HOW ENTREPRENEURS SHOULD CHANGE THEIR STYLE IN A BUSINESS LIFE CYCLE

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Abstract:

Researcher discusses the urgent need for top managers to change their style in small entrepreneurial firms during a business life cycle.

Although most leadership theories assume it's easy, case studies and practical experience suggest the opposite - managers find it hard to move from an innovative style when the company is young to task-oriented behavior in the firm's mature stage. If steps aren't taken early enough, severe crisis will be followed by an external CEO being called in. Talebi discovers that the reason why change in style is so difficult to achieve is that everyone has overlooked the link between management style and the corporate system, structure and values. The corporate context itself must change if managers are to be able to change their own styles effectively and smoothly. Suggestions are made for doing this is avoiding crisis. This paper is based on Research study on management of life cycle up business in Auto part manufacturing Medium sized Enterprise in year of 2002 in Iran

Key words: manager, life cycle, entrepreneurial, growth, Entrepreneur ship

Introduction

During the past century, the world has been transformed by profound innovations and technological developments. A century ago, there were no safe and effective antibiotics, no jet travel, no commercial television, no computers, and no mobile telephones – to cite a few examples. Since, then, mastery of the physical and biological world has strengthened enormously – primarily driven by the entrepreneurial innovators who were willing to risk and invest their energies for worthy causes (Mandel, 2004). According to Schumpeter (1987), such developments are a disturbance of "the circular flow of economic life." Thus, a central role of entrepreneurial activity is "creative destruction," a process accomplished by the entrepreneur through carrying out new combinations of productive endeavors.
Entrepreneurship is, therefore, fundamentally a way of thinking that bridges innovative discoveries with need fulfillment. For example, the excitement of entrepreneurship is permeating all dimensions of socioeconomic behavior (Zimmerman, 2004). Today, even medical doctors, attorneys and other

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professionals are learning to think entrepreneurially – thereby building better
practices and organizations in the process that are contributing to the creative and innovative
development of societies in all corners of the earth (Henricks, 2004). This time offers, as have few
other times in recorded human history, advantages for creative entrepreneurs who can properly
identify these evolving opportunities and translate them into meaningful organizational
achievements.

Concept of entrepreneurial management leadership

In essence, the management leadership exerted through successful contemporary
entrepreneurship can generally be thought of as leading, through direct involvement, a process that
creates value for organizational stakeholders by bringing together a unique innovation and
package of resources to respond to a recognized opportunity. In fulfilling this process,
entrepreneurs function within a paradigm of three dimensions: innovativeness, risk-taking, and
proactive ness (Morris et al., 2004).
Innovativeness focuses on the search for creative and meaningful solutions to
individual and operational problems and needs. In Schumpeter's (1934) theory,
successful innovation requires an act of will, not of intellect. It depends, therefore, on leadership,
not intelligence, and it should not be confused with invention (He´bert and Link, 1988). Risk-
taking involves the willingness to commit resources to opportunities that may have a reasonable
possibility of failure. Proactive ness is concerned with implementation, and helping to make
events happen through appropriate means.
    The concept of entrepreneurship should, however, not be confused with corporate
entrepreneurship (Covin and Slevin, 1991). The former concerns the founder driven firms,
whereas the latter usually deals with larger firms that behave in an entrepreneurial manner.
Entrepreneurial management leadership is important in founder driven organizations, but can also
be used to foster the entrepreneurial posture within larger firms. This perspective takes into
account the entrepreneur, the individuals with whom the entrepreneur is directly involved, and the
broader "community" of stakeholders in which the entrepreneur is embedded (Stevenson, 2004).
An individual typically identifies an opportunity to be pursued and then, as an
entrepreneur, must surround himself/herself with individuals to help make it happen, providing the
leadership necessary to develop those individuals while at the same time nurturing excellence in
the organization.
The practice of successful contemporary entrepreneurial management leadership
is thereby fulfilled within an array of exciting activities and new creative
developments – full of innovations and evolving concepts, constantly changing, and in many
cases, issues and activities that are difficult to classify. The interactive nature of these
interpersonal activities means that any organizational framework created for them must nurture
and allow for constant change and, quite often, the consequent conflict management needs that
evolve (Welsh and Maltarich, 2004; Darling and Gabrielsson, 2004).
Entrepreneurial management leadership is all about breaking new ground,
going beyond the known, and helping to create the future. It is also about helping
people to settle into new opportunities that give them joy and hope for the future
(McLagan and Nel, 1995). What makes a truly successful entrepreneur is not
intelligence, education, lifestyle or background. The principal factor that seems to

determine success is the entrepreneur's ability to effectively deal with opportunities through the dynamics of an organizational setting, thereby enabling the people concerned to be actively and enthusiastically involved and successful.

Entrepreneurs who strive to establish a setting that is supportive of associates and their development also help to instill within those individuals a loyalty that will serve to enhance the continued achievement of organizational excellence and the operational success of the organization.

In doing so, such entrepreneurs thereby reflect the attributes of both transformational as well as charismatic leadership (George and Jones, 2005).

Transformational leadership typically occurring when an entrepreneur transforms or changes associates in important ways that together result in the associates increasing their level of trust in the entrepreneur, performing behaviors that contribute to the achievement of the organization's goals, and being motivated to perform at relatively higher levels. As charismatic leaders, such entrepreneurs also have a vision of how things could be, clearly communicate this vision to associates and, through the entrepreneur's excitement and enthusiasm, motivate their associates to support this vision.

A primary factor that prevents the creation of a culture of excellence within many contemporary organizations is that they are often over-managed and under-led. Entrepreneurs, as managers within these organizations, may excel in the ability to handle the daily routine, yet never question whether the routine should be done at all. In this regard, there is a profound difference between management and leadership, but one should readily recognize that both are important, and both typically exist in successful contemporary entrepreneurs. To manage means to bring about, to accomplish, to have responsibility for, and to conduct. To lead means to influence, to guide in direction, course, action, or opinion (Bennis and Nanus, 1985).

Thus, the degree to which entrepreneurial managers are also entrepreneurial leaders relates to how they understand and carry out their roles. Those who are successful view themselves as leaders, not just managers. Therefore, they do not limit their attention to the how to, the proverbial nuts and bolts, but include the parameters of action, the doing the right things, and in so doing incur the risk of failure. Entrepreneurial leaders typically have a goal of creating an innovative environment that will of necessity produce some mistakes, and managers have a goal of honing their craft to reduce and eliminate the risk of mistakes and waste – a case of safe-fail versus fail-safe (Lucas, 1998). In other words, it is important to recognize the numerous risks and hardships associated with entrepreneurship, but they should not prevent leadership through which appropriate direction is given in the organization.

Successful management leadership as an entrepreneur lies in developing, to the greatest extent possible, a culture of purpose within the situational context of the organization. This helps enormously in the process of providing meaning and a sense of worth – thus, an increased level of commitment – for people in an organization (Frankl, 1959). One does not have to be brilliant to be a successful managerial leader; but you do have to understand other people – how they feel and the most effective ways to influence them. For example, in many studies of management leadership, it has been shown that the average entrepreneur spends

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most of the working day dealing with people. The largest single cost in most entrepreneurial organizations is people. The biggest, most valuable asset any such organization has is its people. All entrepreneurial plans for the enhancement of excellence are carried out, or fail to be carried out, by people (Nurmi and Darling, 1997). Sam Walton, entrepreneurial Founder of Wal-Mart, now the world's leading retail enterprise, recognized the importance of this which prompted him to spend a great deal of his time traveling and meeting with associates in various locations of Wal-Mart stores (Hisrich et al., 2005).

Primary reflections of excellence

A primary objective of focused management leadership by the successful entrepreneur is the achievement of organizational excellence. Research by the authors indicates that the primary bases upon which an organization is considered to be excellent focuses on four primary elements. Whether the organization is large or small, broadly based in several market segments or only a few, these primary reflections of excellence are of major importance to success (Figure 1). The organization must first focus on the set of customers who are or will be served by the innovation. The organization must also have a consistent innovative culture that nurtures and facilitates creative thinking and development. According to Schumpeter (1934):

> . . . everyone is an entrepreneur only when he actually "carries out new combinations," and loses that character as soon as the business is built up, when the responsibility then settles down to running it as other people run their business.

These are basic to success in the implementation of successful innovations, to achieving long-term superior performance, and to sustaining a strategic competitive position and advantage in the marketplace.
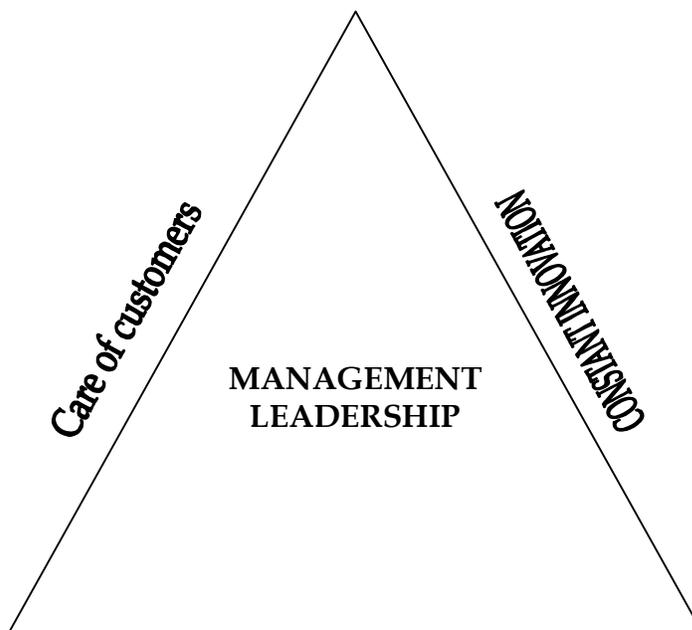

Figure 1.

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Model of keys to
Organizational excellence

However, these two elements – care of customers and constant innovation – do not
Constitute all that is needed. Sound accounting and financial controls are essential.
Entrepreneurial organizations that do not have them fail. Good planning is certainly
not a luxury but a necessity. Moreover, entrepreneurial-based firms can be temporarily or
permanently set back by external forces, such as currency values or the loss of access to needed
resources. Nevertheless, financial controls are vital, but the firm does not succeed with financial
controls, it succeeds because of the innovative value it creates in the marketplace. An
entrepreneurial firm seldom sustains superior
performance through mere access to resources; it sustains this through quality
innovations in resource acquisition and use, and subsequent market development.
The firm may be affected by changes in financial indicators, but it sustains
performance by adding enough value to an innovative product or service that is then
profitably saleable despite monetary variability (Drucker, 1985).
        Most entrepreneurial firms that are successful in creating a culture of excellence do so not
by their cleverness, but by the fact that each and every aspect of the
organization is better than is normally expected. So the keys to organizational
excellence within an entrepreneurship focus on three variables: care of customers,
constant innovation, and committed people. Yet in this model of excellence, something
is still missing – that one element which connects all the others. As Figure 1
shows, that one element is effective transformational and charismatic management
leadership; and it is through leadership strategies that the entrepreneur helps to
facilitate the reflection of excellence (Cornesky and Darling et al., 1990; Peters and
Austin, 1985).

Primary leadership strategies
Today's entrepreneurial leader requires a new kind of person who does not depend on
the organizational hierarchal-based superiority and subordination. These contemporary leaders
help to create enhanced capacity in their associates, who in turn become the stewards of all the
organization's stakeholders (McLagan and Nel, 1995). In achieving organizational excellence, an
entrepreneurial leader is thereby a person who inspires, by appropriate means, sufficient
competence to influence a group of individuals to become willing participants in the fulfillment of
innovational goals. But what are these means? By what means can mixed or perhaps even
negative feelings be turned into concern and loyalty? What enables an entrepreneur to lead
effectively? The authors' research has focused on the foundation of successful entrepreneurial
management leadership in the achievement of organizational excellence. Data were collected
primarily from well-known entrepreneurs identified during the past ten years in various
publications, such as Business Week, The Economist, Entrepreneur, Financial Times, Fortune,
Herald Tribune, New York Times, and The Wall Street Journal.
        These are contemporary transformational entrepreneurs who have been involved in
directing the new trends in operational success through the enhancement of organizational
excellence. These are people creating new ideas, new products and

services, new policies and new procedures. They have the reputation for bringing change through the basic foundations of excellence in their organizations. These leaders are viewed as creative change agents, not simply masters of basic routines.

As transformational and charismatic leaders, these entrepreneurs broaden and elevate the interests of their associates, generate awareness and acceptance of their organization's purposes and mission, and motivate their associates to look beyond their own self-interests to the good of others (Schermerhorn et al., 2005). Although all of these men and women are successful in their own way, and within their own situational setting, they share, to a large degree, four characteristic leadership strategies. These four entrepreneurial leadership strategies are attention through vision, meaning through communication, trust through positioning, and confidence through respect (Nurmi and Darling, 1997) (Figure 2).

Attention through vision

The leadership strategy of attention through vision creates a focus for the organization. A manager is expected to carry out assigned functions and responsibilities in an organization. But successful leaders in entrepreneurial management do more than that. They are acutely aware that there are customers in the marketplace for new innovative products and services, the use of which can help solve their problems. In addition, entrepreneurial leaders are sensitive to the fact that everything related to their responsibilities and the functions of their organization might be done faster, better, more reliably, with fewer errors, and at a lower cost. They are continually looking for problems that need solving rather than merely solving the problems that come their way. They are creative transformational change agents because they want to find better ways of doing things and really work at it. For example, beginning in the early 1970s, Frederick Smith, Founder and creative entrepreneurial Leader of the original Federal Express (now known as FedEx) sparked a revolution in just-in-time delivery that also eventually affected other firms such as UPS and DHL. By the late 1970s, the US had come to rely on FedEx' ability to deliver goods overnight – including such things as spare parts and urgent business documents (Foust, 2004).

Figure 2.
Model of keys to organizational excellence and leadership strategies
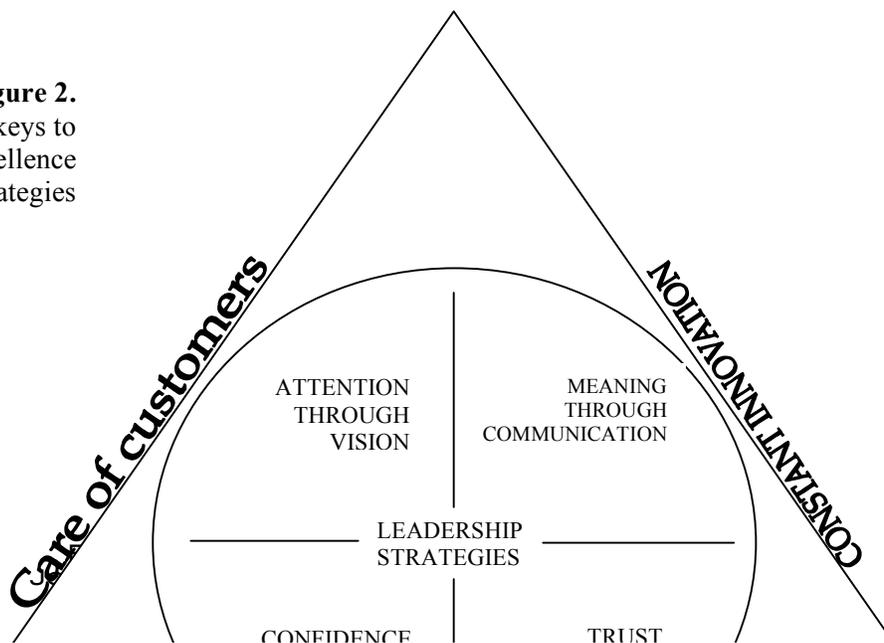
Meaning through communication
Among different entrepreneurial organizations, there are many interesting and exciting visions and noble intentions. Many entrepreneurs have important and very meaningful objectives – visions of what their organizations can do and become – but without effective communication very little will be realized. Success in charismatic entrepreneurial leadership requires the capacity to relate a compelling image of a desired innovative achievement – the kind of image that induces enthusiasm, expectation and commitment in others. The management of meaning, focusing on the mastery of communication, is inseparable from effective leadership and entrepreneurial success (Nurmi and Darling, 1997).

There are a number of issues relating to effective communication (Bennis and Nanus, 1985). First, a successful entrepreneurial organization depends on the existence of shared meanings and interpretations of reality, which facilitate coordinated action. Individuals become what they think about, and, therefore, meaningful communication becomes of major importance in focusing on primary themes of achievement in the organization. Leaders articulate and define what may have previously remained implicit or unsaid; then they create perspectives which provide a visionary focus. By so doing, they consolidate or challenge prevailing wisdom. In short, an essential factor is the capacity to influence and organize meaning for associates.

Second, the methods by which entrepreneurial leaders convey and shape meaning vary enormously. Despite the variations in style, and whether verbal or nonverbal, every successful entrepreneur is aware that an organization is based on a set of shared meanings which defines roles and authority, procedures and objectives. Third, what is meant by the creation of meaning goes beyond what is usually meant by communication, focusing on more than facts or even knowledge. Facts and knowledge have to do with what to do and how to do things.

Trust through positioning
Discipline is said to be the price of freedom, and thereby the price that entrepreneurial leaders must pay to be successful – the discipline to acquire the knowledge, to develop the skills and understanding, and to nurture a consistency of being that builds trust among people in the organization, and a true reflection of charismatic leadership. Trust is, therefore, a facilitator that helps to make it possible for an organization to function effectively. Trust implies accountability, predictability and reliability. It is what helps to make innovative products and services successful. Trust provides the foundation that maintains organizational integrity. We know when it is present and when it is not; we know that it is certainly essential and that it is based on predictability. The truth is that people who are predictable, whose positions are known and have continuity, are usually trusted. Entrepreneurial leaders who are trusted make themselves known and make their positions clear in all arenas of the organization. Trust through positioning is achieved by a consistency in value-reflection.

Phases of the Change and Growth Process

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This section covers different phases in the growth and development process in an attempt to derive the best styles, especially for the CEO and top management level. The transformation problems between phases are treated later on.

The Introductory Stage

This begins with product innovation and development; it starts a business life cycle, and runs until the product is being manufactured in larger quantities. It is a 'search stage' in which new, interesting business is being sought. Styles should be planned as a sequence of experiments to test the stability of markets and to discover better ways of behaving in the future. People, and especially organizations, have insight only after they act, not before. In a new organization an entrepreneurial insight, perhaps only vaguely defined at fist, must be developed into a concrete definition of an organizational field, a specific product or service and a market segment. Important roles at this stage include the entrepreneur, the technical innovator and the market and technological controller.

The organization is informal. Highly structured thought, as well as tradition, can interfere with insight and innovation. Once some experience has been gained, the

Diagnosis or planning phase can begin. The organization is usually managed by an entrepreneur whose vision and energy drive it. Adzes (1988) characterize it as ad hoc and infant with hardly any policies, systems, procedures or even budgets. The administration systems might be 'on the back of an old envelope' in the founder's jacket pocket. The boundaries between the functional areas are not substantial. Communication is face-to-face, there are few rules and regulations; decisions are made quickly and informally, and control is achieved by the direct personal action of the entrepreneur (Moore and Thus man, 1982).

The Growth Stage

When the new product begins to mature, innovation activity shifts from the product to the process. The product is standardized. The job moves from small to

More rationalized manufacturing groups. The engineering problem involves the creation of a system which puts the developed products into operation. The creation of such a system requires management to select the appropriate technology for producing and distributing the products or services concerned.

The growing organization must begin to systematize and routines its processes; continuing chaos will kill the entrepreneurial firm (Moore and Thus man, 1982).

The following administrative procedures characterize operational efficiency (Greiner, 1992):

- a functional organization structure is introduced to separate manufacturing from marketing activities, and job assignments become more specialized;
- accounting systems for inventory and purchasing are introduced;
- incentives, budgets and work standards are adopted;
- communication becomes formal and impersonal as a hierarchy of titles and positions builds;
- New managers and key supervisors take most of the responsibility for directing, while lower- level supervisors are treated more as functional specialists than as autonomous decision-making managers.

When the entrepreneurial organization approaches its growth phase, senior management must staff it with

Individuals who can contribute to and manage a more professional set-up (cf. Bargeman's organizational champion). A climate must be established in which there is a balance between entrepreneurial and more professional orientation, and in which diversity and conflict are tolerated. This inevitably means a change in management styles.

The entrepreneur is still an essential part of the development process. The developing style gradually loses its effectiveness, however, and the task-oriented manager begins to take over. This phase builds on style that is intrinsically in conflict. Administrators seek stability, while entrepreneur is change-oriented (Adzes, 1988).

Groups emerge which strive to weaken the entrepreneurial spirit. Roles such as sponsor and project manager are important. The implementation of ideas And change also requires a great deal of people- and change-oriented style. The situation develops where the CEO or the top management team need to master all the styles, with no clearly dominant one.

The Mature Stage

In the mature stage, sales growth no longer predominates. Abernathy and Utter back (1978) call it the specific phase, with standardized products and efficient, capital intensive, rigid

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and automatic production processes. The production process moves from islands of automation through assembly lines to continuous flow operations (Woodward, 1965). There is a minor need for innovation only for some modifications. Competition is more about market share and attacking the shares of the others. As a result of slower growth, more knowledgeable Buyers and, usually, greater technological maturity, competition tends to become more cost- and service oriented. This changes the ingredients of success in the Industry and may require the dramatic reorientation of corporate functioning. There are three main options: cost reduction and sophisticated cost analysis, differentiation, or a combination of both. The 'fittest' survive. The organization is result-oriented (Adzes, 1988). Rules are introduced to handle repetitive procedures and decisions are made at senior levels of the hierarchy.

Control is achieved through bureaucratic mechanisms. The unit's climate emphasizes greater formality, stability and business-as-usual orientation. Subunits restrict their information processes and rely on prior knowledge.

The mature stage features greater emphasis on senior management decision making. Control is more and more indirect, through systems, organization structure and selected employees. The environment is quite stable. This is the homeland of the task-oriented manager. Both developing and change-oriented styles are weak. Figure 1 summarizes some features of the different stages in the business life cycle and the expected mix and strength of management styles during the different development phases (cf. Abernathy and Utter back, 1978; and Moore and Thus man, 1982). The changing role of the CEO is illustrated by Clifford in Figure 2.

	Business life cycle stage		
	Introduction	Growth	Mature

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Dominant values	Learning, experimentation, informality	Expansion, growth	ROI efficiency, market share , superiority
Management role Type of innovation	Entrepreneur Major product innovation	Administrator / integrator Incremental product / major process innovation	Steward Incremental product/process innovation
Location of innovation Base of competition	Entrepreneur product performance	Marketing/production product differentiation, price	Production Price, image, minor difference
Production process	Job shop	Islands of production	Assembly line and continuous flow
Dominant function Modes of integration	Entrepreneur informal communication	Marketing/production Informal communication, teams project manager	Production/sales Formal communication ,senior management committee
Organizational structure CEOs & top manager's style profile Development – oriented style	Free form Strong	Project/matrix/functional Strong/medium	Bureaucratic Weak
Change – Oriented style	Medium	Medium/ Strong	Weak
Task – oriented style	weak	Medium	Strong

Figure 1 Pattern of different phases in the business life cycle I
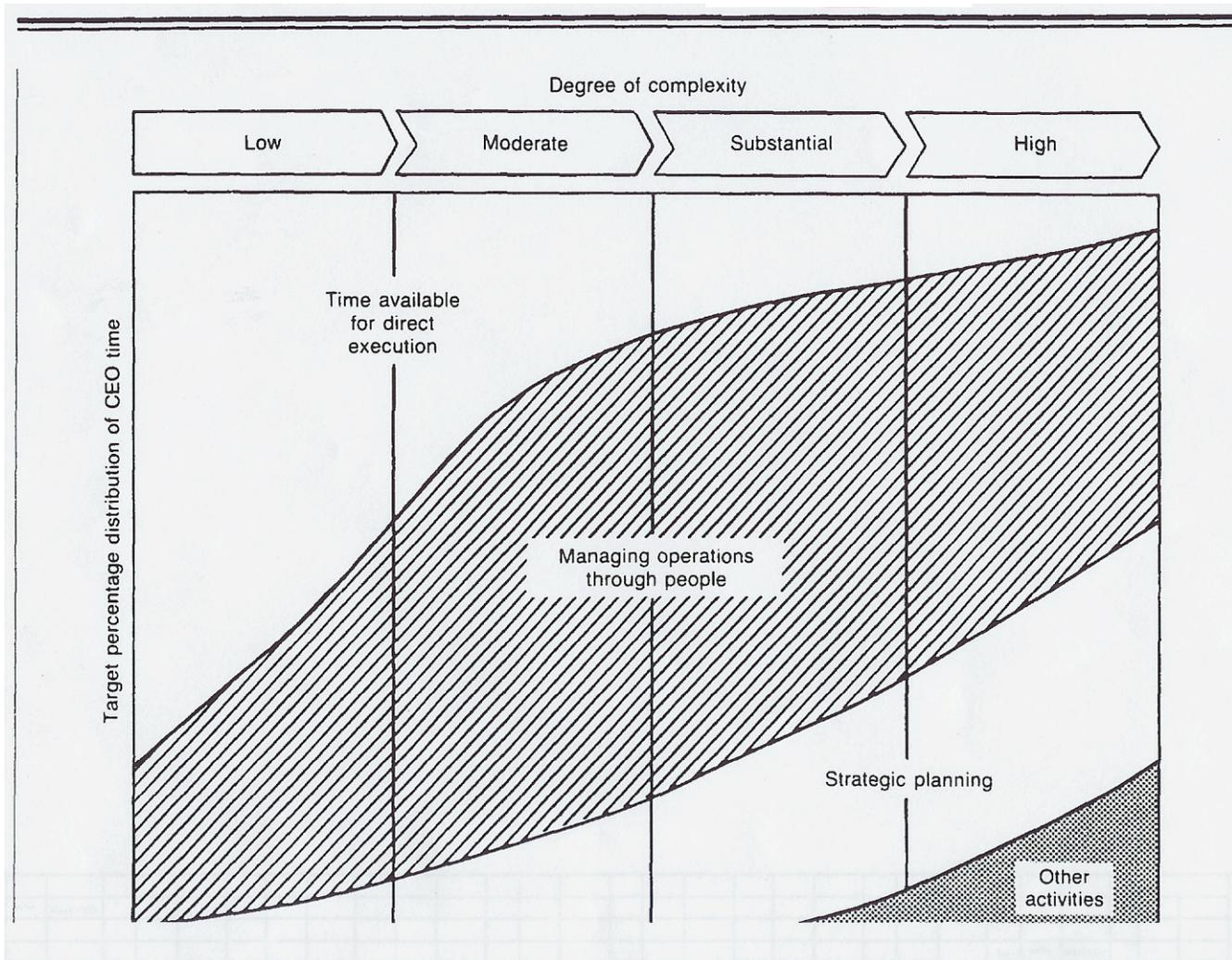
Growth Phases and Changes in Management Styles

As shown above, the character of business changes 1 dramatically during its development, and top management orientation has to change too. Development- and change-oriented styles dominate in the first stage and the task-oriented style in the mature phase. A short description of the first development period in a small entrepreneurial firm follows by way of an introduction to discussing change in management style.

Growth stage it was not long:

Before there were too many projects. The company then had to concentrate their efforts. The developing costs of new business were large. In this phase, for the first time, there was some sign of planning. The products and business area were defined. Some experience had been gained of the most suitable type of projects for the future. Prerequisites included technically more demanding products, the maximum use of in-house competence, synergy with existing products and a small niche in the world market. A broadening of their own knowledge was the turning point. Once the business idea which gave rise to the first products was almost fully developed, a new and more controlled search phase began. New products for new markets could be produced using the same technology and material (fiber – reinforced steel). According to the R&D manager, most fiber-reinforced steel applications have been tested by the company in their market research, which paved the way for the development of successful new products. This in turn provided new market knowledge and different product alternatives. Decisions were made ad hoc. The strategy emerged from the handling of individual projects. The company developed as a result of a number of successful and unsuccessful ventures, with little or no entrepreneurial or strategic control, once it became clear where the competence of the company lay, surplus businesses requiring large investments in automatic production were sold. New investments were made staked on new projects in areas with the greatest success potential and which exploited the company's competitive strength.

These developments are described in Figure 3.

Mature phase:

After more than twenty-five years as managing director, the entrepreneur decided to sell the company. Profitability problems were increasing and it was obvious that things could not continue on the same informal basis. The diversification-concentration mechanism was not enough to solve the more fundamental problems in the growth process of the firm, the structural and administrative problems. A more professional management approach was needed, something that the entrepreneur probably did not want. He had consistently used a strong development- and change-oriented style. About the earlier, very informal way of functioning, the R&D manager told me: "We avoided building up administrative routines. One of the most important values in the company has been that improvements in technology, products and materials give profitability.

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There is no need for financial control systems. You have to be able to sell on the world markets. Technology, cheaper raw materials and longer production series counteracts inflation. Neither our lifestyle nor our company philosophy is dominated by the size of financial revenue". This is the preoccupation of professional businessman.

We're more concerned about the technical idea and its development. Can we succeed? And it is a fact that, if we manage to come up with an improved Method or idea, we know it will be Profitable. We concentrate on technological improvements and on the product, and this controls development. The early pattern was no longer suitable in the company's development stage. With a turnover of more than 190 million dollars, more structured management was Needed. Why did the entrepreneur not change his style earlier? Increasing problems of control and decreasing profitability should have been strong enough signals to provoke change. It is quite clear that style change has to do with basic beliefs and values, which are very difficult to shift. This is described as a leadership crisis by Greiner. The entrepreneur had a clear role in the introductory phase of generating and developing new products, and in the Growth phase of developing new production processes. However, he lacked either the will or the capability of changing the company to meet the demands of the mature phase. Fundamental change and a new CEO were soon needed to save the company from bankruptcy.

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                    ┌─────────────────────────┐
          ┌────────▶│  The entrepreneur's     │◀────────┐
          │         │  values the company's   │         │
          │         │  way of functioning     │         │
          │         │           │             │         │
          │         │           ▼             │         │
          │         │  Learning and           │         │   Need at the
          │         │  legitimating           │         │   company level.
          │         └───────────┬─────────────┘         │   Development
          │                     │                       │   resources
          │                     ▼                       │
          │             Emerging strategy               │
          │                     │                       │
   (diversification,            │            ( concentration,
    opportunities)              │              problems )
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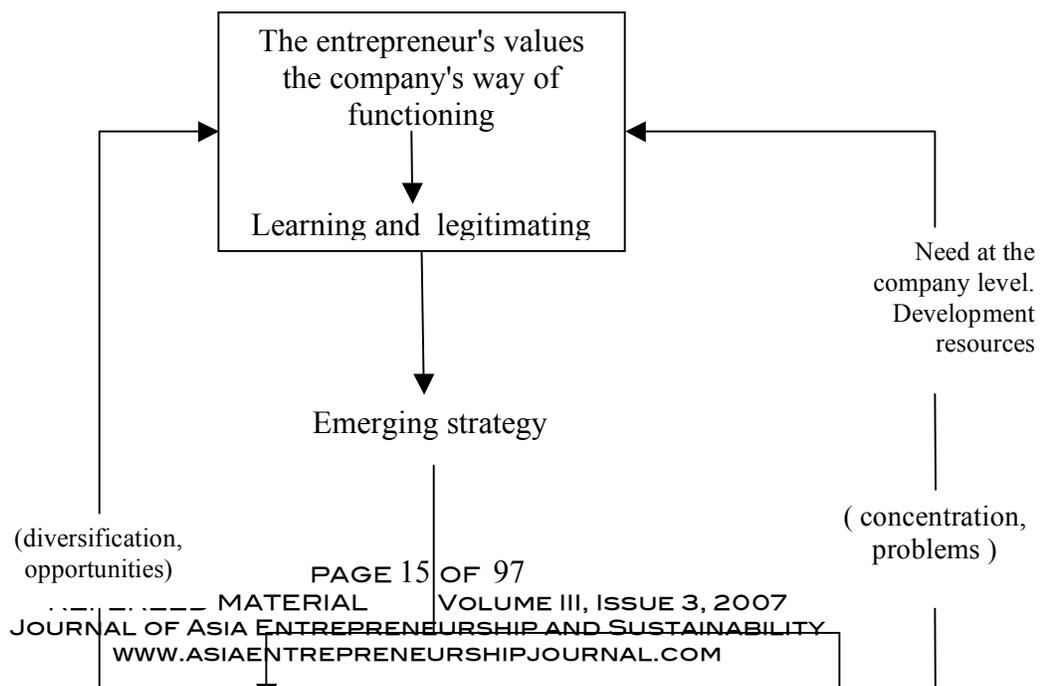www.asiaentrepreneurshipjournal.com

Figure 3 the early development of an innovative company as an

Emerging pattern

Managing Change in Styles

Controlling change is complex. Leaders have to administer the space between the parts (Leavitt, 1986). Developing innovation and new businesses demands
Different management styles at different times. Organizational characteristics and individual style which are vital in one phase are wrong in another phase (Moore and Thus man, 1992). The manager must change his style in order to be effective. How can he do this?

Successful change:

In its introductory phase, the organization is small, informal and loosely-structured. The new firm is often dominated by an entrepreneur whose energy, enthusiasm and intuition drive it. If it is successful and sales begin to grow rapidly, there are several critical consequences.

Totally different skills are required (Adzes, 1988). The company cannot continue with systems, budgets, policies, organization structure and centralized Decision making. Less immediate reaction to chance opportunities and more considered appraisal is called for. There are plenty of potential crisis points where many firms fail and become bankrupt or are bought out. The entrepreneur seems to have great difficulty recognizing the need to shift style and change the organizational processes. During this change, perceptions come first (Doze and Prahalad (1987) suggest that a precondition for redirection seems to be a shift in the cognitive maps in use within the organization). Without a cognitive shift To provide a new context, change is unlikely to

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succeed. This means that, before successful measures can be taken, a vision about how the organization ought to function in the next phase must emerge and spread by good leadership. Experimentation, often on a small scale, is needed to find out the best way of functioning. The pattern for the growth phase depicted in Figure 3 should be intuitive ideas about the future state of the system. Tight cost control, cross-functional coordination, marketing and so on, is very different skill from those Required to build the organization in its early days. The organization must change its basic beliefs and cultural identity in order to survive.

The second condition for change in management style is that the vision is established at the top of the organization, and top management is committed to its implementation. Thirdly, the organization should have the necessary competence to enter the next phase. Appropriately skilled managers should be promoted or new managers brought in. There should also be a concentrated in-service training. The entrepreneur himself is seldom the person to generate new visions or to demand changes. Norman (1977) gives the task of analyzing the broader trends in society and the internal political situation in the company to some sort of statesman, who is often the chairman of the board. The range of individuals capable of carrying out critical leadership functions is often too narrow. Consequently, the entrepreneur has to transfer management of the company to a new CEO, which is very difficult. The swift, intuitive, decision-making style of the entrepreneurial company - one of the keys to its early success - can severely handicap it at a later stage if it is not balanced with realism (Clifford, 1978). There are three leverage points for the extension of leadership:

" building the senior team; broadening senior management; and developing leadership throughout the organization (Nadler and Thus man, 1989)" . Some sort of transition team might be needed. However, it seems to be an advantage if the entrepreneur stays in the company, because entrepreneurial energy is still needed in the growth phase although it must be complemented with administrative energy's. These stakes increase task-oriented characteristics at the top level, but still maintain some change- and development-orientation, the fundamental features of top management style in the growth phase (see Figure 4).

In summary, it can be said that, in the successful pattern of transformation, a vision of how to function in the next phase is built up quite early and the necessary new top managers either recruited externally or promoted internally.

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The vision for the next phase must be set from the top. New values and beliefs are required.

	The successful model	The crisis model
Mature stage	T – style strong D – style weak C - style weak	T – style strong D – style weak C - style weak Change agent Transformational leader
Growth stage	T – style medium D – style medium C - style medium (Transition team)	D – style strong C – style strong T - style weak
Introductory stage	D – style strong C – style strong T - style weak	D – style strong C – style strong T - style weak

Figure 4 Successful and unsuccessful patterns for changes In CEO Ana

Top management behavior during the business life cycle

C-style = change-oriented style: D-style = development-oriented style;

T-style = task-oriented style.

And the innovative entrepreneur can seldom change hasher style to suit. It is critical for future success that the founder hands over the company to an administrator at the right moment to achieve smooth transit oil. These transformation processes continue during the mature stage. The process described above can be called frarnebm ding (Nadler, 1988). Necessary changes are anticipated, and actions to meet the new challenges are taken in advance;

A key factor. The new frame emerges incrementally, a characteristic of successful change.

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Unsuccessful transformation:

Transition to maturity signals a new 'way of life' in a company. The excitement generated by rapid growth and pioneering is replaced by the need to control costs, compete in price and market aggressively (Porter, 1980). Few inventor-entrepreneurs can tolerate the formality that is linked with large volumes. Therefore, their businesses never develop into the mature state. They Move from the introductory phase to the growth stage with no change in behavior, at least administratively, and more and more problems arise. Clifford says that almost every fast-moving company passes through a critical trouble-zone in the transition from entrepreneurial enterprise to large corporation. Economic stress in one form or another triggers crisis; all too often, a company Emerges with its growth momentum fatally sapped. It hells expanded so much and operational restructuring is long overdue. However, the earlier framework has been reinforced over many years and is therefore difficult to change. Necessary shifts are made too late or not at all. The company has reached a 'threshold situation', and the only remaining option is rapid and radical Turnaround, so-called frame-breaking changes. Tow momentum, and frequently success, of convergent period's breed's reluctance to change. It is not until Financial crisis shouts its warning that most companies begin their transformation (Leavitt, 1986). A misfit between the way of functioning and the characteristics of the environment has arisen. The organization's strategy and structure are no longer compatible with the situation in the environment or with the size of the firm. Typically, the situation leads to poor results and the Perception of an organizational crisis. Existing organizational beliefs are challenged. There is growing internal tension and disunity, indicating a need for radical changes. Frame-breaking change is abrupt, painful to participants and often resisted by the old guard. The profitability signals in the small entrepreneurial firm described above were not strong enough to change the Entrepreneur's beliefs early in the development phase. After the old systems have been unlearned, the organization often passes through a period of confusion and a new strategic vision is created. Positive results lead to greater commitment to the new vision. Further, positive feedback gradually increases members' commitment to new belief systems which seem to work.

The new executive Team brings different skills and a fresh perspective. Moreover, its members are unfettered by prior commitments linked to the status quo; on the contrary, they Symbolize the

need for change. The execution of a new challenge adds to the energy devoted to it. The two change processes and the different styles used are

Summarized in Figure 4.

In the unsuccessful pattern the entrepreneurial firm continues with its old beliefs, styles, organization and climate from the introductory stage to the growth stage. Burns (1978) and Thus man, Newman and Nadler (1988) state three key activities for the change agent in a turnaround process:

(a) Presenting a clear and credible vision of the organization and its future;

(b) Energizing, demonstrating personal excitement and modeling expected behavior; and

(c) Enabling, providing resources, building an effective senior team.

The successful entrepreneurial firm, however, begins to: change at the end of the introductory phase and to form new visions about how to function, plan the new structure and systems and build up competence. But this is not destructive. There is time for experimentation. The transition can be made smoothly and in an orderly 'fashion. The movement from the growth phase to the mature phase involves further development of the administrative and production systems with emphasis on internal efficiency. No frame – breaking change is needed.

Managers can easily change their styles. The small entrepreneurial firm studied earlier shed some light on why researchers have had problems obtaining conclusive results.

Summery

In the introduction it was pointed out that most management theories are based on the assumption that Changes need not be violent and emphasis can be put on learning. In successful introductory – to - growth transition, the growth pattern depicted in Figure 3 should be a visionary future state and grounds for shifts in managers' cognitive maps. Thus, the competence of the company should be strengthened. The administrative systems, especially financial control systems, should be developed and functions integrated. At this stage, the successful manager should also begin to develop an executive team to handle matters he can no longer cope with himself.

He must give breathing and growing space to the executives below him. Very often, a change of CEO is needed. In that context, it is possible to change the strong development- and change-orientation of the introductory phase to a more balanced style profile with stronger task-

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orientation, as required in the growth phase similarly, in the transition from the growth stage to the mature stage, the mature pattern should be the future vision. Once top management has decided to carry out the necessary changes, a competence-building stage follows and the actions already taken during the growth phase are consolidated. The new emergent context produces the right conditions for a strong task orientation. The alternative is first chaos, then deep financial crisis and many personal tragedies. In order to keep firms alert, tension in the organization is used as a change mechanism. In successful companies, there seems to exist fruitful tension between order and disorder, and between deliberate and emergent development. Neither structured formality nor unstructured chaos work well. One of the key challenges is to balance the two. March (1981) stresses that adapting to a changing environment involves interplay between rationality and foolishness.

The transition process described is tentative and is based n the introduction it was pointed out that most managed- on previous research and current actual observation. Next theories are based on the assumption that more knowledge about successful change and how it starts is required as is more rigorous testing about the processes described in Figure 4. The optimal balance between stability and foolishness is a matter for urgent investigation.

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TOOLKIT FOR LEADERS:
ENTREPRENEURSHIP AND LEADERSHIP – PREREQUISITES FOR A WINNING PERFORMANCE

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Abstract

Effective leaders strive to attract and develop the right people with the right values in the right positions that are aligned to their organizational strategy. From this premise, this paper identifies a driver of high performance as developing future leaders from within and at all levels of the organization in an effort to produce a self-sustaining leadership culture and team. It is argued that the addition of an entrepreneurial culture to this leadership domain will create superior organizational performance and thus enhance the leadership effectiveness.

Entrepreneurship and leadership concepts are contrasted on the basis of current literature and empirical evidence gained from assessments of high performing organizations over the long term. Interdependencies have been identified: the role of leadership at Australia's Macquarie Bank is "to create an environment that is supportive of entrepreneurs" (Hubbard, Samuel, Cocks, Heap, 2007:145). In Search of Excellence denotes 'autonomy and entrepreneurship' as one of the eight attributes that characterize their excellent, innovative companies (Peters and Waterman, 2004:13–14). Good to Great prescribes that "when you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great performance" (Collins, 2001:13).

This paper explores empirical evidence that links the ability to inspire and cultivate entrepreneurial qualities with leadership to generate organizational success. It discusses the leadership and entrepreneurial characteristics that will be needed to create and sustain an organization that is able to effectively execute its corporate strategies over the long term – resulting in the development of a core competence to adapt rapidly to changes in its external environment through the deployment of fluid and dynamic strategic plans.

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1.   Introduction

Enhancing organizational performance has been a perennial crusade for organizations, researchers and consulting groups alike. Many of the current performance improvement recommendations merely focus on discrete elements of the organization rather than applying a holistic approach to organizational management. Several authors have taken this holistic approach and investigated enterprises that have displayed winning performance over the long term in an effort to identify the practices that set them apart. Common themes emerge from the studies. This paper analyses the entrepreneurial and leadership themes to uncover how the practices that lead to long-term performance can be combined to create superior organizational performance.

2.   Review of Current Research

There are countless published articles, case studies and texts on leadership. Some researchers have collected empirical evidence on the impact of leadership traits on organizational performance and how to attract (and retain) the right people into an organization. The 'right people' are described as having the right attitude, they fit with the organization's culture and strategy and are proud and committed to the organization's cause (Hubbard et al, 2007:201-203). These are the people who are expected to become the future leaders of their organization.

Good to Great and The First XI espouse the importance of having the right people in the right positions at all levels of the organization to create a self-sustaining leadership culture and team environment. Such self-motivated individuals can maintain a level of discipline and motivation that transcends the need for organizational hierarchy, bureaucracy, rigid organisational structures and excessive controls. Their discipline allows for effective execution of dynamic strategies and the ability for an organization to pre-empt and adapt rapidly to changes in its external environment. The Good to Great leaders undertook that "if you begin with "who", rather than "what", you can more easily adapt to a changing world" (Collins, 2001:42). We suggest that adding a degree of autonomy and entrepreneurship amongst people, as discovered by In Search of Excellence in their study of high-performing innovative companies, can provide the foundation for a combined entrepreneurial and leadership model that leads to superior sustainable organizational performance.

All three studies (In Search of Excellence, Good to Great and The First XI) chosen for evaluation in our work are based on evidence gained from selected high-performing organizations over the long term.   Long-term investment in these organizations yielded financial returns that significantly surpassed those of their related stock market indices over the same period.

Common Themes
Recurring themes have been discovered from analysis of the research literature. In Built to Last, Drucker is quoted as believing that the "best and most dedicated people are ultimately

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volunteers, for they have the opportunity to do something else with their lives" (Collins and Porras, 2004:228). Volunteers can also be viewed as the 'right people' that populate high-performing organizations identified in Good to Great and The First XI, as volunteers are also self-motivated, proud and committed to their organisation's cause. In Search of Excellence found that all team members in new venture teams, such as those created at 3M, are volunteers. "The team members are recruited, not assigned" (Peters and Waterman, 2004:226) as this guarantees the passion and ultimate commitment to each project undertaken.

Based on their investigations into a wide variety of leaders and successful organizations in the USA, Europe and Asia, Deering, Dilts and Russell (2003) in Leadership Cults and Cultures identify three key aspects of leadership culture. One of these key aspects relates to 'align', paraphrased as:

> Align – "achieving congruence in values and behaviours of self and others, creating an aligned organization ready to act effectively in pursuit of the organization's goals".

Congruence in values and behaviours is consistent with having the right attitude and organizational fit required of people in high-performing organizations. These personal attributes provide the platform for effective execution of business plans and strategies.

In comparison to Good to Great and The First XI's 'right people', Jack Welch's 'right people' are General Electric's Type A leaders, defined as people who live the values of General Electric (GE) and deliver on commitments (Krames, 2005:10–11). These "A" players are the leaders Welch strived to hire and worked hardest to retain. In fact, those who delivered on commitments but did not share the values of the organization (denoted as Type C) were effectively terminated (Krames, 2005:11). This was a controversial discipline to follow given Type C leaders did get the work done. Yet the potential harm to the organization from "C" players not believing and upholding GE's values, was considered far more detrimental than the organizational benefit derived from their ability to deliver on commitments. Few organizations uphold these values consistently. Again, a common theme emerges regarding the importance of populating roles with people having the right values and right attitude for the business.

3M's flexibility and informal organizational structure allows their 'right people' the freedom to pursue new ideas in their Division, or if not taken up, in another 3M Division that considers their project feasible (Peters and Waterman, 2004:232-233). As an exponent of decentralization, 3M believes in spinning-off new Divisions rather than letting existing Divisions attract higher sales volumes and grow too big, arguing inter alia that large organizations lose an element of entrepreneurial effectiveness. Hewlett Packard (HP) operates in a similar fashion. When one of HP's Divisions grew to 2,000 staff, the Division reorganized itself into three separate units each with their own product development facility (Peters and Waterman, 2004:214-215). This limited the bureaucracy associated with larger firms, and gave HP the freedom to develop and test new products specific to each unit. The ability to innovate within small Divisional units provides organizations like HP and 3M with the potential to offer many new product variations, driven by

a better focus on clients and market opportunities rather than compliant conduct within a larger organization. 3M employees working within this type of structure provide a "coherent sentence" as a first draft for new product proposals, as 3M prefers not to constrain staff with lengthy documentation, particularly at the initial stages of product development when uncertainty is highest (Peters and Waterman, 2004:232). Hence, when the 'right people' with the right attitudes are placed in the right roles, the need for hierarchy, bureaucracy and excessive controls is minimized. Allow these people freedom and flexibility to pursue their ideas, together with an overseer to provide management control, and the organization begins to develop a core competence of adapting rapidly to environmental trends and changes. We see this flexibility to pursue innovation as the infusion of entrepreneurship. Hence, we argue that entrepreneurship should be one of the criteria considered when forging high-performance teams together, as it is a value-based approach to harvest innovative contributions.

3M's overseers are called champions – leaders and role models who protect teams from company bureaucracy and ideas from automatic negation, and are savvy enough to effectively vet projects in line with company goals. 3M's value system is explicitly structured to encourage entrepreneurial activity. Their 'eleventh commandment' is: "Thou shalt not kill a new product idea" (Peters and Waterman, 2004:227). If a member considers a new project not worth undertaking, 3M directly places the burden of proof on the member who wants to stop the project, not on the person proposing the project. 3M believes this will positively stimulate entrepreneurial activity (Peters and Waterman, 2004:228). Reversing this onus of proof as 3M has done is opposite to the majority of organizations' new project and product development processes, and is testament to 3M's entrepreneurial culture. Would your organization free their designer or inventor to pursue their projects in this same fashion?

How many organizations truly believe in leadership at all levels? Attempts have been made to extend the leadership theme beyond the CEO and top management team to include "all those who have profit responsibility (e.g. divisional and group managers), those who manage significant parts of the organization that are revenue or expense centres (e.g. unit managers), and the board of directors" (Hubbard, 2004:242-243). Clearly, there are different levels and contexts of leadership, and the view of leadership being the domain of the 'omnipotent' and those responsible for the company's profitability is far beyond the realm of those, for example, leading cross-functional teams or departmental improvement teams. Their influence on enlightening, motivating and empowering staff to achieve a common enterprising goal is not beyond these individuals' control. Therefore, the potential power of leadership extends to building an organization that is ready and able to adapt rapidly to changes in its external environment and its business strategy, by having groups of individuals at all levels of the organization displaying leadership qualities. The First XI takes this point of view by identifying "Leadership, Not Leaders" as one of the key characteristics shared by winning organizations.

Does entrepreneurship play a part in leadership organizations staffing positions with the 'right people'? Lend Lease, identified as a winning organization by The First XI, describes their 'right

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people' as entrepreneurial (Hubbard et al, 2007:205). Macquarie Bank, another of The First XI's winning organizations, sees the role of their leadership as "to create an environment that is supportive of entrepreneurs" (Hubbard et al, 2007:145). "Autonomy and Entrepreneurship", one of eight attributes characterizing excellent, innovative companies in In Search of Excellence, highlights the importance of independence, creativity and innovation. This applies particularly in organizations that know when to create spin-offs to manage optimal 'small size' business units – in a way that allows entrepreneurial activity to flourish with a degree of autonomous control (Peters and Waterman, 2004:200-201). Thus, an entrepreneurial theme emerges in what is seen and proven to be successful organizational performance.

De Geus discovered during the famous Royal Dutch/ Shell study of Fortune 500 firms that most of the large corporations suffered from learning disabilities, and were unable to adapt and evolve as their environment changed (De Geus, 2003:1). The average life expectancy of Fortune 500 firms was quoted as 40 to 50 years (De Geus, 2003:7). To most this may still be a considerable amount of time. To the people at Royal Dutch/ Shell, long-term performance is seen as being in existence successfully for at least 100 years. As a result of De Geus' ensuing examination on corporate longevity, undertaken on large organizations successfully operating for 100 years or more, four common factors were uncovered (De Geus, 2003:12-14):

Long-lived companies were sensitive to their environment
➤ They appeared to "excel at keeping their feelers out, tuned to whatever was going on around them" (De Geus, 2003:12) allowing them to react in a timely fashion to environmental conditions.

Long-lived companies were cohesive, with a strong sense of identity
➤ "Managers were typically chosen for advancement from within" (De Geus, 2003:13) highlighting the leadership ability of people at all levels within these companies.

Long-lived companies were tolerant
➤ They were tolerant of activities in the margin, such as "outliers, experiments and eccentricities within the boundaries of the cohesive firm" (De Geus, 2003:14), which allowed these companies to stretch their understanding of possibilities open to them, highlighting an entrepreneurial element in their culture.

Long-lived companies were conservative in financing
➤ This provided them with "flexibility and independence of action to pursue options that their competitors could not" (De Geus, 2003:14), highlighting their ability to act rapidly and grasp opportunities before competitors who had to first convince third-party financiers for funding.

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Clearly, there is evidence of leadership at all levels, entrepreneurial activities and the ability to sense opportunities and adapt rapidly to changing conditions amongst De Geus' study of successful corporate longevity.

Another of Deering et al's three key aspects of leadership culture contained in successful organizations is the ability for an organization to 'anticipate', paraphrased as:

> Anticipate – "getting ahead of the curve, requiring the mental agility to respond to weak signals or trends to create a fluid organization that adapts quickly to new circumstances".

Again, here is a common theme in organizations exhibiting a leadership culture and responding to changing circumstances in a fluid and dynamic manner. The mental agility to respond to weak signals and emerging trends is generally a skill engrained in entrepreneurial behaviour. Having the right people at all levels of the organization with leadership skills and entrepreneurial ability appears to foster the necessary skills to consistently outperform competitors.

The development of entrepreneurship within a corporate environment is not a new concept. "Intrapreneurship" (another term for corporate entrepreneurship) is the creation of an overall climate of entrepreneurship within an organization and throughout its layers of leadership and management, used when integrating the benefits of small firms with the market power and financial resources of large firms (Carter and Jones-Evans, 2006:267). Intrapreneurship therefore attempts to infuse the motivational benefits of a small-size, agile enterprise into a larger entity, giving innovative staff an opportunity to remain and perform, rather than to leave for lack of applying their talents. Intra-corporate venturing – creating new ventures within an existing organization to stimulate or develop new products, processes or improvements (Carter and Jones-Evans, 2006:268), parallels with 3M's and HP's break-away autonomous business units and independent spin-offs. More employees in such organizations take the initiative to undertake something new, and the resulting innovations are often created by employees without being asked, expected or even given permission by higher management. This type of activity may only flourish if failure is seen as a learning experience and tolerance of risk, ambiguity and mistakes is encouraged through experimentation (Carter and Jones-Evans, 2006:273). It is unlikely to occur in traditional corporate cultures that add layers of management structure in order to control the growing corporation and reward based on caution in decision-making. Intrapreneurship requires considerable trust in leadership to assure staff that the trial-and-error process of innovative behavior is accepted as a necessary cost of doing business, rather than as a punishable aberration.

In Losing My Virginity, Richard Branson alludes to the behaviors that drove him and the staff he employs to create a global Virgin Group brand. Rule-breaking, a thirst for learning, conviction, teamwork and project loyalty are paramount (Branson, 2005). Branson's constant hunger for challenges and adventure may well inspire his resulting corporate take-overs and business diversification. The majority of Branson's acquisitions are innovative and make good use of his corporate image, and Branson leverages his Virgin brand to obtain equity partners via a method

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he terms "branded venture capital" (Inc. Magazine, 2005). Branson ensures he has a leadership team that can successfully implement his corporate strategies, and his team is empowered to offer, question and reject business ideas, whether they be his ideas or theirs. This cultivates an 'entrepreneurial' leadership style with a high element of decentralized empowerment and delegation to staff.

By integrating the strengths of small firms and the characteristics of entrepreneurs – such as creativity, flexibility, rapid adaptability, innovation and nearness to market – with the scale, market reach and financial resources of large companies, an appropriate entrepreneurial corporate climate can be created. Combine the ability to cultivate leadership at many levels with the encouragement to exhibit entrepreneurial qualities within individuals and teams, and the organization now has the capability to execute its strategies and adapt rapidly to changing environments in a sustainable fashion.

3.   Organizational Performance Enhancement

There are organizations that attribute a period of organizational success to their strong leaders. Others will take the next step and create a leadership team that continues to perform and succeed when the original leader leaves the organization. This step of creating a leadership culture is even more critical for effectively executing strategic goals and adapting to rapid change. In a similar vein, there are successful entrepreneurs who create organizations from the ground up, only to find their organization fails once they depart. If they had installed a professional leadership team and retained the entrepreneurial culture, so that it could continue to innovate and sustain its entrepreneurial performance, the organization could then succeed over the longer term. Thus, by combining a leadership culture with an entrepreneurial culture a model for superior performance begins to emerge.

Conventional leadership tends to over-emphasize the importance of short-term financial returns, with many firms suffering from EBITitis. High-performing organizations take a more strategic long term view and understand that profits are merely a symptom of success (and not a predictor of success) and only one symptom at that. This approach of looking at the long-term sustainability of a market position separates profit shortsightedness from a holistic view that includes a wider group of stakeholders, rather than just shareholders. De Geus considers the "twin policies of managing for profit and maximizing shareholder value, at the expense of all other goals, [to be] suboptimal, even destructive" (De Geus, 2003:21-22). To most contemporary corporations and leaders this makes intuitive sense, yet why do most organizations still act in a way that makes it clear (short-term) profits are the most important company priority?

An entrepreneurial culture should not be considered unless the organization is willing to invest funds with no expectation of return for five to ten years (Carter and Jones-Evans, 2006:273), and we submit that this time frame might vary based on the particular market and its speed of movement. Smaller entrepreneurial shifts may well pay dividends much sooner. This counters general management thinking concerned with short-term returns on capital. In a similar fashion,

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a leadership culture should not be established within an organization unless the organization is willing to invest time and funds in its people, to nurture and develop them to become their future leaders. An organization must then be able to identify who their 'right people' should be, what sort of values and behaviors they require, and how to place them in positions suited to their strengths and future potential. This approach likely transcends informal leadership grooming within a firm and might require formal leadership training.

Drucker is quoted by In Search of Excellence as stating that "a top management that believes its job is to sit in judgment will inevitably veto the new idea" (Peters and Waterman, 2004:46). Innovations, by definition, are removed from the mainstream of business and may show little promise at the early stages of their development. Hence, they may be considered a potential money pit, and not profitable to the organisation in the short-term. The leader or champion's role is critical at this point to shepherd the innovation into fruition. Organizations need to be prepared for the volunteer champion (inventor, entrepreneur or project leader) to be a creative fanatic, somewhat obnoxious and impatient (Peters and Waterman, 2004:206). The executive champion must then protect the volunteer champion from company bureaucracy and protect the early stage innovation from automatic negation.

Decentralization is key here in assigning differing levels of leadership with the authority to initiate and implement new ideas. However, decentralizing whilst expecting people to be creative is not an automatic solution to establishing an entrepreneurial culture. Creativity does not automatically lead to innovation. "Creativity without action-oriented follow-through is a barren form of behaviour" (Peters and Waterman, 2004:207). Creativity is the formulation of ideas; innovation is the follow through of those ideas into action, something more tangible. Thus, effective execution of proven ideas and business strategies is evidence of an effective creative process in action.

Peters and Waterman quote from a National Science Foundation study that "small firms produced about four times as many innovations per research and development dollar as medium-sized firms and about twenty-four times as many as large firms" (Peters and Waterman, 2004:200). 3M and HP appear to support this fact by creating spin-off Divisions once their existing Divisions become too large. This provides the lower corporate levels with the leadership and authority to undertake projects and approve funding needed to produce innovations. In fact, breaking the corporation into smaller companies and encouraging them to think independently and competitively aids in being able to innovate and adapt rapidly, aids in creating differing levels of leadership and so enhances the leadership and entrepreneurial culture of the organization.

4.   The Implementation Challenge

This research has identified the importance of creating both a leadership AND entrepreneurial culture to achieve superior organizational performance over the long term.

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To promote this culture, it is proposed that an organization needs the following leadership qualities:

➢ Ability to empower others to influence, enlighten and motivate individuals to achieve the organisation's goals

➢ Comfortable with providing staff autonomy and encouraging people to manage upwards as needed

➢ Embrace involvement of all staff levels in the creation and implementation of the organisation's business strategy

➢ Acceptance or tolerance of failure (and learn from it)
➢ Encourage a controlled level of risk-taking
➢ View informal communications as the norm
➢ A consideration of sustainability in strategy and operation

And an organization needs the following entrepreneurial qualities:

➢ Manageable business unit size
➢ Flexible and passionate teams working under a flat hierarchy with permission to innovate

➢ Encourage internal competition
➢ Preference for decentralized and agile units and systems
➢ Techniques to encourage close contact with the customer
➢ Tolerance of ambiguity and uncertainty
➢ Willing project champions to volunteer and follow projects through to implementation
➢ Executive champions to protect early stage innovations from automatic negation

A system for measuring successful implementation of these concepts is required. This may be accomplished by considering the levels of entrepreneurship and leadership that are exhibited in an organization. Using Kaplan and Norton's (1992) well-known Balanced Scorecard method, an organization could consider such measures as:

➢ Number of innovations generated through new products/ processes/ improvements per calendar or financial year

➢ Number of innovations rejected versus number accepted

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- Innovation market value versus value achieved
- Speed to market
- Percent of revenue obtained via new products and services less than two years old
- Percent time devoted to leadership development
- Retention rates (internal versus external hires)
- Percent retention of identified high potential individuals
- Compensation linked to potential versus actual achievement (lead versus lag indicators)
- Leveraging workforce diversity and employee empowerment
- Professional development of "right" rather than "best" people

These measures provide clarity on specific actions that are required for your organisation to build a leadership and entrepreneurial culture in order to encourage people at all levels to play a positive role in achieving the organizational goals.

5.   Conclusion

Sustained winning performance can be achieved more effectively by those organizations that appreciate the levels of ownership and entrepreneurial contribution required by all people working in the organization and for a wider group of stakeholders. Leadership at all levels is a necessary prerequisite to stimulate creativity, innovation and risk-taking behaviour. The ability to harness the creativity, energy and commitment of people at all levels to rapidly adapt to changes in the organization's external environment is achieved through building an appropriate balance of leadership and entrepreneurial qualities. This can provide the entire organization with the ability to execute strategic plans more effectively. Such organizations understand the long-lasting benefits derived from empowering their people with entrepreneurial tools, trust and authority. In doing so, sustained superior performance is an expected outcome.

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THE ROLE OF GUANXI IN CHINESE ENTREPRENEURSHIP

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Abstract

Although networks are widely recognised as improving entrepreneurial performance, China which is seen as a traditional Confucian society, has a unique form of networking, *guanxi* - "special relationships". These guanxi networks were seen as a social means to overcome political, economic and legislative obstacles to enterprise. Yet China has recently enjoyed exceptional entrepreneurial growth, shaped, in part, by exposure to the west. In turn, this may have changed the traditional attitudes and applications of guanxi in modern China. Accordingly this paper explores the current entrepreneurial use of guanxi in China.

We adopted a survey technique, gathering largely qualitative data from Chinese entrepreneurs. These data were about the current importance, application and utility of guanxi. We present the descriptive data and illustrative comments so substantiate our analysis.

We found that guanxi was still pervasive and widely used. Many respondents felt it was an essential part of business but few entrepreneurs enjoyed using guanxi. Nonetheless, for them, guanxi is based on trust and friendship.

Keywords: guanxi, Chinese entrepreneurship, networking, cultural.

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The Role of Guanxi in Chinese Entrepreneurship

Introduction

Whilst Chinese entrepreneurship, as both practice and as an academic topic, has gained a strong foothold, we remain relatively poorly informed about how entrepreneurship operates in China.

Although a vast literature exists about entrepreneurship in general, we know very little about how entrepreneurs operate in the specific context of China. As Sebera and Li (2006) put it, entrepreneurs exist within a complex matrix of social interactions with society and culture. We do know that in economic, political and socio-cultural terms, China is different and perhaps even unique. Thus any research which examines how entrepreneurship is articulated in this particular context can help our understanding. It is towards this end that this study contributes. The general entrepreneurial literature has, over the last 20 years, recognised the role and importance of networks. However, most of this literature has a very western approach to networking and it is also broadly recognised that networking is different in China. Guanxi, connections, is seen as a particular type of network and networking which reflects the particularities of China. Thus this exploratory study considers the role and application of guanxi in Chinese entrepreneurship. This study address the fundamental question of Chinese entrepreneurship from a cognitive perspective: how Chinese entrepreneurs view guanxi. It suggests social networks, relatives, friends, schoolmates, and former employers are necessary and may even be sufficient to explain the process of identifying business opportunities and success.

The research problematic

It is often argued (Yongqiang, Zhilong, 2006) that, in comparison to the west, China has a very different culture and political economic system. Confucianism is said to remain a powerful influence, although becoming less pervasive in the light of globalisation. Individual rights in the Chinese context are not universalistic but *guanxi* specific and particularistic. Indeed, Buckley et al (2006) suggest that guanxi and its associated *mianzi* (face) are the most prominent cultural characteristics for business. This fundamental web of interpersonal relationships is an inseparable part of the Chinese Business environment. As Don and Dawes (2005) put it, without guanxi ties there are no obligations and indeed, no rights. Although guanxi has a long heritage in China, Fan (2002) notes that it was only in the 1980's that western academics began to consider the importance of guanxi. Nonetheless, Leung and Wong (2001) propose that the modern version of guanxi is not identical to the traditional Confusion form and should be best seen as a strategic tool to achieve business goals. Nor can guanxi be simply be seen as relationship marketing, the relationships are individual rather than corporate. Guanxi is thus seen to be different from western ideas and conceptualisations of networking. Indeed, guanxi can also be construed as an art that includes ethics, tactics and etiquettes (Yang, 1994).

Buttery and Wong (1999) argued that Guanxi, the building of relationships with a network of people through which influence is brokered, was necessary in the PRC. This is because the central administration of such a large country, in terms of political strategy and ideology, left it largely to the local communities to achieve their own practical every day aims through the exchange of favours and resources. Moreover, they note how the limited ability of people in local locations in the PRC to generate personal wealth as a basis for exchange has caused them to expect more of their Guanxi relations than from the central provision of their rights, or the ability to build personal wealth under the centrally managed system. This means that they have found

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alternatives to personal wealth and security in the form of Guanxi which may be described as symbolic capital and mutual obligation and trust, and are alternatives to contracts and legal rights. Indeed, guanxi might be seen as Chinese form of social capital (Anderson et al 2007). Xin and Pearce (1996) make a similar point, arguing that guanxi acts as a substitute for institutional support.   Liao and Sohem (2001) suggest that this is precisely the problem that Chinese entrepreneurs face. Difficulties in the political and legal interpretations combine with difficulties of access to resources (Sebera and Li, 2006), thus creating a need for guanxi.

In China, running a business, even though it is very small, is complicated and risky. It requires potential business owners to make decisions on different matters such as the type of business, access to limited resources and issues such as timing. In order to be successful, they should also be equipped with certain entrepreneurial competence in the areas of attitudes, skills and knowledge (Ho & Yu, 1986). This type of entrepreneurial competence had also been discussed by Cooper and Dunkelberg who tried to distinguish different types of entrepreneurial business ownership using the factors of personal characteristics as well as experience and knowledge (Cooper & Dunkelleberg, 1986). Furthermore, it has been proposed that personal characteristics, personal environment, personal goals, business environment and business idea are the five variables influencing an individual's decision to behave entrepreneurially (Naffziger, Hornsby & Kuratko, 1994). It is in this way that grasping some understanding of guanxi allows us to see how these personal variables may fit into the context of Chinese entrepreneurship.

Guanxi is a complex phenomenon. The Chinese phrase "guan-xi" consists of two characters; The character "guan" means a gate or a hurdle, and "xi" refers to a tie, a relationship, or a connection. Guanxi literally means "pass the gate and get connected." (Lee and Dawes, 2005). It has its roots in the cultural philosophy of Confucianism. Confucianism considers society as a huge network in which a person plays different roles. This is important, because in Chinese culture the collective is always considered more important than the individual. There are four kinds of basic relations in society: emperor-subject, father-son, husband-wife, friend-friend. Depending on these four kinds of relations, society achieves a balance (Yongqiang, Zhilong, 2006), the Confucian ideal. More recently, Fan (2002) has identified a modern guanxi base, Family - (e.g. kin and in-laws) Relationship by nature- (e.g. from same town; classmate; same profession Relationship acquired - (e.g. friend). Interestingly the first two are blood ties but the second and third are social. Thus, even today, Confucian tradition defines individuals in relational terms (Yang 1994). Unlike Christianity, which puts individuals in reference to God, Confucianism relates individuals to their significant others (Bian and Ang, 1997). Thus Chinese society has been seen to be organized by concentric guanxi circles, extending outwards from the family (the core) to relatives, friends (Don and Dawes, 2005). The web of these obligations can be seen as the fabric of Chinese society. Given the role of this locational relationship, guanxi requires familiarity or intimacy, characterised by strong, rather than weak, ties. But guanxi is not merely a relationship, but also a tie through which the parties exchange valued materials or sentiments. Guanxi is also implicitly based on mutual interests and benefits (Yang 1994). Literally, guanxi means social connection and is a synonym for special favours and obligations within the guanxi circle.

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Sometimes seen, particularly by westerners, as corrupt because of the gifting aspects, these exchanges are not to be seen as equivalent to corruption (Feun and Wong, 2001).

Therefore, due to the uniqueness of Chinese culture and characteristics, relationship building is different from western practices. But equally, if not more so in China, relationship building is important for the success of entrepreneurship. Indeed, western entrepreneurs may find difficulties in using western network building technique to develop the Chinese market. Similarly western academics may not be able to simply apply a western appreciation of networking to guanxi.

Focusing on entrepreneurial guanxi

There seems to be a lack of research in the literature that explores guanxi in enterprise. Nonetheless, guanxi has increasingly been viewed as a core attribute of Chinese entrepreneurship, without which Chinese entrepreneurship cannot take place. Bian and Ang, (1997) propose that a key characteristic of guanxi is trustworthiness, which is the result of relatively long-time interactions and the basis for future exchange relations. Given that few exchanges within guanxi networks are formalised, this trust is essential. Moreover within the Chinese context, Carlyle and Flynn (2005:87) note that "the mere existence of a business relationship does not ensure the necessary connectedness that makes for a sense of working at ease and in harmony with a business partner". Trust is also important for reciprocal obligation which is another key aspect of guanxi. "The manufacturing of obligation and indebtedness" is "the primary and binding power of personal relationships" in contemporary China (Yang 1994:6). Moreover, fulfilling one's obligations (*renqing)* to the guanxi group is culturally expected by both the Confucian tradition and the new ethics in contemporary China (Yang 1994) Failure to honour these obligations usually results in exclusion form the network and the loss of access to the resources embedded in the network. Once guanxi is established between two individuals, each can ask a favour of the other with the expectation that the debt incurred will be repaid sometime in the future. Carlisle and Flynn (2005) suggest that this process operates as a modern Confucian construct, where harmony is to be achieved through guanxi in life and business. The positive relationships of guanxi can protect dignity or face (*mianzi*) and allow, affirm and honour relationships of individuals involved in business (Redding and Ng, 1992).

However it has been argued (Fan, 2002) that merely being in a relationship, does not in itself produce guanxi. Moreover the number of people in an active guanxi is limited. So like social capital, guanxi needs to be actively developed, succoured and maintained. However guanxi can also be construed as a linking mechanism; with good guanxi, one single guanxi can open many doors. A single guanxi can thus provide access to much wider network of connections. No matter how, this Confucian code and associated practices, whilst well established, is also likely to have come under considerable pressure to change in the new context of China's "open doors", and its much closer association with westernised business practices. The purpose of this study is to explore the role, nature and extent of guanxi for modern Chinese entrepreneurs.

Methodology

The purpose of this research was to explore the underlying meanings and the applications that practitioners have and use about guanxi. We were particularly interested in how guanxi affects entrepreneurs in their business and to identify some themes that characterize the major issues and concerns that constitute the debate about guanxi as a field of study.

The following are some specific objectives of this study:

1. To explore the attitude of entrepreneurs towards using guanxi.
2. To examine the factors associated with the intention to employ guanxi.
3. To investigate the general background about the use of guanxi.

To achieve these ends, this exploratory study collected data by surveying Chinese entrepreneurs. We developed a questionnaire which allowed us to tap into the respondents' meanings about and the use of guanxi. The questionnaire was first designed in English, then after amendments and modifications, the final questionnaire was translated into Chinese. The questionnaire consisted of 5 pages containing some 14 close-ended questions and 11 open-ended ones. Some questions were divided into multiple sections covering different areas of the aspect and Likert scales (A 7-point scale was adopted with "1" representing "very important " and "7" representing "not at all important".) were frequently used to estimate the respondents' allocation of the importance of the topic. The open ended questions invited respondents to tell us about their opinions, whilst the closed questions were more concerned with establishing frequency.

We were aware that collecting such data is notoriously difficult. The combination of a reluctance to provide information to strangers; reticence about personal data and general mistrust of putting opinions on paper, required us to use a variety of techniques to develop appropriate sample frames.

1. One sample frame was chosen from the members of China General Chamber of Commerce, a quasi government organization. On our behalf, the official from the China General Chamber of Commerce randomly selected 50 member companies from their computer data base. According to the information provided by the China General Chamber of Commerce, 90% of the companies were either Beijing or Shanghai based and another 10% based in Guangdong province. The majority 85% were in the service industry (insurance, investment, trading and logistics), the rest 15% in light industry, such as shoes and toys manufacturers. The questionnaires were distributed to those selected companies. All questionnaires were sent through China General Chamber of Commerce. The China General Chamber of Commerce provided a stamped return envelope to each respondent and respondents were requested to complete and return the answered questionnaires to China General Chamber of Commerce Beijing Office. After collecting the completed questionnaires the China General Chamber Beijing Office sent the un-opened envelopes to Hong Kong for data analysis.

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China General Chamber of Commerce
      Questionnaires distributed: 50
      Number of returns: 2
      Response rate: 4%

2.   30 questionnaires were distributed by mail to entrepreneurs who conducted business in China. Among those entrepreneurs, 20% percent were bankers or financial investors, 40% were manufacturers and logistics providers, and 30% were real estate developers. Those entrepreneurs were either friends or friends of friends of the interviewer.

Interviewer's contacts
      Questionnaires distributed: 30
      Number of returns: 15
      Response rate: 50%

3.   Finally 10 questionnaires were completed by personal interview. Six interviews were conducted in Hong Kong when the Chinese entrepreneurs visited Hong Kong; two were conducted in Beijing and the final two in Shanghai when the interviewer traveled over there. Those interviewees were acquaintances of the interviewer. Out of the 10 interviewees, 4 were in the insurance industry, 2 were in the hotel industry, 3 were in the garment industry and 1 in real estate development.

Personal interview
      Questionnaires distributed   10
      Number of returns: 10
    Response rate: 100%

The data from all questionnaires, either mailed or interviewed, was made anonymous. A total of 90 questionnaires were distributed to the above mentioned target groups. In total of 27 valid returned questionnaires were processed, and the response rate was 30%. It is interesting to note the very poor response rate from the Chamber, where the researchers were not known to the respondents. In comparison, the excellent responses from established contacts, seems indicative of the importance of networks!

Findings and discussion

The meaning of guanxi

When we asked what does "Guanxi" mean to you we were given a range of responses. These could be categorised into the role of guanxi; the importance of guanxi and the benefits associated with guanxi.
Role-

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Respondents told us, *"help some to become successful; accumulate resources; mutual benefit; the source of future fortune; shorten the process and bring improvement; give you help in anything; the way to create resources; bargaining, exchange"*.

Our answers to the open ended questions spoke about the importance and benefits and included- *"help others include friends, relatives, colleague, employer and employees, etc.; networking among people; very important in human chemistry; very important in our daily life; guanxi decides everything and your future; involve passionate, interests, fortune, resources, culture, and kinship"*.

Thus we can see that guanxi is, in general terms, seen as a method of facilitating business. It is, however as the comments suggest, a very personal thing. The respondents noted how it connected people, but also how it involved these same people. Moreover it is seen, in most cases to be crucial to success.

Turning to the details of the responses, we asked, "Do you think "Guanxi" is important especially when you start your new business?" 51% considered it very important; 27 % quite important , whilst the remainder saw it as important. Nobody saw it as unimportant. These results confirm the importance of guanxi as proposed in the literature.

Since we were also interested in how guanxi works we asked respondents, where do you receive your "Guanxi" from? We present the results in rank order below.

Good friends	*25*	*(18.80%)*
Schoolmate	*24*	*(18.05%)*
Friends of friends	*18*	*(13.53%)*
Business partners	*18*	*(13.53%)*
Kinship	*17*	*(12.78%)*
Former colleague	*13*	*(9.77%)*
Other Relatives	*9*	*(6.76%)*
Former employer	*8*	*(6.01%)*
Others (former customer)	*1*	*(0.80%)*

It is very clear that the principle source of guanxi is friendship ties. These are affective ties, characterised by close bonds and based upon knowing the other. This leads us to propose that entrepreneurial guanxi is not, as suggested in the literature, an outcome of structural relationships, but rather a linkage founded on close ties. Indeed when we asked about who provides the most reliable guanxi, over 70% indicated that it was friends, schoolmates or friends of friends. One respondent commented *"depends on how in-depth the relationship is "*. Again this comment, alongside the statistics, seems to emphasise the closeness of ties.

To address the issue of quality of benefits from guanxi, we asked who provides the best guanxi?

Schoolmate		15	(25.79%)
Good friends		14	(25.22%)
Business partners		7	(12.5%)
Kinship		8	(14.27%)
Former colleague		3	(5.35%)
Friends of friends		4	(7.14%)
Other Relatives	3	(5.35%)	
Former employer		1	(1.79%)
Others (customer)		1	(1.79%)

Our results were very similar to those about who, thus suggesting that guanxi is "worked" to provide the best outcome. But again it seems significant that friendship ties dramatically outweigh any other form of relationship. For us this seems to suggest that trust may be important and that trust, and the concomitant vulnerability, is based on knowing the other.

When we asked our respondents if they used guanxi frequently, they responded as follows,
If yes (How often)   Very often=1 2,3,4,5,6,   7=Not often

No.		3	(11.11%)
Yes	Rank 1	8	(29.63%)
	Rank 2	2	(7.4%)
	Rank 3	5	(18.52%)
	Rank 4	5	(18.52%)
	Rank 5	2	(7.4%)
	Rank 6	0	(0%)
	Rank 7	2	(7.4%)

So it seems that the vast majority of our respondents used guanxi regularly, and only a small minority not at all, and some 25% infrequently. This leads us to support the argument that guanxi is an important part of Chinese entrepreneurship.

When we asked if guanxi achieved what was expected, some 18.5% told us not often. In the open ended responses this group commented, *"the market has changed, guanxi seemed not that important; control the information even better than using guanxi; use your own power"*. This does seem to suggest that guanxi outcomes may be changing and that, for some at least, business is less about personal relationships.

In sharp contrast, over 80% of the respondents felt that guanxi did deliver. They told us, *"be sincere and can seek help; tell someone frankly what do you need; once you have used your guanxi, it is of course you can achieve something"*. These comments, whilst confirming the

importance and utility of guanxi also hint at the depth of the relationship. Words like sincere, frankness, help are all indicative of trust.

Some respondents focused more on the pervasion and the practical implications, "*it is so common in Chinese daily life; kinship and relatives will really give you help; established a reliable guanxi network; almost 90% can achieve what I expected; unless you think s/he can provide you the necessary guanxi, otherwise don't use it; in China, no guanxi, you can do nothing*". We also noted how guanxi works, "*the other normally will feel bad to reject someone's requests*" but that it "*gives you more confidence.* However you need to*, "find the appropriate person who can provide appropriate guanxi*". It thus seems reasonable to argue that guanxi remains very important in the conduct of every day business for most entrepreneurs.

When we asked how and in what ways (with examples) did guanxi help our respondents achieve their goal, we received a range of responses-

- - *cannot tell, it is so personal*
- - *know the key persons, approach them directly*
- - *can buy cheaper products*
- - *save time, energy and resource*
- - *can know the bottom line or the competitor's price in biddings*
- - *grasp customers from competitors*
- - *guanxi is only the entrance, still it needs your own capability*
- - *can receive important information anytime*
- - *knowing the bottom line of competitors*
- - *can grasp investment projects and pay less*
- - *help develop customer relations and market*
- - *strength personal social circle*
- - *offer the lowest bid after knowing all the bidding prices*
- - *use influence to achieve something*
- - *get orders*

So, in as much as we can generalise, it seems that guanxi operates as a way of producing useful, valuable and effective information. It may thus reduce costs and importantly, uncertainty.

When we asked how our respondents managed or cultivated their guanxi we again received a range of responses. These seemed to fall into one of two categories, the mechanics of guanxi and the more generalised, but softer issues,

Mechanics- "*frequent communicate; participate and encounter his or her hobbies; use all possible resources; use company resources, such as KTV, gifts, meals, etc.; invite parties, KTV, meals, entertainments, etc.*"

Softer issues- "*treat them sincerely; always think about his/her needs and be ready to help; always be ready to develop further more in-depth relationship when opportunities appeal;*

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establish mutual trust; sincerity and integrity; mutual help; no need to make it too seriously, just let it be"

-

We had not asked respondent to rank these aspects, but it appears that the mechanical aspects are as we had expected from the literature and seem to be about building a reservoir of obligations. More interestingly, for us, was the softer aspects, which seem to focus upon building the right sort of environment for guanxi to operate. Again this seems to emphasise the social aspect, rather than any sort of structural obligation. In this way our findings are quite different from that discussed earlier, where the literature discusses the structural properties of guanxi, for example, Yongqiang (2006) Our findings are much closer to those of Yang (1994) and in particular Fan's (2002) notion of acquired relationships.

In our continuing exploration of the operational parameters of guanxi we asked our respondents why they expected their guanxi partners to offer their guanxi. The responses took two forms. The first was based on the trust of mutual obligation and the second on friendship. For the obligations of guanxi our respondents told us- *trust; s/he owes you something; involve mutual interests and benefits; my social status, position, influence an social circle; responsibility.* For the friendship aspect we were told- *good will, just will to help; like you; trust you and show friendship; treat you as his or her friend; reasonable to give you help.* More neutral responses, which emphasised the mutuality of guanxi included- *win win situation; s/he can get benefit from you; two way benefit and expect your reciprocals; no conflict of interest; make use of you*

Our analysis of these responses leads us to suggest that the social bonds of guanxi raise particular expectations of reciprocity. These bonds thus act to create a pool of social obligations, a requirement to respond to requests for help, which is enforced by the social norms of guanxi. In many ways this seems to operate similarly to kin networks in the west, where affective ties demand obligations but which are mutual (Anderson et al, 2004).

We also asked our respondents about whether they would use different levels of guanxi in different situations. The responses showed quite clearly that the type of guanxi employed would be very context dependent. For example *"yes, use higher level guanxi to solve more difficult problems".* Some interesting responses noted, *"depends on the needs"*, but two respondents pointed out that, *"will use guanxi carefully because it will hurt your guanxi if you use too much; use it very carefully".*

When we asked about how they maintained their guanxi we were provided with two types of response; the first about the practical aspects and the second, as in our questions about managing guanxi, talked about the softer issues. Thus the practical maintenance was achieved by *frequent communication; tie up both interests and benefits together; make use of each other when necessary; frequent visits, communications.* The softer, personal issues were explained, *"treat them as real friends; trust; passionate; treat them sincerely and with respect.* Thus maintenance of a long term guanxi relationship seems to operate in a very similar fashion to the way that

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quanxi is used. It has a practical aspect, essentially communication but this is founded on long term personal connections, where trust, integrity and sincerity prevail.

Both these dimensions also arose when we asked about how they reciprocated the benefits accrued from a guanxi connection. Some told us about specific returns including *"presenting gifts to them in their birthdays or special festivals; money; meals; provide relative and equal resources as a return"*. However most respondents alluded to returning guanxi in kind*, "help them solve their problems; share my guanxi with him or her; provide appropriate returns at appropriate time; use my influence to help him or her get more benefit; provide reciprocal help"*. Some alluded to the general context of guanxi relationships, *"treasure the friendship; treat him or her as good friends"* or *"put it in mind and remember that I own him something"*. Taken together we see these responses as emphasising the reciprocity that imbues guanxi. Although some respondents had acknowledged a material debt which they would return in material terms of entertainment or even money, most saw the obligation that was due in like terms to the service rendered. Thus the manifestation of the obligation was less material and more about returning favours.

The next section of our questions was concerned with the outcomes of guanxi. We asked how guanxi assisted in their business development. We were told how guanxi made some things possible that would not have been available without guanxi, *"get the benefit that I could not get; enlarge my business scope; provide me valuable business information; make use of his guanxi which became become mine"*. Others refereed to how guanxi made things easier, *"introduce me to customers; give me help when I face difficulties; every business comes from business ; help me develop my business rapidly; my hard working plus guanxi; help me get a big business."* So it seems that guanxi made some things easier but perhaps more importantly, it extended the capabilities, the contacts and the resources of the respondent's business. In many ways this aspect is very similar to the western notion of networking (Jack et al, 2004), where it has been regularly shown that networking extends the capabilities and resources of the networked entrepreneur. Perhaps the biggest difference between guanxi and networking was the respondents' emphasis on the necessity of guanxi.

We asked our respondents if they would actively cultivate guanxi and unsurprisingly, given the benefits described earlier, the majority, 89% said yes. Indeed, one third told us that they would do so very often. In contrast, when we asked them if the "liked" the guanxi game, some 50% didn't like it at all, but *"I don't like it but have to do it because you cannot avoid it"*. Only 22% felt that they enjoyed the game, *"I have no choice, everyone does it, what should I do"*. Despite these profound reservations, 27% felt that guanxi was very important for their business *"you cannot move a step forward if you don't have guanxi"*, and the remainder saw it as important. None felt that it was not at all important.

So it seems that whilst there are serious reservations about employing guanxi, it is seen as an essential element in business and probably unavoidable. Taken together our responses seem to

show how playing the guanxi game is an inherent part of Chinese entrepreneurship, whether the entrepreneurs like it or not!

Conclusions

Although our study has shown how guanxi is an integral part of Chinese entrepreneurship, our findings need to be seen with caution; our sample was small and may not reflect the entrepreneurial population as a whole and the study may not reflect the overall scenario of the guanxi in Chinese entrepreneurs. However according to this limited survey, it may give readers some insights, perhaps an indication of future Chinese entrepreneurship development. Our respondents were entrepreneurs who were young and well educated. They understood guanxi but did not appear to be addicted to using it. Interestingly their accounts seemed to reflect that many Chinese entrepreneurs were very idealistic and enjoyed a strong sense of righteousness. Nonetheless, we can conclude that guanxi remains be a very important means of doing business in China, especially when starting up new venture. Yet this employment of a traditional way of doing things, seems to have been modified, adapted and shaped into the use of sincerity, integrity and based on a true friendship to gain respect and guanxi from others. Material reciprocity appeared less important.

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ENTREPRENEURIAL LEADERSHIP AND INDIGENOUS ENTERPRISE DEVELOPMENT

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ABSRACT

This paper argues that in order for Indigenous peoples to achieve economic development and social advancement the establishment of a robust business sector is critical. In the quest to establish such a sector the focus has to be the development of viable and successful small to medium size business enterprises. It further argues that entrepreneurial leadership will be the main determinant of such enterprises. The challenge for Indigenous peoples then is to identify and nurture entrepreneurial leadership in the hope that such leadership will embark on to the establishment of, in the initial stages, viable small business enterprises. Once these businesses are successful they will not only provide employment to Indigenous peoples but can act as role models for other prospective Indigenous entrepreneurs.

In the quest to identify entrepreneurial leadership, some form of training and mentoring may be necessary. This is premised on he notion that entrepreneurship is not natural, which means people learn to be entrepreneurs and entrepreneurship. In other words, there is no such thing as 'born' entrepreneurs.

This article explores the role of entrepreneurial leadership in the development of Indigenous business enterprises in Tanzania and South Australia. The study focuses on ten Indigenous business enterprises in South Australia and in Tanzania that are small in orientation and are considered successful businesses, promoting individual and family holistic development in the process. The research explores the processes, issues and challenges Indigenous entrepreneurs face in developing business enterprises. In addition to entrepreneurial leadership, it also examines other factors that influence practice and success in Indigenous entrepreneurship and enterprise development.

Key words: *Indigenous entrepreneurship, entrepreneurial leadership, enterprise development, economic development, social advancement.*

Introduction

This paper explores entrepreneurial leadership and its role in Indigenous enterprise development in six business enterprises located in South Australia and four business ventures located in Tanzania that are traditional in orientation and are considered successful businesses, promoting individual and community holistic economic development and social advancement. The research explores the processes, issues and challenges facing group-based traditional entrepreneurs and their enterprises face. It also examines the factors that influence entrepreneurial leadership practice and success in Indigenous enterprise development.

Leadership, in particular, entrepreneurial leadership Indigenous business and enterprise development is an area that has not been given due attention and focus. In the context of Indigenous economic development and social advancement, this article argues that Indigenous

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enterprise development is a must, and that for such development to be realised entrepreneurial leadership is a critical factor. In examining entrepreneurial leadership and Indigenous enterprise development there is another factor addressed in the article, albeit briefly-the myth that men are leaders as opposed to women. The truth is much of the leadership is provided by women. Often men are the mouth pieces of women who provide leadership in the background. In an indirect way the statement by Dubois (date unknown) that 'if you educate a man you educate an individual, whereas if you educate a woman you educate a family', is relevant and of critical significance in this research effort. The potency of this statement is premised on the perception that by educating a woman an entire family will benefit because women are the mainstay of many a family. Women will provide for their family. It also highlights the view that women are inclined to use socialised power to empower others and to benefit a community whereas men are likely to use power for their own personal ends (Kreitner and Kinicki, 2006). Similarly, educating a man is likely to benefit the man himself and not the family. In traditional societies, for example, men are likely to be away from home with other men, during and after work, while women look after and provide for the wellbeing of the family.

At another level, in examining Indigenous enterprises and entrepreneurship there may be some specific types of business ventures whereby Indigenous entrepreneurs can have a competitive advantage if supported by competent entrepreneurial leadership. For example, as owners and custodians of Indigenous cultural resources and heritage, Indigenous entrepreneurs should be able to influence and determine how these resources are used. In addition, within the Australian and Tanzanian communities there is now a growing realisation and recognition of the distinctive roles and contributions that entrepreneurial leadership provided by male and female entrepreneurs can make to the growth of small business enterprises and how in turn, the business sector can be used to serve the holistic economic development and social advancement of Indigenous peoples.

The purpose of this research project was to study and analyse the role of entrepreneurial leadership in the development of Indigenous business enterprises and entrepreneurship. The project identified the following aims:
- The impact of entrepreneurial leadership on the successful establishment of Indigenous business enterprises and how Indigenous peoples/communities responded to it
- Nature and structure of Indigenous business enterprises
- Issues and challenges facing Indigenous business enterprise development
- Implications for Indigenous entrepreneurship
- Future research

Indigenous Entrepreneurship

While business operation and entrepreneurship is a relatively old, well-established discipline, modern Indigenous business enterprises and entrepreneurship is a relatively new area by comparison. Its growing prominence in recent times can be explained by the awakening of

Indigenous peoples around the world coupled with international shifts toward First Nations rights and self-determination. Indigenous business enterprises and entrepreneurship is potentially a powerful tool that can be used to promote economic independence, self-determination and cultural preservation within Indigenous societies (Buttler and Hinch, 1996). In principle Indigenous enterprise and entrepreneurship in areas such as small to medium size business enterprises (SMEs) is accessible to individuals and groups, it requires limited capital and skills, and appears to easily accommodate values and environmental concerns shared by many Indigenous groups (Hall, 1996). Furthermore, Indigenous entrepreneurship in tourism, for example, is potentially capable of rejuvenating local economies, minimise the impact of negative tourism through local intervention, and strengthen, support and value Indigenous cultural heritage (Brokensha, 1992).

Despite potential benefits, the growth of Indigenous business enterprises is not immune from controversy. In the case of tourism for example, critics see Indigenous tourism as a 'double edged sword' that promises prosperity on the one hand while potentially exploiting Indigenous people and their cultural heritage on the other. Commercial contact almost inevitably gives rise to the threat of abuse, the risk that external business interests will dominate local needs and that through commercialisation, Indigenous culture will be irreversibly contaminated (Butler and Hinch, 1996), even compromised. I think part of the solution lies in Indigenous business enterprises owned and operated by Indigenous entrepreneurs not only in tourism but in other areas.

Arguably, there are negative and positive impacts of Indigenous business enterprise and entrepreneurship. Some of these have been documented (Brokensha, 1992; Kesteven, 1988; Sofield, 1996) are summarised in Table 1 below:

Table 1: Positive and Negative Impacts of Indigenous business Enterprise and Entrepreneurship

POSITIVE	NEGATIVE
Economic base to revive Indigenous communities	Increased cost of living for local residents
Maintenance and growth of income generating products, e.g. arts and craft.	Risk of decline in artistic quality and authenticity
Job creation; Indigenous entrepreneurship and small business development	Domination of external interests and control of managerial and decision-making processes
Cultural revival and preservation	Exploitation of human and cultural resources
Investment in environment conservation	Risk and actual desecration of sacred sites and natural resources
Development enterprises in remote communities	Exploitation of remote communities and increasing incorporation into mainstream society

While the positive factors may encourage aspiring Indigenous entrepreneurs into the establishment of business enterprises, the negative factors may have the reverse effect - they may discourage and even undermine the involvement of Indigenous peoples into the sector.

Effective entrepreneurial leadership is a critical factor in the Indigenous quest for economic development through enterprise development. There is a dearth of literature on entrepreneurial leadership in general, let alone indigenous entrepreneurial leadership. Operating and developing business enterprises require leadership. What is leadership? There several definitions and perspectives of leadership. For the purpose of this paper, the definition by Mariotti (2007: 279) is used:

> *A leader is someone who has the confidence and energy to do*
> *things on his or her own. Leadership comes from self-esteem.*
> *If you believe in yourself, you can do things with confidence*
> *and you will inspire confidence in others. Develop a positive*
> *attitude and you will become a leader. Great leaders are*
> optimists - they have trained themselves to think positively,
> no matter what.

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I think another important aspect of effective leadership is the ability to train people such that they ultimately become independent of the leader and not dependent on the leader. As Lao Tzu (in Mariotti, 2007: 279) puts it: "give a man a fish and you feed him for a day, teach a man to fish and you feed him for a lifetime." It can be argued that this is even more critical when canvassing entrepreneurial leadership and enterprise development in traditional or indigenous societies. This is because these societies were colonised and one of the major downsides of colonialism to these societies was the fact that it destroyed traditional peoples' self confidence. Let me illustrated by citing a Tanzanian example: when Tanzania mainly (formerly Tanganyika) became independent in 1961 the local population, having had their self confidence and self-esteem systematically undermined by their British colonial rulers could not bear the thought of having one of their own sons take charge of governing the country as Prime Minister. They did not believe it was possible or even desirable for an African person to govern the country. It took a long time for traditional people to gradual reclaim self confidence and also confidence in their own people's ability to govern the country. Fortunately, Mwalimu Julius Kambarage Nyerere, who became Tanganyika's first Prime minister and Tanzania's first President proved them wrong (*Mwalimu* is a *Swahili* word for teacher. Prior to embarking onto politics Nyerere was a Secondary School teacher. Tanzanians affectionately referred/refer to him as President Mwalimu Julius Nyerere because they regarded him as both their president as well as their teacher). His excellent leadership and good governance laid the foundation for Tanzania's political stability for decades to come. Today Tanzania remains one of the most politically stable countries not only in Africa but in the world.

Indigenous Entrepreneurial Leadership

There is dearth of literature on entrepreneurial leadership in economically developed societies let alone in Indigenous communities. It seems that the role and contribution of entrepreneurial leadership in operating a successful business enterprise is taken for granted and hence not in need of special treatment. I think it needs special treatment because its role is so critical to business survival and success. According to Herron (1990), in order to operate a successful business the following seven are necessary:
- Product/service design
- Business
- Industry
- Leadership
- Networking
- Administrative
- Entrepreneurial.

In addition to this list, Baum and Locke (2004) have also suggested that entrepreneurs need the ability to acquire entrepreneurial resources. However, the focus of this paper is entrepreneurial leadership. This focus is in line with the generally accepted view that training and education can sharpen aptitudes and therefore provide individuals with usable skill set (Sriram and Mersha,

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2006). This is even more critical and developing societies because of limited education and training opportunities. It can be argued that leadership education and training underpins each of other skills listed above.

The benefits of entrepreneurial leadership training in Indigenous and developing societies in particular would include: provision of entrepreneurial leadership models; exhibiting high entrepreneurial behaviour; entrepreneurship and enterprise mentoring for budding and aspiring entrepreneurs; improved self-efficacy for entrepreneurs; increased entrepreneurial passionate and determination to make a positive influence in people's wellbeing. This last point is significant because unlike the Western economic system, which is abstract because it tends to focus on objects, the Indigenous system primarily focuses on people, hence the need for a holistic approach to entrepreneurship.

Clearly, for many Indigenous and developing societies the problem with regard to entrepreneurial skills and behaviour thereof is far more critical. In Africa, for example, low literacy rates (estimated to be 38% in Ethiopia in 2000) and low levels of secondary and tertiary school enrolment, coupled with insufficient government spending on education and training, mean that would-be African entrepreneurs face serious challenges (Sriram and Mersha, 2006). In fact, the poor state of the labour and human capital in most of Sub-Sahara Africa (e.g. Malawi, Mali, Zambia) is a major reason why they are ranked near the bottom by the United Nations Economic Commission for Africa (UNECA) in regards to their Trade Competitive Index (TCI). Consequently, the higher skill levels needed by entrepreneurs are a low priority for African governments in view of the basic education and training challenges these governments face. The situation is further compounded by brain drain. The United Nation's Commission on Private Sector and Development (CPSD) reports that brain drain for Africa has been 6% since 1990, with over 300,000 African professionals living and working in Europe and North America (http://www.undp.org/cpsd/documents/report/english/chapter2.pdf). It is probable that these are potential entrepreneurs who leave their countries and become successful in more entrepreneurship-conducive countries, further robbing Africa of much needed skilled personnel. To give an example of how serious the brain drain problem is the World Health Organisation reports (in New Internationalist, 2005) that:

- Today there are more doctors from Benin working in France than there are in Benin, West Africa.
- There are more Ethiopian doctors in Washington DC than in the whole of Ethiopia
- South Africa loses almost half its qualified doctors to Canada, Britain and Australia. It recruits staff from poorer countries like Kenya, Malawi and Zimbabwe which now account for 80% of South Africa's rural doctors.
- Zambia's public sector retained only 50 out of 600 physicians trained in medical school from 1978 to 1999
- Britain has saved $117 million in training costs by recruiting Ghanaian doctors since 1998.
- Around 12,500 doctors and 16,000 nurses from Africa are registered to work in Britain.

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Arguably the role of government for new enterprise and indeed entrepreneurial leadership is especially important in Africa. This can be explained by three reasons: first, in order for appropriate foundations to be put into place for a robust private sector to take shape and contribute to economic development and for entrepreneurship to flourish in developing nations, governments have to play an active and major role. Second, many of the necessary reforms can only occur as a result of specific actions by the state, such as introducing and enforcing legal and regulatory changes to spur entrepreneurship. Third, and arguably the most important reason, the history of many African countries is one of post-colonial socialism where the government was and continues to be a powerful player (Sriram and Mersha, 2006). Almost in each developing country the government provides much of the employment and investment opportunities and has created massive bureaucratic public sector enterprises that still dominate economic activity.

African governments need to develop the internal capacity to help potential entrepreneurs gain the necessary entrepreneurial skills to recognise opportunities, start and operate successful business enterprises. A study by Ladzani and van Vuuren (2002) on content and training methods of SME service providers in South Africa found that business skills were emphasised to emerging entrepreneurs rather than entrepreneurial skills. This suggests, indirectly or otherwise, that governments need to recognise the importance of education and training in entrepreneurial leadership for successful establishment of business enterprises must put strategies into place to facilitate the competitiveness of their budding entrepreneurs.

Methodology

In-depth, semi-structured interviews were conducted with a total of ten business enterprises in South Australia and in Tanzania, which collected data on the role of entrepreneurial leadership in the development and operation of these enterprises and which provided a narrative used to extrapolate the success factors, entrepreneurial problems and challenges encountered.

In the quest to identify entrepreneurial leadership, some form of training and mentoring may be necessary. This is premised on the notion that entrepreneurship is not natural, which means people learn to be entrepreneurs and entrepreneurship. In other words, there is no such thing as 'born' entrepreneurs. As Barringer and Ireland put it:

> *one of the myths about entrepreneurship is that entrepreneurs*
> *are born, not made. This is based on the mistaken belief that*
> *some people are genetically predisposed to be entrepreneurs.*
> *No one is born an entrepreneur. Everyone has the potential*
> *to become one.*
> (Barringer and Ireland, 2006: 10)

Apart from conceptual aspects that inform this study, data from interviews and the examination of literature on entrepreneurial leadership was used to develop a narrative, which facilitated the

identification of Indigenous entrepreneurial leadership characteristics and how such characteristics influence enterprise development in Indigenous communities. A comparative analysis of the outcomes of the case studies from the two study areas was also undertaken.

The research was conducted in the second half 2006. This is a qualitative (case study) research project that I believe is most suited to this kind of investigation. As Merriam (1988: 10) points out, this approach is especially suited to situations where it is impossible to separate the phenomenon's variables from the context. I believe Indigenous entrepreneurship and enterprise development fits the bill. The case study method (Fielding, 1988; Lincoln & Guba, 1985; Stake, 1978); is advantageous and enables:
- an analytical focus on Indigenous entrepreneurs' construction of their experiences and attitudes related to their entrepreneurial leadership and enterprise development;
- a conceptual framework of economic and holistic development for Indigenous people;
- the provision of contextual thick description which is essential for:
    - transferability of application and comparative analysis within the case study
    - a grounded assessment of the impact of Indigenous entrepreneurial leadership and enterprise development within an Indigenous context and in terms of self confidence, self efficacy and identity.

Six Australian Indigenous business enterprises were identified through networking with Indigenous entrepreneurs and the Business Unit of the State (South Australia) Indigenous Affairs Department, Adelaide. Three of the Six are community-run business ventures owned and operated by Indigenous communities. Each of three communities came up with the idea of establishing a cultural (tourist) centre in their respective communities as a business arm designed to tap on the growing tourism and hospitality industry. These cultural centres provide a whole range of artifacts for sale to international as well as local tourists. They also provide cultural workshops to schools and tourists. The tourism business arm compliments other business arms of the two communities such as market gardening, bush food, dairy farming, and crop farming.

The remaining three case studies are individual-run privately owned and operated Indigenous business enterprises – a tourist tour operator for schools, international and local tours; human resource consultancy; and catering service. Each of these business ventures collaborate and network with Indigenous communities in Adelaide and outside Adelaide in an effort to capitalize on cultural and other resources for the benefit of both the communities, and the operators of these business enterprises.

In regard to Tanzania's contribution to the study, four privately owned and operated business enterprises were identified through the process of snowballing – a transport company; a restaurant; a general store; and a tour guide and excursions company. Unlike Australia, Tanzania does not have an Indigenous community structure for historical and political reasons – in Australia the Indigenous population is a minority whereas in Tanzania it is the majority.

Once the ten business enterprises were identified, formal arrangements were made to contact them in order to request their participation in the study. The requests were granted and both participants and the researcher duly signed consent forms.

Data collection

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In-depth interviews were employed as the main method to collect data. Data collection techniques included open-ended semi-structured interviews. These techniques were designed to collect data on:

- the conditions for success in establishing Indigenous business enterprises
- the significance of Indigenous business enterprises to Indigenous economic development and social advancement
- the role of leadership in Indigenous entrepreneurship
- the role of entrepreneurial leadership in Indigenous enterprise development

A semi-structured interview format allows the interviewee a great deal of freedom, while covering a given set of topics in a more or less systematic fashion (Moser and Karlton, 1973). Such a format gets away from the inflexibility of fixed and formal questions, yet gives the interview a set form and ensures that all relevant topics are discussed.

To ensure that the research aims were met, participants were treated as co-researchers. The term *participant* is used instead of the conventional term *subject*. This is an acknowledgement that the participants are the experts not the researcher. Treating participants as co-researchers facilitated their participation in common learning with the researcher in which action, reflection, and theorising are part of the same process and take place as a dialogue between equal partners (Karlsen, 1991: 148). Ultimately, however, the task of analysing data and writing the findings into a coherent finished product rests with the researcher.

Data analysis

Data from the case studies and interviews were collated and recorded in the form of narrative description based on the main concept cues provided during interviews. Further interpretation focused on the significance of Indigenous entrepreneurial leadership in the development of business enterprises and the social advancement of its communities. In order to minimise the risk of misinterpretation and trivialisation of the results by some readers, this qualitative interpretation transcended the "merely descriptive" (Merriam, 1998:131).

Where relevant, discourse analysis was used to analyse documents essential to this study. These were mainly government policy statements on Indigenous economic development. According to McHoul (1986, in Fisher and Todd (eds): 187-202) this process

> *acknowledges that a social fabric is constituted and saturated by discursive formations; that policy, policy-making, policy writers, policy studies, and so on effects of determinate techniques of signification, and that these techniques of signification provide the 'rules', the conditions of possibility for policy.*

This is a qualitative study, which is essentially a type of interpretive research. This type of research presupposes

That reality is holistic, multidimensional, and ever-changing; it is not a single, fixed, objective phenomenon waiting to be discovered, observed, and measured
(Erickson, in Merriam, 1988: 165).

Put another way, this is a study about real people with real challenges. Order in their society is often unstable and changeable. Cause and effect are artificial concepts, which oversimplify complex, continuous processes of metamorphosis and ambiguity (Kellehear, 1993: 26-27). From a qualitative researcher's viewpoint, social science should go out into the world but with only a desire to listen and participate and not to impose a pre-structured theory onto the world. Quantitative researchers may have reservations (as this approach forces them out of the 'comfort zone' which revolves around quantitative methods). One must bracket one's former understanding about particular social phenomena and attempt to understand these processes from the point of view of the experience (Kellehear, 1993: 27). Most importantly, the researcher is essentially telling or reporting the participants' story (knowledge), be it in a sophisticated and scholarly manner. Arguably, unlike in the past, this approach gives Indigenous participants a voice in shaping the way their stories (knowledge) is communicated and articulated inside and outside their communities.

Findings

The researcher found that, in both study areas entrepreneurial leadership, played a pivotal role in the success of Indigenous business enterprises both in community-run Indigenous business enterprises as well as individual-run (privately owned and operated) Indigenous business enterprises. The research participants saw entrepreneurial leadership as a critical factor in the development of viable and hence successful business enterprises. There is also one finding, what I regard as a 'cultural bend' which is that: participants observed that their entrepreneurial leaders had to bear in mind that providing for and maintaining family relationships took priority over profit maximisation. To both types of business enterprises, that is, community-run, and individual-run, preserving and maintaining the 'soul and spirit' through relationships was more important than maximizing profit. The latter was seen as merely a tool or a means to an end not an end in itself.

When asked: What role did entrepreneurial leadership play in the development and operation of their business?
Both community-run and individual-run business enterprises responded that:
Leadership is absolutely critical for our business activities to succeed. We do not take it for granted either. You see, most of our people do not have self confidence. Consequently, those who are confident and possess leadership qualities are valued commodities to us. Our communities are in desperate needs of entrepreneurial leaders.

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When asked a prompt question: Is there a correlation between entrepreneurial leadership and successful operation of your business enterprise?
The answer was unequivocally clear:

> *The situation is very simple for us: no entrepreneurial leadership equates to business failure. That is precisely why we do not take it for granted. Several would be Indigenous business enterprises have failed mainly because of lack of entrepreneurial leadership.*
>
> *We also believe that there can be no establishment and development of successful Indigenous business enterprises without quality entrepreneurial leadership.*

When asked: What outcomes did they want from their business?
There was a definite pattern in the responses from participants. Community-run Indigenous enterprise one responded:

> *The biggest outcome for us would be to provide employment for Indigenous people. Given a choice between maximising profit and providing employment for our people the choice is very clear to us - employment.*

Community-run Indigenous enterprise two responded:

> *Our main aim, sometimes at the cost of making a dollar, is providing employment for our people; developing and nurturing relationships within our community and also with the local non-indigenous community.*

The entrepreneurs from the two individual-run Indigenous business enterprises gave similar responses. One of them responded:

> *Oh, now this is a tricky one. I want to be able to accomplish and sustain achievable goals or objectives; improved quality of life and the general wellbeing of Indigenous people. Seriously though, the main outcome for me would be to have the capacity to employment Indigenous people. For example, it would be rewarding to be able to take Indigenous students on board for work experience because they need it to position themselves in the job market.*

The entrepreneur/owner-manager of the remaining enterprise responded:

> *It would be great for the business to make money. This would allow us to employ to employ Indigenous people. It would be good if we were able to provide jobs to our people, especially our youth so they can look forward to a bright future.*

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From an Indigenous standpoint, these responses have one major entrepreneurial leadership implication: the driving force in Indigenous entrepreneurship is not profit maximisation but making a positive difference to members of the community. However, in the process of doing so, money is an important tool – a means to an end rather than an end in itself.

A similar pattern emerged in the four Tanzanian business enterprises. One entrepreneur responded:

> *You know, many of our people are doing it tough these*
> *days. It would be very rewarding to be able to provide*
> *employment to our people. God only knows that our people*
> *desperately need jobs. We want to make money so we can*
> *make a positive difference by creating jobs for people.*

These responses provide testimony to the earlier observation about Indigenous peoples' perception on money and its role in Indigenous entrepreneurship and enterprise development. It is significant to note that when the Tanzanian entrepreneurs were asked what drove them into starting a business: a common response was:

> *I had no choice but to start a business in order to survive. I had difficulty*
> *making ends meet, this led me to start my own business.*

This response is consistent with previous studies which show that most Africans who start their own business do so as something of a last resort and as a means of survival rather than a preferred pathway to wealth accumulation and become rich. These are 'necessity' entrepreneurs. In fact, it is often said that there are many 'necessity entrepreneurs' in Africa, that is, people who start micro businesses to supplement their income or open small retail shops because that is the only way for them to earn a living or make ends meet (Sriram and Mersha, 2006). According to Charmes (1999) many of these businesses are informal and subsistence-level, with the informal sector in some African nations accounting for a substantial portion of the non-agricultural Gross Domestic Product (GDP). Mitchell (2004), referring to a study by Kuiper (1993), reports that this economic to start a business is especially significant among African women entrepreneurs.

Historically, entrepreneurship has not been a career path for many Africans, especially for the educated elite (Sriram and Mersha, 2006). In other words, those who are educated prefer public sector employment because of job security. However, because there are increasingly fewer jobs compared to applicants there is need for governments to motivate people to pursue entrepreneurship as a viable economic and career option. This is where entrepreneurial leadership and successful entrepreneurs as role models for aspiring entrepreneurs is critical for enterprise development.

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Indigenous communities generally sanction and approve the business activities that are undertaken in their respective communities. Community involvement was critical for the success of Indigenous business enterprises. In the case studies researched in this paper positive and harmonious relations between Indigenous business enterprises and the wider Indigenous community were evident in situations where the Indigenous community was actively involved in their consensus decision making processes and accrued tangible benefits from the Indigenous business operations. Participants in the study regarded these aspects as part and parcel of Indigenous entrepreneurial leadership. Occasionally, however, friction or conflict can surface over unresolved kinship and quasi-kinship issues, resource allocation, and competing individual or group interests.

There is something empowering about entrepreneurial leadership in these Indigenous business enterprises. In general, the leadership style tends to be participative and inclusive of staff and community members. Staff and community members actively participate in making decisions especially on new business developments. This approach enhances commitment by all to the success of the business activities because people seemingly identify themselves with the projects and take pride in their success. It is also empowering in that the participative, consensus processes make it possible for communities to identify champions who have good skills and capabilities, and have the potential to become excellent entrepreneurial and community leaders. Self-efficacy is another critical trait in Indigenous and developing societies. The participative and consensus processes mentioned above do facilitate self-confidence as well as enhance self-efficacy. One of the many downsides of colonialism was the destruction of the colonised peoples' self-confidence, which also had a negative effect on their self-efficacy. According to Kreitner and Kinicki (2007, P. 144) self-efficacy is a person's belief about his or her chances of successfully accomplishing a specific task.
It can be argued that models in entrepreneurial leadership and behaviour can play a major role and will enable colonised peoples to re-claim their confidence and
Self-efficacy – a belief in themselves and their own abilities. These are critical traits and play a pivotal role in entrepreneurship and enterprise development.

When asked: what were the benefits of operating business? Participants identified the following as some of the benefits:
- *building confidence*
- *being your own boss*
- *doing something people said you cannot do. Enhancing 'can do' attitude*
- *building friendships and networks*
- *financial independence*
- *providing business role models for aspiring Indigenous entrepreneurs*
- *supporting and giving family member a head start in life*
- *teaching Indigenous people to be proud of themselves, their culture and heritage*
- *enhancing self determination*
- *leaving your mark, your legacy.*

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When asked: what was the role and impact of (entrepreneurial) leadership in Indigenous business enterprises? There was a common pattern in the responses of participants from the two study areas:

Indigenous businesses are increasingly acknowledging the important
role leaders (champions) play in the running of our business enterprises. As one entrepreneur put it, 'I guess we have always known how valuable they are, only that we have not openly acknowledge them. We are now changing and are beginning to openly acknowledge the important role these champions play in our society. It is time we talk up the significant contribution they make and give credit where it is due'.

The participants in this study felt that the outcomes of operating a business were just as important as entrepreneurial leadership, both of which were to be considered carefully in any enterprise development efforts When participants were asked: 'what outcomes they wanted from their involvement in business operation for themselves, the Indigenous society and the wider society in general?' Several animated responses were given. The following is a summary of their outcomes:

Table 3: Outcomes of Indigenous participation in business

GROUP	OUTCOMES
INDIVIDUAL PARTICIPANTS	Self-confidence, self-esteem, financial security, respect, educational and skills development, professional advancement, personal growth.
INDIGENOUS SOCIETY	Increased employment opportunities. Community skills development. Identify and nurture community champions/leaders Local and national communities networking and cooperation. Promoting Indigenous peoples' achievements and positive images. Talking up Indigenous success stories. Empowerment of Indigenous peoples. An Indigenous 'entrepreneurship renaissance.'

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	Promoting Indigenous communities as a vital business resource for the use and benefit of Indigenous peoples.
THE WIDER SOCIETY	Dissemination of knowledge. Economic growth through business start-ups and enterprise development. Cross-cultural training in entrepreneurship and enterprise development. A meeting place to learn, reflect, and develop networks and friendships.

Challenges facing Indigenous Entrepreneurial Leadership and Enterprise Development

Indigenous entrepreneurial leadership and enterprise development are faced with different types of challenges. Participants in this study identified several challenges, some of which are discussed below.

External forces

The dominance and control by government agencies in particular, was seen as a major challenge. While government funding was regarded as necessary and inevitable for entrepreneurship and enterprise development, participants had reservations about the stringent conditions on funding contracts that are administered by government agencies. This is especially relevant in the case of community business enterprises.

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Creation of an environment that fosters entrepreneurial behaviour and leadership

There is ample literature on the topical issue such as the need for governments to streamline the bureaucracy, fight corruption, ease burdensome regulatory structures on new and small businesses, and tax reform in developing societies. Bureaucratic and regulatory bottlenecks not only complicate the ease with which new enterprises are established and operated but also increase the cost of doing business, decrease a business enterprise's ability to respond to market needs and thus reduce its competitiveness and profitability. Arguably, however, the major challenge for developing societies in Africa and elsewhere is for governments to create an environment that fosters entrepreneurial behaviour and leadership. Such an environment will strengthen entrepreneurship and enterprise development with increased business start-ups and stronger small business enterprises. Governments in these societies have to minimise administrative red tape and provide a positive business entrepreneurship climate.

There are a few 'best practices' models that come to mind. For example, one-stop shops such as the Tanzanian Business Registration and Licensing Agency have dramatically reduced the time it takes to register a business. In Kenya, the introduction of a single permit to start and operate a business has reduced costs for small businesses while increasing the government's revenues. Zambia's unified tax authority has eliminated duplication and unnecessary delay. All of these are examples of the types of administrative reforms that will help entrepreneurs and can be implemented easily if there is strong political will and resolve by the polity of the day.

Creation of business networks that seek to promote the interests of the private sector by influencing government policy (McDade and Spring, 2005) may help improve the business climate. Business networks are part and parcel with the creation of a environment that can foster entrepreneurial behaviour and leadership.

Initiate 'social entrepreneurship' through public-private partnerships

There are signs that the traditional approach of providing aid whereby donor countries provide funds and technical assistance to governments in developing societies is giving way to a new model. This is a new *social entrepreneurship* model whereby 'wealth creation is increasingly seen as a vehicle for social change' (Bridges.org, 2002, p.28) and donors seek to support and strengthen SMMEs through partnership with governments, companies and NGOs in order to bring about the desired social change. A study by Bridges.org also shows that several social entrepreneurship initiatives that assist SMMEs in developing societies have been launched based on public-private partnerships. These initiatives emphasise the application of fundamental business principles, accountability and performance measurement and take different forms - they can be local initiatives established at the community level, national initiatives, or international initiatives established at the community or national level. Such efforts are designed to help create and strengthen new start-ups by providing them with a variety of

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valuable services including planning assistance, management support, financial support, business incubation facilities, networking and relationship building (Bridges.org, 2002) and can be invaluable to SMMEs in developing societies.

Lack of education and training in entrepreneurial leadership and enterprise

Participants unanimous expressed the view that in general Indigenous peoples had limited formal education and training in general let alone in entrepreneurship, lacked self-confidence, had low self-esteem. There was consensus among participants that these factors helped explain their disadvantage and disempowerment. Australian participants also asserted that the 'handout mentality' perpetuated by welfare had given rise to an attitude of entitlement at an individual as well as community level. Consequently, some Indigenous organisations had to deal with problems of absenteeism.

Indigenous society dynamics

In Australia, in particular, the Indigenous community framework or structure is an anomaly! Often a community is made up of different tribal groups, naturally a recipe for friction between groups. Indigenous communities are a government construct conveniently designed to deal with a particular group of people. As Mapunda puts it:

> *Indigenous society is heterogeneous, complex and diverse. Yet many non-Indigenous bureaucrats and politicians have treated Indigenous society as homogenous. On their part (non-Indigenous government officials), one might suggest, it has been convenient to do so because it then becomes easier to deal with a 'homogenous' group than a heterogeneous, diverse group.*
> (Mapunda, G. Unpublished PhD thesis, 2003: 30)

Participants cited Indigenous community politics as another challenge. Conflicts within Indigenous communities can stem from competing interests of kinship and quasi-kinship groups – competing for scarce community resources, land and counter land claims. Participants also stated that the widespread 'tall poppy syndrome' affected Indigenous communities as well. Successful individuals or groups may attract envy and resentment from those who are less successful. At another level, participants explained that traditionally, Indigenous communities do not see the need for aggressiveness (that seems to be the norm in non-Indigenous business) and in fact resent it – they consider it to be arrogance, which to them is quite unnecessary. Western business convention would see self-promotion and marketing as central to business success. However, Indigenous peoples have problems with both concepts. As one Indigenous entrepreneur put it:

> *self-promotion and marketing is not culturally appropriate for us.*
> *self-promotion is a hard thing for Indigenous people to do. It does*
> *not come naturally. Sometimes I am embarrassed when*
> *I have to do it, but we have to change the way we think.*
> (C. Thyer, Pers Comm, 2005).

There is what the researcher refers to as a 'cultural bend' or an Indigenous business worldview which is premised on the belief that Indigenous business entrepreneurship can and should be successfully promoted and marketed without aggressiveness.

Lack of capital and the cost of capital

In general there is a dearth of resources in Indigenous societies. Even when capital is available, for example, often its cost is unaffordable to most Indigenous peoples. Participants cited securing capital and other resources necessary to keep abreast with innovation and the development of infrastructure as one of the main obstacles facing indigenous business enterprises and entrepreneurship. Shortage of capital severely restricts business capacity. Limited financial resources made it difficult to promote and market their products and hence unable to expand their business operations.

Coming to terms with operating a business

Generally, while the thought of running one's own business is exciting, venturing into it was not an instant success for Indigenous entrepreneurs. They quickly learned it demanded perseverance, patience, changing their thinking, and being able to 'keep family away from the business.' Indigenous entrepreneurs realized that 'mixing' family and business made it difficult to succeed in operating a business enterprise. Yet, from an Indigenous cultural standpoint, it was hard not to 'mix' business with family, which posed a real challenge for those Indigenous business enterprises and entrepreneurs who wanted to be successful business operators. Above all, the business did not offer immediate returns on capital invested. Most of the participants realized that rewards had to be a long-term proposition. As one participant put it:

'We had to come to terms with operating a business: what is it? It calls for a lot of hard work and training. Many of our people are not up to it because we are shy we have got disadvantages in certain areas. Many cannot read, cannot write, cannot spell, and lack self-confidence. We also had to keep the business separate from family, which is a difficult thing to do in Indigenous culture.'
(D. Walker, Pers comm, 2002)

Participants reported that their business enterprises had to adjust and cope with seasonal fluctuations, increased competition, and pressure to innovate regularly. Employees had to come to terms with business protocols, overcome personal insecurities and generate enough self-confidence to deal with (often) an intimidating (or discerning) public, especially those participants who had to deal with the public for the first time.

Managing the challenges

Clearly, Indigenous business enterprises examined in this study have to deal with several challenges. However, they all had made steady progress and are becoming success stories. Their success is due to a combination of factors such as the provision of a quality product and a supportive management approach, which empowers staff resulting in their commitment and determination to succeed. The traditional Indigenous consensus decision-making approach and providing for the people is still the preferred way of doing business. This also informs their perception of entrepreneurial leadership and enterprise development – the Indigenous way of entrepreneurship. In regard to community-owned and managed

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business ventures, the injection of capital through government and joint venture partnerships has contributed to infrastructure and market development giving rise to positive outcomes to respective communities and the wider Indigenous society.

Individual-owned and managed Indigenous business enterprises tend to remain small and focused. This is mainly because of scarce financial resources and limited support. At any rate, success has also come as a result of strategic partnerships, which allow them to build their products while at the same time cutting on their overheads. They heavily rely on word of mouth for the promotion and marketing of their products.

Limitations to the study

There are three limitations with the study: first, given that the research is based on four case studies from each of the two study areas, it is limited in that the study can not be generalized to the larger Indigenous societies of the world. Second, entrepreneurial leadership is still an uncharted territory and there is limited literature especially on Indigenous and developing societies. Third, more time is required to explore other similar societies for a comprehensive comparative studying entrepreneurial leadership and enterprise development.

Future Research

There is scope for future research into entrepreneurial leadership Indigenous business enterprises and entrepreneurship. A qualitative study, using grounded theory that would business enterprises from other developing societies would be appropriate. In addition, a study examining other forms of Indigenous business enterprises and entrepreneurship would allow the research effort to discover other forms or styles of entrepreneurial leadership in Indigenous business enterprises and entrepreneurship.

Conclusion

This study has examined eight Indigenous business enterprises that are reasonably successful. They have had to overcome many challenges in the process. Apart from being an economic resource for their staff and their respective indigenous societies, they are also a cultural resource not only to their own societies but also to the wider society. Contrary to negative stereotypes about Indigenous people in relation to 'laziness', Indigenous entrepreneurs and their staff involved in these eight enterprises have demonstrated capacity for hard work, creativity, and a 'can do' attitude. They have persevered in situations where it would have been much easier to give up and put blame on somebody else - bureaucrats, funding bodies, financial institutions, to mention a few. They have identified entrepreneurial champions (leaders) and have used them as role models. Indigenous and developing societies need more entrepreneurship champions.

Data collected indicate that Indigenous business enterprises may provide benefits to its operators in the long-term rather than the short-term. The data also shows that jobs in small Indigenous business enterprises tend to casual and often do not provide financial security. Consequently, people have to juggle between welfare payments and casual work when it is available in Australia. In the case of Tanzania, there are no welfare payments. Consequently, family support during lean times is crucial. Finally, it has to be said that successful operation of an Indigenous business enterprise presupposes training, compromise, flexibility and entrepreneurial leadership. These four factors appear to be the ingredients for success, at least in an the context of Indigenous societies.

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In order for Indigenous business enterprises and entrepreneurship to continue making a positive contribution toward holistic development of Indigenous peoples and their societies, the challenges discussed above need to be addressed. In large part government agencies have to bear this responsibility. There has to be strong political will and commitment on the part of governments to act on entrepreneurial leadership and entrepreneurship training in support of Indigenous business enterprise development.

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RECONCILING ENTREPRENEURIAL

DILEMMAS – A CASE STUDY OF A *HUAQIAO*

(华侨) ENTREPRENEUR IN CHINA

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RECONCILING ENTREPRENEURIAL DILEMMAS – A CASE STUDY OF A *HUAQIAO (华侨)* ENTREPRENEUR IN CHINA

Abstract

This paper is concerned with entrepreneurship explored through the lens of dilemma theory as developed by Charles Hampden-Turner (Hampden-Turner, 1990a; Hampden-Turner & Trompenaars, 1997, 2000). Specifically, it uses dilemma theory to examine, in detail, the experiences of a *huaqiao (华侨)* or *Overseas Chinese* entrepreneur who has attempted to create new ventures in mainland China. The study builds on the conceptual framework of understanding entrepreneurial phenomena through a paradoxical or dilemma-based perspective (Hampden-Turner & Tan, 2002; Seet & Hampden-Turner, 2005). Using a single case study incorporating in-depth interviews, the research finds that there are two key dilemmas for *huaqiao* entrepreneurs. Firstly, in engaging the local markets and authorities, they encounter the dilemma of Cheap Universal Government Provision of Common Goods versus the Costly allocation of Resources by Free Markets. And secondly, when they attempt to sell goods and services made in China in overseas markets, they encounter the dilemma of the Social Benefits of the Product versus the Purity of the Product. The research shows that dilemma theory can be an effective means to map failures in the entrepreneurial process thereby contributing to the development of both entrepreneurship and dilemma theory.

Key Words: Overseas Chinese; Entrepreneurship; Dilemma Theory

Introduction

Overseas Chinese or *huaqiao (华侨)* entrepreneurs have been a fascination for many researchers and policy makers in the past century or so with studies alluding to the network effects, immigrant culture and business savvy characteristics to explain the success of overseas Chinese firms (Gambe, 2000; Lee & Loh, 1998; Menkhoff, 2002; Saxenian, 1999; Zapalska & Edwards, 2001). However, there are few studies on why and how *huaqiao* entrepreneurs are conducting and pursuing entrepreneurial opportunities in China since the opening up of China's economy. More crucially, while there have been studies on return migrant entrepreneurs in China (Ma, 2002; Murphy, 2000; Zhao, 2002), there have been no studies, as far as the authors are aware of, among *huaqiao* entrepreneurs going back to China to start new ventures.

As opposed to return migrant entrepreneurs, who were born in China and may have pursued education, business or employment opportunities overseas and returned to exploit similar opportunities in China, *huaqiao* entrepreneurs have been born, bred and worked in overseas Chinese communities for generations. They may have been descendants of the Chinese diasporas over the last few hundred years with most leaving China during the Opium Wars, World Wars and Civil War between the Communists and the Kuo Min Tang (Pan, 1990). This paper attempts to address this gap by presenting an exploratory case study of a *huaqiao* entrepreneur developing and pursuing new venture creation opportunity in China.

Given the lack of previous research into this area, it was also difficult to find appropriate entrepreneurship theories and concepts to interpret *huaqiao* entrepreneurship in China. In many ways, the same hurdles Tsang (1996) found 10 years ago still existed, namely that:

"The unique situation of China makes it questionable how far existing entrepreneurship theories are applicable." (p. 21)

Given this, I have therefore gone outside traditional entrepreneurship theory and taken on dilemma theory that has been successful in exploring issues in international business and cross-cultural management (Hampden-Turner & Trompenaars, 1997, 2000; Trompenaars & Hampden-Turner, 1998) and has recently seen some conceptual developments in terms of creativity, entrepreneurship and innovation (Hampden-Turner, 1981; Hampden-Turner & Tan, 2002; Seet, 2007b).

The paper will firstly discuss the definition of and the thinking process behind understanding paradoxes and dilemmas. It then establishes a link between dilemma theory and entrepreneurship theory by arguing that a dilemma-reconciliation perspective is an appropriate one to analyse phenomena in the entrepreneurial process. Finally it applies dilemma theory to a case study of a *huaqiao* entrepreneur pursuing entrepreneurial opportunities in China and in so doing, it attempts to show that dilemma theory is an appropriate conceptualisation to explore this phenomenon.

Understanding Dilemmas/ Paradoxes and Dilemma Theory

Defining Dilemmas and Paradoxes

What exactly are 'dilemmas' and 'paradoxes' and how acceptable is the practice of using these terms interchangeably? The Cambridge Advanced Learner's dictionary defines a dilemma (which comes from the Greek words *di* meaning 'two' and *lemma* meaning 'propositions' (Hampden-Turner, 1990a)) as "a situation in which a difficult choice has to be made between two different things you could do."[1] As for paradox (which also comes from the Greek words *para* meaning 'beyond' and *doxa* meaning 'opinion'), this is defined as "a situation or statement which seems impossible or is difficult to understand because it contains two opposite facts or characteristics."[2] A common response to both words is that they are 'difficult' to understand or choose. In addition, another feature is that there are 'two different things' or 'two opposite facts'. One could argue that 'different' is not the same as 'opposite' but this is largely semantic and the reason why the 'different things' result in a difficult choice is that they are quite opposite, thereby giving rise to the term, 'to be on the horns of a dilemma' which is also defined in the Cambridge dictionary as "to be unable to decide which of two things to do because either could have bad results."[3] This negative connotation probably explains why the term dilemma is more widely used than paradox.

However, there is little to distinguish the two terms, and for that matter, other terms like 'polarities' or 'dualisms'. Even when these terms do not appear explicitly, they are often implicitly assumed. What the terms do point towards is there is a common need to describe conflicting demands, opposing perspectives, or seemingly illogical findings. It is in this light that for the purposes of this study, and following other studies (e.g. McKenzie (1996)) the terms 'dilemmas', and 'paradoxes' will continue to be used in interchangeably .

The 'Thinking' behind Responses to Dilemmas

Bouchikhi (1998) claims that while researchers continue to unveil paradoxes, few explore them at great depth. In order to do so, there is a need to examine the thinking processes surrounding dilemmas and paradoxes. In particular, there are three thinking modes at work: (1) "either-or" or thinking, (2) "both/and" or "and-and" thinking, and (3) "through-through" or "parallel" thinking (Seet, 2007a).
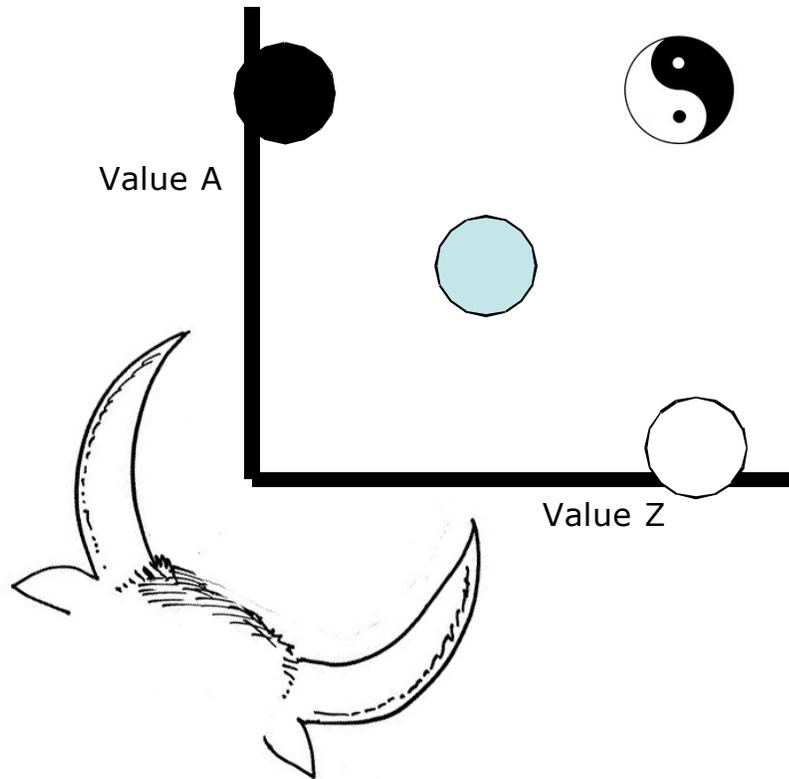
In order to help understand these three modes, a graphical representation is used. Following Hampden-Turner, I have chosen to use bull horns (Hampden-Turner, 1989) as a pictorial representation by following the ancient idiom of being "caught between the horns of a dilemma". These have been transposed to a dual-axes diagram (which is a set of horns tilted at a 45 degree angle) in figure 1 below with various points in different colours that will be elaborated on later.

Figure 1 – The different modes of response to paradoxes

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[1] http://dictionary.cambridge.org/define.asp?key=21757&dict=CALD
[2] http://dictionary.cambridge.org/define.asp?key=57464&dict=CALD
[3] http://dictionary.cambridge.org/define.asp?key=37915&dict=CALD

Value A

Value Z

The "either-or" approach to thinking is founded on formal conventional Aristotelian logic (Barrett, 1998). Aristotle's law of non-contradiction states that a thing cannot be itself (X) and something else (Not-X) at the same time. It gives rise to "either/or" thinking and polarisation becomes the norm (Hampden-Turner, 1981). Westenholz (1999) observes that the "either/or" approach makes it difficult to deal with issues that are ambiguous and may be "more or less something". One can only try to "manage" as best as possible, the problems arising from the paradox (Johnson, 1996). In figure 1, this is depicted by either taking the black or white circle position. There are no other options. In the context of creativity and innovation, the "either/or" approach does not provide a means to unify seemingly contradictory propositions and De Bono (1994, p.29) observes that this method of thinking "makes it very difficult (for) the emergence of new ideas. This is especially so when a new idea needs to be judged within a new paradigm not within the old paradigm which, by definition, it does not fit."

A second form of thinking is the "and-and" or "both/and" thinking (Burns & Stalker, 1961). As opposed to "either/or" thinking, this thinking sees one factor as true and a contradictory factor as simultaneously true (Lewis, 2000). There are two responses normally associated with this. The first response, occurring mainly in resource-rich conditions, is to do both things as much as possible at the same time, with the intention of reaping the "best of both worlds" (De Wit & Meyer, 2004). The second response, which occurs in resource-constrained environments, and is more likely to apply in entrepreneurial settings, is to go for a trade-off or a compromise. In reality, the choice will be contingent and will involve a mix of both approaches

depending on the situation and resources available (Clegg, 2002). An example of this which is relevant to entrepreneurship can be found in the family-run business genre where Woolliams et al. (2001, p.380) argue that the "lifestyle business" is "a compromise between the competing demands of the family and the organisation serving as a market". Based on figure 1, this sees a grey circle, the result of mixing black and white circles.

However a third approach can help explain value creation better i.e. that of "through-through" or "parallel" thinking. Such thinking differs from the former two approaches and goes "beyond *either/or* and even *and/and* thinking … by synthesiz(ing) seemingly opposed values into coherence." (Trompenaars & Hampden-Turner, 2001, p.11). "Through-through" thinking goes beyond trade-off and compromise by unifying the opposites within the paradox. Hampden-Turner (1990a) observes that value creation lies in the capacity of acknowledging that paradoxes emerge from opposing claims and of synthesising both "horns" in a resolution that includes all values in contention. This process involves sub-processes of "bridging" or "integrating" and "generating" or "transcending" the paradox (De Wit & Meyer, 2004, p.17). In particular, competing representations of paradox can be held in conjunction by transcending conceptual limitations (Eisenhardt, 2000; Poole & Van de Ven, 1989). Barrett (1998) sees this as a combination of "Janusian thinking", which identifies opposites, reconciles them, and ingeniously juxtaposes them to produce innovative new combinations, with "Hegelian thinking", which integrates opposites such that the distinctions between them vanish through new discovery. In figure 1, this is depicted by the "*Yin-Yang*" pictogram, symbolising a constantly interacting and changing interaction between the values.

Dilemma Theory and the Logic of the Double Helix

In the "Logic of the Double Helix" (Hampden-Turner & Trompenaars, 2000), dilemma theory provides a means to address some of these dynamic and interactive effects. Drawing from various concepts from cognitive theorists and psychologists like Freud and Jung (Hampden-Turner, 1981), cybernetics and schismogenesis (Bateson, 1972, 1979), learning loops (Argyris & Schon, 1978), positive and negative feedback loops (Senge, 1990) and of spiral dynamics (Graves, 1966), this is depicted metaphorically in terms of a 'helix' (see figure 2 below) which dynamically shows the learning and developmental process. In addition, following Sainsbury (1988) who commented that "Paradoxes come in degrees … we can represent how paradoxical something is on a ten-point scale." (p. 1), these dilemmas are able to be mapped dynamically. A strategy is developed to move back and forth between the two poles in a helix-like pattern. Over time, gaining the experience of both poles, a new optimal reconciled position is reached. Figure 2 below shows dilemma reconciliation in a developing upward spiralling (or virtuous) helix for two seemingly opposed values A and Z in a 10x10 grid matrix. E and F are extreme positions, G is the compromise and H is the so-called 'optimal' reconciled position.

Figure 2 – The Helix and Reconciling Dilemmas

Value A

G

F

0   Value Z   10
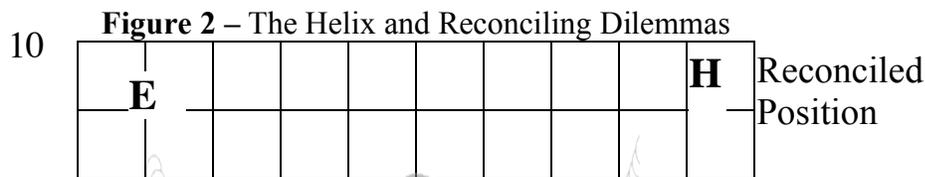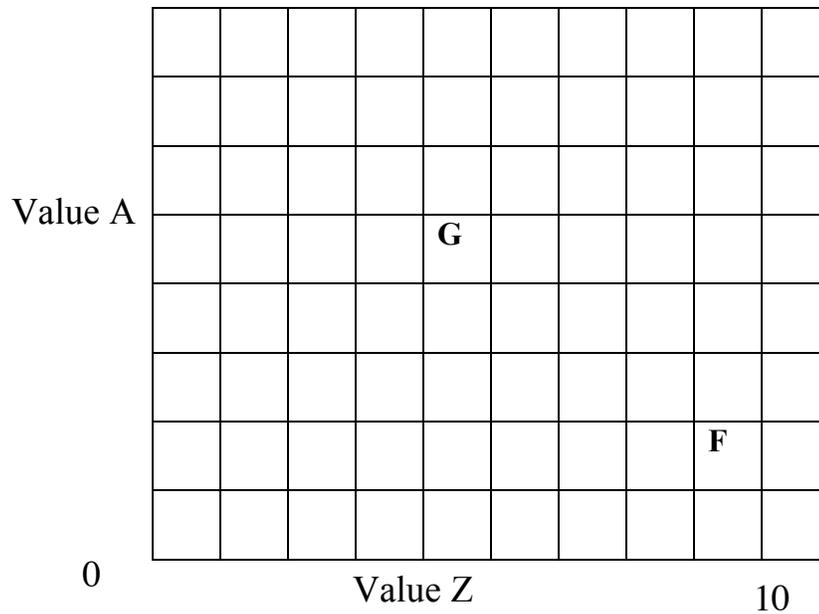
The helix allows the reconciliation process to be mapped over time, an important perspective in the understanding of processes as different values will exert different influences at different periods of time (Lewis, 2000; Poole & Van de Ven, 1989).

Dilemma Theory – An Appropriate Lens for Interpreting Entrepreneurship in Asia

Hampden-Turner (1990a) explicitly states that dilemma theory is geared to loosen knots in the Western or Occidental mindset. Given that he acknowledges that some of the intellectual foundations of dilemma theory stem from Eastern philosophers, dilemma theory, it is argued, is an appropriate mechanism for the understanding of entrepreneurial processes in the Asian context.

Cheah (1996) claims that the dual nature of entrepreneurship is more predominant in Asia and that Asian philosophical models can help in interpreting attempts to resolve paradoxes. One of this is the synthesis of one of the major paradoxes of economics namely one school which sees entrepreneurs as important in helping the economy in adjusting to ceaseless changes while another school which sees entrepreneurs causing change, rather than just responding to them (Glancey & McQuaid, 2000). Cheah (1996) adds that there should not really be a controversy between the two forms of entrepreneurship since they both play a role in economic development and perform different roles in the change process. He shows that there can be a synthesis with both disequilibrium-generating entrepreneurship and equilibrium-building entrepreneurship working together in tandem. Although Cheah (1996) did not subject his theory to any empirical testing, the understanding of the dual nature of entrepreneurship gives a new dynamic and integrative perspective of the entrepreneurial process.

Research Objectives

The objectives of this research are twofold. Firstly, I aim to explore the use of dilemma theory in understanding the entrepreneurial process among *huaqiao* entrepreneurs. Secondly, from the research, to understand how to extend dilemma theory, as a conceptual framework, further.

Research Methodology

Case Study Methodology

The primary research method used is an in-depth case study. In particular, exploratory case study research is the recommended design for studying phenomena that are subtle and/or poorly understood (Eisenhardt, 1989; Miles & Huberman, 1994). However, using case studies to build theory does not mean that the researcher begins with no theory. In that situation, research may end up being a curious and rich 'story' with little application in wider contexts. An initial framework is normally helpful in guiding the research. Theory-building then results from an iterative approach whereby the ideas rising from the field research lead to a redefinition of the research question and to the search for additional evidence (Eisenhardt, 1989). In this research, the intention is that besides entrepreneurship theory, dilemma theory will also benefit from the theory building exercise. Case studies are important as they deal with the 'how' and 'why' questions that need to trace operational links over time, rather than just frequencies or incidences (Yin, 1994).

In the context of *huaqiao* entrepreneurs in China, there has been limited research but there is enough anecdotal evidence and some empirical findings supported by secondary material that suggest that potentially rich data can be uncovered to further theoretical developments and these circumstances support the use of the case study approach (Price, 1985).

Given that there are certain preconceived ideas about entrepreneurship in China, the case study method also can advance theory by giving a 'counter-instance', a case that violates a universally accepted principle (e.g. it is widely believed that given the high-risk and high-investment nature of knowledge-based entrepreneurship, government help is needed and forthcoming to support these endeavours) or a general proposition (Kazdin, 1980).

Case studies are also appropriate given the assumption that all knowledge is always local, situated in a local culture (the entrepreneurial culture in China in this instance, which is different from that found in other parts of the world) and embedded in organisational sites (the identified case studies). In particular, given the uniqueness of the entrepreneurial experiences, the case study method is also better able to analyse

"fragments of entrepreneurial activity that are understood in their processual complexity without claiming any direct transfer to other contexts." (Steyaert, Bouwen, & Van Looy, 1996) (p.67).

The research adopts the approach of a holistic study that focuses on local knowledge i.e., the case study method following an informant-base approach is used "to explain how and why a

set of events (the growing pains of *huaqiao* entrepreneurs in China) occurred over time" (Yin, 1994).

A Single Case Study

According to Shaughnessy *et al.* (1994), a single case study is seldom accepted by academics as evidence for a particular hypothesis. However, I follow Dyer *et al.*(1991) in recognising that in reality, if sufficient depth of understanding has been obtained through immersion and analysis of the case, even a single case can contribute to theory generation and building. Also, as this was research was exploratory in nature, it was felt that a single case study was sufficient. The case was largely developed via a series of interviews conducted with a *huaqiao* entrepreneur from 2003-2005.

Case Study Description and Analysis

Introduction

There were many casualties in the run-up to and the aftermath of the mega-mergers in the global pharmaceuticals industry of the late 1990s. Many of these were in senior management. One of the casualties was SLC, who left GlaxoWellcome China (GW-C) in 1998 at the age of 55 as its Managing Director (Greater China). This was after a career that spanned more than 30 years which saw him occupying major positions like the Chief Medical Officer of the Singapore Armed Forces (SAF), Regional Medical Director for Ciba-Geigy (now Novartis) and General Manager and Director of Tianjin SmithKline & French Labs Ltd (TSK&F) and Vice-President, SmithKline Beecham International (SKBI). Instead of trying to get a job with various large organisations, SLC decided to capitalise on his skills and experience to become an entrepreneur. So in the last 6 to 7 years, he became involved in a series of start-up ventures with some success but with a large portion of pain and failure. The most significant involvement has been in a biotech start-up which in 2004 was listed on the Australian Stock Exchange.

Background

SLC is a Malaysian-born Singaporean Chinese. After spending about almost 20 years with the Ministry of Defence and Ministry of Health in various medical positions, SLC decided to join the private sector and in 1984, at the age of 40, he was recruited by Ciba Geigy / Novartis as its regional medical director. After 10 years of being responsible for the Asian region which covered all countries from Pakistan to South Korea, he was head-hunted in 1994 to join SmithKline Beecham as its General Manager of its Chinese Joint Venture in Tianjin. This saw him responsible for a team of 835 persons with an annual turnover of US$160 million in what some have argued as the most successful pharmaceutical manufacturing joint-venture in China in the 1980s and 1990s (Gross, 1997). In 1997, he was again head-hunted to join GlaxoWellcome as its Managing Director (Greater China) with an annual US$70 million turnover and a staff of 650 persons. However, a year later, due to consolidations in the global pharmaceutical markets, SLC and his management team were removed.

"After 15 years in the corporate world, I was again 'jobless' and I had to decide whether to carry on in that sector or do something else. It was difficult then and it is difficult now, when you are in your 50s, and have held senior positions, to find a job. People either don't trust you or think that you are too old."

So SLC thought about it and decided to take some of his savings and become an entrepreneur. In particular, he decided to be an entrepreneur in the Chinese market, making him a *huaqiao* entrepreneur.

Dilemma 1 – Cheap Universal Government Provision of Drugs vs. Costly allocation of Resources by Free Markets

SLC's experience in his corporate and professional life was crucial in helping him identify and exploit opportunities in his entrepreneurial ventures. He was able to synthesise the best of the East from the best of the West to create new opportunities. His in-depth understanding of the Asian market, especially China, and the pharmaceutical business, allowed him especially to bisociate different concepts in these two areas to create value.

SLC decided that the quickest and least risky way to start on entrepreneurship was to seek out opportunities in the pharmaceutical industry in China, a US$12 billion annual market that was growing steadily every year (The Economist, 1998). The Chinese pharmaceutical industry was dominated then still by many State-Owned Enterprises (SOEs). These mainly made generic drugs and were a closed-off sector as China had yet to sign up to World Trade Organisation (WTO) treaties. So the only way multinational pharmaceutical companies could effectively enter the Chinese pharmaceutical market was by Joint Ventures (JVs) or by their own investment. SLC had experience of both methods in TSKF and at GW-C. JVs were the main instrument in the late 1970s and early 1980s but with further market deregulation, foreign pharmaceutical companies were allowed in to run their own operations in the late 1980s. However, this had added pressure to the SOEs and SLC saw that the SOEs were facing pressure from the multinationals and had lobbied the Chinese government to set up controls to protect their market. On the one hand, the SOEs had thrived behind protectionist barriers that were designed to supply cheap drugs to everyone under a communist state-provided healthcare system. On the other hand, China's fast-paced economic growth, combined with relatively free entry barriers, had created a sizable population that wants, and can afford to buy, medicine from US and European pharmaceutical companies (Einhorn, Magnusson, Barrett, & Capell, 2004),

The dilemma looks like this:

Cheap 'Universal' Government Provision Of Drugs		Costly Free-Market Allocation Of Resources
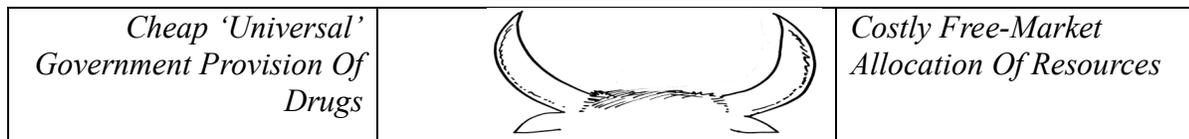
SLC recognised that entering the market from the consumers and users perspective was not a viable option as the pharmaceutical industry was heavily regulated. Also, tackling it from the traditional JV or strategic alliance method was also not ideal as many of these had underperformed especially if the Chinese had retained majority shares (Clissold, 2005). SLC,

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however, saw that with the deregulation of financial markets, by the late 1990s, it was possible to buy-out an underperforming SOE with potential and with lessons from TSKF, improve production and marketing efficiency and product quality so as to gain a leading presence in the Chinese pharmaceutical market before it was forcibly opened up by WTO regulations.
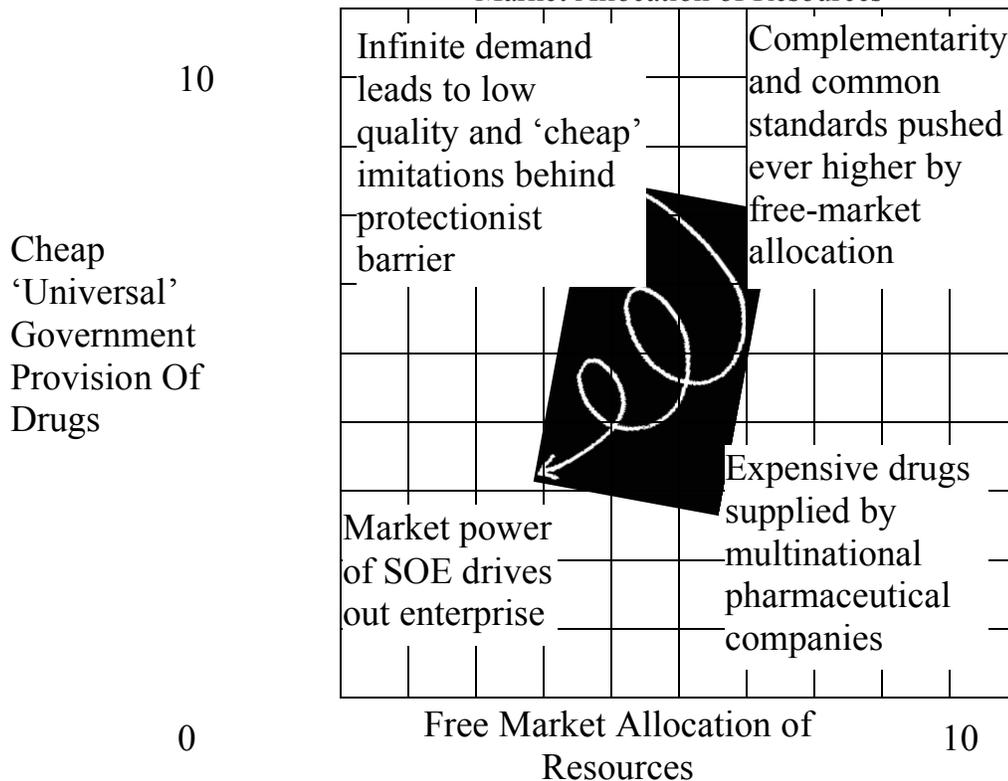
"Biggest challenge (in TSKF) … improving processes, especially in product prioritisation and registration (improving management and significantly shortening product registration times), rationalising product lines, increasing production capacity, rationalising warehousing, extending sales coverage and improving marketing support especially in Rx products … I believed that we could do the same in a Chinese State-Owned Enterprise and beat both the SOEs and the multinational pharmaceuticals at the game."

SLC recognised the merit in continuing providing cheap drugs as the bulk of the Chinese population were still living at or below the poverty line. Much of the healthcare provision of this majority group also came from the state and the state healthcare system was intricately intertwined with the pharmaceutical SOEs and multinational pharmaceutical companies had difficulty penetrating it. But the SOEs were highly inefficient as they had a history of waste and fat from not being subject to competition as well as not adopting best management and manufacturing practices. SLC felt that unless more professional and free-market type practices were introduced first, the SOEs could not survive in the long term when the market was opened up.

"Eventually the market would be opened up. But if they had good systems in place, like at TSKF, they would be able to survive and profit while those that did not have them in place would go under … The SOE that we were looking at had an established market in generic drugs but would be extremely better if it adopted some modern practices to cut its fat and tidy up its management inefficiencies."

He had experience doing it in TSKF and after convincing a group of ex-colleagues who had also left GlaxoWellcome and some friends from McKinsey Consulting, SLC approached a SOE to begin negotiations. Figure 3 below illustrates the potential reconciliation of the dilemma. Starting at the top left-hand corner where the SOE was only surviving because of state protection, by improving quality and professionalism and adopting best practices from the rest of the pharmaceutical market, thereby improving efficiency, they could take on the rest of the market even without any protection resulting in a synthesis of complementary and common standards which are improved continuously by free-market allocation. However, despite the good intentions and prospects, the negotiations could not resolve the issue of who retained majority shares. SLC felt that the streamlining initiatives were going to need authority to execute and therefore a majority buy-out was necessary. The SOE felt otherwise and any possible solution to the impasse was ended when in November 1998, the Chinese State Development Planning Commission announced price controls on pharmaceuticals that were aimed at driving some multinationals out of the market and push the others into the red (The Economist, 1998). The net effect was that any gains from free market practices were driven out (bottom-left).

Figure 3 – SLC Dilemma 1 – Cheap 'Universal' Government Provision Of Drugs vs. Free Market Allocation of Resources

Cheap 'Universal' Government Provision Of Drugs

10

Infinite demand leads to low quality and 'cheap' imitations behind protectionist barrier

Complementarity and common standards pushed ever higher by free-market allocation

Market power of SOE drives out enterprise

Expensive drugs supplied by multinational pharmaceutical companies

0

Free Market Allocation of Resources

10

Dilemma 2 – The Social Benefits of the Product vs. The Purity of the Product

While SLC was negotiating the deal to acquire the state-owned pharmaceutical company, he realised that instead of painfully negotiating and taking over state-owned assets, one could look for opportunities where the Chinese government would wholeheartedly support.

At that time, there was strong support being given in China for developing of export markets for products from the interior, where many people were still being denied the benefits of economic prosperity. One-quarter of the Chinese population of 1.3 billion lived in the 'Western' provinces[4] which, despite having more than half of China's land, were home to more than half of China's poorest 80 million. A farmer there earned about a third of a coastal farmer's average of 3,600 Yuan (US$435) a year and this half of the country attracted less than 5% of the foreign investment committed to China between 1980-2000 (Ziegler, 1997). In the late 1990s, with overcrowding and congestion plaguing the coastal regions, and with little sign that eastern prosperity had trickled westwards, the Chinese government decided to launch a "Go West" campaign, with up to US$13 billion to be made available in the year 2000 with equal, or larger, sums to come for the years to come, to assist the development of the less-developed western provinces (The Economist, 2000).

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[4] Sichuan, Gansu, Guizhou, Yunnan, Qinghai and Shaanxi, the municipality of Chongqing, the tiny, "autonomous" province of Ningxia and the two vast ones of Tibet and Xinjiang.

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At about the same time, there was much noise in the Western media about supporting beneficial initiatives in Tibet. This followed the successful launches in 1997 in Hollywood of 2 movies based on Tibet – 'Seven Years in Tibet' which starred Brad Pitt and 'Kundon', which was produced by Martin Scorsese. SLC realised that if a uniquely Tibetan product could be found that could be consumed in the West, this would have potential to do very well.

"There was a mystique about Tibet that the media had built up and we could capitalise on … we just had to move quickly."

Among the Tibetan products, SLC found that those that were in the natural remedies and homeopathic market had the highest potential as they appealed to a growing demand among Western consumers of 'pure' products. But there were not many choices and after some market analysis, Tibetan tea was selected as a trial product.

"Tibetan tea was already being sold in China, albeit in Chinese medicine shops. We could sell it at a higher price based on the image of it being specially grown in high altitudes with pure air and water and also that it would help the Tibetan people … We also did not need to get any FDA (US Food and Drug Administration) or regulatory body approval. It could enter the US market and be scaled up pretty quickly."

Unlike the heavily regulated foreign pharmaceuticals and drugs markets, the homeopathic markets was had no regulators and players could enter and exit freely without having any fear of incumbents appealing to local authorities to protect their markets. In particular, it was relatively easy to penetrate the US market which by 1990, saw Americans spending US$13.7 billion yearly on alternative medicines and natural remedies with one in three Americans using some sort of alternative therapy at least once a year (The Economist, 1997).

Tibetan tea could also be marketed in the speciality tea market segment which was also growing in the West. The focus was on the 'purity' and 'rarity' of Tibetan tea which would inspire people to drink it. While Tibetan tea was being sold in the Chinese market in small quantities as an herbal tea and was available in Chinese medical pharmacies, there was potential to effectively package it and market it overseas as a speciality tea. It could follow the model of the best tea grown in China, called Longjing tea, which is grown on the hills around the eastern town of Hangzhou.   A few leaves, enough to make a small cup, can cost the equivalent of US$3.50.[5] The market research indicated that the speciality tea market was growing in North America and this was very much in line with the growth of speciality coffee outlets like Starbucks and Peet's Coffee & Tea. In 1993, the coffee market in America was worth US$13.5 billion; most of this came from cheap beans of the sort sold in tins in supermarkets. The

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[5] The best quality Longjing is harvested only during a two-week period, usually between April 5th and 21st, after which the weather tends to turn humid. A sifu, or tea-leaf master, will lightly roast the leaves to seal their flavour. In brewing the tea the water should be hot, but not too hot. After five minutes, the brew is ready to be sipped accompanied by expressions of bliss of a sort that in the West accompany bottles of over-priced wine. In 2001, it was reported that some people had bidded the equivalent of US$1,200 for 50 grammes. (Source: (The Economist, 2001b))

"speciality coffee" market for stronger, Arabica brews that are sold by Starbucks and Peet's was worth less than US$1 billion. By 1999, the total market had expanded to US$18 billion, of which US$7.5 billion was speciality coffee. Analysts were projecting that a similar trend in the tea market, especially among drinkers who felt that tea had more healthy qualities than coffee (The Economist, 2001a).

In essence, the dilemma was to reconcile the elements of the product that would bring about social benefits for the Tibetan people, with the 'pure' elements of the product that would enable it to appeal to speciality tea drinkers. The dilemma could be framed as such:

The Social Benefits Of The Product		*The Purity Of The Product*
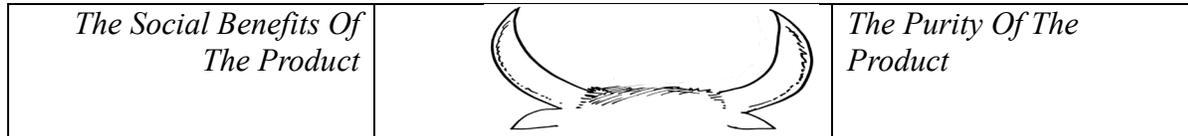
To test the market for the product in the US, three promotional methods were tried. The first was the more traditional method of getting consumers in US supermarkets to try-out the product. A booth would be set up with a promotional agent passing out free trial samples for consumers to try before encouraging them to try the product at a promotional price. However, this did not work.

"We tried but it was extremely difficult to gain access to the US supermarkets, even those in the speciality niche."

A second method was to promote the product in public places, not necessarily at supermarkets. This was to test whether the product would sell in other places like Starbucks or hot-drinks and snacks vendors. Through an agent was contracted in San Francisco, the idea was mooted to set up a booth in a prominent place to do that. So in late 1998, a Tibetan tea booth was set up in Times Square to promote the product and test the market. The reaction was immediate and vociferous.

"While there was some interest in the product, many people started coming up to us to say that we were taking advantage of the oppressed people in Tibet. Others accused us of commercially capitalising on the Dalai Lama's good reputation. Yet there were others who claimed that if we sold the product, they would sue us or campaign the authorities to do so. There was a lot of negative feedback."

The reaction from the public went against all the market research that had been conducted. SLC felt that it would be extremely difficult to reconcile the good product characteristics of Tibetan tea with the market's feedback. In particular, there were deeply-felt entrenched views of what the Tibetan people were undergoing that was very much part of the messages being put forward by the exiled Dalai Lama. This clashed with the fact that a key component of the product development plan was to ride on the Chinese government investments into Tibet. One explanation is that the critics felt that the real benefactors were not the Tibetan people but the supplier or producer of the teas and the Chinese government and that SLC and his partners were part of the Chinese Communist Party's strategy of cooptation and corporatism of technical experts and entrepreneurs (Dickson, 2000). To an extent, the dilemma cannot be reconciled as to

the Free Tibet supporters, helping Tibet is regarded as a pure non-economic, compassionate activity and any business activity that supports this process will be seen as adulterating the pure with the impure.

With limited resources to mount a prolonged campaign to change the consumers' perceptions, the decision was made by the team to stop plans to launch the product in the US.

"There was already an aggressive campaign among fair-trade advocates for people to stop drinking coffee as this only benefited the large coffee chains like Starbucks and not the coffee growers in South America and Africa. We would be facing up not only to them but also to a group that we failed to anticipate i.e. the pro-democracy campaigners who wanted a free Tibet. This was just too much risk for a niche product that was just entering the market like Tibetan tea. Maybe a bigger company would have had the resources to do it but not us."

Summary of Case Study

The table below summarises SLC's entrepreneurial dilemmas. In the case of the Tibetan tea, SLC did not have sufficient resources to reconcile the highly inner-directed product that was on offer with the biased attitudes of the market.

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Table 1 - Summary of SLC' Entrepreneurial Dilemmas

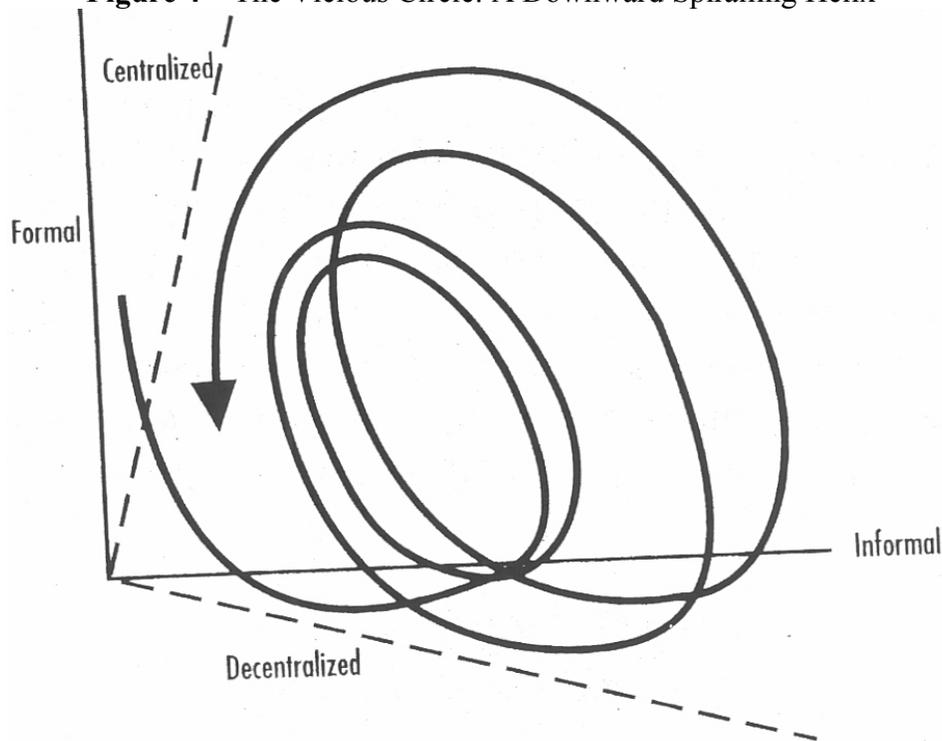| Dilemma #	Value A	Reconciliation	Value Z
1	Cheap 'Universal' Government Provision Of Drugs	No reconciliation - Market power of SOE drives out enterprise	Costly Free-Market Allocation Of Resources
2	The Social Benefits Of The Product	No reconciliation	The Purity Of The Product

Discussion

Advancing Dilemma Theory

It may seem strange that the 2 dilemmas presented in the case study were not reconciled. However, it offers a unique insight to the application of dilemma theory in the context of entrepreneurship in that the theory has a strong ability to map entrepreneurial failure.

Firstly, in much of the previous research, the focus has been on understanding success (an upward spiralling helix). However, another aspect of the helix that is often neglected is that of explaining failure i.e. a downward spiralling helix.

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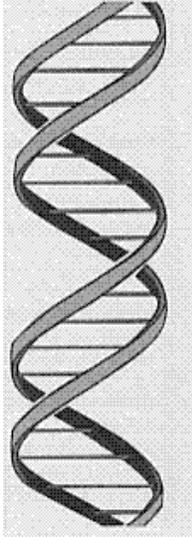**Figure 4** – The Vicious Circle: A Downward Spiralling Helix

Source: Hampden-Turner (1992)

This builds on earlier research conducted by Ropo *et al.* (1995) who examine the interplay of organisational and individual capabilities and argue that successful reconciliations of paradoxes are seen as virtuous spirals while unsuccessful ones are seen as vicious spirals across time. Ropo *et al.* found that entrepreneurship developed in both types of spirals. In terms of vicious spirals, they observe that in situations forced by the threat of closure or annihilation, entrepreneurial processes are initiated. However, their model did not account for how entrepreneurs converted situations of vicious spirals into virtuous ones.

In contrast, dilemma theory has the ability to map much of the entrepreneurial process – with upward spiralling helixes showing successful combinations of values and downward spiralling helixes showing failed attempts. This ability to map a process of learning through failure highlights why dilemma theory represents an effective lens for the understanding of the entrepreneurial process. Taking it further, if depicted as a double-helix with 'spliced rungs' on the spirals (see figure 5 below), this allows for the analysis of how entrepreneurs develop innovative solutions to halt the downward spiral to transform their firm or product or market towards the upward spiral, i.e. converting a vicious circle into a virtuous one (Hampden-Turner, 1990b).

Figure 5 – A double helix with 'spliced rungs'

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Source: Watson (1968)

Creativity and innovation, which are important factors in knowledge-based entrepreneurship, require some disorder, some slack, some ferment and some casting around before the best solution is discovered (Florida, 2002). Among Timmons *et al.* (2004)'s ten major paradoxes in entrepreneurship, there is one that is often highlighted but not much researched on i.e. in order to succeed, one has first to experience failure. Most entrepreneurship studies study entrepreneurs or firms that have survived (Sexton & Landstrom, 2000). As a result, most entrepreneurship and innovation models or constructs are simple linear and pipeline approaches. As such, dilemma theory also contributes to entrepreneurship research by providing an interpretive framework to understand entrepreneurial failure.

Limitations

The main limitation for the case study has to do with retrospective bias.

"An appreciation of the temporal sequence of activities in developing and implementing new ideas is fundamental to the management of entrepreneurs, because entrepreneurs need to know more than the input factors required to achieve outcomes." (Van de Ven, 1992) (p.216)

Most research on descriptive case histories is built on retrospective recollections by entrepreneurs of their past activities. Pre-selection of outcomes results in both retrospective and survival biases (Van de Ven, 1992). Although retrospective bias results in simplifying the entire entrepreneurial process and often ignores the complexity that is part of the whole process, most research is backward-looking.

This had been identified many times as an area for significant improvement across the entrepreneurship field (Bygrave & Churchill, 1989; Gartner, 1988; Reynolds & White, 1997; Van de Ven, 1992). However, I have tried to overcome this by engaging the entrepreneur with emails and interviews over time, thereby allowing for gaps or discrepancies in the narrative to be addressed and a more accurate picture built up.

Summary and Conclusion

I started the paper by highlighting the dearth of research on *huaqiao* entrepreneurs pursuing ventures in China. We then applied dilemma theory to the analysis of the entrepreneurial experience of one such *huaqiao* entrepreneur and found that through the idea of dilemma reconciliation, it provides a highly appropriate and relevant framework for the understanding of complex entrepreneurial phenomena. Moreover, the research also found that the double-helix conceptualisation provides a way to map entrepreneurial failure and as such can have applications on a much wider scope in entrepreneurial research.

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