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## EDITORIAL NOTES

The aim of the EJFBS is to publish theoretical and empirical articles, case studies, and book reviews on family business topics. The EJFBS will be available with open access at the journal home page.

In this issue, we will have the following family business contributions. The three first articles have been presented at the FBE 2008 Conference - Best Practices on Family Business and Entrepreneurship Higher Education.

*Naomi Birdthistle, Briga Hynes, Michele O'Dwyer and Yvonne Costin: Enterprising Tertiary Level Students (pages 4-29)*

*Tarja Römer-Paakkanen: Networked Learning of Entrepreneurship: Triangulation of Doctoral Studies, Research and Practice (pages 30-45)*

*Helena Allahwerdi and Hely Westerholm: Family Business Entrepreneurs' Influence on Entrepreneurship Education and Training – a Discussion Paper (pages 46-59) and*

*The Best Case Study in Progress (Winner of the 2008 EJFBS Students' Case Study Competition)*

*Rolex Owino: Family Business as a Platform for Growth Venturing? Family Influence on Growth Venture Goal-Setting (pages 60-75).*

Call for Papers (including information for authors and submission format) can be found at the end of the EJFBS.

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## **ENTERPRISING TERTIARY LEVEL STUDENTS**

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## INTRODUCTION

Ireland is a small open economy, which is dependent on international trade. Ireland has transformed itself from a traditional dependence on agriculture and then manufacturing to a knowledge-based, high value-added, service-led economy. Education is an important component of such a knowledge-based economy, playing a vital role in its transformation over the past number of decades and contributing to future economic success by helping to foster a culture that is conducive to innovation and enterprise. The Irish government has begun to focus on the development of smaller domestic firms as a source of future growth, which makes sense given the relevance of enterprise to the Irish economy. Encouraging enterprise education is therefore high on the agenda of the Irish government as entrepreneurs are catalysts of growth, generating capital, innovation and skills. The objective of this paper is to describe the range of entrepreneurship education programmes in operation at the University of Limerick. Particular focus is placed on how these programmes are delivered outside the Kemmy Business School to non-business students.

### *The Evolution of an Enterprise Culture in Ireland*

Small and medium-sized enterprises (SMEs)<sup>1</sup> have played a key role in the generation of an enterprise culture in Ireland in recent decades; however Ireland has not always been an encouraging environment for the establishment of such enterprises. Prior to the early 1980's the Irish government's policy was mainly focused on attracting Foreign Direct Investment (FDI) as a means to encourage new business development and those with the initiative to establish their own enterprise had to emigrate to receive the assistance they needed (Business 2000). However, government attitudes changed dramatically once they realised that FDI was not secure in terms of investment as Multi National Corporations (MNC's) closed their subsidiaries in Ireland. Thus government focus shifted to developing SME's as a key source for the development of an enterprise environment and employment in Ireland. Nowadays the government recognises the importance of SME's and their contribution to economic growth, social cohesion, regional and local development and the increasing importance of enterprise education at all educational levels (i.e. primary, secondary and tertiary level) to enhance the development of enterprise in Ireland.

According to Enterprise Ireland (2004) the small firm sector has made a substantial contribution to the economic and social infrastructure of Ireland on a national and regional basis. This contribution was evident in 2003 where it was estimated that the number of small firms in Ireland was approximately 186,114, an increase of 16,114 over a three-year period since 2000 (Revenue Commissioners 2003). More recently, the Small Business Forum (2006) suggested that there were approximately 250,000 small firms in Ireland in 2006 (inclusive of both manufacturing and service firms). Furthermore these firms accounted for more than 99% of all enterprises in Ireland and contributed to 68.4% of private sector employment.

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<sup>1</sup>The SME definition encompasses three components: micro enterprises (less than 10 employees); small enterprises (10 but less than 50 employees) and medium-sized enterprises (50 but less than 250 employees).

According to the Small Business Forum (2006) employment in this small firm sector increased by 79% over the period 1995-2005. These figures therefore highlight the importance of the small firm sector to the Irish economy.

## **ENTREPRENEURSHIP AND ENTERPRISE**

Enterprise and entrepreneurship are terms that are used interchangeably and it is vital to recognize the distinction between them (Birdthistle, 2008). The concept 'enterprise' can be interpreted to mean encouraging individuals to become entrepreneurs and to provide them with the necessary skills to make a business successful (Mason, 2000). In essence, 'enterprise' is about spotting opportunities, creating new ideas and having the confidence and capabilities to turn these ideas into working realities (Nixon, 2004 as cited in HEA, n.d.). Whereas 'entrepreneurship' is an activity, which leads to the creation and management of a new organisation, designed to pursue a unique, innovative opportunity (Hindle and Rushworth, 2000). Fundamentally, it is about using enterprise to create new business, new businesses and 'can-do' organisations and services (Nixon, 2004 as cited in HEA, n.d.). For the purpose of this paper the two terms are used interchangeably.

### **Enterprise Education**

The universal aim of enterprise education is to help young people develop skills and attributes that allow them to be innovative and to identify, initiate and successfully manage personal and work opportunities, including working for themselves, which results in entrepreneurs being created. Furthermore, enterprise education is about helping young people make things happen, being creative and finding opportunities for themselves. It develops young peoples' entrepreneurial skills, attributes and an awareness of how their community, including business and industry, works (Birdthistle, 2008). Garavan *et al.* (1995) define enterprise education as the process or series of activities which aims to enable an individual to assimilate and develop knowledge, skills, values and understanding that are not simply related to a narrow field of activity, but which allow a broad range of problems to be defined, analysed and solved. Enterprise education can be further defined as:

*"...learning directed towards developing in young people those skills, competencies, understandings and attributes which equip them to be innovative, and to identify, create, initiate, and successfully manage personal, community, business and work opportunities, including working for themselves (Gilbert, 2004, pp. 285).*

A review of the literature on enterprise education points to the dearth of rigorous studies that have examined the impact of enterprise related educational initiatives with young people (Anderson *et al.*, 2003; Kolvereid and Moen, 1997). A small number of studies across different cultures have shown that the introduction of enterprise in education does appear to make a difference to attitudes and entrepreneurial start-up rates (Kolvereid and Moen, 1997; Rosa and Fletcher, 1998). This has been confirmed more recently with Australian enterprise education programmes reported by Peterman and Kennedy (2003).

In order to foster entrepreneurship, it has been increasingly common to provide specialised courses in tertiary institutions and enterprise education has been promoted to encourage entrepreneurial behaviour (Peterman and Kennedy, 2003). Reviews of the literature on entrepreneurship and enterprise education (Dainow, 1986; Gorman *et al.*, 1997) and of particular entrepreneurship support programmes (McMullan *et al.*, 2002) provide some evidence that these programmes are successful in encouraging entrepreneurs to start businesses, or improve the performance of businesses. Therefore, enterprise education should be offered and available to all students. The development of enterprising skills in young people is important preparation for work and life. Enterprise education seeks to foster in students the relevant skills and values which will assist them to integrate different perspectives on schooling and opportunities beyond, such as:

- creativity, innovation and self-reliance;
- the ability to generate, recognise and seize opportunities;
- greater appreciation of the need for lifelong learning; and
- personal development that will help them to be more adaptable.

The effective interaction between schools, business, industry and community is a key element in enterprise education. The active support and engagement of businesses and communities provides students with the opportunity to put into practice the skills and values they have learned through their enterprise education activities. Therefore the focus and objectives of enterprise education programmes should involve the acquisition of a broader set of life long skills and not simply training for business start up (Martin, 2004; DfES, 2002; Audretsch, 2002) and in developing enterprise capacity (DfES, 2002; 2003; NCIHE, 1997). Enterprise education should contribute to the development of a range of skills, including the ability to innovate and to provide leadership, which pays dividends for the individual and the economy in any employment context. It should instil an interest and the potential to start a new business (Galloway and Brown, 2002). In summary, Galloway *et al.* (2005; pg.1) suggested that educators “have an obligation to meet students’ expectations with regard to preparation for the economy in which they will operate.

Teaching enterprise requires a different pedagogical approach to other subjects. The best way to teach this is through experiential learning and not didactically as most other subjects are taught (Weaver, 1999). Experiential learning involves continuous exposure to and reflection on practical encounters. Given that the entrepreneurship lecturer is a key part of the learning environment as their pedagogical style and their own attitude to enterprise will have a significant impact on the learning outcomes of the programme. Traditional lecture driven teaching methodologies are less relevant to entrepreneurship courses, as they may inhibit the development of entrepreneurial skills and characteristics (Kirby, 2002: pg 1). In entrepreneurship education, the role of the educationalist moves from the traditional “sage on the stage” to becoming a “guide on the side” (Hannon, 2005: pg 1). The educationalist needs to adopt the role of coach, mentor, and challenger and have the ability to provide feedback in a constructive and relevant manner (Hynes and Richardson 2008: pg 1).

As well as creating an enterprising environment, Gibb (1993) states that the real challenge for educational institutions is to acquire staff with an orientation towards an enterprising mode of learning, and a capability to teach it. The lecturer plays a crucial role in the overall effectiveness of any enterprise programme. Gibb (1993) observes that the lecturer/instructor needs to encourage an ‘enterprising’ style of learning as opposed to the more traditional ‘didactic’ teaching approach. Teaching enterprise via the formal didactic processes will ultimately not result in the simulation of the ‘knowing how’. Gibb (1993) additionally noted that the lecturer needs to act as more of a guide and a partner in the learning process as opposed to a dictator who delivers knowledge to a largely passive audience. Moreover, lecturers need to recognise and understand the different ways that people learn and lecturers should aim to facilitate this process.

**Table 1. Didactic and Enterprising Learning Modes.**

<b>DIDACTIC</b>	<b>ENTERPRISING</b>
Learning from teacher alone	Learning from each other
Passive role as listener	Learning by doing
Learning from written texts	Learning from debate and exchange
Learning from ‘expert’	Learning by discovery (under guidance)
Learning from feedback from one key person (the teacher)	Learning from the reactions of many people
Learning in a well organised time-tabled environment	Learning in a flexible informal environment
Learning without the pressure of immediate goals	Learning under pressure to achieve goals
Copying from others discouraged	Learning by borrowing from others
Mistakes feared	Mistakes learned from
Learning by notes	Learning by problem solving

Source: (Gibb, 1993)

As can be seen in Table 1, if lecturers are to effectively teach enterprise then they need to make the transition from *didactic* to *enterprising teaching modes*. This may involve a perceived loss of power and control as the lecturer becomes a facilitator and is no longer the centre of attention in the classroom.

*The adoption of enterprising teaching modes should emphasise active learning, problem based learning and discovery teaching. Active learning places greater emphasis on the students exploring their own skill, competencies and general self-awareness. In a problem-based learning and discovery environment, either on their own or in teams, students assume responsibility for solving problems which mirror real work experiences. Essentially the combination of these approaches provides students with personal and career development. Furthermore, role models, guest speakers and case studies can encourage skills development such as self-efficacy confidence, initiative, and problem-solving skills. However, the adoption of such methods is resource driven and requires the educationalist to have the confidence skills and competencies to accomplish this.*

*Research by Hytti and O’Gorman (2004) in a comparative study of entrepreneurship courses across a number of countries (Ireland being one), found that the*



*trainers lacked the skills and information required about entrepreneurship to provide students with the necessary skills and knowledge for entrepreneurship education. They recommended the need for in-career training to support and address the needs of the trainers to ensure they are better equipped. A further suggestion proposed by Hynes and Richardson (2008) was the recommendation for team teaching or joint input on course design and development by subject specific experts in the more technical/legal aspects required for the entrepreneurship courses.*

To date the review of the literature provides an understanding of the importance of enterprise education as a means of providing graduates with a range of lifelong enterprising skills to equip them to engage in a more enterprising manner into the world of work either as an employee and or and an entrepreneurs. Additionally, the research has highlighted that enterprise education programmes are an important means of creating an enterprising graduate. Furthermore it was revealed that the introduction of such programmes poses challenges for educationalists in terms of programme design and delivery and for the need for the educators to have the ability to move from the traditional teaching modes of develop to a facilitator role incorporating in the main experiential learning delivery methods. This may not be easily achieved. The following presents the case study of the University of Limerick as an example of how the Kemmy Business School has successfully implemented a range of entrepreneurship programmes.

### **Enterprise at the University of Limerick**

The University of Limerick (UL) is an independent, internationally focused university with over 10,500 students and 1,200 staff. It is a young, energetic and enterprising university with a proud record of innovation in education and excellence in research and scholarship (University of Limerick, 2006). Its mission is to promote and advance learning and knowledge through teaching, research and scholarship in an environment, which encourages innovation and upholds the principles of free enquiry and expression. Within the University of Limerick lies the Kemmy Business School, which is home to over 2,500 students, 100 faculty and staff spread across four departments. The entrepreneurship faculty reside within the Department of Management and Marketing in the Kemmy Business School.

The first entrepreneurship initiative was introduced at the University of Limerick in 1983. The programmes introduced since then have been designed to develop and transfer knowledge about the enterprise process, and to encourage students to examine entrepreneurship as a viable career option. Programmes operate at both undergraduate and graduate levels. They range from structured courses consisting of lectures, assignments, case studies and readings to innovative integrated programmes where students actively participate in the small business sector, develop business plans and are exposed to prominent entrepreneurs, both national and international. As indicated by Table 2 below, student numbers taking entrepreneurship modules increases year on year.

**Table 2. Entrepreneurship modules and student numbers.**

<b>Year</b>	<b>Entrepreneurship<sup>2</sup> (core module)</b>	<b>Enterprise Formation</b>	<b>Enterprise Development</b>	<b>Business Consulting</b>
2007- 2008	291	124	83	156
2006- 2007	283	117	78	119
2005- 2006	313	106	72	152
2004- 2005	281	114	50	138
2003- 2004	238	109	33	98
2002- 2003	270	108	36	114
2001- 2002	197	91	45	107
2000- 2001	210	107	36	97
<b>Disciplines</b>	Bachelor of Business Studies (BBS) BBS with German BBS with Japanese BBS with French Irish Music and Dance Language & Cultural Studies Erasmus students Study Abroad students	Bachelor of Business Studies (BBS) Project Management Wood Science & Technology BBS with French Computer Systems Equine Science Erasmus Study Abroad	Bachelor of Business Studies (BBS) BBS with German BBS with French Project Management Equine Science Erasmus Study Aboard	Bachelor of Business Studies (BBS) BBS with German Project Management Wood Science & Technology Public Administration Equine Science Erasmus

Furthermore, Table 2 indicates the interdisciplinary nature of the entrepreneurship modules who server a range of degree programmes such as BA in Public Administration, BSc in Wood Science and Technology, BSc in Equine Science, BSc in Computer Systems and BSc in Electronics. Additionally, entrepreneurship modules are taken by Erasmus and study abroad students, and each year these students are facilitated by the entrepreneurship faculty. Anecdotal responses from students from these non-business related degree programmes give the following reasons why they choose entrepreneurship modules:

<sup>2</sup> In 2007-2008 Entrepreneurship is renamed to Entrepreneurship and Innovation and is offered in Year 2 instead of Year 3.

- *“We can take control of our learning”.*
- *“It is an opportunity to meet and interact with the outside community i.e. support agencies; real entrepreneurs; small business owners”.*
- *“It’s an opportunity to work in groups”.*
- *“The course work is totally different to what we normally encounter i.e. 100% reports, project management, presentations”.*
- *“This is the only opportunity for us to give presentations and write formal reports”.*

The following section describes the range of entrepreneurship programmes offered through the Kemmy Business School at the University of Limerick at undergraduate level.

### **Entrepreneurship and Innovation as a Core Module**

As part of the [revised] Bachelor of Business Studies degree, which commenced in 2006/7, all students have the opportunity of taking "Entrepreneurship and Innovation" as a core component of Year 2 of the four year programme. In the past the core module was offered in Year 3. This programme is designed to encourage students' entrepreneurial behavior through the introduction of the principles of entrepreneurship, the process of creativity and innovation, and the impact of this process on the success of new enterprise creation. As such its key objectives are to examine the nature and development of entrepreneurship and the general behavioral characteristics of entrepreneurs; to explore the strategic importance of innovation, creativity and new product/service development processes in business; to introduce students to the entrepreneurial process and the principal techniques and concepts necessary in the launch of a new venture; and to understand the critical role of the entrepreneur and intrapreneur in the process of innovation. See Appendix I for a copy of the course outline.

### **Entrepreneurship Minor Stream**

As part of business and non-business degree programmes at the university, students are offered an 'Entrepreneurship' minor option. This multiple integrated programme covers a period of four semesters during years 3 and 4 of study (see Table 3). The objectives of the programme are:

- To provide participants with an insight into the role of the entrepreneur and the entrepreneurial process.
- To develop the core skills and attributes necessary for entrepreneurship, such as creative problem solving; diagnostic skills, communication and project management.
- To induce enterprising behaviour.
- To focus participants' business vision so that they think strategically and can generate and manage business opportunities and
- To assist personal development through freedom and opportunity to practice entrepreneurship.

**Table 3. Structure of Entrepreneurship Minor Stream.**

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<b>Structure of Minor Stream</b>
<b>Year 3</b>
Semester 5 – Enterprise Formation
Semester 6 – Co-operative Placement
<b>Year 4</b>
Semester 7 – Enterprise Development
Semester 8 – Business Consulting

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### **Enterprise Formation**

The course on ‘Enterprise Formation’ offers perspectives dealing with models of entrepreneurship, enterprise culture, the entrepreneurial process and an analysis of birth, growth and development phases of a new business. It has three key objectives: first, to develop students’ understanding of the entrepreneurial process and the role of small firms in economic development. Second, to identify and evaluate external and internal factors that impact on business start-up and third, to facilitate students in developing a range of diagnostic, analytical and decision-making skills necessary for the formulation, development and evaluation of a business start-up.

This module consists of five parts. Part One of the module commences by facilitating an understanding of entrepreneurship, preparation for the entrepreneurial journey; recognition and creation of opportunities and concludes with the development of a business model. Part two examines entrepreneurship and the economy, examining the role of the entrepreneurial firm in economic development and the measurement of global entrepreneurship. Part three examines the industry, the market and start-up resources. This leads into part four which examines the business plan; legal options, the incorporation of ethics and social responsibility; the development of an entrepreneurial organisation; the development of an entrepreneurial marketing plan and concludes with funding a start-up venture. Part five concludes the module by examining the issues of business development and growth. (Appendix II includes a copy of the guidelines for the assignment for this module along with the course outline).

### **Enterprise Development**

The course on ‘Enterprise Development’ is concerned with the practical application of the knowledge acquired in ‘Enterprise Formation’. It requires multidisciplinary teams of students (marketing, finance, personnel, engineering and science) to prepare a business plan for a manufacturing or internationally traded service area. Teams are required to conduct a thorough market analysis in order to evaluate the opportunity identified, to design and develop a prototype of their product, and to formulate a comprehensive business strategy including funding requirements and financial projections. The module is run in tandem with the national Enterprise Ireland Student Enterprise Awards and other competitions introduced to encourage young entrepreneurs.

This module includes the following topics, creativity, innovation, idea generation, evaluation of business opportunities, business formation process, feasibility study,

the business plan, industry analysis, competitive strategy, secondary and primary research, identifying target markets, product/service development, manufacturing/operations, forecasting demand, intellectual property, market/sales strategy, legal forms of organisation, Board of Directors, sources of finance, debt versus equity, financial projections, cash flow, profit and loss, balance sheets, visual and oral presentation of the business plan. Appendix III includes a copy of the guidelines for the assignment for this module along with the course outline.

### **Business Consulting**

In their final semester, students progress to undertake formal business consulting assignments. The course involves teams of four to five students from different disciplines consulting with a small company in the region. Preparation of feasibility studies, strategic marketing plans, market research reports, industry analysis and the implementation of financial control systems represent typical assignments. The consulting process involves both functional and management skills as the students work independently of any syllabus for most of the semester. Students define their terms of reference with their client company and determine the quality and format of the report. Each student group is allocated a project supervisor who is a member of the entrepreneurship faculty. Formal presentations to the client company and other interested invited parties take place at the end of the course. The module involves a project management task structure for learning under conditions of uncertainty and an enterprising teaching mode. Appendix IV includes a copy of the course outline and the necessary deliverables for the completion of the module.

### **DISCUSSION**

The entrepreneurship minor stream has proved highly popular, attracting business, engineering, science and arts students. In addition to the 'hands-on' minor option described above, taken on an 'elective' basis, all students on the full-time Bachelor of Business Studies (BBS) programme must complete a core module - 'Entrepreneurship and Innovation'. The course incorporates an 'Entrepreneurship Forum' and special seminars on entrepreneurship topics, with invited expert speakers, to complement the lectures and tutorials. As with all the entrepreneurship courses offered by the Kemmy Business School, students are given the opportunity to combine academic with practical aspects of entrepreneurship. Apart from studying theoretical concepts and constructs, all students assemble into interdisciplinary teams to conceive their own business enterprises and develop formal business plans for the prospective new ventures. Student feedback indicates that a number of benefits are experienced from participation on such programmes. These include the acquisition of an integrated knowledge and understanding of what is involved in starting and managing a business. Additionally, the students gain a new set of skills and competencies, which result in personal development. For instance greater communication skills, confidence, decision making skills, risk taking abilities, presentation skills, and negotiation skills. These skills are very important when embarking on a career or when establishing their own business.

Several career options exist for graduates with enterprising skills. Starting a new venture is only one possibility among entrepreneurial career choices. A graduate can seek employment in a newly established firm in which the activities and structures are evolving and the dynamism of the entrepreneur can be used. Another option exists within established firms in which entrepreneurial activity is required for renewal and change. As an 'intrapreneur' within an established setting, an individual may pursue new ideas creating new products and services. Small business development agencies, institutions that support small businesses such as banks and financial institutions, franchises and family businesses also offer career choices for graduates with an entrepreneurship education.

The way in which entrepreneurship modules are taught at the University of Limerick indicates the adoption of an experiential, enterprising learning mode. Experiential learning is encouraged through the continuous exposure to real life entrepreneurs by having them come into the classroom and give seminars on being an entrepreneur and through the use of applicable case study material i.e. entrepreneurship faculty write their own case studies for use in tutorials. Lecturers also encourage students to reflect on their learning through having project management as part of their assessment methods. Enterprising learning modes are used to teach entrepreneurship at the University of Limerick. Faculty have adopted this method through attending training programmes like the Entrepreneurship Colloquium on Participant-Centered Learning at Harvard Business School and the International Teachers Programme. These programmes have enabled faculty to easily fall into a facilitator role and encourage students to learn from each other and learn by discovery under their supervision. Furthermore, faculty are able to create an informal flexible environment even when there are over 260 students in the classroom through the adoption of an enterprising pedagogical approach.

## CONCLUSION

The Irish education system is generally well regarded and is believed to produce good-quality graduates at higher level that compare well with international standards. Concentrated entrepreneurship programmes such as that offered at the University of Limerick engender interest and motivation among young people to explore and perhaps become involved in business ownership. While many believe that entrepreneurship cannot be taught, its philosophy should at least motivate young people to explore the career opportunities it offers. For those on whom entrepreneurship education exerts an influence, they can be expected to go into society as well educated and informed as possible. If the seeds of enterprise are planted during education, its effects will be even more noticeable in the future.

However the ongoing achievement of this has implications for educational institutions and in a broader context for policy makers who influence type of programmes on offer and the resources allocated to support such programmes. A number of issues need to be addressed:

- For instance, for educators given the extra time that is required to design, deliver and assess such programmes it is important that both recognition and support is provided to motivate staff. This has implications for institutional policy to address how these type of entrepreneurship initiatives are

resourced acknowledged and rewarded within the often-inflexible educational institution hierarchy.

- What type of training and development is provided to lecturers to provide them with the skills and knowledge to engage on the experiential delivery mode?
- How can faculty create and maintain linkages with important external stakeholders such as the entrepreneurs and agencies involved with the development of entrepreneurs?
- Where can funding be sourced to assist in the implementation of such programmes?

Once these issues are addressed, then the introduction and ongoing implementation of entrepreneurship programmes can be embedded as part of the curriculum of all disciplines and not just limited to the business discipline as is frequently the case.

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Peterman, N.E. and Kennedy, J. 2003. Enterprise Education: Influencing Students' Perceptions of Entrepreneurship. *Entrepreneurship Theory & Practice*, Winter, pp. 129-144.

Revenue Commissioners 2003. Revenue Commissioners Annual Report 2003, [online], Available <http://www.revenue.ie/> [accessed 10<sup>th</sup> August 2007].

Small Business Forum 2006. Small Business is Big Business, [online] available: <http://www.forfas.ie/sbf/index.html> [accessed 10 May 2006].

University of Limerick 2006. A Profile of the University of Limerick [online], Available <http://www.ul.ie/main/visitors/aboutul.shtml> [accessed 11th August 2007]

Weaver, R. 1999. Society, Educational Systems and Entrepreneurship. *Industry and Higher Education*, December, pp. 376 – 381.

## Appendix I

### Module Title: **Entrepreneurship and Innovation**

#### **Introduction**

The aim of the module is to help students to develop an entrepreneurial mindset that includes creativity, innovation and diagnostic abilities. The course focuses on entrepreneurship and innovation for new start-up businesses as well as entrepreneurial behaviour within larger organisations. Key objectives are to introduce students to the theory and practice of entrepreneurial creativity and innovation and to provide an understanding of the nature of entrepreneurship, the characteristics of the entrepreneur, the intrapreneur and the role of the socio-cultural and economic environment in fashioning innovative entrepreneurship. In addition the module examines technical entrepreneurship and the process of managing innovation. On completion of this module students will have an increased understanding of entrepreneurship, entrepreneurs, intrapreneurs and the significance of innovation. In addition they will have an awareness of creativity and creative behaviour and the conditions influencing innovative practices.

#### **Module Objectives & Aims**

1. To introduce students to the theory and practice of entrepreneurial creativity and innovation,
2. To examine the nature and development of entrepreneurship and the understanding of the characteristics of the entrepreneur and the intrapreneur,
3. To understand the role of the socio-cultural and business environment in fashioning innovative entrepreneurship and managing innovation,
4. To introduce students to the entrepreneurial process and the principal techniques and concepts necessary in new venture creation.

#### **Prime Texts**

Wickham, P. A. 2004 Strategic: Entrepreneurship: A Decision-making approach to New Venture Creation and Management, 3<sup>rd</sup> ed., Essex, England: Pearson Education Ltd.

Trott, P. 2005. Innovation Management and New Product Development, 3<sup>rd</sup> Edition. Financial Times, Prentice Hall.

#### **Additional Reading**

Burns, P. 2001. Entrepreneurship and Small Business, London, England: Palgrave.

Tidd, J., Bessant, J., and Pavitt, K. 2001. Managing Innovation. 2<sup>nd</sup> ed., Sussex, England: John Wiley and Sons Ltd.

European Commission 1995. European Green Paper on Innovation, December. Com (95) 688.

European Commission, 2003. European Green Paper on Entrepreneurship, January

Enterprise Strategy Group 2004. Ahead of the Curve: Ireland's Place in the Global Economy, July.

**Assessment:**

Assignment	40%
End of term exam	60%

**Assignment: Choose either (1) or (2)**

(1) You must prepare a 2,500 to 3,000 word paper that describes and analyses the career of the individual entrepreneur who is known to you. The choice of a subject is yours but the following guides should be observed. The paper must be based on personal interview although it may be supplemented from recording sources. The entrepreneur may be a relative, friend, or someone you have contacted specifically for this exercise. The entrepreneur must be someone who has started a business or who has bought one, which somebody else started not somebody who has inherited a business or become a manager of a business started by somebody else. The paper must give an outline of the subject's career and/or whatever businesses were involved, and must focus in particular on the personality of the entrepreneur and his or her own perception of why they started their own business. You must provide a contact telephone number for your entrepreneur in order to aid verification.

**Alternatively:**

- (2) You must prepare a 2,500 - 3,000 word essay on one of the following topics.
- Government policy pertaining to encouraging innovation in Ireland/Europe.
  - SMEs – an analysis of their contribution to regional, national and international economies
  - The Personal Characteristics of New Firm Founders
  - Innovation in Indigenous SMEs in Ireland
  - Marketing an SME in the Current Irish Socio-Economic Environment

**Suggested Interview Schedule for Interview with an Entrepreneur**

**The Business Background**

1. Can you define your business for me?
2. What industry sector are you trading in?
3. What products/services are you selling?
4. Who are your customers?
5. What is the legal structure of your business? Has this changed since start-up?
6. Have you been involved in more than one start-up?
7. Does your company trade internationally?
8. What are the biggest problems you currently face in your business?

**Personal Background**

9. Would you please tell me about yourself before you started your first venture?
10. Were your parents, relatives or close friends entrepreneurial? If yes then in what form did this entrepreneurial activity take?
11. Did you have any other role models?
12. What was your education experience? In hindsight was it helpful in starting your business? If yes then in what specific ways was this education helpful?
13. What was your previous work experience? Were any particular experiences valuable in starting your business?
14. In particular, did you have any sales, marketing or financial experience? How important was it, or the lack of it in starting your business?

### **Start-up Process**

15. How did you spot the business opportunity?
16. What were your goals when starting-up your business? What was your lifestyle and personal situation like at the time?
17. How did you fit these together with the demands of running a business?
18. How did you evaluate the opportunity in terms of the critical elements of success such as the competition, the marketplace, the likelihood of new entrants etc.?
19. Did you find or have partners?
20. What kind of planning did you do at start-up?
21. Did you have a start-up business plan of any kind? If yes please tell me about it.
22. How much time was there between the conception of the idea to the first day of trading?
23. What kind of financing did you have?
24. How did you manage short-term financing of the venture (i.e. bartering, borrowing, overdrafts, credit control etc.)?
25. How many hours a day did you spend working at the business during the start-up phase?
26. How long did it take to reach a positive cash flow and break even sales volume?
27. What were the problems that you faced during the start-up stage?
28. What outside help did you get in terms of business and legal advisors? How did you develop these networks and how long did it take?
29. What did you perceive to be your greatest strengths at this time?
30. What did you perceive to be your greatest weaknesses at this time?
31. What was your most triumphant moment?
32. What was your worst moment?
33. What was the national economy like when you started your business?

### **The Business Now**

34. What became your most difficult problems as you began to grow?
35. When you looked for key people as partners, advisors or employees were there any particular personal attributes you were especially seeking? How did you find the right people?
36. Are there any attributes amongst partners/employees that would definitely try to avoid?
37. Have things become more or less predictable since you started your business?
38. Do you spend more or less time with your business now?
39. What managerial skills have you had to develop since beginning your business?
40. In terms of the future of your firm, do you plan to grow the firm, maintain it at its current size or sell?
41. Have your goals for the business changed?
42. Has your family situation changed?
43. What do you now perceive to be your major strengths and weaknesses now?

### **General Questions**

44. What do you consider to be your most valuable asset as a person – the thing that enabled you to 'make it'?
45. If you had to do it over again, would you? What would you do differently?
46. Looking back, what do you consider to have been the most critical skills and attitudes to getting the venture to where it is today? What will be the critical factors in the next five years?
47. Some people say that there is a lot of stress involved in being an entrepreneur? What is your experience?
48. What have been the biggest rewards and the biggest risks in your entrepreneurial experience?
49. In your opinion, what kind of person does it take to be an entrepreneur?
50. What advice would you give an aspiring entrepreneur? What is the most important lesson you could pass on from your experience?
51. Conduct a PEST analysis of the Entrepreneurs business
52. Based on your understanding of the entrepreneur and his/her business, carry out a SWOT analysis.

## **Appendix II**

### **Enterprise Formation**

#### **Module Title:**

#### **Introduction**

Increased international competition, changing demographics and technological advance continue to shape the business environment where greater economic uncertainty and environmental complexity create opportunities as well as constraints for new business start-ups. The challenge in starting a business is how to capitalize on emerging opportunities while minimizing the potential threats to ensure long-term viability and sustainability of the business. This challenge requires that entrepreneurs adopt an iterative approach to integrating external environmental examination with internal business planning and development tasks.

#### **Module Objectives & Aims**

1. To develop students' understanding of the entrepreneurial process and the role of small firms in economic development
2. To identify and evaluate external and internal factors that impact on business start-up
3. To facilitate students in developing a range of diagnostic, analytical and decision-making skills necessary for the formulation, development and evaluation of a business start-up.

#### **Prime Text**

Cooney, T.M. and Hills, S. 2002. *New Venture Creation in Ireland*, Oak Tree Press

#### **Additional Texts**

O'Kane, B. 2004. *Starting a Business in Ireland - A Comprehensive Guide and Directory*, Oak Tree Press, or @ [www.startingabusinessinireland.com](http://www.startingabusinessinireland.com)

#### **Recommended Sources of Information**

Students are encouraged to read applied publications such as *Irish Entrepreneur*, *Business Plus*, *Business Sections of Newspaper* and to look for insights in those publications that relate to the various topics covered in the module.

#### **Assessment Structure:**

4 x 5%	20% (Group Grade)
Final Report	20% (Group Grade)
End-of Semester Exam	60% (Individual Grade)

#### **Term Assignment**

The assignment is to be undertaken in teams of 4 students.

Part one (20%): Your role is to develop FOUR Opportunity Start-Ups (new service / product) compiling a report for each new idea. Each report should not exceed TWO A4 pages. All four ideas must be completely new to the world. Each report you submit will have a description of product / service; Source of new idea; Reason for choice; Feasibility; Industry sector; Target market; and Geographic location

Part two (20%): As a group you must select one idea from your chosen four and evaluate this in terms of creation and length of the opportunity; real and perceived value of the idea; risks and returns of the proposed idea; opportunity versus personal skills and goals; utilisation of skills and capabilities; market analysis and acceptance; competitive analysis; level of technology change or use; availability of materials and production costs; and likelihood of success. This final report should not exceed 3,500 words. It should be practical in nature, applying theoretical framework where appropriate and should lead the group to a conclusion concerning the viability of the proposed product or service. The completed assignment must be submitted by week 10. It constitutes 20% of the overall grade.

## **Course Content**

### **Part One: Entrepreneurial Opportunity**

Understanding Entrepreneurship  
Preparing for the Entrepreneurial Journey  
Recognising and Creating Opportunity  
Develop a Business Model

### **Part Two: Entrepreneurship and the Economy**

Role of the Entrepreneurial Firm in Economic Development  
Measuring Global Entrepreneurship

### **Part Three: Feasibility**

Analysing the Industry and Market  
Analysing Start-up Resources

### **Part Four: Moving from an Idea to an Entrepreneurial Firm**

The Business Plan  
Analysing Legal Options, Risks and Benefits  
Incorporating Ethics and Social Responsibility  
Designing an Entrepreneurial Organisation  
Developing an Entrepreneurial Marketing Plan  
Funding a Start-up Venture

### **Part Five: Business Development & Growth**

Planning for Growth  
Planning for Change

Course Overview

## Appendix III

### Module Title: Enterprise Development

#### Introduction:

This module requires multidisciplinary teams of students (marketing, finance, personnel, engineering and science) to prepare a business plan for a manufacturing or internationally traded service area. Teams are required to conduct a thorough market analysis in order to evaluate the opportunity identified, to design and develop a prototype of their product, and to formulate a comprehensive business strategy including funding requirements and financial projections.

#### Module Objectives:

1. To understand the components of a business plan.
2. To be able to work in a team and project manage the tasks necessary to complete the business plan.
3. To be able to assemble the necessary components of a business plan.
4. To develop students' report writing skills and to improve students analytical, communication and presentation skills
5. To be confident in presenting the business plan to a panel of experts.

#### Module Content:

##### Topic 1 Idea Generation

Creativity  
Innovation  
Idea generation

##### Topic 2 Recognising Opportunities

Evaluation of business opportunities  
Business formation process  
Feasibility study analysis

##### Topic 3 Business Plan Components

Components of the business plan  
Industry analysis  
Competitive strategy  
Secondary and primary research  
Identifying target markets  
Product/service development  
Manufacturing/ operations  
Forecasting demand  
Market/sales strategy

##### Topic 4 Legal Issues

Intellectual property  
Legal forms of organisation  
Composing the Board of Directors  
Exit strategies  
Buying and selling businesses

**Topic 5      Financing**  
Sources of finance  
Debt versus equity  
Financial projections  
Cash flow  
Profit and loss  
Balance sheets  
Ratio Analysis

**Topic 6      Making a Presentation**  
Visual and oral presentation of the business plan.  
Making a 10 minute pitch  
How do deal with questions

**Assessment**

100% business plan and presentation (group grade)

**Each group must develop a Business Plan that meets the following criteria:**

- *To be a viable new business idea or business expansion idea.*
- Should assume an active role in the proposed business idea.
- The following areas must be addressed – the product or service, target market, the marketing strategy: price, place/distribution, promotion – production, financial projections, sources of funds, and other relevant information to demonstrate feasibility.
- A complete business plan must be drawn up with a design of the product/service to be produced.
- Identify the start-up costs for your proposed business idea and indicate the sources of funding. For the purpose of the exercise, initial capital available is considered to be €90,000.
- Where investment is needed – the plan should indicate the return on investment.
- Submitted plans must be the work of the individual concerned, however, you are expected to seek the assistance and advice from the tutor and experts in the field.
- The guideline length of your completed plan is 25 pages (maximum) and appendix.
- Projects must show some degree of innovation, must be feasible and marketable.



## Appendix IV

### Module Title: **Business Consulting**

#### Teaching Objectives:

1. To introduce students to the principles and processes of management consultancy.
2. Recognise the importance of sound analytical thinking when approaching business opportunities and challenges.
3. To provide students with an opportunity to conduct desk research and primary research.
4. To develop an understanding of the value of effective communication in a business situation.
5. To develop students' report writing skills and to improve students analytical, communication and presentation skills
6. To recognise his or her own business skill profile, identify strengths and opportunities for development and to develop confidence in promoting his or her own business ideas.

#### Module Structure:

The module is structured as follows: Students are formed into groups. Students meet with the project supervisor with a view to drafting a research proposal, which will form the basis of agreement between both parties (the consulting group and the project supervisor). The research proposal plus a covering letter is given to the project supervisor, with a follow up meeting by the students to discuss any queries. Any modifications to the research proposal will be made at this stage. The student team conducts project research. A final written report is submitted and presented to the project supervisor, the client and invited faculty.

#### Assignment:

Project management and project log	30% - Individual grade
Final Project report	60% - Group grade
Presentation	10% - Individual grade

### Module Schedule<sup>3</sup>

#### Week 1: **Course Introduction**

The nature of management consulting and the skills of the consultant

Read: Stumpf, S.A. 1999. Phases of Professional Development in Consulting. Career Development International, Vol. 4, Iss. 7, pp. 392-399.

Read: Markham, C. 2005. Developing Consulting Skills. Consulting to Management, Vol. 16, Iss. 4, pp. 33-37.

#### Week 2: **The consulting process and types of management consulting projects**

How consulting adds value and the project proposal and the project log

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<sup>3</sup> At the discretion of the lecturer this module schedule may be altered.

Read: Bloch, B. 1999. How They Put the 'Con' in Consulting. *Managerial Auditing Journal*, Vol. 14, Iss. 3, pp. 115-117.

**Week 3: Consulting project planning and the consultant setting goals**

Analysing decision-making in the client business and consulting and organisational development

Read: Benson, S.S., Chandon, W.J., and Nadler, G. 2005. The Art of Creating Smart Questions. *Consulting to Management*, Vol. 16, Iss. 4, pp. 19-23.

Read: Adamson, I. 2000. Management Consulting Meets a Potential Client for the First Time: the Pre-Entry Phase of Consultancy in SMEs and the Issues of Qualitative Research Methodology. *Qualitative Market Research: An International Journal*, Vol. 3, Iss. 1, pp. 17-26.

**Week 4: Evaluating business opportunities and using surveymon-key.com**

Read: Beam, C. 2005. Turn Quantitative Data into Meaningful Information. *Consulting for Management*, Vol. 16, Iss. 2, pp. 35-38.

**Week 5: Auditing the client business's capabilities and creative approaches to analysis**

Auditing the business environment

Read: Fullerton, J. and West, M.A. 1996. Consultant and Client Working Together? *Journal of Managerial Psychology*, Vol. 11, Iss. 6, pp. 40-49.

**Week 6: Marketing plans**

Read: Pophal, L. 2000. Marketing Plans Work, *Communication World*, Vol. 17, Iss. 7, pp. 22-24.

**Week 7: The decision context and managing project shocks**

Rapport-building skills and time management

**Submit Draft Report**

**Week 8: Team-working skills and leadership skills**

Presenting your ideas and communication skills

**Week 9: Report writing and communication skills**

Read: Sullivan, V. 2004. Five Tips to Make Speaking Engagements Pay Off. *Consulting to Management*, Vol. 15, Iss. 4, pp. 12-13.

**Week 10: Presentation skills**

Read: Harper, J. 2004. Presentation Skills. *Industrial and Commercial Training*, Vol. 36, Iss. 2, pp. 125-127.

Read: Sherman, R. 2002. 10 Presentation Skills Top Executives Live by. *Business Credit*, June, pp. 46-47.

**Week 11: Learning from success Submit Final Report**

## **Week 12 – 13 Presentations to client and faculty**

### **Recommended text:**

Wickham, P.A. 2004. Management Consulting, 2<sup>nd</sup> Edition, Pearson Education Publications.

Bryman, A. and Bell, E. 2004. Business Research Methods, Oxford Press University.

## FINAL PROJECT REPORT

The final report relates your analysis and recommendations to the business. Length and format will vary but it is typically 40 – 60 pages long with a one-page management summary which makes a strong impact.

Grade	Achievement
A1-A2	Present a final presentation which develops logical and valid conclusions based on extensive, reliable and properly interpreted information. The analysis will be clear and based on a well-defined, appropriate and properly used conceptual framework. Key actions to be taken by the business will be clearly defined. Presentation will be professional and attention catching with ideas communicated in an impactful manner.
B1-B2	Present a final presentation which develops logical and valid conclusions based on well-researched, reliable and competently interpreted information. Analysis will be based on a well-defined and appropriate analytical framework. The conclusions will lead to the business being able to take positive actions, though these might not be as explicit as those that would earn an A grade. Presentation will be professional with an effective communication technique used.
B3-C1	Present a final presentation which develops generally valid conclusions. These will be grounded on effectively researched information but this may not be as extensive as that which would justify an A-B grade. Analysis will be competent though it might not draw on the kind of conceptual insights that would justify an A-B grade. Presentation will, on the whole, be professional. The business will be able to take positive actions as a result of the report but these actions may not be clearly defined by the report.
C2-C3	Present a final presentation which draws some useful conclusions but it will not be clear that these are based on wide-ranging or particularly reliable background research. Analysis will, on the whole, be competent but it may not be based on a clear conceptual framework. The actions that the business should take as a result of the report will not be clear.
D1-D2	Present a final presentation which does not develop any useful conclusions. This is likely to be because insufficient background research has been undertaken and/or meaningful analysis has not been undertaken. The business will not be able to undertake any specific actions as a result of the project.
F	Make no submission

## PROJECT DIARY

The project diary represents an opportunity for you to relate your personal experiences on the project, the kind of thinking used, the analysis undertaking, the active learning adopted and how you used the programme to develop a personal leadership and motivational style towards the rest of the group. This is an **individual** grade and holds a 30 percent weighting.

Grade	Achievement
A1-A2	Present a diary which clearly defines all the major steps in the project, what the specific objectives of each step were, how the objectives were defined and how they were achieved. The diary will demonstrate reflection on how the team is operating and the group dynamics operating. The diary will have evidence of action learning techniques being adopted and will relate the analysis that was carried out. The diary will also make reference to the development of personal leadership and group motivational style.
B1 – B2	Present a diary which clearly defines all the major steps in the project, what the specific objectives of each step were, how the objectives were defined and how they were achieved. The diary will demonstrate reflection on how the team is operating and the group dynamics operating. The diary may also have evidence of action learning techniques being adopted and relate the analysis that was carried out. The diary will, however, lack the kind of reflection on personal leadership and group motivational style being developed that would justify an A grade.
B3 – C1	Present a diary which clearly defines all the major steps in the project, what the specific objectives of each step were, how the objectives were defined and how they were achieved. The diary will demonstrate reflection on how the team is functioning and the group dynamics operating. Evidence on action learning, group dynamics and leadership style will, however, be too limited to justify an A-B grade.
C2 – C3	Present a diary which is a simple list of the main tasks, how they were defined and what was achieved. There will be no evidence of analysis or reflection on action learning, group dynamics, leadership or motivation.
D1-D2	Present a diary that merely lists the tasks carried out.
F	Make no submission

# **NETWORKED LEARNING OF ENTREPRENEURSHIP: TRIANGULATION OF DOCTORAL STUDIES, RESEARCH AND PRACTICE**

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## **INTRODUCTION**

Hytti (2002, 5), referring to the European context in particular, argues that entrepreneurship has three meanings: (i) (external) entrepreneurship which means setting up and managing small businesses and/or growth-oriented, entrepreneurial ventures, (ii) intrapreneurship which denotes to an entrepreneurial way of acting within an organization, and (iii) enterprising behavior that deals with the behaviors, skills and attributes of any individual in all spheres of life. She also categorizes the objectives of entrepreneurship education as follows: Learning to understand entrepreneurship, learning to adopt entrepreneurial attributes in life, and learning to become an entrepreneur.

Aiming at developing the multiple targets and enhancing entrepreneurship the Rectors' Conference of Finnish Universities of Applied Sciences (ARENE ry.) created an entrepreneurship strategy in 2006. According to the strategy each UAS should:

- have an entrepreneurial path integrated in their operations,
- use conventional learning concepts that promote entrepreneurship,
- incorporate R&D activities in entrepreneurship promotion,
- have a community that has a positive attitude towards entrepreneurship,  
and
- guide students to be successful entrepreneurs.

The UAS should promote entrepreneurship in teaching and enable and support those students who have some potential to become entrepreneurs. The UAS should encourage students to work with their plans of starting their own businesses by providing possibilities to try and test entrepreneurship in a pre-incubator or incubator programme. Entrepreneurship should be offered as one possible and attractive career option to students in all fields. (ARENE 2006.)

I propose that we must have all above mentioned objectives if we want to enhance entrepreneurship and entrepreneurial behaviour in the society and especially at the

Finnish Universities of Applied Sciences (UAS). It is not possible to encourage people to start their own businesses by only teaching them how to write a business plan and how to manage a firm; a more comprehensive plan is needed.

Entrepreneurship education is a challenge to the teacher education, but according Blenker et al. (2004, 82) teachers are often left on their own – each making their own experiments, including various topics in entrepreneurship teaching, and finding ways of teaching entrepreneurship.

According to Blenker et al. (2004) in entrepreneurship education the focus should not primarily be on external entrepreneurship (i.e. the process of creating and developing individual businesses), but rather on developing people to express enterprising behavior. This method can be applied for both those who may want to run their own businesses as well as for people whose enterprising behavior may take some other form. Gibb (2002, 244) argues that the complexities and uncertainties necessitating an entrepreneurial response affect people in different aspects of life, not just when they are involved in creating a business.

According to Kyrö and Carrier (2005, 15 and 24-25) in entrepreneurship education, what matters, is not just teachers and students, but instead the entire mindset: curriculum development, organisational culture and university structures. Students' ideas and actions are the focus area, as they are the active players in the learning process. Supporting their actions and goals also influences the entrepreneurial teaching methods. Learning entrepreneurship and entrepreneurial behaviour is more than transmitting knowledge systematically from teachers to students. It means developing new ideas and actions in new pedagogical environments. The results of Backström-Widjeskog (2008) show that teachers' abilities to reassess and change their manner are influenced by their knowledge, skills and awareness that they have of the interpretive possibilities that enterprise education manifests. According to Jussila, Hytönen and Salminen (2005) the teachers' entrepreneurial skills and competences should be developed by purposeful training programs. Entrepreneurship education for teachers can be training concerning business skills, pedagogic education that aims for intrapreneurship, and education for changing attitudes and creating entrepreneurial spirit. When the teachers' attitudes are entrepreneurial the way of behaviour and the whole organizational culture can be changed.

We at HAAGA-HELIA University of Applied Sciences and at University of Jyväskylä try to answer the challenges of entrepreneurship education by our doctoral study project. In this project, the aim is to offer the teachers a broader conceptualization of entrepreneurship and help them develop a set of pedagogical tools to create their own ways of teaching and training the students and to create an entrepreneurial culture to the school organization.

In 2004 HAAGA Polytechnic (currently the HAAGA-HELIA University of Applied Sciences), the Helsinki Business College and the Business College Helsinki-Malmi started a joint project with University of Jyväskylä. Altogether forty one teachers or other personnel of these three schools started their doctoral studies in this project that provided them an alternative to the traditional form of individual doctoral studies as the courses and seminars are brought to their working place.

This way of studying gives the doctoral students the possibility to combine their work with doctoral studies also by conducting research related to their work. In 2008 a new group at HAAGA-HELIA started their doctoral studies so altogether we have now sixty doctoral students in this project.

University of Jyväskylä organizes the courses, the seminars and the supervision in Helsinki. The optional supervision is provided by “a research training group” that consist of the professor and two doctors and some other researchers. The teachers that take part to the project can examine and deepen their knowledge of entrepreneurship in their doctoral dissertations and the aim is that the knowledge can be implemented to the teaching and training work “at once”. Furthermore, the research problems emerge out of practice, as a result of the needs of the school, cooperating firms, the teachers and the students. The doctoral students want to promote entrepreneurship in their schools, but the target is also to strengthen the status of the organization: HAAGA-HELIA want to be an attractive and high-quality institution that aims to stand out as an entrepreneurial organization.

### **ENTREPRENEURIAL ORIENTATION (EO)**

The entrepreneurship education process has its foundation in the pre-understanding or experiences of both the teacher and the student. As the time goes on and literature, theories and studies are adopted and implemented in practice, the individuals move towards a deeper understanding of entrepreneurship. The process also results in promoting the internal entrepreneurship which means that people become more active, innovative and willing to take the initiative in their work and their lives despite the fact that they may not actually start their own businesses. Successful entrepreneurship training also produces people who really want to start businesses. It is to be hoped that within the next decade, more people would choose an entrepreneurial career. Finland needs people who understand entrepreneurship and the dynamics of small and medium-sized firms so that they are skilled and wise in the decision-making which influences the life of entrepreneurs. (Römer-Paakkanen 2001.)

Entrepreneurship is often considered to be at the individual level only, and some theorists apply it primarily to the domain of small business, but during the last years there has also been an emphasis on corporate entrepreneurship as well. Lumpkin and Dess (1996, 138) propose that Entrepreneurial Orientation (EO) demonstrates how firms could organize themselves to respond to a range of market changes. When one talks about changes in a school and education context, it would be better to use the term Intrapreneurial Orientation (IO) meaning that a school pro-acts to turbulent changes by constructing a strategy to tackle the challenges and implementing it by using an IO construct (Loukola 2006). In this project, the IO is observed in the context of Finnish education system and within the entrepreneurship education.

Entrepreneurial Orientation (EO) has been defined slightly differently by various authors, but most definitions share the common elements of innovativeness, risk-taking, and pro-activeness (Mustakallio and Autio 2002, 223). The dimensions of EO used here emerged from Strategy Making Process (SMP) literature (Lumpkin 1996, 26). An entrepreneurial firm is one that exhibits high levels of innovative-



ness, a propensity for risk taking and behave proactively and aggressively relative to its competition (Lumpkin 1996, 28). The key dimensions that characterize an EO include: 1) A propensity to act autonomously, 2) a willingness to innovate and 3) take risks, and 4) a tendency to be aggressive toward competitors and 5) to be proactive relative to marketplace opportunities. (Covin and Slevin 1991; Lumpkin and Dess 1996, 137).

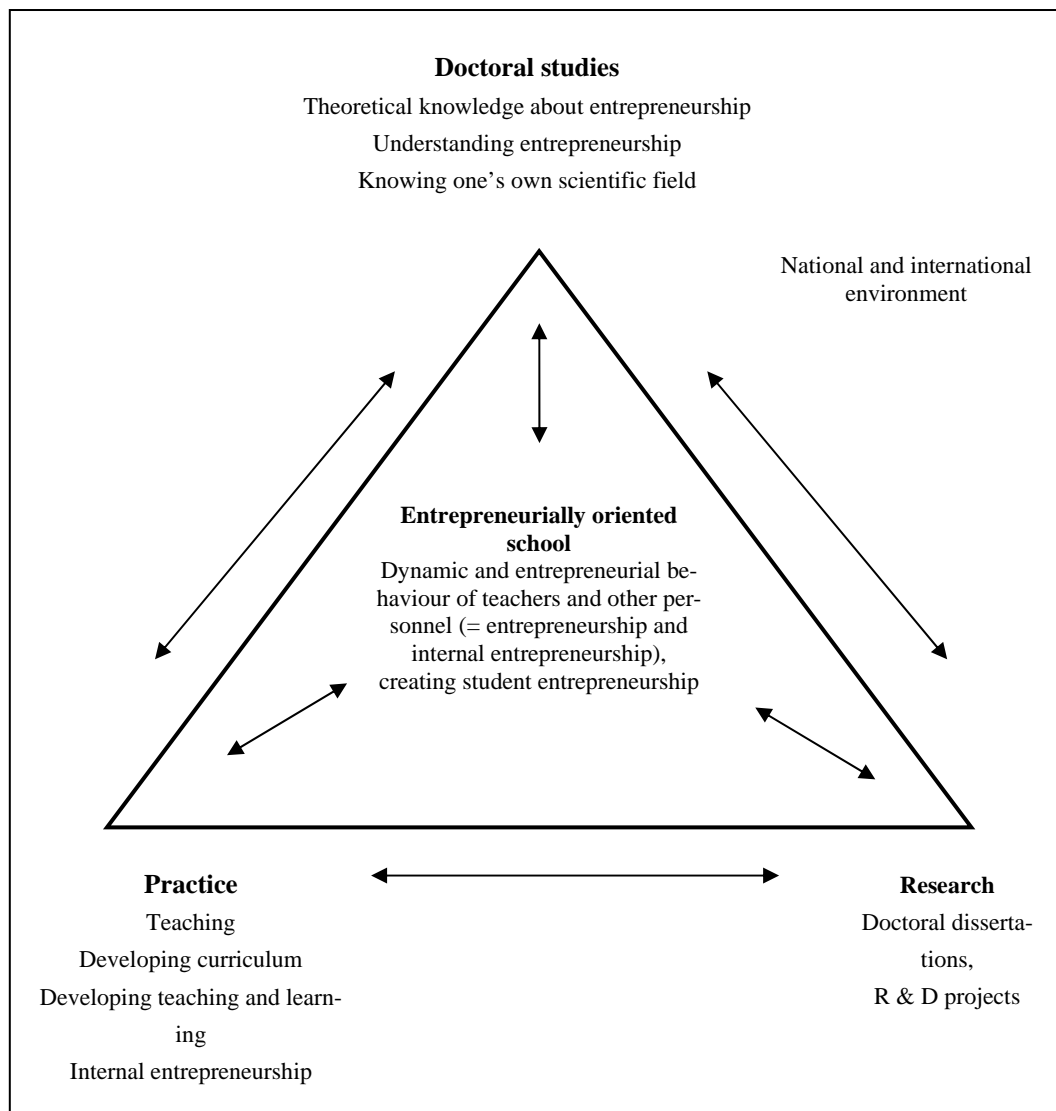
There are also other ways of explaining entrepreneurial behaviour. Typically differences in entrepreneurship are depicted as the result of individual, organizational or environmental factors. Although EO's dimensions are central to understanding the entrepreneurial process, they may vary independently of each other in a given context (ie. environmental factors and organizational structure) (Lumpkin 1996, 31).

Lumpkin and Dess (1996, 138) proposed an EO to demonstrate how firms might organize themselves to respond to all kind of market and environmental changes. In educational and school context there are many challenges that must be responded and one possibility is to create a strategy which is based on entrepreneurial orientation basis.

Entrepreneurship is often thought to be within the purview of individuals only, and some theorists apply it primarily to the domain of small business, but during the last years there has also been an emphasis on corporate or organizational entrepreneurship. According to Lumpkin and Dess (1996) it is important to consider the level of analysis that is used in discussing the EO construct. In this project EO is been observed in the context of Finnish UAS and within entrepreneurship education.

## **THE PRINCIPLES OF TRIANGULATION**

In this article I introduce one way of promoting entrepreneurship by training teachers to change the organizational culture in their school. It is based on an ongoing observation process of a teachers' doctoral study project. The first aim of the project is to *promote entrepreneurial orientation and to "introduce" entrepreneurship into all teaching and training at HAAGA-HELIA*. The second goal is to *enhance understanding of entrepreneurship and the dynamics of small and medium-sized firms in general*. The third objective is to *ensure that all the participating teachers are qualified and inspired to encourage their students to develop their business ideas and start their own businesses*.



**Figure 1. Triangulation of doctoral studies, practice and research.**

This doctoral project connects theoretical studies and academic research with the participating teachers' practical work. We can talk about the triangulation of *doctoral studies* (= understanding of entrepreneurship theories), *research* (= entrepreneurship research and doctoral dissertations) and *practise* (= implementing theories in teaching and training of entrepreneurship). Figure 1 presents the triangulation. The objective is a wide understanding of entrepreneurship and the internal entrepreneurship that creates entrepreneurially orientated environment for the students.

### **Doctoral studies**

In recent years, higher education policy has focused on the implementation of reforms required by the Bologna process in particular. The Finnish higher education system consists of two complementary sectors: polytechnics (i.e. universities of applied sciences) and universities. The mission of universities of applied sciences is to train experts to serve the world of work and carry out R&D in support of education and regional development in particular. The mission of universities is

to conduct scientific research and provide instruction and postgraduate education based on it. University postgraduate education aims at a doctoral degree. In addition to the required studies, doctoral students prepare a dissertation, which they defend in public. Doctoral degrees are only awarded by universities. (Ministry of Education 2006.)

The doctoral studies provide an opportunity to deepen the scientific knowledge and skills acquired with a university degree in research and in practical implementation. The objective in the doctoral studies is to: (1) get the participants acquainted with their scientific field, (2) help them focus their research within the chosen field, (3) develop their critical and independent thinking, and (4) obtain the ability to create new knowledge. Along with these general academic skills, this project aims to produce change agents to our school organizations, who help the organization and its members to develop entrepreneurial spirits and attitudes.

The basic practical targets of the doctoral study project at HAAGA-HELIA are:

- 1) The persons taking part in the doctoral study program complete a Ph.D. in entrepreneurship or marketing at the University of Jyväskylä.
- 2) As the doctoral students have completed their masters degree in different universities and in different fields they have quite heterogenous backgrounds. They form a cross-disciplinary researcher forum (i.e. a learning network) where they can collaborate and change their experiences, develop their skills and share their knowledge. They follow the entrepreneurial learning methods.
- 3) The students become change agents in their immediate working environment, and they share their knowledge with those who are not taking part in the study program. The long-term target of this program is that the personnel of HAAGA-HELIA would have a positive attitude towards entrepreneurship and entrepreneurship education, and that they would also be aware of the importance of entrepreneurship in our society.
- 4) The topics of doctoral dissertations are connected to the various R & D projects, the daily teaching or entrepreneurship education projects at HAAGA-HELIA.
- 5) By clearly structuring and intensifying the doctoral studies we also aim to limit the time to doctorate. Using the experiences of this doctoral study project, we are going to develop a concept for doctoral studies in entrepreneurship that can be implemented in the other UAS in Finland or in the other European countries.

By training and educating the personnel and teachers we aim to change the culture of the organization and to get a dynamic group of supervisors and mentors for the students. This project has many levels and various targets as we want to: Create an entrepreneurial oriented school organization, get entrepreneurial teachers and personnel, and provide the UAS students the possibility to develop their entrepreneurial attitudes, knowledge and skills during their studies. The process allows us to integrate scientific research into entrepreneurship education and career counseling at HAAGA-HELIA. The entrepreneurship education and career counseling develops the UAS students' abilities to plan and design their lives. As a long run result of this project, the students at UAS can have the courage and the

abilities to affect to their own lives and the surrounding society and they find their place in the society – as employees or entrepreneurs.

As was said this doctoral program for teachers is a concept that not only takes into account the personal skills, requirements and objectives of the doctoral students, but it also the targets of the entire organization. The studies are tailored by keeping in minds the needs of HAAGA-HELIA and its students. The University of Jyväskylä has arranged doctoral courses in entrepreneurship, family business and entrepreneurship education also at Central Ostrobothnia University of Applied Sciences. In the following list there are some examples of the courses from the doctoral study program of HAAGA-HELIA:

- Growing up to Entrepreneurship
- Internal Entrepreneurship and Innovativeness,
- Research Paradigms in Entrepreneurship,
- Entrepreneurship and Future Research,
- Family Business and It's Governance,
- Entrepreneurial marketing,
- Networking and Inter-Firm Co-operation.

In addition to the courses in the list, there are some methodological, pedagogic and philosophic courses and both group and personal supervision is arranged. Doctoral students meet once a month in the seminars, in which they present their research, discuss their topics and become familiar with the scientific way of writing and discussing. The doctoral students form also informal networks within the research forum. They are also encouraged to take part to international conferences and to network and collaborate with researchers around the world.

### **Research: Doctoral dissertations**

The research topics in the doctoral project are very heterogeneous ranging from small business entrepreneur competencies and attitudes to consumer - entrepreneur relationships and explorations in the Chinese business culture. The majority of the topics are related to either entrepreneurship education or SME and family business. The topics can roughly be divided as follows:

- Entrepreneurs and networking
- Family entrepreneurship: Statistics of family entrepreneurship, succession, next generation
- Social responsibility of entrepreneurs
- Entrepreneurship education and training in the context of different school levels
- Entrepreneurship as a career option and life style
- Entrepreneurship, entrepreneurs and family business in different cultural environments
- Women entrepreneurship
- Marketing in SME sector and family business

Three doctoral dissertations and one licenciate thesis have been completed in this project and there will be two more dissertations by the end of this year. The topics

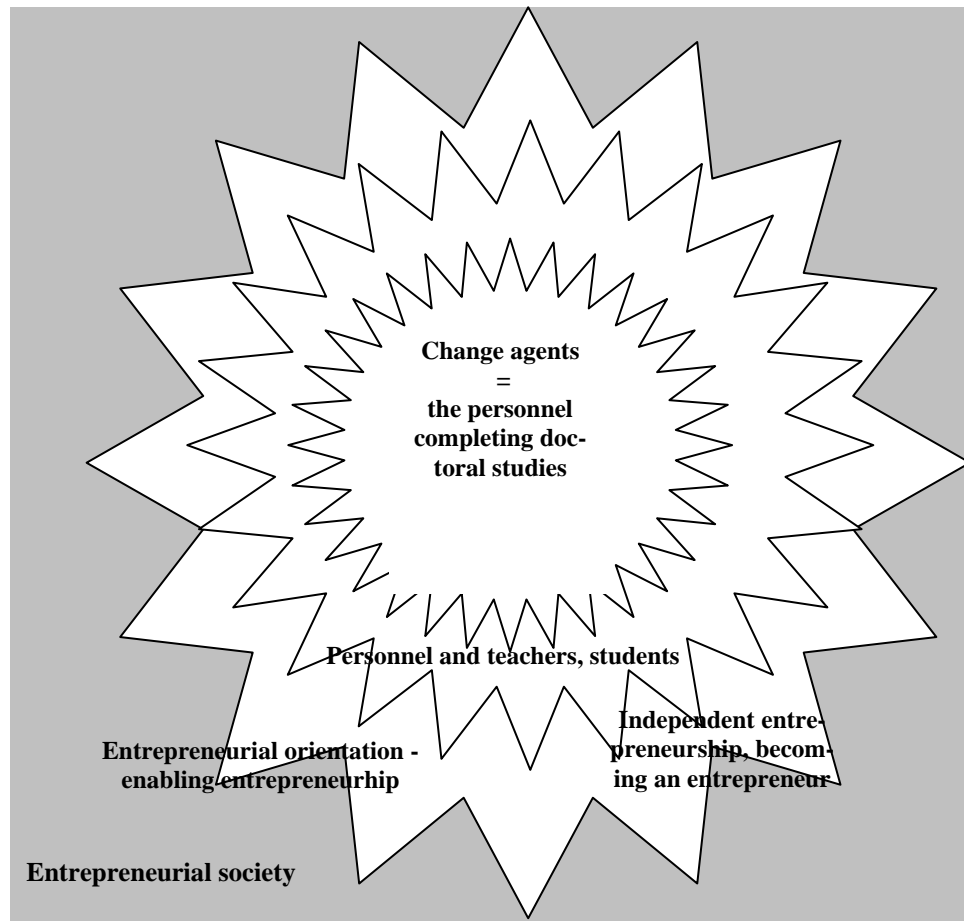
of those researchers are: 1) Hely Westerholm (2007) studied the occupational competences and attitudes of small business entrepreneurs, 2) Hannu Nyysölä (2008) examined how corporate governance and intrapreneurship affect the objective-orientation and effectiveness of Finnish UAS, 3) Pirjo Takanen-Körperich (2008) focused on the career development process of some linguistics students: How some of them become entrepreneurs, some become freelancers and some become salaried employees, and 4) Kalevi Tourunen's (2007) interest is in the prevalence and economic significance of family business in Finland.

### **Practice: Developing teaching and learning**

An essential prerequisite for entrepreneurship education is that the teachers are skilled and enthusiastic in the field. According to Laakkonen (2003, 281), dynamic UAS continuously develop, learn, adapt and create new environments. Changing the culture in school environments means that the teachers and other personnel must adapt new schemas and create new meanings and contents in their own work. Along with conscious and rational elements in schools, their organizational culture also consists of subconscious and mental elements (Laakkonen 2003, 281-282).

Management input, clear organizational vision, and pro-learning and research environments are key elements in this entrepreneurship education process. Our doctoral project also increases teacher co-operation and discussion over entrepreneurship, as everyone in the school context encounters it in their immediate teams or when participating in various events and explorations that are part of this project. It is fair to talk about extending entrepreneurship. Figure 2 visualizes how those who participate in the project create an entrepreneurial culture which extends to the other parts of the school, making it easier to include entrepreneurship into all teaching activities.

To become an entrepreneur is a long process, and the goal in entrepreneurship education and training is not to try to make the students just rush into becoming entrepreneurs, but rather to provide students with tools that enable realistic student self-evaluations even after several years (Römer-Paakkanen 2006b, 196). According to Thompson (2006, 115), entrepreneurs do not predominantly learn in classroom contexts but there is a clear emphasis on experimental learning. Acquired knowledge, mastered skills and making sense of other people's experience are closely interrelated. In Thompson's words: "We can all benefit from the help and support of others – if they are the "right others"!"



**Figure 2. Extending entrepreneurship in school context.**

## **METHODOLOGY**

This article focuses on the doctoral study project and the actions within the project. The results of the project are going to be followed and evaluated which means that there are several research projects planned also for that purpose. As we researchers are taking part to the project and developing it in the same time, this can be seen as an action research (AR). In AR the researchers put themselves in the very environment in which the research is carried out (Syrjälä et al. 1996, 33). According to O'Brien (2001), this type of AR has various names (participatory research, collaborative inquiry, emancipatory research, action learning, or contextual action research), which all are variations on the same theme. Put simply, the AR is "learning by doing" in which a group of people identify a problem, do something to resolve it, see how successful their efforts were, and if not satisfied, they try again. While this is the essence of the approach, there are other key attributes in the AR that differentiate it from common problem-solving activities that humans engage themselves in every day. AR aims to contribute both to the practical and to further the goals of social science simultaneously. Thus, there is a dual commitment in AR to study a system and concurrently to collaborate with members of the system in changing it. Accomplishing this twin goal requires the active collaboration of researcher and the target group, and thus it stresses the importance of co-learning as a primary aspect of the research process. Action re-

searchers typically see themselves as research experts, facilitators, and sounding boards for the members in the organisation. This requires their active involvement and interaction with the target group (Palmu 1998). Susman (1983) distinguishes five phases to be conducted within an action research. Initially, a problem is identified and data is collected for a more detailed diagnosis. This is followed by a collective postulation of several possible solutions, from which a single plan of action emerges and is implemented. Data on the results of the intervention are collected and analyzed, and the findings are interpreted in light of how successful the action has been. At this point, the problem is re-assessed and the process begins another cycle. This process continues until the problem is resolved.

**Table 1. Processes of action research in the doctoral study project of HAAGA-HELIA.**

Diagnosing:	There is a lack of entrepreneurs in Finland. Entrepreneurship education and training in all school levels and especially in the higher education (UAS) is needed. Successful entrepreneurship education and training occurs in entrepreneurial oriented organizations. More skilled and entrepreneurially oriented teachers are needed.
Action planning:	Doctoral studies for UAS teachers and other personnel is one way of developing entrepreneurial oriented organization.
Taking action:	Conducting the doctoral studies and the research projects (doctoral dissertations).
Researching and evaluating:	Examining the whole process. Examining the consequences of the action – questionnaires to the doctoral students, to the other personnel, to the students etc. Calculating the number of doctoral dissertations completed.
Specifying learning:	Identifying general learning of the doctoral students → developing a model of doctoral studies in entrepreneurship for UAS teachers in Finland and in European context.

The project will conduct an inquiry of the state of entrepreneurial orientation in our school after starting the project. It aims to make entrepreneurship more visible in our organization. After completing the project 2010, we can evaluate the entire project and its influence on the general entrepreneurial orientation. During the project we are also going to study how the students' attitudes and willingness to start their own businesses have developed.

**PRELIMINARY RESULTS AND THE STATE OF ENTREPRENEURSHIP EDUCATION IN HAAGA-HELIA**

At this stage of our ongoing-project, we already know that the doctoral studies have started the process towards more integrative, wider and more holistic entrepreneurship education programs and curricula. According to Ristimäki (2002, 46), developing entrepreneurship education has four levels: (1) business subjects are changed to entrepreneurship, (2) there is some theoretic knowledge about entrepreneurship, (3) teaching methods support the change of behavior and action, and (4) the school socializes people to entrepreneurship. We started from level 1 and

are now moving towards level 2 as the teachers are transferring their understanding and theoretic knowledge to their teaching. Our experiences in this project show that entrepreneurship education process in a school environment is not as linear as the four levels above suggest. Rather, it is more like a spiral process in which the levels are more inter-dependent and co-existing.

Our results of the process so far could be summarized as follows:

- Five completed doctoral thesis (Westerholm 2007, Nyyssölä 2008, Takanen-Körperich 2008, Rankinen 2008, and Tourunen 2009).
- The fact that we have started this doctoral program is an illustration of entrepreneurial attitude and *innovative ways of working*.
- Our process has been *independent, proactive and innovative*, and we have used personnel education in order to aim for a process of change in which an organisation becomes more entrepreneurially oriented.
- This process has resulted in changes in the curriculum so that studies in business administration are now carried *co-ordinated together with other subjects* (for instance math, communication, etc.). They form *larger topic areas that cover the starting and developing phases of small and medium-sized businesses, and personal growth towards entrepreneurship (modules in the professional studies)*.
- We are well under way in applying the teachers' theoretical knowledge and deepening the understanding of entrepreneurship in degree planning and in actual teaching. The teachers now perceive the surrounding world through "spectacles of entrepreneurship" observing it from the point of view of entrepreneurs and small and medium-sized businesses.
- The teachers have adopted more dynamic and pro-active ways of working.
- The final aim is to create a learning environment that helps the learners to socialize into entrepreneurship.

The participating schools already show how entrepreneurship has emerged as not only one of the main themes in teaching, but also as an approach to the studies. Entrepreneurship has become a career option for the students.

HAAGA-HELIA's mission is to educate experts with strong sales, customer service and entrepreneurial skills, extensively engaging R&D in our chosen focus areas for the benefit of business and society. HAAGA-HELIA offers many opportunities for students who would like to learn more about establishing a business. Students can, for example, choose from a number of courses, or gain actual practice in running their own business. Entrepreneurship is an integral part of studies at HAAGA-HELIA, also in projects and assignments. HAAGA-HELIA aims to foster an entrepreneurial learning environment, and entrepreneurial studies aim to: 1) Promote student entrepreneurship and provide the tools required for starting and running one's own business, 2) build student skills in entrepreneurship, business administration, as well as in understanding the operations of SMEs and 3) provide students with the skills required for starting one's own business. Courses and personal counselling support students in the start-up process, in managing an existing business, or in taking over a family business. (HAAGA-HELIA 2008.)



To illustrate above mentioned targets, HAAGA-HELIA business program is renewing its curricula. According to the new curricula it is mandatory to all students to design and detail a business plan for a new enterprise. In professional studies they also approach entrepreneurship in the form of process development in small and medium-sized businesses and in global processes in small and medium-sized businesses. The students can also strengthen their orientation in entrepreneurship and choose "a path to entrepreneurship" already when they begin their studies.

The schools that participate to this doctoral study program offer pre-business incubation and business incubation services and development, and they also help to plan paths for existing businesses to carry out generational changes – a service that helps to combine studies with working in own or family business. The Helsinki Business College has for a few years now exercised mock enterprise activities, and there exists plans to further develop his activity in the teacher doctoral training project.

## **DISCUSSION**

Future entrepreneurs grow in today's Finland. If Finland wants a new more active and enterprising generation also the education system should be more entrepreneurial oriented. Teachers have a crucial role when preparing students to understand entrepreneurship, to act entrepreneurial and to become entrepreneurs – but of course they should first themselves understand entrepreneurship and its consequences in the society.

After four years of doctoral studies in entrepreneurship, the participating teachers are already wearing the "entrepreneurial spectacles"; they observe their environment and the society from the view point of entrepreneurs and small firms. When the results of this research project along and the idea of entrepreneurship are being implemented to all courses, entrepreneurship will become more visible for the students and their willingness to become entrepreneurs is likely to increase.

According to Nevanperä (2003) a long and effective entrepreneurship education is likely to have a positive effect on students' entrepreneurial attitudes. It could also be considered as a lifestyle that can be transferred to the next generation: those with family background in entrepreneurship are more likely to have a more positive approach to it than those in whose families there is no (or limited) contact with entrepreneurship. Overall, students see that there still remains room for improvement in entrepreneurship education: they see a clear need for teaching creativity, entrepreneurship, interpersonal skills and group dynamics.

A long-term social objective is to encourage more people to adopt entrepreneurship, which would fill in for those who retire or to set up businesses in new business areas in our country. Our doctoral project increases teachers' knowledge of entrepreneurship, its risks and opportunities. When teachers possess a comprehensive understanding of the topic, they are able to encourage the students to adopt the field, and this in turn takes Finland closer to entrepreneurial society.

Up-to-date and factually correct information along with positive attitudes towards entrepreneurship are prerequisites in helping young people to become entrepre-

neurs. It is vital that students are familiar with the entire process, knowing how to set up an enterprise, design a business plan and making it grow and succeed, but above all they must know what it means on a personal level and what kinds of opportunity this career choice can offer to them and their families. Risks should also be charted and understood, but as the objective is to encourage people to adopt the field, entrepreneurship should be offered as a positive opportunity and challenge.

As a conclusion of four years of teachers' doctoral project, it is fair to say that entrepreneurship has become more visible in the participating schools. Encouraging entrepreneurship through education is possible when we create genuine opportunities and resources for teachers to learn about the field, to deepen their knowledge and understanding of it and also to allow them to adopt creative and entrepreneurial working methods.

### **Further research**

In the near future there is going to be several studies completed on entrepreneurship and entrepreneurship education and training at HAAGA-HELIA and on this doctoral study project.

Toivola (2008) has already reported the inquiry that was done for all HAAGA-HELIA students. This inquiry shows that about 700 of our students are interested in entrepreneurship and 51 students already are entrepreneurs.

There is also a qualitative study made about HAAGA-HELIA pre-incubator students (Römer-Paakkanen and Pekkala 2007). This study strengthens the opinion that entrepreneurship education and training programmes should be concrete and practical and that entrepreneurship education must be tailored individually to each student and to each situation – this fact is even more important among those students who already possess a set of characteristics known as entrepreneurial spirit. We are going to study more deeply the student's growth to entrepreneurship and the teachers' role in that process.

This spring there was both an inquiry and a qualitative focus-group interview made for the HAAGA-HELIA teachers. In that study the research objective focuses on what teachers think and value about enterprise education and how they feel they are able to support students in their development towards an entrepreneurial spirit. The results of this study can be reported by the end of this year.

The doctoral study project itself is on the focus at a research that starts this autumn. In this study we will interview the participating doctoral students, examine how the teachers are implementing their knowledge to their teaching work, and how entrepreneurship is integrated to the courses.

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**FAMILY BUSINESS ENTREPRENEURS'  
INFLUENCE ON  
ENTREPRENEURSHIP EDUCATION AND  
TRAINING – A DISCUSSION PAPER**

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**Abstract**

Entrepreneur education and training are the key concepts for the success and welfare of the European societies. In this, the most important actors are the local and national family business entrepreneurs and their enterprises. The challenge for them is to become global and to build international business and social networks with their European counterparts as well as to learn to be motivated in cooperation with educational establishments. This study focuses on the online learning program of Global Entrepreneurship developed with the support of family business entrepreneurs as mentors. The students act as business assistants to the entrepreneurs. The study offers entrepreneurs an exciting and motivating platform for this in five European countries: Austria, Finland, Hungary, Italy and Lithuania, as well as in Turkey. At the same time, the educational institutions support the entrepreneurs in putting their innovative visions of international cooperation into practice. The outcomes of the cooperation include SME business surveys, marketing research and a proposal for an online department store. The evaluation emphasizes the occupational competences and attitudes of the entrepreneurs, which are results based on the previous study by Westerholm (2007) in the same countries except for Italy, which is a new partner country. The empirical case of INNOVET- Transfer on Innovation - is a real-life application of entrepreneur education and training.

**Key words:** entrepreneur education and training, family business entrepreneur, international cooperation and networking, educational innovation transfer.

## INTRODUCTION TO THE TOPIC

The EU has adopted a stand strongly in favour of entrepreneurship, of which a prime example can be found in the “Framework for key competences in a knowledge-based society 2004: Entrepreneurship.” (European Commission 2004). According to this framework, entrepreneurship supports all citizens in everyday life at home and in society and helps employees gain awareness of the wider context of their work and capitalize on opportunities that arise. It also provides the foundation for special skills and knowledge that entrepreneurs need when starting a social or commercial enterprise.

The importance of the global division of labour is growing and mobility between societies is increasing. Networking in the information economy in particular could provide a solution to the appropriate division of labour, adoption of innovations and specialization, if multicultural backgrounds could be capitalized upon. In practice, entrepreneurship education and training can succeed if the entrepreneur education curriculum corresponds to the needs of local entrepreneurs and the learning environment extends from the classroom to any part of the world. (Carrier, 2006; Westerholm, 2007).

According to the Global Entrepreneurship Monitor 2007, there is lack of meaningful entrepreneurship education everywhere. The emphasis in entrepreneurship education is on the research and development of processes of learning. The traditional, teacher-oriented practices in entrepreneurship education seem to offer very few opportunities to be creative and innovative (Schumpeter, 1934; Landström, 1998; Kyrö, 2008). Developing creativity and innovation in the context of entrepreneurship education requires new pedagogical methods and theoretical bases (Kyrö, 2008) and a bridge to global business realities and active entrepreneurs. This bridge is built by inviting the entrepreneurs to play an active role in planning and implementing entrepreneurship education (Gibb 2002). It is important to pay attention to the skills needed in real multicultural business environments.

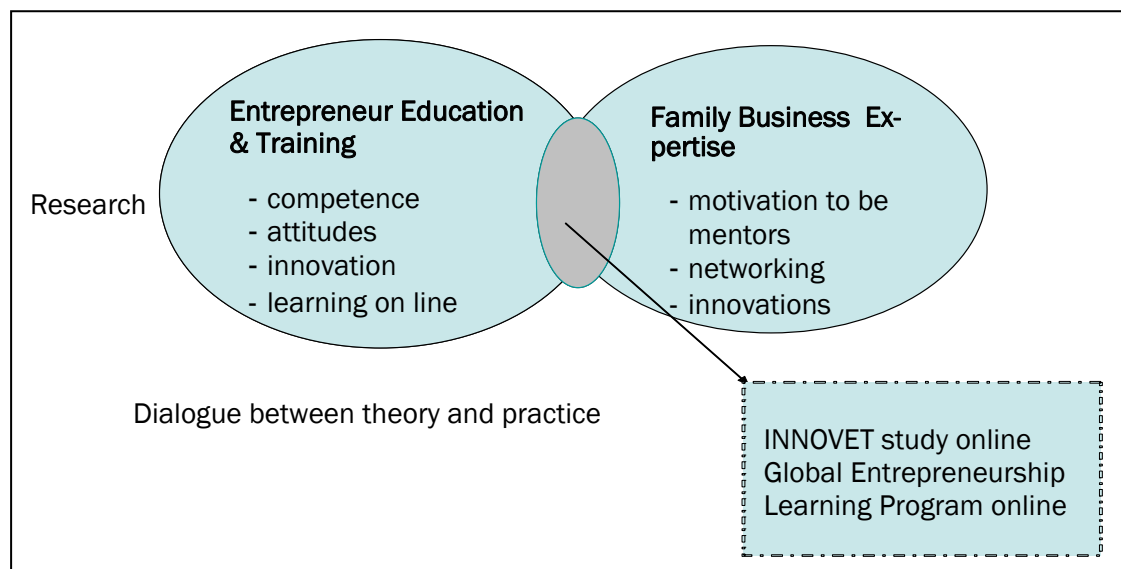
In addition, we are convinced that the traditional teacher’s role is going to change into the role of active communication and cooperation with the world of work. The strong signals come from the enterprises. This will reflect on the study programs of students more than ever. On-the-job learning and work training are going to have a central position in their studies. Practical assignments strengthen their abilities, skills and attitudes.

In future, the question is whether the difference between successful performance in school and successful performance in business life can be discerned in time. Kupferberg (2003) emphasises that creativity is more meaningful than competences. He believes that education and training are going to meet new challenges which are more than plain competences. Insight is an integral element of competence, bringing into play such characteristics as willpower, intuitive thinking, spirit and communication skills that impact on ability to manage practical problem-solving situations. The ability to learn from experience is valued and taken as part of the broader learning process. (Munch and Jakobsen 2005). The focus in valuating learning results in future will be on individuality and fragmentation, the vision being an unlimited range of patchwork profiles that discard the holistic

competence concept. The primary concern in the world of work will be on broad-based education linked to a personality that exhibits strength, individual initiative, independence and the ability to reach analytically justified decisions. (Drexel 2003).

## RESEARCH POSITIONING AND PLAN OF THE STUDY

The INNOVET study (see Fig. 1) provides family business entrepreneurs with a practical platform to put their competence and experience to use as mentors. The students in the partner institutes function as business assistants conducting business surveys and marketing research and preparing proposals for international cooperation based on the requests and wishes of participating family business entrepreneurs in Austria, Finland, Hungary, Italy, Lithuania and Turkey. The partner countries and educational establishments are the same as in Westerholm's study (2007), with the addition of new partner Italy.



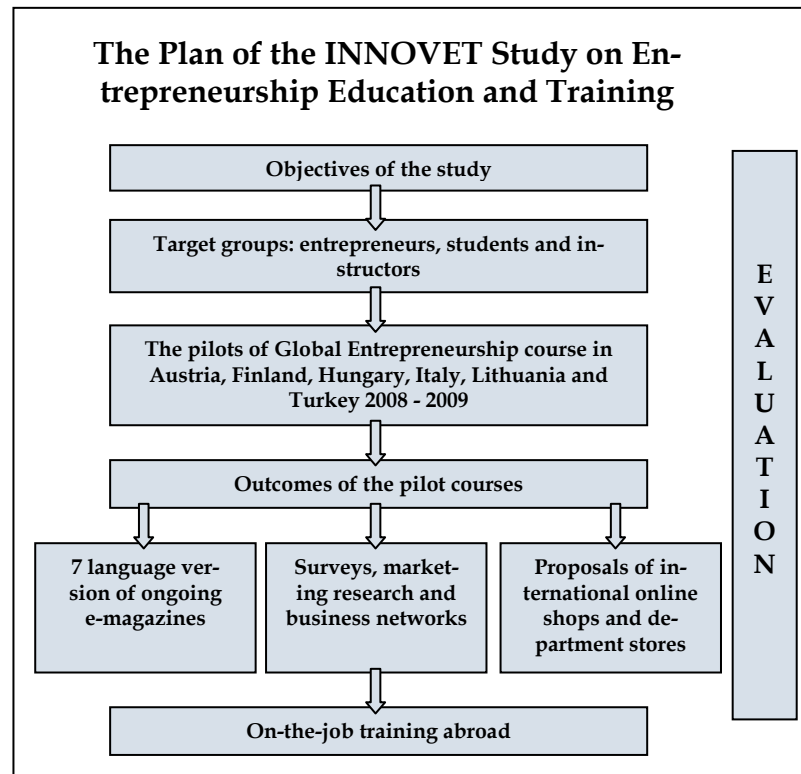
**Figure 1. INNOVET research positioning by adopting Westerholm's model (2007, 17).**

The INNOVET study promotes entrepreneurship education and training. It develops different learning program versions according to the needs and educational traditions of the partners. Each partner has its own networks. In the national networks there are representatives of family business entrepreneurs, educational and business organisations, staff members and students as business assistants. The national networks communicate actively with those of other partners.

The focus of our interest are the entrepreneurs, who to date have had a minor role in entrepreneur education. However, they are the bridge to the reality of global business environments, offering challenges to new innovations and visions. There is a constant dialogue between the various forms of entrepreneurship education and training and the family entrepreneurs.



We emphasize at first the entrepreneurial approach and then the student-oriented approach in planning the ongoing process of the project. The teachers' role as instructor is to support and facilitate cognitive paths, to propose pedagogical methods and to develop evaluation criteria with the help of the entrepreneurs and students. The entrepreneurs are the experts of real-life business cultures.



**Figure 2.** The plan of INNOVET study.

The first real challenge was to find the enterprises and entrepreneurs who would like to participate as mentors. The channels for communication in each partner country were several newspaper articles, chambers of commerce and seminars where the entrepreneurs were invited. The aim was to locate at least two enterprises and entrepreneurs from each partner country. The entrepreneurs gave to the students several assignments, which consisted of requests of proposals for cooperation and new business ideas. The entrepreneurs had little or no familiarity with the cultures and business environments in the partner countries. They needed to be informed and the students of Global Entrepreneurship did this survey and e-mailed the results to entrepreneurs.

Most of the Global Entrepreneurship courses online started during fall 2008. The course consists of six parts:

- what does entrepreneurship really mean?
- entrepreneurship and the EU
- entrepreneurship in your own country
- entrepreneurship in partner countries and the assignments of mentor entrepreneurs

- preparing the reports to entrepreneurs and proposals for international co-operation
- new business ideas and preparation for the work training abroad

The work training abroad of Educating European Citizens consists of three parts

1. *Before the training abroad in the partner country*
  - Country (place of training) package is given to the trainee to study
  - Entrepreneur's (place of training) assignments are given to the trainee who makes a survey in his/her home country about entrepreneurship
  - Global Entrepreneurship course
2. *During the training*
  - Detailed program prepared by the enterprise receiving the trainee
  - Guidelines and objectives for the training by the mentor enterprise
3. *After the training abroad*
  - Evaluation based on the European Reference Framework (EQF) – Key Competences for Life Long Learning (LLL)
  - Certificate granted by the mentor enterprise and the educational institute responsible for the MOBILITY administration
  - Agreement about ECVET credits between the educational institutes sending and receiving the trainee

## **OBJECTIVES OF THE STUDY**

The study consists of the following objectives:

- to promote entrepreneurship education and training
- to develop new practices in entrepreneurship education and training
- to discover how entrepreneur education and training functions in an open online learning environment in six different educational and business cultures
- to train the students in the competences and attitudes transferred to them by family business entrepreneurs as mentors
- to evaluate how the family business entrepreneurs, staff and students benefit from the process and outcomes of the INNOVET program

The actors in our project are the entrepreneurs, students and instructors. The project offers an international platform for dialogue and interaction. All the members in each group are equally responsible for planning, conducting and evaluating the processes taking place during the project. Each group faces operational opportunities but also obstacles to reaching the goals.

All group members with their organizations are in a position to create and implement new ideas and ways of doing things. In the beginning there is confusion due to the needs of active international cooperation and reciprocal communication between the partners. The differences and similarities in educational and business cultures are not known or understood, and it takes time to build new practices for action building trust. Individual and collective cognitive and affective skills are

needed in the operational activities. In their personal learning situations, the members of each group specialize in the roles of both supply, i.e. resources to solve problems and provide solutions, and of demand, i.e. formulating objectives and goals.

We emphasize at first the entrepreneurial approach and then the student-oriented approach in planning the ongoing process of the project. The teachers' role as instructor is to support and facilitate cognitive paths, to propose pedagogical methods and to develop evaluation criteria with the help of the entrepreneurs and students.

## **THEORETICAL BACKGROUND**

This study is a qualitative study following the process of the INNOVET project (2007–2009), which through mutual exchange and communication and innovative transfer of learning seeks to develop a target model for entrepreneurship education and training that strengthens the competences and attitudes needed by the entrepreneur in international business networks.

### **Entrepreneurship education and training**

According to Snow, Corno and Jackson (1996, 247), a personality consists of an affective and conative function and intelligence as a cognitive and conative function. This theoretical, psychological model presents the main ideas of intelligence and personality research. A transfer of the psychological model to entrepreneurship education is still quite a way off. With this model as their basis, Ruohotie and Koironen (2000) have analyzed entrepreneurship education from the perspectives of both personality and intelligence. They believe key processes are related to conative construction, i.e. motivation and will, while Bloom (1956) in his educational taxonomy favours attitudes. *Affectiveness thus emphasizes the key processes.* The nature of entrepreneurship education is a world of the cognitive, affective and conative factors of intrapreneurship, and owner-entrepreneurship according to Kansikas (2006, 418) reflects a need for the goal of a *learning entrepreneurship*. This would reflect the need for individual flexibility in learning the skills required of potential entrepreneurs in a given time, environment and life situation. A learning entrepreneurship is based on a motivation for active and independent learning. The learning entrepreneurship is an attitude that may manifest as pedagogical solutions. The same can also be achieved through a Bloom-based approach, in which the attitudes of the entrepreneur are structured directly at the analysis stage.

Remes (2003, 164) and Westerholm (2007, 130) state that there is *too little debate within the arena of research both nationally and internationally about learning in entrepreneurship education*. It would seem that a unanimous view of entrepreneurship education has been adopted in research, yet that view is too large an extent positioned in the field of adult education and leaves much to be desired in terms of entrepreneurship education as a part of civic education. The paradigm of teaching business plans perseveres within the business studies unit in vocational education. Although periods of on-the-job learning bring the message from the business community that education in attitudes and interaction skills is of at least

equal importance, this message is only slowly integrated into the curriculum. Even slower is its integration into education and learning.

Remes (2003, 164) has described the forms of entrepreneurship as analogues of entrepreneurship training as follows: 1) the manifestation of voluntary entrepreneurship in pedagogic activities should be compared to the enterprising approach of the individual, 2) the manifestation of external entrepreneurship to the teaching of entrepreneurship knowledge and the enterprising use of materials, and 3) internal entrepreneurship to the enterprising approach of society. The modelling put forward by Remes could be taken a step further by classifying entrepreneurial skills as cognitive, affective and psychomotor skills, as this *serves practical curriculum planning in vocational entrepreneurship training*, yet does not abandon the entrepreneurial type classifications created by Gibb (2005, 47–48). The importance of practical learning alongside theoretical education has long been known. Voluntary entrepreneurship and its many aspects are best described by affective core skills (see Kyrö 1998 and 2005; Remes 2005). In vocational education, these core skills are best strengthened as a learning process in open learning environments, e.g. in practice enterprises and during periods of on-the-job learning, and they can be evaluated through demonstrations, which by definition concern the practical application of skills. The affective element of personality falls outside evaluation in demonstrations under current entrepreneurship training, although it should be evaluated alongside cognitive work processes. (Westerholm 2007).

### **Skills of small and family business entrepreneurs**

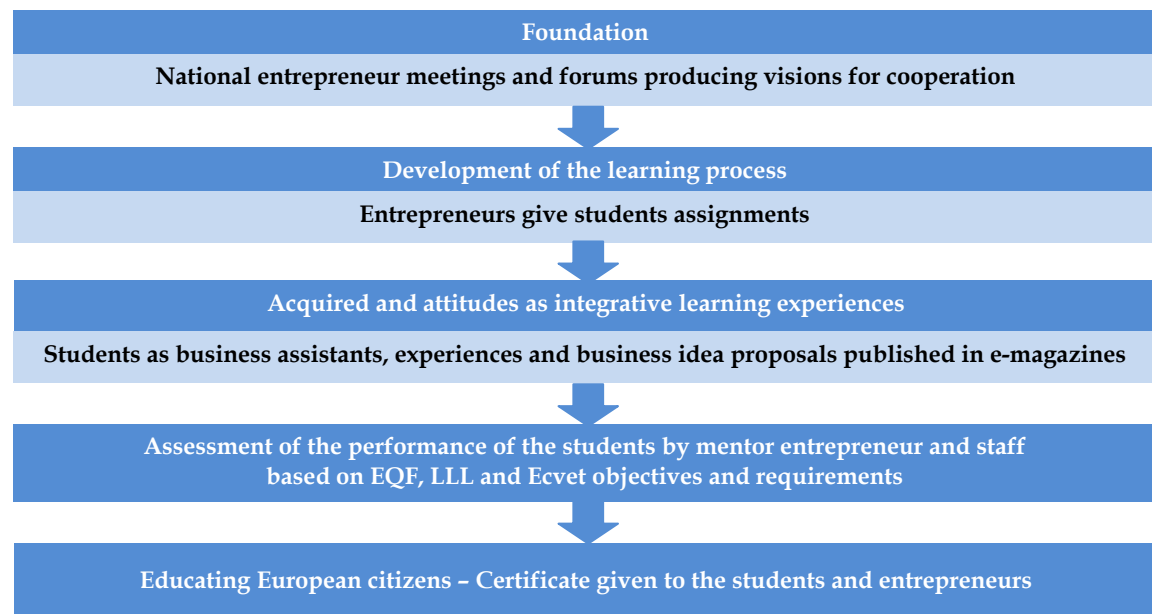
Skill, qualification, ability, capacity, effectiveness and proficiency are integral elements of the concept of competence, which is an amalgam of knowledge, behaviour, attitudes and values and refers to mastery of a certain skill, such as learning or reaching goals. Competence is also linked to creativity, innovativeness, flexibility, endurance and accuracy and precision. The usage of the concepts competence and qualification has been wavering and *no consensus has been reached regarding the semantic content of the two* (Ruohotie and Honka 2003; Antwell 1997; Drexel 2003; Juceviciene and Lepaite 2005). Competence may thus be taken to mean either a characteristic of the individual or the requirements of given tasks. The competence needs of business in a slightly wider context have been examined by Munch and Jakobsen (2005), who have stated that competence has become an important area of emphasis in education and industrial policy in recent years. Evaluation of the effectiveness of education has focused on qualification, understanding or ability. The concept of qualification has been nearly impossible to differentiate from that of competence in research on evaluation, as many factors in the everyday language of evaluation mix up the two. *The meaning of good school performance and of good business performance* has been difficult to define.

In entrepreneurship training, evaluation has even involved ethical issues. Entrepreneurship training becomes ethically questionable if the participants' current poor economic status is their only impetus for participation (Westerholm 2007, 133).

## DATA COLLECTION METHODS

### Data collection

The data collection method involves choices on how to collect data and what data to collect. The questions of what, where and how are interactive. The operative model emphasizes the role of family business entrepreneurs. The evaluation takes place during four phases.



**Figure 3. The process of data collection.**

Data collection in partner countries fits the following pattern, based on a study by Voorhees (2001):

#### *Foundation*

1. Phase: *brainstorming* session in national entrepreneur forums produces the fundamental visions of export and import ideas reflecting the traits and characteristics of participating entrepreneurs.

#### *Development of the learning process*

2. Phase: *personal interviews* with the entrepreneurs selected as mentors to the students in six countries, and their reflections on their hopes for the surveys and the marketing of their product in other partner countries.

#### *Acquired competence and attitudes as integrative learning experiences*

3. Phase: mentor competences needed and transferred when students are doing their *assignments* in the Global Entrepreneurship Program online and requesting help from their entrepreneur mentors abroad and at home. The experiences of entrepreneurs and students are published in national and international e-magazines.

#### *Assessment of the performance of the students by mentor entrepreneurs and staff*

4. Phase: *demonstrations of the outcomes* of the Global Entrepreneurship: surveys, marketing research and proposal for online stores.

### **E-magazines and communication**

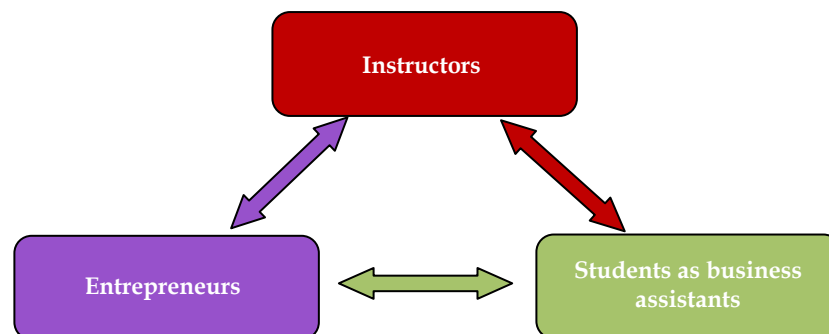
The international and national e-magazines are the main channels of sharing the experiences and understanding of the problems involved and the status and future trends of SME entrepreneurship in partner countries and Europe. Students, staff and entrepreneurs participate in editing international and national magazines.

The e-magazines are published in Finnish, German, Hungarian, Italian, Lithuanian and Turkish. The international e-magazine is in English. Every e-magazine has its own editorial board and editor in chief ([www.globalinnovet.com/magazines](http://www.globalinnovet.com/magazines)).

The administrative follow-up takes place in international meetings and by e-mail and Skype sessions, in English.

### **Target groups of the project**

In the international networks of this study there are representatives of family business entrepreneurs, educational and business organisations, staff members and students. The process of learning required active interaction and communication between entrepreneurs, students and instructors.



**Figure 4. Interaction between the actors.**

### **Students as project participants**

The students represent either business or ICT education. They are doing their studies in basic training, adult education or further training. They can also be recent graduates or apprentices in entrepreneurship vocational training. Students function as business assistants to the entrepreneurs and their companies.

### **Family business entrepreneurs as mentors**

The project is participant and enterprise-oriented and emphasizes local business cultures. Volunteer entrepreneurs are welcome to join the project as experts and mentors, for whom the students are trained as business assistants doing surveys and marketing reports in INNOVET partner countries.

The entrepreneurs and participant students are like magnets gathering information and knowledge from SME environments and implementing this knowledge into visions of multiple possibilities for international cooperation. For students, this can mean a new on-the-job training placement while for the entrepreneurs, it can mean new business ideas and social networks.

### **Staff of educational establishments**

The educational partners are a selected group of staff members at educational organizations. They are educational experts responsible for the administration of the INNOVET venture:

- Finland: Helsinki Business College and Helsinki Chamber of Commerce Institute,
- Austria: Business Akademi, Donaustadt in Wien and Wirtschaftsförderungsinstitut Internationaler Know-how Transfer in Vienna,
- Italy: Istituto Technico Commerciale Statale de Fazio in Lamezia Terme,
- Hungary: Európa 2000, Vocational School of Economics, Tourism and Informatics in Budapest
- Lithuania: Siuvimo is Paslaugu Verslo Mokykla in Klaipeda,
- Turkey: TEK-SAV, a Non Governmental Organization and Foundation specialising in vocational business training in Ankara.

### **TENTATIVE RESULTS**

The major problems in accessing the INNOVET staff in the partner countries are communication skills and lack of time. Differences in educational traditions and business cultures also present some difficulties, as the participants are not sufficiently familiar with each others' working. However, positive outcomes have already been achieved in the course of the INNOVET process and development of the Global Entrepreneurship study plan online.

### **INNOVET networks**

The organization of INNOVET is already established and trust exists between partners, as they know each other from previous projects and DACUM seminars (Westerholm 2007). New partner Italy is also somewhat familiar, as three students did their on-the-job training there. Westerholm's (2007) study provides us with perspectives for gaining deeper insight into the skills the entrepreneurs must possess and what they must be able to do in order to be successful in their business environments and occupation.

The major challenge at the beginning of our study in spring 2008 was in locating motivated entrepreneurs in each country. Many of our partners did not

comprehend the role the entrepreneurs were to have and therefore complained that it would not be possible to get entrepreneurs involved in the project. Once the idea of the benefits sank in, finding suitable entrepreneur partners proved less difficult.

We need three interacting networks: those of entrepreneurs, staff and students. The staff network is functioning well and the necessary trust between the members has been built. The entrepreneur network is under construction. Some of the entrepreneurs are already negotiating with each other at the international level. The entrepreneur profiles and questions to be given to the students when the courses start have been collected.

The student network will come online during autumn 2008 and spring 2009.

### **Communication and sharing experiences**

Administrative communication takes place in international meetings face-to-face, by e-mail and Skype, and in Skype meetings. Skype has proven an excellent tool in solving problems and clarifying process objectives. We have been able to conduct several Skype meetings with positive outcomes. The coordinator in Finland can easily identify the major problems and suggest tips to solve them. The ease of communication when using Skype came as something of a surprise, albeit a highly positive one.

### **Planning and implementing the Global Entrepreneurship Program online**

The family business entrepreneurs have had Entrepreneurship Forums (Phase 1 of data collection) and the fundamental views as to the partners' export and import ideas are known. The Global Entrepreneurship Program has been developed to suit the needs of educational institutes as well as local entrepreneurs. The students' points of views are taken into consideration when the pilots start in autumn 2008 and spring 2009. The number of participating students is yet to be determined but the duration of Global Entrepreneurship Programs varies from one study week to five study weeks or to one semester. ECVET credits are discussed at the end of the courses, as educational practices and traditions differ so much between partner countries. The aim is to reach a consensus by dialogue.

It was not easy to find committed entrepreneurs. A number of entrepreneurs were invited to the international entrepreneur forums organized by the partners in each country during autumn 2007 and spring 2008. Finally, each partner educational organization selected 2–3 entrepreneurs and their enterprises to be an actor in the project. In partner countries, the entrepreneurs represented the following sectors: small traders in the fields of textiles, fashion, cosmetics, arts, health and sweets, plus health fitness centres, cleaning services and the construction industry.

The multicultural business environments in all partner countries are unfamiliar to the various groups of entrepreneurs who anticipate, react and adjust to each other's desires, abilities, knowledge, visions and plans. The assignments and desires for action require close collaborative interaction and learning together in order to produce innovative outcomes. Collaborative learning takes place every-



where; yet there is also the possibility that collaborative learning will not occur. The ability to recognize and exploit opportunities is in scarce supply if the interaction is weak between entrepreneurs, student and instructors.

Each entrepreneur provided a profile of her or his company and a list of guiding questions to be given as assignments to the students during the Global Entrepreneurship course during autumn 2008 and spring 2009. The questions mostly addressed the following issues:

- what kind of business culture characteristics do the enterprises of my specific sector have in your country?
- how old are the companies?
- are there chain stores or individual shops?
- what are the products?
- are the enterprises owned publicly or privately?
- who are the customers?
- how many staff members are needed to run the business?
- how the products are marketed?
- is there space for new products like the products we sell in our company?
- how much capital and other legal procedures are needed to start a new business venture?
- is it possible to find new markets for my products?
- what kind of international cooperation do you propose?
- how do we start?

The e-magazines are published online and reflect the contemporary situation of the implementation of INNOVET ([www.globalinnovet.com/magazines](http://www.globalinnovet.com/magazines)). All the language versions are already online and some partners have started to edit their e-magazine.

### **Entrepreneurship education and mobility programs**

Entrepreneurship education is not sufficient if it takes place only in schools even though cooperation with national and international entrepreneur networks has been established. It is necessary to offer a platform of on-the-job learning abroad, preferably in the enterprise where one has served as business assistant and completed assignments given by the entrepreneur. Learning from experience about different cultural business practices and environments can lead to fruitful, international cooperation resulting in real, new innovations for action. Follow-up research is needed to clarify the motivation and commitment of each partner whether an entrepreneur or a student.

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**THE BEST FAMILY BUSINESS CASE STUDY IN  
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**FAMILY BUSINESS AS A PLATFORM FOR  
GROWTH VENTURING? THE FAMILY INFLUENCE  
ON GROWTH VENTURE GOAL-SETTING**

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**Abstract**

The following tentative research unveils the paradoxical nature of: Growth-Venturing inclination of business practices as juxtaposed with family business. Family firms are usually confounded with an array of stereotypical myopic views or attitudes towards growth. They are often assumed to be firms that lack dynamism and ambitions for perceived growth. Subsequently, an array of relevant theory, namely; the pecking order theory and social capital in conjunction with excerpts from an ongoing empirical qualitative research; have been chosen as invaluable trajectories within the article and will consequently act as a tentative framework and platform for disputing these various negative assumptions of family firm's potentials and ambitions for growth and growth venturing respectively.

**Keywords:** Growth venturing, family business, family, goal setting.

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## INTRODUCTION

Family firms, generally defined as businesses either owned or managed-operated by the family (or its units), are the most prevalent form of business organization. For most developed economies, the family business sector is estimated to account for over two thirds of all enterprises and about half of the GDP economic activity (Gersick, Davis, Hampton, and Lansberg, 1996). Commentators view family firms as the backbone of the private economy, as they make a substantial contribution to: national, socioeconomic and entrepreneurial development (Connolly and Jay, 1996; Poutziouris and Chittenden, 1996; Neubauer and Lank, 1998; Leach and Bogod, 1999; Romano, Tanewski, and Smyrnios, 2000). On the positive side, family firms are credited for nurturing entrepreneurial talent, a sense of loyalty, long-term strategic commitment, pride in the family tradition, and corporate independence. On the negative side, family firms can suffer from a lack of professionalism, nepotism, rigidity in adapting to new challenges, and family feuding. Conflicting family and business politics can undermine strategically planned ownership, leadership, and management succession, which can derail the development of the family firm.

To safeguard family ownership, control, and financial independence from outsiders, owner-managers of family firms often overlook growth opportunities - or even eschew growth; owing to heavy dependence on internally generated funds and limited access to external, long-term risk capital options. Stakeholders, with an interest in the survival, long-term growth, and sustainable corporate prosperity of the prolific small to medium-size family enterprise, have been concerned about the financial affairs of owner-managed smaller companies (DG23, EU-Commission, 1997, 1998a, 1998b, 1999). According to the European Observatory Network for SME Research (1996), about 30% of all European enterprises (or about 5 million business units of all legal forms) now face business transfer. Moreover, estimates suggest that 30% of such business transfers will not materialize because failure to plan can be tantamount to planning to fail. In the case of family businesses, management and ownership succession is usually related to strategic business plans or to factors exogenous to the business, including sudden family feuding, death, or changes in transfer taxes.

Consequently, sourcing supplementary outside capital (such as private equity/venture capital) to finance liquidity and other capital requirements that might result from generational, management, or ownership transitions is increasingly central to their survival and sustainable development. In light of the new economy, it is possible that family firms will fail in the face of increasing competition. Also, emerging internal pressures to finance entrepreneurial and technological renewal could result in family firms selling out, facing hostile takeovers, struggling to defend market share, or even becoming insolvent (deVisscher, Aronoff, and Ward, 1995).

## THE FINANCE GAP

The finance gap, hampering the strategic financial development of family and non-family privately held SME's, has been under the microscope of business economists and enterprise policy makers for decades (Bolton, 1971; Wilson, 1979; Aston Business School, 1991; ESRC - Business Research Centre, 1992, 1996; Bank of England, 2001). This finance gap is a multidimensional barrier involving:

- The problematic flow of development debt financing (costly, insufficient, heavily short-termist)
- The persistence of an equity gap (owing to asymmetrical objectives of owner-managers and investors), which exacerbates the debt gap
- The short-termist (and anti-outsider) approach to strategic financial management and development planning of closely held SMEs, especially family firms, which are often sceptical about the deployment of externally generated, long-term funding.

This attitude is symptomatic of the undercapitalization of private SME's as a result of the overreliance on short-term financial options (Poutziouris, Chittenden, and Michaelas, 1998).

The response of governments, for instance in the U.K; to closing the equity side of the finance gap- via channelling more equity capital essential for the realization of the growth potential of entrepreneurial SME's, has been the orchestration of a number of schemes, including the following:

- The promotion of the business angel network (individual, small venture capitalists)
- The Business Expansion Scheme, now the Enterprise Investment Scheme, which is a tax-efficient vehicle to encourage equity investment in unquoted companies and certain smaller public limited companies
- The establishment (since 1995) of the Alternative Investment Market (AIM), a secondary market (regulated by the London Stock Exchange, but with less demanding rules than the official listing) designed primarily for smaller growth inspired companies.
- The promotion of tax-efficient share options and all employee share ownership schemes to broaden equity share ownership

Stakeholders with an interest in the survival and long-term growth of SME's call for more drastic action to ameliorate the equity gap that arrests the development of tomorrow's growth stars (Basham and Pickering, 1999; HM Treasury, 1998; EU - Commission, 1999; Bank of England, 2001). Better access to equity, either through development of suitable SME-oriented capital markets or through helping SME's to overcome the inherent (financial and behavioural) barriers that restrain them from considering external equity options, will allow growth-ambitious SME's not only to invest in development strategies, but also to facilitate business transfers, especially strategic generational succession in family firms.

## **SOCIAL CAPITAL INFLUENCE IN ENTREPRENEURSHIP**

The sustained and continuing interest in the subject of entrepreneurship by academics, practitioners and policy makers demonstrates that it is unlikely to be a fad. This is probably not surprising when we consider the importance of entrepreneurship for economic development and regeneration and that it is perceived to bring about both economic (Storey, 1997) and social (Aldrich et al., 1983) benefits (Wiklund et al., 1997; Hyrsky and Ali, 1996). Although entrepreneurs are increasingly recognized to be an important element of modern economies, our understanding of how they operate and the very nature of entrepreneurship remains relatively limited. Until relatively recently, the study of entrepreneurship focused primarily upon the individual. Analysis of traits, cognitive models of behaviour and start-ups were firmly individualistic (Bolton and Thompson, 2000; Brockhaus and Horowitz, 1986; Kets de Vries, 1977).

Since the 1980s, however, the importance of social contacts and networks to entrepreneurship and entrepreneurial performance has been more widely recognized. The emerging perspective is that since economic activity is embedded in society, the innovative entrepreneur develops social capital through building networks which provide external sources of information, support, finance and expertise allowing mutual learning and boundary crossing. An entrepreneur's networks are likely to be based on experience, which not only determines the range of contacts, but may also influence perceptions of opportunities and courses of action (Aldrich and Zimmer, 1986; Birley, 1985; Chell and Baines, 2000; Dubini and Aldrich, 1991; Johannison, 1998; Johannison et al., 2002; Lechner and Dowling, 2003).

Networks may begin as highly personal but are likely, through time, to spread to include a range of contacts that far exceeds the immediate family and close friends. Individual contacts alone, while reducing uncertainty, may become constraints on both the entrepreneur and the business unless reinforced by a wider external network. External networks frequently involve more formal contractual arrangements, including strategic alliances with other companies. These 'weaker' ties allow the individual to reach outside his or her immediate contacts to secure a wider range of information. However, supposedly weak ties are not without their personal elements. They are often facilitated by such economic and social institutions as trade associations, exhibitions and trade shows, as well as links with tertiary education, all of which involve personal contact (Freel, 2000; Lechner and Dowling, 2003; Parsons and Rose, 2004; Rothwell, 1991).

Relationships clearly matter to entrepreneurs, but understanding how they function requires an appreciation of social capital. The presence or absence of social capital is likely to influence the very nature of the entrepreneurial venture (Anderson and Miller, 2002). Social capital involves social interaction and would appear to reside in and between connections to others. It could even be regarded as representing 'networking capital' since in essence it is really a relational phenomenon and a term that actually refers to the social connections entrepreneurs use to obtain resources they would otherwise acquire through expanding their human or financial capital (Aldrich and Martinez, 2001; Anderson and Jack, 2002; Kim and Aldrich, 2005). By confronting theory with empirical research, this special issue demonstrates the emerging importance of social capital to the understanding of

entrepreneurship. It highlights the differing perspectives to be derived from economics and sociology (Casson and Giusta, and Anderson, Park and Jack). It also demonstrates the ways these approaches enhance understanding of the manner networks are built, operate and are dismantled (Bowey and Easton, and Anderson et al.).

Access to social networks is based upon mutual trust and shared understanding, which means that many are exclusive rather than inclusive. This especially applies to formal organizations such as chambers of commerce, universities and government agencies. By looking at both the behaviour of ethnic minorities and the development of social enterprise, this special issue throws light on the darker side of social capital – that which excludes rather than includes (Deakins, Ishaq, Smallbone, Whittam and Wyper). The difficulties of defining social capital are addressed by Anderson et al. They highlight the confusion in the literature and demonstrate the problems of defining social capital as an asset. They see it instead as a condition or a quality that revolves around the experience of interdependence. It is ‘a social thing’ linked to the social interactions within a network.

In reviewing the role of social capital in entrepreneurship they demonstrate the impact of social interaction on information flow and innovation in the hi-tech sector. They show that entrepreneurship is inseparable from social interaction. Mark Casson has made entrepreneurship one of the cornerstones of his research over a 25-year period. For him the entrepreneur is defined as one who specializes in ‘making judgemental decisions’ (Casson, 1982). Economics is often seen as highly individualistic. However, as Casson demonstrates, the economics of entrepreneurship, while resting on the role of individual opportunity, sees activity as socially embedded (Shane, 2003). Casson’s own work, which provides a bridge between transaction cost theory and theories of entrepreneurship, business culture and information, is similarly informed. The crucial dimension is the relationship between trust and transaction costs (Casson, 1991; Casson, 1993; Casson and Rose, 1997).

Pointing to the ambiguity of social capital, Casson and Giusta set about refining the distinctions and relationship between networks, trust and social capital. Their principle concern is, however, related to building the kinds of networks that will improve the performance of business and hence the macro-economy. They suggest that network building is not a **static** but **dynamic** process. The form and capabilities of networks will therefore depend on the stage in the entrepreneurial process and the reputation of the entrepreneur. The dynamic process of network building also features in Bowey and Easton’s article, with its conclusion that social capital can be destroyed as well as built. They revisit the concept of social capital through entrepreneurship network relationships and highlight the extent to which trust may be broken as well as developed. Richly illustrated by five case studies, this reference from the inferred article; revisits social capital theory by linking, actors resources and activities. That their precise definition of entrepreneurship varies from Casson’s is unsurprising, given a different intellectual underpinning. Yet both articles recognize the role of transactions with other actors and the significance of opportunistic behaviour in such relationships. Collaborators may cheat or free-ride on goodwill leading to a breach of trust and a breakdown in relations.



Bowey and Easton's interest in the destruction of social capital distinguishes it from the mainstream of social capital research, with its almost evangelical faith in the gains from social interaction. Successful collaborations are based upon mutual trust and mutual benefit. Bowey and Easton are able to show that misplaced or misjudged expectations, as the relationship develops, can undermine fragile trust and reverse any potential gains. Networks are, therefore, dynamic and may change through time and this is also demonstrated in the article by Deakins et al., which focuses on ethnic minority businesses.

Enjoyment of the benefits of networks is underpinned by a set of informal 'rules of the game' based upon tacit knowledge and deriving from shared "communities of practice" (Brown and Duguid, 2002). For "outsiders" the boundaries very quickly become barriers. Earlier work suggested that successful entrepreneurs from ethnic minorities often joined predominantly white clubs to build their social capital (Mulholland, 1997). This reference, however, concentrates on the role of social capital from within the Scottish ethnic minority business community. There is a long tradition of work on the networking behaviour of minority groups – whether ethnic or religious. In the 18th and 19th centuries, for example, discussion of the Quakers in British business highlighted the business gains from the cohesion and shared values of a close-knit religious sect. Similarly the 19th-century success of the Jewish émigré business community, in British merchant banking and commerce, has been linked to inter-twined family ties and shared values (Chapman, 1992; Prior and Kirby, 1993).

In common with the other articles in this issue Deakins et al. show that the role of social capital shifts through time and is by no means always positive. Family-based bonds, which can be so positive during start-up, can become stifling for second and third generations. Oppression from the "shadow of the founder", which can make social capital a burden rather than an asset, is not, however, unique to ethnic minorities. It has been found in a range of family firms in both the 19th and the 20th centuries (Hamilton, 2005; Rose, 1993). This reference also demonstrates that it is misleading to assume a generic form of ethnic minority social capital formation. Networking behaviour and capabilities vary internationally and are based on differing norms, expectations and "informal rules of the game" (Colli and Rose, 2006). This reference shows this picture is replicated in ethnic minority communities in Scotland, where varying social norms, behaviours and expectations mould the development and use of social capital.

## **SUMMARY**

Although the entrepreneurial benefits of social capital are becoming well established, understanding the specific social processes that may enhance the ability of the entrepreneur to recognize or exploit opportunities is fairly limited (Davidsson and Honig, 2003). Yet, if entrepreneurship is a socio-economic process whereby economic actions are conditioned, if not at the very least influenced, by social relations then understanding the impact of the social context on the entrepreneur becomes increasingly important (Aldrich and Zimmer, 1986; Granovetter, 1985; Young, 1998). Cooke and Wills (1999) made the point that insights into social capital can be generated by examining smaller firms. This special issue not only

broadens our understanding of how social capital within the entrepreneurial context can be defined, measured and conceptualized, it also expands our knowledge about the very nature of entrepreneurship. However, it also demonstrates a number of areas for future research. For instance, the extent to which entrepreneurship is carried out through social interactions and networks (Anderson et al.); the extent to which different types of networks are used for different stages of entrepreneurial activity (Casson and Giusta); the influence of social networks on the way entrepreneurs act (Bowey and Easton); understanding the complexity of social capital with different ethnic business owners (Deakins et al.); and, social capital and the differences and similarities between social and private entrepreneurs.

## **THE STRATEGIC ORIENTATION OF FAMILY FIRMS - IN SEARCH OF GROWTH STARS**

Evidence from the SME economy suggests that a minority of family business owner-managers are growth orientated. Most owner-managed ventures are lifestyle activities and the motives of their owner-managing directors (OMD's) are not always financially orientated (Westhead, Cowing, Storey, 1997). The strategic orientation of the lifestyle ventures is tuned to the "Small Is Beautiful" socio-economic ethos. The predominant small family business owner-manager prefers the status quo (Reid, Dunn, Cromie, and Adams, 1999) and cherishes an autonomistic culture (Birley, 1996).

In a recent empirical analysis; although predominantly conducted within the United Kingdom business environment, reflects the current situation of family firms as a holistic approach as well. Results were achieved by tabulating the responses of family business OMD's about their business and personal goals concerning the future of their business. Poutziouris (2000) categorized the UK SME family business economy into the following four generic groups:

1. **Traditionalists:** This group represents OMD's of traditional and lifestyle family firms that have a propensity to retain family control across generations. They appear interested in carrying on as normal (maintaining the status quo) and in enjoying independence and control, possibly until market conditions or family developments make them reconsider their business agenda. This type of firm represents the majority (i.e., 61%) of family companies.
2. **Open-growth stars:** This group represents OMD's who are interested in increasing the size/scale of the business, organically or via acquisitions and joint ventures. They do not abide dogmatically to introverted family business traditions and are willing to recruit outsiders and to raise external capital to finance their expansion and diversification, which may subsequently lead to flotation. This group comprises 21.4% of family companies.
3. **Strugglers:** This group of OMD's have no clear strategic orientation, as they are subject to financial pressures and have to limit their drawing/payout to make the books balance. They do not have diversification/expansion plans, as they are struggling and, so, survival precedes

plans to retain the business in the family. This group makes up approximately 15 % of firms.

4. **Exiters:** This group considers exit options either through trade sale or even flotation. This group represents a small minority of less than 4% of family companies.

According to Romano, Tanewski, and Smyrniotis (2000), the openness of family companies to externally generated sources of capital are interrelated to personal, familial, and business objectives and aspirations, as well as certain market-imposed capital requirements (i.e., as in the case of fast-growing, capital-intensive, high-technology ventures and so on). Evidence suggests that the higher the extroversion of family company OMD's - positively associated with growth aspirations - the more adventurous they are with external capital. Introverted and closely held family ventures, which adhere strongly to family business control, are less likely to pursue business growth agendas and, consequently, tend to be more reliant on internally generated funds and a conservative approach to financing. External financing of privately held smaller companies is heavily biased toward short-term fund solutions. There appears to be an aversion to institutional finance and, in particular, external equity. This reluctance to external, long-term finance (both debt and risk equity capital) is particularly strong in family companies. This is symptomatic of the behavioural side of the strategic financial development agenda of privately held companies (Michaelas, 1998). The behavioural side of business venturing, which is stronger in the case of family firms, naturally plays a crucial role in shaping their financial structure-conduct and performance. In contrast to the large business organizations that normally have a separation of ownership from management control, family companies operate as an extension of the ethos of their owner-managers (Birley, Ng, and Godfrey, 1999).

## **THE FINANCIAL DEVELOPMENT OF FAMILY COMPANIES**

In a recent comparative analysis of the balance sheet structure of family and non-family companies, Poutziouris, Michaelas, Chittenden, and Sitorious (2000) - after controlling for the impact of demographic variables such as age, sector, and size; find evidence to suggest that family-controlled companies tend to invest more in tangible rather than intangible assets; have fewer long term liabilities (i.e., fewer long-term loans, etc.); and through the retention of profits, build a stronger equity base (i.e., shareholders' funds). Interestingly, given the adherence of family firms to the retention of profits, certain traditional family companies, that is, in production and distribution activities, have stronger corporate equity (shareholders' total assets) than their private counterparts do. This high level of equity suggests that certain groups of family companies - especially growth oriented ventures with a more open culture - appear to be more bankable and could benefit from the advantages of venture capital (infusion of financial and human capital) when they embark on growth agendas, provided the deal addresses certain restrictive aspects that are incompatible with their ethos, e.g., dilution of control, exit options, and so on. In line with the above discussion, the central research inquiry addressed in this paper concerns the extent to which concentration (in the case of introverted family companies) or dilution of ownership has an impact on the financial strategies (as epitomized by venture capital dealings) of private and

family companies. Hence, the central research question arises: *How family social capital influences towards growth-venture goal setting?*

The present project builds on previous comparative analysis of the financial structure-managerial, behaviour business performance of family and nonfamily private SME's (see Poutziouris, Chittenden, and Michaelas, 1998; Poutziouris, Chittenden, and Michaelas, 1999; Poutziouris, Michaelas, Chittenden, and Sitorious, 2000) and provides further empirical evidence on the *Quo Vadis*: Financial Development of Family Companies as governed by the pecking order principles.

## **PHENOMENON DEVELOPMENT**

According to the pecking order hypothesis (Myers, 1984), privately held, smaller companies finance their capital needs in a hierarchical fashion, first using internally available funds, followed by debt and then, finally, external equity. This preference reflects the relative costs of various sources of finance, owing to the existence of information asymmetries. It could be argued that the pecking order hypothesis is particularly relevant to family firms, as they are widely characterized by an aversion to outside capital infusions (Dunn and Hughes, 1995; Gallo and Vilaseca 1996; Poutziouris et al., 1998; Romano et al., 2000; Poutziouris, 2000), and they experience relatively more restrictive transactional and behavioural costs in raising external equity (Pettit and Singer, 1985). Furthermore, a stock market flotation would widen the share ownership of the firm, leading to loss of control by the original owner-managers or even a hostile takeover. As such, the rational response of owner-managers of smaller private companies is to avoid the use of external equity finance and to rely more heavily on retained profits and short-term bank loan finance. In a recent empirical investigation, Poutziouris, Chittenden, and Michaelas (1998) established that the financial development of private companies is influenced by the state of the economy, conditions in the capital markets, internal business characteristics, and the owner-directors' attitudes toward financial independence, business risk, and family business control. Owing to these considerations, it appears that private companies do not necessarily optimize their capital structures when deploying external sources of finance. OMD's adhere to the pecking order philosophy: a sequential preference for internally generated funds (mainly through the retention of profits), followed by short-term overdraft finance and then medium-term bank loans. External equity finance is rare and is often considered as a last resort. However, evidence from practice reveals that certain growth-inspired family companies employ outside equity capital to finance strategic transitions, such as market-oriented business growth, generational and management succession, widening the capital base in the context of an MBO/MBI, and other exit options (Poutziouris, 1999). Therefore, it is imperative to establish the attitude of family OMD's toward externally generated equity capital as they confront the growth-versus-control dilemma.

More specifically, this research paper aims to test empirically the following conjectures governing the financing of family businesses vis-à-vis the experience of their mainstream private counterparts:

- *Conjecture 1: Family firms tend to use more internally generated funds for their development* (Ward, 1987, p. 3; Corbetta, 1995; Poutziouris et al., 1998).
- *Conjecture 2: Family firms tend to be more reluctant towards external private equity - venture capital deals, than their non-family counterparts* (Dreux, 1990; Dunn and Hughes, 1995; Westhead and Cowling, 1997b; Gallo and Vilaseca, 1996; Upton and Petty, 2000).

The purpose of this explorative investigation is to attempt to determine, whilst shedding more light on the dilemma of: the control-orientation of family firms – usually inclined towards maximizing their resources as compared to their non-family, mainly exit oriented counterparts – usually inclined towards a growth-oriented trajectory respectively.

## DATA AND METHODOLOGY

This exploratory study was conducted by interviewing a family firm that is predominantly within the I.T industry – in Finland, with their main area of specialization being centred at web-page and media production respectively. In addition, three decisive interviews were conducted, through/via incorporating a diverse representation of industry specialists, who are in continuous relationship with family firms; thus, illustrating the paramount importance that their various contributions accomplished and accentuated the results that were attained from the preliminary interview carried out with the owner-manager of the family firm on focus. These critical contributors comprised of:

- A V2C (Venture to Capital) Business Development Adviser – within the hautoma (incubator) entrepreneurial programme
- A Business Advisor (Uusyritysneuvoja) from one of the main Finnish Entrepreneurial Finance institutions
- An accountant from the Finnish branch of an internationally renowned accounting institution

This young fledgling family firm was officially launched towards the end of 2005 by two aspiring entrepreneurial brothers. The main objective associated with the firm was to be distinguished as a leading web-page design company, nevertheless; broadened their horizons by providing their clientele with the possibility of incorporating a holistic media package that includes: web-pages, multimedia, sound production, print media and graphic design, depending on current customer demands respectively. These two young brothers are budding entrepreneurs who have grown up within an entrepreneurial environment, thus, inevitably contributing to their overwhelming interests of initiating a business that they are profoundly interested in. As the main owner-manager admitted during our preliminary interview, their father has been an inspiration and supporter of their venture and concluding that this is one of the intrinsic factor that motivated them to continuously strive at meeting set out goals and objectives and possibly exceeding expectation. Other pertinent issues that emerged from the impromptu interview included: general challenges, push & pull factors of running the business and the general start-up capital that is provided by two key Finnish financial institutions.

## EMPIRICAL FINDINGS

The various interviews conducted demonstrated the complexities and dynamisms associated with family-run-firms. The main issues and objectives that revolved around the research were based on the influence of family social capital within family firms, which mainly arises from the complex settings that they portray; namely – the inevitable co-existence of family and business aspects of firm governance. It was well noted that the respondents contributions and answers to the provided questions, tended to be inclined towards similar empirical observations, experiences and views of their clientele (family firms).

**Table 1. The Outlook of Preliminary Interview Results.**

<b>Respondents</b>	<b>Business Development Adviser</b>	<b>Business Advisor (Uusyritysneuvoja)</b>	<b>Accountant</b>
<p><b>Themes (T's):</b></p> <p><b>T 1</b></p> <p><b>Role &amp; Influence of family within the business?</b></p>	<p><b>(I) Positive(s):</b> Acts as a catalyst for accelerating entrepreneurial development.</p> <p><b>(II) Negative(s):</b> May stifle entrepreneurial development- myopic views.</p>	<p><b>(I) Positive(s):</b> Family firms seem to be more long-term oriented as compared with their non-family counterparts.</p> <p><b>(II) Negative(s):</b> Pessimism of growth related strategies – Venture capital &amp; ownership issues.</p>	<p><b>(I) Positive(s):</b> Cordial family relations promote growth.</p> <p><b>(II) Negative(s):</b> The almost demise or impediments of family firms by unforeseen circumstances; e.g.: divorce.</p>
<p><b>T 2</b></p> <p><b>How the family participates in goal setting(s) – growth?</b></p>	<p><b>(I) Positive(s):</b> Cordial family relations promote the attainment of set out objectives; e.g.: growth &amp; financial issues.</p> <p><b>(II) Negative(s):</b> The family influence may stifle entrepreneurial traits. Such as innovativeness, creativity, outgoing – ambition (s)</p>	<p><b>(I) Positive(s):</b> Acts as a lifestyle to the entrepreneur &amp; his family.</p> <p><b>(II) Negative(s):</b> Stifles growth. E.g.: lack of dynamism within the business-myopic views of owner-manager.</p>	<p><b>(I) Positive(s):</b> Promotes vital social networks that are essential for business sustainability.</p> <p><b>(II) Negative(s):</b> Owner manager's tight grip on the business tends to slow down development related projects.</p>

The results from table 1, above; illustrated the almost monotonous results that were received from the respondents. Family firms tend to portray respectable growth potentials, but are rather reluctant to pursue them. This is especially attributed to ownership issues that govern these firms. As a result, this concurs with the framework mentioned earlier: Family firms tend to be control oriented and strive to maximize on their resources, whilst the non-family counterparts tend to be exit oriented and maximize on opportunity.

## **CONCLUSIONS AND IMPLICATIONS**

The findings of this exploratory study indicate that family firms tend to prefer the “keep it in the family” phenomenon as well described by the pecking order theory. (Myers, 1984) Nevertheless, mainstream family firms are gradually inclining to growth related strategies, by incorporating equity finance – venture capital. The family firm in focus portrays a relatively similar observation, due to the fact that, though the owners prefer to generate revenue internally, following the eventual equity path would become a necessity. This is mainly accentuated by their line of business (I.T) and their long-term objectives of business development. Subsequently, more research would be advantageous to the overall contribution of the related growth strategies and opportunities that these family firms are yet to exploit explore and seize respectively.

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