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# The Role of Social Capital in Fostering Entrepreneurship in Established Organizations

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## **Abstract**

This study investigates social behavior of employees and its effect on entrepreneurial activities. Social capital is a strategic resource available through the network of relationships may be exploited in the direction of organizational and individual objectives. The study posited that this powerful asset may be leveraged in fostering entrepreneurial orientation of employees, which is an antecedent for improving the performance. A developed survey was sent to a selected sample of academic staff in five public universities in Victoria. The collected data were subject to statistical analysis and the result was derived. The findings indicated that there is a positive and significant relationship between social behavior and entrepreneurial orientation of academics. The predictability of entrepreneurial activities by social relationships was tested.

## Introduction

Entrepreneurship within institutional context has widely touted in the literature as an effective means to improve the performance of established organizations (Zahra, 1999; Sathe, 2003). The reason behind this pervasive belief is that entrepreneurial activities enable firms to respond to their dynamic setting. Drucker (1981) noted that organizations are encouraging entrepreneurship as they are to survive and thrive in this turbulent and unpredictable environment.

The review of literature on entrepreneurship in organizations indicates that most studies have focused on inhuman aspects of organizations such as strategies, structure and culture (Sathe, 2003; Zahra, 1993; Miller and Freisen, 1982). While human resources are playing a vital role in embarking any entrepreneurial activities in institutional context, the people base of organizations has been neglected in the literature. This study attempted to fill the gap in the field by focusing on social capital of people and assets embedded in social relationships.

The concept of social capital has been investigated increasingly in recent years as a useful resource in the form of the cooperative behaviour and trust that is engendered by the fabric of social relationships (Adler & Kwon, 2002). It has been applied to solve many problems in societies since its appearance in the literature. Such applications include education, public health, economic development, community life, youth behaviour problems and general problems of collective actions (Fukuyama, 1999; Coleman, 1988; Loury, 1987; Jackman & Miller, 1998; Portes & Sensenbrenner, 1993; Woolcock, 1998; Baker, 1990; Putnam, 1993; 1995; Zahra, 2006). Originating in sociology, it gained currency in different disciplines, including organizational studies, entrepreneurship, psychology, economy and politics. This study examined the role of social capital in fostering entrepreneurial orientation in organizational context; more specifically, to what extent social capital available to academics fosters entrepreneurial orientation.

In the next section, we review the theoretical background on entrepreneurial orientation and social capital. Subsequently, we present the association between these research constructs. Then, the methodology applied for the study discussed. In the next section, we present the results and then, we discuss our findings. In the last section, conclusion and recommendation were presented.

## **Review of Literature**

### **Entrepreneurial orientation**

Several scholars defined entrepreneurship as encompassing acts of organizational creation, renewal, or innovation that occur within or outside an existing organization (Schumpeter, 1934; Covin and Selvin, 1999; Zahra, 1996). Thus, entrepreneurs are individuals or groups of individuals, acting independently or as part of a corporate system, who create new organizations, or instigate renewal or innovation within an existing organization. Whether they are self-employed or are employed by an organization, they have some characteristics or attitudes in common which distinguished them from non entrepreneurs. The review of literature indicated that people who have characteristics such as innovativeness, risk-taking, proactiveness and self-renewal are entrepreneurially oriented. In the next section the dimensions of entrepreneurial orientation were discussed.

### **Dimensions of Entrepreneurial orientation**

#### **Innovativeness**

Schumpeter (1934) defined entrepreneurs as people who create new or better products by reallocating resources and combining existing resources in new ways. Thus, the processes of resource exchange and combination may be associated with innovation that may result in creating value. Organizational scholars indicated that innovation requires combinative capacity and diverse resource inputs (Pascal, 1990; Kogut & Zander, 1992). In the process of exchange and combination, an entrepreneur introduces something new into the marketplace that has value. According to Drucker (1985) innovation is not just generating the idea but is only achieved when the idea has been transferred into an outcome that has value. In the context of this study, academics who continuously introduce new ideas into their interested research services are entrepreneurially oriented.

## **Risk-taking**

The importance of risk-taking in entrepreneurial activities has been the focus of the literature of entrepreneurship for a long time. Cantillon (1734) distinguished between entrepreneurs and non-entrepreneurs and argued that the most important characteristic of entrepreneurs is that they are venturing into the unknown. Schumpeter (1934) has used the word entrepreneur, for those people who are radically innovative and risk-takers. Depending on the contexts, risk has different meanings. It can be defined financially when incurring heavy debt or commitments of assets are involved (Brockhaus, 1982). In addition, risk can be defined in personal, social or psychological contexts. In academic institutions, entrepreneurial staff take risks by conducting research in a variety of environments; extending their research projects; risking their prestige; accepting problems that may have effects on their duties.

## **Proactiveness**

One of the main characteristics of entrepreneurs is their forward-looking perspective and their instinct to pursue opportunities. In other words, proactive people foresee the threats and opportunities and have a prepared plan for dealing with them. Venkatraman (1989) noted that the entrepreneur is a leader rather than a follower, a creator of change, rather than waiting for change, because they have the will and foresight to seize new opportunities, even if not always the first. Thus, the quickest to innovate and first to introduce new ideas has also become one of the crucial dimensions of entrepreneurial orientation which is often referred to as proactiveness. In such cases, proactiveness refers to how a firm or individual relates to market opportunities. In the context of this study, academic staff who are proactive will come up with new ideas and new research projects, rather than imitating the ideas of others. Thus, academic staff who are forward-thinking introduce new ideas in their research activities are entrepreneurially oriented.

## **Self-renewal**

One of the most important facets of entrepreneurial orientation is self-renewal. Covin and Miles (1999) noted that renewal refers to changing and improving the relationship with external environment. Similarly, Zahra et.al (1999) emphasized the role of strategic renewal in revitalizing the ideas that organizations have been established on that basis. In the context of this study, academic staff who are closely connected to the world outside the university are entrepreneurially oriented. Having relationships with industry and the business community and improving relationships within academic circles has a direct impact on the performance of academic staff. By conducting research for industry and the business community, the publications of academic staff increase. Therefore, improving and changing the relationships of academic staff with industry and the business community is a vital component of entrepreneurial orientation. The next section examined social capital as an antecedent of entrepreneurial activities in institutional context.

## **Social Capital**

The richness of social capital in organizational settings persuaded scholars to examine the relationship between this emerging concept and main concerns in organizational studies (Adler & Kwon, 2002; Reagan & Zuckerman, 2001; Burt, 1992; Chong & Gibbons, 1997; Walker, Kogut & Shan, 1997; Granovetter, 1973; Tsai & Ghoshal, 1998; Nahapiet & Ghoshal, 1998). The reason for this pervasive belief is based on this fact that institutional environments are conducive to this asset (Burt, 2004) and therefore it will deliver a powerful resource available for promoting individual and organizational objectives. Therefore, this study is an effort to examine the role of social capital in fostering entrepreneurial activities in organizational context.

Nahapiet and Ghoshal (1998) comprehensively reviewed the literature and identified three dimensions for social capital which have been identified as structural, relational and cognitive dimensions. The Structural dimension of social capital refers to social interactions and the existence of network ties. Without social ties and interactions, resources will not be available. Granovetter (1992) has used the term “structural embeddedness” to refer to this dimension of social capital, which is concerned to the properties of the social system and the network of relations as a whole. In the context of this research, structural dimension of social capital of academic staff is the time which

academics have spent with their contacts, such as colleagues and business or industry alliances.

Interpersonal relationships are viewed as the media through which actors gain access to a variety of resources held by other actors. With the exception of work on the role of networks to access capital, most research has focused on the entrepreneur's access to intangible resources. A key benefit of networks for the innovation process is the access they provide to information and advice (Adler and Kwon, 2002). Ties to venture capitalists and professional service organizations, for example, are a means for tapping into key talent and market information. Entrepreneurs continue to rely on networks for business information, advice, and problem solving, with some contacts providing multiple resources.

Granovetter's (1973) notion of weak ties, in particular, describes the extent to which actors can gain access to new information and ideas through ties that lie outside of their immediate cluster of contacts. Structural holes defined as the absence of ties between actors. By bridging structural holes, actors can profit from establishing ties that bridge these otherwise unconnected actors (Burt, 2004). Occupying a bridging position provides an opportunity to wield power, or influence those who are otherwise unconnected to the broader network. Given this opportunity for diverse, non-redundant contacts, spanning structural holes can also increase the focal actor's exposure to novel information (Burt, 1992). This in turn may spur learning and the development of internal capabilities that ultimately enhance performance.

## **Organizational concern**

As a result of social interactions, the behavior of people is being influenced by factors such as respect, friendships and sympathy. Mishra (1996) defined concern in terms of balancing one's self-interest with other's interests at any societal level. Some scholars noted that concern is a perception which is accompanied by this belief that not only will the other party not take advantage of one's vulnerability but that they will also be concerned about one's interests or the interests of the whole (Bromiley & Cummings, 1993; Ouchi, 1981). The perception of concern is not only dependent on hierarchical relations but also on the willingness of employees at the same level to help create a caring environment. Therefore, the degree of concern that leaders have for the interests and welfare of their followers and colleagues will determine the level of trusting relationship within the organization.

Some research evidence indicates that a caring culture will be developed by mutual understanding of the interests and welfare of parties (Pascal, 1990). According to Ellis and Shakley-Zabalak (1999) caring and empathy not only foster team trust, but also enhance trust in leadership and subsequently in the organization as a whole. Having concern for the interests and welfare of employees will enhance the trust and trusting relationships in the entire organization. In the context of the study, creating a caring environment within universities not only depends on the extent to which the central administration show concern for the interests and welfare of academic staff, but also the extent of empathy and caring that superiors and colleagues in departments and schools show each other.

### **Association between social capital and entrepreneurial orientation**

Empirical studies indicated that social capital plays an important role in facilitating innovation and creativity (Ruef, 2002; Tsai & Ghoshal, 1998; Gabby & Zuckerman, 1998). As an asset rooted in the relationships, social capital can provide opportunities to combine and exchange resources which are essential in the process of innovation. Burt (2004) noted that good ideas or alternative ways of thinking and behaving are disproportionately in the hands of people whose networks span structural holes. Ruef (2002) examined the role of network ties in inducing novel ideas. He argues that people who are connected to groups beyond their own can expect to find themselves delivering valuable ideas, seeming to be gifted with creativity. Ibarra (1993) noted the relationship between network characteristics and innovation roles. Generally speaking, the propensity among entrepreneurs toward innovation is seen to be a function of the types of social relationships that those entrepreneurs have. Therefore, academics that have more social interactions are more innovative.

There are empirical and theoretical studies that indicate the association between social capital and risk-taking (Gabby, Gibbons, 1997; Brockhaus, 1982). Social capital may foster risk-taking behavior. Drawing on literature, Gabby and Gibbons (1997) indicated that shared vision and belief among participants in a collective like an organization reduces risk, as it directs and focuses attention and effort and persuades employees to take bold actions. In addition, through support which flow in the networks, people may be encouraged to take risks in their actions. In his study on the behavior of public entrepreneurs, Osborne (1992) indicated that entrepreneurs who were taking risks in public sector organizations without exception had support in their networks. Thus, social capital as an antecedent can foster risk-taking behavior in those undertaking entrepreneurial activities.

Social capital embedded in social interactions results in proactiveness by helping in the detection and identification of environmental threats and opportunities as well as in taking action to exploit or neutralize environmental uncertainty (Kohli & Jaworski, 1990). Social capital makes it easier for organizational participants to transfer knowledge (Noanka, 1994). In addition, information channels among organizational participants play an important role in transferring and exchanging information, which serves as the raw material for any proactiveness. Therefore, social capital encourages information exchange about opportunities and enhances learning and provides an effective means of encouraging entrepreneurial activities in organizations.

Utilizing social capital within organizational contexts will benefit both individuals and organizations in gaining advantage by economizing on their expenses and enabling them to make a timely response to environmental needs and demands (Chong & Gabby, 1997). Renewal indicates the relationship between organizations and individuals and their environment. The relational dimension of social capital has been linked to responsiveness to environmental changes (Gabby & Gibbon, 1997). In organizational settings, the participants who exchange information with increased accuracy, completeness and appropriateness can better respond to crisis, changes or challenges in the external environment (Mishra, 1996). When information is flowing smoothly between people in organizations they will be more adaptable and responsive to the changes of the settings. Thus, social capital assists academic staff to recognize the trends and changes in the external environment of academic institutions. Regarding to these relationships between research constructs in the literature, following hypotheses have been evaluated:

*H1: There is a relationship between social interactions and entrepreneurial orientation*

*H2: Organizational concern predicts entrepreneurial orientation*

## **Methodology**

The research design consisted of a quantitative analysis using data collection in the form of an online survey approach. Methodology is hypothesis lead, using constructs and variables from an in depth literature review embracing social networks and entrepreneurship. The conceptual framework incorporating these two constructs was ex-

posed to descriptive and inferential statistics, highlighting relationship and prediction of appropriate variables. We provide an overview of the method from a perspective of the sample, dependant and independent variables, control variables and data analysis.

## **Sample**

The sample of this study consisted of full time academic staff at universities in metropolitan Melbourne. The statistic population of academic staff embraced various levels of academic positions, ranging from Lecturer to Professor. There were 162 males (60.4 percent) and 106 females (39.6 percent) in the sample, giving a total of 271 respondents. Data was collected via electronic media, whereby academic staff were encouraged to participate in an online questionnaire via an email hyperlink. The online and electronic media survey approach as amplified by Dillman (2000) was adapted for the study. The response rate was about 40%.

## **Measures**

The dimensions of entrepreneurial orientation are innovativeness, risk taking, proactiveness and self-renewal (Lumpkin & Dess, 1996; Covin & Slevin, 1991). There is a well known instrument which measures the dimensions of entrepreneurial orientation in organizational level. However, considering that this study examined the entrepreneurial orientation at an individual level and also in an academic context, there was a necessity for revision to make the questionnaire more suitable for academic institutions. Further, a study in an academic context in Canada developed a validated scale of entrepreneurial orientation at departmental level (Todovoros, 2005). Therefore, the researcher developed a new scale which measured these dimensions of entrepreneurial orientation, which is an important part of the construct definition. To adapt it into an academic context, 18 items were added to the scale. Therefore, the questionnaire for the construct has 25 items. Questions 1 to 25 in this section of the survey refer to entrepreneurial orientation.

Social capital is comprised of two measures, namely social interactions and concern in an organizational context. Those social interactions of academic staff that have an im-

pact on their job were listed and academic staff were asked to specify the time that they have spent on such contact during a week. Communication frequency refers to how frequently individuals speak with one another. Questions 1 to 8 in the survey refer to these interactions. The findings in this part indicate social interaction of academic staff with colleagues, superior, the central administration, colleagues, business/industry and colleagues in other departments. Therefore, the sum of time that academics spent with these contacts indicates their social interactions.

As a result of social interactions, the behavior of people is being influenced by factors such as respect, friendships and sympathy. Mishra (1996) defined concern in terms of balancing one's self-interest with other's interests at any societal level. creating a caring environment within universities not only depends on the extent to which the central administration show concern for the interests and welfare of academic staff, but also the extent of empathy and caring that superiors and colleagues in departments and schools show each other. To operationalize the organizational concern, 9 questions were developed.

The characteristics of the statistical sample such as gender, age, and experience in the field of study, experience in their institutions, function and position have served as *control variables*. One way analysis of variance (ANOVA) was used to examine statistically significant differences among groups classified by social capital, entrepreneurial orientation. A significance level of 0.05 was set for the various analyses. When the ANOVA provided an F ratio which was statistically significant beyond the 0.05 level, Post hoc procedure as outlined in Tabachnik and Fidell (2001) was used to compare individual sub-groups within a scale in an attempt to locate differences which contributed to the analysis of variance result. To compare females and males scores for each research constructs t- test were used.

Data analysis consisted of descriptive and inferential statistics. Descriptive measures included mean, median, mode and frequency of distributions of the sample. Inferential statistics included two statistical methods. To examine the relationships between research variables, correlation method was applied and to examine the level of predictability of dependent variable by factorial variable, regression was used.

## Results

The sum of social interactions of academic staff were operationalized in 8 survey questions that asked respondents to indicate the time that they spent in communication with people within and outside their department. Within departments, they may have communication with their colleagues and superiors, and participate in social gatherings. Outside their department, they may communicate with industry/business, colleagues from other departments or international peers. Survey questions asked respondents how many hours a week they spend communicating with these people. Therefore, the sum of hours spent in communicating determines the score for frequency of communications for each participant.

As can be seen, 38.4% of academic staff were communicating with their colleagues for between 3 and 5 hours a week, about 23% spent more than 9 hours a week in communication, 20 % between 6 and 8 hours, 17 percent between 1 and 2 hours a week and 1.1 % had no communication with their colleagues, with a mean 3.46 and standard deviation of 1.06. Positive Skewness value (0.093) indicates that scores are clustered to the low values and Kurtosis value (-0.992) demonstrates a distribution that is relatively flat, with too many cases at the extremes.

Question 2 in the social interaction scale asked respondents about the time that they spent in communicating with the chancellor or the central administration. As Table 1, 51 % of academics in the sample were communicating with central administration between 1 and 2 hours, 30 % between 3 and 5 hours, 4 % more than 9 hours, 5.5 % between 6 and 8 hours and 9 % had no communication with central administration, with a mean 2.44 and standard deviation 0.887. Positive Skewness value (0.906) indicates that scores are clustered to the left at low values and Kurtosis value (1.130) indicates that the distribution is rather peaked.

Question 3 in the social interactions scale related to communication with superiors. As can be seen from Table 1 66 % of respondents were communicating between 1 and 2 hours a week with their superiors, 12 % between 3 and 5 hours, 1 % between 6 and 8 hours, 0.04 % more than 9 hours and about 20 percent had no social interactions with their superior, with the mean 1 and standard deviation (0.629). Positive Skewness value (0.662) indicates that scores are clustered to the left at the low values and Kurtosis value (2.323) shows that the distribution is rather peaked clustered in the center.

Question 4 in the survey related to the participation of academics in social gatherings

and occasions. As the table indicates, 54 % of respondents spent between 1 and 2 hours attending social gathering and occasions, 7 % between 3 and 5 hours and 37 % of academic staff were not attending at any social gathering in their department or faculty. The mean is 1.7 and standard deviation is 0.616. Positive Skewness value (0.377) indicates that scores are clustered to the left at the low values and Kurtosis value (-0.127) indicates that the distribution is relatively flat with too many cases in the extremes.

Question 5 asked about the time that academics in the sample spent with their colleagues in other departments. As shown in Table 1, 30 % of academics had no social interactions with their peers in other departments. While, 56 % were communicating with their colleagues in other departments for between 1 and 2 hours, 12 % between 3 and 5 hours, 1.5 % between 6 and 8 hours, and 0.4 % more than 9 hours, with the mean 1.859 and standard deviation 0.7. Positive Skewness (0.721) indicates that scores are clustered to the left at the low values and Kurtosis value (1.351) indicates that the distribution is rather peaked in the center.

Question 6 in the survey is related to communication of respondents with their colleagues outside their own institutions. As can be seen from Table 1, 55 % of respondents spent 1 to 2 hours a week communicating with their colleagues outside their institutions, 12 % between 3 and 5 hours, 1.5 % between 6 and 8 hours, 0.7 percent more than 9 hours and 20 % had no communication with academics in other institutions, with the mean 2.084 and standard deviation 0.786. Positive Skewness (0.723) indicates that scores clustered to the left at the low values and Kurtosis value (0.981) reflects the fact that the distribution is rather peaked at the center.

Question 7 in the social interactions scale asked about communication of respondents with their international colleagues. About 36 % of respondents did not communicate with their international colleagues. However, 53 percent were

communicating between 1 and 2 hours a week with their colleagues in other countries, 8 % between 3 and 5 hours, 2 % between 6 and 8 hours, and 0.7 % more than 9 hours, with the mean 1.788 and standard deviation of 0.744. Positive Skewness (1.126) indicates that scores are clustered to the left at the low values and Kurtosis value (2.436) shows that the distribution is rather peaked, clustered in the center.

Finally, Question 8 related to the communications of respondents with industry or busi-

ness related to their field of study. Table 1 indicates that 31 % of academic staff had no communication with the business and industry related to their field of study. However, 51 % of respondents spent between 1 and 2 hours a week in communication with industry/business, 14 % between 3 and 5 hours, 2 % between 6 and 8 hours, and 1 % more than 9 hours, with the mean 1.899 and standard deviation of 0.787. Positive Skewness (0.964) indicates that scores are clustered to the left at the low values and Kurtosis value (1.775) reflects that the distribution is rather peaked.

In this part the association between social capital and entrepreneurial orientation has been examined. The first hypothesis is related to the frequency of communication with colleagues and other contacts and its relationship with entrepreneurial orientation.

The relationship between social interaction and entrepreneurial orientation was investigated using the Pearson product-moment correlation coefficient. There is a positive relationship between frequency of interactions at 1% level of,  $\{r = 0.184, \text{Sig} = 0.005, N = 227\}$ . Therefore, it can be confirmed that there is a positive relationship between the time spent in communication and entrepreneurial orientation. In addition, there is a significant relationship between frequency of interactions and innovativeness  $\{r = 0.167, \text{Sig} = 0.009, N = 248\}$  with entrepreneurial orientation. Table 2 indicates that there is a significant relationship between frequency of interaction with renewal as well  $\{r = 0.17, \text{Sig} = 0.007, N = 248\}$ .

Furthermore, there is a positive relationship between concern and entrepreneurial orientation. Table 3 indicates that there is a statistically significant relationship between organizational concern with entrepreneurial orientation at 5% level,  $\{r = 0.154, \text{Sig} = 0.023, N=220\}$ . Moreover, there is a significant relationship between concern and proactiveness  $\{r = 0.139, \text{Sig} = 0.032, N= 237\}$ .

Table 4 indicates the unstandardized regression coefficients (B) and intercept, the standardized regression coefficients (beta), sr square. R for regression was significantly different from zero,  $F(3, 173) = 17.54, p < 0.001$ . For the regression coefficient that differed significantly from zero, 95% confidence intervals were calculated. The confidence limits for concern were 0.08 to 0.484.

The independent variable contributed significantly to prediction of entrepreneurial orientation as concern is 0.034 (sr Square). Beta coefficient in Table 4 provides informa-

tion regarding the level of contribution of independent variable in predicting dependent variable. As the standardized coefficient column shows, the beta coefficient for concern is (0185). This means that this variable makes the unique contribution to explaining the dependent variable.

## Discussion

Social relationships may be utilized in direction of organizational and individual objectives. The literature on social capital indicates that this asset may be mobilized to facilitate social and individual actions ( Putnum, 1993; Coleman, 1990; Fukuyama, 1995). Utilizing social capital within organizational contexts will benefit both individuals and organizations in gaining advantage by economizing on their expenses and enabling them to make a timely response to environmental needs and demands (Chong & Gabby, 1997). This study was an attempt to exploit social relationships of employees in the interest of organizations and individuals goals.

To substantiate the results of the research hypotheses, a t-test and one-way analysis was undertaken to investigate the differences between different groups. The analysis showed that there is no significant difference between males and females in terms of the scores for the research constructs. In addition, the findings in the analysis of variance for demographic characteristics of respondents indicated that there was no significant difference in social capital, entrepreneurial orientation fields of study. There was no significant difference between other fields of study.

The role of social interactions in fostering innovation and developing new ideas has been the focus of studies in recent times (Burt, 2004; Ruef, 2002). The findings of the study supported the notion propounded in the literature that interactions and communications with others assist people to be innovative and entrepreneur. The findings indicate a strong and significant relationship between the frequency of communications or interactions with entrepreneurial orientation. The study found a significant relationship between frequency of interactions and innovativeness, renewal and entrepreneurial orientation after controlling for possible effects from other variables.

Furthermore, the significant relationship between frequencies of interaction with renewal was found in this study. Renewal means improving relationship with the external environment. In the context of this study, when academics improve their re-

relationships with academic circles, conducting research in diverse environments and continuously improving methods and procedures of research activities are engaging in renewal activities. This finding is consistent with the literature in social capital. For example, Burt (2004) argued that having access to networks, give people advantage of knowing about the opportunities in the market. It is through social interactions that information and other facets of assets embedded in relationships are exchanged (Adler & Kown, 2002).

The organizational concern was found to have a relationship with entrepreneurial orientation. Concern has positive and significant relationship with proactiveness and entrepreneurial orientation. Zahra and et al (2006) conceptually examined the role of social capital in triggering entrepreneurial activities. This study empirically indicated that there is a significant association between concern, proactiveness and entrepreneurial orientation in the academic context.

The other objective of this study was to find some means of predicting entrepreneurial orientation. The literature in the field found several variables as antecedents of entrepreneurial orientation (Zahra, 1999; Lumpkin & Dess, 1996; Bolton & Thompson, 2004). However, the role of social relationships has not been examined in previous studies. This study indicated that organizational concern predicts entrepreneurial orientation. The effects of other variables such as age and experience in the field of study have been controlled for, and still these variables predict entrepreneurial orientation significantly. In general, the findings of the study confirmed the relationship between components of social capital and dimensions of entrepreneurial orientation.

### **Conclusion and recommendation**

The external environment of organizations is highly dynamic and competitive. To respond to these ever-changing and unpredictable challenges, they should wisely exploit their available resources. This study was undertaken to assist established organizations to utilize the social capital as a strategic resource. The social behavior can foster entrepreneurial orientation and thereby improve the performance of their staff. Zerbinati and Solitaries (2005) highlighted the need for studies to examine the peculiarities in the cognitive process, in the individual characteristics and in the resource base of people in organizational context to exploit opportunities. This study attempted to fill the gap in the literature by empirically testing the relationship between social capital

and entrepreneurial orientation in the context of academic institutions.

Adler and Kwon (2002) extensively reviewed the literature on social capital in organizational context; they indicated that social capital is in an emerging phase and more research should be done to clarify its dimensions and outcomes. In addition, as their extensive review of literature on social capital indicates, the role of social capital in fostering entrepreneurial orientation has not been examined. Therefore, this study filled this scientific gap in the literature by empirically indicating social capital as an antecedent of entrepreneurial orientation.

Regarding to the importance of social capital, it is recommended that organizations facilitate the social relationship between their employees. Also, they should help their staff to make relationship with business and industry, international colleagues, and superiors and attend social gatherings. It is recommended that employees spend more time in communication with their contacts and therefore, more entrepreneurially oriented they would be. Regarding the role of organizational concern in predicting entrepreneurial orientation, it is recommended to academic institutions to show concern for their employees. Also, employees should pay attention to the interests and welfare of colleagues, departments and institutions. This way, a caring environment would be developed which is very productive to entrepreneurial activities.

**Table 3 Relationship between Concern and Entrepreneurial Orientation**

		<b>Proactiveness</b>	<b>Entrepreneurial Orientation</b>
<b>Concern</b>	<b>Correlation</b>	0.139	0.154
	<b>Sig.</b>	0.032	0.023
	<b>N</b>	237	220

**Table 4 Prediction of Entrepreneurial Orientation by Organizational Concern**

Model 1	B	Beta	Sr(square)
Concern	0.282**	0.185	0.034

\*\*p<0.01

Organizational Concern as Independent Variable

Entrepreneurial Orientation as Dependent Variable

**Table 1 the Frequency of Communications of Respondents with their contacts**

How many hours a week do you spend communicating with your:	None 1 %	1-2 hours 2 %	3-5 hours 3 %	6-8 hours 4 %	More than 9 5 %	Mean	SD	Skewness	Kurtosis
1. Colleagues	1.1	17.3	38.4	20.3	22.9	3.46	1.06	0.093	-0.992
2. Administration	9.2	51.3	29.9	5.5	4.1	2.44	0.887	0.906	1.130
3. Superior	19.6	66.4	12.2	1.1	0.4	1	0.629	0.662	2.323
4. Attending social occasions	37.3	54.2	7.4	0.4	0	1.70	0.616	0.377	-0.127
5. Colleagues in other departments	29.9	56.5	11.8	1.5	0.4	1.859	0.700	0.721	1.351
6. Colleagues outside institutions	20.7	55.7	18.8	4.1	0.7	2.084	0.786	0.723	0.981
7. International colleagues	35.8	52.8	8.1	2.2	0.7	1.788	0.744	1.126	2.436
8. Business/industry contacts	31	51.3	14	1.8	1.1	1.899	0.787	0.964	1.775

**Table 2 Relationship between Social Interaction and Entrepreneurial Orientation**

		Innovativeness	Renewal	Entrepreneurial Orientation.
Frequency of Interactions	Correlation	0.167	0.170	0.184
	Sig.	0.009	0.007	0.005
	N	248	248	227

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# An Assessment of the Choice and Performance of Women Entrepreneurs in Technological and Non-technological Enterprises in Southwestern Nigeria

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## **ABSTRACT**

The factors that influence the choice, engagement and performance of women in technological and non-technological micro and small-scale enterprises (MSSEs) in Southwestern Nigeria were studied. This was with a view to recommending policy measures that could enhance the participation and performance of women in technological businesses.

Primary data, through structured questionnaire, were collected from 210 MSSEs owned by women. Secondary data were also collected from relevant government publications. Descriptive and inferential statistics were employed for data analysis.

The study revealed that more women (64.1%) were into non-technological ven-

tures while 35.9% were engaged in technological ventures. Also, out of the 27 variables studied, only six significantly influenced the performance of the business and respondents.

These included business premise status ( $F^2=17.25$ ;  $p<0.05$ ), business growth and expansion ( $F^2=10.56$ ;  $p<0.05$ ), systematic planning and monitoring ( $F^2=4.49$ ;  $p<0.05$ ), persistence ( $F^2=1.92$ ;  $p<0.05$ ), family love and responsibility ( $F^2=10.72$ ;  $p<0.05$ ), and retraining opportunities ( $F^2=2.54$ ;  $p<0.05$ ).

Factors that influenced the choice of business and performance of the women entrepreneurs were the same for both technological and non-technological businesses in the study area.

Key Words: Women, Entrepreneurs, Technological, Non-technological, Businesses, Performance

## Introduction

In most developing countries, women are prone to starting non-technological, retail and service businesses. This may be because non-technical and retail businesses require less technical details and less demanding entry requirements. Thus, most women are found in businesses such as dressmaking, retail trading and hospitality that require relatively simple skill, little start-up cost and management expertise. Therefore, the particular enterprise that presents appropriate opportunity for women entrepreneurs is the micro and small-scale enterprises (MSSE). This is due to the characteristic flexibility and relative ease in terms of entry, change and innovation of such enterprise (Central Bank of Nigeria, 2004).

The Nigerian industrial sector is dominated by micro and small-scale enterprises, which constitute 65.5% of industrial establishments. Medium scale enterprises constitute 32% while large-scale enterprises make up only about 2.5% of the industrial establishments (United Nations Systems in Nigeria, 2001). In southwestern Nigeria, both formal and informal economic activities are common. Of particular interest to this study is the informal productive sub-sector, which encompasses all economic activities involving the production of tangible goods. They include agricultural production,

mining and quarrying (excluding petroleum), small-scale manufacturing, building and construction, food production, woodwork, furniture making, garment making, welding and iron works, among others. These categories are classed technological enterprises. Non-technological enterprises has, among its grouping, the informal retail and service sub-sector. This sub-sector includes education services, health services, counselling services, retail trades, transport, restaurant, hospitality services, financial outfits and household or other personal services. Activities in this sub-sector in southwestern Nigeria contribute substantially to the general growth of the economy and enhance personal or household income (Central Bank of Nigeria, 2004).

### Factors determining venture choice and performance

The factors influencing the choice and performance of business enterprises have been a well-researched area by scholars for many years. Previous research indicates several factors of influence. These include the entrepreneurs themselves, their professional background, their entrepreneurial capabilities and preferences, cultural and religious beliefs, as well as the technological and macro environment. In this study, these factors and others that are more relevant to the Nigerian context were collated and surveyed both in the informal sector service and manufacturing enterprises. Basically two questions prompted this study: (1) What factors are responsible for the choice of either service or manufacturing ventures by women and (2) What factors influence the performance of women in service and manufacturing in the urban informal sector of the Nigerian economy?

These questions suggest that separate factors influence the choice and performance of women in service and manufacturing businesses. Some of the theories found in the literature that are related to choice and performance in businesses include demographic characteristics such as gender, age and marital status. Rasheed (2002) found that the above demographic factors have an impact on entrepreneurial intention and endeavour. Stevenson et al. (1990) disclosed that successful entrepreneurs were relatively younger in age while Mazzarol et al. (1999) in their study showed that female were generally less likely to be founders of manufacturing business than male. These factors were examined in the study to determine their effect on the choice and performance of women in technology and service-based businesses.

Similarly, another important factor influencing the choice and performance of women is human capital such as educational background and previous work experience. Human capital plays an important role with respect to entrepreneurial know-how as well as access to external resources (Pannenberg, 1997 and 1998). For instance, in their different research, Kourilsky (1980) and Bates (1986b) showed that educational attainment levels are positively associated with self-employment and new business formation while the probability of self-employment increases with education. Also,

individuals with prior work experience in related business have significantly higher entrepreneurial intentions than those without such experience (Kourilsky, 1980). In Nigeria and in some other parts of the world, some entrepreneurs pull out from businesses where they have previously worked as staff to start their own businesses. However, in some of these cases, the entrepreneur lacks the needed educational background, skill and professionalism as well as managerial experience to manage the business. This has resulted into a short life span of many businesses.

Previous research also indicates that individuals who were entrepreneurs at some point in time succeed more often in starting another business due largely to existing networks or their ability to recognise business opportunities (Alsos & Kolvereid, 1998; Westhead & Wright, 1998). In the same vein, other research indicates that unemployment (not necessarily a lack of professional experience and self-confidence) plays a major role with respect to business success (Hinz & Jungbauer, 1999).

In terms of access to external resources, most women have limited access to funds to enable them start and expand their businesses (Brush, 1992; Hinz, 1998; and Rosa et al. 1996). For instance, studies in Germany show that female entrepreneurs start with less capital and their enterprises stay smaller in terms of employment and turnover compared to businesses led by male entrepreneurs (Dickwach & Jungbauer-Gans, 1995; Bruderl et al. 1996). In most cases, they settle for businesses requiring small capital and little managerial experience. Banks are unable to grant them loans because of fear that they may not be able to pay back and usually the entrepreneurs lack collaterals that can be presented to the banks.

The external environment is another factor considered in literature as crucial and necessary for the success of an enterprise. Such environment includes family, friends, customers, business cartels and government support structures such as business development and incubation centers. Motivational factors into entrepreneurship such as family influence, personal decisions, intuition and many more determine extensively how well the entrepreneur performs in his chosen venture (Bruderl et al. 1996).

In conclusion, venture choice and performance is influenced by a variety of personal, family, social and environmental factors and capabilities. Many of these factors are discussed in the empirical result.

## Methodology

The data for the study were collected from 210 purposively sampled micro and small-scale businesses owned by women in southwestern Nigeria. In Nigeria, the number

of employees, capital invested and turnover has been used to define the micro and small-scale enterprise sector. Based on the definition by the Central Bank of Nigeria (2004), a micro enterprise has a total capital outlay of not more than N10 million Naira, including working capital but excluding the cost of land and a labour size of up to 10 workers; while a small-scale enterprise has a total capital outlay of not more than N50 million, including working capital but excluding the cost of land or a labour size of 11-100 workers (Abereijo, et al., 2007).

The sampled data consisted of technological and non-technological businesses numbering 60, 30, 60, 40, and 10 from Lagos, Ogun, Oyo, Ondo and Osun States respectively. Data were collected from the women business owners through the use of questionnaires and interview schedule. The questionnaire and interview guide elicited information on types of venture started and the factors that influenced their choices, motivation for business ownership, performance of their businesses among others. Secondary data were collected from the publications of government and directories of trade associations. Descriptive and inferential statistics was employed for data analysis.

## Results and Discussions

In table 1, a total response rate of 74% was achieved with the highest (90%) in Ondo State, followed by Osun State (73%), Ogun State (73%), Lagos State (70%) and Oyo State (70%). The least response rate was obtained at Ekiti State (67%). Table 2 shows the response rate according to the type of business. In general, the study showed that more women (64.1%) were into non-technological ventures while 35.9% were engaged in technological ventures. This result supports a previous study by Allen (1995) relevant to the type of ventures that women engage in. The study showed that most women entrepreneurs are mostly engaged in service related and non-technological businesses.

Table 3 shows the distribution of the enterprises according to the sectors and the number of respondents in each of the state. Eleven (11) different sectors were selected for each category of business. Some of the strata did not have any respondents from all the states. Examples of such strata were mining and quarrying (0%), metal fabrication (0%) for technological business and solicitors and advocacy services (0%) for non-technological business. Some of the women entrepreneurs were engaged in more than one type of business. This result suggests that women hardly venture into such profession such as mining and quarrying and metal fabrication probably due to the physically demanding nature of such jobs.

### Demographic and Socio Economic Characteristics

Out of the 53 women in the sample (Fig. 1a) that chose technological ventures, ten (18.9%) of them were between 20-29 years, twenty-two (41.5%) between 30-39 years, sixteen (30.2%) between 40-49 years while only five (9.4%) women were 50 years and above. On the other hand, out of the ninety-one women in non-technological ventures, twelve (13.2%) of them were between 20-29 years, twenty-six (28.6%) between 30-39 years, thirty-three (36.3%) between 40-49 years and twenty two (22%) 50 years and above. The mean age of the women entrepreneurs was 40 years. This result is not much different from the findings of OSSREA, (2005) which reported that women entrepreneurs established their business around the age of thirty-seven.

Figure 2 indicates that majority (63%) of the women entrepreneurs were married, 19% are separated while 12% are divorced. In their various research, Reynolds (1999),

Fielden et al., (2000) cited in Adegbite et al., (2007) established that married men and women worked harder and performed better in managing a business because of the social, financial and psychological support than single, divorced or widowed individuals because of family responsibility and commitment. For all the respondents in the study, 38% have children between the ages of 1 and 9 years; about 30% have children whose age ranged between 10 and 20 years, and only 7% have children of 21 years and above while 25% have no children. On the average, about 80% of the women had children still schooling. Carr (1996) found that having young children had a strong positive influence on women's self-selection of entrepreneurship. This is because women with pre-school children may find that being their own boss allows them to earn money and also fulfill some family responsibilities.

In Figure 3, parent's occupations were full time private service (21.8%) and full time public service (23.2%). In a similar study involving female business owners in Tanzania, the fathers of the women entrepreneurs were mainly in farming (51%) and only a few (36%) were in business and the rest (13%) were in wage employment (OSSREA, 2005). This means that women entrepreneurs are in most cases mentored by their parents who have private businesses.

Figure 4 indicate that four (4) of the women had no educational background, sixty (60) had trade skill, and ten (10) had engineering background. Also, forty-nine (49) read sciences, out of which 43 started non-technological businesses. Similarly, out of the 31 women that studied humanities, 14 (45%) started technological businesses. This result shows that women, irrespective of their educational background, could establish and manage technological or non-technological businesses.

In Figure 5, thirty four percent (34%) of the women in technological business were faced with the socio-cultural factor such as the stereotyping on the type of job women and men should engage in while 19% of the women in non-technical ventures faced socio-cultural obstacle. This outcome agrees with a previous study by the World Bank (1995), which showed that social conditions in some parts of Nigeria inhibit women not only from starting their own businesses but also on the type of business they can venture into. Traditionally in Nigeria, women are rarely found in occupations such as core engineering, mining and quarrying, oil rigging and so on. For instance in the study, women were not found in businesses such as mining and quarrying, metal fabrications, building and construction and metal fabrications. The result suggests that socio-cultural norm preventing women from engaging in technical ventures exist in the country.

In Figure 6, majority (91%) of the women did not receive financial support from society or any financial institutions. This is in spite of request by most of the respondents for financial assistance from government agencies to enable them upgrade their business, modernize their operations and participate in the global economy. The result support a research published by the National Foundation for Women Business Owners (NFWBO, 1994), which showed that 22% of women entrepreneurs in their study reported that maintaining the growth and competitiveness of their firms without easy access to external finance was a significant challenge. This suggests that access to finance represent one of the challenges to entrepreneurial success.

Out of the 94 women who claimed to have mentors that helped them in their business, 41(43.7%) of them were engaged in technological businesses while 53 (56.3%) of them chose non-technological ventures. The high percentage (61%) of women that had mentors revealed the importance of role model in the success of entrepreneurial ventures. In the same vein, of the 156 respondents in Figure 7, 140 (89.7%) had prior training about their businesses. Out of these, eighty-six (61%) were from non-technological business organizations. In addition, about 96% of the women in technological business had prior training. This implies that training is very important for a technical business to succeed.

### Motivation for Female Entrepreneurship

Figure 8 shows that the major source of business motivation for the majority (27%) of women in non-technological business was unemployment while business motivation for majority (22%) of women in technological ventures was personal interest. This is similar to the result from cross-cultural studies that women from Eastern and Central European countries go into business ownership as a means of escaping unemployment (Lisowska, 1998; Ben-Yoseph and Gundry, 1998).

### Factors influencing the performance of women businesses

Twenty-seven (27) different variables in the areas of demographics, specific business information, personal entrepreneurial characteristics (PEC) and business performance were separately correlated, as shown in Table 4, with the amount of sales turnover per day. Knowing the sales turnover will help to evaluate the performance of the enterprise

as well as the competence of the entrepreneur in managing the organizational resources (Adegbite et.al., 2007). The study showed that of the 27 variables tested, only 6 significantly influenced the performance of the business and respondents. The variables are business premise status ( $F^2=17.25$ ;  $p<0.05$ ); business growth and expansion ( $F^2=10.56$ ;  $p<0.05$ ); systematic planning and monitoring ( $F^2=4.49$ ;  $p<0.05$ ); persistence ( $F^2=1.92$ ;  $p<0.05$ ); family attention and responsibility ( $F^2=10.72$ ;  $p<0.05$ ); and retraining opportunities ( $F^2=2.54$ ;  $p<0.05$ ). This finding supports previous research OSSREA, (2005) from the United States and Europe on women entrepreneurs, which established that performance was related to previous experience, business skills and achievement motivation.

## Summary and Conclusions

The study showed that most women are mostly engaged in service related and non-technological businesses while unemployment is a major motivation for female business ownership. This result is similar to that obtained from the cross-cultural studies by Brush, (1992); Hinz, (1998); and Rosa et.al. (1996) of women in Eastern and Central European Countries which showed that unemployment is a major factor for women in self-employment. The outcome of the study also shows that social-cultural conditions in some parts of Nigeria, including the study area, inhibit women not only from starting their own businesses but also on the type of businesses they can venture into. Similarly, access to institutional credit for majority of the respondents is restricted which has severely limited the growth and competitiveness of their enterprises. This suggests that access to finance represent a major challenge to entrepreneurial success.

Finally, training and mentoring is recognized in the study as very important for the success a business venture while entrepreneurial performance is highly correlated with business premise status; systematic planning and monitoring; persistence; source of information; previous experience; business skills and motivation. However, the research observed that innovation measured by introduction of new quality product, process and quality service was not significant or important to women entrepreneurs in Southwestern Nigeria.

## Recommendations

Women and men may face different obstacles in the type of business they establish

and manage. They need to be supported in different ways when setting up and developing their business. The outcome of the study shows that women are very few in technological based businesses and were not found in businesses such as mining and quarrying, building and construction, and metal fabrications. In addition, the women in retail and service businesses were about twice the women in manufacturing-based businesses. Therefore, there should be special effort and initiatives by the government to remove the socio-cultural bias about the type of business that women or men should engage through the promotion of self-employment and community-based enterprises of women in technological ventures. Government agencies supporting MSSEs should also undergo guidance and capacity building on how to create a level playing field for women engaged in small enterprises.

This finding suggests the need for Nigerian women to develop innovative skills and culture, network with government agencies or vice versa and develop strategic alliance amongst themselves. This would in turn enhance competence in their respective specializations and build the global competitiveness of their firms.

In addition, government and NGOs should provide and facilitate access to credit for women entrepreneurs, as lack of credit is a major barrier to their performance and growth. Such credit assistance should be channeled through women's associations. However, no collateral should be required as the women association would guarantee the loans and monitor both repayments and use of credit. In administering the credit, a distinction should be made between the different categories of enterprises, such as technological and non-technological businesses, as well as the needs of particular categories of women entrepreneurs.

Training opportunities was also identified as an important factor that influenced the performance of the women businesses and especially technological businesses. Government agencies such as Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) and the National Centre for Technology Management (NACETEM) should network with the National Association of Small and Medium Enterprises (NASME) to strategically meet the needs and demands of women in micro and small-scale enterprises. Also, concrete assistance is needed from Non Governmental Organisations (NGOs) in the form of on-the-job training to familiarize the women entrepreneurs with new methods, machines, equipments, processes and management training.

**Table 1: Percentage response by State in South-western Nigeria**

S/no	State	No. of questionnaire distributed	No. of questionnaire retrieved	% Response rate	Average Response rate (%)
1	Osun	15	11	73	443 ÷ 6 = 73.8
2	Ondo	40	36	90	
3	Ogun	30	22	73	
4	Lagos	60	42	70	
5	Oyo	50	35	70	
6	Ekiti	15	10	67	
	TOTAL	210	156	443	74

**Table 2: Type of Women's Businesses and their Locations**

		Type of Business		Total
		Non-technological business	Technological business	
Business Location	Osun	7	4	11
	Ondo	28	8	36
	Ogun	11	11	22
	Lagos	26	16	42
	Oyo	22	13	35
	Ekiti	6	4	10
Total		100	56	156
% of Total		<b>64.1%</b>	<b>35.9%</b>	<b>100.0%</b>

**Table 3:** Respondents according to type of business and location

S/no	Strata	Number of Questionnaire Retrieved						% Total
		Osun	Ondo	Ogun	Lagos	Oyo	Ekiti	
1	Food, Beverage and Tobacco production	2	5	4	9	3	2	15
2	Water Processing and Packaging	1	1	1	0	1	1	3
3	Mining and Quarrying	0	0	0	0	0	0	0
4	Building and Construction	0	1	1	0	0	0	1
5	Garment and leather production	1	2	4	4	6	1	11
6	Metal Fabrication	0	0	0	0	0	0	0
7	Carpentry and Woodworks production	0	0	0	1	0	0	0.6
8	Computer engineering, system designers, programmers & analysts	0	3	0	4	2	0	6
9	Chemical and pharmaceutical productions	0	2	0	3	1	0	3.5
10	Domestic and Industrial Plastic and Rubber production	0	0	0	0	1	0	0.6
11	Pulp, paper and paper production	0	0	0	1	1	0	1
12	Retail and Wholesale trade	2	16	10	16	12	2	29
13	Hotels & Restaurants services	1	3	3	1	2	1	6.5
14	Travel consultants and organizers	0	0	0	0	1	0	0.6
15	Safety and Health services	1	3	3	1	3	1	7
16	Educational Services	1	0	2	0	2	1	3.5
17	Solicitors and advocacy services	0	0	0	0	0	0	0
18	Securities, Finance Dealers and Brokers	0	0	0	1	1	0	1
19	Photography, Image and Sound recording	0	2	0	2	0	0	2.4
20	Clearing and forwarding Agents	0	0	0	0	1	0	0.6
21	Computer Business Services	2	2	1	3	1	1	6
22	Printing and publishing services	0	1	0	1	1	0	1.7
	<b>TOTAL</b>	<b>11</b>	<b>41</b>	<b>29</b>	<b>47</b>	<b>39</b>	<b>10</b>	<b>100</b>

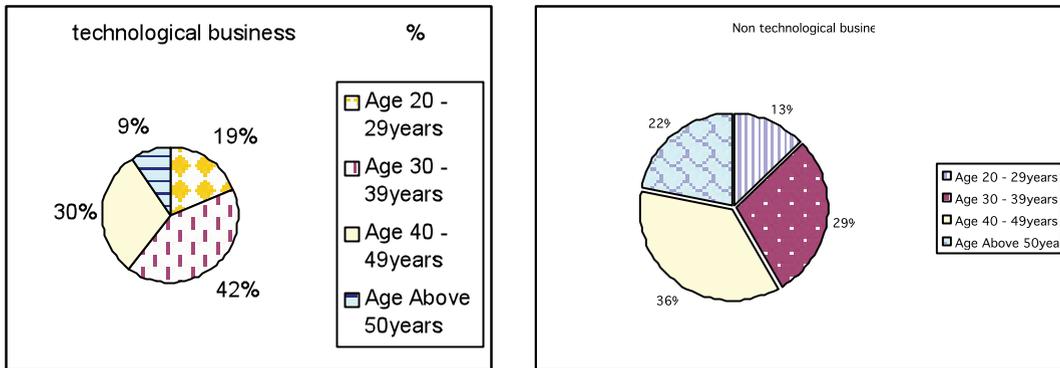


Figure 1a and 1b: Age of Respondents

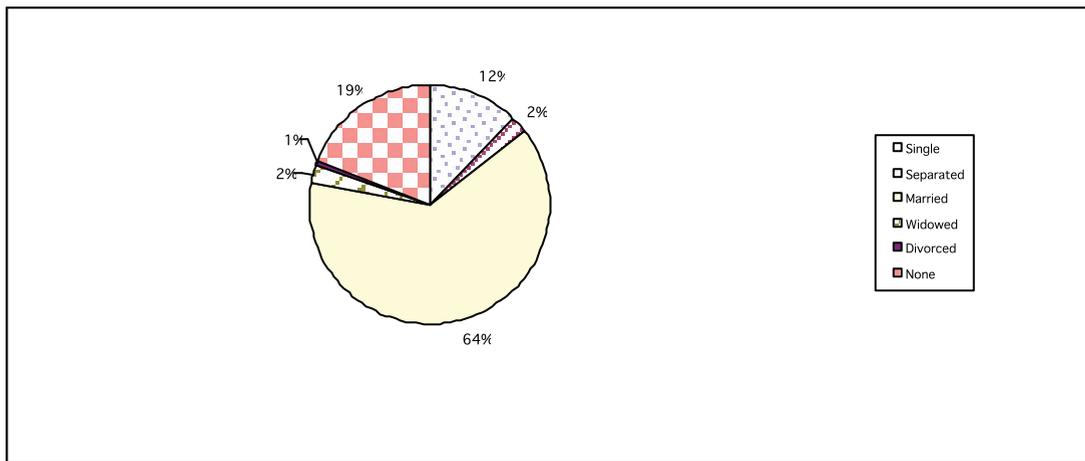


Figure 2: Marital status of the women entrepreneurs

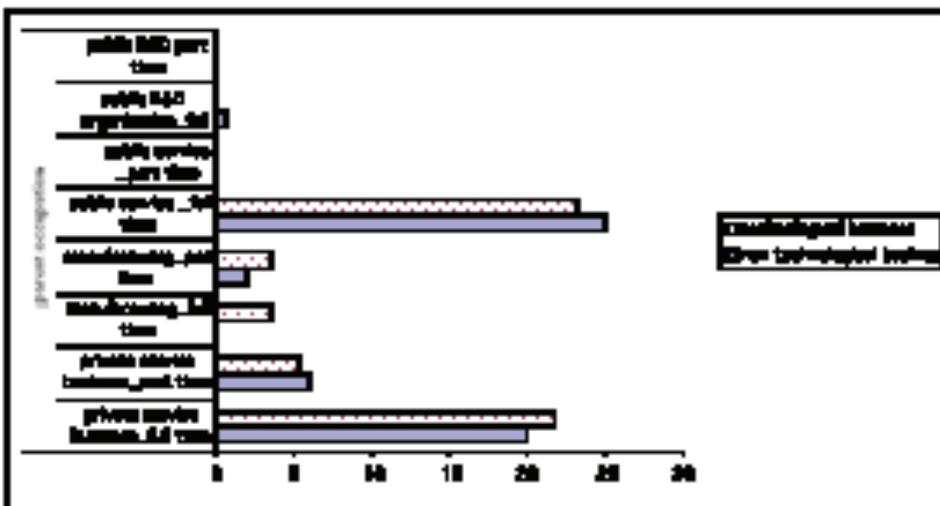
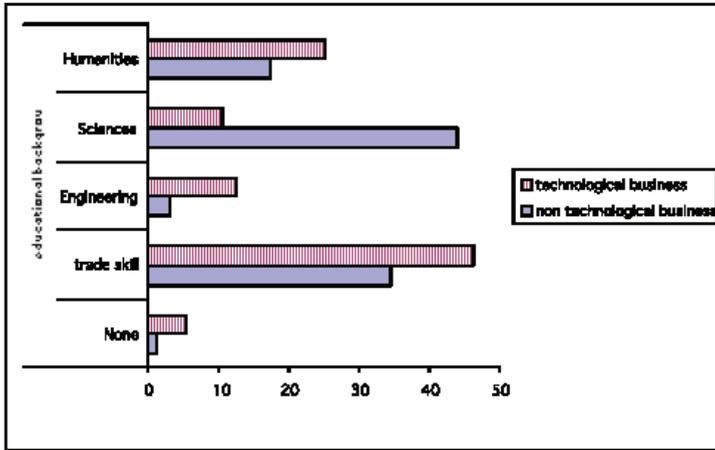
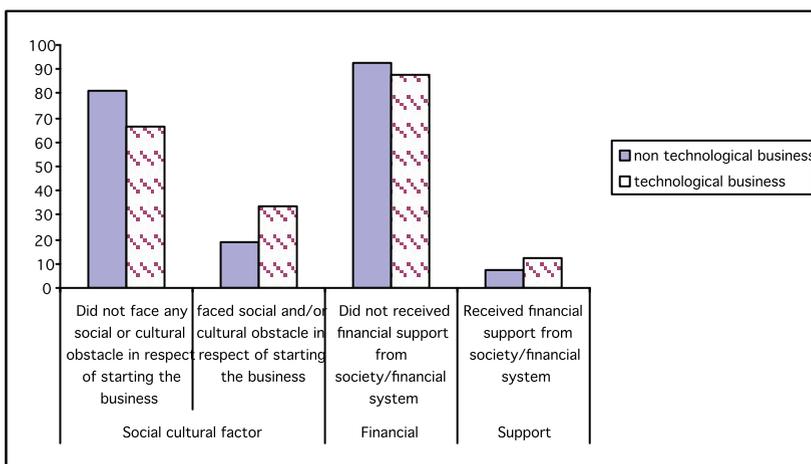


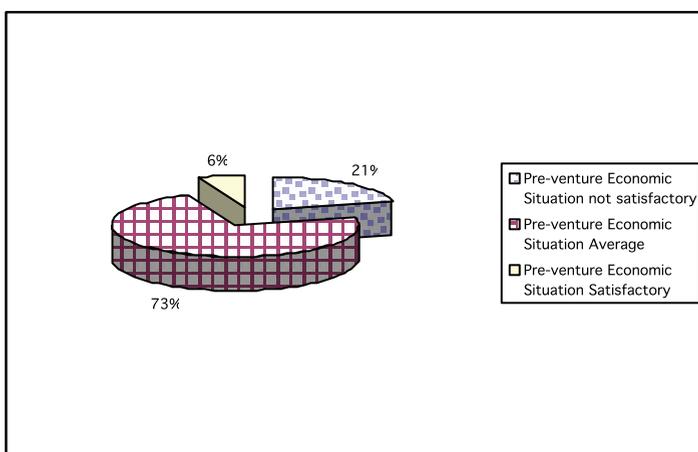
Figure 3: Respondent's parent occupation



**Figure 4:** Educational background of the women entrepreneurs



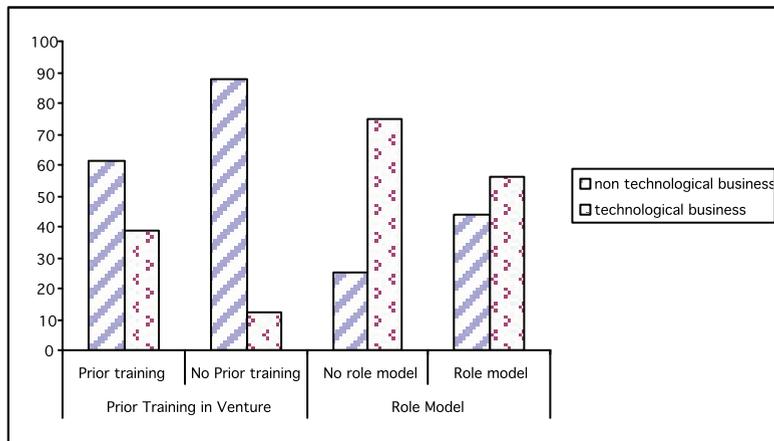
**Figure 5:** Influence of socio-cultural and financial factors on the women entrepreneurs



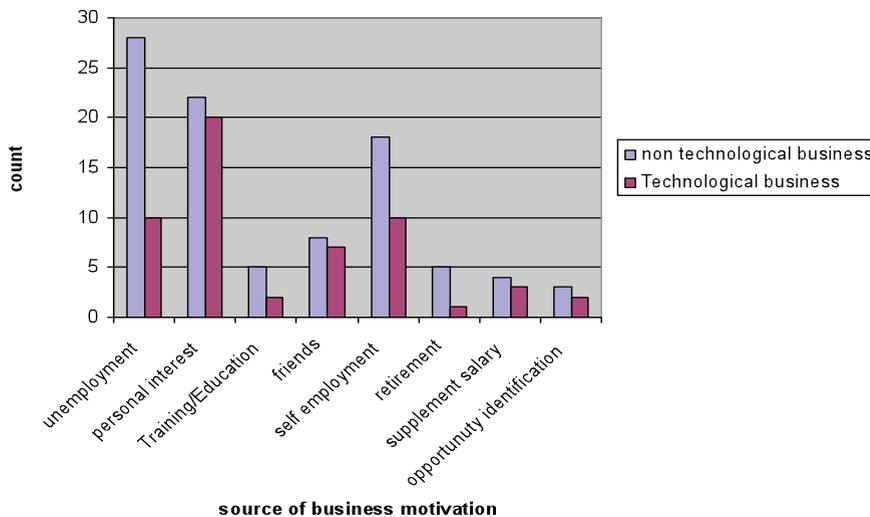
**Figure 6:** Economic situation of the women entrepreneurs prior to starting their businesses.

**Table 4: Age of Children and their Occupation.**

(N = 100 and 56 respectively)		Type of Business	
		Non-technological business (%)	Technological business (%)
Age of Children	None	23.5	26.8
	1-9	31.6	44.6
	10-20	36.7	23.2
	21 and above	8.2	5.4
Children Occupation	Schooling	74.4	86.7
	not employed	10.5	6.7
	Employed	15.1	6.7



**Figure 7: Percentage of the women entrepreneurs with prior trainings and role models**



**Figure 8: Business Motivation for Women Entrepreneurs in Southwestern Nigeria**

**Table 4: Correlation Analysis showing Factors influencing the Performance of Women Entrepreneurs**

Factors		Frequency	%	Chi-square( $\chi^2$ )
<b>Business Premises</b>	Rented	79	58.5	17.25
	Family owned	12	9.9	
	Home based	20	14.8	
	Purchased	20	14.8	
	Personally owned	4	3.0	
	<b>Total</b>	135		
<b>Business Growth and Expansion</b>	Reduced	15	11.1	10.555
	No change	48	35.6	
	Increased	72	53.3	
	<b>Total</b>	135		
<b>Systematic Planning and Monitoring</b>	Never	0	-	4.490
	Always	62	47.0	
	Sometimes	70	53.0	
	<b>Total</b>	132		
<b>Persistence</b>	Never	1	0.8	1.915
	Always	50	37.9	
	Sometimes	81	61.4	
	<b>Total</b>	132		
<b>Family attention and Responsibility</b>	Never	3	2.3	10.724
	Always	40	30.3	
	Sometimes	89	67.4	
	<b>Total</b>	132		
<b>Re-training Opportunities</b>	Never	20	15.6	2.541
	Scarcely	61	47.7	
	Often	47	36.7	
	<b>Total</b>	128		

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# Diversity in Central Asia: Culture, Transition & Entrepreneurship

Frank Lasch; Leo Paul Dana; Jens Mueller.

Key-words: Transition, Central Asia, entrepreneurship

## **Introduction**

With the demise of the USSR in 1991, five new countries became independent in Central Asia. This study presents an overview about transition, emergence and nature of entrepreneurship in a world's region that displays amongst the most important energy resources in gas and oil.

## **1. Methodology**

### *1.1 Geographical scope and definitions*

The geographic focus of this study covers five new countries that became independent in Central Asia. For our study, the word “entrepreneurship” refers to the economic undertaking of entrepreneurs. This is based on the classical definition of the word, which can be traced to the German ‘*Unternehmung*’ (literally: undertaking) and to the French ‘*entreprendre*’ (literally: between taking).

### *1.2 Sources*

This study is based on interviews conducted across Central Asia, and statistics unless specified, were provided by government sources.

**Republic of Kazakhstan** is largely based on information obtained from: the Ministry of Agriculture; the Ministry of Economics; the Ministry of Finance; the Ministry of Foreign Affairs; the Ministry of Industry and Trade; and the Ministry of Internal Affairs. The chapter includes material that first appeared in a refereed journal article about Kazakhstan (Dana, 1997).

**Kyrgyz Republic** is largely based on information obtained from: the Ministry of

Agrarian Policy; the Ministry of Agriculture and Foodstuffs; the Ministry of Culture; and the Ministry of Industrial Policy. The chapter includes material that first appeared in a refereed journal article about the Kyrgyz Republic (Dana, 2000).

**Republic of Tajikistan** is based upon unpublished data provided by the Congress of Entrepreneurs, Almaty.

**Republic of Turkmenistan** is largely based on information obtained from: the Central Bank; the Department of State Property and Privatisation; the Ministry of Economy and Finance; the Ministry of Foreign Economic Relations; the Ministry of Industry; the Ministry of Trade; the Small and Medium Enterprise Development Agency; the Turkmenbank; and Turkmenavia Airlines.

**Republic of Uzbekistan** is largely based on information obtained from: the Ministry of Agriculture; the Ministry of Finance and Economy; the Ministry of Foreign Affairs; the Ministry of Foreign Economic Relations; the Ministry of Industry, Fuel, and Power; and the Ministry of State Property and Privatisation.

## **2. Central Asian countries in transition**

### **2.1 Kazakhstan**

#### *2.1.1 Overview*

Kazakhstan declared its independence in December 1991. In terms of natural resources, per capita, Kazakhstan is perhaps the richest in the world. Kazakhstan has the world's third largest oil reserves, after the Persian Gulf and Siberia.

The collectivisation of land began in 1928 and evolved into a trauma as Kazakh herdsmen slaughtered their livestock rather than surrender them to collective farms. In 1936, the Kazakh Soviet Socialist Republic was carved out of Russia. After World War II, Moscow attempted to transform the country into a breadbasket, but the plan failed as the semi-arid steppe could not support long-term farming. The Soviets then decided to use the country as a missile testing range and nuclear test site. The Soviets also imposed cotton growing in Central Asia and diverted the rivers that once flowed into the Aral Sea in order to irrigate land for cotton (Edwards & Ludwig, 1993). But by diverting the rivers which fed the Aral Sea, the sea lost almost 75% of its volume, turned into a salt desert. The ecosystem was altered and fertile farmland contaminated by the residue of a disappearing sea and the formerly massive use of chemical fertilisers.

#### *2.1.2 The Kazakh Model of Transition by Decree*

After independence Kazakhstan became an example of successful transition to a relatively open, capitalist economy. In January 1992, the government opened up foreign trade. A privatisation plan scheduled the sale of most state enterprises with more than 200 employees. In January 1994, an agreement was signed to create a single economic zone with the Kyrgyz Republic and Uzbekistan. In April 1994, the privatisation of 3,500 medium firms took place. Privatisation was comprehensive and liberalisation proved extensive. Small enterprises with fewer than 500 employees, and large firms

with over 2,000 workers were sold for cash. In December 1994, the Law on Foreign Investments introduced incentives for foreigners, and unpublished sources of the Ministry of Economy indicate that by 1995, 2,000 joint ventures had been created. By the time a new customs code liberalised trade in July 1995, the monthly rate of inflation had fallen to 2%. Over 100 banks came to operate in Kazakhstan.

Transportation infrastructure was also rapidly developed, with several airlines replacing the Aeroflot monopoly. Unlike other formerly Soviet republics, Kazakhstan has a good supply of energy, and Kazakh Air managed to fare relatively well. Tourism is becoming developed.

In contrast to the Soviets who attempted to industrialise Kazakhstan in frenzy, the post-independence government has welcomed foreign capital, technology and expertise to co-operate in a co-ordinated development effort. This is not to suggest, however, that Kazakhstan is without problems. The republic emerged as a vanguard of reform and privatisation. Annual inflation, which reached 176% in 1995, was controlled to 7% in 1998, before rising to 13.8% in 2000. Most respondents complain of government corruption, greed and unemployment. But Soviet bureaucracy survived. Regulations exist, but rules are bent. Devaluation of the Kazakh *tenge*, in 1999, increased the competitiveness of exports.

### *2.1.3 Entrepreneurship*

With transition, entrepreneurship was legalised, and in 1995 the tax burden of entrepreneurs was specifically decreased. At the time, there were 32,186 small firms in Kazakhstan, providing 330,000 jobs<sup>1</sup>. Given that small enterprises in Kazakhstan tended to be concentrated in trade and intermediary activity, new laws attempted to promote small-scale industry. Kazakhstan became also a world leader in the production and export of pomegranate juice. Micro-enterprise was also allowed to evolve with minimal interference (unofficial vending and selling).

## **2.2 Kyrgyz Republic**

### *2.2.1 Overview*

The Kyrgyz Republic neighbours China, Kazakhstan, Tajikistan, and Uzbekistan. In 1936 the Kirghiz Soviet Socialist Republic was declared. Collectivisation began in 1928, putting an end to the traditional nomadic lifestyle of the Kirghiz, but resistance to collectivism was exceptionally strong; rather than transfer their flocks to collective farms, many Kirghiz herdsmen slaughtered their sheep – as did the Kazakhs.

### *2.2.2 The Kyrgyz Model of Transition by Decree*

O'Driscoll, Holmes & Kirkpatrick (2001) found the Kyrgyz Republic to have less black market activity than any of its neighbours. The same report described the Kyrgyz

1 These are unpublished data provided by the Congress of Entrepreneurs, 597 ul. Seifullin, Almaty.

Republic as more welcoming to foreign investment, than any other country in Central Asia. While joint ventures have boosted employment in the nation's capital, efforts to expedite transition have diverted attention from indigenous entrepreneurship.

In 1990, a law on ownership was introduced in Soviet Kirghizia, followed by a law on enterprises opening entrepreneurial activity is open to all people in Kyrgyzstan, regardless of nationality (1991). The Communist Party was outlawed and independence of the new Kyrgyz Republic was declared on August 31, 1991. In 1992, prices were liberalised and monthly inflation reached 30 to 50%. By mid-1993, inflation had been reduced to a monthly average of 17%. The *som* established itself as one of the most stable, freely convertible currencies in the Central Asian region. However, during the late 1990s, about half of all families were living below the poverty line, defined by the government as approximately \$32 per month.

Meanwhile, a bold privatisation scheme that had begun in spring 1993 led to the sale by auction of enterprises with less than 100 employees. Larger ones were transformed into joint stock companies. In May 1993, the new Law on Foreign Investments introduced tax incentives. By 1994, there were 370 joint ventures in Kyrgyzstan, with Canadians providing the largest investment. Reform in the Kyrgyz Republic also encouraged the development of an elaborate banking infrastructure. Foreign investors were welcomed and joint ventures created jobs in the national capital, *Bishkek*. In 1998, the government legislated the right to own land and the country became the first of the region to join the World Trade Organisation (WTO).

### *2.2.3 Indigenous entrepreneurship in the Kyrgyz Republic*

The Kyrgyz Republic has been praised for its rapid rate of transition, but social issues have been overlooked. Rural entrepreneurship was neglected. Although agricultural land was promptly privatised, grazing pasture was not. Upon the dissolution of co-operatives, individuals were given title to livestock divided among them. Uncertain about their access to pastures, many farmers opted to slaughter their sheep for immediate gain.

Natural pastures cover over nine million hectares of the Kyrgyz Republic (85% of the nation's land area). Over half of the people in the Kyrgyz Republic live in the countryside. According to unpublished files of the State Commission on Foreign Investments and Economic Assistance, in Bishkek, farming employed two-fifths of the population in 1998, and contributed about 40% of the GNP. However, this primary natural resource, which has traditionally been the source of livelihood for herdsmen and livestock, has been given insufficient priority.

Currently, in the Kyrgyz Republic, there is a problem of low productivity in the livestock sector. This can be traced to disease, lack of thrift, poor husbandry and underfeeding. Water pollution is also a problem, as is the increasing salinity of the soil, a result of faulty irrigation practices.

#### 2.2.4 Urban enterprise

Rapid reform in the Kyrgyz Republic accelerated the creation of new opportunities for formal firms operating in the firm-type sector. This statement merits qualification, however, as the distribution of opportunities is very uneven. International aid and foreign investments have been arriving predominantly in the national capital, *Bishkek*, marked by a rapid urbanisation. It should be emphasised that despite economic growth, only a minority of entrepreneurs prospered as the gap between rich and poor widened. Prices became unrealistic. Where possible, families have a small vegetable garden and sometimes a cow along with a couple of sheep, not always practical when living in the city.

Mass migration to *Bishkek* has also had a negative impact on other areas being depleted of people where many houses are boarded up, and the fields are overgrown with weeds. In Min-Kush, the industrial heartland of the Naryn Oblast, mass unemployment has become the norm. There is a serious mis-match between market demand and skills available in the workforce.

### 2.3 Tajikistan

#### 2.3.1 Overview

Tajikistan is the smallest of the five formerly Soviet Central Asian republics. Of the fifteen formerly Soviet republics, Tajikistan has the lowest per capita GDP. It is also the least stable. Independent since 1991, economic development in Tajikistan was delayed by the 1992-1997 civil war, between the government and the Islamic-led United Tajik Opposition.

In 1929, this Tajik region emerged as the Tajik Soviet Socialist Republic. Central planning forced out traditional mixed farming – which had supported self-sufficiency – and instead imposed specialisation in cotton, to the benefit of the Russian economy. On September 9, 1991, the former Tajik Soviet Socialist Republic gained its independence, becoming the Republic of Tajikistan. Immediately after independence, *The Economist* correctly predicted a potential for trouble in the region and Tajikistan fell right into turmoil, as it experienced several changes of government and civil war ravaged the country. By 1996, increasing tension strained the environment for any form of legitimate entrepreneurial activity.

Industrial production shrank by 31% in 1994, while the population's rate of growth – in spite of emigration – continued to be 3%, the highest in Central Asia. A new constitution was adopted on November 6, 1994, but a variety of factors prevented any significant reform, a prerequisite to the establishment of an entrepreneurial class.

#### 2.3.2 Transition to market economy

The combined effect of civil war, the loss of Soviet subsidies and the breakdown of Soviet distribution channels, resulted in the collapse of the Tajik economy. The nation

has been relying on humanitarian assistance for subsistence. This economic situation in Tajikistan is ironic, given that the republic is particularly endowed with a variety of natural resources and significant potential for hydroelectric power. Increasing pressure is being placed on this nation, as the population exceeds six million people, with a labour force of about 2 million. The nation has failed to become self-sufficient and a low standard of living persists.

The economy in Tajikistan is largely agricultural; during the late 20th century, half of the labour force worked on farms, producing cotton, fruits and vegetables and farming is very labour-extensive. The agricultural sector has severe limitations, as only 6% of the land is arable. Tajikistan is part of the basin of the Aral Sea, and this region is suffering from former Soviet economic development plans (over-utilisation of water, increasing levels of soil salinity, industrial pollution, excessive use of pesticides, contamination of soil). Cotton is officially the number one crop, but only because the former USSR imposed its production. In fact, the land in Tajikistan is not ideal for this labour-intensive crop. Instead, there has been a significant rise in the cultivation of cannabis and opium poppies.

#### *2.3.4 Entrepreneurship*

According to the Economist Intelligence Unit, the black market in Tajikistan exceeds 57% of true GDP. In contrast to other transitional economies where small business thrives in the informal sector, Tajik entrepreneurs perceive the covert sector as a most interesting alternative for economic activity. Numerous constraints in Tajikistan discourage legal forms of entrepreneurial activity. Continued hostilities between ethnic groups contribute to a variety of problems, including strains on the environment, infrastructure inadequacies and the lack of importance given to basic education. Among the relevant issues are: over-utilisation of water, increasing pollution, excessive use of pesticides, inadequately developed and poorly maintained communication networks, chronic fuel shortages, worsening international relations, border conflicts and low attendance at school. Tajikistan has become a major centre for the distribution of illicit drugs to Europe and to Canada, as well as to the United States. Corruption is the norm. Enterprise is hindered by lack of infrastructure. Communications are poorly developed and the system is badly maintained, the transportation system underdeveloped.

The geographic location of Tajikistan could be an important asset in itself. Uzbek buses link towns in Uzbekistan, via Tajikistan. This provides transportation within Tajikistan, and business to Tajik entrepreneurs along the way. However, entrepreneurs engaged in import/export operations are concerned about border closings and international border disputes (with China and the Kyrgyz Republic). As for inter-continental links, in 1994, Tajik Air introduced air service between Europe and Tajikistan, but the national airline finally collapsed.

Education is an important factor for entrepreneurship. Whereas Soviet rule had imposed

universal free education, the situation changed during the late 20<sup>th</sup> century, when a small percentage of Tajik children were attending school. This is a problem for the rural Tajik who has not learned Russian. In sum, the economic environment presents little opportunity for legitimate entrepreneurship.

## **2.4 Turkmenistan**

### *2.4.1 Overview*

Turkmenistan is rich in energy, with three trillion cubic metres of natural gas – the fourth largest reserve in the world, after Russia, the United States and Iran. In addition, Turkmenistan has 700 million tonnes of oil reserves, and the world's third largest sulphur deposits. As well, Turkmenistan is among the ten largest cotton producers in the world. Despite these riches, the people of Turkmenistan have remained poor. Although Turkmenistan is largely covered by desert, agriculture provides a significant proportion of the nation's employment opportunities, accounting for almost half of national GDP. The Turkmen Soviet Socialist Republic was recognised as a constituent republic of the USSR in 1925. During the 1930s, cotton became the backbone of the Turkmen economy. Despite bumper crops, the republic did not prosper, as the cotton was sold to Moscow at prices below world market values. In the absence of processing facilities, Turkmenistan was left out of the value-adding phases. Cotton was exported at low prices, and cloth was imported at prices dictated by central planners.

### *2.4.2 The Turkmen Model of Limited Privatisation*

Under central planning from Moscow, the Turkmen economy was focused on cotton. Since the economy has changed paths, oil has become increasingly important. A new constitution was adopted in 1992. Joint ventures became a popular means to combine capitalist ideas with local enterprise. In 1994, a cautious programme of limited privatisation was launched and the *manat* was devalued. In December 1995, the Programme for Social and Economic Development in Turkmenistan was launched. As recommended by the IMF, key objectives of this reform programme included the implementation of market reforms, making the *manat* internally convertible and restructuring the economy with a focus on controlling the expansion of credit. The banking sector was restructured during the late 20<sup>th</sup> century. In 1998 three major banks were declared state banks with narrowly defined scopes of activities. In 1999, the number of banks operating in Turkmenistan was reduced from sixty-seven to thirteen. State firms in Turkmenistan have been ordered to conduct business only with state banks.

### *2.4.3 Entrepreneurship*

Even after independence, the environment for enterprise in Turkmenistan has not been conducive for the creation of widespread prosperity. O'Driscoll, Holmes & Kirkpatrick found more government intervention in this country, than anywhere else in Central Asia; they noted, "Corruption is a major impediment, and the Economist Intelligence

Unit reports that any thorough reform is unlikely for political reasons (2001, p. 368).” Turkmenistan approached entrepreneurship issues with caution. It allowed the creation of 6,000 small-scale firms in 1992, but delayed auction sales of mid-size and larger businesses.

In 1993, the International Joint Stock Bank for Reconstruction, Development and Promotion of Entrepreneurship was founded. However, individuals interviewed by the author have doubts as to how effectively entrepreneurship was promoted. Interviewees claim, however, that opportunities were curtailed when recent legislation restricted access to foreign exchange, to certain persons. Respondents also told the author that high inflation rendered business plans useless. According to O’Driscoll, Holmes & Kirkpatrick (2001), annual inflation averaged 77.41% between 1991 and 1999.

Since 1995, the Small and Medium Enterprise Development Agency (a joint venture between the European Union and the Government of Turkmenistan) has been providing entrepreneurs with information on business law, taxation and related matters. A first glance might suggest that entrepreneurship is facilitated in Turkmenistan; in actuality, entrepreneurs in Turkmenistan face considerable regulation. Several businessmen complained to the author about the high cost of registration. Article 17 states that the list of output – for sale at state prices – is determined by the Cabinet of Ministers of Turkmenistan, by agreement with an enterprise. One interviewee told the author, “In order to be a successful entrepreneur you must first be a lawyer, or able to buy the law.” Most of the self-employed, in this country, operate micro-enterprises, and these are often informal. Street vending is common.

## **2.5 Uzbekistan**

The Republic of Uzbekistan has the largest open-pit gold mine, and the fourth largest gold reserves, in the world. Cotton accounts for 80% of the nation’s exports. Rather than precipitate transition, this republic has opted for a gradual approach to economic reform. Independence led to an Islamic revival. Tension, in 2001, led to the closure of about 900 mosques. Uzbekistan received \$100 million for its support of the United States in the War Against Terrorism. Defining economic freedom as “the absence of government coercion or constraint (Beach & O’Driscoll, 2001, p. 43-44), O’Driscoll, Holmes & Kirkpatrick (2001), reported that Uzbekistan repressed economic freedom; the same study found the government in Uzbekistan to have greater fiscal burdens than Kazakhstan, the Kyrgyz Republic, Tajikistan, and Turkmenistan.

### *2.5.1 Overview*

The Uzbek Soviet Socialist Republic was created in 1924. After the war, the Russians imposed cotton planting on the Uzbeks, replacing traditional mixed farming. The Soviets set up an irrigation system, but this caused the Aral Sea ecological disaster. Uzbekistan became independent on August 31, 1991.

### 2.5.2 *The Uzbek Model of Gradual Transition*

In contrast to the countries that rushed into market economies, Uzbekistan established policies opposed to the shock policy approach. The Uzbekistan Communist Party metamorphosed into the Popular Democratic Party and with the same people in power, reform was slow. The government sought to maintain a Soviet-style economy with subsidies, price controls, and centrally planned production. This buffered the economy from the sharp falls in output, experienced elsewhere. However, export taxes complicated international trade. In 1991, the Enterprise Tax Law was issued. It was harsh and subsequently amended in 1992 and thereafter.

Until 1993, Uzbekistan had a conservative privatisation programme. The state sold primarily non-transferable shares, to employees only, and at a fixed price. A vast parallel economy arose. In 1994, the *sum* was introduced, but the new currency experienced rapid devaluation.

Until 1995, enterprises were required to pay taxes based on sales. This was problematic, however, as sales were not necessarily proportional to profits. In April 1995, a tax on profits was introduced. Even if the model of gradual transition was continued, by 1996, prices were liberalised and the 1990s in Uzbekistan were characterised by pains of transition – albeit slow. The monthly salary of a university professor was equal to the cost of a single tank of petrol in the parallel economy. In 2002, farmers were still told what to grow, and their harvest continued to be taken by the state.

### 2.5.3 *Entrepreneurship*

In January 1994, measures were issued to facilitate the protection of private ownership and Develop Entrepreneurship.” Yet, entrepreneurship in Uzbekistan is seldom Schumpeterian (1912) in nature. Innovation is limited. Although the Uzbek Soviet Socialist Republic produced excellent engineers, hundreds of these have moved away and resettled in Israel. Conditions in Uzbekistan give rise to entrepreneurs in the Kirznerian (1973) sense. Individuals identify opportunities for arbitrage, and taking risks as described by Cantillon (1755) and Knight (1921). Often, self-employment is not a desired activity, but merely a means to survival. For many, it is a part-time effort, required to supplement a low salary.

As was the case during the zenith of the Silk Road, the bazaar is thriving with social as well as mercantile activities. At the market, prices often rise as the day progresses. This reflects decreasing supply. There is no brand differentiation. The focus is not so much on the product or service, but on personal relationships.

## **3. Entrepreneurship**

### **3.1 Beyond collectivism**

The nature of entrepreneurship today differs widely across these countries as a result of a complex mix of heritage, pluralism, cultural values, and government policy.

Kazakhstan and the Kyrgyz Republic practice a model of transition by decree. Typically for this policy is a scheme that favors privatization after independence, entrepreneurship laws, incentives for foreign investments, enhancement of the transportation infrastructure, emerging tourism, coordinated development with Western companies and deregulation. Indigenous entrepreneurship offers new opportunities for ethnic groups in Central Asia, traditionally familiar with nomadic lifestyle. In Tajikistan, political instability after independence hampered entrepreneurship and reinforced the covert sector. The close link between post-independence political stability and the successful development of entrepreneurship is a common theme that we observe also in other emerging countries, like in East Asia for example. Transition to market economy has been delayed in Tajikistan by civil war and the combined effect of political instability, the loss of Soviet subsidies and the breakdown of Soviet distribution channels, resulted in the collapse of the economy. Legal forms of entrepreneurship are discouraged. After independence, Turkmenistan adopted a model of limited privatisation. This country approaches entrepreneurship with caution, under tight state control. The major obstacles for entrepreneurs are regulations and bureaucracy here. Uzbekistan opted for a gradual approach to economic reform. Currency crisis and shortages of energy are factors that have a negative effect on the development of entrepreneurship.

## **3.2 Toward the future**

### *3.2.1 Kazakhstan*

Kazakhstan became the world's fourth nuclear power when because the Soviets felt the country's million square miles of steppe were ideal for placing nuclear warheads. After decades of imposed communism, horses once again roam freely among Kazakh shepherds tending their flocks and drinking fermented mare's milk. Nearby, at the Baikonur Cosmodrome, satellites are being sent into orbit, \$1.5 million per launch. Local cultural values in Kazakhstan are compatible with capitalism and with the re-emerging entrepreneurial spirit. As other republics may look at religious fundamentalism for leadership, and yet others yearn for a return to power of the Communist Party, Kazakhstan is keen on entrepreneurship, innovation and change.

### *3.2.2 Kyrgyzstan*

The Soviets geared the local industry to service their own military industrial complex, with an emphasis on antimony, mercury and nuclear arms. More recently, rapid reform, for the sake of change, has introduced new problems to the Kyrgyz Republic. New taxes squeeze independent, indigenous entrepreneurs. Meanwhile, Western-style capitalism has been imposed, causing rapid urbanisation and related social problems. Agriculture must no longer be viewed as a stagnant industry. It is affected not only by changing weather patterns and demographic shifts, but also by changing technology, government intervention, competition and market demands.

A minority in this new country, Russians have been feeling threatened and many have emigrated, taking with them their skills. In 1989, one out of four residents was Russian; by 2001, the Russian minority was reduced to less than one out of six. The indigenous Kirghiz have been successful herders for centuries, manifesting their entrepreneurial spirit in the countryside, but emphasis was placed on urban enterprise. In 1995, Parliament introduced a new tax on pastureland and another tax on land used to grow hay.

Also problematic is energy distribution. Although the Kyrgyz Republic exports electricity, the nation relies on imported fuel, which is often scarce, especially in rural regions. Both rural and urban sectors can be encouraged to evolve.

### *3.2.3 Tajikistan*

Tajikistan is pluralistic, with a shared core universe, and different partial universes coexisting with the lack of mutual accommodation. Ethnic violence from within the country is a serious threat, as like as rebel bastions allowing covert entrepreneurship activities.

Due to considerable communist influence in the past, many Tajiks are not familiar with “normal” business practices in a market economy. The Tajik concept of enterprise is not the same as that in the West, and management is not seen the same way. Under the old regime, there were no managers in the Western sense, but rather highly influential industrial bureaucrats. They did not manage; instead, they received orders from superior functionaries and simply executed the instructions. Consequently, people are still waiting for directives. Meanwhile, engaging in covert activities is providing an overwhelming source of hard currency, this to the detriment of engaging in legal entrepreneurial behaviour such as that found in internal, informal and formal categories of economic activity.

Whereas independence from Moscow has enabled entrepreneurs in some newly independent countries to enter better economic times, for Tajikistan, secession has not contributed to legitimate entrepreneurship. Aside from trading in illegal drugs and/or hunting endangered species, Tajiks see little opportunity for entrepreneurial activity in their new country.

### *3.2.4 Turkmenistan*

Turkmenistan is said to have great potential. It is rich in fuel, and its weather allows for a long growing season. Its cotton is considered among the best in the world. Furthermore, its location puts it at the crossroads of Europe and Southeast Asia.

Nevertheless, enterprise is crippled here. Heavy paperwork requirements are a strain to owner-managers with limited resources. The multitude of local, profit, and property taxes further deters legitimate entrepreneurship. Frequently changing regulations and tax laws limit entrepreneurial expansion. As concluded by O’Driscoll, Holmes &

Kirkpatrick, “The legal reforms necessary for development of a market economy have not been put in place (2001, p. 368).”

### *3.2.5 Uzbekistan*

Uzbekistan is a land of paradox. There are over 250 airports, but most have unpaved runways. Soviet bureaucracy survived the demise of the USSR. In contrast to Kazakhstan and the Kyrgyz Republic, Uzbekistan proceeded slowly with transition to a market economy.

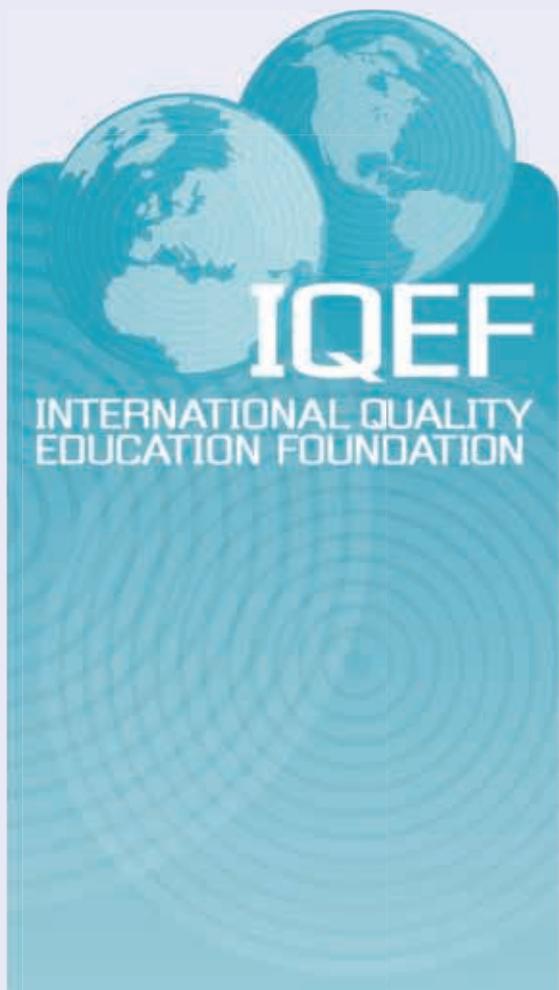
#### **Conclusion**

This study has surveyed the evolution transition and entrepreneurship in five former Soviet Republics of Central Asia. The main objective was to provide an overview about the nature of entrepreneurship in these emerging countries of the region between China and Russia.

This overview about emerging countries in Central Asia shows that a variety of models are means to achieve different results. This is where more research is needed. Perhaps transition should not be viewed so much as an end in itself, but rather a means to something beyond. Classic theories cannot simply be taken and injected into transitional economies, in neglect of the environment in which they are to be placed. Historical, socio-cultural and economic contexts appear to be important factors affecting the environment for business; societies cannot all adopt legitimate entrepreneurial systems at an equal pace, nor should they be expected to. Although governments recognize the importance of entrepreneurship, the emphases of their respective promotion efforts differ greatly, reflecting national priorities, demographic factors and cultural values. Likewise, the entrepreneurship sector reflects historical and cultural factors, as well as public policy. In addition to public policy, social norms and education have an influence on entrepreneurship.

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# An Integrated Model of a University's Entrepreneurial Ecosystem

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## **Abstract**

This paper discusses the phenomenon of academic entrepreneurship and its significance to university education, societal development and economic development. It analyzes and presents academic entrepreneurship as a leadership process of creating value through acts of organizational creation, renewal or innovation within or outside the university that results in research and technology commercialization. The study identifies the complexities involved in nurturing the entrepreneurial academic paradigm and the impact it has on the leadership role of the university. The discussion draws from trends and progress of academic entrepreneurship in developed societies in the USA, Canada, Europe and Australia. Academic entrepreneurship is a new phenomenon in Malaysia and the focus has very much been placed on research and technology commercialization. The evolution of academic entrepreneurship in the Malaysian context is examined and discussed within three contextual elements of a university's entrepreneurial system. From these discussions, the paper offers an integrated framework of a university's entrepreneurial system which takes into account the role and linkages between the government, university and industry. Last but not least, it discusses issues, challenges, the way forward for Malaysian universities and implication for academic entrepreneurship research.

**Keywords:** Academic Entrepreneurship, Entrepreneurial Ecosystem, Entrepreneurial University, Innovation, Technology Commercialization

## 1. Introduction

The essence of this paper is the phenomenon of academic entrepreneurship. It has become a very interesting, complex and important phenomenon because it is situated at the core of changes in the landscape and context of higher education transformation in Malaysia. In essence, it is changing how universities are being viewed. No longer are universities viewed only as the liberator and protector of all knowledge and science, of fact and principle, of inquiry and discovery, of experiment and speculation. No longer does it only play the role of producer of human capital and industry-ready workers. In this century, universities pursue academic entrepreneurship to strategically place and position themselves as important engines of sustainable technological development and economic growth.

The emergence of the knowledge-based innovation economy has externally influenced academic structures and the internal development of academic entrepreneurship in universities. Through academic entrepreneurship, the ivory tower plays a larger and enhanced role in contributing to international competitiveness of economies particularly via the process of research commercialization which improve regional and national economic performance. Further, these entrepreneurial activities create wealth, financial advantage and gain to the enterprising universities and faculties. For example, Emory University, USA became the top major earner in licensing revenue in 2005 generating more than US\$585 million from the sale of royalties of its research discovered HIV/AIDS Emtriva drug and University of California System, USA generated US\$193 million license income in 2006 (AUTM, 2007a; 2007b; Chrisman *et. al.*, 1995; Etzkowitz *et. al.*, 2000; Phan and Siegel, 2006; Rothaermel *et. al.*, 2007).

The main purpose of this paper is to propose an integrated framework of a university's entrepreneurial system which takes into account the role and linkages

between the government, university and industry. In doing so, this paper discusses the phenomenon of academic entrepreneurship and its significance to university education, societal development and economic development. The discussion also draws from trends and progress of academic entrepreneurship in developed societies in the USA, Canada, Europe and Australia. The evolution of academic entrepreneurship in the Malaysian context is examined and discussed within three contextual elements of a university's entrepreneurial system.

## **2. What is Academic Entrepreneurship?**

Academic entrepreneurship can be defined as the leadership process of creating value through acts of organizational creation, renewal or innovation that occurs within or outside the university that results in research and technology commercialization. It occurs at the level of individuals or groups of individuals acting independently or as part of faculty or university systems, who create new organizations, or instigate renewal or innovation within or outside the university. These individuals can be referred to as academic entrepreneurs or entrepreneurial academics (academic intrapreneurs). Value from academic entrepreneurship is achieved through the integration of scientific activities, academic activities and commercialization activities (Chrisman *et. al.*, 1995; Clark, 1998; Etzkowitz *et. al.*, 2000; Sporn, 2001; Etzkowitz, 2004; Brennan and McGowan, 2006; Kirby, 2006; Phan and Siegel, 2006; Rothaermel *et. al.*, 2007).

Based on the definition above, the phenomenon consists of three components. Firstly, it creates value in the marketplace as well as within the university organizations. A university creates economic value by becoming entrepreneurial. Further, a university that extensively practices academic entrepreneurship is an entrepreneurial university. In the value creation process, leadership at all levels of the academic organization is important in facilitating, nurturing and supporting entrepreneurial activities. Without strong and effective leadership, the transition or transformation towards an entrepreneurial university may not be realized (Clark, 1998; Jain and Yusof, 2007).

Secondly, the value creation process occurs through acts of organizational creation, renewal or innovation. Table 1 provides the mechanisms that can be undertaken in pursuing these entrepreneurial actions.

Table 1. Dimensions and Mechanisms of Academic Entrepreneurship

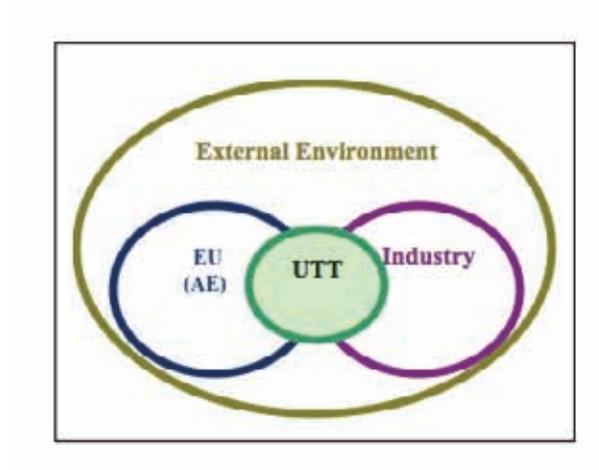
<b>Dimensions</b>	<b>Mechanisms</b>
Organizational creation	Start-up companies  University spin-offs  Joint venture
Organizational renewal	Research groups  Research centers  Technology transfer schemes
Organizational innovation	Patenting  Licensing  Design rights

*Source: Adapted from Brennan and McGowan (2006)*

And thirdly, academic entrepreneurship results in research and technology commercialization. This is because it facilitates and encourages university technology transfer between the university and the industry. Thus, a higher degree of academic entrepreneurship orientation will result in a greater number of technology transfer and commercialization activities between the university and the industry (Yusof and Jain, 2007).

In an entrepreneurial university, academic entrepreneurship processes and activities are embedded in the university system, encultured in its academic faculties, embodied in its community of practice and embraced in each individual academic. By indulging in academic entrepreneurship, university agents i.e. academic inventors and entrepreneurs, use available organizational resources and state resources and organize their entrepreneurial activities towards exploiting perceived opportunities in the knowledge-based economy. In essence, this means that academic entrepreneurship is a process that occurs within the organizational boundary of the university. This is shown in Figure 1 where academic entrepreneurship (AE) falls inside the circle which is de-

noted as entrepreneurial university (EU).



EU – Entrepreneurial University

AE – Academic Entrepreneurship

UTT – University Technology Transfer

*Source: Yusof and Jain (2007)*

Fig. 1. A Framework Depicting the Relationship between University-Level Entrepreneurship, Industry and External Environment

Previous research into academic entrepreneurship has tended to equate academic entrepreneurship with university technology transfer, more specifically with the creation and development of new organizations, commonly known as the academic or technology based spin-off. However, when academic entrepreneurship is interpreted as encompassing not only organizational creation but also strategic renewal, transformation and innovation within the university systems, then, a boundary exists between academic entrepreneurship and university technology transfer.

This means that not all academic entrepreneurship processes and activities will result in university technology transfer but the process of transferring technology to the industry or the commercialization of the technology or invention through licensing agreements, research joint ventures and university-based start-ups, is an entrepreneurial activity. Figure 1 describes that the entrepreneurial university interacts with the industry and extend its academic entrepreneurship processes and activities beyond the organizational boundary through university technology transfer.

These activities and entrepreneurial development will not only contribute to organizational growth, profitability and wealth creation in the university but will also impact the external environment and economy as a whole by increasing productivity, improving best practices, creating new industries and enhancing international competitiveness, and, vehemently contributing to the growth and development of a knowledge-based economy and society. To firms, whether large or small, universities can provide key inputs into innovation process, possibly at lower cost (Chrisman *et. al.*, 1995; Etzkowitz *et. al.*, 2000; Cosh *et. al.*, 2004; Phan and Siegel, 2006; Rothaermel *et. al.*, 2007).

For national and local governments, universities are a source of key assets for technology-driven innovation economy. They provide skilled people and valuable researchable ideas. They attract other key economic development resources such as educated people, firms and venture capitalists. Universities can be relied upon for long-term sustainable relationships. Universities which have been successful in teaching and research have vast untapped resources for nurturing and establishing innovative start-ups and technology-based ventures (Chrisman *et. al.*, 1995; Etzkowitz *et. al.*, 2000; Cosh *et. al.*, 2004; Phan and Siegel, 2006; Rothaermel *et. al.*, 2007, Jain and Yusof, 2007).

Through academic entrepreneurship, the university becomes the agent of industrial innovation, technological development, economic development and social development especially in the context of growing knowledge-based economies and globalization. Further, the university becomes more economically and societal focused, engages with the task of contributing to the entirety of a cultured and competitive society, honors its intellectual and social purpose of improving the quality of life for the whole community, and, becomes more outward-looking and accountable for public funds and its own internal workings (Cargill, 2006). These are new challenges to the

entrepreneurial university.

The above basically suggests that university's leadership role is becoming multi-faceted. Not only that universities are required to educate people but they need to train skilled undergraduates, graduates and post-doctorates. To contribute towards knowledge-based innovation systems and economies, universities need to increase the stock of 'codified' useful knowledge such as publications, patents and prototypes. They have to participate in problem-solving activities in the industry and community through contract research, cooperative research with industry, technology licensing, faculty consulting, and providing access to specialized instrumentation and equipment, and incubation services. (Cosh *et. al.*, 2004).

Universities need to provide public space in order to facilitate the public in forming and accessing networks, and stimulating social interaction. In addition, they will be able to influence the direction of search processes among users and suppliers of technology and fundamental researchers. These can be done through meetings and conferences, hosting standard-setting forums, creating entrepreneurship centers, developing alumni networks, facilitating personnel exchanges such as internships and faculty exchanges, and creating visiting committees and curriculum development committees (Cosh *et. al.*, 2004).

### **3. Academic Entrepreneurship in Developed Societies**

Research into academic entrepreneurship has grown rapidly over the past twenty-five years. This arises from both the internal development of the university and external influences on academic structures associated with the emergence of knowledge-based innovation. Further, universities have been asked to play a larger and enhanced role in contributing to international competitiveness of economies particularly via the process of research commercialization and contribute more to local and regional economic and social development. The observed benefits of these entrepreneurial activities are not only in terms of improving regional or national economic performance but also in the form of financial advantage and gain to the enterprising universities and its faculties (Chrisman *et. al.*, 1995; Etzkowitz *et. al.*, 2000; Phan and Siegel, 2006; Rothaermel *et. al.*, 2007).

Universities in developed countries have become increasingly entrepreneurial. This can be traced from surveys which collected data on the commercial potential of public science and the use of public science outputs by firms such as The Association of University Technology Managers (AUTM) which surveyed technology transfer offices in the USA since 1991 and on an annual basis since 1996; Statistics Canada which surveyed Canadian research institutes since 1998 and on an annual basis since 2003; National Survey on Research Commercialization conducted by Department of Education, Science and Training, Canberra, Australia for year 2001 and 2002; The Association of European Science and Technology Transfer Professionals (ASTP), The Netherlands, which surveyed public science institutes across Europe in 2004; University Companies Association (UNICO) which surveyed universities in the UK in 2004; and, Higher Education Funding Council for England (HEFCE) which surveyed UK universities in 2002-2003.

Table 2 in Appendix A provides the aggregate data of each survey. The financial data were noted in US dollar purchasing power parities (US PPP\$) and based on OECD data on PPPs for Canada, Australia and each European country for the relevant year (Arundel and Bordoy, 2006). These data demonstrated that the USA led and had benefited the most from the commercialization of its public research and technological development. In Europe, the UK was the largest contributor to research and technology commercialization.

The development of academic entrepreneurship in developed nations can be traced back to the establishment of technical universities in Germany, France and the UK during the Industrial Revolution era. But, it was in the USA that it began to flourish. The dominance of American firms in basic innovations in the 20<sup>th</sup> Century has a lot to do with the entrepreneurial quality and first class research of their universities. The development of academic entrepreneurship in the USA has been regarded as revolutionary (transformation of the university into a teaching, research & economic development enterprise). Two universities stand out in building the entrepreneurial culture and integrating academic and non-academic organizational elements within a common framework i.e. Massachusetts Institute of Technology and Stanford University, resulting in regional economic development in their constituencies. After the World War II, a new generation of American academic entrepreneurs built new “private” and “metropolitan” universities which later became a major growth sector in American higher education (Jain and Yusof, 2007).

Factors that facilitated academic entrepreneurship in the USA include the rise in venture capital; Bayh-Dole Act, 1980, which provided the incentives for universities to

patent scientific breakthrough accomplished through federal funding; the rise in the pool and mobility of scientists and engineers; and, important technological breakthrough in computing (microprocessor), biotechnology (genetic engineering) and nanotechnology. Even though the Industrial Revolution began in Europe but the development of academic entrepreneurship in European countries had been slower and less efficient than in the USA. This was referred to as the “European Paradox” (high public research expenditures but low commercial outputs). This paradox has been attributed to lack of entrepreneurial spirit among scientists; barriers to the ability of public sector scientists to move to the private sector on a temporary basis to develop their discoveries; poor intellectual property rights to university inventions; and, differing legal systems between nations that inhibit cross border technology transfer (Arundel and Bordoy, 2006).

In the 1990s, the European Commission launched several initiatives that triggered European governments to introduce policies to promote commercialization such as university courses on entrepreneurship for future academics; subsidies for the establishment of technology transfer offices; changes in intellectual property rights regulations; and, requirements for universities to obtain a higher share of their research funding from the private sector (Arundel and Bordoy, 2006). Interestingly, in 2004, it was found that even though American universities led in invention disclosures, patents filed and granted, licenses executed and licensing income, but, European universities seemed to lead in establishing startups. European universities establish approximately 3 times as many new firms relative to research expenditures compared to universities in the USA and Canada (Milken Institute, 2006). Refer to the data in Table 3 in Appendix A.

#### **4. Academic Entrepreneurship in Malaysia**

For Malaysia, academic entrepreneurship is a new phenomenon and the focus has very much been placed on research and technology commercialization. Playing the lead role in instigating entrepreneurial and commercialization activities are the government and local public research universities. The key role played by the government in triggering the development of academic entrepreneurship in Malaysia can be traced from the nation’s planned transformation to become a developed society through Vision 2020 in 1991 and the re-focusing of efforts on the development of a knowledge-based economy after the Asian financial crisis. Among the key initiatives were The Third Outline Perspective Plan (2001-2010); Knowledge-Based Economy Master Plan, 2002; and, Malaysian Knowledge Content (MyKe) Survey, 2003. In fact, govern-

ment research funding under the Ninth Malaysian Plan (2006-2010) which was at 1.5% of Gross Domestic Product increased threefold compared to the Eighth Malaysian Plan (2001-2005) which was at 0.49% of Gross Domestic Product.

Other strategic triggers include initiatives under the Ministry of Science, Technology and Innovation (MOSTI). Among the profound ones was the Intensification of Research in Priority Areas (IRPA) programme. From 1986-2000, RM2 billion have been allocated for Research and Development; Grants/Funds i.e. ScienceFund, InnoFund, TechnoFund and Brain Gain; infrastructure and support agencies such as Multimedia Development Corporation (MDeC), BiotechCorp, MASTIC and NITC etc.; Science and Technology award such as the National Innovation Award; and, policies and action plans such as the National Science and Technology Policy, National Biotechnology Policy and National ICT Roadmap.

Since 1994, the Malaysian Science and Technology Information Centre (MASTIC) had conducted the National Survey of Research and Development every two years and this survey provided information on research and development activities undertaken by the public and private sectors in Malaysia. For instance, the survey in 2006 found that there was a steady increase in research and development expenditure since 1996. Total research and development spending was RM513.3 million in 2004, an increase of 42.4% from 2002. Then again, even though there had been an increase in research and development spending in Malaysian universities, these spending were still very low compared to universities in developed and other Asia Pacific countries.

Among the significant decisions made by the government to stimulate innovation and research commercialization in higher education were the designation of four public universities as research universities namely University Malaya, Science University of Malaysia, National University of Malaysia and University Putra Malaysia (Ninth Malaysian Plan (2006-2010), pp. 258), and, an allocation of RM5.3 billion for science, technology and innovation initiatives to strengthen the national innovation system (Ninth Malaysian Plan (2006-2010), pp. 279-280). In addition, focus and emphasis were given to biotechnology, advanced materials, manufacturing, information and communication technology, and nanotechnology to generate 300 science and technology-based companies through public funded research and development, and 50 companies with global partnerships (Ninth Malaysian Plan (2006-2010), pp. 275).

## 5. The Contextual Elements of a University's Entrepreneurial Ecosystem

The uniqueness, intricacies, conflicts, impacts and complexities of entrepreneurship within and around academic organizations and the entrepreneurialism created from linkages between the university, the industry and the government have triggered controversies and debate on issues concerning university management, the re-invention and transformation of higher education and university organizations, the integration of the academic entrepreneurial paradigm with existing institutional and organizational framework which transform the university into an economic development enterprise and the role of the university in a knowledge-based economy as well as its contribution to economic and social development.

Figure 2 in Appendix B describes the contextual elements of a university's entrepreneurial ecosystem and demonstrates the factors influencing academic entrepreneurship processes and based on a triple-helix relationship between the government, university and industry. The framework is a synthesis of three different but related contexts (Chrisman *et. al.*, 1995; Clark, 1998; Etzkowitz *et. al.*, 2000; Sporn, 2001; Etzkowitz, 2004; Brennan and McGowan, 2006; Kirby, 2006; Phan and Siegel, 2006; Rothaermel *et. al.*, 2007).

### 5.1. External context

The external context of the university's entrepreneurial ecosystem refers to strategic triggers from the external environment which as discussed in the previous section is a confluence of government initiatives and efforts which had spawned close to two decades. The most recent strategic decision is the transformation of higher education and public universities in particular, in order to have a world-class national higher education system. Without a world-class national higher education system, the quest to become a sophisticated knowledge-based economy is likely to be frustrated because a world-class higher education system is a prerequisite for improving the national innovation system and in overcoming the limitation of a disjointed research and innovation system, with weak private sector demand for research and development and weak university-industry linkages.

The EPU and World Bank (2007) report on 'Malaysia and the Knowledge Economy: Building a World-Class Higher Education System' stated that based on global experience, in order to be effective contributors to knowledge-based economic growth, Malaysia will need to focus on two critical tasks: firstly, absorbing and adapting existing knowledge from around the world as well as producing and commercializing new

cutting-edge inventions; and, supplying the skilled manpower with the requisite technical and managerial qualifications needed by a modern, innovative economy. Therefore, last year, the Ministry of Higher Education launched the National Higher Education Strategic Plan and National Higher Education Action Plan (2007-2010) with several aims and objectives set to achieve commercialization success, international recognition, a more effective and collaborative national innovation system and the development of a pool of quality human capital.

## 5.2. *Internal context*

The internal context consists of three components which affect the process of academic entrepreneurship within the university. These components consist of the individual factors, organizational factors and institutional factors. The individual factors of academic entrepreneurship encompass roles of individual agents such as academicians, researchers, scientists and technology transfer officers. The institutional factors include research centers, science parks and incubators, and, the organizational factors involve leadership, culture, organizational design, control systems and human resource management systems (Brennan and McGowan, 2006; Kirby, 2006; Phan and Siegel, 2006; Rothaermel *et. al.*, 2007; Yusof and Jain, 2007; Yusof *et. al.*, 2007).

To nurture the academic entrepreneurial paradigm and mindset across the university organization and system, a shift from a focus on (basic) research and teaching to the development of a collective, innovative, entrepreneurial and sustainable source of science and technology needs to be made. There has to be facilitation from inside the university system to accelerate technology diffusion. Conflicts arising from creative tension between teaching and research, applied and basic, entrepreneurial and scholastic interests are inevitable and expected. But, for the academic entrepreneurial paradigm to be sustainable, compromise, normative change and reconciliation of different and seemingly opposed ideological elements such as entrepreneurship and the extension of knowledge need to be facilitated and embedded in the university system (Etzkowitz *et. al.*, 2000; Jain and Yusof, 2007; Yusof and Jain, 2007).

In addition, academic and non-academic organizational elements must be inte-

grated into a common framework. Organizational climate which comprises structure, control systems, human resource management systems and culture must be aligned towards facilitating entrepreneurial endeavors. And, most importantly, university leadership needs to adopt the entrepreneurial leadership characteristics. The importance placed on the role of leadership in supporting academic entrepreneurship in a university setting results in very different implications for how the university can foster entrepreneurship (Clark, 1998; Etzkowitz *et. al.*, 2000; Yusof *et. al.*, 2007).

Firstly, the behavior of leaders plays a fundamental role in facilitating, nurturing and supporting entrepreneurial activities within the university. One of the critical elements found by Clark (1998) in successful entrepreneurial academic institutions is strong top-down leadership and policies that support and encourage the process of academic entrepreneurship and which merge entrepreneurial orientation objectives with the traditional academic values of the university. Secondly, the leadership of the university has the responsibility to create a work environment that is highly conducive to entrepreneurship, and when the appropriate conditions are in place, employees of all types will naturally unleash their entrepreneurial potentials (Yusof *et. al.*, 2007).

### 5.3. Commercialization context

The commercialization context relates to the relationship between the university and the industry. Commercialization of university research is very challenging and involves a lot of issues. Among the issues are forms of technology transfer, business matching between the scientist or technology and firms, funding and investment for new ventures or university spin-offs, the marketability of the innovation or invention and the management of intellectual property, patent and intangible assets. The common forms of university technology transfer, referred to as the formal mechanisms, are patenting, university licensing, strategic alliance through formal and informal research partnerships or joint ventures, and the creation of university spin-outs or spin-offs. While informal mechanisms include knowledge transfer, joint publications with industry scientists and consulting (Yusof and Jain, 2007).

Business matching requires the meeting of minds between the scientist, university and the interested corporation or entrepreneur. A consensus and agreement may only come after a long process of discussion and negotiation. Therefore, appropriate mechanisms and a conducive environment need to be put in place in order to facilitate

this process including efficient and effective management of intellectual property and patent. Promotion and marketing of available technologies and research outputs are important to create awareness and garner attention from the industry. It is not that Malaysia is short of world-class scientists but the industry is not aware and local university inventions are perceived to be of low quality or out-of-date. Hence, the industry needs to be educated and convinced to change its mindset and perception towards Malaysian universities' inventions and innovation.

In addition, the entrepreneurial activities in universities need to be fueled by venture capital funding and investment. However, this is very lacking at the moment. Not only that the number of venture capitalists in Malaysia is small but their focus of late has been on portfolio management rather than on funding university spin-offs. Currently, only the Malaysian Technology Development Corporation Sdn. Bhd. (MTDC) and Malaysian Venture Capital Management Berhad (MAVCAP), which are both set up by the Malaysian government, have shown interest but academic entrepreneurs and intrapreneurs need to be trained to meet venture capital requirements and to understand the challenges and rigor of academic entrepreneurship.

## **6. A Model of a University's Entrepreneurial Ecosystem**

Research is at the heart of innovation but unless research can be effectively transferred to the marketplace, the benefit to the locality or economy is limited. Research and technology commercialization is the process of finding, creating and leveraging intellectual property that has potential commercial applications. Such applications are the fruits of research conducted within a variety of public and private environments, including universities, research institutions and established commercial companies. The benefits of technology commercialization include a more rapid technological diffusion to the public enhancing local and regional economic development, a potential source of university revenue, positive effects on the curriculum and as a marketing tool to attract students, faculty and additional industrial research support. The rapid rise and increased emphasis on transferring technology to the private sector for commercialization as an economic development strategy has also led to a rise in entrepreneurial activities in universities. Further, the need to develop more rapid linkages between science, technology and utilization has been caused among others by the rapid rate of technological change, shorter product lifecycles and the more intense global competition which has radically transformed the current competitive position of many regional

economies (Monitor Group, 2003; Phan and Siegel, 2006; Yusof and Jain, 2007).

Based on his examination of regional innovation clusters in the USA, Porter (2001) found that universities and specialized research centers are the driving force behind innovation in nearly every region and that mechanisms for commercialization are essential if innovation is to translate to economic success. He further reiterated that specialized talent and training are more important than abundant labor. A university's entrepreneurial ecosystem is created and strengthened by maximizing the level and volume of technology commercialization. As technology commercialization creates opportunities for new start-ups and numerous technologies are licensed to local and foreign companies, formal and informal linkages are born. Over time, these formal and informal linkages between university researchers, established firms, the venture capital community and a vast network of local entrepreneurs create a potent and unique university's entrepreneurial ecosystem. This entrepreneurial system is depicted in Figure 3 of Appendix B. Through the entrepreneurial ecosystem, information can be quickly disseminated amongst these parties. This is based on the premise that new deals are often built upon existing informal and formal collaborations and relationships.

### *6.1. Universities and institutes*

Researchers, scientists and technologists are employed here and they produce a supply of inventions and innovations which may hold commercial potential. A university's entrepreneurial system can be enhanced and strengthened through five basic tenets: (1) recognizing the important role of the university in regional economic development; (2) create and support the technology transfer office; (3) align university curriculum to meet the needs of local clusters; (4) the university actively participates in cluster development efforts; and (5) support start-up company efforts by academicians and students (Porter, 2001).

### *6.2. Start-ups and existing entrepreneurs*

They are the demand side of the commercialization equation, finding applications for the inventions and innovations produced within universities and institutes.

### 6.3. *Venture capital community*

A network of operational venture capitalists, local entrepreneurs and angel investors who provides capital and test the commercial viability of new ideas and innovations. The venture capital community provides market-based screening of ideas, pairing of business people with inventors, capital and contacts.

### 6.4. *Undergraduates and graduates of universities and university network*

Undergraduates, graduates, faculty and researchers employed by companies within the locality either as trainees, consultants, full-time and part-time workers, transfer knowledge to the marketplace by bringing their skills and experience to local companies.

### 6.5. *Technology transfer office*

University technology transfer office facilitates the commercialization process between inventors, companies and the venture capitalists. Technology transfer offices should be gateways to facilitate the flow of innovation and not gatekeepers that constrain the flow of inventions and frustrate faculty, entrepreneurs and industry. Therefore, technology transfer managers should be creative and innovative and utilize various types of commercialization models (Litan *et. al.*, 2007).

The university's entrepreneurial ecosystem will generate substantial value for the regional economy and benefits the university. Inventors will enjoy a flexible and innovative research environment; companies gain access to valuable research; and universities receive substantial financial upside from their licensing activities, as well as from the generous financial gifts made by alumni and faculty who have been successful entrepreneurs using technology developed at the university. Thus, the technology

transfer office should be best viewed not only as a licensing mechanism but also as a diplomatic entity, which facilitates the transfer of technology for the greater good of the region and which maintains excellent relations with entrepreneurs (Monitor Group, 2003).

## 7. Conclusion

The impact of the National Higher Education Action Plan (2007-2010) which is triggering the higher education transformation is that Malaysian universities are expected to contribute more to economic development through research and development, and commercialization activities; universities must seek closer relationships with the government and industry; and, universities need to drive resource efficiency and quality management approaches through all aspects of their business, requiring a high level of both financial and outcome accountability. Several issues and challenges which will be faced by Malaysian universities wanting to nurture their entrepreneurial ecosystems include, among others:-

- Would the universities be able to accommodate a third mission of enterprise development on top of primary roles of education and intellectual discovery?
- Can universities stand up to their local role and gear up to their international role?
- How will university leadership address the conflict between role of disciplines and role of inter-disciplines?
- How will university leadership address the conflict between academic freedom, scientific autonomy, curiosity-driven 'fundamental' research versus directed, user-driven, shorter-term development 'applied' research? In other words, can academic leadership find a balance between technology-driven innovation and market-driven innovation?
- Can universities handle the issues relating to conflict of interest and conflict of commitment?
- How will universities decide between centralized versus decentralized management of the university-industry boundary?
- How will universities select the appropriate commercialization model for their technology transfer offices?

Further, in 2004, research and development expenditure by the private sector accounts for 71.5% of the national gross expenditures on research and development

(GERD) (National Survey of Research and Development, 2006). Therefore can universities attract funding from the private sector? Would the private sector be willing to pour their research and development expenditures into research and commercialization activities in universities?

Most studies to date have focused on university entrepreneurship in the USA and selected European countries and a few studies compare and contrast university commercialization activities across countries (Rothaermel *et. al.*, 2007; Yusof and Jain, 2007). This represents an opportunity for researchers especially in other parts of the world, in other cultures or in different economic contexts (developing or transitional economies) to examine whether the same patterns of university entrepreneurial activities or the same dynamics apply to the context of their nations, culture or economic system. In addition, there is a paucity of literature and studies on academic entrepreneurship and research commercialization in Malaysia especially in the higher education system.

Table 3. AUTM & ASTP Performance Per Million Research Expenditures Universities, 2004

	<b>USA</b>	<b>Canada</b>	<b>Europe</b>	<b>Ratio</b>	
<b>Avg. Research Exp. (US\$ Mil.)</b>	225	178	100		
	<b>Per Million Research Exp.</b>			<b>USA/Canada</b>	<b>USA/Europe</b>
<b>Invention Disclosures</b>	0.40	0.14	0.32	2.98	1.25
<b>Patent Applications</b>	0.25	0.06	0.12	4.21	2.06
<b>Patents Granted</b>	0.09	0.01	0.04	6.09	2.38
<b>Licenses Executed</b>	0.11	0.07	0.09	1.58	1.25
<b>Licensing Income (US\$)</b>	27,825	12,934	11,988	2.15	2.32
<b>Startups Established</b>	0.01	0.01	0.03	1.74	0.37

*Source: Milken Institute, 2006*

Source: Authors' Own Interpretation

Fig. 2. Contextual Elements of a University's Entrepreneurial Ecosystem

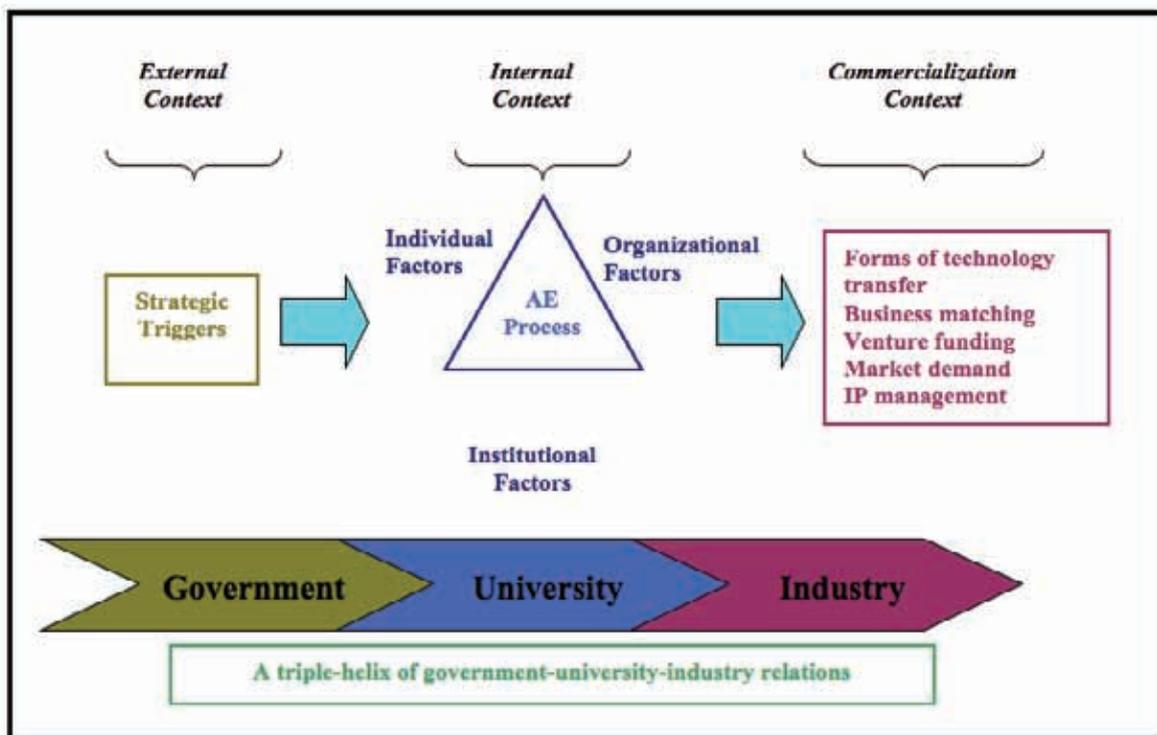
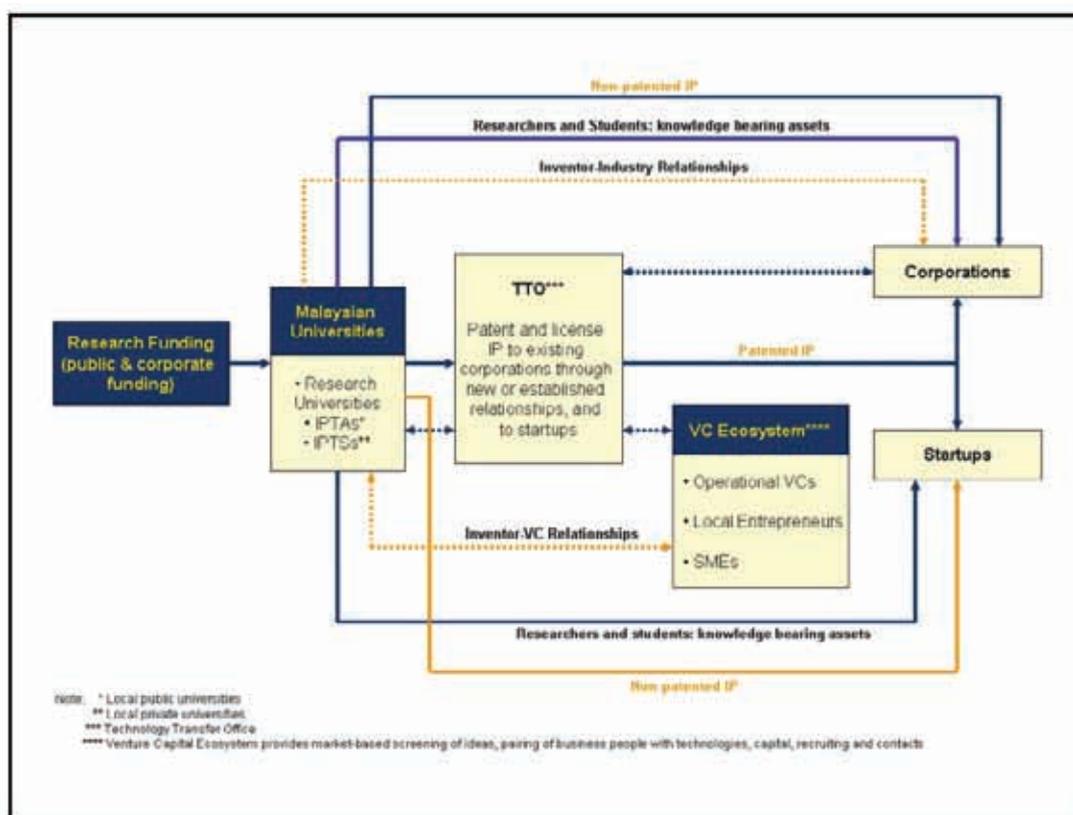


Fig. 3. An Integrated Model of a University's Entrepreneurial Ecosystem



Source: Monitor Group (2003)

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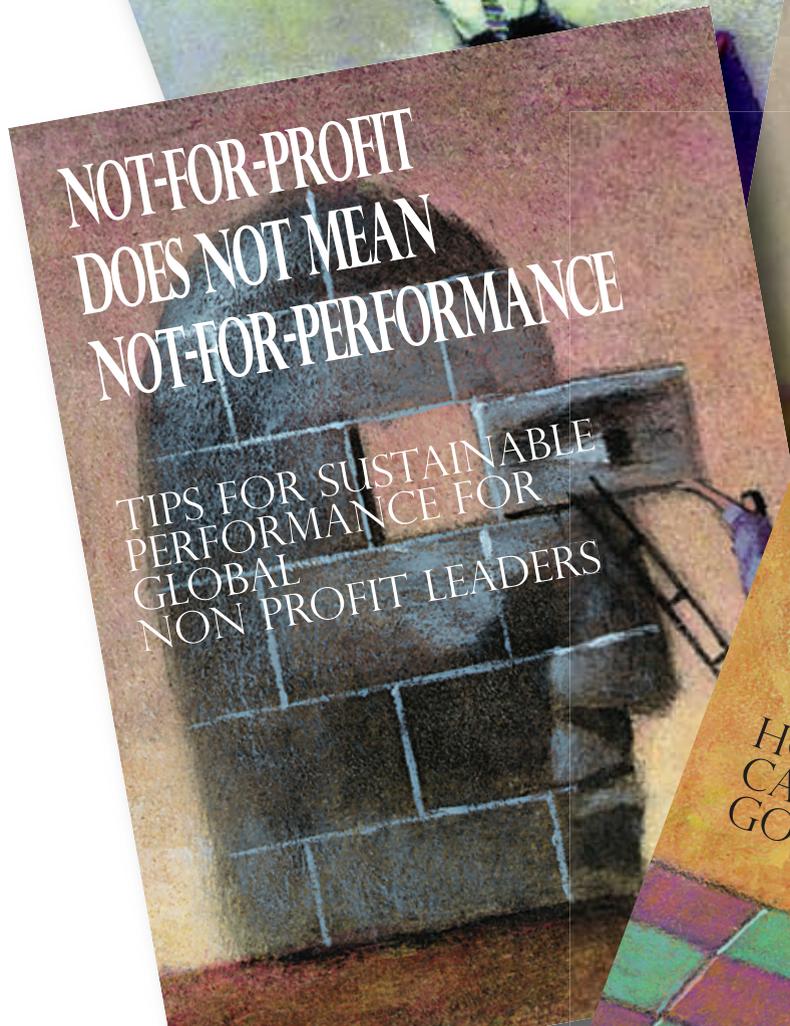
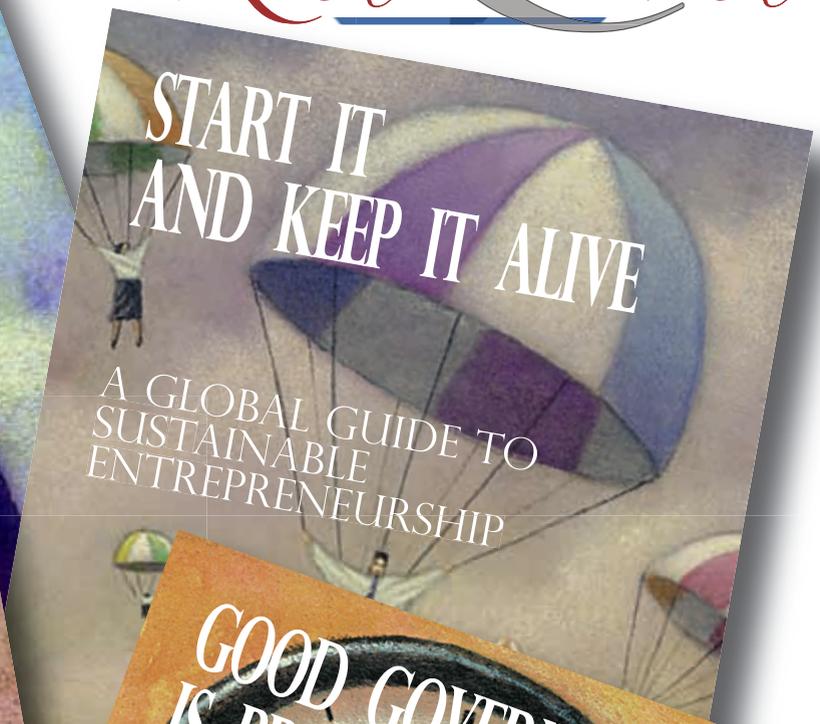
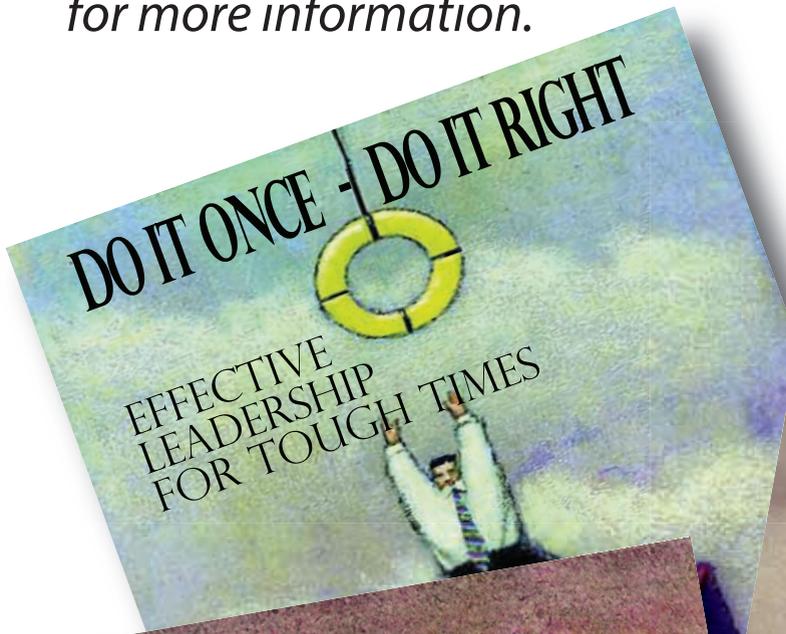
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# Fostering entrepreneurship in developing nations: Tapping into the “hidden potential” of the Namibian Rural Youth

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## ABSTRACT

Fostering a culture of Entrepreneurship in Namibia should be considered in the context of a historical framework. Namibia became an independent state only in 1990, after a long period of colonial oppression under the German colonial rule and then South Africa. Independence enabled the nation to create its own political and economic policies which potentially will help the nation to prosper in the near future. These policies are in alignment with the Millennium Development Goals (MDG) which addresses the growing concern of the role that youth could play in the development of nations (World Bank Report, 2007). Furthermore there is also a growing awareness amongst donor agencies and civil society organisations, which address the potential that youth entrepreneurship, can bring to developing nations. However, opportunities for formal education and training are scarce, and this impedes young entrepreneurs in acquiring the skills and confidence they need.

This paper will investigate the literature as it pertains to the role of Entrepreneurship in the development process and the benefits that Namibia as a country could derive by fostering a culture of entrepreneurship amongst its rural youth. In particular, this paper intends to review and analyse the Namibian cultures and the contribution that culture could make to sustained entrepreneurial motivation. I argue that having a diverse culture could be a distinctive advantage for young people in Namibia as it makes room for creativity and innovation, which are one of the key

traits entrepreneurs must possess. The paper will adopt a theoretical and historical approach, guided by discourse analysis of telephone interviews, governmental reports, news documents and policies. Initiatives currently taken by the Namibian government to foster a culture of entrepreneurship will also be explored.

The expected outcomes of this research are:

Critical discourse could lead to a better exploration regarding youth entrepreneurship in Namibia. (This outcome directs the discussion)

An enhanced understanding of the role of entrepreneurship and culture both at a local and international context.

Rural youth policies which are designed internationally, will lead to a better understanding of the Namibian rural youth policies.

Key terms: Indigenous Entrepreneurship, Namibia, Culture, Rural Youth and Entrepreneurial Motivation

NB: This paper is part of the authors PHD thesis.

## **1. Introduction**

This paper seeks to explore the ‘hidden entrepreneurial potential’ of the Namibian rural youth. ‘Hidden entrepreneurial potential’ refers to the inherent characteristics or traits rural young people possess, however due to their living conditions which amongst many others include poverty, unemployment and an economic base which is almost non-existent they struggle to live up to their maximum potential. The conditions could have been as a result of the colonial history of developing nations. This paper will make specific reference to the colonial history of the Republic of Namibia. Until date, the academic literature has produced few studies or insights into the ‘deeply embedded ‘entrepreneurial potential of rural youth communities in Namibia.

Over the last few decades Namibia has managed to reach a population of 2million, and the country has also maintained an annual population growth rate of 2.6 percent (%) of which the majority is below 24 years of age. This gives a clear indication that the Namibian population is dominated by young people leading to a very high dependency ratio (National Youth Policy of Namibia, 2001: 2). Most of these people live in rural communities. This rural group of young Namibian people could be referred to as the indigenous people of the country. Namibian indigenous people are so called because except for the fact that their ancestors were the first settlers in the country, most of these people are socially, economically and culturally disadvantage (Peredo et.al., 2004:).

In comparison to any other citizens living in the urban parts of the country the living conditions of these rural communities are unbearable. E.g. they possess a minimum level of health and sanitation.

As with many other developing nations, indigenous populations experience severe discrimination and prejudice from their employers, fellow citizens and in some instances their own family members. In terms of economic development indigenous or rural youth in Namibia falls amongst those Namibians which survive on a minimal or worse standard of living and in poverty. This is not surprising as Namibia has been rated as one of the most unequal countries in terms of resource distribution in the world (United States Aid Namibia, 2006: 1). This latter mentioned factor of inequality coupled with poor and inefficient government policies, high unemployment rate and the low levels of education results in poverty (Fisk, 1985). A proposed solution to drive these rural communities out of poverty could be economic independence through entrepreneurial ventures in small business and this could be a solution to decrease their dependency on welfare or external support (Fuller, Dansie, Jones & Holmes, 1999, Herron, 1998). This would enable in improving their living circumstances, not only those of particular individuals within the rural community but that of a broader community. The enhancement of living circumstances is not the only factor that has to be taking into cognisance in rural communities, but also culture which forms the fundamental basis for their daily lifestyle. Currently there appears to be no rigorous research on Namibian rural youth coupling their entrepreneurial potential with their culture.

This paper aims to fill this gap in the literature by presenting the results obtained from telephone interviews and in-depth interviews which will provide an insight into the Namibian rural youth, looking in particular the 'hidden' entrepreneurial characteristics which could drive these young people to success and also enable them to spot entrepreneurial opportunities. This paper is structured first by giving a historical overview on Namibia. Thereafter the role of entrepreneurship and culture in development is outlined with guidance of international literature. Thirdly the paper defines 'rural youth' in an international then Namibian context and the roles these people could play in terms of development. The last sections of the paper discuss the methods that were employed to get some insights about rural young people in Namibia, followed by a brief analysis of the results and a summary of the findings.

## 2. Historical Background of the Republic of Namibia

The history of the Republic of Namibia will be discussed in four phases following a chronological order of the colonial regimes the country went through until it is today known as the Republic of Namibia. These four primary phases are:

- a) *The Pre-colonial Period*
- b) *German South West Africa: AD 1884-1915*
- c) *South Africa and South West Africa: AD 1915-1988*
- d) *Independence: from AD-1990*

a) *The Pre-colonial period:* Before the European settlers ever set foot on Namibian soil; the territory was buzzing with activity. Given the low literacy skills and writing skills the indigenous nations possess at that moment in time little is known till date about the history and the economic activities which took place in this period. Europeans were the first ones ever to sit down and document the happenings during those times. However as most indigenous ancestors of the pre-colonial are still very much in tact with their cognitive dimension and this enables them to reflect and show the happenings through their rich *“oral traditions”* which usually circulate amongst local and rural communities.

When the first Europeans settled in Namibia in the early 1800's, they came into contact with indigenous communities with complex social and cultural traditions. Approximately around the same time a group of “Oorlams” (*meaning we have nothing*) – descendants of the Malay slaves, Khoi- San, Dutch and English at Cape Town moved across the Orange River with horses and guns. This gave them a tremendous advantage and soon they owned large number of livestock (cattle and goats). Many oral traditional stories exist from this time as some people say most of these livestock was stolen from the Nama and Herero people, who were rich in livestock and others argue that it was obtained through tribute (F. Apollus, telephone communication, 10 May, 2008). Many stories from this period seem much like the *“Wild West”* with cattle raiding, ambushes, dancing langarm, alcohol and substance abuse (which were a primary source of income for most indigenous communities in Namibia till date).

However, *‘Oorlam Nama’* people as they are referred to as today were not only in for fun, they were working tirelessly to make a living and survival for their extended families. In addition they established strong trade links with the “Cape” (Cape Town today). They built a gravel road to Walvisbay from Windhoek which is a road which exists till date, and most important they established headquarters in Windhoek (the capital of Namibia). Initially they called Windhoek –“**Winterhoek**” (referring to a corner of winter as in the season) and was later corrupted and called Windhoek. It is prominent that Windhoek was founded by the Germans – however the oral traditions have a different notion regarding this statement.

**b) German South West Africa: AD 1884-1915:** The German seizure of Angra Pequena in 1884 is one of the first incidents in the European “*Scramble for Africa*”. This results in a colony known as German South West Africa (Deutsch Sud West Afrika). The next 10 decades were a period of very extreme and harsh conditions for most of the tribes which were living in Namibia, in particular the inland from the arid coastal strip of the “Namib desert”. These indigenous people who were located in this area suffered the most severe experiences of modern colonial history. This happened at the first hands of Germans and subsequently South Africa.

During the early years of the Germans presence in Namibia, the relationship was relatively calm and peaceful. The initial region within where the Germans were based consisted of only about 2000 traders and farmers in the region around 1896, and their relations with the dominant local tribe referred to as the “Herero” than, was very peaceful. A natural disaster a cattle plague called “*Rinderpest*” created conditions which were not in favour of the Herero people. This plague could be traced back to 1889 as it initially occurred in Somaliland and until 1889 it was not carried across the Zambezi River in the Northern Namibia. This was one of the major turning points in the lives of the Herero people. They were devastated and so were their flocks, as there are exclusively cattle raising people. In desperation they have to sell all their cattle to the German people for very little money, much of their land and half of their cattle which was their main source of income. The catastrophe seems to have benefited a substantive number of Europeans, at the expense of the Herero communities. This incident prompted the Herero people to attempt in 1904 and started an uprising against the German intruders. The summer of January 1904 shows a very aggressive move which has been made by the Herero people, they killed every German who they regard as been capable of carrying arm. The only people they excluded were women and children, German missionaries and Europeans which had other nationalities. The total number

of German deaths was not more than 100, but the incident was devastating and terrifying. This incident led to German Emperor at that time William II instruct General **“Luthar Von Trotha”** which was known for his severity to go on a mission to Africa to put the uprising buy **“fair means or foul”**. He indeed choose the foulest imaginable.

(<https://www.cia.gov/library/publications/the-world-factbook/geos/wa.html>:

Assessed: 08 May 2008).

In August 1904, Von Trotha was ready for action with his reinforcements. Most of the indigenous Herero people were based on the Waterberg Plateau, not very far from the Kalahari Desert, living in an area which had only one exit from the circle which was only the direction to the desert. When the Herero tribesman flew in the direction of the desert, Von Trotha placed German guard post to prevent them from return. With no water, and temperatures which are as high as that of an oven 8000 men perish in the desert including women, children and their cattle. As it that was not enough Von Trotha ordered a (***Vernichtungsbefehl***) extermination order. This statement read as follows:

***“Any Herero found living within the borders of the German territory will be shot”.***

This proclamation makes chilling reading, as an unusually blunt statement of the concept of **‘ethnic cleansing’**. The world was shocked by this statement and Von Trotha was called back to Germany. It was regarded as the century’s first shameful characteristic of genocide.

Afterwards the Herero people came at the rescue of the other main tribe which were the Nama indigenous people. This combined indigenous groups added to a total of 15 000 people, however most of them were sent to work in railway camps to work as labourers of the railway lines. For many of them this proved to be like a death sentence.

**c) *South Africa and South West Africa: AD 1915-1988:*** With the outbreak of World War 1 a newly independent domination of South Africa rallies the British cause. The only country the Germans were able to target in the region was South West Africa. Due to the Sarajevo assassination in the First War break out, this means that Germany was at war with the British Empire in Europe. In February 1915, the South African President Louis Botha, leads an invasion in person. After a fast defeat to the Union troops of South Africa, Germany had to surrender it administration of South West Africa to South Africa.

At the end of World War I League of Nations placed South West Africa under British Mandate, while the administration of the country was entrusted to South Africa. This led to the integration of the country into most of the activities which took place in South Africa, until it was later referred to as the fifth province of the Union. There was prosperity in the region after World War II; however there were continuous clashes between South Africa and the United Nations from the 1940's. In 1948 apartheid laws were introduced by South Africa to Namibia, another period of harsh and severe conditions for Namibia. Uprisings started, this time from another indigenous group in Namibia known as the Owambo (with their establishment of the South West African People's Organisation (SWAPO) people. Through continuous efforts and battles the South African administration and troops collapse and in 1988. South West Africa was finally handed over to its people, and two years later the country gained its independence with a new elected and democratic government.

(<https://www.cia.gov/library/publications/the-world-factbook/geos/wa.html>:

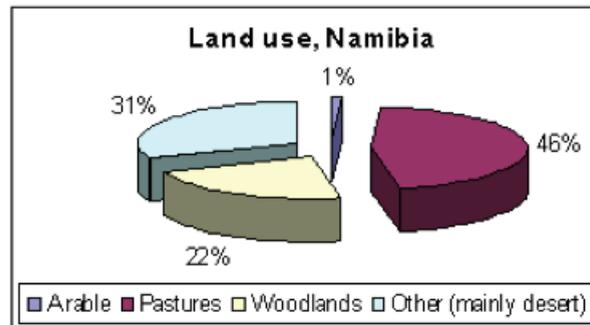
Assessed: 08 May 2008).

**d) *Independence, Geography, Culture and Economic conditions: from AD-1990:*** During the elections which were held in 1989 SWAPO won 57% of the votes and the country became finally independent on 21<sup>st</sup> March 1990, under the leadership of Sam Safishona Nujoma. This newly elected government pursued a policy of peace and reconciliation with most of the white government officials still remaining in their jobs and also reconciliation with the South African government.

Namibia is located in the South Western part of Africa and it borders with South Africa in the south and Angola in the north and Botswana in the east. The country has an estimated land area of 824,269 sq km.

This area is slightly more than half of the size of Alaska. The country is partly desert with hot temperatures and rainfall is relatively scarce. The main dominant features of the country are mainly dry in the South and moderately green with a better rainfall in the Northern part.

**Figure 1: Land Use in Namibia**  
**Source: Ministry of Trade and Industry**



The major city and the capital is Windhoek which has a population 230,000 people (Annul Report: Ministry of Trade and Industry 2007). Ethnically and culturally the 2 (two) million people of Namibia consist of 11 indigneous cultural groups namely the Afrikaners, English, German, Nama, Herero, Damara, Oshiwambo, San, Tswana, Caprivian, Bushman and Baster or Coloured. Each of these ethnic groups has got their own features values and belief systems. Given these diverse cultural groups English is the official language in Namibia.

The Namibian economy is highly dependent on extraction of minerals for export. Rich alluvial diamonds deposits make Namibia a primary source of gem quality diamonds. Namibia is the fourth-largest exporter of non-fuel minerals in Africa, the world's fifth-largest producer of uranium, and the producer of large quantities of lead, zinc, tin, silver, and tungsten. The mining sector employs only about 3% of the population while about half of the population depends on subsistence agriculture for its livelihood. Namibia normally imports about 50% of its cereal requirements; in drought years food shortages are a major problem in rural areas. Other sectors include fishing and agriculture. A high per capita GDP, relative to the region, hides one of the world's most unequal income distributions

(<https://www.cia.gov/library/publications/the-world-factbook/geos/wa.html>:

Assessed: 08 May 2008).

### 3. Two legs of Development: Entrepreneurship and Culture

#### 3.1 Entrepreneurship

One way to address development in indigenous rural communities is by viewing it through the lens of entrepreneurship and culture. Given the historical and economic background of Namibia, it is evident that when fostering an entrepreneurship in these communities it must always be coupled with culture. This is because we can only tap into their “hidden potential” of rural youth if we care about issues which are of great relevance to them. Careful attention has been given to both two legs of development in this paper.

The first leg of development which is widely addressed in the academic literature is entrepreneurship. From a historical perspective entrepreneurship is one of the oldest activities. These activities were enabling individuals to discover or identify new possibilities for business and exploit these possibilities for an economic gain as this is a very important aspect of any human alive (Landstrom, 2007: 3). Numerous scholars such as Cantillon (1755); Say (1803); Schumpeter (1912); Steyaert and Hjorth (2006) and Dana (2007) addresses entrepreneurship across their specific disciplines, but before the discussion is narrowed to these specific areas of specialisation it would be important to distinguish between three important concepts which could create confusion to readers. These are *entrepreneur*, *enterprise* and *entrepreneurship*.

- **Entrepreneur:** The word is derived from the French word ‘*entreprendre*’ which means ‘to undertake’ it signifies a person who undertakes or operates a new venture or enterprise, while taking the risks and the responsibility for the risks involved in setting up a new operation (Pandey, 2006: 1). (This definition if one reads it with utmost care includes enterprise and entrepreneurship).
- **Enterprise:** The execution of various combinations and new skills are referred to as the ‘*enterprise*’ (Schumpeter, 1934: 74).
- **Entrepreneurship:** refers to the entire process which includes giving guidance, direction, supervision, risk taking and control, as could be seen in the definition of the ‘*entrepreneur*’ (Mill, 1848).

This second outcome of this paper directed by the first outcome is to explore the role of Entrepreneurship and Culture at an international and local context. To achieve this expected outcome, we need a clear understanding of three distinguished viewpoints of entrepreneurship. These viewpoints are in an economic, social and indigenous form. This distinction will be made by means of clear definitions and explanations from scholars.

- *An economic perspective*

An aristocrat industrialist Jean Baptiste Say views entrepreneurship as a process whereby an individual ‘unites all means of production thereafter find the value for those products. Furthermore, an individual continues to recover the entire capital employed and the value of interest, wages and the rent he pays as well as the profit belonging to himself (1816. 28: - 9).

A definition from the Harvard Business Schools defines entrepreneurship as the “pursuit of an opportunity beyond the resources one can currently control’s” (Smilor, 1997: 343)

- *Social Entrepreneurship*

This definition transcends the definition from the economic perspective a step further, and has been described as the neo-liberal paradigm, and is currently disseminated worldwide. Social Entrepreneurship makes a particular emphasis on the role played by self regulating markets in providing not only increasing the wealth of particular individuals, but also improvements of the society (Steyaert and Hjorth, 2006: 61). Similar to economic entrepreneurs, social entrepreneurs are also risk takers, however they are distinctive in the sense that they can give their life to a cause, and result in great change, which could go beyond a single rural village or community to entire nations across the world (Pandey, 2006: 7). Mahatma Ghandi and Nelson Mandela are great examples.

From the definitions of economic and social entrepreneurship it is clear that entrepreneurship enable empowerment, creation, nurturing and encouragement of individuals at a larger scale. However, these latter mentioned attributes or qualities bring with them tremendous challenges in developing economics, in particular people based in rural areas. This group of people will require a very distinctive and unique form of entrepreneurship, named *‘indigenous entrepreneurship’*

- ***Indigenous Entrepreneurship***

The approach to entrepreneurship in indigenous people will be slightly different to the definitions indicated from the two perspectives above. This difference is usually created by the culture of indigenous people. Their cultural customs and practices are usually not compatible with some of the definitions above. The primary reason being, what could be regarded as a resource in some parts of the world might not be viewed as a resource in other communities. This is very significant as entrepreneurship cannot on be viewed on the basis of opportunity alone, but rather how a different culture perceives this opportunity (Dana, 1995: 67).

This leads the discussion into the fundamental question. What is indigenous entrepreneurship? This form of entrepreneurship exist into indigenous nations which are individuals whose ancestors were living in a specific area prior to colonisation, or within a particular nation state, prior to the formation of a new nation state.

In broader terminology Dana (1995) defines indigenous entrepreneurship employment based on ‘indigenous knowledge’. Indigenous entrepreneurship appears to be the bridge between economic and social entrepreneurship.

This definition encompasses both economic and social entrepreneurship as it talks about the individual (economic view), society (social view) and culture (indigenous view). This paper will continue the discussion by making specific reference to indigenous entrepreneurship, as it creates a good basis for argument in the Namibian rural youth.

Entrepreneurship in Namibian rural youth will always be coupled with their cultural practices. The following section will give a brief discussion about culture.

### **3.2 Culture**

From the historical discussion and the discussions on Entrepreneurship, it becomes clearer to the researcher that fostering entrepreneurship in the Namibian rural youth could be of no value, if one does not pay respect and tribute to the history and culture of the community at large. As we continue with the first and second objectives of this paper we now look into the ways culture is viewed and perceived.

According to Tylor (1924) culture is that complex whole which includes, knowledge, beliefs, art, morals, laws, customs and other habits which man develops by being members of a particular society. Different scholars have unpacked the definition widely and in particular Hofstede (1980), Lundberg (1985) and Schein (1985) makes specific reference to various artefacts, values and basic assumptions made by a particular society. Culture in the rural community sense could be seen as the attributes, values, and systems communities have developed over decades. As could be seen from the history of Namibia, across the four phases of colonial oppression there are certain customs of thinking and behaviour that these communities in Namibia have developed. They could today refer to these traits and behaviour as part of their culture. Beyond the international definitions from scholars, viewing it from a local or traditional context Namibia communities display their culture through both tangible and non-tangible. Some communities seem to be very explicit about it, in particular the Nama community. Their customs of dancing and singing which existed long before colonisation is still prominent as ever today. They refer to this as culture. Conducting meaningful research in these communities requires understanding and appreciating these values and customs.

In particular Hofstede (1980) cultural dimensions were used to measure culture across countries. Hofstede did not however specify the relationship between entrepreneurship and culture but he measured culture across five dimensions namely; individualism/collectivism, power distance, masculinity/femininity, long term versus short term orientation and uncertainty avoidance. Individualism versus Collectivism could be seen as a prominent dimension which was reflected in the definitions of entrepreneurship above. In rural communities and especially in developing economies, the collective seems to be preferable, rather than the individual. The collective takes into consideration all views or forms of entrepreneurship, however all forms appear to be equally important as the cooperation of the individual is reflected in the collective. To ensure that the spirit of entrepreneurship is kept alive for longer years to come, a certain group of citizens could make this happen. This group is regarded as the “youth”. This paper wants to look at a specific group ‘rural youth’ within the Namibian society. This leads us into the third objective of this paper (guided by the first objective); in exploring the role youth policies designed internationally could lead to an understanding of “rural youth” policies in a local context.

#### **4. The “Namibian Rural Youth?”**

Approximately 1.3 billion young people across the world are expected to be the next

economic and social actors. Not only will they be actors but spokesmen/ and women for the generation across the world. Targeting youth is essential as this will ensure that they are groomed as productive workers, entrepreneurs, parents, citizens and above all community leaders. To ensure that these latter mentioned are achieved poverty reduction and growth will be essential (World Development Report, 2007). The Millennium Summit in 2000 attended by various dignitaries across the world ***“made a commitment to give young people everywhere a real chance to find decent and productive work”***. Alongside the International Labour Organisations (ILO) has been working on various aspects and policies which could respond to the challenges of youth development. A major milestone regarding youth development came into effect at the International Labour Conference in June 2005 (Chigunta, Schnurr, James-Wilson and Torres, 2005: 1). In Africa the issues of youth unemployment and underemployment remains one of the major challenges for the governments. This section of the paper is devoted in given a definition of ‘youth’ in a Namibian context thereafter narrow the focus by looking specific reference to the policies and the challenges they encounter.

This paper specifically addresses youth in Namibia, because there are still continuous debates and confusion as to who can be regarded as youth. In most African countries, youth start from the age of 15, however the maximum youth age differs across countries (Please see table 1 below).

**Table 1. Youth Age Groups in Africa: (Source: Mkandawire, 1996)**

<b>Country</b>	<b>Youth age</b>	<b>Maturity age</b>	<b>Voting age</b>
<b>Botswana</b>	<b>12-29</b>	<b>19</b>	<b>21</b>
<b>Ghana</b>	<b>15-35</b>	<b>18</b>	<b>18</b>
<b>Malawi</b>	<b>14-25</b>	<b>18</b>	<b>18</b>
<b>Tanzania</b>	<b>15-35</b>	<b>18</b>	<b>18</b>
<b>South Africa</b>	<b>15-35</b>	<b>21</b>	<b>18</b>
<b>Nigeria</b>	<b>12-30</b>	<b>18</b>	<b>18</b>
<b>Kenya</b>	<b>15-35</b>	<b>18</b>	<b>18</b>

The Namibian definition of youth is the same as that of South Africa, as can be from the historical discussion of Namibia, the country has got most of their laws and policies similar to that of their neighbours. The definition of youth in Namibia includes all young men and women ranging from the ages of 15-35 years.

This study particular focuses on the rural youth, because they are located in areas where opportunities to entrepreneurship are scarce or non-existent. Furthermore it does not imply that “urban youth” do not face similar challenges. A substantial number of these young people are raised in families where finding opportunities or means of survival outside of the community is not a high priority. “Rural Youth” mean citizens of the country ranging from the age of 15-35 who are living in remotes areas where chances of personal development and community development are scarce. In order to

ensure that youth have an equal opportunity to participate in activities of the country, Government of the Republic of Namibia has developed a policy which is in alignment with the Millennium Development Goals. The Namibian government has the following goals and objectives (Namibian Youth Development Policy, 2001 :)

- To empower youth
- To prosper proper upbringing of young women and men to become citizens which are responsible
- To enable young women and men to initiate actions which could promote their own development and that of their communities and a broader society
- Recognising and development of self esteem, providing services to youth which are differently able and to improve access to Education and training opportunities in all fields for Namibian youth at all level were identified amongst some objectives that the policy wish to achieve.

Having identified these clear laid out goals and objectives both at an international and national level the pain of suffering, lost of hope and despair is far from over in the country. The challenges that rural communities and in particular youth face in rural areas are tremendous. These challenges are (Chigunta, Schnurr, James-Wilson and Torres, 2005: 60).

- Lack of Training and Skills
- Lack of access to favourable or lucrative markets
- Lack of ongoing business and financial support
- Poverty and economic instability in Eastern Southern Africa
- Young people are regarded to take adult roles from an earlier age

By exploring the roles of Entrepreneurship, Culture and youth both in an international and local/indigenous context, it was appropriate that the paper employs research methods to gain a much broad understanding of what this literature means to the “*Namibian Rural Youth*”. Studying Namibian Rural Youth will require a thorough examination of various research methods, in particular questionnaires, telephone or in-depth inter-

views, focus groups, biographies, discourse analysis and observation. However, due to time and financial limitations beyond the researchers control only two methods will be used for this paper. These methods are telephone interviews, in- depth interviews and critical discourse analysis.

## **5. Methodology**

Although a triangulation of the methods listed above, is foreseen in the future field-work of this study, this paper only makes it possible for the researcher to make use of telephone interviews, and critical discourse analysis. Telephone interviews are interviews which are held over the phone. The communication takes place between the interviewee and interviewer. Although it has the disadvantage of not been able to see the person you are interviewing, the benefits are numerous. One benefit that really stood out in this was the ability to test whether a researcher can cope with the unexpected. Other benefits include the verbal communication as well as the telephone skills of the interviewer are improved. Furthermore telephone interviews were used as it was not possible for the research to travel back to Namibia.

Discourse analysis is predominantly used as a linguistic approach, however is now successfully applied across all fields. Discourse analysis involves the interpretation of text, language an unspoken words and experiences of other. Recently scholars have realised that the use of language in entrepreneurship research has the potential to go beyond interviews. In broader terms discourses refers to the practices of writing and speaking (Woodilla, 1998). Discourses can be of great value in researching issues pertaining to rural youth in Namibia, as it could hep in understanding the historical and contemporary process of social and cultural change in entrepreneurship (Fairclough, 1995: 2). Given that this paper explores a historical and theoretical approach, discourses analysis was an appropriate method of choice.

To ensure that the indigenous epistemologies are adhered to, an introduction was used at the beginning of the telephone interview and verbal and a written ethical consent was sought from the participants. Interviews were semi-structured and permission was sought from the participants to record the interviews on tape. Secondary data from the

literature was also used at during the interview and recording process.

The study was confined geographically to the “Southern and Central” rural community of the Republic of Namibia. The selection criteria of the participants for this study were:

1. The Participants must be rural based in Namibia and have an extensively knowledge of the Nama/Damara culture, if they themselves are not Nama/Damara
2. Furthermore the participants met all the requirements sustaining to indigenous people in the literature.

The initial study will review a sample of 575 *‘Indigenous Namibian Rural Youth’*. This sample for the paper was reduced to only to 30 participants. This was the selected sample size because the researcher is not physically present within the community at the moment, and this paper is specifically prepared for this conference.

The 30 participants were oriented towards the topic of entrepreneurship and culture by means of a phone call. As the paper is pertaining to ‘Namibian Rural Youth six (6) key interviews were selected. Four of the participants were “rural youth” living in Namibia, namely; *two (2) youth in school, (2) youth out of school, one (1) parent and one (1) community activist in indigenous communities*. A parent and a community activist were chosen to get a clear viewpoint from a community sense.

The process to use to collect data for this paper followed the following steps:

- personal introduction by intermediary (e.g.: parents were informed in case of rural youth, although they are over the age of 18) prior to the interview.
- an informal phone call to explain the details of the telephonic interview
- respondents have been assured that they information will be treated with strictest confidence
- a written and telephonic invitation from researcher
- they had to sign the consent form and fax at back to Lincoln University
- thereafter the initial interviews were conducted
- the verbal text from the recorder was transcribes into notes onto a hard copy format, thereafter it was coded subsequently and analysed. The viewpoints of the participants were also compared.

## 6. Outcomes

The definition of indigenous implies that these people's ancestors or relatives across generation lived in Namibia prior to colonisation or a person of descent. From this indigenous entrepreneurship is defined as the traditional patterns of behaviour, by utilising their resources in the pursuit of self determination and economic sustainability via their entry into self employment, forcing social change in pursuit of an opportunity beyond the cultural norms of initial economic resources (2000: 1).

This definition entails the three core components indigenous rural communities in Namibia are keen to attain, if one look at it from the viewpoint of the history, definitions and the policies the government of the country has currently in place. However, how attainable are these goals and objectives? What practical measures and methods are in place to guide the rural youth through this journey? This paper pays special tribute to these rural youth, by exploring into their "*hidden potential*". This paper has three primary outcomes which it aims to achieve, when tapping into the "*hidden potential*" of the Namibian rural youth. These outcomes are:

- Critical discourse will lead to a better understanding of rural youth entrepreneurship in Namibia.
- Exploring the understanding of entrepreneurship and culture in an international and local context.
- Rural youth policies designed internationally will lead to a better understudying of rural youth in Namibia.

For the attainment of these outcomes the researchers posed four primary semi-structured questions to the participants by means of a telephone interview:

1. What does entrepreneurship/ business means for the indigenous rural Nama/Damara community?
2. What does culture mean for the indigenous rural youth Nama community in Namibia? (this question was slightly adjusted as what does culture mean to you (L = school learner, Y = out of school youth, P= parent and C= community activist) as a Nama/Damara person – their names were used throughout telephone interview).

3. What specific wishes do you have for the Nama/Damara community, in particular the rural people?
4. What role do you play in your family and community and what are your personal dreams and aspirations?

## 6.1 Interview Responses from some of the respondents

### 6.1.1 The meaning of Entrepreneurship/business

The general definition of entrepreneurship refers to an undertaking; based on the classical definition which could be traced to the German “*unternehmung*”, literally translating as an undertaking. Entrepreneurs are the agents of entrepreneurship, from the French *entrepreneurs*, literally meaning, “between takers” (Dana, 2007: 1). Further definitions as could be seen in the beginning of this paper indicated that entrepreneurship involves a situation whereby the individual is willing to take risk in pursuit of certain venture. When we look at the definition from an economic perspective, it partly holds for the Namibian indigenous rural youth, however not completely as the communities indicated that they are looking for a means of survival. Business or entrepreneurship to these indigenous rural communities means survival.

Participants were very eager during the interview; the topic under discussion was of great value and meaning to them. This openness is a clear indication of their determination to and willingness to survive, given the necessary guidance and advice. Most Namibian communities in general believe in sharing the resources they have, however there are clearly some features of capitalistic behaviour. Capitalistic behaviour appears to create jealousy and bitterness amongst the rural indigenous communities in Namibia. The telephone interview process was well received by all respondents, they were very eager to address issues very close to their hearts. Initially the researcher thought it would be a problem for elders to communicate in English; however they did their greetings in English, and communicate in the Nama/Damara language.

Collectively the respondents viewed entrepreneurship/business as an endeavour one undertakes to get value from it. For them it was a survival mechanism for human life. However they continue the definition in their own terms by indicating that although they do small survival projects, there are no markets to sell the product to.

This give the interpretation that the rural communities, both rural youth and communities are determined to achieve something in life and they are very passionate about trading; which takes us back to the German definition of “*unternehmung*”. The respondents viewed entrepreneurship/business as follows:

*“Business is a survival mechanism for me”. (Interview notes, L1, 12 May, 2008). “Business is a possibility for me to earn money” (interview notes, L2, 9 May, 2008). “Our culture is not based on entrepreneurship, nowadays young people have been exposed to it, but it is not necessarily part of our culture” (interview notes, Y1, 12 May, 2008). “This is coupled with our culture. Nowadays we Nama/Damara people don’t get good employment, and if we do get a job, it is generally a “low class” job, so I understand entrepreneurship as an opportunity for me to create a job for myself and other people as well (interview notes, Y2 – 11 May 2008 – Speaker used three languages namely; Afrikaans, English and Nama/Damara ).*

*P: For me entrepreneurship or business means to get something, from what you currently have in mind. Business also means having the markets to deliver the product. E.g.: When I want to cook Nama Soap, then I do not find enough markets to deliver the product to. If I do sell a few soaps, the little income I earn, goes back into transport, as I am always in need. In the end I am back to where I started (Interview notes May10, 2008 - (translated from Nama/Damara). “Entrepreneurship means to create a better living” (interview notes, C; 11 May, 2008).*

The concept of entrepreneurship clearly constitutes mixed feelings for the indigenous communities. As can be seen from the quotes above the respondents had various ideas as to what entrepreneurship could mean for their communities. Entrepreneurship was seen by some as not been based on culture, however the commonality of these respondents were the survival mechanism. Entrepreneurship in the rural youth Nama communities can thus be seen in the context of survival and the availability of suitable markets. It is clear that all these respondents foresee a better future if they engage in an entrepreneurial activity. The majority of these respondents coupled entrepreneur-

ship with culture, they firmly believed that culture has an influence on the way they viewed entrepreneurship. They struggles of the past as a motivation for them to want to strive for better, but spotting the relevant opportunities for survival and access to relevant markets, whether it is financial, social or informational remains a major hurdle. The one of the most important elements that was clearly not transparent in this definitions of business were a proper planning an delegation strategy, they did not talk about preparation or what their culture can do in preparing them to become great business owners/entrepreneurs. The collective, individual and cultural components are clear in all the responses.

### 6.1.2 The Meaning of culture

The outstanding features that respondents indicated with regard to culture were values, beliefs, community and the surrounding. Respondents also make reference with regard to their ancestors/forefathers. The vocabularies used by the respondents were very collective. They always refer to them as part of a community. These latter mentioned can clearly evident in the comments of respondents **L1, Y1, Y2 and P:**

*Respondent L1's viewpoint hit the nail on the coffin, as it exactly rounded the definition of most western scholars: "Culture refers to historical events which involve my forefathers; they make me feel who I am" (interview notes, L1, 09 May, 2008). "Much of our culture has western thoughts, not much is left. There is not as much strong influence as back in the days. Perhaps we want to be rich very fast". (interview notes, Y1 – 8 May 2008). "Culture is something one belief in, it is something you grow up with. I used culture in my life although it has its disadvantages as people discourage you at times and I feel underclass, but at times it makes you stronger and helps you to prove them wrong". (Interview not, Y2, 11 May, 2008 – Speaker combined three languages namely; Afrikaans, English and Nama/Damara). "Culture to me is a belief that our community possess. It portrays the intangible and tangible features of a community. The environment and the surroundings around the environment are very important when we refer to culture" (interview notes, P, 8 May, 2008 – translated from Nama/Damara).*

The dimension of individualism and collectivism which Hofstede (1980) refers to in his literature is clearly shown in these responses, however the respondents go ahead to define it in their own terms, by saying that I am only because of my ancestors. This definition is also not very far from the definition of Hofstede (1980) where he views culture as a programming of mindset (related to belief systems above). Culture is a lifestyle and we need it to grow and prosper (L2 and C – combined viewpoints from the rest of the participants). The determination of these respondents can clearly be seen in the responses. Furthermore, literature on culture indicates that culture is that complex whole which includes, knowledge, beliefs, art, morals, laws, customs and other habits which man develops by been members of a particular society (Tylor, 1924). This indigenous rural youth communities clearly portrays this complexity, and their determination by carrying the customs and beliefs of they ancestors as can be seen from the history of Namibia till date.

### **6.1.3 Dreams for Collective Indigenous Rural Youth**

This paper made a number of references with regard to the collective societies (doing activities as part of a community) both in the literature of entrepreneurship, culture and issues pertaining to Namibian rural youth. Collectivism is the extent to which people need to be cared for, by family member's community and organisations. This paper revealed a number of concerns that most respondents had with regard to rural youth. The common concern across all respondents was "hopelessness".

*"We do not share the same dreams, and most of them are not serious. When they fail grade 10, they go out of school and roam around the streets" (interview notes, L1, 9 May 2008). L2: "I wish that my community will work hard to be more successful in life" (interview notes, Y1, 12 May 2008). "To encourage people to study, as there is no life without education or there is a life but it is so tough. With education its gets much easier (interview notes: Y2, 11 May 2008). "The young people around Namibia and when I talk about my community in particular are loosing hope and faith; they are disappearing like a plane in the sky, through the clear blue. I am aware that life is very tough nowadays, com-*

*pared to the days of our ancestors when life was much slower. However our youth are showing no respect or appreciation. When they do not complete their school career, they must at least be willing to help with the few sheep and goats we have. In the old days, there was much respect, regardless of your ethnic affiliation. When an elder person speaks you have to listen and this was happening across all cultural groups. There was no racism. (Interview notes P, 9 May 2008 – translated from Nama/Damara). “My wish for rural young people is education, self sustainability, drug and an alcohol free society. However the young people of today are diving into drugs, sex and alcohol (interview notes, C – 10 May 2008).*

A commonality across most respondents was they want their communities to be more successful in future, they seem to be clearly tired of been viewed in a negative lime-light. It was very important to know that P was very much concerned about a lack of respect amongst indigenous rural youth communities. Furthermore the dimension of “race” was raised that in the old days, regardless of your race and ethnic group, to respect someone was important. Thus the component of respect could have major obstacles from indigenous rural youth Nama communities.

Y1 was very passionate about the idea of rural people to have a working ethic and a culture of wanting to be successful. Y2 raised the importance of education and the benefits it could bring for the rural indigenous Nama community. This discussion of the collective clearly brought up some heat and tension as can be seen from most of the quotes. As a research it is sensible that this is a major area of concern in indigenous rural youth.

#### **6.1.4 Personal Dreams of Respondents**

An individual decision becomes very important when the rural youth Nama communities has to make choices that impact on their lives. Individualism portrays a situation in which each individual is supposed to care for themselves. Each individual is unique and born with some kind of gift, which he/she needs to share with people. We need to find the gift within ourselves (Albert White Hat). It is without hesitation that when we referred to “hidden potential” in this paper that is what the author is writing about. The responses were remarkable.

*“I L1 is 18, a school learner, and having very “big dreams”. I want to study in the technical field. My inspiration comes from the history of the first telephone lines and all those things. My parents and extended family help brought me up and are helping me to realise my dreams. My younger brother look up to me that is why I am working so hard. I am the technical guy in my parent’s home” (interview notes, L1- 9May, 2008). L2: “I want a better life, that’s my motivation and ensure a better life for the future generation” (interview notes, Y1: 12 May, 2008). “I want to continue my education as knowledge becomes outdated. My dream is to become independent and achieve the best life can provide me” (interview notes, Y2 – 11 May 2008). “My personal dream is long after I am dead, if young people can just listen to the elders and show love and respect” (interview notes: P, 9 May 2008). “My personal dream is that we need people who will lead the country” (interview notes: C, 9 May 2008).*

This paper revealed that the indigenous rural youth Nama communities have definite dreams and goals. The dimension of individualism and caring for themselves, and acting as role models at the same time was very prominent amongst most respondents. The P and C had however a very different notion, they were again covering up for their youth, they had more wishes for the younger generation rather than putting their needs first. In the discussion of collectivism they were not very happy with the youth situation; however in this dimension of individualism they are more concerned about the younger people. This behaviour is very common amongst indigenous people especially amongst the elderly. This is a clear illustration of the definition of social and indigenous entrepreneurship, the importance of caring for the society and the application of indigenous knowledge.

## 7. Conclusion

This study clearly reflects the underlying factors which are coupled with the “**hidden potential**” of the indigenous rural youth communities in Namibia. This is “hidden potential” of entrepreneurship will be discussed with guidance of the following key points from the history as indicated below:

- Prior to the arrival of the settlers the territory was buzzing with activity, and the rural communities were the founders of Windhoek. They also had their own links to Cape Town (these could be view from a trading point of view).
- Although some of the communities died during the German period, some still survived in hot and harsh conditions in the desert; including children (“youth could part of those children”). Germans were striving for an “ethnic cleansing”; however the rural communities still exist till date.
- Today Namibia is a Republic

From these notable points in history it could certainly be argued that long before colonisation rural communities were striving for self determination both through economic, social and political activities. The entrepreneurial characteristics of innovation, determination and willingness and ability to achieve their initial objectives could be seen the independence of the nation in 1990. Strong elements of collectivist are evident from history till date.

Fostering an entrepreneurial culture is mostly viewed in the light of growth in the economy, competitiveness and creation of jobs. This perception falls short when it is viewed in the relevance of entrepreneurship in indigenous/rural youth communities. The lifestyle within indigenous/ rural communities is of such a nature that most of changes which take place in their society with be influenced by their history. Furthermore any changes which takes place within a particular economy, will lead to change in the society. This will in fact affect the lifestyle and plans of the leaders of today and tomorrow (the youth) and in particular rural youth which will require an increasing degree of self reliance, faith and hope.

In respect to “**hidden potential**” which exist amongst the “rural youth” communities in Namibia, certainly their ancestors has the determination and the driving passion to gain independence, even some young people have sacrifice their lives that why “that rural communities” still exists today. History was not documented in that era, but today, a few in rural youth in Namibia gained access to education. This lead to the believe of the researcher that given a rich history and culture such as that of Namibia, there exist more “rural youth” within the communities which certainly just not have the means to realise their potential. The dissemination of timely and truthful information

is thus essential for future success. *“The future for Namibian rural youth is bright” (Interview notes, Y1; 12 May 2009).*

Youth development policies in an international and Namibian context are well designed, but in particular if we look at the Namibia youth development policy, there is no clear indication of what this policy aims to achieve for “rural youth” in the country. This is perhaps one of the key areas the policy needs to address, as rural young people constitute a major portion of the population.

The four key attributes which were discussed in the interviews indicated that the indigenous rural youth are very optimistic and passionate about change and success, not only for the individual but for the entire community. However, due to a lack of respect, values upon which culture is based might have been lost within the rural youth communities. Therefore this paper highlights two important areas for further examination, the importance of social and emotional intelligence in “rural youth” in Namibia. This is however not foreseen as a separate discussion but all the choices and survival conditions of these rural youth depend on the extent to which they are willing and able to cope with their emotions (Goleman, 2006). Being able to relate wholeheartedly and truthfully within the communities to result in better networks and the enhancement of social capital. This in turn will create a fostered culture of entrepreneurship.

In conclusion, this article only provides viewpoints from 30 (thirty) respondents, and has limitations as it occurs in most research. The viewpoints will certainly be different if a larger sample is used in future research or other regions of Namibia. It becomes crucial for the researcher to accept that there are vast differences in rural communities across countries, but also in a particular nation within difference ethnic groups. This paper has however, contributed to the non-existent basis of studies pertaining to the rural youth in Namibia. This could enable future researchers, including the rural youth themselves, to add upon their patience and determination to live up to their maximum potential – to realise their **“hidden potential”**. Thus, it is the sincere hope of the researcher that further research been undertaken to improve the knowledge base of the role of culture and entrepreneurship in Namibian rural youth. Furthermore, it is the wish, that this paper could enhance and *“open up new debates / explorations”* for the current based of knowledge in the new dimension of entrepreneurship called **“Indigenous Entrepreneurship”**.

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