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MONASTIC ENTREPRENEURSHIP: PREDICTING COMMERCIAL ACTIVITY AMONG EASTERN ORTHODOX MONASTIC COMMUNITIES IN THE UNITED STATES

Michael D. Crum, Northern Michigan University

ABSTRACT

This paper explores commercial activities among Eastern Orthodox monasteries located in the United States. In addition to donations, many monasteries rely on some sort of business activity to fund their operations. These include retailing of products as well as the production of religious goods (such as candles, incense and icons) and non-religious goods (such as honey and soap). This paper makes use of data contained in the Orthodox monastic communities in the United States report (Krindatch, 2014). Using binary logistic regression, the age of the monastery, the size of the monastery, and the local population density are used to predict commercial activity as well as non-religious commercial activity among the monasteries in the sample. The findings show that the larger a monastery was, the more likely it was to engage in commercial activities as a source of income. However, the age of the monastery and the population density of the local area were not statistically significant predictors of engagement in commercial activities.

INTRODUCTION

Religious beliefs may influence a number of human attitudes and behaviors, including those related to starting or operating a business. The relationship between an individual’s religion and their propensity to engage in entrepreneurial activities has been examined in the research literature (Carswell & Rolland, 2004; Klandt, 2015), as well as how religion influences business practices (Brammer & Zinkin, 2007; Zinser, 2014). Researchers have also examined entrepreneurial activities among smaller religious communities, especially tight-knit ones, such as the Amish (Dana, 2007), Mennonites (Dana & Dana, 2008; Roessingh & Schoonderwoerd, 2005) and Benedictine monasteries (Keplinger et al., 2016). This paper builds on this research of religious communities, examining business activities among Eastern Orthodox monasteries located in the United States. This paper examines the factors that predict commercial activity, as well as non-religious commercial activity in these monasteries.

Christian monasticism visibly emerged during the 4th century, in the deserts of Syria and Egypt (Benz, 1963; Ware, 1993). Monastics are known for their lives of celibacy, poverty, and communal living. Since monastics separate themselves from the world and live modest lifestyles, obtaining money and material possessions are not a focus of the monastic life. However, monasteries require resources in order to operate, to both sustain the day-to-day needs of the monastics and to maintain the physical assets of the monastery. Throughout history, monasteries have engaged in business activities such as brewing beer, farming, and running milling operations (Poelmans & Swinnen; Schwartz, 1982; Unger, 2004). Modern monasteries are similar to their predecessors in this regard, obtaining revenue through a range of business activities (Krindatch, 2014). What motivates monastics to engage in certain business activities, might be somewhat
different compared to secular businesses. On the other hand, factors like resources available and the size of local markets, which are important factors to secular businesses (Davidsson, 1994; Hall, 1992), might also be important to those businesses ran by monasteries. This paper specifically examines the impact that the size, age, and location of a monastery has on whether the monastery engages in commercial activities, including non-religious ones.

This paper is structured as follows. First, the history of Christian monasticism is discussed, with a focus on monasticism in the Eastern Orthodox Church. Then, hypotheses are developed for predicting engagement in commercial activities by monasteries, as well as specifically, non-religious commercial activities. The data are then described and analyzed. Lastly, some limitations of this research are discussed and some suggestions are provided for future research.

**LITERATURE REVIEW AND HYPOTHESES**

**History of Monasticism**

The roots of Christian monasticism are very old, as many of the characteristics of the monastic life—such as the use of common property, and a life of celibacy and poverty, were commonly practiced among the earliest Christians (Benz, 1963). Christian monasticism was predated by the Essenes, a Jewish sect that lived a communal life that may have influenced John the Baptist and early Christians (Knowles, 1969). However, the actual origin of Christian monasticism is typically credited to Anthony the Great. While passing by a church in Egypt in the year 271 A.D., he heard a priest reading verse 21 from the 19th chapter of the Book of Matthew. Translated to English, in this passage Jesus tells the young man to “sell what you have and give to the poor, and you will have treasure in heaven; and come, follow me” (St. Athanasius Orthodox Academy, 2008; p. 1306). As a result, Anthony decided to live alone in the desert and spend his time in work and prayer (Knowles, 1969). Following Anthony’s example, during the 3rd and 4th centuries, others began seeking a solitary life in the deserts of Egypt (Decarreaux, 1964). Monasticism in Egypt and Syria had become institutionalized by the 4th century, and began to spread across other Christian lands (Knowles, 1969, Ware, 1993). Various forms of monasticism developed, including community life, life as a hermit, and semi-eremitic life. Community life involves monastics dwelling together in a communal fashion, such as at a monastery. By contrast, hermits live alone, often in huts, although some have lived in trees and caves as well (Ware, 1993). Semi-eremitic life is a hybrid form, which involves an organized community in which two or three monastics live together.

Monasticism developed throughout the Christian world, and remained in both the Eastern Orthodox and Roman Catholic Churches after the Great Schism (also known as the East-West Schism). The formal beginning of the Great Schism occurred in 1054 when Pope Leo IX sent a papal legate to deliver a bull of excommunication to Ecumenical Patriarch Michael Cerularius, the Patriarch of Constantinople (Dennis, n.d.). This led to a break between what are now known as the Roman Catholic Church and the Eastern Orthodox Church. While the practices of the two Churches had already diverged to some degree by 1054 (Whalen, 2007), this divergence continued after the schism. Although monasticism in Roman Catholicism and Eastern Orthodoxy share many similarities, differences have emerged over time. For example, most monks in the Roman Catholic Church are ordained priests, who can administer the sacraments, but lay monks are the majority in the Eastern Orthodox Church (Benz, 1963). Also, Roman Catholic monasticism developed a number of orders, such as the Trappists and Benedictines, with a specific purpose, at least
historically. The Eastern Orthodox Church, in contrast can be said to have only one monastic order, sometimes referred to as the “Basilian” order.

In addition to the deserts of Egypt and Syria, other parts of the Orthodox world became known for monasticism in later centuries. Perhaps the most famous is Mount Athos, a peninsula in Greece that houses twenty monasteries (Speake, 2004). The Russians were the first to bring Orthodoxy to America, when they colonized Alaska and the northern Pacific coast during the 1700s (Oleksa, 1992). Metropolitan Gabriel of St Petersburg recruited ten monks from the Valaam monastery for a mission to be established in Alaska, arriving there in September of 1794, establishing Orthodox monasticism on the North American continent. The first Orthodox monastics in North America faced numerous difficulties, such as harsh weather, conflicts with Russian fur traders, and even martyrdom. As immigration from traditional Orthodox countries into the United States increased during the late 1800s, Orthodox parishes and later monasteries began to be established in the lower 48 states, primarily in the states of New York and Pennsylvania. The oldest currently operating monastic community in the United States, the Monastery of Saint Tikhon of Zadonsk, was established in Pennsylvania in 1905 (“Monastery of Saint Tikhon of Zadonsk,” 2018). Orthodox monasticism in the United States has seen substantial growth in recent years, with the vast majority of monasteries operating in the United States being founded since 1980 (Krindatch, 2016).

Monasticism and Commercial Activities

The practice of monastics engaging in business activities to support their way of life has a long history in Christian monasticism. During the middle ages, monasteries were known as innovators in hydraulic engineering, and operated a large number of water mills in Western Europe (Arnold, 2007; Reynolds, 1984). In colonial Brazil, Benedictine monasteries operated sugar plantations and mills (Schwartz, 1982). Operating vineyards has historically been a common activity among monastics, which has continued into the modern era (Seward & Robarts, 1979). Among Eastern Orthodox monasteries in contemporary America, a number of commercial activities occur. Broadly speaking, such commercial activities can be broken down into the production and/or sale of religious and non-religious goods. In the Orthodox tradition, religious goods include religious books, as well as prayer ropes, candles, incense, and icons. Church services in the Orthodox Church include the use of candles and incense, and these are often used by the faithful in their private prayers. The use of icons, or sacred images, is particularly important in Eastern Orthodoxy (Tradigo, 2006), and it is quite common for Orthodox monasteries to produce and/or sell icons. However, there are a number of commercial activities Orthodox monasteries engage in that are not directly related to their religious practices. For example, the All-Merciful Saviour Monastery in Washington is known for their Monastic Blend coffees. They received press coverage in the late 1990s after being threatened with legal action from Starbucks for labeling one of their coffees as “Christmas Blend,” which Starbucks claimed violated their trademark (Patalon, 1997). The Monks of the New Skete engage in the breeding of German Shepherds, as well as providing dog training services and publishing books related to dog training (“New Skete German Shepherds and dog training,” 2018). Other non-religious commercial activities engaged in by Orthodox monastics include activities such as making soap, bee keeping, making bakery items, and even operating a restaurant (Krindatch, 2014).

This raises the question to why some monasteries engage in non-religious commercial activities, while others stick to religious commercial activities or avoid commercial activities altogether. The resource-based view of the firm might provide some theoretical guidance to why
this is so. The resource-based view assumes that firms have different resources (resource heterogeneity) and that resources are at least to some degree, immobile (Barney, 1991; Peteraf, 1993). If a firm has valuable resources that are also rare, the firm can gain a competitive advantage over its rivals. If the valuable and rare resources are also inimitable, the firm may gain a sustained competitive advantage over its rivals. If firms recognize the importance of resources, they are likely to implement strategies that allow them to best exploit any resources they have that could give them a competitive advantage.

When looking at monastic communities, it may not be apparent that the resources they possess would help them engage successfully in commercial activities. However, there are a couple of major resources that could be helpful in spiritual as well as commercial activities, such as the reputation of the monastery and the skill sets of the monastics living there. Just like for-profit businesses, monasteries may develop a reputation over time. This reputation could be based on the experiences that visitors have at the monastery, as well as the products and services they provide. A firm’s reputation can be an important resource, and can even provide a firm a sustained competitive advantage. This is because a reputation involves socially complex relationships with the firm and its customers, and also because the impact that the firm’s reputation has on performance may not be easily observed by competitors (Boyd et al, 2010; Barney, 2014). This makes a reputation a resource that can be hard for competing firms to imitate (Carmeli & Cohen 2001). The skill set of the monastics is another important resource a monastery may have. These skill sets may be developed while living at the monastery. For example, a monastic at a monastery involved in painting (or “writing”) icons might improve their skills as they complete more and more pieces over time. Also, monastics may also join the monastery with certain skills, a result of their hobbies, formal education, or professional experience before joining the monastery. Having a wide variety of skills may allow a monastery to engage in a number of spiritual and commercial activities. As monasteries grow, they will have more monastics living there, and are more likely to have valuable resources that can be used in commercial activities, including non-religious ones. It is also possible that as a monastery gets larger, their reputation may become more prominent. However, whether their reputation is likely to improve or decline as they become larger is not clear.

In addition to having the needed resources, large monasteries may be more likely to be involved in non-religious commercial activities than smaller monasteries, because out of necessity they may have to develop a portfolio of commercial activities to support themselves. Such a portfolio of commercial activities might make more sense than trying to engage in one activity on a large scale, since the commercial activities monasteries often engage in have limited economies of scale and appeal to markets of limited size. However, smaller monasteries may be able to survive on fewer sources of funding due to having fewer monastics to support and likely less capital expenditures and maintenance.

Hypothesis 1a: Monasteries with a larger number of monastics are more likely to be involved in commercial activities (any type) than monasteries with fewer monastics.

Hypothesis 1b: Monasteries with a larger number of monastics are more likely to have commercial activities (any type) as their primary source of income than monasteries with fewer monastics.

Hypothesis 1c: Monasteries with a larger number of monastics are more likely to be involved in non-religious commercial activities than monasteries with fewer monastics.
In addition to size, the age of a monastery may influence what resources it has available for pursuing commercial activities. Evidence suggests that younger for-profit firms may lack the established reputation that older firms have (Fischer & Reuber, 2007; Gompers, 1996). Similarly, newer monasteries may lack the reputation that older monasteries might have developed over time, perhaps giving older monasteries an advantage when engaging in commercial activities. However, like for-profit firms, younger monasteries might have certain advantages that allow them to be more likely to engage in commercial activities, including non-religious ones. For example, while an established reputation has some important benefits, it can limit the amount of flexibility that an organization has (Barney, 2014), and younger monasteries with a less established reputation may be more able to pursue commercial activities due to this flexibility. Additionally, younger firms are often more innovative than established incumbent firms (Christensen, 1997; Prusa & Schmitz, 1991), and younger monasteries might have a similar advantage. It is important to note that the number of Orthodox monasteries in the United States has grown quite substantially in the past 40 years (Krindatch, 2014). Orthodox Christians are likely the main buyers of religious goods produced and/or sold by monasteries. In order to avoid creating excessive competition for donations, as well as the market for religious goods, younger monasteries may have found innovative ways to obtain revenue, including developing non-religious commercial activities.

Hypothesis 2a: Younger monasteries are more likely to be involved in commercial activities (any type) than older monasteries.

Hypothesis 2b: Younger monasteries are more likely to have commercial activities (any type) as their primary source of income than older monasteries.

Hypothesis 2c: Younger monasteries are more likely to be involved in non-religious commercial activities than older monasteries.

Eastern Orthodox monasteries are located across the United States, with the states of New York and California having the most, with 13 and 11 communities respectively (Krindatch, 2016). The location of a monastery may affect its ability to engage in commercial activities, as well as the type of commercial activities it does engage in. Local market size has been shown to be positively related to new firm creation (Davidsson, 1994), as small firms tend to serve local markets. Similarly, monasteries in more rural areas may have difficulty engaging in commercial activities due to the lack of local customers. This may be particularly true for non-religious commercial activities, which may attract more secular customers and those of other religious backgrounds. It is possible that the ability of monastic communities to engage in e-commerce will negate this to some degree. However, it is still expected that more rural monasteries will have a more difficult time successfully engaging in commercial activities, and thus will be less likely to do so.

Hypothesis 3a: Monasteries located in areas with higher population densities are more likely to be involved in commercial activities (any type) than monasteries in areas with lower population densities.

Hypothesis 3b: Monasteries located in areas with higher population densities are more likely to have commercial activities (any type) as their primary source of income than monasteries in areas with lower population densities.
Hypothesis 3c: Monasteries located in areas with higher population densities are more likely to be involved in non-religious commercial activities than monasteries in areas with lower population densities.

METHODOLOGY

Sample
The sample includes 71 canonical Eastern Orthodox Monasteries located in the United States. Data are obtained from the *Orthodox monastic communities in the United States* report (Krindatch, 2014). This report is publically available, and was prepared by Alexei Krindatch, the Research Coordinator for the Assembly of Canonical Orthodox Bishops of North and Central America. The data in this report was obtained via survey instrument. The questionnaire was sent to all canonical Orthodox monasteries in the United States, to be completed by the superior of the monastery. At the time of the study, there were 71 monastic communities in the United States, all of which responded to the survey, providing a 100% response rate\(^1\). Data were collected from fall 2013 through spring 2014. Data contained in the report includes the address and name of each monastery, as well as the jurisdiction and gender of each monastery. Furthermore, data on sources of revenue (donations, business activities, etc.) are contained in the report.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Monastics.</td>
<td>Number of monastics (including novices) who are a part of the monastery.</td>
</tr>
<tr>
<td>Age</td>
<td>Number of years since the monastery was founded. Calculated by subtracting the year the monastery was founded from 2014 (year of the survey).</td>
</tr>
<tr>
<td>County Population Density</td>
<td>The population density according to the 2010 Census.</td>
</tr>
<tr>
<td>Gender</td>
<td>Gender of the monastics of the monastery.</td>
</tr>
<tr>
<td>Commercial Activity</td>
<td>A dummy variable, coded as 1 if any commercial activities were listed as a source of revenue for the monastery.</td>
</tr>
<tr>
<td>Commercial Activity Primary</td>
<td>A dummy variable, coded as 1 if the primary source of revenue for the monastery (1(^{st}) source of revenue listed) was a commercial activity.</td>
</tr>
<tr>
<td>Non-religious Commercial Activity</td>
<td>A dummy variable, coded as 1 if the monastery listed any commercial activities they engaged in that were not religious by nature(^2).</td>
</tr>
</tbody>
</table>

One question on the survey asked respondents to list the “most important sources of income of your monastic community (for instance, private donations, endowments, bequests, selling of religious items, farming, offering educational events and programs, etc.). List these sources of

---

\(^1\) There are some missing data in the tables of the *Orthodox monastic communities in the United States* report, indicating that although all the monastic communities responded, not every question was answered by every respondent.

\(^2\) This distinction was somewhat subjective at times. Painting icons, making candles liturgical wear, prayer ropes, and selling religious books were considered religious commercial activities. Non-religious commercial activities included soap making, bee keeping, making baked goods, dog training, etc. Making coffins and selling burial plots were considered religious commercial activities.
income in the order of importance starting with the most important.” The respondent was able to then list up to five sources of income. The responses to this question are recoded to get the three dependent variables: commercial activity, commercial activity primary, and non-religious commercial activity, as seen in Table 1. Data on the number of monastics and the year the monastery was founded are also obtained from this survey. Address data obtained from the survey was used to determine the county the monastery was located in, and county population density data for 2010 was obtained from the United States Census Bureau (American Fact Finder, n.d.).

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Numerical Variables</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Number of Monastics | Mean= 7.3  
Standard Deviation= 8.2  
Minimum= 1  
Maximum= 49 |
| Age | Mean= 26.8  
Standard Deviation= 19.8  
Minimum= 1  
Maximum= 109 |
| County Population Density | Mean= 412.4  
Standard Deviation= 619.5  
Minimum= 2.10  
Max= 2974.4 |
| **Categorical Variables** | |
| Gender | Male= 34 (47.9%) [Coded as 1]  
Female= 37 (52.1%) [Coded as 0] |
| Commercial Activity | Yes= 55 (19.1%) [Coded as 1]  
No= 13 (80.9%) [Coded as 0] |
| Commercial Activity Primary | Yes= 17 (25%) [Coded as 1]  
No= 51 (75%) [Coded as 0] |
| Non-religious Commercial Activity | Yes= 13 (19.1%) [Coded as 1]  
No= 55 (80.9%) [Coded as 0] |

**Analysis and Results**

Descriptive statistics for all the variables are displayed in Table 2. To test the hypotheses, binary logistic regression is used since the dependent variables are dichotomous, categorical variables. The results for all three models are presented in Table 3, which displays the regression coefficients, standard errors, and model summary information. The dependent variables are commercial activity, commercial activity primary, and non-religious commercial activity (See Table 1 for variable descriptions). The independent variables are the same in all three regression models. These include the primary variables of interest: the number of monastics living at the monastery, the age of the monastery, and the population density of the county in which the monastery is located. The natural log of county population density is used instead of the actual population density, due to the skewed nature of the variable. Both male and female monasteries are included in the sample, so gender is included in the regression model as an independent variable to control for any gender differences. Also included is the number of monastics squared, so that any curvilinear effects between the number of monastics and the dependent variables can be observed.
The first regression model (Table 3) predicts the dependent variable commercial activity. However, none of the coefficients for the independent variables are statistically significant. Thus, hypotheses 1a, 2a, and 3a are not supported. The pseudo R-squares are low, .068 for the Cox and Snell and .109 for the Nagelkerke R-square. This indicates that the independent variables were not effective at predicting the dependent variable. The second model predicts the dependent variable commercial activity primary. The only independent variable that is statistically significant is number of monastics (p < .10). The coefficient is positive as hypothesized, providing support for hypothesis 1b. Thus, monasteries with more monastics will be more likely to have commercial activities as their primary source of revenue. The coefficients for the variables age and population density are not significant, thus hypotheses 2b and 3b are not supported. The pseudo R-squares were .075 for the Cox and Snell and .111 for the Nagelkerke R-square. The third model predicts the dependent variable non-religious commercial activity. In this model, none of the coefficients for the independent variables are statistically significant. Thus, hypotheses 1c, 2c, and 3c are not supported. The pseudo R-squares were very low, .022 for the Cox and Snell and .035 for the Nagelkerke R-square.

<table>
<thead>
<tr>
<th>TABLE 3</th>
<th>Binary Logistic Regression Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
</tr>
<tr>
<td></td>
<td>DV: Commercial Activity</td>
</tr>
<tr>
<td>B</td>
<td>S.E.</td>
</tr>
<tr>
<td>Constant</td>
<td>.180</td>
</tr>
<tr>
<td>Number of Monastics</td>
<td>.177</td>
</tr>
<tr>
<td>Number of Monastics^2</td>
<td>-.002</td>
</tr>
<tr>
<td>Age</td>
<td>.000</td>
</tr>
<tr>
<td>LN(County Pop. Density)</td>
<td>.123</td>
</tr>
<tr>
<td>Gender (Male)</td>
<td>-.433</td>
</tr>
<tr>
<td>Model Summary</td>
<td></td>
</tr>
<tr>
<td>-2 Log likelihood</td>
<td>61.18</td>
</tr>
<tr>
<td>Cox &amp; Snell R-Square</td>
<td>.068</td>
</tr>
<tr>
<td>Nagelkerke R-Square</td>
<td>.109</td>
</tr>
</tbody>
</table>

*p < .10  **p < .05  ***p < .01

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This study has some limitations that should be noted, which may account for the limited findings. One major limitation has to do with the data on commercial activities. The respondent could list up to five sources of revenue for the monastery. Some of the responses were ambiguous, and it was unclear whether religious or non-religious commercial activities were being included. For example, some responses said that the monastery operated a “gift shop.” It is unclear whether such a gift shop only sells religious products or sells non-religious products as well. When not specified, it was assumed only religious products were sold, but this may not always be the case. Social desirability bias may be a limitation as well. It may be that relying on mostly donations to support a monastery may be less socially acceptable than relying on commercial activities. That
being said, given that the respondents were all monastics, there is no reason to believe they would purposely respond in a deceptive manner.

The sample used in this study is narrow, as it only consist of canonical, Eastern Orthodox monasteries in the United States. While this has some advantages, the narrow sample does limit external validity. In the United States, there are far more monasteries and monastics associated with the Roman Catholic Church than the Eastern Orthodox Church. Also, a few non-canonical Orthodox monasteries exist in the United States, as well as some Episcopalian monasteries (“Religious orders and faith communities,” 2018). The sample also provides a very limited range for the age variable, due to the fact that the sample is of monasteries in the United States. The mean age was 26.8 years, which is much lower than what would be seen in other parts of the world. If the sample included monasteries on Mount Athos or the Middle East, it would include monasteries over one thousand years old (Speake, 2004). Perhaps the age differences in the monasteries in the United States were not substantial enough to affect their behavior with regards to commercial activities.

The limited findings may indicate that the age, size, and location of a monastery have a limited impact on commercial activities. However, this paper does not examine in detail what types of commercial activities monasteries engage in, other than looking at religious and non-religious commercial activities. It may be that some commercial activities that rely on local customers, like operating a gift shop or bookstore, are more likely to occur when the monastery is located in a densely populated area. Also, this context might be a fruitful one for the use of qualitative methods, similar to Dana’s (2007) ethnographic study of business activity among Amish in Lancaster County. This study involved the author moving in with the Amish and participating in their daily activities in order to better understand their motivations for being self-employed. A similar approach could be used to study the business activities of monastics, and their motivations for undertaking them.

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FIELD-DEPENDENCE AND INDEPENDENCE: DOES AN OLD THEORY HOLD PROMISE FOR ENTREPRENEURSHIP?

Charles A. Fail, Purdue University Global
Loretta A. Millam, Purdue University Global
Michelle M. Reinhardt, Purdue University Global

ABSTRACT

This paper examines the phenomenon of opportunity identification within entrepreneurship and outlines significant gaps remaining in understanding why some entrepreneurs are able to accurately and quickly identify entrepreneurial opportunities while others cannot. Extant cognition research and its role in opportunity recognition was examined and found to be insufficient in explaining the entrepreneurship opportunity identification phenomenon. Older research into field-dependence and independence (FDI) was examined within the context of opportunity identification and the following propositions are advanced: (1) FDI offers a robust and valid testing instrument in the form of the embedded figures test to measure this cognitive dimension, (2) understanding an individual’s measure of field-dependence and field-independence can offer expanded insights into opportunity identification and subsequent failures to identify opportunities and offer insights into ways potential entrepreneurs might deliberately exercise or moderate either cognitive style through learning and deliberate practice.

INTRODUCTION

Modern entrepreneurship education dating from its beginnings with Myles Mace’s Management of New Enterprises class at Harvard and Peter Drucker’s initial Entrepreneurship classes in 1953 at New York University was firmly rooted in the management discipline and reflected its focus. Early entrepreneurship texts similarly focused on the management of new businesses (Drucker, 1985; Mintzberg, 1989; Pinchot, 1985). It was not until Venkataraman (1997) proposed that the study of opportunities offered a better understanding of the entrepreneurship phenomenon that much entrepreneurship research began to extend far beyond the field of management. In the ensuing 21 years since Venkataraman’s proposition, much has been learned from the field of psychology about unique cognitive traits possessed by those seeking to establish entrepreneurial ventures, but significant gaps remain, particularly surrounding questions about how entrepreneurial opportunities are first identified and evaluated. We propose that this lack of understanding directly impacts both the practice of entrepreneurship through missed opportunities and less effective formal entrepreneurship educational programs. This view was shared in a Kauffman report (Ewing Marion Kauffman Foundation, 2015, p. 10) that concluded: “The explosion of entrepreneurship education on college campuses may not have had much impact on actual business creation.” This is especially troubling when McIntyre and Roche (1999, p. 33) defined entrepreneurship education as “the process of providing individuals with the concepts and skills to recognize opportunities that others have overlooked, and to have the insight and self-esteem to act where others have hesitated.”
Following Shane and Venkataraman’s subsequent (2000) call for an acceptable conceptual framework for the discipline, several sub-disciplines have emerged to provide insight into understanding the nature of entrepreneurial opportunities, how entrepreneurs are able to evaluate these opportunities, and how such opportunities are exploited as new business ventures. Eighteen years later, however, we still don’t understand how some individuals are able to identify entrepreneurial opportunities while others are not or how some are able to become economic actors before others.

This work examines some early cognition research not previously applied to entrepreneurship (FDI) and proposes its usefulness in identifying cognitive tendencies of entrepreneurs as they seek to identify entrepreneurial opportunities existing within a larger universe of seemingly unrelated elements by extending the emerging field of entrepreneurial pattern recognition. Doing so will, we propose, narrow the gap that exists in understanding how entrepreneurs identify such opportunities and the degree to which they can be expected to rely on internal or external referents in the process. This is important since we know that not every idea is an economic opportunity and that significant economic and social costs are associated with identification errors in the form of missed entrepreneurial opportunities or failures associated with identification errors on the part of the entrepreneur. We propose that this is of significance to the practice of entrepreneurship and to entrepreneurship education.

**ENTREPRENEURIAL OPPORTUNITY AND PERCEPTION**

Shane and Eckhardt (2005) expanded earlier definitions by Venkataraman (1997) and Shane and Venkataraman (2000, p. 165) to conclude that “entrepreneurial opportunities [are] situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships.” Krueger (2005, p. 105) asserted that such opportunities are either “discovered” or “enacted,” depending on one’s personal epistemological orientation. Regardless of the genesis, entrepreneurial opportunities originate when the entrepreneur responds to multiple stimuli occurring within his or her own cognitive realm as a result of some change and cognitively arranges these different elements into perceptual patterns that can be identified as representing opportunity (Fail, 2011; Krueger, 2005). It is this ability to view a complex cognitive field of seemingly disordered elements and recognize certain ordered patterns of elements to represent opportunity and then to exploit it that separates the entrepreneur from the non-entrepreneur (Gaglio, 1997; Kirzner, 1921). In recent years, a stream of psychology-based entrepreneurial perception research centering on pattern recognition and attention has emerged that seeks to better understand this process (Baron, 2004, 2006; Matlin, 1994).

**PATTERN RECOGNITION**

Krueger (2005) postulated that entrepreneurs employ a number of cognitive processes as they identify opportunities from within their environment. Baron (2004) noted that the area of cognition was currently central to entrepreneurship research and since that time, a sub-stream of pattern research has emerged to attempt to explain how entrepreneurs “connect the dots” to identify opportunities existing within complex environments. The author delineated two underlying propositions for pattern recognition in entrepreneurship: First, entrepreneurial opportunity patterns emerge from a field of complex technological, economic, political, demographic, and social
change (Baron, 2006). Second, recognizing such opportunity patterns depends on individual use of one’s own cognitive frameworks, developed through life experiences. These frameworks are used as templates to allow the individual to make perceptual connections between otherwise seemingly unrelated events and change (Baron, 2006). Of several pattern recognition theories, two appear to best suggest how such opportunity patterns are recognized: prototype models and exemplar models.

Prototype Models
Matlin (1994) noted that prototypes are cognitive structures holding “idealized examples” that serve multiple purposes: (1) to store category examples; (2) to store points of reference; (3) as a faster method for judging, once primed through cognitive mapping; (4) to store substitutes for names; and (5) as a repository of shared attributes (pp. 225-227). Prototype models posit that when new stimuli are encountered, these are then cognitively compared against existing collections (prototypes) stored in memory to determine where the new stimuli best fit. Such prototype models can be used to explain how new phenomena can be linked to seemingly unrelated events and trends in one’s environment (Baron, 2006; Matlin, 1994).

Exemplar Models
Exemplar models do not rely on prototypes but instead on existing knowledge already stored in memory. Newley encountered stimuli are compared for relevance against these knowledge components (Baron, 2006).

Joint Operation
Cognitive research suggests that both prototype and exemplar models are involved in entrepreneurial opportunity pattern recognition (Nosofsky & Palmeri, 1998) with nascent entrepreneurs relying on prototypes until they gain knowledge and experience in a particular area and then relying more on exemplars in their recognition processes (Johnson & Mervis, 1997); a more automatic and less-taxing cognitive process (Baron, 2006).

While pattern recognition offers an explanation of the processes involved in identifying entrepreneurial opportunities, it offers little explanation of why some see such patterns and others don’t or time response differences in recognition. We assert that research into field-dependence and field-independence offers some additional explanation.

ORIGINS OF FIELD-DEPENDENCE AND FIELD-INDEPENDENCE AS A THEORY

Field-dependence theory is one of the earlier fields of work in the cognitive sciences. It dates back to 1948 and grew out of laboratory experiments by Herman Witkin and colleagues to examine how individuals could accurately and rapidly perceive the upright using three tests, the body-adjustment test (BAT), the rod-and-frame test (RFT), and the rotating-room test (RRT). It is based on two elements. First, the visual field is usually perceived as a structural form having a vertical and horizontal axis which correlates to these same directions in space. Second, gravitational pull, as perceived through our senses, likewise perceptually defines another vertical axis. Inasmuch as both the external fields and the gravitational pull are normally in the same direction, either one or both together provide sufficient reference (Witkin & Goodenough, 1981). Witkin and his associates separated these two elements experimentally in attempts to examine the basis for the perception of the upright. In the BAT, the research participant was placed in a small
room that could be tilted both clockwise and counterclockwise. In this room, the participant was seated in a chair that could likewise be tilted. When the room was tilted, some participants attempted to adjust their chairs to align with the tilted room and perceived the chair to be straight. Such participants utilized their external visual field as a point of reference. At the opposite end of a continuum, others aligned their bodies close to the gravitational upright, using their bodies as a point of reference. Most participants performed the experiments somewhere in between these extremes. In the RFT, the participant was seated in a darkened room except for a lighted and tilted square frame. A lighted rod was affixed to the center of the frame such that the participant could reposition the rod independent of the frame. Again, the participant could use the external field or body as a point of reference. In the RRT, the participant was seated in a chair that could be tilted. This chair was placed in a small room situated on a circular track such that the room could be rotated on the track, subjecting the participant to “outwardly-acting centrifugal pull and the downward pull of gravity” (p. 9). Again, participants consistently tended to use either the external visual field or their own bodies as a point of reference. Each of these laboratory tests was complex and cumbersome.

Additional research into whether or not perceptual orientation involved separation of an organized field which did not involve a perceived upright led to the development of the much simpler embedded figures test (EFT) in which the research participant is shown a simple graphic form and then required to locate this form embedded within a complex design that includes essential parts of the graphic form such that the participant is required to perceptually disassemble the complex pattern to reveal the simple form (Witkin & Goodenough, 1981). As a result of these cumulative studies, Witkin, et al. concluded that the same individuals that had difficulty isolating the embedded form also had problems differentiating on the earlier room and rod and frame tests. They thus concluded that those individuals were field-dependent while those that had little difficulty isolating the embedded figure or perceiving the upright based on their own self-reference were field-independent and that these cognitive styles were generalized (p. 16).

Two broad avenues of research ensued from this initial work. First, research investigated the relationship between “disembedding ability” in perception and its role in intelligence. Second, research investigated the role of disembedding ability and “structuring ability” (Witkin & Goodenough, 1981, p. 17). The first avenue was based on the understanding that isolating and extracting something from its complex whole is involved in many problem-solving tasks. Participants identified as field-dependent experienced more difficulty solving problems which required such identification and extraction. The second avenue was predicated on the belief that those that were more active, as field-independent, to break apart the organized field confronting them and to restructure it; might be similarly predisposed to operate on a problem field that is disorganized and impose structure on it. Witkin and his associates incorporated such “self-consistency” into their model, leading to a “theory of psychological differentiation” (Witkin & Goodenough, 1981, pp. 19-22) which recognized its operation in different cognitive domains.

FIELD-DEPENDENCE AND FIELD-INDEPENDENCE IN SUMMATION

Field-dependence and field-independence as a theory represents one of the earliest and most researched cognitive approaches. Much early application was in the area of educational psychology with Witkin, Goodenough, and others publishing numerous research examining the role of FDI in education and learning (Frank, 1986; Jonassen & Grabowski, 1991; Riding, 1997; Tinajero & Paramo, 1997; Witkin, et al., 1977). Interest in it, however, waned within the cognition
research community over the past thirty years due to difficulties in conducting the early laboratory tests, disparate application of the theory, and disagreement over whether FDI is a cognitive style as originally labeled by Witkin, spatial ability (Sternberg, 1997), perceptual ability (Zhang, 2004), an aspect of working memory (Rittschof, 2010), the ability to disembed a stimulus (Koh & Milne, 2012), or a cognitive control (Jonassen & Grabowski, 1991). Richardson and Turner (2000) cited issues with using the more convenient embedded-figures tests in education research since the EFT did not correlate with conventional intelligence tests (Richardson & Turner, 2000). Later research into FDI as emerged in several areas - contemporary educational research into the role of FDI in individual and collaborative learning (Chen & Chang, 2016), the role of FDI on cognitive load and learning achievement (Lopez-Vargas, Ibanez-Ibanez & Racines-Prada, 2017); research into the role of FDI in financial decision making (Chang, Tang & Liu (2016); and persistent FDI research in the field of marketing (Chan, Lowe & Petrovici, 2016; Matthes, Wirth, Schemer & Kissling, 2011; Orin & Crouch, 2014).

Witkin et al., (1977) noted an individual’s FDI dimension was shaped by early formative events such as one’s rearing, cultural influences, and training. Regardless of typology, however, the understanding established by FDI that individuals possess different cognitive styles or abilities, assumes great importance when placed in the nexus of the entrepreneur and opportunity as he or she seeks to identify patterns within a complex field in search for entrepreneurial opportunities when field complexity and time are important variables.

**CONCLUSION**

After reviewing the FDI literature and the sub-stream of entrepreneurship pattern recognition literature, the authors propose the following: (1) FDI offers a robust and valid testing instrument in the form of the embedded figures test to measure an individual’s field-dependence or independence, (2) understanding an individual’s measure of field-dependence and field-independence can offer expanded insights into entrepreneurial opportunity identification and subsequent failures to identify opportunities and the time required.

From an entrepreneurship perspective, it is “value neutral” accepting strengths associated with both field-independence and dependence and associated weaknesses in both. Entrepreneurs that are field-independent perhaps gain from being better able to perceive opportunities but arguably do so in the absence of important external resources that could lower their risks. Entrepreneurs that are field-dependent could take too long or fail to identify an opportunity. FDI would posit that both can moderate either cognitive style through learning and deliberate practice. FDI is an older cognitive theory not yet applied to entrepreneurship research. What we have recently learned about the nature of enacted entrepreneurial opportunities and the role played by the entrepreneur’s own cognition suggests that further research of FDI in entrepreneurial opportunity identification and evaluation is warranted.

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ASSESSMENT OF KNOWLEDGE AMONG COLLEGE STUDENTS REGARDING FAMILY-OWNED BUSINESSES: A REVISIT

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Veronika Humphries, University of Louisiana at Monroe

ABSTRACT

Family-owned businesses are a key participant of the global economy contributing substantially to economic growth, national GDP, and fueling the entrepreneurial spirit. Although they may begin small in size and number of employees, their close-knit management structure can provide ample opportunities for future growth and development. (Osunde, 2017) The myriad of large corporations which have started as a small family-owned company yet have grown into multi-national firms with globally recognized names and product brands are the proof of such statement. (Kleiman & Peacock, 1996) Examples include Walmart, SC Johnson, and Levi Strauss, to name a few. In a prior 2006 study, Parker and Strickler conducted a survey of college students at a regional university to assess students’ ability to recognize which corporations are family-owned based solely on the name of the company. The 2006 study concluded that only thirty-five percent of students were able to identify a now nationally and in some cases even internationally recognized corporation’s name as a family-owned business. (Parker & Strickler, 2006) The current study finds that twelve years later the percent recognized as family-owned businesses has increased to forty-eight percent. Even more interestingly is that seventy-five percent of respondents now indicate a desire to work at a family-owned business, up from thirty-one percent in 2006.

INTRODUCTION

A family-owned business is a firm that has some family participation and whose future direction is controlled in part or whole by the family. Family-owned businesses play an important role in the global economy, accounting for approximately 70 percent of all incorporated businesses in the United States. (Poza & Daugherty, 2014) Forty-nine percent of the US Gross Domestic Product is generated by family-owned businesses, and more than seventy-five percent of the Gross Domestic Product in other countries is generated by family-owned businesses. Family businesses employ eighty-five percent of both the US workforce and the world workforce. (Poza & Daugherty, 2014) Between one-third to one-half of the Fortune 500 companies are considered family-controlled (Astrachan & Shanker, 2003).

Not only are family-owned businesses significant in number, they are also significant in regards to growth potential. When reviewing the financial performance of S&P 500 businesses, if a founder is still involved in the family business, the annual average income growth for the company tends to be higher when compared to non-family owned businesses. (Anderson & Reeb, 2003)

These statistics highlight the importance and prominence of family-owned businesses. However, how much does the public, in general, know about the existence and importance of family-owned businesses in the economy?
To ascertain the amount of knowledge that exists about family-owned businesses, a survey of college students was administered at a regional state university. The survey consisted of four questions. The first question dealt with whether the parents of the person taking the survey work for or own a family-owned business. This question is designed to test whether, in reality, people realize that approximately seventy percent of the businesses in the US are family-owned. The suspicion of the researchers is that many parents may well work for a family-owned business, but their offspring may not be aware that their parents’ employer is considered a family-owned business. The second question is similar to the first question in that it asks the person taking the survey whether they think they will work at a family-owned business during their career. The third question asks the person taking the survey what percentage of businesses in the US do they think are family-owned. This question not only ascertains the knowledge of the prominence of family-owned businesses as do Question One and Two, but this question also provides some insight as to whether family-owned businesses are perceived as a likely place for future employment by young people.

The fourth question lists several companies that are all considered family-owned businesses; however, this fact is not revealed to the survey participant. The person taking the survey is asked to mark all the businesses on the list that they think are family-owned. Table One provides a list of companies included in the 2018 survey instrument.

<table>
<thead>
<tr>
<th>Companies Represented in the Survey by Year of Establishment</th>
<th>1800-1900</th>
<th>1900-1972</th>
<th>1980 - present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foster Farms (1939)</td>
<td>PetCO (1965)</td>
<td>UBER (2009)</td>
<td></td>
</tr>
<tr>
<td>Payless Shoessource (1956)</td>
<td>GAP (1969)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toys “R” Us (1957)</td>
<td>HobbyLobby (1972)</td>
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</tbody>
</table>

RESULTS

The current survey was completed by 175 students at a southern regional university during 2018. The current study will be compared to a 2006 study utilizing a similar survey at the same university with an approximate same number of respondents.

In response to Question One, sixty-four percent of the respondents indicated that one or both of their parents work for or own a family-owned business. This result is slightly lower than the 2006 result of seventy percent reported by Parker and Strickler. The percent of family-owned businesses is reported typically to be around seventy percent; however, depending on the definition used to define family-owned business the numbers vary. To find a unified, widely accepted definition of the term “family business” is not an easy task. Definitions seem to be divided into varying spectrums from broad to narrow. According to Astrachan and Shanker, the broad definition only requires marginal participation in the business by any family member and a requirement of involvement when it comes to strategic decisions. On the other hand, the narrow definition requires the involvement of several family members in leadership positions within the business. Osunde defines a family business as a business with at least two family members involved while also retaining majority ownership and control. (Osunde, 2017) Based on this more
narrow definition, sixty percent of public and private businesses, with a legal form of organization as partnership or corporation, are family-owned. (Astrachan & Shanker, 2003) Therefore, the findings of 64% in this current study as well as 70% in the 2006 study could both be considered realistic representations of the actual percent of family businesses in the US economy, depending on the definition utilized.

In response to Question Two, seventy-five percent indicated they would like to work for a family owned business. This result is substantially higher than the thirty-one percent Parker and Strickler found in 2006 and is more in line with the actual eighty-five percent of labor force employed by family-businesses. Determining the reason behind this increase is beyond the scope of this article; however, we could argue that certain personality traits attributed to this interest in working for family-owned businesses and that the so called millennial generation could be the foundation for such change. Narcissism and impulsive behavior have increased among the millennials who tend to be more self-centered, with high self-esteem, feeling entitled and underappreciated. (Stewart & Bernhardt, 2010) In such an environment it may be perceived easier to work for a family-owned business with more perceived personal relationships and family values.

In response to Question Three, respondents indicated that they think about forty-five percent of businesses are family-owned. This response is lower than the fifty percent response received in 2006 by Parker and Strickler. In both studies, the current one and the one in 2006, the findings are lower than what reality would indicate. With seventy percent of businesses being considered family-owned by most researchers, the recognition of such by the public is far lower as indicated by these survey results.

Question Four asked respondents about specific companies. The overall average of businesses recognized as family-owned business was forty-eight percent. In the 2006 study, thirty-five percent of the family-owned businesses included in the survey were recognized as family-owned by respondents.

Table Two provides comparative results of the four questions included in the surveys for 2006 and 2018.

<table>
<thead>
<tr>
<th>Table Two</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Question One:</strong> Parents work in Family-Owned</td>
</tr>
<tr>
<td>70%</td>
</tr>
</tbody>
</table>

The most readily recognized as family-owned businesses were WalMart, Ford, Brookshires, Love’s Travel Shop, S.C. Johnson, Dole Foods, Tyson Foods, Mary Kay, Levi Strauss, Ashley Furniture and Foster Farms. S.C. Johnson was the most readily recognized family-owned business. S.C. Johnson has had an ad campaign for years that includes “SC Johnson—a family company”. In this ad campaign, S.C. Johnson wanted to reinforce the consumer’s trust in the company based on its family-owned business form. This ad campaign emphasizes the company focuses on providing the best and safest products to families across the US and worldwide, as they have been since the launch of the company in 1886. (Johnson, 2015) Foster Farms and Ashley
Furniture were also highly recognized as a family business among students, whereas Toys “R” Us and GAP were recognized the least.

Table Three provides the percent of survey respondents that correctly identified a business as family-owned. The first percentage reported is the percent from the 2018 survey. The percentage in parenthesis is the percentage reported in the 2006 survey. The list of specific companies varied between 2006 and 2018. Six of the companies were the same and their comparative percentages are presented in the table. Some companies were unique to the 2018 survey so no comparison can be made for those companies.

<table>
<thead>
<tr>
<th>Business</th>
<th>Percent Recognized 2018 Study (2006 Study)</th>
<th>Business</th>
<th>Percent Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wal-Mart</td>
<td>59% (55%)</td>
<td>Tyson Foods</td>
<td>69% (58%)</td>
</tr>
<tr>
<td>Ford Motor Co.</td>
<td>53% (46%)</td>
<td>Mary Kay Cosmetics</td>
<td>77%</td>
</tr>
<tr>
<td>Brookshires</td>
<td>75% (48%)</td>
<td>Pilot Flying J</td>
<td>26%</td>
</tr>
<tr>
<td>Toys “R” Us</td>
<td>12%</td>
<td>Levi Strauss</td>
<td>57% (42%)</td>
</tr>
<tr>
<td>Love’s Travel Shops</td>
<td>48%</td>
<td>Petsmart</td>
<td>17%</td>
</tr>
<tr>
<td>SC Johnson</td>
<td>99%</td>
<td>Uber</td>
<td>16%</td>
</tr>
<tr>
<td>GAP</td>
<td>13% (7%)</td>
<td>Hobby Lobby</td>
<td>35%</td>
</tr>
<tr>
<td>Payless</td>
<td>16%</td>
<td>Ashley Furniture</td>
<td>85%</td>
</tr>
<tr>
<td>Academy Sports</td>
<td>22%</td>
<td>PetCo</td>
<td>17%</td>
</tr>
<tr>
<td>Dole Foods</td>
<td>70%</td>
<td>Foster Farms</td>
<td>90%</td>
</tr>
</tbody>
</table>

CONCLUSION

Despite the increase in the availability of information by utilizing the internet and media in general, the evolution of the field of family-business studies in institutions of higher-education, and the emphasis provided by many family-owned businesses regarding their nature as such, their recognition by college students still remains lower than the actual numbers. Family-businesses continue to be a relevant player in a nation’s economy worldwide, yet it is still difficult to obtain relevant statistical data due to the lack of unified definition of which business establishments constitute a family-owned business. (Sharma, Chrisman, & Gersick, 2012) S.C. Johnson is the most recognized family-owned business, perhaps largely attributed to its advertising campaign and even its company logo, which reflects this fact. Foster Farms and Ashley Furniture were also highly recognized as a family business among students, whereas Toys “R” Us and GAP were recognized the least. Some of the largest and most recognized corporations today such as Ford Motor Company and Walmart, were established between the early 1900s and 1970, when business seemed booming and family values were more emphasized in business. Perhaps a negative shift attributed to family-values in recent generations has led companies to de-emphasize their family-owned nature and thus undermine their recognition as a family-owned business. (Gillies, 2011)

REFERENCES


A CONTEXTUAL STUDY ON THE DEVELOPMENT OF WOMEN ENTREPRENEURS IN BANGLADESH

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ABSTRACT

Purpose: The present study attempts to explore the trend of women entrepreneurship development in Bangladesh. It also finds the opportunities and challenges the women entrepreneurs generally face for setting their businesses in the country.

Study Design: Considering the nature of the study, a few qualitative approaches were used to gather necessary data from the sample population. The qualitative approaches include: Focus Group Discussion (FGD), face-to-face interview, round-table discussion and content analysis. The key questions focused on the challenges of the women entrepreneurs in operating their businesses, types of businesses by the women and opportunities of the development of entrepreneurs from Bangladeshi women.

Findings: The study findings reveal some major bottlenecks in women entrepreneurship development including possessing low business skill, lack of knowledge on sources of bank loan, low communication skill, inadequate supports from the family members, lack of feasibility study on the businesses, poor technological knowledge, leadership networking skill, etc. On the contrary, some pragmatic opportunities prevail in Bangladesh currently to develop the women entrepreneurs. The enabling factors include emphasis on women education, gradually changing of mindset and stereotypical social perception, favorable government rules and regulations, enhancing education on entrepreneurship, and rapid growth of social media.

Practical Implications: The practical implication of the study assumes that it will facilitate Government of Bangladesh (GOB) to formulate favorable policy and support to develop women entrepreneurs. Similarly, the individual entrepreneur, private organizations, and NGOs can plan and arrange their own programs on the issue while the development partners can initiate pragmatic supports for the development of the sector.

Keywords: Women Entrepreneur, Sustainable Female Entrepreneurship Development, Entrepreneurship Education, Bangladesh.

INTRODUCTION

The word ‘entrepreneur’ comes from the French word ‘Entreprendre’ which means to undertake “some opportunities” to pursue the opportunities and to fulfill the certain needs and wants through innovation and starting new businesses (Desai, 1999). Peters & Shepherd (2007) state that entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.
The Oxford Dictionary defines the term ‘entrepreneur’ as a person who undertakes an enterprise with changes of profit or loss. New Encyclopedia Britannica defines that entrepreneur is an individual who bears the risk of operating business in the face of uncertainty about the future conditions. Gartner (1990) and Gartner, Shaver, Carter, & Reynolds (2004) define the entrepreneur as “One who undertakes a commercial enterprise and who is an organizational creator and innovator”. Kirzner (1997) points out the fact that the entrepreneur is the decision maker in a particular cultural context, who commands a range of behaviors that exploit these opportunities. Schumpeter (1934) explains entrepreneur as the innovator who introduces something new into an economy. Mallonee (1976) explores that entrepreneurship is a group of skills and risks taking needed to combine the other three factors of production such as land, labor, and capital to produce products or services.

Entrepreneur plays role as catalyst like ‘hit to a fire’. It implies that people may get outcomes very quickly from the activities of the entrepreneurs. If an entrepreneur’s intention is positive, s/he can change the condition of the country promptly through her/his business activities. On the other hand, if an entrepreneur’s intention is negative, s/he can create tremendous problems for the people of the country. One of the significant indicators of economic growth and development of a country is entrepreneurship development. Bangladesh is a developing country in the world and it is now striving for achieving the Vision 2021. There are eight inter-related goals in the Vision 2021 that include to make poverty-free Bangladesh as a poverty-free middle-income country; creating skilled and creative human resource; becoming an inclusive and equitable society on the relevant ones with the entrepreneurship development from the women community. For achieving this vision, the government of Bangladesh has placed immense effort on the creation of new entrepreneurs particularly the women.

The reason of putting emphasis on women entrepreneurs are many. The women, as a whole, could not develop socio-economically in the country despite equal share in the total population due to male-dominance and stereotypical attitude towards the gender role in the society. But, since the last decades, the pastoral society setting in Bangladesh has been undergoing significant changes. Women are coming out of the cocoons and participating the greater workforce outside home, of which the readymade garments is a pragmatic example. Gradually, the women are entering in the business sector, and like other countries many of them are becoming entrepreneurs. In many sectors i.e. medical, education, defense, mainstream administration, women have proved their wert and advanced significantly. They have equal opportunities and abilities to contribute expanding business and socio-economic development of the country toward becoming entrepreneurs in the innovative business sectors. Many countries in the world have made substantial growth and development by incorporating women in economic activities particularly in entrepreneurship. Since the number of women entrepreneurs in Bangladesh is insufficient as the government and private owners have placed special attention to create more women entrepreneurs. But it is really very tough to enhance the women participation in business in Bangladesh due to the gender inequality.

**LITERATURE REVIEW**

There are various types of risks involved with the business activities of the entrepreneur. In order to make the business successful, entrepreneurs need to manage risks effectively and efficiently. Holt (2000) states that entrepreneur needs to apply technique accurately for generating new ideas, starts business using those ideas, and provide added value to society based on their
independent initiative. Various types of risks are involved with the operations of the business and women entrepreneurs need to get ready for confronting risk. They must have persistence to survive in a competitive business world. Khanka (2009) tells that women entrepreneurs are those women who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise. The human resources both male and female need to work together for the advancement of a society. Bangladesh is resource less and overpopulated country. More than 50 percent people in Bangladesh is female although the number of female entrepreneurs in this country is less than 5 percent of the total entrepreneurs (BWCCI, 2008). So, more female entrepreneurs need to create for the sustainable economic development of Bangladesh.

Entrepreneurship is regarded as the machine of economic growth and development all over the world. Broehl (1982), Camper (1991), Gatewood, Carter, & Hart (2003) point out that female owned businesses have been grown dramatically in number, revenues and employment over the past two decades. They also identified that about 60-65 percent of the new businesses has been started by females in Norway and Canada. Abir (2007) finds that significant number of new businesses has been started by females in Japan, China, Indonesia, Singapore, and India. But in Bangladesh, the number of new businesses starts by females is low. Begum (1993) explains that Bangladesh had very few women entrepreneurs before 1985. Ahmed (2003) shows that the number of women entrepreneurs around 3,000 representing only 2 percent of the total entrepreneurs in Bangladesh although women constitute more than 50 percent of the total population. Bangladesh need more entrepreneurs’ specifically female entrepreneurs to ensure sustainable economic growth and development. Women in Bangladesh are still now lagging behind due to some reasons such as family issues, lack of skill or training, social perception, lack of savings and social networks, limited loan facilities, lack of related experience, and lack of confidence (Parvin, Jinrong, & Rahman, 2012). At present, the government of Bangladesh and private owners have placed key attention on the development of female entrepreneurs. The reason behind is that to achieve the vision 2021, which set by the government of Bangladesh earlier.

Entrepreneurship is considered as the backbone of a country’s economy, which comprises both male and female entrepreneurs. But the contributions of women entrepreneurs are totally overlooked. Tsyganova and Shirokova (2010) identify that women treat as second class citizen in most of the societies and in this case, Bangladesh is not exceptional. Women confront ample risks than male entrepreneurs to set up the business worldwide. As a result, women entrepreneurship development has got special attention in recent years throughout the world. Singer, Amoros, & Arreola (2014) and Shah (2013) identified the challenges facing the women entrepreneurs for conducting their businesses, such as- limited access to networks, less opportunity to access fund, issues relating to gender or cultural acceptance, lack of basic education, lack of technical skills and knowledge about business, lack of market knowledge, lack of collateral and lack of viable physical facility. On the basis of the above literature, it can say that the present study is very much needed to find out the ways of creating more female entrepreneurs in Bangladesh for obtaining the Vision 2021.

STUDY METHODOLOGY

The present study has been carried out applying a mixed method approach including Focus Group Discussion (FGD), face-to-face interview, round-table discussion and content
analysis. The target population in this study included both the male and female entrepreneurs, policy makers, and general people.

For selecting the required respondents, purposive sampling technique was used. The reason for using purposive sampling is that it provides freedom to a researcher to select sample on the basis of his/her own convenience and no prior planning is required in this case. By using such sampling method, the researcher could select competent and relevant respondents from male and female entrepreneurs, policy makers and general people to explore the situation of women entrepreneurship development in Bangladesh.

The study undertook 100 respondents purposively as sample of which 30 were male entrepreneurs, 30 were female entrepreneurs, 10 were policy makers, and 30 were general people for exploring the actual scenario prevailing in Bangladesh in case of women entrepreneurship development.

The primary data were gathered through Focus Group Discussion (FGD), face to-face interview and round table discussion. All the male entrepreneurs were interviewed individually and six focus group discussions were conducted. Similarly, all the sample female entrepreneurs were also interviewed and five focus group discussion were conducted. Through face-to-face interview, data were collected from the policy makers and general people.

The researchers asked the following questions to the respondents:
   a. What is the trend of women entrepreneurship development in Bangladesh?
   b. What types of businesses are the women entrepreneurs conducting in Bangladesh?
   c. Is there any opportunity for developing the women entrepreneurs in Bangladesh?
   d. What challenges are the women entrepreneurs facing for conducting their businesses in Bangladesh?

The researchers administered interview separately with each group of the sample respondent. The duration of one interview with one group is about one hour. So, the researchers conducted a total of 11 hours interview session with all the sample respondents for the purpose of collecting necessary data to conduct the present study.

The secondary data were collected from the following sources:
   a. Different A-ranked journals
   b. Different A-ranked articles
   c. Published books
   d. Publications of Bangladesh Bank
   e. Publications of Bangladesh Women Entrepreneurs Association

In order to analyze the data, the researchers used Microsoft Office Package®. The tables, graphs and charts were used to present the data in a systematic manner.

**STUDY OBJECTIVES**

The following objectives were set to conduct the study:
   i) To investigate the trend of entrepreneurship development in Bangladesh
   ii) To explore the opportunities of developing women entrepreneurs in Bangladesh
   iii) To find out the challenges to the development of women entrepreneurs in Bangladesh
   iv) To provide suggestions to overcome the challenges associated with the development of women entrepreneurs in Bangladesh
DISCUSSION

Development Trend of Entrepreneurs in Bangladesh

Bangladesh needs more entrepreneurs especially, from the women community since they constitute half of the total population with a trifle number of entrepreneurs. Without increasing the women entrepreneurs, it is not possible to ensure sustainable economic development in Bangladesh. That is why, the government of Bangladesh, private organizations, experienced entrepreneurs and NGOs have taken some initiatives for increasing women entrepreneurs in this country. In order to develop the women entrepreneurship in Bangladesh, the government has formulated National Action Plan. The main purpose of the ‘National Action Plan’ is to adopt a comprehensive sustainable industry policy to ensure equity for women and men entrepreneurs in Bangladesh.

The Central Bank of Bangladesh has taken many initiatives to provide funds to the women entrepreneurs for starting their businesses. According to these initiatives, the government owned commercial banks have opened many branches for female throughout the country so that the female entrepreneurs can collect funds and get other necessary services from the banks smoothly. Besides, the government of Bangladesh has been providing training and motivation to the women entrepreneurs for enhancing their businesses. The government of Bangladesh has also been providing tax exemption and tax holiday facilities to the women entrepreneurs so that they get motivation to start their career as entrepreneur.

There are many NGOs in Bangladesh such as Grameen Bank, ASA, Proshika etc. who are playing a significant role for the development of women entrepreneurs in Bangladesh. These NGOs provide funds, training and motivation, guidelines and suggestions to the women entrepreneurs in Bangladesh.

In addition, some associations and institutions i.e. WEAB (Women Entrepreneurs Association of Bangladesh), JMS (Jatiyo Mohila Sangstha), DCCI (Dhaka Chamber of Commerce and Industries) BSCIC (Bangladesh Small and Cottage Industries Corporation) are working to enhance the number of women entrepreneurs in the country. They are relentlessly trying to create a congenial business environment for the women entrepreneurs in Bangladesh.

The development trend of entrepreneurs in Bangladesh is shown in the following Figure 1:
The above figure shows that the development trend of male entrepreneurs in Bangladesh is gradually upwarding. The above figure also shows that the development trend of female entrepreneurs is upwarding, but the number is insignificant comparing to the number of male entrepreneurs. In this regard, the government, private entrepreneurs, NGOs should pour efforts to create favorable platform for the women entrepreneurs so that they may get motivation to start new businesses.

**Types of Business Operated by the Entrepreneurs in Bangladesh**

In Bangladesh, women are lagging behind both economically and socially. That’s why, it is very much challenging to develop the women entrepreneurship in the country. Since women are in backward position in economically and socially, they cannot undertake venture of starting large-size business enterprises. They mostly involved in small and medium enterprises. On the other hand, male entrepreneurs dominate the business sector of Bangladesh. They are operating all types of businesses in this country. The types of businesses operated by the entrepreneurs in Bangladesh are shown in the following Table 1:
Table 1: Types of Business Operated by the Entrepreneurs in Bangladesh

<table>
<thead>
<tr>
<th>SL</th>
<th>Types of Business Operated by the Female Entrepreneurs</th>
<th>In (%)</th>
<th>Types of Business Operated by the Male Entrepreneurs</th>
<th>In (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing Business</td>
<td>50</td>
<td>Manufacturing Business</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Service related Business</td>
<td>30</td>
<td>Service related Business</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>Wholesale Business</td>
<td>5</td>
<td>Wholesale Business</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>Retail Business</td>
<td>10</td>
<td>Retail Business</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>Other</td>
<td>5</td>
<td>Other</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Author’s Calculation

The above table shows that 50 percent women entrepreneurs are involved with manufacturing business such as food items, leather goods, garments, etc. and 30 percent are involved with service related business such as beauty parlor, boutiques, handicrafts, etc. and 20 percent female entrepreneurs are involved in wholesale, retail and other business. Whereas 30 percent male entrepreneurs conduct manufacturing business such as large size manufacturing industries and 20 percent male entrepreneurs conduct service related business such as bank, insurance, education, hospital, restaurant, tourism, etc. and 50 percent male entrepreneurs conduct wholesale, retail and other business. The percentage in the above table was calculated based on the opinion of the respondents regarding the types of business operated by the entrepreneurs in Bangladesh. These statistics indicate that women entrepreneurs in Bangladesh are now operating small and medium sized enterprises whereas male entrepreneurs are conducting all types of businesses.

Opportunities to the Development of Women Entrepreneurs in Bangladesh

Bangladesh is a democratic and liberal country in South East Asia irrespective of race, religion, color and creed. According to the last Population Census of Bangladesh, the total number of population is 160 million of which half is women. They are contributing a lot to the GDP of the country in many ways. At present, the women entrepreneurs constitute only less than 5 percent of the country’s total entrepreneurs and in some cases, women comprise more than 10 percent of the entrepreneurs (WEAB, 2016). The scenario is gradually changing and more women are entering the entrepreneurship.

The number of educated women is gradually increasing at present in Bangladesh. They are now trying to bring financial solvency in their family. For this reason, there are huge prospects to develop the women entrepreneurs in Bangladesh. The development trend of educated women in Bangladesh is shown in the following Figure 2:
Even a few decades ago, the social perception towards women in Bangladesh was not favorable. Most of the family did not give enough opportunity to the female to do any productive and creative activities outside the home. As a result, the women did not go to the educational institutions and even if any female member wanted to do the job or business, she did not get any support from the family or the society. But at present in Bangladesh, the social perception towards women has been changing gradually. The family and the society are now providing their supports to the female to do activities outside home. So, it is a great opportunity to the development of women entrepreneurs in Bangladesh at present.

The female entrepreneurs are now getting different facilities from the government as well, such as lower tax, tax holiday, lower-interest loan, free training, land, building, legal supports, etc. for easily conducting their business activities.

Previously, entrepreneurs didn’t get any institutional education and training to start their business activities in Bangladesh. The reason behind is that there was no adequate number of institutions at that time to provide entrepreneurship education to the businessmen to start their enterprises. But the entrepreneurship education and training facilities are now gradually increasing. In the meantime, the authority of Daffodil International University has established the department of Entrepreneurship and through this department they are providing education and training to the young entrepreneurs to start their business organizations. They have been arranging different seminars, workshops symposium, summit, conferences, etc. for the development of young entrepreneurs. They have also been arranging some specific programs for the development of women entrepreneurs. As a result, the female entrepreneurs can start their business organizations after getting education and training from the department of Entrepreneurship of Daffodil International University. Besides, the authority of Daffodil International University has already
established ‘Business Incubator’ for the purpose of providing all sorts of supports to the young entrepreneurs to start their business activities.

The slogan of present government of Bangladesh is to make ‘Digital Bangladesh’. That’s why, the government of Bangladesh has placed key attention on the development of technology. They have been formulating favorable laws and regulations to operate social media such as Facebook, Twitter, LinkedIn, etc. in Bangladesh. As a result, social media has been increasing dramatically in Bangladesh. The female entrepreneurs are now operating their business activities through social media. They need not to go outside the home frequently for their business purpose. They can conduct their business activities with the help of social media within their houses. Thus, a plenty of enabling factors are being created for women to become entrepreneurs.

Challenges to the Development of Women Entrepreneurs in Bangladesh

There are some practical challenges for the women entrepreneurs in Bangladesh. Most of them do not possess sufficient knowledge and information on the process of starting a business. They have lack of business skills, training, communication, coordination, and linkage.

The adequate amount of bank loan is required to the female entrepreneurs to start their business enterprises. The government of Bangladesh and the Central Bank of Bangladesh have taken decision to provide the bank loan to the women entrepreneurs without collateral and lower interest rate. The women entrepreneurs can take loan BDT 10, 00,000 at 9 percent interest from the banks at present. But, the prospective women entrepreneurs, do not know how to come forward to approach to the banks to get loan.

Moreover, women entrepreneurs do not get enough cooperation from the bank officials when they approach to the banks. The reason behind is this that the bank officials do not keep their faith on the women entrepreneurs whether they can successfully conduct their business activities and repay the loan amount within specified period of time.

Women entrepreneurs need strong family supports so that they can conduct their business activities smoothly. But they don’t get enough supports from their family. The reason behind is this that the family members want that they should give time to the household activities. Families fell reluctant to provide supports to the women to do the business because of religious restrictions too. They think that if the women of their family work outside home, they don’t maintain religious rules and regulations.

Every entrepreneur needs to survey market before starting any business. Otherwise, s/he cannot attract large number of customers to the products or services. The women entrepreneurs in Bangladesh have no adequate knowledge about the market. The reason behind is this that they do not feel any necessity to know about the issue outside the home because of family restrictions. So, when they try to start their businesses, they cannot conduct market survey to know the information about market within very short time. As a result, although they can start their businesses after overcoming various constraints, they can’t survive for long time in the competitive market.

Business today has crossed national boundaries. It reaches all over the globe. The world is now depending on sophisticated technologies are changing frequently. That’s why, the entrepreneurs need to obtain sound technological knowledge to adapt with the present competitive business environment. But the women entrepreneurs of Bangladesh have no sound technological knowledge to manage their business activities.

The leadership skill is required to manage the business successfully. The leadership skill helps the entrepreneur to influence the human resources of the organization. But it is a matter to
note that the women entrepreneurs of Bangladesh have no enough leadership skill to manage the diversified human resources in an organization.

**RECOMMENDATIONS**

The government of Bangladesh should take initiative to arrange various programs and actions to enhance the business skill of the women entrepreneurs so that they can find out potential business opportunities from the environment. The government should also prepare the information directory where available information including the sources of bank loan must be included. After preparing the information directory, the government should keep it in the particular department or division and also this information directory should be posted in the online so that the women entrepreneurs can easily get information about their businesses. The Central Bank of Bangladesh should circulate an order to the authority of each and every govt. and private commercial bank so that the bank officials become bound to cooperate with the women entrepreneurs when they go to the bank for business loan. In order to develop the leadership skill among the women entrepreneurs in Bangladesh, the government of this country may take decision to establish various institutions so that they may get institutional education and training before starting their businesses. The government may conduct various campaign through social, electronic and print media to create awareness among the people about the importance of women entrepreneurship development so that the family members can understand it and they may provide necessary supports towards the activities of the female entrepreneurs. The government and private organizations may also arrange various training programs on the different issues of the technology so that the female entrepreneurs may enhance technological know-how by attending these training programs. The government and the private authorities may create opportunities for the female entrepreneurs so that they can get facility to study the market before starting their businesses.

**STUDY LIMITATIONS**

This paper focused on qualitative analysis only, which is considered as the prime limitation of the study. The another limitation of the study is that the researcher could not do insert the list of Focus Group Discussions (FGDs) at the appendix part of the study due to strong reluctance of the respondents as evidence. Despite these limitations, the researcher has tried with skilled at hand to unveil the present situation for the development of women entrepreneurs in Bangladesh and provided some suggestions to the government, policy makers, private entrepreneurs and NGOs to overcome the problems.

**CONCLUSIONS**

Bangladesh is now striving for obtaining the vision 2021. For this reason, the government of Bangladesh is trying to create significant number of women entrepreneurs so that they can contribute to the national exchequer.

Creating women entrepreneurs are indispensable at present in Bangladesh. Thus, all stakeholders should come forward and provide their necessary supports to the women entrepreneurs so that they can successfully operate their businesses and contribute to the economic development of Bangladesh.
REFERENCES

Appendix

The interview responses were included in the following Table 2:

Table 2: Interview Responses

<table>
<thead>
<tr>
<th>SL</th>
<th>Questions</th>
<th>Participants</th>
<th>Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>What is the trend of women entrepreneurship development in Bangladesh?</td>
<td>Male Entrepreneurs</td>
<td>Upwarding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female Entrepreneurs</td>
<td>Upwarding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Policy Makers</td>
<td>Upwarding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>General People</td>
<td>Upwarding</td>
</tr>
<tr>
<td>2.</td>
<td>What types of businesses are the women entrepreneurs conducting in Bangladesh?</td>
<td>Male Entrepreneurs</td>
<td>•Manufacturing Business •Service related Business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female Entrepreneurs</td>
<td>• Manufacturing Business •Service related Business • Wholesale Business • Retail Business • Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Policy Makers</td>
<td>• Service related Business •Manufacturing Business •Retail Business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>General People</td>
<td>• Service related Business •Retail Business</td>
</tr>
<tr>
<td>3.</td>
<td>Is there any opportunity for developing the women entrepreneurs in Bangladesh?</td>
<td>Male Entrepreneurs</td>
<td>•Increasing the number of educated women • Changing Social Perception • Favorable government rules and regulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female Entrepreneurs</td>
<td>• Changing Social Perception • Favorable government rules and regulations • Revolution of Social Media • Enhancing Entrepreneurship Education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Policy Makers</td>
<td>• Favorable government rules and regulations • Increasing the number of educated women</td>
</tr>
<tr>
<td></td>
<td></td>
<td>General People</td>
<td>•Changing the Social Perception • Revolution of Social Media</td>
</tr>
</tbody>
</table>
4. What challenges are the women entrepreneurs facing for conducting their businesses in Bangladesh?

<table>
<thead>
<tr>
<th></th>
<th>Male Entrepreneurs</th>
<th>Female Entrepreneurs</th>
<th>Policy Makers</th>
<th>General People</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Lack of Business Skill</td>
<td>• Lack of Family Supports</td>
<td>• Lack of technological knowledge</td>
<td>• Lack of family supports</td>
</tr>
<tr>
<td></td>
<td>• Lack of Leadership Skill</td>
<td>• Lack of information regarding bank loan</td>
<td>• Lack of family supports</td>
<td>• Lack of leadership skill</td>
</tr>
<tr>
<td></td>
<td>• Lack of Family Supports</td>
<td>• Lack of cooperation from bank officials</td>
<td>• Lack of knowledge about market</td>
<td>• Lack of business skill</td>
</tr>
<tr>
<td></td>
<td>• Lack of Technological Knowledge</td>
<td>• Lack of knowledge about market</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Focus Group Discussion
THE INTRODUCTION AND APPLICATION OF A FORMALIZED CSR PLANNING APPROACH FOR SMALL BUSINESSES

Ellen M. Raineri, Penn State University

ABSTRACT

Corporate Social Responsibility (CSR) focuses on an organization’s business practices that have an environmental, social, or human impact (Bowen, 1953; Kechiche & Soparnot, 2012). Although small and midsize businesses engage in CSR activities, the activities and approaches have been criticized for lacking structure and formalized management tools. Small business owners have access to a subset of resources to assist with their business ventures. In some instances, these small businesses acquire formal for-credit education from entrepreneurship major, minor, or specialization programs. Additionally, small businesses derive knowledge from non-credit programs such as those offered from the Small Business Development Centers, the Family Business Alliance (FBA), and university continuing education seminars. Self-study is another possibility as small business owners read or watch videos such as those available from the U.S. Small Business Administration. Last, small business owners receive one-on-one consulting from the Small Business Development Centers and from the nonprofit organization, Service Corps of Retired Executives (SCORE). These resources span topics on business plan development, legal structures, accounting, record keeping, marketing, selling, finance, website development, Search Engine Optimization (SEO), and e-commerce platforms. Within the types of resources mentioned, small business owners are still missing resources to assist them with creating structured CSR initiatives. Accordingly, this paper examines key themes within the top 100 Global CSR companies (based upon research and analysis from the Reputation Institute: strong leadership participation, synchronize brand and CSR, CSR evidence, internal and external CSR, as well as human and social CSR. The paper suggests how small business owners can translate such themes into a formalized planning process to create a CSR Plan. The paper prompts small businesses into creating CSR actions by posing 10 key planning questions. Based upon answering such questions, a sample CSR plan is developed for a small business diner which contains the CSR Leader’s Statement as well as 20 CSR tasks for the diner. As a result of this paper, implications exist for those individuals supporting small businesses. For example, consultants assisting small businesses may decide to utilized the developed list of probing questions to encourage small businesses to participate in developing CSR plans. University professors may decide to incorporate the learning activity of a small business CSR plan as part of the entrepreneurship curriculum. Additionally, CSR plans may supplement business plans in small business pitches. Last, several ideas for the direction of future research are also included within this paper.

Keywords: Small Businesses, Small and Midsized Enterprises (SMEs), entrepreneurs, Corporate Social Responsibility (CSR), Reputation Institute, entrepreneurship curriculum
INTRODUCTION

The use of Corporate Social Responsibility (CSR) by small businesses (fewer than 500 employees) has resulted in numerous benefits such as increased number of customers, increased recruitment of millennials, and increased trust with millennials (Congressional Research Service, 2018; Pollack, 2017). Yet, when small businesses engage in CSR initiatives, their approach is often informal, and formalized management tools are lacking (Baumann-Pauly, Wickert, Spence, & Scherer, 2013). Keck (2016) recounts similar challenges as well as solutions stating that CSR activities for SMBs are not systematic or continuous.

Although the United States does not have any current initiatives to assist small businesses to be more structured with their CSR activities, other countries have implemented programs to add such structure. Keck (2016) delineates a solution implemented by the German government was to provide CSR consulting through a CSR helpdesk teams for the Chamber of Crafts in Berlin. Some of the deliverables as part of the customized CSR support structure include an analysis of “enterprise vision, values, stakeholder and CSR issues along the action fields of workplace, marketplace, environment and local community” (para. 21). Additional deliverables included identification of CSR goals and timelines, development of CSR measurements, formulation of communication strategies of internal and external stakeholder, and identification of continuous impartment within CSR initiatives.

Keck (2016) also discusses another initiative: GILDE Business development agency of the City of Detmold was selected to assist small and midsize enterprises into becoming CSR enterprises throughout 10 locations in Germany. This initiative includes 4 phases: 1). CSR Impulse Focus (theory of CSR and CSR presentations), 2). CSR Basics (sustainability and CSR), 3). CSR Practice (SWOT analysis), and 4). CSR Experience Exchange (CSR fieldtrip to see and experience local CSR initiatives as enterprises).

In general, small business owners have numerous resources to assist with their business ventures. They can take credit or non-credit classes from universities. Additionally, small business owners can take non-credit courses from Small Business Development Centers, the Family Business Alliance (FBA), and the U.S. Small Business Administration. Last, small business owners receive one-on-one consulting from the Small Business Development Centers and from Service Corps of Retired Executives (SCORE). However, the topics that comprise classes and the topics as part of consulting are not on structured, systematics CSR initiatives to assist entrepreneurs like those discussed by Keck (2016). To address this void, this paper will show how small businesses can formally create and utilize a CSR plan.

LITERATURE REVIEW

CSR Benefits

CSR focuses upon the social and environmental aspects and can be defined as “an integrated, systemic approach by business that builds, rather than erodes or destroys, economic, social, human and natural capital” (Visser, 2011, p. 7). Benefits include increased customer loyalty, improved employee attraction and retentions, improved organizational image, cost reductions, increased innovations, increased revenue, reduced risk, increased millennial recruitment, increased employee morale and loyalty, and increased production (Gharleghi, Jahanshahi, & Nawaser, 2018; Pollack, 2017; Nitu-Antonie, Feder, & Munteanu, 2015; Patrizia, 2012; Pastrana & Sriramesh, 2014; Wheelan & Fink, 2016).
Looking at some percentages of comparing sustainable companies, it was shown that with sustainable companies, morale was 55% higher, and productivity was 16% higher (Wheelan & Fink, 2016). Last, within the millennial group, 92.1% of applicants felt that CSR was of significance such that CSR one of the criteria when evaluating job opportunities. Additionally, about half of millennials were even willing to accept a 20% salary reduction if the company were actively involved in CSR initiatives (The Adecco Group, 2017).

Internal and external CSR activities collectively have a positive impact on an organization’s performance. However, when there is wide gap of an organization having significantly more internal CSR activities than external CSR activities, there can be a negative impact on the organization’s performance (Hawn & Ioannou, 2016). Internal CSR had a positive impact on employees’ internal motivation, but external business partner CSR customer related activities did not (Skudiene & Auruskeviciene, 2012).

Current Small Business Education and Resources

Numerous avenues of education are available for small business owners to increase their knowledge as they can acquire formal credit-based education from university entrepreneurship major, minor, or specialization programs. Small business owners receive one-on-one consulting from the Small Business Development Centers and from the nonprofit organization, SCORE. Self-study is another possibility as entrepreneurs read or watch videos such as those available from the U.S. Small Business Administration or from Massive Open Online Courses (MOOCS) such as those courses from the learning platforms Coursera or Udemy.

Additionally, small business owners derive knowledge from non-credit programs such as those offered from the Small Business Development Centers, the Family Business Alliance (FBA), and university continuing education seminars. For example, the New Jersey SBDC (2018) offers extensive courses to entrepreneurs. Participants can take five courses to earn an Accounting and QuickBooks certificate. An entrepreneurial certificate can be earned by taking courses that include topics on business plans, sales, marketing, taxes, mental health, record keeping, and financial statements. A digital blue print certificate can be earned by completing courses in website planning, WordPress, SEO, Google AdWords, Google Analytics, video creation, blogging, and social media. Participants can also take courses that are not within the certificate programs such as marketing, networking, insurance, e-commerce, employee handbooks, leadership, business valuation, self-care, crowdfunding, trade shows and more.

Once small business owners become educated, they can practice what they learned by creating a business plan that can be done manually or electronically. Business plans are often divided into these sections: Executive Summary, Business Summary, Products/Services, Target Market, Competition, Sales, Marketing, and Financials (Barrow, Barrow, & Brown, 2012; Woodruff, 2018).

Although there are resources representing a variety of topics important to small businesses, resources focusing on a structured approach for CSR activities is missing. A proposed solution is to provide small businesses with assistance in strategizing CSR that supplements the commonly created business plan. It is recommended that content of such plan be based upon key themes used by socially responsibly recognized firms, namely those evaluated by the Reputation Institute.
METHOD AND RESULTS

Summary of Sample and Survey

The Reputation Institute (2017) had conducted research of companies within 15 countries. It was required that the companies had to have a reputation that was considered above average. Also, these companies had to be recognizable (at least 40%) on a global scale. 170,000 ratings were evaluated resulting in the Global 100 most socially responsible companies such as LEGO group, Microsoft, Google and more.

Results

An analysis of the results shows that five themes emerge as listed in Figure 1.

![Figure 1. Five Themes for Successful CSR Projects](image)

**Theme 1**

The first theme focuses on the strong participation from leaders in the companies’ CSR initiatives (Reputation Index, 2017). Leaders must set the tone and champion projects within their organizations. For example, Cisco, Chuck Robbins states, “I’ve never been more certain that what is good for people, society, and the planet is good for business” (Cisco, 2017, p. 1).

**Theme 2**

The second theme focuses on synchronization of an organization’s brand with CSR (Reputation Index, 2017). Abratt and Kleyn (2012, para. 15) describe “corporate identity is an internal organizational strategic decision, and the corporate brand is the mechanism that allows for alignment between the desired identity and how stakeholders ‘see’ the identity.” Brand positively impacts employees and external stakeholders (Makasi & Munyoro, 2014).

In some instances, it may be difficult for a small business to be able to afford CSR initiatives that align with brand on a solo basis. As an example, consider the eyeglass company, Warby Parker that offers the “Buy one get one” program. To date, Warby Parker (n.d.) has given away about 3,000,000 glasses. Since start-ups are not dealing with such magnitude, Hughes (2017) recommends working with a partner to ease cost and volume. In this example, a small
business optometrist might engage in some initiative to support the nonprofit, Eye Care 4 Kids. Hughes (2017) additionally recommends choosing a CSR initiative that aligns with brand and involves customers. As an example, a small business vet or groomer might have a contest in which customers can pay a fee to enter a picture of their pets into different categories. The winner can receive a partial payment that is shared with a donation to the local SPCA. Last, Hughes (2017) recommends contributing to community education. For example, a small business law firm can establish a $1,000 scholarship at a local university for a law student.

**Theme 3**

The third theme focuses on organizations having evidence of CSR in walk, not just talk – actions, not just words (Reputation Index, 2017). Schons and Steinmeier (2016) formulated four categories that depict how companies talk or act regarding CSR as follows: Neglectors (no talk or actions), Greener (all talk), Silent Saints (only walk), Balanced Engagers (talk and action) in relationship to high proximity or low proximity. Further research on walking the CSR talk shows that the Greener’s significant CSR actions were not always noticed by low proximity stakeholders (customers). Rather, the high proximity stakeholders (employees) scrutinized the CSR talk being paired with CSR actions. However, beyond the results of this study, Schons and Steinmeier (2016) note that customers have become increasingly skeptical about touted CSR initiatives that are missing accompanying CSR actions. Skarmeas and Leonidou (2013) have also observed customers’ attention to companies’ active CSR involvement.

**Theme 4**

The fourth theme focuses on organizations participating in internal and external CSR activities such as internal fair decision making, equitable wages, workplace safety, training and development, and work life balance (Hameed, Riaz, Arain, & Farooq, 2016; Shen, & Zhu, 2011). In addition to people, internal CSR can focus on improving internal actions – i.e. implementing policies to improve efficiency (Hawn & Ioannou, 2016). External can focus on environment and social causes (Hameed et al., 2016).

**Theme 5**

The fifth theme focuses on organizations participating in both human and social types of initiatives (Reputation Index, 2017). As an example, Cisco has been supporting fair wages within the human needs. The company has also implemented an initiative to foster entrepreneurship thinking among its employees through its Innovate Everywhere Challenge. Employees can present their ideas which may be selected and supported with mentoring and funding. An example of a winning project is Connected Medical Military Response. Through the use of sensors and analysis of data, diagnosis and treatment time of soldiers’ injuries can be improved. Another example is PTO to Give. Employees can choose to have the monetary equivalent of their net PTO time donated to charities (Chen, n.d.).

Cisco (2018) has also been supporting social needs. As an example, in 2017, grants to 154,000 nonprofit organizations were awarded. 96% of this organization’s employees Cisco’s employees participated in education that focused on human rights which can include topics such as “freedom, justice, equality, human dignity, non-discrimination, democracy, sustainability, poverty, universality, rights, responsibilities, interdependence, solidarity, and peace” (The Advocates for Human Rights, n.d. para. 2). Last, Cisco has donated 355,000 to community organizations (Cisco, 2018).
DISCUSSION

Although the Reputation Institute focused on large organizations, it is believed that these most socially responsible organizations could still be role models for small organizations as the themes could be adapted to small businesses’ initiatives. Accordingly, the initiatives addressed in this discussion focus on the activity of formalized CSR planning and the deliverable of a CSR plan.

Introducing a Formalized CSR Planning Approach for Small Businesses

When creating a business plan, small business owners have choices for numerous types of software that provide electronic templates such as Business Plan Pro, LivePlan, or Enloop. However, this type of software with templates does not exist for Strategizing CSR. A recommendation is to create a CSR Plan that is an appendix to the Business Plan. It can consist of two main areas: Leadership’s CSR statement and company activities. Then, when completed, a set of checklist questions, based upon the earlier presented five themes, can be used to evaluate of appropriate CSR content is included.

The small business owner should consider profitability, the company’s purpose, employees, and customers. Other components may include a company CSR website, identification of a CSR theme, and charities supported (Idowu & Towler, 2004). Last, Gond and Igalens (2008) state “CSR in a SME depends very much upon the personality and personal convictions of its managing director (as cited in Kechiche & Soparnot, 2012, p. 99).

Following are some questions to formalize the generation of ideas for the Leader’s CSR statement for CSR actions: (a) Leadership Participation: What is your leadership statement linked to CSR? How will you communicate that statement (i.e. annual report, website, framed print on wall)? How will you personally fan the CSR flame (i.e. speak of CSR topic at staff meetings, attend company CSR activities, other)? (b) What nonprofits align with your brand? (c) What actions will your company engage in to continuously fan the CSR flame? (d) How will your company support professional development for employees? (e) How will you ensure fair salaries? (f) What activities can be conducted that support the well-being of employees? (g) Will there be formal or informal rewards for employees who participate in CSR activities? (h) Are there ways in which you will publicize CSR activities that have been completed? (i) How might you involve customers in your CSR activities? and (j) How will you educate employees on ethical decision making?

Applying a Formalized CSR Planning Approach to Create a Small Business CSR Plan

The Appendix illustrates a sample high-level CSR Plan for a start-up entrepreneur that has opened a diner. The purpose is to illustrate how the five themes from Reputation Institute’s study can be applied and to utilize checklist questions to ensure the application of such themes. The proposed CSR Plan is recommended to be incorporated in the Appendix section of a small business owner’s Business Plan.

Additionally, Table 1 shows how each of the CSR tasks in the Diner’s CSR Plan maps to the above questions (a—j). For example, in column 1, the “CSR Question” for H as listed above is, “Are there ways in which you will publicize CSR activities that have been completed?” In
column 2, the “CSR Tasks Supporting the Question” is #8 on the CSR Diner’s Plan: “On Facebook account, include posts for CSR activities participated in by organization, as well as highlights of different food nonprofit organizations.” The table provides an organized summary as well as assurance that all questions have at least 1 task.

<table>
<thead>
<tr>
<th>CSR Question</th>
<th>CSR Tasks Supporting the Question</th>
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<tbody>
<tr>
<td>A</td>
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<tr>
<td>B</td>
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</tr>
<tr>
<td>C</td>
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<td>D</td>
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<td>E</td>
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<td>3,4,9</td>
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<tr>
<td>J</td>
<td>15,16</td>
</tr>
</tbody>
</table>

**Checklist of Questions**

Once the plan is developed, an entrepreneur should determine if content in the CSR plan incorporates the five themes. First, the small business owner should query, Is there leadership involvement?” Next, “Are the brand and CSR activities in alignment?” Next, “Is there a mix of internal and external CSR/human and social activities?” Last, “Is there evidence of CSR actions instead of only CSR talk?”

**Implications to Those Supporting Small Business Owners**

Accordingly, as a result of content within this paper, universities’ continuing ed programs and Small Business Development Centers may be motivated to offer a seminar to assist small businesses to create a CSR plan. Coaches from Score and the SBDCs may see value in developing a list of probing questions to encourage small businesses to participate in such plans. University professors may want to include a small business CSR plan as part of the
entrepreneurship curriculum. Additionally, business plans and business plan pitches may also change to include a CSR plan added to the standard business plan.

FUTURE RESEARCH

Numerous types of research can result from this paper. First, research can focus on surveying those who assist small businesses owners with their CSR plan (i.e. individuals from SCORE as well as professors) and the small business owners themselves to evaluate their perspective on the process of CSR planning and their anticipated execution of the plan. Second, once numerous small businesses have created CSR plans, research can examine common and dissimilar elements of such plans by the small business’s industry, location, and size. Third, although one structured planning approach for creating a CSR plan has been presented in this paper, additional research can propose other types of planning approaches to create a CSR plan for small businesses. Fourth, although this paper targets small businesses, future research can target chambers in the United States as well as chambers in Europe to assist them in developing a CSR plan. An analysis of similarities and differences of the CSR initiative can be made as part of the research.

CONCLUSION

Universities, Small Business Development Centers, and SCORE provide many training and consulting opportunities to small business owners. However, still missing is assisting small business entrepreneurs with formalizing their CSR activities which contrasts the assistance provided for the Chamber of Crafts and for the city of Detmold (Keck, 2016). Content for a sample small business CSR Plan has been presented that is based upon common themes used by the Global 100 most socially responsible companies as evaluated by the Reputation Institute. Universities, Small Business Development Centers, and SCORE can also assist with this initiative.

REFERENCES


## CSR Leader’s Statement

Our organization strives to be successful in the creation of profit as well as from its positive impact upon its employees, society, and the environment.

## CSR Tasks

Our organization will engage in the following tasks to support CSR:

1. Inclusion of CSR Leader’s Statement in Welcoming letters to new employees
2. On our website, include link for viewers to make donation to food related non-profits such as Feeding America, The Hunger Project, Meals on Wheels, or The Soup Kitchen
3. Have a sign-up sheet to invite customers and employees to participate at a local soup kitchen event.
4. Make sandwiches and partner with other industries (i.e. local bakery, local beverage store) to distribute a meal to homeless. Invite employees and customers.
5. Contact nonprofits to see if they want left over food (i.e. women’s’ or men’s’ shelters or food banks)
6. In the lobby waiting area, key up content that can be made into a poster or framed that discussed nonprofit food organizations like Feeding America, The Hunger Project, Meals on Wheels, or The Soup Kitchen
7. Choose a nonprofit food organization from Amazon Smile
8. On Facebook account, include posts for CSR activities participated in by organization, as well as highlights of different food nonprofit organizations
9. Include a CSR suggestion box that employees or customers can contribute to
10. Include a collecting bank by the register for a food non-profit organization that is changed every two months
11. Make a monetary donation monthly to a food non-profit even if the donation is initially small like $20
12. Provide human rights education for employees when initially hired and on an annual basis. Content can include handouts as well as YouTube videos with questions to answer
13. Employees will participate in a variety of mandatory (safety) and optional training (personal development) topics
14. Funding will be provided for approved MOOCS (i.e. Coursera or Udemy)
15. A Code of Ethics will be developed and utilized as well as regularly analyzed
16. Information such as ethical decisions making and sample cases from the Markkula Center for Applied Ethics will be shared with employees at meeting and will be distributed for self-reading
17. Employees will receive coaching, performance reviews, respect, and appreciation
18. A CSR Innovate Challenge contest will be open to the employees and public
19. The diner will have recycling bins for paper, plastics, cans, and glass as well as energy efficient light bulbs
20. On an annual basis, management will evaluate salaries using salary websites such as salary.com