor' - recipient (e.g. university - university or consultant company - consultant company). Other combinations are also possible.

Transfer agents (lecturers, researchers, consultants, entrepreneurs and managers) play important role in case of entrepreneurial know-how because of the influence personal characteristics have. The role can be formal and informal. Their informal role is becoming more important in transition period as institutionalization is not sufficient. Strong relations can appear and develop (between 'donors' and 'recipients') that later on are institutionalized thus transferring entrepreneurial know-how through formal channels.

When handling a great number of transfer channels and agents the problems of their co-ordination, standardization of knowledge transferred and its spreading among recipients arise. The fitting is quite difficult because of entrepreneurial heterogeneity and the large number of recipients.

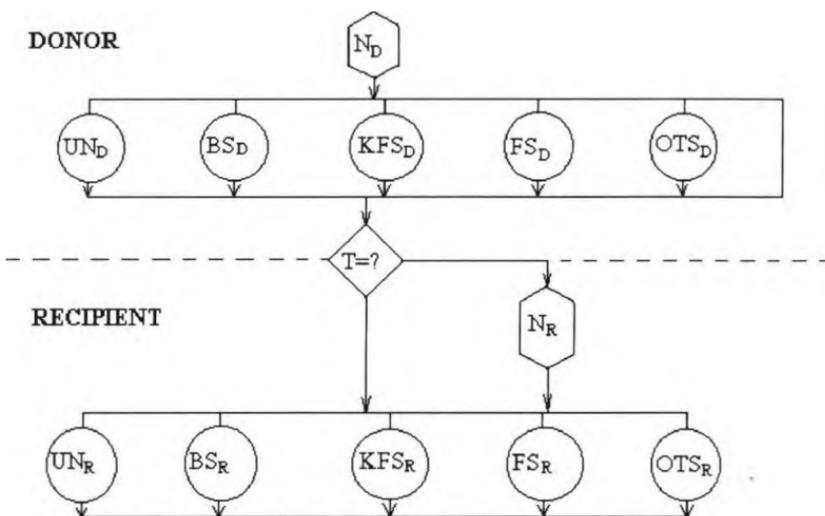
What we can conclude on the basis of theory and practice and our own studies is we lack theoretical, systematic and methodological background for entrepreneurial know-how transfer. That is why we can adapt the present models and transfer practice from Western Europe (for example the USA - Western Europe; Japan - USA, see Whitley, 1991) in relation to product and technological aspects. As to personal and psychological aspects, characteristics and behavior the reaction depends on situation and we must rely on experience intuition and expertise of 'transfer agents'.

## Some moments in the practice of entrepreneurial know-how in the period of transition to market economy

Here we will try to present few key moments in the transfer, having in mind mainly the transfer channels and transfer agents.

a. The transfer channels and relations.

Figure 1  
The process of transfer



Legend :

*UN* - universities and similar educational institutions.

*BS* - business schools (training institutions).

*KFS* - consulting firms.

*FS* - real business firms (SMFs).

*OTS* - others (associations of SMFs, foundations, etc.)

*N* - national institutions and programs.

*D, R* - indexes.

*T=?* - transfer of entrepreneurial 'know-how': from where, what, how, who?

Let us try to analyze the practice of transfer from the distance of the three year long transfer from central-planned to market economy. Representative studies in this field are

not available so our calculations will rest on separate studies, expertise and own experience as a transfer agent.

It is of great importance for us to find the relationship between *what* to transfer and *how* to do it, i.e. to find the relationship between the transfer content and the channels it is carried out. The estimation of transfer practice in different channels and relations is quite approximate but it can give us a picture of the condition and problems that are typical for transfer in turbulent specific environment.

Figure 2  
Relations

Transfer channels	Relations donors - recipients	Content and form of know-how transferred	Evaluation of effectiveness
N	N <sub>D</sub> - N <sub>R</sub>	Conceptual and system knowledge; work and carry out national institutional branch and regional programs on SB	L
UN	UN <sub>D</sub> - UN <sub>R</sub>	Training young well-educated entrepreneurs training programs and projects, training of trainers	A
	UN <sub>D</sub> - BS <sub>R</sub>	Training of trainers - directly (when participating in training), or indirectly (programs)	L
BS	BS <sub>D</sub> - BS <sub>R</sub>	Methodical support for training in SB and entrepreneurship training of trainers	H
	BS <sub>D</sub> - FS <sub>R</sub>	Practical training of entrepreneurs (beginners and nonbeginners); training in door's country	A
	BS <sub>D</sub> - KFS <sub>R</sub>	Training and consultancy advice; training consultants	A
KFS	KFS <sub>D</sub> - KFS <sub>R</sub>	Direct transfer of consultant know-how having in mind local specificity; joint vent.	H
	KFS <sub>D</sub> - FS <sub>R</sub>	Direct consultant help and help in search of new markets	A
FS	FS <sub>D</sub> - FS <sub>R</sub>	Know-how transfer in different partnership forms: license, franchise, joint ventures	H
OTS	OTS <sub>D</sub> - OTS <sub>R</sub>	Branch and regional support to entrepreneurs, finding the right partner and participation in three-part system	A

Legend:

H - high level of interaction and effectiveness.

A - average level of interaction and effectiveness.

L - low level of interaction and effectiveness.

For the purpose of analysis we will present and comment these relations using figure 2. The relations presented (more or less important) have some role in entrepreneurial know-how transfer in Bulgaria.

Let us begin with the relation  $N_D - N_R$  at macro level. The main channels and coordinators here are the Ministries of Industry and Agriculture. The first one cannot carry out effective policy on SB and the transfer of knowledge though there is a 'Fund For Supporting SB'. The first reason is there is no clear concept on SB at national level and real active entrepreneurial lobby in the Parliament that are to determine the 'rules of the game'. Secondly that is not enough knowing the real problems entrepreneurs face and the formal way of when to determine priorities. The resident of Phare program in the ministry coordinates the projects on entrepreneurial know-how transfer. Some projects have already been over e.g. 'Small Business Survey in Bulgaria' done by the SB Institute in Zoetermeer, Holland, and 'Training Consultants in SB' of the German consultancy company GFA. Unfortunately foreign models are transferred mechanically without any future prospect because there is not good selection of 'donors' and 'recipients' and the poor knowledge of reality. Moreover these programs are not working at macro level in East European countries because they are a form for 'donors' self-financing (donors officially say it is outside support and thus get money easier).

Figure 2 shows inequality of relations at macro level in terms of effectiveness. The so called 'mirror relations' are highly effective - these are relations between equal (similar) donors and recipients e.g.  $B_{SD} - B_{SR}$ ,  $K_{FSD} - K_{FSR}$ ,  $F_{SD} - F_{SR}$ ;  $U_{ND} - U_{NR}$  makes exception. There are some good examples at hand in practice: TSE (Holland) and Informa Business School; KPMG - Hiron (Sofia), and other small companies 'donors' and 'recipients'. The success of these 'mirror relations' is due to the similar goals, functions and mutual understanding and the concrete adapting of entrepreneurial know-how in reality. As to  $U_{ND} - U_{NR}$  relation, it is in very beginning because educational system changes slowly. The relationship between Copenhagen Business School and the University for National and World Economy are a good example - the only program specialization in SB and entrepreneurship has been started three years ago.

The relations  $B_{SD} - F_{SR}$  and  $K_{FSD} - K_{FSR}$  have great potential to develop because of special kind of transfer between them. As to  $B_{SD} - F_{SR}$  the success of transfer is due to combined training in country recipient and practical probation in donor country. As to  $K_{FSD} - K_{FSR}$  there are some problems because of not knowing the circumstances recipients act in. For example when transferring of marketing knowledge the methods and techniques transferred are not consistent with the possibility to get information in the right place and time.

The relations  $U_{ND} - B_{SR}$  and  $B_{SD} - K_{FSR}$  have relatively small share in transfer while  $O_{TSD} - O_{TSR}$  has some specific characteristics and content. The reason is these transfer channels are based on the principal of voluntary partnership and there is not infrastructure and means to carry out the transfer directly. They give support to the other transfer channels, mainly to  $N_D - N_R$  (for example first draw of the law on SB) and  $F_{SR}$  (by finding the right partner and know-how transfer for the institution itself).

#### *b. The transfer agents.*

As we have already mentioned the role of transfer agents (having in mind the undeveloped institutional infrastructure) is crucial for the transfer success. Very often the transfer agents play the role of 'first swallows' and predecessors of later real (institutional) transfer. Following our old Greece story let us describe their role on the 'Argos' ship (see figure 3).

*N* - navigator/researcher and/or lecturer/trainer (*RL*)

*O* - owner/entrepreneur (*E*)

*A* - owner's advisor/SB consultant (*C*)

*H* - helesman/manager (*M*)

*P* - personnel

Of course, in the real practice some of these roles can be joined: *O(E)* and *H(M)*; *N(RL)* and *A(C)*. In many cases (beginners and family business) the owner/entrepreneur play all these roles except *N*. So, the transfer practice must take into account all the specific features and moments of the concrete business.

Making a parallel with the transfer channels we can define the connections between agents - donor and recipients. Up to now the practice shows most intensive relations: *N/RLD* - *N/RLR*; *O/ED* - *O/ER*; *A/CD* - *A/CR*. One comparison with the transfer through above viewed institutional channels will show: so called 'mirror relations' are highly effective. At the same time *N/RLD* - *N/RLR* makes an exception, contrary to our 'institutional' conclusion. In this case *N/RL* agents operate actively and effectively. Thanks to their informal efforts some significant progress in entrepreneurial 'know-how' transfer is evident - especially in establishing the base and system (frame) of this transfer. At the same time we do not find *A/MD* - *A/MR* as an intensive connection. Our explanation is based on the following reasons. Firstly, in many cases *O/E* and *H/M* are the same. Secondly, most of managers in SB in Eastern Europe are coming from large-scale firms with their assumed behaviour ('the Chief', that means 'entrepreneur' will give instructions). Thirdly, there is not stable connection between manager and his employer (entrepreneur) - there is not clear identification between the manager and firm, where he is working.

We have already pointed out the importance of transfer diffusion in recipient country. We can find relatively good connection: *A/C* - *A/C*; *N/RL* - *N/RL* and especially *A/C* - *O/E* but they are more situational. The problem is how the circle: *N/RL* - *O/E* - *A/C* - *H/M* - *P* can be closed. The right decision of the problem is in parallel work (fit) with the institutional channels and its coordination (see our conclusions in the end of the paper).

The transfer agents (especially with their informal activities) will continue to play very important role in entrepreneurial 'know-how' - much more comparing large-scale (state) firms transfer. At the same time we do need of their stimulation and coordination.

Conclusions concerning the practice of entrepreneurial know-how transfer.

As a result of analyzing transfer practice and comparison with some conceptual aspects we can make the following conclusions:

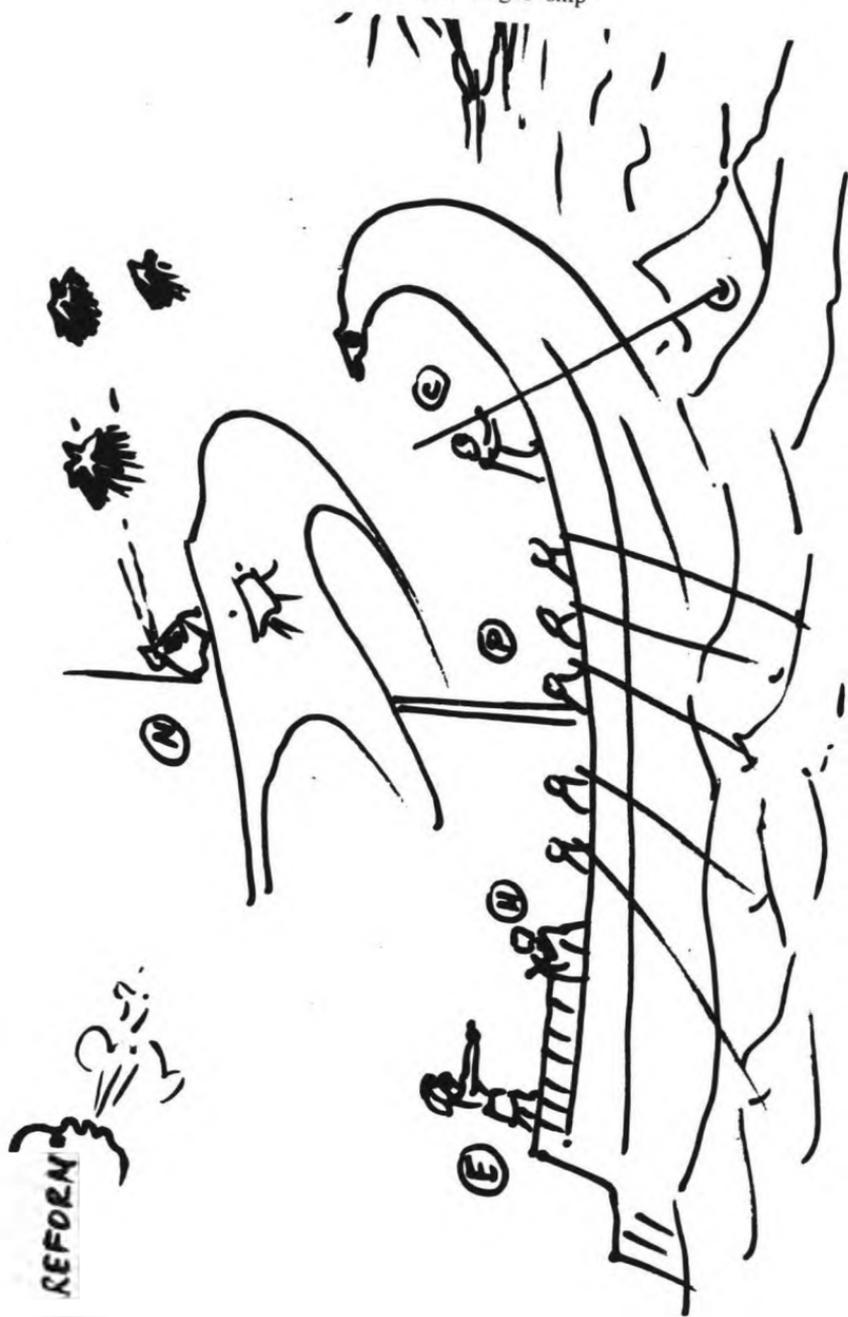
1. We lack overall national policy and system (institution) for SB and coordination of transfer. The lack of vertical coordination leads to bad absorbing of important transfer programs (offered by donors) and to ineffective outcome of programs already started.
2. There is not good interaction between the transfer channels at micro level and it leads to each of standards, overlapping and disorder. That is why the diffusion we need is not at hand. What we have are separate examples of transfer.
3. The transfer in most of cases is mechanical and foreign models and practice are directly copied. This is especially true for borrowing from USA and Japan. Though there are enormous economic, culture and psychological differences and where 'large is small' in comparison to Bulgaria and the rest East European countries.
4. Nothing is being transferred in reality in relation to SB development and entrepreneurship in the unique and the specific transition to market economy. The example of transition 'manager' - 'entrepreneur' is significant (from LCE to small private company). There is need of entrepreneurial training.

5. The entrepreneurial know-how transfer does not lay upon built-up methodological basis. That is why it is accidental and is to solve separate (personal) problem of some recipients. In the case of Bulgaria and all East European countries *a new approach is need - it should have the unique and specific transition characteristics as center and dimension for know-how transfer.*

On the basis of these conclusions we will try to point out some main directions that will lead to the improvement of entrepreneurial know-how:

1. Establishment of coordination unit in the Ministry Council or the Economic Ministry that is to standard and coordinate at national level the know-how transfer for the LCEs and private sector. We cannot expect considerable results without state regulation at present.
2. The state and entrepreneurial organizations have to support the establishment of information-consultant centers in branch and regional aspect. These centers are to be close to recipients and they have to chose and adapt transfer knowledge and make it standard at the same time.
3. Establishment of networks between main transfer channels and transfer agents at micro level in order to close the circle: training young and operating entrepreneurs, giving concrete consultant advice. It is worth creating partnership with donors.
4. Encouragement of interaction between East European countries and smaller European countries whose potential for entrepreneurial know-how transfer is considerable. If any culture differences with 'donors' the informal contacts between transfer agents are to be encouraged, e.g. Bulgaria and Denmark could overcome culture and psychological differences.

Figure 3  
The trip of 'Argos' ship



## Summary

No doubt there are enormous differences when transferring entrepreneurial know-how in Eastern Europe but the transfer is inevitable. The only thing we can do is to establish viable international projects and joint ventures between 'donors' and 'recipients' having in mind each side interests (donors can learn something from the unique experiment in East European countries). That is why the dilemma is whether we will get the Golden Fleece or it will stay on the tree in Colhida. The dilemma is of decisive importance for our development and it can be solved by us with some help from outside.

## Notes

<sup>1</sup> We will not participate in the discussion on the role of entrepreneur. We will use the definition the entrepreneur is usually oriented to the new, he takes risk on his behalf and combines the manager and owner in one and does integral functionary.

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# 23 Scale of needs and regional possibilities of training entrepreneurs in Poland

*Bogdan Piasecki, Anna Rogut*

## **Introduction**

Within the process of development of entrepreneurship and small and medium-sized enterprises in the countries of Central and Eastern Europe there could be distinguished several successive phases: an initial phase of entrepreneurship development, a phase of 'explosion of entrepreneurship', and a phase of 'market self-regulation'. Each of these phases is characterized by a different dynamics of events linked with the development of entrepreneurship.

The development of entrepreneurship in Poland has reached today the phase 'of market self-regulation'. Its characteristics are: a relatively high rate of failures of small and medium-sized enterprises accompanied by a persisting trend of their substantial quantitative growth and intensifying changes in the structure of industry and market released by the emergence of mechanisms typical for market economies.

Each phase in the development of entrepreneurship is connected with different needs in the field of education and training of entrepreneurs and managers of SME's. These needs tend to grow, and along with the deepening of socio-economic transformations their scale and character change as well.

In this report, an attempt was made to illustrate the scale and partly also the nature of educational needs of entrepreneurs and managers of SME's, and outline the directions of their education and training. These issues are discussed here on the example of the Lodz Region, which against the background of the entire country is characterized by: a higher

than average dynamics of setting up small and medium-sized enterprises, and an exceptionally acute cumulation of negative social and economic phenomena connected with the costs of transformation process.

The present system of education in the Lodz Region (similarly, anyway, to that in the entire country) is, to a large extent, a continuation of structures and principles developed in the earlier period. Its characteristic feature is, among others, a heavy reliance on the vocational and academic education financed by the state budget. At the same time, there is expanding a new system of education and training - commercialized to a smaller or bigger degree - which covers also entrepreneurs.

A differentiated territorial development of organizational infrastructure, steadily declining real budgetary outlays on education, including higher education, an open issue of future sources of funding education and training, as well as the direction of reforms in the educational system carried out so far all cause that the best prospects of education and training of entrepreneurs in the coming years will have most probably the non-academic system, which is expanding rapidly today and which must still rely on the academic staff.

### Stages in development of entrepreneurship

In order to understand better the changes taking place in processes of the development of entrepreneurship and the SME sector at the time of fundamental transformations it would be more convenient to divide the period of this sector's emergence and development in the countries transforming their economies into three phases. These phases can be clearly distinguished both due to the dynamics of setting up new firms and economic functions performed by them in the transformation process. It also seems possible that they pose different requirements before the infrastructure of SME sector including the development level of educational infrastructure catering for its needs.

The first phase, which we shall call '*the initial period of entrepreneurship development*' was started in Poland in the eighties and it had its origins in a general social protest. That phase witnessed a relatively rapid growth in the number of small and medium-sized enterprises. Their growth was generated by a gradual elimination of a part of legal and ideological-doctrinal barriers to market entry taking place at the time of a steady decay of the communist rule in Poland.

The year 1989 can be considered the beginning of the second stage, which could be called conditions '*the period of entrepreneurship explosion*'. From the viewpoint of formal-legal of the society's economic activeness it was the beginning of a significant liberalization of economic activity undertaken and conducted both by domestic and foreign entities. On the other hand, from the viewpoint of socio-political transformations it was a year of the turning point in the political life, of the '*Round Table*' and elections to the Parliament, as a result of which activists from the opposition made their way to the political elites. Further possibilities were afforded by the economic programme initiated by the Mazowiecki administration, the so-called '*Balcerowicz Programme*' launching a transformation process in the economic and social system.

The appearance of the 'entrepreneurship exposition' phase and a more effective use of land, capital, labour, and technique connected with this stage were made possible by the two following groups of factors:

1. factors allowing to *lower barriers to market entry* of new firms,
2. factors being a result of *deregulation of the legal system and parallel functioning* of a centrally planned and a market economy elements.

In the former case, the possibility of 'entrepreneurship explosion' was created, first of all, by:

- elimination of legal barriers to market entry (as a result of a liberalization of principles of economic activity hitherto restricted and carefully licensed),
- maintenance of a low barrier of economies of scale on many markets, over a relatively long period of time, which was allowing to start up economic activity involving a relatively low initial capital and which was opening new markets (mainly through a facilitated import of goods and services),
- very low barrier in the form of consumer loyalty towards companies and trade marks,
- low barrier in the form of costs involved in launching production of many goods substituting those produced by socialized enterprises (due to their irrationally high costs of production and provision of services).

In the latter case (deregulation of legal system and parallel functioning of a centrally planned and a market economy elements) a decisive role was played by two opportunities:

- an opportunity to obtain extraordinary, monopolistic profits through entering such segments and niches of a local or national market, in which firms were able, at least for some time, to hold a monopolistic position,
- an opportunity to obtain speculative incomes as a result of a disequilibrium existing on many markets or legal loopholes, or finally the absence of tax control, customs control, and so on.

The period of entrepreneurship explosion lasting roughly till mid-1991 caused that the size distribution of enterprises in Poland began to resemble that we can meet in the countries with a developed market economy.

A gradual transition to the next phase, which can be '*called the period of market self-regulation*', is linked with the appearance of a durable equilibrium on an increasingly greater number of markets being a result of entering these markets by local economic entities as well as those operating on the national scale (an effect of operation of new firms or diversification of activity by firms existing earlier), and numerous imported substitutes.

Characteristic features of this phase in the development of entrepreneurship are:

- a gradual *growth of the number of business failures* accompanied by a still strong but downward trend in setting up new firms,
- gradual *changes in the industrial structure* within SME sector resulting from a strong propensity of firms to diversification (noticeable even among very small firms), as well as a rapid growth in the share of trading firms dealing with non-material services.

This phase, which seems to have been entered by the SME sector in Poland at present will most probably last many years. Its social sense consists in creating and expanding gradually the middle class, while its economic sense lies in the restructuring of economy, its modernization and, first of all, in creating favorable conditions for an effective functioning of large enterprises owing to an infrastructure of small firms providing various types of services for them in subcontracting, cooperation, and other forms.

## Educational needs of small and medium-sized enterprises during an early period of transformations in SME sector

Educational needs of entrepreneurs and managers of small firms in the field of their managerial knowledge are influenced by many factors. These factors can be classified according to different criteria. Most of them, such as e.g. educational background of an entrepreneur, impact exerted by peers, occupation of parents, etc. are of universal nature, while others such as, for instance, organizational environment, economic conditions, entrepreneurial subculture, and so on are connected with concrete conditions in which concrete firms operate.

The education of an entrepreneur, unlike the education of a manager should be *individualized*, as it is impossible to define a specific model of an entrepreneur's career or a similar model of their education. Thus, for an entrepreneur's expectations with regard to managerial knowledge to be fulfilled a programme offer of schools and courses must be possibly diversified, because already such factors as e.g. size of a firm or type of its activity, a firm's life cycle, a character of ownership (concentrated or dispersed) generate a different range of required skills and, consequently, a different type of education. These factors are also quite clearly correlated with the phase of entrepreneurship development, although it is not so simple to determine the direction, strength and character of these relationships. That is why, educational needs of entrepreneurs and managers of small firms in successive phases of the development of entrepreneurship cannot be directly inferred on this basis.

Practical observations show that managerial qualifications and skills differ in response to requirements posed before an entrepreneur by successive phases of the transformation process.

Under the centrally planned economy, *operational functions* dominated among managerial functions. The most important task of a manager was to steer the streams of labour and materials. Hence, an appropriate professional preparation of a manager, and especially their technical-educational background would determine the effectiveness of those streams. No wonder that technicians and engineers were usually appointed to management positions. Such situation found reflection in a great interest taken in technical courses at universities and polytechnics, which represented an indispensable stage in a further managerial career in a state-owned enterprise.

In the market economy, on the other hand, a manager is much more involved in *methodical and sociological functions*, which require a skill of integrating and interpreting information, a familiarity with methods and techniques of communication, an ability to cooperate and negotiate successfully, control conflict situations, etc.

The present period of transformations poses additional requirements before managers. They differ quite significantly from those which were important in the period of centrally planned economy and also from those defined by rules of the market economy. These differences are due to, at least, two reasons:

- the fact that all economic processes at this time have a much bigger dynamics,
- the fact that certain elements of the political, social and economic situation create conditions characterized by a big uncertainty of economic activity.

Hence, the professional education and training of managers, both as regards their form and content, should facilitate their operation in the new conditions. They should equip them with appropriate skills of behaviour in conditions of frequent and often fundamental

changes, of management of these changes, and of taking rapid decisions containing an assessment of both opportunities and risk.

In accordance with these remarks it could be said that during the earliest period in the development of entrepreneurship, that is during the initial stage (1981-1988), there did not appear on any bigger scale, in principle, new needs in the field of education of entrepreneurs and managers of small firms. A significant growth of the potential of small and medium-sized firms characteristic for that stage was mainly a result of the strengthening of the firms already operating (increased capital-labour ratio, labour productivity and number of employees) and, to a smaller degree, a result of a quantitative growth of this sector. Thus, the number of entrepreneurs and professional managers employed in small and medium-sized enterprises rose relatively insignificantly. On the other hand, various forms of self-employment developed on a much larger scale, but they did not generate demand for education and training of entrepreneurs and managers especially since the economy in that period was showing a constant surplus of demand over supply on most markets. The institutional infrastructure of education oriented at the needs of SME's developed during the period of centrally planned economy, as well as an inflow of highly qualified cadres from the state sector faced by a huge crisis were able to satisfy, to a sufficient degree, the demand for education and training signaled by the SME sector expanding at a moderate rate.

A somewhat different situation appeared during the second phase in the development of SME sector, i.e. during the period of 'entrepreneurship explosion', when within a few years (January 1989 - December 1991) the number of newly set up firms rose several times.

Characteristics of the period, significant from the point of view of a growing demand for services in the field of education and training of entrepreneurs and managers, included the fact that very many newly emerging firms were set up by former managers of state-owned enterprises or employees holding independent posts in these enterprises. For various reasons, many of them decided to gain independence establishing either completely new firms or firms created through splitting up state-owned enterprises, in which they had been employed previously. The majority of new entrepreneurs had a good technical background and experience in management, while their needs in the field of education and training were expressed in a desire to acquire rapidly very practical knowledge needed to solve current problems connected with running their firms<sup>1</sup>.

The professional composition, educational background and experience of entrepreneurs show that during an early period of economic transformations and initial stages in the development of entrepreneurship the priority should be given to the creation of a differentiated environment rather than to the development of institutions oriented at transferring theoretical knowledge in the field of business management, organization of production, management of changes, etc. This differentiated environment should be composed of consultancy firms and consultancy-training centres offering short courses dealing with a chosen topic and assisting a firm, which already operates or is just being established, in solving its current problems.

### **Educational needs of SME's during period of 'market self-regulation'**

It can be accepted that it is only the third phase in the development of entrepreneurship (the period of 'market self-regulation'), which coincides with the present stage in transformations of the Polish economy, that generates an authentic demand for education and training both of entrepreneurs themselves and of managers connected with the SME sector. In order to satisfy a rapidly growing scale of educational needs during this phase, there

will be needs a fundamental reorganization of the present system of education and training of owners of small firms and managers running them, as well as a considerable enlargement of this system by new institutions and centres dealing with the training of this group of persons.

The phase of *'market self-regulation'* is characterized by major changes in forms and conditions of competition. These changes are released, first of all, by changes in the level of concentration of firms on many national and local markets, growth of international trade, and they are visible in the form of changes in the market structure and, in particular, in a diminishing share of large monopolistic state-owned enterprises. Many small firms holding a position of price-makers especially on local markets become price-takers. In other words, numerous markets witness an *increased degree of substitutability of products and interdependence of firms*. There are also changing conditions of market entry and growing barriers to it connected with the growth of economies of scale obtained by expanding new firms already operating on the market. This means that more and more markets witness changes indicating that mechanisms typical for the developed market economies are present in the Polish economy.

The change in forms and conditions of competition calls for qualitative changes of needs in the area of education of entrepreneurs themselves, while along with the growth of firms (increasing number of employees and turnover) there begins to emerge the necessity of educating and training professional managers, who can take over a part of responsibilities and rights from their owners.

Contrary to a common conviction that the main factor hampering the growth of SME sector today, particularly in the sphere of material production, is recession, inflation, decreased purchasing power of the society, unemployment and other phenomena characterizing the Polish economy at this stage of its development, the central problem seems to be the lack of managerial qualifications among the new class of entrepreneurs, which has been formed over the last few years, and among a large group of craftsmen and small traders, which existed in Poland already during the period of centrally planned economy.

The findings of our questionnaire surveys, although they were not conducted on a representative sample (the population of respondents was limited to 61 economic entities) shed some light on the important role of appropriate education and training of managers for the further development of SME sector in Poland. Their main goal was to verify some views on phenomena connected with the *'market self-regulation'* phase. They were based, first of all, on statistical data in the area of industrial demography (analysis of quantitative and qualitative phenomena connected with births of firms, their liquidation, survival rates, and processes of diversification and fusion of firms). The surveys were supplemented by questionnaire surveys containing questions about causes of failures of small businesses in recent years.

Answering the questions, entrepreneurs and managers of small and medium-sized firms admitted that *the main cause of business failures was their inability to adapt to new competitive conditions*. This statement can be hardly reconciled with colloquial opinions, according to which the main causes behind liquidation of many small firms are recession and inflation, unavailability of cheap credits, excessive tax burdens, and the scale and scope of the *'shadow economy'*. Thus, these are in a way *'objective'* causes, on which entrepreneurs can have a negligible influence or no influence at all.

The results shown in table 1 indicate that from among nine causes of business failures listed in this table and often quoted in the Western literature such as bad location, underestimation of competition, employment problems, etc. a high 75.7 per cent of respondents pointed at the lack of managerial competences as the main cause accounting for business failures in the Administrative Province of Lodz these days. That reason was given by 66.7

per cent of owners and 87.1 per cent of managers not being owners of firms. Too small initial capital ranked second (58.6 per cent of the respondents, in this: 64.1 per cent of owners and 51.6 per cent of managers). Economic conditions in which firms operate, i.e. a bad economic situation of Poland were ranked only third (54.3 per cent of the respondents, in this: 61.5 per cent of owners and 45.2 per cent of managers). The obtained results confirm a growing understanding for the role played by a competent management in a rational growth of a firm.

The awareness of their shortcomings among entrepreneurs and managers and their resulting self-evaluation seem to be a characteristic auguring well for the future. There appears, however, a question - how big these needs are and to what extent they are being satisfied.

Table 1

Causes of business failures in the light of questionnaire surveys conducted among entrepreneurs and managers of small firms located in the Administrative Province of Lodz (May 1993)

Type of cause	% of respondents choosing a given cause	in this			Ranking (weighted average)	
		among owners	among managers	for entire population	for population of owners	
1. <b>Jack of managerial competences:</b> many entrepreneurs are not aware that they need appropriate managerial background before starting up an activity which, as assumed, is to bring a success (e.g. a firm has too many idle fixed assets, wrong credit policy, too small scale of production, etc.)	75.7	66.7	87.1	2.42	2.00	
2. <b>Too low capital:</b> planning a new venture people often make a mistake underestimating the amount of required initial capital. This capital should usually cover one or two years' expenditures on operation of a firm	58.6	64.1	51.6	2.35	2.44	
3. <b>Underestimation of competition:</b> most firms, if they do not produce unique products or provide unique services, must keep their customers "away from competitors" if they wish to survive (lack of proper advertising, etc.)	34.3	20.5	51.6	1.50	1.40	
4. <b>Improper planning:</b> many owners erroneously believe that they do not need any plans. In the long run, such approach usually results in troubles of a firm or even in its bankruptcy	32.8	25.6	41.9	1.36	1.40	
5. <b>Legal problems:</b> almost all owners of firms cannot do without advice of qualified legal consultants. Ignorance of consultancy of this kind also often ends with business failures	27.1	28.2	25.8	2.33	2.20	
6. <b>Accounting problems:</b> any undertaking without a proper (not necessarily complex) system of accounting is doomed to fail	20.0	15.4	25.8	1.40	1.33	
7. <b>Location:</b> the choice of improper location when setting up a firm is one of mistakes very difficult to make right	22.8	17.9	29.0	2.00	2.40	
8. <b>Employment problems:</b> an owner of a firm should devote a great deal of time to recruiting appropriate personnel and its training. Improper or dishonest personnel is able to destroy every firm very rapidly	20.0	15.4	25.8	1.60	1.50	
9. <b>Economic conditions:</b> bad economic situation of the country and recession may have a powerful influence on small firms. The country's situation may cause various economic problems for a firm leading to its bankruptcy	54.3	61.5	45.2	1.92	2.18	

As it has been said above, it is impossible to make exact and reliable estimates in this field due to highly 'individualized educational needs of entrepreneurs' and a big number of factors determining them. In relation to the regions and administrative provinces of Poland, an indicator of educational needs may be such parameters as e.g. the number of firms in a region, their size, industrial branch, age, etc.

Some information about the structure of firms in the Administrative Province of Lodz according to the number of their employees can be found in table 2. It must be pointed out, however, that it cannot be the only basis for drawing conclusions, but it can serve as a good illustration of the scale of the problem.

Table 2

Size distribution of enterprises in the Administrative Province of Lodz (data for 31st March 1993)

	Total number of firms	Size of firms according to number of employees						
		0-5	6-10	11-20	21-50	51-100	101-500	pow. 500
Number of firms	89,748	82,654	3,270	1,511	1,130	546	476	160
%	100	92.1	3.6	1.7	1.3	0.6	0.5	0.2

As it can be seen in the table, the overall number of economic entities operating in the Administrative Province of Lodz today (about 1.2 million inhabitants) included as many as 92.1 per cent of very small firms (under 5 employees), in which an owner often works himself (an average number of employees in the firms of this type amounts to two) or family firms. These are either newly established firms or firms operating for a longer time in the crafts, trade, or services. They are usually *stable businesses*, which have found a quiet niche for them and benefit from the fact that economies of scale do not play an important role in it or possibilities of increasing the scale of operations on a given market are limited. Some of these firms do not expand due to a shortage of capital, some others are run only to provide an all consuming livelihood - the so-called 'life style' firms whose owners are not interested in their further growth. Oftentimes the fact that a firm is not expanding means not so much that its owner is not interested in its growth but rather that they lack skills of managing a firm's growth. Very many different causes accounting for the fact that such significant number of firms employ from 0 to 5 persons pose a major problem when estimating educational needs of owners-managers of these firms. It is hard to determine how many of them can be classified among 'life style' firms, in which educational needs of entrepreneurs are largely restricted to an instruction how to benefit from professional consultancy when it becomes necessary to solve some of current problems faced by a firm (e.g. preparing credit applications, tax declarations, etc.). Neither is it possible to estimate how many firms in this category, even among those newly established, do not grow, because their owners do not possess proper managerial qualifications or because they are interested in expanding their businesses.

A special place in creating demand for education and training of entrepreneurs and managers of small firms is held by larger firms employing from 6 to 20 persons. As it can be seen from the data presented above there are 4,781 firms of this type in the Administrative Province of Lodz, which accounts for ca. 5.3 per cent of the total number of firms here. In their growth process, these firms often come across a peculiar barrier when it becomes

*necessary to hire a professional manager*, to whom the owner of a firm must delegate a part of responsibilities and rights. Due to a relatively big number of these firms they largely decide about educational and training needs of both entrepreneurs themselves and professional managers able to run a firm and participating in division of managerial competences between an owner-manager and hired employees, i.e. managers.

The next group of small firms, which require professional managers to be run effectively, are firms employing from 21 to 100 persons. In the first quarter of 1993, their total number amounted to 1,676, which represents about 1.9 per cent of all firms. Among this category of small firms and among larger firms, with a substantial part of the latter belonging to the state-owned sector, there appears a demand for *training of specialists* holding different management posts within a firm. Such specialist knowledge is supplied, first of all, by the system of academic education.

### **System of education and training of entrepreneurs - development of organizational infrastructure**

The changes occurring during the period of market self-regulation within the SME sector should be accompanied by the development of organizational infrastructure established for purposes of promotion of entrepreneurship development. An important place in this infrastructure should be held by institutions creating a system of broadly understood education of an entrepreneur and a manager.

Institutions offering services in the field of education, training, consulting and counseling were developing in conditions of an imbalanced market in the past, where a growing demand for educational and consulting services was not accompanied by a sufficiently diversified offer of such services. Those conditions did not call for any theoretical reflection and they did not force out studies:

- on the side of supply - of the regional distribution of educational and training institutions and the saturation of a given region with such institutions, a more detailed qualitative and quantitative description of educational and training services, cooperation with abroad in the field of education, training and consultancy, skills of tapping such assistance and its effective use, organization of intellectual resources and size of supporting milieus, direct institutional cooperation, material base and development potential,
- on the side of demand - of segmentation and size of the market, specific characteristics of particular milieus, programme demands and absorptiveness of particular market segments, degree of satisfaction of educational and training needs within the framework of self-improvement, motivation of people and institutions to use services provided by educational-consulting institutions, forecasting of educational and training needs,
- on the side of educational process effectiveness - of programmes, teaching processes and professional standards of lecturers.

In May 1993 the Department of Entrepreneurship and Industrial Policy carried out a survey aimed at analyzing the market for educational services in the Administrative Province of Lodz (on supply side) taking into consideration such characteristics as the nature of educational units, the area and scope of their activity, supporting entities, and types of offered programmes. The findings of the survey allow to outline the main trends observed on this market. It appears that the system of education created in the Administrative Province of Lodz till now is composed of several tens of entities, which can be divided into several main groups taking into account the type of a founder, the period of establishment, the

goal of activity, the subject area of activity, and the structure of funding. The elements of the present educational system distinguished in this way are composed of:

1. *Organizations of economic self-government*, for which the organization of training and consultancy services is synonymous with the execution of their statutory tasks. Their main goal is to create favourable conditions for the development of economic life and support economic initiatives of their members. An organizational and financial weakness of the economic self-government is one of factors accounting for a relatively small involvement of these organizations in the process of education and training of entrepreneurs. An exception here is the chamber of crafts, which due to its specific character places the main emphasis on vocational training (preparing young people to work in concrete occupations, upgrading occupational skills, and diploma exams). The economic self-government conducts on a wider scale consultancy, which is organized with a considerable financial assistance from abroad (PHARE funds provided to Poland for technical assistance within the Programme of Assistance for Development of Small and Medium-Sized Firms). Within the framework of this assistance, the Lodz Chamber of Industry and Trade opened: The Center for Business Assistance and the Center for Manager's Information, whose tasks include: 1) ensuring assistance for young entrepreneurs through consultancy, preparing business plans credit applications and market analyses; 2) providing regional information services; 3) creating model solutions of assistance for small firms; 4) maintaining contacts with Polish and international information networks.
2. *Professional associations*. Although they were registered in the 90's they have their roots in organizational structures created during the period of centrally planned economy, whose goal was to postulate and preserve definite privileges for particular branches of industry and professions. They continue to be organizations representing the interests of definite professional groups (e.g. the Polish Association of Construction Engineers and Technicians, the Scientific-Technical Association of Engineers and Technicians in Food-Processing Industry etc.). They seek to: 1) ensure high professional qualifications of their members; 2) protect professional rights of their members; 3) represent opinions of specific professional groups on legal and organizational conditions of performing definite professions; 4) provide assistance in upgrading qualifications by their members. These organizations equipped with appropriate specialists have adapted themselves successfully to the new reality creating an infrastructure of specialized technical consultancy indispensable for the operation of small firms. The nature of such consultancy, specialization - sometimes very narrow - necessary in services of this type and required extensive knowledge cause that this form of consultancy is practically limited to compiling opinions, expert appraisals, and reports. These forms of activity are supplemented by training services aimed at upgrading specific professional qualifications.
3. Former - branch or ministerial - *management training centres*. Most such centres were established in the 70's with the task of training management cadres for socialized enterprises. They operate today in the form of the so-called budgetary units subordinated to the branch ministries, but they enjoy quite considerable autonomy in determining their scope of activity. The traditions of these centres, their stable position on the market for services for the state sector, and the scale of educational needs of managers in state-owned enterprises cause that their educational offer (mainly in the form of courses lasting from 35 to 300 hours) is addressed to their traditional customers<sup>2</sup> This offer includes especially management training courses with participation of Western lecturers and specialist courses, which are organized both in the seat of a given center or of a firm. Among their new initiatives are training courses for the unemployed, which equip them

with new qualifications, or a three-year post-diploma School for Managers 'Public Relations' training young people under 20 years of age in such specializations as trade or marketing.

4. *Training institutions operating within the framework of the government administration* (training centres attached to employment agencies). Their offer is addressed to unemployed persons. However, a small number of highly qualified specialists employed by them and their insignificant resources allotted for active forms of fighting unemployment cause that they are involved in direct training services on a very small scale.
5. *Newly established educational institutions* carrying their activities owing to substantial foreign assistance. They most often assume the form of foundations, and the scope of their activity - reflecting to a large extent the goals sought by donors - is specified in their statutes. On the Lodz market, there operate, among others, such foundations as:
  - Foundation for Promotion of Privatization relying on its own sources of funding and specializing in the training of employees-managers of future joint stock companies created through privatization of state-owned enterprises
  - International Women's Foundation relying on external, Polish and foreign, sources of funding (PHARE - Social Dialogue) and arranging training courses particularly for unemployed women. Its educational effort is focused on issues connected with setting up and running private firms. A part of its educational offer addressed to women is aimed at equipping women with professional qualifications sought on the labour market
  - Foundation for Promotion of Entrepreneurship. Its training activity is largely funded from foreign sources transferred to Poland both within the framework of bilateral agreements (the British Know-How Fund) and multilateral programmes (TEMPUS). Its main area of educational activity are courses for managers (long-term courses lasting six months). Moreover, it has a consultancy center for small firms providing advisory services for persons wishing to set up their firms
  - Polish-American Center of Consultancy for Small Firms relying in its activity on financial assistance provided by the Congress of the United States. Its goal is to render free advisory services (in the form of individual consultations and group seminars) for very small and small firms consisting in transferring practical knowledge and experience by consultants during a joint work on concrete projects submitted by customers
  - Foundation of Socio-Economic Initiatives conducting its activity through the Agencies of Local Initiatives and funded from Polish (mainly financial resources provided by the Ministry of Labour and Social Policy) and foreign sources. Its primary task is consultancy and training of persons wishing to set up their own businesses, and training of personnel for employment agencies (evaluation of effectiveness of loans granted from the Labour Fund)
  - Foundation 'Business Incubator' obtaining a substantial financial support in the form of grants from the regional authorities and providing regular training and consultancy services for firms located in business incubators.
6. *Academic centres*, and first of all the University of Lodz and the Polytechnic of Lodz. Both these higher education institutions have faculties whose graduates are future entrepreneurs and managers. At the Polytechnic of Lodz it is the Faculty of Management opened in 1992 and at the University of Lodz - two large faculties, i.e. the Faculty of Economics and Sociology and the Faculty of Law and Administration. A strong center, satisfying to a large extent the demand for highly qualified entrepreneurs and managers in the Faculty of Economics and Sociology, which offers about 30 different specializations.

Among these specializations is 'Entrepreneurship and small business management' enjoying a big popularity<sup>3</sup>. The faculty offers also extra-mural and post-diploma courses including courses on 'Economic-legal principles of small business operation'. Within the structure of the University of Lodz, there operates the International School of Consultants, which was established under the European educational programme TEMPUS in 1992, and which partly fills in a gap in professional training of consultants. Its offer is addressed to a broad category of persons between 20 and 50 years of age wishing to acquire professional qualifications or change them.

7. *Newly established consulting firms* providing consultancy in such fields as law, taxation and accounting, feasibility studies, financial market services, evaluation of company's financial standing and its liquidity, marketing and advertising, human resources management, company organization and management, technical and technological consultancy, consultancy concerning economic cooperation with abroad, consultancy for 'small businessman', etc. Although their range of activities is so differentiated, there can be observed beginnings of specialization especially in the field of: 1\ accounting, tax, and administrative services for small firms, 2\ legal services for small firms, 3\ services connected with restructuring and privatization of state-owned enterprises.

It should be noted that only an insignificant part of these firms are able to satisfy needs of small firms, although many of them declare their readiness to assist this sector.

## **Final remarks**

The above deliberations, supported partly by the findings of studies carried out by the Department of Entrepreneurship and Industrial Policy at the University of Lodz and concerning the market for services in the field of education and training of entrepreneurs and managers of small firms in this region seem to be justifying a number of conclusions referring not only to this region but other regions of Poland as well.

The situation on the market of educational services shows that competition is already emerging here, first of all on the part of typically commercial schools.

The present market is characterized by: 1) a widely dispersed supply of services; 2) a very insignificant cooperation in the field of information, subject matter, and organization among particular institutions dealing with education and training of entrepreneurs; 3) difficulties connected with satisfaction of needs of concrete customers<sup>4</sup>.

There are missing studies on the market of training and consultancy services, while the present strategies of providing such services are based largely on an ever-expanding advertising effort. The available offer of training courses still to a significant degree generates new needs, seeking and verifying potential customers, analyzing the motivation of individual and collective customers, or the supply of training services, and identifying the areas undeveloped as yet.

The institutions operating on the market for educational services as a rule do not combine training services with counseling and consulting services, although some of them perceive such need and declare their willingness to enlarge their offers in the future.

An important role in the system of education and training of entrepreneurs is played by foreign assistance provided both in the form of non-refundable aid for Poland of the Commission of European Communities or coming from funds allocated by the governments of particular countries for this purpose in accordance with bilateral agreements concluded with The Polish Government.

A special place in the entire organizational infrastructure of education of entrepreneurs should be held by the academic centres equipped with a large scientific and research po-

tential, which so far has not been tapped to a sufficient degree for purposes of education serving the needs of the SME sector. This will not be possible until higher education institutions start: 1) opening departments of entrepreneurship (or with a similar didactic-research profile), especially when the already available staff can guarantee a mature programme proposal and desirable teaching standards; 2) organizing specializations for students in the field of entrepreneurship, economics and management of small and medium-sized enterprises (particularly for students specializing in management and economy); 3) modifying curricula in a way allowing to introduce cycles of lectures dealing with entrepreneurship and related subjects; 4) organizing post-diploma courses and other forms of training for entrepreneurs and managers from the SME, which is especially significant at the present stage of transformations, as well as persons belonging to the broadly understood environment of SME's (employees of consulting firms and organizations, centres of information, offices of the government administration and local self-governments, etc.).

## Notes

<sup>1</sup>This is confirmed by the surveys conducted by The Department of Entrepreneurship and Industrial Policy at The University of Lodz in several administrative provinces (Lodz, Lublin, Warsaw, Sieradz, Radom, Kielce) in the years 1990-1992. They showed that almost 50 per cent of owners (co-owners) of small firms established in those years had been managers of state-owned enterprises previously, while among motives guiding them in their decision concerning the setting up of their own business quite an important role was played by a desire to display their creative talents formulated by them as an inability to introduce their own technical, commercial and organizational solutions within the organizational structure of state-owned enterprises, as well as a desire to abandon bureaucratized patterns of activity of socialized firms. The findings yielded by these surveys allow to formulate a conclusion about a sufficient preparation and level of professional and managerial knowledge among entrepreneurs and owners of small firms acquired either in the course of their employment in state-owned enterprises or running their private firms faced by numerous administrative and procurement barriers, which had to be overcome. This knowledge, however, proves to be insufficient in the new situation characterized by an operation of diverse market mechanisms.

<sup>2</sup>According to statistics of the Ministry of Industry and Trade for 1992, 13.5 per cent of directors subordinated to this Ministry had been holding this position for a period shorter than a year, 15.4 per cent - one year, 16.7 per cent - two years, 5 per cent - three years, and 49.9 per cent - for four years and longer. At the same time, for over 37 per cent of managers their appointment to the present position of a director was the first one in their professional careers. There can be observed also quite significant changes, in comparison with previous years, in the educational structure of directors, where a drop in the number of directors with a higher economic education and other non-technical education is accompanied by a significant increase in the number of directors with a higher technical or secondary education. (What are you like, Mr. Director?, *Gazeta Przemyslowa i Handlowa*, 1993, no. 8, p. 6).

<sup>3</sup>A questionnaire survey conducted by us among students of the fourth and fifth year has shown that: 1) ca. 35 per cent of the fourth year students and 52 per cent of the fifth year students come from families running their own firms today; 2) 68 per cent (4th year) and 48 per cent (5th year) of students intend to set up their firms in the future. It is worth noting that 65 per cent of the fourth year students and 84 per cent of the fifth year students believe that they have personal characteristics of a successful businessman. Among

students not intending to set up their own businesses in the future, many declared their readiness to work for consultancy firms providing services for SME sector; 3) the choice of this specialization was prompted, first of all, by a desire to acquire knowledge useful in running one's own firm (77 per cent of indications made by the fourth year students and 87 per cent - by the fifth year students) and by the social and political climate favourable for entrepreneurship and SME sector.

<sup>4</sup>The studies carried out by us show that in the present offer of training courses available on the Lodz market entrepreneurs most often miss: 1) training programmes organized for managers of SME's (34 per cent of indications), or for those who wish to set up their own businesses (29 per cent of indications); 2) short specialized training courses focused on one topic (35 per cent of indications) and problem-solving seminars (25 per cent of indications); 3) training programmes dealing with legal determinants of economic activity including legal prescriptions regulating agreements on leasing, franchising, etc. (41 per cent of indications), or giving an insight into intricacies of marketing (41 per cent of indication). As to the counseling and consulting offer, the interviewed entrepreneurs pointed at an insufficient offer in the area of legal (40 per cent), marketing (29 per cent), and tax consultancy (33 per cent).

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# 24 Marketing Management der Kleinbetriebe Analyse der Manager-Qualifikationen

*Franciszek Blawat*

## **Einführung**

Die gegenwärtig in Polen realisierte Politik der Umwandlung der Eigentumsverhältnisse schafft günstige Bedingungen für die Entstehung von Kleinbetrieben. Neue Gesetzgebung beseitigt einen Großteil der bürokratischen Hürden, die die Gründung und die Wirtschaftstätigkeit solcher Firmen erschwert hat. Kleine private Unternehmungen, anders als die staatlichen Betriebe, werden von der Entrichtung einiger Steuern befreit, so z.B. von der Steuer der übernormalen Lohn- und Gehaltserhöhung oder von der Vermögenssteuer. Es existieren darüberhinaus unterschiedliche Formen der Unterstützung der kleinwirtschaftlichen Tätigkeit durch internationale Fonds, den Staat sowie lokale Behörden. Trotzdem empfinden viele Manager die Existenzbedingungen ihrer Firmen als unsicher.

Bei der Untersuchung dieses Problems stellte ich die Hypothese auf, das unzureichende Qualifikationen der Manager zu den Hauptursachen dieser 'Existenzangst' zählen. Viele dieser Manager sammelten ihre Berufserfahrungen innerhalb der zentralen Planwirtschaft, die durch permanenten Mangel an Waren und Produktionsfaktoren sowie durch Überangebot an Geld charakterisiert war. Die Wirtschaftsreform in Polen änderte innerhalb eines Jahres die Marktsituation vollständig. Es entstand eine Nachfragebarriere, die vor nur zwei Jahren noch als unrealistisch und unvorstellbar galt. Der Manager, an einen 'Dauerkampf' um die Rohstoffe, Materialien und oft auch um die qualifizierten Mitarbeiter gewöhnt, muß jetzt radikal umdenken. Er muß Kunden finden, die immer anspruchsvoller werden und die ihre Lieferanten entsprechend der Qualität der Produkte, dem Preis sowie der Möglichkeit einer termingerechten Lieferung beurteilen. Ein perspektivisch denkender

Manager versucht das Vertrauen des Kunden zu gewinnen, seine Bedürfnisse zu erkennen und ein besseres Produkt als die Konkurrenten anzubieten. Die neue Situation stellt an den Manager neue Anforderungen. Er braucht neue Qualifikationen, die ihn in die Lage versetzen die Firma marktgerecht zu führen und ihre weitere Entwicklung strategisch zu planen.

### **Gegenstand, Objekt und Ziel der Empirischen Untersuchung**

Qualifikationen der Manager kann man auf unterschiedliche Art und Weise analysieren. In meiner Untersuchung bemühte ich mich, die Qualifikationen der Manager etwas untypisch zu beurteilen und zwar indem ich nur ein Kriterium berücksichtigte. Dieses Kriterium war die Fähigkeit des Marketig-Managemants ihrer Firma. In den Untersuchungen ging es nicht um die Überprüfung des Wissens über Marketing und Firmen-Management, sondern um die Feststellung, ob und in welchem Grade die Marketingphilosophie angewendet wird. Ich halte eine solche Vorgangsweise für sinnvoller als das Stellen von akademischen Fragen, die die Respondenten nur verunsichern, und von der Beantwortung der Fragen gänzlich abhalten würden.

In Form von 'face to face'-Interviews wurden die Manager kleiner Firmen von den Interviewern gebeten, Fragen betreffend Marketing-Mix und Swot-Analyse zu beantworten. Selbstverständlich wurden in den Interviews keine Marketing-Fachbegriffe verwendet. Man formulierte einfache Fragen, die die Marketingaktivitäten eines Kleinbetriebes betrafen. Die Interviewer notierten die Antworten der Manager und beobachteten gleichzeitig ihre Reaktionen und die Art der Beantwortung der Fragen. Diese verrieten in der Regel, daß sich die Interviewten nie selbst solche Fragen gestellt hatten. Ganz allgemein gesagt, man beurteilte die Qualifikationen der Manager der Kleinbetriebe anhand der praktischen Anwendung der komplexen Marktanalyse sowie der laufenden und strategischen Entscheidungsfindung mit dem Ziel der Verbesserung ihrer Marktsituation.

Für die Untersuchung wurde eine 186 Betriebe umfassende Stichprobe gezogen. 165 Interviews konnten ausgewertet werden. Die Struktur der gezogenen Betriebe entspricht hinsichtlich ihrer rechtlich-organisatorischen Form sowie ihrer Größe der tatsächlichen Struktur der kleinen Industriebetriebe in der Wojewodschaft Gdansk. Unter den untersuchten Firmen dominieren sehr kleine Betriebe mit weniger als 5 Beschäftigten. Nur 30 Prozent machten etwas größere Firmen aus, die zwischen 11 und 50 Mitarbeiter beschäftigten. Die untersuchten Firmen repräsentieren drei Industriezweige: Bekleidungsindustrie (40,6 Prozent), Lebensmittelindustrie (29,1 Prozent) und Holzverarbeitende Industrie, hauptsächlich Möbelherstellung (30,3 Prozent). Etwas überraschend stellte sich heraus, daß es unter den Managern relativ viele Frauen gibt (31 Prozent). Entsprechend den Erwartungen sieht die Altersstruktur aus. Die meisten Manager sind zwischen 41 und 50 Jahre alt (39 Prozent) und zwischen 31 und 40 (35 Prozent). Es gibt wenige junge Manager, d.h. unter 30 Jahren (8 Prozent), relativ hoch ist der Anteil der Manager über 50 (18 Prozent) Ausbildungsniveau ist nicht hoch. Nur 35 Prozent der Manager haben Hochschulbildung, wobei in dieser Gruppe gar nicht die Wirtschaftswissenschaftler (7 Prozent), sondern die Ingenieure (19 Prozent) dominieren. Die meisten Manager haben technische oder allgemeine Mittelschulbildung (45 Prozent). Die übrigen haben Berufsausbildung (19 Prozent), und nur 1 Prozent Grundausbildung. Wie ich auf der vorigen Seite erwähnt habe, war das Ziel der Untersuchung festzustellen, ob die Manager kleiner Firmen:

- imstande sind, zumindest auf elementare Art und Weise, komplexe Marktanalyse durchzuführen;

- operative und strategische Aktivitäten unternehmen, mit dem Ziel einer Anpassung an die Marktsituation.

Bei der Untersuchung dieses Problems fragte man die Manager detailliert nach: der Kenntnis der Einwände und Erwartungen der Kunden bezüglich der Produkte der Firma, den Anpassungsreaktionen des Unternehmens an die Forderungen aktueller und potentieller Abnehmer sowie nach der Kenntnis ihrer Konkurrenten.

## Ergebnisse der Untersuchungen

Wie die Untersuchungen ergaben, verfügt ein Drittel der Firmen über keinerlei Wissen bezüglich der Einwände, die gegen ihre Produkte erhoben werden. Man kann schwer annehmen, daß dieser Informationsmangel aus der sehr hohen Qualität der Produkte und aus der vollen Zufriedenheit der Kunden resultiert. Es muß eher angenommen werden, daß keine Informationsflußkanäle geschaffen wurden. Die Befragten, die behaupten Einwände gegen ihre Produkte zu kennen, geben an, daß diese direkt von den Endverbrauchern (70 Prozent) bzw. von den Verkäufern (26 Prozent) kommen. Ein sehr schwacher Informationsfluß findet zwischen Herstellern und dem Großhandel statt.

Die untersuchten Firmen behaupten, sich um die Anpassung an die Anforderungen der Kunden zu bemühen und ihre individuellen Wünsche zu berücksichtigen. Manager der Betriebe aus der Bekleidungsbranche versichern, die Modetrends laufend zu beobachten und zu berücksichtigen. Nur zwei Manager gaben zu, daß sie die Forderungen der Kunden nicht beachten. Vier Befragte gaben auf diese Frage keine Antwort.

Die nächste Fragengruppe betraf die Distribution der Produkte. Unter den untersuchten Betrieben fanden sich 35 Prozent, die über eigene Verkaufsgeschäfte verfügten, davon 4 Prozent über drei, 12 Prozent über zwei und 19 Prozent über ein Geschäft. Firmen ohne eigene Läden beliefern meistens direkt den Einzelhandel und nehmen nur selten die Vermittlung der Großhändler in Anspruch. Die untersuchten Betriebe stellen Konsumgüter her, deswegen liefern sie nur vereinzelt an die Produktionsbetriebe.

Die Studie hat ergeben, daß der Abnehmerkreis der Produkte der Kleinbetriebe sehr klein ist. 30 Prozent der Befragten geben an, daß der Hauptabnehmer über 75 Prozent ihrer Produktion kauft, 11 Prozent geben hier 50 bis 75 Prozent an. 48 Prozent geben an, daß über 75 Prozent der Verkäufe an die fünf wichtigsten Kunden geht. Diese Situation kann man auf zweifache Weise bewerten. Einerseits begünstigt die niedrige Zahl der wichtigsten Abnehmer deren besseres Kennenlernen, leichteres Erkennen ihrer Wünsche und Erwartungen. Andererseits zeugt eine solche Situation von einem hohen Grad der Abhängigkeit des Produzenten von einem oder weniger Abnehmer. Am meisten abhängig sind die Firmen in der Holzverarbeitenden Industrie und erst dann in der Lebensmittel- und Bekleidungsindustrie. Die relativ kleine Zahl der Kunden, von denen die gegenwärtige Existenz der Firma abhängt, ermutigt die Manager nicht Marketingaktivitäten zu setzen. Sie stehen der Idee des Marketing grundsätzlich positiv gegenüber, aber sehen für sich selbst keine Notwendigkeit seiner Anwendung. Bei der Interpretation obiger Ergebnisse scheint allerdings gewisse Vorsicht geboten, denn die Fragen, die wichtigsten Kunden betreffend, wurden von 30 Prozent der Befragten nicht beantwortet. Dies könnte bedeuten, daß die veränderliche Situation oder die kurze Tätigkeit der Firmen die Identifizierung der wichtigsten Kunden erschwert.

Klein- und Mittelbetriebe agieren in der Regel auf einem lokalen Markt. Die Untersuchungen bestätigten, daß die Wojewodschaft Gdansk keine Ausnahme von dieser Regel ist, obwohl durchgeführte Schätzungen eine relativ starke Expansion auf die äußeren

Märkte signalisieren. Man schätzt, daß 20 Prozent der Verkäufe für den Binnenmarkt (außerhalb der Woj. Gdansk), und 7 Prozent fürs Ausland (hauptsächlich Europa) bestimmt waren.

Einer der Forschungsziele war die Untersuchung der Marketing-Anpassungsaktivitäten, die den kleinen Firmen helfen sollten ihre Marktposition zu stärken und neue Absatzmärkte zu erschließen. 84 Prozent der Firmen behaupteten ihre potentiellen Kunden zu kennen und 78 Prozent wollten Schritte zur Markterweiterung unternehmen. Für diese Deklarationen gab es keine Bestätigung in der bisherigen Tätigkeit der Firmen. Die eigene Promotion sowie die Bewerbung der Produkte wurden sehr vernachlässigt. Mehr als die Hälfte (55 Prozent) der untersuchten Betriebe hatte überhaupt keine Werbeausgaben, 16 Prozent gaben dafür weniger als 1 Prozent vom Umsatz aus und nur 15 Prozent der Firmen investierten in die Werbung mehr als 3 Prozent ihres Umsatzes. Man bevorzugt billige Werbemöglichkeiten und wirbt hauptsächlich in der lokalen Presse (36 Prozent), Über Werbeplakate und -prospekte (23 Prozent), im Rundfunk (8 Prozent), über Werbebroschüren (9 Prozent), inländische Zeitungen und Zeitschriften (7 Prozent) und auf den Messen (3 Prozent). Von den anderen Werbeaktivitäten, die die Firmen vereinzelt setzten, wurden genannt: Teilnahme an Ausstellungen, Werbung auf den Straßenbahnen, Licht- und Schaufensterreklame, Sponsoring eines Sportklubs und die Eintragung im Business Foundation Book. Von den 165 befragten Firmen benützten nur vier das Medium Fernsehen.

Die Antworten suggerieren, daß die Firmen an die Wirksamkeit der Werbung nicht glauben. 82 Prozent der Befragten schätzen, daß der Umsatz durch Werbung um nur ein paar Prozent bis max. 25 Prozent gestiegen sei. Nur 15 Prozent glauben, daß die Umsatzsteigerung 25 bis 50 Prozent beträgt und 3 Prozent beziffern die Steigerung mit mehr als 50 Prozent.

Eine Reihe interessanter Schlußfolgerungen brachte die Auswertung der Antworten auf die Fragen nach der Kenntnis der Konkurrenzsituation. 15 Prozent der Befragten glauben, daß es keine Konkurrenten gibt. Eine derartig radikale Behauptung kann eventuell im Fall einer sehr speziellen Produktion (Produktion spezieller Spanplatten) begründet sein, oder im Fall der Lokalisierung des Betriebes in einer kleinen Stadt. Unter den Firmen, die auf diese Frage antworteten, fanden sich jedoch drei Betriebe derselben Branche (Möbelindustrie), die in einer 20.000 Einwohner-Stadt lokalisiert sind. Solche Angaben stellen die Glaubwürdigkeit der Antworten ein wenig in Frage, denn man kann nicht annehmen, daß diese Firmen wirklich nichts voneinander wissen.

Bei einer Konkurrenzanalyse hinsichtlich der rechtlich-organisatorischen Form der Firmen kann man feststellen, daß Kleinbetriebe am meisten die Konkurrenz anderer Privatbetriebe fürchten und erst in weiterer Reihenfolge der Importeure und der nicht registrierten Unternehmer. Die am wenigsten gefürchteten Konkurrenten sind die staatlichen Betriebe. Die Hauptkonkurrenten wurden auf dem Gebiet der Wojewodschaft Gdansk (58 Prozent), in Rest-Polen (27 Prozent) und im Ausland (15 Prozent) lokalisiert.

Um die Aufzählung der Besonderer Stärken der Konkurrenten gebeten, entschied sich die Mehrheit der Befragten zu der banalen Antwort, daß die Mitbewerber einfach größer sind. In weiterer Folge nannte man: niedrige Stückkosten, hohe Produktionseffektivität und technologische Innovationen. Hoch bewertete man auch die Wirksamkeit der Marketingaktivitäten und besonders die Werbung sowie effektive Distributionskanäle. Nach Meinung der untersuchten Firmen zeichnen sich die Konkurrenten durch keine besonderen Qualitätsmerkmale ihrer Produkte aus. Ganze 30 Prozent der Firmen geben zu, nichts über die aktuelle Situation und die strategischen Pläne der wichtigsten Konkurrenten zu wissen. Weitere 45 Prozent geben an, die Konkurrenzaktivitäten beobachten zu wollen und nur 25 Prozent geben zu, einen gewissen Überblick über die Produktions- und Finanzlage der Konkurrenten zu haben.

Das Problem der Kenntnis der Wettbewerbssituation versuchte man auch im Hinblick auf die Substitutionsprodukte zu durchleuchten. Zu diesem Thema meinten die Befragten:

- es gibt keine Substitutionsprodukte (23 Prozent),
- Substitute beeinflussen nur unwesentlich den Firmenumsatz (60 Prozent),
- Angebot der Substitutionsprodukte kann ihre
- Marktsituation verschlechtern (14 Prozent).

## **Zusammenfassungen und Schlußfolgerungen**

Wie die Untersuchungen zeigten, geben die Befragten an, eine gute Übersicht über ihren Markt zu haben. Die Antworten auf die Fragen betreffend Marketing-Mix zeigen allerdings, daß dieser Überblick eher oberflächlich ist. Dies wurde auch durch das Verhalten der Befragten bestätigt. Auf die Fragen, deren Beantwortung ein Denken in Marketing-Kategorien erforderte, waren sie nicht vorbereitet. Die Analyse bestätigte, daß relativ viele Produzenten einem sehr engen Markt gegenüber stehen. Der Kreis ihrer Abnehmer beschränkt sich auf wenige Personen. Die Manager dieser Firmen glauben, daß in ihrer Situation eine genaue und komplexe Marktanalyse überflüssig ist.

Marketing-Management der Firma verlangt von den Managern die Fähigkeit der strategischen Planung. Die Untersuchung zeigt, daß diese Fähigkeit bei den Managern fehlt, oder in wenigen Fällen bewußt nicht benutzt wird. Ihre Abneigung zur strategischen Planung kann durch die sich ständig verändernden äußeren Bedingungen erklärt werden. Die wichtigsten Rechtsgrundlagen, die das small-business betreffen, ändern sich so schnell, daß die Manager keine Sicherheit haben können, ob sie jetzt schon stabil bleiben. Außerdem wird die strategische Planung zusätzlich durch die allgemeine Wirtschaftsrezession, Inflation und die teuren Kredite erschwert. Die oben genannten Umstände ändern allerdings nichts an der Tatsache, daß die Manager der Kleinbetriebe sehr wenig über die Planungstechniken wissen. Ihre Arbeit beschränkt sich auf die Ausführung laufender Aufgaben. Sie planen nicht, sondern reagieren auf die Ereignisse. Außerdem führen sie selber eine Reihe zeitaufwändiger Routinearbeiten aus, weil sie nicht in der Lage sind, Fachkräfte anzustellen. Die durchgeführten Untersuchungen erlauben die Formulierung der Ziele und Richtungen für die Qualifizierung der Manager der Kleinbetriebe in Polen. Das Hauptziel scheint die Förderung der Gewohnheiten und der Fähigkeiten des Einsatzes des Marketing-Managements zu sein. Ihre Schulung könnte in einer vereinfachten Form stattfinden.

Es würde genügen, wenn sie imstande wären:

- ihren Markt zu definieren,
- Firmenphilosophie, Marketingziele und Marketingstrategie zu formulieren
- Marketingaufgaben (Verkaufsförderung, Werbung, Verpackung, Preisgestaltung) zu realisieren,
- die Marktreaktionen zu kontrollieren und flexibel auf alle Marktveränderungen zu reagieren.

Aufgrund der Spezifität der Kleinbetriebe ist es allerdings schwer, ein einheitliches Schulungsprogramm für die Weiterbildung der Manager zu empfehlen.

# 25 Business education in Russia today<sup>1</sup>

*Alexej Schulus*

## **Stages of development of 'business education' in Russia**

The years of 1989-91 marked the appearance and rapid growth of new commercial type educational structures in Russia: business schools, management and marketing centers. Unfortunately, many new schools failed to provide sufficient level of teaching, trying to compensate for this failure by trips abroad, fashionable hotels and banquets. But such a 'compensation' could not last long. At the same time, forced by 'shock' market reforms, state-run enterprises imposed strict control over the money they spend on education as well as over its efficiency.

In the middle of 1992 a new stage began- a stage of saturation of the 'business education' market, increased competition between business schools looking for more students, search of new ways to upgrade the efficiency of education.

## **Who is taught business ?**

In terms of social types among students of business schools of different levels we can distinguish the following:

- a. The representatives of the former Party 'nomenclature' from district and town levels. Many people of this type possess administrative abilities and have a wide net of non

- formal ties. Another positive quality is the good knowledge of administrative basis of business (registration of enterprises, opening bank accounts, etc.).
- b. People from 'shadow' economy. They usually do not have any official profession or speciality. They either did not work in the old state structures, or had a 'fictitious' job, which was a 'roof' for their 'shadow' business. Now they have come to the official business, with the money obtained in 'shadow' economy. They have high ambitions, desire to make millions quickly by the means of commerce and mediator's activities. Many of them do not hide their wish to leave Russia in the nearest future.
  - c. Soviet managers. These people are directors, high administrative officials of state enterprises who 'survived' in the 'shock' market reforms. During the active privatization and commercialization of state enterprises the activity of 'Soviet managers' in the post-Soviet period becomes more and more business-like. These students are characterised by technocratic and pragmatic views.
  - d. Former failures. These are qualified specialists with higher education who could not obtain high position in the old structure. Few of them now work according to their speciality. Most of them have chosen a new sphere.

In Russian business schools there are practically no young students, because the course of studies of almost 80 per cent of the participants is paid for by their firms. 'Poor' students cannot pay for it themselves. Social credits, so popular in the West, do not exist in Russia. Table 1 represents the structure of demand for business education according to the administrative level.

Table 1

	former USSR		Russia	
	total demand (thousands)	annual growth (%)	total demand (thousands)	annual growth (%)
The highest administrative staff	30-45	3-5	15-23	5-7
Medium administrative staff	330-450	20-30	150-220	30-35
Low administrative staff	600-800	35-40	300-400	35-40

Source: Joint Ventures N 6, 1992, p. 36

The structure of demand for people, who graduated from business schools in the regions of the former USSR is the following: Baltic Republics, Moscow, Sankt-Petersburg are characterized by high demand; Kazakhstan, Russia, the Ukraine, Belorussia- by middle demand; Moldova, Caucasain Republics, Middle Asia - by low demand.

## **Where is business taught?**

Approximately, 200 organizations claim to be business schools in Russia. They exist either in the framework of traditional Educational establishments, which enter the state system of education, or as new independent firms.

The structure of business education in the former USSR in 1992 according to the forms of education was as follows:

1. Programs of retraining and raising qualification (the problems of macroeconomics are almost totally excluded; the training is focused on the practice of dealing in the concrete situation) - 80 per cent
2. Higher educational establishments' programs ( mostly macroeconomics, little experience in business) - 19 per cent
3. Post-graduated studies - 0,5 per cent
4. Master of Business Administration (MBA) - 0,5 per cent (from 'Joint Ventures' N 6, 1992, p. 36)

Higher educational programs are represented more by state institutes, while retraining and raising qualification are dealt with mostly by non-state firms.

The three top business schools in Russia (all of them are situated in Moscow):

1. The High Commercial School of the Ministry of International Economic Relations (8 weeks program: international business, includes a course abroad).
2. The High School of international Business of the Academy of National Economy (4-8 weeks program, including a course abroad. The basic program: organization of foreign trade activity, organization and development of joint ventures, marketing).
3. The Center of Training of Managers at Plekhanov's Russian Economic Academy (1- 4,5 months fundamental training of administrators of high and medium level. The programs: administration of scientific research; financial management. There is a special department, which awards the Bachelor's and Master's Degrees of Economics- the course lasts from 9 to 16 months).

## **Who teaches business ?**

The business schools do not have their own teachers. The teaching personnel consists of professors and teachers from universities and institutes, most of whom do not have practical experience in business. Entrepreneurs are not interested in teaching at business schools.

Creating a highly qualified teaching personnel of business schools is now a vital problem. Attempts to attract foreign professors do not solve the problem, because, as a rule, their lectures are very far from the Russian reality.

## How is business taught today?

In the contents of training there are three main problems:

1. Nowadays Russian business is on the stage of primary accumulation of capital and very often it has illegal, 'wild' character. If we try to connect training programs with this kind of business, it means that we teach students illegal business.
2. Hyper inflation gives the direction to the businessmen for short time investment, which leads to the concentration of the capital in trade and mediation. The students do not want to receive fundamental knowledge in business, but they want to get instructions how to perform 'quick commercial operations'.
3. Most of the institutes do not have either a 'face', or a concept of their own. The set of disciplines in most of the business schools is the same, overloaded with accounting and finance. 'Human' aspects of management do not receive adequate attention. They do not practically have any subjects, related to ecological marketing.

The medium course lasts for about 2 months, although the leading business schools offer longer programs (sometimes more than 1 year). But it is only possible with the help of state subsidies: The majority of companies, which send their managers for training, consider that the term of studies should not last more than 4-5 weeks.

Methods of training in the majority of business schools are traditional: lectures and seminars. Progressive forms of training, such as 'case study' are restricted for lack of qualification of trainers and because of counteraction of the firms. They do not give any information about their history, activity, or other important data.

In some business schools trainers introduce computer games ('competitiveness of an enterprise', 'How to gain the market', 'Stock Exchange', etc.)

As the selection of students is aimed at making profit, not all the students selected meet the necessary requirements. The students in a group therefore represent different professions and have different level of education.

## Perspectives

For developing business education in Russia we need a complex of measures including:

1. Business schools must be provided for by favorable taxes. The same privileges must be offered to the companies, which provide for the financial means for business training.
2. Young students must receive financial aid from the state in the form of credits in order to get business training.
3. The training of Russian trainers- multipliers should be promoted.
4. It would be reasonable to focus the Western aid on the following problems:
  - a) to improve the material base of the education (Equipment, books, dictionaries, etc)
  - b) to train Russian trainers-multipliers capable of adjusting their knowledge to the Russian reality
  - c) the financial aid to seminars and courses, which are organized by Russian trainers for Russian students.

## Notes

<sup>1</sup> Various forms and methods of education of entrepreneurs and managers in Russia are now referred to as 'business education'.

# 26 East-West co-operation in the entrepreneurship education

*Miroslav Rebernik*

## **Abstract**

The paper discusses the issues of East-West cooperation in entrepreneurship education. Special attention is paid to underlying mental models and to the problems of learning, and deliberate de-memorizing of obsolete approaches. For the countries in transition, few basic obstacles for teaching and practicing entrepreneurship are described, and the need for changing of the approaches to the entrepreneurship teaching is depicted. Two projects that have started recently and are meant to support entrepreneurship teaching in transitional countries of Central and Eastern Europe are outlined in the paper.

## **Keyword**

Entrepreneurship education, mental models, de-memorizing, countries in transition, small business management

## **Introduction**

Installment of entrepreneurship in countries in transition means a breakthrough change for them, not only in understanding of things but also in creating and implementing tools for achieving goals of different kind and at different level. These countries face new realities, where

at the national level centralized state ownership companies has been turned to privatized one, and at the company level the administrative way of managing must be replaced by more entrepreneurial one.

The historical background of companies and societies in the East differs significantly from those in the West. Without much going into the detail, we can see the differences in the socio-economic history of the last 70 years, differences in the level of economic development, differences in the knowledge base, differences in values, differences in methodologies for solving problems in the society and in companies, etc.

Taking into account the afore said differences, there is a need to discuss some issues of transferring western born models of entrepreneurship education into post-socialist reality of transitional countries. In spite of enormous differences, dissimilarities and contrast between the 'sellers' and 'buyers' of entrepreneurship education programs, there exists a strong drive to 'export' the teaching and practicing of the western born entrepreneurship into countries of Central and Eastern Europe all in the same mode, no matter how different these countries are. Some are very persistent in applying the same model to different realities.

### **The need for de-memorizing of obsolete mental models**

As Peter Senge (1990) has pointed out, the successful companies in the next century will be those with best learning abilities. All the Senge's five components of a learning organization - systems thinking, personal mastery, mental models, building shared vision, and team learning - can be recognized as very important for a business system to prosper in the turbulent environment.

But especially in the countries in transition, the most influential one is the problem of obsolete mental models. These countries are nowadays facing with new realities - market, competition, cooperation, economic efficiency, etc. which can not be managed with obsolete methodologies, values and skills. The question, therefore, is: Are decision-makers prepared to cope with the new reality and are they willing and capable of learning? Are they prepared to cope with the entrepreneurship uprising and are they willing and capable of understanding the changes?

As we know, the mental models are the pictures of reality we bear in our minds, and which are telling us how the world works. It means that mental models are 'deeply ingrained assumptions, generalizations and, or even pictures or images that influence how we understand the world and how we take actions' (Senge, 1990, p. 8). The same author (1990, p. 185) also draws our attention to actuality that we have never have more than assumptions, never 'truths' and that when seeing the world through the glasses of our mental models one should always bare in mind that 'mental models are always incomplete, and, especially, in the Western culture, chronically non-systemic'. Mental models are important because they lead our actions, and when they become outdated they can restrain our activities.

The most usual solution proposed for solving the problem of obsolete mental models which have become an obstacle for adaptability of individual and/or business system is to *learn*. Senge is concordant with Argyris (1982) in believing that it is enough for mental models to be changed if we become aware of them, and then re-learn new things. This is, we believe, only partly true, and it is not enough anymore.

As every learning assumes the replacement of the old mental models with new ones we are faced with the problem how to attain a deliberate forgetting (Mulej, Rebernik, Kajzer 1991). Namely, the entire education system, built up in millenniums of human civilization,

is based on one elementary principle: remembering. To remember is a secret code of our civilization. The imperative of remembering accompanies us from birth to death, it is built in all forms of the formal and informal education of which we are a part in our lives. As long as the level of the necessary knowledge used to be a low one, and its diffusion a slow one (the labor intensive technology), this principle seemed to be an appropriate one. Due to the explosion of knowledge and its specialization (knowledge-based organizations) the old principle becomes a basic obstacle to the development of not only human organizations, but also of individuals.

To be able to teach the entrepreneurship, it is necessary to include mechanisms to eliminate old values, methodologies and contents, which no longer go along with the real world. As reality has changed, we need to find ways to throw away everything that became obsolete and unproductive. The point is not only in the problem of obsolescence of information (know that), but rather in the problem of a false understanding (know why) and inappropriate knowledge (know how). Together with the principle 'how to remember' we need to fully reinforce the principle 'how to forget', especially in the countries in transition. Learning means observation, search, discovery and changing rather than memorizing (Handy, 1989), anyway. And in this process of learning, the forgetting is one of the important things.

The sense of a deliberate forgetting (= de-memorizing) would, therefore, lie in the opportunity to clear our individual internal 'files' only of those data, messages and information that are outdated and replace them with the ones suitable for changed circumstances, but at the same time, preserve the remainder. In establishing entrepreneurship in countries in transition it is not enough to teach entrepreneurial skills, it is in the same time extremely important to forewarn constantly which of the previous knowledge, skills and values have become sterile and counterproductive.

### **Entrepreneurship barriers in countries in transition**

Besides the need for deliberate de-memorizing there are other barriers to entrepreneurship to be mentioned. Let us, very briefly, look at some of them.

The first of the barriers is that all C/E countries in transition are underdeveloped or semi-developed what represents a decisive obstacle to the development of entrepreneurship paradigm. Namely, the grade of a general development of a society and its economy is one of the main determinants of fostering the implementation of the entrepreneurship in the society as a whole. We must be aware of circulus vicios of deepening the gap between the developed and underdeveloped countries, which draws its destructive power from the fact that a previous capital is needed for creation of new capital, that a previous knowledge is needed for the absorption of a new knowledge, that it is extremely hard to foster the entrepreneurship, innovativeness and building a quality awareness where there are no such skills existing, and that a certain grade of development is needed to create the infrastructure which enables the development.

The second barrier that will most probably cause serious problems in establishing appropriate mechanisms of fostering the entrepreneurship is the current development stage of companies in those countries. It can be easily observed that according to the classification of firms made by Bolwijn and Kumpe (1991) the majority of firms in those countries are still in the phase of 'efficiency', and are still not aware of the quality requirements of modern developed world.

The next reason lies in an, at least, half a century lasting lack of democracy. Entrepreneurship is unseparately interlinked with innovativeness, and the innovativeness is directly

correlated to the level of democracy in an enterprise and in its environment (Rebernik, 1989). Without democracy in business systems and in their environment all creative ideas are suppressed and entrepreneurship can not be asserted. In countries of the Central and Eastern Europe various forms of workers' participation were not focused towards productivity encouragement by/and work place democracy, and different forms of 'political democracy' were monistic. The right to irresponsibility and unproductive work emerged. In order to build the entrepreneurship awareness in transitional countries to be effective a paradigmatic shift is needed and de-memorizing of the long years valid theory and practice of importance of role of the Big Brother and party (instead of self-interest) is necessary.

Still another reason is to be mentioned. No matter how we comprehend entrepreneurship in the core there is always a *human*. The human is ultimately the most important and critical factor in entrepreneurship processes. But, the established economics and business economics theory which is normally taught in business schools (not only in the transitional countries!) still treats human in a extremely narrow sense, only as a production factor, namely as labor which is, along with capital and land, necessary for the production process. Even more, the labor as a production factor, as a rule, is considered only as a physical phenomenon. Words like quality, creativity, co-operation, imagination, emotion, individuality, corporate culture, synergy, even entrepreneurship and innovativeness are not used in traditional business economics, though without them there is no innovation, no innovative business, no quality, no efficiency and no long-term effectiveness of business system. The science of business economics is still interested in people only when they stand as expenses or costs. Unless people are an item in the balance sheet or in the income statement, the business economics does not pay attention to them (Rebernik, 1990).

We can easily see that the prevailing business economics which is 'imported' from the West is occupied with Newtonian, mechanical conception of functioning of economic activities and economic laws. The main reason of insufficiency and inappropriateness of the prevailing business economics for the business systems which do business in turbulent environments is that the paradigm of economics was created in entirely different circumstances of a relatively stable environment where this static look at the firm was sufficient. As circumstances changed radically, there is an urgent need to establish a business economics theory which will be able to catch and explain all essential elements of the modern business.

Therefore we are also faced with the problem of how to *un-learn* the fundamentals of business economic studies that pay no attention to human, entrepreneur and entrepreneurship.

## **Teaching entrepreneurship**

### *Burdensome transferring of entrepreneurship education programs*

The prospects of New Europe depend entirely on capability of newly democratized countries to exploit the power of entrepreneurial potentials of their people. A big necessity for teaching and practicing entrepreneurship exists in Central and Eastern Europe, and there is a strong need for transferring entrepreneurship skills and knowledge from the countries where entrepreneurship has been implemented successfully for many years.

For teaching entrepreneurship and for establishing the East-West cooperation in the field it is of utmost importance to be aware of two important things differing East from West: *different mental models and different realities*. Because of that, existing programs on entrepreneurship education cannot be easily transferred from one country to another.

Besides the said two differences, there is another reason to be added, namely every (good!) educational program is a result of customers' specific needs and possibilities.

In the process of transferring the experiences from developed countries to the countries of Eastern and Central Europe we face many obstacles and problems. The common denominator of all the main problems is the fact that models can not be easily transplanted from one country to another. Models are, namely, not only products of very specific living conditions they represent, but also the end results of series of simplifications and therefore not universally effective. The models are different wherever realities in which models have been built are different. There also lies the main reason why Western developed models of teaching and fostering entrepreneurship can not be simply delivered to the countries of C/E Europe without profound adaptation and accommodation.

With such perspective, we started recently two projects that are meant to support entrepreneurship teaching in Slovenia and in other transitional countries of Central and Eastern Europe. The first project is co-sponsored by Trans-European Mobility Scheme for University Studies (Tempus), and is aimed to establish an undergraduate degree course on small business management and entrepreneurship at the University of Maribor, Slovenia. The second project is run under the auspices of European Foundation for Entrepreneurship Research and is trying to create a so called Entrepreneurship Education Program Generating Shell which should offer a framework (shell) that will enable the generating of customer specific programs for entrepreneurship education in transitional countries.

#### *Degree course on small business management and entrepreneurship*

With transition into a normal economic system based on private ownership and by restructuring its economy in the following few years Slovenia will establish such an economic structure that will be characterized by numerous small and medium-sized companies. From the economic and managerial aspect it is characteristic for these companies that individual managing functions cannot be specialized to the same extent as is the case with large companies. Another significant characteristic of small companies in particular is the fact that owners of these companies are in most cases also employed in them.

At this moment none of the institutions of higher education in Slovenia offers educational and training programs for management of small and medium-sized companies. Although the process of restructuring Slovenian economy has only begun there is a great demand for graduates of such a study program who, apart from having profound theoretical knowledge of economics, have acquired enough practical knowledge and skills to be able to run competently a small or medium-sized company.

With this study program we wish to realize our basic intention which is to provide our students, future graduated economists, with relevant education and training of business management which will enable them to run small and medium-sized companies. Their knowledge and skills should be more transferable and oriented towards solving practical problems than it is usual for traditional courses for business management. After graduation they should be able to run their own company, start a new business within an existing company or work as managers in a small or medium-sized company. It is mainly for this reason that this course especially stresses the meaning and value of practical applicability of knowledge and skills obtained by students during their studies at the university.

We are fully aware of the vital importance of entrepreneurship and small companies for successful development of modern societies and their cooperation as well as competition on equal basis. We are also aware that it is impossible to create a course that would meet the established world criteria in this educational field without taking into consideration theoretical and practical experiences of developed countries.

Work on a new course for management of small and medium-sized companies at the University of Maribor, Faculty of Business Economics was set as a joint European project (Tempus Jep 3076-92/1) under the title 'Undergraduate Education Center for Managing Small and Medium-Sized Companies'. By implementation of this project one of the most successful study programs for managers of small and medium-sized companies in Europe will be transferred into Slovenian higher education. It is the course that has been practiced at the University of Gothenburg and the University of Boras in Sweden for more than a decade.

Realization of the above mentioned project is based on cooperation of the following institutions of higher education: University College of Boras (Sweden), School of Economics and Commercial Law, University of Gothenburg (Sweden), De Vlerick School of Management, University of Gent (Belgium), Faculty of Economics and Banking, University of Udine (Italy), and Faculty of Business and Economics, University of Maribor (Slovenia).

We deliberately wanted to set high demands for the course for management of small and medium-sized companies. The objectives of the project will be realized:

- by implementation of internationally verified course
- by carefully organized and implemented process of selection of applicants
- by careful selection of companies in which practical part of education will be organized
- by careful selection of mentors for these students both at the university and in participating companies
- by academic staff selected on the basis of internationally relevant criteria and standards
- by inviting visiting professors from our partner universities in Europe
- by the use of active teaching and learning methods (case studies, games and simulations, project work, team work etc.)
- by the use of relevant course materials according to international standards
- by establishing a modern Learning Resource Center for managers of small and medium-sized companies.

To achieve our goals set by this international project we shall make a selection after second year of basic study of economics to identify those among the students who have interest and abilities to study management of small and medium-sized companies. For each of these students we shall provide a suitable small company that will meet the pre-set criteria (establishment of these criteria is a part of the project) and will be able and willing to cooperate with the Faculty of Business and Economics in education and training of managers of small and medium-sized companies. In these companies students will during their course of study and under mentorship of the owner or the top manager of such a company verify their theoretical knowledge and obtain practical managerial skills.

The basic aim of the course is to produce graduates who will be able to run and manage small and medium-sized companies. They should be capable of transferring into practice the acquired theoretical knowledge and skills. In addition to its high academic level the course is practically based and oriented to students' independent work and professional career. Apart from acquiring relevant knowledge and managerial skills, aimed to give theoretical foundation and practical routine, students should be able to take the responsibility for themselves as well as for others. They should be able not only to run existing companies but also to create new ones and thus provide new jobs. Besides having expert professional competence graduates of this course will distinguish themselves also for their moral values and, especially, for their professional accountability and high level of business morality and ethics.

Curriculum and course design in the third and the fourth year are adjusted to specific characteristics of the course. According to course aims lectures and seminars take one half of the total number of contact hours at the faculty. The rest is spent for practical/tutorials and practical placement in a selected small company under mentorship of a member of academic staff and an entrepreneur or manager in a small company.

Preparation costs for the new study program (equipment, software, literature, international contacts, entrepreneurial network, etc.) will be *partly* covered by the approved Tempus project (Tempus JEP 3076-92/1), with help of the Swedish Government, Maribor Commune, Slovenian Ministry for Economic Affairs and by the University of Maribor, Faculty of Business and Economics.

The study program for management of small and medium-sized companies is to be completed with a dissertation (diploma work) which, apart from giving theoretical basis, presents an application of a concrete project in a company, either in form of a detailed business plan, start-up of a new business within existing company or setting and start-up of the graduate's own company. Upon successful completion graduates are awarded a diploma and a title 'graduated economist' with the name of the strand 'Management of Small and Medium-Sized Companies'. International title for such a graduate is supposed to be the 'Bachelor of Small Business Administration' or, with abbreviation, BSBA.

The entire project of educating managers for small and medium sized companies is long-termed, and consists of three stages (as seen from figure 1). The first stage - transformation of basic curriculum at Faculty of Business Economics - is completed. In the academic year 1991/1992 students entered the new, up-dated and market oriented curriculum that covers two years of basic business economics studies. In the academic year 1993/1994 they will enter the program for management of small and medium-sized companies.

We have started the project with an ambition to serve also as a learning field for other Central and Eastern European countries. Therefore, the third stage of the project aims at networking with other universities in transitional countries, so that the experience acquired in Slovenia in implementing some new approaches to entrepreneurship education can be transferred to other post-communist countries of the New Europe.

Figure 1  
Long-termed overview of project

Transformation of basic curriculum	
1989 - 1991	Transformation of curriculum at Faculty of Business and Economics
1991 - 1992	Intensified contacts including faculty visits and planning meetings
Creation and implementation of the curriculum	
1992 - 1993	Planning and preparation of the SME managers' curriculum
1993 - 1994	Networking with companies and implementation of curriculum
1994 - 1995	Implementation of curriculum, elaboration of bachelor's degree, and evaluation of project
Transferring the experience to other C/EE countries	
1994 - 1995	Evaluation of curriculum and networking for establishing cooperation with C/EE Univers.
1995 - 1996	Planning and preparation of the SME managers' curriculum in Central and Eastern Europe

### *Generating the entrepreneurship education programs*

In August 1992, 25 professors from 18 countries of Central and Eastern Europe gathered in castle Stirin near Prague, discussing for two weeks the problems of teaching Entrepreneurship in Central and Eastern Europe. The meeting was organized by European Foundation for Entrepreneurship Research and was meant to find the most efficient ways of fostering entrepreneurship in the New Europe. One of the conclusions of their discussions was to form a working group whose task is to create a so called Entrepreneurship Education Program Generating Shell which should offer a framework (shell) that will enable the generating of customer specific programs for entrepreneurship education in transitional countries (Rebernik, Vahcic, 1992).

As it is well known, existing Programs on Entrepreneurship Education cannot be transferred from one country to another because of the simple reason that every (good!) program is a result of customer specific needs and possibilities. Therefore, a need for a framework (shell) that will enable the generating of customer specific programs for entrepreneurship education exists.

The Program Generating Shell (PGS), when created will:

1. help to establish the uniformity of quality standards in entrepreneurship education in C/E Europe
2. provide practical tool for creating country (regional, local) specific programs
3. ensure process logic and settle basic didactic principles in creating entrepreneurship education programs
4. force originators of specific programs to justify them on specific needs (skills to be taught) of customers

We may broke down the project into two parts:

- a. The *first* part is to develop the content of PGS, i.e. learning aims, knowledge, methodology, duration, venue, output, performance criteria, teaching methods, etc.
- b. The *second* part is to create a comprehensive stock of training technology (resources) that will support the content of PGS.

PGS is meant to facilitate entrepreneurship trainers and/or their institutions to choose programs that will best meet needs of their customers. The most important part of the project is to make a list of *skills needed*, which can only be done by those who know customer needs. Together with general skills and country specific skills that are to be taught in entrepreneurship courses, PGS will include also the list of general and country specific barriers that are to be taken into consideration.

Program Generating Shell will follow simple if - then logic rule depicted in figure 2.

Figure 2  
Program Generating Logic

if such customer	→then such needs
if such needs	→ then such skills needed
if such skills needed	→ then such training tools

Based on described logic rule it is supposed (Rebermik, Vahcic, 1992) that Program Generating Shell will facilitate entrepreneurship trainers and/or their institutions to choose programs that will best meet needs of their customers. Programs in the shell will be listed according to particular criteria and will consider basic didactic principles (learning aims, duration, venue, output, performance criteria, teaching methods, teaching, materials,...etc).

At current stage of the project we found the most critical part of the project is to make a list of country specific *skills needed*, which can only be done by those who know customer needs. That means such a shell can be created only as a joint co-operative effort of local experts and international advisors. We also detected a need to include in the shell the list of general and country specific barriers to entrepreneurship that are to be taken into consideration.

## Conclusions

A big necessity for teaching and practicing entrepreneurship exists in Central and Eastern Europe, and there is a strong need for transferring entrepreneurship skills and knowledge from the countries where entrepreneurship has been implemented successfully for many years.

However, in the process of transferring the experiences from developed countries to the countries of Eastern and Central Europe we must be aware of many obstacles and problems. The common denominator of all the main problems in transferring the entrepreneurial knowledge and skills is the fact that models can not be easily transplanted from one country to another. Therefore the Western developed models of teaching and fostering entrepreneurship can not be simply delivered to the countries of C/E Europe without profound adaptation and accommodation.

Understanding of the relevance of mental models stresses the fundamental need for re-establishment of such entrepreneurship education systems which could exploit effectively the fruitful experiences and knowledge of the most developed Western countries, and at the same time take into account and preserve the prosperous developmental, cultural, ethical, moral and other specificities of numerous post-communist countries of C/E Europe.

One of the possible answers are joint projects (such as *tempus*) which may assist in establishing modern education programs in the university settings. The other possible answer, especially in the field of entrepreneurship teaching is to create a 'shell' which could provide a framework that will enable the generating of country and customer specific programs for entrepreneurship education in transitional countries.

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# 27 Needs assessment of youth entrepreneurship development in Romania

*Doina Visa*

## **General social trends of Romanian youth**

Prior to 1989, Romania was characterized by one of the most centrally planned systems, that covered practically all aspects of life, starting with the economic side and ending with the social one.

The central planning system went up to the family level, where even the most usual aspects of life were planned. The demographic policy was very tight, targeted at a growth in population at any costs. This led to a totally different structure of population, where the young segment structure of population represents a higher ratio than usual.

At present, the ratio of people up to 15 years, as against the old people over 65 years is 25/9, compared to the average rate in Europe of 18/18.

For example:	- Austria	17/15
	- United Kingdom	19/16
	- France	20/14
	- Germany	16/15
	- Italy	17/14
	- Poland	25/10
	- Hungarie	21/13
	- Bulgarie	21/12

(Source: 'Europe Population Data Sheet' 1991, Population Reference Bureau, INC. Washington D.C.)

The real figures for the young people are:

- 15-19 years - 1.879.713 persons
- 20-24 years - 1.974.066 persons
- 25-29 years - 1.394.385 persons

(Source: 'The Annual Romanian Statistic approx. 23 per cent from the total Romanian population'.)

The social economic framework of the youth's growth was not very favorable because the young people were the first victims of the 'hidden unemployment' under the communist period and without other material stimulants or the development of the their skills (a part of them had been 'unwanted children' and have been abandoned).

After December 1989, the situation has been essentially modified.

### The job status

The planning system had also been applied to the educational level.

Following the industrialization policy of the communist party, the secondary and high level education were focused on the technical skills, as opposed to the so called 'humanistic skills'- that also included economics (there were 19,119 politechnical graduates and 3,000 economic graduates). Both the high schools graduates and the university graduates were given a compulsory job, that was in many cases only a hidden form of unemployment. After the 1989 revolution, when the situation changed abruptly, the young graduates were the first hit by unemployment, once the lay-offs started and hiring stopped.

At present, making the distinction between the qualifications and the actual jobs of the youth the situation is as follows:

	Qualification %	Actual job %
- peasant	4.5	6.2
- worker	58.8	37.6
- vocational school	9.5	6.9
- graduates	7.8	6.5
- entrepreneur	2.3	5.6

- other	7.3	5.6
- homemaker		4.9
- whiteout work		17.6

(Source: 'Quality Youth Life Diagnose', 1992, The Research Institute for Youth Problems).

We can see an important decrease of the workers and vocational schools people and the increase of the peasant, entrepreneur and unemployed persons.

The unemployment rate of the youth is three times bigger than the unemployment rate of the adult population.

The 10 per cent young people between 18 and years are students, and the share is increase, because many private universities have been established. On 1993/94 scholar year public funds cover the expenses for 44,000 new students.

The 56.9 per cent of the employees up to 30 years have the jobs in state owned companies and public sector and 15 per cent in the private sector. A strong emigration towards the private sector can be observed from the part of the young people.

Regarding the fields of the economy, we could remark a decrease of the young people working on the industry and increase of the young people working on the agriculture, trade, tourism and services. Only 25 per cent of the total population working on the industry is formed by young people.

### The level of education

The situation of young people/education is as follows:

	%
- without education	0.3
- primary school unfinished	1.3
- primary school graduates	11.4
- vocational school graduates	19.3
- secondary school graduates	49.0
- university graduates	8.2
- other	11.5

### Youths' poverty a social phenomena

The transition to a market economy that has embarked upon, even it vital it is very difficult. The changes in labor policy, price policy, the fall in the poverty, unemployment, social insecurity.

The conflict between the youth's expectations and the current real situation is more and more deep. The youth wages are lower than those of the adult population, except for the private sector.

Some conclusions of the IRSOP (Romanian Institute for Public Opinion Survey) study regarding the social and political attitudinize of the youth are:

- Most of young people do not think that in the future years they will have a place to work or to study. Just a third of them are optimistic and think that the future will find them as employees or in the form of training.

- b. Almost all the young people think that they will not find a job as good as their level of qualification. The main feeling is that they will have to accept any job.
- c. More than half of the young people trust that the financial situation will improve in the next two or three years, but a third of them do not know what to expect at. The rural part is more optimistic than the urban part of the young people.
- d. Most of the young people agree with economic reform and would like to speed it up.
- e. The young people consider the establishment of the consultancy and services interest consist of them which offer jobs and give methods for discovering their skills and aptitudes.
- f. A third of the youth want to settle in foreign countries and most of them want to stay only a few years, and come back and a business.

The consequences of the youth poverty lead to very important changes in their attitude towards family, school, society delinquency, psychological illnesses, and wish for emigration is increasing.

It is important to mention that among the young people who want to emigrate, a great part intend to do it only for a couple of years and then to come back and start a business.

The possibility of starting-up a small business is a wish for majority of young people.

### **Steps already taken**

The development of the entrepreneurship among population is closely interlinked with the educational system. It is well known that the Romanian educational system, as per its knowledge accumulation opportunities, is a good one. The results obtained by Romanian youngsters at international competitions and international olympics for mathematics, physics, informatics and so on, have proved the quality of their knowledge. (The Romanian youngsters have obtained first quality results along the years.)

Unfortunately, the theoretical side of education has not been efficiently combined with the practical one. The last years' experience has proved that risk-taking is not a strong point among Romanians, and this has represented a barrier to the development of SMEs. A great part of the present entrepreneurs, have become entrepreneurs forced by the current situation within the country (diminishing economic activity of the state-owned commercial companies), and lack the practical knowledge and expertise necessary when operating in a market oriented environment.

For the future, the education system reform is compulsory to take place, in order to adapt it to the international standards.

The first adapting signs have appeared within the universities, both because of the already existing links among the country's high level education institutes, as well as because of the fact that they became focal points for several international programs, whose aim is the transfer of free market related knowledge. These international programs have firstly focused on the possibilities of the high level teachers and students to get familiarized with the education system of a developed country.

Within the EC - Tempus program, as well as others, the access of both teachers and students was facilitated to study abroad, or to benefit from the presence of specialized foreign teachers from well-known universities. It is worth mentioning here, the activity of the SOROS Foundation, through which fellowships and different facilities have been awarded to high school pupils and students, as well as to specialists from different fields of activity. These fellowships and facilities are specially addressing young people.

As a first attempt to reform the education system, private universities have appeared, that have included new objects into their course programs, which respond to the new challenges of nowadays. Most of these private universities are oriented towards economic and humanistic sectors, as opposed to the former structure of the education which was technical oriented. Unfortunately, some of them lack facilities for the well development of their activities, and even the quality of the knowledge some of them provide is not satisfactory. The Ministry of Education is currently designing a licensing and officially recognizing methodology, to ensure the desired qualitative level of the knowledge given by these private universities, because their present status is not yet fully defined.

Among the activities carried on within universities, with the specific aim to develop the entrepreneurship among youth, it is worth mentioning the Washington State University's program, that started on early 1991. Through this program, management training is provided to teachers of the Academy for Economic Studies and of the Bucharest Politechnical Institute, beside which, two service and counseling centers were established for private entrepreneurs. The counseling services are ensured by university teachers of management together with American specialists. Thus, these centers achieve two parallel goals: provide entrepreneurs with counseling services, and teachers with the knowledge necessary to an entrepreneur, enabling them to improve the content of their courses, by including a minimum of practical information. This experience will be multiplied in 1993, including other universities. At Timisoara and Iasi two such centers have been established, with the support of Washington State University and University of Nebraska, and it is foreseen that a third one will be set-up in September, at Craiova, also with support from the Washington State University.

The overall program is also developing in Bucharest, through the establishment of an one year Business School within the Academy for Economic Studies and of a Training for Trainers Center within the Politechnical Institute.

Another program, covering a longer period of time, is that initiated this year by CNA Veneto - the company that is coordinating the implementation of the development strategy for the SMEs, within the PHARE Program - together with the University of Padova (Italy), University of Coimbra (Portugal) and the Academy for Economic Studies, in the frame of the Tempus program. This long term program is aiming at achieving a modern, multimediatisated educational system. It has already been modernly multimedia equipped a study-hall for students of the management section of the academy.

As far as the secondary and vocational education is concerned, their transformation is a step behind. Only few measures have been taken in order to stimulate the initiative and entrepreneurship among pupils. Some bi-lingual schools and high schools have been established (Romanian/English, Romanian/French, Romanian/German, Romanian/Spanish), with support from relevant Embassies and from the US-AID English training program, through their Peace Corps.

In June 1993 The Foundation 'Junior Achievement of Romania' was established, aiming to develop economic education programs for young people, to help them understand the importance of market-driven economies, the role of business in a global economy, business commitment to environment and social issues, the relevance of education in the workplace, and the impact of economics on their future - all these, through a partnership between business and education. Junior Achievement Programs focus on youth, starting from kindergarten and ending in universities. In one of the programs, high school students create and operate a mini-business; they elect officers, sell stock to capitalise their company, manufacture and market a product, keep records, open bank accounts, all combining playing and games with useful knowledge, thus creating the basic thinking of a market economy.

Because insufficient financing resources, this Foundation is going to start its activity only on Bucharest, including the few high schools that have the necessary computer equipment, as well as enthusiastic teachers, willing to additionally work without corresponding financial incentives.

The Phare Program for the SMEs development provides a component for supporting the educational system reform. The Project Management Unit established to monitor this program, is currently designing terms of reference for carrying out the sub project related to the technical assistance for the educational system reform in Romania. According to the Government requests, this technical assistance will be focused on the re-shaping of the secondary schools and vocational ones, in order to design and, hopefully, launch a four-years course ('baccalaureat' diploma) for licensing a critical mass of potential book-keepers, accountants and junior business counselors.

Regarding other already taken steps in improving the training of youth with different levels of education, we have also to mention the program initiated by the German Government for the establishment of entrepreneurship and vocational training centers in Arad, Timisoara and Sibiu.

The socio-economic youth integration, in the current environment of the economic disequilibria that the reform process has been creating during its first stage, in which the labor demand is falling, is determined by the youth competitiveness on the labor market, as well as the entrepreneurial development that is becoming the principal alternative for youth absorption from the labor market.

Following a study on identification of the Romanian sectors with high labor absorption and potential of profitability, carried out by German consultants, three integrated training centers have been established, that offer long-term vocational training as well as specialized short-term courses in the field of woodworking (in Arad), construction works including plumbing and heating installations (in Timisoara), and electrical/electronics (to be set up in Sibiu), managed by German consultants.

A fourth center is planned to be established, promoting food processing and agriculture machinery sector. A labor exchange office was also set up, as a pilot project (in the field of organization and competence, automation).

These centers focus mainly on young people, their integration on active life or entrepreneurial activities.

Also with help from the German Government, another program is being defined, for the financial support of new private entrepreneurs.

Another initiative of the Romanian Government is to offer incentives to companies hiring just graduates from high schools or universities. This means that for the first year after graduation, 60 per cent of the minimum wage is granted from the state budget to the companies, state-owned or private, that offer jobs to such young people. A recent survey shows that most of these young people quickly adapt and keep their jobs even after the year is finished.

### **What do we have to do ?**

The reform program of the present Romanian Government (published on February 1993), is the first official act of this importance that includes a special chapter for the development of the SMEs sector, and special incentives for the support of youth entrepreneurship.

The following goals are envisaged:

- significant increase in the number of new private entrepreneurs and in the share of their activity within the system of national economy
- encouragement of small and medium sized private enterprises with productive character, in branches with medium and high rates of development with dynamic domestic and foreign demand)
- design and implementation by the state of new mechanisms and procedures to support small and medium sized enterprises both in their initial stage and in the development one.

To attain these basic goals, governmental actions will be initiated in three distinct directions: financial, logistic-organizational, legislative-institutional.

A draft SMEs law has been forwarded to the parliament, that provides facilities for the free initiative stimulation, that would ease the youth access on the labor market.

The Romanian Development Agency - the Governmental body in charge with supporting the SMEs development, the Counseling and Services SMEs Center - jointly established by the UNDP and the Romanian Government, and the Research Center for Youth Problems (CCPT), have all reached an agreement to set up a program for young people wanting to become entrepreneurs. In this respect, experts from the Romanian Development Agency helped the Research Center to draw up a strategy. The first concrete action of this program is the creation, within the Research Center, of the Counseling and Services Center for Youth.

Another interesting study is the one carried out by the Research Center of the Romanian Labor Ministry and Social Protection, regarding the training needs of technically oriented graduates. This study was developed on the basis of a questionnaire given both to Politechnical graduates, and to beneficiaries, namely managers of several commercial companies.

This study has shown:

- the management of companies is mainly composed of Politechnical graduates;
- 49 per cent of the interviewed persons stated that their adaptation to the production process was gradually achieved; 32.5 per cent stated that they had a rapid adaptation, because of the knowledge obtained in University. This shows that the Politechnical graduates need knowledge related to *human resources management, organization and economics in general*, this kind of knowledge used to represent an insignificant part on the course program of the technical Universities;
- 74.4 per cent of the interviewed persons stated that they integrated themselves in the team-life in time. This shows that the economic, managerial language, that involves *psychological knowledge* is lacking from the engineers' training;
- 88 per cent of the interviewed people consider the dispersion of engineers on production sections-which is the first job of any graduate-as being correct. This assessment, which is a continuation of an old mentality, reflects a certain *miss-orientation of graduates* from commercial companies, that does not take into consideration their actual knowledge, aptitudes, behavior. Furthermore, it is not taken into consideration the necessity that youth be integrated in research teams, where their theoretical knowledge could be valued;
- 60.2 per cent considered that the technical endowment of the technical institutes is much behind the necessities of a practical approach of their theoretical knowledge. This makes impossible the achievement of high performances in technological and scientific

innovation. *The establishment of research data bases*, possible in common with industry, insuring a performant endowment; organization of post-graduate technological and managerial training; organization of consultancy activities in retechnologisation and reserve fields definition;

- 55.7 per cent of the interviewed people stated that their knowledge is mainly technical, 15.2 per cent managerial, and 11 per cent economic. The post graduates training needs are *management, informatics, economics*;
- 31.3 per cent of the interviewed people said that should they change their job, they would still want to work in production field, 24 per cent in education, 16.9 per cent in research, 14.4 per cent in services, 8.4 per cent in small industry and 3.6 per cent in administration. The 24 per cent ratio of young engineers that want to work in education demonstrates the youth's idea that only the educational system offers knowledge and possibility to make a career, as well as their incapacity to understand the need of a managerial experience that should be shared to the students. The 8.4 per cent ratio of those wanting to become entrepreneurs shows the little orientation for risk and demonstrates the lacks of the educational system, that is focused on theoretical knowledge accumulation (corrective-type of training) as opposed to practical knowledge (prospective-type training). The need for *mentality change* regarding the personal fulfillment thus arises with pregnancy, the need of *image perception change*, and not only image, but also *initiative*.

The fact that young students and graduates feel the need of a change within the education system is also demonstrated by students and management teachers of the Bucharest Politechnical Institute, through which initiative and efforts the Junior Enterprise was established.

The Free Students Trade Union of the Electrotechnics University, together with the other Students Trade Unions of the Bucharest Politechnical Institute and their management teachers, supported by the French Agency and Junior Enterprise of Electricity Superior School from France, has stated a Junior Enterprise, within the Politechnical Institute. Because of financial difficulties, the French part was not involved in the implementation of the action. The Romanian team, though, continued and by end July 1992, Politechnical Junior Enterprise was established (PJE). PJE has in its endowment a main frame computer of high capacity, IBM 3083, donated by the Technical University of Darmstadt, the computer center of the Politechnical Institute, the local three LAN computer network, and with German help it will be interconnected to the European academic network. PJE is currently looking for support for financing the purchase of an own network. It is also looking for support in training the trainers, software used by other Junior Enterprises for training, logistic support. Despite all the difficulties encountered, the enthusiastic students team started its activity and the first good results began to appear. They hope to get help from the TEMPUS and PHARE program for developing their activity and for multiplying the project in other Universities within the country.

### **Future steps to be taken**

Current discussions are under way between the Government and the World Bank for a quite large credit for the implementation of a 4-years program, which aims at:

- up-date and improve the quality of basic and secondary education, so that pupils will be well prepared to live and work in a market economy and democracy;

- launch the restructuring of secondary technical and vocational education to increase the possibilities to find a job and graduates mobility;
- improve education financing and management by increasing the efficiency in allocation and use of the Government resources and enhancing local and private involvement.

Because at the present in Romania, there is no comprehensive national source of career (occupational, educational, training, labor market) information and as a result, youth and adults are exposed to incomplete and often inaccurate information concerning a fraction of their actual career options in rapidly evolving market economy, within the frame of the PHARE Program and the World Bank - Law, the Ministry of Labor and Social Protection is going to implement a Career Information and Counseling Program.

The goal of this Program is to develop and distribute high quality, current career information and counseling procedures to help Romanians make better personal career decisions to improve human resource allocation, labor force mobility and productivity, and to improve the cost-effectiveness of employment, education and training programs.

This goal will be accomplished by establishing the Centres for Information and Counseling in each judet (county) of Romania. This large program will be assisted by the Ministry of Labor and Social Protection, Ministry of Education and Ministry of Youth and Sports.

# 28 Psychologische Bedingungen erfolgreicher Personalarbeit in ehemals planwirtschaftlich strukturierten Staaten

*Bodo Neumann*

Der wirtschaftliche Erfolg wird in den neuen Bundesländern im besonderen Maße durch die richtige Führung, Plazierung und Motivation der Mitarbeiter bedingt. Einer (verglichen mit den Verhältnissen in den alten Bundesländern Deutschlands) extrem schwierigen wirtschaftlichen Situation steht eine Mitarbeiterschaft gegenüber, die wesentlich weniger als im Westen üblich auf die Bewältigung solcher Krisen vorbereitet wurde. Zusätzlich müssen diese neuen Herausforderungen mit einer ausgewechselten, häufig aus dem Westen 'importierten' Führungsmannschaft bewältigt werden, was die psychologischen Probleme weiter verschärft.

Zur optimalen Bewältigung dieser Situation ist es unerlässlich, daß sich alle Beteiligten zumindest folgende Aspekte bewußt machen, auf die im Vortrag jeweils näher eingegangen wird.

- Das Gesellschafts- und Wirtschaftssystem vor der Wende hatte massive Auswirkungen auf die Persönlichkeit und Motivation der Bevölkerung.
- Die Ereignisse nach der Wende führten dazu, daß die zunächst relativ gesehen homogene psychologische Situation der Bevölkerung aufgelöst und klar unterscheidbare Teilgruppen von Persönlichkeits- und Motivationsstrukturen entstanden sind.
- Die Situation nach der Wende hat nicht nur im Osten, sondern auch im Westen zu massiven Einstellungs- und Verhaltensänderungen geführt, was auch die in den neuen Bundesländern eingesetzten Führungskräfte deutlich beeinflußt.

- Die unterschiedliche psychologische Situation führt dazu, daß die im Westen bewährten Verfahren der Personalauswahl und Personalplatzierung für erhebliche Teile der Mitarbeiter in den neuen Bundesländern nicht angemessen sind und einer entsprechenden Modifikation bedürfen, wenn man Fehlentscheidungen in hoher Anzahl vermeiden möchte.
- Auch für leistungsfähige Mitarbeiter ist im Osten ein anderer, die psychologische Besonderheit berücksichtigender Führungsstil erforderlich, für den viele West-Kräfte nicht vorbereitet sind.
- Für die notwendige Veränderung der fachlichen und außerfachlichen Kompetenzen der Ost-Mitarbeiter sind massive Schulungs- und Trainingsanstrengungen notwendig. Das didaktische Vorgehen dabei muß aber, wenn man Mißerfolge in hohem Ausmaß vermeiden möchte, völlig anders gestaltet werden, als bei vergleichbaren Mitarbeiter-Trainings im Westen.

Die folgenden kurzen Ausführungen zu den einzelnen Punkten können nur ein grobes Raster bieten, oft ist eine unternehmensspezifische Analyse zusätzlich zu den allgemein zu beachtenden Rahmenbedingungen für eine optimales Interventionsprogramm angezeigt.

### **Psychologische Bedingungen vor der Wende**

Die wichtigsten für die praktische Personalarbeit zu beachtenden Aspekte lassen sich in 3 Gruppen zusammenfassen.

#### *Verhaltens- statt Ergebniskontrolle*

Man kann als 'Mächtiger' das Verhalten von Systemen (dem Staat insgesamt, einzelne Unternehmen, einzelne Menschen) dadurch kontrollieren, daß man auf den 'richtigen' Input in das System (Arbeitsmittel, Anweisungen, etc.) achtet, man kann das Schwergewicht der Kontrolle auf das richtige 'Verhalten' (ausführende Arbeit, Einhalten von Bestimmungen) legen, oder man kann primär das Ergebnis der Arbeit vorschreiben und kontrollieren, es dem jeweiligen System aber selbst überlassen, diese Vorgaben (Inhalt gewisser allgemeiner Verhaltensbegrenzungen, wie z. B. gesetzliche Vorschriften) gem. den eigenen Vorstellungen zu erreichen. Im Westen hat sich seit langem die Tendenz herausgebildet, in der Wirtschaft vor allem 'Ergebniskontrolle' durchzuführen (im Gegensatz zur öffentlichen Verwaltung, bei der die Verhaltenskontrolle überwiegt). In dem früheren DDR-System war das gesamte gesellschaftliche Geschehen und insbesondere auch die Wirtschaft im wesentlich stärkeren Maße an der Kontrolle des Verhaltens orientiert.

Das psychologische Resultat war ein (vor allem in der Anfangsphase unmittelbar nach der Wende) überraschendes Vernachlässigen der Wirkungen der eigenen Tätigkeit. Viele Mitarbeiter dachten, alles richtig zu tun, wenn sie den ihnen explizit zugewiesenen Tätigkeitsraum gem. den 'Vorschriften' ausfüllten und waren erstaunt, wenn darüber hinausgehende eigene Aktivität erwartet wurde (eine typische, leider nicht falsche Anekdote aus dieser Zeit ist der Schichtleiter, der weisungsgemäß sorgfältig die Maschinenausfälle protokollierte, aber nicht auf die Idee kam, daß das Beheben der Defekte für die erwartete Produktionsleistung dringend erforderlich war).

#### *Konzentration auf soziale Bedürfnisebene*

Aus allgemein akzeptierten psychologischen Theorien (die im Vortrag näher erläutert werden) geht hervor, daß Personen mit einer ausreichenden Grundsicherung der physischen

Existenz (Wohnung, Einkommen, etc.), wie sie in der DDR in - wenn auch bescheidenem - Maße für alle gegeben war, ein besonderes Bedürfnis nach sozialer Anerkennung, zwischenmenschlicher Beziehung und dem Gefühl der 'sozialen Geborgenheit' entwickeln. Diese Tendenz wird weiter verstärkt, wenn - wie in der DDR gegeben - die (meisten) Menschen kaum eine Möglichkeit hatten, in relevanten Lebensbereichen 'gestaltend' tätig zu werden, also etwa im Beruf oder in Vereinen, etc. die Welt partiell nach ihren eigenen Wünschen verändern zu können.

In dieser Situation war auch unmittelbar nach der Wende noch das 'Soziale' wichtiger als die Wirtschaftlichkeit. Ein typisches Beispiel dafür ist die Verhandlungsstrategie eines Kombinats mit einem West-Unternehmen bezüglich der Vermietung von Büroräumen. Der entscheidungsrelevante Aspekt war aber nicht die Miethöhe oder die Vertragsdauer, sondern die Frage, wieviel Ingenieure des DDR-Kombinats vom West-Unternehmen übernommen werden können.

### *Externe Ursachenzuschreibung*

Man kann bei jedem 'Ereignis' unterscheiden, ob die beteiligten Personen dieses auf sich beziehen (also sich als verursachend für das Ereignis erleben), oder ob sie der Meinung sind, daß andere Menschen (bzw. äußere Umstände) das Ereignis ausgelöst haben. Die Menschen unterscheiden sich dabei sehr stark nach der Tendenz, die eine oder andere Interpretation zu bevorzugen. So ist etwa im Westen gerade bei erfolgreichen Führungskräften typischerweise die Tendenz festzustellen, Erfolge (also positive Ereignisse) auf die eigene Person, Mißerfolge auf andere/äußere Umstände zurückzuführen.

Die starke Abhängigkeit in der DDR von 'Mächtigen' und die damit verbundenen extrem geringen Gestaltungsmöglichkeiten brachten es mit sich, daß dort die Tendenz zu einer externen Ursachenzuschreibung (sowohl bei Erfolgen als bei Mißerfolgen) um vieles ausgeprägter war als im Westen, was zunächst auch den tatsächlichen Gegebenheiten entsprach. Diese Haltung veränderte aber auch die Persönlichkeit und die Motivationsstruktur, so daß die berühmte Aussage 'da muß sich jemand einen Kopf machen' (also die Delegation der Verantwortung für die Behebung eines Mißstandes oder die Lösung eines Problems 'nach oben') auch noch lange nach der Wende als nahezu typisches Verhaltensmuster bei vielen Mitarbeitern vorhanden war.

Es ist offensichtlich, daß der auf Verhaltenskontrolle wartende, die Wirtschaftlichkeit geringer als die zwischenmenschlichen Beziehungen schätzende und die Verantwortung und Eigeninitiative vorwiegend nach oben delegierende Mitarbeiter gerade das Gegenteil von dem ist, was man zur Bewältigung der sehr schwierigen wirtschaftlichen Aufbausituation in den neuen Bundesländern braucht. Hier müssen massive Bildungsanstrengungen unternommen werden, die leider für einen erheblichen Teil der Bevölkerung durch die Entwicklungen nach der Wende erschwert werden.

### **Psychologische Bedingungen nach der Wende / Ost-Mitarbeiter**

Da die psychologische Situation vor der Wende für die meisten Menschen in der DDR (mit Ausnahme von politisch extrem aktiven und dadurch 'mächtigen' Personen) ziemlich ähnlich war, führte die extreme Veränderung der Lebensverhältnisse zu einer starken Ausdifferenzierung, wobei sich derzeit vor allem die folgenden 5 Gruppen unterscheiden lassen:

## *Der Erfolgreiche*

In diese Kategorie fallen jene, leider nur wenige Personen, die sehr schnell und in sehr gutem Ausmaß das West-Verhalten übernommen haben. Man muß leider einräumen, daß eine solche Form der Bewältigung der Übergangssituation aus psychologischer Perspektive in keiner Weise das 'Normale' darstellt, sondern einen besonderen Glücksfall (so daß es überraschend ist, wie viele ehemalige DDR-Bürger eine solche positive Situationsbewältigung erreicht haben).

## *Der Frühkapitalist*

Eine einfache Form der Bewältigung der Unterschiede zwischen der eigenen Situation und einem als übermächtig angesehenen 'Fremdbild' ist die schnelle und überspitzte Übernahme von Verhaltensweisen, wobei man oft übersieht, daß sich viele theoretisch denkbare Auswüchse im 'Fremdbild' durch die Erfahrung ihrer Dysfunktionalität im Laufe der Jahrzehnte abgeschliffen haben. Der ebenfalls nicht unbedeutende Anteil ehemaliger DDR-Bürger mit dieser Form der Situationsbewältigung läßt sich einer sehr starken Konzentration auf materielle Aspekte, die Bereitschaft, für wirtschaftlichen Erfolg (fast) alles zu tun und einem äußerst rüden Umgangston mit 'Mitarbeitern (entweder Du spurst, oder Du fliegst') leicht erkennen. Leider führt gerade dieses extreme, an die Gründerjahre im Deutschen Reich erinnernde Verhalten naturgemäß zu erheblicher Reaktanz bei den Mitarbeitern und kann mit dazu beitragen, den 'westlichen' Führungsstil völlig falsch einzuschätzen.

Für den größten Teil der Bevölkerung waren die Jahre seit der Wende nicht (wie bei den ersten beiden Gruppen) durch die Möglichkeit zur Verbesserung der wirtschaftlichen Chancen, sondern durch das Erleben einer massiven Frustration hochgespannter Erwartungen, einer persönlichen und sozialen Deklassierung sowie dem (weiteren) Erleben von Hilflosigkeit hinsichtlich der Chancen, die eigene Situation zu verbessern, gekennzeichnet. Gemäß der psychologischen Theorie ist zu erwarten, daß sich eine solche Frustration in Aggression umsetzt, wobei die Objekte der Aggression je nach Rahmenbedingungen und Persönlichkeitsstruktur sehr verschieden sein können. In Übereinstimmung mit dieser Theorie lassen sich (leider!) 3 weitere, zahlenmäßig beachtliche Teilgruppen feststellen:

## *Depressive Schonhaltung*

Richtet sich die Aggression gegen die eigene Person, sieht man sich selbst als Versager, oder setzt doch zumindest die 'gelernte Hilflosigkeit' ein, dann ist ein 'Aus-dem-Feldegehen' in Form eines Rückzuges in das Private, die Flucht vor Problemen (auch z. B. vor der Schwierigkeit, überhaupt Stellen zu suchen) und eine allgemein depressive Grundhaltung naheliegend. Diese Reaktion, die sich gerade bei einem beachtlichen Teil der Bevölkerung in den neuen Bundesländern findet, die man 'nicht' als Mitarbeiter im Unternehmen kennenlernt, kann in dem nächsten Jahrzehnt noch erhebliche gesellschaftliche Probleme (Suchtgefahr, psychosomatische Erkrankungen) mit sich bringen.

## *Aggression gegen das Neue*

Richtet sich die aufgestaute Aggression nach außen, so ist das Neue, insbesondere die 'Wessis' das naheliegendste Objekt. Meist ist diese Verhaltensweise aber nicht offen gezeigt, weil man gelernt hat, sich an 'Mächtige' anzupassen und scheinbar deren Überlegenheit und Macht zu akzeptieren (leider liegen dem WIP empirische Studien vor, die besagen, daß sich diese Haltung im Umgang mit Westpartnern, z. B. Großhändlern oder

Banken nachweisen läßt - ohne daß diese es merken!). Verbunden mit dieser Haltung ist häufig auch eine Rückbesinnung auf das Vergangene, damit verbunden eine Verklärung der früheren Verhältnisse.

### *Gemeinsamkeit durch Feindbilder*

Wenn man die Aggression weder gegen sich richten möchte (was gesund ist) noch gegen die 'Wessis', da diese zu stark sind, kann man die eigene subjektiv empfundene Unterlegenheit am leichtesten dadurch bekämpfen, daß man jemanden findet, der sowohl für die 'Wessis' als auch für die eigene Bezugsgruppe ein 'Feindbild' ist. Gemeinsame Feinde erhöhen stets die Gruppenzugehörigkeit (so daß man sich in diesem Fall den Wessis näher fühlt als ohne ein solches Feindbild), und man kann gleichzeitig die vorhandene Aggression an einem 'Objekt' abladen. Dies bietet neben der psychischen Erleichterung so deformierter Persönlichkeiten den zusätzlichen Vorteil, daß die damit verbundenen Abwehrreaktionen (z. B. die öffentliche Meinung im Ausland) tatsächlich dazu führen kann, das Gefühl der Gemeinsamkeit aller Deutschen zu erhöhen.

Es soll nochmals ausdrücklich darauf hingewiesen werden, daß es sich bei diesen psychologischen Vorgängen nicht um ein persönliches Defizit der früheren DDR-Bürger handelt, sondern typische, allgemein menschliche Reaktionen sind, die sich in gleicher Weise etwa auch im Westen Deutschlands nachweisen lassen. Dies gilt vor allem für den Rückzug ins Private nach beruflicher Enttäuschung oder Überforderung (bekannt unter der Diskussion um das Phänomen der 'inneren Kündigung' und, in letzter Zeit leider massiv, der Versuch der eigenen sozialen Aufwertung durch Bekämpfung von 'Feinden' in Form von Ausländern). Die Folgen sozialer Deklassierung und subjektiver Hilflosigkeit sind ganz sicher kein nur auf ehemals planwirtschaftliche Staaten beschränktes Phänomen. Allerdings ist zu erwarten, daß sie dort (und selbstverständlich nicht nur in der ehemaligen DDR) besonders häufig auftreten werden, leider keine sehr günstige Grundlage für die politische Entwicklung im Osten Europas.

### **Psychologische Bedingungen nach der Wende / West-Führungskräfte**

Nach einer psychologisch verständlichen, aber zumindest in ihrem Ausmaß irrationalen Euphorie zu Beginn des Prozesses der Wiedervereinigung setzten auch im Westen massive Enttäuschungen ein, die sich insbesondere in den zunehmenden Vorurteilen großer Teile der Bevölkerung (oft noch geschürt durch eine psychologisch gesehen unverantwortliche Berichterstattung in den Massenmedien über die Verhältnisse in den neuen Bundesländern) verstärkt werden. Für den wirtschaftlichen Aufbau ist es besonders wichtig, daß sich auch die Einstellungen der West-Führungskräfte nach der Wende verändert haben. Auch hier lassen sich mehrere typische Formen der Problembewältigung unterscheiden:

#### *Die gereifte Persönlichkeit*

Unter dieser Gruppe kann man die (leider nicht ausreichend viele) Führungskräfte zusammenfassen, die mit realistischer Problemsicht, hohem Verantwortungsbewußtsein und einem echten Verständnis für die besondere Situation der Menschen in den neuen Bundesländern an dem dortigen Aufbau mitarbeiten. Diese sind (sofern sie sich schnell genug von im Westen etablierten Verhaltensweisen im Detail lösen konnten) auch überdurchschnittlich erfolgreich und sind letztlich die Hoffnung für die Schnelligkeit (nicht das Gelingen, das im Prinzip als sicher vorausgesetzt werden kann) des wirtschaftlichen Aufbaus.

## *Die Überforderten*

Sehr viele Führungskräfte im Osten versuchen, mit enormen persönlichem Einsatz (starke Beschränkung des Freizeit- und Familienlebens, erhebliche Nachteile an Lebensqualität, wesentlich mehr Streß als in der früheren Position) die Dinge in den neuen Bundesländern voranzubringen. Leider neigen sie aber dazu, sich selbst zuviel zuzumuten und übersehen dabei, daß die Steigerung des Einsatzes in keiner Weise mit einer Steigerung der Qualität der erbrachten Leistung verbunden ist. So erleben sie, oft noch verstärkt durch den Erfolgsdruck der Vorgesetzten im Westen, subjektiv das Gefühl von Hilflosigkeit - und gelegentlich auch des Scheiterns.

## *Der Entwicklungshelfer*

Diese Gruppe von Führungskräften möchte wirklich helfen, steht den Menschen in den neuen Bundesländern auch wohlwollend gegenüber, kann sich aber von dem Überlegenheitsanspruch ('Wir im Westen machen es ja doch besser') nicht lösen. Die dadurch ausgelöste Reaktanz vieler Mitarbeiter (wer läßt sich schon gerne auf eine freundlich-nette Art immer wieder sagen, daß er ein Mensch zweiter Klasse ist?) erschwert die Zusammenarbeit erheblich. Leider bleibt auch das sehr deutlich gezeigte Bemühen um Verständnis der Ost-Mitarbeiter bei diesem Typ von Führungskraft an der Oberfläche, man sieht oft nicht, wie die psychologische Situation des anderen wirklich beschaffen ist (und hält es für selbstverständlich, daß man sich 'eben anzupassen hat').

## *Der Kolonisator*

Dieser Typ Führungskraft instrumentalisiert seinen Ost-Einsatz für persönliche Ziele, also z. B. für eine Beschleunigung der persönlichen Karriere, die 'schnelle Mark' oder - besonders unangenehm - das Ausleben all jener Machtgelüste, die man im Westen nicht ausleben konnte, da man nicht stark genug für die dortige Konkurrenz war. Dieser Typ findet sich vor allem bei jenen Führungskräften, die mit 'Nachhilfe' des Unternehmens ('Sie warten hier schon 10 Jahre auf die nächste Beförderung, weil Sie ja doch nicht wirklich gut sind - wenn Sie wollen, gehen Sie in den Osten, dort haben Sie noch eine Chance; wenn nicht, verlassen Sie uns am besten ganz!') für den Ost-Einsatz motiviert wurden. Das Verhalten dieses Personenkreises entspricht manches Mal dem Idealbild dessen, was man tun muß, um die Beziehungen zwischen den alten und den neuen Bundesländern auf Dauer zu zerstören.

## *Der Inkompetente aufgrund von Mißverständnissen*

Eine besondere Form des Versagens im Ost-Einsatz gerade bei gut motivierten und fachlich kompetenten Führungskräften ergibt sich durch den 'Teufelskreis der Zusammenarbeit aufgrund von Mißverständnissen'. Der (auch persönliche) hohe Leistungsdruck der Führungskraft führt dazu, daß man von den Mitarbeitern schnell gute Leistungen erwartet. Werden diese (z. B. wegen mangelnder Schulung) nicht erbracht, macht man die kritische Angelegenheit am besten selbst. Dadurch 'lernen' die Ost-Mitarbeiter, daß die Führungskraft am liebsten alles selbst macht und stellen sich darauf ein (kein Aufdrängen von eigenen Ideen, keine freiwillige Übernahme wichtiger Arbeiten, etc.). Dies zwingt die Führungskraft natürlich zu einem noch verstärktem persönlichen Einsatz auch in Kleinde tails, was zur Folge hat, daß die Ost-Mitarbeiter ihre diesbezügliche Einschätzung bestätigt sehen. Dieser zur Inkompetenz der Führungskraft gerade in schwierigen wirtschaftlichen

Situationen führende Kreislauf ist im übrigen nicht im Osten, sondern auch in schlecht geführten Unternehmen in den alten Bundesländern zu beobachten!

### **Konsequenzen für die Führung in den neuen Bundesländern**

Am WIP wurde in Anbetracht der in den vorhergehenden Abschnitten dargestellten Problemlage ein Programm entwickelt, um die hier dargestellten Probleme zu beseitigen oder doch zumindest einzuschränken. Bezüglich des Problemkreises 'West-Führungskraft im Ost-Einsatz' besteht dies aus folgenden Punkten:

- Einem 'interkulturellen' Training mit einer intensiven Information (verhaltensnah) über die Ost-Besonderheiten. Es überrascht, daß sehr viele Unternehmen durchaus die Notwendigkeit sehen, ihre Führungskräfte für den Einsatz in fremdsprachigen Kulturen gezielt auf die dortigen Bedingungen vorzubereiten, während man (vermutlich wegen der gleichen Sprache) eine solche spezifische Vorbereitung für die neuen Bundesländer nicht für erforderlich hält (obwohl kein Zweifel bestehen kann, daß die Führungsaufgaben dort von den Verhältnissen im Westen Deutschlands wesentlich stärker verschieden sind als etwa Deutschland und England oder Deutschland und die Vereinigten Staaten).
- Aufarbeitung der persönlichen Motive während des Einsatzes in den neuen Bundesländern. Nur dann, wenn man sich selbst seine eigenen (und evtl. tabuisierten) Wünsche und Erwartungen bei dieser Tätigkeit zugibt, kann man gemeinsam daran arbeiten, die Erreichung dieser Ziele soweit wie möglich zu optimieren und gleichzeitig zu vermeiden, mehr als unbedingt notwendig 'Fehler' in der Führung von Ost-Mitarbeitern zu begehen.
- Ebenfalls entscheidend ist das Verhalten der Vor-Vorgesetzten. Leider neigen (und nicht nur in der vergangenen Wendephase) viele Unternehmen dazu, die Zielvorgaben für die Ost-Betriebe zu anspruchsvoll zu setzen, so daß eine extreme Überforderung der dort eingesetzten Führungskräfte nicht zu vermeiden ist. Der dadurch erzeugte Druck löst aber im allgemeinen (entgegen der vermutbaren Intention der Unternehmensleitung) nicht verstärkte Anstrengung und damit verstärktes richtiges Verhalten aus, sondern bewirkt gerade wegen der Übersteigerung der Anstrengung eine Zunahme typischer Führungs-Fehlverhaltensweisen. Das Training und die psychologische Beratung der West-Führungskräfte im Ost-Einsatz kann daher nur dann voll den gewünschten Erfolg zeigen, wenn auch die Unternehmensleitung bereit ist, auf die besondere Situation der dort eingesetzten Kraft Rücksicht zu nehmen.
- Für Schlüsselpositionen (Geschäftsführer, wichtige Bereichsleiter, entscheidende Mitarbeiter im Außendienst) sollte die Möglichkeit eines persönlichen psychologischen 'Coaching' geboten werden, da in dieser Form am ehesten eine kurzfristige Aufarbeitung 'überraschender' Erfahrungen vor Ort möglich ist und die skizzierten negativen Effekte in Form von sich selbst verstärkenden negativen Regelkreisen dadurch zu einem frühen Zeitpunkt unterbunden werden können. Die Erfahrung zeigt, daß eine solche persönliche Einzel-Beratung auch für jene Führungskräfte dringend angezeigt ist, die selbst vor der Wende bereits Führungsfunktionen in der DDR hatten. Es ist häufig nicht einfach, mit dem damit verbundenen Rollenwechsel zu leben und trotz der verschärfenden Situation damit zurecht zu kommen.

## **Sachgerechte Personalauswahl**

Neben der Vorbereitung und Begleitung von West-Führungskräften in den neuen Bundesländern ist natürlich die Auswahl, Platzierung und Schulung von dort ansässigen Mitarbeitern von entscheidender Bedeutung. Hier kann nur auf einige Besonderheiten eingegangen werden:

### *Andere Kriterien bei Personalabbau!*

Es wäre in den neuen Bundesländern katastrophal, wenn der oft unvermeidbare massive Personalabbau im Unternehmen nach den Standards im Westen vor sich gehen würde. Eine vor allem auf Sozialauswahl ausgerichtete Mitarbeiter-Rekrutierung müßte in Anbetracht der hohen Kündigungsquoten zu absolut arbeitsunfähigen Unternehmen führen. Es ist unverzichtbar, die im Osten möglichen Sonderregelungen (vor allem auch in Kooperation mit dem Betriebsrat) zu nutzen und trotz des damit verbundenen Aufwands auch für den Personalabbau bewährte Methoden der Beurteilung der Leistungsfähigkeit von Mitarbeitern einzusetzen. Dies gilt umso mehr, als die 'normalen' Instrumente der Mitarbeiter-Beurteilung in den meisten Unternehmen in den neuen Bundesländern (noch) nicht funktionieren. Ein Beispiel einer psychologiegestützten Eignungsdiagnostik bei dem Personalabbau eines großen Unternehmens in den neuen Bundesländern in den letzten Monaten wird im Vortrag ausführlicher dargestellt.

### *Potential wichtiger als Ist-Stand*

Sowohl bei Neuaufnahme als auch bei betriebsbedingten Kündigungen darf in Anbetracht des enormen Nachholbedarfes an 'Lernen' - welcher ja nicht nur Fachkenntnisse (die noch relativ leicht zu vermitteln sind), sondern in massiver Weise auch die psychologische Grundhaltung und Motivation der Mitarbeiter betrifft - der derzeitige Ist-Stand der Leistungsfähigkeit nicht als entscheidendes Kriterium herangezogen werden. Auch wenn in Anbetracht des wirtschaftlichen Druckes verständlicherweise von den Unternehmen sofort voll einsetzbare (und damit im Prinzip voll ausgebildete) Mitarbeiter verlangt werden, darf man nicht übersehen, daß ohne eine entsprechende, gezielte Trainingsarbeit diesem Wunsch in Anbetracht der nicht veränderbaren Rahmenbedingungen kaum entsprochen werden kann. Aus diesem Grund ist es in besonderer Weise notwendig, das Potential und die Lernfähigkeit der Bewerber bzw. Mitarbeiter zu erfassen, was zur Folge hat, daß man gerade hinsichtlich der sozialen Kompetenzen (Führung, Verkauf) mit aufwendigen eignungsdiagnostischen Verfahren arbeiten muß. Der dadurch bedingte Aufwand ist zwar bedauerlich, stellt aber, verglichen mit den insgesamt notwendigen Investitionen, einen nur sehr geringen Prozent- (oder Promille-)satz dar.

### *Keine Eignungsdiagnostik ohne spezifische Ost-Instrumente*

Leider wird, oft gerade in dem verständlichen Bestreben einer 'Gleichbehandlung', immer wieder versucht, die Leistungsfähigkeit von Mitarbeitern im Osten und im Westen Deutschlands mit den gleichen Instrumenten zu erfassen. Dies führt dann dazu, daß z. B. in den Bewertungen des Verhaltens von Bewerbern in Assessment-Centern (etwa bei Planspielen, Präsentationen oder Gruppendiskussionen) Maßstäbe angelegt werden, die aufgrund des anderen psychologischen Hintergrundes der Ost-Mitarbeiter/Bewerber völlig unangemessen sind. Dies wirft nicht nur die Frage nach der Fairness dieser Verfahren gegenüber den einzelnen Bewerbern auf, sondern - gerade vor dem Hintergrund der hohen Arbeitslosenzahlen unverantwortlich! - das Problem, daß bei Ost-Bewerbern eine Unfähig-

keit unterstellt wird, die nicht ihrer tatsächlichen Leistungsfähigkeit entspricht. Das Ausmaß solcher Fehleinschätzungen ist massiv. So konnte etwa in einer Studie des WIP zur Überprüfung der Auswirkung von kurzen Lernmöglichkeiten für ausgewählte Assessment-Center-Übungen gezeigt werden, daß schon nach einer kurzen Lernphase eine Steigerung der nach West-Standards als geeignet eingeschätzten Ost-Bewerber von 12 auf 33 Prozent, also nahezu eine Verdreifachung, möglich war (bei vergleichbar vorselektierten West-Bewerbergruppen lag die Erfolgsquote bei diesem Assessment-Center normalerweise um die 40 Prozent, also ein gegenüber dem 33 Prozent höherer, aber nicht mehr massiv höherer Wert). Wir müssen unbedingt damit rechnen, daß auch 3 Jahre nach der Wende erhebliche Investitionen in Trainingsarbeit unverzichtbar sind, vor allem auch in 'außerfachlichen' Kompetenzen.

Im übrigen zeigt die praktische Erfahrung, daß gerade bei der Eignungsfeststellung von Mitarbeitern im Zusammenhang mit Personalabbau ganz im Sinne der im ersten Abschnitt dargestellten Gewöhnung an 'Verhaltenskontrolle' besonderes Gewicht darauf zu legen ist, daß die vereinbarten 'Spielregeln' absolut strikt eingehalten werden, auch wenn man dadurch einen erhöhten Aufwand in Kauf zu nehmen hat. Vor allem für besonders engagierte Betriebsräte ist es um vieles wichtiger, die (meist nur sehr wenigen) Personen mit gutem Potential zu entdecken, die aufgrund der früheren politischen Verhältnisse dieses nicht weiter entfalten konnten, und ihnen im Auswahlverfahren gerecht zu werden; also im Sinne der Effizienz der Eignungsdiagnostik die Zahl der ausführlicher auf ihr Potential hin zu untersuchenden Mitarbeiter zu reduzieren. Die rechtzeitige Beachtung dieses Punktes kann viele später virulent werdende Konfliktkonstellationen von Anfang an unterbinden.

## **Konsequenzen für Schulungen und Trainings**

Leider ist das Trainingsgeschäft in den neuen Bundesländern ein besonders unrühmliches Beispiel für die Verhaltensstrategie 'schnelle Mark'. Es wurden sehr viele Schulungsangebote von vielen auch schlechten Anbietern zu überhöhten Preisen angeboten, was dazu geführt hat, daß die in der Vergangenheit ohnedies sehr negativen Einstellungen zu Schulungen (die meist auch von der Didaktik sehr unbefriedigend waren) bei vielen Mitarbeitern in den neuen Bundesländern weiter verschlechtert wurden. Allerdings ist die Einsicht in die Notwendigkeit von Schulung und Training so hoch, daß sich diese Skepsis mit guten Angeboten und entsprechender Vorinformaion in nahezu allen Fällen überwinden läßt.

Das Problem für die Schulungsarbeit ist, daß andere Techniken als im Westen erfolgreich erforderlich sind. Insbesondere muß man sich an 3 Grundsätzen orientieren:

### *Subgruppenspezifische Schulungsdidaktik*

Es liegt nahe, daß etwa ein Motivations- oder Kommunikationstraining für die einzelnen im zweiten Abschnitt dargestellten Mitarbeitertypen spezifisch zu gestalten ist. Während die Menschen mit 'depressiver Schonhaltung' vor allem die potentiellen Vorteile der neuen Situation erleben müssen, wäre eine solche Strategie für die 'Frühkapitalisten' günstigstenfalls Zeitvergeudung, wenn nicht sogar kontraproduktiv. Dies bedingt, daß im Gegensatz zum Westen die Zusammenstellung von Schulungsgruppen unter psychologischen Gesichtspunkten sorgfältig überdacht werden muß, ggf. ist durch die Anzahl der Teilnehmer und der Trainer eine nachträgliche Binnendifferenzierung angezeigt.

### *Besonderes Training der internen Ursachenzuschreibung*

Für nahezu alle Teilgruppen (mit Ausnahme der Personen, die bereits sehr erfolgreich die Anpassungsleistung erbracht haben) ist das Erleben der Konsequenzen des eigenen Verhaltens (entweder unmittelbar in der Gruppensituation, in Planspielen, oder in Form der Aufarbeitung zurückliegender beruflicher Vorkommnisse) ein sehr wichtiger Lernschritt, vor allem in verhaltensorientierten Trainings oft eine unverzichtbare Grundlage für die Transferleistung der abstrakt erworbenen Inhalte. Das hat bei der Didaktik von Seminaren zur Folge, daß - anders als im Westen - nicht nur positive Konsequenzen (Bestätigung des Trainers, Anerkennung durch die Gruppe) erfolgen dürfen, da ansonsten in Form der gleichbleibenden Erfolgswahrscheinlichkeit unabhängig vom eigenen Verhalten gerade diese angestrebte Ursachenzuschreibung verhindert wird. Daher müssen im Gegensatz zur intuitiven Vorstellung 'die Teilnehmer müssen aufgebaut werden, daher brauchen sie Erfolgserlebnisse' in einem an die jeweilige Gruppensituation angemessenem Umfang auch Mißerfolge eintreten, wobei die Trainingsmaterialien so gestaltet werden müssen, daß diese Negativ-Erlebnisse eindeutig auf das Verhalten der einzelnen Teilnehmer zurückzuführen sind und gleichzeitig in der Häufigkeit kontrollierbar bleiben. Leider gehört dazu sehr viel didaktisches Geschick und eine spezielle Vorbereitung von Ost-Trainings. Mit der einfachen Übernahme von Standard-Programmen aus dem Westen ist es vor allem für anspruchsvollere Tätigkeiten (Verkauf!) nicht getan.

### *Vermeiden weiterer sozialer Abwertung*

Im Gegensatz zum Westen, wo das bewußte Herausstellen der sozialen Überlegenheit (z. B. Demonstration von persönlichem Charisma, suggestiven Trainingsinhalten, Betonen von Unterschieden in Statussymbolen zwischen den Teilnehmern) bei geschickter Durchführung durchaus ein positiver Aspekt der didaktischen Planung sein kann, ist zumindest für die meisten Teilgruppen von Ost-Mitarbeitern eine solche Strategie kontraproduktiv. Dies hat zur Folge, daß das Auftreten des Trainers an die Zielgruppe angepaßt werden muß (wobei zu beachten ist, daß der 'Entwicklungshelfer' auch zunehmend auf Reaktanz stößt). Auch mit der Möglichkeit, gemischte Gruppen (also 'Ossis' und 'Wessis' gemeinsam), die sich unter dem Gesichtspunkt des wechselseitigen Kennenlernens und des Informationsaustausches untereinander in bestimmten Situationen anbieten, muß man sorgfältig umgehen - leider zeigt die didaktische Forschung, daß die durch eine Mischung angestrebte soziale Angleichung in keiner Weise immer eintritt, sondern bei zu starken Ausgangsunterschieden oder verfestigten Vorurteilen in die gegenteilige Richtung wirkt. Vor allem dann, wenn es dem Trainer nicht gelingt, in gemischten Gruppen die Ost-Teilnehmer zu einer wirklich gleichberechtigten Aktivität bei der Semindurchführung zu bringen (was in Plenumsveranstaltungen oft schwierig ist, am ehesten gelingt es in Kleingruppen) kann die Haltung, 'die da oben müssen sich einen Kopf machen' (wobei mit die 'da oben' generell zunehmend Wessis im Ost-Einsatz gemeint sind) im Gegensatz zur angestrebten Zielsetzung verstärkt werden.

Werden diese (und andere, hier nicht im Detail ausgeführten) Gesichtspunkte bei der Gestaltung von Trainings nicht beachtet, ist leider mit erheblichen Mißerfolgen zu rechnen. So zeigte eine Untersuchung an der Ruhr-Universität Bochum, bei der die Effekte eines anspruchsvollen Verkaufstrainings für Ost-Mitarbeiter nach Abschluß des Trainings erfaßt werden, daß bei 85 Prozent der Trainings-Teilnehmer mit sehr hoher Wahrscheinlichkeit davon ausgegangen werden muß, daß die Trainingsinhalte nicht in das praktische Verhalten umgesetzt werden. Sicher darf man eine solche einzelne Studie in ihrer Verallgemeinerbarkeit nicht überschätzen, aber sie ist doch ein Hinweis darauf, daß ohne eine spezi-

fische 'Ost-Didaktik' noch wesentlich stärkere Transferprobleme zu erwarten sind, als wir sie auch bei schlechten Trainings im Westen erleben müssen. Dies ist natürlich kein Argument gegen Schulungen, aber sehr wohl dagegen, solche Maßnahmen ohne die Berücksichtigung der besonderen psychologischen Situation der Teilnehmer durchzuführen.

# 29 The restructuring of the American economy: Similarities to Central and Eastern Europe and the impact on entrepreneurial activities and entrepreneurship education

*Donald L. Sexton*

It was the best of times.  
It was the worst of times.

Charles Dickens,  
*A Tale of Two Cities*

## **Introduction**

The restructuring that is occurring in the United States and Eastern and Central Europe may be viewed in the future as either the best of times or the worst of times, depending on one's point of view.

For the larger firms, it will be viewed as either a period of adjustment in order to compete in a global economy or as a period of intense competition, declining demand, layoffs and plant closings. For the assembly line workers, it will be viewed as either a window of opportunity to join those seeking self-employment via starting new ventures or a time of upheaval as jobs are lost and new job opportunities appear to be non-existent. For the growth oriented firms, the period may be one of lost sales to existing customers but also one of significant opportunities to take advantage of the downsizing and outsourcing by larger firms. And...for the first time in recent history, there will be an over supply of former executives seeking new business opportunities. Banks and other providers of funds for start-up and growth will be facing increased demands in an economic period which, to many, will appear to be in a severe decline. Universities and other business assistance providers will see an increase in the number of students in entrepreneurship classes, and the students will have already mastered many of the basic concepts. The challenge to the in-

structors will be to teach at a higher level and provide advanced concepts that can be readily transported to the marketplace.

Zoltan Acs in a recent publication entitled 'Small Business Economics: A Global Perspective' identified three major changes have taken place in the world economy in the past two decades. These changes can affect the future much as the French Revolution which Charles Dickens described. They are (1) intensified global competition as a result of the developments in transportation, information and communication technologies, and the resulting integration of the world economy; (2) a high degree of uncertainty reflected in a significant growth slowdown in all industrial countries triggered by oil price shocks and volatility of exchange rates that are reflected in high rates of interest, inflation and unemployment; and (3) intensified fragmentation due to growing consumer demand for differentiated products, inducing firms to increase their emphasis on production differentiation.

### **Economic downturns**

The normal, and usually the first, reaction to increased intensities in global competition, uncertainty and fragmentation is a multifaceted approach designed to cut costs, spread risks, and segment the market. Costs are typically cut by reducing the work force through attrition or layoffs. Attempts to spread risks usually result in efforts to diversify the product offering by either modification of existing products, finding new applications for existing products, or developing new products. Segmentation attempts often result in increased advertising in order to provide a 'perceived' differentiation or increased penetration within a market segment or geographic area to increase market share. Increased market share helps reduce competition by making it more difficult to enter the segment. These actions typically describe an economic downturn in which a decline in orders is followed by temporary layoffs to reduce inventories and a delay in investments planned to increase production rates or production efficiencies. Economic cycles, i.e. periods of economic decline followed by improved economic conditions, seem to be a standard in the economies of most nations and are highly repeatable. They also tend to impact on larger organizations in a pattern that is more definable than it is for smaller firms.

During economic downturns, larger firms through reductions in work force eliminate more jobs than they create. Since smaller firms do not react as predictably as larger ones, in these situations smaller businesses create more net new jobs than large ones. However, during economic upturns, larger organizations are recalling laid off employees and adding new jobs; during these periods they generate more net new jobs than smaller firms since the smaller firms typically are not recalling laid off employees.

However, with the major changes that have occurred in the last two decades, i.e. globalization, uncertainty, and fragmentation, the economic cycles are no longer repeatable. An economic downturn may not be followed by an equal economic upturn. As economic downturns become more intense and economic upturns do not provide a positive change of the same magnitude, a long term decline in economic activity occurs which cannot be offset by short term work force reductions, inventory adjustments and delayed investments in plant and equipment. This period has been described by many as a period of economic restructuring in which actions are taken to affect the long term future rather than to reflect temporary changes.

## Long term restructuring

It is the long term restructuring that will have a major impact on the economies of the world. For some, it will be the best of times; for others, the worst of times. Long term restructuring consists of permanent reductions in the work force brought about by the elimination of unprofitable product lines, the closing of marginal operations, retrenchment in the diversity of the businesses in which a firm operates, and an outsourcing or subcontracting of components or assemblies that can be produced at lower costs in firms outside the parent company. The combination of these factors is expected to result in a highly efficient firm operating in a specialized market segment or industry that is a low cost producer of quality products and one that can effectively compete in a global marketplace.

Under this scenario workers will no longer view layoffs as temporary. They will be permanent and this permanency will be accompanied by a sense of urgency in seeking employment alternatives. The employment 'security blanket' associated with the larger corporate organization has already been removed. With jobs in larger firms becoming increasingly competitive and difficult to obtain, the alternative vocational choices of self-employment or starting a business become more viable.

Reductions in the work force are not limited to the assembly line workers or service providers. As product lines are eliminated, manufacturing is outsourced, and services are acquired from outside the firms, higher level employees that were not affected in the past now become surplus and join the ranks of the unemployed. By one estimate, middle level managers make-up 5-8 per cent of the U.S. work force, but constitute 18-22 per cent of those currently being laid off. At the same time, outsourcing of products and services and, in some cases, entire product lines have provided opportunities for smaller growth oriented firms to increase sales in existing and in new products. Hence, the reductions have not only affected the experience level of potential entrepreneurs; they have also increased the opportunities for market entry via subcontracting to larger firms. This appears to be the ideal situation in which preparedness matches opportunities.

This downsizing situation is not new, only enhanced. Downsizing in general can have a negative impact on the work force by reducing the total number employed by roughly 9 percent per year. Large firms in the United States have typically subcontracted with smaller firms that have lower overhead rates and production flexibilities. Chrysler Corporation in the U.S. has 44,000 subcontractors. General Motors has 32,000 suppliers or subcontractors.

Currently larger firms are reducing their number of vendors and increasing the value of the purchases. The number of vendors is being reduced to enhance the supplier/purchaser relationship and to improve the purchasing efficiency. The value of the purchases is increasing as the purchased items move from a single part or component to sub-assemblies.

Also consider for example the opportunities for a smaller firm which produces wiring harnesses for electrical and electronic components. By virtue of its size and flat organizational structure, the firm's hourly labor rate for production is less than half that of their potential customers. As firms downsize they look for lower cost producers that can provide a comparable product at a lower cost. Inventory costs to the larger firms can also be reduced by adopting a 'just in time' inventory policy that can be achieved due to the production flexibility of the smaller firm. Also consider the opportunities for smaller firms when entire product lines are outsourced or 'farmed out'. This situation occurs when space requirements in the larger firm are at a premium due to facilities reductions. The smaller wiring harness firm has doubled its size due to lower production costs and flexibility and recently doubled in size again due to outsourcing of an entire electrical panel production line.

## **Changes result from productivity efficiency**

These are not the best of times nor the worst of times. To many, the worst or best times lay ahead and are a part of 're-engineering' or reorganization effort as firms increase their efficiency to become more competitive in the global economy. Re-engineering is different from downsizing. Downsizing largely relates to a smaller demand for the firm's products and services. Productivity or efficiency related improvements are made by healthy companies that have found ways to produce more output with a fewer number of people. This is not a new phenomenon in the U.S. The roughly 12 million production workers in the U.S. today produce five times as much as the same number of workers did in 1946. What is new is the current interest in re-engineering by a number of firms. Only about 15 per cent of the U.S. firms have adopted these techniques. Many more firms are now considering the techniques of re-engineering or reorganization of work. According to John Scully of Apple Computer, this movement could prove as massive and wrenching as the Industrial Revolution. And, it has already started; the 2.8 per cent increase in productivity growth in the U.S. in 1992 was the greatest in 20 years.

What will be the impact of re-engineering, total quality management or empowerment on the American work force? Estimates range from one fourth (25 million) to one third (30 million) of the U.S. private sector work force being displaced in the long term. A shorter term estimate is 2 million jobs per year will be eliminated.

How will these newly unemployed people be absorbed in the work force? Who will hire them? Will small business be able to generate enough jobs to prevent massive unemployment? Small firms accounted for 80 per cent of the total 2.1 million new jobs in the U.S. economy in 1992. This approximates the two million jobs expected to be lost due to reorganization of work. Further, the number of people entering the U.S. work force has slowed now that the impact of the 'baby boomers' is over and, according to William Baumal of Princeton, 'it is possible that about two million workers could be absorbed with only a modest increase in unemployment.'

Clearly, in the short term, jobs will disappear and the absorption of displaced workers could be a very real problem. However, given the ability of smaller firms to respond to filling gaps vacated by larger firms and the smaller number of people entering the work force, the problem will not be one of new jobs but rather one of matching the skills of the unemployed workers to the requirements of the new job. Further, the long term effects could be faster economic growth, greater international competitiveness, higher real wages and improved living standards.

## **Similarities between the United States and Europe**

The impact of global competition, uncertainty and fragmentation when combined with movement from a controlled to a market economy and changing national borders has had an impact on European countries that far exceeds that in the United States. The change from a controlled to a market economy encompasses all the problems of globalization, uncertainty and fragmentation plus, in many cases, the need to move from integrated firms to smaller more diversified ones. Some integrated firms, especially those that have achieved economies of scale will remain if they are competitive in the global market place. Others will need to look towards down-sizing and reorganization of work to be competitive. When this occurs an economic structure of firms is expected to emerge that consists of large status quo firms, large and smaller growth oriented entrepreneurial firms and smaller status quo firms much like that of the United States.

The short term effects of globalization, uncertainty and fragmentation combined with changing economies and nationalism are expected to be more severe in Europe than in the

U.S. primarily due to the time frame in which they are expected to occur. Europe has and is expected to continue to change at a faster pace than other areas. The privatization and restructuring of industry plus the development of an infrastructure to support these changes has already begun. The short term problems will be severe but, if we are correct in our beliefs, the smaller business sector will emerge as the primary source of new jobs and will offset those lost in larger firm. Wilson Harrell, the former publisher of *Inc.* Magazine, stated that the 'U.S. would be in an economic depression of such magnitude that 1929 would look like a boom period if it were not for the relatively small number of growth oriented entrepreneurial firms that are generating the vast majority of new jobs.' Just as in the U.S., the large firms of the future in Europe are the smaller growth-oriented firms of today and these emerging firms will control the European economic destiny of the future.

### **Impact on entrepreneurship education**

Similarities exist between the restructuring of the American economy and the European economy. Does this also mean that similar problems will emerge for the universities and other small business assistance providers? As with the similarities in the economies, the academic problems in Europe are greater due to the changes from a controlled to a market economy. Both areas will see a renewed interest in entrepreneurship education. Each area will be faced with a more experienced and sophisticated student: one that is interested primarily in concepts that can be easily implemented and will produce almost immediate results. Increased emphasis will be placed on short term activities which are in concert with a long term 'lean and mean' organizational structure. The emphasis will shift from start up to growth and entrepreneurship in larger organizations will be as important as corporate spin-offs. Lastly, entrepreneurship will lose its national boundaries; globalization has become a reality in entrepreneurship education.

For us, the providers of information and knowledge about entrepreneurship, the challenges are many. But before we can fulfill our mission, we first must ask and answer the question posed by Acs (1992). That is: 'Is growth in smaller firms evidence of a shift away from large firms towards smaller enterprises indicative of the emergence of a dynamic, vital innovative entrepreneurial sector, or is it a reflection of the inability of the large incumbent corporations to prevail in the increased presence of international competition?'

Only then can we say these were the best of times or these were the worst of times.



## Part D

# **Entrepreneurship Education: Basic Research on the Personality and the Task of Entrepreneurs**



# 30 Life after the business start-up: Perceived important and problematic aspects of running a new firm

*Tom Auwers, Dirk Deschoolmeester<sup>1</sup>*

## **Abstract**

Post start-up course contents can be defined on the basis of which business aspects are considered important and/or problematic by owners of a new firm. In contrast to prior research, this study probed in a questionnaire survey separately on important and problematic aspects as perceived by small business owners. Highly important scores related in general to strategic aspects and were not considered problematic. Scores on highly problematic aspects, family contacts, practicing self-tuition and planning, did not significantly differ from the importance scores. Separate cluster analysis on both types of aspects identified different groups of small business owners with similar opinions. For important aspects, a group of more market-oriented respondents, the Niche Seekers, emerged whereas a group of more product-oriented small business owners, the Quality Producers, stressed producing high quality products. With regard to problematic aspects, a first cluster group, the amateur entrepreneurs, reported personal growth-related problems, a second group, the Customer Chasers, reported growth-related problems with customer relations, both on commercial and financial level. By taking into account opinions from various groups of small business owners, post start-up courses could be tailored to specific educational needs. Implications of the findings with respect to the definition of small business courses contents are commented.

## Introduction

An increasing number of new firm owners seek assistance at universities and other instances to learn how to run their business more professionally. Small business education has become very popular, not in the least part in Belgium where 97.3 per cent of all firms are Small and Medium Sized enterprises (SME-Statistics, 1993). Post start-up courses provide elaborated material to assist new firm owners in the running of their firm. Teachers and practitioners, however, sometimes tend to have differing perceptions on what these courses ideally should contain (Curran and Stanworth, 1985). Not seldom participants criticize the lack of relevance of the course contents for their particular business practice. In fact, the choice of possible aspects that could be taught is fairly illimited and it is sometimes tempting for teachers to cover too wide a range of business aspects. The purpose of this study is to offer an original contribution on the definition of relevant course contents for new firm owners by taking into account the opinions of differing groups of these practitioners.

Recently, several researchers have made an effort to guide policy makers and trainers on how to accommodate post start-up courses to practitioners training needs (Alpander, Carter and Forsgren, 1990; Cromie, 1990; Ibrahim and Goodwin, 1986; Smallbone, 1988; Taylor and Banks, 1992). A common approach of these studies is to question entrepreneurs and new firm owners extensively which aspects are in the focus of attention during the so called 'formative' years of their new firms. These findings then serve to evaluate small business course contents and provide a means to adapt them to the practitioners needs (Hess, 1987). Table 1 gives a short, not exhaustive, overview of the studies. All had a similar research focus of exploring the perception of new firm owners of the dominant aspects in their firm. The studies appear to have two specific features in common.

Table 1

Overview of articles investigating important and problematic aspects.

<u>Study</u>	<u>Sample</u> <sup>1</sup>	<u>Method</u>	<u>Analysis</u>	<u>Results</u>
<b>Alpander, Carter &amp; Forsgren (1990)</b>	122 owners of small business, data on first three years of incorporation	Mail survey: closed questions	Frequency scores	<b>Identification of problems</b> 1° Marketing problems: finding new customers 2° Financial problems: obtaining finance 3° Personnel problems: recruiting and hiring new employees
<b>Cromie (1990)</b>	68 owners of firms between 4 and 5 years old (Northern Ireland)	Interviews: open ended and closed questions	Frequency scores	<b>Identification of problems</b> 1° Financial problems: lack of funds 2° Marketing problems: obtaining sufficient sales 3° Personnel problems: staffing
<b>Smallbone (1988)</b>	37 owners of firms between 1 and 3 years old: 25 surviving and 12 failures. All clients of an Enterprise Agency (UK)	Interviews: open ended questions repeated one year later	Frequency scores	<b>Identification of problems</b> <u>Survivors</u> 1° Marketing problems: selling the product/service (for surviving firms) 2° Financial problems: financial control <u>Failures</u> 1° Personal problems: motivations and skill 2° Marketing problems: demand deficiency
<b>Ibrahim &amp; Goodwin (1986)</b>	144 owners of firms older than 5 years	Mail survey: open ended and closed questions and semantic differentials	Factor analysis	<b>Identification of success factors</b> 1° Entrepreneurial values: opportunity, intuition, risk taking, independence 2° Management skills: cash management, education
<b>Taylor &amp; Banks (1992)</b>	57 owners, 120 small business executives and 77 large business executives	Mail survey: Open ended questions converted into Likert scales	Factor analysis and T-tests	<b>Identification of Important Issues</b> <u>Owner group</u> 1° Productivity improvement 2° Regulatory costs 3° Fiscal policy 4° Firm competitiveness

<sup>1</sup> All owners have firms with less than 100 employees

First, most of the research is specifically concerned at detecting the *problematic* aspects and a subsequent ranking of these by the new business owners. As such, aspects related to sales and marketing and to finance have been found to be quite problematic during the first years (Alpander et al., 1990; Cromie, 1990; Smallbone, 1989). Two other studies (Ibrahim and Goodwin, 1986; Taylor and Banks, 1992) however solely addressed the question with respect to *important* aspects. Both types of aspects seem to be used as interchangeable concepts. In the authors' opinion, if a new firm owner perceives a business aspect to be problematic, this not necessarily implies that it is also regarded as important at that particular moment. As such, finding new customers, for example, can be problematic at a given moment, but when the new firm owner is tied up in optimizing his production and related problems, there could be a slight chance he will shift his attention to the customers. The same could go up in the case for important aspects. Important aspects do not always need to be problematic in order to get specific attention from the man who is in charge. For example, having nice and pretty premises can be very important for one particular owner, but it will only have a slight possibility to be mentioned in a survey probing problematic issues. The lack of conceptual difference between important and problematic aspects is characterized in the Taylor and Banks (1992) study. The authors investigated differences in important business issues between several groups of people. Still their questionnaire was based on items that respondents first had to indicate as most pressing.

Defining training needs by detecting how problematic aspects are perceived by future participants seems a reasonable method. It is most likely that new firms struggling on specific aspects, for example generating sales, risk a chance of failure. But investigating also important aspects can have its 'merits'. By knowing to which aspects new firm owners particularly give weight on importance, their handling of it can be improved by specific training. Crucial aspects that do not seem present in the owner's cognitive business model can also reveal a lack of knowledge. What is not really investigated up to now is whether adopting one of the two perspectives yields different outcomes. The results in table 1, suggest they do so.

Hence, with regard to important business aspects, the question looks different from the one regarding problematic issues. Consequently, if one wants to conduct research aimed at advising new business owners, both perspectives should be addressed unambiguously. Researchers therefore have to explore whether new firm owners really make such a distinction between important and problematic business aspects and if this has implications for defining educational needs.

Second, the studies described in table 1 have applied frequency scores or even factor analysis on questionnaire data. For a major part, this causes averaging out differences between respondents. Even when one makes the distinction between important and problematic aspects, conclusions still risk to be of a general nature despite the possible heterogeneity of the respondent group. The result is that possibly differing entrepreneurs or new firm owners could be unjustly considered as one homogeneous sample. Smith (1967) already pointed to the fact that a distinction can be made between the *craftsman* and the *opportunistic* entrepreneur. Other typologies have also been described (Stratos group, 1990; see also d'Amboise and Muldowney, 1988). Moreover, differing types of new firm owners seem natural if one deals with new firm participants in a course context. Curran and Stanworth (1988) already reported that one can differentiate training needs amongst practitioners by taking into account industry type differences. So, when we want to tap on opinions of new firm owners, one needs to apply a research methodology that exploits somehow the surfacing richness of interpersonal or intergroup differences.

In this exploratory study, the authors invoke a double research question on the basis of a mailed questionnaire to a sample of new firm owners. In a first step, new firm owners are

separately questioned on their opinions regarding on the one hand the most important and on the other hand the most problematic aspects in running their new firm. In this respect, one can verify if new firm owners make different responses on important and problematic aspects. This will shed some light on the usefulness of such a distinction between both aspects, e.g. for designing training or counseling courses.

Second, on the basis of the cluster analysis technique, this study tries to delineate differing groups of new firm owners who have similar opinions regarding the obtained important and problematic aspects. Depending on the interpretability of these clusters, the results will be integrated with the frequency scores. On the basis of the total results, we will have the opportunity to verify what learning needs could possibly be derived for the differing groups of new firm owners.

## Method

### *Questionnaire*

Structured interviews with 12 new firm owners resulted in a pool of small business aspects perceived as important, respectively problematic by them. A preliminary ordering of the criteria and aspects was evaluated by an external group of 7 experts in the SME-field (academics and practitioners). Based on their comments and taking into account the literature, the aspects were operationalized into a series of phrases. The whole of the phrases covered a range of aspects related to finance, marketing, personnel, personal aspects, operations, etc... The phrases had to be scored by respondents on a 5-point scale (1=totally not important; 2=not important; 3=neutral; 4=important; 5=very important) following the repeated question '*In my situation, I consider this aspect...*' In total, 66 scales were constructed.

Since every aspect could practically be considered important, the variability between respondents had a considerable chance to be low. To overcome this problem, the technique of a pick-any method was added to the instructions. With this method, respondents have to pick a certain amount of items out of a listed questionnaire according to certain criteria. Since all items are being scored on the scales before the instruction is given, researchers can be sure all these items have been considered before they are subjected to the selection process. Therefore, after they had completed the questionnaire, the respondents were asked to select out of the 66 phrases the 10 items that were most important for them at the particular moment. This selection had to be marked on a separate sheet. Similarly, the 10 most problematic issues had to be selected out of the same 66 phrases and marked on the sheet. Respondents were clearly notified that it was allowed to indicate the same aspects as important and problematic. The responses obtained by the double pick-any selection procedure formed the basis for further data-analysis. Along with the scales, a section on the person's demographics and firm characteristics was added.

### *Sample*

Questionnaires were sent to a sample of 123 persons who had frequented a post start-up course at the Vlerick School for Management (University of Ghent, Belgium) in the period from 1987 to 1992 (the authors have been directly involved in the coordination of these courses). The ventures of the participants had been incorporated during that period and they could therefore, according to prior research, be labeled as 'new' (McDougall, Robinson and Deniri, 1992; Reynolds and Miller, 1992). The addressees received an individual-

ized letter indicating in broad terms the purpose of the survey, a copy of the questionnaire and a pre-stamped envelope with return address to the authors. After a week and a half non-responding addressees were telephoned and kindly requested to return the questionnaires.

### *Data analysis*

#### *Research question 1*

Two separate analyses were conducted to investigate the differences between important and problematic scores. Frequency scores were computed by counting the number of pick-any responses per aspect over the total of respondents. This gives a percentage of the number of times each aspect is chosen as important or problematic. The absolute frequency scores provide a first means of describing the opinions of the new firm owners. To select highly scored aspects a cut-off point of 30 per cent was chosen for both the important and problematic aspects. Compared to the total of the data, it seemed the most distinguishing criterion point<sup>2</sup>.

#### *Research question 2*

For this question, the design's purpose was to classify respondents in homogeneous groups of people with similar opinions per group. The technique of cluster analysis was used which is an appropriate tool for conducting this kind of exploratory research (Wishart, 1987). Cluster analysis can be clearly distinguished from factor analysis. The latter method groups variables over respondents, where cluster analysis groups respondents over a range of variables (attributes). The attributes are the responses on the pick-any questions. Since a pick-any method yields binary data (has the aspect been picked out as important or problematic?), binary cluster analysis (with Cluster 3) was performed on the 2 x 10 pick-any variables for all respondents' cases. The analysis was conducted in two steps (Wishart, 1987). In a first step the process of hierarchical clustering (Wards Method of minimum variance) was stopped when a 10-cluster solution was arrived. This number of clusters served as input for the second step. In the second step, the 10 clusters were subjected to relocation procedures via the K-means convergence method. The two clusters with the least distance between two means are joined and a new means is being calculated for the newly formed cluster. The same procedure is repeated for the 9 remaining clusters until finally only 2 clusters remain. By analyzing the amount of increases in error sum of squares, the optimal number of clusters between 10 and 2 is chosen (Milligan and Cooper, 1985). A separate analysis was performed on the data concerning important aspects and on the data concerning problematic aspects.

## **Results**

The data that have been analyzed up to now only relate to one particular sample, whereby the number of respondents is rather low. Despite the limited size, the authors believe to be able to draw some conclusions from the sample.

## Respondents

Ten firms were either not found or had stopped their activities. A total of 66 questionnaires was returned. After discarding 4 questionnaires for reasons of inadequate filling, a response rate 62 case or 50.4 per cent of the total was finally obtained.

Of the respondents, 83.9 per cent was male. Ages ranged between 24 and 61 with a mean of 35 years. Most of the respondents, 67 per cent, were married or had a partner. All were owners of their respective firms. 61.3 per cent had previously been employed before their business startup. Also, available data indicate the fact that 66.7 per cent of the respondents had attained a college degree. Finally, 38 per cent of the respondents had started up more than one venture in the period between they had finished the post start-up course and this survey.

## Firms

The firms of the 62 responding new firm owners were still active and operating in a variety of sectors. Activities are spread over manufacturing (with products as industrial printers, classical furniture and gift presents), agriculture (fertilizers, elevation of sheep) and mainly services (firms selling recruitment and selection, software development, catering, laboratories, language courses, renting and telephone services).

Sales in 1992 ranged from less than 10 mio BEF ( $\pm 280,000\$$ ) to 40 mio BEF ( $\pm 1,400,000\$$ ). Of all firms, 37 per cent were self-employed single person firms. When the firm was employing, the average number of full-time employees was 4, ranging from 1 to 23.

## Research question 1: analysis of important and problematic scores.

Table 2 lists the figures for both the highly scored important and highly scored problematic aspects.

Table 2

Average frequency scores on important and problematic pick-any responses (N=62 cases)

Pick-any responses	Important	Problematic	W
<b>Highly important</b>			
<i>Having as much direct contacts with customers as possible.</i>	<b>40.3%</b>	17.7%	101.5 <sup>****</sup>
<i>Installing the company in a separate segment by offering specialized products.</i>	<b>51.6%</b>	9.7%	4.5 <sup>****</sup>
<i>Delivering every effort to produce quality products.</i>	<b>58.1%</b>	9.7%	8.0 <sup>****</sup>
<i>Striving towards perfectionism for the company products.</i>	<b>30.6%</b>	11.3%	42.0 <sup>*</sup>
<i>Making sure to show satisfaction whenever an employee delivers a good job.</i>	<b>30.6%</b>	12.9%	40.0 <sup>*</sup>
<b>Highly problematic</b>			
<i>Freeing time for the family (partner, parents)</i>	29.0%	<b>43.5%</b>	336.0
<i>Practicing self-tuition to keep up with recent trends in management.</i>	19.4%	<b>32.3%</b>	40.0
<i>Putting on a tight schedule to plan the activities.</i>	14.5%	<b>32.3%</b>	91.0

Note: Significance in the third column implies that the important and problematic scores for the respective aspects differ; \*  $p. < 0.05$ ; \*\*\*\*  $p. < 0.0001$ .

The highly scored *important* aspects pertain to *offering high quality products and installing the firm in specific market segments*. The following aspect is having direct contacts with customers. Related to high quality products is the aspect *striving towards perfectionism*. *Showing satisfaction when employees deliver a good job* at last is a somewhat different kind of aspect compared to the others.

Highly *problematic* for new firm owners is *freeing time for the family*. Also perceived as troublesome are the aspects *planning and keeping up with trends in the working domain through self-tuition*.

Below the threshold, and thus not included in table 2, aspects that were scored as being not problematic but somewhat important included *changing products on behalf of customers demand*, *inventory management and covering fixed costs*. Vice versa, *projecting next years sales figures* was the only aspect receiving a moderate problematic score and a low score on importance.

Most aspects were scored rather low on both dimensions. If one considers the aspects that were scored very low (with, on both dimensions, scores beneath 5 per cent of the respondents), some interesting findings appear. *Networking* is not considered to be important nor problematic for this set of new firm owners, neither is score low with respect to their attention *cooperation with competing firms*. The respondents also to employees. *Paying employees to motivate them and offering free time to spend at training* received low scores on both important as problematic pick-any questions. The aspect that received the lowest scores on both dimensions was *guiding management decisions by ambition*.

In the light of the first research question, scores on important aspects were tested whether they significantly differed from the problematic scores. As can be seen in table 2, Wilcoxon matched paired tests yielded strong significance ( $p < 0.0001$ ) when the aspects were scored very important. These aspects are thus regarded as very important but not very problematic. Although the highly scored problematic aspects show some differences in scores, none of the three attain significance. The equivalence of the scores on the family aspect is striking. These aspects are both problematic and important, be it to a lesser degree.

When the aspects below the 30 per cent threshold are again considered, there were two additional significant differences for the important aspects: *modifying products on the basis of customers desires* and *physical health and endurance*. For problematic aspects, there appeared to be three significant differences: *prospecting*, *projecting sales targets* and *browsing through technical literature*. The scores on these aspects however are too low to represent some representative opinion.

As a preliminary response to the first research question, one can conclude that new firm owners appear to make a distinction between important and problematic aspects, only when these aspects are considered to be very important. In fact, none of the three most important aspects (*high quality products*, *market segments*, *direct contacts with customers*) received very high problematic scores. It appears for new firms that these aspects are crucial to have an appropriate entrance and positioning on the market by stressing direct customer contacts. When a new firm owners reports a business aspect to be very problematic, it is at the same time also quite important to him, since the scores did not differ. Both problematic and important, the aspects of family contacts, self-tuition and planning therefore appear to be rather urgent.

### *Research question 2: analysis of the cluster solutions*

By knowing which aspects are considered highly important and/or highly problematic, respondents opinions can subsequently be classified with respect to these aspects (for rea-

sons of convenience the word 'highly' will be henceforth omitted). A two cluster solution was chosen in both the cases of important and problematic aspects. A three cluster solution could have been possible for the problematic aspects but was disregarded since it did not add much interpretative value. To identify the specific aspects that were scored higher by the respective clusters of respondents,  $\chi^2$ -tests (with Yates correction for continuity) were performed on the pick-any variables by clusters. Table 3 presents the results of this analysis. The aspects under each cluster solution are scored significantly higher by the respondents in that particular cluster. Besides a number, the authors also tried to provide each cluster group of respondents with a name to obtain a preliminary typology. Unfortunately, it was not possible to completely match each name with the cluster interpretation.

Table 3  
Cluster solutions for important and problematic aspects

IMPORTANT ASPECTS
<p><b>Cluster I1 (n=30): The Niche Seeker</b>  <i>Contacting potential customers for prospection</i> *  <i>Being led by commercial considerations when taking decisions</i> *  <i>Installing the company in a separate segment by offering specialized products</i> **</p>
<p><b>Cluster I2 (n=32): The Quality Producers</b>  <i>Putting on a tight schedule to plan the activities</i> *  <i>Making every effort to produce quality products</i> ****  <i>Consciously planning before going into production</i> *  <i>Adjusting the quality of the products to the demands of customers</i> **  <i>Striving towards perfectionism for the company products</i> ***</p>
PROBLEMATIC ASPECTS
<p><b>Cluster P1 (n=36): The Amateur Entrepreneurs</b>  <i>Freeing time for the family (partner, parents)</i> *  <i>Practice self-tuition to keep up with recent trends in the work domain</i> ****  <i>Not growing too much in order to stay an expert on the field</i> ***</p>
<p><b>Cluster P2 (n=26): The Customer Chasers</b>  <i>Putting on a tight schedule to plan the activities</i> ****  <i>Devoting a serious amount of the sales efforts to prospection</i> ****  <i>Calling up customers to keep in touch</i> **  <i>Contacting potential customers for prospection</i> *  <i>Following-up amounts due with customers, until payment</i> *  <i>Urging customers to pay their bills</i> *</p>

Note: each cluster contains the differentiating aspects as detected by  $\chi^2$ -test; \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$ ; \*\*\*\*  $p < 0.0001$ .

As table 3 indicates, the aspect *showing satisfaction* doesn't differentiate anymore between the clusters. Grouping of people with respect to the importance cluster was not associated with the problematic cluster (McNemars two-tailed  $p > 0.05$ ). Hence, membership to one of the important clusters cannot predict membership to one of the problematic clusters. Membership to a specific cluster was not associated with size of the firm (revenues), sectorial type, gender, pre-ownership status, having employees or not, and studies (all  $\chi^2$ ,  $p > 0.05$ ). All the clusters therefore contain comparable respondents besides their opinion.  $\chi^2$ -values were further computed on the separate cluster aspects by the demographic measures and firm characteristics. No significant differences were obtained (all  $p > 0.05$ ). T-tests on age and on number of employees between clusters also revealed no differences. Significance was however obtained for the problematic aspect of planning activities (cluster P2): the youngest firms reported this aspect as most problematic ( $\chi^2 = 8.81$ ,  $df=2$ ,

$p < 0.05$ ). The fact that some respondents were experienced in multiple start-ups yielded no different responses.

When the absolute frequency scores are thus refined by classifying respondents into homogeneous groups with similar opinions, a clearer picture emerges. By this, it can be demonstrated that some respondents emphasize particular aspects more than others on the same dimension. Table 2 indicates that they can be grouped according to different criteria for the important aspects as compared to the problematic aspects. For the important aspects, new firm owners can be distinguished whether they are more externally market oriented and can be called Niche Seekers, or whether they are, on the other hand, more internally production oriented and hence can be categorized as Quality Producers. For the problematic aspects, two groups were also obtained out of the same sample of respondents. Both showed growth-related problems. A first group, called Amateur Entrepreneurs, reported problems with growing per se and its impact on family contacts and technical expertise, while the second group, called the Customer Chasers, showed problems with respect to the management of customer relations. In the following sections, the authors try in first instance to build some gestalt out of each cluster of aspects that are mentioned in table 3, to verify the feasibility of the cluster solutions. Interpretations are based on the aspects that were scored significantly higher in each respective cluster. The implications for post start-up courses will be handled in the discussion part of the article.

### *Important aspects*

#### *Cluster II: The Niche Seekers*

The 30 new firms owners of cluster II go out in the market and seek some segment in order to obtain a premium by offering specialized products or services. They are named the Niche Seekers. Advocating a niche strategy selling premium priced products directly to customers indeed is a distinctive competitive strategy for entry (Brittain and Freeman, 1980; McDougall and Robinson, 1990). Therefore, the new firm owner personally approaches his prospects.

Specialist or niche strategies are a good way to avoid head-to-head competition with the market leaders. In that case, it augments the chance for survival of the new firm (Hofer and Sandberg, 1987). In the situation of the present sample, specialized approaches are clearly adopted by firms offering consulting on environmental issues, a firm providing paid telephone permanence to other firms and even a catering company that only serves at top level manifestations. However, some authors described contingency factors that moderate the effectiveness of such a specialist strategy (McDougall et al., 1992; Romanelli 1989).

In contrast to the traditional opportunistic picture, the respondents belonging to this cluster appear to have a clear view on the way they enter or have entered their market. Some implicit planning seems at hand. Such (pre-)planning has been found to strengthen the confidence of starting business founders (Sapienza, Herron and Menendez, 1991). Also, strong vision of where to go to distinguished successful new firms from their less successful counterparts (Van De Ven, Hudson and Schroeder, 1984). Although respondents score high on what the authors named the Strategic aspects, to answer the question whether this relates to some genuine form of strategic awareness cannot be derived from the data.

Going into specialized markets where others apparently have not entered in a massive way yet, relates to what practitioners commonly label as genuine entrepreneurship, specially if one tries to convince potential customer directly. New firm owners consider taking advantage of opportunities as being correlated with new firm success (Chandler and Jan-

sen, 1992; Stuart and Abetti, 1987). At this point, the data support the Ibrahim and Goodwin (1986) study mentioned in table 1 where people also attached most importance to entrepreneurial aspects.

### *Cluster I2: The Quality Producers*

Whereas cluster I1 represented more external-oriented people towards a specific market segment, the second group of respondents in the cluster-analysis of important aspects seem to have a more internal focus. Getting production right in order to strive towards top quality products/services is considered as the most important aspect in running the business of this group. Concurrently, internal planning is stressed. The authors called these 32 persons the Quality Producers.

High quality and product superiority have already been described by Hamilton (1987) as the factors on which new firm owners want to be evaluated. He labeled these group of people as '*the artisan entrepreneurs whose satisfaction from the operation of the business are primarily intrinsic and centered on the quality of the product*' (p.74). The secondly ranked group of profit maximizers in his study broadly relates to the present first cluster group.

Providing high quality products also correlates with new venture success (Egge and Simer, 1988). Without even targeting specific segments, it provides the means by which new firms can challenge more established firms. Striving for quality doesn't seem to constitute a goal for itself, since the Quality Producers consult their customers on the desired quality level. By this, it provides a way for differentiating against competitors. Notwithstanding, new business owners of this group clearly have an operational focus on this aspect. To obtain good quality, well balanced operational resources have to be at their disposition. Strong technical and conceptual competencies are required for which planning aspects become significantly important (Carsrud, Guglio and Ulm, 1990). This is also reflected in the choices made by this group of respondents. Our interpretation not only refers to production organizations, the planning of the allocation of skilled human resources is a delicate situation as well.

Strong inclination towards superior quality products however implicitly covers some danger. Although operational planning is correlated with more effective responses to financial constraints, market responses, pricing and personnel issues (Robinson, Logan and Salem, 1986), becoming too much concerned with the internal functioning and planning could also pose difficulties. Trends in the outside world might possibly be overlooked. In this respect, Robinson et al. (1986) suggest that operational planning, as adhered by the I2 group of respondents, should evolve in a framework of more general strategic planning to prevent the danger of what could be called *internal myopia*. In this more global planning process, for example, also the manner in how to sell the quality products, must be outlined.

### *Problematic aspects*

The same group of respondents can be grouped differently when the problematic scores on the aspects have been clustered.

### *Cluster P1: The Amateur Entrepreneurs*

The authors gave the 36 persons from the cluster P1 group the name Amateur Entrepreneurs, hereby referring to the French word that points to persons who nurture deep feelings for their occupation or hobby, but do not want to become too professional. The

Amateurs of the P1 group face problems with the personal consequences of growth after the business startup. They report having too little time for spending with their families. At the same time, they do not want to grow too much in order to remain close to their job as an expert and to keep in touch with all the latest trends concerning their working domain. This group of respondents experience a lack of time they previously had to control the update of the technical expertise necessary for their business. Since they stress the technical expertise, these new firm owners could also be labeled *craftsman* or *artisan*. They view management as self-management concerned with their own use of time (Bosworth and Jacobs, 1989).

Confronted with growth, some new firm owners continue preferring technical functional tasks instead of switching to the managerial task domain (Hoy and Hellriegel, 1982). These people love their specific job and the products/services it generates and are consequently not inclined to pass it on to subordinates. New firm owners have been differentiated from the stereotype entrepreneurs, they see their business intrinsically bound to personal goals, which besides generating income also implies the application of technical expertise and the alignment with family needs and constraints (Carland, Hoy, Boulton and Carland, 1984).

Respondents in cluster P1 show perhaps some lack of growth motivation because growing could undermine their subjective experience of technical ability and organizational control (Davidsson, 1991). It could also mean, in their opinion, a shift away from superior product quality and corresponding client satisfaction. Kolvereid (1992) also found no growth willingness with 40 per cent of his Scandinavian entrepreneurs. Growth aspirations were found to vary with educational and industry factors, but, as already noted, this has not been supported in this study. If this group of people must be assisted when they want to grow further, training on time management skills for example might help them to schedule timepieces for more preferred activities, like practicing self-tuition and spending time with the family.

#### *Cluster P2: The customer chasers*

The 32 respondents in cluster P2 seem to have difficulties with their customer relations, both on commercial (generating new sales, maintaining customer contacts) as on financial level (follow-up amounts due). This goes hand in hand with difficulties in planning the whole of their activities. For this reason, the authors named the P2 respondents the Customer Chasers because the major concerns of these new firm owners are directed towards their customer contacts.

The rationale behind the opinions represented by this group of respondents is not easy to interpret. For this group of people the collectivity of tasks to be performed by these sole new firm owners appears to be growing out of hand. In this respect, the P2 respondents also report growth-related problems.

Possibly, this selection of problematic aspects could refer to symptoms of some sort of delegation crisis, whereby the owner is trying to maintain control over all activities despite the modified business situation. In a rapidly growing business, the risk for work overload lies at hand. Contacting existing customers, prospecting new ones and ensuring the follow-up of payment receipts are all jobs the new firm owner wishes to continue by and for himself. These can in effect become difficult at a certain moment in time. Conducting the total of these activities then poses exhausting and problematic demands.

Also, when a new firm owner has more affinities with internal operational or technical aspects, customer relations and cash management could become problematic. The problems reported coincide with those found by Alpander et al. (1990).

The new firm owner could as well be too much externally oriented. He tries to serve a too broad market combining it with maintaining direct customer contact. Inevitably, this could lead to too heavy a workload. The new firm owner therefore should start to work out some segmentation of his customer base in order to maintain the desired service level (Brytting, 1990). Another solution is to hire commercial go-betweens. The problems associated with the follow-up of customers might be addressed with the installation of a form of formalized sales system. Factoring could be an example. The respondents' mentioned problems with planning seem a logical consequence of the lack of these systems.

Tentatively, one could therefore suggest that to overcome the reported problems, the implementation of various sorts of formalized management will become necessary. Tuning these formal systems to each other, however, will also remain difficult (Fombrun and Wally, 1989).

## Discussion

In a first section, an integration of the results is offered to obtain a more global interpretation of the data on the two separate research questions. A final section treats the implications for post start-up courses based on the findings of both the research questions.

### *Integrating the results*

With respect to the important aspects, a distinction between market and product orientation emerged. Both groups of respondents however seem to advocate strategic aspects as table 2 suggested. The results only partially match those of Taylor and Banks (1992). A factor which they labeled *firm competitiveness* was only scored as the fourth most important aspect of ten factors. Further, the cluster analysis has differentiated opportunity seeking behavior in specialized segments (for example, custom made loading floors for small trucks) from a group of new firm owners that advocates other aspects that are also directly associated with the success of small businesses, namely differentiation by quality products through optimized production.

Respondents might consider these aspects very important because these represent the core of doing their business. Hence, it seems more reasonable that these aspects are not regarded as problematic.

Surprisingly, no differences were found with any of the firm characteristics. Therefore, it's difficult to relate such characteristics with the differing opinions of groups of respondents. For example, it is attempting to assume the firms in the Quality Producers cluster are in a somewhat later stadium of development. Sapienza et al. (1991) hereby made the distinction between the concepts of *business creator* and *business preserver*. The state that once a firm has entered a specific market segment and thus created a market, product optimization will be necessary for the new firm owner to maintain its position and survival. A shift must be made from the entrepreneurial role of market creator into the one of the more professionalized market preserver. Unfortunately, age of the firm did not differ between the importance clusters.

In this study, the problematic aspects related to the direct family surroundings of the new firm owner were ranked first. Though two of the studies in table 1 did not directly address the family question, it came only fourth in the Cromie (1990) study. It is probably because the questions probing the aspects were based on direct personal interviews with business owners, that this aspect got more attention. Studies not advocating this question therefore could be reporting a dominance of sales and finance problems. But perhaps this

sample is also biased, since it all consisted of surviving companies which perhaps did not face severe sales problems.

A reluctance to grow for a majority of new firm owners, the Amateur Entrepreneurs, was specifically highlighted. The data suggest two possible reasons, the risk of becoming outdated in the own field of experience and as most important the personal problems towards the family. These personal growth problems can be differentiated from the managerial growth-related problems of the group of Customer Chasers. This group is the most difficult cluster solution to interpret.

The problematic aspects reported by the respondents in the P2 cluster, namely generating new customers and guaranteeing enough cash inflows by doing follow-up of amounts due, coincide with the problems found in other studies (Alpander et al., 1990; Cromie, 1990; Smallbone, 1989). Failure on these aspects is commonly attributed to a lack of managerial skills that eventually could be resolved by small business education (Cromie, 1990). As such, the problems of this group of new firm owners are typically those related to firms that are in the late survival phase (Churchill and Lewis, 1983), a stage where *'...the owner is still synonymous with the business...'* (p. 34). In this stage, the new firm owners are obliged to adopt a more professionally organized business context in order to cope with the new challenges their firms are facing (Kazanjian, 1988). New skills should be advocated to cope with the increased complexity in their business situation.

The specific skill lacked here seems to be related with planning, an aspect that for the total group of respondents is considered as both problematic and important, but it could also refer more generally to a lack of internal organization. Whatever the reason may be, it seems as if the Customer Chasers are not in the possibility to have customer contacts at a desired level of frequency. In the authors practice, this has been found to be typical for growing new firms. Van de Ven et al. (1984) demonstrated that owners that were more involved in maintaining external relations, all belonged to a group of more established firms. Additionally, the younger firms in the sample reported significantly more planning problems. Perhaps they cannot match the increased demands placed on the internal functioning with the increase in external relations. Hence new firm owners, once the business is in going concern, probably have to cope with in-efficiency on several instances.

People with experience in previous start-ups however, could leverage their knowledge to overcome the planning problem (Starr and Bygrave, 1991). But increased business skill does not make a contribution here, since experience due to multiple entrepreneurship did not cause any differences on the planning aspect.

The findings with respect to the P1 and P2 cluster groups could be considered in the context of the switch to professionalization which the new firm has to make. In the first place, if one grows, the technical domain could be left over to subordinates. Most new firm owners are not inclined to make this switch (the low scores attributed to personnel aspects support this interpretation), since it was their technical know-how (on both product or service level) that led in most cases to a successful market entrance and helped their survival. The findings are similar to these of Taylor and Banks (1992) and Cromie (1990). Following respondents opinions, they seek lowly educated employees whom are given not too much training (unless on the job). Motivation of the employees is predominantly obtained by showing satisfaction when a job has been finished. Such a mentality towards employees implies that much of the responsibilities maintain to be centered around the new firm owner.

The problems related with the aspect follow-up for collecting amounts due that the respondents from the P2 cluster group reported, could be another symptom of the lack of professionalization. Possibly, these new firm owners are still applying the same methods they used in the beginning, but now do not match the increased demand any more. A solu-

tion for the reported problems lies at hand. Devising more stringent procedures for handling cash management and operational burdens in general seems the only way out. Also, when the firm is already having employees, the new firm owner should start delegating responsibilities downwards. In reality, this can probably only be made possible until more educated, hence more expensive, people will be hired.

Besides the remarks concerning the cluster solutions, it is also interesting to note that some aspects were considered not important nor problematic. The aspects of *networking*, for example, received low scores on both perspectives. Although the importance of networking has since quite a while been associated with entrepreneurial activities (e.g., Peterson and Ronstadt, 1986), it was not supported in this study. This result might reveal some reality (the same result was also obtained by Carsrud et al., 1990), but it might as well be possible that the new firm owners are not always conscious of their networking activities. Even well, it could be possible that they rely for a great deal on their own capabilities since *cooperation with other firms* is scored also very low on both dimensions. Perhaps this is a common attitude to Flemish small business owners whose small firms are predominantly family owned and where portions of control are not readily shared with others, e.g. other firms and even, as already noted, with subordinates.

Financial aspects seem to be neither important nor problematic. Except for the importance attributed to *projecting next years sales figures*, nothing really popped out. In fact, problems related to *cost control* are scored very low. In this respect the respondents pretend to have everything under control. A possible explanation is that the sample contains surviving, hence more successful, new firms.

Finally, the aspect *following courses in management* is scored fairly low. Seemingly, after the owners have followed a post start-up course, they prefer, when they want to educate themselves further, *self-tuition* more than going to specialized instances. For most of their information small business owners seem to rely on personal rather than public sources (Cooper, Folta, and Woo, 1991). But also, self-tuition most likely matches the time requirements of small business owners, be it, for example, that the specific moments dedicated to learning are not that fixed as in class courses. The absence of any importance attributed to attending courses does not offer an optimistic perspective for small business education. Business schools must eventually overcome this problem by beginning to foster principles of distant learning.

#### *Implications for post start-up courses*

Without underscoring the premise saying 'the customer is king' (Curran and Stanworth, 1988), the findings of this study can indeed be used to adapt post start-up courses, or small business courses in general, on behalf of participants needs. On the basis of the present cluster classification, such courses must surely address a variety of issues.

In the light of small business education the usefulness of the distinction between aspects that are scored important or problematic should be addressed. But as noted, the distinction only worked out for the very important aspects. These aspects seem to be in top of the new firm owner's mental model about how to run a business. Studies willing to probe only problematic aspects can possibly not discover this scheme.

Probing new firm owners about the most problematic aspects they perceive, will surely deliver a wide range of interesting opinions. The use of data on problematic aspects is most useful when advisers or trainers want to counsel new firm owners on their problems. As such, a number of skills or management techniques can be taught that should help the participants to overcome various kinds of problems depending on their specific situation. It

is however not always possible to associate particular problems with a particular lack of skills.

Amateur Entrepreneurs reported great concerns into areas related to self management and the personal domain. As such they will experience use on being taught on aspects related to time management and scheduling, so that they can learn to combine their busy life as new firm owners with in the first place that of a family person and with time-consuming activities as learning about the own technical domain. Deeper reasons could eventually also underlie their problems. It could be the fact that their aspirations are more directed towards the realization of the self without their firm activities disturbing the family context. These persons will therefore benefit more from an individualized counseling approach from practitioners who have had experience with similar situations.

Translating the needs of the Customer Chasers into educational topics is more easy. Most probable, themes about how to design more formalized sales and cashing systems should probably help to overcome the growth related problems of this group of new firm owners. The reported problems point to issues which are commonly taught in small business courses.

If one wants to base post start-up courses on respondents opinions, asking new firm owners additionally about what they consider important will increase the relevance of such a study. When scores on important aspects are used also, some new firm owners, the Niche Seekers, will be more interested in how to attack specialized market segments, while others, the Quality Producers, will more appreciate going into details of topics on quality management. Issues of strategic management and total quality management, for example, will interest the respective groups of new firm owners. However, answers regarding the importance of certain business aspects can at the same time hide some implicit shortcomings of new firm owners. It is likely that a respondent will score as most important those aspects that he is best at when running his firm. Trainers therefore can verify whether the participants pose enough weight to aspects that are also relevant to their situation. As such, trainers must take a rather normative stance. They can only do this when they have the disposition over some criteria that relate to firms that already passed the post start-up phase. In this light, the present study should be expanded to a longitudinal approach.

When the scores on the important aspects are taken in consideration together with the problematic aspects, one obtains four groups of new firm owners. Both in the groups of Amateur Entrepreneurs and Customer Chasers there will be new firm owners that could be labeled Niche Seekers or Quality Producers, since the clustering for the problematic and important dimensions has been conducted on the same group of respondents. However, as we already noted, membership to one particular important cluster group is not dependent on the membership of one of the problematic clusters or vice versa. Particular problems therefore cannot be traced back to the particular importance new firm owners place on certain business aspects. Confronted with this apparent heterogeneity of the sample of new firm owners, the authors strongly favor a highly individualized learning course.

Incorporating the findings into a specific post start-up course thus offers a challenging exercise. The authors suggest a modular approach. The questionnaire designed for this study could be used as a sort of classification instrument judging the needs of future participants. In a first, rather short module a sort of general theoretic framework on the various *functional domains* in the firm seems most likely. The aspects related to time management and professional management systems can be taught fairly well in such modules. In specific parallel sessions, *particular skills* could be taught to individualized groups according to their scores on the problematic aspects. As such, specially the Customer Chasers can be given some theoretical support on how to enhance the internal organization of

their firm. The trainers must of course try to find a trade-off on the number of possible topics that can be instructed.

The second module is entirely devoted to the counseling of the new firm owners. In this second module therefore, a *panel of experienced practitioners* assisted by academics evaluates in first instance the scores on importance for each participant. Accordingly, a participant could be given *additional readings on specific subjects* to show the more insight into new areas. The panels gather on multiple occasions during a one year period. Since the respondents mentioned to prefer self-tuition above attending courses, this material could be studied at home. By this, a variant of the concept of distant learning is applied.

The participants could be evaluated on *the assimilation of this material* during the consecutive panel discussions. In the panel, the participant can present his way of handling certain problems on which the panel members comment in the light of their experiences from the past. By this, the course goes beyond mere knowledge enhancement, since through the mechanism of accountability to the panel, the participant is instigated to alter his past behavior into a way which has been agreed on in collaboration with experienced firm owners.

The suggested approach is not hypothetical. In the business school of the authors, a variant of this approach (without the questionnaire) is already running and receiving positive reactions. The panels all consist of alumni of the Small Business Center. Other approaches on the basis of the described opinions could also be envisaged, according to the creativity of program designers.

## Conclusions

To serve as a basis for guiding the contents of post start-up courses, this study addressed the usefulness of a distinction between what new firm owners consider important or problematic business aspects. Respondents only make such a distinction for aspects that are very important. In this study, these aspects were mostly related to the strategic issues of attacking specific market segments, producing quality products and direct customer contacts. Explicitly questioned, a majority of respondents report personal problems related to growth, namely making time for family contacts, safe-guarding expertise on the business domain and planning.

Post start-up courses can be tailored to differing groups of new firm owners on the basis of cluster analysis results on both important and problematic. With regard to the importance dimension, respondents can be divided into two groups: on the one hand market-oriented Niche Seekers and on the other hand the product-oriented Quality Producers. Differentiation on the basis of problematic aspects yielded two groups, both reporting growth related problems. For Amateur Entrepreneurs, growth causes undesired side-effects with respect to their family life and their technical expertise. For Customer Chasers, problems with releasing control and an inefficient internal organization could possibly be the cause of facing difficulties with customer relations, both on a commercial as on a financial level.

The danger for overgeneralizing the course contents in small business management can in some way be avoided when it will hold account of new firm owners opinions on how to run their firm. An individualized approach was suggested by the authors, implying two modules and the assistance of an expert panel, acting as a sounding board.

The results of this study, however, are limited for several reasons. In a questionnaire, researchers investigate the opinions of new firm owners. No evidence exists that the opin-

ions resulting from the responses verifiably reflect the actual importance placed on actual behavior in each particular small business setting or the problems experienced. Additionally, more direct approaches of research must therefore join the questionnaire method.

Further, the results are based on a limited sample. Most limiting is the fact that the data have been drawn from a rather homogeneous group of participants on the same post start-up course over a period of six years. Being former participants, this group should likely have a quite positive attitude towards small business courses. Nevertheless, even this group attributed few importance to this particular aspect. With a more heterogeneous set of respondents, the authors can check whether the particular combinations of the four groups of new firm owners, each stressing certain important and problematic aspects, also appear. A more heterogeneous sample could eventually provoke a greater number of clusters. Differentiation on the demographic variables could also definitely be enhanced.

More data will make it also possible to fine-tune the questionnaire, specially for limiting the large number of questions. Supporting techniques such as factor analysis will aid to conceptually ground the questionnaire.

As with most research of this kind, longitudinal methods will yield more insight than this cross-sectional opinion probing. It might be interesting to project a study on the evolution regarding important and/or problematic aspects over the years to come.

Also challenging is to confront the opinions of new firm owners with those of managers from larger companies. It will be interesting to see whether the same cluster solutions show up, and to inquire whether, for example, the family related problems also appear with the latter sample of practitioners.

The study presented was explicitly exploratory in as much the authors did not take their start by formulating first a set of hypotheses. For this reason, the evidence remains fairly descriptive. As much of the small business research, theoretical backgrounds to frame empirical findings are principally lacking despite some interesting contributions (d'Amboise and Muldowney, 1988; Keats and Bracker, 1988). Possible criticisms on this issue could be anticipated by the fact that the present study provides more a practical contribution to a practitioners target group.

## Notes

<sup>1</sup>Address correspondence to Tom Auwers, De Vlerick School voor Management (Universiteit Gent) Bellevue 6, B-9050 Gent-Ledeberg., Belgium. Tel. 32-9-210.97.11, E-Mail VSMTAURUG.AC.BE. Copyright 1993 No part of this article may be reproduced by any means without the written permission of the authors.

The valuable contributions of Patrick Van Kenhove, Bart Clarysse and Marleen Stevens are gratefully acknowledged.

<sup>2</sup>In the article only pertinent scores are reported. Readers interested in scores on all questions can obtain these from the authors.

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# 31 Re-validating the Lau incident questionnaire on a South African sample

*A. B. Boshoff, E. E. le Roux, H. F. Bennett, T. Lau*

## **Abstract**

A survey of the literature indicates that studies on the behaviour of entrepreneurs (in contrast to studies on the characteristics of entrepreneurs) are needed. The work done to develop the Lau Incident Questionnaire as a method of measuring the behaviour preferences of intrapreneurs is described. A study in which an attempt was made to determine the underlying concepts measured by the instrument is described. Second order Exploratory Factor Analysis and Confirmatory Factor Analysis were used as analytical methods. Four factors describing the behaviour preferences of the sample (N=188) consisting of South African managers are identified. It is concluded that the concepts measured by the instrument are Results focus, Adaptability, Control and Personal Reliance.

The literature on entrepreneurship indicates that two main directions for further research in this field can be identified - firstly the entrepreneur and his characteristics (Carland, Hoy, Carland, 1988) and secondly the entrepreneurial process or what entrepreneurs do and how they do it (Gartner, 1988).

Three different approaches to the study of the characteristics of entrepreneurs can be discerned (Lau, 1992). The trait approach tries to identify the personality characteristics of entrepreneurs, often focusing on differences to distinguish between successful and unsuccessful entrepreneurs (Boshoff, Van Vuuren, 1992; Brockhaus, 1980; McClelland, 1986; Reilly, DiAngelo, 1987; Schere, 1982). The biographic approach tries to identify characteristics of the biographic backgrounds of entrepreneurs (Hisrich, 1988.; Schutte, Boshoff, Bennett, 1990). A third approach - studying the attitudes of entrepreneurs in order to differentiate this occupational group from others and successful and unsuccessful

entrepreneurs from each other - developed recently (Robinson, Stimpson, Huefner, Hunt, 1991). In this approach studies are built on the theory of attitudes e.g. the work of Ajzen and his colleagues (Ajzen, Madden, 1986).

Building on the work of Mintzberg (1973), Lau (1992) developed a questionnaire to measure the behaviour and behavioural attributes of entrepreneurs or, more specifically, intrapreneurs. Lau (1992) argued that studying intrapreneurial and entrepreneurial behaviour would potentially be more useful than studying personal characteristics or demographic attributes of entrepreneurs as this research direction might have come to its limit as far as its ability to explain and predict entrepreneurial behaviour is concerned. This is in line with the views of others (Cole, 1969; Brockhaus, Horwits, 1986; Gartner, 1988). Lau (1992) also criticized the 'attitude' approach of Robinson, et al (1991) as an approach which 'will only provide an indirect inference on the behaviour of entrepreneurs' (Lau, 1992, p. 4).

Lau's approach seems to be in line with Gartner's (1988) view that the entrepreneurial process, with special emphasis on what the entrepreneur does and how it is done, should be studied. Lau (1992) therefore moved away from studying the characteristics (whether personality or traits, demographic backgrounds or attitudes) of entrepreneurs. Her work is built on analogous work in the management field (e.g. Mintzberg, 1972). As such it represents a potentially significant contribution to the understanding of the entrepreneurial process and therefore of entrepreneurship and intrapreneurship.

In the present study an attempt was made to find answers to two questions i.e. (i) What are the underlying concepts measured by the Lau questionnaire; (ii) Are scores on the Lau questionnaire related to biographic characteristics of respondents? Further study of the Lau questionnaire seemed worthwhile as very few measuring instruments for specifically studying entrepreneurs have up to now been developed (Wortman, 1987) and even fewer for studying the entrepreneurial process (the way in which entrepreneurs function). Lau (1992) also called for studies on the applicability of the questionnaire in cultures other than the one in which the instrument was developed. The present study is an attempt in this direction.

## **Method**

### *Subjects*

The sample consisted of 188 respondents who were all participants in a management development programme at the Graduate School of Management of the University of Pretoria. One of the stated aims of the programme was to develop an intrapreneurial orientation in the participants. The mean age of the respondents was 39.0 years ( $SD = 7.46$ ). The age distribution was slightly negatively skewed (Skewness coefficient =  $-0.039$ ). The age range was 27 to 57 years with an interquartile range of 34 to 44 years. The respondents were employed by 21 different organisations in the private, semi-private (mainly state corporations and utility organisations) and public (state) sector.

### *Measuring instrument*

Entrepreneurial behaviour was measured by means of the Lau (1992) questionnaire. This questionnaire is supposed to measure 15 elements of the behaviour of intrapreneurs/entrepreneurs. The elements are shown in table 1.

Table 1  
Behaviour attributes measured by Lau entrepreneurial behaviour questionnaire

<b>Designation</b>	<b>Scale ends</b>
Innovation	Innovation vs stabilization
Formal structure	Informal vs formal structure
System conformity	Reliance on informal methods (self) vs on formal system
Change/status quo	Preferring changes vs status quo
Budget control	Using loose budgetary control vs tight budgetary control
Opportunities	Exploiting opportunities vs reacting to problems
Networking	Reliance on network vs depending on given resources
Hierarchy	Preferring no hierarchy vs hierarchy
Working style	Working alone vs with others
Risk taking	More risk taking vs risk aversion
Result orientation	Concern about short term result vs long term result
Integration	More integration vs more specialization
Formal control	More informal control vs formal control
Degree of control	More loose control vs more tight control
Management skills	Preference for flexibility in management vs formal management technique

Information on the development and testing of the instrument can be found in Lau (1992).

Data was also gathered on respondents' age, marital status, geographical area of current residence, area where major part of childhood was spent, school leaving age, tertiary education, number of employers during career, total number of years employed, whether respondent held a managerial position and for how long, number of subordinates and the economic sector in which the respondent's employer operated. This was done to determine whether entrepreneurial behaviour (as measured by the Lau questionnaire) could be related to biographic backgrounds of respondents.

### **Procedure**

Respondents completed the questionnaire and at the same time provided the biographical data during a getting-to-know-each-other session at the start of the development programme. The programme was scheduled to take place in eight week long sessions spread over a period of eight months. Feedback on scores (and some interpretation) were provided to respondents both as groups and as individuals.

Data was analyzed by means of Exploratory Factor Analysis followed by Confirmatory Factor Analysis to determine the underlying concepts measured by the Lau questionnaire. One-way Analysis of Variance and Pearson Product Moment correlations were used to

determine whether a relationship existed between responses on the Lau questionnaire and the biographic backgrounds of the subjects.

## Results

To answer the first research question Exploratory Factor Analysis (by means of Principal Components analysis) was carried out on the subjects' responses on the questionnaire. The Exploratory Factor Analysis was carried out as second order factor analysis with the respondents' scores on the 15 elements of entrepreneurial behaviour identified by Lau (1992) treated as the variables included in the analyses. Varimax rotations were used in an effort to obtain factors which are as independent from each other as possible.

The first exploratory factor analysis yielded eigenvalues between 1.75 and .54. Seven of the eigenvalues exceeded one. An eigenvalue of 1.00 being the default for determining the number of factors to be extracted, a seven factor solution was initially attempted. The resultant factor pattern, with loadings <.30 suppressed, is shown in table 2.

Table 2  
Rotated factor pattern obtained after extraction of seven factors\*

Variable	1	2	3	4	5	6	7
Status quo-change	68						
Formal structure	64						
Innovation	63						
System conformity	36						
Networking		73					
Management Skills		65					
Opportunistic			75				
Result Orientation		42	51				
Degree of control				77			
Formal control				75			
Hierarchy					82		
Integration						89	
Budget control							80
Working style							32
Risk taking							
% of common variance	16,66	15,09	14,76	14,36	13,40	13,00	12,73

\*Decimal points deleted

The seven factors identified in table 2 predicted 60.2 per cent of the total variance. The factor pattern shown in table 2 provoked the thought that a more parsimonious model

could possibly be obtained. Exploratory factor analyses of the data were therefore carried out, creating solutions in which respectively six, five and four factors were identified. The factor patterns obtained from these solutions are shown in tables 3 to 5.

Table 3  
Rotated factor pattern obtained after extraction of six factors factors \*

Variable	1	2	3	4	5	6
Formal structure	68					
Innovation	63					32
Status Quo/Change	62					
Networking		70				
Mgt skills		64				
Result Orientation		50				
Formal control			76			
Degree of control			62			
Opportunistic			34	67		
Budget control					56	
Risk-taking	31	37			45	
System conformity					36	
Integration						87
Hierarchy						
Working Style						
% of common variance	19,06	17,50	16,90	16,23	15,55	14,75

\*Decimal points deleted

The results depicted in table 3 meant that 53.3 per cent of the total variance were predicted by the six factors extracted with the individual factors predicting between 19.1 and 14.8 of the common variance.

The factor pattern shown in table 4 resulted from a five factor solution.

Table 4  
Rotated factor pattern obtained after extraction of five factors \*

**Factors**

Variable	1	2	3	4	5
Formal structure	69				
Innovation	64				
Status Quo/Change	57				
Formal control		74			
Degree of control		62			
Mgt skills			68		
Integration			55		
Networking			53		
Risk-taking				66	
System conformity				45	
Budget control				42	
Opportunistic					67
Result orientation			40		52
Hierarchy					
Working style					
% of common variance	21,60	19,93	19,67	19,46	19,34

\*Decimal points deleted

The five factors shown in table 4 contained 45.7 per cent of the total variance with the different factors predicting between 16.6 per cent and 19.3 per cent of the common variance.

In table 5 the results obtained when a 4-factor solution was used are shown.

Table 5  
Rotated factor pattern obtained after extraction of four factors\*

**Factors**

Variable	1	2	3	4
Result orientation	68			
Mgt skills	62			
Opportunities	46			
Integration	44			
Networking	34			
Formal structure		68		
Innovation		64		
Status quo/Change		59		
Formal control			73	
Degree of control			59	
Risk taking				56
Budget control				49
System conformity				44
Working style				33
Hierarchy				
% of common variance	30,78	25,72	22,14	21,35

\*Decimal points deleted

The results shown in table 5 indicate that the four factors predicted between 30.8 per cent and 21.4 per cent of the common variance. The four factors together predicted 38 per cent of the total variance.

It was at this stage decided not to extract fewer factors as too small a percentage of the total variance would be predicted when smaller numbers of factors are extracted. Confirmatory Factor Analyses were subsequently carried out to determine which of the solutions represented the best fit. The results of the Confirmatory Factor Analyses are shown in table 6.

Table 6  
Comparison of values of indices obtained from confirmatory factor analyses  
on 4, 5, 6 and 7 factor exploratory factor analyses models

Number of factors	G.F.I.	A.G.F.I	Chi-squared (p)	A.I.C	C.I.C.
7	.96	.94	54.48 (.92)	-85.51	-382.44
6	.96	.93	58.35 (.50)	-59.65	-309.91
5	.96	.94	47.62 (.87)	-72.38	.326.88
4	.96	.94	63.74 (.77)	-82.27	-391.91

- G.F.I. = Goodness of fit index  
A.G.F.I. = Goodness of fit adjusted for degrees of freedom  
A.I.C. = Aliackes' Information Criterion  
C.I.C. = Consistent Information Criterion

From the indices shown in table 6 it seemed as if a choice had to be made between accepting a four factor solution and acceptance of a seven factor solution. The values of AIC and CIC were relied upon to make this decision and it seemed as if a four factor solution was superior to a seven (or 6 or 5) factor solution (based on the values of CIC which was assumed to be the appropriate criterion).

The four factor solution seemed to yield factors which could be interpreted in a straightforward manner. Factor 1 (consisting of elements: Result orientation, Management skills, Opportunistic, Integration and Networking) was identified as 'Result focus'. Factor 2 (with significant loadings from Formal structure, Innovation, Status quo/Change) was named 'Adaptability'. The third factor (with significant loadings from Formal control and Degree of control) was named 'Control' while the fourth factor, on which Risk taking, Budget control, System conformity and Working style loaded significantly was designated 'Personal Reliance'. The indices provided in table 5 seemed to indicate a good fit between the variables and the identified factors when a four factor solution is used. Only one variable (i.e. Hierarchy) identified by Lau did not load significantly (i.e.  $>.30$ ) on any of the factors. (Hierarchy loaded .24 on factor four, 'Control'.)

To answer the second research question analyses were done to determine whether the total score on the LAU questionnaire was related to any of the biographical variables on which data was gathered.

Pearson Product Moment correlation coefficients were calculated between the respondents' total scores on the Lau questionnaire and the continuous variables i.e. age, age at which respondent passed matric, number of employers during career up to now, number of years worked, average number of years worked at same employer and the number of subordinates currently reporting to the respondent. No significant correlation was obtained. The coefficients obtained varied between -.08 and .11, indicating no significant common variance between intrapreneurial/entrepreneurial behavioural preference and any of the biographical variables included in these analyses.

To determine whether the Lau questionnaire score is related to biographical variables measured on discontinuous scales One-way Analyses of Variance, comparing the scores of various biographical groups on the Lau questionnaire with each other, were carried out. The GLM procedure in SAS (1985) was utilized for this purpose. The biographical

variables included in these analyses were marital status, area in the country where resident, area where youth was spent, tertiary education, length of time in managerial position and employer's economic sector.

No significant differences between the scores of the different biographical groups were found. The probabilities of the F values obtained varied between .54 and .93. It seems as if no relationship exists between total scores on the Lau questionnaire and the biographical variables on which data was gathered in this study.

## **Discussion**

The results obtained with regard to the factorial structure of the Lau instrument indicate that, with the exception of the Hierarchy behavioural element, all the elements identified during the development of the instrument loaded significantly on one of the four factors obtained by means of Exploratory Factor Analysis and tested by means of Confirmatory Factor Analysis. The content validity of the instrument seems to be high. It seems as if the questionnaire measures many of the behaviours identified as typical of entrepreneurs. The first factor identified (Results focus) seemed to personify the views on what an entrepreneur is, as identified, in for example, Timmons, 1990; Hofer, Sandberg, 1987; Brockhaus, Horwits 1986 and Peterson, 1981. The second factor (Adaptability) contains loadings from a preference for using informal structures (Formal Structure), Innovation and preference for change rather than the status quo. These variables have been found by other authors e.g. Reilly, DiAngelo (1987) to be characteristic of the behaviour of entrepreneurs. Timmons (1990) indicates that entrepreneurs in managing their enterprises prefer loose control and giving freedom to their subordinates and co-workers (in spite of myths to the contrary). This seems to be included in the scales loading on factor 3 (Control). The last factor, identified as personal reliance, can possibly be related to findings with regard to the internal locus of control of entrepreneurs which possibly lead to relying on own resources and abilities in functioning as an entrepreneur.

The Lau questionnaire scores seem to be unrelated to biographical variables as gathered in this study. It therefore seems to make a new contribution to the study of the behaviour of intrapreneurs and to what Gartner (1988) called the entrepreneurial process. The Lau instrument can therefore possibly be useful in the quest to understand the behaviour (rather than the characteristics) of intrapreneurs and entrepreneurs.

The present study did not include entrepreneurs, although some of the respondents were possibly intrapreneurially inclined. A future study on the validity of the questionnaire should probably include entrepreneurs.

A logical future study will be to determine whether intrapreneurs and entrepreneurs see their own preferences, as measured by this instrument, to behave in a certain manner differently from members of other occupational groups. Such a study is currently being planned.

In the present study an attempt was made to through statistical analyses of data bring better understanding of the data and to summarize the data. It seems as if this has been achieved - the underlying concepts measured by the Lau instrument were identified and the relationship (or absence thereof) with other variables determined.

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# 32 Teaching entrepreneurship: An empirical approach

*Linda D. Clarke, Jan B. Luytjes*

## **Introduction**

The past decades have clearly demonstrated the global resurgence of interest in entrepreneurship. While it had been recognized in the 1950's (Likert, 1951) and the 1960's (Bennis, Slater 1964; McGregor, 1960) that the individual should be given greater opportunities to exert him/herself in order for the organization to be more productive, it was still assumed that such action could only be part of large organizations. It was not until the 1970's that greater emphasis was given to the need for smaller units that could be flexible in changing environments. The concept of business units within larger organizations was advocated and implemented to a certain extent. The 1980's continued to display an increase in the rate of change from a global perspective due to the information explosion and new technologies in communication and transportation. The world was in the process of becoming a truly integrated global market (Levitt, 1983). With this development however, it became apparent that what was once considered to be an efficient and effective organization would no longer stand up under the rigors of global competition. Even socialist economies who had been able to insulate themselves fairly well from the global economy could no longer do so, and thus were increasingly vulnerable to the volatile changes taking place in the global economy. The large bureaucratic structures proved to be incapable of meeting the challenges that lay ahead and change would be inevitable.

This brings us to the 1990's with a global recognition that smaller, more flexible and adaptable organizations are called for if the challenges of the next century are to be met (Verhage, Dahringer, Cundiff, 1989). Unfortunately, while there appeared to be recognition that smaller economic units would be called for, there seemed to be an underlying

notion that those who could lead the smaller units would be waiting in the wings to jump at the opportunities now available. What had been forgotten was that for the past century there had been a systematic effort to undermine the effectiveness of the entrepreneur through regulatory means as well as a commitment to scientific management (Ely, Hess, 1937). The climate for entrepreneurship in the United States, as well as many of the other industrialized nations, had deteriorated.

Academic institutions, while paying lip-service to the historic significance of entrepreneurs, directed their attention to scientific management. In addition, faculty affiliated with academic institutions tended to have a disdain for vocational endeavors and also appeared to be risk-averse in their approach to the teaching of business (Porter, McKibbin, 1988). Due to these tendencies, research endeavors in the area of entrepreneurship were grossly lacking and only in the 1980's is there some evidence of research activities of any significance. Most of these efforts are still in an embryonic state and much work remains to be done.

The present paper is directed towards the potential entrepreneurs in the classroom and the manner in which they might be stimulated to cultivate their entrepreneurial talents. It is essential however, to address the notion that entrepreneurial talents are innate, and thus the teaching of entrepreneurship is useless. It appears that the only evidence that entrepreneurial talents are genetic is in the level of energy that an individual possesses. Otherwise, it seems that entrepreneurial behavior is acquired (experienced) since birth. Observing a two or three year old child's behavior, one can readily notice almost all the characteristics attributed to the entrepreneur.

It seems therefore, that if there was an entrepreneurial orientation in a child, its subsequent upbringing must have sublimated much of this talent due to its heavy emphasis on conformity. This emphasis, and a belief in stable, non-volatile systems lead to compliance with the expectation of comfort. It went even further than that. The expectations of comfort became translated into entitlements, and the eventual blaming of the system if such entitlements were not forthcoming.

This brings us to the second underlying assumption. The future will tend to be increasingly volatile. Large systems, particularly governments, will find it increasingly difficult to meet the expectations of entitlement. This means that future generations will have to be far more self-reliant than previous generations have been in the past century.

The final assumption concerns societal values in terms of social responsibility from a systematic perspective. Historically, the entrepreneur was viewed in an ambivalent manner. On the one hand, he/she received great admiration for his/her exploits; but on the other hand, there was equal apprehension of the entrepreneur's tendency to exploit his fellow man. This latter notion became increasingly evident as the industrial revolution came into its own and exploitation of workers was widespread. It was this exploitation that led to the formation of socialist systems and the elimination of entrepreneurs from the system. Many generations have been exposed to collectivism and its merits; down-playing the merits of individual initiative and the rewards associated with it. In countries such as the United States, social responsibility on the part of business was neglected for many decades and only recently have some efforts been made by businesses to address this issue.

It is our hypothesis therefore, that entrepreneurship can be taught effectively, and that it should be an essential part of the university curriculum (not only the business schools'). To accomplish this, we feel that the following steps must be taken:

1. The student must be aware of his/her, perhaps latent, entrepreneurial capabilities. He/she must also be aware that it is essential to cultivate these capabilities in order to become more self-reliant.

2. The student must be aware of his/her own values and how they integrate with prevailing societal values. The key here is to recognize that societal values tend to change over time, and thus could be directed in more desirable ways.
3. Students must be able to articulate their vision in pragmatic terms, indicating what their expectations for the future are and how they plan to achieve them. They need to do this with the full understanding that flexibility and adaptability are key attributes needed to deal with the future.
4. Students will have to experience entrepreneurship through doing. This means the assignment of projects for which they have complete responsibility and will be held accountable. These endeavors can range from simple tasks to complex projects.
5. Students will have to work in teams. It is critical that team-building is an essential part of the experience. Here it is assumed that the successful entrepreneur is one that can build an effective team (Shapiro, 1975; Vesper 1980).

To accomplish the objectives stated above, it was felt that the evidence presented to the students must be based upon reliable research as well as having the students take part in the research effort itself. This was done through the design of a 240-item questionnaire. The questions ranged from historical recollections of entrepreneurial endeavors to perceived values on numerous issues.

### **Profile of respondents**

Questionnaires were distributed to 400 students in the fall of 1991. The questionnaire consisted of 250 questions ranging from students' perceptions on ethics to opinions on a variety of issues related to creativity, entrepreneurship and leadership. In addition, there were a group of questions attempting to measure the respondents' attitudes towards some particular social issues. The respondents were enrolled in the College of Business Administration at Florida International University. The vast majority of the students were in their junior or senior year of college. The respondents consisted of 61 per cent males and 49 per cent females. Of further interest is the fact that more than 57 per cent of the respondents considered themselves to be members of a minority group, either Hispanic or Afro-American. 32 per cent considered themselves to be Anglo-Americans, while the remainder consisted primarily of foreign students.

Due to the fact that the respondents were all enrolled in the business school, one would anticipate a positive attitude towards entrepreneurship, yet the findings of the study on this issue were inconclusive. Of interest was the high degree of ambivalence on a number of issues. The students were highly positive in terms of wanting an exciting career, challenges, and opportunities; yet at the same time there was a strong preference for security, salaried positions versus commissions, and stable employment. It should be remembered that the questionnaire was administered at a time when the U.S. economy was faltering and unemployment in the area exceeded 8 per cent.

Some of the more specific data concerning the student profiles revealed the following: more than 40 per cent of the respondents' fathers had college degrees, as did 24 per cent of the respondents' mothers. Of interest is the political leanings of the respondents: 30 per cent considered themselves to be conservatives, 29 per cent considered themselves to be liberal, while 41 per cent considered themselves to be in the middle. Strong preferences were expressed for the following: sense of accomplishment, family security, freedom, harmony, recognition, wisdom, hard work, independence, responsibility and exciting opportunities. Somewhat weaker preferences were expressed for a comfortable life, a world of

beauty, equal opportunity, happiness, pleasure, salvation, friends forgiveness, logic, obedience, and self-confidence.

The second part of our effort was to identify entrepreneurial traits from previous research. We then grouped the questions concerning these traits and correlated them, (using Pearson's nonparametric correlations with a significance level of .05 or less), with a number of variables attained from the questionnaire. While the research is in its initial phase, some interesting observations can still be made. Students indicating a more liberal outlook tended to be more creative, more ambitious, possess a greater imagination, be more willing to take risks, were self-starters, and preferred a commission to a salary structure. While research on entrepreneurs has indicated the presence of a strong mother (Bird 1988), the responses for this group indicated that a perceived strong mother influence correlated with a desire for comfort, security, and hard work. The findings seemed to concur with existing research that indicated that the higher the educational level of the father or mother (not beyond the master's level when the correlation becomes negative), the more the respondent identified with entrepreneurial characteristics.

Also of interest was a comparison between Hispanic students, foreign students, and Anglo-Americans. (The number of African-American respondents was too small to be included in this analysis.) Foreign students appeared to be more entrepreneurially inclined than Hispanic students, while Anglo-American students showed the least amount of entrepreneurial inclination. More research is needed to explain this phenomenon, although one might speculate on the impact of the home environment on these various groups.

### **The entrepreneurship program at Florida International University**

After a considerable amount of deliberation, the faculty of the College of Business Administration adopted the entrepreneurship program as part of its curriculum. All undergraduate students are required to take the basic course in entrepreneurship and can choose to major in the field. The major consists of four courses, each focusing on the entrepreneurial dimensions of the various functional areas of business. At present, there are more than 3,000 undergraduates enrolled in the College of Business Administration, as well as 600 graduate students. Entrepreneurship courses are not required at the graduate level, but each year a course is offered at this level and has maximum enrollment.

### **Conclusion**

The present study is only the first step towards attaining a better understanding of those students who elected to study business and their entrepreneurial inclination. Not only does the investigation need to proceed in greater depth, but it is essential that data be obtained from students who are not enrolled in the College of Business Administration. As was indicated earlier, the present research effort is part of an ongoing process. Each semester the data base will be enlarged by approximately 500 students, providing us with more information and enabling us to do a longitudinal study as well. In addition, students will be answering the questionnaire at the beginning of the entrepreneurial program as well as at the end of the program. This will enable us to determine the impact of our entrepreneurial program upon the students as far as their entrepreneurial orientation is concerned.

The most encouraging aspect of our findings is that most students, in the aggregate, do not have a strong inclination towards either entrepreneurship or more security-oriented occupations. This will enable us, through a carefully designed program, to expose the stu-

dents to the merits of entrepreneurship both within and outside of established organizations. By providing the student with realistic options, he/she has the opportunity to develop him/herself to the fullest potential.

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# 33 Prediction of success level of entrepreneurial ventures by means of biographical and business variables in a third world setting

*J.L. Schutte, F. Bennett, A B. Boshoff*

## **Abstract**

A study to determine the degree to which demographic and business variables can predict entrepreneurial success is described. Archival data obtained from the records of a venture capital organization operating in South Africa was used. Archival data was captured for two cohorts, each cohort representing the individuals to whom financial assistance was made available in a given financial year. Criterion data consisted of the standing of the entrepreneurs' accounts respectively three and four years after loans had been granted. The total sample consisted of 569 small business owners active in 435 businesses. Data was captured on 14 biographical and 16 business variables. A statistical analysis strategy to limit capitalization on chance was implemented. In the case of variables measured at the ordinal and interval scale levels One-way Analyses of Variance with, where applicable, Bonferroni's ranges test specified, were used to determine whether a relationship existed between success level and the relevant predictor variables. Chi-squared was used to test for such relationships when the predictor variables were measured on nominal scales. Stepwise Discriminant Analyses and Discriminant analyses were carried out to determine how accurately subjects could be classified into the different levels of success categories. These analyses were done separately on the year groups and on the total sample. The results of the analyses are presented and related to the findings of previous studies. The limitations of the present study are discussed and suggestions for future research indicated.

'Entrepreneurship as we all know, is in vogue' (Kaplan, 1987, p. 84) sums up the current enchantment with entrepreneurship in the Western world. This strong interest in entrepreneurship is probably partly due to findings (Harper, 1991; Hefer, Sandberg, 1987; Keats, Bracker, 1988; Lumpkin, Ireland, 1988; Smilor, Feeser, 1991; Young, Francis, 1991) that new business enterprises are the primary source of new employment opportunities. With unemployment at high levels in Europe and the USA the interest in entrepreneurship as a way of creating jobs is understandable. McClelland (1987) and Harper (1991) argue that entrepreneurship has a critical role to play in economic development and that this role is even more important in the poorer nations of the world. Under these circumstances Carland, Hoy and Carland (1988) argue strongly that understanding of entrepreneurship will be enhanced by studying the characteristics of entrepreneurs. Studies of South African entrepreneurs and their characteristics therefore seemed called for.

Studies on the personality characteristics of entrepreneurs have not yielded a clear picture (Brockhaus, Horwitz, 1985; Boshoff, Bennett, Owuso, 1992). Gartner (1988, p. 21) summarized the situation: '*A startling number of traits and characteristics have been attributed to the entrepreneur, and a 'psychological profile' of the entrepreneur assembled from these studies would portray someone larger than life, full of contradictions and conversely, someone so full of traits that (s)he would have to be a sort of generic Everyman*'. Studying biographical variables as predictors of success of entrepreneurs has been criticised (Robinson, Stimpson, Huefner, Hunt, 1991; Lau, 1992).

Studying business variables as predictors of entrepreneurial success seems to be in line with Gartner's (1988) view that the entrepreneurial process should be studied in more depth. Trying to predict business success seems to be a relevant research objective in the light of the high failure rate of entrepreneurial businesses (Timmons, 1990).

In the present study it was therefore decided to determine whether biographical and business variables could be used as predictors of entrepreneurial success.

## **Method**

### *Subjects*

The sample consisted of 569 entrepreneurs active within 435 business enterprises. Of the 569 subjects 433 were male and 136 female. More than two thirds, i.e. 392, preferred to communicate in Afrikaans, while 177 preferred English. The majority of the subjects, i.e. 489, were South African citizens. The average age of subjects was 39,5 years with a standard deviation of 9,9 years and a range of 18-69 years. The subjects can also be divided into 463 whites and 196 blacks.

### *Procedure*

The data was obtained from the archives of a venture capitalist, operating with funding from government and private sector sources, active in the Northern region of South Africa. The study was therefore be described as one done on '**available materials**' (Kerlinger, 1986, p. 468). The data was extracted directly from the archives of the venture capitalist.

The venture capitalist has six different financing schemes in operation. Data from only three of these schemes could be incorporated into the present study. Data from the other

three schemes had to be omitted due to the absence of information on biographical characteristics of the individuals to whom loans had been granted.

All loans granted between 1 April 1985 - 31 March 1987 were included in the study. For analytical purposes this period was subdivided into loans granted during two 12 month periods viz. 1 April 1985 - 31 March 1986 and 1 April 1986 - 31 March 1987.

The variables included into the study can be seen as typical biographical variables as well as financial and other characteristics of the business venture for which loans had been granted. A list of the variables extracted from the archives is shown in table 1.

Table 1  
Variables extracted from the files of the venture capitalist and  
scale categories

<b>Biographical variables</b>	<b>Categories</b>
Race	Black/White
Language preference	Afrikaans/English
Residential area	City/Town/Rural
Education	Years
Number of dependents	Number
Sex	Male/Female
Nationality	South African/Not South African
Residential status	Citizen/Not citizen of South Africa
Age	Years
Employment history	Related to present venture/Not related to venture/Organization already exists
Apprenticeship/Clerkship	Completed/Not completed/None
Marital status	Single/Married/Divorced/Widow/er
Criminal record	Yes/No
Sequestration record	Yes/No

Table 1 continued/...

<b>Business variables</b>	<b>Categories</b>
Economic sector	Manufacturing/Retail/Wholesale/Services/Construction/Foods
Purpose of obtaining financing	Take-over/New business/Expand existing business/Unknown
Number of loans	Number
Total amount borrowed	Numerical amount
Percentage own contribution	Ratio of own capital : Total capital of venture
Security cover ratio	Ratio of amount of security : Amount borrowed
Interest paid on loan	Rate of interest charged by venture capitalist
Legal form of venture	Sole proprietor/Partnership/Closed corporation/Company
Development state of venture	Existing/Take-over/New
Employment (existing)	Number of employees
Employment (additional)	Increase in number of employees since started
Risk classification	Low/Medium/High/Very high
Status of entrepreneur in venture	Sole proprietor/Partner/Member/Shareholder
Entrepreneur's stake in the venture	Percentage of ownership
<b>Class variables</b>	<b>Categories</b>
Year group	01/04/1985 - 31/03/1986 01/04/1986 - 31/03/1987
Account status	Bad debt/Legal control/Current account/Paid-up loan
Account number	As indicated by venture capitalist

The status of the accounts of the entrepreneurs in the venture capitalist's financial records approximately (respectively for the two year groups) three and four years after the loans had been granted, served as criterion of success of the subjects' businesses.

The venture capitalist classifies its clients accounts into four levels.

1. Bad debts (BD)
2. Legal control (LC)
3. Current accounts (CA)
4. Paid-up loans (PL)

For the purpose of this study the first two (bad debts and legal control) are considered to indicate two levels of failure while levels three and four (current accounts and paid-up loans) are seen to depict two levels of business success.

One-way Analyses of Variance with Bonferonni's Ranges test specified where necessary and Chi-squared (in the case of nominal variables) were carried out on all the biographical and business variables included in the study with account status (as described) as dependent variable. These analyses were repeated with success/failure as the dependent variable.

These analyses were followed by Stepwise Discriminant Analyses using STEPDISC of SAS (1985). Only variables on which, according to the Analyses of Variance and Chi-square Analyses successful and unsuccessful entrepreneurs differed were included in the Stepwise Discriminant Analyses. For the purposes of these analyses the variables measured on essentially nominal scales were treated as ordinal in character. More information on how this was done can be found in Schutte (1992). Justification for including variables measured on scales which were not at the interval or ratio levels in Discriminant Analyses is found in Kerlinger (1986, p. 402).

Finally, using the DISCRIM procedure of SAS (1985), Discriminant Analyses were performed to predict success/failure and account status, using only the predictor variables that had not been rejected by the analyses described up to now.

## **Results**

The aim of the data analysis was to build predictive models (in terms of the two criteria employed in the study) by means of the available biographical and business variables. This process was carried out in three phases. The first phase consisted of Analyses of Variance and Chi-squared calculations separately on the data of the two year groups and the total sample. The results of these (only for variables on which significant differences were found) are shown in table 2.

Table 2  
Results of one-way analyses of variance and chi-squared analyses  
for account status and success failure

Predictor variable	Account status						
	df	1985 - 1986		1986 - 1987		Total	
Nominal variables:		Chi <sup>2</sup>	p	Chi <sup>2</sup>	p	Chi <sup>2</sup>	p
Race	3	4,65	0,031	ns	ns	9,317	0,002
Language preference	3	ns	ns	14,22	0,003	16,56	0,001
Sector in economy	15	66,82	0,001	31,60	0,007	37,25	0,001
Residential area	6	19,52	0,003	ns	ns	14,75	0,022
Nationality	3	ns	ns	8,22	0,042	13,69	0,003
Ordinal/Interval variables: df = 3		F	p	F	p	F	p
Number of loans		2,84	0,0385	6,24	0,004	7,65	0,0001
Amount		6,77	0,0002	ns	ns	4,03	0,0075
Security cover		ns	ns	3,41	0,018	3,39	0,0179
Own contribution		3,62	0,0139	ns	ns	4,13	0,0066
Education		3,34	0,0201	ns	ns	4,12	0,0067
Number of dependents		2,91	0,0357	ns	ns	4,31	0,0051
Success/Failure							
	df	1985 - 1986		1986 - 1987		Total	
		Chi <sup>2</sup>	p	Chi <sup>2</sup>	p	Chi <sup>2</sup>	p
Nominal variables:							
Race	1	ns	ns	ns	ns	10,774	0,013
Sector in economy	5	17,76	0,003	15,12	0,010	15,37	0,009
Nationality	1	4,91	0,027	3,90	0,048	8,690	0,003
Ordinal/Interval variables: df = 1		F	p	F	p	F	p
Education		9,48	0,0023	ns	ns	11,07	0,0009
Interest rate		ns	ns	5,13	0,0242	4,30	0,0386
Risk classification		4,21	0,0414	ns	ns	ns	ns

The second phase of the data analysis consisted of using the STEPDISC procedure of SAS (1985) to determine, by means of Stepwise Discrimination Analysis, which of the variables identified as potential predictors in the first phase of the analysis could be retained as predictors in the two models, i.e. discriminating subjects into (1) account status and (2) success or failure of the subjects' businesses. Significance levels for entry and removal of variables were set at ,15 - the default value of the programme. The results of these analysis for the total group of subjects are shown in table 3.

Table 3  
Results of stepwise discriminant analysis for classifying subjects into  
account status groupings for total group (n=569)

Predictor variable entered	Partial R <sup>2</sup>	F	p>F	Wilks' Lambda*	Average canonical correlation*
Number of loans	,0379	7,41	,0001	,96	,0126
Language preference	,0295	5,70	,0008	,93	,0225
Economic sector	,0256	4,918	,0022	,91	,0307
Own contribution	,0257	4,937	,0022	,89	,0389
Number of dependent	,0203	3,873	,0093	,87	,0454
Nationality	,0191	3,635	,0128	,85	,0516
Security cover	,0179	3,396	,0177	,84	,0573
Education level	,0144	2,703	,0449	,82	,0662

\* : p < ,0001

The results shown in table 3 indicated that a relatively weak but statistically significant model could be developed for predicting the account status of the subjects. Eight predictor variables entered into the prediction at significant levels. Of these four were classified as biographical and four as business variables.

The Stepwise Discriminant Analysis was repeated with the criterion being dichotomous, i.e. Success/Failure. Subjects' businesses were regarded as successful when their account status was found to be either 'Paid-up' or 'Current'. Failure was seen as all cases where the account status was either 'Under legal control' or 'Bad debt'. The results of the Stepwise Discriminant Analysis on the data of the total group are shown in table 4.

Table 4  
Results of stepwise discriminant analysis predicting success/failure total  
for total group (n=569)

Predictor variable entered	Partial R <sup>2</sup>	F	p>F	Wilks' Lambda*	Average canonical correlation*
Educational level	,0190	11,01	,0010	,98	,0190
Nationality	,0136	7,80	,0054	,97	,0324
Race	,0077	4,36	,0372	,96	,0398

\* : p < ,001

As could be expected in the case of a dichotomous criterion the prediction model was less strong with only three predictor variables entering the model, and the values of Wilks' Lambda and the canonical correlation indicating less strong predictions.

The Stepwise Discriminant Analyses were repeated, separately for the data of the two chronological subsets, i.e. subjects in year group one and for those subjects in the year group two.

The results of this analysis for the 1985-1986 year group with account status as the dependent variable are seen in table 5.

Table 5  
Results of stepwise discriminant analysis predicting account status  
for 1985-1986 year group (n=240)

Predictor variable entered	Partial R <sup>2</sup>	F	p>F	Wilks' Lambda*	Average canonical correlation*
Amount borrowed	,0793	6,77	,0002	,92	,0264
Economic sector	,0719	6,07	,0005	,85	,0499
Number of loans	,0521	4,29	,0057	,81	,0667
Race	,0531	4,36	,0052	,77	,0831
Number of dependents	,0408	3,29	,0215	,74	,0960
Educational level	,0364	2,91	,0356	,71	,1073

\* : p < ,0002

Six variables entered into the model at the ,05 probability level, yielding a relatively weak but statistically significant prediction.

When the same analysis was done on the data of year group one with the dependent variable being success/failure the results shown in Table 6 were obtained.

Table 6  
Results of stepwise discriminant analysis predicting success/failure  
for 1985-1986 year group (n=240)

Predictor variable entered	Partial R <sup>2</sup>	F	p>F	Wilks' Lambda*	Average canonical correlation*
Economic sector	,0395	9,796	,0020	,96	,0395
Educational level	,0417	10,322	,0015	,92	,0796
Nationality	,0171	4,105	,0439	,90	,0954

\* : p < ,01

Again only three variables could, at a significant level, be entered into the prediction model yielding a relatively poor but statistically significant prediction.

Results of the same kind of analysis on the data of subjects in year group two with account status as the dependent variable are shown in table 7.

Table 7  
Results of stepwise discriminant analysis predicting account status  
for 1986-1987 year group (n=329)

Predictor variable entered	Partial R <sup>2</sup>	F	p>F	Wilks' Lambda*	Average canonical correlation*
Number of loans	,0523	5,97	,0006	,95	,0174
Language preference	,0403	4,54	,0039	,91	,0308
Security cover	,0362	4,05	,0076	,88	,0426

\* : p < ,0006

Three variables, some seen in other models too, entered the model at a significant level in this case. The level of prediction is again relatively weak but significant.

A final analysis in this series was to carry out a Stepwise Discriminant Analysis on the data of the subjects in year group two trying to predict success/failure. The results of this analysis are shown in table 8.

Table 8  
Results of stepwise discriminant analysis predicting success/failure for  
1985-1986 year group (n=329)

Predictor variable entered	Partial R <sup>2</sup>	F	p>F	Wilks' Lambda*	Average canonical correlation*
Interest rate	,0158	5,233	,0228	,98	,0156
Nationality	,0126	4,169	,0420	,97	,0282

\* : p < ,02

The results of the Stepwise Discriminant Analyses described up to this point are summarized in table 9.

Table 9  
Summary of predictor variables with significant discriminating power for  
different groups and two criteria of success

Criteria of success						
Variables	Account status			Success/Failure		
	85-86	86-87	Total	85-86	86-87	Total
Number of loans	*	*	*			
Nationality			*	*	*	*
Educational level	*		*	*		*
Economic sector	*		*	*		
Language preference		*	*			
Security cover		*	*			
Number of dependents	*		*			
Race	*					*
Amount borrowed	*					
Own contribution			*			
Interest rate					*	

\*Significant prediction

To determine the strength of the prediction which could be obtained by means of the variables identified in the previous analyses, Discriminant Analyses using the DISCRIM procedure of SAS (1985) were carried out. In the Discriminant Analyses an attempt was made to predict the class (group) into which subjects would be classified using their 'scores' on the predictor variables identified by means of the previously described analyses.

The percentages of subjects placed in the correct groups in terms of the two criteria by the Discriminant Analyses are shown in table 10.

Table 10  
Percentage of subjects in each of the four levels of account status and the  
two levels of success correctly categorized by discriminant analyses

Groups	1985 - 1986	1986 - 1987	Total
<b>Account status</b>			
Bad debts	36,99%	00,00%	30,86%
Legal control	*	55,56%	54,55%
Current account	48,15%	33,13%	36,53%
Paid-up loans	38,10%	78,00%	46,74%
<b>Success level</b>			
Unsuccessful	63,33%	68,10%	62,14%
Successful	62,00%	47,42%	46,83%

\* : N < 25

The results of the Discriminant Analysis (i.e. the placing of subjects into groups by means of the predictor variables) can be compared to the real placement (in terms of success levels) of subjects as obtained from the venture capitalist's files.

To facilitate this comparison a model which is commonly used in decision-making in the personnel selection field was utilized. The model is shown in figure 1.

Figure 1  
Model of influence of relationship between predictor and  
criterion scores on selection decisions

<b>False Rejections</b>	<b>Valid Acceptances</b>
<b>Valid Rejections</b>	<b>False Acceptances</b>

Predictor Scores

Source: Beach, D.S. (1985). Personnel - The management of people at work (5th ed.) p. 156, New York : McMillan Publishing Company.

Using the model shown in figure 1 the results obtained by a selection procedure used by an organization can be compared with predicted results, e.g. results which would have been obtained if the predictors identified as significant were used in the selection procedure. In the present case the number and percentages of Valid Acceptances, False Acceptances, Valid Rejections and False Rejections could be determined, both for the reality i.e. as manifested in the venture capitalist's records and for the predictions i.e. the categorization of subjects obtained by means of Discriminant Analyses. This comparison is made in tables 11 and 12.

Table 11

Table of predicted success levels (percentages) using significant biographical/business variables on the small businessowners' account status

Groups	1985 - 1986		1986 - 1987		Total	
	Unsuccess= ful %	Success= ful %	Unsuccess= ful %	Success= ful %	Unsuccess= ful %	Success= ful %
Successful	FR 21,7	VA 40,8	FR 13,4	VA 51,4	FR 25,8	VA 38,0
Unsuccessful	20,4 VR	17,1 FA	10,3 VR	24,9 FA	19,3 VR	16,9 FA

FR = False rejection  
VR = Valid rejection

VA = Valid acceptance  
FA = False acceptance

Table 12

Table of predicted success levels using significant biographical / business variables on the small business owners' success level

Groups	1985 - 1986		1986 - 1987		Total	
	Unsuccess= ful %	Success= ful %	Unsuccess= ful %	Success= ful %	Unsuccess= ful %	Success= ful %
Successful	FR 23,7	VA 38,8	FR 34,0	VA 30,7	FR 33,9	VA 29,9
Unsuccessful	23,7 VR	13,8 FA	24,0 VR	11,3 FA	22,5 VR	13,7 FA

FR =False rejection  
VR =Valid rejection

VA = Valid acceptance  
FA = False acceptance

If results of the selection procedure used by the venture capitalist are translated to fit into the model shown in figure 1 it become possible to construct table 13 for comparison purposes.

Table 13  
Comparison of results of selection procedure used with results  
of prediction models

	1985 - 1986		1986 - 1987		Total	
	VA	FA	VA	FA	VA	FA
Current procedure	62,5	37,5	64,7	35,3	63,8	36,2
Prediction model (account status)	40,8	17,1	51,4	24,9	38,0	16,9
Prediction model (success/failure)	38,8	13,8	30,7	11,3	29,9	13,7

VA = Valid acceptance

FA = False acceptance

The results in table 13 seem to indicate that use of the prediction models would decrease the percentage of individuals who are given loans but fail as small business owners. This would happen at the cost of eliminating (by not giving loans) a sizeable larger percentage of applications than is the case when using the procedures currently employed by the venture capitalist.

The results shown in these tables seem to indicate that the selection (prediction) models created by the analyses in this study would, if implemented, improve the selection of small business owners to be granted loans in the sense that fewer false acceptances (loans granted but the business failed) would be found. The prediction model therefore seems to be more capable of eliminating failures than the selection model used by the venture capitalist. This obviously happens at the cost of, at the same time, eliminating some borrowers who would have been successful - the usual situation when a validated selection procedure is used.

Although the prediction models would decrease the percentage of individuals who are given loans but fail as small business owners at the cost of eliminating a larger percentage of applications it can be justified by the increase in ratio of the percentage valid versus false acceptances. These ratios are shown in table 14.

Table 14  
Ratio's obtained in the comparison of valid acceptances with false  
acceptances

	1985 - 1986	1986 - 1987	Total
	Current procedure	1,67	1,83
Prediction model (account status)	2,39	2,06	2,25
Prediction model (success/failure)	2,81	2,72	2,18

From table 15 it can be seen that by using the prediction models a better 'selection ratio' would be obtained than by implementing the current selection procedure.

## Discussion

The results presented in the previous section seem to indicate that the use of biographical and business variables hold promise for improvement of the selection process used to decide on which small business owners should be funded by a venture capitalist.

Variables which appeared as results of the three sets of analyses (the two year groups and the total group) as predictors of success or failure appear to be different with remarkably little overlap. Only number of loans granted and nationality of the entrepreneurs appeared as predictors in both year groups while these variables and security cover, education level, economic sector in which the business operated, number of dependents, language preference and race appeared as predictors in the total group and in at least one of the year groups.

The instability of the predictors over year groups can be due to inherent instability of biographical predictors, something which is in selection studies accepted as an established fact. A second reason could be differentiation in factors causing failure of entrepreneurial businesses over time. Timmons (1990, pp. 8-9) indicates that of new businesses started in the USA 40 per cent would have failed by the end of the first year of existence, with 60 per cent having failed after two years. This is a very high failure rate with many different causes and from a prediction point of view, probably a large number of different predictors. Greater stability of predictions can possibly be achieved by stretching the study over a longer time period.

The predictors which did appear seem to be quite different to what has been found in previous studies. Most of the 'traditional' biographical variables like age, gender, marital status failed to survive the elimination process used in this study (Analyses of Variance and Chi-square, Stepwise Discriminant Analyses and Discriminant Analyses). In this sense the present study is seen to represent a contribution to the understanding of the entrepreneurial personality.

Race is usually seen as the major characteristic of the complex South African society. This variable did, however, not feature prominently as a predictor of success in the present study. This probably has important socio-economic and political implications for the development of the South African society with its great problems e.g. unemployment among all population sectors.

The study has clear shortcomings. The criteria of success used are in many ways naïve and simplistic, due to the non-availability of information on, for instance, financial ratios. The study was essentially a concurrent validity study where an attempt was made to predict success as a small business owner on a selected group without taking into account that a number of applications had been rejected by the venture capitalist. Data from only three loan programmes, albeit the largest three, operated by the venture capitalist was used, making the sample less representative of small business owners in the country. The problems regarding the short time period over which the study was done have already been indicated.

Future studies should probably concentrate on creating an integrated picture of the characteristics (both personality and biographical) of the successful entrepreneur. Possible interrelationships between the predictive biographical variables should be included in such studies. Longitudinal studies stretching over longer time periods are clearly called for.

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# 19 Entrepreneurs: Are they different? A re-analysis of a South African data set

*J.J.J. van Vuuren, A.B. Boshoff*

## **Abstract**

The 16 Personality Factor Questionnaire and 19 Field Interest Inventory were applied to 147 non-entrepreneurs working in a banking organization and as civil servants and to 140 owners of businesses (entrepreneurs). Biographical data was also gathered. The two groups were compared in terms of personality variables, fields of interest and on the biographical variables by means of Chi-squared and Manova Classification models were build by means of the Stepwise Discriminant Procedure with respectively biographical variables, personality traits and interest variables as predictors. High levels of prediction were obtained by using the predictor models in Discriminant Analysis.

Work in the field of entrepreneurship is, according to Bygrave (1989), done in terms of a relatively young paradigm. Carsrud, Olm and Eddy (1986) state that a shortage of theory seems to exist in the entrepreneurship field. This is confirmed by Smith, Gannon, Sapienza (1989). These views seem to summarize the prevailing situation - a great deal of thorough research using sophisticated methodologies and techniques is needed to create a sound body of knowledge. The importance of a systematically created body of knowledge can scarcely be overstated (Low, MacMillan, 1988) as it is to serve as a frame of reference for work in this field, for instance, the huge and growing effort in universities which is aimed at the development of entrepreneurs (Vesper, 1985).

From the literature on entrepreneurship research, it seems as if research in the entrepreneurship field, can, firstly concentrate on the entrepreneur, his characteristics and behaviour, and secondly, on the entrepreneurial process. A third focus can possibly be on the factors enhancing or impeding the development of entrepreneurs and entrepreneurial activity. A considerable number of studies have been undertaken regarding the personal characteristics of entrepreneurs (Brockhaus, 1980; Begley, & Boyd, 1987; Carland, Hoy, Boulton, Carland, 1984; Fernald, Solomon, 1987, Hisrich, 1988). The results of earlier studies in this direction were summarized by Brockhaus, Horwitz (1985) and by Gartner (1988). Brockhaus, Horwitz (1985, p.42) concluded: 'The literature appears to support the argument that there is no generic definition of the entrepreneur, or if there is we do not have the psychological instruments to discover it at this time'. Gartner (1988) likewise came to the conclusion that while a large number of traits have been attributed to the entrepreneur, a clear picture of the entrepreneur in comparison with other occupational groups in the population is still to emerge. In a later review Boshoff, Bennett and Owuso (1992) concluded: 'Our knowledge of the traits of an entrepreneur is consequently inadequate' (p.51).

Biographical and business variables of which the relationship with entrepreneurship have recently been investigated, include Age, Marital status, Employment history, Sex, Education, Type of new venture, Capital sources, membership of Immigrant and of Minority groups. The results seem to be mixed and contradictory, and meta-analyses of the results in the different areas are called for (Boshoff, et al., 1992).

Significant, rigorously executed studies on specifically the interests of entrepreneurs in comparison with other groups were not found.

Under these circumstances it was decided to try to determine whether a sample of South African entrepreneurs differed from individuals in other occupations groups in terms of biographical variables, personality traits and interests.

## **Method**

### *Subjects*

Three groups of subjects were originally included in the study. This paper contains a further analysis of data obtained from a study on South African entrepreneurs (Boshoff, Van Vuuren, 1993). The previous analyses indicated that successful and less successful entrepreneurs differed on only a few biographical and business variables and on even fewer personality and interest traits. It seemed as if the two groups of entrepreneurs identified in the study (Boshoff, Van Vuuren, 1993) could be regarded as homogenous enough to be regarded as one set, of which the characteristics could be compared to those of members of the other occupational groups. The comparison group consisted of banking officials and government employees - two groups from occupations of which the demands were regarded as possibly quite different from those made on entrepreneurs.

The government employees (N=77) were all employed by Central Government. Random sampling from officials attending a training course was used to select the members of this research group. All the members of this group resided in a region known as the Pretoria-Witwatersrand-Vereeniging (PWV) area - the commercial and industrial hub of South Africa. Twenty six females and 51 males were chosen from 13 different State Departments. The mean (M) age of the female members of the sample was 37.46 years with a standard deviation (SD) of 9.04 and a range of 19 to 59 years. The M age of males included in this group was 38.92 years with a SD of 8.15 and a range between 25 and 60

years. The age range of the total sample was between 19 and 60 years with a **M** age of 38.43 and a **SD** of 8.43.

Seventy bank officials were included in the comparison group. This group was randomly drawn from employees in one banking institution. Employees from two regions of operation of this banking institution formed the sampling frame. The Pretoria region contained 13 and the Johannesburg region 11 branch offices. Thirty two individuals from the Pretoria region and 38 from the Johannesburg region were included in the sample. The sample consisted of 37 females (**M** age=31.54, **SD**=7.79, range 20 to 46 years) and 33 males (**M** age=31.45, **SD**=7.56, range 19 to 45 years). The **M** age of the total sample was 31.5 years with a **SD** of 7.63 and a range of 19 to 46 years.

For the purposes of the present paper the government employees and the banking officials were combined into one group - the non-entrepreneurs. This group therefore consisted of 63 female and 84 males. The total group (**N**=147) had a mean age of 35.13 years (**SD**=8.75).

The other group consisted of entrepreneurs. The sampling frame consisted of the owners of 10,500 privately owned businesses operating in the PWV area. These businesses were all classified as 'sound' by an organization specializing in determining the credit-worthiness of small businesses. The annual turnover of these businesses did not exceed R5 million (ca. US \$1.75 million), which is an accepted norm for classifying a business as 'small' in South African terms.

A random sample of **N**=482 was drawn from these businesses. One hundred and forty entrepreneurs (i.e. 29 per cent) agreed to participate in the study. The **M** age of subjects in this group was 42.79 years with a **SD** of 9.83 and a range of 20 to 78 years.

### *Measuring instruments*

Three measuring instruments were employed in obtaining the data. These were the 16 Personality Factor Inventory (16PF), the 19 Field Interest Inventory (19FII) and a Biographical questionnaire.

Personality traits were measured by means of the 16 Personality Factor Inventory (16PF), Form B, which is based on the personality theory of Cattell (Cattell, Eber, Tatsuo, 1970). The designation of factors and characteristics measured by this instrument are shown in table 1.

Table 1  
Identification of personality traits measured by 16pf.\*

FACTOR SCALES	
A SIZOTHYMIA Reserved, Detached, Critical, Cool	CYCLOTHYMIA Outgoing, Warmhearted, Easy-going, Participating
B LOWER SCHOLASTIC MENTAL CAPACITY Less intelligent, Concrete-thinking	HIGHER SCHOLASTIC MENTAL CAPACITY More intelligent, Abstract-thinking, Bright
C LOWER EGO STRENGTH Affected by feelings, Emotionally less stable, Easily upset	HIGHER EGO STRENGTH Emotionally stable, Faces reality, Calm
E SUBMISSIVENESS Humble, Mild, Obedient, Conforming	DOMINANCE Assertive, Independent, Aggressive, Stubborn
F DESURGENCY Sober, Prudent, Serious, Taciturn	SURGENCY Happy-go-lucky, Heedless, Gay, Enthusiastic
G WEAKER SUPEREGO STRENGTH Expedient, A law to himself, By-passes obligations	STRONGER SUPEREGO STRENGTH Conscientious, Persevering, Staid, Rule-bound
H THRECTIA Shy, Restrained, Diffident, Timid	PARMIA Venturesome, Socially bold, Uninhibited, Spontaneous
I HARRIA Tough-minded, Self-reliant, Realistic, No-nonsense	PREMSIA Tender-minded, Dependent, Over-protected, Sensitive
L ALAXIA Trusting, Adaptable, Free of jealousy, Easy to get on with	PROTENSION Suspicious, Self-opinionated, Hard to fool
M PRAXERNIA Practical, Careful, Conventional, Regulated by external realities, Proper	AUTIA Imaginative, Wrapped up in inner urgencies, Careless of practical matters, Bohemian
N ARTLESSNESS Forthright, Natural, Artless, Sentimental	SHREWDNESS Shrewd, Calculating, Wordly, Penetrating
O UNTROUBLED ADEQUACY Placid, Self-assured, Confident, Serene	GUILT PRONENESS Apprehensive, Worrying, Depressive, Troubled

Table 1 continued/...

Q1 CONSERVATISM Conservative, Respecting established ideas, Tolerant of traditional difficulties	RADICALISM Experimenting, Critical, Liberal, Analytical, Free-thinking
Q2 GROUP ADHERENCE Group-dependent, A "joiner" and sound follower	SELF-SUFFICIENCY Self-sufficient, Prefers own decisions, Resourceful
Q3 LOW INTEGRATION Casual, Careless of protocol, Untidy, Follows own urges	HIGHER SELF-CONCEPT CONTROL Controlled, Socially-precise, Self-disciplined, Compulsive
Q4 LOW ERGIC TENSION Relaxed, Tranquil, Torpid, Unfrustrated	HIGH ERGIC TENSION Tense, Driven, Overwrought, Fretful

\*Source: HRSC Training Manual (1992).

Psychometric and other characteristics of this instrument can be found in the Human Sciences Research Council's Training Manual (1992).

The Nineteen Field Interest Inventory (FII) measures interests in 19 fields, as indicated in table 2.

Table 2  
Fields of interest measured by the 19fii

Number	Interest field
1	Fine arts
2	Clerical
3	Social work
4	Nature
5	Performing Arts
6	Science
7	Historical
8	Public speaking
9	Numerical
10	Sociability
11	Creative thought
12	Travel
13	Practical (female)
14	Law
15	Sport
16	Language
17	Service
18	Practical (male)
19	Business
20	Work - Hobby
21	Active - Passive

More information on the kind of data obtained by applying the 19 Field Interest Questionnaire can be found in Fouché and Alberts (1992).

Biographical and business variables on which data was gathered are presented in table 3.

Table 3  
Biographical and business variables on which data was gathered

<b>Biographical information</b>	<b>Business information</b>
Sex	Industry
Marital status	Market served
Population group	Previous occupations
Religious affiliation	Source of capital
Education: School	Turnover (per year)
Education: Tertiary	Profit: Turnover-ratio
Father's occupation	Investment: Own and other capital
Position in birth order	Investment: Own capital
Socio-economic level of family	Age of business
Age	Number of employees
Language group	Return on investment

The decision on which biographical variables to include in the data-gathering process, was partly based on an earlier study of South African entrepreneurs (Schutte, Boshoff, Bennett, 1990). The biographical variables were phrased into a questionnaire and pre-tested by administering it to 60 final year students attending a Personnel Management course in a tertiary institution. The feedback received from this group was utilized to modify and revise the biographical questionnaire with regard to readability, as well as clarity of instructions and questions.

#### *Data gathering*

The three measuring instruments were applied to the state employees during one session of a training course in which these subjects participated.

The bank officials were divided into two groups. One group completed the questionnaires in one centre and the other group in another centre. Standard test procedures were adhered to in all cases.

Due to the wide geographical dispersion of the entrepreneurs, the preciousness of time as a resource, and the need to obtain co-operation from as large and representative a sample as possible, data was individually gathered from entrepreneurs. In order to reach the large number of entrepreneurs within a short time period, a total of 23 field workers were trained in the application of the data gathering instruments. Training was done in groups of three to four members, with sessions lasting approximately 6 hours.

After drawing a random sample of N=482 entrepreneurs from the population of N=10,500, every entrepreneur included in the sample received a letter in which information on the research was provided and co-operation requested. A tear-off sheet was provided on which willingness to co-operate in the research and a list of dates suitable to the entrepreneur for a visit by a field worker could be indicated. This rendered a positive response [indication of willingness to participate in the research and of dates for a visit by

a field worker] from 82 entrepreneurs (17 per cent), a negative response [i.e. an indication of unwillingness to participate] from 9 entrepreneurs (1,8 per cent) and no response from 391 entrepreneurs (81 per cent).

Telephone contact was made with those individuals who had responded positively and an appointment for a visit by a field worker was set up. A follow-up letter was sent to non-respondents. This brought a response of willingness to participate from another 102 entrepreneurs, bringing the total number of individuals who were willing to participate to 184 (38,2 per cent). Useable information was obtained from one hundred and forty individuals (29 per cent of the original sample). Taking into account the difficulties associated with this kind of field research, the final response rate was regarded as acceptable.

Data was gathered by means of personal visits to the entrepreneurs' workplaces. In the majority of cases more than one visit, with a maximum of three, was necessary to gather information from the subjects. The arranged meetings between the field workers and respondents mostly took place after normal business hours.

## Results

All statistical analyses were carried out by means of Statistical Analysis System (SAS, 1985).

To determine whether entrepreneurs differed from the other respondents in terms of responses on the three sets of variables, MANOVAS and Chi-squared (in the case of discrete scales which were used for all biographical variables except age and Protestant orientation), were carried out. A value of  $F=48.78$  (1,286) indicating a significant difference between the two groups at the  $p=.0001$  level was found for the biographical variable age, with the direction of the difference apparently: Entrepreneurs older than non-entrepreneurs. In the case of Protestant orientation (of the religious denomination of which the respondents were members) a value of  $F(1,286)=.28$ ,  $p=.60$ , indicating no significant difference between the two groups, was obtained. Overall differences between the two groups were obtained for scores on the 16PF ( $F(16,270)=6.02$   $p=.0001$ ) and for scores on the 19F11 ( $F(21,265)=5.48$   $p=.0001$ ).

Other results obtained are shown in table 4.

Table 4  
Results of chi-squared and manova on scores of non-entrepreneurs and entrepreneurs  
on biographical variables, personality traits and interests

Biographical variables	Chi-squared	(df)	p.	
Place of birth	61.1	(4)	.000	
Sex	58.4	(1)	.000	
Marital status	10.3	(3)	.0006	
Population group	4.1	(3)	.249	
Religious Affiliation (Yes/No)	13.8	(1)	.000	
School education	.9	(2)	.634	
Tertiary education	6.0	(6)	.419	
Occupation of father	53.0	(4)	.000	
Position in birth order	7.10	(4)	.134	
Socio-economic level	5.3	(10)	.380	
Language group	111.6	(2)	.000	
Personality traits	F	(1.286)	p.	(Direction of difference)
PF1 Sizothymia-Cyclothymia	2.6		.11	
PF2 Scholastic Mental Ability	2.1		.14	
PF3 Ego strength	8.0		.005	Entrepreneurs>Non-entrepreneurs
PF4 Submissiveness - Dominance	10.0		.002	Entrepreneurs>Non-entrepreneurs
PF5 Desurgency - Surgency	.02		.89	
PF6 Superego strength	3.6		.06	
PF7 Threctic - Parmia	2.5		.12	
PF8 Harria - Premsia	30.4		.0001	Non-entrepreneurs> Entrepreneurs:
PF9 Alaxia - Protension	20.0		.0001	Entrepreneurs>Non-entrepreneurs
PF10 Praxemia - Autia	3.3		.07	
PF11 Artlessness - Shrewdness	.03		.86	
PF12 Untroubled adequacy - Guilt proneness	14.1		.001	Non-entrepreneurs> Entrepreneurs
PF13 Conservatism - Radicalism	.06		.81	
PF14 Group adherence - Self-sufficiency	6.8		.01	Entrepreneurs>Non-entrepreneurs

Table 4 continued/...

Interest fields	F.	(1.286)	p.	Direction of difference
PF15 Low integration - Higher self-concept control	.22		.64	
PF16 Ergic tension	1.16		.28	
<b>Interests</b>				
F Fine Arts	.4		.54	
F Performing Arts	2.98		.09	
F Language	3.0		.08	
F Historical	.7		.40	
F Service	37.9		.0001	Non-entrepreneurs> Entrepreneurs
F Welfare work	17.9		.0001	Non-entrepreneurs> Entrepreneurs
F Sociability	0.		.98	
F Public Speaking	1.89		.17	
F Law	.25		.62	
F Creative thinking	4.9		.03	Entrepreneurs>Non-entrepreneurs
F Science	.1		.74	
F Practical - Male	2.75		.10	
F Practical - Female	37.5		.0001	Non-entrepreneurs> Entrepreneurs:
F Numerical	3.1		.08	
F Business	41.3		.0001	Entrepreneurs>Non-entrepreneurs
F Clerical	9.1		.003	Non-entrepreneurs> Entrepreneurs
F Travel	1.77		.18	
F Nature	.2		.62	Entrepreneurs>Non-entrepreneurs
F Sport	5.49		.02	
F Work - Hobby	2.2		.14	
F Active - Passive	.51		.48	

A final line of analysis was aimed at determining how accurately the variables on which the entrepreneurs differed from non-entrepreneurs could predict membership of the two groups. This was done by means of Stepwise Discriminant Analysis (Proc Stepdisc in SAS) followed by Discriminant Analysis by means of Proc Discrim in SAS.

As a first step, the biographical variables on which the two groups differed significantly (Age, Place of birth, Sex, Marital status, Religious affiliation, Occupation of father and Language group), were used to build a model of factors which could differentiate between the two groups. This was done by means of Stepwise Discriminant Analysis. The Proc Stepdisc procedure entered six variables after seven steps. The variables used in the model were, in order of their contribution to the prediction: Language, Age, Religious affiliation, Place of birth, Occupation of father. Use of these variables yielded a Wilk's Lambda of .59 and an Average Squared Canonical Correlation of .41.

The variables identified by this process were then used to classify the respondents into the three groups by means of Discriminant Analyses. The resulting classification is shown in table 5.

Table 5  
Number of observations and percentages classified into different groups using biographical variables.

From Group		CLASSIFIED INTO GROUP		
		Non-entrepreneurs	Entrepreneurs	Total in group
Non-entrepreneurs	N	121	26	147
	%	82.3	17.7	100
Entrepreneurs	N	24	116	140
	%	17.1	82.9	100

From table 5 can be seen that more than 80 per cent of entrepreneurs and of non-entrepreneurs were classified 'correctly' by means of the biographical variables identified earlier as differentiating the two groups. The overall percentage of correctly classified individuals was 82.6.

The same procedures (using the traits Ego strength, Submissiveness- Dominance, Harria-Premisia, Alaxia-Protension, Adequacy-Guilt proneness, and Group Adherence-Selfsufficiency in the Stepwise Discriminant Analysis) resulted in the variables Harria-Premisia, Alaxia-Protension, Ego-strength, Group Adherence-Self sufficiency and Adequacy-Guilt Proneness (in order of contribution to variance), being retained in the model to classify respondents into the different groups. This resulted in a Wilks' Lambda of .80 and an Average Squared Canonical Correlation of .20. The results of the Discriminant Analysis using these variables are shown in table 6.

Table 6  
Number of observations and percentages of respondents classified as entrepreneurs or non-entrepreneurs by means of personality traits

From group		CLASSIFIED INTO GROUP		
		Non-entrepreneurs	Entrepreneurs	Total in Group
Non-entrepreneurs	N	100	47	147
	%	68.0	32.0	100.0
Entrepreneurs	N	39	101	140
	%	27.9	72.1	100.0

Overall 70.0 per cent of the subjects were classified correctly.

From these results, it seems as if personality traits had less power to classify respondents into their correct groups than was the case with biographical variables - as

indicated by the values of Wilk's Lambda, the Canonical Correlation Coefficients, and the percentage accuracy of classification obtained. A slightly larger absolute percentage of the entrepreneurs than of the non-entrepreneurs were, however, classified correctly by means of the personality variables.

Similar analyses were done using scores on the fields of interest as discriminators. The interest fields used in the Stepwise Discriminant analysis, were once again those on which significant differences were found between the two respondent groups (i.e. Service, Social Work, Creative Thought, Practical-Female, Business, Clerical and Sport). The Stepdisc Procedure included Business, Service, Practical-Female, Social Work and Sport in the model, which yielded values of .73 for Wilk's Lambda and .27 for the average Squared Canonical Correlation. A classification of respondents, based on this model, done by means of Discriminant Analysis, is exhibited in table 7.

Table 7

Number of observations and percentages classified into different groups by means of scores on fields of interest

From Group		CLASSIFIED INTO		
		Non-entrepreneurs	Entrepreneurs	Total in group
Non-entrepreneurs	N	98	49	77
	%	66.7	33.3	100.0
Entrepreneurs	N	30	110	140
	%	21.7	78.6	100.0

From these results, it can be seen that the accuracy of classification of respondents into the two groups by means of scores on the fields of interests scales was not high - a relatively high value of Wilk's Lambda and a low Canonical Correlation Coefficient as well as percentages of respondents classified correctly, were obtained. Entrepreneurs were again classified relatively more accurately than was the case with the non-entrepreneurs. Overall 72.5 per cent of the subjects were classified correctly by means of Fields of Interest scores.

A final analysis was done in order to determine the discrimination ability of the three kinds of variables - biographical, personality traits and interests - when used in combination.

The 19 variables on which significant differences between the two groups had been found, were used in a Stepwise Discriminant procedure, which resulted in six biographical variables (Sex, Language, Age, Religious Affiliation, Place of birth, Fathers occupational level), three personality trait variables (Alaxia-Protension, Ego strength, Group Adherence-Self-sufficiency) and four fields of interest (Business, Service, Sport and Creative thought) being included in the final discriminant model. The value of Wilk's Lambda was .46 and the Squared Canonical Correlation .54. Using these variables in a Discriminant Analysis the following pattern of classification was obtained.

Table 8  
Number of observations and percentages of classification into groups

From group		CLASSIFIED INTO		
		Non-entrepreneurs	Entrepreneurs	Total in group
Non-entrepreneurs	N	133	14	147
	%	90.5	9.5	100.0
Entrepreneurs	N	20	120	140
	%	14.3	85.7	100.0

Overall 88.2 per cent of the subjects were classified correctly by this model.

It seems as if a relatively good prediction was obtained by means of the variables used as discriminators in this analysis. The discriminators that were chosen seem to yield a quite successful classification, with more than 85 per cent of the entrepreneurs and more than 90 per cent of the non-entrepreneurs classified correctly. The values obtained for Wilk's Lambda and for the Canonical Correlation are also quite satisfactory.

### Discussion

The results obtained by means of the analyses described in the previous section seem to provide relatively clear answers to the research questions.

The analyses carried out to determine whether the two groups (entrepreneurs, vs non-entrepreneurs) differed significantly from each other in terms of biographical variables, personality traits, and fields of interest, yielded quite clear results. The differences between the biographical background of entrepreneurs and that of the non-entrepreneurs can be summarized as: Entrepreneurs were more likely to be English-speaking, older, to have been born outside South Africa, male rather than female, married, not formally affiliated to a religious denomination, to have fathers who were themselves in business or did managerial work.

The results with regard to differences in personality traits and interests are summarized in table 9.

Table 9

Comparison of personality traits of entrepreneurs in comparison with non-entrepreneurs

Entrepreneurs were:		Entrepreneurs tend to be:
Higher on	Lower on	
Ego strength		Emotionally stable, facing reality, calm
Submissiveness -Dominance		Assertive, independent, aggressive, stubborn
	Harria- Premsia	Tough-minded, self-reliant, realistic, no-nonsense
Alaxia- Protension		Suspicious, self-opinionated, hard to fool
	Untroubled adequacy-Guilt proneness	Placid, Self-assured, confident, serene
Group adherence- Self- sufficiency		Self-sufficient, preferring own decisions, resourceful

The picture of the entrepreneurial personality emerging from table 9 seems to be one of a person with high ego strength, self-reliant, assertive and independent, self-assured, resourceful and hard to fool is not necessarily that of an attractive person in an interpersonal relations sense but certainly one of an individual with a purpose in life and his/her own way of getting there.

The significant differences found on the scales measuring interests can be summarized as: Entrepreneurs tend to be more interested than non-entrepreneurs in Business, more interested than non-entrepreneurs in Creative thinking and Sport. Entrepreneurs are on the other hand significantly less interested in Clerical activities, Service, Welfare work and Practical-female matters. The picture of the entrepreneurs' interests as being no nonsense, business oriented but also interested in creativity ('being smart') seems to be in agreement with intuitively held views of this occupational group.

This study seems to have succeeded in providing, at least as far as the present respondents are concerned, some new insight into South African entrepreneurs as different from the non-entrepreneurs included in the study. It seems as if biographical variables, rather than personality traits and interests, are the factors which are able to distinguish entrepreneurs from non-entrepreneurs. It is felt however, that the findings with regard to personality traits and interests of entrepreneurs vs non-entrepreneurs are also of some value. As such the results seem to add something to the theory on entrepreneurship and the characteristics of entrepreneurs.

The study has clear shortcomings. Causality could not be established due to the ex post facto nature of the present study. The variables on which significant differences between entrepreneurs and non-entrepreneurs were found can therefore not be used as predictors of, for instance, career choice. It is quite possible that having been a banker, or a state

employee, or an entrepreneur could have influenced (changed) the respondents and could therefore have contributed the differences which were found.

It seems as if longitudinal or experimental studies are needed to further tease out the role of biographical, personality traits and interests in determining career choices, especially as far as the choice between entrepreneurship and other occupations and careers are concerned.

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# 35 A comparative study of entrepreneurship motivations in the perception of small businessmen.

*I. Trevisan<sup>1</sup>, J. Nortje<sup>2</sup>, M.J. Crous<sup>2</sup>, W.Y. Cheng<sup>3</sup>*

## Introduction

This paper presents a preliminary report on the result of fieldwork undertaken separately in Italy, South Africa and Taiwan during the last few months of 1992 and early 1993. Here we comment some of the findings of this pilot study on the perceptions of small businessmen.

The long term aim of the research is to find out, amongst such diverse countries, the differences, if any, in the factors motivating entrepreneurs and in the success factors of their small businesses due to the different environment - in cultural and operational terms - in which they work.

The study was conducted by means of direct interviews to a number of small businessmen selected among those considered as successful. To satisfy the condition of 'being successful' the requirement to be met was that the turnover of their firm increased in the last year reported over the previous one (admittedly a very lenient requirement).

The questionnaire used was basically the same for all the three countries. It is divided in three sections. The first one deals with '*anagraphic*' issues, such as: type of business, businessman's background, etc. This allows to draw a profile of the respondents which can highlight differences in the typical characteristics of 'successful businessmen' among the three countries considered. The second section deals with '*motivational*' issues, viz., the reasons behind the decision to start one's own business, the factors which are considered important and worthy of pursuit by means of the entrepreneurial activity, the rewards ex-

pected for the effort of managing an own business. This should highlight the cultural differences, if there are any, in the approach to entrepreneurship opportunities and the response to the entrepreneurial challenge. The third section deals with '*operational*' issues, such as: the obstacles encountered by the entrepreneur during his activity or the reasons he deems relevant to the failure of other small businesses. This allows to make comparison about the operating environment of small business in the three countries.

These notes of comment are written by one of us using data from all three the researches. Unfortunately, due to time constraint and some difficulty in coordinating the analysis, it was not possible to have analyses from the other researchers. Therefore the interpretation of some of the differences is left to 'informed guesswork' from the writer. The questionnaires collected were 70 in Italy, 23 in South Africa and 202 in Taiwan.

As already stated, the businessmen to be interviewed were randomly chosen amongst those very broadly defined as 'successful'. The industry in which the firms operate varies from building to catering to furniture making, except for the Italian sample which is limited to manufacturing (about 20 different industries). The questionnaires therefore do not represent a statistically significant sample, and this preliminary study does not claim any statistical significance. It is a pilot study for testing the questionnaire and can be seen merely as an empirical inquiry aimed at highlighting some similarities and differences in the attitude to their work of businessman from three different countries

We will present part of the results analysed dividing the comment into three parts. The first one will be about the entrepreneurs themselves, the second part about the firm and the third one about the entrepreneurs' self-image.

### **Characteristics of entrepreneurs**

It is possible to discern very clear differences amongst the three countries in relation to the personal characteristics of the entrepreneurs.

While almost all the Italian entrepreneurs are male, the South African ones are more evenly split, while most of the Taiwanese are female (see table 1). A possible explanation for this, is the fact that all Italian firms are in the manufacturing sector, while many firms from the two other countries are in the services sector.

Table 1  
Sex of the entrepreneur per cent

Sex	Italy	RSA	Taiwan
Male	94.3	56.5	23.9
Female	5.7	43.5	76.1

Again great differences can be found in regard of the age of the entrepreneurs (see table 2). Taiwan sticks out as a place of very young entrepreneurs: a quarter of them is 25 years old or less, and the age groups up to 35 years include almost two thirds of them.

To the contrary, neither in the Italian nor in the South African sample can be found entrepreneurs in the first age group (up to 25 years old). However, here end the similarities between these two countries. Indeed, in South Africa two thirds of the respondents can be found in the age groups from 26 to 45 years (mostly in the group from 26 to 35), while in Italy almost two thirds are concentrated in the age groups 45 to 55 and over 55, almost evenly divided.

The higher proportion of businessmen in the older age groups in Italy can be explained by the fact that widespread industrialisation in Italy started earlier than in the other countries; in particular, the mid-sixties and early-seventies saw a veritable explosion of small business activity and this is reflected in the age of the businessmen interviewed (supporting evidence for this assumption can be found in the fact that most of the Italian firms whose owners were interviewed have been active for more than ten years - see table 7).

Table 2  
Age of the entrepreneur. per cent

Age (years)	Italy	RSA	Taiwan
up to 25	0.0	0.0	24.3
from 26 to 35	15.7	39.1	39.6
from 36 to 45	22.8	26.1	23.8
from 46 to 55	31.5	26.1	9.4
over 55	30.0	8.7	3.0

Noticeable differences can be found also in the educational qualifications of the owners. Again Italy is different (see table 3): the majority of the respondents has not more than eight years of schooling (lower secondary pass) and only 7 per cent has higher education qualifications.

Table 3  
Educational qualification of the owner per cent

	<b>Italy</b>	<b>RSA</b>	<b>Taiwan</b>
up to 8 yrs schooling	54,3	9,0	4,0
11 to 13 yrs (vocational)	21,4	0,0	36,6
11 to 13 yrs technical college	17,1	45,5	19,3
University	0,0	13,6	6,4
	7,1	31,8	33,7

Completely different is the situation in South Africa and Taiwan: there, almost all the entrepreneurs have at least secondary education and 40 per cent or more have higher qualifications. The main difference between the two appears to be the fact that the majority of the Taiwanese entrepreneurs who went through secondary education had vocational or technical training, while in South Africa vocational or technical training comes after completing secondary school. It should be underlined that in both countries about a third of the entrepreneur has a degree.

The three countries show each a distinctive pattern with regard to the previous occupation of the owner (see table 4).

In Italy almost half of the businessmen were previously in employment in other firms, and one third already owned and managed a business. About the same proportion of South Africans was previously an entrepreneur, but only one quarter was employed in other firms. A sizeable proportion of South African entrepreneurs was previously in the civil service, while none of them started the business activity coming straight put of school. Taiwan is similar to South Africa for the sizeable presence of former civil servants among the entrepreneurs, but closer to Italy for the fact that people become entrepreneurs as first working activity after leaving school. The two countries share former employees as the main recruiting ground for entrepreneurs (in Taiwan well over half of them were employed in other firms). Where Taiwan shows its peculiarity is in the fact that only one tenth of the respondents was previously an entrepreneur.

Table 4  
Previous occupation of the owner per cent

Occupation	Italy	RSA	Taiwan
Entrepreneur	30.0	32.0	10.0
Professional	0.0	n.a	0.0
Civil service	2.9	16.0	14.7
Employee	44.3	24.0	58.0
Student	15.7	0.0	15.2
Unemployed	1.4	4.0	2.2
Other	5.7	24.0	0.0

The importance of management training for the entrepreneur (shown by their undergoing some form of it) is felt differently in the three countries (see table 5).

Table 5  
Management Training per cent

Respondents who	Italy	RSA	Taiwan
had training (total)	41.4	27.3	65.3
had training (at least once per year)	(25.7)	(22.7)	(52.5)
no training	58.6	72.7	34.6

In Taiwan, two thirds of the respondents had some management training and just over half of them undergoes some form of training (even if only by following a seminar) at least once per year. Much lower is the proportion in Italy and South Africa. Indeed, in both countries more than half the respondents have never had any management training (in South Africa almost three quarters of them). While between these two countries there is still a sizeable difference in the proportion of entrepreneurs having undergone some sort of training, the difference almost disappears when the continuity of such a training is taken into consideration: almost the same proportion declares to have training at least once per year.

### Characteristics of the business

Since the research was about entrepreneurship and the interviewees were small businessmen, it is surprising that not all the firms are managed by the owner (see table 6).

While in Italy and South Africa this regards more or less one tenth of the total, in Taiwan over half of the firms are in this condition. This might be due to the fact that in Taiwan a higher proportion of the questionnaire went to firms which are incorporated and managed by professional manager rather than by the owner. However this appears strange: as these are small businesses the proportion of owners-managers should be higher, particularly in a

country like Taiwan, well-known for its family businesses closed to outsiders. Indeed in Italy over 40 per cent of the firms are corporations or limited liability companies, but most of them are managed by the owner. A possible explanation is that a single businessman owns more than one small business and has to let somebody else manage some of them.

Table 6  
Firms managed by the owner per cent

	Italy	RSA	Taiwan
Yes	88.6	91.3	46.5
No	11.4	8.7	51.5

Note: the missing Taiwanese 2 per cent are No Reply

Very big differences amongst the three countries can be found also in the age of the business (see table 7).

Most Italian firms have been active for at least ten years, and just over 7 per cent have been started in the last five. Almost opposite is the situation in South Africa, where only slightly more than one fifth of the firms has been in activity for ten or more years, while more than half (56,6 per cent) of the firms is five years old or younger. Taiwan is half-way between the two other countries: it has a large proportion (43,6 per cent) of 'old' firms, but also the same proportion is made up of businesses started in the last five years.

Table 7  
Years of existence of the firm per cent

years	Italy	RSA	Taiwan
less than one	0.0	4.4	5.9
from 1 to 3	1.4	47.8	22.8
4 to 5	5.7	4.4	14.9
6 to 7	2.9	13.0	6.4
8 to 9	1.4	8.7	4.0
10 and longer	85.7	21.7	43.6
no reply	2.9	0.0	2.4

The size of the firms as given by the number of employees are varied. Also in this case slightly different criteria of selection of the firms to be interviewed can explain some differences. Only in the Italian sample was the attempt made to collect information also about the size of the firms in terms of turnover: 68,6 per cent of Italian firms has a turnover of more than US\$ 625.000; 32,9 per cent of more than US\$ 3 million.

More than half of the Taiwanese firms have more than 50 employees, while a much lower proportion of Italian (17 per cent) and South African (4 per cent) ones are in the same dimensional class. The firms with ten or less employees (including the owner or owners) are less than one fifth of the Taiwanese, almost one third of the Italian and almost three quarters of the South African sample (see table 8).

Table 8  
Number of employees in the firm including the owner(s).per cent

employees	Italy	RSA	Taiwan
5 and less	20.0	47.8	9.4
6 to 10	11.4	26.1	9.4
11 to 20	25.7	17.4	12.4
21 to 30	10.0	4.4	6.9
31 to 40	10.0	0.0	3.5
41 to 50	5.7	0.0	4.0
51 and more	17.2	4.4	52.0
no reply	0.0	0.0	2.5

Very few of the South African firms employ more than 20 people. On the other hand, the Italian sample is more evenly distributed, with the 11-to-20 employees as the most represented dimensional class, followed by the 5-or-less group.

The last characteristic of the firm that we discuss here is its export activity. Some respondents did not answer this question (the highest proportion of 'no reply' is from Italy the lowest from South Africa, see table 9). Unfortunately the questionnaire did not state the option 'no export'; so it is only possible to guess that most of the 'no reply' answers are due to firms not exporting; similarly it is a guess that most of the South African firms which answered that less than 10 per cent of their turnover comes from exports are in reality not involved at all with foreign markets.

The industry in which the firms operate can be the cause of a greater or weaker vocation to export (a butcher will find it difficult to diversify into foreign markets). This said, however, it is possible to discern among the three countries significant differences in the importance of export for the small firms.

South Africa is the country where small businesses have very little contact with foreign markets: only one fourth of them derives more than 10 per cent of their turnover from exports (and none derives more than 30 per cent). Italian small businesses are more involved abroad, even if slightly more than half of them does not export or exports for less than 10 per cent of their turnover. Most of the remaining firms derives between 10 per cent and 30 per cent of their turnover from exports. However, a small proportion of these firms is deeply involved in foreign markets wherefrom derives over 70 per cent of the turnover. The most export-oriented small businesses are those from Taiwan. About 60 per cent of them derives a meaningful share of the turnover from foreign markets and about a quarter of them declares that more than half of their turnover is derived from abroad.

Table 9  
Export market per cent

% of sales	Italy	RSA	Taiwan
less than 10%	31.4	69.6	27.7
from 10 to 30	31.4	26.1	20.8
31 to 50	8.6	0.0	15.3
51 to 70	0.0	0.0	12.9
more than 70%	5.7	0.0	11.4
no reply	22.8	4.3	11.9

### Perceptions of the small businessmen

The opinions and feelings of entrepreneurs were inquired into by means of a dozen multiple questions. 'Motivational' and 'operational' issues were raised; here we report on some of the motivational ones. The respondents were asked to express their opinion on the specific topic raised by the interviewer by grading it on a scale from 1 (not important) to 5 (very important). For each of the issues discussed we give the weighted average and the position in order of importance of each of the statements related to the issue itself.

The first issue on which we compare the attitudes of the entrepreneurs of the three countries concerns the reasons for starting an own business (see table 10).

The desire of *having one's own activity* is the most important factor in Italy and in Taiwan and comes second to unspecified '*other*' in South Africa. Apparently in all the three countries such a desire is linked more to autonomy, self-expression and creativity than to perceived material gains.

This can be surmised by the difference in the average mark received by the two other factors which are of significant importance in all the countries: '*wanting to make profits*' and '*wanting to be no longer an employee/not wanting to work under a boss*'. While in South Africa and Taiwan these two factors are considered in this order of importance (albeit with very little difference between them), in Italy not wanting to work under another person weighted more in the decision to start the business than the desire of profits. The latter factor was given almost the same importance as '*family traditions*' by the Italian entrepreneurs (this topic was not raised in the other countries).

Table 10  
 Consideration that played a role in the decision of starting own business.

	Italy		R.S.A.		Taiwan	
	WA	P	WA	P	WA	P
Wanted own activity	4.0	1	4.1	2	4.7	1
Wanted to make profits	2.7	3	3.8	3	4.1	2
To be no longer an employee	3.1	2	3.6	4	4.0	3
Family tradition	2.6	4	n.a.		n.a.	
Lack of alternative	1.4	5	n.a.		n.a.	
Other	n.a.		4.4	1	n.a.	

WA: Weighted average P: position

In Italy also '*lack of alternative*' was listed among the factors which decided the entrepreneur to start his activity. It was considered the least important of all, receiving very low marks and, indeed, 85 per cent of the respondents gave it the lowest mark possible, while only 7 per cent gave it the highest (it is interesting that the same proportion, 7 per cent, gave the highest mark to the desire of making profits: perhaps self-expression and creativity are really stronger motivating factors for Italian entrepreneurs).

The entrepreneurs were also asked to analyse themselves, given a grade to a number of characteristics according to how much they thought they are fittingly described by each of those (the scale is from 5, very fitting, to 1, not fitting at all).

The areas enquired are:

- a) attitude towards risks;
- b) dedication to work;
- c) creativity;
- d) leadership;
- e) attention to opportunity;
- f) motivation to progress.

For each of these areas a variable number of characteristics were mentioned. We will discuss how these characteristics are judged more or less fitting by the entrepreneurs of the different countries. The differences discussed will be those of the rank which can be assigned to each according to the average score received by the businessmen of a country; the differences among the score itself will not be discussed, since there was no way to ascertain that people in different countries gave the same meaning to the grading-scale. Indeed, we found a persistent trend to give lower marks to any characteristic by respondents of one country.

*Attitude towards risk*: out of the six characteristics considered under this heading, in all the three countries the highest marks were given to '*ability to solve problems*'. '*Tolerance of stress*' is put in the second place both in Italy and in Taiwan, while in South Africa that place is taken by '*tolerance of conflict*'. Being able to take calculated risks comes third in South Africa and Italy and fourth in Taiwan, while being a risk-avoider is the least considered in all three countries (see table 11).

Table 11  
Attitude towards risk

	Italy		R.S.A.		Taiwan	
	WA	P	WA	P	WA	P
A calculated risk-taker	3.5	3	3.8	3	3.9	4
Ability to solve problems	3.8	1	4.3	1	4.3	1
Risk-avoider	2.9	6	3.3	6	2.8	6
Tolerance of uncertainty	3.3	5	3.7	5	3.5	5
Tolerance of stress	3.6	2	3.8	3	4.1	2
Tolerance of conflict	3.4	4	4.0	2	4.0	3

WA: Weighted average P: position

Altogether, little difference can be seen in this respect between the three countries. Three out of the six characteristics are placed at the same rank; two other are given the same rank by entrepreneurs of two countries: South African entrepreneurs feel to be slightly less able to face stressful condition and Taiwanese ones appear to be slightly less given to take calculated risks (although, given the well-known love for gambling associated with Chinese people, one wonders whether this means that they might be prepared to take risks, not bothering overmuch about calculating the odds).

*Dedication to work*: five characteristics were included under this heading. This time the differences amongst the three countries were noticeable: each of them has given a different order to the characteristics, and not one of them has the same rank in two countries (see table 12).

'*Willingness to sacrifice*' is the characteristic which fits best for the Italian entrepreneurs, while gets the second place from the South Africans but is the least considered by the Taiwanese (admittedly with a high mark, however). '*Discipline*' is given the greatest importance by the Taiwanese, but is in third place among the South Africans and is considered the least fitting as self-description by the Italians. '*Dedication*' is in the first place for the South Africans, in the second for the Italians and in the fourth for the Taiwanese.

Table 12  
Dedication to work

	Italy		R.S.A.		Taiwan	
	WA	P	WA	P	WA	P
Willingness to sacrifice	4.4	1	4.7	2	4.0	5
Discipline	3.9	5	4.6	3	4.6	1
Determination	4.2	3	4.5	4	4.5	2
Persistence	4.0	4	4.4	5	4.4	3
Dedication	4.3	2	4.8	1	4.4	4

WA: Weighted average P: position

Italians, therefore, feel they are best described by the same two characteristics ('willingness to sacrifice and dedication') as the South Africans do, but in inverted order, while the two characteristics considered least important are 'discipline' and 'persistence' by the Italians and 'persistence' and 'determination' by the South Africans. On the other hand, 'discipline', 'determination' and 'persistence' are in this order the characteristics which the Taiwanese entrepreneurs feel are the most fitting to describe themselves.

*Creativity*: five characteristics were grouped under this heading (see table 13). 'Ability to adapt' was considered the most fitting by entrepreneurs in all three countries. Each of the other characteristics is given a different rank in each country.

Italians believe that they are best described as capable of adapting and unafraid of failures and are generally satisfied with the way things go ('unsatisfied with the status quo' is the characteristics with the lowest mark for them). South Africans, besides being able to adapt, feel that 'ability for abstract thought' is a well fitting description of themselves, while they tend to be more concerned with doing the right thing ('unafraid of failures' gets the lowest mark). Taiwanese entrepreneurs are the least satisfied with their condition ('unsatisfied of status quo' is in the second place for them), while 'ability for abstract thought' is their weakest point.

Table 13  
Creativity

	Italy		R.S.A.		Taiwan	
	WA	P	WA	P	WA	P
Ability to adapt	3.5	1	4.3	1	4.4	1
Unsatisfied of status quo	2.5	5	3.8	3	4.2	2
Unconventional thinker	2.9	3	3.7	4	3.5	4
Unafraid of failures	3.1	2	3.6	5	4.1	3
Ability abstract thought	2.8	4	4.1	2	3.2	5

WA: Weighted average P: position

Table 14  
Leadership

	Italy		R.S.A.		Taiwan	
	WA	P	Wa	P	WA	P
Patience	3.6	5	4.3	3	4.2	3
Team-building	3.7	4	3.9	5	4.0	5
Integrity and reliability	4.3	1	4.5	1	4.6	1
Internal locus of control	3.9	3	4.2	4	4.1	4
Self-starter	4.2	2	4.4	2	4.4	2

WA: Weighted average P: position

*Leadership*: also in this case, five were the characteristics grouped under this heading (see table 14). The entrepreneurs of all three countries found that '*integrity and reliability*' and '*being a self-starter*' were, in this order, the characteristics whereby they are best described. South Africans and Taiwanese felt that '*team building*' was their weak spot, followed by '*internal locus of contro*'. Also for Italians '*team building*' is a weak spot, but not so much as '*patience*', which received the lowest mark.

*Attention to opportunity*: only three characteristics were included under this heading (see table 15). Italians and South Africans rank those in the same order: '*knowledge of clients needs*' is their strongest point, closely followed by '*being market-oriented*'. This is in the second position also in the case of the Taiwanese, who, however, feel that the most fitting description is '*having the impulse to create wealth*'. This certainly agrees with the findings relating to the reasons for starting an own business, where profit-making had a higher rank for the Taiwanese. Also noticeable, and in agreement with the same findings, is the fact that the impulse to create wealth receives a relatively low mark from the Italians (for whom profit-making ranked low in the factors for starting their business).

Table 15  
Attention to opportunity

	Italy		R.S.A.		Taiwan	
	WA	P	WA	P	WA	P
Knowledge of clients' needs	4.4	1	4.6	1	4.1	3
Impulse to create wealth	3.3	3	4.0	3	4.5	1
Market-oriented	4.1	2	4.4	2	4.3	2

WA: Weighted average P: position

*Motivation to progress*: six characteristics were grouped under this heading (see table 16). Taiwanese and South Africans considered that the most fitting of them is '*being driven to achieve and grow*', which is ranked second by the Italians. The latter have given the first

Table 16  
Motivation to progress

	Italy		R.S.A.		Taiwan	
	WA	P	WA	P	WA	P
Goal-oriented	4.5	1	4.3	2	3.9	4
Need for status and power	2.4	6	3.1	6	3.8	5
Knows own strong/weak point	3.6	3	4.1	4	4.0	3
Sense of humour	3.1	5	4.0	5	3.7	6
Drive to achieve and grow	4.3	2	4.4	1	4.5	1
Ability to support community	3.5	3	4.2	3	4.3	2

WA: Weighted average P: position

place to '*being goal-oriented*', which is considered well fitting also by the South Africans but not so much by the Taiwanese. Another characteristics that the entrepreneurs of all

three countries feel describes them well is '*being able to offer support*' not only to their family but also to their employees and their community.

The least fitting descriptions are again the same for the three countries: '*having a sense of humour*' and '*feeling a need for status and power*', with the latter getting the lowest rank from Italians and South Africans and the former from Taiwanese.

Altogether it is possible to say that, as far as motivation is concerned, there are probably more similarities among the entrepreneurs of the three countries than differences. Their being '*entrepreneurs*' is a strong amalgamating factor which can outweigh many of their cultural differences.

These differences are nonetheless present and can be clearly seen in a few instances. In none of the six headings the ranking of the characteristics was the same for all three countries. Furthermore, only in two cases they were the same for two of the countries: in '*leadership*' South Africa and Taiwan ranked the characteristics in the same order (giving them very similar marks, too); and in '*attention to opportunity*' the same happened with South Africa and Italy (but with different marks). On the other hand, in '*dedication to work*' not a single characteristic was given the same rank by the entrepreneurs of the three countries and very few similar ranks can be found in '*creativity*' and '*motivation to progress*'.

The questionnaire, as it was built in this trial run, was not detailed enough to allow a clear identification and measurement of the differences among entrepreneurs of different countries, but certainly these differences exist.

To the entrepreneurs interviewed was asked also to give their opinion on what are the qualities of a good entrepreneur. Seven factors were mentioned, five of them relating to personal characteristics and two relating to acquired instruments (management training and capital).

Also in this case there are similarities and differences. Italian and South African entrepreneurs rank in the same order six factors out of eight (but the factor which one group considers the most important is ranked fifth by the other). Taiwanese clearly have a different opinion about what makes a good entrepreneur: only one factor is given the same rank by them and the South Africans, while there is not a single one is given similar rank by the Italians. However, three factors differ for one place only: '*love of adventure*' and '*sufficient capital*' are given the lowest ranks by all three countries (Taiwan in a different order), while '*having good knowledge of the products*' is considered very important by all. Indeed, the latter is the most important factor for the Taiwanese and the second most important - at par with '*being dedicated*' - for Italians and South Africans. These two groups, however, consider different factors as the most important: for Italians it is '*to having initiative*', for South Africans is '*being a hard worker*'.

It is worth noticing that, of the two factors not related to personal characteristics, availability of capital is not considered an important characteristic of a good entrepreneur by any group, while management training is considered very important by the Taiwanese and not so important by South Africans (in relation to other factors only, because they give it a good mark) and by Italians (in general terms, since they give it an indifferent mark).

Table 17  
The qualities of a good entrepreneur

	Italy		R.S.A.		Taiwan	
	WA	P	WA	P	WA	P
Be a hard worker	4.0	5	4.9	1	4.5	6
Have initiative	4.7	1	4.6	5	4.6	5
Have knowledge of products	4.6	=2	4.8	=2	4.8	1
Have management training	3.6	6	4.2	6	4.7	=2
Have sufficient capital	3.2	7	3.9	7	4.3	8
Be persistent	4.3	4	4.7	4	4.7	=2
Have love of adventure	2.4	8	3.8	8	4.5	7
Be dedicated	4.6	=2	4.8	=2	4.66	4

WA: Weighted average P: position

The different importance given here to management training by the different groups agrees well with the fact that two thirds of the Taiwanese had management training, while half the Italians and one fourth of the South Africans claim the same.

A last point which can be reported here is related to the self-perception of success of the entrepreneurs interviewed (see table 18).

They appear to be prudent in their evaluation: slightly more than half of the Italians and the South Africans and less than half the Taiwanese agree with the statement 'you are a successful entrepreneur', while between a quarter and one third of them are not sure whether they can claim to be successful. The most self-confident are the South Africans, less than 5 per cent of whom feels not to be successful, while the Italians (20 per cent disagreeing with the statement) seem to be quite self-critical.

Table 18  
Perception of success (agreement with the statement: you are a successful entrepreneur)

	Italy	RSA	Taiwan
Yes	54.3	54.5	44.1
No	20.0	4.6	9.4
Uncertain	25.7	31.8	39.6
No reply	0.0	9.1	6.9

In conclusion, this report can only give a partial and incomplete view on the different attitudes of the entrepreneurs of the three countries involved in the research. The analysis of other issues not taken into consideration here may give a better understanding. Most certainly, this trial run will allow the researchers involved to build a better, albeit more complex and larger, questionnaire in order to identify, measure and explain the differences in attitude among the entrepreneurs of the three countries, and also in finding out those aspects where those differences are canceled by the fact that all are entrepreneurs.

## Notes

<sup>1</sup> Università di Trento, Italy.

<sup>2</sup> University of the Orange Free State, South Africa.

<sup>3</sup> National Taipei College of Business, Taiwan.

# 36 Attitudes towards entrepreneurship in Nepal

*Y.B. Karki, M.P. Regmi, G.N. Agarwal, R. Guthier P.Rana*

## **Introduction**

Economists do not always classify entrepreneurship as a separate factor of production and when it is not distinguished as a factor it is included under labour (Lipsey, 1989). The labourers, workers or human beings are of different types: some are docile and follow what others say or tell them to do while some are decisive, determined and enterprising. The enterprising lot are classified as entrepreneurs who take risks by introducing both new products and new ways of making old products. They organise the other factors of productions like land, labour and capital and direct them along new lines.

In general the higher the proportion of working age population having entrepreneurial qualities the faster the pace of social and economic development. This statement is, of course, subject to a number of constraints which can supplant entrepreneurship. In order to unleash entrepreneurship the climate for enterprise must also be created. Good government policies, institutions and investments are vital. But the key to rapid development is the entrepreneur. Government needs to serve enterprises, large or small, by creating the proper climate instead of supplanting it.

## **The need for an attitude survey**

SBPP until now has been providing training and other forms of assistance to its target group with a generally homogenous socio-cultural and psychographical outlook. The experience so far indicates that about half of those trained can be expected to start a business with each entrepreneur creating an average of 5 jobs in addition to employing him/herself (SBPP/GTZ, 1992, p.5). This rate of success is, however, better than the rate of success reported by Harper (1984) in Uganda where trainees in self-employment programmes could only create an average of one job each, in addition to employing themselves (p. 33).

It has been observed that most of the participants had been Newar and Brahmin men. Therefore the main concern of this study is how other groups can be oriented towards entrepreneurship by tapping cross-sectional and cross-cultural values which are conducive to starting up business. This, however, calls for a careful selection of target groups in the future.

Identification of the target groups through an attitude survey alone is not sufficient to make small business undertakings successful. Information is also needed with regard to the infrastructure available to entrepreneurs. The same amount of resources (human and non-human resources put together) can yield less in an area where the general infrastructure is less conducive to business promotion than in an area where the business facilitating environment is available. This must not, however, deter capable prospective entrepreneurs from entering into a business venture even if they belong to areas less conducive to entrepreneurial development.

Therefore this study should also try to find out whether there are potential entrepreneurs in rural areas. Nepal is still predominantly rural - only some 9.1 per cent of the total population in 1991 was urban (CBS, 1992). Given the fast trend of urbanisation in Nepal (urban population as a proportion of total population increased from 2.9 per cent in 1952/54 to 3.7 per cent, 4 per cent, 6.4 per cent, and 9.1 per cent in 1961, 1971, 1981 and 1991 respectively) it can be inferred that the educated rural population migrates to urban areas and therefore have to find employment that could be created by the more enterprising of them.

In view of the fairly rapid urbanisation of Nepal. The sample size for the study was raised for urban areas because it is hypothesised that in urban areas proportionately more potential entrepreneurs are to be found. The environment for entrepreneurship is more favourable in urban areas resulting in more cost-effective small business ventures than in rural areas.

## **The state of entrepreneurship in Nepal - a brief**

Nepal is a predominantly agricultural economy; the proportion of the labour force in agriculture. The preliminary results of the 1991 sample census show this proportion at about 80 per cent (CBS, 1992). From the census data it is difficult to identify those engaged in their own enterprises but it is clear that in Nepal only a minority of the economically active population is engaged in commercial enterprises of the formal sector. However, most of the Nepalese population is self-employed most of them declare themselves as being engaged in agriculture. In Nepal, a farmer runs an economic unit - he operates his family farm, raises livestock and fowl with the help of his family members, etc.. In this way he provides employment for himself and his family members. Similarly there are a fair number of skilled workers who also operate their own workshops and make a living for themselves and their family members. These people operating their own economic units (farmers and

off-farm skilled workers) may or may not be entrepreneurs depending on how they are organising the various factors of production. If they operated them in new ways or discovered new techniques of production or introduced new methods/techniques of production resulting in higher productivity then they could be termed as entrepreneurs. But since these two categories of people operate mostly at subsistence level most of them they can hardly be called entrepreneurs. The third category of occupation is business which ranges from running shops and street vending to operating industries of different scales. This business occupation is generally more risky than farming and operating workshops with traditional skills.

The fourth category is paid employment in civil service, the army, the police force and some well-established enterprises and industries but there risk and risk-taking is not involved.

The impressionistic view is that the Nepalese in general prefer paid employment to self-employment although paid employment opportunities are far too few compared to the number of job seekers. Every year additional young persons from farming and traditional occupational groups enter the labour market, increasing the number of unemployed.

Employment opportunities in the organised sector are virtually non-existent and the subsistence sector can hardly create new employment opportunities. Therefore the only alternative left for the majority of the job seekers is to do something of their own that provides them with employment opportunities for themselves and their family members and perhaps some outsiders. That something could be an entrepreneurship. Indeed as Guthrie (1992) notes, 'in a country like Nepal where many new enterprises are needed to employ a growing number of people entering the labour market every year many additional entrepreneurs have to start up. Once they have created an enterprise, the enterprise may remain small or it may grow. In both cases it provides employment and income to the entrepreneur and to his/her family and other people.'

Nepal is characterised by caste/ethnic stratification and it is generally believed that certain caste/ethnic groups are more enterprising than others. A study of entrepreneurs shows that as expected not only the Newars are an entrepreneurial community but the Brahmins, the priest caste, are enterprising too (Bhawuk and Udas, 1992). But no firm generalisation can be made on the basis of this study because their sample was not representative.

In order to proportionately represent various castes/ethnic groups in the sample, efforts were made to capture major groups while preparing the family list for the field. According to the 1991 census (CBS, 1992) the cultural classification of the total population is as shown in table 1 below:

Table 1  
Distribution of population of Nepal by caste/ethnic groups, 1991

Caste/ethnic group	% of total population
Bahun (Brahmin)	13
Chhetri	6
Thakuri	2
Newar	6
Thakali	*
Moslem	3
Marbadi (Marwari)	*
Tarai communities	27
Low castes (hill)	8
Other Hill castes/ethnic groups	25
<b>Total</b>	<b>100</b>

\* Less than 1 per cent

The interesting feature of the above table is that Newars, Thakalis and Marwadis form small minorities compared to other groups but by tradition they are business people and perhaps control most of the businesses of the country. In this study attempts have been made to look at characteristics that explain what makes them so enterprising.

We do not only want to find out which caste/ethnic group is enterprising. We also want to know what is needed to have the other castes and groups joining in. As the problem of unemployment has a tendency to increase, it is necessary to use the full potential of entrepreneurial talent that is available in the country in order to provide the employment needed. This study attempts to determine the attitudes towards entrepreneurship in Nepal. It is hoped that it will supply bench-mark information.

### **The objective of the study**

The main objective of the proposed study was, as indicated above, to identify the attitudes towards entrepreneurship of various segments of the Nepalese population and the roots of such attitudes. Also attempts were made to see how people interpret or define 'enterprise' or 'business'.

### **The subsidiary objectives**

Based on a very brief review of entrepreneurship and business in Nepal a few hypotheses have been framed. A number of hypotheses of which some are listed below were tested:

- H1: Nepalese, in general, hold negative views about entrepreneurs and entrepreneurship.
- H2: Some socio-ethnic groups in Nepal like the Thakalis and Newars have different attitudes towards entrepreneurship.
- H3: Most of the educated, and more so those of higher social standing, prefer salaried government employment to self-employment.

- H4: It is the less educated and people of lower economic status, who have fewer choices available, that are more inclined towards self-employment and entrepreneurship.
- H5: The attitude of the 'state' and the elite in Kathmandu and other centres is suspicious and basically negative towards entrepreneurship and business.
- H6: People in different occupations have different attitudes towards entrepreneurship

### **Data and methodology**

The data for the present study comes from a questionnaire survey carried out in 9 districts of Nepal. Of them rural samples were drawn from 5 districts and urban samples from 4 districts.

#### *Questionnaire*

A comprehensive questionnaire comprising of both structured and open-ended questions were developed for the survey. They were based on literature review and several brain storming sessions with the SBPP officials in Tahachal, Kathmandu. The items in the questionnaire are summarised on the following page.

Although there were in all 158 items, these were not all asked to every respondent. The questionnaire took on average one hour to administer. The questionnaire was originally developed in English but was later translated into Nepalese and re-translated into English for consistency. Given the low level of literacy in Nepal the wording was kept as simple as possible.

Table 2

<b>Items in the Questionnaire</b>	<b>Number of Items</b>
Household Schedule	21
Work/Occupation and Skill	17
Respondent's work/occupation related questions	8
Skill/training enquiry	6
Father's work/occupation	2
Close relative's business/industry ownership	1
Decision Making	2
Enquiry about entrepreneur/entrepreneurship	15
Knowledge of and attitude towards entrepreneurship	9
Tradition and entrepreneurship	3
Development and entrepreneurship	3
Psychological aspects	45
Locus of control	20
Measurement of achievement (TAT)	2
Measurement of self-esteem	2
Measurement of innovation	21
Family assets	7
Environment for entrepreneurship development	13
Media items	4
Loan	3
Knowledge about national policies	2
Own perceptions of future well-being	4
Development infrastructure (Rural sample only)	4
Accessibility to health facilities	2
Environment for business/industry promotion	2
Private sector/privatisation	10
Literacy and education	4
Mother tongue and birth place	4
Caste/ethnicity and religion	3
Marriage and fertility	7
Marital status	2
Fertility	4
Family size	1
Fatalism	1
Displacement (family and general)	4
Birth order	1

### Sample selection

For administrative purposes Nepal is divided into 5 development regions and 75 districts. Each district is again divided into a number of Village Development Committees (VDC) and/or Municipalities which in turn are made up of a number of wards. The number of VDCs and Municipalities keep on changing depending on population size and political system. As of 14 April 1992 there were 3,994 VDCs and 36 Municipalities (The Rising Nepal, 15 April 1992). Each VDC is divided into 9 wards while the number of wards in a Municipality ranges from 9 to 36 depending on area and population size.

The sample was a multi-stage random stratified cluster sample as it is believed to be most cost-effective. Given Nepal's difficult terrain a cluster sampling procedure was most appropriate. The strata were rural and urban areas and three ecological belts: the high mountains, the mid-hills and the Tarai. In addition, it was presumed that one or the other cluster of settlements would catch respondents belonging to various caste/ethnic groups like the Newars and Thakalis who are by tradition traders/business people.

### Sample size

A survey of entrepreneurship attitudes should be large enough to be representative for the population of the whole country. Therefore total sample size was fixed at 1,050 respondents.

According to the 1991 census (CBS, 1992) approximately 67 per cent of the population between the ages of 15 and 49 are reported to be economically active. That means of the total population of all ages about 31 per cent are economically active which in absolute numbers is about 6.0 million by mid 1992 (for mid 1992 the total population was estimated at 19.4 million, Karki, August, 1992).

For urban/rural and ecological regional cross-classification the following dummy table (table 3) based on the 1991 census population distribution by regions was used:

Table 3  
Regional distribution of sample respondents

Regional distribution (%)	Urban <sup>1</sup> (9 %)	Rural (91 %)	Total (100 %)
Mountains (8 %)	n.a. <sup>2</sup>	53	53
Hills (46 %)	210	289	499
Tarai (46 %)	210	288	498
All	420	630	1,050

Out of the about 6.0 million economically active population about 0.018 per cent are chosen on a random sampling basis. The required sample size ( $m$ ) was determined by the following expression:

$$m = 50/P_s,$$

where 50 is the minimum number of cases required in the smallest cell category and  $P_s$  is the proportion of the cases in the smallest category which is 0.05 in the above table repre-

senting the rural high mountain region. Further classification of respondents by sex would have required doubling the sample size but just because of one region, i.e., the mountain region, it was not worthwhile to do this. In other categories sex differential classification is still possible.

In view of the physiographic and other resource constraints it was decided to sample 9 districts out of the total 75 districts of the country - 4 districts comprising of urban centres and 5 rural districts. The districts were sampled on the basis of probability proportional to population size (PPS) and the resulting distribution is given table 4 below:

Table 4  
Distribution of sample areas by ecological zones and development regions

Ecological Region	Development Regions				
	Far-Western Region	Mid-Western Region	Western Region	Central Region	Eastern Region
Mountains					Taplejung (R) <sup>3</sup>
Hills		Surkhet (R)		Kathmandu (U) Dhading (R)	
Tarai	Mahendranagar (U)		Nawalparasi (R)	Bharatpur (U)	Dharan (U) Siraha (R)

#### *Sample frame*

From the sampled district one Village Development Committee was randomly selected and from the selected VDC a few wards were selected. Household lists prepared by the Election Commission in 1991 were used to select the number of households required for interviewing. Similarly in urban areas some wards were selected randomly and their household lists were obtained from the Election Commission. The required number of households in urban areas was selected from among the sampled wards. In both areas household listings were verified with the assistance of the concerned local authorities.

#### *Target population*

The target population for this study were people between 15 and 49 years of age regardless of sex. This age group was chosen primarily because most people are economically active at or after attaining the age of 15 although in Nepal children aged 10-14 are also reported as economically active which is due to compulsion not will. Also since this study is about entrepreneurship it was thought that persons aged 15 and above can make and explain decisions regarding their life career. As to the age limit of 49 years it was thought that investment in terms of training and actual physical resources on people aged 15 to 49 will generally yield a better rate of return than for those who are older. Due to the low status of women prevailing in the country it was not easy to interview women but attempts were made to obtain at least 20 per cent female respondents.

### *Field manpower*

For data collection 6 interviewers (4 men and 2 women) were provided by SBPP. They were all graduates. They were trained as trainers by SBPP and came from different parts of the country. They had the willingness to travel, including the women, to all sample points to carry out person to person interviews. At different locations they were met by different research team members turn by turn to oversee their field work and resolve problems as they arose.

### *Training*

All field workers received a week's intensive training in Kathmandu. They were briefed on the objective of the survey, household listing and respondent selection procedures, rapport building with respondents and field editing of questionnaires.

They then pretested the questionnaire in Patan municipality, Budhanilkantha village in Kathmandu and Naubise VDC of Dhading district. Based on the pre-test the originally targeted number of wards within the sampled VDCs and municipalities was reduced to save travel time and obviously costs.

### *Field work*

The field work began in the third week of March, 1993 and ended by the end of May. Travel time was considerable as the sampled districts were spread out from one end of the country to the other. The field workers and the research team members travelled by bus, air and mostly on foot. At survey sites all field work destinations were reached on foot. Also because of the lack of communication infrastructure every household had to be visited personally to arrange for an interview. The sample design was such that an interviewer had to make at least 2 visits to the household containing a respondent. First to list family members who spent their last night there and the second time if a member of that household was selected for an interview. In addition, one of the field workers could not continue from the end of April. Given all these constraints the field work took more time than the 45 days originally planned.

The field workers, however, did follow routine procedures well. The completed questionnaires were cross-checked by each other every other day. Any bad schedules were taken back on the following day for a re-interview.

### *Data processing*

The questionnaires returned from the field were again thoroughly checked for a second time. Coding was done in two phases. The first was concerned with structured items, about 70 per cent of the total, while the second concerned open-ended questions. For this the contents of the open-ended questions were first listed to develop a coding frame. Subsequently a code-book was developed for the whole questionnaire.

Two men and a woman were trained as coders who were involved for about 3 months. In order to speed up the job, the completed questionnaires after checking in Kathmandu, were given codes soon after they arrived from the field. Coding began from the middle of March, 1993 and was carried on until the first week of June, 1993. Of the three coders, two also simultaneously entered the data in a computer. The data was verified using Dbase III and Kedit software and finally transferred to computer diskettes.

### Response rates

In all 1,017 respondents aged 15-49 were successfully interviewed, out of the targeted 1,050 respondents, yielding the overall response rate of 96.9 per cent being lower (96.3 per cent) in rural than in urban (97.6 per cent) areas (see table 5 below). There was virtually no difference in response rates between male and female respondents. Unlike in the developed countries where questionnaires are generally mailed or respondents are contacted by telephone the respondents in this survey were visited at their home by the interviewers. Thus the response rate was expected to be high anyway.

Table 5

Rural Areas	Targeted Number of Respondents			Number of Respondents Interviewed			Response Rate (%)		
	District	Total	Male	Female	Total	Male	Female	Total	Male
Taplejung	53	43	10	53	43	10	100.0	100.0	100.0
Siraha	153	122	31	151	120	31	98.7	98.4	100.0
Dhading	165	132	33	160	130	30	97.0	98.5	90.9
Nawalparasi	135	108	27	130	105	25	96.3	97.2	92.6
Surkhet	124	99	25	113	89	24	91.1	89.9	96.0
Sub-total Rural	630	504	126	607	487	120	96.3	96.6	95.2
Urban Areas									
Municipality	Total	Male	Female	Total	Male	Female	Total	Male	Female
Dharan	80	64	16	77	62	15	96.3	96.9	93.8
Kathmandu	210	167	43	207	164	43	98.6	98.2	100.0
Bharatpur	67	54	13	65	52	13	97.0	96.3	100.0
Mahendranagar	63	50	13	61	48	13	96.8	96.0	100.0
Sub-total Urban	420	335	85	410	326	84	97.6	97.3	98.8
Grand Total	1,050	839	211	1,017	813	204	96.9	96.9	96.7

The remaining 33 cases or 3.1 per cent of the total targeted sample size, which are treated as non-response cases could not complete the questionnaires because of the respondent not being found at home, refusals, vacant households or only partial completion of the questionnaire.

Most respondents were quite interested in answering most items of the questionnaires. But the psychological aspects were found to be not that easy. Many respondents were lost in answering the verbal statements on innovation. Although every effort was made to simplify the psychological statements illiterate respondents in particular found them too abstract to internalize.

### *Preliminary findings*

The full report requires a fair amount of analysis and interpretation and will be ready later in the year. Basic characteristics of respondents and preliminary findings of some aspects of the study are presented in this paper (table 6).

Table 6  
Some basic characteristics of respondents

<b>Residence</b>	<b>Number N = 1,017</b>	<b>Percent 100.0</b>
Rural	607	40.3
Urban	410	59.7
<b>Sex</b>	<b>Number N = 1,017</b>	<b>Percent 100.0</b>
Male	814	80.0
Female	203	20.0
<b>Ecological region</b>	<b>Number N = 1,017</b>	<b>Percent 100.0</b>
Mountain	53	5.2
Hill	480	47.2
Tarai	484	47.6
<b>Age</b>	<b>Number N = 1,017</b>	<b>Percent 100.0</b>
15-19	199	19.6
20-24	188	18.5
25-29	161	15.8
30-34	155	15.2
35-39	118	11.6
40-44	108	10.6
45-49	88	8.7
<b>School</b>	<b>Number N = 1,017</b>	<b>Percent 100.0</b>
Attended	736	72.4
Never attended	281	27.6
<b>Religion</b>	<b>Number N = 1,017</b>	<b>Percent 100.0</b>
Hindu	900	88.5
Buddhist	86	8.5
Moslem	24	2.4
Others	7	0.7

While interpreting these tables it must be borne in mind that the urban sample was nearly four times the national urban size. Nevertheless because of the adoption of random sampling procedures most characteristics of respondents are approximately similar to the national features. The distribution of the respondents by ecological regions is very much similar to the census distribution of the population viz., 8 per cent, 46 per cent and 47 per cent in high mountains, hills and the Tarai respectively in 1991 (CBS, 1992).

The age distribution also looks is conform with the broad based young age structure of the Nepalese population. The proportion who attended school is in conformity with the national enrollment ratio of 70 per cent, the rate is expected to be slightly higher because the sample is urban biased. Representation of religious groups in the sample is slightly higher for the Buddhists because of the over sampling of urban population but even then nationally the sample distribution is good compared to the census reported distribution of Hindus 89.5 per cent, Buddhists 5.3 per cent, Moslem 2.7 per cent and others 2.5 per cent in 1991 (CBS, 1992).

Table 7 shows the distribution of respondents by caste/ethnic groups and mother tongue. This table can be compared with table 1 above. Except for Bahun and Newar populations the proportions are close to the national figures in table 1. Because Newars live typically in urban centres and Bahuns are spread mostly in the mid hills and the Tarai their proportions are higher in the sample than shown by table 1 for the whole country.

Table 7  
Caste/ethnicity and language

Caste/ethnicity	Number	Per cent
Bahun	268	26.4
Newar	215	21.1
Chhetri	165	16.2
Occupational caste	87	8.6
Magar	37	3.6
Tamang	25	2.5
Gurung	24	2.5
Moslem	23	2.3
Rai/Limbu	22	2.2
Tharu	6	0.6
Marwadi	3	0.3
Other hill people	4	0.4
Other Tarai people	65	6.4
Others	73	7.2
Total	1,017	100.0

Mother tongue	Number	Per cent
Nepalese	613	60.3
Newari	169	16.6
Bhojpuri	72	7.1
Maithili	67	6.6
Tamang	16	1.6
Rai/Limbu	16	1.6
Magar	13	1.3
Gurung	12	1.2
Tharu	4	0.4
Avadhi	3	0.3
Marwadi	1	0.1
Other	31	3.1

In the sample about 60 per cent of the respondents reported their mother tongue as Nepalese which is very close to the census reported figure of 58.4 per cent for the total population but as expected due to sample design, nearly 17 per cent of the sample respondents reported their mother tongue as Newari (table 7). Other language groups are more or less similar to the national figures.

As the objective of the study was to look at entrepreneurial attitudes at the national level the sample was drawn from the total population. The focus was, however, on the adults from 15-49 years of age. To achieve this objective four different types of psychological tools - locus of control, self-esteem, achievement and innovation, have been employed but these data are yet to be analysed. The other items included in the questionnaire can also be used to draw some inferences with regard to entrepreneurial attitudes and potential for entrepreneurship development in Nepal. In this paper only a few items are used to achieve this objective.

#### *Occupation/work*

The respondents in the sample reported their current main occupation as shown in Table 8 below. Nearly 42 per cent of all the respondents reported their main occupation as agriculture/farming which is much higher in rural (63.6 per cent) than in urban areas (9.8 per cent). In the latter the proportion engaged in business/trade was the highest (24.9 per cent). Interestingly unemployment surfaced as a pressing problem in urban areas because the third biggest group of respondents is that of unemployed persons (14.4 per cent), only lower than the proportion reporting students (22.7 per cent) in table 8.

Table 8  
Main occupation of respondents

Occupation	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Agriculture	426	41.9	386	63.6	40	9.8
Cottage industry	49	4.8	11	1.8	38	9.3
Government service	50	4.9	28	4.6	22	5.4
Non-government service	46	4.5	17	2.8	29	7.1
Business	134	13.2	32	5.3	102	24.9
Wage earning	56	5.5	40	6.6	16	3.9
Unemployed	78	7.7	19	3.1	59	14.4
Student	159	15.6	66	10.9	93	22.7
Other	18	1.8	8	1.2	11	2.7
<b>Total</b>	<b>1,017</b>	<b>100.0</b>	<b>607</b>	<b>100.0</b>	<b>410</b>	<b>100.0</b>

Given few opportunities for new job seekers it is quite likely that the current students will contribute to unemployment. After students a little over 5 per cent of the rural respondents reported business/trade as their main occupation. In order to explore further about the occupation of respondents and their attitudes to it they were asked to reply to the question whether they were satisfied with their current occupation or not (see Que. no. 3 in Appendix A). The responses are reported in table 9 by residence. Overall most respondents were happy with their current occupation - 62 per cent but remarkable differences are seen between rural and urban areas. Nearly 71 per cent of all urban respondents reported being satisfied with what they were doing while the corresponding figure for the rural areas was 56.8 per cent (table 9).

Table 9  
Satisfaction with current occupation by residence<sup>4</sup>

Satisfied?	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Yes	578	62.0	332	56.8	246	70.9
No	354	38.0	253	43.2	101	29.1
<b>Total</b>	<b>932</b>	<b>100.0</b>	<b>585</b>	<b>100.0</b>	<b>347</b>	<b>100.0</b>

It is also relevant here to talk about the reasons for being happy and unhappy with their current occupation. The reasons for being satisfied with current jobs are given in table 10 according to which nearly 56 per cent of all respondents reported a good future and owning a business being the reasons making them happy. The other category was the liking for what they were doing (20.1 per cent) but interestingly enough only 16.1 per cent reported good income from their current occupation that made them satisfied.

Table 10  
Reasons for job satisfaction

Reasons	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Own business	162	28.0	102	30.7	60	24.4
Good future	160	27.7	77	23.2	83	33.7
Like the job	116	20.1	67	20.2	49	19.9
Good income	93	16.1	65	19.6	28	11.4
Other	47	8.1	21	6.3	26	10.6
Total	578	100.0	332	100.0	246	100.0

Respondents also reported reasons for being unhappy with their current occupation. The bulk of the respondents (67 per cent) complained that the income from their occupation was too low.

Table 11  
Reasons for job dissatisfaction

Reasons	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Low income	237	67.0	177	70.0	60	59.4
No future	26	7.3	12	4.7	14	13.7
Traditional job	3	0.9	2	0.8	1	0.9
Do not like the job	10	2.8	6	2.4	4	4.0
Hard work	38	10.7	36	14.2	2	2.0
Other	40	11.3	20	7.9	20	20.0
Total	354	100.0	253	100.0	101	100.0

The proportion giving this reason for being unsatisfied was higher in rural areas (70 per cent) than in the urban areas (60 per cent) - see table 11. Hard or arduous work appeared as another important reason for being unhappy with current job especially in the rural areas. Given that most rural respondents are occupied in farm activities (see Table 8 above) this reason is understandable. Besides, farming in rural areas is exclusively manual and entails hard physical labour just to make both ends meet.

It would be very appropriate here to explore what type of occupation gives satisfaction to the people. For this a table is presented here showing occupation on one side and whether the respondents are satisfied or not on the other. Out of the total 427 respondents reporting agriculture as the main occupation 52.7 per cent said they were happy with it while the corresponding figures for rural and urban areas are 51.7 per cent and 62.5 per cent (table 12). One might question why farmers are happier in urban areas than in the rural areas. It may be that urban farmers make most out of their products because of their comparative advantage of market facilities. But it must be cautioned here that the number of cases are not many to make generalisation.

Table 12  
Occupational satisfaction of respondents

Occupation	Both Areas			Rural			Urban		
	Satisfied	Not Satisfied	Total	Satisfied	Not Satisfied	Total	Satisfied	Not Satisfied	Total
Agriculture	225	202	427	200	187	387	25	15	40
Row %	52.7	47.3	100.0	51.7	48.3	100.0	62.5	37.5	100.0
Business/industry	136	47	183	38	5	43	98	42	140
Row %	74.3	25.7	100.0	88.4	11.6	100.0	70.0	30.0	100.0
Govt. service	26	24	50	13	15	28	13	9	22
Row %	52.0	48.0	100.0	46.4	53.6	100.0	59.1	40.9	100.0
Non-govt. service	25	21	46	9	8	17	16	13	29
Row %	54.3	45.7	100.0	52.9	47.1	100.0	55.2	44.8	100.0
Wage earning	18	38	56	12	28	40	6	10	16
Row %	32.1	67.9	100.0	30.0	70.0	100.0	37.5	62.5	100.0
Student	139	12	151	58	4	62	81	8	89
Row %	92.1	7.9	100.0	93.5	6.5	100.0	91.0	9.0	100.0
Other	9	10	19	2	6	8	7	4	11
Total	578	354	932	332	253	585	246	101	347

Of all the respondents the students appear to be most happy with what they are doing and this holds true regardless of residence. This only confirms the general belief that engagement in education and learning is not a wastage of time and resources. But scholarship is not really an economic occupation, it is only a preparatory phase for future occupation and therefore this finding should not affect the respondents' perceptions on other types of occupation.

Leaving studying aside, among all other occupations business and industry combined appears to be most satisfying to the respondents. Of 183 respondents who reported business/industry as their main occupation 73.4 per cent were satisfied with it (table 12) and

this is higher in rural areas (88.4 per cent) than in urban areas (70.0 per cent). This is followed by non-government service (54.3 per cent), government service (52.0 per cent), and wage earning (32.0 per cent) in that order. The wage earners appear to be the most unsatisfied lot.

Subsequently the respondents were also asked the question 'If you were given an opportunity now to pick up an occupation of your choice which one would you take up?' In response to it nearly half (48.5 per cent) of all respondents opted for business/industry (table 13).

Table 13  
Preferred ideal occupation

Preferred Occupation	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Business/industry	487	48.5	231	38.5	256	63.1
Agriculture	224	22.3	202	33.7	22	5.4
Government service	175	17.4	112	18.7	63	15.5
Non-government service	46	4.6	19	3.2	27	6.7
Wage earning	22	2.2	13	2.2	9	2.2
Student	41	4.0	19	3.2	22	5.4
Other	10	1.0	3	0.5	7	1.7
Total	1,005	100.0	599	100.0	406	100.0

This proportion was much higher (63.1 per cent) in the urban areas than in the rural hinterlands (38.5 per cent). The second best was found to be an agricultural occupation (22.3 per cent) but this seems to be predominant among the rural folks as 33.7 per cent of them opted for this occupation compared to only 5.4 per cent among their urban counterparts. In urban areas the second best preferred occupation was government service (15.5 per cent - table 13). Anyway, in both rural and urban areas the proportions mentioning business/industry as the occupation of choice is the highest.

#### *Decision making*

Entrepreneurship development and decision making are very much related issues. Everyday entrepreneurs have to make judicious decisions so that their risks are minimised and gains are maximised. Therefore for entrepreneurship development it is important to know how decisions are made in a society. An attempt has been made in this study to explore this aspect.

In Nepal the socio-cultural value system is very much biased towards peer groups; an individual life is governed by the society and his family. In order to look at how an individual makes decisions in the Nepalese society two questions were included in the questionnaire - one dealt with decision making about family matters and the other with personal matters.

In response to the question 'If for your family something new is to be bought or if your family wants to start up a store who makes the final decision?' 41.2 per cent of all respon-

dents (table 14) answered that they themselves would decide about this matter. Father and father-in-law ranked second (28.1 per cent) as family decision makers. The third biggest group (20.6 per cent) comprises of other family members which are not given separate codes here but they are grandfathers, grandmothers, uncles, brothers, etc..

Table 14  
Decision makers about family matters

Decision Makers	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Respondent themselves	419	41.2	305	50.2	114	27.8
Father or Father-in-law	286	28.1	143	23.6	143	34.9
Respondent and wife	22	2.2	14	2.3	8	2.0
Husband	72	7.1	46	7.6	26	6.3
Respondent and husband	8	0.8	4	0.7	4	1.0
Other family members	210	20.6	95	15.6	115	28.0
Total	1,017	100.0	607	100.0	410	100.0

Fewer urban respondents (27.8 per cent) mentioned themselves as family decision makers compared to their rural counterparts (50.2 per cent). This may be due to more respondents being household heads in rural areas (43 per cent) than in the urban areas (28 per cent)<sup>5</sup>.

Decisions regarding personal matters are made mostly by the respondents themselves. Of all respondents 60.3 per cent said they would decide themselves about their personal matters. This ratio is slightly higher in rural (61.8 per cent) than in urban areas (58.0 per cent - table 15).

Table 15  
Deciding about one's own matters

Decision Makers	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Respondent themselves	613	60.3	375	61.8	238	58.0
Father or Father-in-law	175	17.2	104	17.1	71	17.3
Respondent and wife	19	1.9	14	2.3	5	1.2
Husband	71	7.0	41	6.8	30	7.3
Respondent and husband	7	0.6	6	1.0	1	0.2
Other family members	132	13.0	67	11.0	65	15.8
Total	1,017	100.0	607	100.0	410	100.0

Here again the responses must have been affected by whether the respondent is head of the household or not. It is, however, clear that most respondents make decisions about their personal matters.

### Private sector

HMG of Nepal has recently emphasised free market economies for speedy economic and social development. In free market economies the private sector forms the backbone of the economy. There was an opportunity in this study to investigate what individuals think about privatisation. This aspect was explored only in the urban sector because the rural economy in Nepal is still not very much open to markets due to the lack of sufficient infrastructure.

In response to the question, 'To what extent the private business should be encouraged?' 34 per cent respondents said that it should be very much encouraged and another 27.2 per cent said it should be just encouraged (table 16). About 35 per cent respondents gave equal emphasis to both private and public sectors. Only 4 per cent of all respondents did not support promotion of the private sector. Overall slightly over 60 per cent of all respondents show positive views on privatisation.

Table 16  
Views on private sector, Urban sample

How much should the private sector be promoted?	Number	%
Not at all	5	1.3
Should not be	11	2.8
Just as much as public sector	138	34.8
Promoted	108	27.2
Very much	135	34.0
Total	397	100.0

Subsequently, the respondents were asked what should be the objectives of the private sector. The objectives identified were - profit making, nation building, job creation, helping to increase government revenue, profit making and nation building. Among those respondents who answered very high proportions said that the private sector should try to achieve all these objectives (table 17).

Table 17  
Objectives of private sector, Urban sample

Objective	Yes	No	Total
Private sector should make profit	391	6	397
Row %	98.5	1.5	100.0
Private sector should create jobs	392	5	397
Row %	98.7	1.3	100.0
Private sector should contribute to nation building	385	12	397
Row %	97.0	3.0	100.0
Private sector should contribute to government revenue	373	24	397
Row %	94.0	6.0	100.0
Private sector should make profit and help build nation	386	11	397
Row %	97.2	2.8	100.0
Private sector should make profit and create jobs	384	13	397
Row %	93.7	3.3	100.0

Urban respondents were also asked to rank the most important and the second most important objectives of the private sector. Profit making was given top rating by 42.1 per cent of all respondents which was followed by job creation (17.4 per cent - table 18). Contribution to government revenue as an objective of the private sector ranked lowest (4.3 per cent).

Table 18  
Rating of private sector objectives, Urban sample

Most Important Objective	Number	%
Profit making	167	42.1
Nation building	56	14.1
Job creation	69	17.4
Revenue contribution	17	4.3
Profit making and nation building	48	12.1
Profit making and job creation	40	10.1
Total	397	100.0

Among the second most important aspects of the private sector, job creation (32.4 per cent) was given the top rank followed by nation building (24.7 per cent - table 19). Again, contribution to government revenue as an objective of the private sector was rated the least important (8.4 per cent).

Table 19  
Rating of private sector objectives, Urban sample

Second Most Important Objective	Number	%
Profit making	56	14.3
Nation building	97	24.7
Job creation	127	32.4
Revenue contribution	33	8.4
Profit making and nation building	40	10.2
Profit making and job creation	39	9.9
Total	392	100.0

## Conclusions

This preliminary analysis based only on a percentage distribution of respondents shows, contrary to the general belief, that business/industry as an occupation is preferred and an ideal. Business/industry as an occupation was found to be most satisfying even in rural areas. If people were given a choice most would opt for business/industry. It disproves the traditional saying *uttam kheti madhyam byapaar* (literally: best agriculture second business/trade). This gives enough scope for entrepreneurship development in Nepal even in rural areas.

Preliminary analysis of the data on the decision making process shows the respondents deciding themselves on both family and individual matters more in rural areas than in urban areas, but this seems to have been affected by who are the respondents. In rural areas a higher proportion of respondents were household heads while in urban areas that was much smaller. As regards deciding about personal matters the urban respondents seem to be deciding about this themselves more than their rural counterparts after controlling for household heads. Overall, however, among all the groups, the one deciding themselves is the highest in both rural and urban areas which gives a clue that entrepreneurship development interventions which entails self decision making, intervention can be made even in rural areas.

In the urban areas views on private sector promotion were explored and this shows overwhelming support for it. Profit making and job creation activities of the private sector were ranked as the first and second objectives while contribution to government revenue was ranked last. Programmes like entrepreneurship development and economic liberalisation can perhaps go a long way in urban areas of Nepal.

## Notes

<sup>1</sup>Urban weights are nearly four times the actual proportions.

<sup>2</sup>n.a. = not applicable; no urban areas in mountain region.

<sup>3</sup>Note: (R) = Rural and (U) = Urban

<sup>4</sup>Note: Unemployed respondents are not included here.

<sup>5</sup>Relationship table showing respondent's relationship to head of household will be included later.

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# 37 Gender and small business co-ownership: Implications for enterprise training

*Peter Rosa*

## **Abstract**

Research and policy focus on the 'female entrepreneur' in the 1980s has tended to overlook the fact that a substantial proportion of businesses involve some form of co-ownership, particularly mixed sex co-ownership usually formed around husband/wife teams. Even when a business has no official co-ownership, informal contributions from spouses can be considerable. Gender can influence the nature of co-ownership (there are few multiple female owned businesses, for example); the management roles and skills of co-owners, and the extent and nature of support and contribution of informal partners.

The paper will firstly outline relevant results on these issues from a study on gender and small business management currently completing. The research is based on 600 British owner managers, 300 of each sex. It will then explore the enterprise and managerial training implications of these findings. Particularly emphasised are the potential training needs of contributing spouses (male as well as female); and also to mixed sex partnerships. There may well be substantial benefits of training men and women together with gender based problems in mind, rather than to concentrate just on the training of 'female' entrepreneurs in isolation from men.

Much of the literature on female entrepreneurship has examined the characteristics of the 'new phenomenon' of the female entrepreneur (Solomon, Fernald, 1988, p.24). This is predominantly an individualistic focus, of the female entrepreneur as a sole trader, pioneering new opportunities in a previously male dominated area of economic activity, and in

control of her own enterprise ( for example Fischer 1992; Carter, Cannon, 1991; Brush, 1988; Birley, Moss, Saunders, 1987; Cromie, Hayes, 1988). The preoccupation with 'individualism' in entrepreneurial and small business studies has disguised the potential complexity of small business ownership, a complexity compounded by the influence of gender (Rosa, Hamilton, 1992). There are many variations of partnership given different combinations of relatives, non relatives and gender. Compounding this are owners that own more than one business, or are directors in others. Where partnerships comprise both men and women, gender roles and relationships can be potentially extremely intricate.

Sole traders are not necessarily on their own either. Many have domestic partners that contribute significantly to the business even though they may not be legal co-owners (Goffee, Scase, 1983; Meijer, 1986; Meittinen, 1986). Even single people with no domestic partner contributing to the business may have father, mother, sisters or brothers contributing.

The question of 'ownership' is thus complex. It is an area we know little about, as previous studies (for example those mentioned in the first paragraph) have tended to bypass the issues raised by co-ownership, by focusing on 'female entrepreneurs' alone. In the research process men have been relegated to a functional research role as 'controls'; or merely as examples of gender antagonists (eg. the interfering or hostile husband). Consequently even less is known about male business ownership, and the way women and men interact as business co-owners. This debate has important implications for training female business owners:

- If women are disadvantaged, not only because of adverse economic conditions, but also social ones dominated by structural gender inequality, then there is a strong case for special customised training for women alone. This is reinforced if institutionalised gender inequality diminishes occupational opportunities for women who are forced to stay at home to rear young children for a period, or for women without children who, after accepting economic inactivity through marriage, choose to enter the labourforce and find that proprietorship is the only viable option. Single sex entrepreneurial training for unemployed women and 'women returners' has become championed through much of the business support network in the UK in recent years. (For example such an approach has been successfully developed and applied by the Women's Enterprise Unit at my own institution, the Scottish Enterprise Foundation which develops training programmes for women returners and training advisers (Richardson, Hartshorn, 1993).
- Female focused training is mostly designed for women trying to establish their own business or in partnership with other women. It is arguably less relevant to women setting up in partnership with men, especially their husbands. There may be gendered tensions in the partnership in the allocation of roles and relationships, in conflicting management styles, and the interface between business and home life. These may be especially acute in the starting partnership, as experience has yet to modify the impact of stereotyped role models. In such circumstances joint enterprise training, with an emphasis on training men to widen awareness of gender problems, may be more effective. Even if gender tensions are low, as they may be in the relationships of many married couples, then the partners would still benefit from joint enterprise training.

The paper now moves on to assess how far co-ownership is a normal state in small businesses, and the impact of gender on joint ownership.

## Materials and methods

Ownership is one element in a study of gender in small business management drawing to its close at the University of Stirling. Over six hundred owner managers have been interviewed, using a structured questionnaire comprising over 100 questions (some 650 variables). Each interview took approximately an hour.

The sample is a random statistical 'quota' sample, half male and half female. It was also stratified by sector. One third are from the textile and clothing sectors; one third from business services; and one third from hotel and catering. The sectors were limited to enable us to control for sectoral effects in evaluating gender relationships. Included in the questions on ownership were details on other owners in the business (sex of other owner; when met; whether they are active; their managerial roles). Similar questions were also asked about owners that had left the business.

A significant section of the questionnaire contains questions about home life, and the contribution of domestic partners and children. To obtain further insights, thirty qualitative interviews have also been conducted on the domestic partners of some owner managers from the survey.

## Results

The questionnaire contained questions not just on the respondents, but also on other owners. The results showed that a majority of businesses were co-owned (60 per cent), and that a significant minority of businesses (41 per cent) were of mixed sex ownership. Both male and female single sex partnerships were relatively uncommon. The most interesting finding was our failure to find a single example of an all female owned business containing three or more owners. This runs counter to Brush (1992, p.13) who states that 'comparable to male-owned businesses, women most often choose sole proprietorship as the preferred form of business structure (Hisrich, Brush, 1983; Cuba, Decenzo, Anish, 1983; Mescon, Stevens, Vozikis, 1983/4)'. This difference may be accounted for by sectoral factors, in that our study covers three sectors, not all sectors. Our results, however, shows that female business owners are not always proportionally the majority of sole traders in all sectors (male sole traders tend to be proportionally more common in business services). This would indicate that it is not so much that women *prefer* sole trading, but that in sectors where women are commonly self employed, sole trading is the dominant form of business ownership in that sector for those sizes of business commonly owned by women.

Table 1

Distribution of ownership categories by gender.

<b>One owner:</b>	<b>%</b>
Female	19.66
Male	19.9
<b>Two owners:</b>	
Both Female	4.7
Both Male	9.2
Mixed Sex	29.4
<b>Three or more owners:</b>	
All female	0.0
All Male	5.0
Mixed Sex	12.2
<b>Total</b>	<b>100.0</b>

An important question from these findings is how far businesses perform in terms of ownership categories and gender. If single owners perform less well than partnerships in both sexes, then training should allow for this, rather than concentrate on gender.

In our study some key performance measures were compared by gender within and between ownership categories. The results of crosstabulations are summarised in table 2. In terms of the more objective measures of performance (sales, employees, VAT registration), highly significant differences were recorded within the single ownership and partnership groups. No significant differences were recorded in the multiple ownership group, which could only compare mixed sex businesses with all male businesses in the absence of any female multiple owned business. More subjective indicators of performance such as the desire to grow showed no significant differences.

Where significance is demonstrated, the general pattern is for male owned businesses to tend to display much better performance than all female businesses. In the case of partnerships, the mixed sex owned businesses perform better than female partnerships, but less well than male partnerships. These trends are illustrated below in table 3 for two of the performance variables. VAT registration, assets and total employees demonstrate similar patterns.

One group stands out from these detailed results, the all male partnerships. In table 3, 71 per cent turned over  $\geq 100,000$  or more, compared to only 33 per cent of all female partnerships and 56 per cent of mixed. In table 4 only 1.9 per cent have zero full time employees, compared to 32 per cent of all female partners and 17 per cent of mixed. It is noticeable too that mixed sex partnerships perform much better than all female partnerships or single traders of either sex. All male partnerships are more similar to the performance of multiple owned businesses than of other types of partnerships. Being a women appears to be no handicap to performance in multiple owned businesses.

Table 2

Significant variability by gender within ownership categories:

	Ownership		
	Single	Partnerships	Multiple
CHI=	p	p	p
Total Employees	.014	.016	NS
Total Full Time Employees	.001	.000	NS
Total Sales	.000	.035	NS
Total Assets	.005	.012	NS
VAT Registered	.000	.000	NS
Desire for Growth	NS	NS	NS
Growth in Employment	NS	NS	NS

Notes: Single = Female sole owners versus male  
 Partnerships = All female/All male/Mixed  
 Multiple = Mixed male-female versus all male.(there are no all female multiple owners).

Table 3

Total sales by ownership and gender

Owners:	All Women %	All Men %	Mixed %	Total %
<b>Single:</b>				
Up to 25,000	50.5	19.6	-	34.8
25 up to 100,000	31.1	36.4	-	33.8
100,000 or more	18.4	43.9	-	31.4
Total	100.0	100.0	-	100.0
<b>Partners:</b>				
Up to 25,000	25.0	6.2	13.8	13.4
25 up to 100,000	41.7	22.9	31.6	30.8
100,000 or more	33.3	70.8	54.6	55.8
Total	100.0	100.0	100.0	1100.0
<b>Multiple:</b>				
Up to 25,000	0	3.6	7.9	6.6
25 up to 100,000	0	10.7	11.1	11.0
100,000 or more	0	85.7	81.0	82.4
Total	0	100.0	100.0	100.0

Table 4  
Number of full-time employees by ownership and gender

<b>Owners:</b>	<b>All Women</b> %	<b>All Men</b> %	<b>Mixed</b> %	<b>Total</b> %
<b>Single:</b>				
None	31.8	20.6	-	25.7
1-5	63.5	52.9	-	57.8
6-19	3.5	21.6	-	13.4
20 or more	1.2	4.9	-	3.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>	<b>100.0</b>
<b>Partners:</b>				
None	32.0	1.9	17.3	15.5
1-5	48.0	38.5	51.9	48.5
6-19	16.0	36.5	23.7	25.8
20 or more	4.0	23.1	7.1	10.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multiple:</b>				
None	0	3.3	1.4	2.0
1-5	0	26.7	34.8	32.3
6-19	0	43.3	39.1	40.4
20 or more	0	26.7	24.6	25.3
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Current multiple business ownership

This section of the questionnaire provided some consistent sex differences. Just under a fifth of male respondents (19.6 per cent) currently owned more than one business, compared to 8.6 per cent of female respondents, a highly significant difference. Table shows that the trend is replicated in all sectors. Male respondents are also much more likely to own more than one business (50 per cent of multiple male owners compared to 17 per cent of female). Owning more than two was indicated by 28 per cent of male multiple business owners, compared to only 4 per cent of women. This trend is again replicated in all sectors.

These results seem to confirm that in terms of entrepreneurial performance, male business owners do better as a group than female owners. Nevertheless differences are quantitative rather than qualitative. There may be more male multiple business owners proportionally, for example, but there are still a significant number of female multiple business owners too. If we speculate that women in business have started from a much lower tradition of achievement, then these figures are remarkable, and may be an indicator that they are catching up fast.

### The domestic partner

Husband and wife teams are by far the most common forms of co-ownership for both sexes. The gender entrepreneurship literature, however, has tended to be almost exclusively female focused. As self determination for women is very much an individual process

in the literature, a struggle against institutionalised male dominance, husbands naturally come out as a hindrance rather than a help. As Watkins and Watkins (1984, p.25) observe when women take an entrepreneurial role, 'the men often feel threatened by the greater potential for economic success shown by his wife and can be deliberately obstructive'. The husband as a millstone to entrepreneurial achievement is also a theme in the study of Goffe and Scase (1985).

Watkins and Watkins (1984, p.25) also note that when a husband is in business, the wife plays a supportive home-maker role, while the husband in the reverse situation was involved in the business merely in 'an ad hoc 'expert' role, than a supportive subservient role'. The 'invisibility' of wife managers, who make a substantial contribution to their husband's business, though taken for granted, is a major theme in some literature (eg. Donckels and Meijier (1986), and is well argued in Meijer, Braaksma and van Uxem's article in that book (p.65)).

These gender themes depend on assumptions of individualistic quests for independence on the one hand (husbands are hostile): and ownership of most businesses by men only (contributing wives - Meier et al. (1986, p.65) estimate that over 90 per cent of Dutch businesses are male owned). If, however, as our study shows, official mixed ownership can be extremely common; and that many owner managers are not necessarily imbued with motivations of individual freedom, then the picture becomes much more complex. If the business is regarded more holistically, then in many businesses, the management of the business and home life becomes blurred. It becomes difficult for many to separate domestic and business aims; domestic and business finances; and domestic spending from business investment. The variety of possible interactions is bewildering in modern society. The classic husband running the business while the wife supports the household may be relatively uncommon these days. Both may be fully active business partners; one may run the business, the other may be employed; one may run one or even more businesses; the other may run their own separate business; older children may become workers in one business, not in others - and so on.

In many circumstances the depth of partnership may be underestimated. It is true that many wives do contribute significantly to their husbands business either officially as partners or as hidden partners - but so do husbands to their wife's business. The survey results show that husbands contribute significantly in many areas, not just as intrusive ad hoc 'experts'. In addition 30 qualitative interviews we conducted on the spouses of owner managers interviewed in the survey, mostly showed that women in business appreciated the support of their spouse. The appreciation of spouse support has been noted in other studies too. For example Cannon, Carter, Rosa, Baddon and McClure 1988 showed that many female subjects interviewed had been supported by their husband, and that being in business had improved their relationship with their husband. Challis (1992) reports that of 209 married businessmen, only 2.4 per cent felt their life partner had not been supportive. 72 per cent though their wives had been very supportive. Figures for the 126 married business women were extremely similar (4.8 per cent of husbands had not been supportive: 70 per cent had been very supportive).

## Conclusions

This account is mostly based on statistical evidence. There will still be many women who feel at a disadvantage starting a business, who will lack confidence, suffer from obstruction from close family and husbands, be forced to consider self employment to flexibly interface domestic commitments with earning a living, or find it extremely difficult to continue pre-

vicious careers in employment after a domestic interlude. Many women will appreciate specialist female focused training programmes to help them start a business and to overcome problems in a non threatening teaching environment free of male intrusion.

The evidence from our study, however, introduces question marks on whether this is the only route to train women in business. If the partnership between men and women in business is strong, as it appears to be, and businesses involving partnerships perform better than those of single owners, then there is also a place for enterprise training which focuses on couples as an integrated and supportive unit in business. It is possible that far more starting businesses would succeed if training maximised the human and capital resources of entrepreneurial couples, rather than focusing on just half of the unit.

## Acknowledgments

The Research was funded by the UK Economic and Social Research Council. The research team also consisted of Daphne Hamilton, Sara Carter and Helen Burns. Their contribution during the life of the project made this paper possible, but all errors and unsubstantiated opinions remain my own.

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# **38 Difficulties women typically face as entrepreneurs and in entrepreneurship education programs: How entrepreneurship education courses that include women students can be improved to better meet their needs.**

*Jane Schauer*

## **Abstract**

This paper on how the entrepreneurship education needs of women differ from those of men, is based on an extensive international literature review.

A recent rapid rise in the participation rate women in entrepreneurship has been reported in many countries. The evidence suggested that women employees, because of their gender, often faced blocked promotional opportunities to senior positions. For some, starting their own business could have been a strategy to overcome blocks to the level of achievement they desired. However, the literature reviewed also provided evidence that women, when compared to men, had frequently encountered greater obstacles to becoming entrepreneurs.

The review revealed that entrepreneurship education for women needed to be more widely known about, and available. Some studies found that women generally felt more comfortable discussing their needs with empathic female advisers, and preferred to initially attend single sex classes. Consequently more female educators were needed, but the numbers of women entrepreneurship educators in many countries were extremely low. A lot of entrepreneurship course material was found to be sexist, with a predominantly, sometimes exclusively, male bias. One consequence of this was that the course materials did not provide women with adequate role models.

Some studies found that particular problems for new women entrepreneurs were:

- a lack of business experience and confidence,
- a math anxiety that could lead to financial management problems,
- issues of conflict about their dual-role.

These problems, and the problem of gender discrimination, needed adequate coverage in curriculums for women students.

## **Introduction**

The purpose of this paper was to review whether women have any special entrepreneurship education needs and if so, what they were and whether they were being met. The paper is based on an extensive international literature review.

For the purposes of this paper entrepreneurship is defined (following the commercial enterpriseperspective) as:

finding an idea for a prospective profitable enterprise, marshalling the necessary resources to initiate the enterprise (or acquiring an enterprise), and then effectively controlling the resources and adding to them through time, so that an enterprise of considerable size and profitability is realised.

Firstly, this paper will examine some background factors to entrepreneurship education for women:

- the increasing participation rates of women in entrepreneurship;
- whether some women are more likely than others to become entrepreneurs;
- particular difficulties women entrepreneurs face.

Then the paper will discuss whether the entrepreneurship education needs of women are being met.

## **Background discussion**

A recent rapid rise in the participation rate of women in entrepreneurship was widely reported in the literature.

Hisrich & Brush (1986, 1988, Brush and Hisrich, 1988) reported a rapid increase in both the participation rate of business ownership by United States women, and research about women entrepreneurs. They reported that the 1972 U.S. census data showed that women owned only 4.6 per cent of U.S. firms, and that the receipts from these businesses made up only .03 per cent of U.S. business receipts. However, during the period 1980 - 1985 women were responsible for half of the net increase in the number of U.S. owner-operated businesses.

Several Australian publications have also claimed that the Australian participation rates of women in entrepreneurship have significantly increased over the last decade. The Department of Industry, Technology and Commerce's (1991) first annual report about small business in Australia, claimed that the number of women starting small businesses was increasing - at a rate 3 times faster than men.

A central stimulus towards the dramatic increase in the rate of female business ownership in the United States, between 1972 and 1985, was U.S. Government policy. Van der Wees and Romijn (1987) reported the following information about this policy. In 1979 the U.S. government implemented a 'National Women's Business Enterprise Policy'. It covered the implementation of a national program that included expanded federal procurement opportunities for women business owners, and increased loan opportunities for them, improved data collection efforts and better training and management assistance programs. The policy also resulted in the Office of Women's Business Ownership being founded in 1980.

Apart from government policy, other factors have been argued to have been responsible for the increase in female entrepreneurship. Hisrich and Brush (1989) analysed the broad social factors that stimulated the increase of U.S. women's participation rates in business ownership over the last 25 years. They found that the role of women had considerably changed, and that they were more readily accepted in many areas that they traditionally had not been, such as science, and business. In particular, in 1989 more women were studying business, and had the training and confidence to establish their own businesses.

A significant factor in regards to the increase in female entrepreneurship has been argued to be that women employees, because of their gender, often faced blocked promotional opportunities to senior positions. For some, starting their own business was a strategy to overcome blocks to the level of achievement they desired.

Hertz (1987) considered that the business community's relative tolerance of newcomers was a particular motive that attracted women to business. She argued this 'relative tolerance' could have been an attraction to ambitious women who as employees, were facing increased income and promotional blocks. Evidence can be found that women have faced such blocks.

A 1985 study of a large U.S. company revealed that fewer than 3 per cent of the top 800 executives were women (Roth Madden, 1987). More recent U.S. research commissioned by the journal *Fortune International*, found that while women make up about 40 per cent of a loosely defined demographic category of managers and administrators, only a very small number had top, highly paid jobs in major companies. (Fierman, 1990) The research examined the 799 public companies of the 1,000 largest U.S. industrial and service companies. Of the 4,012 highest paid executives only 19, or 0.47 per cent, were women. The research also showed that not many more were in the zone for promotion to the top positions.

Similar research commissioned earlier by *Fortune* in 1978, found that 0.16 per cent of the top executives were women. The 1990 research showed that while the women executives were on average 10 years younger than their 1978 counterparts, the participation rate had not significantly increased over the 12 years.

In a follow-up to the 1990 research, 241 chief executive officers were surveyed regarding the barriers that kept women from reaching the top. Nearly 80 per cent of the chief executive officers considered the women were not lacking in technical skills, but the barriers were stereotyping and pre-conceptions.

The evidence does suggest that women employees, because of their gender, often faced blocked promotional opportunities to senior positions. For some, starting their own business could be a strategy to overcome blocks to the level of achievement they desired. An important question in regards to women entrepreneurs is whether there were specific variables in their background that increased the likelihood that they later became an entrepreneur?

An Australian study of 50 women entrepreneurs that was done by the Victorian Women's Consultative Council (1988), found that 60 per cent of the women had attended

an all-girls school. The study was done by questionnaires distributed through women's organisations and public meetings.

Hisrich and Brush did a longitudinal study of United States women entrepreneurs. The study was started in 1982, when 468 women entrepreneurs, from all areas of the country, were surveyed by questionnaire. In 1986, 195 of the original participants were again surveyed. The initial study of 468 women entrepreneurs found the typical woman was the first born of middle class family, and had a self employed father (Hisrich & Brush, 1983; Hisrich & Brush, 1984).

Hertz (1987) found the following typical profile in her study by interview of 100 successful U.S. and U.K. women:

- middle class origins (60 per cent);
- first born of small, all daughters, family (57 per cent);
- self employed fathers (57 per cent, compared to 10 per cent in the general population: 53 per cent were businessmen, the other 4 per cent professionals).

The study group were found by contacting various women's and business organisations.

There appears to be general agreement between the various studies about the link between having an entrepreneurial role model in the family, and the woman later becoming an entrepreneur. Clearly a role model was an important stimulant. An English study by Waddell (1983) found 31.9 per cent of a group of women entrepreneurs (47) had entrepreneurial mothers versus 8.5 per cent for both women managers (47) and secretaries (47). The 141 participants were found by contacting women's organisations and surveyed by questionnaire. The researcher did not mention the participants' location.

The literature review found that in regards to the question whether there were specific variables in the background of women entrepreneurs that increased the likelihood that they would later become an entrepreneur, the evidence suggested that some probable variables were:

- having a parent who was an entrepreneur;
- being the oldest child;
- being in an all girl family, or attending an all girl school.

This raises important questions about juvenile sex-role socialisation. What are the factors associated with having brothers, or attending a mixed sex school, that made girls less likely to later become entrepreneurs; while those who only had sisters, or attended an all girls school, were more likely to later become entrepreneurs? The answers to these questions are yet to be clarified.

## **Difficulties women entrepreneurs face**

It is recognized that the activity of entrepreneurship are essentially difficult, regardless of the sex of the entrepreneur; however, the central issues are whether there are unique problems that women only face, and also whether some problems that both male and female entrepreneurs face, are more exacerbated for women because of their gender. In her 1988 dissertation on female entrepreneurs, Berns quoted a United States Senate Committee on Small Business report (1977) that found 'It has conclusively been shown that women business owners encountered more obstacles, and face more risks, financially, socially, economically, culturally and legally than male business owners face.'

When reporting on their international research on entrepreneurial education for women Van Wees and Romijn (1987) stated that the female population as a whole faces formidable barriers to successful business ownership, especially within particular sectors.

The summary of the Report of the 1988 International Workshop on Women Entrepreneurs held in Manila, also referred to difficulties reported by women entrepreneurs. It claimed they lacked support, and often experienced negative reactions to their entrepreneurship activities. Quoted reactions were 'disappointed father, incredulous brother, unco-operative husband, horrified friends, laughing friends'.

The literature provided evidence that women, when compared to men, had frequently encountered greater obstacles to becoming entrepreneurs. Many women entrepreneurs reported some form of discriminatory attitude towards them because they were women. However, not all female entrepreneurs agreed that they have suffered any discrimination. While 60 per cent of the U.S. and U.K. women in Hertz's (1987) study considered it was harder for a woman to become a successful entrepreneur, 40 per cent of the women considered being a woman made it easier for them.

Numerous studies have given strong evidence that the difficulties women more frequently faced with getting finance were often gender related. When examining this evidence, what women entrepreneurs reported will be first discussed, this will be followed by a discussion about what loan officers actually did.

Goffee and Scase (1985) reported in their book about the experiences of women entrepreneurs that many of the difficulties, faced by U.K. female entrepreneurs, stemmed from them lacking the credibility that male entrepreneurs automatically received. The researchers reported that when women entrepreneurs were faced by sexist reactions from bank managers, many were compelled to go to other sources. Sometimes men were taken on as business partners so they could negotiate credit, act as financial guarantors, and give business advice. In other cases, husbands or women acquaintances were used as sources of credit.

It could be argued that the studies so far discussed reflect the mistaken perceptions of the women entrepreneurs regarding the discriminatory events, and do not reflect what actually happened. A study has recently been done regarding male and female entrepreneurs' perception of loan proposal rejection. The survey by Buttner and Rosen (1992), was designed to investigate whether males and female entrepreneurs have different expectations regarding the difficulty of securing a loan. A loan application simulation was mailed to 280 entrepreneurs on the East Coast of the United States. The response rate was 39 per cent. The study sample consisted of 108 (53 males and 55 females).

When entrepreneurs ranked the factors loan officers used to evaluate loan proposals, the entrepreneurs gender was ranked lowest of the 11 factors by both male and female respondents. An unexpected finding was that when a loan proposal was rejected, the women entrepreneurs assumed a more active strategy in seeking other sources of funding, than the men did. The researchers argued that the results seemed to suggest that gender

differences may be based on bankers' and venture capitalists' perceptions and stereotypes, and not on reality.

More persuasive evidence regarding discrimination can be found from a number of studies done on loan officers. Buttner and Rosen (1988) studied bank loan officers' perceptions of the characteristics of men and women in regards to successful entrepreneurship. They mailed a questionnaire to 141 bank loan officers of a medium sized south-eastern banking institution. One hundred and six bank loan officers (60 male and 46 female) evaluated men and women on scales assessing nine attributes of successful entrepreneurs.

The study concluded that women were seen as less likely to possess the necessary attributes for successful entrepreneurship. Male bank loan officers perceived a larger gap between the attributes of successful entrepreneurs and the attributes of women, than did female bank loan officers.

Fagenson and Marcus (1991) have argued that a perception that entrepreneurship was more a masculine role than a feminine one, could lead to the conclusion that men were more likely to succeed than women, and preference being given to buying from, supplying or helping men - thus creating a self-fulfilling prophecy.

Fay and Williams (1991) did a study in New Zealand, that investigated the relationship between the availability of business start-up finance and the sex of the applicant. Scenarios of an application for loan finance to purchase a commercial enterprise were mailed to 200 loan officers of major trading bank branches in New Zealand.

The scenarios were identical in all respects, except that half included a photograph of a male applicant and the remainder a photograph of a female. Loan officers were asked whether or not they would approve loan finance for the proposed business, and to indicate factors that contributed to their decision. One hundred and five responses were received (50 about the female applicant and 55 about the male applicant).

Loan officers were less likely to recommend a loan for the female applicant (68 per cent had the loan granted in full) than they were for the male applicant (90 per cent had the loan granted in full). The researchers concluded that there may be a need for the education of loan officers, to sensitise them to the possibility of allowing sex-role stereotyped views of women to influence their financial judgement.

Sexton and Bowman-Upton (1988) did a study that examined whether the sexual stereotyping of female entrepreneurs was based on a real difference in the relevant traits between female entrepreneurs and male entrepreneurs. The researchers had found that previous research in sexual stereotyping had shown females were perceived to be psychologically less capable or effective in initiating and managing businesses, than their male counterparts.

The sample group consisted of 105 female entrepreneurs and 69 male entrepreneurs, all who had annual sales in excess of \$100,000 and employed at least 5 employees. A test instrument was administered that measured the intensity levels of their psychological traits associated with conformity, energy level, interpersonal affect, risk-taking, social adroitness, autonomy, change, harm avoidance, and succorance.

The study found that among successful, growth oriented entrepreneurs, none of the traits measured would indicate that females are less effective than their male counterparts. The researchers concluded that sexual stereotyping often has its roots in a lack of understanding, and of opinions based on fiction or the unknown.

Studies do give evidence that a significant number of women entrepreneurs have suffered gender related discrimination when attempting to get finance. A resulting lack of necessary finance could mean a business was under-capitalised. This could cause later financial management problems. Problems women can experience getting finance could act

as a barrier to women starting-up businesses in sectors that require a large amount of initial capital. Bird (1992) argued that women may have been forced to start in sales and service instead of production, because problems they encountered acquiring finance may have limited them to start-ups with low overhead and capitalisation requirements.

Another particular problem women face is dual role stress. The issue in regards to dual role stress were whether women entrepreneurs experienced a greater dual role stress than men entrepreneurs, and if so, were there elements of sexual inequality associated with it. Hisrich and Brush (1986) have argued that cultural norms had encouraged men to divide time between work, recreation and family. For women, time periods were less distinct. Women often felt (even with supportive spouses) that it was their responsibility to organise for the household, family and children. Work and family were fitted into available fragments of time, and their mind was never free from either concern. With little time for recreation, the sense of fragmentation was often intensified.

A study by Cole (1988) that reported on British women entrepreneurs, found many of the respondents considered there was a 'distinct' conflict between their roles as wives and/or mothers and businesswomen. The survey of women from London, Glasgow and Nottingham, found that problems arose from the attitudes held by the participants' families, as well as the business institutions they dealt with. These attitudes led to reduced support, and needed extra effort to overcome, and tended to undermine the respondents' self confidence and credibility.

Longstreth, Stafford and Mauldin (1987) found in their study of 114 women entrepreneurs from various U.S. states, that because the women combined paid work and family responsibilities, they spent more time than men on house work - on average six hours a day, compared to one and a half hours for men. The study was done by questionnaire, and the participants keeping time diaries.

The women reported more conflict between their family and their business than the men did. The women felt that their husbands expected them to continue supplying the same level of household work that they did before running their business. These findings may explain Brophy's (1989) point that women tended to spend less time running their businesses than men. They in fact often had less time available. The less available time could also impact on type of business chosen, and subsequent growth and profitability.

A British study of 50 female entrepreneurs by Goffee, Scase and Pollack (1982) found that the women's husbands rarely contributed to either the household work, or the women's businesses. In contrast, an earlier study of the researchers on men entrepreneurs had found that many of their businesses could not function without the unpaid contribution of their wives. Their wives were totally responsible for the housework.

The Watkins and Watkins (1983a) comparative study of 58 women entrepreneurs to 43 men entrepreneurs, found that a significant difference between the two groups, was the support they generally got from their spouses. The study was done by semi-structured interview. The participants were found by a nation wide networking approach.

Men often got support by being freed from household work, and also often got help from their wives in their business. On the other hand, women often got obstructive resistance to their having a business from their husband, and no contribution from them in regards to the business, or the household work.

Considering the evidence so far it is not surprising that Surti and Surupria (1983) found in their study of 40 women entrepreneurs from Ahmedabad city, that married women entrepreneurs experienced more role stress than unmarried women entrepreneurs. Various testing instruments were used in the study to measure the participants stress, coping style and personality dimensions.

The very strength and resourcefulness that women needed to overcome the additional problems they faced, may have contributed to their high business survival rate. Two studies have found that women owned businesses are more likely to survive than those owned by men. Hisrich and Brush reported in their longitudinal study results that 30-40 per cent of the original sample of 468 had failed, or were no longer in business. This was much lower than the mentioned national average of 75 per cent of all new businesses failing in the first 5 years.

White (1984) has reported a longitudinal Canadian study conducted over 5 years showed that 47 per cent of women business owners in the sample were still in business at the end of 3 years, while only 25 per cent of the men were. The study was started in 1978 with a random sample of 1989 new business start-ups across Canada. The research found that 486 of the group were men, 1364 were women, and it was not possible to classify the other 139 from the data supplied. The original sample group was reviewed in 1981 to see who was still in business. A random sample of 100 of the women still in business in 1982 was followed up 2 years later in 1984. Forty percent of these women were still in business 5 years after start-up.

While women entrepreneurs have been found to have a higher survival rate than men entrepreneurs, they have been found to have a lower average net yearly income. Past data has shown that men's businesses had a considerably higher net average income than women's. The U.S. Small Business Administration (1984) reported that in 1980 the average net income for non-farm business was :

- \$2,200 for women's businesses;
- \$7,139 for men's businesses.

Even in traditionally female industries, male-operated sole proprietorships out-earned those of females :

- in retailing males had a 9x greater return;
- in personal services males had a 3x greater return.

A study done by Miskin and Rose (1990) found that even when males and females have the same type of businesses that had been operating for the same length of time, female owners still reported lower levels of profitability. Miskin and Rose surveyed 1005 clients of the Washington State Small Business Development Centre by questionnaire, and had 346 useable questionnaires returned.

Longstreth, Stafford and Mauldin (1987) suggested that the comparatively poor dollar performance of women entrepreneurs' businesses compared to men's, may have been due to the following factors. The businesses were:

- smaller enterprises;
- concentrated in industries with lower profit margins.

The women had:

- not gained needed skills in previous employment;
- difficulty in balancing the needs of the business and their family;
- suffered discrimination by legal and financial markets.

From the evidence in the literature reviewed, it was concluded that women entrepreneurs faced more problems than men entrepreneurs. In particular, they had greater difficulty obtaining finance. Women entrepreneurs also received less practical help and emotional support from their spouses, and suffered far greater dual role stress. Sexual inequality was associated with the cause of these problems. It is not unreasonable to expect that with the passing of time, the situation will improve for women. In all probability there will be improvements in the training and experience of women prior to start-up. Changes should result in the closing of the net average income gap between men and women entrepreneurs.

The additional problems women faced may have related to their businesses typically having lower levels of profitability than men's. On the other hand, the characteristics needed to cope with the problems, may have related to the higher survival rate of women's businesses.

### Entrepreneurship education

The literature showed that while the participation rate of women in entrepreneurship was increasing, women still have a number of entrepreneurship education needs that were not being met.

Studies have also found that female entrepreneurs learnt the information or skills that helped them to run their businesses, from work experience rather than from education. The West Australian Hub report (1988) found that most women reported their prior work experiences (55 per cent), education (38 per cent) and hobbies (25 per cent) provided them with the skills and training most relevant to their business.

Van Wees and Romijn (1987) discussed an international small business survey (done by Skim Industrial Market Research) that reported in 1984 that the women entrepreneurs in the study claimed to have learnt to run their business in the following manners:

- 25% nowhere in particular;	- 14% working in a big firm ;
- 19% working in a smaller firm;	- 13% previously owned business;
- 16% at home from their parents;	- 12% school.

Van Wees and Romijn did not give details of the study other than to say it was conducted in 11 countries. Both studies showed that for the average woman entrepreneur, education was not a key factor in their learning to run a business. However these findings may have reflected the lack of available and suitable education , rather than the irrelevance of education.

Australian studies have revealed a lack of availability and awareness about services available to women. This was reported in both the West Australian (1988) and the Victorian (1991) Hub reports. Stanger (1990) also concluded that the barriers to women in Australia setting up a business included the inaccessibility of services and training courses needed.

A major recommendation of the West Australian research report was that existing courses should be reviewed, and increased funding and support provided for small business courses for all women, particularly those aimed at aboriginal, migrant and rural women. The Victorian research findings also recommended that relevant training providers extend and develop new training to meet the needs of women, particular the needs of rural

women. This recommendation is especially important considering the increasing participation rates of women in entrepreneurship.

A central question about entrepreneurship education for women is whether they have any special curriculum needs, in comparison to men. A number of researchers have commented about this. Van Wees and Romijn (1987) reported that the American Women's Economic Development Corporation (AWED) was an experienced provider of entrepreneurship education for women. AWED had counseled and trained some 35,000 women between the years of 1977 to 1986. AWED research found that women frequently suffered from a math anxiety, which had to be overcome before they could be effective in financial planning and control.

Still, Guerin, and Chia's study of self employed Sydney women (1990) found that the business/management skills the women felt least confident in were finance (39 per cent poor or fair response), and marketing and sales (27.7 per cent poor or fair response). Added to the math anxiety women frequently suffered and their lack of confidence in financial management, was the problem (previously identified in the literature review) that some women faced gender related discrimination when attempting to get finance. It appears that the financial area is an especially problematic area for women, and some women may need extra training and confidence building in the area of financial management, including strategies to overcome discrimination.

Still, Guerin, and Chia found that 'gaining the necessary confidence' had been the most difficult part of starting the business. The West Australian Hub report (1988) also found that many of the women studied had a lack of confidence (49 per cent had reported a need for confidence building and encouragement). On the other hand, Miskin and Rose (1990) found that men's businesses had a higher profitability than women's because they had more confidence in their business skills, and greater relevant experience. Therefore, some women may need additional confidence building, and training in the sorts of senior management skills that Hisrich and Brush (1986, 1988, & Brush and Hisrich, 1988) identified they were frequently lacking experience in - decision-making, planning, budgeting, negotiating, and marketing.

Women entrepreneurs at the International Workshop on Women Entrepreneurship held in Manila in 1988 recommended that entrepreneurial development programs should cover risk taking for women, and include confidence building and time and stress management. It was also stated that women doing the entrepreneurial development program must also have access to other relevant resource agencies, such as financial institutions. Van Wees and Romijn made a similar recommendation that women needed associated marketing support such as including them in government contracts, and special exhibitions for women entrepreneurs.

The women entrepreneurs at the International Workshop on Women Entrepreneurship also recommended that entrepreneurship training for women should not only provide basic management and business skills, and develop entrepreneurial characteristics and attitudes, but it should also provide women who have the double role of entrepreneur and wife/mother, with the opportunity to explore issues relevant to them related to identity, roles, attitudes, awareness of needs, constraints and challenges faced. This recommendation also agrees with the previous finding of the literature review that women suffered far greater dual role stress than men, and encountered more problems.

In conclusion, some studies have found that particular problems for women are a lack of business experience and confidence, a math anxiety that can lead to financial management problems, and issues of conflict about their dual-role. These problems, and the problem of gender discrimination previously identified in the literature review, need adequate coverage in curriculums for women students.

One of the most controversial issues about entrepreneurship education for women is whether women needed single sex training. The controversial aspects related to the problem that if a need was admitted, then by implication there was a suggestion that something was seriously lacking for women in mixed sex entrepreneurship education. This could raise questions about the possible sexist nature of entrepreneurship education. This was controversial because some educators may assume that adult education is beneficial and equitable, and should not need verifying examination, also single sex education for women could itself be accused of being sexist.

Birley, Moss and Saunders (1987) considered that no strong evidence emerged from the study to support women specific programs. They reported on a study of women who attended entrepreneurial development courses (mixed sex) at a London college to ascertain if a women only program was justified. To ascertain this, they compared the men's and women's backgrounds, and types of businesses they formed. They asked both the men and women questions about their age, education, previous employment, past experiences, type and legal form of business, premises, customer profile, labour usage, speed of start-up and finance.

The researchers cautioned against any generalisation from their results as their sample was small. However, their methodology still had serious flaws. From their reporting it appeared that they failed to ask any questions related to whether the women would prefer single sex courses, and why. Also no attempt was made to ascertain whether the smaller number of women in comparison to the number of men (11 women and 36 men), had anything to do with women being deterred from enrolling because it was not a single sex course.

In contradiction to the previous study discussed, a recommendation was made by the International Workshop on Women Entrepreneurship held in Manila in 1988, that development programs should be gender specific. The research findings of the Victorian Hub Report (1988) supported the Manila recommendation. The research found that 51 per cent of the women expressed a preference for women-only courses. The reasons they gave were that men dominate classes, and that women have special needs best met by single-sex classes. The 34 per cent who preferred mixed-gender groups, considered that both sexes had something to contribute. (The remaining 15 per cent did not express a preference.)

Van Wees and Romijn quoted similar findings of some research done by Sandvig's (1985). This found that many participants of a Norwegian education program for women said they felt safer, and more able to participate (even in large groups) in a women only group. The only study details provided were that there were 30 women who did the education program. Some of the educators reasons for making the group women only were :

- most women lacked confidence, and hence would not apply to courses if they expected that most of the participants would be male;
- women lacked entrepreneurial role models.

Possibly the most reasonable solution to the issue of single sex training for women was the one suggested by a participant of the Victorian study of women entrepreneurs. Many women needed to start of in a women only group, and when their confidence and skills developed, join mixed sex classes.

Van Wees and Romijn's international research found that training and evaluation materials especially prepared for women's entrepreneurship development programs were scarce. Most materials used by existing programs had a male bias, and the researchers argued that materials needed to be developed that were either gender-neutral or more relevant to women entrepreneurs.

The Victorian Hub Report (1988) report recommended that business courses should give consideration to:

- a provision of course materials and curricula which ensured that women were adequately represented in business case histories and role models.

The West Australian Hub report (1988) also recommended that courses needed to be specifically targeted to women. The report also found that women needed to be exposed to suitable role models.

An example of material with a male bias is the first book of Australian entrepreneurial case studies prepared by Davie and Stamm (1990). The book doesn't include any female entrepreneurs in the 15 cases presented for consideration. The few references to women are to them as either the sisters or wives of the entrepreneurs. The most information is given about Anne, one of the entrepreneur's twin sister. We are told that after studying at Sydney Grammar she immediately commenced a career as a model. The compilers of the book not only have not included any women entrepreneurs, but they have also presented women in a limited stereotyped manner.

Another issue is whether there is a need for more entrepreneurship educators who are female. The West Australian Hub report (1988) found that women generally felt more comfortable discussing their needs with empathic female advisers, and consequently more female lecturers, advisers were needed, as well as greater use of female role models in course materials. Further, it was considered essential that male lecturers should be sensitive to the particular needs of women. The Victorian Hub Report (1988) report also recommended that business courses should give consideration to a proper balance of women trainers; and the sensitising of males trainers to the needs of women students undertaking bridging courses.

Van Wees and Romijn (1987) had previously pointed out similar gender related needs in regards to entrepreneurship education for women. They considered that care should be taken to train sufficient numbers of women entrepreneurship educators as their numbers in all countries was extremely low. They reported that it had been found essential to include female staff on entrepreneurship development programs for women. The female staff provided role models with which the participants could easily identify.

The literature review has produced evidence that some important needs of female entrepreneurship students are not being adequately met. The meeting of these needs is the responsibility of entrepreneurship educators. However, Schauer's (1993) research of 13 Australian entrepreneurship education providers, generally found the providers to be ill-informed about the needs of female entrepreneurship students. The research was done by a questionnaire.

Three of the providers did not consider women had any special needs, and one provider had not thought about it. While some of the providers did mention a specific need, they were not generally well informed about the overall needs of women students. A number of the needs identified by the literature review were not mentioned at all (such as preferring single sex classes, or female trainers). Over half of the group of providers did not base their opinions on the literature, but described themselves as basing their opinion on their experience.

## Conclusion

It is apparent from the literature review that many entrepreneurship educators should be more familiar with the needs of female students. Alterations are required to the curriculum and teaching methodology of their entrepreneurship courses, so that the needs of female students are more adequately met.

If educators fail to do this, not only are they not meeting their professional responsibilities, but they are neglecting the development of an important asset to any country - the potential of their women to become successful entrepreneurs.

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## Part F

# **Summary and Closing Remarks**



# 39 Schlußwort: Internationalisierung der Unternehmer Aus- und Weiterbildung

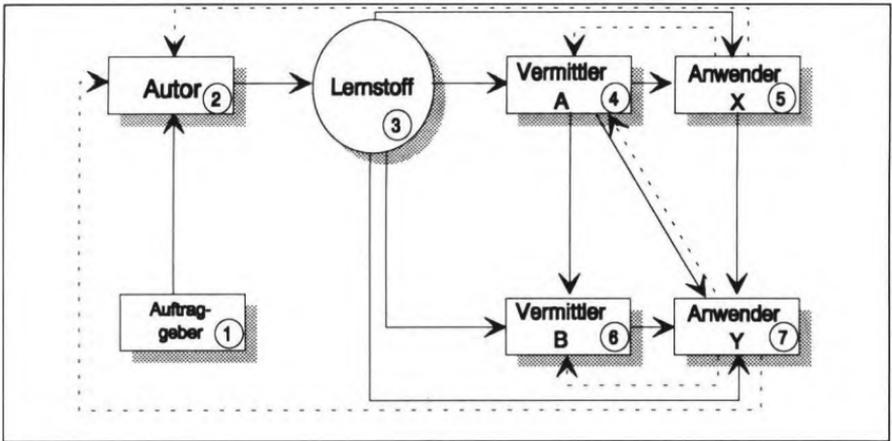
*Hans Jobst Pleitner*

Das an sich schon sehr anspruchsvolle Thema der Aus- und Weiterbildung (in freier Übersetzung des englischen Titels), das in den vorangegangenen über 30 Beiträgen und Präsentationen aus verschiedenen Perspektiven beleuchtet wurde, erhielt durch den Zusatz 'Internationalisierung' einen noch größeren Stellenwert hinsichtlich Aktualität und zugleich Komplexität (vgl. schon die methodischen Hinweise von Boshoff und Kollegen).

Anhand einer Skizze soll der Versuch unternommen werden, die verschiedenen angesprochenen Aspekte in einem Modell zu integrieren, wobei zu berücksichtigen ist, daß diese kurze Zusammenschau nicht vollständig ist - sie kann es auch nicht sein. Sie will Anstöße aufgreifen, die weiter verfolgt - oder kritisch hinterfragt werden sollten.

Inhalt der Konferenz war gottlob nicht die müßige Dauerfrage, ob man lehren/lernen kann, Unternehmer zu werden. Bildlich gesprochen kann man lernen zu malen, auch wenn dabei nicht jeder ein Gustav Klimt wird. Ein Glück ist es geradezu, daß sich nicht jeder Unternehmer zum Werner Siemens oder Henry Ford aufschwingt (eine Illustration zu dieser Frage lieferte Patricia Fleming für Irland).

Die Aus- und Weiterbildung läßt sich dadurch systematisieren, daß man die 'Parteien', Subjekte bzw. Beteiligten, die bei der Entwicklung, Verbreitung und Anwendung der Lernmaterie eine Rolle spielen, genauer betrachtet. Mit der folgenden Abbildung sollen die wechselseitigen Beziehungen der Interaktionspartner skizziert werden, wobei zu berücksichtigen ist, daß die Beziehungen und Prozesse nicht mechanistisch linear, sondern vielmehr dynamisch, regelkreisartig ablaufen (vgl. das Konzept vom 'Learning Cycle', das von Murray/Wiesehöfer vorgestellt wurde). Bestimmte Gruppen von Beteiligten können auch zusammenfallen.



Die Darstellung als Versuch einer Verbindung aller am Kongreß angestellten Erörterungen läßt sich wie folgt kommentieren:

### Gruppe 1 - Mögliche Auftraggeber:

Beispielsweise können Regierungen oder Verbände (vgl. Helmes) den Lernprozeß auslösen. Sie werden jedoch nicht zwangsläufig und jedesmal neu benötigt, um Lernprozesse in Gang zu bringen. Eine wesentliche Rolle spielen sie aber häufig beim erstmaligen Durchlaufen des Prozesses.

### Gruppe 2 - 'Autoren' des Lernstoffs:

Autoren des Lernstoffes, z.B. klassischerweise Professoren, können den Prozeß selber in Gang bringen. Dieser Hinweis drängt sich deswegen auf, weil Wissenschaftler nicht immer Praxisschritte auslösen wollen, sondern vorzugsweise eine Befruchtung der Wissenschaft und die Beschäftigung der eigenen Studenten anstreben. Die Berührung mit der Praxis wurde nicht selten geradezu als Kontamination gefürchtet. Vielleicht zeigt diese Einstellung eine späte Nachwirkung in der mangelnden Entsprechung von Stoffangebot und Stoffnachfrage (vgl. Gibb). Auch Johnnisson zitierte diesbezüglich den 'Gap' zwischen Universitäten und KMU.

Heute ist dagegen auf dem Gebiet der KMU das Bemühen festzustellen, außer der Wissenschaft auch der Praxis zu dienen. Jedoch ist noch immer ein Dilemma in der Art möglich, daß die Wissenschaft sozusagen den Praktiker verdrängt. Vor allem, wenn der Wissenschaftler sich selber als 'Vermittler' (4 und 6) betätigt, dann aber seine Hypothesen prüfen will, statt uneingeschränkt den Praxisadressaten zu helfen. Wenn so der Praxiserfolg - begrifflicherweise - ausbleibt, werden die Praktiker womöglich geradezu provoziert, vom Anspruch, sie zu sensibilisieren. Unternehmer im Seminarraum sind nicht Studienobjekte, sondern Lernbedürftige (und meist auch Lernwillige). Die erste Sorge der Wissenschaftler sollte dann nicht die Angst vor einer 'Degradierung des akademischen Studiums' (Johannisson) sein. Wenn sie es aber ist, sollten im Zweifel besser Vermittler (Transfer agents) eingeschaltet werden, welche den Graben zu überbrücken vermögen.

### Block 3 - 'Lernstoff':

Der Lernstoff wirft ebenfalls die Frage auf, wie weit wissenschaftliche Studien für die Unternehmensschulung brauchbar sind. Zumeist tritt hier schon das Transferproblem auf. Material für Praxisbedürfnisse umzuschreiben (vgl. Bennett/Litvack). Dabei wird die Frage 'Wie' für die Implementierung vergleichbar wichtig wie die Frage 'Was', im Gegensatz zur Meinung Gibbs, nach dem das 'Was' praktisch keine Rolle spielt.

Bedenkenswert ist aber der Hinweis von Andr en/Uudelepp, unternehmerisches Denken sei nicht nur durch unternehmerisches frontales 'Dauer-Credo' zu erreichen, sondern auch als 'Nebeneffekt' anderer verwandter Themen, z.B. der Innovationsf orderung.

Wenn aber Entrepreneurship im Mittelpunkt der *Lerninhalte* steht, dann sollte es wenigstens praxisad quat sein. Schon hier bietet sich die Chance, m gliche Abweichungen zwischen Angebot und Praxisbrauchbarkeit (also Nachfrage) zu reduzieren, und dies sowohl in Menge, Qualit t und ben tigter Zeit (vgl. Chini).

Noch schwieriger ist wohl die Frage, wie weit kontextuelle Faktoren/Umfeldfaktoren bereits im Lernstoff abgedeckt sein m ssen. Gen gt es, wenn im Material die 'Basics' behandelt sind? Dann bleiben die Anpassungen bei der Vermittlung vorzunehmen (4 und 6). Schwergewichtiges Beispiel scheint hier der Beitrag von Sadeq, der die islamische Perspektive in der Unternehmensschulung ber cksichtigt.

### Gruppen 4 und 6 - Vermittler:

Die damit angesprochene Frage belegt die Bedeutung des Vermittlers in der unternehmerischen Aus- und Weiterbildung. Die Unterscheidung zwischen 4 und 6 soll andeuten, da  es um:

- den Vermittler vom westlichen 'klassischen' Zuschnitt (4) einerseits und
- den Vermittler in den Reforml ndern bzw. in der Dritten Welt (6) andererseits gehen kann..

Dadurch entstehen neue Dimensionen des Transferproblems, genau genommen vier:

- a. Transfer Vermittler (4) ----> Anwender im Westen (5)
- b. Transfer Vermittler (4) ----> Vermittler (6)
- c. Transfer Vermittler (4) ----> Neue Anwender in den Reforml ndern bzw. in der Dritten Welt (7)
- d. Transfer Vermittler (6) ----> Neue Anwender (7)

Es wurde in den Beitr gen immer wieder betont, da  je nachdem andere Bedingungen/Bed rfnisse gegeben sind:

- Das Qualifikationsniveau der Adressaten ist verschieden (eine andere Art Qualifikation oder ein anderer Entwicklungsstand, z.B. in der Dritten Welt)
- Die Denk-/Verhaltensmuster sind verschieden (vgl. Stratemann; Sadelhoff/Stoffels)

Solche Verschiedenheiten wurden vielfach vielleicht zu oft als *kulturelle* Diskrepanzen dargestellt, denen man im Transferproze  Rechnung tragen m sse.

Es ist aber zu ber cksichtigen, da  dahinter auch *motivationale* Defizite stecken k nnen. Und nicht zu vernachl ssigen ist die Tatsache, da  die Kompetenzinhalte halt doch im Grunde gegeben sind und transferiert werden m ssen... Davon abgesehen, existieren Kulturunterschiede nicht nur bei den Trainees (Adressaten), sondern auch bei den Trainern: So

gibt es Stimmen aus den Reformländern, die Vorbehalte gegenüber 'Dampfwalzenstrategien' aus manchen westlichen Richtungen äußerten.

Das führt zu einer plausiblen, aber wichtigen Beobachtung: Die 'Donors' und die 'Recipients' sollten sich eigentlich möglichst gut entsprechen (vgl. die von Todorov so bezeichneten Spiegelwirkungen, 'mirror relations'). Dies spricht dafür, wo immer es möglich ist, Unternehmer als Lehrende bei Unternehmern als Adressaten einzusetzen. Am Schweizerischen Institut für gewerbliche Wirtschaft bestehen beispielsweise Erfahrungsaustauschgruppen, in denen Unternehmer gegenseitig Informationen austauschen und Anregungen vermitteln. Unternehmer überzeugen an sich eher als Vermittler von Lernstoff, nur sind Unternehmer nicht leicht als Lehrer zu gewinnen und oft didaktisch weniger gewandt.

Auch die Wissenschaftler an den Hochschulen sollten gelegentlich daran denken, daß die heutigen Studenten morgen selber Vermittler oder selber Anwender sind. Dieser Tatsache entsprechen die realistischen und konkret wirkenden Projekte Reberniks, etwa das Material, das nur 'framework' oder 'shell' zu sein braucht. Seine Forderung nach mehr Demokratie in den Unternehmen erfährt vielleicht gegenwärtig eine gewisse Ernüchterung. In der Schweiz gewinnt man nämlich zur Zeit beinahe den Eindruck, daß autoritär geführte Unternehmen in der Krise eher überleben. Dies mag situativ bedingt sein. Wirtschaftliche Notlagen mögen im Extremfall eine autoritäre Führung geradezu verlangen. Dies assoziiert die Frage nach einem absoluten oder relativ zu Umfeldfaktoren gewählten Führungsstil.

In den Beiträgen wurde mehrfach betont, daß vor der Aus- und Weiterbildung der Unternehmer die Schulung der Trainer (zuerst Vermittler A, dann B) fällig/nötig wird (vgl. stellvertretend für viele andere Behre/Dammer).

### **Gruppen 5 und 7 - Anwender:**

Erfolgsträchtig scheint immer, daß die Gruppe der Lernenden homogen ist (vgl. Anthony Bennett zu einem Projekt in Estland und die schweizerischen Erfahrungen mit dem Intensivstudium für KMU). 'Homogen' bezieht sich auf den erreichten Qualifikationsstand, nicht das Geschlecht (vgl. Jane Schauer) oder die Nationalität (vgl. Evans/Harvey). Bezüglich des Geschlechtes ist zu erwähnen, daß eine Ausschreibung eines speziellen Seminars nur für Geschäftsfrauen durch das IGW ein Mißerfolg war (vgl. auch eine St. Galler Studie von Martina Ziegerer zur Unternehmungsgründung durch Frauen, die in wesentlichen Kriterien keine signifikanten Unterschiede zwischen den Geschlechtern herausfand). Wirtschaftliche Probleme in der Unternehmensführung sind wohl doch eher sachbezogen als geschlechtsspezifisch zu sehen und zu lösen.

Eine weitere Erfolgsdeterminante in der Schulung stellt der Methodenmix dar, etwa aus

- Frontalunterricht (Vorlesung)
- Lehrgespräch
- Teamteaching
- Gruppenlernen
- Fallstudien
- Planspielen, sofern gut vorbereitet (vgl. Croccolo)

Es wurde öfter beklagt, daß die Erfolge der Schulung trotzdem begrenzt sind. Dies trifft nicht nur für die Reformländer, sondern auch für den Westen zu. Man sollte nicht vergessen, daß auch im Westen unsere Aus- und Weiterbildung beim Unternehmer längst nicht nur Erfolge produziert und daß einige westliche Trainer sich in die Reformländer begeben

haben, weil ihr Erfolg im Westen zu wünschen übrig ließ oder sie Schwierigkeiten erfuhren. Was Auwers/Deschoolmeester zum Vorschlag bewegt haben mag, die Schulung erst *nach* der Gründung überhaupt vorzusehen.

Halten wir also fest: Auch im 'Westen' reifen nicht alle Blühträume, und andererseits zeigen sich auch im 'Osten Erfolge'. Ein Beispiel für mehrere lieferten Cicinskas/Woodward für Litauen.

Abschliessend sei die Begründung skizziert, warum die Synopse mit einem Feedback dargestellt ist. Der Feedback sollte - für mögliche Verbesserungen - tatsächlich angestrebt werden. Feedback-Varianten sind z.B.:

- Evaluation *direkt* nach Absolvieren des Programms (mit Fragebogen)
- Evaluation einige Monate *später*
- Follow-up-Programme nach der Evaluation

Für alle Varianten gibt es positive Erfolgsbeispiele.  
Es gilt sie zu nutzen.



# Appendix





**E** ntrepreneurship  
**L** i terature  
**D** a tabase

References to more than 11,000 Publications:

- \* Entrepreneurship
- \* Business Start-up
- \* New Ventures Creation
- \* Small Business
- \* Innovation
- \* Venture Capital

## **Entrepreneurship Literature Database "ELIDA"**

To improve the infrastructure for research and education opportunities in the field of entrepreneurship and business start-ups, the FGF ("Förderkreis Gründungs-Forschung" as what means "Centre for Research in Entrepreneurship and Business Start-up"), a not for profit organisation, has built up a literature database (references) on that specific subject.

*\* Today more than 11,000 items from monographs, contributions and articles in scientific and business journals, conference proceedings, working papers are included*

*\* Referring to:*

- *Entrepreneurship*
- *Business Start-up*
- *New Ventures Creation*
- *Small Business*
- *Innovation*
- *Venture Capital*
- *Genetic Approach in Management*
- *Corporate Venture Capital*
- *Venture Management*

*\* Each entry includes following fields:*

- *Author(s)*
- *Title (and Short Title)*
- *Specification (location of publishing, kind of publication: i.e. doctoral thesis, working paper, journal article, page # # etc..)*
- *Year of Publication*
- *Language used*
- *Additional Keywords (systematic and free)*

*\* about 50% in English, 50% in German language*

*\* on going collection of new sources (about 2000 p.a.);*

*\* "ELIDA" can be used under dBASE III plus, DBxl and similar dBASE-compatible software.*

Time-unlimited user license for installation on your own IBM-PC/AT/PS2 with harddisk (you need about 7 Megabytes for data) is offered to scientific institutions for 550,- DM (or \$350 or 275,- ECU).

The FGF also offers the utilisation of the database to students, researchers and professors interested by mail at a cost basis; please send us informally your working title, keywords, descriptors authors or/and time span; price of research depends on efforts and results from 50,- DM (few items found) up to 100,- DM (at max. of 500 items found); output on floppy-disk or paper as you wish.

\* Possible data retrieval approaches in that service are (access keys under dBASE-surface "LITE"):

a) by **author**

- *single author*
- *two 'and' linked authors*

b) by all words in **title**

- *single word*
- *two 'and' linked words*
- *two 'or' linked words*
- *up to two 'and' to two 'or' linked words simultaneously*

c) by **publishing date**

- *period can be defined (i.e. 1990-94)*

d) by **key words**

- *single word*
- *two 'and' linked words*
- *two 'or' linked words*
- *up to two 'and' to two 'or' linked words simultaneously*

\* Possible data output formats:

- *reference list format*
- *index-card format*

\* Possible output media

- *paper*
- *floppy disk (5 1/4" or 3 1/2")*  
*as a dbase file (\*.dbf)*  
*as an ASCII file (\*.asc) (for further word-processing)*

Co-operation with other institutions (European and overseas) engaged in the field of entrepreneurship is wanted.

**\* Example A (output format: "List")**

KEYWORDS: BUSINESS AND PLAN IN FILED "TITLE"

---

Demmler, L. Frank

/Business Plan/

The Business Plan

The Enterprise Corporation of Pittsburgh, 1984

1984

Dible, Donald H. (Hrsg.)

/Plan and Finance/

How to Plan and Finance a Growing Business

Entrepreneur Press, Fairfield, CA., 1980

1980

Gevirtz, Don

/Entrepreneur's Manifesto/

Business Plan for America: An Entrepreneur's Manifesto

Putnam's, N.Y., 1984

1984

Haslett, Brian; Smollen, Leonard F.

/Business Plan/

Preparing a Business Plan

in: Pratt, Stanley; Morris, Jane K. (Hrsg.),

"Guide to Venture Capital Sources", Venture Economics Inc.,

Wellesley, MA., 1970

1970

**\* Example B (output format: "Card")**

---

1865

Szyperski, Norbert

/Unternehmensentwicklung/

Kritische Punkte der Unternehmensentwicklung

in: ZfbF: Zeitschrift für betriebswirtschaftliche Forschung, 27 (1975),

S. 366-383

1975

Standort: FGF

## **FGF Entrepreneurship-Research Monographien**

Bisher in dieser Reihe erschienen:

**Band 1:**

*Bohlender, Claudia; Klandt, Heinz*  
*Entrepreneurship im Europäischen Binnenmarkt:*  
*Gründungs-Forschung und Ausbildung in Spanien.*  
*Köln, 1989 (90 Seiten, 38,50 DM)*

**Band 2:**

*Weihe, Hermann J.; Klenger, Franz; Plaschka, Gerhard;*  
*Reich, Frank-Rainer*  
*Unternehmerausbildung - Ausbildung zum Entrepreneur.*  
*Eine Studie zur Situation der Aus- und Weiterbildung*  
*von Unternehmensgründern.*  
*Dortmund, 1991 (324 Seiten, 59,00 DM)*

**Band 3:**

*Klandt, Heinz (Ed.)*  
*Entrepreneurship and Business Development.*  
*Aldershot (UK), et al., 1993 (384 Seiten, £ 39,50)*  
*- kooperativ mit dem Verlag Avebury Publishers publiziert -*

**Band 4:**

*Klandt, Heinz*  
*"Eva" - Das Computer-Planspiel für Unternehmer und solche, die*  
*es werden wollen. 2. erweiterte Auflage*  
*Dortmund, 1994 (64 Seiten, 25,00 DM)*

**Band 5:**

*Klandt, Heinz; Müller-Böling, Detlef (Eds.)*  
*IntEnt<sub>92</sub> Internationalizing Entrepreneurship Education*  
*and Training.*  
*Dortmund, 1993 (583 Seiten, 75,00 DM)*

*Band 6:*

*Klandt, Heinz; Müller-Böling, Detlef (Eds.)  
IntEnt<sub>93</sub> Internationalizing Entrepreneurship Education  
and Training.  
Dortmund, 1994 (70,00 DM)*

*Band 7:*

*Klandt, Heinz  
Der integrierte Unternehmensplan.  
Dortmund, 1994 (28,00 DM)*

---

**FGF Forschungs- und Entwicklungsmethoden**

Bisher in dieser Reihe erschienen:

*Band 1:*

*Müller-Böling, Detlef; Klandt, Heinz  
Methoden Empirischer Wirtschafts- und Sozialforschung:  
Eine Einführung mit wirtschaftswissenschaftlichem Schwerpunkt  
Dortmund, 1993 (128 Seiten, 8,00 DM)*

Based on an international meeting of some 200 scholars and experts in Vienna in July 1993, this publication offers a view on the actual state of the art of research on entrepreneurship education and training. In 39 selected contributions experts from Europe, both Americas, Asia, Africa and Australia present different approaches and experiences in this upcoming field of research.

Key notes were given by Allan. A. Gibb, Peter Helmes, Heinz Klandt, Hans Jobst Pleitner, Peter Reinbacher, Donald L. Sexton, and Harold Welsch.

**Förderkreis Gründungs-Forschung e. V.**

**Entrepreneurship-Research**

c/o Universität Dortmund, Postfach, D-44221 Dortmund, Germany

Unverb. Preisempfehlung  
70,00 DM  
(Sfr 68; ÖS 530, US \$ 48)

ISBN 3-9802285-7-6  
ISSN 0936-790X