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Gender, Affect and Upward Influence: An Indian Study

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Abstract

With the rapid influx of women in organizations, more specifically in the Indian context, “gender” becomes an important construct in the study of upward influence strategies, by which the member is able to influence the attitude, perceptions and behavior of the leader in a desired manner. In this study, we made an attempt to understand gender differences in terms of use of upward influence strategies and the moderating effect of the positive and the negative affect. The sample size comprised employees (N=107) working in a large bank in Western India. We employed both in-depth exploratory interviews and a survey methodology. While the interview data was subjected to rigorous content analysis techniques, regression analysis was performed on survey data. Results indicate that the gender of the agent and the supervisor, as well as the interaction of gender and affective styles, influenced the choice of upward influence strategies.

Introduction

The prevalence of the sex role ideology in India as compared to other countries in the West makes gender an important variable for research in the Indian context. Additionally, with more women occupying managerial roles in organizations, its practical implications for organizations and workplace culture need to be researched. Likewise, upward influence (UI) is of significant importance as it aids cooperation and collaboration within teams, makes organizations democratic, and enhances their receptivity to change (Waldron, 1999) and creativity. Concentrating on organizational benefits, significant relationships have been found between UI strategies and workplace environment, culture and relationship such as job performance (Kipnis and Schmidt, 1988; Yukl and Tracey, 1992), assessment of promotability (Thacker and Wayne, 1995); and increase in salary (Kipnis and Schmidt, 1988, Thacker, 1995).

Gender differences have been differentially linked to the choice of influence strategies employed in organizations. As early as 1976, Johnson found that men use more direct strategies and assertive influence as compared to women in organizations. Men and women working in a diverse setting are expected to display stereotypical forms of behavior in both interpersonal

(Falbo and Peplau, 1980; Maccoby, 1988) and work situations (Eagly and Johnson, 1990; Mainiero, 1986). Women, for instance, agree more often than men and display more positive socio emotional behavior (Anderson and Blanchard, 1982; Carli 1989, 1990; Piliavin and Martin, 1978). These gender differences have been found both within mixed-sex and between same-sex groups (Johnson, Warner and Funk, 1996).

However, the style of application of UI attempts varies with individuals and can best be studied with the aid of moderator variables. Researchers (Wayne and Ferris, 1990) found that the results of UI strategies, showed a variation when moderator variables like affect, were introduced. The role of affect, positive and negative, in moderating/affecting the style of influence in organizational social composition makes interesting investigation.

There is little work on the gender and affective disposition of the influencer that impacts the UI strategy, and particularly so in an Indian setting. Given this limitation and the need to assess the generalizability of the UI strategies in an Indian organization, we investigated the relationship between gender, affect and UI strategies. Specifically, our objective was to study whether men and women are differentially successful in their influence attempts and the extent to which affect, positive and negative, impacts the success of their influence attempts.

THEORETICAL FRAMEWORK AND DEVELOPMENT OF HYPOTHESIS

Gender and Upward Influence

Gender differences defined by the status characteristics theory suggest that gender differences in interaction in mixed-sex groups are a result of women's lower status in larger society (Berger et al., 1977; Berger, Rosenholtz and Zelditch 1980). This is a multi level theory that provides linkages between the society's cultural assumptions of inequality in gender, status, race and age and links it to inequalities in face-to-face interaction (Ridgeway, Cecilia and Diekema, 1992) in developing status hierarchies in small groups within or outside organizations.

In the organizational context, influence is the process by which an employee attempts to sway the thinking process of leaders, team members or peers. It is the effect, either intended or unintended, of the agent (influencer) on the target's (to be influenced) attitude, perception or behavior (Yukl, 1998).

Yukl (1998) states, “influence is the essence of leadership. It is necessary to sell your ideas, to gain acceptance of your policies or plans, and to motivate and support and implement your decisions”. Specifically, the agent uses influence for organizational purposes (Yukl and Tracey, 1992) but it can also be used for fructification of personal goals.

Recent work in the area of social composition in organizations and effectiveness constructs plays a critical role in success of interpersonal communication in organizations (Ferris, Hockwarter, Douglass, Blass, Kolodinsky and Treadway, 2002) be it in the same-sex or mixed- sex groups.

A steady rise in the number of women taking up managerial positions over the last few years has added to the complexity of interactions at work (Thacker, 1995). Researchers have begun to focus their attention on similarities and dissimilarities between the approach adopted by men and women in usage of UI strategies.

However, researchers are uncertain about the existence of gender differences in use of UI strategies (Baxter, 1984; Conrad, 1985; DuBrin, 1989, 1991; Grob et al. 1997; Kipnis et al, 1980; Kline 1994; Lamude, 1993; Schlueter et al 1993). Some research studies suggest that women use strategies differently than men. They use charm, appearance, ingratiation and compliments – that is indirect strategies (DuBrin, 1991) - or weaker altruistic strategies whereas men use so-called stronger strategies of manipulation, reason (Baxter, 1984; Schlueter et al., 1990) and assertiveness (Johnson, 1976). Additionally, researchers note that females may even be more effective at influence attempts than males (Lauterbach and Weiner, 1996).

There have been findings that report no or very little difference in choice of UI strategy between men and women (Kipnis et al, 1980; Schilit and Locke, 1982; Yukl and Falbe, 1990). No differences in how men and women use UI have been found in both interpersonal (Carli, 1989; Sagrestano, 1992) and organizational settings (Dreher et al., 1989; Kipnis, Schmidt and Wilkinson, 1980; Yukl and Tracey, 1992). A reason attributed to negative findings concerning gender difference in use of influence strategies is the situation that has a bearing on the relationship between the agent and the target (Falbo

and Peplau, 1980; Sagrestano, 1992) and organizational position (Schlueter and Barge, 1993) and gender of target which determines the choice of influence behaviors. Thus it is likely that gender will have differential effect on the choice of upward influence strategies.

H1: Males and females will differ significantly in their choice of UI strategies.

H1a: Female agents will differ significantly in their choice of UI strategies with male superiors and female superiors.

H1b: Male agents will differ significantly in their choice of UI strategies with male superiors and female superiors.

Empirical research indicates that the choice of a strategy is based on the individual's power, organizational structure (Schlueter and Barge, 1993; Schlueter et al. 1990, Fagenson, 1990). These structural models argue that influence use is a consequence of structural power rather than consequence of gender. However, what these studies fail to record is the effect of gender and the individual style of the employee that will determine the choice and application of the strategy. Interpersonal communication styles and gender diversity will influence the manner in which strategies are used and success of the strategies will also vary in accordance with the effectiveness of the styles (Jones, 1990). The style of the agent will moderate the influence strategy and the receptivity by the target will in turn be influenced by the impression that the target holds of the agent. Affect (positive and negative) will also have a significant bearing on the agent and choice of UI.

Affect and Upward Influence

Recent work in the area of social composition in organizations and effectiveness constructs plays a critical role in success of interpersonal communication in organizations (Ferris, Hockwarter, Douglass, Blass, Kolodinsky and Treadway, 2002) be it in the same or mixed- sex groups. Constructs of social skills play an important role in determining the nature in which influence attempts are made, perceived and responded to.

Positive and Negative Affect Schedule (PANAS; Watson et al., 1988) is a measure to study two general dimensions that describe individual affective responses: positive (interested, enthusiastic) and negative (hostile, anger) (George, 1992; Watson and Tellegan, 1985) on a seven point scale. Past

researches have tried to study either PA or NA but seldom a combination of the two.

Positive affect has been defined by Perrewe and Spector (2002) as: “the tendency to experience positive emotions across situations and time”. Personality research (George, 1992; Watson and Tellegan, 1985) has shown that there are two general dimensions of affective responding. These are positive affect (PA) and negative affect (NA). PA and NA do not seem to be opposite points on a continuum. Rather they are independent dimensions (Diener and Emmons, 1984). That is, an individual can be high on both or low on both or high in one and low on the other or vice versa or high in both or low in both (George, 1992; Watson and Tellegan, 1985). Individuals high on PA are characterized as excited, joyful and enthusiastic. They are energetic and enjoy life. Individuals low on PA are less likely to report positive feelings. People who report high levels of NA are likely to be anxious, afraid and angry. They are often tense and nervous. When low on NA, individuals report feeling placid, calm and contented. Individual’s affect may influence both the decision making and interpersonal aspects of managerial performance. Based on these definitions, and subsequent research (George, 1998; Hochwarter, Perrewe, Ferris and Brymer, 1999), it can be stated that employees with high PA are effective at interpersonal communication than those with low PA or high NA as they lack interpersonal enthusiasm (Watson, Clark, and Tellegen, 1988). Individuals with positive affect have been found to have a positive impact on the target in the influencing process (Mackie, Asuncion and Rosselli, 1992). Researchers (Judge et al 1999; Watson et al 1988) have found that the enthusiastic and confident agents possess a higher capability of influencing the target. Mood, more specifically positive mood, increases the probability of acceptance of attitude of agent by the target (Isen, 1984). The agent, in such situations, is viewed more positively and message accepted more readily by the target. Thus it is likely that positive and negative affect will have a differential bearing on the choice of upward influence strategies.

H2: Positive and negative affect in males and females will be significantly related to the choice of UI strategies.

Interaction between Gender, Affect and UI

While there is sufficient literature on gender, gender communication/interaction patterns and affect there is little research in the area of gender and affect which would have an impact on the choice and use of UI strategies. In the wake of earlier discussions it is plausible that gender and affect will interact to have differential impact on the choice of upward influence strategies.

H3: Affect and subordinate gender will interact to influence the choice of UI strategies
H3a: Male respondents with positive affect will use different UI strategies when interacting with male superiors than with female supervisors.

H3b: Male respondents with negative affect will use different UI strategies when interacting with male superiors than with female supervisors.

H3c: Female respondents with positive affect will use different UI strategies when interacting with male superiors than with female supervisors.

H3d: Female respondents with negative affect will use different UI strategies when interacting with male superiors than with female supervisors.

RESEARCH METHODOLOGY

We used the triangulation methodology in which both in-depth exploratory interviews and survey were conducted. Based on analysis of the interviews, we drew up a questionnaire which was later distributed via the intranet to all the employees. The purpose of using both exploratory interviews and the survey method was two fold. First, within the framework of the study, the in-depth exploratory interviews provided us with a thorough grounding to help build up a theory, specifically in investigating the types of upward influence strategies used by the executives. Exploratory interviews bring to the fore several context relevant variables and their interactions which otherwise may have been discarded or ignored. Such insights made the data richer and relevant to the context in which we conducted the study. They also ensured that the resulting theory provided a better understanding of gender and the upward influence strategies and their deployment both for the participating managers and the researchers alike. The survey using a quantitative instrument provided a deeper understanding of the phenomenon from multiple perspectives. By using triangulation to collect the same information, cross validation of the findings was possible, thus making the results more robust. The quality of information and findings were better and richer as these two methods provided mutual confirmation.

Second, the exploratory interviews helped in the development of a modified instrument to measure the criterion variable of upward influence strategies. It was based on the analysis of the exploratory interviews that a combined version of Kipnis et al (1980), Ansari (1990) and Bhal and Ansari (2000) measure, consisting of 41 items was developed and subsequently used for the study.

Sample and Procedure

We conducted the two studies in the western zonal office of a bank in India. All employees in the managerial cadre were selected. In the Indian sub continent the aforesaid bank is the only one in which the ratio of men to women is 60 to 40. The choice of the bank was deliberate as it provided virgin ground for study of gender, affect and upward influence. This attempt provided an opportunity to posit the findings in a significantly mixed setting of employees.

Data for this research were collected from a sample (n=107) of all employees of the managerial cadre of the western zonal office of a bank. There were 28 women and 79 men. Large number of employees (50.6 %) fell in the age bracket of 21 to 25. About 60% of respondents had one to four years of work experience. Maximum respondents (22.7%) had a Master of Business Administration degree and next in line were respondents with a Bachelor of Commerce degree (21.6%).

As indicated earlier, the procedure adopted for this study entailed two studies, in-depth interviews and survey. The subsequent sections will describe these methods in greater details.

Study 1

In-Depth Interviews

In the interviews the employees were asked to narrate a critical incident in which they had used influence with their superior. Employees were asked to describe briefly the purpose of the influence attempt, what was said or done by the agent to influence the target and how the target responded to the request. The questions were of the following nature: “What was the issue for which you used influence strategies?” “What did you say?”, “How did you say?”, “What was the impact on the leader?”, “Did you feel nice or confident

or nervous and shaky?” etc. If a sequence of influence attempts occurred, respondents were asked to describe each episode in the sequence. Employees were instructed to provide details, including quotes and examples of what the target said. They were assured of confidentiality. Respondents were encouraged to describe influence attempts that involved important issues and substantive requests for assistance and support, rather than routine task assignments. The interviews were conducted by one of the authors and two qualified researchers working in the area of communications. Both researchers were briefed extensively on the interview procedures and dummy interviews were conducted prior to commencement of the final interview procedure.

The narrative description of the agent's influence behavior in an incident was recorded. A number was assigned to each interviewee that helped in protecting the identity of the speaker. These numbers also helped in coding and record keeping. Transcripts were prepared and units of analysis were categorized. Two separate readers working in the area of communications coded the text. We compared the coding and finalized the classification after re-examining the text and a discussion with the bank officials. The statements of all the interviewees were cross-validated. Some managers were even interviewed twice for authenticating the data.

Study 1

Results

We asked the participants to recreate and narrate an incident in which they influenced their supervisor to change the thinking pattern to a desired way. Though the participants were asked to narrate an incident which did not involve routine-task, most of them narrated incidents that were technical and task oriented. Analysis of the content was done in four quarters:

- a. Male agent and female target (Table 1)
- b. Male agent and male target (Table 2)
- c. Female agent and male target (Table 3)
- d. Female agent and female target (Table 4)

Interaction patterns between male agents and female targets revealed reason and logic to be the most frequently employed strategy (Table 1). This is consistent with earlier studies (Nonis, Sager and Kumar, 1996), which

reported that men employ rationality as an influence strategy more than assertiveness, ingratiation and upward appeal. They felt that management listened to logic, and backing up arguments with numbers, research and data was important. Rational persuasion was effective while dealing with all kinds of bosses. Moreover, since intensified prescriptions and proscriptions for men reflects traditional emphasis on strength, drive, assertiveness, and self-reliance (Prentice and Carranza, 2002), their preference for logic and reason is easily explained. A closer look at the other strategies revealed that they primarily consisted of building connections, personal relationships, target gratification and instrumental dependency.

Interestingly in the interaction or influence attempts between men and men the combination of other strategies was marginally higher than rationality (Table 2). In the exchange between men and men, a significant number of respondents indulged in upward appeal keeping their superiors or 'boss's boss' informed and approaching the supervisor as a team. Thus the boundaries between upward appeal and coalition in such cases are blurred and could be captured only through factor analysis. Respondents felt that the organization was transparent and superiors did not mind if they took their case or argument forward to their superior's superior so long as they were 'kept in the loop'.

A differential analysis was done for women (Table 3). The interesting finding was that like men, women too did not use ingratiation or exchange strategies at all. Such exchange involves offering an exchange of favors while indicating willingness to reciprocate at a later date. This can be explained in terms of the social norms prevalent in the Indian context and can be a result of difficulty in articulation and multiplicity of connotations if such offers are to be made. Moreover they used coalition and upward appeal and assertiveness in almost the same proportion as men. This is in contradiction to the previous studies (Nicotera and Rancer, 1994) which suggest that men are generally seen as more aggressive and assertive displaying behaviors associated with hard influence strategies, whereas women are seen as nurturing and tentative.

As discussed in the earlier instances of analysis, ingratiation and exchange were not used in the UI strategies adopted by female respondents for female supervisors (Table 4). As in the case of male respondents and male

supervisors, other strategies as fact revelation, connection, target gratification and instrumental dependency had a higher percentage of use than reason and logic. Though the difference was only marginal, it does provide insight into mixed and same-sex interaction patterns in teams as specified through the status characteristic theory (SCT) (Berger et al, 1977; Berger, Rosenholtz and Zelditch, 1980). According to the SCT, in gender neutral tasks, status will not impact the interaction pattern. Task behaviors of men in all-men groups and of women in all-women groups will be similar (Johnson, et al. 1996).

Analysis was clubbed and done on the basis of the agent gender (Table 5).

An interesting observation is that majority of the respondents used more than one type of influence strategy. Amongst these the largest percentage was the combination of logic and reason, upward appeal and other strategies. This is consistent with the findings of studies (Prentice and Carranza, 2002) that found that these were the traits typically associated with men. It also shows that possibly men think that a combination of strategies is better suited to achieve results rather than a single strategy. Alternatively they may think that different strategies are better suited for different conditions and situations. This could mean that individual disposition and gender attitudes may not be the only explaining variables for determining the upward influence strategies used by people. The situational variables may have an important role to play in determining which strategy needs to be used in what conditions.

Another analysis was done based on the target gender (Table 6). In all four combinations, it was observed that men and women did not use ingratiation or exchange strategy at all with leaders across genders. This is explained by the argument that exchange and ingratiation involve offering an exchange of favors, bargaining and creating a feeling of indebtedness to be reciprocated at a later stage and is rarely seen in the Indian context in interaction with members of the opposite sex because of the difficulty in articulation and multiplicity of connotations if such offers are to be made especially to people of the opposite sex. Moreover, men used upward appeal much more often with female bosses than with their male counterparts. This could possibly be explained by the perceptions of female bosses in the eyes of men, which tends to be lower. This could also be explained by Lamude's

study (1993) which found that male supervisors employ upward influence strategies which appeal to values, emotions, affect and friendliness (soft strategies) more with female managers and they employ strategies that appeal to demands, intimidation, explanation and other employees' respect and attraction (hard strategies) with male managers.

Moreover women used upward appeal and coalition significantly more with male superiors rather than with female superiors. On the other hand, men used coalition and upward appeal significantly more with their male superiors than with women superiors. This can again be linked to connotations involved with repeated offers to a person of the opposite sex in the Indian context.

Study 2

Survey

On the basis of the content analysis of the transcribed interviews, we drew up a questionnaire comprising two sections and distributed via intranet to all employees. As the branch was small with only 107 employees, no need was felt for sampling. Data collected was inclusive of responses from all employees. The first section dealt with UI strategies, second, positive and negative affect. Respondents filled in the questionnaire during their working hours and mailed it to their branch in-charge, who collected the responses in a folder and mailed it to the first author. The respondents were, in this case as well, assured of complete secrecy with respect to their responses.

Study 2

Results

Gender of the agent and the supervisor/target clearly, as revealed in the study impact the choice of UI strategy. Interplay or interaction of gender and affective styles (positive and negative) also influence the communication styles of UI. Strategies generally discussed by researchers (Kipnis et al, 1980; Falbe and Yukl, 1992; Kipnis and Schmidt, 1988) as exchange and ingratiation, found abundantly in organizational talk did not emerge strongly in the study of differences in choice of UI strategies across genders. The results suggest that while these UI strategies may be employed by agents in organizations, when combined with a study of gender and affect reveal lower applicability.

Significant results in terms of UI revealed instrumental dependency (Ansari, 1990; Bhal and Ansari, 2000) to be the most frequently used UI (Table 7). Instrumental dependency can be understood as an attempt to 'seek advice at regular intervals', and 'inform the boss of the happenings at the office' or keep the boss in the loop. This finding can be related to the nature of tasks for which UI strategies were used.

Gender of target and agent together with negative (Figs. 1 and 2) and positive affect (Figs. 3 and 4) had a significant impact on the choice and use of UI strategies. As discussed, affect is a trait and can be witnessed in all interactions of employees. It is not contingent upon a situation but can clearly be seen in all behavioral patterns. Similarly, in this study it was seen that women using instrumental dependency were high on negative affect but men were much higher on negative affect. In the game of influencing the role of the supervisor was equally important. The negative affectivity of a male supervisor increased instrumental dependency. When the supervisor was a female, and instrumental dependency was high, it did not necessarily mean that the supervisor was not as high on negative affect as compared to the male supervisor. Thus on a comparative scale we can infer NA x gender (female) = high instrumental dependency; NA x gender (male) = higher than female instrumental dependency.

It is interesting to note that both males and females high in positive affect were also high on instrumental dependency, though males were slightly higher than females. The positive affect in the supervisor moderated the relationship between the gender of the supervisor and the use of UI strategy. Male supervisors with high positive affect responded positively to high instrumental dependency. Female supervisors with higher positive affect than male supervisors responded positively to lower demands of instrumental dependency.

Gender of the leader was found to have a significant bearing in the choice of the UI strategy (Fig. 5). The present results suggest that the gender of the supervisor affected the application of the UI strategy. When the gender of the supervisor was male, female respondents were higher in instrumental dependency than their male counterparts in the same organization. Women naturally reticent and careful in task oriented assignments find it preferable to inform the supervisor of the issues being tackled. This can be explained

by the normative/socialization approach which suggests that specific norms are learned by men and women in the formative stages in the interaction patterns within mixed sex peer groups (Carli, 1989, 1990; Maccoby, 1990; Eisenhart and Holland, 1983) which are then revealed in interaction patterns within organizations.

It was interesting to note that the gender of the supervisor and negative affect played an important role in the application of instrumental dependency (Figure 2). Once again as in the previous case when the gender of the agent was male, negative affect barely had any effect on the application of the instrumental dependency. However in the case of a female supervisor, higher the affect, lower the instrumental dependency. The relationship between negative affect and instrumental dependency was inversely proportional. Contrary to the results discussed above, in this case, instrumental dependency was higher when the negative affect was between low and moderate. In fact the drop was considerable from a low to a moderate negative affect in cases of application of instrumental dependency in female supervisors. However the slope in the graph from moderate to high negative affectivity indicating less instrumental dependency was a very gradual decline with a difference of barely 0.3 between the two points of moderate and high on negative affect.

Discussion

The present study affirms the first hypothesis that males and females will differ in their choice of UI strategies and the differences will also be related to the gender of the supervisor. However the difference, in this study, was evidenced only in the application of “instrumental dependency”. The role of affect as a moderator in choice and application of UI strategies across genders was clearly seen in the present study. Both NA and PA in the male and female agents and targets affected the interaction patterns, specifically influencing patterns across genders. In other words, we can state that affect plays an important role in determining the choice of UI strategy. Positive affect in the agent, whether male or female, will result in high instrumental dependency. Negative affect in the male agent will lead to higher instrumental dependency than female agents. The present findings affirm the studies conducted by previous researchers that affect can and does have an effect on the target. The gender of the supervisor also impacts the choice of UI.

In other words,

PA x male agent x male supervisor = high instrumental dependency

PA x male agent x female supervisor = low instrumental dependency

NA x male agent x male supervisor = high instrumental dependency

NA x male agent x female supervisor = high instrumental dependency

PA x female agent x male supervisor = high instrumental dependency

PA x female agent x female supervisor = high instrumental dependency

NA x female agent x male supervisor = high instrumental dependency

NA x female agent x female supervisor = low instrumental dependency

In brief, the results of the findings are as follows:

1. Gender differences exist in application of UI strategies in both males and females with positive and negative affect. While no significant conclusions can be derived from an analysis of responses given by males, the same cannot be stated for women. Positive and negative affect in both the supervisor and the subordinate influence the choice of UI strategies.
2. Responses in same sex groups, whether male or female, are the same. In mixed sex group, whether the supervisor is a male or a female and the subordinate a member of the opposite sex, the responses are the same.

This study has many theoretical and practical implications. While there has been research, as presented in the literature review that posit the role and significance of gender differences in interaction patterns within organizations, few studies use affect, positive and negative, as a variable in analyzing the influencing patterns across genders within organizations. While the study reveals the significance of affect in agent as well as target, it also makes significant contributions to the body of research on gender and personality and claims that it is the individual style of functioning that matters more in the organizational set-up rather an assumption that mixed or same-sex groups can be clustered and generalizations made. With new ideas and newer ways of tackling situations, it disproves the consistently held view that employees can be clubbed or grouped in differing groups and similar response patterns elicited.

Communication within organizations typifies interaction patterns as specifically women or men centric. Nature of tasks assigned varies with the gender of the employees or subordinates. The UI strategies then are supposedly contingent on the subordinate, the supervisor and the situation. However as revealed through the study, it cannot with certainty be stated that the gender of the subordinate determines the choice of strategy. This implies that while gender is an important variable, more important is the personality of the individual who acts as the agent or the target and the situation in which the UI is attempted.

The findings of this study have direct relevance to growing organizations with a diverse group of employees. Stereotyping behaviors and communication patterns into gender specific clusters will prevent fruitful interaction between employees. Two-way successful communication can and will only happen when the employees are viewed as individuals with specific personality traits, capable of using a variety of UI strategies in tune with the dictates of the situation.

Limitations of the Study and Areas of Future Research

A limitation of the study is that the findings are based on analysis of gender differences in terms of UI strategies in only one organization in the western zone of the country. Additionally the sample size of the study precludes possibilities of making generalizations. The findings thus can be suggestive and not conclusive. If a variety of organizations had been studied or the sample size increased, we could have categorically stated the difference in influence patterns across genders and the role of affect in determining the choice of UI strategies. Further, most of the incidents narrated dealt with routine issues. If non routine issues would have been presented probably, the findings would have been more varied. But at this stage it remains an assumption. Narration of a variety of incidents and greater corpus size would have helped in ascertaining the validity of the findings.

We cannot negate the fact that with growing number of women joining the corporate sector, there is considerable interest in the similarities and differences between the communication patterns of female and male managers (O'Neil, 2004; Wilkins and Andersen, 1991). Though the number of women managers is still small, they are gradually moving into higher managerial positions. This phenomenon increases the scope for vertical

communication across gender and gives rise to several interesting research questions (Kaul and Patnaik, 2006).

Studies on the communication patterns of women and men indicate an observed difference between the two groups in their interaction patterns in general, and specifically in UI (Kaul and Patnaik, 2006). However, this difference may be affected by various situational factors like role relationship, environment and individual differences, rather than gender differences (Mills, 2002).

Given the diverse nature of findings of researchers concerning impact of gender on managerial effectiveness or handling of teams, future research will benefit by studying the role of affect as a moderator in the relationship between UI strategies and gender. This will aid in analyzing the role of affect, positive and negative in ascertaining the communication styles across genders in application of UI strategies. However, within organizations there cannot always be clear cut demarcations in affectivity as positive and negative. There are bound to be grey areas or traits which can be defined as neutral. The choice of UI strategies in such cases will make interesting study.

All organizations are a composite of teams, rich in diversity, in which team members need to influence the leader to their way of thinking. Organizations with women in their workforce would provide productive ground for survey. Research can also study various sectors like FMCG, pharmaceutical, automobile etc. and identify common patterns, if any, in research on gender differences and raise the study to a macro level. In other words, do gender differences in influencing patterns exist only in banks or can we draw a parallel with other organizations as well? While this study used one-time interviews and surveys, future research can couple interviews with ethnography. Affect can be further broken up into a third component which adds a third aspect to it: the grey area in which neither does the agent or target feel positive or negative but is passive to the situation or is passive in himself/herself. In which category would we like to club these employees? If we had a third category of affect would it change the findings? This will help researchers to also ascertain the application of affect as a trait inherent in the individual or bound to the situation. Some questions that can be raised for future research are:

1. What is the role of affect in determining the choice of UI strategies?
2. To what extent does the nature of the organization determine gender differences in influencing the supervisor?
3. Would a third category of affect independent in itself have an effect on gender differences in application of UI strategies?

Table 1 Respondent - M
Target - F

Issues discussed: Procedural in nature and leave related.

Strategies	Percentage
Reason and logic	45
Upward Appeal	12.15
Assertion	9
Coalition	11.79
Ingratiation	0
Exchange	0
Others (use of experience and exposure, fact revelation, connection, target gratification and instrumental dependency)	14.06

Table 2 Respondent – M
Target - M

Issues discussed: Transaction of the work procedures/ rules/ regulations related to customer complaint. Other issues discussed were related to the leave and office hours.

Strategies	Percentage
Reason and logic	26.02
Upward Appeal	21.80
Assertion	9.52
Coalition	14.14
Ingratiation	0
Exchange	0
Others (use of experience and	28.52

exposure, fact revelation, connection, target gratification and instrumental dependency)	
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Table 3 Respondent – Female (F)
Target - Male (M)

Issues discussed: Technical and routine

Strategies	Percentage
Reason and logic	44
Upward Appeal	24
Assertion	8
Coalition	8
Ingratiation	0
Exchange	0
Others (use of experience and exposure, fact revelation, connection, target gratification and instrumental dependency)	16

Table 4 Respondent – F
Target - F

Issues discussed: Procedural/technical/customer oriented

Strategies	Percentage
Reason and logic	38
Upward Appeal	12.5
Assertion	12
Coalition	95
Ingratiation	0
Exchange	0
Others (use of experience and exposure, fact revelation, connection, target gratification and instrumental dependency)	39

Table 5

Male agent

Strategies	Reported usage (in percentage)
Reason and Logic	71.02
Upward Appeal	33.95
Assertion	18.52
Coalition	25.93
Exchange	0
Ingratiation	0
Others	42.58

Table 6
Female agent

Strategies	Reported usage (in percentage)
Reason and Logic	81
Upward Appeal	36.50
Assertion	20
Coalition	17.5
Exchange	0
Ingratiation	0
Others	45

Table 7

Descriptive Statistics, Reliabilities, and Intercorrelations among Study Variables

Factors	1	2	3	4	5	6	7
Influence							
1. Ingratiation	.79						
2. Rational Persuasion	-.12	.75					
3. Connection	.31	-.23	.56				
4. Target Gratification	.22	.17	.20	.82			
5. Instrumental Dependency	-.06	.45	.05	.16	.58		
Affect							

6. Negative Affect	.17	-.22	.22	.17	-.01	.89	
7. Positive Affect	-.13	.31	-.13	.02	.22	-.39	.89
<i>M</i>	2.96	5.51	2.97	4.00	4.84	2.72	5.72
<i>SD</i>	1.20	0.86	1.21	1.43	1.13	0.83	0.75

Note. N = 176, *p < .05; **p < .01; Diagonal entries in bold indicate Cronbach's coefficients alpha.

Figure 1

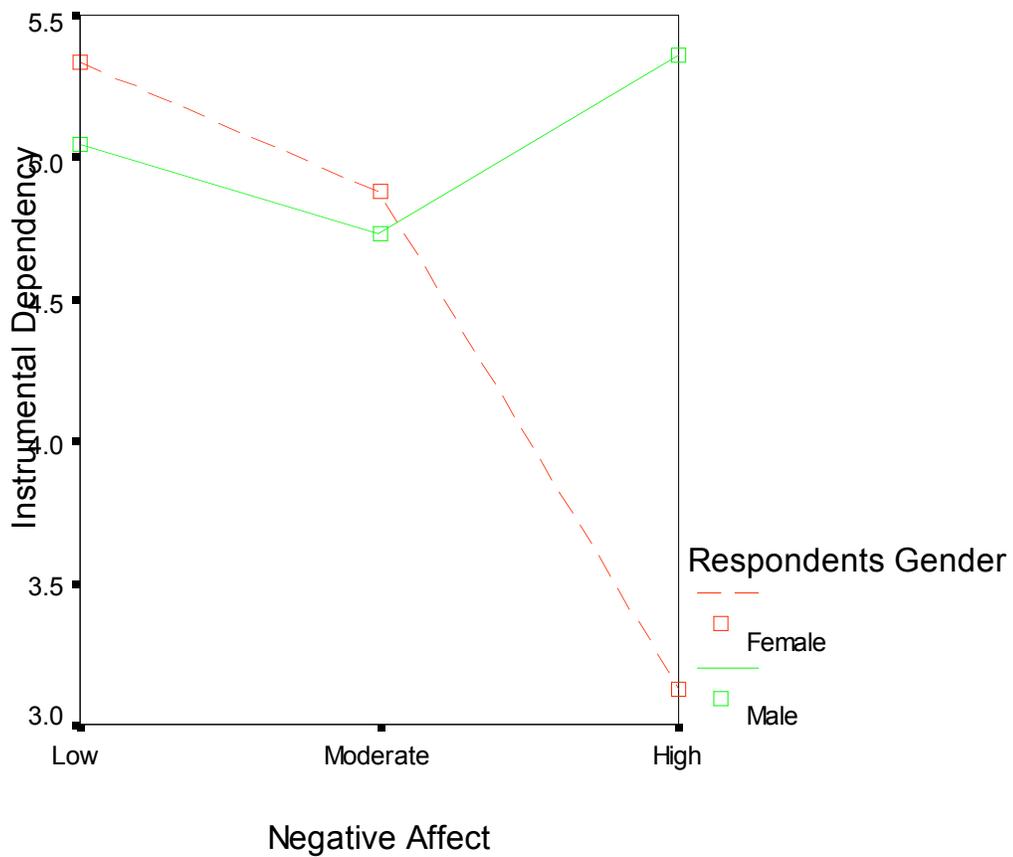


Figure 2

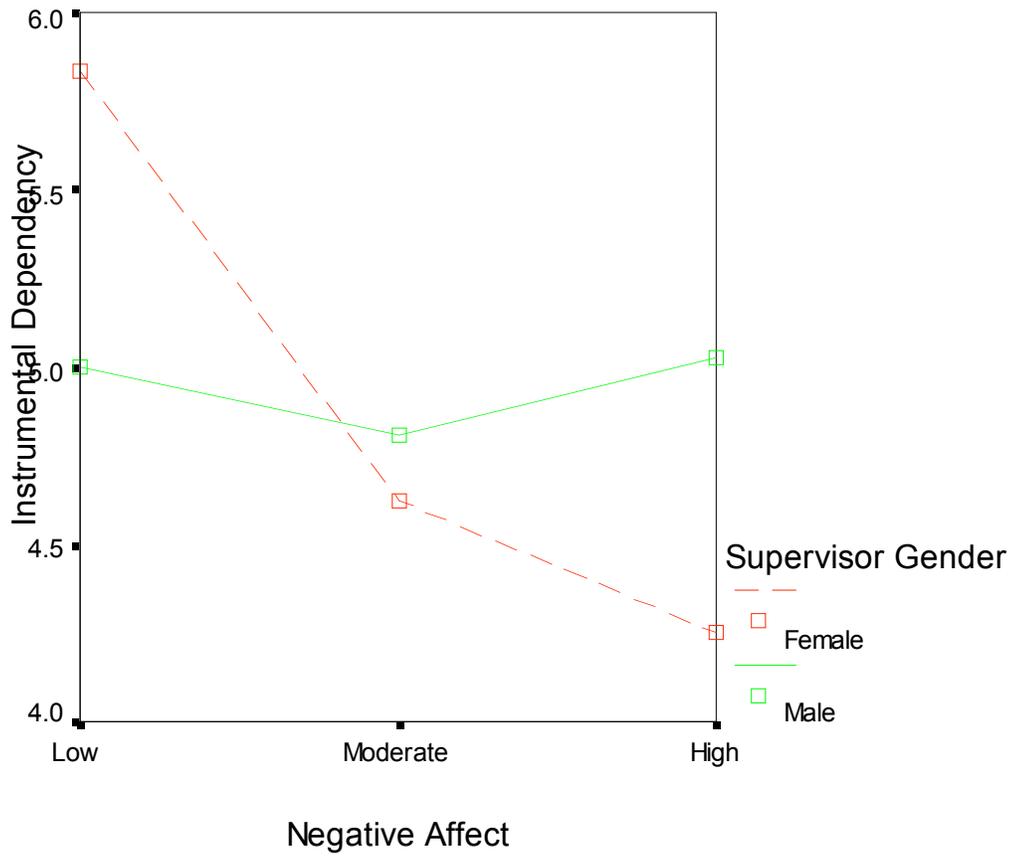


Figure 3

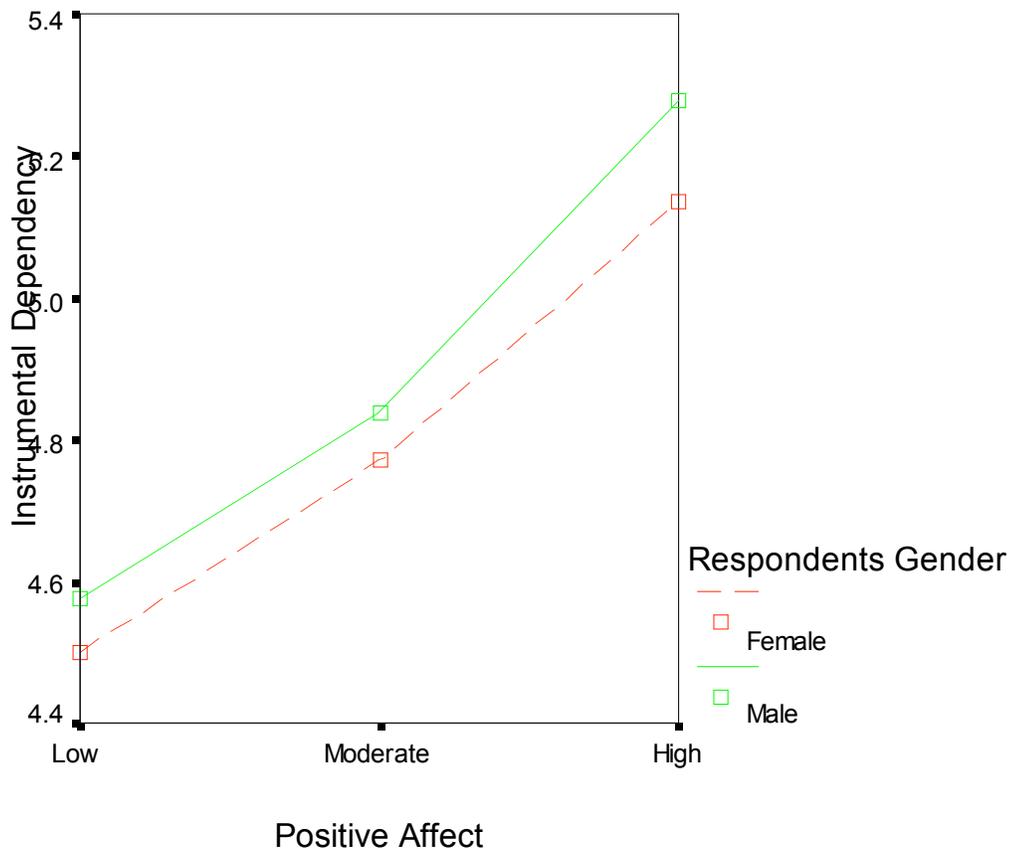


Figure 4

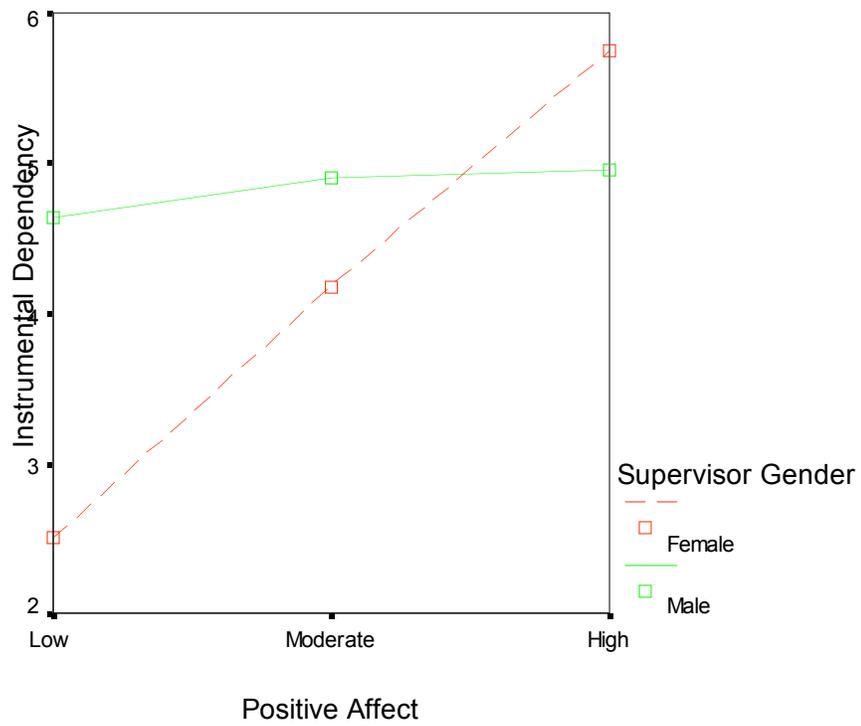
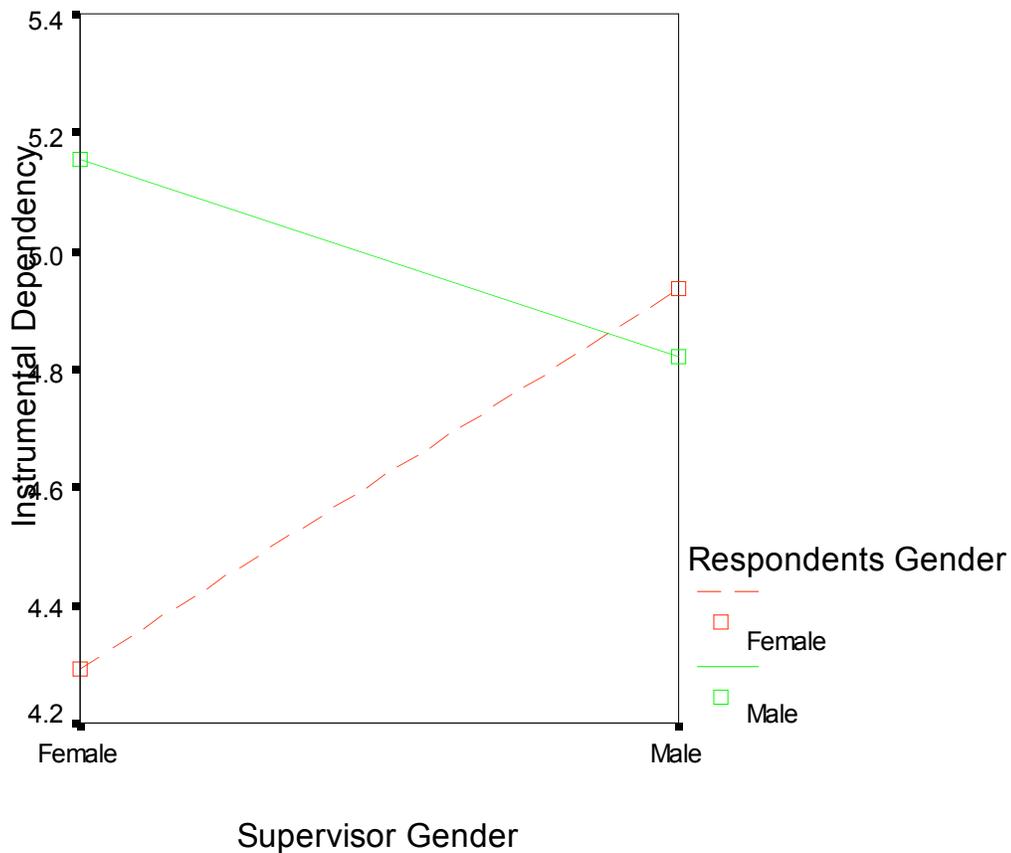


Figure 5



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Determinants of Catering Performance of Women Entrepreneurs

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Abstract

This study determined if women-caterers' personality characteristics, work motives, and business practices are related to organizational performance. These independent variables dominant in women-entrepreneurs were determined using factor analysis through principal component method. Descriptive design was employed in this study and utilized quantitative as well as qualitative approaches to research. Respondents were 108 women-caterers of key cities in Metro Manila. A snowball type of sampling was undertaken to come up with an ideal number of respondents. A questionnaire was distributed to the respondents and quantitative data were analyzed using means and standard deviations; frequency and percentages. The researcher analyzed four case studies to augment the results of the quantitative data. Results revealed that except for work organization and future orientation, there is no relationship between personality characteristics and

organizational performance. Conversely, work motives and business practices are related to firms' performance. Analysis of cases revealed that additional problems encountered were the difficulty of handling employees, purchasing of raw materials and the increase in the number of competitors. Based on the findings, the researcher recommends the following: 1) part of the competencies that should be developed in a school curriculum is the student's energy, work organization, and future orientation objectives; 2) entrepreneurs must be clear about their profit objectives, as viability of a business depends on the income generated by the firm; 3) financial management subjects should be a prioritized for those who want to become entrepreneurs; 4) attendance to trainings, seminars, workshops, informal and formal schooling is necessary to enhance one's entrepreneurial skills; 5) lack of marketing knowledge should be addressed; 6) future entrepreneurs must have a vision for their company; and 7) TESDA initiated policies may be used by researchers and policy makers for the creation of future reforms on this. Future users of the study may make use of the 1) snowball sampling technique to identify potential respondents in case of difficulty in gathering respondents; 2) longitudinal study to obtain a clearer picture of the relationship of the independent variables of this study with organizational performance; 3) inclusion of other type of respondents from different types of food service operations can be considered; 4) construction of a more refined questionnaire based on the findings of the interviews that will include other variables; and 5) regression analysis to capture important variables that contribute to organizational performance.

Entrepreneurship is the backbone of the economy of a nation. In the Philippines, the socio-economic impact of businesses is recognized to contribute incessantly to the country's growth, as attested by economists and businessmen. Entrepreneurship creates business activities, seeks opportunities and mobilizes resources to bring about productivity. These business activities create jobs and improve quality of life of families. Hence, the significant role of the entrepreneurs in the economic growth of a nation. The provision of catering services is an example of such business activities and it is generally engaged in by women. This study is focused on women entrepreneurs involved in catering services.

A caterer must possess not only a culinary background but also the needed personality characteristics and management skills to be able to serve and please her customers (Fajardo in Alvenida, 2001). With this enormous responsibility expected of a woman caterer, it is essential to ascertain the attributes of those who are already in this kind of business. This study, therefore, focused on the personality characteristics, work motives, business practices, and problems of women entrepreneurs. It sought to determine if such variables relate to organizational performance.

Statement of the Problem

This study determined the factors that contribute to catering performance of women entrepreneurs in selected cities of Metro Manila. Answers to the following questions were sought:

1. What is the characteristic profile of women entrepreneurs in terms of:
 - 1.1 personality characteristics?
 - 1.2 work motives?
 - 1.3 business practices?
2. What is the business performance status of their firms?
3. How is the firms' performance determined by the following factors?
 - 3.1 personality characteristics
 - 3.2 work motives
 - 3.3 business practices
4. What are the problems encountered by the women entrepreneurs in the catering business?

Significance of the Study

The growing prominence of female entrepreneurs and their potential contribution to the national economy and people's livelihood is a subject of interest among researchers. It is important for businesses to be competitive and eventually succeed to help the nation's sagging economy in terms of employment generation and tax contributions to the government. With the increasing leadership of women in business, it is expected that they too are partners in nation-building. This interest especially in the entrepreneurial personality stems from attempts to prescribe the attributes of successful women entrepreneurs to serve as a framework for identifying would-be entrepreneurs (Meng and Liang, 1996). It is hoped that the results of this research work would help identify entrepreneurs with real business acumen particularly in the food catering business. This may serve as a foundation of

what it takes to be successful entrepreneurs, to motivate and guide them to assess themselves in terms of an entrepreneurial career leading to an efficient and effective catering business.

Building upon the idea that entrepreneurs are needed to propel the economy towards industrialization, the concerned government officials, technical trainers, and non-government organizations may find the output of this study useful in formulating policies and strategies to intensify interest in entrepreneurship among women. The Philippine government or national organizations of entrepreneurs may use the results of this survey as a guide in determining ways to extend technical assistance to women entrepreneurs.

As there appears no study conducted on the qualities, work motivation, business practices and problems of Filipina entrepreneurs, specifically, in the catering business, this hopes to add to the limited empirical research of such concerns. Better curriculum delivery, skills and competency development, and values formation of the business students are the expected benefits of the academe from this study. Universities or colleges offering hotel and restaurant management or food service management may utilize the findings of this study to better understand the behavior of Filipina entrepreneurs in the catering business. Finally, this study may add to the research insights and possibly contribute towards theory-building on catering performance of women entrepreneurs.

Scope and Limitation

The study is focused on the profile of women entrepreneurs in the catering business. Profile on personality characteristics, work motives, business practices, and problems of the Filipina caterers in Metro Manila were extracted by using factor analysis. The contents of the study are confined to the information gathered from primary and secondary sources of data, the questionnaire and literature, respectively.

Since the study tried to profile women entrepreneurs, the cross-sectional research design is applied. Conclusions derived are generalized for the subjects included in the study. The research paper concentrated on the personality characteristics, work motives, business practices, and problems of women caterers. The study sought to determine whether these factors relate to the performance of the firm. For the data analyses, descriptive and inferential test statistics were applied.

Literature Summary

From the preceding literature, more women entrepreneurs are finding themselves at the helm of leading business enterprises. The empirically tested characteristics of these women help create jobs, improve quality of life, and propel organizations to grow. Past studies show that there are dominant characteristics attributed to these leaders.

For the personality characteristics studies have identified the following as selected dominant characteristics of entrepreneurs - moderate to high risk-takers, creative and innovative, flexible, optimistic, competent in terms of managerial skills, social or human, and technical skills, and high achievers are the selected dominant characteristics of entrepreneurs (Sexton and Kent, 1981; Chandralekha, 1990; Swierczek and Jatusriptak, 1994; Kotey, 1995; Honorio, 1996; Kim, 1996; and Man and Lau, 2000). For work motives good business support, use of knowledge and experience, flexibility, control of one's life, personal growth and recognition, opportunity to earn money are on the other hand regarded as motivators in engaging in business (Sexton and Kent, 1981; Pundol in Licuanan, 1992; Tan and Tay, 1995; Gosh, Kim, Meng, 1996; Kim, 1996; Manimala and Pearson, 1998; Chu, 2000).

The first two preceding variables, personal qualities and work motives, are the cascading reasons why the entrepreneurs became successful. Success factors include product and service, personal qualities, adequate knowledge of products and services, customer loyalty (Kotey, 1995; Cunningham, 1996; Kim, 1996; Chandraleka et. al., 1998; Manimala and Pearson, 1998) strategic planning, market know how, people skills (Kauranen, 1996; Pleitner, 1997; Meredith and Howard, 1997; Greenwood and Tsang, 1997; Manimala and Pearson, 1998) spouse/family support (Pundol in Licuanan, 1992; Raghunanda, 1995; Gosh, Kim, and Meng, 1996) decision style (Pate, et al., 1990; Goh, 1994) and, financial resources (Miskin and Rose, 1990; Pundol in Licuanan, 1992; Raghunanda, 1995; Gosh, et al., 1996; Chandraleka, et al, 1998).

Uncertainties in managing an enterprise always beset any organization. The common shared entrepreneurial problems are lack of capital or financial skills or lack of entrepreneurial skills (Manipol, 1980; Hisrich and O'Brien, 1981; Kirby and Fan, 1995; Kim, 1996; ; Pleitner, 1997; Chandraleka, 1998) labor/hiring, marketing (Ongkiko, 1986; Kim, 1996) government bureaucracy (Raghunanda, 1995), stereotyping about women entrepreneurs (Hisrich and O'Brien, 1981) new technologies in

information system (Meredith and Howard, 1997) and, ultimate challenge on globalization (Pleitner, 1997).

Only Kim's (1995) study focused on female entrepreneurs and operationalized the personality traits, work motives, success factors and problems. There is paucity of literature on women entrepreneurs and only nine (9) empirical studies (Table I) on female entrepreneurs, in particular. These studies had specific interest in personality traits variable (Sexton and Kent, 1981; Smith, et al., 1982; Vinze, 1987; Chandraleka, 1998) motives (Sexton and Kent, 1981; Pundol in Licuanan, 1992; Breen, et al., 1995; Chu, 2000) success factors (Sexton and Kent, 1981; Pundol in Licuanan, 1992; Breen, et al., 1995; Rashid, 1996; Chandraleka, 1998; Chu, 2000), problems (Hisrich and O'Brien, 1981; Chandraleka, 1998) of mostly Asian women entrepreneurs. With the limited literature reviewed in this study, there appeared to be no categorical difference on the profile between eastern and western women entrepreneurs.

Method

Research Design

This paper analyzed the implication of a current development in the field of entrepreneurship, specifically the determinants of catering performance of women entrepreneurs in the Philippines. Descriptive and correlation analyses were employed in this study. Specifically, the study determined the factors that contribute to catering performance of women entrepreneurs. Factor analysis was used to determine the dominant characteristics of the women entrepreneurs. Pearson's correlation coefficient or Pearson r was applied to test the inferred hypothesis. With the survey questionnaire as primary tool for collecting data, this study falls within the form of a cross-sectional research design, a type of survey where the information is collected at just one point in time.

Sampling Design and Procedure

The catering business is run like a "one-man show" wherein the caterer is the prime mover; implements all the operational functions of the business. The researcher chose this entrepreneurial activity for the study because for most catering businesses, the caterer plays a major role in seeing to it that the operation of her business is going smoothly from start to finish. The researcher visited the Business Permit and Licensing offices of the key

cities in Metro Manila to get the exact number of women caterers and found out that the key cities, except Quezon City, have no records of the caterers in their municipality. Only Quezon City yielded 223 duly registered women-caterers. From the listing, the researcher found out that many pertinent data specifically, addresses and contact numbers were missing. The researcher then made use of the 2003 Philippine Long Distance (PLDT) Directory to look for additional caterers. In addition, the Food Caterers Association of the Philippines (FCAP) was requested to furnish a copy of their membership directory. Thus, non-probability convenience sampling was employed. With the support of the Administration of St. Paul University Quezon City where the researcher is a faculty member, trained research assistants from a Hotel and Restaurant Management thesis class were tapped. Students were provided with scripts as to how they would go about conducting the interviews. They were given orientation and training especially in the following topics: greeting, introduction and a general understanding of the questionnaire for them to be able to anticipate questions of the respondents. Subsequently, the students were required to demonstrate their readiness as research assistants through sample interviews in class.

Ten women entrepreneurs per day were targeted in different cities namely, Quezon, Pasig, Marikina, Pasay, and Manila. They were requested to accomplish the instrument within 28 days or four weeks and to submit this to the researcher through facsimile machine. Others requested for pick up of the questionnaire. Upon retrieval of a questionnaire, the researcher checked the last part of the instrument where the respondents were asked to write down referrals for potential respondents. This gave rise to the use of the snowball technique of identifying potential respondents. After having exhausted possible respondents in Metro Manila, a sample of 118 was generated. There were 10 respondents who refused to answer the part of the questionnaire on yearly revenue and capitalization which the research needed as dependent variable, thus, they were eliminated as participants. A total of 108 respondents answered the questionnaire completely.

The questionnaires were distributed to five cities in Metro Manila. Quezon City and Marikina yielded the highest retrieved questionnaire with 55% and 27% respectively. Out of the 63 questionnaires retrieved four from Quezon City, four questionnaires were considered spoiled and were not included in the study. In Marikina, three respondents refused to answer the revenue and capitalization items in the questionnaire and were not considered in the final sample. On the other hand, in Pasig two retrieved

questionnaires were incomplete whereas in Manila only one returned questionnaire was not included in the study.

Research Instrument

The primary data collection instrument for this particular research was the questionnaire on the characteristics of women-caterers. Since the ability to sustain competitiveness is affirmed to be affected by the entrepreneur's ability to interpret the business environmental condition (Man and Lau, 2000) through her personality and motives, several journals were examined and particular variables were adopted in this research work. Part I of the instrument (Appendix A), with 49 items, subdivided into three, namely: general characteristics (A, 1-15), work-related traits (B, 16-38), social-oriented traits (C, 39-49), is focused on the personality characteristics of the entrepreneur. Questionnaire items were adopted from several research papers (Vinze, 1987; Naidu and Narayana, 1990; Kirby and Fan, 1995; Chan and Lau, 1997; Chu, 2000). The original instrument contained only adjectives on personality traits of entrepreneurs. A focus group discussion was conducted with three professors, at the same time, catering practitioners. The final output of the activity yielded descriptive statements per attribute that vividly express the characteristics of the women caterers. Considering the profile of respondents, a translation of the questionnaire to the Filipino language was needed and consequently, face validated by a professor of Filipino.

Nineteen items composed the list of work motives that propel the entrepreneurs to sustain their work, adopted from Pundol in Licuanan (1992) and Kanungo (1998). The third part, consisting of 21 items, is focused on asking the entrepreneurs about the business practices based on the 7Ms – man, money, market, machine, method, materials, and minutes of business management that contribute to their success (Meng and Liang, 1996; Shiring, Jardine and Mills, 2000). The fourth part, with 12 items contains the problems besetting the entrepreneurs (Vesper, 1981; Kanungo, 1998, Shiring, Jardine and Mills, 2000). Problems may be lack of management experience (Manipol, 1980; Gasse and d'Ambrose, 1981; Chandralekha, et. al., 1998) lack of respect for women entrepreneurs; and demands of the business affect stability of marriage and personal relationships.

The entrepreneurs' perceptions about their personality were measured on a 4-point scale ranging from Strongly Disagree to Strongly Agree. Their perception about their work motives were based on a 5-point scale ranging

from Not a Motivator to High Motivator. On the other hand, the respondents' perception about their business practices were measured based on a 5-point scale ranging from Never to Always. Lastly, their perceptions about their problems were based on a 5-point scale ranging from No Extent at All to Greatest Extent.

The firm's perceived performance incorporates both financial and non-financial measures that capture the factors critical to the success of certain strategies (Govindarajan and Fisher, 1990). The firm's performance measures in terms of the firm's profile include yearly income or revenue, length of service or years of operation, and size in terms of capitalization. The perceived organizational effectiveness measures of Martell and Carroll (1995 [1&2]) are adopted and modified to align them with the variables under study. The firm's effectiveness measures include: availability of cash for day to day expenses; introduction of new menu items; profitability of the business; improvement of existing products/services; Customer Satisfaction feedback; Employee training; and, Repeat clients/customers. The women entrepreneurs' perception of their organizational performance are based on a 5-point Likert scale ranging from Not Satisfactory to Very Satisfactory (Outstanding).

The instrument has undergone face validation by a panel of experts. This was validated by three research experts and three caterers who are knowledgeable on the study to certify that the statements in the questionnaire were appropriate for the study.

Data Analysis

For data reduction, exploratory factor analysis using principal axis factoring method with the Statistical Package for Social Sciences (SPSS) software package was used. Reliability tests were done through factor analysis. From the original instrument 11 out of the 15 items under general characteristics; 14 out of the 23 work related traits; 6 out of the 11 social oriented traits; 18 out of the 19 work motives; and 18 out of the 22 business practices were extracted using the factor analysis. Factor analysis (with varimax rotation) of the data was also conducted to ascertain the validity of the measures used in this study. (Agarwal, De Carlo, and Vyas, 1999). While applying series of factor analysis, consequent reliability tests were performed until an acceptable reliability coefficient of at least .60 and measure of sampling adequacy or appropriateness of applying factor analysis of at least .50 (Hair, 1998) were obtained. Final runs were renamed and were used for the

correlation analysis. Under Personality Characteristics, three groupings emerged which include general characteristics, work related traits and social oriented traits. Included in the final runs under general characteristics were renamed as: energy, flexibility and work organization. Under work related traits future orientation, quality orientation and responsibility surfaced. For Social-oriented Traits, final runs were renamed as customer oriented and employee oriented. Under Work Motives, four groupings came out and were renamed as status related motivations, obligation, independence, and interest in catering. Lastly, under business practices, from the 7m's of business management, only four clusters emerged which were renamed as operations-related - marketing management, selective staffing, and financial management.

Additional data were gathered through the use of an interview guide for the in-depth interviews for the four case studies. Findings from the interviews were analyzed to gain a better understanding and discussion of the gathered data.

For the dependent variable of this study, the organizational performance is measured in terms of firm's performance, specifically, quantitative or firm's profile and qualitative selected perceived measures. The quantitative measures, based on the firm's profile, include yearly income or revenue, length of service or years of operation, and size in terms of capitalization. While for the qualitative measures, the perceived organizational effectiveness measures of Martell and Carroll (1995 [1&2]) were adopted and modified to align them with the variables under study. Measures include: availability of cash for day to day expenses; introduction of new menu items; profitability of the business; improvement of existing products/services; customer satisfaction feedback; employee training; and, repeat clients/customers. These measures were factor analyzed and after the final run were reduced to two groups and were renamed as business related and customer related.

The entrepreneur's personality characteristics, work motives and business practices were the independent variables of this study. There are 49 measures considered as characteristics of the entrepreneur. To measure work motives, 19 validated factors (Kanungo, 1998), 21 business practices (Meng and Liang, 1996; Shiring, Jardine and Mills, 2000), and, 12 problems (Manipol, 1980; Gasse and Ambrose, 1981; Vesper, 1981; Chandraleka, et. al., 1998; Kanungo, 1998; Shiring, Jardine, and Mills, 2000) encountered were also adopted for this research paper.

Statistical Tests

There are 49 personality characteristics, 19 work motives and 21 business practices included to determine the dominant profile of the women entrepreneurs. Factor analysis was used to extract the dominant variables that were used in this study.

Univariate analysis tools like the means and percentages were likewise used to describe the entrepreneurs. Correlation was used to measure the degree of linear relationship or association between the dependent and independent variables. This method was used to test the relationship between the firm's performance and the attributes of the women caterers, namely, personality characteristics, entrepreneur's motives and business practices. A significance level .10 was used in the analysis of this study. The Pearson Product Moment Correlation or Pearson r was used with the aid of the SPSS package.

Relationship between Characteristics of Women Entrepreneurs and Quantitative Performance

Determinants of the Firms' Performance

The square of the coefficient of correlation determined the significant factors that contribute to the firms' performance. Quantitatively, only two out of the eight personality characteristics, work organization ($r^2 = .0299$) and future orientation ($r^2 = .0262$) determine the performance of the firm; only one motive out of four, status related motivations ($r^2 = .0610$) determine the performance of the business.

Relationship between Characteristics of Women Entrepreneurs and Quantitative Performance

DETERMINANTS QUANTITATIVE PERFORMANCE

CAPITA
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N

		UE OF THE BUSINE SS		BUSINE SS			
		r	r ²	r	r ²	r	r ²
PERSONALITY CHARACTERISTICS							
A.	General Characteristics	.049	.0024	.162+	.0262	.042	.0018
	AF1. Energy	.074	.0055	.158	.0250	.071	.0050
	AF2. Flexibility	-.055	.0030	.038	.0014	.030	.0009
	AF3. Work organization	.097	.0094	.173+	.0299	-.006	.0000
B.	Work-related traits	.059	.0035	.121	.0146	.112	.0125
	BF1.Future Orientation	.076	.0058	.162+	.0262	.084	.0071
	BF2. Quality Orientation	.039	.0015	.085	.0072	.076	.0058
	BF3. Responsibility	.034	.0012	.060	.0036	.121	.0146
C.	Social-oriented traits	-.036	.0013	.100	.0100	.038	.0014
	CF1. Customer Orientation	.021	.0004	.129	.0166	.047	.0022
	CF2. Employee Orientation	-.075	.0056	.046	.0021	.015	.0002
	WORK MOTIVES	-.013	.0002	-.134	.0180	.006	.0000

WF1. Status	-					
Related Motivations	.00	.000	.24	.061	-	.000
	0	0	7*	0	.01	1
			*		1	
WF2. Obligation	.00	.000	.05	.002	.10	.011
	3	0	0	5	8	7
WF3. Independence	-	.001	-	.019	-	.008
	.04	9	.14	.019	.09	.008
	4		0	6	1	3
WF4. Interest in Catering Business	.02	.000	.08	.007	.10	.010
	6	7	5	2	0	0
BUSINESS PRACTICES	.00	.000	.09	.008	.01	.000
	1	0	1	3	3	2
BPF1. Operations- related	.06	.003	.10	.011	.06	.003
	1	7	9	9	1	7
BPF2. Financial Management	.08	.007	.04	.002	-	.000
	8	7	5	0	.01	1
					0	
BPF3. Selective Staffing	-	.013	.02	.000	.00	.000
	.11	9	8	8	8	1
	8					
BPF4. Marketing Management	-	.000	.12	.015	-	.000
	.02	4	6	9	.00	0
	1				3	

** Correlation is significant at the 0.01 level (2-tailed).
(r-square value)

* Correlation is significant at the 0.05 level (2-tailed).

+ Correlation is marginally significant at the 0.10 level (2-tailed).

Quantitative Performance and Personality Characteristics

Among the correlation values between the personality characteristics of women entrepreneurs and the firms' quantitative performance variables, namely, yearly revenue, years of operation in the catering business, and capitalization — only work organization as a general characteristic and future orientation under work-related traits registered a low correlation with length of years in the catering service. This positive relationship although weak at

the .10 level between length of years in catering business and work organization of women reveals that the caterers who (1) make sure that they are ready with their catering functions despite difficulties along the way, and, (2) want all organizational resources functioning according to standards are those who stayed in the business for quite sometime. The entrepreneurs with future orientation are, likewise, those who have been in the business for a longer period of time. Regardless of the number of years in the catering business, all women caterers in the study want to be organized and always ready for their catering function.

Future orientation is reflected in seeing to it that the caterers have focus and are better than the others in the industry; concentrating fully on the operations of their catering business; knowing the trends in the catering business; making sure that they make profit out of every function they have; and lastly, committing themselves to the expansion of their catering business. All these influence the performance of their business. Similarly, Ongkico's (1986) study emphasized the entrepreneurial qualities of the typically-female drugstore owners that contributed to the firms' operational performance or success, namely: (1) competitiveness or seeing to it that they are better than the others; (2) open-mindedness and ingenuity or knowing the trends in the catering business; (3) industry and dynamism, or concentrating fully on the operations of their catering business, and, (4) the need for achievement or committing themselves to business expansion. It can be gleaned that women caterers who have been in the catering business for quite sometime are those who have work-related characteristics, particularly, future orientation that contribute to the success of their catering business.

Quantitative Performance and Work Motives

From all the work motives of women caterers, only status related motivations are significantly correlated with length of years in the catering business or years of operation but with a reverse, negative relationship. The direction of the relationship suggests that women entrepreneurs who are new in the business are motivated by status. Since they are still at the starting period of the business cycle, they regard status as a fundamental motivator in their work. Entrepreneurs of the young catering organizations aspire to be recognized by society, to belong to a group and to meet many people. This may also mean that these women entrepreneurs who desire social status are still in the process of structuring their own market niche in the catering business. It has been established that high value on ambition and power orientation are associated with firm's performance (Kotey, 1995) especially

to the new Filipino entrepreneurs in the catering business. Consequently, as Chu (2000) stressed, the motivation patterns of entrepreneurs are mainly due to gender differences and personality traits that result in different entrepreneurial behavioral patterns, thus, the entrepreneur's success is not limited to one's specific personality trait or motivation.

Quantitative Performance and Business Practices

Assessing the relationship between the actual performance measures and catering practices, none of the business practices are significantly correlated with the quantitative variables, namely: yearly revenue, length of years in the catering business and capitalization. The business practices generally believed to influence the success of the businesses proved to be unrelated to the firms' profile performance measures. Not one of the business practices like operations-related practices, marketing management, selective staffing, and financial management determine the quantitative performance of the firms. This may be attributed to the fact that majority of the women caterers perceive the overall success of their firms as less successful (Table 5). Maybe another reason is that some caterers will not close operation due to pride. They would rather go on with the operation even if they are only operating at break-even or with a deficit. This may be interpreted as preservation of their ego and pride in having a business they call their own. It is also possible that they hold on to the business as a source of income for their employees and the fact that they enjoy managing their catering business.

Some studies disclosed that success of women entrepreneurs is brought about by the combination of managerial skills and experience (Miskin and Rose, 1990; Breed, Calvert and Oliver, 1995; Kim, 1996) and other business practices. However, the results of this study revealed that organizational performance and business practices did not yield, statistically, any relationship.

Discussion

This study aimed to determine the personality characteristics, work motives, business practices, and problems of women entrepreneurs and to identify the determinants relating to organizational performance.

Majority of the women caterers included in the study are between 30 to 59 years old, married, with a college degree and maintain 1-10 employees with additional manpower on call depending on the catering service requirements. The women caterers' yearly revenue ranged from P30,000 to

P12,000,000 and average revenue was P529,259.26. The size of their capitalization, on the average was P237,137.04, with responses ranging from Php5,000 to Php5,000,000. Majority of the caterers have been in the catering business for 1-10 years. Their customers belong to the moderately rich sector of society.

The following statements summarize the characteristics of the women caterers included in this study:

1.) They are energetic and self-confident. They organize their work and are flexible. They welcome challenges in their business and desire to serve clients very well. They are aware of the difficulties of the business they are engaged in.

2.) They are future oriented, quality-oriented and responsible. They are focused on their business and accept full responsibility for anything that goes wrong in their business.

3.) They are customer-oriented as well as employee-oriented. They are able to deal with unreasonable clients, establish agreement with other people easily and encourage people to try their service. They trust their employees to produce quality service and, their sense of humor inspires them to strive harder.

4.) They are motivated by status, family obligation, desire for financial independence and interest in the catering business.

5.) The business practices that these caterers follow are operations-related which include provision of quality services, maintenance of standardized recipes and quality ingredients, having good business plans, following production schedules, and having adequate knowledge of the business. They also practice marketing management and time management and have technological advantage. They also use food production equipment to be able to provide a large volume of food. Furthermore, they have a strong management team, train their employees and help them enhance their career. Lastly, they manage finances in order to sustain capital for their business.

6.) Despite the business practices that these women caterers observe, they still encounter business problems. The top six problems cited are: (a) lack of business knowledge; (b) lack of marketing strategies; (c) lack of management experience; (d) lack of physical endurance; (e) lack of specialized equipment; and (f) lack of business experience.

Quantitative Performance Measures and Personality Characteristics

Among the correlation values between the personality characteristics of women entrepreneurs and the actual performance measures namely,

yearly revenue, length of years in the catering business, and capitalization – only work organization as a general characteristic and future orientation under work-related traits are the determinants of performance, although they registered a low correlation with length of years in catering business.

Quantitative Performance Measures and Work Motive

Among all of the work motives of women caterers, status related motivations are significantly correlated with length of years in the catering business at .01 significance level but with a reverse relationship. The entrepreneurs just starting out in the business are motivated by status. They aspire to be recognized by society, to belong to a group and to meet many people. The other variables are not significantly correlated with yearly revenue, length of years in the catering business or capitalization. Only status as a work motive determines organizational performance in terms of length of years in the business.

Quantitative Performance Measures and Business Practices

In terms of actual performance measures and business practices, findings revealed no significant correlation at all. Statistically, not one of the business practices like operations-related, marketing management, selective staffing, and financial management had a significant relationship with the firms' yearly revenue, length of operation and capitalization. It is possible that the business practices are related to other performance measures not included in this current study.

Qualitative Performance Measures and Personality Characteristics

The result on the factor loadings under business related performance measures include profitability, availability of petty cash, improvement of existing services, introduction of new menus, and training employees. On the other hand, customer related measures include feedback on customer satisfaction and repeat clients/customers. The general characteristics of the women caterers that contribute or are determinants of firms' performance are energy and work organization.

Future orientation, quality orientation and responsibility as work related traits are significantly correlated to both business and customer related performance. Social-oriented traits of customer and employee orientation are also significantly related to qualitative performance.

Qualitative Performance Measures and Work Motives

Work motives like status related motivations, obligation, independence and interest in the catering business are likewise significantly

related to the qualitative performance measures and, thus these are determinants of their firms' performance.

Qualitative Performance Measures and Business Practices

The qualitative performance measures are significantly correlated with business practices specifically operations related, marketing management, selective staffing, and financial management and these determine the firms' performance.

Among the variables, it was found that the highest determinants of performance status are future orientation and financial management. Thus, caterers should give emphasis to these two (2) important variables.

Conclusion

Focusing on the hypotheses of the study, three (3) conclusions can be drawn that:

For Hypothesis 1.1 "There is a relationship between the entrepreneurs' characteristics and the firms' performance". Almost all relationships between the entrepreneurs' characteristics and the firms' performance were rejected except for two personality characteristics namely, work organization and future orientation which determine the firms' performance. There is a positive relationship between the personality characteristics in terms of the general characteristics – work organization and future orientation – and the quantitative measures in terms of length of years in the catering business or years of operation; there is a positive relationship between general characteristics – work-related, and social oriented traits vis-a-vis perceived performance in both business and customer related measures. Work organization under general characteristics and future orientation as work related traits determine the performance of the firm.

For Hypothesis 1.2 "There is a relationship between the entrepreneurs' work motives and the firms' performance". All the relationships except for one factor were rejected. Only status related motivation is a determinant of the performance of the business. One out of four, (status related motivations) determine the life of the catering business. There is a negative low relationship between the status related motivation and the firms' quantitative performance; there is a positive low correlation between status-related motives and perceived business-related measures; there is a positive relationship between obligation with perceived business-related measures, and there is a positive relationship between interest in catering business related and both business and customer related measures.

For Hypothesis 1.3 “There is a relationship between the entrepreneurs’ business practices and the firms’ performance,” data showed no significant relationship between entrepreneurs’ business practices and quantitative organizational performance, thus, this was rejected. On the other hand, almost all the business practices determine both business and customer related qualitative performance measures. On the other hand, there is a positive relationship between the caterers’ business practices (operations-related, financial management, selective staffing, and marketing management) and firms’ business-related and customer-related performance. These are actual measures of performance like yearly revenue, capitalization and length of operation but statistically these were not correlated. On the other hand, there was a significant relationship between all business practices and qualitative firms’ performance measures because these are specific measures on the improvement of existing services. Thus, Filipino women caterers’ personality characteristics, work motives and business practices are more related to the qualitative measures in both business and customer related than the quantitative profile measures in terms of yearly revenue, length of operation and capitalization.

Recommendations

Based on the findings of this study, the following recommendations are presented:

1. Developing competencies of students that focus on energy, work organization, and future orientation objectives should be part of the curriculum offered by schools.
2. Entrepreneurs must be clear about their profit goals or objectives; this has to be monitored since the viability of any business depends on the income generated by the firm.
3. Financial management should be a priority subject so that students who are potential entrepreneurs will derive learnings applicable in running a catering business.
4. Attendance in trainings, seminars, workshops, informal or formal schooling and joining organizations for networking and benchmarking may help upgrade the culinary and entrepreneurial skills of the caterers. Subscribing to or reading entrepreneurial magazines or journals may enhance their cooking and entrepreneurial skills. Services from consultants may also be sought by the caterers in the operation of their business.

5. The lack of marketing knowledge should be addressed. Focusing on the marketing mix strategies or the 4Ps of marketing, namely, Product, Price, Promotion, and Place are critical factors. New product lines or menus should be developed that would be acceptable to the market. Setting the price for their food and services can be done by benchmarking for competitive pricing. In terms of promoting the business, tap the network by keeping a list of contact numbers of prospective clients who will be of help in promoting catering services. The caterers who can afford to advertise may utilize the broadcast and print media. Sales promotion activities such as sponsoring gatherings for free or at discounted rates may be done as a way of endorsing their business. For place, planning the catering venue as required by any type of client, off-premise in particular, calls for wide array of contacts for the availability of place to attract more clients. All of these problems, including the lack of business knowledge, may be acquired through self-help-self-study or from the schools offering diploma courses, trainings and seminars at affordable fees.

6. To have a “vision” is important to an entrepreneur, or this guides him/her towards a worthwhile enterprise in the future (Filion, 1990). The entrepreneurs who understand their organizations' purpose and can best devise methods to exploit the windows of opportunities are those who survive the toughest challenge (Raghunanda, 1995). In order to attain their vision or goals for their business, the women caterers need the support of their families. Lack of support from the family is a problem, thus, family members should be oriented on the business facets of catering which require time, full focus and energy. Open communication line within the family circle may be of great help especially in family corporations.

7. The government, through the Department of Trade and Industry (DTI) and allied training centers like TESDA (Women's Center) may come in to help the women caterers. Furthermore, TESDA came out with a National Policy on “Entrepreneurship and Enterprising Development” (December 2003) with the theme “Building A Gender-Responsive Policy Environment for Micro and Small Entrepreneurs,” A perusal of the compiled policy papers may help policy makers and researchers in their field of interest particularly on women entrepreneurship in the foodservice industry. The DTI may, consequently, advise not only where to acquire technical help but also financial help to assist them with their credit management problems of obtaining loans. This may also be able to solve the problem on the lack of specialized equipment.

The following recommendations pertaining to the methodology used in the study and direction for future research are presented for consideration:

1. Since the researcher had difficulty in sampling because of lack of duly registered caterers, the snowball sampling technique was valuable in identifying additional respondents.

2. This study examined the research problems utilizing cross-sectional type of sampling. Not one of the business practices was significantly correlated with the actual quantitative measures of firms' performance and this may have a lagged effect. In order to attain a clearer picture of the relationships of the variables tasked in this study, a longitudinal analysis is recommended for future researchers. To capture the real effect of personality traits, work motives, and business practices on organizational performance, a longer time frame of at least three years observation is recommended.

3. More concrete catering financial indicators like return on assets or return on equity may be explored in the future to measure the firm's performance in addition to yearly revenue, length of years in the catering business and capitalization.

4. Male caterers, women restaurateurs, employees, clients, hotel and restaurant training centers or schools and other related professional groups may be considered as participants of future researches to develop or improve further the food service industry.

5. Findings of the study in the interviews may be used in the construction of a more refined questionnaire. Additional variables for all the research problems may give more meaning to the study – more personality characteristics for global entrepreneurship, other work motives like honing talents of others, and other business practices that may include advertising, details of managing finances and the like, and more problems that caterers encounter.

6. Since not one factor loading on the personality characteristics, work motives and business practices correlated with firm's actual performance measures in terms of capitalization and yearly revenue, using other statistical tools like regression analysis may be able to capture the important variables that contribute to organizational performance.

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AN INSIGHT INTO THE “CONSTRAINTS” FACED BY WOMEN ENTREPRENEURS IN A WAR-TORN AREA: CASE STUDY OF THE NORTHEAST OF SRI LANKA

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ABSTRACT

This study examines the “constraints” faced by women entrepreneurs in a war-torn area - the NorthEast of Sri Lanka; “constraints” here refers to

factors limiting the growth and development of women entrepreneurship. The NorthEast of Sri Lanka is an area which has been ravaged by war for more than three decades now. The women entrepreneurs in the study are the “Tamil” women of Sri Lanka and not the greater majority of “Singhala” women which are more prevalent in the South. Whilst minimal studies have been done on “Singhala” women entrepreneurs of the South, there has been absolutely no research done on the “Tamil” women of the NorthEast of Sri Lanka, apart from one conducted by the author in 2004 on the profile of “Tamil” women entrepreneurs. This study examines further the “constraints” faced by these women entrepreneurs, the challenges they face, and the entrepreneurial ventures they have established over the past three decades. The primary objective is to attract international attention to this group of women so that international funding and aid can help alleviate them from their present state of deprivation and poverty.

INTRODUCTION

Sri Lanka has been ravaged by civil war for more than three decades now, and the devastating effects of war has particularly affected the women and children of the country. Women and children have been affected not only socially and economically, but also physically and psychologically. The Centre for Women's Development and Rehabilitation (CWDR) in the NorthEast of Sri Lanka is one of the many organizations that was established to take care of the immediate and long-term humanitarian and rehabilitation needs of the women and children affected by war. One of the initiatives of this organization was to create women entrepreneurs to help sustain family income for survival. The CWDR provided aid and assistance, in particular to women who had lost their husbands at war. These women were taught 'simple' income-generation business skills to help them manage their micro-enterprises in their villages. This simple yet important move by the CWDR has created a community of "women entrepreneurs" who are a dominant force in the economic development of the NorthEast of Sri Lanka. This research paper identifies the "constraints" of these women entrepreneurs, the challenges they face, and the entrepreneurial ventures they have established over the three decades of war. The author worked closely with the CWDR and a selected group of these women entrepreneurs to help gain an insight into these women who have been transformed into entrepreneurs due to 'war.'

PROBLEM STATEMENT

The women entrepreneurs of the NorthEast of Sri Lanka have not been highlighted in any previous research papers, apart from one written by the author and presented at the ICSB Conference in Washington in July 2005. These women need to be recognized to highlight their constraints and needs; they need international aid to be able to develop socially and economically; they need assistance for capacity development. This research paper is written with the objective of attracting international aid to this group of women entrepreneurs who deserve an opportunity to be 'uplifted' to be at par with the more developed international women entrepreneur community.

OBJECTIVES

The objectives of this research will focus on the "constraints" of these women entrepreneurs in the following four "critical needs" areas: i)

Finance/Funding; ii) Support; iii) Capacity Building; and iv) Technical and Technological Development.

REVIEW OF LITERATURE

Over the last ten years, it has been recognized that small and medium enterprises have been the major force in job creation, innovation and economic development (Gordon, 2000). It may be good to emphasize that out of these SMEs, a good proportion of them are women-owned or operated and women do not only form majority of the work force in certain sectors of the economy, but their businesses have also influenced in one way or another the structure of all our economies. Self-employment and women in entrepreneurship has also been growing in less developed economies, as a means for women to survive themselves and oftentimes to help support their families (Gordon, 2000). Hence it can be seen that women entrepreneurship is a growing phenomena and has had a significant economic impact in all economies. However, women-owned enterprises have their fair share of challenges and constraints that need to be addressed and specific needs that have to be identified to help them perform at par, if not better, than their male counterparts.

Key issues facing new and growing women-owned enterprises in the United States include access to capital, access to information, and access to networks. In Korea, women business owners experience financing and the effort to balance work and family as their most difficult tasks. Indonesian women entrepreneurs on the other hand, have difficulties in exporting their product overseas and in increasing the volume of production, both of which are of importance for their competition in the global market (Gordon, 2000). Lee-Gosselin and Grise (1990) as cited in Maysami et. al. (1999) found that in general, the most common start-up problems seem to be lack of capital. Also important was lack of confidence in female business owners' abilities on the part of banks, suppliers, and clients alike, as well as family issues. Additional problems, such as marketing and labour difficulties and disagreement with associates, may arise after the start-up phase. In an earlier study, Stoner, Hartman, and Arora (1990) as cited in Maysami et. al. (1999) found that the work-home conflict – the tension caused by the dual responsibility of managing a business and maintaining a family to be the main stumbling block for female business owners. In a study by Barwa (2003) on women entrepreneurs in Vietnam, the author found that women

face additional handicaps due to the prevailing social and cultural gender-based inequalities and biases. For instance, the barriers that women entrepreneurs face in accessing credit from formal institutions is magnified in view of their limited access to formal education, ownership of property, and social mobility. Other aspects of unequal access to opportunities and markets include business experiences, limited knowledge of marketing strategies, weak business associations, lack of networking facilities, and poor access to education and training programmes. In a study by Karim (2001) on women entrepreneurs in Bangladesh, financial problems were the most common problems faced by their women entrepreneurs. Inadequate financing was ranked first, particularly so in rural areas and among small economic units (fewer than 5 workers), all the more so with those located in the household and unregistered sectors. Competition, obtaining quality raw materials, and balancing time between the enterprise and the family were ranked as major start-up problems.

In Uganda (UNIDO Document, 2003), women entrepreneurs in rural areas suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems, thus improving productivity and increasing profitability. In Uganda, where more than 70 percent of enterprises employ less than 20 people, micro- and small enterprises play an important role in the economic and social life of the majority of citizens. However, the growth and the competitiveness of this sector are hampered by a lack of managerial and technical skills, weak infrastructure, difficulties in accessing loans, and complicated company registration processes. In Rwanda, a post-conflict area, women entrepreneurs' immediate needs for sustaining the family mount tremendously when the supply of goods and services ceases and traditional community help schemes collapse due to the restricted mobility and security. It was necessary to restore women's self-help initiatives and increase their business potential, especially in small food processing. Women entrepreneurs in Morocco faced a lack of operational and managerial skills resulting in low productivity and competitiveness. Cultural constraints are an additional obstacle that inhibit the efficient conduct of business for women. Inefficient production mechanisms and a lack of managerial skills resulted in a loss of productivity and income for the women entrepreneurs. In Kenya, women entrepreneurs see the establishment of a productive business as a means to improve their status in society as well

as their family's standard of living and to serve their community by creating employment opportunities. However, due to a lack of technical skills, confidence, strong individual involvement and the willingness to take risks, women are often unable to establish and sustain successful businesses. A study by Richardson, Howarth and Finnegan (2004) on women entrepreneurs in Africa reveals that many women entrepreneurs in Africa feel they lack abilities, skills and expertise in certain business matters. Many of the issues mentioned appear to relate to women's relative lack of exposure to the world of business. In addition to this lack of exposure, women's business networks are poorly developed as social assets. This in turn impacts on a range of factors that adversely affect the women entrepreneurs at all levels. It is grounded in women's gendered experiences of education and work and, due to the demands of their reproductive and household roles, their lack of key dedicated "time" to be able to explore and nurture their own resources. Their access to the essential abilities, skills and experiences for business is also adversely affected by various constraints on their mobility, often due to their dual (household) and triple (community) roles and responsibilities. In a more general way, society's views are largely negative about women entrepreneurs who associate and network with others in business. Women entrepreneurs of Africa also face constraints and barriers to obtaining money to start and grow their own business. Women's inexperience of negotiating with the banks and their lack of financial confidence to argue for what they are entitled to, are some of the problems they face in obtaining loans. Hookimsing and Essoo (2003) identified four main obstacles faced by women entrepreneurs in Mauritius: a) the hassle of getting permits; ii) the lack of market; iii) the ability to raise capital; iv) not being taken as seriously as men. Several national and international reports have pointed out that enterprise creation is hampered by a number of administrative procedures in Mauritius. A study by Soyeon Shim and Eastlick (1998) on Hispanic female business owners identified 10 business problem areas: sales and profit forecasting; obtaining lines of credit; capital management; working capital management; pricing strategies; customer database management; short-term business planning; labour cost analysis; managing debt; and gender problems. Whilst many of these problems seem to be synonymous across the Asian and African countries in the study, there are some problems which are significantly prevalent only in certain countries.

RESEARCH METHODOLOGY

For the purposes of this study, an in-depth interview focusing on “constraints” faced by women entrepreneurs were conducted with the Executive Director of the Center For Women’s Development and Rehabilitation (CWDR), the staff of CWDR and five women entrepreneurs involved in the agricultural, poultry and retail sectors.

SURVEY RESULTS

The data was analysed based on the four research objectives, that is, to study the “constraints” of these women entrepreneurs in the following four “critical needs” areas: i) Finance/Funding; ii) Support; iii) Capacity Building; and iv) Technical and Technological Development. Discussions with the CWDR and a random selection of five women entrepreneurs found that women entrepreneurs did face “constraints” that prevented them from growing to the next level, or “constraints” that prevented them from becoming successful women entrepreneurs. These “constraints” were not seen as ‘personal’ problems per se but more so as external factors that had to be addressed by the government, authorities, women’s organizations, international aid, in short, factors that could be overcome through external intervention.

Finance / Funding:

The greatest constraint facing all women entrepreneurs in the NorthEast of Sri Lanka is a lack of funds. The author’s in-depth interviews focused on five women entrepreneurs involved in the following entrepreneurial ventures: i) banana plantation; ii) poultry farm; iii) provision / sundry shop; iv) retail shop for men, women and children’s wear; and v) food processing. All the women interviewed specifically mentioned lack of funds as their major constraint. At the moment, they managed by borrowing money from family and friends, taking goods on credit, ‘pawning’ or selling their jewellery and taking a loan from the CWDR for their working capital. They all felt that their businesses had great potential for growth and were all profitable businesses but lack of funds was setting them back and limiting their growth and sustainability.

The CWDR gives out loans ranging from Rs. 5000 to Rs. 50 000 depending on the size and type of income generation project. Most of the time, the loans were given out for projects such as the setting up of a small provision shop, cattle-farming, goat-rearing, poultry-farming, agricultural farming

such as paddy, vegetable farming, tailoring and food processing. The CWDR has in its proposals the setting up of a power loom, lingerie factory and food processing plant but this would require a few million rupees and the idea has hence been shelved until they find a source for international funding. The CWDR feels the funding for such big projects can give rise to employment for the young women who have either lost their fathers or husbands at war, and young girls who have completed their high school but do not have the means to pursue their higher education at a college or university.

Support

The most critical factor here is recognition. These women entrepreneurs first of all need to be recognized of their existence. Secondly, they need to be recognized as a group contributing towards the economic growth and development of the country. To achieve this, they need the support of the Sri Lankan Government, UN Agencies, Donors, International Non-Governmental Agencies, Sri Lankan Non-Governmental Agencies, Women's Networks, International Corporate Organisations and International Entrepreneurs. As long as these women entrepreneurs are not recognized and given the priority, their economic potential and entrepreneurial capacity will remain undermined.

The UNIFEM, a 'United Nations Development Fund for Women' was used widely in many parts of Africa to assist women entrepreneurs. The women entrepreneurs of the NorthEast of Sri Lanka need a fund like the UNIFEM to uplift them from their present situation of economic deprivation. In the nineties, the Mauritius Employers' Federation (MEF) introduced a structured entrepreneurship programme with the support of Management Systems International (MSI), based in Washington. This enabled the Federation to have a structured training package for entrepreneurs. Support from organizations such as the MSI can greatly enhance the capacity of the women entrepreneurs in the study. In Bangladesh, a programme called the New Business Creation Programme (NBC) was initiated to select, train, motivate and assist potential and existing entrepreneurs who want to diversify or introduce new products. The NBC programme is based on German GTZ's model of Creation of Enterprises and Formation of Entrepreneurship (CeFe), which was developed in Nepal as part of the multifaceted assistance scheme known as the GTZ Small Business

Promotion Project. This project has been successfully conducted in several countries in Asia, Africa and Latin America. A similar programme by the GTZ can be conducted in the NorthEast to enhance the entrepreneurial skills of the women entrepreneurs. In Rwanda, a post-conflict area, similar to the NorthEast of Sri Lanka, the United Nations Industrial Development Organisation (UNIDO) conducted a “Train The Trainers” Programme where selected women entrepreneurs started playing the role of a local advisor to fellow entrepreneurs at their own settings – a network was thus established among women entrepreneurs to share information, resources and equipment to produce food products. UNIDO also assisted the National Curriculum Development Commission (NCDC) in developing the textbooks and trained the instructors in designing the entrepreneurship development course for secondary schools in Kampala. Similar programmes by UNIDO in the NorthEast of Sri Lanka can help create an entrepreneurial economy.

Capacity Building

The study revealed that all the women entrepreneurs were grossly in need of a structured entrepreneurship training programme. The training programmes conducted by the INGOs through the CWDR were neither regular nor structured. They were conducted more on an ad hoc basis and one of the greatest stumbling blocks to training was language. The women entrepreneurs of the NorthEast were not fluent in the English language and had to be taught in Tamil. Sourcing for trainers who could conduct entrepreneurship training in Tamil was a problem in the NorthEast. The CWDR also felt that their women entrepreneurs needed skills training. For example, after the tsunami, there was a great need for fishing nets in the NorthEast and the nets were being brought in from the capital down south. If the women could be trained in weaving fishing nets and repairing existing ones, there could be great employment opportunities and profitability in a fishing net factory, which would cost approximately 5 million Rupees. The women also had the expertise to make ropes and mattresses from coconut husks and Palmyra husks. However, they lacked the materials and equipment that was required to extract the fibers from the husks and weave them into ropes. The trade was still being practiced but done manually which was very laborious. The CWDR knew where to source for trainers from but lacked the funds to set up a factory. In other words, they could get the expertise from the more developed ‘south’ but did not have the funds to open up a factory.

Training programmes have been conducted by the CWDR in collaboration with the INGOs where young women have been trained in mat weaving, brick making, computer training, electronic repair, plumbing, electrical wiring and carpentry skills. However, these programmes are insufficient to cover all the training needs in the 8 districts of the NorthEast. A “Train The Trainers” Programme conducted in a structured manner over a 3-month or 6-month period in each district will help build the capacity of these women entrepreneurs in a more effective manner. An ‘Entrepreneurship Development Center’ funded by INGOs can greatly enhance the entrepreneurial skills of these women and help them build their capacity in managing existing ventures and developing new entrepreneurial ventures.

Technical and Technological Development

Computers are just being introduced in the NorthEast. More than 90 percent of the women entrepreneurs are computer illiterate. They are not aware of how information technology can help them shorten business processes, improve product quality, improve customer service and increase marketability of their products and services. These women need to be trained on the benefits of technology. The equipment they use are manual equipment operated by hand because they lack funds to buy electronically operated equipment which could run on power generators. These women need machines and equipment to move them away from the slow manual processes but to achieve this, they need funds to help them purchase these equipment. A ‘Skills Training Institute’ can greatly enhance the skills of these women entrepreneurs and improve their productivity and profitability.

Type of Businesses

The women entrepreneurs in the study were involved in businesses which did not require high capital and businesses in which they had prior expertise and experience. These businesses were easy to start with minimum capital requirement and did not require technical knowledge or skills to manage. Some of the businesses include: i) production of marshmallows, sago rice, tomato jam, peanut sweets, pumpkin sweets, pappadums; ii) cattle rearing, goat rearing, poultry farming; iii) production of batik, baby clothes, dresses, pillow covers; iv) vegetable farming, coconut, banana and mango plantations; v) sewing centers; vi) provision/sundry shops; vii) coir factory, viii) grinding mills; ix) motor mechanic workshops; x) confectionary and savoury snacks factory. The NorthEast is rich of raw materials, land and labour. However, they lack basic amenities such as wells for clean drinking water, tools, equipment, machinery and technology. An average small-scale

income generation project would cost Rupees 50000 which is approximately USD 500. If loans can be secured or a micro-credit financing system be implemented, women entrepreneurs would stand a better chance of economic viability.

DISCUSSION

The study clearly indicates that lack of financing and funding is a constraint that affects women entrepreneurs not only in the NorthEast of Sri Lanka but also in all the other parts of the world, as in, the U.S., Korea, Bangladesh, Uganda and Mauritius. Women entrepreneurs in all parts of the world seem to have a problem accessing capital, securing financing, convincing bankers and obtaining bank loans or credit from suppliers. However, unlike the NorthEast of Sri Lanka, women entrepreneurs in Africa, Bangladesh, Nepal, India, Mauritius, and Vietnam received support from United Nations Organizations in the form of training programmes and special women entrepreneurial funds. The presence of international aid was more prevalent in some of these Asian and African countries than it was in the NorthEast of Sri Lanka. This could be partly due to the ‘adverse’ situation in the NorthEast where “war” has always been imminent despite the Ceasefire Agreement which was signed in February 2002. Another common constraint faced by the women entrepreneurs of the NorthEast was balancing time between the entrepreneurial venture and the family. Women in the NorthEast at times had prevented their older children from going to school so that they could take care of their younger siblings while the women went out to handle their businesses. This, according to the Executive Director of the CWDR, could be prevented if Day Care Centres could be set up in all districts to take care of the young ones. Unlike in Bangladesh, Kenya and Korea where this was ranked as a major start-up problem, in the NorthEast it is not a problem which prevents women entrepreneurs from initiating their ventures. The urgency of supporting themselves and their families in a war situation has urged entrepreneurship in precedence to family well-being. In Rwanda, a post-conflict area, women entrepreneurs were constrained by restricted mobility and security. This however was not a problem at all in the NorthEast where the “Tigers” or the “Liberation Tigers of Tamil Eelam (LTTE)” had ensured security for all Tamils, especially so for the women and children of the NorthEast. The LTTE encouraged their women to start business ventures and seek employment; hence women entrepreneurs in the NorthEast had the support of their defacto government – the LTTE. Poor access to education and training programmes which was imperative to help

women in their entrepreneurship, managerial and technical skills as experienced in Vietnam, Uganda, Kenya, and Morocco was also a major constraint in the NorthEast. Inefficient production systems as in Morocco and weak infrastructure as in Uganda were also similar constraints experienced by the women entrepreneurs of the NorthEast. Their greatest limiting factor was machinery, equipment, technology and power supply. Weak infrastructure prevented them from transporting their goods from the rural interiors to the more developed towns. Presently, they relied on bicycles and motorcycles that had to be ridden on laterite ‘ pathways’ from their villages to the main roads. On the positive side, women entrepreneurs in the NorthEast have the support of their society who do not view women who go into business negatively. In Africa, according to Richardson et. al. (2004), society’s views are largely negative about women entrepreneurs who associate and network with others in business. This is not a problem in the NorthEast. In fact women entrepreneurs who start their own ventures are admired and looked upon and greatly encouraged by society, including the defacto government. In summary, constraints that have been found to be similar in the NorthEast and the other Asian and African countries have been: i) lack of financing and funding; ii) balancing time between the entrepreneurial venture and family; iii) poor access to education and training programmes to help women improve their entrepreneurship, managerial and technical skills; and iv) inefficient production systems and weak infrastructure. Their biggest constraint was lack of international aid which was however not seen as a major problem in many of the other Asian and African countries.

CONCLUSION

The women entrepreneurs of the NorthEast of Sri Lanka must be recognized as an important unit contributing to the economic growth of the country. They must be supported by the international organizations involved in the growth and development of entrepreneurship, especially women entrepreneurship, to help them “function” effectively as women entrepreneurs. Their constraints must be recognized and a structured and organized strategic plan put in place to help them overcome these limiting factors. The Sri Lankan Government, UN Agencies, Donors, International Non-Governmental Agencies, Sri Lankan Non-Governmental Agencies, Women’s Networks, International Corporate Organisations, International

Entrepreneurs and Social Entrepreneurs can greatly enhance the entrepreneurial capabilities of these women through funding and skill development. The misfortune of war must not be the reason for depriving these women entrepreneurs of a better life.

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State-Guided Entrepreneurship: The Singapore Experience

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ABSTRACT

This paper examines the rationale that active entrepreneurial engagement by the state is crucial for small, transitional economies for global

competitiveness based on the assumption that the state has the wherewithal to support such competitiveness.

While this view goes against the trend of popular and current thinking of free market economics of non-interventionism, persisting asymmetrical economies see little evidence of a narrowing gap. A government's role in promoting productivity and export development is not in dispute, rather it is the government playing the entrepreneur which is the issue in question.

Using the Singapore experience, this paper will argue if there are plausible reasons why emulating the ideology of state-guided entrepreneurship have any merit.

Introduction

We know from history that several classical economic theories have seen less sanguine end, challenged and revolted against as they struggled to address current global situations. But one that did not seem to go away is by the philosopher Adam Smith whose *Wealth of Nations* (1776) laid the foundations of the classical free-market economic theory that broached the theory of the mercantile system which says that wealthy nations should accumulate wealth by exporting more than importing. The imperialistic tendencies of Smith's time and into the following century showed this to be a continuing phenomenon. Since WW2 entrepreneurial practices oftentimes manifest the exploitative prowess of developed nations on post-colonial societies rather than their expected benevolence.

The enterprise state had undergone several phases of change on how nations and individuals trade, on how medieval European feudalism of absolute ownership had evolved to national ownership under the industrial revolution that fostered a money economy that, by the nineteenth century, had created large scale capitalism that brought forth a new type of entrepreneurship. Calvinist Protestant ethic of paternalism which followed, says the wealthy have a duty towards the less fortunate (Weber, 1992, p. 67) and this, according to the emancipators of the New World, brought about the dreaded idea of Social Darwinism. This, in turn, justified European colonization, thus completing the process of the imperial notion of the mercantilist capital economy. (Weber, 1992, p. 99). For a while the socialist egalitarian concept

of the planned economy seems the fairest system of all as Marx thinks there should be equal distribution of wealth. Where Marxism failed was that it had no entrepreneurial impetus. (Parkin, 1979, p. 89). Then came post-war reconstruction that demanded unprecedented capital, and governments resorted to borrowing on the competitive private capital market which also fuelled the supply and demand of the market economy. Socialist ideals of Marxism that seemed so altruistic left firm imprints of social policy, and as a compromise against rapacious capitalism, the idea of the mixed economy was brought forth where laissez-faire and planned economy seemed like a workable symbiosis.

Between the collapse of the Soviet bloc, the paragon of socialism, and the advent of the new economic order of globalization, the only path to economic maturity seems to be the West's model of democracy and capitalism which subscribes to Smith's mercantilism of unchecked global expansion of its multinational corporations.

That path has been fraught with enough distaste by emerging economies that a compromise model has yet to be found to create their own competitive class. Rightly or wrongly, western and Japanese businesses are not there to uphold the niceties of ideologies nor have they been so unwilling to do business with countries whose values are contrary to theirs. What then has happened to the great western and democratic idea of the non-interventionist capitalist ideology? So, is there a need for a new ideology? A theory proposed by this study is on state-guided entrepreneurship, and three hypotheses are offered to support it, namely the political underwriting, the surety of collateral, and collective global thrust.

A background of state-guided entrepreneurship in Singapore

Lee Kuan Yew, Singapore's first prime minister now minister mentor (MM) said, "we did not have enough entrepreneurs, and those we had, lacked the capital or interest, so Government ministers undertook the task of starting new venture(s)". (Address on 'An Entrepreneurial Culture For Singapore', at The Ho Rih Hwa Leadership In Asia Public Lecture, 5 February 2002, Singapore Management University).

At a recent Russia-Singapore Business Forum, Lee said, "To be successful, economies need to foster more entrepreneurs, governments cannot run businesses as well as individuals can. Owners of businesses are profit-driven and they stay up at night worrying about their business. Successful economies need to foster more of such enterprises." (Straits Times 22 March 2006).

Despite this admission, the Singapore Government has persisted in actively engaging in business. But was Singapore lacking in entrepreneurs?

Singapore has a big population of shopkeepers, hawkers, merchants and petty traders who are not your stereotypical westernized entrepreneurs. But some of Singapore's most successful entrepreneurs have their origins as these very shopkeepers and petty traders, such as C.K.Tang (second-hand junk store), Robin Loh (scrap metal dealer), Arumugam Pillai (shop-keeping), Ong Hiang Kie (coffee and pepper dealer). However, the term 'entrepreneur' is not loosely applied to these entrepreneurs, rather, it is to a relatively recent crop of highly successful business people who have brought innovation and high value to investments; to name a few: Sim Wong Hoo of Creative Technology, Ong Beng Seng of Hotel Properties, and Kartar Singh of Takhral Corp. That seems to be the conventional view of entrepreneurs – risk-takers of new enterprises- and according to Low, no different to Singapore entrepreneurs, who, though, are older than their western counterparts. (Low, 2005). Contrary to Choo, Singapore entrepreneurs do not generally accept failures as "lesson-learning experience where they pick themselves up and keep trying until they succeed", as there is no history of failed Singaporean entrepreneurs of note to support this assumption. (Choo, 2005).

In fact, Singapore does have a strong history of entrepreneurial successes that helped the economy to notch consistent high growth since independence with home-grown names such as Lam Soon, Amoy Canning, Hong Leong, Khoo Teck Puat of the Goodwood Hotel Group, hotelier and banker Lien Ying Chow of Overseas Union Bank, Wee Cho Yaw of United Overseas Bank, and property owners and traders, Jumabhoy, Govindasamy Pillai, and Tyebally. Gradually it was the Government that assumed the principal role of the entrepreneur in major trading, finance, manufacturing, and property ventures.

Soon after independence, the Government launched a highly ambitious and aggressive industrialization programme to attract FDI (foreign direct investment) or more accurately the presence of foreign multinational corporations (MNCs). But in its haste to industrialize and to attract foreign investments, the Singapore Government paid scant attention to the country's merchant class and the small but active sector of local manufacturing. As a result Singapore failed to properly nurture its entrepreneurial potential. (Turnbull, 1989, p. 312).

In 1985, in the wake of a recession, the Government resolved that local entrepreneurship should be encouraged to counter the over reliance on foreign capital, and this was to be done through a shift in employment culture and an education system that fosters creativity, innovation and enterprise. (Economic Review Report, 2002). Again in 2001 a government review recommends "ways to strengthen the spirit of entrepreneurship and innovation in Singapore and to foster the growth and internationalization of Singapore-based companies, including Government-Linked Companies". (Economic Review Report, 2002).

Despite these initiatives, the development of private entrepreneurship was still slow and remained quite undeveloped. Singapore had by that time some 80,000 small and medium size enterprises (SMEs) employing about 40% of the total workforce. (Shanmugaratnam, 2004). When current Prime Minister Lee Hsien Loong assumed office in 2004 he was conscious of the need to revitalize the economy that had been hammered by massive job redundancies and the threat of several more MNCs looking to relocate to cheaper locations in the region and to China.

As a deputy prime minister in the previous fourteen years and head of the Monetary Authority of Singapore (MAS), Lee Hsien Loong had overseen the recovery of the economy that was devastated by the 1997 Asian Financial Crisis, the recession in 2001, and the SARS pandemic in 2003. The rocky relations with Malaysia over a number of economic issues added much uncertainty to the recovery efforts. Added to this was the new security threats following 9/11 and the US-imposed Iraq War where Singapore was targeted by terrorist groups for its support and close alliance with the U.S. As national interests took precedence, Singapore consolidated its hold on its government-linked companies (GLCs) and investments with a strategy to increase and diversify its portfolio. (Temasek Review, Nov 2004). The Temasek's report then indicated a radical restructuring of its then S\$90 billion portfolio. Fifty-two percent of its investments were in Singapore, 32% in OECD countries - with a strong Australian bias - and 16% in Asia. Over the next eight to ten years, however, Temasek plans to reduce the proportion of its operating assets in Singapore to one-third of its portfolio, and to have a third each in Asia and the OECD countries - both to diversify as well as to seek growth beyond the confines of Singapore's small market.

Singapore had enjoyed an average growth of 6.4% annually from 1965 to 2000 (Statistics Singapore Newsletter, 2001) but this was seen to be less achievable, according to Lee, in 2005 and beyond. He did not expect continuing high inflows of FDI as cheaper options and geopolitics worked against Singapore. With this in mind, Lee felt that Singapore should restructure from an investment-based to an innovation-led economy by boosting private entrepreneurial initiatives through state-driven entrepreneurship development in 2003. But there was little success.

Entrepreneurship, according to Lee Kuan Yew, Singapore's first prime minister and now minister mentor, is, "as a way of thinking and acting that is opportunity-obsessed, holistic in approach and leadership-balanced ... few are born entrepreneurs, and not many will succeed. To succeed as an entrepreneur one has to have some extraordinary qualities". (Address at The Ho Rih Hwa Leadership In Asia Public Lecture, op. cit.). Lee and his government either did not believe that private entrepreneurs can be developed or relied on, or believed that state bureaucrats were more trusted to drive the economy. It was on this basis, it would appear, that Lee and his government proceeded on the path of state-guided entrepreneurship. Borins

argues convincingly that people can be motivated to undertake different tasks and he sees no reason why civil servants cannot be entrepreneurially innovative. (Borins, 2000).

Temasek Holdings and the custodian of the state-guided entrepreneurship ideal

The way Lee Kuan Yew did it was with the incorporation of a government holding company, Temasek Holdings, which would oversee all state ownership and entrepreneurial activities.

The origins of Singapore's experiment with state-entrepreneurship can be traced to its period of self-government (1959-1963). British assets were handed over to the Singapore Government by the Minister of Finance Inc Act in 1959 which empowered state involvement in business. Having inherited millions of dollars worth of British property plus ownership in joint ventures drove the Government to decide that state-ownership of assets should be expanded and managed as a commercial enterprise. (Yeung, 2002).

Sim Kee Boon, the former Head of the Civil Service, and currently director of Temasek and several GLCs, recalled, "Two decisions were made: Invite multinational corporations to enter our market and get the Government involved, to give confidence to the whole industrialization effort. There was no conscious decision which industries the Government would go into - we were even making pyjamas! The objective then was simply job creation. It was an eclectic and pragmatic policy". (Straits Times, 3 March 2001) The Singapore Government's move into business was initially intended as developmental where state interest in investments were for economic growth, principally about job creation but because of the faster rate it required for industrialization and a lack of local entrepreneurs, the government was forced into business collaboration with foreign companies that went beyond mere developmental objectives. (Pereira, 2004).

The consequence of that policy was such that the Singapore Government's business interests grew quite phenomenally, according to Sim, to some 60% of the GDP by 2000. What Sim related was, clearly, the quick transition of

the government's developmental policy to entrepreneurship that was strategized some forty years ago.

Singapore's experience in government ownership of businesses was not institutionalized in its present form until 25 June 1974 when Temasek Holdings was formally formed to bring together the GLCs under one roof; a GLC being a Temasek entity that has at least 20% government interest. Temasek Holdings is directly accountable to the Minister of Finance. The beginnings of Temasek, in fact, started with the Minister of Finance Act of 1959 which empowers the Ministry of Finance (MOF) to acquire, purchase, hold, transfer, dispose or otherwise deal with real assets. Under MOF Inc. there are several operational holding companies: Temasek Holdings (for commercial entities, including GLCs); Ministry of National Development (MND Holdings) for certain remnant, but mainly dormant, company shares; Ministry of Health (MOH Holdings) for hospitals; and the Government Investment Corporation (GIC), which invests Singapore's reserves. Temasek Holdings is a special registered company that is exempt from filing financial accounts but is still subject to all the same requirements of the Company Act as private businesses.

The role of the GIC should be made clear. Its website describes it as, 'GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves'. Temasek Holdings, on the other hand, is involved in a variety of investments – manufacturing, trading, banking, etc., and raises funding in the commercial money market. "The Singapore Government, as a shareholder, is not involved in our investment decisions and business operations . . . All our investment and business decisions are taken independently by our own board and management, based on commercial considerations", says Gan Chee Yen, Temasek's Senior Managing Director of Investments. (Business Times, 30 March 2006). While this may be true, it should be remembered that Temasek is dealing with state or taxpayers' money and it is hard to believe that it is completely free of the government decision-making apparatus.

When Temasek was formed, 36 companies were transferred to its control. Temasek has a board of nine directors; of the nine, two seats are for official Government representatives - one for the Permanent Secretary of the Ministry of Trade and Industry (MTI), and one for the Permanent Secretary

of the Ministry of Finance. Temasek's first-tier GLCs (i.e., those GLCs held directly by Temasek) which are listed on the Singapore Exchange account for about 27% of the total market capitalization. Temasek now has interests locally and internationally in telecommunications, media, financial services, property, transportation and logistics, education, airlines, food, energy, engineering, shipbuilding, and ordnance.

At the start of its operations, Temasek had S\$345 million invested in the 36 companies, and its job was to monitor the progress of its investments and keep the minister of finance and the cabinet informed. (Yeung, 2002, p. 81). By 1979 the company had set up an aggressive plan to seek out new investments by direct acquisitions or mergers. By 1983 it had increased its portfolio to S\$2.9 billion in 58 companies which had 490 subsidiaries. By the 1990s many of the GLCs (for example, Singapore Airlines, Keppel Corporation, Sembawang Holdings and Singapore Technologies), became blue-chip stocks on the Singapore Stock Exchange with extensive international interests. Other lesser-known interests include international companies such as Global Crossing, Hamilton, a Bermuda-based fibre-optic telecommunications network operator, and the Singapore-based Swissotel hospitality chain, and a 25% share of China Government-owned, China Aviation Oil. Through Singapore Airlines, it owns 49 percent of Virgin Atlantic Airways.

As at 31 March 2005 Temasek has ownership stakes with market capitalization of some S\$103 billion spread over 200 companies. (Straits Times, 13 Oct 2005). Exact and up-to-date number of GLCs are not known since Temasek is constantly on acquisition sprees: it was, however, recently reported a further 22 companies or US\$7.6 billion (S\$12.9 billion) were added to its portfolio. (Asia Times, 19 Oct 2005). In terms of ownership, it has interests in many more companies if we consider, one of its companies, Singapore Technologies, alone has 24 subsidiaries. It is also worth noting that 68% of its companies have more than 20% shareholding, many, in fact, give Temasek controlling interest. (<http://www.temasekholdings.com.sg>). The MOF Inc (through Temasek) retains special voting rights in the GLCs, which gives it the right to veto any decisions of the board. MOF Inc, in turn, as the sole shareholder of Temasek Holdings, has the ultimate right of veto over Temasek. MOF Inc also independently holds special shares in some of the first-tier GLCs, from both listed and unlisted stocks, quite separate to

Temasek's. Why this is done is not clear but one reason we can speculate on is that the MOF would like certain shares under its direct control for immediate access for surety purposes to avoid cumbersome share transfers. MOF special shares, however, are the exception rather than the rule, and it is believed that, where this arrangement exists, there is some national security reason for it.

Listed GLCs with special share provisions include Singapore Airlines, Singapore Technologies Engineering, and Singapore Telecommunications (Singtel). Unlisted GLCs with special shares currently include Singapore Technologies; Singapore Power and its subsidiaries; Port of Singapore Authority Corporation (PSA); Media Corporation of Singapore (MCS); and Singapore Post. The articles of incorporation of Tuas Power, Power Seraya, and Singapore Mass Rapid Transit (SMRT) have been changed to remove the special share provision. Deputy Prime Minister Lee Hsien Loong said in Parliament on 14 March 2001 that the Government would ultimately give up its special share in Singtel.

In the 1990s the Government corporatized several statutory boards into GLCs. These included the Public Utilities Board, Economic Development Board, National Science & Technology Board, Productivity & Standards Board, Trade Development Board, Housing and Development Board, and Jurong Town Corporation. They have been known for a long time to have engaged in activities that compete with the private sector.

The services in which these GLCs which once held monopolies are now opened to competition and foreign ownership. Indeed, as Temasek has no qualms about investing in foreign-government entities, it is likewise not opposed to foreign governments taking similar interests in the GLCs. Through market and political pressure, the Government has divested or reduce its share of some GLCs through Initial Public Offerings (IPOs) on the Singapore Stock Exchange.

The basic idea of state entrepreneurship rests on the state engaging financially and operationally in the management of its assets under the control of holding company, Temasek Holdings. While the Temasek name is often mentioned in the media and linked to some acquisitions, it is always one of its GLCs that is actually directly involved, such as the Keppel Corporation, Development Bank of Singapore (DBS Bank), or Singtel. Temasek's role is one of strategy and oversight, and distances itself from the operational management of the GLCs, says Ho Ching, Temasek's CEO, "in the company's voluntary abstinence from direct involvement in the operational management of state-owned enterprise is a unique and admirable ownership stance..." (Straits Times, 13 Feb 2004). Speaking in Parliament in March 2001, Minister of Finance Richard Hu said "I would reiterate that GLCs operate on a commercial basis; they do not receive any subsidies or preferential treatment from the Government and are subject to the same regulations and market forces as private entrepreneurs."

Despite its controlling stake, and regardless of whether MOF Inc also has a special shareholding, Temasek executives also stress that they do not interfere in the day-to-day operations of the GLCs. In a June 1999 interview in the Straits Times, Temasek's Chairman, S. Dhanabalan, stated that the purpose of Temasek was "not to control and manage but more to monitor: Temasek collated all the information of the various government investments and kept the Minister for Finance and the Cabinet informed about the performances of government companies". Of Temasek's recent acquisition of Thailand's Shin Corporation where allegations were made of the intrusion of the Singapore Government, spokesperson Angelina Fernandez of Singapore's watchdog MAS said, "Temasek operates like any other company. Even though it is government-owned, it is not government-directed. The Ministry of Finance does not tell Temasek what to do." (Guardian, 24 March 2006).

Temasek management

Temasek Holdings is headed by Ho Ching, wife of Prime Minister Lee Hsien Loong. She is an engineer by profession and had served in senior capacities in the armed forces and as CEO of GLC, Singapore Technologies, before being recommended to head Temasek by its Chairman, S. Dhanabalan. Although Temasek comes under the purview of the Minister of

Finance, who also happens to be the prime minister, Ho apparently reports to Dhanabalan. Nonetheless there has been a lot of disquiet over her appointment despite the sound management and performance she has brought to the company.

Temasek, which oversees all the GLCs, has 200 staff including 21 managing directors, each focusing on different areas. Most are young and fairly new to Temasek. Only 4% are over 50 while 55% are 35 and under. Nearly two-thirds have worked at Temasek for three years or less. Only 8% have been with the company for over 10 years. (<http://www.temasekholdings.com.sg>) Most have good academic credentials and were hand-picked from government ministries and the armed forces. The management of GLCs enjoys a certain culture not dissimilar to the private sector.

On accountability, the Singapore Companies Act confers on Temasek and privately-held GLCs the room for opaque accounting. The Act also provides the company the ‘exempt private company’ (EPC), a type of company that can do two things other companies may not: it need not file its balance sheet and profit and loss statements. It may lend money to its own directors and companies, even those in which its own directors have an interest. And it has directors or their companies that not only have shares in the GLCs, but are similarly exempt from disclosure.

On transparency, CEO Ho Ching, in her address to the Institute of Policy Studies, said her company aims to be more transparent, that, “This will be part of a measured process of opening up and demystifying Temasek”. (Straits Times, 13 Feb 2004). Shortly after, Temasek issued its first financial performance. (Business Times, 14 Oct 2005).

Temasek forays have been profitable according to an unpublished report prepared by Associate Professor David Ding, head of Nanyang Business School and Professor James Ang of Florida State University. They say Singapore GLCs are “actually outperforming or at least equalling non-GLCs in the areas of profitability, efficiency and final returns”. (Far Eastern Economic Review, 7 Nov 2002). The report is on 25 GLCs and 204 non-GLCs listed on the Singapore Stock Exchange over an 11-year period from 1990 to 2000.

Temasek performance

Data for Temasek are not easily available but as an indication of its enormous contribution to the economy, Statistics Singapore revealed that in 1998, it contributed 12.9% to the GDP. Considering that the total contribution of locally-controlled companies is 46%, Temasek's contribution is not insignificant. (Statistics Singapore Newsletter, March 2001).

However, despite its huge investments, its return of investment is not remarkable, admitted Ho Ching. (Economist, 12 August 2004). In 2003 it achieved 13%, and in 2004, it returned 16% at S\$7.6 billion net profit up from S\$7.4 billion a year ago. (Straits Times, 13 Oct 2005). For 2005 Temasek's net profit was S\$4.8 billion on group revenue of S\$43.4 billion and an asset base of S\$125.5 billion. (Far Eastern Economic Review, May 2006). This is 11% return, and by industry standard, or compared to the previous two years, this performance is by no means spectacular.

It was also reported that Temasek was under-performing judged by its TSR (Total Shareholder's Return) by both market value and shareholder's funds. (Straits Times, 7 Feb 2006) TSR considers the dividends received alongside the changes in market value of a portfolio less net new capital issued. Temasek's shareholder return of 1% over the five years to 30 March 2005 from its S\$103 billion portfolio were considered poor compared with the Straits Times Index's 2.7% gain of other public stocks over the same period. In defence of Temasek, the Minister of State (Finance and Transport), Ms Lim Hwee Hua said in Parliament, "Since its inception, we have received a healthy average annual cash dividend of more than 7% from Temasek." (Straits Times, 15 Feb 2006). However, the Economist of 28 January 2006 reported earlier that "Temasek's total annual shareholder return has dropped to only 6% for the past ten years". Temasek did not dispute when Bloomberg News reported on 27 January 2005 that Temasek and Nasdaq-listed company, Chartered Semiconductor Manufacturing have not made a profit since 2000. (Bloomberg News 22 March 2006).

Temasek's 25% shareholding of China's Aviation Oil (CAO) came under the spotlight amid a major financial scandal after CAO lost a massive US\$550 million in oil derivatives trading that culminated in the conviction of its CEO and other directors in February 2006.

Temasek had been under pressure to diversify its foreign investments which, with the newest acquisition in 2006 of Thailand's Shin Corporation in February, brought its foreign portion to 55% of its total portfolio. Temasek's acquisition of Shin Corporation was not without controversy. The company acquired 49% of Shin Corporation at a price of US\$1.88 billion. Questions were asked if the price it paid, about 15 times the projected earnings of Shin Corporation for 2006 was too high. (Economist, 28 Jan 2006). Thailand Prime Minister Taksin Shinawatra, whose family owned Shin Corporation, was bitterly criticized for evading tax on the sale proceeds. This took to the streets condemning Taksin, Temasek and the Singapore Government. (Guardian, 24 March 2006). A rapid drop of Shin Corporation's shares followed on the Thai stock market, and Temasek suffered a paper loss of some S\$1.49 billion. (Bloomberg News, 22 March 2006).

The Singapore Government had repeatedly asserted that it maintains a hands-off policy of Temasek, of the company's assumed autonomy and commercial independence but like the episode in Thailand, the government's name was also drawn in Temasek's ventures in countries such as India, South Korea, Malaysia and Hongkong.

Temasek's failure to bid for Hong Kong Telecom was also attributed to its state ownership. ((South China Morning Post, 19 April 2000). Similarly, some quarters in the UK voiced their resentment of Singapore Government's involvement in Temasek when the company vied aggressively for UK Cunard's P & O Ports. Singapore's PSA bid £3.7 billion or S\$10.7 billion for P & O Ports was defeated by Dubai World Ports. If the PSA had won, its purchase of P & O Ports would have been precariously close to PSA's net worth. Ironically, UK cynics did not make much of the fact that Dubai World Ports was also government-owned. Temasek's Singtel successful bid for Optus Australia in 2001 had a more tumultuous passage against strong Australian opposition, also for Singtel's government ownership; there were allegations that the acquisition of Optus would compromise Australia's intelligence since an Optus satellite was leased to Australia's Defence

Ministry. (Sydney Morning Herald, 23 August 2001). The price of A\$17.2 billion for Optus too created some alarm in the telecommunications industry given Optus' average performance in recent years and for its ageing communications satellite which had a life until 2005.

Without the Singapore Government's link to Singtel, a Temasek GLC, Optus would probably be less enthusiastic about a bid from the company. Even if Singtel had tried to bid entirely on its own standing, it would have found it difficult to raise the financing since it did not have a high enough credit rating to attract funds of the magnitude of the Optus purchase in the international money markets. Nevertheless, Optus, rather its former owner, British Telecom, had every reason to rejoice for the high price it could not refuse despite the nagging issue of Temasek-Singtel government ownership. That the deal went through was little surprise since it was known all along that the cash-rich Government of Singapore would provide the collateral and political underwriting for the multi-billion purchase by the Temasek GLC. (Straits Times, 26 March 2001). Besides, Singtel was the only credible contender in the bid.

Despite its position as a government entity, Singtel's credit rating was downgraded from stable to negative by credit agencies Standard & Poor's and Moody's within months of its acquisition of Optus. (Business Times, 22 Aug 2002). This was due to a less than optimistic forecast of Optus' earnings.

One of the most controversial Singapore Government's overseas investments was the China-Singapore Suzhou Industrial Park (CSSIP), led by another Temasek GLC, Keppel Corporation, in 1994. The project involved the building of an industrial township estimated at S\$30 billion. There were apprehensions over the wisdom of the project, and true to doomsayers' predictions, the project incurred massive losses by 2000 despite Temasek having cut its losses when it sold 30% of its stake in CSSIP to the Jiangsu provincial government a year before. (Yueng, 2002, pp. 223-5). One of the major reasons for the poor performance of the project was the Jiangsu's government tie-up and support for a rival industrial park, the Suzhou New District (SND). Temasek officially pulled out of the venture on New Year's day in 2001.

On 22 March 2006, the Straits Times reported that Temasek's GLC, the DBS Bank's bid for the Korean Exchange Bank hit a snag as Korea's regulators expressed reservations of DBS Bank's links to Temasek. The Korean regulators said the Korean Exchange Bank cannot be owned by a non-financial body which it claimed was Temasek.

Arguments for and against modelling the Singapore state-guided entrepreneurship for transitional economies

Factors in favour

- Supporting the hypothesis of political underwriting

The biggest factor in favour of the model is that it gives the GLCs an assumed credibility of strength and reputation by virtue of their being state-owned and thus the political clout. Singtel's purchase of Optus is a case in point where the political backing of the Singapore Government was taken for granted.

Private enterprises of developing economies are not large and many do not enjoy a huge reputation in the international market. It would, therefore, be hard put for them to make quick inroads. To include government involvement in an enterprise is also a matter of expediency and can cut through cumbersome political red-tape as has been the experience in many emerging economies, especially in China. (Kang, 2004). In China many new enterprises under Deng Xiaopeng's 'Open Door Policy' in 1979 were not private entrepreneurs but village enterprises that were run by local governments. (McMillan and Woodruff, 2002). Such village entrepreneurs, according to the authors, benefited from government ownership by having better access to state banks, the easing of quotas for raw materials, and getting protection against arbitrary expropriation, and assistance with contract enforcement.

- Supporting the hypothesis of surety of collateral

International financial markets work very much like insurance companies where the risks of loans are spread out and shared by several institutions. The quality of the loan instrument is measured by a credit rating that is attached to the debt. Credit rating agencies whose business is to make scrupulous evaluation of the borrower apply a rating or a benchmark on the borrower. The lower the rating, the more difficult and more expensive to raise finance as it also attracts higher interests and financial costs. State-owned enterprises can raise loans in the market far easier than private ones on the assumption that repayments of such borrowings will have government guarantees. It is this surety of collateral that allows state-owned enterprises an advantage and confidence in bidding for mega acquisitions.

- Supporting the hypothesis of the collective global thrust

With government backing, holding companies such as Temasek, can stitch as many GLCs as they want to, to put together to bid for international projects. By international standards, Singapore public companies have neither the stature nor the financial strength to compete. To give a picture of what Singapore companies are up against, consider this:-

Of the world's 100 largest economic entities, 51 are now corporations and 49 are made up of countries. Sixteen corporations have sales turnovers larger than Singapore's GDP. Among them are seven US corporations, seven Japanese, and two British. (World Bank, 2000).

Decades of creditable economic management has immunized the Singapore Government against criticisms and in some cases even held as economic models worthy of emulation. GLCs as objects of the state-guided entrepreneurship model prosper better than companies of similar size in the private sector because they have access to more capital and resources. They can write off losses more easily. Also, by virtue of the fact that GLCs, as preferred volume buyers, can buy at record prices, can also move the market up artificially. GLCs have the state to provide them the infrastructure for business that are bigger and better than the private sector can.

As government-sponsored entities, the GLCs overseas have access to consular exchanges that can also provide them with the diplomatic cushion for differences. They also have access to government archives and data bank for quick dissemination of information.

An argument for state-guided entrepreneurship is that the private sector cannot be entrusted for the good of the country because

- they have no role in national welfare and therefore no social responsibility;
- they are only motivated by profit;
- their forecast of future growth is narrowly pegged to shareholder interest;
- they have little or no altruistic objectives, and will venture into areas that are not always congruent to the national interest.

Factors not in favour

Business is high risk and funding of GLCs' business is taxpayers' money. Therefore, losses incurred by GLCs mean depletion of state coffers. Modern business is about market economy and is positioned according to the supply and demand of goods and services. It allows a free choice of trade for both the producer and the consumer. This is the cornerstone of democracy upon which capitalism is built on according to theorists such as Schumpeter (1942) and Swedberg (2000).

Business is ideologically impartial and it trades everywhere and with anyone under mutually acceptable conditions. Whereas, government is inherently ideological and can be caught up in political differences that can have serious consequences in the relationships of countries. There are fewer opportunities for the private sector if the government is actively engaged in the market.

Singapore academic, Linda Lim, says, "Temasek's overall rates of return may have been dragged down by the kinds of things they invested in for national strategy rather than pure financial return ... The role of the state in business has become at best unnecessary and at worst dysfunctional." (Bloomberg News, 27 Jan 2005). The Far Eastern Economic Review of 7

November 2002 suggests that “Temasek must ensure the GLCs are commercially run and are not asked to do ‘national service’. The Singapore Government should look radically and creatively at how to introduce the private sector more into its economy . . . [they should ask themselves] why are we in a particular industry? If we are in it, why can't the private sector do it?”

Prominent banker, Wee Cho Yaw, Chairman of the United Overseas Bank said Singapore produced few ‘true’ entrepreneurs, this was due to the government’s link to business making it difficult for new entrepreneurs to do business. (Lingle, 1996, p. 79).

A recurring objection to Temasek’s forays, as has been mentioned earlier, is its state-ownership and the ‘parentage’ of its GLCs, but Temasek has had more successes than hindrances to appear not too worried. But then again, foreign government acquisitions are relatively new and there seem to be minimum, if not ambiguous, legislative restrictions. However, regional regulators have balked at Temasek for tinkering with certain strategic sectors, such as banking, aviation, energy, telecommunications and defence-related industries. The South Korean regulations forbidding DBS Bank’s bid for the Korea Exchange Bank because its parent (Temasek) was not a bank was disputed by Temasek and is a case in point about the ambiguity of regulations. In 2005, the Indian authorities disapproved a joint bid by Temasek-linked Singapore Technologies Telemedia and Telekom Malaysia for 48% of mobile phone operator Idea Cellular, on account of Temasek already having stakes of another Indian operator, Bharti Tele-Ventures breaching a rule that prohibits ownership of two cellular licences. Temasek was also in strife in Malaysia when it emerged that it had breached the 5% ownership threshold when it acquired another bank. (Straits Times, 3 April 2006). Another concern is about conflict of interest of Temasek’s ‘single presence’, of its ownership of several competing entities with the same country. An example is Temasek’s partial acquisition of Standard Chartered Bank, where both have separate banking interests in China, Indonesia and Thailand.

It is debatable if Temasek could be better under a more autonomous management. Temasek is staffed by former or seconded civil servants who are accustomed to job-security and playing it safe in their choice of careers. Its management ethos is primarily one of risk-avoidance as shown in the type of ventures it has, both at home and abroad, where most are with established companies and parastatals or with tycoons of large corporations.

A factor that argues against state engagement in business is the state's control of the competitive process, of its ability to manipulate wages, foreign exchange, and credit control. In its position as both buyer and seller, it can influence commodity and share prices. It can also apply special treatment on certain industries it considers more strategically important by high subsidy or policy intervention. (Yu, 2001). The Singapore Government has natural monopolies of all the major strategic assets in the Singapore economy and is not likely to shed state ownership of the GLCs given its entrenched ideology of patriarchalism.¹

The logic of state-guided entrepreneurship sits on a culture of dependency that of the people on the government. The perception of a successful Temasek justifies the Government of its policies. How GLCs can be even more successful in the hands of privateers is a choice that has never been tested nor offered. Moreover the secrecy by which Temasek operates also brings to question its true performance since the Government does not think it owes its taxpayers full accountability of the company's performance.

Finally there is the issue of power; the ideology of state-guided entrepreneurship cedes enormous economic power to the state. We have to remind ourselves that government money belongs to the taxpayer and it can seem such an abhorrent idea for the government to engage in businesses and be exempt from the same monitoring mechanisms and audit reporting it requires of publicly-owned companies.

¹ Lingle, C. (1996) p. 69. Lingle refers to Goh Chok Tong's speech at a convocation ceremony at Williams College 1995 when he said that his government had to maintain the ISA due to the political immaturity of his fellow citizens.

Conclusion

For transitional economies there are certain advantages of the state-guided entrepreneurship model. This has been the experience with several post-colonial states, and China whose success in the new global economy is still owed to its many ties with state-owned enterprises. State control of business can ensure the productive exploitation of national resources. It has public visibility and would project a perception of public interest. The state in these economies can seek international aid for enterprise development better than companies in the private sector. State-guided entrepreneurship can provide the surety of collateral for government-backed companies which not only means state protection but also a measure of political underwriting for added assurance to their business partners. The ability to use political clout legitimately to get through bureaucratic hurdles is especially important in doing international business.

Finally, the state-guided entrepreneurship model offers GLCs the credentials of assumed trust and a stature of some size that allows them to be regarded with respectability in the global arena. This is important for the collective global thrust they are able to pull in competing internationally. In other words, they can bring with them the government and all other related agencies to give them the impetus and size to compete with bigger rivals. Opposing this view is that the state-guided entrepreneurship model is not for everyone neither should it be used as a panacea for the lack of home-grown entrepreneurial development, nor as a long-term economic objective. The reasons are quite simple.

Prevailing wisdom of business is that the less the government intervenes in business the better it is for the development of entrepreneurship because government involvement in business invites favouritism, conflicts of interests, and monopolies, and stifles competition.

There seems no reason why Singapore's GLCs cannot be free of government ownership and control given that Singapore has excellent financial and industrial infrastructures to allow them to operate as any normal private or publicly-held companies. Singapore is coming under the increasing glare of the world business community and the continuing criticisms of its interventionist entrepreneurial policies. It is also often chastised for its authoritarian, one-party rule and the lack of democratic practices which

underpin its control of entrepreneurship development. Efficient governance and the success of Temasek have inured the people to the point of disinterest of any change in the status quo.

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Abbreviations

CAO	China Aviation Oil
CSSIP	China-Singapore Suzhou Industrial Park
EPC	Exempt Private Company
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIC	Government Investment Corporation
GLCs	Government-Linked Companies
MAS	Monetary Authority of Singapore
MTI	Ministry of Trade and Industry
MNCs	Multinational Corporations
MND	Ministry of National Development
MOF	Ministry of Finance
MOD	Ministry of Defence
MOH	Ministry of Health
OECD	Organization for Economic Co-operation and Development
PSA	Port of Singapore Authority
SMEs	Small and Medium-size Companies
SMRT	Singapore Mass Rapid Transit
SND	Suzhou New District

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Land of the Rising Entrepreneurship: A description of rural female entrepreneurship programmes in China

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Overview

We report on an initiative between global firms and universities worldwide, to empower university students to teach ethical and sustainable business principles in their communities, with a special emphasis on women entrepreneurship. In many of the participating countries these activities occur in the rural sector, where abstract poverty is the norm rather than the exception, and for the benefit of women, who appear to have been excluded from many of the economic opportunities of recent times.

These community-based entrepreneurship education projects span the globe, and we document significant effectiveness, both for the community recipients of this effort as well as for the students-become-educators. New skills are developed by both groups, as we report through outcome interviews with faculty members and corporate mentors.

We conclude that this Students in Free Enterprise (SIFE) empowerment program can be equally effective in many different cultures and be applicable in highly developed industrialized nations such as Germany, the United States South Korea and Australia, as well as in developing countries such as China, Malaysia and India. Students and community participants seem to react positively to this mix of hands-on learning in an action-learning format.

Corporate leaders confirm they use this program to identify those university graduates who have practically relevant skills and the ‘can do’ attitudes to perform.

We further find that such an action-learning program in sustainable entrepreneurship can effectively connect business leaders to their future managers, after earlier reports with a much smaller sample size indicate the favorable reaction of business leaders to the SIFE project outcomes (Mueller, Anderson, Patkar, 2005).

Background

Entrepreneurship education has long been identified as a critical factor in preventing future high levels of long term unemployment, and there is evidence of a strong correlation between educational level achieved and high

income over a lifetime (De Faoite et al, 2003). Nearly all the academic literature outlining the genesis of business and entrepreneurial studies is preoccupied with this gap. Traditional approaches have separated education institutions and business organisations as two isolated learning arenas (Leitch & Harrison, 1999), and we speculate that continued university focus on accreditation, refereed publishing and other mostly academics-based objectives of business schools will widen the perceived gap between businesses and teaching. In New Zealand, where the UK-developed model of government funding based on research contribution has been adopted recently, a pre-occupation of management schools with peer-reviewed publications has become evident. In Australia, where a similar model is looming, educators have also begun to spend more time on academic publications than on hands-on teaching. We argue that this shift of priorities foreshadows a lack of dedication to time-intensive teaching approaches such as action learning.

It appears intuitive that teaching limited exclusively to in-classrooms activities cannot effectively replicate the real world environment. A desire for the shift from classroom-based teaching to facility action learning has been widely expressed for entrepreneurship education (Shepherd and Douglas, 1996; Formica, 2002; Gorman et al, 1997), and we are curious if such action-learning approaches can develop suitable skill in a discipline where many element are creative (Jack and Anderson, 1999).

Action learning has been underpinning an increasing amount of training practice throughout the world for nearly seven decades since its genesis in the work of Reg Revans (Zuber-Skerritt, 2002). These environments have ranged from private companies (Marquardt, 2004) to public sector organisations (Blackler and Kennedy, 2004) and even to development programs in Third World nations (Mayoux, 2005). Furthermore, in recent decades, it has been introduced either as a complementary and/or alternative means of educational instruction in some schools (Wilson, 1992) and tertiary institutions throughout the world (Brunetti et al, 2003). As a concept, the action-learning approach provides opportunities for participants to meaningfully reflect on academic subjects (Meyer and Jones, 1993). Starting with simple tasks, possibly in class, the effort then develops into long-term projects (Bonwell and Sutherland, 1996), and our review has considered projects which were performed over a period from a few weeks in duration,

to more than 18 months. The complexity of these projects is quite high, ranging from the introduction of new harvesting methods to older farmers, to the creation of self-sustaining businesses to impoverished women.

Greater collaboration between the academic and business communities has been advocated for many years (Cochrane, 1988; Forcht, 1991; Gabor, 1991; Orr, 1993; Portwood, 1993; Reed, 1993; Warwick, 1989; White, 1993). For this closer working relationship, action learning seems to be an effective connector. The number of multinational corporations who use action learning for managerial, professional, team and workforce development is diverse, ranging across such well known names as Samsung, Dow, GE, Deutsche Bank, Boeing, Sodexo, Novartis and Nokia (Marquardt, 2004). This would create a level of acceptance by business leaders for young managers who have received part of their education via action learning. Attractive for these corporate recruiters is without doubt the assumption of responsibility by students during the realistic conclusion of tasks by transforming and constructing knowledge (McKeachie, 2002; Cuthbert, 2001).

Case Review 1

The native population in Guizhou province in China are the Miao people, living mainly in Qiandongnan State. They live relatively isolated on average incomes of less than \$150/year, with women representing 75% of the casual laborers. Their communication is hindered by a unique dialect, and 10 out of the 12 cities in the state are declared poverty areas. Miao women wear elaborate traditional costumes and hand-made silver jewelry. Every year, many foreigners visit this region. The students from Tsinghua University in Beijing traveled to the region, sought out a group of Miao people and explained market economics. They then educated them on creating a 'branded' line of jewelry to sell in their own roadside stalls and rather than immediately using all profits for improvement of their living conditions, the villagers set some funds aside for investment into their sales operation.

Action learning is not without its critics, and we speculate that the divide between business expectations of practically relevant education outcomes will clash more intensely in the future, as government-driven funding mechanisms place greater pressure on business schools to engage in traditional academic publishing efforts. Consistent with Pedler (1983) and

Mumford (1995), several authors find that the existing definitions either overemphasize one element or miss the other of action learning due to its flexibility and the widespread usage. This raises the issue of how action learning can be introduced to business school teachings as an effective complement to traditional teaching methods. As an entrepreneurship education technique, action learning is different from and more comprehensive than any kinds of management education approaches. It advocates to focus on the learners rather than on the teachers (Mumford, 1984) and challenges the passive approach to learning characterized in the traditional teaching/learning techniques (Leitch and Harrison, 1999). The action learning approach, on the other hand, has its critics. Some challenges include those to the psychological and political processes intrinsic to action learning, and that it also promotes practice at the expense of theory, thereby, promoting concerns about its philosophical base (Raelin, 1998). Smith (1988) identified and analysed a weakness of action learning for lacking a balance between knowledge and practice – which has been an ongoing debate in the field of management development (Silver, 1991).

Given this focus on action learning and its obvious interest to entrepreneurship educators who often focus on practice teaching, we investigate how this Students In Free Enterprise effort can effectively connect business leaders and managers, after earlier reports with a much smaller sample size indicate positive reports from business leaders (Mueller et al, 2005).

Many entrepreneurial characteristics, such as self-confidence, persistence and high energy levels, cannot easily be acquired in the classroom (Miller, 1987), and this program engages students in their communities, to perform in a real environment, overcoming market resistance, structuring effective programs, measuring their outcome and demonstrating the results to executives. These projects can resemble real-life managerial challenges, similar to those students would be expected to perform once they have left university and have begun to work as junior-level managers. As part of this action learning challenge, participants need to create an effective internal governance system, develop fundraising techniques to remain fiscally solvent, create a sales approach for their projects and think about succession planning within the transient world of student life. We speculate that this comprehensive set of real-life managerial challenges is one of the reasons why CEO-level senior executives of some of the largest firms worldwide

(HSBC, Unilever, PepsiCo, Wal-Mart, etc.) support this effort. It is a short step from performing under real-life conditions while at university, to performing in the work place where similar skills are needed.

Case Review 2

Students of Capital University of Economics and Business in Beijing selected a community in the Southwest of China, where people speak with a unique dialect. They educated the local women on technologies such as screen savers and ring tones for mobile phones. With the consent of the local women leaders, they then created a collection of recordings and presented them to a Beijing-based telecommunications company. The firm is considering the marketing of these ring tones and announcements.

Our interest was not merely in assessing such a uniformly administered program in different country for effectiveness, but we are keenly aware of the cultural difference among these countries. While Germany, the United States, Australia and New Zealand have been 'free market' countries for all of their existence, China and Singapore business leaders operate with a strong recognition of political dogma overshadowing economic activity. Although values in China are changing, and resilience and resourcefulness will continue to elevate them towards success (Liao and Sohmen, 2001), not all commonly measured entrepreneurship values easily transfer from West to East. Some entrepreneurial attributes, a positive response to change, initiative and profit orientation, appear to be in conflict with Chinese values (Kirby and Ying, 1995) and more recent work found that a sharp contrast existed between Chinese entrepreneurs and Chinese managers regarding individualism, risk and openness to change. In some areas, particularly risk tolerance, Chinese entrepreneurs scored higher than their American counterparts (Holt, 2000). Equally important, entrepreneurship is on the rise in South Korea, with one out of 11 people working for relatively young companies in 2000, firms that were established less than 3 1/2 years ago (Park et al, 2001). The SIFE approach actively focuses on gender inclusion through specific sponsoring of Women Entrepreneurship (through HSBC), and thus we connect this work to the growing trend of women in business in Asia, i.e. in South Korea, where more women are participating in business, with about 33.9% of all business establishments in South Korea were owned or headed by women in 2000 (Korea National Statistical Office, 2001). We therefore conclude that an entrepreneurship education system is of great

importance in these countries, where private ownership of assets and personal profiting from business opportunities has not always been the norm.

In an attestation to the close interest executives have in the outcomes of such an effort, HSBC's Chief Executive Officer Paul Lawrence in Singapore hopes to "help university students in Singapore to expand their skills and outlook, and to prepare themselves for the opportunities presented by businesses in the global economy" (Lawrence, 2005) and Wal-Mart's President in Korea Santiago Roces expects the students "make positive progress to build a better world of business" (Roces, 2005). At the end of each year of student performance, SIFE teams compete in front of senior executives for the right to represent their country during a global competition, undoubtedly adding an incentive to students with these global events being held in places like Toronto, Barcelona, Paris, etc. KPMG's Director of Global Markets in China says "I am amazed by the enthusiasm and quality of the young people that participate in SIFE. Their projects are typically innovative and bring value to the communities and environments in which they operate. The business exposure they gain through SIFE certainly positions the students well for their future careers" (Thomson, 2006).

Case Review 3

Students from Shanghai's International Studies University helped develop Hongli Studio as a commercial outlet for handicrafts produced by a group of disabled women. Within one year, this studio gained a reputation for Chinese Knot products and employed more than 22 disabled women. Under the guidance of the students, the staff developed the self-confidence to approach several hotels to showcase their products and now the firm owns its own production facility, Jieyi Factory, where they supply their own 11 sales outlets with art from these women, who all share in the profits.

The interaction between the executives and the student participants creates an innovative forum for leaders to evaluate prospective new staff members, and for students to better understand the needs of the firms. Anecdotal evidence suggests that several of these participating students are hired into supporting firms, bypassing the traditional recruitment pathways.

Methodology

We have asked nearly 1,000 participants of the Students in Free Enterprise program in nine countries to complete a web-based survey (www.sifeaction.com/survey), and we have assured ourselves that web access was available to all of those students in their respective countries. In China, where web access to this specific site was not universally allowed by university servers and networks, we have made hardcopy survey forms available and then entered the survey results onto the system through local research assistants. The survey was in English, since the SIFE presentations are also operated in English. The response rate varied country-by-country. While it was significant in Korea, Singapore and China (with more than 60% of all SIFE students completing the survey), the participation rate dropped for Australia (18%) and New Zealand (30%) and was low in the US, where we sampled the responses mainly from one large university, and in Germany, where the effort had just started. The total survey population numbers 927.

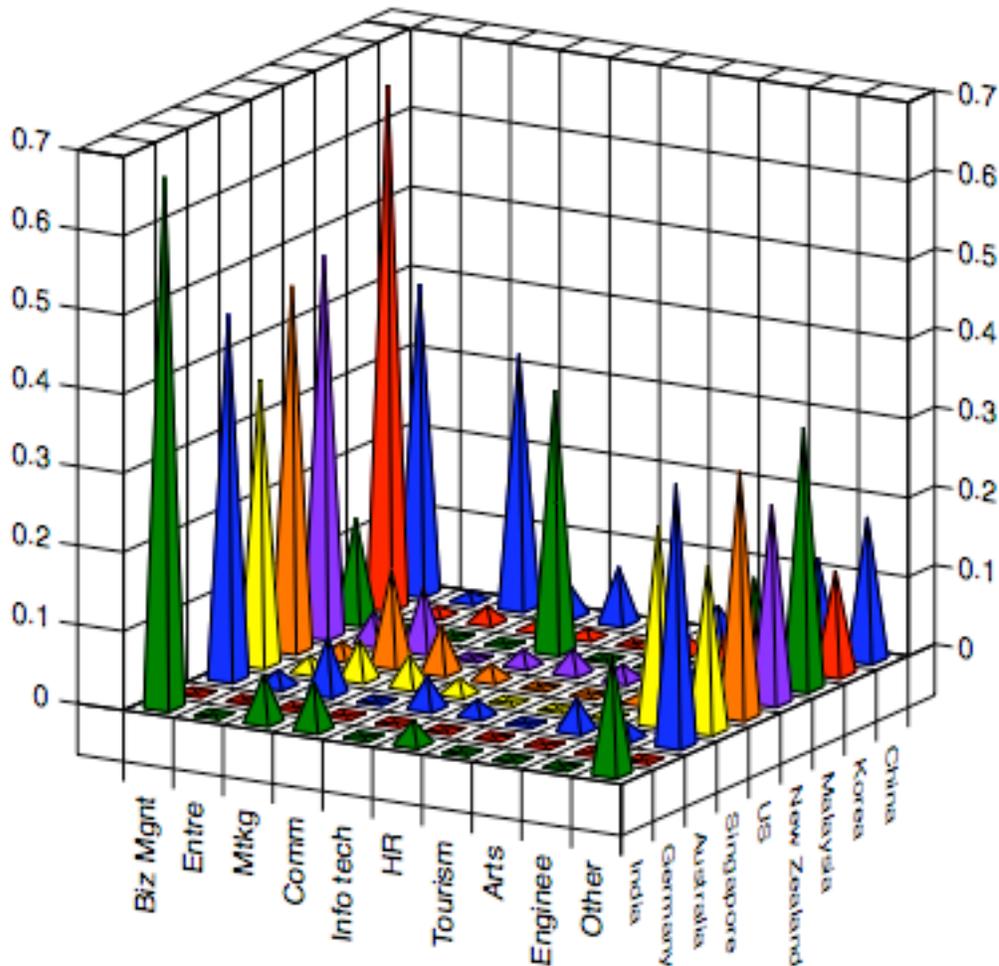
In addition, we have also interviewed more than 30 senior executives of multi-national organizations in New Zealand, Australia, South Korea, Singapore, United States, Germany and China to investigate how effective a program is, through which those firms create practical entrepreneurship experiences for students, and then recruit those program participants as young managers into their organizations.

We have confirmed these student reports by collecting data from faculty advisors in several countries, with a similar on-line survey instrument and then applied the PETE (Practical Entrepreneurship Teaching Engagement) model (Mueller/Thornton et al, 2005) to validate the approach of this program and to reconcile it with the requirements of the market place. The PETE model describes ingredients of an effective interactive managerial learning program and seeks to explain that the presence of several factors can improve the effectiveness of practically relevant entrepreneurship education.

Study Results

The students come from a broad cross-section of education programs, with a heavy emphasis on business management, given the entrepreneurial/business focus (Graph 1). It is part of the criteria of this program for students to

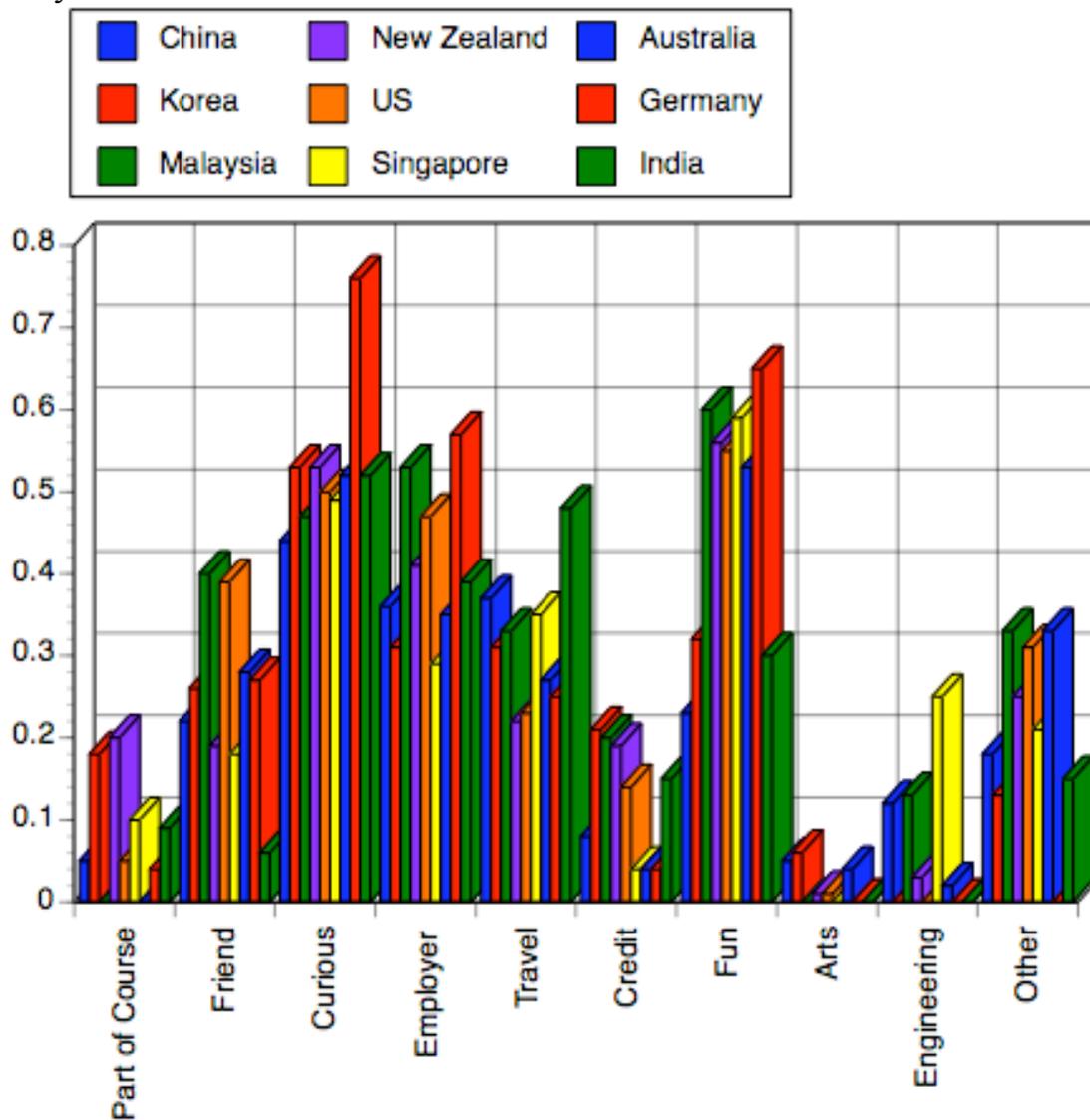
represent different societal groups so that they can bring in their respective understandings of the community needs in their backgrounds. This presumably makes it easier for the students to connect with the community members when they approach women to assist them with business education. It is hard for students to have credibility when they approach much older community members, especially in cultures where young age is a detriment, and tell them they know better what to do than they do. It speaks for the salesmanship and cultural/adaptive abilities of these students to get beyond a polite introduction and to then be able to interact with these women as educators.



Graph 1: Who joins in this program?

Students join this program for different reasons, with some similarities throughout these diverse cultures. While students in China, Singapore, Germany and South Korea were interested in the travel opportunities offered

through this activity, ‘curiosity’, ‘having fun’, ‘making friends’ and ‘meeting employers’ were ranked highly throughout the sample (Graph 2). Of greater significance is that the traditional academic connections of a university-based activity, ‘getting academic credit’ and ‘being part of a course’ were very uniformly ranked as poor motivators for students. We speculate that students attach value to the fact that this program is not part of the school offering, and that they actively look for an engagement which reaches beyond the boundaries of conventional academic teaching. Conversely, this threatens our traditional beliefs that learning opportunities offered within the confines of a university setting are appreciated because they are offered there and not outside.

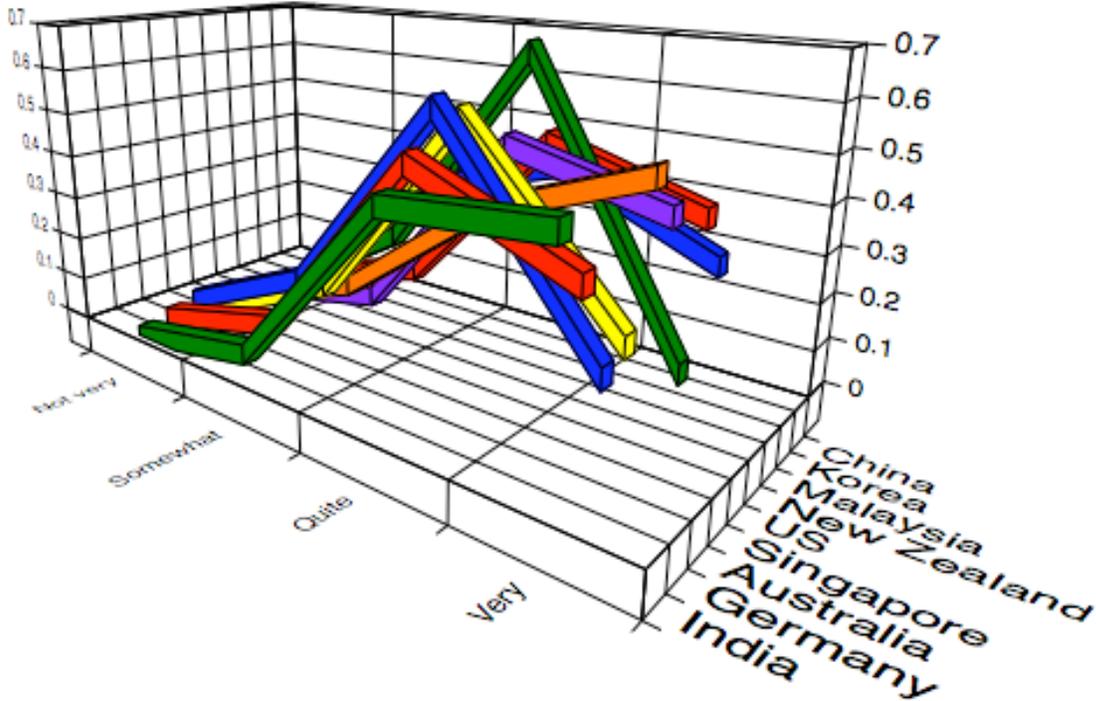


Graph 2: Why did you join this program?

In reviewing the expectations of students, we find that the majority of all students, are looking to learn ‘new skills’ and to ‘meet executives’ (Graph 3). To a lesser degree they indicate an interest in ‘making new friends’ and ‘getting a job’, although that intent is likely also reported in the response of wishing to ‘meet executives’. Respondee in the US, where this program has been operational for more than 25 years, focus on job opportunities which are offered during large job fairs attached to SIFE competition events. Thousands of students pour into the national US competition event where more than 100 firms have recruitment booths, and large numbers of students are hired on the spot by brand-name companies, such as Wal-Mart, Walgreens, HSBC, AIG, etc. "When you come to a SIFE event, there is a belief that this is the future generation that really does have the potential to change the world, and to be a part of that is very extraordinary." says Denise Morrison, President of Cambell USA (Morrison, 2005), and we have interviewed several dozen executives who attribute significant skills to these students.

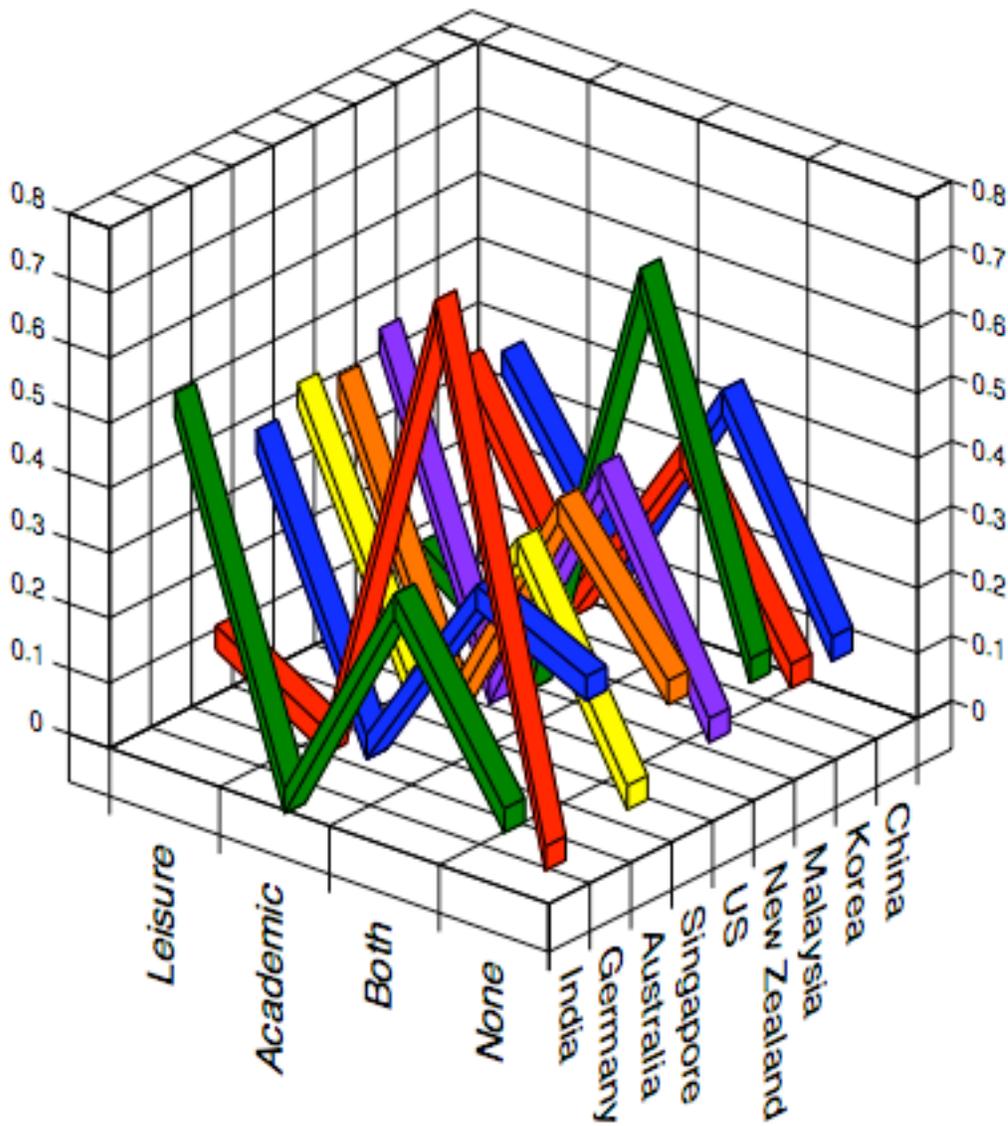
We have not yet reviewed enough long-term data to form an opinion on whether program participation results in tangible job search advantages, and we suggest those areas as valuable additional investigations in the future.

Chinese and Korean students, culturally more focused on creating large networks of friends and family, value the opportunity to enlarge their circle of friends, consistent with the ‘guanxi’ concept of contributing to and then become a beneficiary of, strong and long-lasting relationships among local friends in family and commerce.



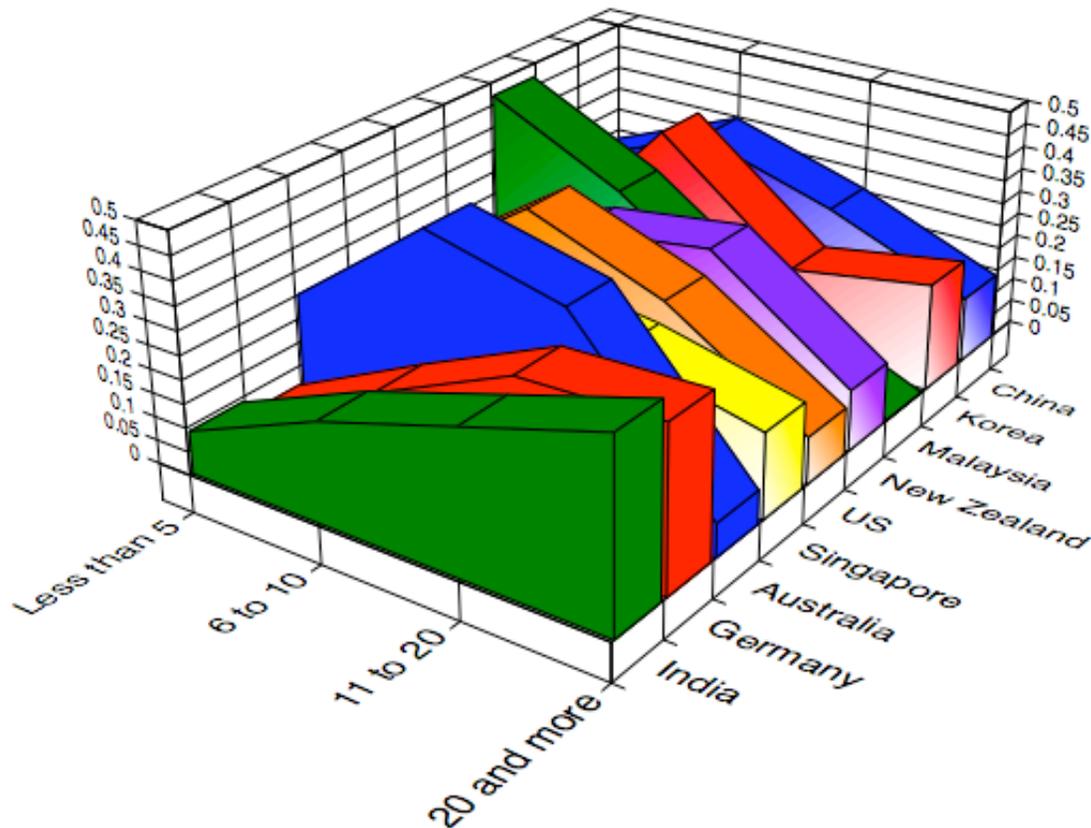
Graph 3: How important was this program for you?

The interest of these students to engage in these extracurricular projects is not just a passing fad, but ranks highly in terms of importance for them. The majority of students, consistently across these different cultures, report they consider participation either 'quite' or 'very' important. Consistent with that importance is the sacrifice of giving up mainly leisure time (Graph 4) or, in Germany in Malaysia, both leisure and academic time.



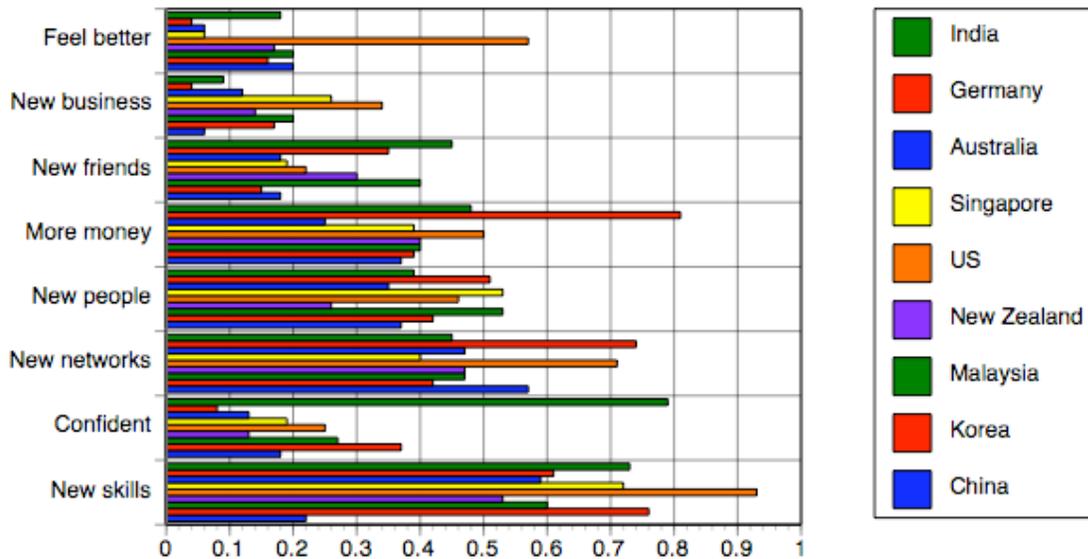
Graph 4: What time did you give up to participate?

How much time did these participants invest? To the chagrin of educators who can often hardly motivate students to the minimum level of class participation, these students invested an average of 9.6 hours per week in this effort (Graph 5). Especially in cultures where students are more-than-fulltime engaged in their studies and fight for every decimal of their grade point average (China, Korea, Singapore), this time commitment appears extraordinary. Especially in India, Germany and Korea the time commitments were significant, with a large number of students investing more than 20 hours per week.



Graph 5: How much time per week did you invest?

With this significant investment in time comes the question what the students got out of this. What pay-off drives them to divert such a large portion of their busy study time and their scarce leisure time to participate in a community entrepreneurship teaching program? Students report effective results through outcomes for their ‘clients’ in the communities (Graph 6). While students in Germany and US focused on outcomes that creates monetary wealth for their clients, students in India mainly built self-confidence in their community members, and all groups reported they helped create additional skills and effectively networked clients in the community. We note that these new skills generated, whether they are specific to a project or general networking and business abilities, are likely to remain with these community clients for much longer than the students’ involvement, thus creating a sustainable effort that extends beyond the transiency of the students.

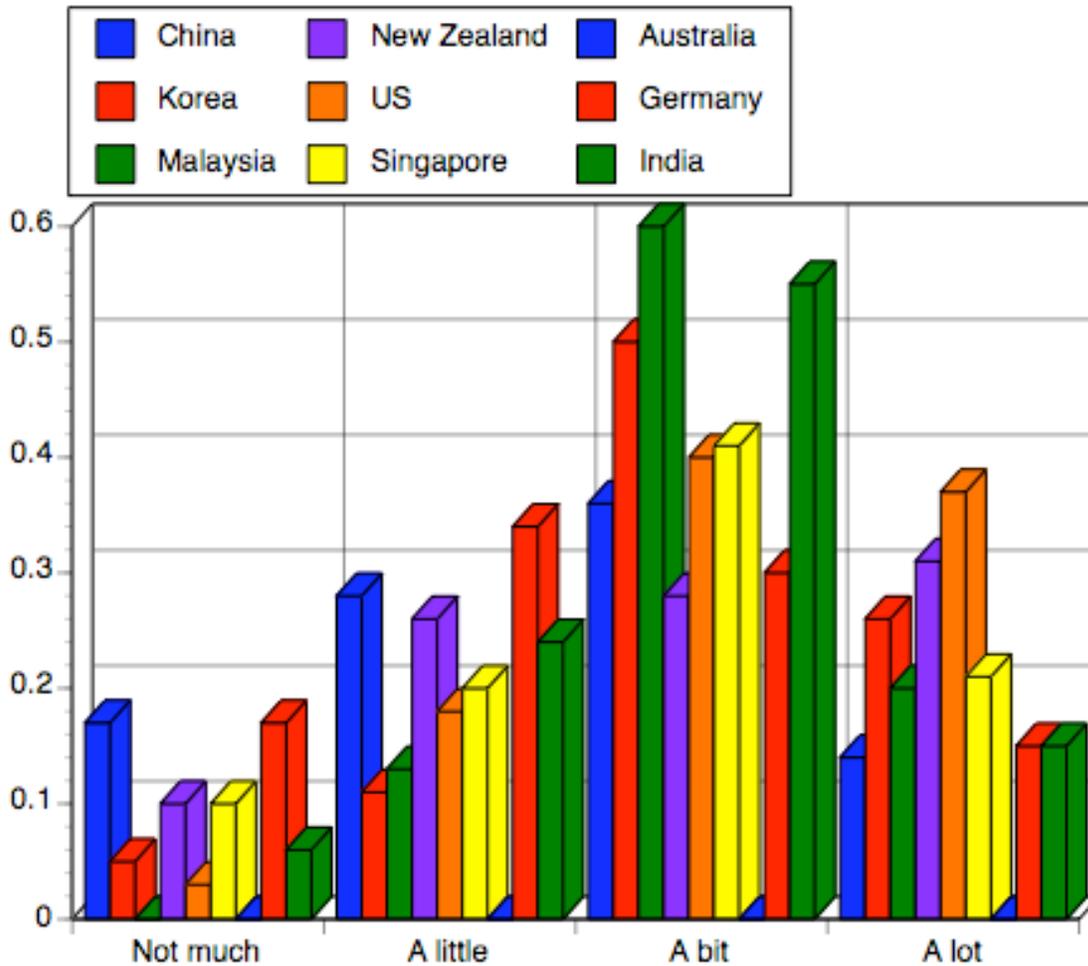


Graph 6: What effects did your work have for others?

Case Study 4

Students at Tenaga National University in Selangor, Malaysia (Faculty Mentor Kamariah Othman) developed a 2-day seminar for women entrepreneurs and female orphans, age 12-18, to teach survival strategies in business with a strong ethical/sustainability focus. They were taught how to expand existing businesses on a greater scale and how to secure third-party enterprise funding, i.e. from investors, through supplier relationships and with strategic alliances. A special emphasis was placed on the creation of a simple business plan that suits their age and level of maturity.

Hoping for a ringing endorsement that this kind of activity would be perceived as a good addition to the teaching activities at the universities, we asked to what extent this action learning work assisted the teaching efforts (Graph 7). The results were consistent with the earlier findings that this kind of work is clearly considered an extra-curricular activity. The minority of students found this action learning activity contributed ‘a lot’ to the teaching, and we come to the conclusion that there clearly is appreciation for this kind of work among students, especially since it is operated outside the class room and seemingly adds complimentary skills.



Graph 7: Did this project work assist with the teaching?

Case Study 5

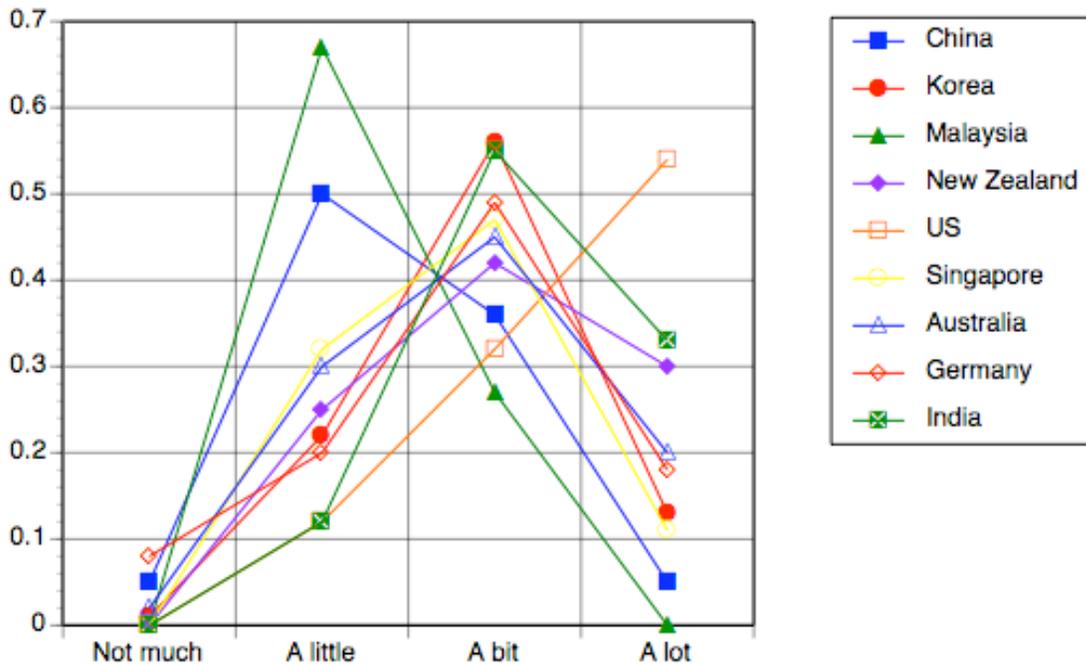
Students at The Australian National University in Canberra, Australia (Faculty Advisor Chris Chan) created a special education program for adolescent mothers, who generally have poor education and employment opportunities. By working with the YWCA, the students recruited clients and organized ½-day seminars led by a qualified financial counsellor. The seminar was structured by the students to appeal in simplicity and effectiveness, and to teach home budgeting and the ‘cost of interest’. As a follow-up, successful seminar participants were offered a 1-on-1 session with the students to apply the learned models to their own personal/business situation to develop practically relevant skills.

Nearly 80% of all participants ranked this activity as ‘quite important’ or ‘very important’ to them (Graph 4), which is consistent with the number of hours invested. This likely rivals the ranking they would give traditional university assignments and supports the notion that such an effort can mobilize students not only to perform the quantity of work required but to also commit to quality output.

Case Study 6

Students at Shanghai’s Jiao Tong University selected housewives, laid-off female workers and retired women, who make up a large portion of the local economy, and who generally have few financial skills and little financial independence. In cooperation with these women, the students selected handicrafts which combined Chinese tradition and western styles (such as a unique cross-stitch) and helped to develop a business plan for the marketing of these products. The women were educated to attract local venture capital to finance the production and marketing cycle, and to create significant earnings for themselves.

With a peculiar exception in China and Malaysia, students across the three continents report of ‘largely met’ or ‘exceeded’ expectations, which appears to be a good result given the many hours the students have invested in their work (Graph 8). The lone outliers of China and Malaysia, where more 50% and 60% respectively of the students indicated their expectations were ‘only’ “somewhat met”. Follow-up interviews with those students clarified their response. These achievement-focused students were frustrated that their team did not win their local SIFE national competition and thus they missed out on the (all expenses paid) travel to the world cup competition event in Toronto. We know from contact with the students in all of these countries that nearly all of this year’s participants have re-enrolled to participate next year again, and we take this as a confirmation of the reported high level of satisfaction.



Graph 8: To what extent did this activity meet your expectations?

Case Study 7

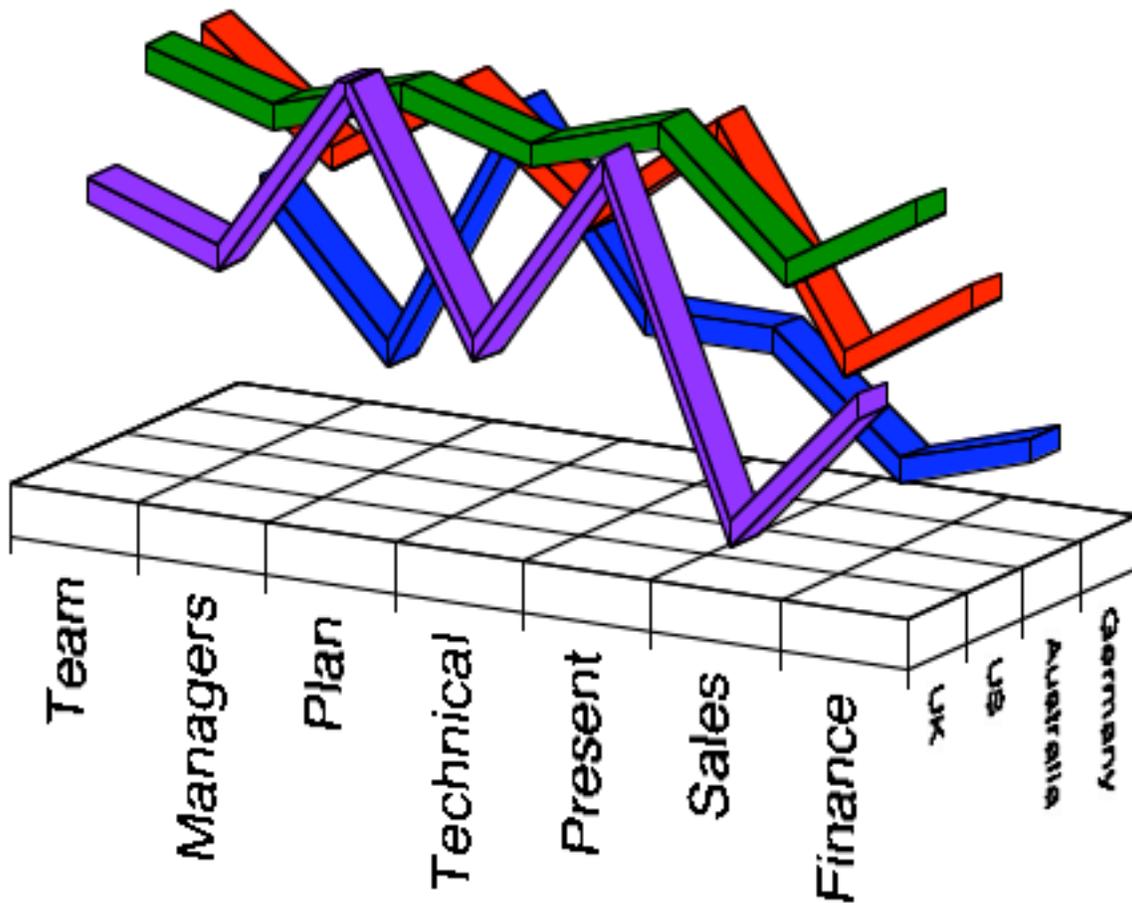
Students at the Guru Gobind Singh Indraprastha University in Delhi, India identified that although women equality is desired, it is achieved by few women in real life. Rural women are generally deprived financial independence, and this student group decided to educate women to start a small home business to generate a new income stream. 20 women were selected to participate in a class which discussed the basics of identifying saleable products, in this case special local embroidery, led by a skilled trainer. The women were educated to the level required to apply for 0% interest loans under the Jawahar Rojgar Yojana loan scheme of the Indian Government.

Are these results based on overly enthusiastic students who are swayed by the lure of free travel, or is there substance to these extraordinary claims of achievement and satisfaction? We asked the faculty advisors in four

countries (selected purely on the basis of quantity of replies) to comment on the skills the students developed through participation in this program. Highly ranked were team building and team management skills, as well as presentation skills at a professional 'real-life' level (Graph 9).

Case Study 8

Students at the Shanghai International Studies University in Shanghai, China, identified young immigrant workers in the Song Jiang University Town as often being forced to leave school prematurely, due to family poverty. 95 trainees were recruited, mainly women, to learn to operate relatively simple businesses, such as fast food outlets or grocery stores. A formal 'Dream Weaver' program was created from which the women could 'graduate' with demonstrable business skills, also including a greater self-confidence and willingness to engage in commercial ventures.



Graph 9: What skills did the students learn (Faculty opinion)

Reason dictates that the integration of such a demanding program into the standard university curriculum, both in time and quality of effort, would not be without its problems. Teaching staff are perennially busy, administrators fear any abrupt changes in syllabi might affect accreditation outcomes and student satisfactions, and students are a notoriously transient and fickle lot when it comes to the development of long-running, sustainable programs.

Case Study 9

Students at Bond University, Queensland, Australia (Faculty advisor Dell McStay) selected the Wahine (Maori) women of Queensland as a group which could benefit from business/entrepreneurial education. The students worked through the (elderly) management committee of the Maori women to

teach management skills and financial independence skills to the younger female Maori population in Queensland. This group has more than 4,000 members, and the students are planning to establish a workshop series which can be self-taught by the local tribal members.

To that extent, this action learning program meets common definitions, and we see it consistent with the Practical Entrepreneurship Teaching Engagement (PETE) model (Mueller/Thornton, 2005), developed to guide school faculty to the creation of effective action learning environments.

This entrepreneurship teaching model attempts to isolate factors which can contribute to high student engagement and outcome levels by creating a sense of:

Belonging by creating a committed and motivated sub-group of students with a special group membership in an organization;

Challenging the students to practical work outside the classrooms and requiring significant personal commitment to achieve acceptable outcomes;

Including a real-life competition in front of senior corporate executives of world-class corporations;

Connecting students to the corporate environment before they leave university;

Creating a signal effect among other universities, academic mentors and students (and, as they indicated in the responses, also among their friends)

Producing a sustainable community benefit which educates the performing students as well.

The involvement of faculty in this action learning programme is one of innovation from both an organizational and educational perspective. At the heart of the programme is a team of multinational CEOs and Presidents who can expose participants to the “real world” and offer practical assistance (including financial support) and advice to the ongoing assignment issues of SIFE.

The participating executives from companies such as Unilever, HSBC, Philip Morris, Wal-Mart, Metro, KPMG, Bayer, Asahi Shimbun, etc. are universally supportive of this effort. These senior executives comment positively on the quality they have seen when the students present their materials. Two of these comments are shown below, and are suitably representative:

“KPMG is proud to have been a founding supporter of SIFE in China. With the expansion to more than 30 teams this year, we are excited about the many new Chinese students who have participated in SIFE. The ability to develop, deliver, measure and manage projects is essential for successful business leaders and I am delighted to see the growth of SIFE in China introducing more and more future business leaders to the skills required to be successful in both local and global organizations.” (Kennedy, 2004)

“Wal-Mart is a fast-growing company and committed to sustainable global business and people development. Wherever we are, we see SIFE students participating in important community work. They educate our communities about business opportunities, and we congratulate them for their efforts. We also welcome your joining the team with passionate interests and grow with us.” (Hatfield, 2005)

The Human Resource Director Asia for Cadbury Schweppes, Lesley Staples (Staples, 2005), reports that the company identified at least two students from the Australia SIFE teams who they would otherwise likely have not been in contact with. Those students were hired, performed above-average, and one was sent recently on fast-track development program in Singapore, where he excelled.



Graph 10: PETE Model

CONCLUSION

We have investigated an action-learning based entrepreneurship program in nine countries on three continents, which attempts to give students the opportunity to apply their academic learning in a practical environment. These students have grown up with different cultural norms governing their rules of interaction and with different economic systems favouring/disfavouring free market enterprise. It is therefore remarkable for these participants to uniformly and consistently report outcomes which propel their learnings ahead of those who do not engage in action learning events like these. The outcomes, in this study focused on women entrepreneurship, appeared rich in content and diversity and of a lasting nature for the participants in the communities.

These students work in teams for which they establish self-governance, must create and 'sell' their own design of projects, and then perform those projects. At the end of each program year, student teams from each country compete before senior executives and the winning team travels to a world event.

Executives appear attracted to this program and support this work through their personal attendance at competition events, as mentors to students and with corporate financial contributions.

There has not yet been a longitudinal investigation into the lasting career benefits of action learning education at university.

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Globalization and Entrepreneurship: Partnering with the New Russians

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Globalization is entering its mature stage. Many politicians and some academics reflect on this aging process as if it is slowing down or even getting reversed. But nobody could deny that this complex economic phenomenon has already changed many aspects of corporate management and operations, as well as having deeply penetrated the fabric of modern industrial relations everywhere around the world. There is no need to remind one that India, China, Vietnam and many other big and small countries are getting to know face to face all the benefits (and, yes, the worries) of the open international market regardless of their dominant social and political doctrine.

A part of this process – globalization of entrepreneurship - still represents a very obscure subject that many small business centers and even specialized academic departments might find ‘too fancy’ or totally disconnected from the ‘real’ needs of the dry cleaner around the block. (I personally

experienced this misconception more than once in the U.S. academic world). Apparently, few, if any, customers of a dry cleaner store have ever asked where they got the hangers or plastic bags from. The answer to that question might well be – from a cheap labor country somewhere far away, and surely not from the nearby Container Store.

Can we continue to ignore the small business potential within the global world prospective just because it is too small? The true answer is: it is indeed a small world, but small business is indeed large! Small business that provides the overwhelming share of a national employment in any more or less developed country is actually very big. The army of small entrepreneurs working many times from home (like myself) represents the immeasurable intellectual potential and wealth of risky business expertise that will ultimately be digested by some global behemoths like Wal-Mart, Tesco, or Carrefour.

So, why is globalization of entrepreneurship just a dessert dish on the menu of survival so generously offered by many international NGOs and small business development agencies? We think that it takes a little bit more knowledge and exposure to incorporate global vision in the brains of a bureaucrat that reports in terms of the number of dry cleaning stores that have been opened this month, or of some self-obsessed street activist driven by the whim du jour of a funding agency.

The mystery of globalization is in its invisibleness, universality, and in its omnipresent socio-cultural sensitivity. Among entrepreneurs globalization brings less B2B experience and more H2H (human-to-human) experience. On the way to success, globalization actively destroys socio-cultural barriers, and brings a wealth of new inspiring ideas to the business owners. Direct interaction of the small entrepreneurs via Internet ignites big projects and great expectations. Of course, we need more stars and role models here--glossy magazines and unbelievable success stories--to promote the idea around the globe. This part is yet to come. Today global business media is still obsessed with the good and bad stories of the giant companies.

Now, more about how globalization impacts on regional entrepreneurship, particularly in the emerging markets with the focus on the FSU region.

It is well known that each country's environment usually suggests some unique set of synergies and its own country-specific path to boosting up the process of small business development within the context of globalization. While Central European economies and former close business partners of the Soviet Union are struggling to find their place and take full advantage of the pan-European economic expansion, Russian small business owners are still fighting the initial stage of the business set-up by reaching only limited success. A huge part of this situation is the ever changing, and not quite practical, small business concept conceived in a great hurry by various Russian government agencies to take immediate care of the collapsed government-run industries. No resources have ever backed-up any of these undertakings. Though the number of entrepreneurs in the country is steadily growing (from nothing just a decade ago, small business currently employs 12% of the Russian labor force and is responsible for about 12% of the GNP), the majority of them are still learning by doing, and considering instant survival beyond any merits of long-term vision or simple expansion even to the desperately disadvantaged nearby regions of the former Soviet Union.

What drives people in Russia to become some kind of entrepreneurship geniuses per se? Definitely a need: sometimes very vulgar, like having no means to support the family, or often, quite pragmatic, to live larger than life. Without saying, both are very viable reasons to make a dramatic life-style change that previously had always been denied by years of government totalitarianism and multiple propaganda campaigns to make the population believe in global supremacy, while the real Russian families kept counting pennies until the next payday.

Global needs and expectations of the Russian small business owners have never been widely discussed, supported by the government, or simply defined. They just did not exist since globalization had been publicly condemned as an 'American invention', and treated by Russian ideologists as the area of the 'shadow interests of transnational corporations'. Russians traditionally viewed small business as a local phenomenon and quite limited by its neighborhood nature. The 'evolutionary' approach was predominant in social studies until now. It suggested that anything had to be conceived, developed, established locally, and only after that, grown outside the borders. In application to a small business, this type of philosophical

reasoning taught business owners to develop all stages of the business growth internally- - way before even thinking of its international applications. Obviously, that was not happening in the post-war Japan, 'Asian Tigers' or modern China where globalization actually triggered local economic growth and development.

Opportunities to cooperate and take care of more socially important societal responsibilities have never been officially suggested, encouraged, or permitted for small businesses in Russia. The economic history of the country demonstrated 'love - hate' relationships in regards to the outside world. On one hand, the country was always proud of its self-sufficiency and 'independent' (and wasteful) large-scale ways of dealing with ever-lasting economic troubles in this richest country of the world (e.g., the virgin land campaign, the BAM campaign, the national food-stuffs program, the 'overtake and surpass the West' campaign, etc.). On the other hand, there always was, and still exists, a huge desire to always 'mimic' many Western patterns and business formats (often even beat them up in terms of glamour, chic and scale) just for the sake of simple vanity. For instance, it was not unusual that overwhelmingly luxurious personal care or entertainment/restaurant establishments were created without any market need or simple consumer reality check in Russia. To survive, some of them had to cooperate with the shadow economy, and many just evaporated very quickly.

It should be noticed that cosmopolitanism as a concept of individual self-actualization has always been popular among the 'best part' of the Russian intellectuals from tsarist times on. Unfortunately, the 'best part' of them had never been entrepreneurial enough to move cosmopolitanism from the pages of poetry and theatrical stages into the prose of everyday business routine. Stalinism made all efforts in this department criminal, prosecutable, and treacherous. And the possessed characters in such epics as Sholokhov's "Virgin Land" had replaced the confused cosmopolitans from Chekhov's play "Cherry Orchard". The same applied to real life: openness to the West meant betrayal of the Country's ideals. Though the Western appeal survived mainly as a forbidden fruit or a nostalgic toy.

Well, how can small business in Russia open up after all these years of economic transition to somewhat economic freedom? Is too early or too

late? International experience recommends introducing the idea of globalization at the very early stage of small business origination. It is rather difficult to achieve this without having broad discussion among Russian economists and business owners about true Western ‘business appeal’, service standards, inter-cultural differences and norms of business ethics. Besides popular and everlasting TV discussions, many simple things can be introduced via a strong educational system in easy terms of “you are a mouse-click away from dealing with consumers around the world”. The key factor is simplicity and practicality of the concept, demonstration of the ways to find a foreign partner, and demonstrating benefits for the business owners.

It could bring a stronger response when, early on, less capital-intensive approaches are being suggested first. For instance, the country is well equipped with strong mathematicians, chemists, and physicists. Many of them are PhD holders with excellent knowledge of English, French or German. The opportunities of global online tutoring are endless. This tutoring industry is shifting now to English-speaking India. It has rarely occurred to Russian instructors that they can profitably sell their brains to many desperate American or British students right before their seasons of the many nightmarish standardized tests. All it takes is familiarity with the subject setup and an inexpensive credit card registering device. Huge potential hides in Russia’s underdeveloped tourism and hospitality industry, some retail outlets and many IT outlets. Later on, parts manufacturing, seasonal labor migration, and R&D enterprises might complement the actively internationalizing Russian service sector.

How to institutionalize the process? There are many organizations from various countries that are working hard to ignite the spark of entrepreneurship among the usually economically passive and ever complaining Russian population. One of them is the U.S- Russia Center of Entrepreneurship (CFE). The Center is a catalyst organization advancing the role and scope of entrepreneurship in Russia through a network of learning events that target the needs of Russian entrepreneurs. The effort today is concentrating around major cities of European Russia, but soon will possibly spread much broader. There are also plenty of joint business schools, institutes and dual degree establishments that promote entrepreneurship, leadership and teach basics of marketing, finance and human resource

management. Some Russian regional power centers (oblast authorities) have established business development centers that promote entrepreneurship and small business development regionally. This is a powerful resource to rely upon.

Finally, we must consider the human nature of the business owners; that is, their mentality, ignorance and demographic shifts in the country on the way to globalization. The fact is that the Russian population is both shrinking and aging. Young entrepreneurs that are destined to lead the process of international openness are in a short supply. The original business owners have been mainly middle-aged and associated with the ‘cooperative movement’. Later some of them formed a social stratum ironically called the “new Russians”. The phenomenon stems from their affiliation with nouveaux riches. Aplomb and ignorance of the “new Russians” has been extensively portrayed in numerous Russian anecdotes. Their lack of intellect and culture are compensated by their natural wits, links with the criminal power structures, and indecent amounts of money made within a year or two on sharp market imperfections and black market transactions during distress.

As soon as the currency became freely convertible and the borders were opened, consumer market competition forced the majority of the original ‘new Russians’ out of business. Only the educated ones survived by introducing new technologies to offer competitive quality goods and services. Big money still can do anything in the country, but ‘new Russians’ have now chosen to become a more serious business people with long-term vision and openness to technological innovations and knowledge. Their global expertise is quite constrained by circumstances, but existing market opportunities suggest thinking outside the box and investing in the future. This type of the ‘new Russians’ is quite susceptible to change with recognition of the global opportunities and a new economic morality. This is a very important growing group of successful young foreign-educated business owners that are looking for partners and projects overseas. They should be carefully identified and recognized by the international business community. For instance, the Moscow Club of Young Millionaires is one of many Russian organizations to start with.

Globalization presents many new entrepreneurial opportunities as well as new challenges. Since Russians are coming out relatively late, they have to

better understand their foreign partners' expectations and needs. Western European companies received access to cheap labor opportunities in Asia somewhere around the 80s. Will they be interested in looking for labor closer to home? Yes, of course. Despite logistical costs that are dropping year after year, Turkey and Slovenia, as well as the Baltic countries, have become huge business successes during the last decade. Is it the right way to go for the Russian small businesses? Probably not. Positioning only on cheapness is a quite limited business strategy; plus the competition from the developing countries is accelerating. Many Chinese companies do not want to continue this way any longer. They are working now on their own global market identity, and not without impressive results. Indian-made, and soon, Chinese-made cars, are becoming acceptable in the streets of many European cities.

Deciding on what should be offered by Russian small business comes to a detailed evaluation of the country and firm specific advantages. As a country, Russia is very rich in mineral resources, allows for sustainable agricultural processes, is famous for many engineering and technological innovations, and has, though outdated, a much better infrastructure than any developing country. It also has a strategic position in being very close to both Europe and Asia. But the most important resource is a well educated population with great strength in engineering, medicine, construction, aviation, chemistry, physics, biology, linguistics and other fields that are not that well developed in many neighboring countries. This is a unique opportunity to find their place in the R&D area (pharmaceuticals, health care, architecture, engineering, design, fashion, entertainment, education, cosmetics, etc.).

The main firm, specific advantage is probably the flexibility and nonconformist approach to the idea of business organization that currently exists in Russia. Structures, rules, priorities, and 'inspirational' type of business management produce not only chaos (that pushes efficiency back), but also liberate business formats for implementation of the new management ideas. It reminds one of post-war Japan wherein having no prior history of corporate business structures; the unique phenomenon of keiretsy was created. Russians also have a very specific understanding of firm competition. They never think of it as a healthy challenge; they always blame and try to destroy a competitor. This vindictive nature of Russian

entrepreneurship creates oases of market control, and also significantly fragments the consumer market. Assuming that internal Russian market is practically endless, it is much easier to turn certain market segments to international opportunities without the need to consolidate the entire market place first (like it happened in China), or just invade it with the foreign affiliates to set a business tone. The process currently goes in both directions: some areas proclaimed themselves free economic zones that significantly intensified the internationalization process in some regions, and other areas readily opened their markets for the foreign capital investments (e.g., Ford Russia near St. Petersburg). Small businesses under these economics conditions can easily find foreign partners at home.

It looks like both country-specific and firm-specific advantages are mature enough to allow Russian small business to begin the process of their active international engagement. It could take time and additional efforts, but bring a new level of business thinking and management in return. Partnering with new Russian should become a slogan of the day in a country that had been ruled by slogans for so many years. This time – we truly believe that it is a great one!

Now, let us consider Russia's place in global outsourcing and off shoring. Outsourcing usually means contracting out a job overseas by sharing organizational control, while off shoring typically deals with the foreign affiliate of the same company. Can Russian business benefit from both phenomena? The answer is a positive with certain restrictions. Call centers in Russia? No. Lack of customer service skills could be easily replaced by speech-recognition software. Exportation of cheap labor to Europe? EU immigration restrictions and quotas will effectively prevent this. In addition to that, many businesses cannot be moved abroad in accordance with their nature: hotels/restaurants, education/health care establishments—these belong to the places where they are located (except franchising). What should not be discounted is the Russian pessimism in regards to finding another Western savior of their everlasting economic problems.

Would global off shoring/outsourcing be dangerous for the Russian labor market? The U.S. reality shows that it does not significantly impact the internal labor market in a big country. When it comes to Russian small business, the nationwide labor market impact will be even less visible.

Regardless of this prospective, outsourcing in the previously mentioned specialized industries and especially in R&D areas will significantly benefit Russian small business development. Traditional forms of initial international entry like exporting, licensing, strategic alliances, and later FDI should be actively explored and adjusted for the specifics of this sector. Many Russians now try to understand why the future belongs to 'outsourcing of each other' globally. World economic centers have been developing this approach for at least fifteen years, and reached many impressive heights in strategizing of the small business concept within the global technological and socio-economic context. Asian entrepreneurs have already successfully followed the suit.

New Russian small businesses still have a long way to go to finally realize the need of becoming equal participants in the global economic game. World-known talent, skills, hard work and the passion of the Russian people should be better diverted by themselves into a discovery of their real place in the world that suddenly has become so flat....

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ENTREPRENEURSHIP IN RURAL MICRO AGRI -LINKED BUSINESSES

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Abstract

Rural micro agriculture linked businesses though encountered perennial problems of research crunch, offers immense growth, employment coefficient & implication for distribution in agrarian economy of district Kathua, J&K State. Their emergence is the result of unremunerative & seasonal character of agriculture, marginalization of small farmers, eviction of tenants and a number of policy measures initiated by the Govt. for promoting self-employment. The paper examines the significance of background and key motivational factors in sustaining rural micro entrepreneurship using X², tests of significance and factor analysis. The study suggests adoption of an integrated & multidisciplinary development approach by including training, institutional, financial support as a composite package coupled with improved technology in agriculture to create 'income and output' effect which in –turn would increase raw material & demand for rurally produced goods.

Introduction

The concern for basic needs, failure of growth strategies, divergence in development patterns, jobless growth and common concerns among developing countries, South Asian Multi- Disciplinary Advisory Team of International Labour Organisation (ILO-SAAT 2000) stressed on the development of micro enterprises to fulfill the objectives of poverty reduction, employment generation, empowerment of women and broadening the base of the private sector by widening the pool of entrepreneurship (Asian Development Bank 1997 and Draft National Policy for Rural Industrialisation 2000). Industry specialists estimated that there are about 500 million micro-enterprises in the world, the activities of many are often outside the purview of official statistical enumeration, beyond formal systems of labour and social protection (ILO 2000). These micro enterprises employing up to ten people are active in trade, production and service sectors. In almost all the developing economies, considerable enthusiasm and faith is being placed with this sector for a variety of reasons: sustainable use of local resource endowments (Mehta 1997), minimizing labour exodus from rural areas, which is the breeding ground for urban slums and a host of

socio-economic problems (Islam 1987), bridging rural urban economic gap, delivering higher employment and output gains for every unit of capital invested; spin offs for agricultural development as well industry agriculture linkage (Hazell and Haggblade 1991), promotes rural income distribution, enhances per worker productivity by distress type subsistence agricultural activities to activities with higher level of productivity (Chadda 1994), gender related aspect gets due recognition due to the sizable involvement of female rural workers (Soundarapandian 1999), further rural industrialization policies also fit in well with the industrial location strategies being followed by multinational enterprises and national industrialists alike in a wide range of products of light industry.... (Saith 1992).

In India, several self employment measures have been initiated because growth initiative through percolation of trickle down effect and vertically administered welfarist measures have failed to generate additional employment opportunities in agriculture (Bhalla et al. 1986 and Chadha 1994). Technological advancement in agriculture in land scarce countries as well as in high growth and agriculturally potential regions is unlikely to employ the entire labour force at reasonable levels of productivity and income. (Papola 1984; Islam 1987 and Mahajan 2002). The performances of rural businesses in general and micro businesses in particular all over the world have not been spectacular. Various national governments are devising different strategies for sustaining growth in micro businesses e.g. (a) Cheap credit on fixed capital investment (component purchase, fixing working capital limits), electricity duty exemption and sales tax exemption etc., for goods produced in rural areas, exemption from entry tax, toil tax etc., for rural enterprise products; price preference of 10% for government purchases, so as to create government demands for example: defence requirements, police and military uniforms, school uniforms etc.; marketing assistance through small industry corporations exclusively established - product design etc.; rural industrial estates, rural crafts centers to create rural infrastructural facility. (b) Exclusive credit schemes like composite loan scheme for farmers, women, physically handicapped etc., these may combine fixed and working capital and production and consumption loan, agriculture and farm processing etc., (for example: Malaysian small farm schemes in palm oil, rubber plantations etc., and the new village schemes adopted by many developing countries). (c) Preparation of project profiles, bankable schemes by consulting organisation through support by state. (d)

Project based specific infrastructural facilities - for example in silk industry - supply of mulberry cuttings to small farmers, establishment of rearing centers, grainages, cocoon markets, technical service centers, testing centers, training schools and silk exchange (Karnataka, India), to create net work for cocoon selling. (f) Other village industries can be provided with an incentive frame work in the supply of raw material (say bamboo, coir, nylon for fish knitting etc.), supply of tools and implements (farm implements and post harvest technologies), service centers, common facility centers, rural industry innovations (in African countries), marketing and extension work, creating producers organisations and marketing federations, training of artisans through schemes, small equipment leasing and hypothecation by banks rather than insisting on collateral security, modernisation schemes and efforts through national level organisations exclusively set up for this purpose (as in India, Sri Lanka, Madagascar etc). (g) Encouragement of cooperatives (several incentives can be offered to strengthen rural producers, raw material marketing, banking cooperatives), research and development in innovative designs and new products, financial assistance through micro credit project, donor agencies, organising womens' groups through thrift and credit societies, guidance on designs and technical matters by involving local organisations.

The constraints of rural micro businesses varied ranging from leakage/wastage of resources due to poor managerial skills; lack of information regarding inputs, markets and low cost technologies and high costs on transfer; perceived threat from modern industries and international goods; lack of confidence among the rural entrepreneur and perceived inferiority of goods and services produced by them; rural areas not very well connected by road net works and are dependent on middlemen (sometimes they are saviors) to lack of adequate assets for collateral, high interest rates and short repayment periods (specially in African countries).

Keeping in mind the above facts relating to the significance and constraints in the development of rural micro businesses, the present study has been carried in Kathua district of J&K State.

Socio-economic profile of district Kathua

District Kathua has an area of 2651 sq. kms. Bounded by Pakistan in the southwest, Gurdaspur district of Punjab in south, Chamba district of H.P in the east and Doda, Udhampur and Jammu districts in the north, the area is

divided into 4 revenue tehsils, 8 CD blocks and 587 villages. The main ethnic groups are Hindu, Muslim and Sikh, which constitute 91%, 7% and 20% respectively in the overall 5.554 lakhs (2001) of the district population. The density of the population is 205%, gender ratio 907 females per 1000 males, average size landholdings 1.35 ha. Occupation-wise, 28.82% are main workers, 14.58% marginal workers while 56.60% are non-workers. Among the main working force, cultivators and agricultural labour accounts for 60.47% and 5.67% respectively which obviously indicate that dependence on agriculture is much more significant than any other sector/occupation such as livestock, mining, industry, construction, trade/commerce and others which bear nominal percentage within the range of 2% to 5% to the main working force of the district. The ranges of climate from sub-tropical in the plain and Kandi belt to severe cold in the hills supports the growth of multiple crops like rice (34303 ha), wheat (53097 ha), maize (16233 ha), other millets (3156 ha), pulses (3639 ha), fruits (7 ha), vegetables (228 ha), other food crop (191 ha), fodder (9582 ha), oilseeds (7067 ha) and other non food crop (3 ha) on 127542 ha of gross sown area. The region is drained by a network of canals and field channels drawn from two important rivers namely, Ravi and Ujh. In absence of any medium scale industry, bulks of the economic activities are in small scale (4249 registered SSIs) and unorganized sectors supporting the livelihood for 89% of rural population. The agrarian nature of the district economy, proximity to the markets, vast below metric entrants to the labour force & recent Govt support to rural industrialization, justifies the need for developing and sustaining rural micro agriculture linked businesses (RMALB) in the district.

Entrepreneurship motivational and sustainability factors

Entrepreneurship originally conceived by Schumpeter (1934) expanded its innovative domain from independent businessperson, an employee or manager of a firm, to development of a new product or service, a new channel of distribution, or the organization of an entire industry (Birkinshaw 2000). It is a process presents the dynamics of the individual and the context (Gartner 1985; Scolt & Anderson 1994; Solymossy 1997). In agriculture due to fluctuating price and agriculture yield, marginal size of landholdings and dependency on wage employment at the time of crises resulting that rural households constructs a diverse portfolio of activities and social support capabilities for survival in order to improve their standard of living (Ellis

2000 & Berry 1980). Further the consequence of widespread poverty associated with low educational levels among a significant part of the population and the absence of social safety nets, a typical rural household diversifying its income by including seasonal migration; drawing upon communal resources-village common lands and forests; drawing upon social relationship –patronage, kinship and informal credit network; drawing upon household stores (of food, fuel, etc.) and adjusting current consumption; and finally drawing upon assets (Franco 1999 & Bina Agarwal 1990) . Leibenstein identified two motivational factors `interfirm' (determined by personality qualities many of which derive idea from Mc Clelland & Hagen) and opportunity set variables. Motivational factors emerged from the empirical researches on entrepreneurs such as desire to start a business, need for autonomy, need for challenges & self –actualization, internal locus of control, prior work experience desire for applause are further conditioned by a variety of forces: job, family needs, debts and obligations and the routine of everyday life also equally applies to rural micro agri.-linked businesses. The bulk of early research on entrepreneurship discussed entrepreneurship as a function of psychological and personality characteristics (Mc Clell 1961 and Brock haws 1982). Wilken (1979), Shapero (1984) and Chell (1984) considered Govt. policy and programmes as influential factors in creating an environment that can hinder or encourage entrepreneurship. Bull and Willard identified four conditions under which entrepreneurship occurs. The conditions are (i) task-related motivation, (ii) expertise (present know-how plus confidence to be able to obtain the needed know-how), (iii) expectation of gain for self (economic and /or psychic benefits), and (iv) a supportive environment including institutional new entrepreneurial talents are now being considered to be a viable alternative to many framework. Other entrepreneurial development factors are Systematic training intervention (McClelland & Reddy 2003), innovative curriculum design (Sushil & Tulsi 1990), supportive community framework (Nandy 1973), entrepreneurial information sharing strategy (Kristiansen 2003), expansion of credit through liberal bank financing (Samir 2002), participation in trade shows, fairs and exhibitions (Mohanty and Acharya 2003), strengthening collaborative framework between promotions and supporting institutions (Mensah 2002), ensuring availability of raw material supply of power and water (Akhtarudin 2000), adequate technical & infrastructural support (Andrease,Peter 1996) etc. Maithai and Jaitly (1998) demonstrated that rural entrepreneurship

developed on cooperative basis is more effective, fruitful, and durable and minimizes various risks involved.

Methodology

Data for the study was generated from primary and secondary sources. Primary information was collected by obtaining a list of rural micro agriculture linked businesses (RMALB) for their relative contribution in terms of income & employment from the 'Village Amenity' book in five agriculture prosper villages namely, Mareen, Khanpur, Padyari, Nagri-Parole and Rajbagh. Of the 305 RMALB so identified, were arranged alphabetically according to the owner's name, thereafter first unit was randomly chosen using lottery system, and subsequently every third unit was selected to be included in the sample size. The 120 businesses forming 40% of the population was further grouped into 8 heads namely, Atta chakki (36), Mushroom growing & selling (26), Apiculture (19), Oil expeller (13), Sugar cane crusher (9), Fodder seller (6) Vegetable traders (6) and Cotton grinning & spinning (5). A questionnaire after pre-testing on 30 RMALB and thereafter editing by amending, recording errors and deleting queries that were obviously erroneous was filled through structured participatory interviews at the site /residence of micro unit holders. Secondary information was collected from DIC, banks, journals, books, reports, and electronic and non- electronic sources. The use of multiple sources of information was intended to increase 'construct validity' of the case study design in terms of seeking convergent lines of inquiry or what Patton, Penzin and Lincoln call 'methodological triangulation'. The data collected was designed to fulfill following objectives:

1 To ascertain the significance of background factors in establishing rural micro agriculture Linked businesses distinct from rural micro non-agriculture linked businesses.

Responses relating to questions such as family occupation, prior & childhood experiences, inherited success, support from family & institutions, in born ability, location advantages were collected using 7 point Likert scale ranging from 1 (strongly disagree) to 5 (Strongly agree). These were compared with 36 rural micro non-agriculture linked businesses in order numbering Black smithy (10), Cobbler (9), Carpentry (8), Kiriyana Stores (6) and weavers (3).

2 To define entrepreneurial motivation factors among the owner's of rural micro agriculture Linked businesses.

24 statements covering motivation factors emanating from the review of literature and entrepreneurial self-assessment scale (Technonent Asia, 1981) designed on 5 point Likert scale with choice ranging from 1 (of no importance) to 5 (of utmost importance) were put to the respondents. Collected responses were reduced using R-Mode Principal Components Analysis (PAC) with a varimax rotation. For the purpose of describing the underlying factor structure, the 'eigen value –one criterion' (Rumelt, 1970) was used to determine the number of components to be extracted for further analysis. Using a conservative component loading of 0.50 as a cut off for significance, five components /factors were given descriptive labels. Factor labeled in order are as 'Personnel development', 'Reward achievement', 'Social approval & recognition', 'Independence' and 'Team ability' & together accounting 85 percent of the total variance (Table 2). The reliability coefficient values being well above the minimum acceptable values of 0.5, suggested by Nunnally (1978) for scale, making the data reliable and fit for further analysis.

3 To identify the problems perceived by the rural micro agriculture linked businesses for designing a viable & supporting rural industrialization strategy.

Based on the pre testing results, 13 problems were identified and included in the questionnaire. Respondents were asked to answer in 'low', 'high', and 'very high' scale. These were further quantified in terms of their frequency. Those reported by more than 60 percent were considered to be severe, those reported by 60-40 percent as moderate and those reported by less than 40 percent as less intensive.

TABLE 1: SIGNIFICANCE OF SOCIO-ECONOMIC DIMENSIONS BETWEEN AGRICULTURE LINKED AND NON AGRICULTURE RURAL BUSINESSES

S. No	Description of socio-economic variables	Mean score of micro agri	Mean score of micro non agri.	't' Values
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S. No	Description of socio-economic variables	Mean score of micro agri businesses.	Mean score of micro non agri. business	't' Values
1	Family's occupation	4.00	2.45	1.09NS
2	Previous successful start up	3.49	1.56	1.75**
3	Educational level	2.43	3.49	-1.06NS
4	Deprivation/affluence during childhood	2.03	4.23	-1.15NS
5	Inherited success	5.29	3.25	1.70**
4	Support from family members	4.82	2.93	1.47**
5	Support from financial institution	3.00	4.29	-1.29**
6	Micro planning for setting business	2.00	5.50	-1.07NS

Note: NS=Not significant, ** Significant at 0.01 level

TABLE 2: MOTIVATIONAL FACTORS PURIFIED THROUGH FACTOR ANALYSIS

S. No	Motivational factors & statements	Factor loading	Variance
1	Factor-1 Personal Development (a) I very hard try to improve on my past performance. (b) I want to know how I am progressing as I complete the task. (c) Desire to have earning.	0.745 0.657 0.532	30.5
2	Factor-II Reward-Achievement Factors (a) I enjoy competition & winning. (b) Freedom to adopt my own approach to work. (c) I enjoy satisfaction on completing a difficult task.	0.731 0.556 0.529	21.9
3	Factor-III Social Approval & Recognition (a) I want to be liked by others. (b) I enjoy influencing other people to get my way.	0.629 0.513 0.510	15.2

4	(c) Welfare of the community I live in.	0.624	
	Factor-IV Independence	0.583	9.8
5	(a) Confront people who do things I disagree with (b) I work to gain more control over the events around me	0.553	7.6
	Factor-V Team ability		
	(a) I tend to build close relationship with co-workers.		

TABLE 3: PROBLEMS PERCEIVED BY RURAL MICRO AGRI-LINKED BUSINESSES

Problems	Level of Investment In Rs `000`			Annual Income Lakh Rs.		
	Below Rs.30	Above Rs. 30	Z value	Below Rs. 1	Above Rs. 1	Z value
Non availability of timely raw material	74.39	93.46	4.043**	96.55	82.33	2.92*
Lack of effective demand for products	62.62	82.94	2.467**	72.65	92.56	3.030*
Irregular payment from consumers/procuring agencies	62.58	73.92	4.952**	82.97	78.34	0.931
Distant markets	56.82	63.91	0.733	88.02	72.65	0.532
Non –remunerative price for products	74.85	79,36	2.701**	60.34	54.29	1.003
Lack of transport facilities	77.23	45.82	2.014*	70.04	65.36	0.607
Lack of storing & Warehousing facilities	55.24	48.32	0.483	43.82	33.78	0.562
Absence of quality control	56.39	67.34	0.048	54.92	66.94	2.95*

Non availability of concessional financial support	82.27	77.83	2.984*	74.82	78.92	0.075
Absence of skilled labour	33.34	19.92	0.752	23.93	45.64	2.188**
Erratic & High tariff for power substitutes	45.39	55.82	3.582**	53.81	62.03	2.33*
Spurious substitute	23.45	18.06	0.034	19.23	21.93	0.783
Inconsistent Govt Policy	19.05	21.93	2.259**	16.92	42.76	2.139*

Note: *= Indicates significant difference at 0.01 levels; **=Indicates significant difference at 0.05 levels

RESULTS AND DISCUSSIONS

Background factors and rural entrepreneurship

The significance of background factors though relevant for comparing two rural entrepreneurs operationally different but belonged to the same setting, ascertained through 't' test reveals (Table 1) four variables on which two groups showed no difference. Family's occupation, educational background, deprivation / affluence during childhood and micro planning for setting business have profound impact both on RMALB & rural micro non agri linked businesses. X2 test results further authenticate association between previous successful start up, support from family members, resources to sell goods at competitive prices & location advantage and performance among RMALB and dissociation between inherited success and support from financial institution.

Motivational factors sustaining rural micro entrepreneurship

As evident from the Table 2, the first factor that explained 30.5 percent of the variance, loaded highest on personal development; the second factor that explained 21.9 percent of variance, loaded on 'Reward –achievement' factors. The third, fourth & fifth factors with variance of 15.2, 9.8 & 7.6 were loaded on 'Social approval & recognition', 'Independence', and 'Team ability' respectively. The following motivational statements (motivational scale) had the highest mean:

- 1 Desire to have earning (4.26)
- 2 Freedom to adopt my own approach to work (4.08)
- 3 I enjoy satisfaction on completing a difficult task (4.02)
- 4 I work to gain more control over the events around me (3.94)

5 Welfare of the community I live in (3.50)

Problems perceived by rural micro agri linked businesses

Constraint analysis of RMALB as depicted in Table 3 reveals significant difference on the perception of eight problems and six problems among RMALB sub divided into two classes on investment and annual income levels. It has been observed that the magnitude of problems accentuates with higher investment & income due to increase in the scale of production. Further, marketing, operational, transport, electricity, infrastructure etc. problems correlates with the slow transition of the businesses towards product and marketing orientation

Sustaining Rural Micro Entrepreneurial Endeavours: a Framework of Policy Initiatives

The findings of the study by providing insight into the determinants of early entrepreneurial behaviour, motivation and efficacy makes a significant contribution towards entrepreneurship theory as well practice. The key identified factors highlight the need to address them while planning programmes & schemes for rural micro entrepreneurship. The selection process of RMALB entrepreneurs for institutional funding needs transparency based on sound theoretical background and including the chairman of NGO and Sarpanch of the concerned village in the selection committee along with the other official members. Applicants with technical and professional qualifications i.e. ITI, diplomas, etc should be preferred for their better understanding to comprehend & providing solution to the business problems. A computerized data inventory bank at block level, simplifying administrative procedures, single window system for clearing and funding identified applicants would provide impetus to rural entrepreneurship. The product of RMALB possibly be fully exempted or attract minimum sales tax to make their production cost –effective and competitive. A common complex in every block should be established by the District Industries Centre for marketing products produced by RMALB. Programmes relating to skill formation, technology development, research activities, and training should be communicated to the rural masses by way of printing the

brochures in local languages and Community Entrepreneurship Programme. Close monitoring and prompt redressal of constraints will prevent rural micro businesses from being close and sick. To relieve women from the vicious circle of indebtedness, exploitation and social disability and mobilizing towards setting Rural micro agri. linked businesses, relaxation in the age limit from the existing 35 to 40 years, periodic awareness programme by development agencies and voluntary agencies with women trainer in the remote areas of Lohal Malhar and Machhedi, motivating by way of stipend, transport, childcare and good hygienic condition would assist in the development of women entrepreneurs. Site and service programme for RMALB in areas where there is sufficient agglomeration must be initiated and support to cooperative institutions for the purchase of raw material and sale of finished products must be encouraged. The success of these businesses presupposes progressive agriculture and consistent increase in investment. Within agriculture, activities other than traditional crop productivity like watershed and wasteland development, forestry, horticulture, floriculture, and dairy product based activities and sericulture etc. should be promoted. Thus changes in laws, regulations and procedures are needed to make rural micro agriculture linked businesses more aggressive and innovative. Nevertheless certain RMALB with growth potentials and entrepreneurs from diverse sections of the society remain untouched which could be incorporated in future studies.

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