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(2 Volumes)

Vol. 2

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## Contents

The CE.	Pag
List of Figures	i
List of Tables	ii
List of Appendices	V
Volume 2	
Chapter 6: The micro-enterprises	
6.1: Introduction	158
6.2: Profile of the micro-enterprises	158
6.2.1: Project location	158
6.2.2: Project ownership	165
6.2.3: Project sector	170
6.2.4: Year in which the enterprise was established 6.2.5: Level of employment	174 175
6.2.6: The distribution of the main market	180
6.2.7: The level of innovation	183
6.3: The micro-enterprise environment	188
6.3.1: The view of the market for the enterprises over the last five years	188
6.3.2: The main constraints/threats facing the micro-enterprises	193
6.3.3: The main opportunities facing the micro-enterprises	202
6.4: The significance of location factors in entrepreneurship 6.4.1: The factors which most influenced the choice of location for	207
the enterprises	207
6.4.2: In hindsight, the choice of location for the enterprises 6.4.3: The main advantages of the region/county/local area for the type	210
of enterprise	211
6.4.4: The main disadvantages of the region/county/local area for the	211
type of enterprise	216
6.5: Future alterations	221
6.5.1: The intention to alter the enterprises over the next five years	221
6.5.2: Methods to alter the enterprises over the next five years	224
6.5: Conclusions	227
Chapter 7: The entrepreneurs' interaction with the external organisa	ations
7.1: Introduction	230
7.2: Organisation interaction	230
7.2.1: Awareness of supports	232
7.2.2: Method of contact between the entrepreneurs and the	
organisations	236
7.3: The supports received from the organisations	240
7.3.1: The greatest help received from the organisations	240
7.3.2: The amount and sources of funding received since 1994	245 248
7.3.3: Other assistance and advice received in the past 6 years 7.3.4: The number of training courses attended	248
7.4: Satisfaction with the supports received from the organisation	256
7.4.1. Level of satisfaction with organisation support received	256

7.4.2: Level of satisfaction and/or dissatisfaction with selected supports 7.5: The level of deadweight amongst the enterprises supported 7.6: The greatest electroles are content in the relationship with the	258 262
7.6: The greatest obstacles encountered in the relationship with the	263
organisation/s or in the development of the enterprises 7.7: Supports or assistance absent at present	282
7.8: Conclusions	292
Chapter 8: Entrepreneurial characteristics and experiences: implication enterprise creation and development	tions
8.1: Introduction	296
8.2: Personal characteristics of entrepreneurs	296
8.2.1: Gender	296
8.2.2: Age	301
8.2.3: Marital status	303
8.2.4: The involvement of family members in the enterprise	306
8.3: Enterprise skills	307
8.3.1: Educational qualifications	308
8.3.2: Training completed	317
8.3.3: Previous business experience	321
8.3.4: Size of business most often worked with	323
8.4 Mobility and entrepreneurship	324 324
8.4.1: Birthplace 8.4.2: Present place of residence	325
8.4.3: Last place of residence	323
8.5 Respondents' comments	329
8.5.1: Factors important for people setting up a business	330
8.5.2: Personal goals	336
8.6. Becoming an entrepreneur	341
8.6.1: Reasons for becoming an entrepreneur	341
8.6.2: How people became entrepreneurs	348
8.7: Conclusions	352
Chapter 9: Conclusions	
9.1: Introduction	355
9.2: Profile of the micro-entrepreneurs and implications for	333
micro-enterprise policy	355
9.2.1: The main factors influencing entrepreneurship	355
9.2.2: The main motives and goals for entrepreneurship	356
9.2.3: Factors which assist one in becoming an entrepreneur	359
9.2.4: The significance of lifestyle factors in entrepreneurship: gender, age, marital status and the involvement of family in the micro-enterprises	s 360
9.2.5: Education, training and the influence of previous work experience	260
in entrepreneurship	362
9.2.6: The interplay between mobility and entrepreneurship	365
9.3: Profile of the micro-enterprises	366
9.3.1: Ownership, age, level of employment creation, diversification	366
and contribution to the local community 9.3.2: Exporting activities	371
9.3.2: Exporting activities 9.3.3: The level of innovation	372
9.3.4: The external environment: opportunities and threats	312
to micro-enterprises	373
9.3.5: The importance of location factors in entrepreneurship	377
9.3.6: Future alterations: indications for enterprise growth	379
9.4: Interaction with external organisations	380

9.4.1: Why entrepreneurs interact with external enterprise	
supporting organisations	381
9.4.2: The greatest help received from interaction	383
9.4.3: Methods and frequency of contact between the entrepreneurs and	
the enterprise-supporting organisations	386
9.4.4: The greatest obstacles encountered in interaction	386
9.4.5: Understanding interaction	387
9.5: Conclusions and policy suggestions	389
9.6: How the research fits into existing research	393
9.7: Contribution made to the field of entrepreneurship	393
9.8: Suggestions for future research	396
Bibliography	399
Appendices	418

## **List of Figures**

- Fig. 7.1: The process of interaction between the entrepreneur and the external environment
- Fig. 9.1: A profile of the micro-entrepreneurs
- Fig. 9.2: Profile of the micro-enterprises in the sample
- Fig. 9.3: The opportunities and threats presented by the external environment
- Fig. 9.4: The influence of location factors in entrepreneurship
- Fig. 9.5: The entrepreneurs' interaction with external enterprise-supporting organisations
- Fig. 9.6: A conceptual and contextual framework for understanding the interaction between microenterprises and enterprise-supporting organisations.

#### **List of Tables**

- Table 6.1: The location and distribution of the micro-enterprises in the sample
- Table 6.2: Selected characteristics of Mayo, Monaghan and Wicklow
- Table 6.3: Estimates of total income per person in Mayo, Monaghan and Wicklow, 1995-2000 (EURO)
- Table 6.4: Estimates of disposable income per person in Mayo, Monaghan and Wicklow, 1995-2000 (EURO)
- Table 6.5: GVA per person at basic prices, for select regions, 1995-2000 (EURO)
- Table 6.6: The level of educational attainments in Co. Wicklow, Mayo and Monaghan in 1996
- Table 6.7: Employment by broad economic sector in Counties Wicklow, Mayo and Monaghan in 1996
- Table 6.8: The extent of home ownership in selected regions
- Table 6.9: Project ownership and location
- Table 6.10: The community enterprises in the study
- Table 6.11: Projects ownership and corresponding organisation support
- Table 6.12: Project sector and location of the micro-enterprises
- Table 6.13: Project sector and organisation support
- Table 6.14: The categories of micro-enterprise activities
- Table 6.15: The year in which the enterprises were established and the year in which the entrepreneurs became involved in the enterprises
- Table 6.16: The scale of family employment in a full-time, part-time and voluntary capacity
- Table 6.17: The scale of non-family employment
- Table 6.18: Project ownership and distribution of main market for the enterprises
- Table 6.19: Type of organisation and distribution of the main market for the enterprises
- Table 6.20: Identified features of innovation amongst the micro-enterprises
- Table 6.21: The legal status of the micro-enterprises and their expressed level of innovativeness
- Table 6.22: Project sector and corresponding expressed level of innovativeness
- Table 6.23: Respondents' view of the market for their micro-enterprise in the preceding five years
- Table 6.24: The main threat or constraints facing the enterprises
- Table 6.25: Main opportunities facing the micro-enterprises
- Table 6.26: The respondents' ranking of the factors which most influenced the choice of location for the enterprises.
- Table 6.27: The advantages of location for the micro-enterprises
- Table 6.28: The disadvantages of location for the micro-enterprises
- Table 6.29: Project ownership and intention to alter enterprises
- Table 6.30: Respondents' methods to alter their enterprise
- Table 7.1: The entrepreneurs' initial awareness of enterprise supports provided by the organisations

- Table 7.2: Method of contact between the entrepreneurs and the organisations
- Table 7.3: Ranking by the entrepreneurs of the greatest help received from the organisations in developing/maintaining the enterprises
- Table 7.4: Sources of funding received since 1994 other than initial funding
- Table 7.5: The frequency and amount of grants and/or loans received by the entrepreneurs (£) in preceding six years
- Table 7.6: Other sources used by the entrepreneurs for assistance and advice in the preceding 6 years
- Table 7.7: Number of training courses attended by the entrepreneurs
- Table 7.8: Level of satisfaction with organisation support
- Table 7.9: Level of satisfaction/dissatisfaction with selected supports
- Table 7.10: Likelihood that enterprise would have gone ahead without financial support of organisations
- Table 7.11: The greatest obstacles encountered in the respondents' relationship with the organisation or in their development of the enterprise
- Table 7.12: Absent supports which the entrepreneurs would like to see introduced
- Table 8.1: The distribution of male and female respondents in each county
- Table 8.2: The number of male and female respondents interacting with each organisation
- Table 8.3: Respondent gender and age
- Table 8.4: Respondent marital status
- Table 8.5: The involvement of family members
- Table 8.6: Respondents' education level
- Table 8.7: Gender and project sector
- Table 8.8: Respondents' age and educational level
- Table 8.9: Respondents' level of education and interaction with agency
- Table 8.10: Respondents' comments on the contribution of their education and training to their success achieved as entrepreneurs
- Table 8.11: Business/managerial training undertaken by gender
- Table 8.12: Vocational and technical training undertaken by gender
- Table 8.13: Marketing training undertaken by gender
- Table 8.14: Respondents' previous business experience by gender
- Table: 8.15: Respondents' previous business experience by age
- Table 8.16: Respondents' level of education by previous business experience
- Table 8.17: Size of business most often worked with
- Table 8.18: Respondents' birthplace
- Table 8.19: Respondents' present place of residence
- Table 8.20: Respondents' last place of residence
- Table 8.21: Main factors important for people setting up a business

Table 8.22: Ranking of personal goals of the entrepreneurs

Table 8.23: Selected main reason why respondents wanted to become entrepreneurs

Table 8.24: Reasons for becoming an entrepreneur

Table 8.25: How the idea to set up the businesses came about

Table 8.26: Respondents' comments as to how they became entrepreneurs

### **Appendices**

Appendix no.1: The questionnaire

Appendix no.2: Pre-test letter to the entrepreneurs

Appendix no.3: Cover letter to the organisations

Appendix no.4: Cover letter to the entrepreneurs

Appendix no.5: Follow-up letter to the entrepreneurs

Appendix no.6: Letter requesting an interview with the entrepreneurs

Appendix no.7: Letter requesting an interview with the organisations

Appendix no.8: List of interview questions to the entrepreneurs

Appendix no.9: List of interview questions to the organisations

Appendix no.10: Entrepreneurs interviewed

Appendix no.11: Organisations interviewed

Appendix no.12: Other organisations and personnel interviewed

Appendix no.13: The categories of micro-enterprise activities in the sample

# Chapter 6 The micro-enterprises

#### 6.1: Introduction

In this chapter the results of the analysis of the questionnaire surveys are presented. The results are displayed in tables showing frequencies and cross-tabulations as appropriate. The details of the methods used to analyse the results are discussed in Chapter 3. The aim of this chapter is to present a profile of the micro-enterprises which highlights the various issues and challenges facing the micro-entrepreneur and the factors which influence their creation and/or development. It was argued in Chapter 5 that it is not possible to study entrepreneurship and entrepreneurial activities as separate from the opportunities offered by the external environment. The survey results therefore present a profile of the micro-enterprises, by examining the internal and external factors which have influenced the development and growth of the micro-enterprises involved in the study.

### 6.2: Profile of the micro-enterprises

In this section a profile of the micro-enterprises in the study is presented by focusing on the location of the enterprises and possible reasons for the different patterns of micro-enterprises across the three locations. The many different forms of ownership are discussed in light of the variety of enterprises established and their different forms of project ownership. Evidence of the three types of ownership that are found in the sample highlight the diversity of ownership types with which the organisations interact. The different sectors to which the micro-enterprises fit are examined so as to highlight the range of entrepreneurial activities associated with the enterprises. The year in which the enterprises were established is discussed to bring to light the high number of newly established enterprises in the sample. So as to investigate the growth and development of the enterprises, the entrepreneurs' engagement with external factors such as their export market and level of employment creation are examined. Finally, the level of innovativeness amongst the enterprises in the sample is explored in light of the perception of innovation amongst the entrepreneurs and organisations in the study.

#### 6.2.1: Project location

The location and absolute number of projects in the sample are examined in this section, and results are compared with corresponding county estimates for micro-enterprises in the three locations. It was expected that there would be spatial variations in enterprise numbers across the locations as rates of enterprise creation have been shown to differ greatly across regions within the OECD countries (Nolon, 2001). Therefore, reasons as to why these spatial variations in micro-enterprise numbers exist across the locations are examined.

The enterprises in the sample were located in Mayo (n = 118), Monaghan (n = 80) and Wicklow (n = 90) (Table 6.1).

Table 6.1: The location and distribution of the micro-enterprises in the sample

Location	LEADER	CEB	Partnership	Total	%Total*
Mayo	75	37	6	118	40.9
Monaghan	28	28	24	80	27.7
Wicklow	34	26	30	90	31.2
Total	137	91	60	288	100.0

<sup>\*</sup> This refers to the percentage of the total enterprises in the sample

The spatial variations in micro-enterprises by county in Ireland were calculated by the IEU (1999). The estimates were based on calculations from CSO data in 1996. Firstly the 1996 employment figure of 1,307,236 was taken. Then the sectors ineligible for micro-enterprise support were excluded from this figure, thus reducing the employment figure to 757,874. Secondly using estimates from the 1996 Census of Industrial Production and the 1996 Annual Services Inquiry, which revealed that micro-enterprises accounted for almost 90% of total firms, it was then estimated that there were 62,000 micro-enterprises in sectors eligible for support. Based on these estimates it was revealed that across the three locations Wicklow had a greater number of micro-enterprises in Monaghan (n = 1,838) than Mayo (n = 1,515) and over twice the number of micro-enterprises in Monaghan (n = 766). Nonetheless it is acknowledged that it is difficult to estimate the exact number of micro-enterprises in any location due to a lack of data and in recognition of the fact that all micro-enterprise activity is not legally registered. Nevertheless there are many factors which may contribute to these geographical variations and influences, and those postulated by Storey (1994) are examined here to help explain such geographical differences:

1. Demographics – areas with young populations tend to have higher rates of enterprise start-up and therefore such rates are usually higher in urban areas than in rural areas. The figures for the percentages of the economically active population (15 to 64) in each county show that, whilst Mayo (59.7%) and Monaghan (61.6%) were comparable, Wicklow (64.9%) had a slightly higher proportion of people in the economically active category (Table 6.2). Although these figures were not very dissimilar, they may suggest that the higher proportions of economically active and hence younger people living in Wicklow contributed to the higher rates of enterprise creation there.

Table 6.2: Selected characteristics of Mayo, Monaghan and Wicklow

Location	Population (1996)	Ec. Active (% 15-64)	Unemployed (% 1996)
Mayo	111 524	66 629 (59.7)	6290 (5.6)
Monaghan	51 313	31 659 (61.6)	2365 (4.6)
Wicklow	102 683	66 678 (64.9)	5464 (5.3)

Source: CSO data, 1996

- 2. Unemployment this can both encourage and dissuade enterprise start-up. In Table 6.2 the numbers for those unemployed in 1996 are shown. The figures represented only 4.6% of the total population in Monaghan in comparison with 5.3% in Wicklow and 5.6% in Mayo. In Chapter 2 it was stated that unemployment could be both a stimulus and a hindrance for entrepreneurial activity. However a high percentage of unemployed in Wicklow and Mayo, coupled with a low number of micro-enterprises in Monaghan and Mayo, might suggest that the higher unemployment levels may have a negative effect on entrepreneurship in these locations.
- 3. Wealth wealthier areas are expected to have high rates of enterprise creation due to the higher levels of demand and greater availability of capital. In Table 6.3 estimates for the total income per person from 1995 to 2000 for the three locations is presented. The estimates reveal that Wicklow had the highest levels of income in each year recorded, in comparison with Monaghan and Mayo.

Table 6.3: Estimates of total income per person in Mayo, Monaghan and Wicklow, 1995 to 2000 (EURO)\*

Location	1995	1996	1997	1998	1999	2000
Monaghan	10,247	11,261	12,121	12,867	14,025	15,994
Mayo	9,300	10,052	10,991	12,131	13,090	14,861
Wicklow	10,696	11,639	12,764	13,822	15,806	17,602
State	11,267	12,059	13,200	14,640	16,294	18,196

Source: CSO, 2003.

The estimates for disposable income give a better indication of how much capital would be available for entrepreneurship, and for supporting entrepreneurial ventures in a location (Table 6.4).

Table 6.4: Estimates of disposable income per person in Mayo, Monaghan and Wicklow 1995 to 2000 (EURO)\*.

Location	1995	1996	1997	1998	1999	2000
Monaghan	8,331	9,074	9,760	10,474	11,608	13,082
Mayo	7,831	8,415	9,204	10,155	11,195	12,547
Wicklow	8,529	9,268	10,144	11,104	12,685	14,035
State	9,014	9,641	10,515	11,702	13,084	14,592

Source: CSO, 2003.

<sup>\*</sup> The CSO (2003) stated that the above figures should be taken as indicative of relative levels rather than as accurate absolute estimates. The CSO (2003) defined total income as one's primary income plus social benefits and other current transfers.

<sup>\*</sup> Disposable income is defined by the CSO (2003) as one's total income, minus current taxes on income (i.e. income taxes, other current taxes) and minus social insurance contributions (i.e. employers, employees, self-employed etc.).

If wealth is taken to be a significant factor in entrepreneurship, then it can be suggested that because Wicklow has higher rates of disposable income than both Monaghan and Mayo, it may have higher levels of entrepreneurship. Furthermore, it can be suggested that the higher availability of capital will be advantageous for the entrepreneurs in Wicklow, as there will be more capital available to purchase and avail of the products and services which they provide.

In Table 6.5 the estimates for GVA levels per person in each region are shown. GVA figures are shown as it is considered that the value of goods and services produced in a particular region might also reflect the levels of entrepreneurial activity. GVA is defined as follows (CSO, 2003:12):

"Gross Value Added (GVA) at basic prices is a measure of the value of goods and services produced in a region (less the materials and services used which come from outside the region) priced at the value which the producers received minus any taxes payable and plus any subsidies receivable as a consequence of their production or sale".

Table 6.5: GVA per person at basic prices, for select regions 1995-2000 (EURO)

Region	1995	1996	1997	1998	1999	2000
Border	10,232	11,477	12,975	14,738	16,113	17,619
West	9,747	11,014	11,748	13,444	14,848	17,252
Mid-east	11,802	12,363	14,266	14,122	19,027	19,432
State	13,140	14,468	16,445	18,715	21,365	24,108

Source: CSO, 2003

The figures reveal that the West Region had the lowest GVA levels per person from 1995 to 2000, in comparison with the Border and Mid-East Region. Again these figures may demonstrate the relative wealth and productivity of Wicklow (particularly since 1999) in comparison with Mayo and Monaghan.

4. Educational and occupational profile of the workforce. In relation to the educational profile of the three locations, those whose highest level of education was primary education (including no education) showed greater percentages in Mayo and Monaghan (Table 6.6).

Table 6.6: The level of educational attainments in Counties Wicklow, Mayo and Monaghan, 1996.

Location	Total	At school* (%)	Primary	Secondary	Third
Wicklow	102 683	9131 (8.8)	17723 (17.2)	34332 (33.4)	14192 (13.8)
Mayo	111 524	9695 (8.6)	28599 (25.6)	33292 (29.8)	10651 (9.5)
Monaghan	51 313	2393 (4.6)	12233 (23.8)	16780 (32.7)	4457 (8.6)

Source: CSO, 1996

<sup>\*</sup>At school: total at school, university etc.

In Table 6.7, the figures for employment by broad economic sector are shown. The results reveal that both Mayo (19.4%) and Monaghan (19.2%) have over two and a half times the percentage of people employed in the primary sector, when compared with Wicklow (7.4%). Monaghan has the highest percentage (20.9%) of its labour force employed in the manufacturing sector, followed by Mayo (15.4%) and then Wicklow (14.8%). Consequently, Wicklow has a higher percentage of its labour force employed in the tertiary sector (69.5%) in comparison with Mayo (56.7%) and Monaghan (53.0%). These figures might help to explain the higher numbers of micro-enterprises in Wicklow, as entrepreneurship is most likely to occur in the tertiary sector.

Table 6.7: Employment by broad economic sector in Counties Wicklow, Mayo and Monaghan in 1996.

	Total L/F*	All occup.#	Primary (%)	Secondary (%)	Tertiary~	Other'
Wicklow	42600	41887	3161 (7.4)	6313 (14.8)	29618 (69.5)	2795
Mayo	43724	42873	8512 (19.4)	6765 (15.4)	24813 (56.7)	2783
Monaghan	20870	20539	4016 (19.2)	4372 (20.9)	11073 (53.0)	1078

Source: CSO, 1999.

Therefore the occupational profile revealed that Mayo and Monaghan had over two and half times more people employed in the primary sector than in Wicklow. Whilst there was a similar percentage employed in the manufacturing sector, the percentage of those employed in the services sector was far greater in Wicklow than in the other two locations. These profiles reflect the economic and social development of the three counties and in turn may influence the level of enterprise creation. Furthermore, it seems likely that entrepreneurs are more likely to come from the secondary and tertiary sector than from the primary sector.

- 5. The prevalence of small firms employees in small firms aspire to own their own small firms. Although the figures calculated by the IEU (1999) revealed that the highest number of micro-enterprises was in Wicklow, the figures represented 4.3% of the total labour force of 1996 involved in micro-enterprise activities. In comparison, the figures for Monaghan represented 3.6% whilst estimates for Mayo corresponded to 3.4% of its total labour force. The presence of proportionately more micro-enterprises in Wicklow and Monaghan may have helped stimulate a more favourable entrepreneurial climate for further enterprise development, as employees in micro-enterprises may aspire to owning their own enterprise.
- 6. The extent of owner-occupied housing as property is a frequent source of start-up capital for entrepreneurs. In Table 6.8 the estimates for household ownership across the three

<sup>\*</sup> L/F: This refers to the total in the labour force

<sup>#</sup> All occupations: total in labour force excluding those categorised as "looking for first regular job".

 $<sup>\</sup>sim$  The tertiary sector includes, building and construction workers, clerical, managing and government workers, communication and transport workers, sales and commerce workers, professional technical and health workers, services workers.

<sup>&#</sup>x27;Other category: other workers including those not stated.

regions are shown. The Mid-East region had a greater percentage of home ownership in the category of owner-occupied households with mortgages or loans than either the Border or West region. Such figures reflected the growth of the Mid-East region in recent years and the subsequent increase in new housing development. Nevertheless, figures for those households without mortgages and loans showed that the West and Border regions had higher percentages in this category than the Mid-East region. Although, such high percentages of households without mortgages or loans in the Border and West region may be related to the proportion of farmers living in these regions, nonetheless it may suggest that property could be a frequent source of start-up or working capital for aspiring entrepreneurs. These higher percentages of home ownership in this category however have not resulted in greater numbers of micro-enterprises in either location.

Table 6.8: The extent of home ownership in selected regions

Region	Total households (000s)	Owner occupied with mortgage / loan (% total)	Owner occupied without mortgage/ loan (% total)
Border	124.8	37.0 (29.6%)	63.0 (50.4%)
Mid-East	104.2	47.8 (45.8%)	40.0 (38.3%)
West	114.6	29.3 (25.6%)	63.6 (55.4%)

Source: CSO (1996)

Amongst other possible reasons for the greater number of micro-enterprises in Wicklow is its more favourable location on the East coast with its proximity to the capital Dublin, ensuring a more ready market for micro-enterprise products and services. One organisation manager offered his suggestions as to the reasons for such higher numbers of micro-enterprise in Wicklow:

**Organisation no. 15:** "We are located close to Dublin and we have a huge population base on our doorstep. This creates a huge market and being so close to Dublin – the airports, harbour and the corridor between Rosslare and Wicklow".

This location combined with its better infrastructure – roads, services, technology etc., may have contributed to a favourable entrepreneurial environment in Wicklow.

It is worth noting that the figures for micro-enterprises as calculated by the IEU (1999) revealed only the extent of legally registered enterprises and sectors eligible for support, and did not take into account such unregistered entrepreneurial 'back shed activities' that may be present across the locations. Although there was a small number of registered micro-enterprises in Monaghan, some respondents and organisations have referred it to as an 'entrepreneurial county', and the following comments illustrate some reasons why:

**Organisation no. 13:** "I would say that a lot has to do with survival - the survival instinct certainly from the 1920s – the sense of peripherality within the state itself, on the edge of the border and not a place where we were going to be able to encourage inward investment into. There is also that ethic in this county for hard work - the Presbyterian ethic".

**Organisation no. 9:** "In the Border county there are a lot of entrepreneurs – statistically I would say a lot more. The Border would have opened up a lot of opportunities for them – people have just made the most of these opportunities".

Enterprise no. 139: "There is a Presbyterian ethic because of course we have a lot of Protestants in this area, and there is potential for hard work – people here are not into the business of looking for money for nothing".

The above comments reflect the importance of the Border location and the application of Weber's (1958) Protestant ethic theory to entrepreneurship in Monaghan.

Furthermore, there is anecdotal evidence to suggest the prevalence of 'back shed entrepreneurial activities' and particularly in Monaghan as illustrated in the following comment:

Organisation no. 13: "The black economy was particularly strong in the Border Region".

Whereas in Mayo a different perception was noted:

**Organisation no. 2:** "There isn't a strong level of entrepreneurial activity in the area - there isn't a lot of entrepreneurs because they have left".

Another factor which may be of importance is the munificence of the external environment (Birley and Westhead, 1993), as referred to within the framework of Resource Exchange Theory (Chapter 5). The external environment offers a pool of critical resources which would include the presence of enterprise-supporting institutions. Therefore it may be expected that those areas with the greatest density of institutional supports should have a higher number of micro-enterprises. However, in 1999 the I.E.U. estimated that companies in the poorest regions in Ireland were receiving the highest intensity of institutional supports; nonetheless the greater density of supports did not correspond with higher levels of enterprise creation. Indeed, as shown in Chapter 3 (Table 3.2), Mayo had the highest ratio of enterprise supporting organisations per number of micro-enterprises, when compared with both Wicklow and Monaghan. Nevertheless, as previously stated, it was in Wicklow that the highest numbers of micro-enterprises were found and where double the number of micro-enterprises per organisation existed.

The I.E.U. (1999) in its estimation did not include other organisations distinctive to individual counties such as Peace and Reconciliation, PLATO or Údarás na Gaeltachta. Such organisations may also be tapped into for enterprise support and will also contribute to the munificence of the external environment. However, as these results show, it is difficult to support the view that the greater number of organisations available to assist enterprise creation in one county will have a positive effect on the numbers of enterprises created.

Donckels and Lambrecht (1996), in their review of the literature, emphasised that the characteristics of a region are insufficient to explain a company's choice of location, therefore such reasons mentioned above may not be enough to explain the geographical patterns in enterprise numbers across the three locations. The inclusion of the entrepreneurs' perceptions of their external environment for enterprises creation and development are therefore examined in Section 6.3. This may give further insight into the significance of the external environment to enterprise development. In addition, Chapter 8 offers an alternative approach to entrepreneurial development by focusing on the individual internal characteristics of the entrepreneur which, it is argued, may have an impact on entrepreneurial creation and development.

#### 6.2.2: Project ownership

When establishing an enterprise the entrepreneur must consider whether to operate as a sole trader, or whether to establish a limited company, co-operative or partnership. The rationale for choosing either form is examined in Chapter 5, together with the advantages and disadvantages associated with each. In this sample, there were no enterprises operating under a partnership and only one enterprise operated as a co-operative. Overall a greater number of enterprises were operated by sole traders, with lesser numbers under company ltd status or operated by community groups (Table 6.9).

Table 6.9: Project ownership and location

<b>Project Ownership</b>	Mayo	Monaghan	Wicklow	Total $(n = 283*)$
Sole trader	76	53	62	191
	Exp. Count: 78.3	Exp. Count: 54.0	Exp. Count: 58.7	% Total: 67.5%
Company Ltd.	25	23	11	59
	Exp. Count: 24.2	Exp. Count: 16.7	Exp. Count: 18.1	% Total: 20.8%
Community group	15	4	14	33
	Exp. Count: 13.5	Exp. Count: 9.3	Exp. Count: 10.1	% Total: 11.7%

Chi-sq: 10.171 p = .038

#### - Sole trader

The majority of enterprises in the study (67.5%) were managed by sole traders and, as shown in Table 6.9, the numbers of enterprises with this form of ownership across locations were roughly similar to the expected counts. Although the sole trader is regarded as the primary decision maker and manager of an enterprise, Rosa (1993) argued that the question of ownership was complex, and sole traders may not necessarily be working on their own. He added that they may depend on the contribution of domestic partners to the business even if unofficial and even single people may

<sup>\*</sup> There were 288 enterprises in sample, one of which was a co-operative and a further 4 which were categorised as 'other'.

have father, mother, sisters or brothers contributing some support to the enterprise. The importance of familial employment is examined in Section 6.2.5.

Others have argued that the increased participation rate of sole traders in Ireland does not necessarily indicate high levels of entrepreneurship (I.E.U., 1999). However, this argument reverts back to the familiar definitional argument examined in Chapter 4, and it is argued here that any entrepreneurial activity which creates enterprise, employment and export opportunities has to be considered a positive activity, particularly for its contribution to the local economy. Although Nolan (2001) has noted that there is comparatively little work done on the impact of entrepreneurship on local economies, such entrepreneurial individuals are engaging in activities which undoubtedly are improving the entrepreneurial climate and stimulating enterprise development within their local areas.

The decision to begin or remain as a sole trader may highlight certain traits inherent in the individual entrepreneur, such as the desire to remain in sole control of the enterprise, the desire not to engage in the legal formalities involved in registering as a company ltd., or the decision to remain as a 'lifestyle entrepreneur' (Haynes et al, 1999). Some have argued that these traits essentially distinguish the entrepreneur from the non-entrepreneur or manager and such issues are examined further in Chapter 8.

Furthermore, there may be economic reasons as to why the micro-entrepreneur may wish to remain as a sole trader. These may include the desire to commence business straight away and avoid the costs and time associated with registering as a company ltd., the lack of working capital needed to expand the business, or the comfort of having the security of income associated with the existing size of the enterprise. The desire for security of income is examined in a later chapter (8), but suffice to include here that income security was a very important consideration for the entrepreneurs in the sample.

#### - Company ltd.

Just over one-fifth (20.8%) of the enterprises in the sample were registered under company ltd. status. As shown in Table 6.9 there is a relationship between the number of enterprises with this form of ownership and their corresponding location. The numbers of enterprises registered with company ltd. status in Monaghan (n = 23) and Mayo (n = 25) were greater than the expected count, whilst in Wicklow the number (n = 11) was considerably smaller than the expected count. This result may correspond with the higher number of partnership clients in the Wicklow sample (n = 30), as partnership clients were more likely to begin as a sole trader and were less likely to establish a company ltd.

The decision to trade under company ltd. status may suggest that the entrepreneur has established a company with the intention to expand and remain viable. Establishing one's enterprise as a company ltd is a safer option for the entrepreneur and the reasons for such are explained in Chapter 5.

#### - Community groups

In order to fully explore the entrepreneurial process, Geddes and Benington (2001:3) argued that it was necessary to "move beyond economic discourse when referring to entrepreneurship and to embrace a categorical division of the process which included the lifestyle entrepreneur, the social entrepreneur etc". Other entrepreneurial typologies such as the 'community entrepreneur' (Johannisson, 1987) and the 'cultural-economic entrepreneur' (Spilling, 1991) have also been identified and community entrepreneurship is described in Chapter 4. Likewise, Arzeni (1998) has argued that entrepreneurship as a concept is changing, not only because of its wider social context, but because increasingly it is the result of collective and not merely individual effort. Among the policy objectives for supporting micro-enterprise development is to promote local development and social inclusion, and one way of achieving this is to support collective entrepreneurial efforts in the form of community owned projects.

There were 11.7% of the enterprises operated by community groups, and it is argued that they were supported to provide unmet social, environmental, cultural and training needs within their relevant communities. The projects were made available to the local community and in particular for the benefit of those experiencing poverty and social exclusion. As shown in Table 6.9 the community projects in the sample were more likely to be located in Mayo (n = 15) and Wicklow (n = 14), with the numbers representing more than the expected counts in both counties.

It is worth drawing attention to the number of community groups in Monaghan (n = 4), as the observed frequency was less than half the expected count. Such results did not reflect the figures included in the Monaghan County Development Plan, which indicated that 490 community based groups were registered with the Office of Community and Enterprise by 2002 (M.C.D.B. Plan, 2002). Other comments relating to the numbers of community enterprises in Monaghan also suggested that there was a strong presence of this form of entrepreneurship:

**Organisation no. 10:** "Now we are left with a situation where almost every community in Monaghan has a community group – years ago this wouldn't have been the case".

This result might suggest that many community groups in Monaghan did not seek or alternatively receive this type of support. One comment from an organisation manager in Monaghan to explain

the small number of community groups in the sample, suggested the need for further development and support to this sector, in order to promote more community groups in the future:

Organisation no. 13: "I think as a county, we haven't utilised the resources of the people that we have. We have tended to put in civil servants, with God plans, instead of planning by using the bottom-up approach – genuinely involving people and not token consultations. I don't think that there has been enough resources gone in to skilling the people who have given their time (often voluntarily) to manage this and to be part of this".

Such comments suggest that even though there may be a strong network of community groups in a county, the involvement and continual skilling of people is essential for their progress and sustainability.

One other comment by an organisation manager in Co. Mayo underlined the need for a history of community entrepreneurship together with the necessary supports for promoting this type of entrepreneurial activity:

**Organisation no. 2:** "Having community projects is important but this involves a time process, a history of pooling together your resources and, that is where we don't have the history in this area".

It is argued in this respect, that if entrepreneurs and/or nascent entrepreneurs within a community perceive the practices, rules and technologies of the enterprise-supporting organisation/s as legitimate and for the benefit of the community, then this may help to encourage more interaction and hence community entrepreneurship. Furthermore, if the organisation/s practice pro-active and outreach activities, their message of support will be spread to more people and this may help to encourage a greater number of people to engage in entrepreneurial activities. In Table 6.10 the types of community projects in the sample are shown.

Table 6.10: The community enterprises in study

Community sector	Number per category (n = 33)
Arts/culture	7
Community hall	4
I.T. centres	4
Sports	3
Food units	3
Environmental projects	3
Enterprise centres	2
Care service	2
Other	5

The highest number of projects which received support were in the arts/culture category, followed by projects which built or renovated existing community halls, established I.T. centres, provided or

maintained sports facilities, set up food units, sought to improve the local environment, established enterprise centres, offered care services to the local community and provided services placed in the 'other' category.

Although Casson (1982) argued if entrepreneurship did not derive from a scarce resource, then it was of little economic interest, even though it may be of social importance, the community projects in this sample were considered a valuable contribution to their local areas. Interviews with relevant people involved in a direct and indirect way with community projects provided some positive insights into some of their functions and use in the local communities.

**Organisation no. 13:** "We now have a cluster of incubator type enterprise centres around the county. A lot of these were developed by community groups and organisations for re-discovering an entrepreneurial base within their area, so as to create jobs – they are managed by the communities, and the communities themselves are indirectly developing their skills".

**Organisation no. 15:** "Community halls are for the development of activities. A number of them have their I.T. centres in the hall and crèche facilities, units for enterprises, place for meetings, tourist office etc. The idea is not to have just a hall where you have a meeting once a week and then close it down – they are not cold damp places any more – they are in use. Community projects initially were quite small but people then develop the knowledge and skills to do something larger after developing the skills and the confidence. So they have built up the confidence in working together".

The above comments highlight the contribution which the community enterprises make to their local environment and in this respect it can be suggested that by engaging in entrepreneurial activities which provide services such as I.T., community halls and enterprise centres, one is adding to the munificence of their local environment. In turn, this might stimulate further entrepreneurial activity as the improvement of I.T. skills, the provision of enterprise units, crèche facilitates etc. support and develop the capacity of nascent and aspiring entrepreneurs. Therefore the importance of such community entrepreneurs cannot be underestimated, as the work achieved in discovering or re-discovering the local entrepreneurial base within a rural area can never be fully measured.

Across the organisations the results showed a relationship between the organisation from which the entrepreneur received support and their form of project ownership (Table 6.11). Those who interacted with the Partnership Companies were more likely to begin as a sole trader and were less likely to establish their enterprise as a company ltd. The results may therefore suggest a link between long-term unemployment and the decision to begin as a sole trader.

Table 6.11: Projects ownership and corresponding organisation support

Ownership	LEADER	CEB	Partnership	Total
Private Individual	82	52	57	191
	Exp Count: 89.8	Exp Count: 60.7	Exp Count: 40.5	% Total: 67.5
Company Ltd.	31	25	3	59
	Exp Count: 27.7	Exp Count: 18.8	Exp Count: 12.5	% Total: 20.8
Community Group	20	13	0	33
	Exp Count: 15.5	Exp Count: 10.5	Exp Count: 7.0	% Total: 11.7
Total	133	90	60	283
	% Total: 47.0	% Total: 31.8	% Total: 21.2	% Total: 100.0

Chi sq: 27.240 p = .000

Those enterprises registered under company ltd. status were more likely to have interacted with the LEADER Companies and the CEBs. Although the results showed a greater number of LEADER supported projects under this category, in comparison with expected counts the CEBs had a greater number of projects supported under company ltd. status.

As expected, the highest number of community groups were supported by the LEADER Companies, however the numbers supported by the CEBs were also higher than the expected count and therefore reflected their success in providing enterprise supports to this sector.

#### 6.2.3: Project sector

The respondents were asked to allocate their enterprise to the most appropriate sector and the distribution of project sectors across locations is shown in Table 6.12. The results were examined in comparison with the Census of Population figures for 1996, the Labour Force Survey statistics, and the County Development Board Strategy Plans for the three counties.

The results revealed that proportionally more projects were supported in the tourism sector in Mayo than in either Monaghan or Wicklow. This may reflect the need for more support to this sector in Monaghan and Wicklow, as the strategy plans for Wicklow and Monaghan both highlighted additional measures which were needed to improve the tourism services in the respective counties. The greater number of projects supported in Mayo may therefore reflect the importance that is placed on supports to this sector and the continued improvements and developments in tourism services in Mayo. The lack of tourism accommodation, agri-tourism projects and development activity packages has meant that the tourism industry is largely underdeveloped in Monaghan. Similarly, in Wicklow the plan highlighted the need for more tourism accommodation, value added activities and a better overall marketing plan for the county, and a comment from one organisation manager highlighted the importance of this sector in Wicklow:

**Organisation no. 15:** "There is quite a variety of small business in the area – a variety of projects in tourism, and a lot of projects we have funded under rural tourism and agriculture, that are geared towards rural tourism. There is a lot of activity around rural tourism in this area and, there is a high density of day traffic tourists – it would also be a big creator of jobs".

In contrast, the projects in the craft sector were more likely to be supported by the organisations in Monaghan and Wicklow. It was reported by some respondents that there existed a strong and vibrant craft network in Monaghan, which may have encouraged craft workers in the area to look for support from the organisations. In addition, Monaghan had the highest number of craft workers registered with the Irish Craft Council in 2002 (Monaghan CDB Plan, 2002). In Wicklow, although the craft sector was also quite strong, it was identified that more resources were needed for the arts and craft sector in the future (Wicklow County Strategy Plan, 2002).

Table 6.12: Project sector and location of the micro-enterprises

Sector	Mayo	Monaghan	Wicklow	Total
Craft	8	10	9	27
	Exp. Count: 11.1	Exp. Count: 7.5	Exp. Count: 8.4	% Total: 9.4
Food & Fish	7	8	5	20
	Exp. Count: 8.2	Exp. Count: 5.6	Exp. Count: 6.3	% Total: 6.9
For. & Hort.	4	2	3	9
	Exp. Count: 3.7	Exp. Count: 2.5	Exp. Count: 2.8	% Total: 3.1
Service	34	33	37	104
	Exp. Count: 42.6	Exp. Count: 28.9	Exp. Count: 32.5	% Total: 36.1
Manufact.	17	11	8	36
	Exp. Count: 14.8	Exp. Count: 10.0	Exp. Count: 11.3	% Total: 12.5
Tourism	31	8	8	47
	Exp. Count: 19.3	Exp. Count: 13.1	Exp. Count: 14.7	% Total: 16.3
Other	17	8	20	45
	Exp. Count: 18.4	Exp. Count: 12.5	Exp. Count: 14.1	% Total: 15.6
Total	118	80	90	288
	% Total: 41.0	% Total: 27.8	% Total: 31.3	% Total: 100.0

Chi-sq: 24.090 P = .020

There were only 20 projects in the food and fisheries sector. Projects in this sector were more common in Monaghan with the numbers in both Mayo and Wicklow being less than the expected counts. Monaghan traditionally has relied on the food sector and this may explain the higher number of projects in this sector. Although the primary sector employed 19.4% of Mayo's labour force in 1996, the survey results showed that projects in this sector were less than the expected count for this location. In Wicklow on the other hand the results reflected the low percentage (7.4%) of those employed in the primary sector there. Projects in the forestry and horticulture

sector represented the smallest number in the sample and they were least likely to be in Co. Monaghan.

Enterprises which provided a service represented the largest number of projects, accounting for 36.1% of the total sample. They were more likely to be in Monaghan and Wicklow. Again the results have to be treated with caution as there were more Partnership clients in the Wicklow and Monaghan sample (Table 6.13).

Table 6.13: Project sector and organisation support

Project sector	LEADER	CEB	Partnership	Total
Craft	12	6	9	27
	Exp. Count: 12.8	Exp. Count: 8.5	Exp. Count: 5.6	% Total: 9.4
Food & Fisheries	7	10	3	20
	Exp. Count: 9.5	Exp. Count: 6.3	Exp. Count: 4.2	% Total: 6.9
For. & Horticulture	6	1	2	9
	Exp. Count: 4.3	Exp. Count: 2.8	Exp. Count: 1.9	% Total: 3.1
Service	38	28	38	104
	Exp. Count: 49.5	Exp. Count: 32.9	Exp. Count: 21.7	% Total: 36.1
Manufacturing	11	22	3	36
	Exp. Count: 17.1	Exp. Count: 11.4	Exp. Count: 7.5	% Total: 12.5
Tourism	37	10	0	47
	Exp. Count: 22.4	Exp. Count: 14.9	Exp. Count: 9.8	% Total: 16.3
Other	26	14	5	45
	Exp. Count: 21.4	Exp. Count: 14.2	Exp. Count: 9.4	% Total: 15.6
Total	137	91	60	288
	% Total: 47.6	Exp. Count: 31.6	Exp. Count: 20.8	% Total: 100.0

Chi-sq: 62.364 p = .000

Partnership clients were more likely to establish a service enterprise. In comparison with national estimates, the service sector (including tourism) employed 64% of the total employed population in 2001 and contributed 48.6% to GDP and this is reflected in the greater number of supports to this sector.

Projects in the manufacturing sector represented only 12.5% of the total and proportionally more projects were supported under this sector in both Mayo and Monaghan. The projects which received support under this category were varied and included the manufacture of industrial, textile, agricultural and furniture products. Traditionally, both counties have relied on the manufacturing sector as an important contributor to their economic growth, and in 1996 manufacturing employed 15.4% of the working population in Mayo and 20.9% in Monaghan (Table 6.7). In Monaghan the sectors of particular importance are food and furniture. In Wicklow 14.8% of its labour force were employed in the manufacturing sector in 1996, but projects in this

sector were less than the expected count. These results further reflected the higher levels of service type projects in the Wicklow sample.

Table 6.13 shows statistical significance in the relationship between the type of projects supported in the sample and the corresponding organisation in which they received support. Projects in the tourism and the forestry and horticultural sector were more likely to be supported by the LEADER Companies. The aim of the LEADER programme was to stimulate innovative actions in all sectors of rural activity, therefore it was expected that in rural areas tourism enterprises would be of particular importance.

As previously noted the Partnership clients were more likely to have established an enterprise which provided a local service, and the total number of service projects was significantly greater than the expected count. Interestingly, both LEADER and CEB projects were less than the expected counts in services.

The CEBs were the main organisation which supported projects in the manufacturing sector with the number representing almost double the expected count. They were also more likely to have supported projects in the food and fisheries sector than the other two organisations. These results suggest the presence of innovative type projects supported by the CEB in this sector, as mainstream agricultural projects were ineligible for support from this organisation.

Although the Partnership Companies excluded no sector from support, the results showed that they were more likely to support projects in the service and craft sectors. The Partnership clients were less likely to establish a manufacturing or food and fisheries enterprise and no Partnership clients established a tourism enterprise. Therefore Partnership clients were more likely to use their particular skill or hobby, be it a craft or service type skill, in their enterprise venture. The importance of such is highlighted in the respondents' reasons for becoming an entrepreneur, and this is examined in Chapter 8.

The entrepreneurs were asked to give a brief description of the enterprises and the responses indicated that there were some enterprises which demonstrated a number of different activities that would merit their placement in other groupings (Appendix no. 13). The variety of projects listed in Table 6.14 further highlight the importance of both services and crafts in the sample. Although the respondents had placed the enterprises into a particular sector, there were some enterprises that combined two different activities, e.g. childcare and computing.

Table 6.14: The categories of micro-enterprise activities

Project Description	Number per category	% Total enterprises (n = 288)
Manufacturing	46	16.0
Community groups	35*	12.1
Building construction & repair services	27	9.3
Tourism accommodation	25	8.7
Art & craft	25	8.7
Tourism & recreational services	18	6.2
Other services	16	5.5
Other professional services	15	5.2
Marketing & other business services	15	5.2
Animal service	12	4.1
I.T.	11	3.8
Environmental / landscape service	10	3.4
Primary activities	9	3.1
Garage service & other transport activities	7	2.4
Health service	6	2.0
Childcare	6	2.0
Retail	5	1.7
Total	288	100.0

<sup>\*</sup> There were 2 Community Groups registered as company ltd

#### 6.2.4: Year in which the enterprise was established

As shown in Table 6.15, this sample was composed mainly of newly established enterprises.

Table 6.15: The year in which the enterprises were established and the year in which the entrepreneurs became involved in the enterprises.

	Number	Oldest	Newest	Mean	Median	Std. deviation
Year enterprise est.	285	1930	2001	1994	1997	7.88

Year established	% Total (number)	Year of involvement % total (number)
Prior 1970	2.4 (7)	1.0 (3)
1971-1980	2.8 (8)	4.2 (12)
1981-1990	15.7 (45)	16.1(46)
1991- 2001	78.9(225)	78.5(224)

The majority (78.9%) of enterprises were established since 1991 and in particular the latter half of the 1990s. Furthermore the vast majority of entrepreneurs were directly involved with the enterprises from their year of establishment. Such a pattern may reflect the improvements in microenterprise supports as the organisations in question were established during this decade, and it

further supports references to the 1990s as the decade of self-employment (Duggan, 1998). Moreover, the majority of entrepreneurs in the sample who expressed doubts as to whether their projects would have gone ahead without the support of an organisation underline the importance of organisation supports to these newly established micro-enterprises (see Chapter 7: Section 7.5, for a more detailed discussion of deadweight).

In reference to the stages of internationalisation model (Cavusgil, 1980) presented in Chapter 5, it was expected that the development of one's enterprise happens over time as business develop in a series of stages from establishment, survival, and expansion, to further growth or decline. Therefore the age of the enterprises in this sample should reflect their size, employment and export capacity. Such issues will be explored by examining the employment, export capacity and potential of the micro-enterprises in the following sections (6.2.5 and 6.2.6).

#### 6.2.5: Level of employment

In Chapter 5 it was argued that an organisation is often assessed by its efficiency in terms of what is produced given the resources available to it. One measure of the efficiency of the organisations involved in this study is the level of employment created amongst the enterprises which they supported. Entrepreneurship was a clear priority for the Irish Government for its positive effects on job creation in the 1990s and its contribution towards reversing the problems of high unemployment experienced in the 70s, 80s and early 90s. Therefore, all the enterprise-supporting organisations in the study had a strong job creation focus.

Arzeni (1998) argued that a statistical link between entrepreneurship and employment was hard to establish because of the difficulties of measuring entrepreneurship directly. Furthermore, he argued that the many different entrepreneurial typologies created additional difficulties in measuring employment. The problems of measuring the level of employment created by the micro-enterprises in this study were also compounded by the different categories of employment, such as community, voluntary and seasonal employment which were further distinguished by whether the jobs created were for family or non-family members. The entrepreneurs were also asked to state whether such employment created was on a full-time, part-time, seasonal, paid or voluntary capacity. The results were therefore indicative of the scale of employment created by the micro-enterprises in the sample.

It was recognised that micro-enterprise activity frequently relied on "a return to distinctly old ways of working" (Baines & Wheelock, 1997:5). Therefore it was expected that there would be a high percentage of either direct or indirect family employment, together with a high involvement in the micro-enterprises in this study. Rosenblatt et al (1985:4-5) defined family business as "any business in which the majority ownership or control lies within a single family, and in which two or

more family members are directly involved in the business". Nonetheless it is accepted that an enterprise which employs only the owner-manager can also be categorised as a family business. Using this definition, it is shown in Table 6.16 that 14.2% of enterprises employed two or more family members on a full time paid basis, and just over one fifth (20.7%) employed one family member on a full-time paid basis. The low reliance on family employment in a part-time and voluntary capacity was surprising as it was expected that the high percentage of sole traders in the sample would depend on such support from family members.

Table 6.16: The scale of family employment in a full-time, part-time and voluntary capacity

Family employment	None	1	2+	
Full-time paid	181 (64.6%)	58 (20.7%)	41 (14.2%)	
Full-time voluntary	252 (90.0%)	17 (6.0%)	11 (3.9%)	
Part-time paid	247 (88.2%)	23 (8.2%)	10 (3.5%)	
Part-time voluntary	261 (93.2%)	15 (5.3%)	3 (1.0%)	
Seasonal paid	272 (97.1%)	5 (1.7%)	3 (1.0%)	
Seasonal voluntary	273 (97.5%)	3 (1.0%)	4 (1.4%)	

In line with the high percentage of sole traders in the sample, the results indicate that the majority of enterprises were one-person operations as the majority of enterprises did not employ anyone on a full-time paid capacity (64.6%). The majority of micro-enterprises in the sample can therefore be categorised as family businesses. However, the low level of actual family employment shown in Table 6.16 is comparable with later results which reveal the entrepreneurs' perception of the level of contribution of family members to the development of the enterprises (Chapter 8).

The scale of non-family employment created by the micro-enterprises was no greater as the results shown in Table 6.17 reveal that 66.1% of enterprises did not employ anyone on a full time paid basis.

Table 6.17: The scale of non-family employment

Non-Family emp	None	1	2-3	4-6	7-9	10	>10
Full-time paid	186(66.1%)	17(6.0%)	31(11.0%)	17(6.0%)	8(2.8%)	1(0.3%)	21(7.4%)
Full-time vol.	274(97.5%)	2(0.7%)	2(0.7%)	0	1(0.3%)	0	2(0.7%)
Part-time paid	214(76.1%)	24(8.5%)	21(7.4%)	12(4.2%)	3(1.0%)	2(0.7%)	5(1.7%)
Part-time vol.	264(93.9%)	2(0.7%)	2(0.7%)	7(2.4%)	2(0.7%)	0	4(1.4%)
Seasonal paid	257(91.4%)	12(4.2%)	5(1.7%)	2(0.7%)	2(0.7%)	1(0.3%)	2(0.7%)
Seasonal vol.	273(97.1%)	2(0.7%)	4(1.4%)	1(0.3%)	0	0	1(0.3%)

There were no significant numbers employed in any category, with the highest number (11.0%) of micro-enterprises employing between 2-3 employees on a full-time paid basis. In addition, part-

time work was not a strong feature of the micro-enterprises as only 23% of enterprises provided employment on a part-time paid basis and the majority of these employed less than 3 people in this capacity.

As expected the dependence on voluntary employment, both on a full-time and part-time basis from non-family members was very low. Similarly the capacity of the micro-enterprises to employ on a seasonal basis was also very low, which may correspond with the low percentage (16.3%) of enterprises supported in the tourism sector, a sector which traditionally relies on seasonal employment.

There are many factors, which need to be taken into account when considering the level of employment created by the micro-enterprises. The majority of enterprises in the sample were newly established, and this may indicate a time lag needed between their establishment and employment creation as illustrated in the following comment:

**Enterprise no. 256:** "I hope to take on maybe 2 to 3 people, and if I will not get the help I will pay my own money – this will take time".

Furthermore, the sample was composed of just over a quarter (27.0%) of respondents who stated that they were unemployed for at least one year prior to the establishment of their enterprise. Perhaps these respondents have experienced the process of setting up a business in a different way to someone who has been in the labour market prior to their enterprise establishment. Maybe for some it was their first time as an employer and the task of employing people appeared daunting to them. In addition the problem may be the lack of knowledge about employing people, as concerns such as the lack of knowledge and information regarding such issues as minimum wage agreements, employees' rights etc. was expressed by some entrepreneurs during interviews. Furthermore, a variety of comments noted in responses to some of the queries suggested that some entrepreneurs had experienced difficulty in recruiting suitable and skilled labour (Section 6.3.2).

In line with the high percentage of sole traders in the sample, it may be that the entrepreneurs did not think that they required additional help, or that they became so accustomed to working on their own that they did not want the extra help. This matter was noted by one organisation manager, whose comments illustrated a typical working environment for a self-employed person:

**Organisation no. 12:** "Some didn't see that they needed the help and support......they are doing everything themselves, therefore everything becomes informal – if the phone rings they have to drop everything to answer it".

Furthermore, it should be considered that many entrepreneurs may just be satisfied with the existing size of the enterprises and may thus not wish to expand. This desire to remain as a microenterprise is reflected in a number of comments made by the entrepreneurs in consideration of their

wish to alter the enterprise in the future (Section 6.5), and in response to other queries which asked the entrepreneurs to rank their personal goals (Chapter 8).

One entrepreneur summed up his view of the self-employed and their ability to create employment:

Enterprise no. 244: "Although they only employ a small number of employees at least they are not lifting unemployment benefit".

The above comment raises an important issue: should there be supports provided to the self-employed, even though they are not creating substantial employment? This issue was discussed in Chapter 5.

A further issue in relation to micro-enterprises and employment was noted by one organisation manager and can be linked with the possible high percentage of imitation type projects in the sample (Section 6.2.7). It was suggested that a reason why the majority of entrepreneurs in the sample did not employ additional people was because they stole their idea from somebody else and for that reason they may feel threatened by other people knowing their business idea. This would reflect studies which show that many entrepreneurs also discover their entrepreneurial idea whilst they are working as an employee. Similarly it was suggested that they don't want anyone to see their books, or what they are earning as they were uncomfortable with other people knowing such personal details. Furthermore, because of the dependence on the local market by the majority of enterprises in the study, the entrepreneurs may be more likely to employ locally. Therefore there may be a fear amongst the entrepreneurs that if their business is not successful they might have to lay off local people, and that this may impact on any personal relationships established. One respondent's comments illustrate the difficulty she had with employing a local person:

Enterprise no. 176: "Also there is the issue of employment – you can't let people you know go after a short time and expect to employ them again".

Such experiences may have a negative impact on the entrepreneurs desire or capacity to create employment in the future.

New policy measures for the CEBs that were indicated under the National Development Plan (2000-2006) (Government of Ireland, 1999) stated that employment grants cannot represent more than 25% of the CEBs annual approval capacity. Therefore efficiency is more focused on the quality of employment created as opposed to the quantity. This shift in focus may help to counteract what some of the respondents described as feeling pressurised by the organisations to create employment, which they were unable to do:

Enterprise no. 139: "They are all the time talking about employment – we are employing ourselves".

The ability to have a positive interaction experience with the organisation/s may be affected by the entrepreneur feeling pressurised to create employment. This is illustrated in the following comment which refers to one other direct action by an organisation to create potential employment which resulted in the following negative experience for the entrepreneur:

Enterprise no. 202: "I received a letter saying 'congratulations you have been awarded 3 employment grants' – I was furious – I had paper proof that I hadn't applied for employment grants – I applied for a capital equipment grant. Now I caught him - he actually thought because he had to get rid of his employment grants, that if I wasn't going to get the capital funding he would change it – but he never told me".

A response from an organisation to explain their attempts and methods to create employment amongst the enterprises which they support, is outlined in the following comment:

Organisation no. 7: "Even when you get a capital grant we ask 'look how many people are you going to employ?' I think that we should go down that route of giving out employment grants instead of capital grants. So we are on to the Department to see if we can get that changed ...but generally you would like to give employment grants because you are putting a person on the ground and that's a better return of money - a £5000 employment grant whereas a machine costing £2500, you wont get 3 jobs out of it – so we would go down the employment route if we can".

These issues may also impact negatively on the entrepreneurs' perception of their interaction with the organisation, because if they are made to feel less favoured, unsupported or pressurised because of their inability to create employment, they may choose not to interact with the organisations in the future. These experiences are illustrated in the following comments:

**Enterprise no. 269:** "I do believe that there should be more done to support small business to provide long term sustainable jobs rather than the large grants we see for large foreign investment, which often last 10-12 years only - and small start-ups should be able to avail of tax breaks etc. like the MNCs".

**Enterprise no. 288:** "I found the CEB most unhelpful – wonder is it only large-scale enterprises they are interested in?"

Based on these results it was difficult to say if the micro-enterprises in the study were likely to create additional employment in the future. In this respect, the results might suggest agreement with Davis, Haltiwanger and Schuh (1996:57) who argued that "conventional wisdom about the job creating powers of small businesses rests on statistical fallacies and misleading interpretations of the data".

Smallbone and North (2000) noted that maintaining or increasing employment depends on its ability to survive and grow, which they concluded is the result of an interaction between internal and external factors. The following section (6.2.6) examines one external factor - the export capacity and potential of the micro-enterprises in this study. This may give an indication of the

their ability to grow in the near future, which may also demonstrate their potential to create additional employment.

#### 6.2.6: The distribution of the main market

The aim of the following section is to examine the exporting activities of the micro-enterprises. This is examined within the framework of the stages of internationalisation model (Cavusgil, 1980) referred to in Chapter 5. Although some authors such as Christensen (1991:49) argued that "SMEs can no longer escape international competition even if they serve only the home market", it is argued here that there are many reasons why businesses grow and export to other markets and correspondingly as it is not always a free choice, there are many reasons why some choose not to develop. These reasons not only refer to opportunities available to the entrepreneur within the external environment, but relate also to the individual characteristics, motivations, expectancies and goals of the entrepreneur. The importance and consequences of these factors are examined in Chapter 8.

When enterprise-supporting organisations are assessing the likely export potential of an individual enterprise, the project promoters are asked to give details of what they have done to establish if there will be a demand for their product/service. In addition they are required to state who their likely competitors will be, what their target market is, and, how they see their project competing in the market place. The justification for providing support to the micro-enterprise sector is therefore to create and develop sustainable enterprises capable of expansion, creating employment and competing in an open market.

The entrepreneurs were asked to state where the percentage distribution of their main market was. They were given three categories: i) in home region ii) elsewhere in Ireland and, iii) international which would correspond to their main exporting activities. Those who stated that the percentage distribution of their main market was in their home region were considered to be dependent on their 'local market'. Those who stated 'elsewhere in Ireland' were considered to be dependent on the 'Irish market', and, those who stated 'international' were considered not solely dependent on the local or Irish market and were thus involved in some level of 'exporting' activities. In this regard, references made to 'local market', 'Irish market' and 'export market' hereafter correspond with this explanation.

As shown in Table 6.18, almost half (49.3%) of the respondents stated that their main market was in their home region and as such they corresponded with only stage one of the internationalisation model as proposed by the stage theorist Cavusgil (1980).

Table 6.18: Project ownership and distribution of main market for the enterprises

Legal Status	Home region	Elsewhere in Ireland	International	More than one selected	Total (%)
Private	99	24	20	47	190
individual	Exp Count: 0.4	Exp Count: 29.3	Exp Count: 22.4	ExpCount: 7.9	% Total: 69.3
Company	18	14	9	15	56
ltd.	Exp Count:	Exp Count:	Exp Count:	ExpCount:	% Total:
	26.6	8.7	6.6	14.1	20.4
Community	18	1	3	6	28
groups	Exp Count:	Exp Count:	Exp Count:	ExpCount:	% Total:
	27.6	4.0	3.3	6.9	10.2
Total	Count: 135	Count: 39	Count: 32	Count: 68	Count: 274
	% Total:	% Total:	% Total:	% Total:	% Total:
	49.3	14.2	11.7	24.8	100.0

Chi-square value: 13.446 p = .036

Consequently, these respondents were considered to be dependent on their 'local market'. Such a strong dependence on the local market can be problematic if there are any changes in the size of the local market, or any adjustments in the demand for the product or service. Nonetheless, the strong dependence on the local market might reflect also the stage of development of the enterprises and the fact that the majority were only newly established. Julien (1996) argued that a pre-occupation with the domestic market might result in an increase in one's product volatility. He explained that this was because domestic goods and services are often forced to compete with similar or substitute products which may be either less expensive or worse still more effective.

Only 14.2% of the respondents stated that they exported elsewhere in Ireland, whilst 11.7% exported to an international market. Those who selected more then one category (24.8%) were involved also in exporting activities and were therefore not solely dependent on the local or Irish market. As noted previously, most of the micro-enterprises in the study were newly established, and it is recognised also that many enterprises in the sample were engaged in the provision of local services and therefore were not orientated to export to an 'international market'.

Those enterprises with company ltd. status were less likely to rely on the 'local market' and more likely to rely on the 'Irish market' and an 'international market' than those enterprises established by sole traders (Table, 6.18). Furthermore, sole traders were more dependent on their 'local market', whilst the figures for those depending on an 'Irish market' and an 'international market' represented less than the expected counts in both cases. These results reflected the importance of the 'local market' for the individual entrepreneurs and may highlight their potential vulnerability. Those who established company ltd. may be more likely to increase their export market in order to expand their enterprise, create more employment and compete in an increasingly open market.

Enterprises which were supported by the LEADER Companies and CEBs were less likely to depend on their 'local market' and were more likely to depend on the 'Irish market' and an 'international market' (Table 6.19).

Table 6.19: Type of organisation and distribution of the main market for the enterprises

Organisation	Home region	Elsewhere in	International	More selected	Total
		Ireland			
LEADER	51	21	19	38	129
	Exp Count:	Exp Count:	Exp Count:	Exp Count:	% Total:
	63.6	18.6	14.8	32.0	46.4
CEB	40	10	12	28	90
	Exp Count:	Exp Count:	Exp Count:	Exp Count:	% Total:
	44.4	12.9	10.4	22.3	32.4
Partnership	46	9	1	3	59
•	Exp Count:	Exp Count:	Exp Count:	Exp Count:	% Total:
	29.1	8.5	6.8	14.6	21.2
Total	Count: 137	Count: 40	Count: 32	Count: 69	Count: 278
	% Total:	% Total:	% Total:	% Total: 24.8	% Total:
	49.3	14.4	11.5		100.0

Chi-square value = 31.958 p = .000

The enterprises supported by the LEADER Companies were dependent on an 'Irish market' and on an 'international market', which reflects the ability of these rural based enterprises to sell beyond their local market. The number of CEB supported enterprises which relied on an 'Irish market' was less than the expected count, whilst the number exporting on an 'international market' was greater than expected. These results reflected the CEBs interest in micro-enterprises which were capable of exporting on an international market. However the results might also reflect the characteristics of the entrepreneurs, the organisations they interacted with and their corresponding goals for the development of their enterprises.

The enterprises supported by the Partnership Companies showed the strongest dependence on the 'local market'. Overall these enterprises showed a limited export capacity, with a very small number (n = 9) of enterprises dependent on an 'Irish market' and only one exporting on an 'international market'. It has been stated previously that the majority of Partnership clients were involved in the provision of a service (Section 6.2.3.). This, combined with their dependence on their 'local market', suggests that they were offering local services which may have been short-lived and/or vulnerable to economic changes. Although it is difficult to state how sustainable enterprises are, it may be possible to suggest that the majority of these services arose from the economic growth in the 1990s, in particular in the Mid-East region, and as such may be dependent on such future economic growth.

It is argued that a negative interaction experience may influence exporting activities. One respondent indicated that, although she had identified a substantial market for her product, a negative interaction experience had similar negative consequences for the enterprise development:

Enterprise no. 202: "We had a proven product, a product that earns millions and millions of dollars in U.S., we were making a better product for this climate. We have 3 markets – a domestic market that is totally untapped, a commercial market of 5 and 7 star hotels (special hotels) and we have a totally empty and free export market. Look at the potential there. And yet you are turned down for a grant of £20,000 to buy a bit of machinery - Why? Because somebody doesn't like you?"

From a policy perspective, the focus on improving the quality of the enterprises supported in line with encouraging the continual development and expansion of the enterprises may encourage more micro-entrepreneurs to expand their export markets in the future. This may be done by increasing the level of follow-up support to the enterprises supported by the particular organisations and tailoring their existing supports to the issues and challenges facing the entrepreneur at each stage of their business development. Encouraging networking amongst the entrepreneurs would also help, together with supporting the presence of entrepreneurs at trade shows, both at home and abroad, to allow them the opportunity to market their product or service. Such supports might help the microenterprises in this study to create and foster the ability to export to an international market in the future. This method is illustrated in the following comment:

Organisation no. 9: "There is a craft network with the assistance of the Peace & Reconciliation network – he will bring people down to showcases in the RDS and take them on fieldtrips to craft places north of the Border. A lot of our clients have found this to be very beneficial and they have actually got full order books out of this, particularly from the RDS".

Whilst the question of their wish to expand their export capacity was not directly asked in the survey, the entrepreneurs' views of the market (Section 6.3.1) and their intention to alter their enterprise in the near future (Section 6.5) may reflect this intention.

## 6.2.7: The level of innovation

Innovation together with education and entrepreneurship are recognised as the three main pillars in enterprise creation. The significance of innovation is further recognised by the notion that "in modern, global, markets it is not size but innovative capacity that is the key to success" (Arzeni, 1998). The concept of innovation however has been defined in several different ways and is used in many different contexts (Chapter 4). Attempts to apply a definition to the present study presented challenges, as there were difficulties in defining and demonstrating the use of this term amongst the organisations:

Organisation no. 15: "Well something that's innovative in Donegal may not be so in Wicklow - it depends on how you want to define innovation".

Organisation no. 16: "The projects that come in here don't have to be innovative – they just have to have the skills in the area in which they want to work in".

Nevertheless, it is recognised that the need to be innovative is becoming increasingly important due to consumer changes, globalisation, increased travel and increasing wealth. One of the criteria used by the organisations for supporting a project generally is that it is viewed to be innovative, and applicants are asked to state how their product is innovative. The term innovative was explained to the project promoter by one organisation as "a new or inventive project that can consist of the introduction of a new idea, method, invention or response to a situation in a particular area" (Cavan/Monaghan LEADER information pack, 2000). The enterprise must be new to the area so as to avoid displacement, thereby allowing for a product or service which may already be established in another location. Although, traditional economic theories would classify these projects as imitative as they are not new inventions, it is argued that the decision on whether a project is innovative or not can be highly subjective. Therefore in an effort to distinguish between innovative and non-innovative, the respondents were asked if they viewed their project as being innovative in terms of contributing something new to the region. The degree of newness was therefore used as the factor in distinguishing between innovative and non-innovative projects and, in this respect, Kok and Pellenbarg's (1985) distinction between new to the company, new to the country, and new to the world is considered in the analysis.

When asked to state whether their product/service was innovative in the sense of contributing something new to the region, 70.6% of the respondents claimed that their enterprises suited this definition. For those who answered yes to the above question, a further exploratory question asked the respondents to specify which features of their enterprise they viewed as being most innovative. The responses were varied but they were valuable in understanding how the entrepreneur conceptualised innovation at the micro-level (Table 6.20).

Innovative feature	Number	% Total mentions (n = 220)	% Total respondents (n = 191)
New to the area	82	37.2	42.9
Specialist service	70	31.8	36.6
Philanthropy	46	20.9	24.0
Innovative concept	10	4.5	5.2
Other	12	5.4	6.2

The highest percentage of responses referred to the enterprise as innovative in the sense that it contributed something new to the area (37.2%). In a small number of cases the respondents identified their project as the first of such kind in Ireland (4), one respondent claimed that his product was the only one of its kind in Europe, and one respondent claimed that his product was the first of its kind anywhere.

The remaining projects were innovative to the local area, because they were the first to offer such an enterprise there. The following comments illustrate their certainty:

Enterprise no. 26: "New to the parish – very little \* in rural areas".

Enterprise no. 58: "At present we are the only people doing this sort of business in the west".

Enterprise no. 139: "It is a new product – and the patent has proved that - there is nothing like it".

Enterprise no 161: "It is the first time in our region that there is a facility of this kind".

Enterprise no 162: "It's the only one in this area".

Although traditional economic theory would classify some of these projects as imitative rather then innovative, such enterprises fitted the criteria for organisation support.

There were 31.8% of the responses which referred to the specific project or service as innovative in the sense that if offered a specialist product or service. Such responses reflected the decision of the entrepreneur to use an existing product or service and tailor it to suit the needs of a specialist market or their local market. The projects in this category included an organic farmer who delivered her product directly to her customers' homes, a wedding dress designer who used only new age designs, and an enterprise which combined the entrepreneur's love of horses and his ability to offer accommodation for those who would like to experience an equestrian holiday.

Overall the respondents made reference to the unique quality, design, method of production and process of delivery of the particular product or service. Some of the references under this category included:

Enterprise no. 21: "High quality product – most unusual range. Ability to customise designs to customers' wishes".

Enterprise no. 110: "I design my own unique style of \*, no one else offering high quality designer \* in the region.

Enterprise no 197: "Nothing new, but a much higher standard of service both in workmanship and enterprise".

Although such enterprises may not all have offered entirely new ideas or inventions, these results may indicate that the entrepreneurs considered that by offering a new level of quality, design and/or

feature, they were being innovative within their existing products or services. This can be explained by considering that, although an entrepreneur may be manufacturing a generic product or offering a generic service, the methods, craftsmanship, delivery and quality of the product/service may merit it being classified as innovative.

Just over one-fifth of the responses indicated that the enterprises were innovative because of a philanthropic contribution made to the local area (20.9%). Such contributions identified included offering local employment opportunities, increasing the volume of tourists to the area, increasing local revenue, using local products and suppliers in the production of a product and introducing an uncharacteristic service/product to a rural area. The presence of such projects therefore contributed to enhanced community involvement, and many stated that they would help to counteract some of the problems associated with rural isolation. It is worth noting that there were only 12 community groups included in this category, which therefore suggests the presence of other entrepreneurs in the sample who recognised their contribution to the local community. Samples of comments in this category are included to illustrate the philanthropic contribution identified:

**Enterprise no. 137:** "Improving appearance of villages, providing employment and training opportunities, raising self-esteem of formerly unemployed people".

Enterprise no. 141: "Servicing the needs of youth".

Enterprise no. 164: "Combating rural isolation for old people".

Enterprise no. 177: "It is hoped to bring extra tourists into the area and contribute to the local economy".

A small percentage of the responses indicated that the product or service was established from an 'innovative concept' (4.5%). Included in these responses were the following comments:

Enterprise no. 27: "The whole concept".

Enterprise no. 57: "\* new concept to rural area".

Enterprise no. 92: "Most definitely – features not the word, you would need to see this \* in reality it is completely innovative".

Enterprise no. 232: "Total new concept in the area – bringing people into the region etc.".

As shown in Table 6.21, those who had established a company ltd. or community group were more likely to state that their project was innovative. It was expected that community groups would state that their projects were innovative as the majority of projects supported by such groups offered previously unmet services to the local community. Private individuals were the least likely to state that their enterprise was innovative and this may reflect the high numbers of imitative-type projects in the sample.

Table 6.21: The legal status of the micro-enterprises and their expressed level of innovativeness

Legal status	Innovative	Non-innovative	Total
Private individual/s	Count: 119	Count: 66	Total: 185
	Exp. Count: 129.6	Exp. Count: 55.4	% Total: 67.5
Community groups	Count: 29	Count: 4	Total: 33
	Exp. Count: 23.1	Exp. Count: 9.9	% Total: 12.0
Company ltd.	Count: 44	Count: 12	Total: 56
	Exp. Count: 39.2	Exp. Count: 16.8	% Total: 20.4
Total	Count: 192	Count: 82	Count: 274
	% Total: 70.1	% Total: 29.9	% Total: 100.0

Chi-sq: 9.833 p = .007

With regard to the level of innovativeness across the sectors, those who established an enterprise in the craft, food and fisheries, forestry and horticulture and tourism sectors were more likely to view their project as innovative than the remaining categories in the study (Table 6.22).

Table 6.22: Project sector and corresponding expressed level of innovativeness

Project category	Innovative	Non-innovative	Total
Craft	Count: 22	Count: 4	Total: 26
	Exp. Count: 18.4	Exp. Count: 7.6	% Total: 9.3
Food & fisheries	Count: 17	Count: 2	Total: 19
	Exp. Count: 13.4	Exp. Count: 5.6	% Total: 6.8
Forestry & horticulture	Count: 7	Count: 2	Total: 9
	Exp. Count: 6.4	Exp. Count: 2.6	% Total: 3.2
Service	Count: 62	Count: 40	Total: 102
	Exp. Count: 72.0	Exp. Count: 30.0	% Total: 36.6
Manufacturing	Count: 23	Count: 11	Total: 34
	Exp. Count: 24.0	Exp. Count: 10.0	% Total: 12.2
Tourism	Count: 34	Count: 13	Total: 47
	Exp. Count: 33.2	Exp. Count: 13.8	% Total: 16.8
Other	Count: 32	Count: 10	Total: 42
	Exp. Count: 29.7	Exp. Count: 12.3	% Total: 15.1
Total	Total: 197	Total: 82	Total: 279
	% Total: 70.6	% Total: 29.4	% Total: 100.0

Chi-sq: 11.525 p = .073

Craft items are usually unique to the individual, as having one's own style and design is essential in this competitive sector and, in this regard, it is reasonable to perceive one's item as innovative. Additionally, the low percentage of people working in the forestry and horticulture sector, coupled with the exclusion of mainstream agricultural projects from organisation support, may indicate that

projects which were supported in this sector were indeed innovative. For the same reason, mainstream tourism projects were unlikely to have received support and for that reason may be more likely to be innovative.

The reasons why so many micro-entrepreneurs viewed their projects as innovative are many. Often innovativeness can be linked to the size of the enterprise and it is recognised that, due to the small size of micro-enterprises they are more individual, less bureaucratic and are therefore more innovative. However it is difficult to determine how the micro-entrepreneurs in the sample understood the concept of innovation. The high percentage of respondents who stated that their enterprise was innovative may on the one hand suggest a genuine belief that they had indeed established an innovative enterprise, or it may suggest that some project promoters were merely stating this because they had done so in order to receive support from the relevant organisation. Therefore it is difficult to evaluate to what extent the 29.4% projects designated as non-innovative, the 27.7% who replied that this was non-applicable to their enterprise, and the 5.9% missing responses were less innovative than the others. What is clear is that the term innovation has a broad meaning and may be highly subjective.

# 6.3: The micro-enterprise environment

In Chapter 5 it was explained that the organisation environment consisted of all elements external to the organisation which have the potential to influence the organisation (Chell, 2001). It was argued that one must view organisations as firstly influenced by their external environment and secondly that they must be able to adapt to their external organisations. Within the framework of Population Ecology Theory, it was explained that the influence of the external environment on enterprise creation and development was significant. Nonetheless, by reference to Resource Dependency Theory, it was argued that the entrepreneur counteracts, downplays, prevents and copes with threats available to him/her within the external environment. In a similar vein the entrepreneur also seeks and spots opportunities within the external environment. In view of the significance of the environment, it was considered important to query the entrepreneurs as to their view of the market for the enterprises, the main constraints or threats facing the enterprises and the main opportunities for the enterprises. Therefore the following questions were raised in this respect: i) what are the entrepreneurs' views of the market for the enterprises over the last five years? ii) what are the main threats/constraints facing the enterprises and, iii) what are the main opportunities facing the enterprises.

## 6.3.1: The view of the market for the enterprises over the last five years

The entrepreneurs were asked to describe their view of the market for their particular enterprise over the last five years. It was expected that their responses would give an indication of their perception of the entrepreneurial environment and may indicate the potential for expansion of their enterprises in the future. In Table 6.23 the breakdown of responses to this query are shown.

Table 6.23: Respondents' view of the market for the micro-enterprises in the preceding five years

View of the market	Number	% Total mentions (n = 270)	% Total respondents (n = 257)
Growth in market	145	53.7	56.4
Competitive market	24	8.8	9.3
Difficulties	23	8.5	8.9
Good market	22	8.1	8.5
Slow growth	19	7.0	7.3
Export opportunities	6	2.2	2.3
No growth	5	1.8	1.9
Other	26	9.6	10.1

## - Growth in the market/ good market

Over half of the responses indicated a growth in the market for the enterprises (53.7%), together with 8.1% of responses which indicated that there was a good market for the product/service in the preceding five years. Such responses either reflected the increased demand in the market, or alternatively suggested that the entrepreneur was satisfied with the level of demand for their product or service. In light of the fact that only 7.0% of responses indicated a slow growth in the market for the enterprises, these results were encouraging as they indicated that the entrepreneurs had a positive outlook on the external market for their enterprises and therefore may be more likely to expand their enterprise and seek alternative markets in the future. Such expansion would benefit particularly the 49.3% of respondents who relied on the local market, however this is difficult to propose considering the high percentage (36.1%) of enterprises which offered services to the local market. Some of the comments under these categories merit inclusion as they reflect the positive economic climate in the 1990s:

Enterprise no. 15: "Insatiable".

Enterprise no. 22: "Tremendous growth".

Enterprise no. 69: "Growing at an alarming rate".

**Enterprise no. 154:** "Because Ireland's economy has continued to boom over the last number of years we have seen our business grow at a very high rate".

Enterprise no. 157: "Due to the economic boom our company has benefited accordingly".

Enterprise no. 250: "Good in the Celtic Tiger".

Enterprise no. 252: "Due to economic growth the market has expanded".

In Chapter 5, it was explained by reference to the concept 'variation' (Aldrich, 1979) that different products and services in demand in the past may become redundant, as new technologies, ideas, demands and discoveries are introduced to suit particular needs at a particular time. In this respect, variation in a population results in an increase in enterprises, as new products and services are demanded. Consequently, entrepreneurs have added to this variation and have capitalised on their entrepreneurial ability to supply the products and services demanded by the changing consumer population.

## - A competitive market

As previously stated, Julien (1996) argued that a pre-occupation with the domestic market results in more product volatility, as domestic goods and services are more likely to experience competition from other sources which produce similar and less expensive goods. Although the results revealed that the majority of enterprises relied on their local market, only 8.8% of the responses to this query indicated a competitive market over the previous five years. This suggests that the majority of entrepreneurs were not constrained by a homogenous and competitive environment (Chapter 5). It was expected that those respondents who stated competition were exporting to a wider market, as the organisations avoided funding an enterprise which was already in existence in the local area. However a number of respondents (6) who relied solely on their local market were included in this category. The remaining respondents exported to a wider market and some of their comments reflected Julien's (1996) argument:

Enterprise no. 7: "Very competitive – costs have risen sharply with price rise in diesel etc.".

Enterprise no. 110: "Has become more competitive with foreign cheaper imports".

**Enterprise no. 115:** "Market has vastly diminished because of cheap poor quality furniture from Eastern Europe".

**Enterprise no 219:** "Had become a huge market however I am finding lot of mass produced products looking as good sometimes as craft - and a lot less expensive".

Once more the above comments reflected the type of problems presented by the external environment. The entrepreneurs' awareness of such difficulties, and in particular their appreciation of the expanding international market, may indicate that they were attempting to respond to this threat of competition from other sources.

#### - Difficulties with the market

There were 8.5% of the responses which indicated certain difficulties with the market for the enterprises. Such difficulties were varied and included increasing labour costs which were making their product or supplies more expensive, a decline in the number of tourists and the need to devote

more time and resources into marketing the product or service. Nonetheless, the responses suggested that some of the entrepreneurs were involved in counteracting, influencing and coping with the difficulties presented to them in their external environment.

Other responses in this category simply stated a single word such as "average", "ok", "volatile" or "declining", whilst other comments reflected the difficulties with regard to the entrepreneurs' lack of experience in enterprise and as such corresponded with the stage of development of the particular venture. Comments in this respect referred to a "noticeable decline in the last 2 years", "varies from year to year", "only 2 years experience" and the market for the enterprise remaining at a "fixed level for 5 years". Other comments included references to a variety of problems experienced in trying to expand the market for the enterprises:

Enterprise no. 58: "The first two years were good, since then overheads/sterling has caused a fall in profits".

Enterprise no. 70: "This past two years, I realise that I need to market more and I could achieve a lot more business".

Enterprise no. 89: "Declining (rapidly)".

Enterprise no. 149: "Market available but excessive advertising needed".

Enterprise no. 246: "More difficult trading conditions due to rising labour costs and increased imports".

A small number of responses (4) referred to the fact that the market for their enterprises was limited. These included one entrepreneur who relied on the local market, others who relied on the "middle class and especially women" (2) and one entrepreneur who indicated that the enterprise was limited to a particular social class. A specialist market may imply a restricted market and therefore it is encouraging that such low numbers were depended on these markets. This problem is highlighted in the following comments:

Enterprise no. 32: "It is primarily middle-class and above - most customers are women".

Enterprise no. 265: "Limited market to people in a particular social class".

## - A slow market

Those responses which indicated a slow market for the particular enterprise (7.0%) also reflected the stage of development of the enterprise. Whilst a small number of respondents (2) simply stated a slow growth, there were others who made reference to the fact that they were only in business for one year and this was the explanation given for the slow growth (2). Other responses referred to the dependence on the local market and one respondent cited personal reasons for the slow growth of their enterprise. A variety of these issues are illustrated in the following comments:

Enterprise no. 5: "Building slowly only in business one year".

**Enterprise no. 57:** "First year difficult, second year slight improvement (worked at a loss) - third year promising to be much better, should show profit at the end of the year".

Enterprise no. 196: "Declined in recent year due to decrease in purchase of \*".

The above comments suggest the existence of a time lag between the birth of some ventures and their growth and development. As it has been recognised that newly established enterprises are particularly vulnerable, entrepreneurs need to respond to slow growth to guarantee the sustainability of the enterprise.

## - Export opportunities

A small percentage of the responses indicated that there were export opportunities for the particular enterprises (2.2%). Although the responses in this category reflected only a small percentage of mentions and total respondents (2.3%), it is suggested that these entrepreneurs were involved in developing their enterprise to the extent that they were actively seeking and engaging in export opportunities abroad. The references made in this particular category included:

Enterprise no. 24: "Opportunities abroad and major growth".

Enterprise no. 26: "U.S. market is very good".

Enterprise no. 29: "International market has grown substantially".

Enterprise no. 42: "The market has been expanding both home and abroad".

#### - No growth

There was a small percentage of responses which indicated that there was no growth in the market for the particular enterprises (1.8%). The responses suggest that the entrepreneurs needed to market, develop and explore alternative export markets in order to increase the future growth of the enterprises. The responses in this category were succinct and included:

Enterprise no. 88: "The market is not growing".

Enterprise no. 202: "Non-existent".

Enterprise no. 234: "The market has been at a fixed level for the last 5 years".

Earlier it was argued that exporting activities were not related only to the external market environment but may be related to the individual characteristics of the entrepreneur. Similarly the respondents' views of the market are not related only to the external market environment but may reflect also certain characteristics inherent in the individual entrepreneur. Those who stated a more positive view of the market for their enterprise may have a stronger wish to succeed, a desire to remain one's own boss, a willingness to engage in risk-taking activities in order to exploit alternative markets and, in addition, may have a higher internal and external locus of control. In reference to Resource Dependency Theory, and in contrast with Population Ecology Theory, those with a high internal locus of control have a strong belief that they can control external factors such as a competitive or difficult market (Chapter 5). Therefore it was expected that these entrepreneurs would be able to overcome or find alternative solutions to difficulties encountered in the external market. However, it is recognised that such individual characteristics must be coupled also with the necessary skills and knowledge needed to market the enterprise, compete in an open market and overcome the problems associated with slow growth. In this respect, it is argued that the necessary skills and knowledge needed may be more likely to have been acquired by those who had a higher level of education and relevant work experience and had completed training provided by the appropriate organisations. Such issues are explored in more detail in Chapter 8.

# 6.3.2: The main constraints/threats facing the micro-enterprises

It was anticipated that when the entrepreneurs were asked what were the main constraints or threats facing their enterprises, that the responses might indicate also what type of environment the entrepreneurs were operating in. The many types of environments were examined in Chapter 5 and included a stable/unstable, homogenous/heterogeneous, or turbulent environments (Aldrich, 1979, Chapter 5). At the outset, it should be noted that the constraints/threats discussed in this section reflect the experiences that the entrepreneurs had in interacting with their external environment, and it is therefore suggested that the constraints and threats noted were having negative impacts on the individual enterprises. Although the frequency of responses is very small in some cases, it was considered important to include them in separate categories, to highlight the wide-ranging constraints and threats facing the enterprises in the sample. The responses to this query are shown in Table 6.24.

## - Competition

As shown in Table 6.24, competition was the most mentioned constraint or threat facing the microenterprises (18.5%). Consequently, this was having a negative impact on these enterprises. For those who were experiencing difficulties with regard to competition, it is suggested that they needed to change their strategies to cope with this threat in order to survive, develop and ensure the sustainability of their enterprise. Furthermore it is argued that competition is a factor which when measured can show many different patterns, as it depends on a variety of influences, such as if one has an innovative product or service, if one exports to an international market and if one is hoping to expand the existing enterprise. Table 6.24: The main threats and constraints listed by the entrepreneurs

Constraint or threat	Number	% Total mentions	% Total respondents
identified		(n = 313)	(n = 255)
Competition	58	18.5	22.7
Finance	43	13.7	16.8
High costs	41	13.0	16.0
Labour	39	12.4	15.2
Environment	16	5.1	6.2
Marketing	16	5.1	6.2
Location of enterprise	16	5.1	6.2
Dependent on economy	12	3.8	4.7
Dependent on support	11	3.5	4.3
Red tape	11	3.5	4.3
Disease	10	3.1	3.9
Sole trader	10	3.1	3.9
Technology	5	1.5	1.9
Seasonal	3	0.9	1.1
Creditors	3	0.9	1.1
Other	19	6.0	7.4

Expansion of one's existing market is of particular importance in light of competition from international sources:

Enterprise no. 13: "Cheap imports".

Enterprise no. 19: "Foreign imports".

Enterprise no. 23: "Competitors".

**Enterprise no. 75:** "Our Irish business is under threat from the 'Celtic Tiger' as cheap airfares make more European cities competitive for the weekend".

Enterprise no. 136: "Competition from mainstream tourism providers".

Enterprise no. 187: "Competition from food giant's - Tesco etc.".

In view of the above comments, it is suggested that the high percentage of innovative projects in the sample (70.6%) coupled with those who were dependent on the local market (49.3%) may suggest that at least some of those enterprises which did not include competition as a main constraint/threat may have had a monopoly over the market for their product or service.

#### - Finance

Finance was the second most mentioned constraint or threat facing the micro-enterprises (13.7%). The Task Force on Small Business (Government of Ireland, 1994) identified limited working capital as a key challenge facing those in small business, and this result suggests that it was a key constraint or threat also for some of the entrepreneurs in the sample. Therefore it is suggested that the provision of financial support by the organisations is important for the micro-entrepreneur, because if s/he does not have adequate capital it has implications for the expansion and development of their enterprise.

Amongst a small percentage of responses were some which indicated their dependency on further support for the sustainability of the enterprise (3.5%). Also implied in some comments was the notion that the entrepreneurs were not only hindered by this constraint but they were dependent on external help in order to overcome existing financial difficulties. This indicates also their dependency on the enterprise-supporting organisations. In order to overcome this constraint, some entrepreneurs may invest more of their personal savings into the enterprise or use personal assets such as their home to guarantee loans from external sources. This is done at a considerable risk for the entrepreneur and in particular for those who are operating as sole traders. Therefore, for those respondents who identified finance as a key constraint or threat, the sustainability and/or development of the enterprises is under threat also, as it is argued that adequate working capital is needed to maintain and expand one's enterprise. A variety of comments in this category are included to highlight this difficulty:

Enterprise no. 2. "Finance to promote".

Enterprise no. 9: "The lack of disposal income will cause problems when interest rates rise".

Enterprise no. 11: "We need money".

Enterprise no. 24: "Finance".

Enterprise no. 27: "Cash flow".

Enterprise no. 43: "Cash flow restrictions from December to March each year".

Enterprise no. 51: "Lack of finance".

Enterprise no. 63: "Lack of marketing funds".

Enterprise no. 143: "Low capital investment".

## - Costs

References made to high costs represented the third most mentioned constraint/threat (13.0%). It is argued that for those who experience such a threat it has many implications for enterprise creation

and development. High costs hinders those entrepreneurs who are experiencing difficulties raising sufficient working capital for the development of the enterprises. In particular, this difficulty is experienced by those who have problems receiving business loans from external financial institutions such as the bank. Furthermore, for those who experienced this difficulty, it may highlight certain characteristics of entrepreneurs, as some may prefer to finance their enterprises by using internal sources of funding, because to seek external sources of financial assistance would signal a loss of control and/or independence to them. However it might reflect high inflation in the economy and in turn the rising costs of doing business, buying products and offering and availing of services. High costs associated with many products and services are highlighted in the following comments:

Enterprise no. 88: "Oil prices".

Enterprise no. 109: "Wage costs".

Enterprise no. 239: "The cost of insurance".

#### - Labour

Only 12.4% of the responses indicated that labour was a main constraint or threat facing the enterprises. This small percentage might reflect the characteristics of the enterprises, as the majority were one-person operations and had limited employment creation. Nonetheless, the problems stated in this regard included the lack of suitably skilled and/or trained labour, the shortage of experienced staff, the unavailability of labour "at a reasonable price", or simply a difficulty with finding staff. The following comments reflect the many reasons why entrepreneurs may find it difficult to recruit suitable labour in this current climate:

Enterprise no. 17: "Lack of staff".

Enterprise no. 25: "Availability of machine operators".

Enterprise no. 33: "Experienced staff".

Enterprise no. 53: "Labour shortages".

Enterprise no. 140: "Needs more labour".

Enterprise no. 154: "It is very hard to get drivers and people to work in the factory – I think it has a lot to do with the welfare system – people didn't have to be working if they didn't have to – they don't want to do the manual labour. It's not a 'tidy shop' – people would come in and do a week or two, and then wouldn't come back".

Enterprise no. 224: "Finding suitable trained people to work".

Enterprise no. 274: "Availability of skilled workforce".

As previously stated, the entrepreneurs may have been more likely to employ locally and, therefore, it can be suggested also that it was more difficult to find suitably experienced and/or qualified staff in their local areas. In order to respond to the threats posed by labour shortages or to the difficulty recruiting suitably skilled people, it may be necessary for the entrepreneurs to offer salaries which reflect those offered to people in other areas. Alternatively the micro-entrepreneurs may need to attract foreign workers. Nonetheless, this difficulty will undoubtedly have implications for the working capital, level of personal income and in some cases the wish to expand and develop many of the enterprises.

#### - Environmental constraints/threats

Responses which highlighted particular environmental constraints/threats featured in only 5.1% of total mentions. Included in the comments were references to weather dependence (7), pollution (5), traffic gridlock (2), the state of the local roads (1), and the expansion of the local area (1). Some of these problems may particularly affect certain types of enterprises, however it is argued that environmental problems such as pollution, bad road conditions and traffic gridlock, will have negative consequences in a direct or indirect manner for all the enterprises in a locality. In the County Strategy Plans for the three locations it was noted that certain environmental problems were noted to be problematic, not only for enterprise development but also for local development, the creation of employment, the reduction in social disadvantage and marginalisation, and for one's quality of life. These are factors which influence enterprise creation and/or development in a direct or indirect way. A variety of such problems are highlighted in the following comments:

Enterprise no. 15: "Dublin city traffic gridlock".

Enterprise no. 122: "The weather is a major factor".

Enterprise no. 128: "Toxins in water resulting in bay closures and loss of consumer confidence in the product".

Enterprise no. 162: "Very dependent on tourism and good weather".

Enterprise no. 252: "Weather conditions".

## - Marketing constraints

Marketing was also recognised as a constraint/threat by the entrepreneurs and this difficulty featured in 5.1% of the responses. It is argued that, for those entrepreneurs who experienced a constraint or threat with regard to marketing, it may indicate a lack of market exploration prior to the establishment of their enterprises. Furthermore it might indicate an unwillingness to participate in marketing training and/or an unawareness of the availability of this type of training. Although the organisations in the study offered marketing advice and training, it was not a requirement to

partake in such courses. Furthermore, in later results it is revealed that the number of entrepreneurs who had undertaken marketing training was very low (Chapter 8). Consequently, this will have negative impacts on the expansion and/or sustainability of the enterprises, such as is illustrated in the following comments:

Enterprise no. 110: "Getting the public to know about my product and services".

Enterprise no. 262: "Getting the product recognised nationwide".

Nonetheless, it is important to state that not all difficulties experienced by the respondents reflected their individual marketing strategies, as some entrepreneurs made reference to the overall marketing of their local area/county:

Enterprise no. 63: "Lack of marketing funds".

Enterprise no. 81: "Lack of knowledge of our services to the community".

Enterprise no. 89: "Non-marketing of the West of Ireland".

Enterprise no. 108: "Huge competition from other counties with larger marketing budgets".

Enterprise no. 149: "Advertising Monaghan/Cavan necessary on own cost".

As highlighted in the above comments, some of the enterprises were experiencing problems which were beyond their direct control. In cases where the region, local county or local area is not sufficiently marketed, individual attempts to influence the marketing strategies of small enterprises may be made more difficult and more costly for entrepreneurs.

#### - Location

A small percentage of the responses indicated a constraint or threat associated with the location of the enterprise (5.1%). Comments in this category largely reflected difficulties associated with rural depopulation and the peripheral location of the enterprise:

Enterprise no. 18: "The location".

Enterprise no. 271: "Low tourist trade to the west".

Enterprise no. 281: "Population decrease – drag to urban areas".

# - Dependent on the economy

Surprisingly only 3.8% of the responses included reference to a dependency on a favourable economy. Traditional economic theory and Population Ecology Theory argue that the establishment and/or development of an enterprise is very dependent on economic factors, and in this respect consider the entrepreneur to be a dependent variable (Wilken, 1979). Therefore these results suggest that the majority of the entrepreneurs in the sample were independent and had a strong internal locus of control, in the sense that they responded to opportunities and problems encountered within their external environment. The responses in this category included reference to a dependency on the Irish and American economies:

Enterprise no. 118: "Economy failing".

Enterprise no. 184: "American recession".

Enterprise no. 219: "With the growing economy there is a lot more competition, people have to be more inventive and choose their 'real' market".

Enterprise no. 257: "Celtic tiger – more people going abroad".

Enterprise no. 263: "Recession - because I make luxury items".

# - Further support

Amongst the responses, were some which made reference to a dependence on further support from the organisations (3.5%). This highlights vulnerability in the absence of such support. Unsurprisingly, all but one of the responses corresponded to those involved in a community project and in this respect highlight the importance of such supports to this sector. More worryingly, the responses suggest the demise of some of the community enterprises if these external supports are not continued:

**Enterprise no. 36:** "If FÁS were to withdraw their support, it would not be viable to pay staff to look after the centre".

Enterprise no. 191: "Lack of serious government support".

Enterprise no. 235: "Uncertain funding – project subject to annual review".

## - Red-tape

In consideration of the main constraints or threats facing the enterprises, it was anticipated that many responses would indicate a difficulty associated with red tape. Surprisingly, this factor featured in only 3.5% of the responses. The comments included reference to external rules which were having a negative impact on the particular enterprises:

**Respondent no. 57:** "Restrictions on space – numbers are according to area provided, thus limiting the number of children we can provide in accordance with childcare regulations 1998".

Respondent no. 77: "Department of Agriculture laws".

Respondent no. 82: "Strict EEC based hygiene legislation that is inappropriate to the small scale of the business".

Respondent no. 202: "Irish arrogant bureaucracy".

Many respondents chose to state their difficulty with red tape in response to a later query regarding the greatest obstacles encountered in their relationship with the organisation/s (Chapter 7).

## - Disease

In 2001 markets were affected by foot and mouth disease, and consequently this factor was mentioned in a small percentage of the responses (3.1%). Interestingly, the enterprises were not limited only to those in the primary sector, but included a potter, the owner of a B&B, an enterprise established by a community group and a floor finisher. This factor highlights also how vulnerable small enterprises are in the face of unanticipated events which occur in the external environment, and suggests that entrepreneurs need to have a contingency plan in place to deal with such negative events. In this respect, perhaps an adequate awareness of supports available in the external environment, a good level of informal and formal contacts and adequate working capital to cope with a drop in business, are some of the measures which the entrepreneur needs to have adopted when establishing or developing an enterprise. The following comments illustrate the difficulties experienced by external and often unanticipated threats of this nature:

Enterprise no. 77: "Department of Agriculture laws and B.S.E.".

Enterprise no. 135: "Foot and mouth disease".

Enterprise no. 177: "The problem with foot and mouth - tourists are not booking at present".

Enterprise no. 179: "Economic collapse because of foot and mouth, there will be no demand for my service".

Enterprise no. 288: "Foot and mouth impact on tourism at present expense".

## - Sole trader

There were a number of responses which indicated constraints or threats associated with the legal status of the particular enterprises (3.1%). In all but two instances, the comments referred to problems experienced by sole traders. Although this factor was mentioned by only a small percentage of respondents (3.9%), it is argued that the problems indicated are common to those

who operate as sole traders, and in particular to those who tend to be more isolated and/or individualistic and have a low level of familial involvement in the enterprises. The following comments reflect difficulties working on one's own:

Respondent no. 6: "Sickness - no replacement".

Respondent no. 14: "Difficult working on own sometimes".

Respondent no. 153: "As a sole trader, I have to do everything myself".

# - Technology

A small percentage of responses indicated a constraint/threat associated with new technology (1.5%). One response referred to the need for the entrepreneur to keep up with technological advancements and the other responses reflected difficulties with regard to e-commerce. The comments highlighted some of the changes and impacts of technology on small enterprises:

Enterprise no. 98: "Internet – direct sell companies".

Enterprise no. 192: "Lack of funding for future technology".

Enterprise no. 261: "Internet sales".

The responses in this category may reflect low levels of I.T. usage and a low uptake of I.T. training amongst the micro-entrepreneurs concerned.

#### - Seasonal

The problems associated with a seasonal market for one's enterprise featured in only 0.9% of total responses. The entrepreneurs who experienced this threat/constraint were involved in crafts (1), tourism accommodation (1) and furniture manufacturing (1).

#### - Creditors

Although the Task Force On Small Business (Government of Ireland, 1994) estimated that Irish payment times were amongst the worst in Europe, this difficulty featured in only 0.9% of the responses. This result is positive in light of the above indication. Nonetheless, for those who were experiencing this difficulty, it is suggested that they might benefit from financial management training. One comment in this category summed up this particular difficulty:

Enterprise no. 60: "Getting paid for the work carried out".

#### - No constraints or threats identified

Surprisingly there were a small number (n = 13) of responses which specified that there were no constraints or threats facing the enterprises. This response was noted by entrepreneurs involved in a variety of sectors: building construction and repair service (3), notably marketing and other business services (2), manufacturing (2), health service (1), animal service (1), art and craft (1), environmental service (1), community group (1) and childcare service (1). As noted earlier, stage theorists recognise that at each stage of business development, new challenges, new skills and resources are needed to progress towards the expansion and/or improvement of one's enterprise (for more discussion see Chapter 5). Therefore it is difficult to believe that an entrepreneur would have no constraints or threats facing their enterprise.

Other constraints/threats that were mentioned included a variety of responses ranging from time constraints, to problems with customers. Only one respondent mentioned a difficulty with receiving funding from the bank and a small number of respondents (4) indicated difficulties associated with their suppliers.

# 6.3.3: The main opportunities facing the micro-enterprises

In this section the main opportunities facing the micro-enterprises are discussed. The entrepreneurs were asked to state the main opportunities for the enterprises over a period of the next five years. The majority of respondents cited positive opportunities for the enterprises over the five-year period and the results for this query are shown in Table 6.25.

Table 6.25: Main opportunities facing the micro-enterprises

Opportunity	Number	% Total mentions (n = 253)	% Total respondents (n = 214)
Growth in market	75	29.6	35.0
Changing attitudes amongst consumers	50	19.7	23.3
Expansion of enterprise/premises	30	11.8	14.0
Quality of enterprise product/service	19	7.5	8.8
Economic boom	14	5.5	6.5
No competition	12	4.7	5.6
Location of enterprise	11	4.3	5.1
I.T. opportunities	9	3.5	4.2
Funding opportunities	5	1.9	2.3
Other	28	11.0	13.0

## - Growth and expansion

The most mentioned opportunity facing the micro-enterprises was a growth in the market for the products or services (29.6%). In addition, references made to future expansion opportunities reflected the third most frequently mentioned opportunity (11.8%). For those enterprises where growth and expansion were not anticipated, it is argued that their sustainability and ability to remain competitive may be undermined in the future. However, for those who stated that growth and expansion were a main opportunity for their enterprise, it suggests that the entrepreneurs had a future business plan for their enterprise and expected their enterprise to remain viable. In addition, such responses suggested that the entrepreneurs had a desire to expand and grow their enterprise, which might result in an increase in their export potential and the creation of additional employment. Some of the comments in this category are included to illustrate the respondents' certainty:

Enterprise no. 1: "Increasing/unlimited marketing opening up in the general area".

Enterprise no. 15: "There is an almost limitless demand for our service".

Enterprise no. 61: "Huge client group".

Enterprise no. 93: "Our business is growing all the time due to good location and keen prices".

Enterprise no. 125: "Big export opportunities".

Enterprise no. 190: "More and more people are looking for something different and original, so I am working for that market, plus, people have more disposable income to spend on \*".

Enterprise no 240: "Expansion of sales to other countries".

# - Changing attitudes

References were made to changing attitudes amongst consumers and this response represented the second most frequently mentioned opportunity (19.7%). This response was worthy of a separate category as the responses reflected many factors such as the changing attitudes amongst consumers as a result of the improved economic conditions in the 1990s and the increased level of awareness concerning the benefits of the products or services. Overall the comments included an increase in the time devoted to leisure, improvements in health awareness, increased affluence and a greater concern for the environment. Nonetheless, it is recognised that such attitudes were not solely the result of the changing economic climate in the 1990s, but may reflect also increased travel, easier access to information and the increase in the diversity of cultures amongst the population in Ireland. The following comments reflect the diversity of responses included in this category:

Enterprise no. 78: "New affluent couples getting married and trends for acquiring something individual".

Enterprise no. 86: "People - the public are becoming more aware and responsible for their own health and are therefore open to someone like myself".

Enterprise no. 103: "More adventurous population so more potential business".

Enterprise no. 230: "Organic is seen as cleaner safer food".

**Enterprise no. 263:** "New and different product - more people wanting something unusual - plenty of people with spare money to spend on luxury items".

Enterprise no. 278: "People have more money to spend on their leisure time".

## - Quality

The demand for quality products or services featured in 7.5% of the responses to this query. This factor was mentioned also by respondents in relation to an earlier query relating to the reason/s why some products or services were considered innovative (Section 6.2.7). Again, this result might reflect the changing attitudes amongst consumers and the associated demand for quality and niche products. Many entrepreneurs have recognised this change in consumer needs and have subsequently utilised their hobby, skill and/or individual ability to engage in entrepreneurial activities. In essence, it also reflects the awareness amongst the entrepreneurs of changing consumer needs and demands in the external market. The following comment reflects such changes in relation to the tourism sector:

Enterprise no. 82: "Development of a quality based service for an increasingly demanding tourism population".

#### - Economic boom

There was a small percentage of responses which referred to the opportunities associated with the economic boom which was experienced in the 1990s (5.5%):

Enterprise no. 6: "Market 'boom' in building trade".

Enterprise no. 66: "Buoyancy in economy".

Enterprise no. 179: "Economy is still booming".

Enterprise no. 224: "The current vibrant economy and in particular the volume of expansion in my own location".

# - No Competition

A small percentage of responses highlighted opportunities created by a lack of competition (4.7%). This low percentage suggests that the majority of respondents did not perceive competition as a major threat/constraint facing their enterprises. Whilst it is difficult to say whether these enterprises will be faced with more competition in the future, it can be suggested that globalisation has increased competition for many enterprises worldwide. Nonetheless, it is encouraging to read comments which reflect a lack of competition and an awareness of this opportunity for small enterprises:

Enterprise no. 5: "No competitors in our home district – at present".

Enterprise no. 6: "No competition - no one else specialising in \*".

#### - Location

There were 4.3% of the responses which indicated an opportunity associated with the particular location of the enterprise. The responses were varied and included references to the region, the country and the development of the local area:

Enterprise no. 26: "Tourism on the up in the West of Ireland".

Enterprise no. 68: "Growing reputation of Ireland for \*".

Enterprise no. 93: "Our business is growing all the time due to good location and keen prices".

Enterprise no. 217: "Area population increasing and new roads access".

## - I.T.

Although only 3.5% of the responses made reference to I.T. as the main opportunity for the enterprise, such improvements in technology are seen as beneficial for all entrepreneurs. The benefits that I.T. can bring to an entrepreneur are many, and include the reduction in the time and speed of information transmission, an awareness of new markets and ideas, reduced costs and a more safe and effective way to organise and manage the accounts of the business. The organisations in this study provided, organised or referred their clients to a variety of I.T. courses, however it was up to the individual entrepreneur to partake in such courses (for further discussion see Chapter 7). Altogether this low percentage is disappointing and may reflect the overall ability to use and to integrate I.T. in the business environment, it is suggested that this may have consequences for the competitiveness and sustainability of the enterprises. Furthermore, low levels of I.T. might reflect certain characteristics of the entrepreneur. Nonetheless, for those who

indicated that this was an opportunity for the enterprise, the comments included an awareness of the potential of I.T. to decrease the costs of marketing whilst increasing the market potential for the enterprises:

Enterprise no. 98: "Internet – the cost of targeting clients is cheap".

Enterprise no. 261: "Internet sales".

Enterprise no. 288: "Potential from website".

## - Funding

A small percentage of the responses highlighted opportunities associated with the availability of external funding (1.9%). Although this is a recognised opportunity, the responses reflected a dependency on external assistance for the development and sustainability of the enterprises:

Enterprise no. 83: "Grants available for development".

Enterprise no. 97: "New grant aid coming through from the EU in the spring".

Enterprise no. 279: "Greater availability of grant aid".

## - No opportunities

Disappointingly, amongst the responses were a small number which indicated that there were no opportunities for the enterprises in the forthcoming five years. Although this represented only a small number of the responses (n = 13), it suggests the demise of these enterprises. Sadly the failure of an enterprise can have very profound negative economic and personal effects for the entrepreneur and it may discourage them from establishing an enterprise in the future. The demise of an enterprise may be anticipated by the entrepreneur when he/she is making the decision to establish their enterprise, however it is difficult to guesstimate how many entrepreneurs prepare for such failure. Failure is particularly negative for the sole traders as they have unlimited liability and therefore may lose their personal assets (Chapter 5). Some of the comments included in this category were summed up in only a few words:

Enterprise no. 58: "I can't see any".

Enterprise no. 141: "Not many".

# 6.4: The significance of location factors in entrepreneurship

In Chapter 4, the question: can location factors influence the level of entrepreneurship in society? was addressed. Whilst it was noted that entrepreneurship levels differ markedly from one place to another, it was explained that a number of location factors could help to explain different rates of entrepreneurship across locations. More specifically, Storey's (1994) list of location factors was examined to help explain spatially different rates of entrepreneurship (Section 6.2.1). So as to understand the importance of location factors in entrepreneurship, the entrepreneurs were asked to rank in order of importance, those factors which most influenced the choice of location for the enterprise. A further exploratory question asked: in hindsight if you had to make a location decision again, would you choose the same location? For those who stated that they would not choose the same location again, they were asked to give a reason and to state what location they would prefer.

# 6.4.1: The factors which most influenced the choice of location for the enterprises

The entrepreneurs were asked to rank in order of importance, those factors which most influenced the choice of location for the enterprises. The results to this query are shown in Table 6.26.

Table 6.26 The respondents' ranking of the factors which most influenced the choice of location for the

enterprises.

Factor	1 <sup>st</sup> place	2 <sup>nd</sup> place	3 <sup>rd</sup> place	Total score*	Ranking
Near home of owner	77	27	12	1,555	1 st
Site/availability of buildings	40	28	15	1,049	2 <sup>nd</sup>
Proximity to market/customers	24	25	22	729	3 <sup>rd</sup>
Better business growth opportunities	6	17	17	387	4 <sup>th</sup>
Environmental reasons	3	7	16	336	5 <sup>th</sup>
Avail. good communic./infrastructure	0	16	15	297	6 <sup>th</sup>
Local labour supply	4	11	13	276	7 <sup>th</sup>
Avail ability of raw materials	3	5	4	148	8 <sup>th</sup>
Proximity to suppliers	2	2	7	102	9 <sup>th</sup>
Other	3	2	1	76	-

<sup>\*</sup> Total score includes ticked responses

## - Near home of the owner

It is argued that the decision to locate an enterprise near one's home is a personal choice. Furthermore it is a natural tendency to establish an enterprise near home unless there are strong reasons for locating elsewhere. As the majority of the enterprises relied on the home market, it was unsurprising that this factor was ranked in first position. The decision to locate an enterprise near

one's home presents many advantages to the entrepreneur, such as the ability to work from home, or having a shorter distance to travel to work. Furthermore this benefits those entrepreneurs who need to balance home and work responsibilities. In addition, knowledge of the local area, the market and one's suppliers and networks, may be very significant for the entrepreneur, particularly in the start-up stage of enterprise development. This factor would be especially significant for community groups engaging in entrepreneurial activities to the benefit of their local area. Locating near one's home highlights the importance of personal choice and lifestyle factors in entrepreneurship.

# - Site/availability of buildings

The availability of a site or building for one's enterprise was considered to be very significant in the entrepreneurs' choice of location. As this factor was ranked in second position, it is suggested that many entrepreneurs may be using their own premises and/or site for the establishment of the enterprises. This result might reflect also the rising costs of land and premises in other areas (particularly in urban areas) and the availability and suitability of buildings in the present location. Once again, however, it may demonstrate the importance of having one's own premises and/or site before embarking on the entrepreneurial feat, as this would reduce costs, time and strain for the entrepreneur. This result corresponds with later results which reveal the importance placed on having one's own capital available for investment in the enterprise (Chapter 8). Furthermore it may suggest that the entrepreneurs considered having one's own capital and an available site as important factors in establishing independence and control over the enterprise.

#### - Proximity to market/customers

One's proximity to the market and customers was ranked in third position. This result reflected the strong dependence on the local market for the majority of the enterprises in the sample. Moreover it can be suggested that, as the majority of entrepreneurs in the sample were sole traders, proximity to the market and customers may reflect the desire and/or need to have good relationships with customers and local suppliers. Furthermore, given the predominantly rural nature of the three locations, and the well-documented reports of infrastructural inefficiencies associated with rural areas, it was expected that this factor would be significant in the choice of location for the enterprises.

# - Better business growth opportunities

Unfortunately, better business growth opportunities were ranked in only a low fourth position. This suggests that for many entrepreneurs there may be little potential for business growth in their

present location. Nonetheless, this result further strengthens the significance placed on locating near the home of the owner manager. This result may reflect also the characteristics and personal goals of the entrepreneurs in the sample, and may suggest that many did not wish to expand their enterprise in consideration of the significance placed on family and income security (Chapter 8). Furthermore it might suggest complacency with the existing size of the enterprise and with the existing size of the local market for the enterprises. More worryingly, it may highlight many other factors, such as a lack of skills and knowledge regarding how to expand one's enterprise and/or a lack of financial resources for expansion.

#### - Environmental reasons

The factor 'environmental reasons' was ranked in only fifth position. This factor embraces many significant environmental concerns in enterprise creation and/or development, such as the quality of the local environment, the entrepreneurs' quality of life and the value and supply of recreational, cultural and social services in the community. However, as this factor was ranked in only fifth position, it might suggest that the entrepreneurs did not feel hindered by the quality of their environment. Once again this strengthens the significance placed on locating near one's home and in this respect suggests satisfaction with the present location.

## - Availability of good communications/infrastructure

The individual county strategy plans for the three locations have noted many disadvantages associated with infrastructural inefficiencies and the consequences of such for enterprise creation and/or development. More specifically, infrastructural inefficiencies were noted to have negative implications for one's quality of life, for the future development of the respective county and for enterprise development and employment creation. Furthermore, this factor has consequences for expansion, competitiveness and one's ability to export to an international market. Notwithstanding the significance placed on this factor, the availability of good communications/infrastructure was ranked in only sixth position, which again may reflect the characteristics of the entrepreneurs and the enterprises. This result might reflect the low level of telecommunications infrastructure used by the entrepreneurs, the exporting characteristics of the enterprises and their wish to expand and develop the enterprises in the future. On the other hand it might suggest complacency with the existing supply and quality of infrastructure, such that the entrepreneurs were not hindered by this in their choice of location for the enterprises.

# - Local labour supply

It was expected that the ability to have access to a local labour supply is a significant factor in the choice of location for any enterprise. Nonetheless, this factor was placed in only seventh position. Once again it is suggested that this reflects the characteristics of the micro-enterprises, as many were operated by sole traders and had a low level of employment creation. Nevertheless, this may suggest also that the entrepreneurs did not plan to increase their employment base in the future. On a more positive note, the availability of well-educated and skilled people in Ireland, together with the increase in immigration particularly in the last decade, may mean that in the future this may not be a significant factor in the location choices for enterprises.

# - Availability of raw materials and proximity to suppliers

Availability of raw materials and proximity to suppliers are important factors when choosing a location for one's enterprise. Despite this, availability of raw materials was placed in only eighth position, whilst proximity to suppliers was ranked in ninth place. These results reflect the insignificance of these factors in the location choice for the enterprises. Furthermore, it might reflect the high proportion of service enterprises and the characteristics of the enterprises, as many were operating as sole traders, suggesting that the number of suppliers and sources of raw materials may be few. It might suggest also that for the majority of the enterprises, the suppliers and sources of raw materials were sourced from the local area or within a reasonable distance from the enterprise location, and in this respect these factors were not considered significant in the locational choice of the enterprises.

# 6.4.2: In hindsight, the choice of location for the enterprises

When the entrepreneurs were asked if they would choose the same location again, 89% (n = 226) of respondents stated that they would choose the location again whilst only 11% (n = 28) stated that they would choose an alternative location. This satisfaction with the present location of the enterprises may reflect many positive factors, such as the desire to work from home or from one's home location, the need to balance home and work responsibilities, the desire to contribute to the local economy, other philanthropic reasons, one's local knowledge of the market and suppliers and/or the availability of a local enterprise-supporting organisation. It might indicate also the presence and/or perception of a favourable entrepreneurial environment in the present location and, this being the case, then it is hoped that this might entice further entrepreneurial activities in the near future.

Those who stated that they would choose another location for their enterprise were asked to give a reason and to state which location they would prefer. Overall there were 35 responses to this query, meaning that there were 7 respondents who chose to make a comment about their present location, even though they stated satisfaction. The responses included the need to be closer to the main market (8), a variety of other statements such as 'anywhere but Ireland' and 'near a main town' (7), and the desire to locate to the east coast (6). Others stated that they needed more space for their particular enterprise (4), some stated the need to own the enterprise premises (3) and others stated that the location was simply unsuitable (3). Other respondents cited personal reasons which included a 'country location' (2). Only one respondent stated a wish to relocate because of the presence of local competition. A selection of comments are included to illustrate some of the problems stated:

**Enterprise no. 75:** "No – given that I had no choice in tourism terms, I would choose a coastal county going north from Cork to Donegal and the further south the better".

**Enterprise no. 96:** "Yes – but would prefer country location - but will have to continue here until I can afford it otherwise".

Enterprise no. 103: "No – area has lots of traffic passing, poor parking and the area is underdeveloped".

Enterprise no. 150: "No – too far out in country - better to be in the town for convenience".

Enterprise no. 234: "No – my main business interests/clients located more centrally in Ireland".

Enterprise no. 250: "Yes - for personal reasons. No - because Dublin would be better for business".

# 6.4.3: The main advantages of the region/county/local area for the type of enterprise

It is argued that the decision to locate one's enterprise in an area suggests certain advantages associated with that area for the particular enterprise, but every location is likely also to present disadvantages to enterprises. Therefore the advantages and disadvantages of the region/county/local area were questioned and there was great diversity in the responses to these queries (Table 6.27; Table 6.28).

Table 6.27: The advantages of location for the micro-enterprises

Location advantage	Number	% Total mentions (n = 249)	% Total respondents (n = 240)
Quality of the environment	51	20.4	21.2
Close to local markets	43	17.2	17.9
Boom in economy/increase in market	37	14.8	15.4
Philanthropic benefits	35	14.0	14.5
Amenities available	17	6.8	7.0
Very little/no competition	15	6.0	6.2
Word-of-mouth	13	5.2	5.4
Lower costs	13	5.2	5.4
Distance to work/at home	5	2.0	2.0
Other	20	8.0	8.3

## - Quality of the environment

The most mentioned advantage was that associated with the quality of the local environment (20.4%). As expected, the majority of the respondents were involved in the tourism sector (n = 30) with the remainder in the food and fisheries, craft and services sectors. Again this result suggests that the advantages associated with environment quality were capitalised upon in the establishment of some of the entrepreneurial ventures. Nonetheless included in the responses were suggestions that the local landscape contributed also to the lifestyle choices and quality of life of the entrepreneurs:

Enterprise no. 20: "The scenery, quietness etc."

Enterprise no. 34: "Undiscovered scenic beauty".

Enterprise no. 41: "Scenery - nice people - quiet".

Enterprise no. 42: "Location overlooking the sea and very environmentally friendly impact on visitors and purchasers".

**Enterprise no. 54:** "It is a restful, rural, tranquil, setting and people need the peace offered by the natural environment surrounding the centre".

Enterprise no. 68: "Landscape, culture and friendliness".

Enterprise no. 104: "At present the only advantage is the location of the business".

**Enterprise no. 136:** "Countryside – mountains, lakes, rivers, scenery, nature, rural heritage, traditional architecture, heritage - pre-history and castles churches etc. and an experience of rural life – local crafts, country food, traditional music, also rural activities i.e. walking, golfing, cycling etc."

Enterprise no. 177: "Fresh air, unspoiled beaches, scenery, fishing, golf, scenic walks, no traffic congestion, friendly atmosphere and friendly people".

Enterprise no. 272: "Clean healthy environment".

Other responses made specific reference to the advantages associated with external funding for a particular region:

Enterprise no. 263: "In the BMW region, so there is plenty of money locally".

Enterprise no. 277: "Our location in the Border area allows us access to different funding bodies".

#### - Close to local market

As almost half of the enterprises (49.3%) showed a strong dependence on the home area market, it was expected that one of the main advantages of the local area would be one's close proximity to the local market. It was the second most mentioned advantage (17.2%) and the benefit is reflected in the following comments:

Enterprise no. 25: "Close to our main customers".

Enterprise no. 81: "There is a large population of women and children needing our type of \* in the area".

For those entrepreneurs who were not solely dependent on their local market, proximity to larger urban centres such as Dublin, Belfast, Derry, Galway and Sligo featured in some individual responses:

**Enterprise no. 35:** "Extremely close to the Border and thus Belfast/Dublin road networks i.e. useful for dock/sea shipment of goods".

## - Boom in the economy

There were a number of responses which highlighted favourable economic conditions and the associated expansion and development of local areas (14.8%). The boom in the economy ensured a corresponding increase in the local market for the enterprises and this is highlighted in the following comments:

Enterprise no. 6: "Current market 'boom' in building trade".

Enterprise no. 140: "Plenty of new houses being built".

Enterprise no. 195: "More new properties are being developed - increasing my sales".

Enterprise no. 287: "Bray and Wicklow are getting bigger by the day".

## - Philanthropic benefit

Some responses reflected the philanthropic benefits the enterprises brought to the local community (14.0%) such that this was the fourth most mentioned advantage. The comments included reference to the provision of local employment opportunities, the use of local raw materials, increasing local revenue, providing a community service for local people and attracting tourists to the area. Overall these responses made reference to the advantages the enterprise brought to the local area, as opposed to the advantages of the local area for the type of enterprise, and therefore suggested confusion as to the type of response expected from this question. Nonetheless, the comments were interesting as they reflected philanthropic contributions made to local areas:

Enterprise no. 70: "More people will stay in the area longer as there is not a lot of accommodation in this area and, in doing so, there will be more money spent in the area".

Enterprise no. 137: "Creating concern for the environmental issues".

Enterprise no. 147: "It makes people employable - contributes more in the workplace".

Enterprise no. 225: "We provide an excellent service to people, we are a significant employee in our area and our centre is used out of hours by local community groups"

Enterprise no. 269: "It brings outside people to the area thus putting money in the local economy".

#### - Amenities

There was a small percentage of responses which indicated advantages associated with existing amenities in the local area (6.8%). Whilst the amenities noted were varied, they related mainly to recreational services and therefore reflected lifestyle and quality of life considerations:

Enterprise no. 74: "Fishing, scenery, golf, pub entertainment etc."

Enterprise no. 89: "Fishing and golfing".

## - Very little/no competition

As the organisations were careful to avoid displacement, enterprises already established in an area were not eligible for support. Therefore it was expected that a lack of competition would feature amongst the responses. Nonetheless only a small percentage of responses reflected this particular advantage (6.0%):

Enterprise no. 71: "There is no other within 20 miles one direction and 30 miles in all others".

Enterprise no. 114: "Very little local competition".

Enterprise no. 238: "Not much competition - lack of expertise in the area".

The small percentage of responses in this category may suggest complacency with the existing market for the enterprises and/or a strong dependence on the local market for the products and/or services.

#### - Word-of-mouth

A small percentage of responses reflected the advantages associated with local word-of-mouth (5.2%). The responses highlighted the importance of close relationships between the entrepreneur and his/her customers and one's knowledge of the local market for a product or service. A selection of the responses is included to illustrate this relationship:

**Respondent no. 10:** "As the county is small and businesses know each other, often a good name goes a long way".

Respondent no. 98: "Local person in local area – customer loyalty is high".

Respondent no. 131: "You get well known in the area – word-of-mouth".

Respondent no. 175: "I know my customers and families – people recommend me to other families".

**Respondent no. 179:** "It's a rural area in which I am well known and most of my business is generated by word-of-mouth".

#### - Lower costs

Only 5.2% of the responses indicated advantages associated with lower costs of rent, labour and services in their local area. As the majority of enterprises were rural-based it is suggested that such costs were significantly lower than urban areas such as is illustrated in the following comment:

Enterprise no. 72: "Close to Dublin, but far enough away to be a bit cheaper".

## - Distance to work/at home

Only a small percentage of responses noted an advantage associated with one's proximity to the place of work and/or one's ability to work from home (2.0%). The comments included reference to the shorter time spent travelling to work and to the advantages associated with working from home:

Enterprise no. 14: "I can work at home and the countryside is nice during the summer".

Enterprise no. 18: "Small distance to work".

Enterprise no. 66: "Not having to travel to city".

It is recognised that this would be of particular importance for female entrepreneurs as many need to balance home and work commitments.

## - Other advantages

There was a number of responses placed in the 'other category' (8.0%) which included advantages associated with having a tradition for a particular enterprise in an area (such as sewing or surfing), the lack of traffic congestion and the availability of space in rural areas.

Overall there was a small number (n = 18) of responses which indicated that there were no specific advantages associated with the local area for the enterprises. This might suggest the presence of footloose enterprises which were not restricted to specific locations. On the other hand it suggests that there were no advantages associated with the present location such that some entrepreneurs may have made a poor location choice and may need to relocate in the future.

# 6.4.4: The main disadvantages of the region/county/local area for the type of enterprise

There was some diversity in responses to the query concerning the main disadvantages of the local region/county/area for the enterprises, though two factors predominated (Table 6.28).

Table 6.28: The disadvantages of location for the micro-enterprises

Location disadvantage	Number	% Total mentions (n = 231)	% Total respondents (n = 166)
Distance from market	57	24.6	34.3
Infrastructure/amenities	44	19.0	26.5
People perception	21	9.0	12.6
Competition	20	8.6	12.0
Labour difficulties	18	7.7	10.8
Location	17	7.3	10.2
Market for enterprise	15	6.4	9.0
Environmental problems	14	6.0	8.4
Border location	7	3.0	4.2
Other	18	7.7	10.8

#### - Distance from market

In consideration of the predominantly rural nature of the three locations, it was expected that the disadvantages stated would refer mainly to one's distance from the market and poor infrastructure. Yet in accordance with the high dependence on their local market, only 24.6% of the responses specified this particular disadvantage. The comments in this category included the following:

Enterprise no. 78: "Distance from heavy populated areas".

Enterprise no. 91: "Location – removed from major markets - would prefer East coast".

Enterprise no. 139: "It is not very central for distribution".

Although this factor represented the most mentioned disadvantage, it involved just over one-third of respondents (34.3%). This low percentage reflects the strong dependence on the local market.

#### - Infrastructure

Almost one-fifth (19.0%) of the responses indicated disadvantages associated with a lack of or unsuitable infrastructure and/or the unavailability of amenities in the local area. Unsuitable or unavailable infrastructure has been noted to be a significant threat for development and competitiveness of enterprises. The majority of the comments concerning such difficulties related to bad road conditions (12), traffic problems (11) and the transport of the finished product (9). The remaining infrastructural disadvantages related to a lack of supplies for businesses and a lack of amenities, such as accommodation and indoor facilities, for tourists. A number of difficulties are illustrated in the following comments:

Enterprise no. 14: "Telecommunications are sub-standard".

Enterprise no. 104: "To be honest it would be - No.1- the road conditions".

Enterprise no. 125: "Little infrastructure, takes extra time to send and receive packages".

**Enterprise no. 177:** "The roads to the area need improvement. Also extra amenities like an indoor swimming pool for bad weather conditions needs to be provided".

Enterprise no. 202: "What we cannot provide for small businesses is the infrastructure, and by that I mean if I have to go to Dublin to meet a client I am on that bloody road and stuck in traffic, and there is no other way. In order to deliver my goods – I am behind a tractor with potholes on the road. Forget the train because I have had more fast track stuff left in train stations with clients not knowing where they are. The whole infrastructure for small business is not there, but if you want a person who can speak several languages and a telephone line that will work!"

Enterprise no. 205: "Peripherality, 4 hour journey from Dublin, poor railway service, slow trains, desperate roads, links to Knock airport weak".

**Enterprise no. 257:** "Extra traffic on the potholed roads; remoteness of the area – big urgent necessity for infrastructure roads, rail etc."

# - People perception

A variety of comments relating to people's perception of particular enterprises featured in some of the responses (9.0%). The responses were considered to be very interesting and therefore merited a separate category. References were made to the "unsophisticated Irish", the difficulties in

encouraging people to try new products or services, general "apathy" and the need for more "confidence" and "faith" in the products and services offered. The comments included reference to the Irish population, the 'locals', rural people and the Irish Government:

Enterprise no. 34: "Unsophisticated local population. Unsupportive local government".

Enterprise no. 69: "Rural area – difficult to encourage people to try new technology and break the barrier".

Enterprise no. 111: "Lack of faith in the locals of how to publicise their area".

Enterprise no. 202: "People are afraid of change".

Enterprise no. 235: "Attitudes of the Irish - product not seen as useful/commercial".

The above comments illustrate anxiety with peoples' perception of one's product or service. However it might be fair to suggest that they might highlight also the entrepreneur's lack of marketing and customer service skills. This being the case, entrepreneurs may benefit from training in order to counteract negative perceptions and/or to facilitate them in the process of selling their product or service.

## - Competition

It was expected that only a small number of responses would indicate competition as a particular disadvantage. Nonetheless this factor featured in 8.6% of total responses. Overall the responses to many of the open-ended questions have shown that competition was a relatively insignificant threat to the entrepreneurs in the sample. Those who were experiencing competition were mainly involved in the service sector, and included a haulage company, taxi service, equestrian service, retail and interior design. The comments made reference also to the difficulties associated with the size of micro-enterprises:

Enterprise no. 212: "Competition from companies outside of area undercutting".

Enterprise no. 214: "Bigger companies undercutting prices".

#### - Labour

References made to the disadvantages associated with labour featured amongst 7.7% of total responses. The references made to labour difficulties have been stated previously (Section 6.3.2) and it has been suggested that such problems may result from a dependency on local labour. The responses under this category related to difficulties finding skilled people, the problem with trying to retain staff in rural areas and the difficulty finding suitable labour at a reasonable price.

Nonetheless, some entrepreneurs associated this disadvantage with the location of their individual enterprises:

Enterprise no. 17: "Lack of staff".

Enterprise no. 29: "Low labour base, small population, no skilled labour force".

Enterprise no. 62: "Computers training – good staff tend to be drawn to centres - hard to retain staff in rural areas".

Enterprise no. 66: "Difficult to attract staff".

#### - Location

There was a small percentage of responses which indicated disadvantages associated with the particular location of the enterprises (7.3%). The comments reflected isolation, the disadvantages of a rural location and/or living in a particular region in Ireland, peoples' perception of certain locations and a perception of the type of individuals associated with certain locations:

Enterprise no. 3: "Off the main tourist areas".

Enterprise no. 13: "A bit isolated".

Enterprise no. 18: "Perception of rural base".

Enterprise no. 32: "Urban area more 'sophisticated' clientele".

Enterprise no. 94: "Not in the BMW region".

Enterprise no. 149: "Off the recognised tourist path - no coastline".

Enterprise no. 185: "High ratio of deprivation and social exclusion according to the Gamma report".

Enterprise no. 201: "Probably that it is a bit far west".

Enterprise no. 245: "Country area".

#### - Market

Only 6.4% of the responses stated a disadvantage associated with marketing the product/service. As highlighted in earlier results, the comments reflected entrepreneurs' individual marketing strategies and those adopted by external organisations. Furthermore the comments indicated the disadvantage associated with the size of the local market for the product/service. Some responses suggested that the entrepreneurs wished to expand their market but did not have the know-how or skills to do so. Nonetheless this may reflect a poor level of planning prior to the establishment of the enterprise and/or unwillingness to participate in the many marketing courses offered by the external organisations. The comments included:

Enterprise no. 29: "Very remote – requires aggressive marketing".

Enterprise no. 30: "Poor overall promotion of this area for tourism compared with other areas".

Enterprise no. 114: "A small catchment area for the computer-training end of the company".

Enterprise no. 152: "Area not promoted by the larger authorities, no politician fighting for this area".

Enterprise no. 184: "Not enough big projects".

#### - Environment

Comments which reflected the disadvantage associated with the environment featured in 6.0% of the responses. The disadvantages related mainly to a dependence on the weather, problems with litter and the pollution of local lakes and fish supply:

**Enterprise no. 75:** "The town is choked for most Sundays in mid summer and in an appalling state for three days thereafter".

Enterprise no. 270: "Weather conditions"

Enterprise no. 221: "Traffic congestion"

## - The disadvantages associated with a border location

It was expected that more respondents in Monaghan would make reference to the advantages or disadvantages associated with living in a border region. Although only 3.0% of the responses stated this as a particular disadvantage and the respondents were all from Monaghan. The responses highlighted the ongoing troubles despite the Peace Process and the negative perceptions of people (especially tourists) to the border area:

Enterprise no. 95: "The troubles in Northern Ireland".

Enterprise no. 196: "May be too close to the border and may lose sales to similar companies in the north".

**Enterprise no. 237:** "Being just 400m south of the border, it is badmouthed by other Irish people on the basis of the border and their ignorance as to what it is really like".

Enterprise no. 280: "The perception of location is often blurred in the minds of both the south and southeast suppliers/bodies etc. They don't know where Monaghan is, and, often there is pressure because if we are in Ulster, we must be in Northern Ireland – lack of awareness and education - geography is a basic".

## - Other disadvantages of the local area

Other disadvantages noted included a variety of problems such as the costs of living, a problem with regulations, disadvantages associated with the enterprise premises, the need for more tourists and the seasonal nature of some enterprises. A number (n = 10) of respondents stated that this query was "non-applicable", which might indicate also no particular disadvantages associated with the local region/county/local area.

There was a small number of the responses (n = 36) which indicated no particular disadvantages associated with the local area. Again such responses may refer to the presence of footloose enterprises but also likely is that the entrepreneurs were happy with their present location.

## 6.5: Future alterations

It has been argued that the external environment plays a major role in influencing the pace of enterprise development, as there are many external factors which influence the decision on whether or not to alter one's enterprise. Nonetheless the entrepreneur is given a central role in influencing future alterations as that there are many internal factors, such as personal lifestyle considerations, which may influence this decision. Furthermore, it is recognised that the intention to alter one's enterprise should take into consideration any economic changes which may affect the entrepreneur. Nevertheless the need to alter one's enterprise is considered essential in order to sustain the enterprise and remain competitive. Moreover entrepreneurs' decisions to alter their enterprises were considered important for the local economy and community, as such alterations may indicate an increase in local revenue, an increase in local employment opportunities, and an improvement in the production process or quality of the service or product offered. Such alterations should therefore have positive effects on the entrepreneurial climate together with personal rewards for the individual entrepreneur.

# 6.5.1: The intention to alter the enterprises over the next five years

The entrepreneurs were asked about their intention to alter the enterprises over the forthcoming five-year period. Their intention to sustain their enterprise and methods to do so were assessed from the responses to this open-ended question. In response to this query, over half of respondents (55.3%) indicated their intention to alter the enterprise in some way during the five-year period. As shown in Table 6.29 those with company ltd. status were more inclined to state that they would be altering their enterprise in the next five years. It can be suggested that those who intended to alter their enterprise may have certain inherent traits, such as ambition, a high need for achievement, a wish to remain one's own boss, a willingness to engage in risk-taking activities and a strong

internal locus of control. Such entrepreneurs overcome the threats posed by the internal and external working environments because they believe that they have the ability to do so.

Table 6.29: Project ownership and intention to alter enterprises

<b>Project Ownership</b>	Yes	No	Don't Know		
Private Individuals	94	76	11		
	Exp. Count: 100.2	Exp. Count: 69.1	Exp. Count: 11.7		
Community Groups	15	10	2		
	Exp. Count: 14.9	Exp. Count: 10.3	Exp. Count: 1.8		
Company Ltd.	36	14	4		
	Exp. Count: 29.9	Exp. Count: 20.6	Exp. Count: 3.5		
Total	145 (55.3%)	100 (38.2%)	17 (6.5%)		

Chi-sq: 4.606 p = .330

A further 38.2% of respondents stated resolutely that they would not be altering their enterprise in the forthcoming five years. This suggests that these entrepreneurs prefer to satisfice as opposed to maximise (Chapter 5). This result may suggest economic and personal reasons for not wishing to alter one's enterprise, such as a lack of further capital to invest in the enterprises, a loss of interest in pursuing external assistance and/or advice, or a general complacency with the existing size of the enterprises. Such lack of action may lead to the demise of the enterprise, as many entrepreneurs need to alter their product or service in order to remain competitive. The following comments reflect the opinions of organisational personnel in response to the high number of entrepreneurs in the sample who did not wish to alter their enterprises:

Organisation no. 15: "When you are standing still in enterprise you are going backwards".

**Organisation no. 16:** "They don't think in terms of the long term and how they are going to sustain their business to provide for their needs and their families' needs. It is up to them to be able to build a network of clients and to be able to sustain their business. I do say to them: today is the first day of your life, now that you are thinking about doing this new career you should be thinking about doing this for the rest of your life so that you can retire at 50!"

This result may indicate also the presence of lifestyle entrepreneurs (Haynes et al, 1999) and explains why certain typologies have been created for entrepreneurs who were complacent with the existing enterprise. Some entrepreneurs choose to sustain the existing size of the enterprises because they have achieved certain goals in life and are able to enjoy a good quality of life from the existing enterprise. Notwithstanding the significance of lifestyle and personal considerations in this decision, it is considered that entrepreneurs should expect to alter their enterprise in some way post-establishment. Therefore in this respect the question is raised: what is blocking this intention? is it their lack of the necessary skills and/or knowledge? or, is it simple monetary problems that would have to be dealt with upon increased interaction with the organisations and other external financial institutions. In an effort to seek explanations for this result the following organisation

personnel offered their thoughts as to why entrepreneurs would not desire and/or expect to alter their enterprise:

**Organisation no. 11:** "The reality is that they have a bit of work on but they are also signing – but they don't want to lose their social welfare – they are afraid to take too much work on, so they end up doing a day here and a day there".

**Organisation no. 12:** "We are identifying companies that don't want to grow – they get frustrated in trying to fulfill big orders, and some of them see it as their own lifestyle being an owner manager and that is the extent of it".

The significance of personal, social and economic influences on one's decision to alter an enterprise are noted in the above comments. It is suggested that long-term unemployment, economic dependence, the desire for income and family security and the lack of knowledge and skills may be the main factors affecting the decision not to alter one's enterprise. Campbell (1992) suggested that an individual's probability of success was related to his/her degree of human capital and Stöhr (1989) linked the success and development of an enterprise with the extent of support structures available to the entrepreneur. In such cases additional supports in the form of training and advice would help, however it is the entrepreneurs' decision to participate in such supports. Later results reveal that many had not undertaken training offered by the organisations (Chapter 8). Nonetheless it is recognised that many entrepreneurs may require on-going support and that their individual motives for entrepreneurship together with their individual abilities will reflect their intention or desire not to alter the enterprise. Furthermore, on-going contact may help to identify difficulties and obstacles associated with the decision to expand.

Although there was a high percentage of newly established enterprises in the sample, it may be the case that the entrepreneurs may have altered their enterprises in the recent past and experienced negative results, such as longer working hours, an imbalance between work and home responsibilities, red tape or bad experiences with regard to employing and/or recruiting labour. These factors may have influenced their decision not to expand their enterprises in the future.

There was a very small group of respondents (6.5%) distinguished by the fact that they were undecided about their intentions to alter the enterprise in the near future. It can be suggested that such individuals were still assessing the economic and personal impacts associated with making alterations. It may indicate also that they were less willing to engage in risk taking activities than those who were more certain about their alteration plans. However it is suggested that in the absence of a future alteration plan, this may indicate an unclear vision or focus for the enterprises.

#### 6.5.2: Methods to alter the enterprises over the next five years

It is recognised that the restructuring and alteration of one's enterprise may not necessarily involve increasing the size of the enterprise, as it is recognised that many small enterprises may be prosperous and still remain small. In view of this consideration, the methods which were proposed for altering the enterprises are shown in Table 6.30.

Table 6.30: Respondents' methods to alter their enterprise

Method	Number	% Total mentions (n = 173)	% Total respondents (n = 165)
ansion of enterprise	55	31.7	33.3
ersification of product/service	37	21.3	22.4
ansion of premises	22	12.7	13.3
rove the enterprise	13	7.5	7.8
oduction of I.T.	12	6.9	7.2
ease employment	11	6.3	6.6
,	14	8.0	8.4
er	9	5.2	5.4
er	9	5.2	

# - Expansion of enterprise

The intention to expand the enterprises represented the most mentioned future alteration (31.7%). This result is positive and suggests further growth for the micro-enterprises. Expansion related to the increase in exporting activities, the expansion of enterprise activities and the increase in employment opportunities:

Enterprise no. 21: "Intend to expand nationally and internationally".

Enterprise no. 50: "Possibly build a similar unit in Galway city, also expand our \* support service".

Enterprise no. 54: "Yes we plan an extension to our facilities to cope with demand".

**Enterprise no. 87:** "Yes, we are building a new factory and plan to continue the expansion (up to 75 people)".

Enterprise no. 95: "Expand and develop new markets".

Enterprise no. 120: "I intend to build it up – expand and eventually train people to facilitate these workshops".

Enterprise no. 157: "By broadening our list of goods and services".

Based on the responses it is difficult to say whether all the entrepreneurs wished to expand their enterprises beyond the size of a 'micro-enterprise'. In Chapter 8 the main goals of the entrepreneurs

are examined. The results reveal that only a small number of respondents indicated that the enlargement of the enterprises was one of the primary goals for entrepreneurship. This suggests that although some entrepreneurs may state the intention to expand their enterprises, if this is not their main goal for entrepreneurship, the planned enlargement may not occur.

## - Diversification of the product or service

Just over one-fifth of the responses indicated the desire to diversify and/or improve the quality of the product or service (21.3%). In an earlier section this intention was linked with innovation, in the sense that the entrepreneurs were being innovative within their existing product or service by virtue of the fact that they were focusing on improving its quality (Section 6.2.7). This method is considered positive as it suggests forward planning by the entrepreneurs and an awareness of the changes needed in the future. These results may suggest also an awareness of similar products and services, and the importance of diversifying or improving the quality of the enterprises in order to remain competitive. The comments in this category included those who stated the importance of diversification and others who mentioned a dependency on external assistance:

Enterprise no. 98: "It is important to diversify".

Enterprise no. 288: "Yes we hope to diversify into other more technical areas, using the help of Údarás na Galetachta and various consultants".

#### - Alter the enterprise premise

There were some responses which indicated the entrepreneurs' intention to make alterations to the existing premise (12.7%). The comments included those which stated a desire to expand the existing premises and others who stated that they intended to build enterprise units elsewhere:

Enterprise no. 3: "Increase units".

Enterprise no. 13: "Open new showroom".

Enterprise no. 20: "Yes - we intend to expand by providing more accommodation".

Enterprise no. 77: "Yes - bigger plant in pipeline".

Enterprise no. 152: "Yes – I intend to expand my building and have more seating space".

Enterprise no. 243: "Yes - I intend to build a new factory in the coming year".

The above comments suggest forward planning, aspirations for further growth and development and a positive outlook for the enterprises.

#### - Improve the enterprise

Only a small percentage of the responses indicated the intention to improve the existing enterprise (7.5%). Overall these comments were positive and reflected a personal interest in the enterprise and a desire to improve the existing product or service:

**Enterprise no. 113:** "We are always altering the business, looking at new lines, different stock etc. - just natural development - plant to move into tapestry items in addition".

Enterprise no. 143: "Upgrading facilities – improve marketing".

Enterprise no. 166: "To build more up-to-date facilities to manufacture higher quality product".

#### - Introduction of I.T.

Some responses reflected the desire to introduce technology (6.9%). This small percentage may suggest that the majority of entrepreneurs did not have any future plans to introduce I.T. or that they were already using an appropriate level of I.T. within their enterprise. The advantages of I.T. have been documented elsewhere and its importance is reflected in the number of courses offered by the organisations. The comments reflecting the methods of integrating I.T. in business included references to innovation, marketing and the intention to establish a web site:

Enterprise no. 18: "Yes be more innovative within I.T."

Enterprise no. 89: "Market on Internet".

Enterprise no. 109: "Greater use of new technology, especially e-commerce".

Enterprise no. 110: "Intend to set up a webpage".

Enterprise no. 192: "Hopefully with the aid of technology".

Enterprise no. 220: "Yes as the market in I.T. changes".

# - Increase employment

It might be expected that the growth in one's enterprise should correspond with an increase in employment, however only 6.3% of the responses referred to this intention. This low percentage reflects the overall level of employment created by the micro-enterprises in the sample. Furthermore these results reflect later results which reveal the small number of respondents who chose the improvement of local employment opportunities as their main goal (Chapter 8). Nonetheless some respondents simply stated an increase in employment whilst others planned to increase their employment potential beyond the existing size of the micro-enterprise:

Enterprise no. 40: "Increased staffing".

Enterprise no. 184: "Growth of further 20".

Enterprise no. 236: "Grow to 30/40 people in 4/5 segmented areas".

#### - 'Yes'

There was a small percentage of responses which simply stated 'yes' to this query (8.0%) without indicating the methods to be employed.

#### - Don't know/other

There was a small number (n = 10) of respondents who indicated their intention to alter their enterprise in the future but could not state the proposed methods. The 5.2% of responses in the 'other' category were mainly negative and included the desire to relocate, receive more funding, retire, do something else, get a new job and to cease trading.

#### 6.5: Conclusions

The aim of this chapter was to present a profile of the micro-enterprises in the sample to highlight the various issues and challenges facing the micro-entrepreneur and in turn, the variety of factors which influence their creation and/or development. A number of interesting results were revealed with respect to the significance of location factors in entrepreneurship, the legal status of enterprises, the project sector, level of innovation, exporting activities, year of establishment and the level of employment creation. Of specific interest was the influence of the external environment as revealed in the entrepreneurs' perception of the environment for the micro-enterprises together with the main constraints, threats and opportunities facing the enterprises. Furthermore the significance of location factors was addressed in response to the factors which most influenced the choice of location for the enterprises and the main advantages and disadvantages associated with the present location for the enterprises. Finally the responses to the query concerning the entrepreneurs wish to alter the enterprises in the near future was addressed to indicate the future growth and sustainability of the micro-enterprises in the sample.

Overall the results revealed a number of significant factors most notably that the majority of enterprises were family businesses and were more likely to be operated by sole traders. Furthermore the majority of enterprises were newly established which may reflect the improvements in micro-enterprise supports particularly in the 1990s. Whilst it is suggested that the age of enterprises should reflect the size, employment and export capacity, nonetheless, over half

of the respondents in the sample did not employ anyone on a full-time basis and almost half of the respondents depended solely on their local market. In view of these results it was concluded that this signifies the presence of individual and/or isolated entrepreneurs and highlights certain traits inherent in the individual, such as the desire to remain in sole control of the enterprise, to maintain their independence and/or the desire not to engage in the legal formalities involved in registering as a company ltd. Also suggested was the existence of a time lag between establishment and corresponding development of one's enterprise. Nonetheless, it was noted that enterprises would need to develop in the face of increasing globalisation and competition. That said however, just over half of the entrepreneurs in the sample indicated the intention to alter the enterprise in some way during the five-year period. It was suggested that the entrepreneurs may be complacent with the existing level of demand and size of the micro-enterprise and this might explain their desire not to alter the enterprises. Also suggested were the presence of substantial personal and economic barriers and a possible lack of knowledge and skills associated with expansion and/or the development of one's enterprise.

In consideration of the type of enterprises in the sample, those providing a service represented the largest percentage of projects in the sample. This was followed by enterprises in the tourism sector, the manufacturing sector and projects in the craft, food and fisheries and forestry and horticulture sectors. This range of enterprise activities suggests that the enterprises were adding to the diversity of the local economy by contributing to the variety of local products and services offered. Furthermore given the fact that the vast majority of respondents stated that their particular enterprise was innovate, it suggested that they were also offering innovative enterprises to local areas.

Competition was the most mentioned constraint/threat facing the enterprises, followed by limited or inadequate working capital, high costs and difficulties recruiting labour. Encouragingly when asked to indicate the main opportunities presented by the external environment in the previous five years, the most mentioned responses were a growth in the market, changing attitudes amongst consumers, the expansion of the existing premises, the improvement of the quality of the enterprises and the economic boom. Similarly when asked to view the market for the enterprises over the previous five years, the most mentioned response referred also to a growth in the market for the product or service. It was suggested that those who stated a more positive view of the market for the enterprise, might have a stronger wish to succeed, a desire to remain one's own boss, a willingness to engage in risk-taking activities and have a higher internal locus of control. In the same regard those who stated the desire to expand diversify, improve and grow their enterprise might have a future growth plan in place and may be optimistic about the future sustainability of the enterprise.

Those who were experiencing difficulties with the market cited increasing labour costs, a decline in the number of tourists and the need to devote more time and resources into marketing their product or service. Surprisingly only a very low percentage of the responses reflected difficulties associated with a competitive market, a specialist market or a slow market.

Encouragingly the vast majority of the entrepreneurs stated that in hindsight they would choose the same location for the enterprise again. This might reflect the strong dependence on the local market and the significance placed on locating near the home-place of the owner-manager. Also significant in the location choice was the availability of a site or building for one's enterprise, followed by one's proximity to the market/customers and the presence of better business growth opportunities. Altogether these results demonstrate the significance associated with personal motives and goals for entrepreneurship and the highly individualistic and personal nature of entrepreneurship.

Amongst the main advantages associated with the local area for the enterprises were those associated with the quality of the local environment, its close proximity to local markets, the economic boom, philanthropic benefits and the amenities within the local area. Again these results highlight a strong dependence on the local market and the significance of personal and lifestyle considerations in the location choice for one's enterprise. Correspondingly the most mentioned disadvantages noted were those associated with distance from the market and poor infrastructure, peoples' perception of the products/services and the presence of local competition.

# Chapter 7: The entrepreneurs' interaction with external organisations

#### 7.1 Introduction

In Chapter 5 the role of public policy in shaping the entrepreneurial environment was discussed. It was noted that the Irish Government has improved and increased the provision of enterprise supports, particularly in the 1990s and, such actions to improve the environment for microenterprise creation suggests that the government has acted entrepreneurially (Goodman et al, 1992). Efforts to increase entrepreneurial behaviour have focused on the establishment of various enterprise-supporting institutions. Such policy intervention and programme benefits have included the provision of capital grants, employment grants and soft supports in the form of training, advice and information, designed to help the aspiring or established entrepreneur.

The focus of this chapter is on the entrepreneurs' interaction with the enterprise-supporting institutions and their perception of supports received. Three research questions are addressed, namely: i) why does the entrepreneur interact with other organisations in their external environment, ii) how can interaction be a positive experience for the entrepreneur? and, iii) how can interaction be a negative experience for the entrepreneur? It includes suggestions for improvements in supports, as indicated by the entrepreneurs responses, and therefore gives voice to those on the ground who were interacting with these organisations in establishing and/or developing their micro-enterprise. The chapter highlights some policy considerations and it is hoped that such considerations may help to improve the interaction process for the aspiring or established entrepreneur.

# 7.2: Organisation interaction

This study has been shaped by an appreciation of the interaction of entrepreneurs with their external environment, as it has been argued throughout that the entrepreneur requires the support of his/her environment in implementing their entrepreneurial idea and establishing and developing their enterprise. The crux of entrepreneurial behaviour lies in the identification and use of such available resources in facilitating and supporting the entrepreneurial venture. In this respect, the entrepreneur will require external assistance which has been defined by Smallbone et al (1993:280) as "help relating to either specific business problems or the development of the business which was received from individuals or organisations outside the firm". As the entrepreneur is embedded in an environment which is composed of other organisations and institutions, external assistance will be sought from enterprise-supporting organisations, who will either hinder or help them in this

process. Thus, the focus of this section will be on the external assistance received from the enterprise-supporting organisations.

The interaction variables examined in this study were the awareness and general level and method of contact between the entrepreneurs and the organisations, the types of support received, levels of satisfaction or dissatisfaction with supports received and suggestions for supports which were absent and which the entrepreneurs would like to see introduced. Whilst it was beyond the scope of this study to examine the impact of such assistance received on the established entrepreneurial venture, it does give an insight into how the assistance received and not received as the case may be, was perceived by the entrepreneur, and how this experience may impact the entrepreneurial venture. Therefore this section examines: why is the decision to interact with external institutions and organisations part of the entrepreneurial process? Interaction is thus examined within the framework of that outlined in Fig. 7.1.

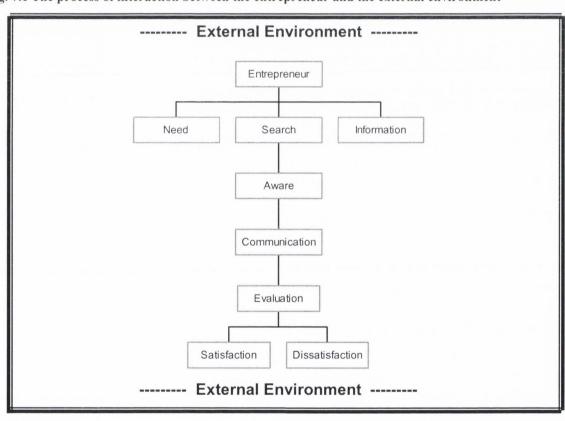


Fig. 7.1 The process of interaction between the entrepreneur and the external environment

Figure 7.1. illustrates the process of interaction between the entrepreneur and enterprise-supporting organisations. The enterprise-supporting organisations are embedded in the external environment and the decision to interact with these organisations involves a number of steps. The first step involves the entrepreneur identifying a need for a particular support and s/he then searches for the available supports within their environment. Once the entrepreneur becomes aware of the organisations which provide the supports they need, they have to communicate their need to the

organisation, and similarly the organisation has to communicate the supports available to them. Interaction will involve the formation of inter-organisational relationships between the entrepreneur and the enterprise-supporting organisation. The last step involves an evaluation of the support/s which they received, or did not receive as the case may be, and this produces a feeling of either satisfaction or dissatisfaction. It is argued that it is their experiences with interacting with the organisations and their level of satisfaction or dissatisfaction with the support/s received which will encourage or discourage any further interaction.

# 7.2.1: Awareness of supports

It was considered important to question the entrepreneurs as to how they became aware of the supports provided by the organisation/s. This was considered important for a number of reasons: i) to discover who told them about the resources ii) to investigate the entrepreneurs' level of awareness of supports available to them in the external environment and, iii) to examine how proactive the organisations were in creating an awareness of the enterprise supports provided. At the outset, it is argued that the entrepreneur will seek to acquire resources from his/her environment, as this is the nature of entrepreneurial behaviour. Indeed in Maslow's (1954) motivation theory, the sixth innate need identified is freedom of inquiry and expression, explained by Huczynski and Buchannan (1991) as involving exploration, curiosity, learning and experimenting in order to gain knowledge of one's environment. Furthermore this need has been recognised by Maslow (1954) as "essential pre-requisites for the satisfaction of the other five" (ibid, 1991:60). Therefore the nature of the entrepreneurial individual will be to seek opportunities in his/her external environment for the support of the entrepreneurial venture. In this respect, how the entrepreneurs became aware of the external supports offered by the organisations is examined in this section.

It is argued that the initial motivation for interacting with one or more of the organisations, was related to the entrepreneurs need for certain type/s of support and his/her awareness of the supports provided by the organisation. In such cases the entrepreneur required support be it financial, training or otherwise, and therefore sought help from the organisations in question. Such is illustrated in the following comments:

Enterprise no. 194: "Made it my business to find out when I decided to set up a business".

**Organisation no. 15:** "People don't follow up all the information that is out there unless they wish to avail of it. So a lot of people unless they have a need, they won't know about it".

The entrepreneurs were asked therefore how they first became aware of these LEADER/CEB/Partnership supports (Table 7.1). The results highlighted the importance of obtaining awareness of such supports from his/her personal contacts, as over half of the respondents (52.7%) became aware of the organisations' supports from such sources. One's

personal contacts imply family and/or close friends within the entrepreneurs' formal or informal network. Such people may have used these supports previously or may also be in business. Nonetheless these results identified the entrepreneurs as social actors, and furthermore, implied good inter-personal relationships amongst the entrepreneurs and their close networks, to the extent that they shared this type of information, and it was the most common method of awareness identified.

Table 7.1: The entrepreneurs' initial awareness of enterprise supports provided by the organisations

Yes (%)	No (%)	Total (%)
148 (52.7)	133 (47.3)	281 (100.0)
113 (40.4)	167 (59.6)	280 (100.0)
32 (11.4)	248 (88.6)	280 (100.0)
19 (6.8)	261 (93.2)	280 (100.0)
39 (13.8)	243 (86.2)	282 (100.0)
	148 (52.7) 113 (40.4) 32 (11.4) 19 (6.8)	148 (52.7)     133 (47.3)       113 (40.4)     167 (59.6)       32 (11.4)     248 (88.6)       19 (6.8)     261 (93.2)

Furthermore, as the majority of the entrepreneurs relied on their home market, it might suggest that they became aware of the available supports from people in the local area, or through local word-of-mouth, as illustrated by one respondent:

Enterprise no 176: "I found out about it from other people in the area who got grants".

The significance of this method of awareness might further suggest that the entrepreneurs were more likely to trust their close family and friends in acquiring this type of information.

There were 40.4% of respondents who indicated that they became aware of organisation supports from the local media and/or public meetings. The local media includes newspapers, brochures, magazines, radio, mail-shots and community notices. This result was also positive, as it suggested that the organisations were pro-active in informing the local public about the supports available. It also suggested that the entrepreneurs were aware of the local information available to them in their environment, and also made use of it for their enterprises. The methods employed by the organisations under this category were noted in the following comments:

**Organisation no. 10:** "We have set up a web-site, we have a newsletter, we are in the paper, and, are regularly on the radio talking about community issues – so that these things are brought to the forefront and people are *aware* of the things which are affecting them".

**Organisation no. 9:** "We do advertise quite a bit on the local press and the radio – there is a free magazine published monthly and we advertise half a page once a month".

**Organisation no. 15:** "I would say that over the last 5 years the *awareness* of our programme has increased massively through the I.T. centres, local action plans – people got involved in this for their own area. You have to do PR work as well and get your projects in the paper – good for ourselves and nationally. We have to get out there and sell ourselves".

The organisation of public meetings for local entrepreneurs is important also, as the entrepreneurs are able to meet the organisation personnel at first hand. They are also present with other members of the community and local business people, and therefore may feel more at ease with people they know. Perhaps it allows them the opportunity to ask questions or seek clarification, if they were hesitant about directly approaching the organisation on their own. Therefore the entrepreneur may feel more at ease and may also trust this type of environment.

It should be noted however that although an organisation may do its best to advertise in the local media, such methods of promoting awareness do not reach everyone in the community, as illustrated by one respondent:

**Enterprise no. 154:** "They just don't publish enough about themselves – they seem to be a very quiet group who sit in the background and wait to be approached".

However it may also be the case that the organisations may have lacked the human resources and time required to be more proactive. To be effective the organisation can only do its best with the available resources at its disposal, and as the same entrepreneur stated:

**Enterprise no. 154:** "Now I know that if they were on every page, you would have every Tom, Dick and Harry looking for grants!"

Interestingly the majority (88.6%) of entrepreneurs stated that they did not become aware of such supports from a direct approach from the organisation. One such respondent stated:

Enterprise no. 62: "As far as I am aware, they don't know I exist. I contacted them to be included in a small business course – it was very good but I would have appreciated a follow-up course".

As suggested earlier, the following comment from an organisation manager, stated that this was due to the lack of human resources and the time needed for such large numbers of clients:

**Organisation no. 9:** "With the number of people on the scheme it is nearly impossible to be pro-active with them on an individual basis. We can organise seminars and do mail shots, but really we find that the people who come to these seminars are possibly those who least need it......mail-shotting clients about this and you know full well that those who will attend already know about it. Therefore it needs a proactive approach on an individual basis".

On the other hand this may highlight the traditional view that those who really want to become entrepreneurs will do so without the direct seeking out of potential entrepreneurs in the community:

**Organisation no. 19:** "Now to put it very crudely, people will take the view now if they are 'whimps' they shouldn't be encouraged and that they should be allowed to dim in their 'whimpishness'".

However the danger is that there may be potential entrepreneurs within a community who have excellent entrepreneurial ideas but, for reasons such as lack of a certain skill or lack of finance,

may choose not to become an entrepreneur. It would be beneficial for such people to be contacted by an organisation via its local development officer, a person employed to discover latent entrepreneurial talent within local communities.

Surprisingly almost all (93.2%) of the entrepreneurs indicated that they did not become aware of such supports from other businesses. This may suggest that the entrepreneurs may not have been sharing information of this kind with other business people in their area. It might even suggest that their extended network may not have included other business people or that there was a presence of local competition amongst entrepreneurs for the limited resources available to the organisations. Furthermore, in line with the high percentage of sole traders in the sample, it may highlight the presence of insular and/or isolated entrepreneurial individuals.

Efforts to promote networking amongst the local business people were done in a number of ways, e.g. one organisation established an enterprise network designed to promote networking between the small business owners. Another enterprise centre manager stated that the placing of a display of local crafts in the local enterprise centre helped to raise awareness amongst those who use the centre, as "people seeing them would have no idea that that person would have been into craft" (Enterprise no: 146).

These results on the other hand may suggest that, as the majority of entrepreneurs in the sample were sole traders, they were less likely to interact with other businesses, as this may have implied medium or large sized businesses, and as such may not be within their network.

There were 13.8% of entrepreneurs who indicated that they became aware of the supports from other sources. Such sources included the Department of Social Welfare and FÁS. One Partnership manager highlighted the significance of these sources:

**Organisation no 9:** "In a lot of cases they are referred by Social Welfare, FÁS or the local employment service".

Another respondent stated that he became aware of such supports from the location of an enterprise centre in the community, where one could come in off the street and the manager there, would redirect them to the relevant/suitable organisation. Furthermore there was evidence of community groups who had formed their own network in an effort to promote awareness amongst the groups. The effectiveness of this approach is illustrated in the following comment:

**Enterprise no 146:** "Some time ago we set up a network of community groups and there is about 28 groups affiliated to it – we have an administrator there who sends out literature to all the groups on the different issues and organisations. I think that in \* there is a good level of awareness of what is out there because of this network".

However, highlighted in the above comment was their need to employ a person with the specific task of informing the groups about the different forms of information available to them. This may signal the necessity for such personnel as there may be either confusion and/or a lack of awareness amongst people as to the type of information available, such as that implied in the following comment:

**Organisation no. 10:** "The community groups were complaining that there was too much information to take in and too many things that they could avail of – and the big question now is to co-ordinate that effort because they would be suffering from 'burn out' and 'overload' trying to avail of and be represented on all the things that they should".

In addition, a lack of such human resources may signal a loss of information reaching those to whom it should be targeted at, such as in the following case:

**Enterprise no. 86:** "I should have known about this for ages but I think that people should have told me when I was going in to sign on every week. Maybe it is my fault I should have asked. I told them from the start that I was starting up my own business in \* but they probably didn't know what I was on about".

One other respondent suggested the following method to help promote more awareness amongst entrepreneurs in a community:

Enterprise no. 288: "I think the groups should meet annually with people and companies they have helped, and discuss what happened/didn't happen in the previous year.... and how to improve their working relationships in the future".

#### 7.2.2: Method of contact between the entrepreneurs and the organisations

Awareness and subsequently interaction, involve a two-way communicative process, i.e. once the entrepreneur has become aware of the organisation's support, and decides to seek assistance, s/he must be able to effectively communicate his/her idea to the organisation in order to receive the necessary support. Similarly, the organisation must communicate its goals and objectives in order to alert the public as to the types of support it can provide. Effective communication is considered significant in the formation of inter-organisational relationships and a positive interaction experience between the entrepreneur and the external organisation (Chapter 4). The methods by which the organisations communicated their ideas to the public, how the entrepreneurs became aware of them, and, the frequency of contact between the entrepreneurs and the organisations is central to this section.

The importance of frequent, multifaceted and open contact between the entrepreneur and the organisations has been explained by Sydow (1998) to be significant in the formation of interorganisational trust. Furthermore, Smallbone et al (2002) stated that pro-activity and outreach activity involving regular contact with clients helps build trust-based relationships. It is expected however that there will be more contact incorporating various methods of communication between the entrepreneur and the organisation during the initial application process. It is argued also that

this stage is significant for the establishment of trust and positive inter-organisational relationships between the entrepreneur and the organisation (Chapter 4). Such frequency of contact may be scaled down upon a successful application or otherwise, and any further interaction, it is argued, will depend on how the entrepreneur perceived his/her initial contact/s with the organisation. In this respect, the respondents were asked how often the following: written documents, face-to-face discussions, telephone/fax calls and e-mail were exchanged with the organisations. The frequency of contacts were examined by asking the entrepreneurs to chose between the following categories which best reflected their level of interaction: i) never ii) less then once per year iii) once per year iv) one or more times per six months v) one or more times a month and, vi) one or more times per week (Table 7.2).

Table 7.2: Method of contact between the entrepreneurs and the organisations

Method of contact	Never (%)	< Once per year (%)	Once per year (%)	1 or more times per 6 months (%)	1 or more times a month (%)	1 or more times per week (%)
Written documents	34 (14.0)	44 (18.1)	41 (16.9)	96 (39.5)	22 (9.1)	6 (2.5)
Face-to-face	54 (22.8)	55 (23.2)	41 (17.3)	50 (21.1)	28 (11.8)	9 (3.8)
Telephone/fax	54 (23.3)	45 (19.4)	28 (12.1)	62 (26.7)	27 (11.6)	16 (6.9)
E-mail	137 (70.3)	26 (13.3)	10 (5.1)	14 (7.2)	2 (1.0)	6 (3.1)

# - Telephone/fax

It is argued that the use of the telephone and/or fax as a method of communication may be significant for may reasons, as it saves time, especially if the entrepreneur is simply seeking clarification of details or faxing in a quotation etc. Furthermore, it is argued that this may be an effective form of communication, particularly for those who experience communication difficulties, or prefer to avoid face-to-face contact when contacting the organisations. In this regard, the ability to make good telephone conversations requires a confident and articulate person, who is able to voice their query and/or concern by using this method of communication. Also as a telephone conversation lacks permanence, a written document may be better for certain queries and/or requests, and in particular when a signature is needed for important business documentation.

The results revealed that the largest percentage of respondents (26.7%) who used this form of contact did so to interact with the organisation one or more times per 6 months. It was anticipated, that this method would be used by those entrepreneurs, who had more frequent contact with the organisations, however the results did not show this. Only 6.9% of the respondents indicated that they used the telephone/fax one or more times per week, 11.6% used it to contact the organisation one or more times per month and 19.4% used it to contact the organisation only once per year. Indeed, the second largest percentage (23.3%) of respondents indicated that they had never used this form of communication to interact with the organisation.

These results suggest that the entrepreneurs preferred alternative methods of communication such as written documents and/or face-to-face discussions. In consideration of the volume of clients supported by each organisation, perhaps it suggests that the clients were encouraged to make appointments as opposed to discussing business and/or application queries over the phone. Furthermore, for the purposes of receiving capital assistance, written documentation is a more appropriate form of communication, as a record of agreement, working conditions etc. can be safely kept on file.

## - Face-to-face discussions

Sallis and Sallis (1990) argued that one's ability to have good oral communications were an essential business skill. Therefore it is argued that the ability to attend face-to-face discussions and present oneself in a positive and articulate way to a project evaluator is crucial, especially when one is presenting one's entrepreneurial idea and/or endeavouring to convince him/her that they should receive their support. Furthermore, authors such as Giddens (1990) have suggested that face-to-face discussions were important in the establishment of trust, and in this context, it is considered that this method of communication is significant in generating trustful relationship between the entrepreneur and the organisation. Nonetheless, there may be some who would prefer alternative methods of communication. Those who would avoid face-to-face discussions may do so for many reasons, which may include a lack of time, fear or a tendency to shy away from organisation personnel, or alternatively it may reflect difficulties a person may have with articulation.

Although the importance of face-to-face discussion has been considered, it is anticipated that the frequency of this method of communication may reflect the stage of application, as it is expected that this type of interaction will decline after one has received the initial support sought. In this regard, the results showed that the largest percentage (23.3%) of respondents who used this method of communication did so at a frequency of less then once per year. Furthermore, only 21.1% used this method to interact with an organisation one or more times per 6 months, 11.8% of respondents indicated that they used this method to interact with an organisation one or more times per month, whilst only 3.8% of those used this method one or more times per week. Surprisingly, 22.8% of respondents indicated that they never had face-to-face contact with an organisation. It is very difficult to imagine that an organisation would provide support without any face-to-face contact with the entrepreneur, therefore this result may suggest that such respondents preferred to send a business partner to discussions, or that they were involved in a community organisation and had not attended such discussions.

#### - E-mail

The increases in I.T. and in computer ownership and in the value of e-commerce and e-marketing for business have been well documented. Therefore, it was anticipated that this form of communication would be significant for reasons such as the increasing usage of computers in business, and one's access to a variety of training courses specific to the improvement of I.T. skills. Furthermore, it is expected that e-mail may be useful for those who have time-constraints, and/or have frequent contact with the organisation/s, as there is considerably less time involved in constructing an e-mail in comparison to other methods, such as a formal letter or a face-to-face meeting. E-mail may also be useful for more informal or general type queries, such as those pertaining to opening hours, contact individuals and/or types of assistance offered by the organisation. Moreover, e-mail may be very helpful for those who experience difficulties in verbal communication or face-to-face contact with organisational personnel. Once more, e-mails may also be stored so that they might be considered a more important method of communication especially for those involved in business.

Despite the many advantages which have been noted for using this method of communication, the results revealed that e-mailing was the least used form of contact between the entrepreneurs and the organisations. There were 70.3% of respondents who indicated that they had never used e-mail as a form of contact. For those respondents who did use e-mail, 13.3% indicated that they did so only once per year, 7.2% one or more times per 6 months, 5.1% did so once per year and 3.1% did so one or more times per week. These results might indicate the general level of I.T. skills amongst the entrepreneurs and/or their desire to use more traditional forms of communication. As many organisations offer training in I.T., in this respect, it might be considered that because the majority of entrepreneurs had not undertaken any training offered by the organisation, this might be to their disadvantage.

#### - Written documents

Sallis and Sallis (1990) felt that the letter was still the most important method of communication between the business and the outside world. The danger of other methods such as face-to-face discussions, they noted was that it lacked permanence and therefore it may need to be backed up by other forms such as written documents. One of the advantages of a written document which they noted was that a letter was a permanent record and furthermore, that a letter which is well written and presented may present a positive image of the writer. Furthermore, it is considered that a written document may be preferred by those entrepreneurs who had difficulty with verbal communication and/or face-to-face discussions.

Despite the considered importance of a written document, there were 14% of respondents who stated that they had never used written documents as a form of contact with an organisation. This may suggest that their business partner, accountant, mentor etc. may have written the relevant information for them. If this were the case then it is argued that this may have implications for one's ownership of their business plans, letters etc. as discussed in a later section. Alternatively it may suggest that these entrepreneurs interacted with the organisation for soft supports which may not have required such written documents. The majority of those who did use this method of contact (39.5%) did so only one or more times per 6 months, followed by 18.1% who indicated that they used this method less than once per year, 16.9% who used it once per year, 9.1% who used this one or more times per month and finally 2.5% who used it one or more times per week.

# 7.3: The supports received from the organisations

In Chapter 5, Van de Van and Ferry's (1980) model of inter-organisational relationships was examined. Included in the model was the consideration that interaction between organisations occurs for reasons such as the need to acquire much needed resources which are controlled by an external organisation. Smallbone et al (2002:12) defined business support needs as "the external resources that a business draws upon from time to time in order to extend or strengthen its internal resource base". It is argued throughout the study, that the entrepreneurs required and received external support, as they were unable to generate internally all the necessary resources required for the functioning of their enterprises. It is recognised however that the supports received by the entrepreneurs may have differed with their initial expectations of the organisational supports available. The entrepreneur may have contacted the organisation initially for grant-aid and been unsuccessful but yet may have received other soft-supports such as attendance on a training programme, and in some cases they may have been unaware that such supports were available. In any case, the entrepreneur may feel either satisfied or dissatisfied with their experiences in interacting with the organisation. Therefore the purpose of this section is to examine the supports received from the enterprise-supporting organisations. More specifically, the analysis focuses on the greatest help received from the organisations, the amount and sources of funding received, other forms of assistance and advice received and the number of training courses the entrepreneurs attended. A number of central research questions will be considered, namely: i) why do the entrepreneurs interact with external organisations? ii) how can interaction be a positive experience for the entrepreneur? and, iii) how can interaction be a negative experience for the entrepreneur?

# 7.3.1: The greatest help received from the organisations

For the purposes of this section the supports received by the entrepreneurs are examined. Generic supports common to all the organisations are listed in Table 7.3. The entrepreneurs were asked

what was the greatest help they received from the organisation/s in developing/maintaining their business. They were asked to choose three from the list they were given and to rank them in order of importance to their business.

Table 7.3: Ranking by the entrepreneurs of the greatest help received from the organisation/s in

developing/maintaining the enterprises.

1 0	1 <sup>st</sup> place	2 <sup>nd</sup> place	3 <sup>rd</sup> place	Total score*	Ranking
Money	118	29	7	2,103	1 <sup>st</sup>
Advice	33	63	28	1,385	2 <sup>nd</sup>
Marketing advice/assistance	6	21	52	891	3 <sup>rd</sup>
Assistance in training	9	20	20	646	4 <sup>th</sup>
Local information	4	15	17	444	5 <sup>th</sup>
Technical assistance	0	5	12	159	6 <sup>th</sup>
Public relations	0	4	8	137	7 <sup>th</sup>
Use of premises	1	3	3	79	8 <sup>th</sup>

<sup>\*</sup> Includes ticked responses

## - Funding

It was anticipated that finance would be regarded as the most important form of support received by the entrepreneurs, and it is suggested, that the seeking of financial support may have been the initial motivation amongst the majority of entrepreneurs for interacting with the organisations. Using an overall ranking method the results revealed that finance was ranked in first position, and therefore was considered to be the greatest help received from the organisation. It is argued here that the search for financial support may have been of particular relevance to those establishing a new enterprise. Furthermore it suggests also that those who did seek such support had a more positive and realistic attitude towards seeking and/or receiving external assistance of this kind. Although it has been suggested that such assistance may be perceived by some as a loss of independence, as some entrepreneurs may prefer to use internally generated funding (Chapter 8), nonetheless investment in the enterprise may outweigh their desire to remain financially autonomous.

Furthermore, these results might suggest that finance received from an enterprise-supporting organisation may be viewed in a different capacity. Perhaps, it can be suggested that entrepreneurs considered that receiving this form of financial assistance was their right, as it was generated from public sources of funding. Moreover, because the majority of capital received was in the form of grants as opposed to refundable loans or shares, it might be fair to suggest that because there was no onus on the entrepreneur to pay back any capital, that it was viewed as another source of internal funding.

The results may further suggest that is was the availability of such monetary incentives which encouraged the initial interaction, and this may therefore indicate a grant mentality amongst the entrepreneurs. This is implied in the following comment:

Organisation no. 9: "Normally people would contact our office usually looking for financial support for their business"

#### - Advice

Bennet and Robson (1999) have stated that many authors have shown that the use of external advice has been strongly linked to successful business growth. Furthermore, Ashton and Green (1996) argued that as we are living in a knowledge society, those who are successful will be those who have the fullest access to knowledge, and in addition the best ability to use knowledge for profitable ends. As the majority of the micro-enterprises were newly established, it was recognised that at this stage of their business development, the presence and availability of such advice may be very significant to the entrepreneur. The ability to receive needed advice may save the entrepreneur both time and money, and may even encourage them to seek external advice in the future.

The results revealed that advice was ranked in second position with regard to the greatest help received from the organisations. In light of the above considerations as to the importance of advice and knowledge in each stage of business development, these results are encouraging. Furthermore, it suggests that there was willingness on the part of these entrepreneurs to seek advice, and to evaluate the significance of the advice received for the enterprise development. In this respect, it can be suggested also that the advice offered by the organisation/s was considered to be very useful to the entrepreneurs, and in such instances it can be argued that it might encourage future interaction between the entrepreneurs and the organisation/s.

Although it is recognised that at each stage of business development the entrepreneur may benefit from external advice, those who did not seek advice may feel that because of their extensive life and work experiences they needed no advice particular to their enterprise (see Chapter 8). Such results may reflect how the entrepreneur valued or sought external advice in establishing or developing their enterprise. For others, it might also reflect a lack of confidence in the organisation being able to give them useful advice.

## - Marketing advice

In Chapter 8 it is noted that the percentage of respondents who had participated in marketing training was very low (33.1%). However it was argued that it was important to provide this type of assistance, as often entrepreneurs do not have the necessary marketing skills to develop their enterprise, and/or they do that recognise the need for such skills. Therefore by providing this type of advice in the form of training courses or otherwise, and by encouraging clients to improve their

marketing skills, the entrepreneurs may become aware of its importance, when they decide to develop their enterprise and expand their marketing potential. Therefore in relation to marketing advice/assistance, the results revealed that this factor was ranked in third position after capital and advice. For that reason it suggested that for those who had received marketing advice/assistance, it was considered to be a great help in the creation and/or development of their enterprise.

## - Assistance in training

Assistance in training was ranked in only fourth position. In addition there were a high number of entrepreneurs (n = 187) who did not select this factor reflecting the low numbers of those who had participated in such training courses. Further comments in relation to training provided by the organisations are examined in Section 7.3.4.

#### - Local information

It is recognised that local information is valuable when designing or developing one's marketing plans, and that, the external organisation may be an important source for information on the characteristics of the local community, the size of the local area, the history and local culture etc. The provision of this type of support may help also in the formation of networks between local businesses which might help in-turn to stimulate contact amongst local business people. Furthermore, the availability of local information would be of particular importance to community groups, as they would need to know the types of services which the community required. Nonetheless, this form of support was ranked in only fifth place. The majority (n = 208) of the entrepreneurs did not choose this form of support. Interestingly, on further analysis the results revealed that only seven community groups chose to include this factor amongst their selection of supports received from the organisation/s. Overall the results may reflect a lack of need for local information, a lack of awareness of this support and/or the ability to receive such information from other sources, such as personal contacts, local business people, the Internet and otherwise. Alternatively, it could indicate a good level of knowledge amongst the entrepreneurs, such that any local information needed to create and/or establish an enterprise was already in place.

#### - Technical assistance

Although the importance of integrating technology in business has been well documented, this factor was ranked in only a low sixth place. Again these results may indicate that this type of support was either not required by the entrepreneurs (as n = 240 did not select it), or that they did not rate the support received very highly. Nevertheless, it is not the role or responsibility of the organisations in question to provide technical assistance, although some do provide training

courses in I.T. or offer programs such as the Empower program, which was designed to encourage e-marketing. However, this type of assistance was included in order to identify the relevance of this type of support to the entrepreneurs and, whether or not they could actually receive technical advice/assistance from the organisations.

Nonetheless, the lack of human ability and suitable infrastructure hinders the introduction or development of I.T. skills amongst entrepreneurs. Furthermore it is recognised that in the absence of developments such as broadband telecommunications, the competitive strength of the microenterprises, and their ability to attract inward investment would be affected. In this regard, the results are disappointing and might reflect a poor level of knowledge and/or use of I.T.

#### - Public Relations

The provision of public relations was ranked in seventh place and none of the respondents rated this type of support as the most important help received. It was expected that for those who did rank this factor, this type of support would be significant for marketing their product or service as indicated by the following comments:

**Enterprise no. 139:** 'Our PR lady got us in touch with \* services in Co. Cork and the guy that owns it travels a lot so now we have two of our machines sold in Switzerland – at least this is a foot into exports'.

Enterprise no. 213: 'With the skill I have it would be good to have a person or agent or business that would put my skill in the right market – so that I can have the time to do what I do best'.

These comments suggest that a public relations officer may be of use to other entrepreneurs in the sample, however this type of service is expensive and, thus may not be affordable to the majority of micro-entrepreneurs.

#### - Use of premises

Some organisations are involved in the purchasing and leasing of premises for a variety of uses. The most common forms are enterprise centres, community halls and I.T. centres. The enterprise centres are usually designed to include a number of enterprise units, which facilitate the presence of a cluster of enterprises located in the one building. The advantages of such centres are examined in a later section (Section 7.4.2). In a previous section the enterprise centre was seen also as a place where one could go to obtain information on the types of supports available to entrepreneurs. In addition it was noted that the enterprise centres were used for the marketing of local crafts and products, thus increasing awareness amongst local business people and advertising available skills in the local community.

The I.T. centres and community halls are designed to function as multi-purposeful buildings, as explained by one organisation manager:

Organisation no. 15: "We have funded a total of 21 centres, e.g. community halls for the development of activities. A number of them have I.T. centres in the hall and crèche facilities as well. You end up with a hall to create a centre of activity, place for meetings etc. The idea is not to have a hall where you have a meeting once a week and then close it down - it's not a cold damp place any more – they are in use".

Despite the many advantages noted, this factor was ranked in eighth position. Only one person chose this in first place and altogether there were only 8 respondents who selected this factor as the greatest help received. This result indicates that as most entrepreneurs established their enterprise in their local area, they already have their own premises. Nonetheless, the many positive comments noted suggests a need for further premises of these types, particularly in small communities. However, a lack of financial and human resources, might create barriers in the provision of more such premises.

# 7.3.2: The amount and sources of funding received since 1994

Sargent and Young (1991) suggested that the process of acquiring capital is related to the following factors: i) the economic viability of the current project ii) the previous life experiences of the entrepreneur or past context iii) current opportunities, or the current context, and, iv) the individual characteristics of the entrepreneur. There were however other criteria used for securing capital from the organisations which are outlined in Chapter 4, however suffice it is to say here that there are many factors influencing the procurement of capital assistance. Nonetheless, access to finance is considered a crucial factor for newly established enterprises, in particular for those who are investing in new technologies and in human capital, to sustain their competitiveness.

In a previous section it was noted that the seeking of financial support from an external organisation might suggest certain characteristics of the enterprises and the individual entrepreneurs. The ability to receive financial assistance is of particular importance to those who are starting-up their enterprises. However as previously noted, there may be some entrepreneurs who feel that to look for such assistance elsewhere may signal a loss of control and/or independence. This was clearly felt by one respondent:

**Enterprise no. 202:** "The other problem with the CEB is that they keep a very tight reign on looking at your finances over a period of time. We went to the bank and we felt better because we were not *beholden* to the bank. I wouldn't have anything to do with them anymore because they make you feel that you *owe* them something - which in fact if you get money from the CEB you have to pay it back – so they are not really doing you any favours".

In the same regard one organisation manager implied this also:

**Organisation no. 19:** "Grants may be appropriate in some cases, but because of their nature have certain psychological disadvantages for someone who is going to establish themselves".

Nonetheless, it was recognised that the ability to obtain financial assistance was important:

**Organisation no. 19:** "Maybe because of suppliers, or the failure of people to whom they are supplying to pay on time, or a sudden act of God capital requirement that they go to the wall because of the lack of the availability of 'tide over' capital funding".

As the majority of the micro-enterprises were newly established, it was not surprising that 65.9% of respondents indicated that the initial funding which they received from an organisation since 1994 was for the start-up of their enterprise. This may highlight the importance of capital supports for newly established enterprises and may suggest that for some, it was the availability of such capital support that made it possible to establish their enterprise (see Section 7.5). The remaining 34.1% of respondents stated that the funding sought was for an existing enterprise. For those who searched for funding for an existing enterprise, it might suggest that they had plans to develop and/or expand their enterprise. It might suggest also that they had previously interacted with the organisation and received financial assistance at an earlier stage of business development.

The entrepreneurs were asked to specify all other funding which they had received since 1994, so as to identify the importance of other sources from which they received financial assistance and to identify further interaction with the organisation/s (Table 7.4). Almost half of the respondents (49.5%) stated that they received no other funding, which might suggest that either the entrepreneurs did not require any further working capital, or it may reflect the stage of development of the enterprise, as the majority were in the start-up stage, and therefore may not have required further working capital at that time. However, this result could also highlight a problem with regard to gaining financial assistance from other sources.

Table 7.4: Sources of funding received since 1994 other than initial funding

Funding source	N=220	% Total mentions
None	109	49.5
Organisation	78	35.5
Bank loan	5	2.3
Forbairt	5	2.3
Other	23	10.5

Of those who did receive other funding, over one-third (35.5%) received additional funding from one of the organisations in the study, which suggested that these entrepreneurs were involved in further interaction. It might suggest also that these entrepreneurs preferred to receive funding from these particular organisations, as opposed to other financial institutions such as the banks. Furthermore, they may also have been in the position where they did not wish to apply for a loan

from another source, and a fixed capital grant from the organisation may have been their only or best option. In other instances, loans may be a favourable option even for those on the BTWAS:

**Organisation no. 11:** "The partnership can assist them with the loan. They are delighted with that – it will show them that they are legit, they are financially better-off keeping their social welfare – they do have a loan to pay off but it is coming out of their social welfare at source".

Only 2.3% indicated that they sought financial aid from the bank, which reflects also the insignificance that the entrepreneurs placed on one's eligibility to borrow money from the bank (Chapter 8). As stated earlier, this result may suggest that the entrepreneurs in the sample preferred to generate the capital for the enterprises from internal sources. Furthermore, it might highlight also the actual or perceived difficulty in securing a loan from banks. A further 2.3% of respondents received funding from Forbairt which implies that these enterprises were expanding and were thus directed to this organisation. Lastly, there were 10.5% of respondents who received funding from other sources not stated.

The entrepreneurs were also asked to state the amount of funding received from these sources (Table 7.5). It was expected that the majority of grants and/or loans received would consist of small amounts, to reflect the small size of the enterprises in the sample. It was decided to show the number of grants received and their corresponding amounts to highlight the level of capital assistance which the entrepreneurs received from the organisations.

Table 7.5: The frequency and amount of grants and/or loans received by the entrepreneurs (£) in

preceding six years.

preced	ing SIA	cars.								
	1000-	5000-	10,000-	15,000-	20,000-	25,000-	30,000-	35,000-	40,000-	45,000-
<1000	5000	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000
15 *	70 *!	36 *	12 *!	7*!	5	4	3	4	2	6

- \* There were 3 respondents in the <1000 category who received 2 grants of this amount each
- \* There were 5 respondents in the 1000-5000 category who received 2 grants of this amount each
- \* There was one respondent in the 10,000-15,000 category who received 2 grants of this amount
- \* There was one respondent in the 15,000-20,000 category who received 2 grants of this amount
- ! There were 3 respondents in the 1000-5000 category who received this amount in the form of a bank loan. One other respondent in this category received this amount from a 'First Step' loan
- ! There was one respondent in the 10,000-15,000 category who received a grant of this amount from the 'Enterprise Fund'
- ! There was one respondent in the 15,000-20,000 category who stated that he had received a loan for this amount however the *source* of this loan was not stated

Highlighted in these results is the frequency of financial assistance received in the £1000-£5000 bracket (n = 70). The second most frequent amount of capital assistance received was in the £5000-£10,000 bracket (n = 36). These results reflected the size of the micro-enterprises in the sample and their corresponding characteristics (Chapter 8). However this is not to suggest that the amounts received were not in fact adequate and the figures sought by the entrepreneur to establish and/or develop the enterprises. The results might therefore suggest that those entrepreneurs required only

small amounts of financial assistance, and that they preferred to secure this level of funding from the organisations.

The results may indicate also that the entrepreneurs may have relied heavily on personal funds and/or used sources such as their personal contacts in securing funding. It can also be suggested that the frequency of grants which amounted to £5000 or less, may suggest that these were predominantly employment grants and in this respect this result would be positive.

There were nine respondents who stated that they received capital assistance of amounts far greater than those outlined in Table 7.5. There were 7 such projects which were managed by community groups who received funding in the range of £40,000-£500,000. The community groups involved used a variety of different sources to secure this level of funding. There were two other respondents (one operating as a sole trader and the other traded under company ltd. status) who had secured funding in the range of £70,000 - £125,000. One of these individuals had however secured this level of funding from Enterprise Ireland.

#### 7.3.3: Other assistance and advice received in the past six years

There were 34.6% of respondents who stated that they received no other assistance and/or advice in the previous 6 years. On the one hand this may be positive as it may imply that they received adequate assistance from the organisation and therefore did not need any further assistance or advice at that stage. Furthermore it might indicate that as the majority of enterprises were newly established, the entrepreneurs had only begun to interact with external organisations in their pursuit for enterprise supports. On the other hand, it might reflect negative experiences in interacting with the initial organisation, which subsequently may have influenced their decision not to further their interaction with the organisation or indeed with any other one. The entrepreneurs who had received other assistance and advice did so from a range of other sources which are listed in Table 7.6.

Table 7.6: Other sources used by the entrepreneurs for assistance and advice in preceding six years

FÁS	DSCFA	Bank	Co. Council	E.I.	Teagasc	Accountant
n = 18	n = 10	n = 9	n = 7	n = 7	n = 6	n = 5

n = Number

It was expected that the assistance and advice sought would include soft supports such as training, help with writing business plans, mentor assistance, loans, advice from other people in business and many others.

A small percentage of respondents stated that they received further assistance and advice from the organisations in question, including a LEADER Company (8.9%), a Partnership Company (6.1%)

and a CEB (4.7%). There were 22.9% who stated that they had used more than one organisation. Although the I.E.U. Report (1999) suggested that there has been evidence of agency shopping amongst entrepreneurs, this result may imply also that these entrepreneurs had a rich opportunity set and were actively seeking other external methods of supports in their environment. Furthermore, it suggests that they were re-directed to another organisation for other types of support or assistance. The most frequently used sources stated other than the enterprise-supporting organisations are identified and listed by frequency of responses in Table 7.6. A variety of other sources included Bord Failte (6), local community (4), Credit Union (4), Údarás na Gaeltachta (4), First Step (4), health board (3), Crafts Council of Ireland (3), V.E.C. (3), Gaeltacht bodies (3), National Lottery (2), PLATO (2), W.E.B. (2), Peace and Reconciliation (2), Border Counties Network (2), An Bord Trachtala (2), Bolton Trust (1), Y.E.S. (1), St. Vincent de Paul (1), I.F.I. (1), Interreg (1), Chamber of Commerce (1), County Development Board (1), NETWORK (1), Millennium Fund (1), I.P.P.A. (1), Carnegie U.K. Trust (1), Arts Council of Northern Ireland (1), Co-operation Ireland (1) and the I.D.A. in New York (1).

It was surprising that only 18 respondents made reference to FÁS as their source of other assistance and advice, given the valuable supports provided by this organisation. In a similar vein, only 9 respondents stated that they had received assistance and advice from their bank. Furthermore, only 5 respondents stated that they received such assistance and/or advice from their accountant. The accountant can often be an undervalued or unrecognised source of assistance, and their valuable contribution and help to business owners was reflected in the following comment:

Enterprise no. 154: "We then went to our accountant and went back to the CEB with our business plan, projections and cash flow. If you need to know anything else as regards loans or the grant you would need to speak to our accountant.....Now we were very lucky because we had an accountant who steered us in the right direction. We knew nothing – that would have been our own ignorance, but we didn't have any call to look for them. I mean people would say that the CEB are brilliant, but my mainstay is my accountant – she is an absolute".

# 7.3.4: The number of training courses attended

The significance of training has been well documented. Sallis and Sallis (1990) argued that training can have an effect on one's motivation, as training improves one's ability and provides them with the skills needed to do a job. When establishing or developing one's business, training is considered necessary to improve one's competitive advantage, skills, knowledge, self-confidence etc. Furthermore, the CEC (2001b) noted that with the increase in new technologies, qualification requirements have changed, resulting in the need for more intensive forms of life-long learning and training. This implies that training should be implemented at all stages of business development and should not be considered exclusive to those who are starting off, expanding or otherwise.

The most common types of training offered by the organisations were the 'start your own business courses', business management courses, the EURO changeover and marketing courses. Some organisations required that their clients undergo such training whilst they were awaiting financial approval e.g. the 'pre-enterprise training programme' run by FÁS for those who are interested in setting up their own business, was run over 2 mornings per week over 24 weeks.

Although the comments from the organisation personnel regarding the value of training were very positive, some suggested also that attendance at certain types of training courses should be made a formal requirement:

**Organisation no. 3:** "A formal requirement should be put in place that all promoters seeking grant aid should attend a training course in Own Business Management – or other course as appropriate, either prior to the receipt of grant or within 6 months of receipt – reason – to minimise the chances and rates of failure".

**Organisation no. 13:** "I think that we have to marry up-skilling, education and training to future opportunity and that goes to the micro-enterprise".

Nevertheless, over half (56.3%) of respondents had participated in no training courses offered by the relevant organisation. Only 18.8% had participated in one training course, followed by 11.5% who had participated in two, and 4.2 % who had attended three (Table 7.7).

Table 7.7: Number of training courses attended by the entrepreneurs

None	1	2	3	4	5	6	7	8	10
162	54	33	12	9	6	2	2	5	3
(56.3)	(18.8)	(11.5)	(4.2)	(3.1)	(2.1)	(0.7)	(0.7)	(1.7)	(1.0)

In order to examine possible reasons for such small participation numbers, Ashton and Green (1996:50-51) in their review of a number of studies on training from a range of countries, noted some general findings, of which some were of relevance to the present study:

a) "Prospective lifetime earnings do have a significant impact on choices made about training". This implies that it may be those who are seeking significant capital gain or profit maximisation that are more likely to attend training courses. As noted in Chapter 8, it is not profit maximisation but income security which is identified as a significant personal goal. Therefore if their main motive was to earn adequate income to support themselves and their family, their interest in training may be such that they felt less need to attend and improve their skills and/or knowledge.

On the other hand their initial motivation for participating in training courses may have been driven by their perception of how one might receive monetary incentives, such as was stated by one individual:

**Enterprise no. 146:** "Personally, I have done that many training programmes and gone to so many seminars that I hardly go to any more – however there is always this feeling that if you hope to get funding from these people, then you should be seen to be there".

- b) "More educated workers are said to be more 'trainable', because one of the skills they have is the ability to learn efficiently one consequence is that educational inequalities tend to be reinforced by unequal opportunities for training". The comments on the contribution of their education and/or training to their success achieved as an entrepreneur, are examined in Chapter 8. The responses noted included the perception of the relative insignificance of such education and/or training for their entrepreneurial success. Therefore it is argued that if the entrepreneur did not see any benefit gained from previous education and/or training, they might perceive any future training offered in the same way. Nonetheless the training courses provided by the organisations were generally open to everyone regardless of whether they had received support from the organisation or without regard to their level of educational attainments.
- c) "Training is related to age" and they noted that "in a number of countries (Ireland included) participation declined steadily with age". Nonetheless, the majority of entrepreneurs in the study were in the 30-45 age group, which is considered young, so that age does not account for the low participation in training courses.
- d) "Training is more likely to be taken by individuals who have ambitions to self-improvement in their work". Again as noted in Chapter 6, the ambition to enlarge their enterprises, improve its quality, or increase both their exporting and employment potential was very low characteristics which may thus affect their low participation in training.
- e) "Training participation is high for workers recently recruited to a new job". It was expected that when one is establishing a new enterprise, one might participate actively in training courses, as the need for skills and knowledge might be greater during the establishment of the enterprise. However the results may indicate that the knowledge and experience required was already gained prior to their decision to become an entrepreneur, or that the entrepreneur did not have the time to attend such training courses.
- f) "Training participation is greater in large firms and/or establishments". The majority of the enterprises in the sample were one-person operations, and this may relate to their low participation in training courses offered by the organisations.
- g) "Training is more frequent in firms known to be implementing technological changes". The comments referring to I.T. have been relatively few throughout the study, which may indicate that the value that I.T. had in the establishment or development of the enterprises was very little. Furthermore, the provision of I.T. training courses may be perceived to be of little relevance to the entrepreneurs, contributing also to their low levels of participation.

- **h)** "Training is usually greater in the public sector". As the entrepreneurs in the sample were self-employed, they may not have had the time, money or resources to invest in training such are more likely to be available to those who work in the public sector.
- i) "There is some evidence to suggest that training is greater where the firms have strategic plans and a *fortiori* training plans (Felstead and Green, 1993, Felstead, 1994)". As noted previously the entrepreneurs were less ambitious to expand their enterprises, increase their export potential or increase their employment potential, and this may therefore suggest a relationship with their desire to attend training courses. As the majority of enterprises were newly established, the necessary confidence to attend training courses and the skill in identifying one's training needs may not have been established. One organisation manager spoke of such development in relation to community groups:

Organisation no. 15: "Community projects initially were quite small, but people will develop the knowledge and skills to do something larger after developing the skills and the confidence. One of our community groups have taken on a ½ million pound project which is quite substantial, and another a £4000,000. So they have built up confidence working together".

j) "There is also limited evidence that individual's access to training may be constrained by lack of the necessary finance". As has been noted, access to finance is a major barrier for those starting up enterprises and this may possibly be a reason why some did not participate. However most organisations charge only for very specific types of training courses and usually offer the more generic ones at either no cost or a considerably reduced fee in comparison to other training institutions. That said, it is more likely that it was the weighting of the time spent in attending such training, which was used to measure the cost to the individual entrepreneur of their time spent away from their business and, subsequently in their decision not to participate in training.

Ashton and Green (1996) have argued that training systems although designed to improve workers and companies may frequently be the object of intense conflict. From the various interviews carried out together with the comments which were included throughout the survey responses, other issues emerged which support this argument, and might help to explain why there was such a low participation in the training courses provided by the organisations.

1. The amount of time required for training: Some respondents made reference to the importance of time in their consideration of whether or not they could attend training courses. As stated earlier, the comments made reference to the fact that they did not have the time to attend a training course, or that they thought that it would be a waste of time. Furthermore, for practical reasons, such as because they were self-employed, they were unable to simply pass the work to someone else whilst they were attending training courses. These issues are illustrated in the following comments:

Enterprise no. 154: "The CEB would have had training courses but I didn't have the time to go to them".

Enterprise no. 86: "I received two letters about computer courses but I just don't have the time to do it – it means that you need to dedicate a certain day of the week every week to do it and I just don't have that time".

In order to both attend and benefit from such training it is important to feel that it is not too demanding on one's time and, perhaps more importantly that it is not a waste of time as this will result in a credibility gap between the entrepreneur and the external organisation.

2. Possible negative attitudes towards training in general: Training courses were usually offered in the traditional classroom structure with a teacher and a group of student entrepreneurs. This structure may not have suited most entrepreneurs as it may have involved a regression to their days spent at school. Furthermore, Dubrin (1994) has argued that one's past experiences influences one's perception and in this regard a person may be influenced by what happened in the past, and as Garrison and Archer (2000:0) have argued that in a teaching-learning environment too often it can be approached in a "technical rule-governed manner". Moreover, because the training is more than likely concerning the development of one's enterprise, it is more likely that the best type of learning environment may be at the location of the particular enterprise. This was recognised by one organisation manager and is illustrated in the following comment:

**Organisation no. 7:** "I don't have any of this 'coming to the classroom' because it's about their business, therefore the training should be where their business is – they are not going to turn up in a classroom situation".

In other cases, there may exist a conflict between what the entrepreneur believes that s/he knows about practical business experiences and skills, and what their training instructor is trying to teach them. It can be suggested that this may reflect also a loss of control by being taught and told what to do, as opposed to being in control of the situation. Additionally, their incompatibility with other members in the group may have caused certain frustrations (see point 4). When the entrepreneur feels that they are compatible with both the other participants on the course, and the environment in which the course is taught and the training course itself, they will enjoy and gain more from the training:

Enterprise no. 154: "But it was a very good course, I would recommend it – very basic and very down to earth".

Perhaps the entrepreneurs may have preferred the provision of a mentor who would provide them with such training on a one-to-one basis. Although it is difficult to argue

- whether or not individual or group training is better for the entrepreneur, it is suggested that this will depend on the type of training being offered.
- 3. Lack of a training culture: Perhaps the culture for training may be lacking and Irish companies may invest very little in training. Brown (1994) draws attention to Japan, where the commitment to learning the continuous improvement in one's knowledge and skills, and the idea of 'working coaches' is deeply embedded in their cultural value. One suggestion for this lack of training culture was offered by an organisation manager:

**Organisation no. 13:** "Ireland is slowly beginning to change and I mean that there was a fear that if we started training people, they will go off and do something similar to what you are doing. Because retentions of people in the labour intensive industry has been important, employers have tended not to try to develop a labour force that is trained and skilled".

One can argue that this lack of training culture may be beginning to change slowly, however this was not reflected in the numbers who had participated in training courses in this sample. One person involved in training suggested another solution to the problem of low participation, which involved the use of local people who would provide the training courses – such people may be better trusted by the entrepreneurs:

**Enterprise no. 191:** "They see somebody whom they know is local and know that they didn't know anything about computers before and now they are teaching, and, how far they have gone with it and it really drives them and encourages them".

4. The relevance and applicability of the training courses provided: Although one of the factors which Garrison and Archer (2000) identified for creating the ideal learning environment, was that, the learners had life experiences of relevance to the learning task at hand, the poor result might suggest that such training courses may still be perceived as irrelevant or inapplicable to the entrepreneurs:

**Enterprise no. 154:** "They put companies together 'wily nilly' – they were supposed to match companies in terms of production and turnover but they didn't. We were in this course where there was no comparison with our business – they would have had a workforce of 300 and there are only 9 here. They were talking about imports from the U.S. – there is just no comparison. It was just a big waste of time".

Furthermore, Ashton and Green (1996) argued that high levels of education and training were not required for small-scale or low-value-added production of goods and services. In this respect, as the majority of enterprises in the sample were one-person operations, involved in the provision of a local service, perhaps they perceived the training courses offered to be irrelevant or non-applicable.

The effectiveness of the mentor system has been referred to previously, however the organisations lack the resources (human and financial) to provide this service to everyone.

Therefore the mentor may meet with only those who are at the start-up stage which will not be relevant to all clients. However as noted by one mentor:

**Organisation no. 11:** "If we did have more time with them for mentoring, we would spend more time in long-term planning – whereas initially the focus is on getting them up and running".

5. Spatial proximity of the training courses: Smallbone et al (2002) argued that in places where there are low population and business numbers it will more expensive to deliver business and training support. Unfortunately, he noted that it is rural areas which are more likely to experience low population and business densities. However if the training course is not offered in one's local area, the entrepreneur may spend much time travelling to the location of the course/s and this may lessen their inclination to participate:

**Enterprise no. 154:** "It was a 9 month course, 2 nights a week from 7-9. We would finish here at 6.30, we had to be in \* for 7 but we didn't get back home until 10.10".

In Chapter 8, the importance of providing training courses in small communities is highlighted with particular reference to its significance to female entrepreneurs. Problems identified include lack of transport, distance from the training centre and lack of childcare facilities, which are characteristic of rural areas and are often overlooked.

The above points consider the low level of participation in training courses from the point of view of the entrepreneur. However there were other problems identified by the organisations which may help to explain this further. One organisation manager spoke of the difficulties with regard to finding suitable staff at an affordable cost to deliver these training courses:

**Organisation no. 19:** "Part of the problem is that it is increasingly difficult to recruit appropriate high quality staff to implement enterprise support programmes to the community sector - if you pay peanuts you get monkeys".

It may be the problem also of the target market; as the recent GEM (2002) report suggested, organisations may wish to target fast-growing high profile enterprises, whilst the majority of enterprises in the sample did not fit this category. If such were the case then they may choose not to provide generic type courses.

However it is recognised that some entrepreneurs may not recognise their particular skill shortage and therefore the range of training courses on offer may seem irrelevant to them. Therefore it is important to continue the provision of such courses, as it may act as a stimulus for these entrepreneurs when they begin to develop their enterprises.

# 7.4: Satisfaction with the supports received from the organisation

Once entrepreneurs have become aware of the types of supports available to them, they begin to evaluate the supports they received or did not receive as the case may be. Their evaluation produces feelings of satisfaction or dissatisfaction. It is considered that such levels of satisfaction or dissatisfaction will influence whether interaction was considered a positive or negative interaction experience. The importance of accessing the levels of satisfaction and/or dissatisfaction with specific supports and the contact with the organisation overall was considered significant, as it may relate to whether they would choose to further their interaction with the organisation or any other organisation in the future. It is recognised also that as there is no typical entrepreneur, the interaction experience will be different for each entrepreneur, and in this respect interaction will be either positive or negative. It is at this stage of the examination that the focus switches to an appreciation of organisational behaviour, which allows for an examination of the behaviour of the individuals and the complexities involved in the interaction process (Newstrom and Davis, 1997). More specifically the focus turns to an examination of the levels of satisfaction with the overall level of organisation support received, the level of satisfaction and/or dissatisfaction with selected supports, the level of deadweight amongst the enterprises supported, the greatest obstacles encountered in interaction and the supports or assistance which the entrepreneurs considered absent at present and which they would like to see introduced.

# 7.4.1 Level of satisfaction with organisation support received

Huczynski and Buchannan (1991) have argued that when behaviour is rewarded, then it is more likely that the behaviour will be repeated. Similarly it is argued here that if the experience of interaction is a rewarding and a positive learning experience for the entrepreneur, then it is more likely that there will be follow up interaction. In Chapter 5, it was argued that a negative interaction experience can result from one or more of the following factors: i) ineffective communication ii) inter-personal conflict iii) clash with one's value and belief system iv) unanticipated regrettable messages v) conflict, vi) loss pf power and, vii) breakdown of trust between the entrepreneur and the external organisation. In this regard, the entrepreneurs' levels of satisfaction and/or dissatisfaction with a selection of supports is examined in consideration of the above listed factors.

The entrepreneurs were asked to state their level of satisfaction with the overall level of assistance/support (financial or otherwise) they received from the relevant external organisation. Nearly one-third (30.9%) of respondents stated that they were 'very satisfied' and almost half (46.3%) stated that they were 'satisfied' with the supports received from the organisation (Table 7.8). Therefore the majority of respondents were positive about their interaction with such organisations.

Table 7.8: Level of satisfaction with organisation support

Very satisfied n (%)	Satisfied n (%)	Dissatisfied n (%)	Very dissatisfied n (%)
84 (30.9)	126 (46.3)	37 (13.6)	25 (9.2)

n = 272

Nevertheless, there were 13.6% of respondents who stated that they were 'dissatisfied' with the organisation support and a further 9.2% who were 'very dissatisfied'. A number of reasons for such dissatisfaction can be suggested. It is argued that sometimes it may be related to the entrepreneurs' initial motivation for interacting with the organisation. In recognition of the fact that most entrepreneurs may interact with the organisations solely for the purposes of receiving financial support their level of dissatisfaction may be heavily related to whether or not they received such financial support.

Furthermore a model presented in Chapter 5 (Fig. 5.1) listed ten conditions which affected the extent to which an organisation complies with external demands (Aldrich, 1979). Amongst the conditions noted were that the organisation was aware of the demands of the external organisation and that the resources required were critical to the operation and survival of the organisation. Therefore it is considered that dissatisfaction can occur if the entrepreneur is not aware of the demands of the external organisation, does not receive the critical support sought from the external organisation and/or receives an unanticipated regrettable message to this effect. Furthermore, dissatisfaction may arise because of a number of obstacles such as difficulties in interacting with organisation personnel, how well they overcame any red-tape barriers and how well they understood the objectives of the organisation. Such issues are examined in later sections. One important point to consider is that people can readily discard their positive experiences in interacting with the organisations by their encountering one or more obstacles, and that, such experiences result in the creation of a 'halo effect' (Thorndike, 1920).

One organisation manager who tried to evaluate the level of satisfaction amongst his clients noted one particular difficulty:

**Organisation no. 9:** "I sent out a questionnaire and 20-30% responded, but you can take it that if 70% did not reply, they are too busy and this is positive – if people want to complain they will respond. If they are not complaining, and they are still on the scheme, you can assume that they are happy – people aren't slow to contact if there is something wrong".

On the one hand, this highlights the fact that people are able to complain now if they are not satisfied, on the other hand it may be somewhat optimistic to assume that those who do not voice their dissatisfaction on a questionnaire survey were satisfied with the available supports.

# 7.4.2: Level of satisfaction and/or dissatisfaction with selected supports

In this section the level of satisfaction and/or dissatisfaction with selected supports offered by the organisations are examined. The respondents were asked to indicate their level of satisfaction according to the following: 'very satisfied', 'satisfied', 'dissatisfied' and 'very dissatisfied'. The supports selected include, finance, information and advice to business, training courses, ongoing support for business development, marketing advice/assistance, business start-up and support, specialist consultancy services and business centres/managed workshops (Table 7.9).

Table 7.9: Level of satisfaction/dissatisfaction with selected supports

	Very satisfied	Satisfied	Dissatisfied	Very dissatisfied	Total score	Ranking
Financial support	84	104	23	13	2051	1 <sup>st</sup>
Information/advice	69	111	23	9	1936	2 <sup>nd</sup>
Start-up / support	55	80	26	9	1541	3 <sup>rd</sup>
Training course	43	95	21	7	1502	4 <sup>th</sup>
Ongoing support	27	80	31	13	1329	5 <sup>th</sup>
Marketing advice	32	73	32	9	1296	6 <sup>th</sup>
Consultancy	26	55	31	3	1024	7 <sup>th</sup>
<b>Business centres</b>	14	46	25	8	810	8 <sup>th</sup>

# - Direct financial support

As shown in Table 7.9, the level of satisfaction with financial supports received was ranked in first position. This result might suggest that as the respondents were very satisfied with the financial support received, the level of capital required by the entrepreneurs may not have greatly exceeded that which was received from the organisations. Furthermore it underlines the significance of such financial support to the entrepreneurs. Both the need and the benefit of working capital, particularly in the start-up stage, has been referred to previously (Section 7.3.).

However for those who indicated that they were 'dissatisfied' (n = 23) and 'very dissatisfied' (n = 13), it might reflect their dissatisfaction with the amount of funding received. In a previous section (7.3.2), it was shown that the levels of funding received from the organisation were generally of small amounts. Therefore, those who indicated dissatisfaction may have required a larger amount of capital assistance for their enterprise.

Alternatively, it could be suggested that their dissatisfaction related to their experiences in receiving funding from the organisation. Although one may receive funding from the organisation, it may produce feelings of a loss of control and/or independence. Furthermore, some entrepreneurs may experience dissatisfaction because of the level and type of information which they had to disclose to the organisation prior to receiving financial assistance. Moreover dissatisfaction can

relate to the amount of time required to draw down such funding, such as is evidenced in later results.

#### - Information and advice to business

The availability of external information and advice is very important for both the aspiring and established entrepreneur. Each of the organisations provided a range of advisory supports in the form of local development officers, project evaluators and mentor supports. In this respect, it was expected that this type of support would not only be significant for entrepreneurs, but that the organisations would be a good source of contact for this type of business support. Overall the results were very positive and this factor was ranked in second position.

Newstrom and Davis (1997) argued that every act of communication influences the organisation in each way, and in this respect, this result is encouraging as it indicates that the organisations were a good source of contact for entrepreneurs who required business information and advice. It may also be fair to suggest that for those who received this support and were satisfied with the support offered, they may be more likely to interact with the organisations in the future. Furthermore it is argued that as each business advances to a new stage of development, the entrepreneur will require new skills and knowledge. In this respect, they will require also the support of external sources of business advice and information, and therefore the availability of such will be significant in microenterprise development and in improving the entrepreneurial environment.

For those respondents who indicated that they were 'dissatisfied' (n = 23) and 'very dissatisfied' (n = 9), it might suggest that the type of information and advice which they sought was either not forthcoming or was unavailable. It may suggest also that the dissatisfaction related to the level of information and advice which they could receive from the organisation. In such cases, it is suggested that organisation personnel may offer only general business advice and information and may not necessarily be able to offer advice or information to enterprises of a unique nature (for evidence of such, see Section 7.6).

# - Business start-up and support

As the majority of enterprises were newly established, it was expected that many entrepreneurs received business start-up and support assistance from the organisations. As such, it was considered important to measure the levels of satisfaction with this type of support. The results revealed that for those entrepreneurs who had received this type of support, their levels of satisfaction with business start-up and support was ranked in third position.

However for those who indicated that they were 'dissatisfied' (n = 26) and 'very dissatisfied' (n = 9), it is hoped that their experiences in interacting with the organisations for such support at the start-up stage of business development, did not hinder their business development, or cause the entrepreneur to have second thoughts about setting up a business. Nonetheless, the organisation personnel were experienced and were employed to offer such support to those to whom they believed were fit to establish or develop a viable enterprise.

#### - Training courses

The comments and participation on training courses overall have been rather poor and with regard to the levels of satisfaction with training courses provided, the respondents ranked this factor in only fourth position. However, there were 21 respondents who indicated that they were 'dissatisfied', together with 7 others who were 'very dissatisfied' with training courses received. The many reasons for poor attendance at training courses, together with dissatisfaction with training courses have been outlined in an earlier section (7.3.4).

#### - Ongoing support for business development

It is important to recognise that there should not be a cut-off point in the interaction process, and that individual entrepreneurs require ongoing support during each stage of business development. It is argued however, that one's decision to seek ongoing support from the organisation is influenced by one's previous interaction with the particular organisation. However, the results showed that those who had received ongoing support from the organisation, their levels of satisfaction with such, ranked it in only a low fifth position. Altogether there were 31 respondents who indicated they were 'dissatisfied', and a further 13 who indicated that they were 'very dissatisfied' with the ongoing support received.

Dissatisfaction with ongoing support received from the organisation, may be the result of trying to receive further support from the organisation, which is either unavailable, or the criteria for such, renders the entrepreneur ineligible for the support. This may be the case for those who are seeking further financial support and/or mentor support, as these supports and resources may not be available from the organisation. However, it might suggest also that the level of ongoing support provided by organisations may be inadequate, and in this respect it is worrying. As stated earlier, an entrepreneur will require many types of support from external sources, in the development of the enterprise, therefore it is important that an adequate level of follow-up and ongoing support is provided by the organisations.

# - Marketing advice/assistance

The provision of marketing advice/assistance is a very significant form of support for entrepreneurs at each stage of their business development. The results were somewhat disappointing however, as the levels of satisfaction with this form of assistance, ranked it in only sixth position. This result might reflect the importance placed on marketing and/or the entrepreneurs' willingness to participate in marketing training (Chapter 8). Therefore, it is suggested that for those who indicated that hey were 'dissatisfied' (n = 32) and 'very dissatisfied' (n = 9), it may be, that they expected the organisations to provide them with individual marketing assistance (in the form of mentor assistance or otherwise), that which was only available by participation on a marketing course. Furthermore, the demand for limited human resources may also render the organisations incapable of dealing with marketing advice/assistance for every enterprise they support.

# - Specialist consultancy services

Specalist consultancy services were usually provided by the organisations in the form of mentor support. Although this support may be preferred by the entrepreneurs for the value of one-to-one teaching or advisory attention, such supports are very costly for the organisations involved. Nevertheless the results revealed that for those who had received such support it was ranked in only a low seventh position. This may indicate the relevance and/or availability of this form of support to the majority of the entrepreneurs in the sample. Nonetheless, it is worth including that Smalbone et al (1993) argued that sustained contact can be more valuable to small firms than consultancy of a once-off variety.

#### - Busness centres/managed workshops

Satisfiction with regard to the provision of business centres/workshops was ranked in only eighth position. The advantage of providing business centres to aspiring and/or newly established entrepreneurs has been stated previously. Such centres usually take the form of enterprise units where a number of enterprises are located within the one building. The entrepreneur is usually required to pay rent to the organisation for his/her space within the enterprise centre. In some cases the rent is "looked at individually and an affordable rent is agreed" (Enterprise no. 146).

The levels of satisfaction and advantages associated with a variety of such centres are illustrated in the following comments:

**Organisation no. 13:** "We now have a cluster of incubator type enterprise centres around the county. A lot of these were developed by community groups and organisations for re-discovering an entrepreneurial base within their area, so as to create jobs. They are managed by the communities and the communities themselves are developing their skills".

Enterprise no. 191: "The I.T. centre was set up in 1999 and basically the idea was to boost employment in the area and get them to do training. I would be in support of having these places — I think it would be great if every county in the country had one of these and if we linked with each other — it would improve relationships between different counties if they communicated with each other and offered such things as conferences — we are trying to get more business into the centre - the locals cannot believe we have such a wonderful facility on our doorstep. It has given so many people the confidence to go out and do the courses — the locals who are using the place are doing childminding and sharing transport for each other and, this is important because they live so far away from the town and this is encouraging — other then that we would be stuck".

Enterprise no. 256: "I needed a place to work and it is very central and it's not like a shed - it is a studio. I don't have to give postage to anyone because they can send it directly to the enterprise centre – it's a building everyone knows it. You are somebody when you are here, and we have the secondary services here, 3 telephone numbers, conference room where we can sit together and talk and not in some dirty old shed".

Although many advantages are noted in the above comments, the results reflected a relatively small percentage of respondents actually using or perhaps requiring such centres. As there were 35.1% of respondents who indicated that this type of support was non-applicable and a further 24.7% who did not receive this form of support, this might reflect the large percentage of entrepreneurs who established their enterprise in their local area and thus may already have had their business premises.

# 7.5: The level of deadweight amongst the enterprises supported

Deadweight refers to the ability of the enterprises to go ahead without the support of the organisation involved. Arzeni (1998) argued that any form of government intervention in the economy has to pass the test of the '3 D's' namely deadweight, distortion and displacement. Similarly so for the organisations involved in the study, it was considered a waste of resources if they funded an enterprise which was likely to go ahead without their support.

Often this question is considered to be a trick question as it is argued that it can be used to measure how vulnerable an enterprise will be without organisation assistance. Nonetheless, there were 27.2% of respondents who stated that it was 'very likely' and 22.1% who stated that is was 'likely' that their enterprise would have gone ahead without the financial support of the organisation (Table 7.10).

Table 7.10: Likelihood that enterprise would have gone ahead without financial support of

orga	nisa	tion.

Very likely	Likely	Not sure	Unlikely	Highly unlikely n (%)
n (%)	n (%)	n (%)	n (%)	
74 (27.2)	60 (22.1)	44 (16.2)	47 (17.3)	47 (17.3)

n = 272

However it is very difficult to judge these results as these enterprises may have gone ahead - but in what capacity? – perhaps with reduced quality of their product or service, reduced employment capacity, less capital investment, and additional and/or increased strain and/or worry for the entrepreneur.

There were 16.2% of respondents who were unsure whether their enterprise would have gone ahead without such support. This is surprising as it may suggest that the entrepreneurs were either unaware of the value of such support to their enterprise, that they did not place particular value upon receiving them, or that they were unsure of the viability of the project.

Therefore it may be safe to assume that for over one-third (34.6%) of the enterprises, the organisation support received was crucial to the establishment or development of their particular enterprise, as the entrepreneurs felt that is was 'unlikely' or 'highly unlikely' that it would have gone ahead without such support. On the one hand these results may highlight the entrepreneurs particular vulnerability in the face of an environment without such organisation support. However, it might suggest also that such enterprises were established because of the presence of such a supportive environment.

# 7.6: The greatest obstacles encountered in the relationship with the organisation or in the development of the enterprise

The entrepreneurs were asked to state what was/were the greatest obstacle(s) encountered in their relationship with the organisation or in the development of their enterprise. The responses to this query were varied and are included in Table 7.11. At the outset, it is important to note that not all obstacles were necessarily regarded as negative, and for some respondents, these obstacles were in fact positive and accepted as part of the process of setting-up or developing an enterprise:

Enterprise no. 202: "There were the hindrances that happened – and I have to say looking back at them, it was good that it happened then. It was good because we really probably went into it a little bit too kind of confident. We thought that we had everything worked out and therefore we couldn't lose. Then when unforeseen things come along it kind of knocks a bit of sense into you, and you think, don't be so confident about things – you have to sit down and rethink things here".

Enterprise no. 213: "There are always obstacles ahead of you, which have nothing to do with you but you have to get over them, because at the end of the day it is going to help the overall picture of getting on".

Furthermore, there was a number of respondents (n = 62) who stated that they had encountered no obstacles in their interaction with the organisation or in the development of their enterprise. Positive statements expressed by such individuals reflected satisfaction with both organisation personnel and organisation support:

Enterprise no. 108: "I have always found the staff extremely friendly and helpful".

**Enterprise no. 111:** "No obstacle – I asked for financial help and although I didn't get amount asked for, I got help".

Enterprise no. 122: "I have to say we were one of the lucky ones – we were so lucky, but I will say it was a lot of hard work".

**Enterprise no. 257:** "I found no obstacle with the organisations. They were consistently helpful, encouraging and supportive".

As the above comments reflected satisfaction, this may have implications for the likelihood to seek further interaction, as it is argued that interaction which is rewarding and positive for the entrepreneur, will increase the likelihood of such entrepreneurs seeking additional forms and types of business support in the future. Such positive experiences may also boost the confidence of the entrepreneur and, may encourage him/her to extend their opportunity set and seek out and use an extended network of support services.

Another point was raised by one organisation manger from his experiences in evaluating supports amongst his clients. Often it is those few who have encountered obstacles that will be more likely to respond to such evaluations and as such they may receive what they might perceive to be a very negative response overall which may distort the organisation's view of the value of their supports provided to clients:

**Organisation no. 9:** "In questionnaires that you send out, maybe 20 will respond out of 100 and they will be the one's with the particular grievance and possibly the 80 just wont see the need to respond if they don't have any grievances".

#### - 'Red-tape'

The greatest obstacle/s encountered in the relationship with the organisation/s or in the development of the enterprises are shown in Table 7.11. The results revealed that red tape was the most mentioned obstacle and reflected 30.9% of total mentions to this query. These results are not surprising as red tape has been noted to be a barrier for many entrepreneurs when establishing and/or developing an enterprise. In Chapter 5 Scott's (1995) model was presented (Fig. 5.1). Under the regulative pillar it was explained that organisations must establish rules and laws and actors must obey these rules. Therefore it is considered that when the entrepreneur has to comply with

red-tape the organisations may acquire some degree of power over them, as the granting of supports is dependent on in many instances, the entrepreneur revealing personal business information, and conforming to the rules, goals and procedures upon which the support/s is granted.

Table 7.11: The greatest obstacles encountered in the respondents' relationship with the organisation

or in their development of the enterprise

Greatest obstacle encountered	Number	% Total mentions (n = 181)	% Total respondents (n = 144)
Red-tape	56	30.9	38.8
Organisation personnel	35	19.3	24.3
Funding	31	17.1	21.5
Lack of information/advice/confusion	26	14.3	18.0
Timing	15	8.2	10.4
Unique nature of the enterprise	9	4.9	6.2
Bank	6	3.3	4.1
Follow-up support from organisation	3	1.6	2.0

Although it is accepted that the organisations are governed by rules, it is argued that the entrepreneur should experience no difficulty with regard to red-tape, provided that s/he perceives the red-tape as legitimate and necessary for the provision of the organisational support/s. Furthermore the extent to which the entrepreneur agrees with the rules and criteria for receiving support, will determine the degree of definitional reciprocity between the entrepreneur and the enterprise-supporting organisation, and, this is an important dimension in the formation of interorganisational relationships (Chapter 5). Moreover, it is argued that in order for there to be no problems with the level and type of red tape involved in interaction, it should not clash with the individual/s value and belief system. However, as this was the most mentioned obstacle, it is suggested that the problems with red-tape might be related to a variety of other reasons.

Sallis and Sallis (1990) noted that red tape is synonymous with inefficiency, and evidence of such inefficiency was noted amongst some of the respondents' comments:

Enterprise no. 12: "Form filling with inappropriate forms".

Enterprise no. 46: "Rigid rules – no flexibility".

Enterprise no. 208: "Not very focused on enterprise – more governmental in approach, too much paperwork for very little funding".

Enterprise no. 276: "No obstacles just mind boggling bureaucracy, which was very off putting".

Aldrich (1979) noted that an organisation caught up with rules and regulations can be termed an ossified organisation (Chapter 5). Unfortunately, this type of organisation, and hence obstacle may lead entrepreneurs to feel that their interaction was either worthless, or that it was a waste of time.

Consequently, the entrepreneur might blame the organisation for the problems encountered and this might result in defensive reasoning and/or cognitive dissonance (Newstrom and Davis, 1997). These issues were clearly illustrated in the following comments:

**Enterprise no. 176:** "When I look back it wasn't worth the hassle for the amount I got – for all the paperwork and red-tape – I wouldn't be going with LEADER again, e.g. I could have got a contractor that I knew to do the work for me, but this wasn't allowed - I had to get a registered contractor. Then there was so many forms for the architect etc. *I wouldn't wish it on my worst enemy* and I guarantee you that anyone who has been through this LEADER crack, *I doubt if they will go back again*. Too much red-tape for the measly amount you get".

Enterprise no. 202: "I used to get a letter a week from \* – Dear \* thank you very much for the latest update on your business plan, however we would like some more information under sub-heading blah! Perhaps you might like to give us the figures....I thought - oh go and find them yourself, if they are available to me in the Irish Trade Board, they should be available to you, why should I have to waste my time looking for them, or to sit in traffic to go down there and ask some one to photocopy 40 pages for me when they can do that. You are the one looking for the information \* not me. You had to prove everything to them – it was like living in Poland – honestly. Every time you were jumped ahead they threw you 2 steps back".

**Enterprise no. 22:** "CEB and LEADER have been a disaster as far as I am concerned – too much red-tape, too much distrust and poor selection of real entrepreneurs – I hope it changes".

Such experiences can be particularly unpleasant if they do not appear legitimate to the entrepreneur, or worse if they waste their time in more ways than one and, they are subsequently made to feel foolish for participating in such formalities:

Enterprise no. 154: "I remember when we were getting that initial grant – a £5,000 interest free loan—we had to keep all the receipts. Now I am not exaggerating when I say that I had tiny pieces of paper and they sat down at the table to look at these. I was so uninformed – I had kept receipts for insulating tape at 20p! He looked at me like I had two heads – I felt so inadequate, so stupid. In effect, I had felt that I had done a good job, but I felt that I was in school and I was in for a hiding. Not now - I would speak to the Pope – but I could have run that day and never came back – it could have been the straw that broke the camels back".

**Enterprise no. 65:** "\* are not user-friendly. The amount of correspondence and red tape attached is offputting – I was literally made to feel like my word was not respected. It was not enough to furnish receipts – it had to be shown where we got the money from".

When the above experiences occur it is likely that a credibility gap will develop in the relationship between the entrepreneur and the external organisation, and that this may have a negative impact on further interaction. Furthermore, the above experiences might result in a clash in one's value and belief system, to the extent that the entrepreneur may doubt his/her individual regard for their ability to interact with external organisations of this nature in the future. In such instances the entrepreneur might weigh up the importance of receiving or not receiving the support sought for their enterprise, and might conclude that it is not essential for the functioning of their enterprise. In this respect the entrepreneur may become even more independent from external organisations, and this may have negative consequences for the creation and/or development of their enterprise.

Nevertheless, Donckels and Lambrecht (1996) have linked businesses that have problems with red tape and administrative formalities with those which are not keen on expansion. Perhaps this may be due to their fear of such formalities, as the following organisation personnel observed the physiological effects that such had on their clients:

**Organisation no. 11:** "One of the requirements of the BTWAS is that they register with the Revenue Commissioners and be certified – you can see them sometimes backing off, worrying, going *white in the face* when they hear the taxman".

**Organisation no. 15:** "Some people need insurance, C2, tax etc. some see this as a *major headache* and won't do it, whereas other people see it as part of the focus, it has to be done to get the grant".

Although the problems with red-tape were identified by the organisations, one organisation manager commented that they do their best not to turn them into barriers:

**Organisation no. 3:** "The ethos of the company is to encourage projects coming to fruition without too much red-tape in as far as is possible".

However another organisation manager stated that is was flexibility that was important, as often it is the culture of the organisation that may augment any red-tape obstacles:

**Organisation no. 18:** "Flexibility is important – a lot has to do with the culture of the organisation – their staff, background, if they have worked in business before etc.".

However the culture for dealing with and recognising red-tape may not be present amongst the local communities and this was recognised by another organisation manager:

**Organisation no. 2:** "Somebody will go out to see if they have completed the work if it is building work etc. they have to have all the necessary standards, insurance, invoices, bank statements etc. *in this area there is not a strong history of this* because of education process etc. therefore you had a lot of people *opting out* — we had people who decided not to go ahead because of how to draw down the funds, which is a shame because this area is so disadvantaged".

Nevertheless, it was the Partnership Companies which seemed to score the best as regards their role in helping their clients overcome such difficulties:

**Organisation no. 17:** "We *hold their hands* for them by e.g. registering them with the Revenue Commissioners etc".

**Organisation no. 9:** "If it is in any way possible to get funding from the CEB, we would help our clients (through our mentoring service) draw up their working plan and application and we would send that to the CEB on behalf of the client and then \* would go out and access the project. We have tried in so far as it is possible to get clients to do up their working plans, but given their educational background if we had left it up to themselves to do a working plan they would never have progressed on to the scheme and set up their own small business".

It is important that this type of support is available, as it was recognised by one manager that there are some people who are particularly disadvantaged and may thus experience greater obstacles with regard to red tape:

Enterprise no. 146: "The reality is that most of these people had things going on in their back sheds and they never had to deal with any of these things – and I don't think that the balance of support is enough to encourage these people to become legitimate – pay rent, register to pay tax, insurance, make returns, cover overheads etc."

Other issues identified in relation to red-tape included one respondent's suggestion that the performance and stage of development of his enterprise should have justified less obstacles in the form of red-tape:

Enterprise no. 270: "Too much bureaucracy in an obviously up and running and well managed business".

It has also been noted in organisational theory that "organisations attract the complaint that they dominate the liberty of the individual" (Huczynski and Buchannan, 1991:12). Such an issue was illustrated in the following comments:

**Enterprise no. 9:** "Too many people came to access the project – it should be left to fewer people".

Enterprise no. 139: "The one thing that I always noticed about them was every time we wanted to meet them it was never a case of us going to meet them – and we wouldn't have minded – they came to us. It was only afterwards that we found out that they were getting £1 per mile. This annoyed me".

The entrepreneur may be wary of too many people viewing their entrepreneurial idea. Therefore too many people assessing the project, may signal further loss of control for the entrepreneur, especially if it is perceived as illegitimate and for the financial benefit of the organisation personnel.

Sallis and Sallis (1990) stated that one of the characteristics of bureaucracies is that officials are given power and authority, but that this is limited by the rules which govern their office (Chapter 5). In this respect, the entrepreneurs might imagine that the level of red-tape attached to a particular application may reflect the subjective decision on the part of the organisation personnel and this being the case, they may doubt the level of expert power available within the external organisation:

**Enterprise no. 22:** "No understanding – their hands were tied, funding inadequate and red-tape a real pain".

Enterprise no. 29: "Everyone passed the book to someone else".

Alternatively, accepting the rules of the external organisation may conflict with the entrepreneurs self-esteem needs, which have been argued to include a desire for competence, confidence,

achievement, status and power (Sallis and Sallis, 1990). Their conformity may have led to dissatisfaction and a waste of their time and resources. References to such obstacles were noted amongst the following comments:

Enterprise no. 185: "Jumping the hurdles that they erect and then having them tell you that you jumped them the wrong way".

Enterprise no. 277: "Very often community groups encounter the same level of bureaucracy that exist for private individuals, which is frustrating especially when a project is aimed at improving the locality/community and a lot of time is given on a voluntary basis to ensure the success of the project".

#### - Personnel

Interaction may involve the formation of a dependency relationship between the organisation which requires the support/resource, and the external organisation which controls the support/resource (Chapter 5). Therefore the entrepreneur is identified as being dependent on the external enterprise-supporting organisation for the support/resource required for the proper functioning of their microenterprise. However in some cases, it was argued, this dependency relationship may result in conflict, and in this respect the entrepreneur was considered to be important in the downplaying, counteraction and/or prevention of this conflict. Such conflict may arise as a result of negative inter-personal relationships established between the entrepreneur and the organisational personnel. Huczynski and Buchannan (1991) explained that inter-personal relationships could be either personal or impersonal, and they occur when individuals stand in some relation to one another. They added that for many reasons, and in particular for the protection of one's self-image and self-esteem, damage which occurs to a relationship will result in a deterioration of that relationship and the creation of a psychological distance between the entrepreneur and the external organisation. In the context of this study it is argued that such deterioration may result in no further interaction between the entrepreneur and the external organisation.

Some comments made reference to obstacles encountered in the respondents' relationship/s with the organisation personnel, to the effect that this was the second most mentioned obstacle (19.3%). Although Mansfield (1984) argued that organisations were not people, nonetheless it has been agued that many of the human problems of organisations can be attributed to conflicts between individual needs, and constraints which are imposed on organisational personnel who are working for the collective purpose of the organisation (Huczynski and Buchannan, 1991). Therefore the danger is that when an individual experiences a personality clash or other type of problem with one or more members of the organisation, the organisation for the entrepreneur becomes that personality:

Enterprise no. 139: "All I would like to tell you is that these people are...I don't know if I should use the words I would like to use. They are only concerned about their salaries.....I went to the CEB but I don't speak to these people anymore".

The danger in such an instance is that the entrepreneurs who have had bad experiences with the organisation personnel may avoid any further interaction with the organisation:

Organisation no. 2: "Often people will decide which organisation to go to based on if they get positive feedback".

Furthermore, such dissatisfaction may lead them to discredit the work done and supports offered by that organisation, to the extent that defensive reasoning may occur and the entrepreneur will blame the organisation and perceive the whole organisation in a negative light. Moreover, Dubrins' (1994) term 'perceptual defence' may be used to explain this, because he argued that once we hold a perception of something or somebody, the tendency is that we keep that perception by making the things that we see, hear, smell, or touch consistent with the perception. Such experiences may also lead to the creation of a 'halo effect' (Thorndike, 1920) explained by Dubrin (1994:28) as when "a tendency exists to colour everything that we know about a person because of one recognisable favourable or unfavourable trait'. This will work in both cases, as if the entrepreneur has had a very positive experience with organisation personnel they might expect that their positive experience will continue, and/or that their successful application was a subjective decision by the organisation personnel. Comments such as "I found the staff really helpful" and "we were the lucky ones" would seem to suggest this. Nevertheless an examination and inclusion of the respondents' comments based on their interaction with the organisation personnel is worth examining.

Other problems identified by the respondents may have been experienced because of a difficulty in dealing with people whom they thought were either in power or who were different to them in some way. Some comments made by the entrepreneurs clearly indicated the habit of referring to the organisations as people. Furthermore they suggested that the entrepreneurs were initially willing to accept the expert power and reward power held by the organisational personnel. However, it is argued that if the experience is negative for the entrepreneur, and if s/he perceives their power to be either illegitimate or "non-professional" the credibility and future confidence in such organisational personnel will be jeopardised. This will further deteriorate the relationship such that it will be very difficult to regain a confident and trustworthy relationship between the entrepreneur and the organisation in the future. This difficulty is illustrated in the following statements:

Enterprise no. 62: "Negativity would not look for financial assistance again - and most unhelpful made feel that I was taking money for personal use".

Enterprise no. 83: "My lack of knowledge with dealing with such groups".

Enterprise no. 84: "That they (the consultants) didn't have a clue about the things they are talking about, and time has proved that I am right in this".

Enterprise no. 105: "Lack of interest".

Enterprise no. 114: "CEB gave funding begrudgingly – but no other real assistance"

Enterprise no. 143: "In convincing them that I was determined to start up this project with or without their help".

Enterprise no. 202: "The non-professional attitude of the CEO – the misinformation from his staff and the blatant black-listing of my company".

Enterprise no. 240: 'Difficulty in convincing the assessment officers of the viability of the projects.'

The above comments clearly indicate the habit of referring to the organisations as people. It is expected also that problems arise when people remain behind the screens and out of reach to the entrepreneurs, such as was the case for one entrepreneur:

Enterprise no. 146: "The actual payment comes from Dublin and you are dealing with 30 different people up there. If something is not happening, they put you through to another division up there, and eventually you end up ringing your local office to see if they can get on to them to speed up things or see what's happening. So maybe the local organisations should have a bit more autonomy than they do".

The above comment demonstrates that the entrepreneur has to respect and accept the expert and reward power which such officials hold, with respect to their application for support/s. However, it is also worth including that the organisation personnel may also work behind the screens of their Board and Evaluation Committee such as is illustrated in the following comment:

**Organisation no. 7:** "I ask them every awkward question I can think of – because I am asked them by the evaluation committee".

The solution indicates a preference for power to be redistributed to the local level as this is where the entrepreneurs feel more suited, comfortable and effective in sorting out matters.

Although Mansfield (1984) suggested that the goals which the organisational personnel have for their organisation, will be different from their personal goals, nonetheless, he added that it was clear that these will influence one another. However, sometimes it is difficult for the entrepreneurs to believe that the organisation personnel are trying to help them and that they do enjoy their role:

**Organisation no. 7:** "I am very intrigued with people coming in with business ideas and seeing them going places – it fascinates me and I love it!"

However the relationship offered by the organisation personnel may not always match what is desired and/or required by the entrepreneur:

**Enterprise no. 139:** "5-6 years ago when *we really needed them* and, not only that but someone to come along and say 'well you are doing a right good job here'. Like the kids in the school, you do something you need *recognition* for it – unless what you are doing is nonsense".

Enterprise no. 202: "So there is nobody there whom you feel that is on your side"

Enterprise no. 110: "As a sole trader I feel very isolated – no one to ask in problem solving".

Enterprise no. 120: "I would like more business mentorship one-to-one. I feel that I initiate all the contact due to need and have not felt that the maturity and vision of a mentor was always available. Sometimes I need a *second eye* to be looking out for me and I don't feel that its there – I don't feel that it is *a two-way process*. My interest outweighs their interest".

This may augment their isolation if such exists, in that they effectively shut off interaction with external advisers to the detriment of their enterprise. Furthermore, it is recognised that to be able to feel unthreatened or that one has a "second eye", are essential factors in creating and maintaining healthy inter-personal relationships.

Another issue which arose related to the question of whether the organisation personnel in place were in fact suited to their role. This issue raises the question: is it possible to understand the entrepreneur without ever having been in business oneself? One organisation manager offered this opinion:

**Organisation no. 18:** "They don't need to know all the ins and outs of the business – but they do need to know if it is *viable* – after all, the job of the organisation is to *help*".

However some respondents seemed to think that this did not suffice and their comments illustrated feelings of doubt as to the credibility of the advice provided and/or the ability of the organisational personnel. Furthermore, they suggested that the entrepreneurs did not perceive the power which the organisational officials had, to be legitimate and/or expert, and this is important if interaction is to be sustained. The consequences of such interaction has been referred to earlier, however suffice it is to say here that this will produce a negative interaction experience, such as is illustrated in the following:

Enterprise no. 139: "First of all I think that the people who are involved in the grants should have a very good insight into *productivity* – to some extent into *inventiveness* – into the *psyche* of people like ourselves. Maybe they should come from this *background* – rather then going off to university and getting a Masters in \* listening to lecturers who never leave desks – you have to get to the shop floor to see what is going on. They need more *dedication*.....they don't know what hard work is about – and I don't think they will ever know, they are just *bureaucrats*".

Enterprise no. 202: "The problem was and I see it more and more here even with \* Enterprise Park, that the wrong people are put in charge of these development bodies. If you are giving out money for business it seems to me the most logical background that you should have is a business background. I am finding more and more, may I say it - typical civil servants semi-state who wouldn't know a profit and loss sheet if it jumped up and hit them in the face... what's it's like to get up on a Monday morning with a hangover and try to flog a product that nobody wants. They don't know, they really don't know and I am not talking specifically for myself, I know from people around us and we are all young businesses, they feel the same way. They know their salary is secure - they just have to be seen to be helping businesses but they really don't understand the business that is starting up. They don't think because they are not business people – but they will try to tell you.... oh yes we are its CEB Ltd. – which I actually did laugh out loud when he said that. That's what he sees as his business background and yet he came from \* Co. Council'".

**Enterprise no. 84:** "It is important to me that the consultants *know what they are on about* – which they did not in my case".

Dubrin (1994) argued that when people are similar to ourselves, they usually reinforce and validate our opinions and values, however, when the demands made by an organisation clash with one's individual values, then it is likely that one will suffer from person-role conflict. It is likely, therefore that one may want "to obey orders, but does not want to perform an act that seems inconsistent with his/her values' (ibid, 1994:42). Furthermore this may affect the formation of trustworthy and positive inter-organisational relationships. It is argued that trust may be established by very simple methods such as from what one wears when they meet a client, how one communicates to a client and how one behaves when one is dealing with a client:

Enterprise no. 154: "I remember the first man we met – he was in a *shirt and tie* and you know 'good afternoon' – our work was so dirty.... I was thinking I was so afraid. Now the guy that took over from him is a complete '*loop the loop'*. He came in 'how are you doing', put on the kettle, sat down and put his feet up on the table. I thought straight away I was at *ease*, as opposed to the *upshot* behind the desk – when you don't have the education to deal with them".

Interestingly one respondent stated that he had adopted the dress code of the organisation personnel in an effort to appear more professional and to develop his marketing abilities:

Enterprise no 256: "I had a briefcase and I looked very professional".

Nonetheless, it is recognised that these problems may lead to a breakdown in trust between the entrepreneur and the organisation, particularly if the entrepreneur feels that he/she is incompatible with the organisation personnel. A breakdown of trust will inevitably halt or abandon any further interaction.

This breakdown in trust was clearly experienced by the following respondent:

Enterprise no. 202: "Now what you very quickly realise is when you get more of the state semi/state organisational correspondence, you run down the list of directors and, you see that it is such an *incestuous* situation – that if you are sitting in \* pub you'd have the bank manager, the CEO of the CEB, the chairman of the\* Enterprise Park all sitting together - all discussing quite openly the businesses and who's in them and who's who and what's what. I greatly resent that, I think it is totally unprofessional. And when jobs come up and people who have a good business background and good business sense who should get them, they are literally earmarked for the jobs for the 'boys' and I am saying this quite openly depending on what 'school tie' you had'.

There were other responses which made reference to the problem of high staff-turnover in the organisation and such comments have been singled out as interesting and worth including:

Enterprise no. 17: "Constant changing of staff at the coalface".

Enterprise no. 260: "They are currently undergoing a change of staff".

The problems that a high staff-turnover can cause are endless. They can include a feeling that one's personal and business information is being dealt with by more people than originally expected. This can be particularly problematic for those who feel a loss of control from seeking organisation support in the first instance, and for those who were not happy with having too many people becoming aware of their entrepreneurial idea. In addition the importance of and the time spent establishing relationships with organisation personnel is made more difficult if one is dealing with different individuals at each stage of contact. This may have implications also for the establishment of trust between the entrepreneur and the organisation personnel.

# -Funding

As explained in Chapter 4, one's values lead to the formation of goals. The goals identified by the entrepreneurs are examined in Chapter 8, but suffice it to say here that the wish to have a secure level of personal income and family security were identified as the two most important goals. Nonetheless, when the entrepreneurs were asked to state the greatest obstacle encountered, funding was the third most mentioned obstacle identified (17.1%).

This result might suggest that the amount of funding received was inadequate for the stage of development of the enterprises. The consequences of having an inadequate amount of working capital for the establishment or development of one's enterprise, has been referred to in previous sections. It is important to include however, that those who stated that funding was their greatest obstacle may have interacted with the organisation solely for the purpose of receiving such financial support. The main difficulty is that the organisations cannot fund retrospectively and this

may be difficult for the entrepreneur to understand. Nonetheless there were other reasons identified, such as unanticipated regrettable messages and difficulty securing matching funding, as are illustrated in the following comments:

Enterprise no. 89: "Promise of financial support and not received".

Enterprise no. 140: "Lack of funds for employment grants".

Enterprise no. 171: "Coming up with the matching funds".

Enterprise no. 173: "Two major reductions in the amount of financial assistance originally offered, after committing oneself financially on the strength of the original deal".

Enterprise no. 269: "The grant was supposed to be £10,000, but the VAT on materials was not allowed and this reduced the grant received to me by approximately £6,400".

Such comments not only refer to the obstacle of not receiving specific financial support, e.g. for employment grants, but make reference also to problems relating to funding anticipated and the level of funding received. These experiences were examined in Chapter 5, in relation to unanticipated messages, and it was explained that a conflict between the initial expectation of the amount of grant-aid promised and the amount received may be perceived by the entrepreneur as an illegitimate practice, or perhaps a subjective decision on the part of the organisation personnel. Consequently, this may result in a credibility gap and/or conflict between the entrepreneur and the organisation. The comments also suggested confusion and such confusion from the entrepreneurs' point of view inevitably leads to frustration with the organisation, government and perhaps with self-employment. However, it may highlight also the entrepreneurs vulnerability when they do not receive the capital assistance they needed, expected, were promised or to which they thought they were entitled. Without understanding this fully, it would no doubt lead to their frustration.

In another instance one entrepreneur's comment suggested that interaction actually cost him money:

**Enterprise no. 139:** "As regards grants all we got from them in the end was a miserable £2,500 from LEADER and, I would have invested three times that amount on expenditure for them and not us and that is an absolute fact. You may think that I am being very negative, but I would feel that they are also like *leeches* – they are there to suck and you do all the hard work".

Other respondents clearly saw a waste and/or an unfair allocation and division of capital funds allowed to the organisation and/or distributed amongst their clients:

Enterprise no. 21: "CEB – very unhelpful – will not give grant aid until you are up and running and have proved yourself – a bit difficult to do when you are trying to start up".

**Enterprise no. 29:** "Criteria for assessment of qualifying for grant-aid, seems to be politically biased. Projects should be assessed for local value and contribution to the development of local region and employment opportunities in the area".

**Enterprise no. 78:** "The organisation is state run - therefore in order to receive funding a lot of capital is wasted to meet certain criteria required by the organisation".

**Enterprise no. 228:** "The organisation had a policy of dividing its available finances to all applicants for assistance, rather then funding certain applications to a higher level".

It was identified also amongst the individual comments, that community groups in particular experienced difficulty with regard to obtaining finance. Such difficulties are illustrated in the following comments:

Enterprise no. 146: "Another particular problem for community groups is that you have to spend the money first of all in order to get it – you don't have the money to start with, so you end up getting loans out and paying interest and bank charges on that. This puts constraints on good projects and extra constraints which they cannot afford".

**Organisation no. 10:** "The frustrating thing for a lot of groups is that just when they get their act together and identify their needs and issues etc. and when they are ready to go and know what they want to do – the funds haven't been available to them (a lull in proceedings) and therefore the impetus to proceed falls away in the meantime".

**Enterprise no. 180:** "Without the support of LEADER the community would have been left with a very large debt which would be most difficult to repay as the hall is non-profit making".

**Enterprise no. 201:** "The very strict war they have before a community council can draw down a grant – more flexibility needed between LEADER Groups and common sense".

One organisation manager offered an opinion with regard to this problem but the suggestions seemed to imply that a change in the practice of funding such groups was needed:

Organisation no. 7: "I think that matching funds has to be looked at – it's crazy, community groups do not have the capacity to go to the bank and repay the loans – so they are not economical they are social and I don't think that it is up to the CEB to get involved in social things. They are not economically viable and this would not be down our alley - whether they want that or not - it's not a very high profile route".

Although funding was the third most mentioned obstacle, there were only 31 respondents included in this group. This small figure came as no surprise to some of the organisation managers whose comments included:

**Organisation no. 17:** "I am not surprised that funding has been rated lowly, as it is not a major stumbling block for people nowadays".

**Organisation no. 14:** "Recently with the growth of the Irish economy and the 'Celtic Tiger', more of our aid is coming in the form of refundable grants".

However the danger of generalising financial supports available, and the ease at which they can be obtained, can cause many problems, as was experienced by one respondent:

**Enterprise no. 202:** "I was in the United States I remember, and I decided that I had to start this company in Ireland because the funding is there, they are throwing out money – little did I know".

#### - Lack of information/advice/confusion

Obstacles relating to a lack of information/advice and confusion surfaced in 14.3% of total mentions. It was expected that respondents would refer to a lack of information/advice and to their confusion as to the types of information/advice and supports offered by each of the organisations. Nonetheless this obstacle was recognised also amongst some organisation managers:

**Organisation no. 2:** "They may not be funding the same projects but they are all more or less doing the same things".

**Organisation no. 7:** "I do think that there is a *plethora* of organisations out there – I don't know how you would define the difference between LEADER and the CEB and, I have worked with LEADER and CEB – they are basically funding the same thing that we are funding – its very *tricky*, I would be the first to say it".

**Enterprise no. 146:** "There is a *mirage* – there is a plethora of organisations and people do get *confused* with who does what and who do you go to. Sometimes it has been advantageous to have all these groups – because there is so many Boards and so many different people on the Boards, that there is projects that maybe went to LEADER and couldn't get funding and so went to the CEB and were able to get funding".

Enterprise no 176: "I feel that there are too many organisations – its all too fractured".

It is argued that there needs to exist a common understanding between the entrepreneur and the organisation to avoid such confusion as it may also have an effect on the entrepreneurs likelihood of interacting with external organisations in the future. Confusion may lead to a waste in the entrepreneurs' time and/or resources as they may be seeking information/advice for a project which may not be entitled to such support from that particular organisation. Confusion will inevitably lead to frustration, which could be avoided by seeking, receiving and providing clarification as to the types of organisation supports available at the beginning of the interaction process. Nonetheless the suggestion that there should exist a 'one-stop-shop' for enterprise supports in each county is likely also to present difficulties, such as is suggested in the following comment:

**Enterprise no. 146:** The danger is that with a 'one-stop-shop' you suddenly have maybe 6 people who become Gods in giving out funding. One of the fears I would have is that you would probably be dealing with 'top heavy' in these organisations and political representatives and they may not have the same attitude towards us"!

A selection of responses are included to illustrate the lack of information/advice and/or confusion as to the supports available:

Enterprise no. 51: "Lack of information about what was required before gaining assistance".

Enterprise no. 55: "Lack of clarity as to the type of businesses funded".

Enterprise no. 64: "Opposition for farming projects".

Enterprise no. 80: "No perceived value – didn't know what they wanted".

Enterprise no. 96: "Lack of printed material relating to filling out forms, questions vague yet the answers were microscopily scanned".

Enterprise no. 106: "Initial awareness of what they could do – it was up to me to find out how they could support us".

#### - Timing

In Chapter 5 it was noted that the majority of the enterprises were one-person operations and as such the demands on the entrepreneurs time and resources were very strong. Therefore any interaction experience which is regarded as a waste of time for the entrepreneurs can have only negative consequences, as it is unlikely that such interaction will be repeated. Issues relating to timing were the fifth most mentioned obstacle (8.2%). One respondent carefully noted that, even though he used his time to fill in the questionnaire, he felt as though it was worth it:

Enterprise no. 96: "While I filled out this form, I missed out on getting work done – but I feel that it is important to encourage any help offered to self-employed workers".

The importance of time to the entrepreneurs was illustrated with reference to a variety of their experiences in interacting with the external organisations:

Enterprise no. 139: "Its just that time is the biggest problem we have – I am running out of time, I am 59 – but after some time you may say I have a pension and I will just retire – and that's very sad".

Enterprise no. 146: "From our experience, nobody seems to be able to follow-up something to the end – it seems to be left aside until somebody else looks at a part of it and, in the meantime it takes time and your whole project is held up and, you have an overdraft in the bank paying interest on it. There is a bureaucracy being used by them which is very frustrating".

Enterprise no. 154: "My business is too important to me to waste time – that's why we have the business that we have because we don't swan off to things – I go to a meeting if it is to our advantage if not then I won't go".

Enterprise no. 202: "At the end of one week I had a full list of \* brokers in Germany. 4 months later I still hadn't heard from the enterprise board – I didn't tell them I had it because I thought I want to test you lot out! .....Firstly she came up with exactly the same information as me, so whoever did it for 4 months had to be doing it the way I was doing it. So let Mary Harney walk in here and I will soon tell her what the CEB is like".

Enterprise no. 256: "I could sit down here and say ok I will give them one more day, ok wait another day – but this will be very *dangerous* for my business".

One respondent who made reference to time, mentioned an important piece of advice received during her training which would help to avoid wasting time:

**Enterprise no. 202:** "Something that I remember from the 'Start Your Own Business' course was that the guy said to us, if there is something in the start up phase that you are doing and it gives you stress and you are not able to do the job properly then hire someone to do it - because you will only try pushing it away because you don't want to do it, you are making a dining room table and 6 chairs before you will do that, or you will paint the Sistine Chapel".

However not all entrepreneurs are in the position to hire an additional person in order to reduce their workload or save them time. Nonetheless, the entrepreneur must appreciate that the interaction will involve the use of a certain amount of their time. Huczynski and Buchannan (1991) argued that although it is expected that an organisation may make demands on the individual's time and effort, such demands would be seen in a positive light only if these demands are seen to be legitimate. However the comments cited suggested that the demands made on time or the time the entrepreneurs spent engaging with the organisations was not seen as legitimate. The respondents made reference to such demands as being dangerous for their enterprise and their comments suggest that if they had not taken individual action, it would have had negative consequences for their enterprises.

The question arises: what if one does not take this action and waits for four months to receive a list of brokers? or if one lacks the confidence and/or skills in which to do so? Perhaps one may lack the necessary skills and/or confidence to contact the organisation to find out the reason for the delay and, therefore they end up waiting to be contacted to the detriment of their enterprises.

The focus on time raises another important issue as many entrepreneurs may require more time than they imagine in order to successfully establish their enterprise. The lassiez-faire approach to entrepreneurship which essentially argued that one could be born an entrepreneur has been largely discarded, as it is argued that one can become an entrepreneur and such behaviour is influenced by a range of contextual factors, including individual life and work experiences, skills and available resources (Chapter 4). However the important point to consider is that both the experience of discovering one's entrepreneurial idea together with the process of establishing one's enterprise, takes time. The exact time period in which this is done varies as there are different types of people and many varieties of enterprises, although one organisation manager tried to place a general time period on this process:

**Organisation no. 19:** "A major practical issue is the length of time it takes for a start-up business to be able to stand on its own feet.....generally speaking you are talking 2 to 3 years".

For some entrepreneurs this suggested 2 to 3 year time period is necessary, for some t may take longer and others need less time. However there can arise a conflict between the time in which the entrepreneur thinks it will take to establish their enterprise and the time in which the organisation personnel consider is necessary for that individual. The organisation personnel will attempt to evaluate the length of this time period by reference to their entrepreneurial idea, existing skills, awareness of their market, previous work experiences and a range of other factors. This package which makes up the entrepreneurial individual has led to one organisation manager's suggestion that that there should be support offered to those who need 'time out' to discover their entrepreneurial idea:

Organisation no. 17: "...perhaps offering them a 'sabbatical' to do their own research".

For the organisations this would require more substantial human and financial resources. Nonetheless for some entrepreneurs, they will simply need to take a 'step back' to evaluate what they are hoping to achieve:

**Organisation no. 16:** "Some people come in here and they have the skills to work in but they have not taken a *step back* and evaluated them as a business. So it's really getting people to think – about each and every aspect and what they are really getting themselves in to".

Other comments referred to general problems which linked the problems associated with red-tape and with the time taken in the application process:

**Enterprise no. 34:** "2 year delay, mis-information regarding the amount approved versus amount given, non-support following start-up".

Enterprise no. 118: "Very sluggish administration and processing".

Enterprise no. 227: "Length of time between applying and getting".

The organisations, however, have legitimate time frames which are needed to receive a full and satisfactory application from each client, together with all relevant supporting documentation, which can then be put to an executive meeting of the Board until it is passed. However the organisation personnel also expressed problems with regard to the time involved in the application process, which shows an appreciation of the negative implications that this delay can have for the entrepreneur:

**Organisation no. 17:** "If there was going to be a change, I would like to see the eligibility time shortened. My own view with regard to the CEB is that they are too slow for someone who is setting up a business, e.g. one of our clients who was looking for funding for equipment – it would have taken 3-4 months to get the funds paid out/approved etc., so he went to the bank and leased the machinery instead".

## - Unique nature of the enterprise

A small percentage of the responses (4.9%) related to obstacles categorised as unique, as they suggested that the obstacle encountered, related to the unique nature of the project for which they sought support. Therefore some entrepreneurs were of the impression that because their enterprises were unique, they were misunderstood by the organisation and consequently this caused their particular grievance. Although such comments may relate to the organisations unwillingness to support projects which they perceived as not only unique but also risky, the problems experienced may also convey difficulties experienced by the entrepreneurs in communicating or presenting their business ideas to the organisations. As Sallis and Sallis (1998:28) have argued "if you have not been understood you have not communicated", therefore the hard part may be in convincing people that your entrepreneurial idea will work – the heart of entrepreneurship! A selection of responses is included to illustrate this particular obstacle:

Enterprise no. 5: "The type of our business been so different - was unsure in beginning".

Enterprise no. 17: "Lack of start-up support due to no equivalent business".

Enterprise no. 30: "Lack of knowledge of the potential of the project – nothing to compare it to".

**Enterprise no. 72:** "Misunderstanding the nature of my project – that it is a craft not industrial – general mismatch of advice".

**Enterprise no. 132:** "New venture – didn't know how to approach the project - different from the normal and so did not seem too interested –only LEADER helped us out".

Enterprise no. 139: "Lack of knowledge of our product, lack of belief in our product".

Enterprise no. 190: "The CEB had no craft people on their board and it took me a while to convince them that my product would sell".

Two respondents praised the LEADER Company for having the "courage" to support their type of project:

Enterprise no. 83: "I cannot praise LEADER enough for having the initiative and the courage in taking on such an unusual project. Artists are usually seen as 'bad risk' – this business is actually profitable!"

**Enterprise no. 132:** "LEADER was the only group prepared to back this venture for which we are grateful – other groups gave little or no help at all".

## - Bank

Only a small percentage of the responses reflected obstacles with regard to one's dealings with the bank (3.3%). This might result from few having approached banks or it could result from a high rate of rejection by banks. Although some might suggest that it was not difficult for the micro-

entrepreneur to secure funding from a bank, there were a small number of respondents who did cite difficulties in their interaction with the bank and, such comments merit inclusion:

Enterprise no. 128: "Bank interest rates very high for our industry – we are considered high risk".

Enterprise no. 152: "Dealing with the bank".

**Enterprise no. 205:** "High interest rates charged by the bank – conservative – risk aversion attitude by Bank \* ".

Enterprise no. 209: "Getting the banks to trust me".

There are many reasons why micro-entrepreneurs may experience difficulties in securing financial assistance, and Felsenstien et al (1998:151) has suggested that it may be due to the 'risk profile' of the small business which "is likely to be weighted by factors other than project viability such as ownership structure, business experience and location of the firm". Such factors have implications also for the types of enterprises involved in the sample which were mostly one-person operations located in rural areas. Consequently it is argued that such experiences may not be unique to those entrepreneurs and may have included a greater number of the entrepreneurs in the sample, considering the profile of the majority of the enterprises (Chapter 6). Such difficulties with the bank or in receiving capital assistance elsewhere may also have been the initial trigger in activating or stimulating the entrepreneurs interaction with the organisations, as Felsenstein et al (1998:151) argued "capital subsidy programmes aimed at small businesses attempt to compensate for market failures that exist in the conventional financing markets".

#### - Follow-up support from the organisation

Only 1.6% of the responses indicated an obstacle with regard to not receiving follow-up support from the organisation/s. The comments were mainly general and included:

Enterprise no. 38: "Lack of follow up by Partnership".

Enterprise no. 149: "Follow-up assistance".

# 7.7: Supports or assistance absent at present

It was considered important to examine any supports or assistance which were considered absent and one's which the entrepreneurs would like to see introduced in the future. It is worth keeping in mind that Smallbone and North (1999) suggested that although support needs might consist of a list of what the business owners think they require, nonetheless, they may not be fully aware of everything their business needs to fulfil its full potential. The range of absent support identified by the entrepreneurs are listed in Table 7.12.

Table 7.12: Absent supports which the entrepreneurs would like to see introduced

Supports absent	Number	% Total mentions (n = 155)	% Total respondents (n = 115) 37.3 33.9	
Inadequate funding	43	27.7		
Training	39	25.1		
Particular assistance	22	14.1	19.1	
Information/advice	17	10.9	14.7	
Follow up from organisation	9	5.8	7.8	
Less red-tape	8	5.1	6.9	
Mentor assistance	7	4.5	6.0	
Other	10	6.4	8.6	

Overall there were a high number (n = 161) of respondents who chose not to answer this question, and it is suggested that perhaps this may be because many were unsure as to the type/s of support or assistance absent which they would like to see introduced. Furthermore, it might reflect satisfaction with the existing type/s of supports available such that there were no other immediate support/s or assistance that they needed for the creation and/or development of their enterprise. Although it is beyond the scope of this study to identify all the supports which the entrepreneurs may need, nonetheless they were asked to identify the supports which they considered that they needed and which were presently absent.

# -Inadequate funding

As noted in an earlier statement, one organisation manager suggested that the main reason why the entrepreneurs interacted with the organisations was due to their desire to receive capital assistance. This was reflected also in the following comment:

**Organisation no. 9:** "If you were to ask clients what they need for the future improvements they will say more grant aid".

However one respondent was of the view that all entrepreneurs should be entitled to financial support:

**Enterprise no. 76:** "Everyone with a small or alternative business idea should be entitled to a grant to give the business a chance".

Inadequate funding was the most mentioned response to this query (27.7%). There were two questions which were worth considering in this respect: i) did the entrepreneurs require capital support in the form of grant-aid as opposed to loans from banks, credit unions or otherwise? or, ii) was it that they preferred to interact with such organisations for financial assistance, as they were more likely to receive this type of support from them, more cheaply or for free?

As stated earlier, those in the micro-sector may require only small amounts of working capital in order to get established, however the funding received from supporting organisations may not be adequate for their business needs (see Section 7.3.2). Nonetheless, they may not be in a position to secure loans from either the banks or other financial institutions and may therefore prefer to seek such assistance from the organisations. One organisation manager noted, however, that there was still the preference from financial institutions to support larger enterprises and therefore he suggested the need for revolving loans, especially to support those in the micro-sector:

**Organisation no. 19:** "There has been something of a change in the attitude of the major financial institutions towards funding, but they still prefer rather *glossy glamorous high tech* types of business and they tend to prefer to support businesses which don't need to be supported. There is much more need for quite substantial mechanisms which would provide *revolving loans* which provide funding through revolving loans and occasional grants".

In addition, it was noted also that some micro-entrepreneurs might prefer to generate all necessary funds internally without the loss of control which they would feel if they were to seek funding from an external source. This may be why there were so few references made to the banks, and it might suggest that they preferred to seek assistance from the organisations in question. Although the importance of financial assistance was noted, one organisation manager was of the view that they should abandon the particular grant-aid assistance and instead introduce loans:

Organisation no. 7: "I would be a firm advocator of loans only – now that would be the view of the Board. I think that there should be some onus on the them to pay the money back, even if it is only 1% – I mean if you hand out a grant of £10,000, ok it might stimulate work and it might stimulate economic development, but I don't think that anyone should get anything for free – it is a good idea to give a loan, a very low interest loan and have some onus on you to pay it back, because in the real world you don't get money for free – I don't think it is a good mentality to put into people".

Despite the above suggestion, only three respondents stated that they would welcome the introduction of loans for small business owners and more specifically low interest rate loans. One other respondent stated that loans should be introduced but with a three-year tax-free period. In this regard, it is likely that they preferred to receive funding from the organisations, because they could receive it more cheaply or for free. However not everyone may be in the position to repay loans regardless of their form, but the important point raised in the above comment was that the entrepreneur may experience more ownership of the capital received if there is some onus on them to repay it partially or in full. Such ownership of one's capital assistance sought and received may help to diminish any feelings of loss of control with regard to this type of external assistance.

Furthermore, the establishment of the organisations in question and their introduction of financial assistance in the form of direct grant-aid, may have instilled a certain grant mentality amongst the

entrepreneurs which may have led some to believe that they were entitled to receive financial assistance:

**Organisation no. 2:** "Often you will get people in here with ideas that are completely off the wall – they don't want to do anything they just want the money – they want to see the money".

This grant mentality may be implied in the following comments as they made reference to the purpose of receiving such aid:

Enterprise no. 42: "For the start-up situation, bigger grants"

Enterprise no. 162: "Better and more easily obtained financial aid"

There were some respondents who stated that they would like to receive specific types of funding which they believed would be of direct benefit to their enterprises:

Enterprise no. 119: "Low interest loans"

Enterprise no. 134: "Rent allowances"

Enterprise no. 141: "Marketing grants"

Enterprise no. 163: "Finance - to up-date machinery".

Enterprise no. 214: "Follow-up financial support".

Enterprise no. 236: "Investment capital"

Enterprise no. 243: "Capital grants towards buildings"

Although some of these types of funding were available (rent allowances – only in some cases and for the Partnership clients only), perhaps they thought that if they had a genuine need for such types of funding, then it should be available. It can be suggested however, that their requirement for such specific types of support rather than simply stating finance/grants is positive and may appear more genuine, as they had identified *why* they needed such funding.

There were some respondents who suggested that they needed employment grants to help them employ people for their enterprise, or to help contribute towards their staffing costs:

Enterprise no. 48: "Funding towards staffing costs"

Enterprise no. 140: "Employment grants"

Enterprise no. 191: "Financial supports to assist in paying wages"

Enterprise no. 219: "Larger employment grants"

Enterprise no. 245: "Employment subsidies"

Although it can be said that employment grants may have been very beneficial and may have encouraged people to expand their employment potential, it may be unrealistic to assume that organisations should pay for the salaries of the people subsequently employed.

Some of the CEBs introduced what was referred to as cumulative redeemable convertible preference shares, where they could buy shares in a company to a maximum of £50,000 to be used to fund the working capital of the enterprise, but this was only for those who had established a company ltd. This type of funding was not referred to by any of the respondents, which might suggest that their particular enterprises were not suited to this type or amount of investment.

Another respondent suggested that if there were travel grants available it might improve the marketing potential of the enterprises:

**Enterprise no. 250:** "Specific travel grants to encourage entrepreneurs to see how other countries do things. This would improve quality of product and design innovation.

Other respondents suggested that more grants should be available especially for specific people/groups:

Enterprise no. 85: "More funding from National Lotto for voluntary groups".

Enterprise no. 185: "More small start-up grants that are more easily accessible, especially for unemployed persons with a disability, women and people in the P.A.Y.E. sector that have a business idea".

One organisation manager noted the issue with regard to the problems experienced by community groups in securing funding also:

**Organisation no. 9:** "Because of the very nature of the community enterprises they are not profit driven and some of them may not have the potential to make a profit even in the medium term. So no one will give funding to a lot of these community enterprises especially under the demand deficient side".

Interestingly, only one respondent stated that because of a lack of finance he relied on his personal contacts to secure funding:

**Enterprise no. 221:** "Financial help – its very simple, you cannot move without money! I borrowed from a friend".

#### - Training

Over one-quarter of the responses (25.1%) indicated a desire for further training supports, such that this was the second most mentioned factor identified. A small number of respondents identified the need for training on management consultancy, marketing training and another respondent

suggested that the organisations should provide training for people of all trades. It is difficult to imagine that the types of training suggested - marketing, I.T, e-commerce, business management etc. were not already available to the entrepreneurs. However, it might be suggested that either the entrepreneurs were not aware of their availability or that they were not informed of their availability. Therefore the suggestion is made that perhaps the entrepreneurs needed to improve their awareness of the available enterprise supports present and/or that the organisations need to increase the information provided on the available supports.

Perhaps some organisations sought to target their high profile companies (those that were expanding, increasing employment etc.) and to offer them specific types of training courses to the detriment of the smaller entrepreneur and the more general types of courses which were suggested (also suggested in a recent GEM 2001 report). Such training may be unsuited also to those who do not wish to grow beyond their own desired cut-off point. If this tendency existed then it would not be difficult to imagine that the smaller micro-enterprises and/or one-person operations may be left out or, left unaware of the types of training courses available. Some of the suggestions with regard to training are included in the following:

Enterprise no. 62: "More training courses, marketing advice or specialist consultancy services rather then finance".

Enterprise no. 103: "Marketing and promoting the new business".

Enterprise no. 108: "More workshops to inform the tourist trade about the importance of I.T. and the Internet etc."

Enterprise no. 113: "More help in moving to become an employer. The tax, safety etc. issues are very daunting for owners and it seems a big step".

Enterprise no. 118: "Management training courses"

Enterprise no. 148: "More computer courses"

Enterprise no. 158: "Basic training should be provided free of charge to manage small businesses".

Enterprise no. 205: "Internet marketing – e-commerce".

Enterprise no. 208: "Marketing assistance workshops".

Enterprise no. 210: "In-house computer training for staff".

#### - Particular assistance

There were some responses which referred to the absence of supports of a specific kind and of particular benefit to individual enterprises (14.1%). Such supports included farming, landscaping, rural development, equine information and more support for charitable organisations and female entrepreneurs. Overall the responses in this category were varied and included:

**Enterprise no. 12:** "Mail shots to houses listing the services; initial approach available for discussion purposes only, with somebody readily available".

Enterprise no. 50: "More support to charitable organisations who are giving services".

Enterprise no. 64: "More support for farming projects particularly in facilities for sale of sheep and wool".

Enterprise no. 80: "There has been a blanket stop in aiding direct landscaping projects, yet environmentally with all the construction going on, landscaping is needed even more".

Enterprise no. 89: "More support for women to help them to return to the workplace".

**Enterprise no. 201:** "More help for rural people who would like to improve their home so they could join the tourism business".

Enterprise no. 250: "Specific travel grants to encourage entrepreneurs to see how other countries do things this would improve quality of product and design innovation, participation in foreign affairs including sales".

Other responses included suggestions that the enterprise-supporting organisations should be involved in identifying suitable labour and/or engaging in student and apprentice placements:

**Enterprise no. 125:** "For instance that a CEB would find you 5 potential employees to choose from and save the business owner much time. They have access to FÁS and back to work that enterprise owners do not".

Enterprise no. 194: "Should be put on the careers list for students?"

Enterprise no. 264: "Recruitment of employees apprenticeships for interested young people".

# - Information/advice

Interestingly the suggestion that there was a need for more information and advice was the fourth most mentioned support identified (10.9%). Some suggested that if more information/advice was made available, the confusion experienced with regard to the types of support offered, the role of the particular organisation and the types of information available may be better understood. A number of practical suggestions were included in this regard:

Enterprise no. 33: "More information for both myself and staff".

Enterprise no. 65: "Facilities in local library".

Enterprise no. 114: "Any relevant information/courses to your sector should be passed on regularly".

Enterprise no. 137: "Better help with sourcing information".

**Enterprise no. 231:** "At year one to be able to have a support and advice where you have failed and how to improve".

Enterprise no. 269: "A better-detailed information available to people that have business ideas".

There were other respondents who made reference to the need for more marketing information:

Enterprise no. 103: "Ongoing assistance in the field of marketing and promoting the new business".

Enterprise no. 110: "How to market my product".

Enterprise no. 139: "Real help with marketing at home and abroad".

Enterprise no. 265: "More marketing assistance".

It is suggested that some of this assistance could have a financial component, as the marketing of products either by the entrepreneurs and/or the organisations will require financial investment which may be lacking. Other issues which were identified included the need for information on tax issues, "dealing with people", "management consultancy", "how to keep books" and information on "business expansion".

One respondent identified the need for "honest and supportive assistance", which suggested that he was either confused with information sought and/or received or, that he did not trust the organisation to provide such honest support. Another respondent identified the need for "information relevant to enterprise", which suggested that he was either confused and/or unaware of the supports available.

Again comments which referred to the need for more information were generally positive and realistic as regards what could/should be made available to the entrepreneurs. Their comments suggested that the entrepreneurs desired to increase their level of awareness of the supports available to them in their external environment. Such comments, however, may have implied that more human resources were required by the organisations in order to promote more awareness and provide the services which the individual entrepreneurs suggested, e.g. sourcing information by sector and matching it with the enterprises supported and then sending such information to each client. This activity would also take time to organise and sustain and it might therefore require the employment of a separate information officer with a brief similar to that of the person employed by the community groups – as noted in an earlier section (7.2.1).

There are others who would argue that, as we live in the information age, it should not be difficult to source information, given the variety of methods which one may use to do so. However often these methods require people who have the necessary literary, discovery, I.T. skills etc. and it should not be taken for granted that all people possess these skills. Although the nature and essence of entrepreneurial behaviour is such that they seek available opportunities in their environment and have a high internal locus of control, there may be some entrepreneurs who are disadvantaged because they lack these skills. Therefore it may be necessary for the organisations to take the

'partnership' approach referred to earlier and to 'hold their hands' and provide them with individual attention.

## - Follow up support

There were 5.8% of the responses which indicated a desire for more follow-up contact from the external organisation. The comments included a number of practical suggestions:

Enterprise no. 30: "Maybe a check up on projects".

Enterprise no. 56: "Follow-up to check the results of expenditure".

It is difficult to imagine that all the entrepreneurs would favour this type of activity, but nonetheless these comments suggest that the two entrepreneurs accepted that the organisations had to account for all funding granted to entrepreneurs and to check that it was used in a proper way. One other respondent suggested that there should be follow-up contact particularly for voluntary groups:

Enterprise no. 255: "Ongoing contact with voluntary groups regarding advice and support".

Follow-up contact is often left to the individual to establish, as there are so many clients and not enough personnel employed to check on all projects supported. It would seem desirable that more clients would initiate follow-up contact for the purposes of informing the organisations of the positive effects and/or benefits of the supports to their enterprises. However, in the same respect this should be encouraged also by the organisations.

#### - Red-tape

As red-tape had been identified by the entrepreneurs as their greatest obstacle, it was expected that the respondents would again make reference to issues relating to red-tape in their suggestions for future supports, yet this only surfaced in 5.1% of the responses. One respondent suggested that he wanted red tape removed:

Enterprise no. 10: "To see all red-tape removed and the entrepreneur skills and vision recognised".

However, there were also some practical suggestions included amongst the comments:

Enterprise no. 82: "Easier application and processing of draw down procedures".

Enterprise no. 96: "Better lay-out of forms regarding business plans".

**Enterprise no. 197:** "I think the more comprehensive and easy to account for system for a one-person operation".

As noted earlier, those who stated this particular obstacle may not have been keen on expanding their enterprise and/or dealing with regulatory burdens, such as is implied in the following comment:

Enterprise no. 177: "There appears to be too much red-tape for the small grant that you get – it is not worth the hassle, getting registered builders etc. for such a small grant".

## - Mentor

"A mentor is a role model who guides another employee (a protégé) by sharing valuable advice on roles to play and behaviours to avoid" (Newstrom and Davis, 1997:96). The advantages of providing a mentor system have already been discussed and it was argued that some entrepreneurs instead of the traditional group training structures, might prefer individual attention such as that provided by the mentors. However it was noted also, that the provision of this service was very costly, and that most organisations would lack the necessary human and financial resources necessary to provide this service to all their clients. Nonetheless, those entrepreneurs who would particularly benefit from an individual mentor would most likely be those who are especially disadvantaged and/or in the start-up stage of their enterprise and/or application process. Nonetheless, the results to this query revealed that only 4.5% of the responses included reference to the provision of mentor assistance.

Those who suggested the need for this type of support implied that a mentor would provide assistance to them when they were experiencing difficulties. The comments suggested also that they would like a deeper relationship with their mentor, similar to that offered by a business counsellor:

Enterprise no. 21: "An enterprise mentor would be very useful – someone to talk to when the going gets tough".

Enterprise no. 84: "Somebody who knows the trouble of starting a new business".

Another respondent made a practical suggestion, that he would like to "get people involved in small business to talk to or advise people starting-up". This suggestion implies that one needs to be or to have been an entrepreneur themselves in order to best advise other entrepreneurial individuals. This was implied also in the following suggestions:

Enterprise no. 172: "Business mentoring by established businesses other than professional mentors".

Enterprise no. 224: "Get people involved in small business to talk to or advise people starting up".

Enterprise no. 238: "A freelance adviser in business that I could call with queries that would be located at the local officer".

However, in order to implement the practical suggestions offered by the entrepreneurs, one organisation manger stated "it really comes down to budget at the end of the day".

#### -Other

There were some other suggestions noted (6.4%) which were also worth including, as some suggested that they did not receive adequate support on the level that they perhaps anticipated:

Enterprise no. 27: "Any help at all would be useful – but it is not forthcoming".

Enterprise no. 64: "More support for farming projects".

Enterprise no. 66: "Encouragement of all types of businesses in local areas".

Enterprise no. 270: "Any support would be appreciated".

Enterprise no. 132: "Very little help available especially if something is a bit daring and different".

Other respondents suggested that the organisations support more 'networking' activities and another suggested that the organisations become active in 'political lobbying and public relations'.

## 7.8: Conclusions

The main focus of this chapter was on developing an understanding of the interaction between entrepreneurs and external enterprise-supporting organisations. It was considered that the essence of entrepreneurial behaviour lies in the identification and use of available resources, in facilitating and supporting the entrepreneurial venture.

The majority of the respondents identified personal contacts and the availability of local media/public meetings in their community, as the main sources for establishing awareness of organisational supports. These results suggested that the entrepreneurs had a good level of interpersonal relationships to the extent that this type of information was shared, and that the organisations provided good outreach information, perhaps in the form of public meetings, mail-shots or otherwise.

With regard to how the entrepreneurs contacted the organisations the results revealed that there was a very low percentage of entrepreneurs who used e-mail and written documentation to communicate with the organisations. There were a number of respondents who never had face-to-face meetings with the organisation. Furthermore the majority of contacts were in the frequency of one or more times per 6 months. Although it was acknowledged that the frequency and method of contact with the organisation will depend in most cases on the stage of application, nonetheless, it was considered that face-to-face meetings and frequent contact with the organisation was considered important in the establishment of positive inter-organisational relationships.

In answer to why the entrepreneurs interacted with the external organisations the results revealed the significance of receiving financial supports from such sources. Finance was considered the greatest help received by the entrepreneurs and was ranked in first position with regard to those who expressed satisfaction with supports received. In addition funding was the third most mentioned obstacle, whilst inadequate funding was the most mentioned 'support absent' which the entrepreneurs would like to see introduced. Nonetheless in response to other sources of funding received since 1994, half of the respondents indicated that no other funding was sought. For the majority who had sought other funding the main source was the enterprise-supporting organisations. In light of these results it is suggested that the majority of the enterprises were established because of the presence of a supportive environment and the establishment of enterprise-supporting organisations, and as such it was suggested that the entrepreneur may be vulnerable in the absence of this form of support.

Furthermore, in consideration of the small amounts of financial assistance received by the entrepreneurs, it is suggested that either they may have relied heavily on personal sources of investment and/or that the amounts received may be adequate given the age, size and level of enterprise activity amongst the sample. The results might highlight also a difficulty with regard to receiving financial assistance from alternative sources, the preference for receiving funding from enterprise-supporting organisations and/or that many entrepreneurs may have considered capital assistance of this nature as their right, given that it was generated from public sources of funding. Overall it is considered that those who do seek external sources of funding have a more positive and realistic attitude and do not perceive a loss of independence and control from receiving external assistance of this nature.

The second greatest help received from the organisations was advice and information. This result is encouraging and suggests that the organisations were a good source for this type of assistance. Furthermore, as the majority of the micro-enterprises were newly established, it was considered that the presence and availability of external advice may be very significant, as it may save the entrepreneur both time and money, and may even encourage them to seek this form of external advice in the later stages of enterprise development. Moreover it is considered that for those who do seek this form of assistance they perceive no loss of control or independence. This may suggest further interaction between the entrepreneurs and the enterprise-supporting organisations. In consideration of the other supports received from the organisation/s the following factors were ranked in order of importance to the entrepreneurs: assistance with marketing, training, the provision of local information, technical assistance, public relations and the use of premises.

Overall the levels of satisfaction and dissatisfaction were examined to indicate positive and negative interaction experiences. It was suggested that positive experiences would result in more

interaction and would help in the formation of good inter-organisational relationships. The results were encouraging as they indicated that the vast majority of entrepreneurs were satisfied with overall support received from the organisation/s. It was suggested that for those who were dissatisfied, that perhaps this was due to their initial motivation for interacting with the organisation and whether or not they received the supports initially sought. In particular, the levels of satisfaction with selected supports were ranked in the following order: financial support, information/advice, start-up support, training courses, ongoing support, marketing advice/assistance, specialist consultancy and finally business centres.

Overall just over one-third of the responses indicated that it was either unlikely or highly unlikely that the project would have gone ahead in the absence of this support. It was suggested however that in the absence of financial support there may be less emphasis on the quality of the enterprise, a decrease in actual or potential employment capacity, a reduction in capital investment and/or increased strain or worry for the entrepreneur.

Nevertheless in consideration of the importance of organisation supports for entrepreneurs, over one-third of the sample received no other source of assistance and advice from external organisations in the past six years. On a positive note this suggests that the assistance received from the enterprise-supporting organisation was indeed adequate for the micro-enterprises. On the other hand it might indicate negative interaction experiences to the extent that the entrepreneurs did not wish to interact with any other organisations. It is not possible to comment more decisively on this matter based on this research, but it is a point that deserves further research and assessment.

The numbers of entrepreneurs who had participated in training organised by the organisations was very low. It was argued that training is important as it benefits one's motivation, ability, skills and competitive advantage in business. It was suggested also that training should be undertaken as different skills and knowledge are required at each stage of business development. It was concluded that the poor levels of training may be the result of a number of factors, such as the entrepreneurs' prospective lifetime earnings, their education, age, and their ambition to self-improvements. More specific to the enterprises, it might reflect when the enterprise was established, the size of the enterprises, the level of technological change, the entrepreneurs' strategic plans and their level of financial constraint (Ashton and Green, 1996). Furthermore, there may be barriers associated with the time required for training, the lack of training culture, the relevance and applicability of training provided, one's spatial proximity to the place of training and the inability of the entrepreneurs to recognise their individual skill shortage.

The greatest obstacles encountered were: red tape, difficulties with the organisational personnel, funding, lack of information/advice/confusion, timing, external understanding of the unique nature

of the enterprise, obstacles in relation to dealings with the bank and the level of follow-up support provided by the organisation/s. It was accepted that obstacles will arise with regard to red-tape when the entrepreneur is unable to accept the practices, rules and technologies employed by the external organisation and, it was suggested that if red-tape is perceived as legitimate and/or necessary for securing support and/or developing their enterprise, then it should not be viewed as an obstacle.

It was anticipated that some level of inter-personal conflict would arise as interaction involves the formation of a dependency relationship between the entrepreneur and the organisation. Nonetheless it is argued that when a relationship between the entrepreneur and the external organisation is damaged, it will not only result in a negative interaction experience, but the relationship will be difficult to repair. More worryingly it may result in the entrepreneur doubting his/her ability to interact with other external organisations of this nature, and this may affect the sustainability and/or performance potential of the enterprise.

It was considered important to query the entrepreneurs as to the supports which were absent and which they would like to see introduced. The supports identified included finance, training, a particular type of assistance, information and advice, more follow-up support, less red tape and mentor assistance.

Overall the results examined in this chapter reveal the highly complex and individual nature of the interaction process between entrepreneurs and enterprise-supporting organisations. In reference to the creation of a positive or negative interaction experience, many of the factors outlined in Chapter 4 have surfaced in the results and responses to results examined in this chapter. In the next chapter the focus switches to an appreciation of entrepreneurial characteristics and experiences and the implications for enterprise creation and development.

# **Chapter 8**

# Entrepreneurial characteristics and experiences: implications for enterprise creation and development

#### 8.1: Introduction

In Chapters 6 and 7 the entrepreneurial process has been examined by focusing on the external factors with which the entrepreneurs had to interact in order to assemble the necessary resources that were required for the functioning of their enterprise.

Noting that a definition of entrepreneurship has been and remains a conceptual problem, an attempt is made in this chapter, to construct a model showing the characteristics and experiences of the entrepreneurs and the factors which may have shaped their entrepreneurial behaviour and subsequently their entrepreneurial venture. The results are examined by reference to the theoretical conceptual framework presented in Chapter 4, and the results are again presented in tables showing frequencies and cross-tabulations where appropriate.

# 8.2: Personal characteristics of entrepreneurs

The personal characteristics of the entrepreneurs were examined in order to establish whether the entrepreneurs shared similar experiences and, if so, to investigate to what extent these have or may have influenced their future entrepreneurial actions. This section focuses on the demographic data collected, and more specifically, lifestyle factors including gender, marital status, age and the involvement of family members in the enterprises, in an attempt to answer the following questions: i) is the entrepreneurial process for men and women different? ii) does one's marital status have any effect on the entrepreneurial venture and on entrepreneurship? iii) at what age is one likely to behave entrepreneurially? and finally, iv) what is the significance and consequences of family involvement in the enterprises?

#### 8.2.1: Gender

Many studies have focused on gender and the entrepreneurial process. The majority of these studies showed a predominance of male entrepreneurs and they attempted to explain reasons why there are lower numbers of females engaging in entrepreneurial activities. The results from the sample in this study showed that 177 (68.1%) of respondents were male and only 83 (31.9%) were female. The distribution of male and female respondents in each county revealed a predominance of males, with Monaghan showing even more than the expected count of male respondents and Mayo and Wicklow having slightly more than the expected count of females so therefore the question arises as to why there were so few female entrepreneurs (Table 8.1).

Table: 8.1: The distribution of male and female respondents in each county

Gender	Mayo	Monaghan	Wicklow	Total
Male	68	54	55	177
	Exp Count: 70.8	Exp Count: 51.1	Exp Count: 55.1	% Total: 68.1
Female	36	21	26	83
	Exp Count: 33.2	Exp Count: 23.9	Exp Count: 25.9	% Total: 31.9
Total	104	75	81	260
	% Total: 40.0	% Total: 28.8	% Total: 31.2	% Total: 100.0

Chi-sq: .879 p = .644

The International Labour Organisation (ILO, 1998) has stated that men are more likely to be self-employed in all regions of the world, and in order to understand reasons why Cowling et al (1997) suggested that the self-employment of men and women must be understood separately. The smaller number of female respondents in the sample suggested that women in the three locations were still restricted by barriers which therefore merit a separate examination of the entrepreneurial process for women.

A number of issues and barriers were noted by both the female respondents and the organisational personnel in the sample and are therefore examined in order to suggest possible explanations for the smaller number of female entrepreneurs in the sample. One representative from an organisation spoke about the difficulties faced by women when they have experienced an absence from the labour market or indeed for those who have never been economically active:

**Organisation no. 19:** "There are women who have been out of employment or who were never in employment and are used to a situation of working in the home and are not emotionally or psychologically ready to take the plunge into self-employment".

In this respect, it is more likely that women will face significant barriers in becoming an entrepreneur, as home responsibilities may merit a period of absence from the labour force. Consequently, it is argued that any period of absence from the labour market renders it difficult to re-integrate and become economically active, and for this reason women may be more prone to such difficulties then men.

An examination of demographic and labour force statistics revealed that in the 25 years from 1971 to 1996 participation rates for women in the labour force in Ireland increased from 28% to 36% (CSO, 1996), and by the year 2000 women comprised over 41% of the workforce (CSO, 2001). The proportion of women amongst the self-employed has also increased, from 17% in 1984 to 21% in 1997 (Duggan, 1998). However whilst it is difficult to estimate the exact numbers of female entrepreneurs in Ireland or indeed across the three locations, such figures reveal the level of underrepresentation of women in entrepreneurial activities. In a comparison of EU member states (CEC, 2001c), it was estimated that the share of female entrepreneurship ranged from 15% in Ireland to just over 40% in Portugal, and in the U.S. and Canada the figure was above 35%. Furthermore, the

GEM report (2002) revealed that 1 in 20 Irish women were engaged in entrepreneurial activity, in comparison with 1 in every 8 Irish men (Fitzsimmons et al, 2002).

In the past, some have suggested that entrepreneurship was a means of demonstrating maleness (Collins et al, 1964). Such a suggestion however, cannot apply to the economic climate of the 1990s, where women were educated and skilled and were active participants in the labour force. However in Chapter 4, Goffee and Scase's (1985) four-fold typology of female entrepreneurs was presented which suggested that female entrepreneurs could still face restrictions which can impact their home and entrepreneurial responsibilities. In this regard, it was suggested that some females were still restricted by gender-specific factors. In the past, the woman was regarded as the unpaid homemaker and her familial and domestic duties were a barrier towards becoming self-employed, or indeed for some becoming employed. Therefore fewer women than men engaged in selfemployment. Craig et al (1998) identified such home responsibilities as the availability and cost of childcare and the difficulties around negotiating employment and family links as the most significant barriers to women's participation in the labour force. Furthermore, figures showed that participation rates of females in the labour force decreased with the number of dependent children (Brennan, 1999), evidence which would suggest that life in the home for women had not changed for all and that some women may still have been restricted by such responsibilities. Such responsibilities undoubtedly have an effect on the levels of female entrepreneurship across locations.

In addition, evidences of a shortage in childcare facilities were highlighted in the recent County Strategy Plans for Mayo, Wicklow and Monaghan in 2001. As recent national figures highlight, the birth rates are expected to exceed the death rates in each of the Regional Authority areas (CSO, 2001), and more specific to this study, the excess will be most pronounced in the Mid-East (+81,200) after Dublin. Consequently, as Wicklow is part of the Mid-East region, the County Strategy Plan for Wicklow has identified the need for more childcare and elder care services to be put in place, so as to build on the increased female participation figures for there. The County Strategy Plan for Co. Mayo identified also the link between the provision of childcare facilities and female participation in the labour force, and it highlighted the need for more childcare facilities specifically to help in the creation of additional employment opportunities in the county. Furthermore, in Co. Monaghan figures revealed that 38.4% of its population were age-dependent. This high figure may also have consequences for female participation in the labour force, as many women may find that due to the shortage and/or expense of childcare, the barriers to female entrepreneurship may continue.

Some of the problems experienced by women and the methods used to address the problem of the shortage or unavailability of childcare services were captured in the following remarks:

Enterprise no. 191: "Unfortunately there is no childcare facilities in this area and the nearest one is in Arklow. There is a big move in the area to try to get a crèche because most people wouldn't have the means of getting to Arklow".

**Organisation no. 13:** "Who would have thought that there would have been an issue around childcare in relation to micro-enterprise development – part of the social and economic fabric of society!"

Organisation no. 17: "Lone-parents, single Mothers in particular, may find that they find it harder to enter the workforce – very often they would not think about self-employment as an option. In the social economy programme, they support this 'demand deficiency' to offer low cost childcare facilities for people in the area that want to use their services. There are grants available but they are at the expense end for those who are setting up crèches and will be charging upwards of £100, but at the local level, most people cannot afford that, so FÁS will support projects which offer crèche facilities that are offered to people at an affordable cost".

The Irish Government has responded to this barrier by including the provision of adequate childcare supports as a priority in the National Development Plan (Government of Ireland, 1999), and by identifying that adequate provision of childcare supports encourages more women to seek employment or self-employment opportunities. Therefore the Department of Justice and Law Reform allocated £250million to fund the development of childcare provision in 2000-2006. However, even with an improved childcare service, the Goodbody report (1998) commissioned for the Partnership 2000 Expert Working Group on Childcare, found that Ireland had amongst the highest childcare costs (as a proportion of average earnings) in the EU. Moreover the report showed that where female earnings were low, net household income could actually decline where women chose to work outside the home. Furthermore on the Department of Finance website (2001) it was stated that for women going out to work, the average costs of childcare in Ireland were 20% of the average earnings whilst the mean for the EU was 8%. This coupled with the fact that in the year 2000 the average weekly earnings of industrial workers in Ireland were £477.18 for men and only £324.55 for women, may be a significant factor in explaining why there were more male entrepreneurs in the sample.

However increasing the level of childcare facilities available is only one step on the road to improving the female participation rates in entrepreneurship activities. As the results and comments included in the recent GEM (2002) report suggested, there are many other factors which need to be considered in this respect. The Irish key informants who were involved in the GEM report (2002:4) stated categorically that there were "insufficient social services" available to those women who have a family and would like to work outside the home. Their comments were "ambiguous" concerning "equal exposure" to good opportunities to start a new business in Ireland. On a more positive note, they were more optimistic in their view that entrepreneurship was a "socially acceptable career option for women", and that Irish women possessed the necessary skills and motivation to successfully establish a new business. Consequently, it is argued that if sufficient levels of supports are available for women who consider self-employment as a career option, this

should improve the environment for female entrepreneurship, and may encourage more female participation.

For those female entrepreneurs with family responsibilities, some of their individual comments pointed not only to the insufficiencies in supports but also to the necessity to find a balance between home and work responsibilities. Some female respondents, however, cited positive implications for trying to maintain this level of balance and in this regard they would suit the conventional women classification as proposed by Goffee and Scase (1985). Positive aspects mentioned, were having a breadwinner status within the household, exerting independence more easily and both partners could share rudimentary domestic tasks. One respondent's comment referred to her success in achieving this balance:

Enterprise no. 10: "I saw woman entrepreneurs coming together and combining various projects and the projects not working because the family gets in the way, children get in the way, needs and wants and balance get in the way. I have balanced everything that I wanted to balance over the last 12 years. I get up every morning at 7.15, go for a walk with my husband, be back in the house for breakfast at 8 and we have this all together – that to me is quality of life, and I am able to make the dinner for the kids at 3.30 everyday!"

#### - Gender and interaction with institutions

Although there were only a small number of female respondents, there was a relationship between gender and the institutions with which one was likely to interact (Table 8.2).

Table 8.2: The number of male and female respondents interacting with each organisation

Gender	LEADER	CEB	Partnership	Total
Male	70	64	43	177
	Exp Count: 81.7	Exp Count: 55.1	Exp Count: 40.2	% Total: 68.1
Female	50	17	16	83
	Exp Count: 38.3	Exp Count: 25.9	Exp Count: 18.8	% Total: 31.9
Total	120	81	59	260
	% Total: 46.2	% Total: 31.2	% Total: 22.7	% Total: 100.0

Chi-sq: 10.326 p = .006

More women interacted with LEADER Companies than with any other organisation. The numbers of females who interacted with the CEBs and the Partnership Companies were less than the expected counts in both cases, while the greater numbers of males were the reverse. Although there were no differences as regards access to supports and funding from the organisations, the number of female project promoters supported by the three organisations was far less than males. In particular to the Partnership companies, national statistics for 1999 showed that women accounted for less than one in five enterprises supported by Partnerships (ADM, 1999b).

The higher numbers of male participants in the Partnership Companies accords with their higher unemployment status nationally, 4.8% of males and 3.2% of females being on the live register in 2001, with males representing 59.9% of the total unemployed and females 40.0% (CSO, 2001).

# 8.2.2: Age

The age of the entrepreneur directly influences capability in the sense of the entrepreneurs' ability to perform physical and mental activities in the management and development of their enterprise. However age must also be considered in entrepreneurship as the decision to become an entrepreneur may occur at different stages in one's lifetime, and may involve different motives for enterprise development. Psychodynamic theories have been developed to examine the life structure of the individual in order to determine whether there is a certain point in one's life that one begins to behave entrepreneurially (Chapter 4). Amongst those who have focused on such behaviour is Sheehy (1976) who divided life stages into separate time periods and identified defining characteristics such as the desire to behave entrepreneurially within certain age groups (Chapter 4).

In the total sample over one half of respondents (61.4%) were in the 30-45 age category, over one quarter (30.5%) were >45 and only 8.1% were in the <30 age category (Table 8.3). Therefore the majority of respondents in this study corresponded with the 'Catch 30' and 'Deadline Decade' age periods (Chapter 4).

Table 8.3: Respondent gender and age

I those off.	respondent gender a	na age		
Gender	<30	30-45	>45	Total
Male	Count: 14	Count: 108	Count: 54	Total: 176
	Exp Count: 14.3	Exp Count: 108.0	Exp Count: 53.7	% Total: 68.0
Female	Count: 7	Count: 51	Count: 25	Total: 83
	Exp Count: 6.7	Exp Count: 51.0	Exp Count: 25.3	% Total: 32.0
Total	Total: 21	Total: 159	Total: 79	Total: 259
	% Total: 8.1	% Total: 61.4	% Total: 30.5	% Total: 100.0

Chi-sq: .022 p = .989

The significance of the two identified age periods is reflected in the activities, behaviour and motives displayed by the entrepreneur during this time of their life. What characterises this age bracket (30-45) is the desire to reflect on one's life, reassess one's achievements, seek to grab last chance opportunities and assert oneself. Therefore, the activities displayed by the entrepreneur, include the decision to act upon their entrepreneurial idea or their entrepreneurial characteristics, the desire to establish themselves in the business world, or to prove their capacity as they move into the third and fourth decade in life. In this regard the entrepreneur may be highly motivated to achieve success and consequently this may result in enterprise development.

One can further suggest that at this time in the lifecycle, people may have gathered an array of necessary skills whilst in employment, training or education and may now be ready to act upon

their entrepreneurial idea. This idea may be either discovered whilst in employment or it may be one which they have had for most of their lives, it may have been seen working elsewhere during the entrepreneurs' travels or time spent abroad, or it may be an innovative idea which they choose to put into practice once they reach the 'Catch 30' or 'Deadline Decade' age periods. This may help to explain why so few (8.1%) of respondents were in the <30 age bracket, perhaps the entrepreneurial idea together with the skills, experience, assertion and knowledge required to establish and grow an enterprise may not have been gained by most entrepreneurs in the period before they reached the age of thirty.

It was identified in the National Employment Action Plan (Government of Ireland, 2001:14) that "compared with other EU countries the problem of an ageing workforce is not as acute in Ireland at present but will become more significant over the coming decade". Therefore the higher percentage of older people in the workforce may mean that self-employment may become a more favourable option for those in the >45 age group. One's decision to become self-employed at this time of life may be influenced by a number of factors, which may include the sudden loss of employment:

**Respondents no. 23:** "At 60 years of age the employment market was almost nil – so I took a chance to start up a business and it has succeeded".

This sudden change in personal situation has been referred to in the literature as a significant displacement event which may encourage the entrepreneur to look towards self-employment as a more favourable option rather than actively seeking other employment or early retirement from the labour force. One can further suggest that for these people they may find it harder to work for younger employers and the wish to be one's own boss may be more desirable as one gets older. Those in the older age group may have gathered the skills and resources required to establish their own enterprise at a later stage in their lives and may only then decide to put their entrepreneurial idea into practice. Furthermore they may have children to help with the management of the enterprise and may subsequently wish to pass on the enterprise as a form of inheritance to their family members.

Although there were only a small percentage of respondents in the <30 age category (8.1%), it is recognised that one's entrepreneurial idea may also be discovered at a very young age, and may not necessarily be developed or discovered at a later stage in life. Psychology theories have pointed to behaviour as being goal-orientated, originating in the unconscious mind and incorporating early childhood experiences as crucial in the development of one's personality (Bridge et al, 1998). One respondent's comments illustrate early childhood experiences in the development of his entrepreneurial personality and subsequently in his decision to become an entrepreneur:

Enterprise no. 256: "I am one of those people who were born to be like this - a craftsman, because ever since I was a little boy I loved paintings – instead of listening to my teacher in Maths, I used to draw faces with the numbers or study the Bible and draw those figures we talked about. I was in a different world because that is the way I grew up. It is not because of my Mother that she didn't look after me – she was really strong about studying. But I was a *Flower Boy* I was in another space and I was dreaming and I wasn't a very great student but I know that my work is very important and I couldn't do anything else because it is in me. I had a dream once when I was a child to be famous and when I was famous I had a feeling that I died famous and that I had nothing in my pocket – like all those great artists!"

The above comment reflects the importance of knowing that one has a particular skill identified at an early age, which one can use in the establishment of an enterprise in later life.

# - Age and gender

Previous studies which have focused on age and female entrepreneurship, have produced conflicting results, e.g. Watkins and Watkins (1983) reported that female entrepreneurs established their business at an early age, whilst other studies have reported that the average age of the female entrepreneur ranges from 46 to 52 (e.g. Hisrich and Brush, 1989). In this sample there were no significant differences between genders as regards the age in which they were most likely to have established their enterprise (Table 8.3).

# - The age at which the entrepreneurs established their enterprise

To further examine the age structure of the entrepreneur, the entrepreneurs were asked to state their age when they started their enterprise. The average age of the entrepreneur when s/he started the entrepreneurial venture was 35.9 years, again corresponding with the typical age structure of the entrepreneur. Presumably it occurred once they had acquired the various skills and resources required for their particular enterprise. As already stated, it is difficult to determine a particular age at which one is most likely to become an entrepreneur, despite the contribution from psychodynamic theories and the results in this study. Nonetheless, the results for the recent GEM Report (2002) revealed that in Ireland one in 13 people in the 18-34 age group (7.6%) was currently involved in entrepreneurial activity, in comparison with 1 in 23 people in the 35-64 age category (Fitzsimmons et al, 2002). These results may show a changing pattern in the age at which most people choose entrepreneurship, and might suggest that in the near future the majority of those who engage in entrepreneurial activities may be in the younger age category (>34).

#### 8.2.3: Marital status

The reasons for investigating the entrepreneurs' marital status were many. Most studies, e.g. Meagher (1992), have found that self-employed and business owners are more likely to be married than the working population as a whole. It is argued that one's marital status may influence the

entrepreneurial venture, as considerations such as family security, the desire to engage in risk-taking activities and the wish to limit or expand one's enterprise might reflect what is necessary to obtain family security. In this sample the majority (77%) of respondents were married, and this was expected considering the high number of respondents in the 30-45-age category (Table 8.4). Furthermore, national figures showed that the number of marriages in Ireland rose by nearly one quarter (23%) between 1997 and 2000, and one of the reasons given by the ESRI (2001) for such an increase was the introduction of the right to divorce in the year 1997.

Table 8.4: Respondents marital status

Gender	Married	Single	Total
Male	139	35	174
	Exp Count: 133.9	Exp Count: 40.1	% Total: 68.0
Female	58	24	82
	Exp Count: 63.1	Exp Count: 18.9	% Total: 32.0
Total	197	59	256
	% Total: 77.0	% Total: 23.0	% Total: 100.0

Chi-sq: 2.633 P = .105

It is argued that one's marital status can have an impact on one's employment status and, as stated previously, factors such as childcare costs and the number of dependent children have been shown to particularly influence the number of females participating in the labour force. National figures have shown that just under half of all women (47%) in the workforce in Ireland in 1996 were married, whilst the percentage of married males was 58% (CSO, 1996). However in this sample the number of female respondents who were single was more than the expected count (Table 8.4), results which may suggest that these female entrepreneurs were choosing to establish their entrepreneurial career before deciding to get married, in recognition of the difficulties of balancing home and work responsibilities. Furthermore, the awareness of the difficulties and expense with regard to childcare facilities and the insufficiencies identified in social services available to women who wish to work outside the home, may mean that more entrepreneurial women will choose to remain single or to marry at a later stage. In this regard these women would correspond with the innovative women classification as proposed by Goffee and Scase (1985).

Perhaps an alternative reason for the higher then expected number of single women is due to the commitment from the women in the sample to engage in educational and training activities (Section 8.3). This pattern was identified also in the GEM report (2002) which stated that women received a slightly higher rating from the key informants in terms of their skill and motivation to start and successfully manage an enterprise (Fitzsimmons et al, 2002). This involvement and commitment to receiving the necessary education and skills to become a successful entrepreneur, will take a considerable length of time. The time needed to commit to such activities may render many of the female entrepreneurs in the sample too busy to consider marriage at this stage in life.

The support received from one's marital partner has been researched also, and numerous studies have shown that the support received from a marital partner, one's family, friends and other sources is significant for the entrepreneur during the start-up and development of their enterprise. However some studies have suggested differences between genders regarding such support received. Shapero and Sokol (1982) recognised that support received was an important factor affecting business start up, but that women were less likely than men to receive encouragement from significant others to become self-employed. A study by Cannon et al (1988) showed that, for those women who had received support from their husbands whilst in business, they had reported that being in business had improved their relationship with their husbands. Furthermore Bruce's (1998) study suggested that having a husband with some exposure to self-employment almost doubled the probability that a woman would become self-employed. This was suggested also by Devine (1994a and 1994b) who stated that a working wife is nearly four times as likely to be self-employed if her husband is self-employed also.

A number of respondents (both male and female) referred to their marriage partner as playing a role in the business either through the provision of support in the form of advice, motivation and physical help, or through direct involvement in the establishment and/or development of the enterprise:

Enterprise no. 46: "It suited the situation in our lives – my wife is able to run the self-catering business along with organising a young family".

Enterprise no. 118: "Self-belief, own boss and partner support and encouragement together with experience from family at home".

The above comments may suggest a good working relationship between partners and in the literature marital partners working together are sometimes referred to as 'co-preneurs' (Chapter 4).

However, though the marriage partner may not be an official partner, the establishment of an enterprise may cause problems in the marital relationship. Although the survey question did not allow for consideration of the possibility that there may have been some marital separations as a result of the entrepreneurial venture, one female respondent remarked, both in the survey and during the interview stage, about how the enterprise had a direct impact on her marriage:

**Enterprise no. 53:** "He gave up his job - he kept it going for 2 years until we got off the ground. We are nearly 30 years married and 10 years ago there was nearly a divorce".

Moreover, two other female respondents referred to the breakdown of their marriage as the primary 'trigger' in their decision to become an entrepreneur:

Enterprise no. 81: "After a marital separation, I needed to become a sole breadwinner".

Enterprise no. 121: "My marriage ended and I had to support my family and myself".

After a marital separation, those who are in the position of supporting their children may feel that self-employment is a more preferred option, particularly for women, as they may be able to either work from home, or be in a position to structure their working day to suit their familial responsibilities. Arguably, a marital separation can be classified also as a significant 'displacement' event, which may also trigger entrepreneurial activity.

## 8.2.4 The involvement of family members in the enterprise

The growth in the number of micro-enterprises in Ireland, has increased the number of families dependent on micro-enterprise activity and thus the interplay between family and business was considered worth examining. Birley et al (1990) argued that entrepreneurs, at a very early stage, might rely heavily on their informal network of friends, family members and even social contacts from their local neighbourhood. Similarly, Matthew and Moser (1995) argued that the support received from one's family in the entrepreneurial venture, could be quite significant. This question of the involvement of family members was posed in order to establish the importance of familial support in the operation of the micro-enterprises. Furthermore the investigation of the involvement of family members was considered important, as it was recognised that the entrepreneur was not an isolated actor, but someone who required a range of supports from other people, and in this respect was therefore considered a social actor. Supports, such as the provision of advice, motivation, physical help and financial assistance, may be received from one's immediate family and may be important in the day-to-day management and development of one's enterprise.

An overview of the literature has shown that the close relationship and support of the family are important in micro-enterprise activity, and it is argued that the depth of such support may be underestimated. Studies of such familial support and involvement, however, have tended to focus on the significance of role models in influencing one's decision to become an entrepreneur. However Matthews and Moser (1995) argued that this may be more broadly based to include brother, sister, aunt, uncle, cousin and grandparents.

The entrepreneurs were asked to state whether there were any family members excluding themselves but including for example mother, father, brother, sister, aunt, cousin, grandfather or grandmother involved in the business. The question did not seek a distinction between direct and indirect involvement by a family member, or to the nature or extent of such involvement, so it was impossible to determine the level and significance of such involvement of family members in the

small businesses. Nevertheless, responses to this question provide an indication of the prevalence of family assistance in the creation, management or development of the enterprise.

The results revealed that only 39.4% of enterprises relied on family involvement (Table 8.5). Therefore, in line with the high percentage of sole traders in the sample, the majority of microenterprises were owned and managed by one person.

Table: 8.5: The involvement of family members

Gender	Yes	No	Total
Male	69	101	170
	Exp. Count: 67.1	Exp. Count: 102.9	% Total: 67.7
Female	30	51	81
	Exp. Count: 31.9	Exp. Count: 49.1	% Total: 32.3
Total	99	152	251
	% Total: 39.4	% Total: 60.6	% Total: 100.0

Chi-sq: .290 p = .590

As shown in Table 8.5 the male respondents in the sample were more likely to have a family member/s involved in the enterprise. This may correspond with suggestions that "males with a family background are more likely to be interested in ownership or working for small businesses than females" (Matthews and Moser, 1995:367). Whilst this may suggest that they were more likely to have a family background in business, it may suggest also that they were more likely to seek help from others. Furthermore the greater percentage of males in the manufacturing and services sector might suggest that this type of enterprise might require additional help, and in this respect family members will be called upon for help and support in the enterprise development.

In the same respect, earlier comments referring to the better level of skills and education amongst the female respondents may suggest that females required less help from their family members. Furthermore, the less then expected number of females who relied on familial involvement in their enterprises might allude to their desire to escape from familial responsibilities and commitments. Equally possible is the ability of females to find a better balance between home and work responsibilities such that they may not require the support of their family members.

## 8.3: Enterprise skills

This section examines the entrepreneurs' educational attainment, relevant business training completed, previous business experience and the size of business most often worked with. These variables were chosen in order to determine the level of knowledge and skills the individual had prior to the establishment or development of their enterprise. As the entrepreneur is the individual at the centre of the entrepreneurial process, it is argued that s/he uses their available skills and human capital in becoming an entrepreneur. The statistical results together with some individual comments are examined, as they reflect the various life, work and business experiences which may

have influenced the individuals' decision to become entrepreneurs, and subsequently may influence enterprise development. A useful starting point for the assessment of the contribution which education and skills can make to entrepreneurship, is relayed in the following statement:

**Organisation no. 17:** "The message should be out there that anyone with skills should use their skills for self-employment".

As implied in the above comment, those who possess a sufficient level of skills should consider a career in entrepreneurship. It is argued however that entrepreneurship requires many skills, and that these skills range from those which are specific and hence internal to the enterprise (such as trade, craft, customer service) to those which are more external to the enterprise (including the skills required to interact with external organisations and to explore alternative export opportunities). In this regard, it is argued that having a certain level of skills should not be the sole motive for choosing to become self-employed, nor is this a sufficient basis for success. The entrepreneur will require skill development at every stage of enterprise development, and their desire and ability to engage in education and training will reflect their entrepreneurial behaviour and their aspirations for enterprise development.

## 8.3.1: Educational qualifications

The debate on how to define an entrepreneur has been coupled also with how or indeed if one can educate a person to become an entrepreneur. Box et al (1995:24) have stated that a number of studies have shown that both age and years of formal education correlate positively with entrepreneurial firm performance. In this respect, others have argued that the levels of entrepreneurship in a nation are the result of educational levels (e.g. Hagen, 1962; McClelland, 1961). Indeed, Sundbo (1991) argued that the entrepreneurial personality is created through education. Despite this, OECD data have shown that both the least and the most educated persons have the highest probabilities of being self-employed (Blanchflower, 1998). Similarly, Duggan's (1998) study revealed that in the case of Ireland, the largest single component of those who were both part-time and full-time self-employed had low levels of education, and this was especially marked amongst those without employees. Therefore it is generally accepted in the literature that the importance of education in entrepreneurship yields conflicting results.

McMullen and Vesper (2000) have differentiated between three approaches for examining links between education and entrepreneurship. The first approach looks to sociological surveys, which provide a wide-angle lens, used for comparing the design and input of the various programmes on offer. Secondly, single institutional studies, referred to as the normal-lens approach, are focused on understanding the way in which particular programmes are operated. However, by using the third, or what is termed the fish-eye-lens approach, which focuses on single person studies, a detailed and subjective close-up of entrepreneurial activity is made possible (ibid, 2000). For the purposes of

this section, the fish-eye-lens approach is used, by examining first hand recollections of the entrepreneurs' time spent in education and training, and evaluating their comments as to the contribution of such to their success achieved as an entrepreneur.

The entrepreneurs were asked to state their highest educational qualifications, and the results revealed that just over half (52.3%) of respondents had a third level qualification, in comparison with 31.1% of respondents who had only secondary level education (Table 8.6). Interestingly, the percentage of those with only primary level education (9.7%) was similar to those with a third level postgraduate degree (8.9%), therefore there was no significant difference between the proportions with the lowest and the highest levels of education. Despite the varying levels of educational attainment amongst the respondents, it is important to note that entrepreneurship education should be incorporated in all levels of education from primary level through to third level education. Indeed, Hisrich (1992) noted that although limited research has been done in this area of entrepreneurship, he argued that entrepreneurial education should begin at primary and secondary school, as this is where much of the individual growth and formation occurs. He added, that at third level this effort may be referred to as a mere rescue attempt and in many instances may be too late.

Table 8.6: Respondents' education level

<b>Educational Level</b>	Male	Female	Total
Primary Level	23	2	25
	Exp. Count: 17.0	Exp. Count: 8.0	% Total: 9.7
Junior/Inter Certificate	32	9	41
	Exp. Count: 27.8	Exp. Count: 13.2	% Total: 15.9
Leaving Certificate	29	10	39
	Exp. Count: 26.5	Exp. Count: 12.5	% Total: 15.1
Third Level - Cert./Dip.	40	23	63
	Exp. Count: 42.7	Exp. Count: 20.3	% Total: 24.4
Third Level - Primary Degree	26	23	49
	Exp. Count: 33.2	Exp. Count: 15.8	% Total: 19.0
Third Level - Post Graduate	14	9	23
	Exp. Count: 15.6	Exp. Count: 7.4	% Total: 8.9
Other	11	7	18
	Exp. Count: 12.2	Exp. Count: 5.8	% Total: 7.0
Total	175	83	258
	% Total: 67.8	% Total: 32.2	% Total: 100.0

Chi-sq: 15.741 p = .015

Those respondents who selected the 'other' category (7.0%) referred to their City and Guilds qualification (7), a trade (4), GCSE (1), secretarial course (1), nursing qualification (1), Montessori qualification (1), supervisory management (1) and two which were not specified.

#### - Gender and level of educational attainment

Studies on gender and levels of educational attainments have yielded conflicting results. Results in this sample showed that the female respondents had a higher level of educational qualifications and they were more likely to have received third level qualifications (Table 8.6). In contrast, the number of males with lower levels of education, i.e. Primary level, Junior Certificate and Leaving Certificate, were higher than the expected counts. This corresponds with earlier references to the recent GEM (2002) report which stated that females in Ireland rated higher in their skill levels and motivation in entrepreneurship. These results may suggest also a link between educational attainment and project sector (Table 8.7).

Table 8.7: Gender and project sector

Project Sector	Male	Female	Total
Craft	16	11	27
	Exp. Count: 18.4	Exp. Count: 8.6	% Total: 10.4
Food & fisheries	12	5	17
	Exp. Count: 11.6	Exp. Count: 5.4	% Total: 6.5
Forestry & horticulture	8	1	9
	Exp. Count: 6.1	Exp. Count: 2.9	% Total: 3.5
Service	66	30	96
	Exp. Count: 65.4	Exp. Count: 30.6	% Total: 36.9
Manufacturing	29	6	35
	Exp. Count: 23.8	Exp. Count: 11.2	% Total: 13.5
Tourism	26	18	44
	Exp. Count: 30.0	Exp. Count: 14.0	% Total: 16.9
Other	20	12	32
	Exp. Count: 21.8	Exp. Count: 10.2	% Total: 12.3
Total	177	83	260
	% Total: 68.1	% Total: 31.9	% Total: 100.0

Chi-sq: 8.440 p = .208

# - Age and educational attainment

A cross tabulation was done to determine if there were any relationships between respondents age and level of education (Table 8.8). However the large number of cells with expected counts of less than 5 may mean that the chi-sq test was not valid for this.

Table 8.8: Respondents age and educational level

<b>Educational Level</b>	<30 years	30-45 years	>45 years	Total
Primary Level	2	11	12	25
	Exp. Count: 2.1	Exp. Count: 15.3	Exp. Count: 7.6	% Total: 9.6
Junior/Inter Certificate	2	22	16	40
	Exp. Count: 3.4	Exp. Count: 24.5	Exp. Count: 12.2	% Total: 15.4
<b>Leaving Certificate</b>	4	28	7	39
	Exp. Count: 3.3	Exp. Count: 23.8	Exp. Count: 11.9	% Total: 15.0
Third Level - Cert./Dip.	9	41	16	66
	Exp. Count: 5.6	Exp. Count: 40.4	Exp. Count: 20.1	% Total: 25.4
Third Level - Degree	4	31	14	49
	Exp. Count: 4.1	Exp. Count: 30.0	Exp. Count: 14.9	% Total: 18.8
Third Level – P.Grad.	1	13	9	23
	Exp. Count: 1.9	Exp. Count: 14.1	Exp. Count: 7.0	% Total: 8.8
Other	0	13	5	18
	Exp. Count: 1.5	Exp. Count: 11.0	Exp. Count: 5.5	% Total: 6.9
Total	22	159	79	260
	% Total: 8.5	% Total: 61.2	% Total: 30.4	% Total: 100.0

Chi-sq: 14.705 p = .258

It was expected that those in the older age group (>45) would have lower levels of education, and the results showed that the number of those with only Primary and Junior Certificate qualifications were greater than the expected count for those in this age category. Similarly the numbers of those who had higher levels of education (Diploma, Certificate, or Third Level degree) were lower than the expected count for this age group. These results corresponded with national figures for 2000 which showed that only 8.3% of those aged between 55 and 64 had third level degrees, compared with those in the 25-34 age group where 18.2% had obtained this level of education and in the 35 to 44 age group where 13.2% had third level degrees (CSO, 2000).

Based on the above data, it was anticipated that the highest percentage of those with postgraduate qualifications might be in the younger age category (<30). However only one respondent in the younger age category held a postgraduate qualification, in comparison with 13 of those who held a postgraduate qualification in the 30 to 45 age category, and 9 in the >45 age group. The higher than expected number of those in the >45 age group category with a postgraduate qualification may indicate a relationship between high educational attainments and entrepreneurship. Indeed one agency manager noted:

Organisation no. 17: "Current one's I suppose would be more educated".

## - Educational attainment and organisation interaction

A cross-tabulation was done to test if there were any relationship between educational attainments and the organisations with which they interacted (Table 8.9).

Table 8.9: Respondents level of education and interaction with organisation

<b>Educational Level</b>	LEADER	CEB	Partnership	Total
Primary Level	8	4	14	26
	Exp. Count: 12.5	Exp. Count: 8.0	Exp. Count: 5.5	% Total: 9.4
Junior/Inter Certificate	15	11	16	42
	Exp. Count: 20.2	Exp. Count: 12.9	Exp. Count: 8.8	% Total: 15.2
Leaving Certificate	23	13	5	41
	Exp. Count: 19.8	Exp. Count: 12.6	Exp. Count: 8.6	% Total: 14.9
Third Level - Cert./Dip.	36	22	11	69
	Exp. Count: 33.3	Exp. Count: 21.3	Exp. Count: 14.5	% Total: 25.0
Third Level - Degree	27	20	6	53
	Exp. Count: 25.5	Exp. Count: 16.3	Exp. Count: 11.1	% Total: 19.2
Third Level – P.Grad.	16	8	2	26
	Exp. Count: 12.5	Exp. Count: 8.0	Exp. Count: 5.5	% Total: 9.4
Other	8	7	4	19
	Exp. Count: 9.2	Exp. Count: 5.9	Exp. Count: 4.0	% Total: 6.9
Total	133	85	58	276
	% Total: 48.2	% Total: 30.8	% Total: 21.0	% Total: 100.0

Chi-sq: 34.426 p = .001

The results showed that the Partnership clients had the lowest levels of education, with the numbers of those who had only Primary level education and Junior Certificate education far exceeding the expected counts. Correspondingly, the numbers of Partnership clients with higher levels of education were lower than the expected counts in all other education categories. In contrast, the numbers of those with third level educational qualifications were greater than the expected counts for respondents who had interacted with both the LEADER Companies and CEBs.

The role of the Partnership Companies is to help the socially excluded and long-term unemployed. The results may therefore suggest a relationship between low educational attainments and a dependency on social welfare or long term unemployment. Indeed, figures for 2000 showed that over 75% of those who were long term unemployed had obtained educational levels of less than second level Leaving Certificate education (Government of Ireland, 2001). This would therefore conflict with respondents' attitudes towards the value of their education as they were perhaps underestimating the value of such for their current and future employment prospects.

In order to examine a possible link between the entrepreneurs' level of education and training, and their success achieved as entrepreneurs, the entrepreneurs were asked to indicate what in their education and training had contributed to the success they have achieved as entrepreneurs (Table 8.10). This question was similar to that used by Ray and Turpin (1989) in their study of entrepreneurs in Canada, France, Japan and the USA. In recognition of the different levels of educational qualifications amongst the entrepreneurs, it was expected that there would be a variety of responses to this query. The respondents gave mixed views as to the value of their education and training in helping them along the path of entrepreneurship though three factors predominated. Whilst some comments made direct reference to formal education, and therefore perceived their education as being cut-off once they left school, others took a more ongoing, self-taught, practical and hands-on approach to education in the entrepreneurial world.

Table 8.10: Respondents' comments on the contribution of their education and training to their success achieved as entrepreneurs

Education/training contribution	Number	% Total mentions (n = 224)	% Total respondents (n = 192)
Life/work experiences	47	20.9	24.4
Specific skill	45	20.0	23.4
Training course	43	19.9	22.3
Specific trait	31	13.8	16.1
Educational qualification	17	7.5	8.8
Meeting/knowing people	17	7.5	8.8
Specific subject	12	5.3	6.2
Other	12	5.3	6.2

The most mentioned response referred to the contribution of life and/or work experiences in one's success achieved as an entrepreneur (20.9%). Included in the responses were references made to hands-on experience in a particular business, practical knowledge of the business gained from previous work experiences, other life experiences, international experience, and experience gained in a previous job:

Enterprise no. 10: "I was raised in a family business of retail and tourism".

Enterprise no. 27: "Practical business experience over 40 years in 4 countries"

Enterprise no. 32: "Life's experience – I have done a lot of work!"

Enterprise no. 62: "A lot learned through experience - came from a business background".

Enterprise no. 68: "Overseas experience"

Enterprise no. 75: "The University of life"

References made to having a particular skill reflected one-fifth of total mentions (20.0%). The skills mentioned were varied and included having good inter-personal skills (9), manual skills (6), communication skills (6), management skills (3), business skills (5), artistic skills (2) and other skills such as life skills, survival skills and the ability to read and write. Included in the responses were a number of interesting comments:

Enterprise no. 36: "The way to handle visitors/customers".

Enterprise no. 46: "Ability to have a good rapport with customers".

Enterprise no. 106: "Ability to network".

Enterprise no. 128: "Management of people and resources".

Enterprise no. 215: "Personal ability to create".

Enterprise no. 269: "Good inter-personal skills".

It was expected that there would be a number of references made to the value of training. This was assumed because of the increase in the provision of education and training geared specifically for the entrepreneur which had occurred, and the importance and value that is being placed officially on training and education. Modules on enterprise education have been included in the Leaving Certificate Vocational Programme, Transition Year and Leaving Certificate Applied Programme syllabi and in addition graduate programmes were on offer in Third Level Institutions. Furthermore, each of the organisations provided or directed their clients to different training courses on a variety of issues. Yet just less than one-fifth of the responses (19.9%) noted the contribution of training, which may reflect once more the relative insignificance placed on training. Respondents made reference to specific types of training which had made a positive contribution to their success achieved as an entrepreneur. References were made also to more generic training such as marketing training (5), management training (4), business training (4) and other training not

specified (6). The particular courses mentioned in the responses included the Start Your own Business Course (4), the Young Entrepreneurs Scheme (1), a City and Guilds brick-laying course (1), a Crafts Council of Ireland business development course (1), a CEB business development course (1), a Teagasc rural tourism course (1), a FÁS training course (1), a management course (1) and one respondent who referred to his ongoing refresher courses in business legislation.

The very few references made to training reflected the low level of training completed or undertaken by the entrepreneurs in the sample (Chapter 7). The majority of respondents (56.3%) had not participated in any training courses offered or provided by the organisations, and therefore with this in mind it is anticipated that there will be few references made to the value of training in their success achieved as an entrepreneur. The many reasons suggested for the low level of training courses attended is detailed in Chapter 7, however one must assume from the response to this query that the value that is placed on training in general is very poor. This attitude towards training may have negative implications for the future sustainability of the enterprises in the sample. As the stages of internationalisation model demonstrates, most businesses will follow different stages of growth (Chapter 5). Consequently, it is argued that as a business progresses along each stage of growth the entrepreneur will require additional skills and training. Therefore this will require that the entrepreneur participates in a variety of training programmes relating to a range of issues such as marketing, exporting activities, business management, employee relations and otherwise. Many of these courses were offered by the organisations in the study and furthermore the respondents were encouraged to seek alternative training courses to meet their particular need/s. Nonetheless, the disappointing results in relation to training may imply that the majority of enterprises in the sample either do not wish to progress to a further stage of development, or alternatively do not wish to participate in the training programmes offered by the organisations.

There were 13.8% of the responses which made reference to an individual trait such as confidence (4), drive (4), motivation (2), calmness (1), common sense (1), enthusiasm (1), memory (1), independence (1), dedication (1), determination (1), self-reliance (1), patience (1), positive (1), commitment (1) self-esteem (1), aggression (1), wish to do well (1), and being realistic (1). A number of other responses are included as they reflected a number of popular assumptions explained in Chapter 4:

Enterprise no. 16: "The confidence to believe in your own ability".

Enterprise no. 18: "Vision – Motivation – Imagination".

Enterprise no. 54: "The ability to take a risk and go for it".

Enterprise no. 73: "Mental discipline".

Enterprise no. 100: "The will and the want to do it".

Enterprise no. 118: "Get up and go".

The disappointing results noted with regard to the value and contribution of training, were further reflected in the small percentage of responses which made reference to one's educational qualification as a contributory factor in the success achieved as an entrepreneur (7.5%). Although over half of the respondents (53.6%) had received a third-level qualification, the small number of references made to an educational qualification, may reflect the fact that many respondents may not have received a third level qualification with direct relevance to their micro-enterprise venture, or alternatively that they may not recognise or place any value on their formal educational qualification to their entrepreneurial success. In this respect it may be reasonable to suggest that those who did refer to their qualification had used their knowledge or skill to establish their enterprise. The qualifications included in the mentions were business studies (3), art (2), architecture (2), childcare (2), I.T. (2), culinary (1), engineering (1), hospitality (1) community studies (1), a degree in geography (1) and one not specified. Interestingly there were references made to a specific subject taught at school (5.3%), which included not only business related subjects (5) but also Maths (2), English (1), Computer Studies (1), Technical Drawing (2) and Art (1).

There were some responses which indicated the contribution which particular person/s made to the success achieved as an entrepreneur (7.5%). The responses suggested that they may have looked to such people as either role models or valuable sources of encouragement, advice and support during the establishment or development of their enterprise. Included in the responses were references to teachers (4), business people (2), successful people (2) other people (2) and one's parents (1). A variety of comments are included to indicate the many people included amongst the references:

Enterprise no 14: "Meeting people – successful people and listening to their advice".

**Enterprise no. 22:** "The excellence of teachers at vocational school and the fertile imagination inherited from my family".

Enterprise no. 79: "Personal confidence from my parents/family and friends saying 'well done' often enough".

Enterprise no 192: "Encouragement from people you respect when things are not going well".

Enterprise no. 230: "My parents".

Enterprise no 256: "Inspirational positive teacher – encouraging too".

Nonetheless the low number of responses in this category may reflect the insignificance of familial involvement in the establishment or development of the enterprises.

Interestingly there was a small number (n = 14) of respondents who stated that nothing in their education and training had contributed to the success they achieved as an entrepreneur, together

with a small number (n = 9) who claimed that this question was inapplicable to them. There were also a high number of missing responses (n = 73), which questions the relevance of this question for those who chose not to respond. The fact that so many respondents indicated that their education and training were not relevant or did not contribute to their entrepreneurial venture, is a sad reflection on the education system and their perception of it. It may suggest that former education or training may not be perceived as being of value or of relevance to the entrepreneurs, and in this respect lends support to Strohmeyer's (2001) claim that it is the applicability of the acquired skills and occupational qualifications that plays a crucial role.

Those responses included in the other category (5.3%) included a number of succinct comments:

Enterprise no. 53: "Very little".

Enterprise no. 158: "Long hours".

Enterprise no. 212: "Self-educated".

Enterprise no. 251: "Survival".

Enterprise no. 259: "The World Wide Web".

Enterprise no. 286: "Lots of education".

Amongst the individual responses one can identify the relative insignificance placed on formal education and training completed by the entrepreneurs. The smaller number of references made to educational qualifications, apprenticeship training, specific skills or training courses completed, raise questions concerning the value of education to entrepreneurs and therefore the value of the rise in the number of entrepreneurial courses and training provided by the various enterprise promoting organisations.

The question arises as to how the education system can contribute to a person's success as an entrepreneur. Education not only contributes to improving the skills and knowledge of an entrepreneur but it is also an important factor in facilitating his/her interaction with external agencies. Comments from a person involved in the Young Entrepreneurs Scheme (YES) suggest how education may improve the interaction process:

**Organisation no. 12:** "The only reason that people may feel intimidated by people is when they don't fully understand the process - this will lead them to be intimidated by the 'men in suits'. But if they were taught psychology and communication skills in schools and taught to *understand* what they are good at they wouldn't feel like this".

Such a response not only stresses the importance of acquiring the necessary knowledge and skills required to become a successful entrepreneur in the formal education system, but it reflects also a link between education, entrepreneurship and the interaction process.

# 8.3.2 Training completed

With regard to studies on the value of training for entrepreneurs, the research is conflicting. Welter and Smallbone (2001) argued that the education and training of entrepreneurs influenced their attitudes towards management training and their attitudes towards external assistance sought and how it was received. However Storey (1994) stated that no study had proven a link between the provision of training and the performance of an enterprise in any direct or tangible way. It is argued however that people need assistance at every stage of their business development, be it during the exploration process or in the enlargement of their existing business, as it is recognised that the gap between having an entrepreneurial idea and practising as an entrepreneur is quite substantial. Therefore the provision of training is a supportive way of narrowing this gap.

Generally the organisations were of the view that training was beneficial, and one organisation manager offered his view as to the reason why this is so:

**Organisation no. 11:** "Throughout the traditional 19<sup>th</sup> century capitalist Marxist interpretation – it was the 'survival of the fittest'. The actual way that things work is that appropriate assistance at the appropriate time will be of considerable benefit in creating or helping people to create viable businesses".

Each of the organisations involved in this study provided or directed their clients to training courses, workshops and seminars, which covered a variety of topics and issues, such as the EURO changeover, book-keeping skills, management training etc. Nonetheless a lack of interest in training was evident in the results from this sample, as it was revealed in Chapter 6 that over half of the respondents (56.3%) had not participated in training courses/workshops organised by the agencies.

The entrepreneurs were asked to indicate whether they had participated in three specific training courses, namely business/managerial, vocational/technical and marketing training. With regard to business and managerial training, just over one half (53.9%) of respondents had completed such training (Table 8.11).

Table 8.11: Business/managerial training undertaken by gender

	Yes	No	Total
Male	86	87	173
	Exp. Count: 93.3	Exp. Count: 79.7	% Total: 68.1
Female	51	30	81
	Exp. Count: 43.7	Exp. Count: 37.3	% Total: 31.9
Total	137	117	254
	% Total: 53.9	% Total: 46.1	% Total: 100.0

Chi-sq: 3.900 p = .048

One organisation, which provided such training, offered a fairly intensive 6 to 9 month programme, which involved the participants having to do weekly reports on how they could improve the

effectiveness of their business. This type of course would therefore target potential fast growth companies and those individuals with the time, commitment and capacity to attend such training. It is suggested that the majority of the enterprises in the sample (which were mainly one-person operations) did not have the time or the capacity to attend this form of intensive training as 46.1% did not participate in such training.

Furthermore the results showed that the female respondents were more likely to have completed this form of training than their male counterparts. Again, the fact that more females participated in this form of training than the expected count lends support to the result that the female respondents were more likely to have completed training overall. Notwithstanding this result however, business/managerial training is a significant form of training for both genders.

The relatively small number of respondents who had undertaken vocational and technical training reflected perhaps its suitability for those who were in the craft or trade industry (Table 8.12). As stated earlier, females were more likely to be involved in the crafts and tourism sector. Therefore this might suggest why there were more females who had participated in this particular form of training than the expected counts.

Table 8.12: Vocational and technical training undertaken by gender

	Yes	No	Total
Male	50	122	172
	Exp. Count: 51.0	Exp. Count: 121.0	Exp. Count: 68.0
Female	25	56	81
	Exp. Count: 24.0	Exp. Count: 57.0	Exp. Count: 32.0
Total	75	178	253
	% Total: 29.6	% Total: 70.4	% Total: 100.0

Chi-sq: .085 p = .771

Surprisingly only 84 (33.1%) had undertaken marketing training (Table 8.13). This form of training is considered important for entrepreneurs at every stage of business development, prior to the product/service being put on the market and also in the sales and marketing of it whilst it is there.

Table 8.13: Marketing training undertaken by gender

	Yes	No	Total
Male	52	121	173
	Exp. Count: 57.2	Exp. Count: 115.8	Exp. Count: 68.1
Female	32	49	81
	Exp. Count: 26.8	Exp. Count: 54.2	Exp. Count: 31.9
Total	84	170	254
	% Total: 33.1	% Total: 66.9	% Total: 100.0

Chi-sq: 2.225 p = .136

Once more the results showed that more females had undertaken this form of training, and this reflects the pattern for training in general. However it is argued that marketing training is nonetheless applicable to every enterprise regardless of its sector. Indeed, all organisations personnel stressed the importance of attending a marketing course and their comments included:

**Organisation no. 11:** "In a general sense we would regard marketing as essential to the success of any business – no matter how small".

Organisation no. 1: "You could run a marketing course every day of the week and it would be full".

The above comments reflect an apparent conflict between on the one hand the importance of marketing training and on the other the reluctance to provide more marketing courses. The second comment referred to the fact that the organisation in question had moved to more specific and specialist training courses as opposed to providing an increased number of generic marketing courses.

Furthermore, the small numbers of respondents who completed marketing training is surprising as the entrepreneurs had to ensure and demonstrate to the agencies that there was a sufficient market for their product or service and that they had a proposed or existing market strategy. A greater attendance at marketing training may benefit the high percentage of respondents who relied solely on their local market, as it would allow them the time and teach them the necessary skills to explore other market opportunities. However when a number of respondents were asked as to why such a small number of entrepreneurs had completed training of this type, their responses reflected in some cases the identification that whilst marketing was important in business, it was accepted that not all business people have the ability to sell their service or product:

Enterprise no. 139: "I suppose we wouldn't have a good background in sales and that type of thing, but it is difficult to have that because we are more or less designers/inventors and it is hard to put yourself into the shoes of someone who sells....but we didn't have the time or the inclination to go into marketing – you just don't have the time to take this up".

Enterprise no. 202: "When you are starting off you have enough to contend with to go down and give details of your marketing forecasts and all this kind off crap".

**Enterprise no. 256:** "What I didn't know in the beginning was how to market my products. I am not a very good business man because I never like to sell my work – I was looking at my art as a piece of art and not as a product and that was the biggest mistake".

There are a number of factors, which may help to explain the low numbers of respondents who completed such training courses (Chapter 6). Perren et al (1999), in their reference to training indicated that the problem might lie with the type of training being offered to entrepreneurs. They added that business people need "context specific and timely support rather than generic training programmes" (ibid, 1999:353). One agency manager identified also with this issue:

**Organisation no. 1:** "We don't run any *general* management courses – so we go down the route of very *particular/specialised* training programmes – nobody wants *general* courses, it took several years to realise that there was something not working here and now our courses are filled in a week or so".

Some respondents questioned the relevance of training courses and suggested that the main reason why they attended such training was to improve their chances of financial approval even though it effectively wasted their time:

**Enterprise no. 32:** "We did some training with them (small businesses development) - some which weren't that good really, things were dragged out, which could be done quicker so it was a waste of time, but at the time we were applying for the grant and we thought maybe we should not reject it".

**Enterprise no. 154:** "It was just a big waste of time – I said don't ask me to these anymore – my business is too important to me to waste time".

Furthermore in Chapter 6 it was shown that those who had higher levels of education (third level qualifications) were more likely to have completed training. One organisation manager was of the view however, that it was those individuals who may have the technical skills but have lower levels of education that needed training the most:

Organisation no. 10: "It is ok for us who have been to college and know all that you should know about running a business.....but if they are very technically sound in their product and they know what their product should do, then they tend to have very weak areas in marketing and financing of their product, human resources and communications".

Although the results showed that more females participated in training, access to training can be a barrier also and in particular for those who live in rural areas. This may particularly be the case for females as suggested by Lyne (1999) who cited transport and in addition, childcare, live register restrictions and inflexibility of delivery agencies as barriers for women hoping to participate in education and training. Furthermore the fact that more females participate in training does not necessarily suggest that those who do will become entrepreneurs. This was suggested by one organisation when questioned about the higher numbers of females participating in training:

**Organisation no. 13:** "If I look at training programmes that this programme has funded, the uptake of them have been predominantly female (up to 75%) and still and all when I look at the number of microenterprises that have been supported by the CEBs for this year, only 9-10% of the total 120 were female".

The results reflected the overall commitment to education and training by the female respondents in the sample. Further issues in relation to training were explored in Chapter 6.

## 8.3.3: Previous business experience

Kupferberg (1998) argued that the decision to become an entrepreneur could be viewed as a particular kind of occupational choice or career commitment that emerges in the course of an individual's life history. The level and type of previous business experiences, which the entrepreneur has engaged with prior to becoming an entrepreneur, and in their life history, may therefore be significant in influencing the type or the development of the entrepreneurial venture. Furthermore, these experiences may influence the interaction process, as Hart (1995) argued that there was a relationship between experience based knowledge, both tacit and explicit, and the improvement of one's skills in resource specification, identification of appropriate resource providers, and development of selection criteria. Therefore it is expected that previous business experience will be influential on one's interest in entrepreneurship. As explained in Chapter 4, Hisrich (1992) also suggested a tendency for individuals to start their successful businesses in fields in which they have previously worked. He added that in many cases the entrepreneurial idea occurs whilst the individual is working in a particular business position.

Therefore it is argued that experience in employment, whether or not it is directly related to one's current enterprise, may be valuable for gaining skills and knowledge, establishing networks, managing finances and interacting with external enterprise supporting organisations. However just over half (53.1%) of respondents stated that they had previous business experience prior to their involvement in their enterprise. The male respondents were however more likely to have previous business experience (Table 8.14). Studies have shown that female entrepreneurs have less business and managerial experience than males upon establishing their business (e.g. Watkins and Watkins, 1983), and such studies were consistent with the findings from this sample. The fact that the females in the sample were less likely to have gained previous business experience than their male counterparts may correspond either with their time committed to achieving higher educational attainments and/or their willingness to participate in training courses suited to their enterprise needs. In addition, it may reflect a period of absence from the labour market for reasons such as their home responsibilities.

Table 8.14: Respondents' previous business experience by gender

Previous Experience	Yes	No	Total
Male	93	80	173
	Exp. Count: 91.9	Exp. Count: 81.1	% Total: 67.6
Female	43	40	83
	Exp. Count: 44.1	Exp. Count: 38.9	% Total: 32.4
Total	136	120	256
	% Total: 53.1	% Total: 46.9	% Total: 100.0

Chi-sq: .086 p = .770

The question did not allow for the actual number of years of previous business experience to be stated however, it was expected that those in the older age category would have more previous experience than the younger respondents, and the results showed that the number of those in the >45 age bracket who had previous business experience was greater than the expected count (Table 8.15). In contrast those in the younger age bracket were less likely to have gained previous business experience. These results may reflect the number of years in which the older respondents have spent in the labour market prior to establishing their enterprise.

Table: 8.15: Respondents' previous business experience by age

Previous experience	Yes	No	Total
<30 years	10	11	21
	Exp. Count: 11.2	Exp. Count: 9.8	% Total: 8.2
30-45 years	77	81	158
	Exp. Count: 84.2	Exp. Count: 73.8	% Total: 61.5
>45 years	50	28	78
	Exp. Count: 41.6	Exp. Count: 36.4	% Total: 30.4
Total	137	120	257
	% Total: 53.3	% Total: 46.7	% Total: 100.0

Chi-sq: 5.252 p = .072

It was expected also that those with lower levels of education might have more years of previous business experience, as they were mainly in the older age category and they may have spent more years in the labour market. However the results did not indicate this (Table 8.16). Those respondents with the lowest levels of education (Primary Level and Junior Certificate) were less likely to have attained previous work experience. The numbers of respondents who had a third level degree and who had previous work experience were greater than the expected counts. Overall these results may suggest a possible link between low educational attainments and long-term unemployment or absence from the labour force.

Table 8.16: Respondents' level of education by previous business experience

<b>Educational Level</b>	Yes	No	Total
Primary Level	8	18	26
	Exp. Count: 13.9	Exp. Count: 12.1	% Total: 9.8
Junior/Inter Cert.	21	19	40
	Exp. Count: 21.4	Exp. Count: 18.6	% Total: 15.2
Leaving Cert.	23	16	39
	Exp. Count: 20.8	Exp. Count: 18.2	% Total: 14.8
Third Level: Cert./Dip.	34	31	65
	Exp. Count: 34.7	Exp. Count: 30.3	% Total: 24.6
Third Level: Primary Degree	31	19	50
	Exp. Count: 26.7	Exp. Count: 23.3	% Total: 18.9
Third Level: Post Graduate	12	13	25
	Exp. Count: 13.4	Exp. Count: 11.6	% Total: 9.5
Other	12	7	19
	Exp. Count: 10.1	Exp. Count: 8.9	% Total: 7.2
Total	141	123	264
	% Total: 53.4	% Total: 46.6	% Total: 100.0

Chi-sq: 8.389 p = .211

Although only 53.1% of respondents had previous business experience, only 14.0% of respondents indicated that they were previously unemployed prior to establishing their enterprise. Moreover, over half of these respondents were female, which suggests that they may have been absent from the labour market for reasons suggested earlier (Section 8.2.1). For the remaining entrepreneurs, these results may suggest that they were either in education, training or other employment (either officially or unofficially) prior to their decision to establish their enterprise and that their experiences and knowledge gained may have been a factor in contributing to their decision to become an entrepreneur.

#### 8.3.4: Size of business most often worked with

Matthews and Moser's (1995) study found that the desire to work for and/or establish a small enterprise might depend on the size of the firm with which the individual has had the most experience. Likewise, Young and Francis (1991) argued that the founders of small manufacturing firms tended to have had previous work experience in similar small firms. Furthermore, Strohmeyer (2001) made reference to theories of labour market segmentation which indicated that those who were trained in small firms have both different opportunities for mobility and different work careers to those who have worked in large firms. Therefore the size of business most often worked with may be a factor also in explaining why people chose to establish a micro-enterprise and whether they may choose to increase the size of their enterprise in the future.

The entrepreneurs were asked to indicate the size of business, which they had worked most often with as an employee. The categories included micro businesses (employing less than 10), medium sized business (employing 10-50) and large businesses (employing >50). As shown in Table 8.17, the majority (46.2%) of respondents had worked most often in micro-enterprises. Similar percentages of respondents had worked in medium sized enterprises (24.0%) and large enterprises (24.4%). In addition, 5.4% of respondents selected more than one of the categories, suggesting that they had worked for two or more enterprises of different sizes in their working life.

Table 8.17: Size of business most often worked with

Size	Number	% Total respondents
Micro (<10)	112	46.2
Medium (10-50)	58	24.0
Large (>50)	59	24.4
More than one selected	13	5.4

The fact that the majority of the respondents worked most often in micro-enterprises may lend support to the claim that such entrepreneurs might indeed have both different opportunities for mobility and different work careers to those who have worked in large firms. In addition, the result might suggest a link between those who had worked most often in micro-enterprises and their

desire to establish an enterprise of this size. On a positive note, Storey (1994) suggested that the presence of micro-enterprises might help stimulate a more favourable entrepreneurial climate for further enterprise development, as employees in micro-enterprises may aspire to owning their own enterprise. The results may reflect this aspiration and in turn may help create more micro-enterprises across the three locations in the future.

# 8.4: Mobility and entrepreneurship

The entrepreneurs were asked to state their birthplace, present place of residence and last place of residence. This was done in order to examine if there was a link between mobility and entrepreneurship, and also whether some respondents chose to move back to their native place in order to establish their enterprise. Mobility in the narrow sense may be defined simply as the residential movement from one location to another. Mobility has a long tradition of creating the negative displacement of people from one area to another, particularly with regard to the problems associated with rural-urban drift. Therefore, mobility as a concept has traditionally been regarded as negative for rural areas and a factor in hindering balanced rural and regional development. The information age has introduced a different perspective to the concept of mobility however, in that distance is much less a barrier and the globe has shrunk with the availability of modern communications including broadband telecommunications infrastructure. Therefore it is easier for people to move and in so doing they can choose a more suitable location in which to establish their enterprise.

In this study there was evidence of both native and non-native people who had moved from their original birthplace and who were engaging in an entrepreneurial venture. In this respect, the results were considered by reference to Wilken's (1979) theory of marginalisation, as explained in Chapter 4. Hereafter, references made to native entrepreneurs refer to those entrepreneurs who were born in Ireland and references made to non-natives refer to those entrepreneurs who were not born in Ireland.

## 8.4.1: Birthplace

As shown in Table 8.18, the large majority of respondents (83.6%) stated that they were born in Ireland (this includes the Republic and Northern Ireland). Only 16.4% stated that they were born in another country. These countries not only included the United States and the United Kingdom, but also Belgium (1), Denmark (1), France (1), Germany (1) Nigeria (1) and Switzerland (1).

Table 8.18: Respondents' birthplace

Birthplace	Number	% Total respondents
Native	148	83.6
Non-native	29	16.4
Total	177	100.0

The results suggest that the majority of entrepreneurs preferred to engage in entrepreneurial activities in their country of birth, for reasons such as their desire to live in Ireland, a favourable business environment, their knowledge of the regulatory environment and the local market, philanthropic reasons such as the desire to create employment in Ireland or to establish an enterprise which used Irish products. In addition, it might reflect the degree of entrepreneurial legitimacy in Ireland, as it was argued in Chapter 5 that in places where entrepreneurial legitimacy was high, entrepreneurship may be considered as an attainable, a highly respected and attractive career option.

On the other hand, for those whose country of birth was not Ireland (16.4%) it is suggested that they simply moved their entrepreneurial idea or business from their previous location to Ireland. As suggested by Wilken's (1979) theory, immigrants may be placed in a marginal social position also and for this reason may favour and choose entrepreneurship as an attractive alternative and a means to escape their marginalised position in their host country. Alternatively, and as the literature suggests, ethnic entrepreneurship is the result of an interaction between two sets of factors, which are referred to as the structure and resources arguments (Pécoud, 2000). The structure argument refers to the necessity for a favourable business environment, the presence of a market, supportive government policies and in some cases discriminatory unemployment policies. On the other hand, the resources argument refers to the characteristics of the individual entrepreneur, and includes their skills, education and experience and their disposition towards entrepreneurship. Consequently, it is argued that the non-native entrepreneurs in the sample, had chosen to engage in entrepreneurial activities in Ireland, as a result of a business opportunity, their perception or experiences of marginality, and/or their perception of entrepreneurial legitimacy with regard to the favourable and supportive environment for business establishment and development.

#### 8.4.2: Present place of residence

In response to their present place of residence, the locations listed were compared with the respondents' birthplaces, to establish the entrepreneurs' mobility patterns. The responses were categorised into three: i) moved within Ireland, ii) moved from abroad and, iii) same as birthplace (Table 8.19).

Table 8.19: Respondents' present place of residence

Present place of residence	Number	% Total respondents
Moved within Ireland	115	65.3
Moved from abroad	30	17.0
Same as birthplace	31	17.6
Total	176	100.0

The responses indicated that 65.3% of respondents had moved within Ireland, from one county to the next or from one town to another within the same county. This figure included only 9 respondents who had moved from Northern Ireland to the Republic of Ireland. One explanation for this small number can be explained by reference to a recent *Study of Obstacles to Mobility* report commissioned by the North/South Ministerial Council (2001), which recommended the establishment of a one-stop shop aimed at encouraging more labour mobility between the North and South of Ireland. The report highlighted the difficulties workers have in accessing information on such matters as taxation, health care and housing, and stated that it was rarely one single obstacle which limited freedom of movement between Northern Ireland and the Republic. The establishment of such a one-stop shop, together with the relatively short distance involved between Northern Ireland and the Republic, may influence further cross-border movement of labour in Ireland in the near future.

Those who had moved within Ireland may have done so in order to establish their enterprise in a more preferable or suitable location, such as the decision to move from urban areas to a more rural location as illustrated by one respondent:

**Enterprise no. 272:** "I am right to be here far away from all the hustle and bustle – the quality of life in Dublin is completely different – you cannot say which is better, you just have to choose which suits you at a certain part of your life".

Other reasons why people may have moved from a location within Ireland may include the decision to move to the home place of their marital partner, or the necessity of moving for educational purposes. A number of respondents referred to places within Ireland from which they had moved, including Galway (3), Carlow (1), Limerick (1) and Sligo (1), which all offer Universities and Higher Institutes of Technology.

The fact that the majority of the respondents in the sample had moved either from within Ireland (65.3%) or from abroad (17.0%) might indicate that those people who are mobile have a greater disposition towards entrepreneurship.

One comment from an organisation manager who had moved back to Ireland made reference to a number of reasons why Irish entrepreneurs emigrated and subsequently moved back to Ireland to establish an enterprise:

**Organisation no. 13:** "There was always a high emigration and therefore a good communication from emigrants as to what was happening elsewhere, and also a travel orientation to go off and find out and do things and look at things".

Another organisation manager made reference to the necessity for many Irish entrepreneurs to relocate and to establish an enterprise in another country:

**Organisation no. 19:** "Much of the Irish entrepreneurship is with regard to people in Ireland who realised that they had skills and services with not a broad or diverse enough market to sell in Ireland – and therefore there are lots of Irish entrepreneurs abroad digging out business".

In Chapter 6 results revealed the significance of the local area for the location of the enterprises. Amongst the advantages noted were, the benefits of local word-of-mouth to businesses, the knowledge of the local market and the ability to employ locally. In this sample 17.6% of respondents stated that their present place of residence was similar to their birthplace. This may suggest that these respondents had either lived in the same place all their lives or that they have moved home to establish their business after a period spent elsewhere. Nonetheless the result suggests that 17.6% of the respondents had chosen their birthplace as the location for their enterprise.

## 8.4.3: Last place of residence

The locations listed in the response to the last place of residence were categorised into three: i) moved ii) same as birthplace and, iii) moved from outside Ireland (Table 8.20). Responding to the question concerning last place of residence, 48.4% of respondents had moved from a former location in Ireland, including 3 respondents whose last place of residence was in Northern Ireland.

Table 8.20: Respondents' last place of residence

Last place of residence	Number	% Total respondents	
Moved	76	48.4	
Same as birthplace	30	19.1	
Moved from outside Ireland	51	32.5	
Total	157	100.0	

There were 32.5% of respondents who moved to their present place of residence from a location outside Ireland. Places stated included not only the U.S. and U.K but also such places as Australia (2), Asia (1), Germany (1), New Zealand (1), Paris (2), Papua New Guinea (1), Saudi Arabia (2), Uganda (1), and another entrepreneur stated that they had formerly spent "several years in various

countries". One respondent's comment suggested that it was during his travels that he discovered his entrepreneurial idea:

Enterprise no. 154: "I saw the idea in Australia".

The above comment may indicate the value of mobility in entrepreneurship, as it may help and/or encourage entrepreneurs to build on or discover an entrepreneurial idea which they have seen in operation in another location. Mobility may be beneficial also to entrepreneurs as it may be necessary for them to move to acquire skills, education, training, work experience and/or increase the number and value of important business contacts and personal networks required to establish their enterprise.

In this research there was evidence of non-natives, who had moved to Ireland and had set up businesses, and Irish natives, who had moved back to Ireland following some time spent abroad. Their individual comments about the environment for setting up an enterprise in Ireland are interesting as they reflect their experiences of marginality, and their perception of the degree of entrepreneurial legitimacy and type of business environment in Ireland. In this respect some comments are therefore worth including:

Enterprise no. 32: "Coming from America even though I am Irish, I am mostly American – I wasn't prepared for how different things were. I found that certain things in Ireland are very conservative – America is more open to ideas, but Ireland is in some ways very stuck in the ways of doing things for no other reasons other than that's the way they have always done it. Things in Ireland are very sloppy – a shabby standard, big social problems and substandard housing. We were amazed however at how much support we could get from the State – and at the same time there was no real stigma attached to it. In America it is quite the opposite – you are a worm if you are living off the State".

**Enterprise no. 34:** "I have to have a business permit to stay here and they make it very difficult for Americans to come here, unlike EU members - I am basically treated like an asylum seeker. The thing that is interesting about Ireland is that they used to be charming but it no longer is. Nobody really knows how anything works so it is possible to do things in a very - well haphazard isn't the right word - but in a very un-business like way".

Enterprise no. 86: "I moved home and I was in mega mega shock because I hadn't lived here for so long and the place had changed so much - my lack of knowledge of Ireland – I wouldn't have had to go through the whole readjustment of moving back here – the reverse culture shock which it was, and people didn't realise they just assumed that because you were Irish you knew the system - but even how you open a bank account has changed. I think it is worse in a way because when you move to a new country, people are inclined to help you because they know you are new to the system but here they think 'ah you're Irish'. I don't think that the Irish people are the same as they used to be they are a lot more greedy and stressed and the roads are diabolical and property is a joke".

**Enterprise no. 202:** "The whole infrastructure for small business is not here – this is why I said give me anywhere but Ireland".

**Enterprise no. 256:** "Everything here takes time - that is the only problem here – 'Irish time'- lovely people but it's just that everything takes time".

The above comments make reference to the perception of the environment for entrepreneurship from those who have experienced living in another location. With reference to Population Ecology Theory, a favourable economy will be positive for enterprise creation, therefore an improved economic balance (particularly in the 1990's) may have been an important factor in persuading people to move home. In a similar regard, the references made to "sloppy", "haphazard" and the "unbusiness-like way", refer to actual experiences in establishing and/or developing an enterprise in Ireland, and, as such indicate the type of business environment as perceived by some of the entrepreneurs. In the same way, the comments concerning the conservative manner, the treatment of foreign entrepreneurs, and the lack of business infrastructure reflect their perception of the degree of entrepreneurial legitimacy in Ireland. These comments are worrying, considering the importance and benefit of encouraging Irish entrepreneurs who have emigrated in the past to relocate in Ireland. As stated earlier, word-of-mouth amongst Irish emigrants as to the type of business environment and degree of entrepreneurial legitimacy in Ireland can be considerable in encouraging the relocation of entrepreneurial activities, and therefore the significance and implications of the comments noted above cannot be underestimated.

In response to their last place of residence 19.1% of respondents stated that it was the same as their birthplace. The decision to establish an enterprise in one's home place, may indicate the value placed on personal lifestyle factors such as the level and quality of the informal and formal networks established, or for philanthropic reasons such as the desire to provide local employment opportunities, increase local services and improve the social and economic well-being of their local area. The decision to locate one's enterprise in their birthplace, might reflect also their social standing in their local region, as it is argued that it is less likely that an individual will experience marginalisation in their home-place.

In Chapter 6 the advantages and disadvantages of the location for their enterprise was examined and these results together with the patterns of mobility shed some light on the importance of locational factors in the decision to establish an enterprise.

# 8.5: Respondents' comments

This section examines the individual comments made by the entrepreneurs in relation to how they ranked factors which were perceived to be important in setting up a business and how they prioritised a choice of personal goals. It examines also their responses as to why they became entrepreneurs, how they became entrepreneurs and how the idea to set up their enterprise came about. The aim of this section is to examine entrepreneurship in response to Kupferberg's query (1998:172): "what kind of experiences tends to make someone an entrepreneur?" At the outset, it is noted that although it may be possible to compile a generic list of factors, motives and goals which were considered important for the aspiring entrepreneur, this study has yielded conflicting results

as to the importance of some of the popular choices, such as education, training and profit maximisation. In this respect, it is worth considering Haynes et al (1999:90) argument that "the action of launching a new venture is inherently unique, entrepreneurs have selected a behavioural path that is distinctly different from their non-entrepreneurial counterparts". Therefore in line with the argument that entrepreneurship is essentially an "atypical phenomenon", it is argued also that there is no "typical entrepreneur", and that the action, contributory factors, motives, goals and methods for setting up a new enterprise are unique to each entrepreneur.

# 8.5.1: Factors important for people setting up a business

The entrepreneurs were given a list of ten factors and they were asked to rank those considered to be important for people setting up a business. The results would therefore reflect their knowledge and experience in establishing a micro-enterprise. The factors included a mix of social, personal and economic influences, which undoubtedly affected each one of the entrepreneurs differently. Therefore the significance they placed on each factor was considered important as a possible indicator for the types of entrepreneurs in the sample and the future orientation of the micro-enterprises. Nevertheless, it is worth bearing in mind at the outset, that these questions were asked in general terms and their responses may not necessarily refer to the entrepreneurs' own experiences in becoming an entrepreneur and/or establishing their enterprise. The responses to this question were ranked from 1 (most important) to 10 and the results are shown in Table 8.21.

Table 8.21: Main factors important for people setting up a business

Factor	1 <sup>st</sup> place	2 <sup>nd</sup> place	3 <sup>rd</sup> place	Total score*	Ranking
Personal interest in enterprise	72	37	28	1,388	1 <sup>st</sup>
Own capital	54	31	39	1,217	$2^{\text{nd}}$
Existing market	48	42	25	1,125	3 <sup>rd</sup>
Good location	21	27	30	779	4 <sup>th</sup>
Eligibility to borrow from bank	6	36	36	696	5 <sup>th</sup>
Availability skilled/qual. labour	9	14	24	443	6 <sup>th</sup>
Government/financial assistance	6	17	15	403	7 <sup>th</sup>
Availability advice/info.	1	10	15	252	8 <sup>th</sup>
Availability of training courses	1	8	9	196	9 <sup>th</sup>
Other	4	2	0	58	-

<sup>\*</sup> Total score includes ticked responses

## - Having a personal interest in the enterprise

Having a personal interest in one's enterprise was ranked in first position. The significance of this factors is further strengthened in later references as to why the respondents became entrepreneurs (Section 8.6.1), how they became entrepreneurs (Section 8.6.2), their personal goals (Section 8.5.2) and where their business idea came from (Section 8.6.2). From these results, it is suggested that having a personal interest in one's enterprise outweighs the value that the entrepreneurs have placed on other factors such as profit maximisation and enterprise enlargement.

It is argued that having a personal interest in one's enterprise is tantamount to obtaining success in entrepreneurship. This can be explained by reference to the motivation, expectancy and goal theories presented in Chapter 4. In this respect, personal interest is equated with the motivation to achieve success in entrepreneurship, and in a similar manner with the desire to achieve one's entrepreneurial goal. Such achievement will result in personal, economic, social and/or other rewards which the entrepreneurs expected to gain from their engagement in entrepreneurial activities.

As suggested in an earlier section, one's entrepreneurial idea may be discovered when one is working as an employee and for this reason, it can be suggested that an entrepreneur who discovers his/her entrepreneurial idea whilst working as an employee, and subsequently makes the decision to use this idea to establish an entrepreneurial venture, will undoubtedly have a personal interest in their enterprise.

One's personal interest may correspond also with their degree of educational attainment, experience, training or particular skills which are relevant to entrepreneurship. This is discussed in a later section, with reference to the importance of work experience, training, education and skills in the decision to become an entrepreneur (Section 8.6.1; 8.6.2).

## - Having your own capital available for investment

It is recognised that many small business owners earn less money then they would as an employee, however, overall references to problems associated with having, needing or borrowing finance have been very few throughout the study results. Nonetheless, when the entrepreneurs were asked to rank the main factors which they considered were important for people setting up an enterprise, having one's own capital available for investment was ranked in second position.

Hisrich (1992:2) estimated that most 'micro-businesses' (employing <2) established in the United States in 1991, were financed mainly by the entrepreneur, followed by family and friends, and finally the "formal risk capital market". As the majority of the entrepreneurs in the sample were operating as sole traders (67.5%), it was anticipated that having one's own capital available for investment in the micro-enterprise would be very important for the entrepreneurs.

An initial explanation for this is that many of the entrepreneurs may have relied on internal financial support, as opposed to seeking external seed capital, as this is commonly considered more high risk. Furthermore it is difficult to say whether the entrepreneurs considered the capital support

which they may have received from the three organisations as 'internal working capital', as often there was no onus on the entrepreneurs to pay back such capital assistance received.

Therefore it was assumed that in consideration of the relatively small amounts of capital assistance received by the majority of the entrepreneurs that they either required a small amount of initial working capital, or that they were able to generate the required amount from personal savings/investment or from informal loans from family and friends. However the involvement of family members in the enterprises has been shown earlier to be insignificant (Section 8.2.4), and therefore it is likely that their ability or willingness to offer loans may also have been so.

It is fair to suggest that the requirement of only a small amount of working capital may have been more likely for those who set up their enterprise in their local area, as they may have already had existing premises in which to establish their enterprise (Section 8.4). Additionally, the low percentage of enterprises which offered employment, meant that many entrepreneurs would not have had the additional expense of paying others to work for them. Furthermore, many of the enterprises were service-type businesses which may mean they required limited capital for enterprise establishment.

In view of the above results, Fitzpatrick et al (1999) study revealed considerable differences between business which required low levels of start-up capital (<\$10,000) and those which required high start-up capital (>\$10,000). They found that those who required high start-up capital tended to be older, had gained prior managerial/ownership and marketing experience, tended to be high monitors of their marketing environments, had prepared a business plan, sought marketing assistance in the start-up phase of their business establishment, began with one or more business partners, and tended to initially pursue a broader geographic scope. Such differences reflected the profile of the majority of enterprises in this sample, which were mainly newly established, tended to rely heavily on their local market, the majority had not completed marketing training and they operated mostly as sole traders.

Although it is assumed that one is in a very vulnerable position if they do not have the required amount of working capital prior to the establishment of their enterprise, the drive and determination to become an entrepreneur may outweigh this. Therefore it may be suggested that a large percentage of entrepreneurs were willing to invest a large portion of their personal savings/investments and/or use personal assets such as their family home as security to generate this working capital. If this were so, the risks associated would be particularly high for those who operated as a sole trader (67.5%).

## - An existing market

One of the first steps in establishing an enterprise and seeking external assistance is that one can demonstrate that there is a market for the product or service. Furthermore the existence of an available or untapped market is crucial for the survival of one's enterprise. In recognition of these facts, and considering that the majority of enterprises in the sample relied on their local available markets, it was expected that they might rank this factor very highly. The results showed that this factor received an overall ranking which placed it in third position relative to the other factors listed in Table 8.21. These results are positive as they establish the importance that the entrepreneurs placed on having a market in place when establishing an enterprise.

## - Good location for enterprise

The importance of a good location for the establishment of an enterprise has been highlighted in previous results (Chapter 6). It was expected that the importance that the entrepreneurs placed on having a good location for their enterprise would be strong, and this factor was ranked in fourth position. This may reflect also their individual experiences, as the results have highlighted the significance of locating near the home of the owner manager. In this respect it was explained previously, that locating one's enterprise in the home area may present certain advantages to the entrepreneur and to the entrepreneurial venture.

## - Eligibility to borrow capital from the bank

Surprisingly, one's eligibility to borrow capital from the bank was ranked in a low fifth position. This factor was ranked less than having one's own capital for investment in one's enterprise, and consequently, might reflect the significance of financial independence and the desire to finance one's enterprises by using internal sources of funding. On the one hand, as these results refer to setting up a business in general, it may suggest that the entrepreneurs perceived no great difficulties in securing capital from a bank during the establishment of an enterprise. On the other hand, the results may be compared with a Swedish study by Landström and Winborg (1995) which concluded that only a few small business managers actually experienced a need for additional capital. Consequently, they argued that their study, confirmed Myers' (1984) 'pecking order approach', which suggested that small business managers preferred internal funding to external financing, and debts to seeking external equity. This was explained by the presumed fact that the relationship between the financier and the manager is characterised by information asymmetry (ibid, 1984). Consequently, the results from these studies together with the results shown in Table

8.21 question the large effort that is made in many countries to increase the level of capital available through grants.

The results should be considered also in light of the increased availability of capital assistance in the form of grants and loans from other sources, and in particular from the three organisations. This might explain why this factor was ranked in only fifth position. Furthermore these results seem to confirm the Haynes et al (1999:93) finding, that "studies which examined activities relating to enterprise establishment have shown that 'lifestyle entrepreneurs' who are likely to have higher dissatisfaction levels, would be less willing to finance their ventures through business loans because it represents an autonomy issue to these founders". The results may suggest also the large presence of 'livelihood' firms in the sample who were "active in the local market without any major need for further external capital" (Landström & Winborg, 1995:2).

## - Availability of skilled/qualified labour

As expected, the availability of skilled/qualified labour was ranked in only sixth position. Consequently it is argued that this low ranking might reflect the low level of employment created by the micro-enterprises in the study. In Chapter 6 it was revealed that only 16% of respondents stated difficulties associated with recruiting suitably skilled/qualified labour, in response to perceived threats/constraints to the enterprises. Therefore it may be safe to assume in this instance, that the factors which the entrepreneurs chose as important, were the ones directly experienced in setting up their own enterprise. These results may suggest also the presence of lifestyle entrepreneurs in the sample who were not interested in enlargement or offering employment opportunities, but were happy with the existing size of their establishment. More optimistically, the fact that the factor stated 'the availability of skilled/qualified labour' may suggest that the microentrepreneurs either did not require that available employees would have any specialist skills or qualifications and/or that they were willing to train their future employees.

# - Availability of government financial assistance

Although all the entrepreneurs sought the support (financial or otherwise) from at least one of the organisations in the study, the majority of the respondents hardly rated the availability of government financial assistance as an important factor for those setting up an enterprise. The results showed that this factor was ranked in only a low seventh place. These results reflect also the insignificance placed on one's eligibility to borrow money from the bank, but contrast with the importance placed on having one's own capital available to invest in the enterprise. The results may suggest the perception that little financial investment is needed in enterprise establishment, and is therefore worrying as this may have implications for the growth and sustainability of

enterprises. It might indicate however that the financial support which the entrepreneurs received was considered to be insignificant to enterprise establishment in general, or that their experiences in receiving such support have led them to conclude that it was not worthwhile or a significant factor in setting up a business. However it may add strength to the argument that small business owners prefer to generate their financial requirements internally instead of relying on external sources of funding.

## - Availability of advice/information

In Chapter 4 and 5 it was argued that the entrepreneur was not an isolated actor but a social actor; someone who relied on the advice and support from both informal and formal networks, in the establishment and development of their enterprise. Furthermore, it was argued that it was necessary for the entrepreneur to interact with their external environment in order to generate and gather the resources required for the functioning of their enterprise. Therefore it was anticipated that the entrepreneur would rank the availability of external sources of advice and information in enterprise development very highly. The results did not reflect this however, as this factor was ranked in only a low eighth position.

This result may reflect the characteristics of the individual enterprises in the sample, as so many of the micro-enterprises were one-person operations and had low levels of familial involvement. These combined results might suggest therefore, that the entrepreneurs had adopted a very isolated, individualistic and insular approach in the day-to-day management of the enterprise or, more worryingly, in the approach or attitude to external help and/or advice. Although the entrepreneurs may have had the necessary skills and knowledge required to establish the enterprises, it is hoped that the availability of external support and advice will be more significant to them in the future development of the enterprises.

## - Availability of training courses for enterprise development

It has been argued previously that entrepreneurs need assistance at each stage of the development of their enterprise, and that training can assist and support the gaps in knowledge and skills considered necessary to progress and develop one's enterprise (Section 8.3.2). However it was shown that just over half of the respondents had completed some form of training, and consequently the value they placed on the availability of training courses for enterprise development was very little, as this factor was ranked in only ninth position.

## - Other factors

The respondents were given the option of specifying other factors, which were considered important for people setting up an enterprise. Although a number of people selected this option (n = 48) only 5 respondents actually specified an alternative factor. These responses included mainly personal and social characteristics which they considered important for people setting up a business:

Enterprise no. 6: "Having the necessary skills"

Enterprise no. 24: "Neck"

Enterprise no. 68: "Determination"

Enterprise no. 94: "Customers"

Enterprise no. 276: "Being head-hunted"

## 8.5.2: Personal goals

Respondents were asked to rank, in order of importance, factors which they considered to be their priority goals. They were asked to rank only the factors which applied to them, and the top three rankings are shown in Table 8.22.

Table 8.22: Ranking of personal goals of the entrepreneurs

Goal	1 <sup>st</sup> place	2 <sup>nd</sup> place	3 <sup>rd</sup> place	Total score*	Ranking
Income finance or security	52	65	46	1,492	1 <sup>st</sup>
Family security	71	27	30	1,262	2 <sup>nd</sup>
Improvement of enterprise quality	29	45	41	1,033	3 <sup>rd</sup>
Profit maximisation	36	35	24	887	4 <sup>th</sup>
Enlargement of business	16	23	32	623	5 <sup>th</sup>
Improvement of local employment	9	8	17	298	6 <sup>th</sup>
Improved status in community	6	9	8	234	$7^{\mathrm{th}}$
Other	9	6	1	162	-

<sup>\*</sup> Total score includes ticked responses

Murphy's (2001:1) defined goals as "the things that people want to do, become, own or feel", and she argued that they were achieved by "obtaining and deploying resources". Resources she defined as "material resources, for example cash and commodities, and abstract resources such as contacts, information and prestige". The goals presented to the entrepreneurs represented a mix of both material and abstract resources and the results reflected some of the goals the entrepreneurs were expecting to achieve from engaging in an entrepreneurial venture. At the outset, it is considered important to consider that entrepreneurs will list their goals according to many factors, such as their lifestyle considerations (age, gender, marital status, educational attainments, training, skills), their type of enterprise (a lifestyle enterprise or an expanding enterprise), the success of their enterprise,

and lastly the goals which they know they can achieve and/or expect to achieve. With these considerations in mind, a useful starting point is to suggest that once the entrepreneur has established his/her goal/s, s/he will work towards achieving their goal/s, and, that within the context of Vroom's (1964) expectancy theory, one's goals will signify what one expects to achieve from engaging in entrepreneurial activities (Chapter 4).

## - Income finance or security

In response to the ranking of personal goals, income finance or security was placed in first position. The higher numbers selecting income finance or security as one of their priority goals suggested that the respondents desired adequacy and security of income over profit maximisation which was ranked in only fourth position. These results might conform with Simon's (1959) view of man the satisfier rather then man the optimiser, and in this regard it is anticipated that the majority of the entrepreneurs did not desire substantial capital gains from their entrepreneurial venture. If this is true, then it might be fair to suggest also that this might indicate the type of enterprises established.

In Chapter 4, a number of entrepreneurial typologies were presented. One such typology made a clear-cut distinction between small business owners and entrepreneurs. Carland et al (1984) distinguished between entrepreneurs and small business owners in relation to their personal goals and their desire to make a profit. They argued that the entrepreneur's objective would be to make a profit, be innovative and to maximise the growth potential of his/her enterprise. On the other hand, the small business owner will be content with achieving a number of personal goals, including family security. Nonetheless, it is suggested that instead of making a clear-cut distinction between entrepreneurs and small business owners, it is more useful to look at personal goals in terms of their consequences for entrepreneurship. In this respect, it is argued that entrepreneurs who desire income security over profit might prefer also to keep their enterprises small and this might have future consequences for the sustainability and/or expansion of the enterprises. In the same respect, one has to consider that profit may not be the main goal for entrepreneurship and that an individual can have many goals in entrepreneurship. Although it is not suggested, that one should revert to the traditional economic view, which argued that profit and economic factors were the main incentives for entrepreneurship, nonetheless it is expected that the ability to make a profit should be an important objective and hence goal for the entrepreneurs and their entrepreneurial ventures.

# - Family security

As a useful illustration to the importance of achieving family security in entrepreneurship, the following comment is included:

**Organisation no. 16:** "Most people that come in here primarily just want to become self-employed to meet the needs of themselves and their family....more often then not they are looking to make themselves a minimum wage. Some people want to make just enough to buy their children school books".

It was expected that family security would be a favoured personal goal for the majority of the entrepreneurs, as a large percentage of the micro-enterprise were family businesses. Therefore the above comment usefully illustrates the many family considerations which must be taken into account when choosing entrepreneurship. Although this goal was ranked in second position, those who selected it as their first main goal represented the largest percentage of respondents. Therefore it appears that the respondents regarded family security and income security as their priority goals, and gave less emphasis to the other goals listed. This may lend support to the strong evidence of lifestyle entrepreneurs (Haynes et al, 1999) in the sample who had subsequently established livelihood enterprises (Landström & Winborg, 1995), with the objective and expectancy to achieve income and family security. Nonetheless, it is accepted that family and income are very understandable basic human needs and for this reason have an important influence on entrepreneurship. Furthermore, with reference to Maslow's theory of motivation (1954) the achievement of physiological, safety and social needs are the first three identified in the need hierarchy. Therefore it is argued that the achievement of family and income security is prioritised when making the decision to become an entrepreneur. In this regard, the four-fold typology presented in an earlier section, may be applicable also to both genders, as the results for the main goals identified seem to conform also to the presence of conventional and/or domestic entrepreneurs.

## -The improvement of enterprise quality

In Chapter 5 it was revealed that 21.6% of respondents stated that they desired to diversify and/or improve the quality of the enterprise. It was considered also that the entrepreneur has a central role in influencing the future alterations of the enterprise as it is recognised that there are many internal factors that may affect the entrepreneur, such as personal changes in life circumstances, which may also influence this decision. Nonetheless with regard to the personal goals for entrepreneurship the improvement in enterprise quality was ranked in third position. It is recognised however that improvement in enterprise quality does not necessarily suggest growth and/or development of the enterprise. Nonetheless the desire to improve the quality of one's enterprise shows a strong commitment and personal interest in the enterprise which can only have positive outcomes. Furthermore it is recognised that improved quality is essential in order to sustain the enterprise and remain competitive.

### - Profit maximisation

Traditional economic theory suggested that profit maximisation was the main motivating factor in business development (Chapter 4). Indeed many studies have highlighted the desire for profit maximisation amongst the main reasons for establishing a business and some have suggested that this desire is what distinguishes the entrepreneur (Chan and Lau, 1993). However references made to finance throughout the study have suggested that the entrepreneurs were not driven primarily by profit, but were motivated more by personal goals and expectancies. Again this was reflected in the insignificance that was placed on profit maximisation as this factor was ranked in only fourth position.

These results may be interrelated with the size of the enterprises, as the majority of them were oneperson operations which relied mostly on their local markets. It may point also to the lack of desire
to expand in the future and create more profit. It is recognised, however, that businesses must
generate profit in order to remain viable, and as many of the enterprises were newly established
these results might indicate a time lag between establishments and when they become profitable,
suggesting that if they were already making a profit they might have placed more value on this
goal. These results may indicate also that the entrepreneurs were not highly indebted and were
happy with their existing income but that they did not have any strategies in place for maximising
the income generated from their enterprises.

# - Enlargement of the business

Carter (1998:17) noted that "within the small firms literature there has been a widely noted dissatisfaction with the conventional theoretical approaches to firm growth, because it was now recognised that many small firms do not have plans for growth". It was expected, therefore, if entrepreneurs did not select this factor as one of their most important personal goals, that this would suggest that they did not have strategies for the long-term development of their enterprises. Perhaps this result may be related also to the relative lack of interest in wishing to expand one's enterprise. If this is the case then it is suggested that this is often not recognised adequately in official development efforts, as they increasingly push for businesses which show significant growth potential. Moreover it may indicate also that there was a time lag between the establishment of their enterprise and their desire and/or decision to make changes to their enterprise:

**Enterprise no. 176:** "Maybe if I pushed it more I may have done better but I am not going to go mad pushing it – we will see how it goes this year — if I can cover the maintenance, then I won't worry".

Enterprise no. 256: "Now I don't want to talk too loud – let's crawl first".

Previous references to enlargement have suggested that on the one hand it might be that the entrepreneurs were either satisfied with the existing size of their enterprise, as many entrepreneurs had sole responsibility for the functioning of their enterprise. On the other hand it might reflect the lack of knowledge skills or experience required in which to do so. Furthermore, and as noted previously, the significance which was placed on having a personal interest in one's enterprise might suggest that the entrepreneurs considered any changes to their enterprises as a possible detriment to their lifestyle considerations.

## - Improvement of local employment opportunities

It is recognised that the growth of one's enterprise should correspond with many factors such as an increase in employment, greater automation and the expansion of one's premises. The small number of respondents who selected the enlargement of their enterprise amongst their main goals, suggested that there would be a correspondingly low number wishing to improve local employment opportunities, as only 4.2% of entrepreneurs wished to increase their employment capacity. In view of this suggestion the improvement of local employment opportunities was ranked in a low sixth place which suggests that an increase in employment was not a priority goal. Overall this result highlights once more the presence of individualistic and perhaps isolated entrepreneurs in the sample who do not recognise this need, do not desire to increase employment potential, or who do not wish to have the responsibilities of being an employer.

## - Improvement of status in the local community

Amongst the priority goals which respondents were asked to rank, were some which examined their link with their local community. Although there were only 11.7% of the enterprises established by community groups, this factor was included as it would reflect the presence of other philanthropic entrepreneurs in the sample. Despite this suggestion, this factor was ranked in only seventh position. This result may reflect the entrepreneurs' sense of independence, their expectancies from entrepreneurship and their desire to achieve success for a variety of other reasons. Nonetheless, it is worth considering Dubrin's (1994) suggestion that those who place value on status would also have a need for status, and furthermore Sallis and Sallis (1990) suggestion that status could be an important motivator. In relation to the results in this study, it is hoped that the entrepreneurs place a high value on their status as entrepreneurs and perhaps the low ranking of this factor may reflect their individual modesty!

## - Other goals

The entrepreneurs were also given the option to include other goals which were not included in the list and only 7 respondents specified the particular goal:

Enterprise no. 6: "Like chosen career"

Enterprise no. 78: "To do what I love to do"

Enterprise no. 94: "To create something new"

Enterprise no. 260: "Happiness"

Enterprise no. 271: "To offer an amenity"

Enterprise no. 272: "To bring knowledge about healing to this area"

Enterprise no. 278: "Amenity"

# 8.6: Becoming an entrepreneur

The focus of this section is on the respondents' comments as to why and how they became entrepreneurs. Implied in the comments are the main expectancies from engaging in entrepreneurial activities together with the factors which most influenced individuals in the decision to become an entrepreneur. The individual comments are examined by reference to the theoretical conceptual framework explained in Chapter 4.

## 8.6.1: Reasons for becoming an entrepreneur

The entrepreneurs were asked to select the main reason for starting their present enterprise and the stated reasons were considered to be their main motives and expectancies for choosing entrepreneurship. Consequently, the question arises: can we examine the main motives and expectancies for entrepreneurship, and, if so, why would an examination of the entrepreneurs' motives and expectancies be important for our understanding of entrepreneurship? It was expected that the selected reason chosen by the respondents would not only indicate their main motivation and expectation for setting up their enterprise but also might cast some light on the performance potential of the enterprises. As explained in Chapter 4, very few human activities occur without motivation (Newstrom and Davis, 1997) and expectancies (Vroom, 1964), and it is for these reasons that it was considered important to examine motivations.

As the respondents were asked to select only one reason, a supplementary open-ended question allowed them to expand on their reasons for becoming entrepreneurs. Their responses to the latter question fell into a number of categories (Table 8.24), and the results may be compared with the

main reasons identified in Table 8.23. It is acknowledged that there are some difficulties with this question and hence with the interpretation of the results, as it is difficult to determine the significance of one listed factor in the decision to become an entrepreneur in comparison with the results from the open-ended query. Additionally, it is argued that as the entrepreneurs are motivated by a variety of motives, goals and expectancies then it is probably impossible to select one reason for choosing entrepreneurship.

As shown in Table 8.23, nearly one-third of respondents chose the desire to be one's own boss as the main reason why they wanted to become entrepreneurs (31.0%), together with 8.0% who chose the wish to become an entrepreneur. A further 16.5% selected entrepreneurship as it provided a better source of income. Only 14.2% stated that their previous employment ceased and a small percentage attributed their reason to inheritance (3.4%) and a lack of skills for other jobs (1.1%).

Table 8.23: Selected main reason why respondents wanted to become entrepreneurs

Main reason	Number	% Total respondents (n = 261)		
Wish to be own boss	81	31.0		
Provide a better income	43	16.5		
Previous employment ceased	37	14.2		
A supplementary source of income	31	11.9		
Wish to become an entrepreneur	21	8.0		
Inheritance	9	3.4		
Lack of skills for other jobs	3	1.1		
Other	36	13.8		

In response to the open-ended query as to why they became entrepreneurs, the respondents expanded on their main reasons for choosing entrepreneurship (Table 8.24).

Table 8.24: Reasons for becoming an entrepreneur

Reason	Number	% Total mentions (n = 303)	% Total respondents (n = 217)
Personal interest	110	36.3	50.6
Wish to be own boss	57	18.8	26.2
A trigger	31	10.2	14.2
To increase income	28	9.2	12.9
Family security	16	5.2	7.3
Inheritance	15	4.9	6.9
To work from home/local area	14	4.6	6.4
Immigration	11	3.6	5.0
Community benefit	8	2.6	3.6
Other	13	4.2	5.9

### - Personal interest

Having a personal interest in the entrepreneurial venture reflected the most mentioned reason for choosing entrepreneurship (36.3%).

Included in the responses were references to one's love, enjoyment and interest in their entrepreneurial feat:

Enterprise no. 22: "Love and desire".

Enterprise no. 27: "Working in an area in which I had an interest in – other than financial".

Enterprise no. 28: "Enjoy working in this area".

Enterprise no. 62: "Love creating opportunities for my business and offering a quality service".

**Enterprise no. 70:** "I became an entrepreneur because I wanted to do something that I liked myself and I knew that I could go through with it with good interest".

Enterprise no. 87: "Self-expression – I wanted to build something from nothing".

Enterprise no. 192: "Ambition – love what you are doing!"

## - The wish to be one's own boss

The desire to be one's own boss reflected the second most mentioned reason for becoming an entrepreneur (18.8%). Included in the comments were an attitude of a rejection of authority, a dissatisfaction with former employment and/or employers, the desire to have control over one's life and the wish to make the decision regarding one's career:

Enterprise no. 7: "When you work for yourself you know what you are working for".

**Enterprise no. 15:** "The need to own my own business basically arises from a rejection from authority, which made it always very difficult to stay in employment".

**Enterprise no. 32:** "I do not like having a boss, I realised ages ago that by being self-employed, I could have more control over my time – I wanted to decide when and how I would work".

Enterprise no. 72: "I never enjoyed working for others – I felt stifled and unfulfilled".

**Enterprise no. 78:** "Because I was unhappy working for others, as I felt I was not realising my dream or working to my full potential".

Enterprise no. 184: "Because I did not want to work for people I perceived as idiots".

Enterprise no. 218: "I found it difficult to work for somebody else".

Enterprise no. 221: "Don't like exploitation, especially when it is me. To make money – don't like 9-5 jobs, low pay, being told what to do and being let go at any time".

The comments correspond with the many popular traits identified in the literature on entrepreneurship, such as the need for achievement (McClelland, 1961, 1965), the need for independence (Collins and Moore, 1970), the need for power or control (Greenberger and Sexton, 1988), their internal locus of control (Brockhaus, 1982) and their deviant behaviour (Kets de Vries, 1985).

In reference to Maslow's theory of motivation (1954), the desire to be one's own boss can be related to the need for self-actualisation and self-esteem. These two needs were grouped under the growth category in Maslow's hierarchy of needs. When these two needs were met then the individual can realise their full potential. In this respect, it is argued that the need for self-esteem was fulfilled when an individual was engaged in an activity which they enjoyed, and correspondingly, the need for self-actualisation was realised by them becoming an entrepreneur. The desire for self-actualisation is implied in the above comments and most particularly in reference to their desire to have control over their own time, to escape from being told what to do by previous employers, their rejection of authority and their ability to make decisions regarding when and how they wanted to work. Perhaps these results suggest that by becoming an entrepreneur, and in turn becoming one's own boss the entrepreneurs were fulfilling these two needs, and were realising their full potential. Conversely, the individuals may have been deficient in one or both of these needs whilst working as an employee, and consequently entrepreneurship was chosen as a vehicle to realise these needs.

# -A trigger

A variety of triggers were identified as significant in the decision to become an entrepreneur (10.2%). Such triggers have been referred also to significant displacement events in the life of the individual entrepreneur (e.g. Shapero, 1975). Such changes can be either positive or negative for the entrepreneur. Unemployment or the loss of employment has been noted as a particularly significant trigger in the entrepreneurial decision process. Amongst the triggers identified were dissatisfaction with previous employment, marital separation, redundancy and poverty. The triggers were both internal and external to the entrepreneurs and included:

Enterprise no. 17: "Sick of the army – mismanagement of human resources".

Enterprise no. 81: "After a marital separation, I needed to become the sole breadwinner".

Enterprise no. 96: "Previous job ceased and lack of skills for other jobs".

Enterprise no. 121: "My marriage ended and I had to support my family and myself".

Enterprise no. 158: "Unsatisfied with my job in health board and decided to set up my own business when strike at local health board was called".

Enterprise no. 159: "Voluntary redundancy".

Enterprise no. 234: "Retired from general practice and was interested in this area".

Enterprise no. 236: "Do or die".

Enterprise no. 283: "Looking poverty in the eye".

### -Increase income

Traditional economic theory suggested that profit maximisation may the most important factor in choosing entrepreneurship, however it is assumed that an individual chooses entrepreneurship for many other non-economic reasons:

**Enterprise no. 139:** "Now I couldn't care if I was never a multi-millionaire – I am just that kind of person".

Nonetheless, it is anticipated that many entrepreneurs expected some economic gain from the entrepreneurial venture even though it may not be substantial profit gain:

Enterprise no. 188: "A need for a decent income".

The desire to increase one's income was the fourth most mentioned reason for becoming an entrepreneur (9.2%). These results suggest that the entrepreneurs perceived self-employment as a better option and method to increase one's income and/or supplement their income. Indeed, Verheul et al (2002) argued that the better the prospects of entrepreneurial income in comparison with income that one could generate from employment or unemployment benefits, the greater the likelihood that people will consider entrepreneurship as an option. For those respondents who stated this factor, they might be referring to their previous employee status and might thus be comparing the financial gain received from self-employment. In this respect, adequacy and stability of income may be a significant factor in the decision to become an entrepreneur. Such is identified in the following comments:

Enterprise no. 37: "I needed to supplement my income from farming".

Enterprise no. 56: "Falling farm income".

Enterprise no. 71: "The CAP reform – I thought a broader base of income would be advisable".

Again this result corresponds with the need for independence (Collins and Moore, 1970), the desire to make their own money and to raise their standard of living and have control over their future, which in turn may contribute to the realisation of their self-esteem and self-actualisation needs.

Overall the low percentage of mentions suggests other motivations for becoming an entrepreneur which in some cases were combined with the desire to increase income:

Enterprise no. 39: "To earn a living from what I like doing".

Enterprise no. 194: "Decided to stop using my talents for free".

## - Family security

Family security was considered also in the decision to become an entrepreneur (5.2%). It was expected that family security would be an important reason as the majority of respondents in the sample were married. The comments included in this category reflected the many ways in which entrepreneurship can contribute to family security:

Enterprise no. 16: "To provide for my family".

Enterprise no. 43: "Security of employment for family".

Enterprise no. 57: "Could work around my own children's schooling".

Enterprise no. 89: "Because I could look after my children at the same time".

Enterprise no. 113: "It's flexible and fits with family commitments".

Enterprise no. 231: "Better standard of living for my family".

## - Inheritance

Inheritance was mentioned in only 4.9% of the responses and this low percentage might reflect the large percentage of newly established enterprises in the sample. This result may suggest also a lack of parental or other family role models in the decision to become an entrepreneur. For those who did inherit their enterprise, the importance of keeping a family history alive and in gaining business skills prior to the management of the business was identified:

Enterprise no. 3: "To keep family history alive".

Enterprise no. 75: "I had come home to take over the family estate and realised that an agricultural future would diminish the heritage, wildlife nature of the landscape – so we played with the strengths of our asset".

Enterprise no. 244: "Good knowledge of the business, it was a previous family business".

#### - Work at home/ in home location

The desire to locate an enterprise in one's local area featured in only 4.6% of responses and the responses reflected more personal reasons for choosing a location:

Enterprise no. 246: "Wish to live in a chosen location".

Enterprise no. 249: "Wish to work as a \* in my own area".

## - Immigrant

Immigration featured in only 3.6% of total mentions. This low percentage suggests that the majority of entrepreneurs did not move to Ireland for the sole purpose of establishing an entrepreneurial venture. For those who stated immigration, their experiences whilst living in Ireland, their perception of the degree of entrepreneurial legitimacy and/or their experiences of social marginalisation, may have contributed to their decision to become an entrepreneur. Nonetheless, other reasons are illustrated in the following comments:

**Enterprise no. 14:** "Decided to move to Ireland from London where I worked in the same business – allowed me to bring my business here".

Enterprise no. 110: "Returned home from living abroad".

Enterprise no. 122: "We moved home and made a fresh start".

Enterprise no. 141: "New to the area".

## - Community benefit

The desire to contribute to and/or benefit one's local area featured in only 2.6% of the total mentions. Such responses reflected the presence of philanthropic entrepreneurs in the sample as they indicated a wish to provide essential services to their local community. Furthermore, some respondents expressed a sense of pride, ownership and control over the problems of their local area:

Enterprise no. 18: "To address rural marginalisation".

**Enterprise no. 36:** "Local group wanted to develop their local enterprise in order to develop jobs. By getting involved in something I enjoyed, I am trying to bring development and eventually job creation into our area".

Enterprise no. 136: "An interest in the development of rural communities".

Enterprise no. 229: "To promote and assist integrated socio-economic development and make a positive contribution to economic and employment development in the relevant area, in terms of enterprise creation and development leading to increased employment".

Overall this result reflected the low percentage of community groups in the sample (11.7%) and is therefore disappointing in light of the many benefits associated with community entrepreneurship. However it might suggest also that those who were involved in community entrepreneurship had identified a need which may not necessarily have been identified within the community. In turn, the entrepreneurial venture they established was their own idea, but nonetheless was of benefit to the local community. On the other hand, the remaining entrepreneurs in the sample may have been indifferent and/or unaware of the benefits which their entrepreneurial venture may bring to their local community. This suggestion would correspond with the desire to achieve more personal goals from entrepreneurship

## - Other reasons

A sample of comments included in the other category were selected to highlight a variety of other reasons as to why the respondents became entrepreneurs:

Enterprise no. 1: "To achieve equal status in the available job market without qualifications".

Enterprise no. 26: "A challenge".

Enterprise no. 75: "Necessity – it chose me!"

Enterprise no 79: "Desperation and maturity".

Enterprise no. 260: "Allergic to conformity".

Enterprise no. 282: "Accidentally drifted into it".

## 8.6.2: How people became entrepreneurs

The entrepreneurs were asked how the idea to set up their business came about, and in turn how they became an entrepreneur. The results were examined with reference to the theoretical conceptual framework presented in Chapter 4 and 5, in relation to the importance of contextual and

institutional factors in facilitating entrepreneurship. The results are presented in Table 8.25 and 8.26.

Table 8.25: How the idea to set up the businesses came about

Number	% Total respondents	
117	42.9	
78	28.6	
22	8.1	
16	5.9 4.0	
11		
6	2.2	
23	8.4	
273	100.0	
	117 78 22 16 11 6 23	

## - Previous skill/work experience/qualification hobby

It was expected that the results to the query regarding how the idea to set up the businesses came about would reflect the importance of previous skills, hobbies and/or life/work experiences (Table 8.25). As expected the results indicated that it was the entrepreneurs ability and desire to capitalise on existing work experience that constituted the main way in which the idea to set up their business came about (42.9%). The ability to capitalise on one's hobby and/or personal interest was the second most important factor identified (28.6%). This result suggested that these entrepreneurs were using the ideas, skills, hobbies and knowledge they already possessed to establish their enterprises.

One's personal contacts were identified by only 8.1% of respondents as the main source for the entrepreneurial idea. Furthermore only 5.9% indicated that they inherited a family business. These results combined suggest once more that entrepreneurship is a highly individualistic process and further strengthen the importance of personal influences and decisions in entrepreneurship. Furthermore, one's personal contacts imply family or other close personal relationships and therefore reflect the low proportion of familial involvement revealed in earlier results (Section 8.2.4).

As only 4.0% of the respondents attributed the origin of the enterprise idea to their contacts made with the CEB/LEADER/Partnership initiative, this result questions how pro-active the agencies were in seeking and identifying entrepreneurial people within the community. The importance of being pro-active is explained in Thompson et al (2000:332) suggestion, that some people may have "the potential to be entrepreneurial, but for some reason or another, the talent is trapped and needs spotting and releasing". Surprisingly, although this is often referred to as the information age, only

2.2% of respondents stated that it was through the media that their idea to establish their enterprise came about.

For those respondents who did select other options, their responses included references to their personal characteristics (6), a collective interest from the community (5), their qualifications/training (5), historical reasons (3) and four other ways not stated.

With reference to the open-ended query which asked the individuals how they became entrepreneurs, two factors predominated. Once again the most mentioned response (41.1%) reflected the entrepreneur's ability to capitalise on previous work experience, existing skills and/or their individual qualifications (Table 8.26). This result suggested a good foundation for the entrepreneurs as they felt that they were not hampered by a lack of the essential skills, experience and/or knowledge. Furthermore this level of personal interest may suggest a strong motivation which will undoubtedly influence the development of the enterprises. Nonetheless as stated earlier, whilst the entrepreneur may have the necessary technical skill/s, knowledge, or experience required, at each stage of enterprise development he/she will require training, advice, information and other additional support in order to progress towards the development of the established enterprise. However, in this regard it has been shown earlier that their attitudes and participation in education and training was very poor (Section 8.3).

Table 8.26: Respondents' comments as to how they became entrepreneurs

How	Number	% Total mentions (n = 236)	% Total respondents (n = 217)
Previous skill/work experience/qualification	97	41.1	44.7
Opportunity/gap in market	95	40.2	43.7
Availability capital/premises	19	8.0	8.7
External assistance	15	6.3	6.9
Other	10	4.2	4.6

The comments made by the respondents in this category reflected their individual confidence in their ability to establish their own enterprise as a result of an existing skill, knowledge, hobby, or experience: Enterprise no. 10: "Had good communication skills, business background and determination".

Enterprise no. 32: "I had the skills and most of the equipment already".

**Enterprise no. 33:** "It is my area of specialist expertise. I have worked in my speciality in Ireland for 30 years and have considerable experience".

Enterprise no. 60: "Never known anything else".

Enterprise no. 92: "Had a flair for this type of service for many years".

Enterprise no. 114: "Had a flair for marketing and development".

The importance of life and work experiences may reflect the capacity of the entrepreneurs to be on the look out for new ideas throughout their life/work experiences. Furthermore it might reflect the desire to be creative and innovative with one's existing skills, hobbies, and life and work experiences.

## - Opportunity/gap in market

The second most mentioned reason reflected the classic entrepreneurial skill of having the capacity to identify a need and opportunity in the marketplace and subsequently using one's motivation, skills, knowledge and resources to capitalise on this need (40.2%). Entrepreneurs have been referred to as opportunity spotters and risk-takers (Chapter 4) and some of the entrepreneurs in this study identified with these popular characteristics:

Enterprise no. 24: "Opportunity spotter and risk-taker".

**Enterprise no. 40:** "Saw the opportunity to do the job I was doing for somebody else and getting a bigger slice for myself".

Enterprise no. 50: "Saw a need and fulfilled it".

**Enterprise no. 152:** "I saw an opportunity had the training and experience, bought an ideal building and had the educational qualifications".

Enterprise no. 182: "I spotted an opportunity and acquired the necessary skills and equipment – spotted a gap in the market".

As suggested earlier, the capacity to identify such opportunities may have occurred whilst in previous employment. It may reflect also a personal dissatisfaction with previous employment (Brockhaus, 1980b), a dissatisfaction with the method of doing things and/or a belief that they could do it better of they became an entrepreneur. As opportunities are created by the market (Verheul et al, 2002) and therefore in the entrepreneurs external environment, this result would

suggest that the entrepreneurs were not only able to spot opportunities but had also an internal locus of control.

## - Availability of capital/premises

Amongst the responses there were a small percentage of comments which made reference to the availability of capital and/or a premises for the entrepreneurial venture (8.0%). Although this was identified only in a small percentage of the responses, nonetheless it is acknowledged that the availability of such may be quite significant to those entrepreneurs who like to be independent and financially secure. Furthermore the availability of a premises and/or capital is very significant in establishing an economic foundation for the entrepreneurial venture. The majority of the responses in this category referred to the availability of a premises for the enterprise. More specifically, two respondents mentioned that the enterprise was located in an existing community centre, one other mentioned the availability of farm buildings and one other referred to the conversion of the 'back-shed' into the place of enterprise.

### - External assistance

A small percentage of responses (6.3%) referred to the significance of external assistance received in assisting them in the establishment and/or development of the entrepreneurial venture. More specifically, references were made to the BTWAS (5), a LEADER Company (3), FÁS (1), research (1), the EU (1), a feasibility grant (1), 'funding' (1), loans (1) and a tourism group (1).

## 8.7: Conclusions

The aim of this chapter was to examine entrepreneurial characteristics and influences and to determine their implications for enterprise creation and development. With reference to the theoretical conceptual framework adopted for this research the examination included a variety of lifestyle factors, the individual enterprise skills, the interplay between mobility and entrepreneurship and the factors which influenced the individuals in their decision to become an entrepreneur and in the establishment of their entrepreneurial venture.

A number of interesting, sometimes conflicting results were found. The majority of entrepreneurs in the sample were male, and, in this respect, it was considered that women were still restricted by a variety of gender-specific factors. Hence, the entrepreneurial process for men and women should be considered separately. Many female entrepreneurs could be categorised as either conventional or domestic female entrepreneurs (Goffee & Scase, 1982). The fact that the females in the sample were found to have higher levels of education and training than their male counterparts may indicate that they have sufficient skills and motivation to succeed in business.

As expected the majority of the entrepreneurs were in the 30-45, and >45 age category and thus corresponded with both the 'Catch 30' and 'Deadline Decades' (Sheehy, 1976). The lifestyle considerations and motivations during this stage of the life cycle might influence the entrepreneur and the entrepreneurial venture. The majority of entrepreneurs in the sample were married, and their desire to achieve family and income security may influence the subsequent performance potential of enterprises. In relation to the insignificance of familial involvement in the enterprises, the results suggested that as the majority of entrepreneurs in the sample were sole traders, they may have adopted a very isolated and/or individualistic approach to entrepreneurship.

Entrepreneurs' education, training and prior business experience, were considered important factors influencing entrepreneurship. Over half of the entrepreneurs in the sample had a third level qualification, and only a small percentage had only primary level education. Nonetheless a poor perception of the contribution of education and training to their individual success achieved as an entrepreneur, together with their poor attitudes to and participation in training was noted. Therefore, it was proposed that their attitudes and perceptions might have negative consequences for the sustainability and future development of the enterprises.

Entrepreneurs' previous business experience and size of business which they worked most often with, were more important in both their decision to become an entrepreneur and in the establishment of their entrepreneurial venture. The respondents highlighted their ability to capitalise on their skills, hobbies and previous business experience in helping them to become an entrepreneur and in some cases helping them in the discovery of their entrepreneurial idea. Notwithstanding the contribution from previous business experiences, further results revealed that just over half of the respondents had previous business experience prior to their involvement in the enterprise.

The examination of the entrepreneurs mobility patterns were included to discover whether mobility was a factor which influenced entrepreneurship, and whether those who were mobile had a greater disposition towards entrepreneurship. The results revealed that there were both native and non-native entrepreneurs in the sample and that although the majority of entrepreneurs were originally from Ireland, they had moved location at least once in their lifetime. In this regard, it was suggested that mobility was a factor in helping the entrepreneur in the discovery of an entrepreneurial idea, and in other cases in the decision to become an entrepreneur. Furthermore it was suggested that the benefit of word-of-mouth amongst emigrants, their perception of the degree of entrepreneurial legitimacy and/or their experiences of social marginalisation might have been important factors in the decision to become an entrepreneur.

An examination of respondents' comments pertaining to the factors which they considered important in establishing an enterprise, their personal goals, their individual reasons for becoming an entrepreneur and their explanations as to how they became an entrepreneur, was considered significant. These factors were considered important in determining the types of enterprises established and also their future orientation. The respondents chose having a personal interest in one's enterprises, having one's own capital for investment, an existing market, and, a good location, as the most important factors to be considered when establishing an enterprise. In this regard, it was noted that other external factors such as the availability of training courses and other governmental assistance were considered less important. Consequently, it was suggested that the entrepreneurs had adopted a very individualistic and perhaps isolated approach to entrepreneurship, and to the availability and presence of external sources of supports.

In relation to the main reasons why the respondents became entrepreneurs, having a personal interest in the entrepreneurial venture and the desire to be one's own boss were selected as the main reasons for choosing entrepreneurship. Also important was the desire to achieve a better income. The main goals identified were income and family security and improvement in enterprise quality. In this respect, it was suggested that this might reflect their need for independence (Collins and Moore, 1970), their internal locus of control (Brockhaus, 1982) and their desire to fulfil their self-esteem and self-actualisation needs (Maslow, 1954). Furthermore it was suggested that these results might indicate the type of enterprises in the sample, and it was noted in this regard that such enterprises might correspond with lifestyle ventures (Ronstadt, 1985, Haynes et al, 1999).

Previous business experiences, hobbies and personal interests, constituted the main ways in which the idea to set up the enterprises came about. In response to how they became entrepreneurs, once again, previous skills/work experiences and/or qualification/s, followed by their ability to spot opportunities were considered most significant in assisting them in this process. Overall the results allowed a greater insight into the phenomenon of entrepreneurship and the many factors influencing individuals in the process of becoming an entrepreneur.

# **Chapter 9: Conclusions**

# 9.1: Introduction

This concluding chapter begins by presenting a summary of the findings of the research study. Secondly a major focus on policy implications is presented to outline suggestions and implications for future micro-enterprise policy. Following this, the main contribution which the research has made to the existing field of entrepreneurship knowledge is presented. Finally some suggestions for improvements in future research of this nature and of research more specific to Ireland are outlined, to guide future research on micro-enterprises, entrepreneurship and the interaction between entrepreneurs and enterprise-supporting organisations.

# 9.2: Profile of the micro-entrepreneurs and implications for micro-enterprise policy.

This section outlines the main characteristics of the micro-entrepreneurs in the study sample. It identifies the major policy implications associated with the findings and suggests improvements in future support to micro-entrepreneurs.

# 9.2.1: The main factors influencing entrepreneurship

A profile of the entrepreneurs is presented to demonstrate the factors identified as most significant in influencing the decision to become an entrepreneur and in the establishment of an entrepreneurial venture. The theoretical conceptual framework for this research study adopted an eclectic approach to the entrepreneurship process. The approach assumed that individuals in the decision to become an entrepreneur and in the establishment of an enterprise are motivated and influenced by a variety of factors. Amongst those considered were economic, sociological and psychological factors, together with the entrepreneurs' experiences in interacting with external organisations. Also considered were the influence of location factors on entrepreneurship. At the outset, it was acknowledged that, although it may be possible to compile a generic list of factors considered as significant influences and important for the aspiring entrepreneur, this study has yielded conflicting results as to the importance of some of the popular assumptions, such as education, training and profit maximisation.

Nonetheless, when the entrepreneurs ranked the factors considered most important for people setting up an enterprise, having a personal interest in one's enterprise was ranked in first position (Fig. 9.1). Also considered significant was having one's own capital available for investment, the presence of an existing market and having a good location for one's enterprise. As this query

related to the establishment of an enterprise in general, it is fair to suggest that the entrepreneurs considered these factors as most significant in entrepreneurship.

Interestingly, the factors chosen as most significant outweighed the importance placed on other external factors, such as one's eligibility to borrow money from a bank, the presence of skilled labour, the availability of government and financial assistance, business advice and information and training courses for enterprise development. These results suggest that the entrepreneurs had a very individualistic and perhaps isolated approach to entrepreneurship, and to the availability and presence of external sources of supports and business advice.

# 9.2.2: The main motives and goals for entrepreneurship

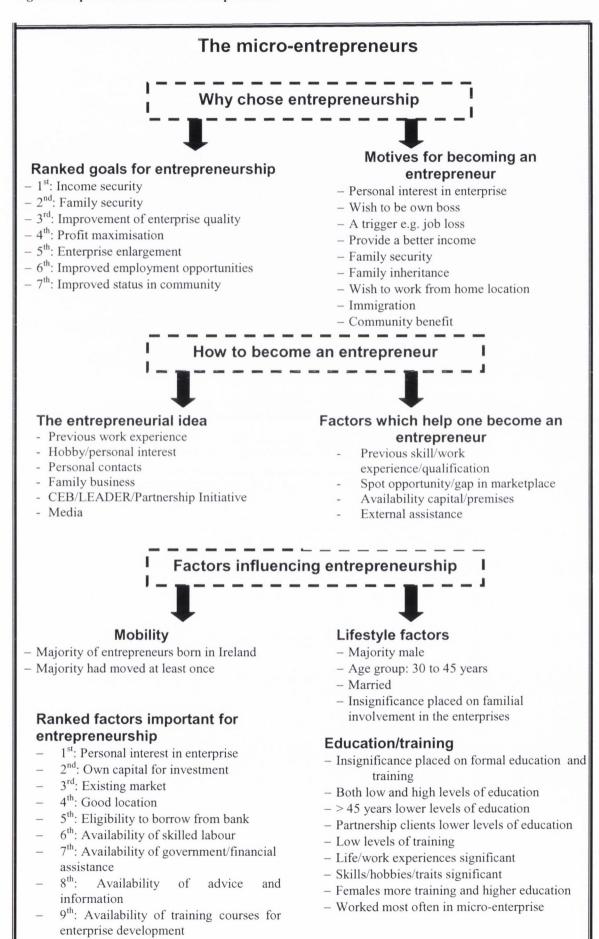
Obviously goals and motives have a major bearing on the decision to become an entrepreneur. Unsurprisingly the entrepreneurs' main goals for entrepreneurship were income and family security (Fig. 9.1). The main motives identified for entrepreneurship were having a personal interest in the enterprises, the desire to be one's own boss and to provide a better income. These are very understandable basic human needs and so are important motives and goals in entrepreneurship.

These results reflect the significance of personal goals over profit maximisation, enterprise enlargement, the provision of local employment opportunities and the improvement in one's status. Similarly the main motives identified were personal and therefore it is considered that entrepreneurship fulfils one's self-actualisation and self-esteem needs. Although trait theories have been largely dismissed for assuming stable characteristics of entrepreneurs, nonetheless these results correspond with the many traits identified in entrepreneurship, such as the need for achievement (McClelland, 1961,1965), the need for independence (Collins and Moore, 1970), the need for power or control (Greenberger and Sexton, 1988) and internal locus of control (Brockhaus, 1982).

Overall these results constitute mainly non-economic motives and goals for entrepreneurship, and in this respect a number of policy considerations are raised:

- Firstly it is recognised that many small firms do not have plans for growth and often this is not recognised adequately in official development efforts, as these increasingly strive to support businesses showing significant growth potential. In view of this, it is suggested that if it is accepted by policy makers that this type of micro-enterprise should receive support, then the focus needs to switch to assisting the improvement of quality of individual enterprises supported, rather than their potential output capabilities;
- Furthermore in view of the significance placed on personal factors in choosing entrepreneurship, this might suggest that many entrepreneurs consider any changes to the enterprises as a possible detriment to lifestyle considerations. This perception may be

Fig: 9.1: A profile of the micro-entrepreneurs



- counteracted by providing supports which focus on enterprise management and growth, and by encouraging employment, partnerships and networking amongst entrepreneurs;
- It is suggested that entrepreneurs who desire family and income security over profit, might prefer also to keep the enterprises small and may avoid certain risk-taking activities. Motives and goals for enterprise creation and development should therefore be identified by the enterprise-supporting organisations during initial contact and adequate supports which encourage the entrepreneurs to develop and expand the enterprises should be provided;
- If profit were not one of the main goals in entrepreneurship, then one has to question the main motives in becoming entrepreneurs, and what the implications are for the established enterprises. It is expected that the ability to make a profit should be an important objective and hence goal for an entrepreneurial venture as the failure to make a profit may reflect economically dependent and hence vulnerable enterprises. The entrepreneurs should be encouraged to undertake training in financial management and enterprise development to encourage profit-making, economically viable and sustainable enterprises;
- More optimistically these results may indicate that the entrepreneurs were not highly indebted and were happy with existing income, as it is suggested that in consideration of the future alterations for the enterprises, the entrepreneurs did not have any strategies in place for maximising the income generated from the enterprises (Section 9.3.6). In cases where the level of income generated is adequate to meet the needs of the entrepreneurs, they should be encouraged to focus on improving and developing other aspects of the enterprise such as expansion, the improvement of quality and the creation of employment;
- Undoubtedly, the fact that many of the enterprises were newly established, might indicate a
  time lag between establishment and when the enterprises will become profitable.
  Nonetheless it is suggested that entrepreneurs need to be made aware that this time lag may
  need to be reduced in light of global competition, EU enlargement and the increase in small
  firms across locations;

Overall these results question the link between the objectives of micro-enterprise policy and the micro-enterprises supported. Is it desirable and accepted that supports should be provided to micro-enterprises which lack significant growth objectives and/or potential? In answer to this question one has to consider the main objectives for providing supports to the micro-enterprise sector: to create and develop enterprises with growth potential and employment creation, to retain entrepreneurs in rural areas, to add variety to the products and services provided in rural areas, to foster social inclusion e.g. by enabling long-term unemployed to re-enter economic circuits, and to improve the entrepreneurial climate. Arguably these objectives are fulfilled also by one-person operations, although on a much smaller-scale than what is anticipated by existing policy. Some micro-enterprises may never achieve growth or significant employment creation; nonetheless they

should be credited and supported for the ability to provide employment for the owner-manager and for maintaining family and income security. Thus they are contributing by retaining family units in local areas, adding to the variety of local products and services, improving the local entrepreneurial climate, which may in-turn encourage other nascent entrepreneurs, and, most importantly, creating economically independent individuals who have realised their entrepreneurial potential.

# 9.2.3: Factors which assist one in becoming an entrepreneur

In Fig. 9.1 the main factors assisting the entrepreneurs in establishing the enterprises are presented. At the outset, it was recognised that the entrepreneur required a variety of supports from external organisations. However the results indicated that, once again, internal and personal factors were identified as the most significant in facilitating the entrepreneurs. More specifically, the entrepreneurs' abilities and desires to capitalise on experiences gained in the workforce, and/or the desire to capitalise on existing hobbies or personal interests, constituted the main ways in which the idea to set up the businesses came about, and in turn how they became entrepreneurs. Therefore the entrepreneurs were using the ideas, skills, hobbies and knowledge already possessed in order to establish the enterprises.

These results suggest that the entrepreneurs considered that they were not hampered by a lack of skills, experience and/or knowledge required for the entrepreneurial feat. However because many of the entrepreneurs considered the existing level of knowledge and skills as sufficient, they may therefore be less inclined to participate in training courses to facilitate the overall management and growth of the enterprise.

As suggested earlier, entrepreneurship is a very individualistic process, and this was reflected in the insignificance placed on the influence of personal contacts, an existing or previous family business and/or family inheritance in establishing the entrepreneurial idea. It is difficult to conclude in what capacity one's personal contacts assist the entrepreneur, however it is suggested that this may take the form of the provision of finance, labour, business advice and individual support.

Also noteworthy was the insignificance of responses attributing the origin of the enterprise idea to contacts made with the CEB/LEADER/Partnership initiative. This result questions how pro-active the agencies were in seeking and identifying entrepreneurial people within the community. Furthermore this result might suggest that the level of human resources may not be adequate for commitment to the identification of entrepreneurs within the task environment of the enterprise-supporting institutions. This being the case then policy should address this and it is suggested that adequate human and financial resources be put in place to allow for more pro-activity.

# 9.2.4: The significance of lifestyle factors in entrepreneurship: gender, age, marital status and the involvement of family in the micro-enterprises

Unsurprisingly less than one-third of the respondents were female and it is accepted that this figure reflects patterns of entrepreneurship across many locations. The females in the sample had higher levels of education and were more likely to have undertaken training. In this respect, the suggestion that the self-employment of men and women should be understood separately (Cowling et al, 1997) is still applicable today.

It was argued that the decision to become an entrepreneur may occur at different stages in one's lifetime, and may involve different motives for enterprise development. Nonetheless, the majority of the entrepreneurs were aged between 30 and 45. Although psychodynamic theories were examined to determine whether there is a certain point in one's life that one begins to behave entrepreneurially, it was argued that entrepreneurship must be considered as unrestrained by time, and that the decision to become an entrepreneur may occur for a variety of reasons and during different stages of one's lifetime. Notwithstanding the contribution which these theories make to entrepreneurship, it is presumed that entrepreneurship occurs once people have acquired the various skills and resources required for the particular enterprise.

The vast majority of respondents were married, and this was expected considering the high number of respondents in the 30 to 45 age category. The entrepreneurs' marital status is considered in entrepreneurship, as factors such as family and income security might influence the subsequent performance potential of enterprises. Moreover, the support received from one's marital partner either through the provision of advice, motivation and physical help, or through direct involvement in the establishment and/or development of the enterprise is significant. Conversely, in consideration of the increase in marital separations and the introduction of divorce in Ireland, such actions are considered to be significant displacement events for many individuals, which may trigger an increase in the levels of entrepreneurial activity.

More specific to women, it is expected that the time needed to commit to training and educational activities may render many female entrepreneurs too busy to consider marriage at an earlier stage in life. All things considered, it is expected that more entrepreneurial women will choose to remain single, or to marry at a later stage in life. In this regard more female entrepreneurs may correspond to the 'innovative women' classification presented in Chapter 8.

The interplay between family and business was also considered, as it was expected that the depth of support from family members might be underestimated. Furthermore, it was considered that the entrepreneur requires a range of supports from other people, and in this respect is considered to be a social actor. The fact that the vast majority of entrepreneurial ideas did not come from existing or

previous family business, suggested that the entrepreneurs were not influenced by the presence of entrepreneurship and/or role models within his/her family environment. In a similar manner, just over one-third of the respondents stated that family members were involved in the enterprise. Although, this result may reflect the low levels of employment creation and the high percentage of sole traders in the sample, it was suggested earlier that this might reflect also many isolated and/or individual actors.

In view of the above significance of lifestyle factors on entrepreneurship, the following policy considerations are outlined:

- Whilst the importance placed on personal contacts in receiving information about external enterprise supports, suggests the value of word of mouth and spread of information regarding organisation support, the corresponding insignificance placed on a direct approach from the organisation suggests that more entrepreneurs might benefit from a proactive approach from organisations in the future;
- Female entrepreneurs are still faced with social, economic, cultural and gender-specific barriers in employment and entrepreneurship. Whilst factors such as the increasing numbers of women in the labour force, more females choosing to marry at a later stage in life, less numbers of dependent children and more women engaging in self-employment opportunities, should contribute to an increase in female entrepreneurship in Ireland, it is suggested that the necessary support structures needed to facilitate this increase will need to be strengthened and made more accessible to women;
- Although females may be more likely to participate in education and training this may not necessarily lead to higher levels of female entrepreneurship. Thus it is suggested that there must exist barriers, preventing many women from taking the next step after training and education into entrepreneurship. In this respect the barriers influencing this decision need to be identified, and the appropriate support structures put in place, to encourage more female entrepreneurship;
- It is proposed that the necessary support structures needed to assist more female entrepreneurship include but are not limited to: better availability and improved cost of childcare facilities for women in both urban and rural areas; the recognition that females are often hindered by gender-specific barriers such as the dual responsibility of home and work duties; and a consideration that training and other forms of enterprise supports will need to be tailored to the needs and lifestyle of mothers with dependent children, who often have been absent from the labour market for a substantial period of time. Additionally, it is argued that more supports together with a more pro-active approach from the organisations may be required, in particular for those women in rural locations, who may be hindered by isolation, accessibility and transport difficulties. Furthermore a better gender-balance

- amongst organisational personnel might facilitate in the identification of such barriers to female entrepreneurship;
- Despite the results achieved in this research, it is suggested that the age structure for entrepreneurship in Ireland may change in the near future due to the influence of social, economic and cultural factors. It is argued that entrepreneurship may emerge from both the younger and older age categories due to the influence of a variety of factors, namely: i) the more favourable environment for entrepreneurship, ii) supportive government policies, iii) more training and education opportunities and higher educational attainments, iv) fragmented work techniques, v) more people choosing to marry at a later stage in life and, vi) the valuable contributions which previous work experiences make in the decision to become an entrepreneur. This being the case then enterprise-supporting institutions will need to plan for mixed age-groups in training courses and hence a mixed level of skills and previous work and life experiences;
- The recent downturn in the economy might suggest also, that the sudden loss of employment particularly in the traditional manufacturing sector might lead to a significant displacement for many individuals, and this may subsequently trigger greater levels of entrepreneurship. Undoubtedly, the downturn will also affect some micro-enterprises adversely and in this respect the entrepreneurs should be encouraged from the outset to identify the significance of marketing, remaining competitive and managing one's finances. More importantly, entrepreneurs should be encouraged to reflect very carefully on the decision to become an entrepreneur prior to engaging in entrepreneurial activities;
- The low level of familial involvement might reflect changing family roles responsibilities and structures in Ireland and many factors may signal less involvement of family members in small businesses in the future. Consequently this may have implications for the growth of micro-enterprises, and may suggest a corresponding increase in the establishment of one-person operations. This might have implications for the enterprise-supporting institutions and might suggest that the supports received from one's close contacts in the past, may need to be substituted by more intensive and on-going support from the organisations in the form of business advice, seeking labour, encouraging expansion and undertaking training.

# 9.2.5: Education, training and the influence of previous work experience in entrepreneurship

The percentage of those with only primary level education was similar to those with a third level postgraduate degree. Other common characteristics noted included: those in the older age group (>45) had lower levels of education, reflecting national estimates, and the Partnership clients had the lowest levels of education, suggesting a relationship between low educational attainments, long term unemployment and a dependency on social welfare.

Although the significance of life and work experiences in entrepreneurship was alluded to earlier, just over half of the respondents had previous business experience prior to involvement in the enterprise. Whilst recognising that this might suggest that the entrepreneurs were referring to previous work experience with direct relevance to the existing entrepreneurial venture, it was noted that more entrepreneurs made reference to the contribution of life and/or work experiences, rather than education and training to the success achieved in entrepreneurship. However also noteworthy was the fact that those respondents with the lowest levels of education (Primary Level and Junior Certificate) were less likely to have attained previous work experience, which highlights a link between low levels of education and long-term unemployment.

Almost half of the respondents indicated that they had worked most often in micro-enterprises. Consequently, it was assumed that the desire to work for and/or establish a small enterprise might depend on the size of the firm with which the individual has had the most experience. Nonetheless, the smaller number of references made to educational qualifications, apprenticeship training, specific skills or training courses completed, raise questions concerning the significance of education and training in entrepreneurship, and consequently, the value of the rise in the number of education and training courses provided by the various enterprise promoting institutions.

The significance placed on the contribution of education and training to micro-entrepreneurs raises some interesting policy considerations:

- Firstly, it should be accepted that education is a lifelong process, and in this regard does not correspond only to time spent in formal educational and/or training institutions, but includes also a consideration of life and work experiences. In this respect the entrepreneurs' previous work and life experiences should be recognised by policy personnel and should be considered a valuable contribution to one's engagement in entrepreneurial activities;
- Secondly, it is recognised that entrepreneurship requires a variety of skills, and that these skills range from the more specific internal skills to those considered more external to the entrepreneur. Internal skills are influenced by one's specific characteristics, motivations and goals for entrepreneurship, which facilitate an individual in becoming an entrepreneur and in dealing with the challenges which entrepreneurship presents. External skills on the other hand, include the ability to write a business plan, create an enterprise, interact with external institutions, explore export opportunities, compile profit and loss projections and manage a successful enterprise. Internal skills are more likely to be acquired from life and personal development experiences, whilst external skills are more likely to be obtained from formal education, training and/or work experience. Nonetheless, the entrepreneurs' internal and external skills should be identified during their contact with the institutions

- and they should be encouraged to undertake training courses which meet particular skill shortages;
- It is suggested that the failure of the majority of the entrepreneurs to determine the direct relevance of education and training to the entrepreneurial venture, combined with the low levels who had undertaken training, might reflect certain characteristics of the individual entrepreneur and the enterprises in the sample, such as the absence of growth objectives for one's enterprise. Nonetheless it is suggested that, entrepreneurs who have no plans for enterprise growth should be encouraged to participate in training courses and to seek business advice which relate to personal development, day-to-day enterprise management and common difficulties experienced by micro-entrepreneurs;
- Lt is suggested that lifelong learning can also be attributed to enterprise development. As a business progresses along each stage of growth, the entrepreneur will require additional skills and training. Therefore the desire and ability to engage in education and training will be reflected in one's entrepreneurial behaviour and aspirations for enterprise development. Failure to undertake training or to recognise the significance of such, may have negative implications for the future sustainability of enterprises and/or the future increase in entrepreneurship levels in Ireland. It is recognised that by suggesting this, one is implying that there is a direct link between the levels of education and training and subsequent levels of entrepreneurship in a nation. Nonetheless this is taken as true when education is considered to be a much broader concept, encompassing both formal education and life and work experiences. That said, policy for micro-enterprises should recognise this, and a more comprehensive profile of the entrepreneurs' perception of existing education and training should be identified, to establish a greater understanding of the contribution of education to entrepreneurship and hence to provide more suitable courses for entrepreneurs;
- Linked with the above point is the value placed on life and work experiences in the decision to become an entrepreneur. Often entrepreneurs find difficulty in establishing the direct relevance of education and/or training to success achieved in entrepreneurship. Therefore the questions arise as to how education and training programmes can contribute to a person's success as an entrepreneur and how they can be made more relevant to entrepreneurship. It is suggested that there is a lack of entrepreneurship education at all levels, and this combined with the tendency to offer generic training supports, may not reflect the requirements of the labour market or indeed the needs of micro-entrepreneurs. Therefore entrepreneurship education should be incorporated in all levels of education from primary level through to third level education. This can be achieved indirectly by recognising, encouraging and rewarding internal skills such as creativity, innovativeness, responsibility, motivation and management, and directly, by including the teaching of external skills needed for the day-to-day management of an enterprise;

- Furthermore, it is recognised that many entrepreneurs feel hindered by low levels of formal educational attainment and that this can be an important factor in facilitating positive interaction with external organisations. It is suggested that effective communication, an explanation of criteria and procedures for receiving support, the development of credible, open and trustworthy relationships and the recognition of the value of the entrepreneurs' previous life and work experiences should help to improve this interaction process;
- The increase in apprenticeships in Ireland is regarded as positive, together with the increasing focus on research and development and technology. These factors should ensure a more knowledgeable society and greater levels of external entrepreneurial skills, which in turn may stimulate higher levels of entrepreneurship in Ireland. Nonetheless these factors need to filter down to micro-entrepreneurs who often feel isolated and/or exempt from such considerations;
- It is acknowledged that there has been a general rise in the level of education in the population as a whole, and, it is anticipated that there may be an increase in the numbers of entrepreneurs with higher levels of educational attainments in the future, due to a number of factors, such as: the increase in educational opportunities for mature students (>23 years); the provision of more apprenticeship places; the introduction of more flexible, varied and accessible education and training courses; and favourable government policies which support those who wish to return to education (such as the Back to Education Allowance Scheme). Nevertheless, despite the importance attributed to education and training in entrepreneurship, it is not suggested that higher levels of education will necessarily lead to higher levels of entrepreneurship in Ireland and therefore policy must not be complacent.

#### 9.2.6: The interplay between mobility and entrepreneurship

The entrepreneurs' mobility patterns were examined to try to establish whether there was a link between mobility and entrepreneurship, and also whether some respondents chose to move back to their native place in order to establish an enterprise. Overall the vast majority of respondents had moved at some stage in their lives. It was suggested that many respondents preferred to engage in entrepreneurial activities in Ireland, for reasons such as the desire to live in Ireland, the favourable business environment and one's knowledge of the regulatory environment and local market. Furthermore the results may indicate the value placed on personal lifestyle factors, such as the level and quality of the informal and formal networks established, or for philanthropic reasons, such as the desire to provide employment opportunities, increase the variety of services and improve the social and economic well being of the local area. Furthermore this pattern reflected the wish to establish an enterprise in a more preferable or suitable location, and most likely the decision to move from urban areas to a more rural location.

The link between mobility and entrepreneurship may help and/or encourage entrepreneurs to build on or discover an entrepreneurial idea seen in operation in another location. Mobility may be beneficial also to entrepreneurs as it may be necessary for them to move to acquire the necessary skills, education, training and work experience, and/or increase the number and value of important business contacts and personal networks, required for the entrepreneurial venture. In light of the strong level of mobility patterns identified, the following policy considerations are raised:

- With the recent increase in immigration to Ireland, it is suggested that these people may be targeted for their ability to engage in entrepreneurial activities;
- Nonetheless the recent increase in immigration presents many challenges to enterprisesupporting institutions. Factors such as differences in the business regulatory environment, confusion as to the supports offered to assist entrepreneurs, marketing difficulties and/or experiences of social marginalisation, may require particular supports and an increase in personnel to assist and counteract difficulties experienced by immigrants who are considering entrepreneurship;
- In view of the above considerations, government actions such as the marketing of Ireland abroad as a good place to set up an enterprise and a favourable place for return migrants to become entrepreneurs, may encourage a greater awareness of the type of business environment and the degree of entrepreneurial legitimacy in Ireland. Such actions can be considerable in encouraging the relocation of entrepreneurial activities to Ireland.

# 9.3: Profile of the micro-enterprises

In this section a profile of the micro-enterprises is presented. The most salient features with regard to the enterprises in the sample are identified and a number of policy considerations and implications are outlined.

# 9.3.1: Ownership, age, level of employment creation, diversification and contribution to the local community

As expected, the sample was composed mainly of newly established enterprises. The majority of enterprises were established since 1991 and in particular the latter half of the 1990s. This pattern may reflect the establishment of organisation supports during this decade. Furthermore it supports references to the 1990s as the decade of self-employment (Duggan, 1998). It is suggested that the age of enterprises in general should reflect the size, employment and export capacity. However, as illustrated in Fig. 9.2, the results show that although the sample was composed of newly established enterprises, the majority were one-person operations, with a low level of employment creation and low levels of exporting activities.

Overall a greater number of enterprises were operated by sole traders, with lesser numbers under company ltd. status or operated by community groups. In this respect, it was argued that the decision to begin or remain as a sole trader might highlight certain traits inherent in the individual entrepreneur, such as the desire to remain in sole control of the enterprise and the wish not to engage in the legal formalities involved in registering as a company ltd. This decision may reflect also the characteristics of the enterprises, such as the fact that they have been established for only a few years and therefore may not warrant 'company ltd.' status. Furthermore many entrepreneurs desire to remain small in line with personal motives and goals for entrepreneurship.

Amongst the policy objectives for supporting micro-enterprise development, is the promotion of local development and social inclusion. One way of achieving this objective is to support collective entrepreneurial efforts in the form of community enterprises. That said however, there were only a small number of community enterprises in the study (n = 33). Nonetheless it is important that such supports to the community sector remain, as the projects supported in the sample demonstrated an ability to provide unmet social, environmental, cultural and training needs within the relevant local communities.

Considering the importance that was placed on income and family security and having one's own capital available for investment and the relative insignificance of alternative external financial assistance, there may be economic reasons as to why the micro-entrepreneur may wish to establish and remain as a sole trader.

These may include the desire to commence business straight away and avoid the costs and time associated with registering as a company ltd., a lack of working capital needed to expand the business, or the comfort of having the security of income associated with the existing size of the enterprise.

In light of the above suggestions, it is considered that establishing one's enterprise as a company ltd. is undoubtedly a safer option, and it is proposed that the decision to trade under company ltd. status may suggest that the entrepreneur has established a company with the intention to expand and increase employment and export potential.

Fig.: 9.2: Profile of the micro-enterprises in the sample

# The micro-enterprises

## **Ownership**

- Majority sole traders
- Majority family businesses
- Evidence of community entrepreneurship

#### Year established

- Majority newly established
- 1990s most significant decade
- 1994 average year of establishment

# **Exporting activities**

- A strong reliance on the local market
- Those with company ltd. status more likely to depend on Irish market and international market
- Enterprises supported by LEADER and CEB less likely to depend on local market

#### Innovation

- Majority respondents considered their enterprises to be 'innovative'
- Sole traders less likely to state their enterprise was innovative
- Enterprises in craft, forestry and horticulture and tourism more likely to be innovative

#### **Future alterations**

Majority of responses indicated a wish to alter the enterprises

# **Project Sector**

- Majority in services sector
- Partnership clients more likely to establish enterprises in the services and craft sector;
- CEB clients more likely to establish enterprises in the manufacturing sector;
- LEADER clients more likely to establish enterprises in the tourism, forestry and horticulture sector

## **Employment creation**

- Low levels of employment creation
- Majority one-person operations
- Part-time, voluntary and seasonal labour not a strong feature

#### Features of innovation

- New to the area
- Specialist service/product
- Philanthropic benefit
- Innovative concept

#### Methods to alter the enterprises

- Expansion of enterprises
- Diversification of product/service
- Expansion of premises
- Improvement of enterprise
- Introduction of I.T.
- Increase employment

#### - Diversification and contribution to the local economy

As expected enterprises providing a service represented the largest percentage of projects in the sample (36.1%), followed by enterprises in tourism (16.3%) and manufacturing (12.5%). Those in the craft, food and fisheries and forestry and horticulture sectors represented less than 10% of the

projects respectively. Amongst the projects, there were differences noted across locations. Service enterprises were more common in Monaghan and Wicklow. However it was noted that these results have to be treated with caution, as there were more Partnership clients in Wicklow and Monaghan and Partnership clients were more likely to establish a service enterprise. Proportionally more projects were in the tourism sector in Mayo than in Monaghan or Wicklow and craft projects were more common in Monaghan and Wicklow. Whilst only a small number of projects were in the food and fisheries sector, they were more likely present in Monaghan, in line with its traditional reliance on the food sector. Proportionally more projects featured in the manufacturing sector in both Mayo and Monaghan. Whilst projects in the forestry and horticulture sector represented the smallest percentage of projects in the sample, they were least likely to be in Monaghan.

The CEBs were the main organisation supporting projects in the manufacturing sector. They were also more likely to have supported projects in the food and fisheries sector. Although the Partnership Companies excluded no sector, the results showed that projects established by Partnership clients were more likely to be in services and crafts. Therefore the Partnership clients were more likely to use a particular skill or hobby, be it a craft or service type skill, in the establishment of an entrepreneurial venture. The importance of such has been highlighted earlier in the respondents' motives for becoming entrepreneurs, the factors which helped them in the creation of the entrepreneurial idea and in becoming an entrepreneur, and similarly in the contribution attributed to one's skills and hobbies in the success achieved as entrepreneurs. Projects in tourism and in forestry and horticulture were more likely to be supported by the LEADER Companies, in line with the aim to stimulate innovative actions in all sectors of rural activity.

#### - The level of employment creation

Entrepreneurship was a clear priority for the Irish Government because of its positive effects on job creation in the 1990s, and its contribution towards reversing the problems of high unemployment experienced in the 70s, 80s and early 90s. Therefore, all the enterprise-supporting institutions had a strong job creation focus, and in the evaluations were assessed by the numbers of jobs created. Nonetheless, as stated earlier, the majority of enterprises were family businesses and more specifically one-person establishments. Correspondingly, the level of family and non-family employment creation was very low.

#### - Age, size, sector and employment creation: some policy implications

Based on these results it was difficult to say if the micro-enterprises in the study were likely to achieve growth and/or create additional employment in the future. In this regard the following two questions are raised: i) should micro-entrepreneurs who do not plan to achieve growth and create

employment receive government support? and, ii) does the increase in sole traders lead to an increase in entrepreneurship? (Industrial Evaluation Unit, 1999). With reference to these questions a number of policy issues are raised:

- The high level of start-ups in the 1990s can be attributed to improved economic conditions, the establishment of enterprise-supporting institutions and a more favourable entrepreneurial climate. Nonetheless it is suggested that, in consideration of the characteristics of many of the micro-enterprises in the sample, many may be dependent on a favourable economic environment, the continuation of supports to the micro-enterprise sector and a sustained entrepreneurial environment. Measures to ensure the sustainability of the micro-enterprises will require follow-up contact and support from the organisation, together with a recognition of the knowledge and skills required for maintenance of the enterprises supported;
- The diversity in entrepreneurial activities suggests that they were contributing to the variety of local products and services across locations. Diverse activities should be encouraged for their level of innovation, the diversification of the local economic base and the improvement of quality of life in rural areas. One method of achieving this is by increased co-operation between organisations (both national and international), to facilitate the transfer of good practice and successful entrepreneurial activities across locations;
- With regard to the low level of employment creation, it is suggested that this may reflect in part the entrepreneurs' satisfaction with the existing size of the enterprise, resulting from the perception that the expansion of one's enterprise will result in a loss in power, control and/or independence. Firstly it is suggested that these fears should be recognised as important influences on entrepreneurship. Secondly, measures to counteract these perceptions should include the dissemination of advice, information and training to recognise and curtail these fears. In most circumstances these supports may be best offered by mentor assistance at the location of the individual enterprises, in recognition that this will require more human and financial support;
- Also likely is the suggestion that the entrepreneurs did not think that they required additional help, or that they became so accustomed to working on their own that they did not want any extra help. In this respect, the placement of those in apprenticeships and training courses into micro-enterprises may encourage micro-entrepreneurs to recognise and appreciate the need for additional employment;
- As almost one-third of the entrepreneurs stated that they were unemployed for at least one year prior to the establishment of the enterprise, it is suggested that these respondents may have experienced the process of setting up a business in a different way to someone who has not experienced long-term unemployment prior to enterprise establishment. Therefore it is suggested that this diversity amongst entrepreneurs should be recognised appropriately, by offering supports reflecting individual characteristics and matching

similar individuals and enterprises to training programmes and other forms of support. In a similar regard, it is recognised that there can be no cut-off-point between receiving assistance and practicing as a successful entrepreneur. Follow-up contact and support of a more intensive nature is required by those who have experienced long term unemployment and/or who are faced with substantial psychological barriers;

It is possible also that there may exist a lack of knowledge about employing people, as regards concerns such as the perceived or actual lack of information regarding issues such as wage agreements, employees' rights and otherwise. Furthermore, whilst it may be argued that this information is available from a great diversity of sources (Internet, government organisations, other businesses), many entrepreneurs may be more likely to rely on personal contacts for receiving information of this nature. Therefore it is suggested that, upon initial interaction, the entrepreneurs should be given a full appreciation of the type of supports, information and advice they can receive from the organisation/s and/or other sources. This will help also to establish the entrepreneurs' level of knowledge as to the supports available in the external environment.

With respect to the second question, it is considered that any enterprising activity which contributes to family and income security and adds to the economic, social and cultural fabric of local communities, is worthy of external support. In this respect it is argued that the notion of whether one's enterprise contributes to an increase in entrepreneurship levels in Ireland is a sterile debate.

# 9.3.2: Exporting activities

With regard to the exporting activities of the enterprises, it was shown that almost one-half (49.3%) of the respondents reflected a reliance on the 'local market', as opposed to an 'Irish market' and/or an 'international market'. Therefore the majority of the enterprises corresponded with only stage one of the internationalisation model, as proposed by the stage theorist Cavusgil (1980). It was suggested that although this dependence might reflect in part the age of the enterprises, such a strong dependence on the local market could be problematic, if there are any changes in the size or level of competition in the local market, or any adjustments in the demand for the product or service.

Interestingly it was shown that those enterprises with company ltd. status were less likely to rely on a 'local market' and more likely to depend on an 'Irish market' and an 'international market', than those enterprises established by sole traders. Such results might strengthen the arguments noted earlier in relation to the characteristics of sole traders. Furthermore enterprises supported by the LEADER Companies and CEBs were more likely to depend on an 'Irish market' and on an 'international market'. These results reflected the interest in supporting micro-enterprises capable

of exporting on an international market. Correspondingly, those enterprises supported by the Partnership Companies showed the strongest dependence on the 'local market'. This result suggests that they were offering local services, which may be short-lived and/or vulnerable to economic changes. Although it is difficult to state how sustainable enterprises are, it may be possible to suggest that the majority of these services arose from the economic growth in the 1990s, in particular in the Mid-East region, and as such may be dependent on continued economic growth.

## - Creating exporting potential amongst micro-enterprises: some policy considerations

- Firstly, it is suggested that policy makers and organisational personnel should recognise that enterprises often will remain one-person operations in line with the entrepreneurs' motives and goals for entrepreneurship. Nonetheless one-person operations still require ongoing support, as the desire not to seek exporting opportunities may reflect the stage of development of the enterprise, and/or the entrepreneurs' expectations at a particular time. In this regard, on-going assistance may assist the entrepreneur in his/her consideration of seeking exporting opportunities in the future;
- Secondly many entrepreneurs may face substantial personal and economic barriers in developing enterprises and seeking exporting opportunities. Increasing the level of follow up support to the enterprises, and tailoring existing supports to the issues and challenges facing the entrepreneur at each stage of business development, might help to alleviate these barriers;
- Switching the focus towards improving the quality of the enterprises supported, in line with encouraging continual development and expansion, may encourage more microentrepreneurs to expand their export market in the future;
- The encouragement of networking amongst entrepreneurs who share similar characteristics would facilitate the exchange of advice, support and examples of good business practice, and may help in influencing one's decision to seek export opportunities;
- Supporting the presence of entrepreneurs at trade shows, both at home and abroad, to allow them the opportunity to market their product or service, might help the micro-enterprises to create and foster the ability and links to export on an international market.

#### 9.3.3: The level of innovation

Although innovation is identified as central to growth, it was noted that the concept of innovation has been defined in several different ways and is used in many different contexts. Although it is recognised that one of the criteria used by the organisations for supporting a project is that it is viewed to be innovative, it was argued that the decision on whether a project is innovative or not can be highly subjective, and this should be recognised adequately by policy-makers. In this respect, the results revealed that 70.6% of the respondents claimed that the enterprises were

innovative. Those who had established a company ltd. or community group were more likely to state that the project was innovative and, with regard to the level of innovativeness across the sectors, those who established an enterprise in the craft, forestry and horticulture and tourism sectors were more likely to view the project as innovative.

When the entrepreneurs were asked to specify what features they viewed as being most innovative, the following reasons were stated in the order of most mentioned responses: the enterprises were providing a new product or service to the local community, they offered a specialist product or service, were involved in a philanthropic enterprising activity and were established from an innovative concept. The high percentage of respondents who stated that the enterprise was innovative, may on the one hand suggest a genuine belief that they had indeed established an innovative enterprise, or it may suggest that some project promoters were merely stating this because they had done so in order to receive support from the relevant agency. As innovativeness is often linked with the size of an enterprise, it was considered that, due to the small size of the microenterprises, many entrepreneurs might perceive the enterprises as more individual, less bureaucratic and therefore more innovative. Nonetheless it is recognised that the need to be innovative is becoming increasingly important due to consumer changes, globalisation, increased travel and increasing wealth.

## 9.3.4: The external environment: opportunities and threats to micro-enterprises

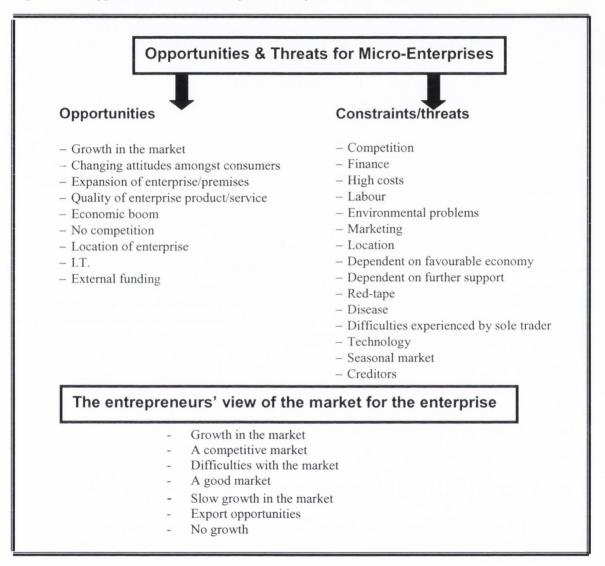
Of major interest is the co-dependency relationship that exists between the entrepreneur and the external environment. Therefore, within the framework of Population Ecology Theory (Chapter 5), the following questions were raised: i) in what type of environment were the organisations in the study embedded? ii) were the necessary supports and/or resources required by the organisation available to the entrepreneurs in the external environment? iii) did the local market value, want or need the product or services offered by the micro-enterprises? iv) how dependent were the organisations on the external environment? Fig. 9.3 illustrates the variety of opportunities and threats presented to the entrepreneurs in the external environment.

With regard to the main opportunities presented by the external environment, growth in the market and changing attitudes amongst consumers represented the most mentioned opportunities for the enterprises. Other opportunities mentioned in order of significance were: expansion of the enterprise/premises, improvement in the quality of products and services, the economic boom, the relative lack of competition, the location of the enterprise, I.T. opportunities and the availability of external financial assistance.

Competition was the most mentioned constraint or threat facing the enterprises. Unsurprisingly, finance was the second and high costs were the third most mentioned constraint or threat,

suggesting that limited or inadequate working capital is still a barrier facing those in small business. This result might suggest also a relationship with later results which demonstrate the significance of receiving finance from the organisation, and earlier results which highlighted the importance of having one's own capital for investment and the insignificance placed on one's eligibility to borrow money from the bank or other external sources.

Fig: 9.3: The opportunities and threats presented by the external environment



A very small percentage of responses indicated a constraint with regard to labour difficulties. Although this represented the fourth most mentioned constraint, it reflected the characteristics of the enterprises, the majority being one-person operations. Other constraints noted by the entrepreneurs in the order of significance were: environmental problems, marketing problems, location, the dependency on a favourable economy, the need for further supports, red-tape issues, disease, problems with sole trader status, technology, the existence of a seasonal market and difficulties with regard to receiving money from one's creditors.

#### - View of the market for the enterprise over the last five years

When asked to view the market for the enterprises over the previous five years, the most mentioned response referred to a growth in the market for the product or service of the enterprises (53.7%) and the existence of a competitive market (8.8%). For the small percentage of responses reflecting difficulties in the market (8.5%), the responses noted were associated with increasing labour costs, a decline in the number of tourists and the need to devote more time and resources into marketing their product or service. A very low percentage of the responses indicated a good market (8.1%) or a slow market (7.0%), the potential for export opportunities (2.2%) and no growth (1.8%). for the enterprises. Nonetheless, these constraints also highlight the vulnerability of small enterprises in the face of capital, environmental and other external constraints.

# Policy considerations: promoting opportunities, preventing constraints and creating a favourable environment for micro-enterprises:

- It is considered that the respondents' views of the market were not related only to the external market environment, but may reflect also certain characteristics inherent in the individual entrepreneur. Therefore it was suggested that those who stated a more positive view of the market for the enterprise may have a stronger wish to succeed, a desire to remain one's own boss, a willingness to engage in risk-taking activities in order to exploit alternative markets and, may have a high internal locus of control. However, it is recognised, that such individual characteristics must be coupled also with the necessary skills and knowledge needed to market the enterprise, compete in an open market and overcome the problems associated with slow growth;
- It is argued that one's ability and/or desire to influence the opportunities and threats presented by the external environment will impact on the future development and growth of the enterprise. Ability depends on the level of human capital and the motives and goals for entrepreneurship, and once again it is suggested that these should be identified by organisational personnel upon initial interaction and during follow-up contact with the entrepreneurs;
- For those who stated that growth and expansion was the main opportunity for the enterprise, it suggests that the entrepreneurs had a future business plan for the enterprise, combined with a desire to expand and grow the enterprise. The organisations should advise entrepreneurs to have a future business plan in place, as this will help entrepreneurs to have a clear focus and vision for the enterprise future;
- Although these results indicate growth and development opportunities for the enterprises, it
  is suggested that they be treated with caution, as they can be interpreted in one of two
  ways. On the one hand, the results may reflect the increased demand in the market for the

products and services, which is encouraging if the entrepreneur chooses to develop the enterprise in accordance with this growth. On the other hand, given the characteristics of the majority of the micro-enterprises in the sample, it might suggest complacency with the existing level of demand, which may reflect the size of the existing micro-enterprises and the future growth potential. The provision of business advice, relevant training and ongoing support to assess the development of the enterprises supported, would help entrepreneurs explore and examine opportunities for enterprise expansion;

- It was argued that many entrepreneurs may have recognised changing consumer and lifestyle needs, and subsequently utilised a hobby, skill and/or individual ability to engage in entrepreneurial activities. Nonetheless the established product and service will need to adapt to changes in the market and with consumer needs, and, the entrepreneur should be encouraged to access the quality of the product and service and to seek alternatives or improvements for the micro-enterprise in the future;
- The small percentage of references to I.T. calls into question the relevance and need for the many I.T. courses available for entrepreneurs. However it may reflect also the overall ability to use and to integrate I.T. in the business environment, and the desire to engage in training activities specifically geared towards improving I.T. skills. Therefore it would be useful to examine the level of I.T. skills amongst entrepreneurs and their perceptions of the integration of I.T. in their micro-enterprises, so as to provide relevant and suitable training courses and advice;
- For those experiencing difficulty with regard to competition, it was argued that there were many other ventures offering similar or comparable products or services. Consequently, this was having a negative impact on these enterprises, and it is argued that this may present more of a challenge to micro-enterprises in the future. Once again it is suggested that the provision of on-going contact to examine the development of the enterprises supported, might encourage entrepreneurs to seek alternative market opportunities and to identify methods to improve their competitiveness;
- It is suggested that the high percentage of innovative projects in the sample, coupled with the dependence on the local market, may indicate that those enterprises not experiencing competition had a monopoly over the market for the product or service. Furthermore, the results suggest that organisations were careful to avoid displacement which would lead to increased competition, or the demise of a similar enterprise in the area, and it is suggested that this be continued;
- In light of the above constraints, it is suggested that an adequate awareness of supports available in the external environment, a good level of informal and formal contacts and adequate working capital to cope with a drop in business, are some of the measures the entrepreneur needs to have adopted prior to establishing or developing an enterprise.

## 9.3.5: The importance of location factors in entrepreneurship

Fig. 9.4 illustrates the main factors influencing the choice of location for the micro-enterprises and the advantages and disadvantages associated with the location. It is worth considering that the vast majority of the enterpreneurs stated that in hindsight, they would choose the same location for the enterprise again. This satisfaction with the present location reflects the fact that many of the enterprises relied on the local market, and considered the location of the enterprise near the homeplace to be significant (Fig. 9.4).

The factor considered most significant in influencing the choice of location for the enterprises was its proximity to the home of the owner. Once again the decision to locate the enterprise near one's home was considered a personal choice, and in consideration of the significance placed on personal motives and goals for entrepreneurship, it further highlights the individualistic and highly personal nature of entrepreneurship.

Fig: 9.4: The influence of location factors in entrepreneurship

## The influence of location factors in entrepreneurship

## Factors most influencing the choice of location

- 1<sup>st</sup>: Near home of owner
- 2<sup>nd</sup>: Site/availability of buildings
- 3<sup>rd</sup>: Proximity to market/customers
- 4<sup>th</sup>: Better business growth opportunities
- 5<sup>th</sup>: Environmental reasons
- 6<sup>th</sup>: Availability of good communications/infrastructure
- 7<sup>th</sup>: Local labour supply
- 8<sup>th</sup>: Availability of raw materials
- 9<sup>th</sup>: Proximity to suppliers

#### Advantages of a location

- Quality of the local environment
- Close to local market
- Boom in economy
- Philanthropic benefits
- Available amenities
- Very little/no competition
- Word-of-mouth
- Lower costs
- Distance to work/at home

#### Disadvantages of a location

- Distance from market
- Infrastructure/amenities
- Peoples' perception of the enterprises
- Competition
- Labour recruitment difficulties
- Location
- Market for enterprise
- Environmental problems
- Border location

Secondly the availability of a site or building for one's enterprise was considered to be significant and it is suggested that many entrepreneurs may be using the home or a premises and/or site owned by them. Given the strong reliance on the home market, the importance of proximity to one's

market/customers was ranked in third position. Other factors included in this query were ranked in the following order: better business growth opportunities, environmental reasons, availability of good communications/infrastructure, access to a local labour supply, availability of raw materials and proximity to suppliers. It is suggested that these results may in part reflect the characteristics of the micro-enterprises, as some of the factors ranked as less important would be significant for enterprises with growth potential and with the capacity to seek export opportunities and create employment.

# - The advantages and disadvantages of the external environment for the enterprises

The main advantage stated was the quality of the environment, which reflects individual lifestyle considerations. As almost half of the enterprises showed a strong dependence on the home market, it was expected that one of the main advantages of the local area would be its close proximity to the local market. The recent expansion of some local areas associated with the boom in the economy surfaced also in a number of comments. Amongst the other advantages stated, were those associated with the benefits which the enterprise brought to the local community, the available amenities, the presence of very little/no competition, local word-of-mouth, the lower costs of rent and the small distance to work or ability to work from home.

The most mentioned disadvantages were distance from the market and poor infrastructure. Other disadvantages noted were: people's perception of the enterprises, competition, recruitment difficulties, those associated with the particular location, marketing difficulties and environmental problems. Unexpectedly, only a small percentage of respondents in Monaghan made reference to the advantages or disadvantages associated with living in a border region.

Overall the results revealed some differences between the locations. The first difference related to close proximity to a larger market, i.e. Dublin and Bray, and, this was stated more frequently by entrepreneurs from Co. Wicklow. Secondly, only a small percentage of entrepreneurs from Co. Monaghan made reference to an advantage associated with living in a Border region. The entrepreneurs who were located in Co. Mayo were more likely to mention advantages associated with the quality of the local environment, and disadvantages associated with distance from the market and poor infrastructure.

#### - The significance of location factors: policy considerations

Once again the factors chosen as most significant in the locational choice for the enterprises demonstrate the importance of personal influences. Nonetheless it may bring to light also the many advantages associated with locating near one's home, corresponding also with the lifestyle choices of the entrepreneur. Such choices might include the desire to

work from home in order to balance home and work responsibilities, the desire to contribute to the local economy, other philanthropic reasons, local knowledge of the market and suppliers and/or the availability of a local enterprise-supporting organisation. Despite the many advantages noted, entrepreneurs should be encouraged to explore other market opportunities outside their home region in recognition of increasing competition and globalisation;

One's knowledge of the area, market, suppliers and local networks may be significant also for the entrepreneurs, particularly in the start-up stage of enterprise development. Furthermore this factor would be significant for community groups, which would be engaging in an entrepreneurial activity to the benefit of the local area. The availability of local information of this kind would particularly benefit entrepreneurs during the initial stages of entrepreneurial activity.

# 9.3.6: Future alterations: indications for enterprise growth

As the majority of enterprises in the sample were newly established, it was expected that the entrepreneurs would intend to alter the enterprises over a forthcoming five-year period. Nonetheless, just over half of the entrepreneurs indicated the intention to alter the enterprise in some way during the five-year period. Those with company ltd. status were more likely to state an intention to alter the enterprise. The methods stated included: the expansion of the enterprise, diversification of the product or service, expansion of the premises, the improvements of enterprise quality, the introduction of I.T. and the increase in employment. Just over one-third of the entrepreneurs stated that they would not be altering the enterprise in the forthcoming five years, combined with a small number who were undecided.

The following are suggestions as to the many factors influencing the decision to alter an enterprise:

- It was considered that alterations are essential in order to sustain the enterprise and remain competitive. Furthermore alterations can signal philanthropic intentions, such as the desire to increase local revenue, provide local employment opportunities and improve the quality of the service or product on offer to the local community. The absence of an alteration plan for one's enterprise may signal the eventual demise of the enterprise;
- If the majority of entrepreneurs did not have any growth objectives for the enterprises, then this might reflect a struggle to sustain the enterprise, or to maintain it at its current size. This may have implications for social and economic policy, because if the enterprises fail, then many entrepreneurs may face unemployment and a return to economic dependence;
- Internal factors, such as personal changes in life circumstances, changes in family circumstances, age structure, and complacency with the existing size of the enterprise, may affect one's intentions to alter the enterprise;

- Inherent traits, such as one's ambition for the enterprise, the need for achievement with the existing enterprise, the wish to remain one's own boss, an unwillingness to engage in risk-taking activities, and a fear of a loss of one's internal locus of control, may also affect the wish to alter an enterprise;
- There may exist a lack of knowledge and skills required to alter the enterprise and/or the unwillingness to undertake education and/or training in this respect;
- Also likely is the presence of external environmental constraints, such as increased competition, higher costs, labour difficulties and the increase in working capital needs, associated with altering an enterprise;
- Negative interaction experiences, such as the difficulty in securing working and/or investment capital and/or negative interaction with external enterprise-supporting organisations, may influence one's decision to alter an enterprise;
- The GEM (2002) report stated that agencies were not focused enough on growth-orientated enterprises and secondly that there was a lack of understanding of the real issues facing entrepreneurs. In this respect, the question is raised once more: is it possible to understand the entrepreneur and claim to know their individual needs and wants without having been an entrepreneur?

In light of the above suggestions, the following question is raised: how can entrepreneurs be encouraged to alter their enterprises?

- Firstly it is suggested that policy makers and enterprise-supporting organisations recognise that restructuring of one's enterprise may not necessarily involve increasing the size of the enterprise, as it is recognised that many small enterprises may be prosperous and still remain small;
- Secondly, an increased level of follow-up contact and support from the organisation is needed to identify the many supports needed and associated with enterprise development;
- Thirdly, instilling a strong networking and training culture amongst those entrepreneurs supported might result in the sharing of knowledge, business advice and examples of good practice and consequently the encouragement of future enterprise development.

# 9.4: Interaction with external organisations

In Chapter 5 the process of interaction between entrepreneurs and the enterprise-supporting organisation was considered with regard to three fundamental research questions: i) why does the entrepreneur interact with other organisations in the external environment? ii) how can interaction be a positive experience for the entrepreneur? and iii) how can interaction be a negative experience for the entrepreneur? In this section the most salient issues identified in answer to the three research questions are discussed, to contribute to a better understanding of the interaction between entrepreneurs and external-enterprise supporting organisations.

## 9.4.1: Why entrepreneurs interact with external enterprise-supporting organisations

This study was been shaped by an appreciation of the interaction of entrepreneurs with the external environment. In Chapter 7 a model was presented (Fig. 7.1) which illustrated the process of interaction between the entrepreneur and the enterprise-supporting organisations. The model indicated the many steps involved in identifying a need for a support, searching for the available support, interacting with an external enterprise-supporting organisation and subsequently evaluating one's experiences with interaction. With these issues in mind, the main factors identified in relation to how the entrepreneurs became aware of the organisational supports, the methods used to contact the organisation, the initial funding received, the level of training completed, evidence of deadweight, sources of additional funding and finally the sources of additional assistance and advice received by the entrepreneurs are listed in Fig 9.5.

In consideration of the significance of financial supports, it was argued that the initial motivation for interaction might be to acquire capital assistance. In this respect, the entrepreneurs were asked if the project would have gone ahead without financial assistance from the external agency. Almost half of the responses indicated that it was either very likely or likely that the project would have gone ahead. There were also a number of entrepreneurs who were unsure if the project would have gone ahead without financial assistance, which questions the significance of this form of support in the first place. Overall just over one-third of the responses indicated that it was either unlikely or highly unlikely that the project would have gone ahead in the absence of this support.

#### - Implications for micro-enterprise policy

- In consideration of those projects that were deemed either unlikely or highly unlikely to have gone ahead, it is hard to determine in what capacity such projects would have gone ahead in the absence of financial support. Therefore it is suggested that, although financial assistance is in many cases very small, the absence of such support might signal less emphasis on the quality of the product or service, a decrease in actual or potential employment capacity, a reduction in capital investment and/or increased strain or worry for the entrepreneur;
- Once more it is suggested that the determination of the entrepreneurs' personal motives and goals for entrepreneurship prior to receiving financial support may help in determining the actual significance of this support to the individual enterprises.

Fig. 9.5: The entrepreneurs' interaction with external enterprise-supporting organisations

# The entrepreneurs Interaction with the organisations

#### **Awareness**

- Majority from personal contacts
- Local media/public meetings
- Direct approach from organisation
- Other businesses

# Initial funding received

- Majority start-up capital assistance
- Majority £1000-5000 grants

# Evidence of deadweight

 Almost one-half of the enterprises 'very likely' and 'likely' to have gone ahead

# Sources of additional funding

- Majority sought no other funding
- Majority who did seek other funding did so from the organisation
- Bankloan
- Forbairt
- Other sources

# Greatest help received

- Funding
- Business advice
- Marketing advice/assistance
- Assistance in training
- Local information
- Technical assistance
- Public relations
- Use of premises

#### Method of contact

- Written documents
- Face-to-face contact
- Telephone/fax
- E-mail

# **Training completed**

- Over one-half participated in no training
- The majority of those who had participated in training had completed one training course

# Sources of other assistance and advice

- Over one-third received no other funding
- FÁS
- DSCFA
- Bank
- Local County Council
- Enterprise Ireland
- Teagasc
- Accountant

# Greatest obstacles encountered

- Red-tape
- Organisational personnel
- Insufficient funding
- Lack of information/advice
- Timing
- Unique nature of enterprise
- Bank
- Follow-up support

# Supports absent which entrepreneurs would like to see introduced

- More finance
- More training
- A particular assistance
- More information/advice
- More follow-up support from the organisations
- Less red-tape
- More mentor assistance

## Ranked satisfaction with supports

- 1<sup>st</sup>: Financial supports
- 2<sup>nd</sup>: Information/advice
- 3<sup>rd</sup>: Start-up/support
- 4<sup>th</sup>: Training courses
- 5<sup>th</sup>: Ongoing support
- 6<sup>th</sup>: Marketing advice
- 7<sup>th</sup>: Consultancy
- 8<sup>th</sup>: Business centres

### 9.4.2: The greatest help received from interaction

Although the entrepreneurs were not asked to indicate the main reasons for contacting the organisations, it is argued that the initial motivation for interaction and the subsequent support received might determine whether interaction was a positive or negative experience for the entrepreneur. As expected, comments relating to finance surfaced in response to a number of the queries. More specifically, finance was regarded as the greatest help received by the entrepreneurs and financial support was ranked in first position with regard to those who expressed satisfaction with a variety of organisational supports received. In addition, insufficient funding was the third most mentioned obstacle, and in relation to supports considered 'absent', the most frequent response related also to the need for more funding (Fig. 9.5). Nonetheless, in response to other sources of funding received since 1994, half of the responses indicated that no other funding was sought. For the majority who had sought other funding, the main source was the enterprisesupporting organisations. Many of the entrepreneurs chose not to state the actual amount of funding received from the organisation. Nonetheless for those who did, the most significant amounts were mainly in the order of £1000-5000 and £5000-10,000. Regarding suggestions for improvements in supports, only 3 entrepreneurs stated that they would welcome the introduction of loans for small business owners.

#### - Policy implications

The importance of external financial assistance raises a number of pertinent issues:

- Firstly, it is suggested that, financial support may be especially significant for newly established enterprises. In this respect, it is considered that seeking financial support may have been the initial motivation for interacting with the organisations, and as such may reflect either a grant mentality and/or the requirement for this form of capital assistance amongst micro-entrepreneurs. Nonetheless, the continued provision of small grant assistance may be significant in encouraging more micro-enterprise creation and development in the future;
- As only five entrepreneurs indicated the bank as a source for additional financial assistance, this may bring to light a problem with regard to accessing financial assistance from this source. This problem should be ameliorated as many micro-entrepreneurs face considerable barriers in raising adequate amounts of working capital;
- It is argued also that obstacles relating to finance may signal inadequate levels of capital assistance, the condition that the organisations cannot fund retrospectively and/or problems relating to funding anticipated and the level of funding received. In this respect it is suggested that entrepreneurs be given clear information as to the type, nature and method of receiving capital assistance upon initial contact with the organisation/s;

- It is proposed that many entrepreneurs may have considered capital assistance of this nature as their right, given that it was generated from public sources of funding. This is suggested also because the majority of the funding received was in the form of actual grants in contrast to refundable loans or shares. In this regard, it might be reasonable to suggest that, because there was no onus on the entrepreneur to pay back a grant, it was viewed as another source of internal funding. In light of this suggestion it is proposed that the entrepreneurs might experience more ownership of capital support if there were some onus on them to repay it partially or in full.

#### - The importance of external business advice

As the majority of the micro-enterprises were newly established, it was considered that the availability of external advice might be very significant, as it may save the entrepreneurs both time and money, and may even encourage them to seek this form of external advice in the later stages of enterprise development. Encouragingly, advice was ranked in second position with regard to the greatest form of support received from the organisation. Furthermore, for those who had received information and advice, the levels of satisfaction with such ranked it in second position.

The suggestion for more information and advice was stated in response to the query on absent supports. Again comments in relation to this were generally positive and considered realistic, with regards to what could/should be made available to entrepreneurs. Therefore it is suggested that more resources may be required by the organisations, in order to promote more awareness and provide these services. In view of this, it is worth considering that one-third of the respondents indicated that they had received no other assistance and advice in the past six years.

Nonetheless these results raise a number of suggestions:

- Firstly, the significance placed on this form of support indicates that the organisations were a good source of contact for entrepreneurs who required business information and advice.
   Therefore this support should be continued;
- Furthermore these results depict willingness on the part of the entrepreneurs to seek advice from external organisations and/or to perceive no loss of control or independence associated with this. Therefore more entrepreneurs should be made aware of this form of support so that they can benefit from the expert advice offered by the organisations.

#### - The provision of marketing advice/assistance

Encouragingly, marketing advice/assistance was ranked in third position after capital and advice. It is considered that this type of support is important, as often the entrepreneurs do not have the

necessary marketing skills to develop an enterprise. Therefore, by providing this type of advice in the form of training courses or otherwise, the entrepreneurs may become aware of its importance when they decide to develop the enterprise and expand its marketing potential.

### - The number of training courses attended

Although the value of training has been well documented, and the number of training courses for entrepreneurs has increased substantially over the past number of years, over half of the entrepreneurs had not participated in any training courses offered by the relevant organisation. For those who had undertaken training, the majority had participated only in one training course. With regard to the greatest help received from the organisation, assistance in training was ranked in only fourth position. Moreover in respect of the level of satisfaction with supports provided, training courses were ranked in only fourth position.

In respect of the above results, the following reasons are suggested for the low participation in training and the insignificance placed on this form of support:

- There may exist a relationship between the characteristics of the enterprises and the low participation in training;
- Considering that the majority of enterprises were one-person operations, the entrepreneurs may not have had the time, money or resources to invest in training and these obstacles should be identified as possible reasons for low participation in training;
- Low levels of training may reflect negative attitudes towards training in general, as it may involve a regression to time spent at school and may include also a perception of one's incompatibility with participants and enterprises on a training course. This being the case, it is suggested that the best type of learning environment may be one where the individual is instructed at the location of the enterprise;
- It may be that spatial distance from the place of training may place some entrepreneurs at a particular disadvantage, due to difficulties with accessing transport and/or the amount of time spent travelling to the location of the course/s. In such instances training may need to be provided in other locations and/or at the location of the enterprises.

In consideration of the other supports received from the organisation/s the following factors were ranked in order of importance to the entrepreneurs: the provision of local information, technical assistance, public relations and the use of premises.

# 9.4.3: Methods and frequency of contact between the entrepreneurs and the enterprise-supporting organisations

It is argued that positive interaction requires frequent, multifaceted and open contact between the entrepreneur and the organisation. The entrepreneur initiates contact when s/he communicates his/her need to the external organisation. The majority of the entrepreneurs became aware of the organisational supports from personal contacts and the majority of contacts made between the entrepreneur and the organisation were in the frequency of one or more times per 6 months. Multifaceted contact was achieved by using a variety of methods of communication, including, telephone/fax, face-to-face discussions, written documents and e-mail.

### - Some policy considerations

These results raise two interesting issues:

- Although it was not investigated in the present study, there may have been a lack of the necessary human and financial resources, to the effect that the organisational personnel were unable to directly approach nascent and/or actual entrepreneurs within the task environment. To be effective, an organisation can do only its best with the available resources at its disposal, and in this regard it is suggested that more human resources may be needed to increase the level of pro-activity;
- Secondly, an important social issue is raised as to whether entrepreneurs should be approached directly by the organisations. To revert to the Conservative Darwinist perspective (Chapter 5), one might argue that those who really want to be entrepreneurs will do so by contacting the organisations themselves. Nonetheless, it is accepted that oftentimes, due to substantial personal, social and economic barriers, there may exist entrepreneurs and community groups who require identification and direct contact from the organisation/s to facilitate the establishment of entrepreneurial activities and this should be recognised.

#### 9.4.4: The greatest obstacles encountered in interaction

The entrepreneurs were asked to state the main obstacles encountered in the relationship with the organisation, or in the development of the enterprise. The obstacles identified in order of most mentions were: red-tape, personnel, funding, lack of information/advice, timing, external understanding of the unique nature of the enterprise, obstacles in relation to dealings with the bank and lack of follow-up support. A number of suggestions are therefore proposed to alleviate some of the conflict arising from these obstacles:

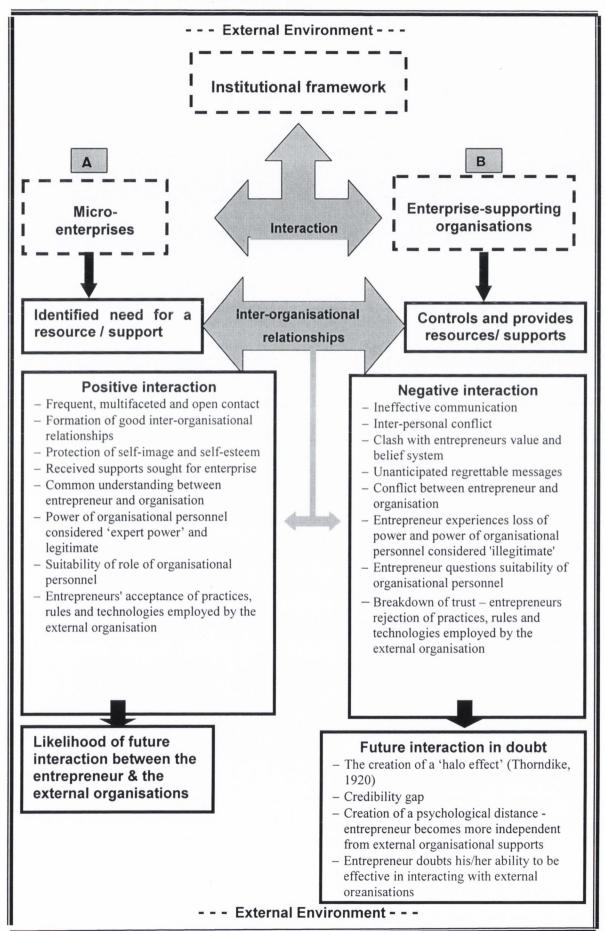
- It is suggested that the entrepreneur might experience no difficulty with regard to red-tape provided that s/he perceives the red-tape imposed by the organisation as legitimate and necessary for the provision of the organisational support/s. Therefore it would be beneficial if organisations explained the need for their procedures at the outset;
- It is recommended that the organisational personnel provide clear information regarding the level, type and reasons for the red tape attached to a particular application, upon initial contact with the entrepreneur. This should avoid future conflict and will allow the entrepreneur time to reflect and agree with the level and type of red tape, prior to subsequent stages of the application process.

# 9.4.5: Understanding interaction

To understand interaction between entrepreneurs and external enterprise-supporting organisations, an appreciation of the profile of the micro-entrepreneurs, the characteristics of the microenterprises and the experiences in interacting with the organisations should be considered, alongside factors identified as contributing to the formation of a positive or negative interaction experience. Fig. 9.6 builds on a model presented in Chapter 5 (Fig.5.4) by including an appreciation of factors influencing whether one has a positive or negative experience in interaction. It is argued that there are a number of factors contributing to the achievement of positive interaction between the entrepreneurs and the external organisation. The factors considered include i) frequent, multifaceted and open contact between the entrepreneur and the organisation, ii) the formation of good inter-organisational relationships, iii) the protection of one's self-image and selfesteem, iv) receiving the supports sought for one's enterprise, v) the existence of a common understanding between the entrepreneur and the organisation, vi) the power demonstrated by the organisational personnel is considered to be expert power and thus legitimate, vii) the entrepreneur perceives the organisational personnel employed as suitable for providing enterprise support and finally, viii) the entrepreneur accepts the practices, rules and technologies employed by the organisation.

A negative interaction experience can be the result of one or more of the following factors: i) ineffective communication, ii) inter-personal conflict, iii) clash with one's value and belief system, iv) unanticipated regrettable messages, v) conflict, vi) loss of power and, vii) a breakdown of trust between the entrepreneur and the external organisation. A negative interaction experience, may lead to the entrepreneur doubting his/her individual ability to interact with external organisations of this nature. Consequently the entrepreneur may become even more independent from external organisations, and this may be negative for the creation and/or development of the enterprise and the promotion of entrepreneurship.

Fig. 9.6: A conceptual and contextual framework for understanding the interaction between microenterprises and enterprise-supporting organisations.



# 9.5: Conclusions and policy suggestions

In view of the most significant factors influencing entrepreneurship, the characteristics of micro-enterprises identified and the factors contributing to positive and negative experiences in interaction, it is argued that many challenges are presented to enterprise-supporting organisations providing supports to the micro-sector. In this respect, it is essential that voice be given to both the users of the supports and the organisational personnel who administer the supports, to outline the many factors influencing the interaction process. In summation of the results achieved in this study, a number of suggestions by the researcher are outlined, to identify possible future improvements to supports for micro-enterprises, to contribute to the improvement of an entrepreneurial climate and to make interaction between entrepreneurs and enterprise-supporting organisations a positive experience for all.

#### - The micro-entrepreneurs and the micro-enterprises

- Firstly it is recognised that many entrepreneurs do not want to conquer the world and only want to make a living. In this regard micro-entrepreneurship is considered a highly personal and individual process, influenced by motives and goals, which in many cases reflect the desire for family and income security, the wish to be one's own boss, to have control over one's career, to offer a quality product or service and to have a personal interest in one's entrepreneurial venture. It should be considered that there may be a clear distinction between those who want to remain as a sole trader and/or sustain the existing size of an enterprise, and those who want to achieve fast growth, employment creation and an increase in export potential. Therefore policy needs to address these distinctions, and to focus on supports which will influence entrepreneurial behaviour, so that more individuals will be encouraged to consider growth and employment development in the future;
- There is a direct relationship between one's motives and goals for entrepreneurship and the desire to influence, counteract or downplay threats and constraints presented by the external environment. Motives and goals for entrepreneurship can be established during initial contact with the organisation, to recognise the type of entrepreneur and enterprise being supported. Nonetheless it is considered that one's motives and goals for entrepreneurship are not static and will change over-time. In this respect an entrepreneur may start off small, but may desire and achieve enterprise growth in the future. Policy should address the time-lag between establishment and growth and entrepreneurs should be encouraged to reduce this time-lag in order to remain competitive and sustainable;
- There are links between one's goals and motives for entrepreneurship, and the desire to participate in training and education to improve the level of knowledge and skills necessary for enterprise development. The various motives for choosing entrepreneurship are

significant as they may highlight triggers and displacements influential in the decision to become an entrepreneur. Therefore the goals and motives for entrepreneurship need to be established upon initial contact with the entrepreneur. Policy must also address whether it is desirable and/or feasible to provide supports to those who do not wish to develop and/or expand their existing enterprises;

- Given the significance of family and income security, it is suggested that entrepreneurs should be encouraged to think in the long-term and to appreciate that they are creating enterprises to sustain them until retirement. This involves the provision of a programme of on-going support, offering the individual the chance to explore the idea of self-employment, and to reflect on this decision prior to becoming an entrepreneur;
- The significance placed on one's ability to capitalise on previous skills and/or hobbies reflects a good foundation for entrepreneurship. This may also be linked with the desire to establish and remain as a sole-trader and to sustain the existing size of the enterprise. Nonetheless entrepreneurs need to understand that many skills are needed to sustain and/or develop an enterprise. The variety of skills required can not be achieved in the absence of interaction with external organisations, training and the seeking of external advice and support;
- It is suggested that female entrepreneurs are faced with many barriers in entrepreneurship. The many barriers need to be identified by the organisations by giving more voice to female entrepreneurs in order to discover the necessary support structures required to assist more females in entrepreneurship;
- Micro-entrepreneurs who have experienced long term unemployment often face substantial
  psychological and economic barriers in entrepreneurship and in interaction with external
  organisations. These entrepreneurs may require more intensive forms of personal
  developmental and enterprise development supports;
- Often follow-up contact with the external organisation is initiated only by entrepreneurs
  when they need something and/or when the enterprise has run into difficulty. In this regard
  more human resources are required by the organisations to facilitate in the provision of a
  programme of on-going support to micro-entrepreneurs;
- It is recognised that many community projects are not economically viable and by nature many are not profit-driven. In this regard requirements of matching funding should be reconsidered, as many community enterprises are hindered by the inability to raise finance;
- In view of the above, the evaluation of micro-enterprises should be focused on the quality of the enterprise supported, its sustainability and its capacity to maintain the level of income necessary for the owner-manager and his/her family security. Follow-up and postestablishment support may help to encourage the entrepreneur to develop the capacity of the projects to achieve employment and growth potential;

- It is suggested that additional human and financial resources should be directed towards: improving the provision and types of training; individual mentor assistance; the direct seeking of nascent and established entrepreneurs; encouraging networking amongst local entrepreneurs; and increasing the level of information regarding the supports provided by the organisations;
- The high-level of start-ups in the 1990s may reflect a dependence on a favourable economy and there is a possibility of vulnerability to economic changes. In this regard, programmes of support should be on-going and focused on sustaining the enterprises supported, whilst encouraging entrepreneurs to develop growth strategies for the enterprises;
- Micro-entrepreneurs who register as company ltd. have a greater intention and perhaps ability, to expand and develop the enterprise, increase employment and export potential and to establish innovative projects. Furthermore micro-entrepreneurs should be encouraged to register their enterprise as a company ltd. in order to avoid the risks associated with sole trader status;
- The low level of family involvement in micro-enterprises may reflect the need for a greater level of support required by the entrepreneurs, especially with regard to the provision of business advice, training and financial support. The level of involvement of family members and other close contacts should be addressed and in cases where the entrepreneur is working on his/her own and/or is in need of additional help, they should be encouraged to seek employees and/or student apprentices;
- As finance has been identified as a very significant form of support, especially for newly-established micro-enterprises, it is suggested that micro-entrepreneurs still encounter difficulties with regard to securing finance from external financial institutions and this should be ameliorated.

Although it is increasingly recognised in national economic and social policy, that enterprises need to be competitive in order to increase employment creation and promote a better standard of living in Ireland, it is difficult to say whether many of the micro-enterprises in the sample will achieve such growth. As many are offering local services and are most likely dependent on a favourable economy, it raises concerns as to their capability to survive in an uncertain economic environment. In this respect, the question has been raised: should state agencies provide supports to micro-enterprises that do not show signs of achieving growth and/or employment potential? In response, it is considered that if state support were to exclude micro-enterprises of this kind, it may have negative consequences for the entrepreneurial environment. This is why there should be an ongoing programme of support, focused on the individuals' entrepreneurial behaviour, 'capability building' (IEU, 1999; Forfás, 2000), the quality of an enterprise and its capacity to sustain the owner-manager until retirement.

#### - The enterprise-supporting organisations

- Often organisations struggle to adhere to rules administered by the respective government departments. In view of these difficulties, it is proposed that rules, assistance and supports received by each organisation should reflect the context, location, social setting and local history of the area concerned;
- There should be clarity given to the entrepreneurs, as to the reasons for a 'gestation period' between initial contact and the receiving of specific supports. This will help to alleviate inter-personal conflict and obstacles relating to red-tape;
- More human resources are needed for the promotion of better awareness of the supports provided by the organisations, and the ability for organisations to directly approach nascent entrepreneurs and community groups within the task environment;
- There is a need for more follow-up support to target enterprises with potential to achieve growth and employment creation;
- More specific to the Partnership Companies, it is suggested that the criteria for the length of time required to qualify for the BTWEAS should be reduced to a period of months (recent changes have increased this criterion from an initial 12 month period to 5 years and currently 3 years), in view of the suggestion that entrepreneurs may be more likely to be enthusiastic and optimistic in the early stages of enterprise establishment and may be more likely also to seek external assistance;
- Training and advisory support should be established pre-grant approval. In this way, one is able to create more of an emphasis on individual issues, prior to creating and/or developing an enterprise;
- Training should be tackled by using an area-based approach, to identify the skills needed in a particular area and in the labour market, as opposed to those identified by central government (also recommended by Curtin et al, 1992:64 and O'Connell and Sexton, 1995). Also an increasing emphasis might be placed on trades and skills rather than formal education.

In view of the above points, it is argued that there should be a direct relationship between the objectives of the organisation and the enterprises supported. Objectives should be realistic and achievable and should reflect the location of the organisation, the existing entrepreneurial environment, the physical and economic infrastructure and the views, capabilities and targets proposed by the organisational personnel. Also recommended in a Forfás (2000) report, was the suggestion that there should be regional differentiation with regard to supports. It is recognised also that this may help to achieve the National Spatial Strategy's (2002) objective for balanced regional development.

# 9.6: How the research fits into existing research

Research in entrepreneurship has focused mainly on the demand and supply-side factors thought to influence the levels of entrepreneurship in a given location. Many studies focus on specific individual characteristics and factors influencing the decision to become an entrepreneur, the impact of government policies on levels of entrepreneurship and the influence of culture and society on entrepreneurship. Gaps which have been highlighted include the need for a clearer understanding of the many barriers facing entrepreneurs, the increasing requirement for research and development, training, skills and knowledge amongst entrepreneurs, the availability of seed capital and the influence of globalisation and competition on enterprises. Other studies raise questions concerning the relationship between entrepreneurship, economic growth and its contribution to GDP growth, the significance of education and training in entrepreneurship and the factors contributing to an increase in the level of growth and employment potential amongst enterprises.

It is important to continue research in entrepreneurship because rapid changes in lifestyle factors, consumer patterns, knowledge and technological advancements, combined with changes in demographic characteristics, organisational structures and the restructuring of the traditional family unit, all suggest an increase in the significance and levels of entrepreneurship across locations. Nonetheless, despite the many studies devoted to entrepreneurship, there is a need to create a more comprehensive understanding of the interaction between entrepreneurs and enterprise-supporting organisations and the entrepreneurs' views of the efficacy of government supports to this sector.

### 9.7: Contribution made to the field of entrepreneurship

It is suggested that this research has contributed to the field of entrepreneurship by focusing on three main areas, namely:

- 1. The factors influencing individuals in the decision to become micro-entrepreneurs, and in the establishment and/or creation of a micro-enterprise;
- 2. The characteristics of micro-enterprises, the contribution to the local economy and the potential for growth and sustainability;
- 3. The level, method and perception of the entrepreneurs' interaction with enterprisesupporting organisations.

The study endeavoured to develop a model to present the characteristics of entrepreneurs, the micro-enterprises, the level and perception of the interaction with external enterprise promoting agencies, and the perceived or actual problems, threats and opportunities within the external environment. At the outset it was argued that there is no stand-alone theory of entrepreneurship and, as this type of behaviour represents an atypical phenomenon, and involves a heterogeneous

group of individuals, it is necessary to take an integrated and multi-disciplinary approach to research of this nature.

The model highlighted the individual and contextual factors thought to influence the individual entrepreneur and the entrepreneurial process. It assumed that a variety of theories proposed by economists, sociologists and psychologists should be examined in order to develop a more comprehensive understanding of entrepreneurship. By including in the model references to organisational behaviour, an understanding of factors creating positive or negative experiences in interaction was developed. Furthermore, location factors were considered for their role in promoting and/or assisting entrepreneurship, and for highlighting the co-dependency relationship existing between the entrepreneur and the external environment.

In order to understand why the entrepreneur chooses to interact with external institutions and organisations, institutional and organisational theories were examined, to provide a theoretical and contextual framework within which interaction could be explained, and the operation and functioning of the external institutional environment could be understood. Furthermore the perception of the micro-enterprise as an organisation allowed for an examination of the enterprise as a social system, embedded in an environment composed of many institutions and organisations. Essentially, it was argued that entrepreneurs must engage in interaction, so as to acquire the necessary resources and/or supports required for the proper functioning of the enterprise. The concept of no man is an island was in the same respect applied to entrepreneurship, as no enterprise is an island and cannot function without interaction with external organisations.

#### What does the research tell about micro-entrepreneurs?

- No attempt was made to provide a definition of a micro-entrepreneur as there is no standard definition which will apply to all locations;
- It was recognised that the entrepreneur who establishes an enterprise, makes an individual choice, and in this regard is considered an independent variable;
- Furthermore it is recognised that if one were to ask an entrepreneur for his/her reason for choosing to be an entrepreneur, s/he would almost invariably give more than one reason for this decision. However it is assumed that one chooses to become an entrepreneur because it offers economic, social and personal rewards which another career would not;
- The identification of one's motives and goals for entrepreneurship was considered paramount to the subsequent performance and growth potential of the micro-enterprises;
- Some researchers (e.g. Littunen et al, 1998:190) have suggested that "entrepreneurship and entrepreneurial action in small firms is closely connected with the personal characteristics of the entrepreneur". This research has identified personal factors, such as family and

income security, coupled with one's ability to use a skill, hobby and/or previous work experience, as most significant in micro-entrepreneurship and in influencing the performance potential of the enterprises;

- It is recognised that entrepreneurs may be dependent on multiple actors in the search for resources, e.g. financial institutions, legal institutions, other enterprises, family and friends;
- It was confirmed that the entrepreneurial process involves the entrepreneurs interacting with other organisations and external institutions, in order to obtain the necessary supports and resources needed for the functioning of the enterprise;
- Although entrepreneurs may be faced with an uncertain, and problematic environment, the enterprise may still survive by the actions, foresight and energy of the individuals, together with the supports available in their external environment;
- The greatest forms of help received from interaction with the enterprise-supporting organisations were funding, advice and marketing advice/assistance;
- The entrepreneurs were most satisfied with receiving direct financial support, information, advice, business start-up and support;
- The greatest obstacles encountered in the interaction between entrepreneurs and enterprisesupporting organisations were red tape, difficulties with organisational personnel, funding and a lack of information and advice.

All things considered, it was suggested that micro-entrepreneurship is an individual and highly personal process and that these factors influence interaction with the external environment, the decision on whether to seek and/or receive external supports, the desire to undertake training and education to contribute to one's entrepreneurial success and, ultimately, the performance potential of the micro-enterprises.

# What does the research tell about the characteristics of the micro-enterprises?

- Many micro-enterprises are established as one-person operations to provide income and family security for the owner-manager;
- The majority of the micro-enterprises were established under sole tradership, reflecting the low level of employment, the dependence on the local market and the significance of independence, power and control in entrepreneurship. Those with company ltd. status were more likely to be innovative and were more likely to export elsewhere in Ireland and to an international market;
- The internal environment of the enterprise includes an appreciation of the entrepreneurs' motives and goals for entrepreneurship, together with his/her level of knowledge, skills and desire to undertake further training and education;

- The external environment includes an appreciation of the regulatory environment, the level
  of entrepreneurial legitimacy, the provision of infrastructure necessary for enterprise
  creation and/or development, trade policies and the presence of enterprise-supporting
  organisations;
- Location presents both advantages and disadvantages for the enterprise;
- The micro-enterprises are examples of small organisations with economic, social and/or personal goals set by the individual owner manager. Furthermore they are considered activity systems as they produce a product or supply a service and involve people such as employers, family, employees, suppliers and many others in this process. Thirdly they are considered to be boundary maintaining by the legal status of ownership, the production of goods and/or services and their subsequent sale to other organisations and individuals;
- Community enterprises provide essential social, economic, cultural and environmental resources and help to meet previously unmet needs;
- Micro-enterprises are still threatened by lack of finance, the entrepreneurs' level of skills and knowledge and the ability of the entrepreneur to interact with external enterprise-supporting organisations.

# 9.8: Suggestions for future research

It is suggested that future research in entrepreneurship should follow an integrated and multidisciplinary approach and should be guided by the following research considerations:

- Increasing the level of research on entrepreneurs and organisational personnel to understand the factors leading to the creation of positive and negative experiences in interaction:
- Investigating the link between entrepreneurship, education and training by focusing on the views of entrepreneurs regarding existing training and educational courses and their relevance to micro-enterprises;
- Investigating the link between the provision of business infrastructure and the relevance and use to enterprise creation and development;
- Finding methods to improve the level of entrepreneurial legitimacy in society;
- Discovering the barriers encountered with regard to securing finance from external financial institutions;
- Identifying the barriers preventing many females, long-term-unemployed and/or those in the older age category in becoming entrepreneurs;
- Highlighting the additional need to develop more uniform and sophisticated methods to achieve more accurate and comprehensive international comparative studies in entrepreneurship;

- Focusing on the significance of location factors for entrepreneurship by examining enterprise establishment in comparative rural-urban studies and within a regional context;
- Focusing on the importance of local knowledge and close support in enterprise establishment and creation;
- Establishing longitudinal research and careful qualitative analysis to establish the development of enterprises, the rate of enterprise survival and failure and, the contributions of micro-enterprises to local development.

The above considerations highlight a number of research gaps in entrepreneurship, and this indicates the need for more research in entrepreneurship and the need for more integrated and multi-disciplinary studies in entrepreneurship. More specific to Ireland, however, is the need for more data on the micro-enterprise sector. It is very difficult to obtain statistics on micro-enterprises, and indeed the number of firms by size or sector and the corresponding growth rates and levels of job creation. This is made particularly more difficult when one tries to obtain data to compare and contrast rates of entrepreneurship across counties. Most data analysis concentrates on rates of growth across regions, as opposed to considering the differences existing amongst counties.

Also, prior to 1990s very few academic papers were written on this subject, and consequently it has been argued that Ireland lags behind in entrepreneurship research, in comparison with other countries. Therefore the following suggestions are outlined for future research in entrepreneurship:

- Identifying the place and significance of micro-entrepreneurship in Ireland, by examining rates of micro-enterprise start-ups, the location of micro-enterprises and the characteristics of the enterprises established;
- Tracking the development, creation and future growth of micro-enterprises, with regard to the gateway and hub structures proposed in the National Spatial Strategy;
- Identifying the link between micro-enterprises, and SMEs as identified in reports by NESC, Forfás, the recently established Enterprise Strategy Group and the National Competitiveness Council;
- Identifying opportunities for micro-entrepreneurship and discovering absentees or inefficiencies in supports necessary for entrepreneurship;
- Adopting a continued focus on international studies, such as the GEM, to compare entrepreneurship policies, practice and legitimacy, transfer models of good practice, and ultimately improve entrepreneurial levels in Ireland;
- Providing a stronger focus on qualitative research methods in entrepreneurship, as it is recognised that entrepreneurs are constrained by time and oftentimes over-burdened by form-filling, which may influence low response rates to questionnaire surveys;
- Allowing for a more comprehensive focus on the relationship between micro-entrepreneurs and external organisations, by giving voice to both parties regarding their experiences in interaction;

- Identifying the relevance and efficacy of entrepreneurship policy to micro-entrepreneurs and monitoring policy changes for micro-entrepreneurship;
- Identifying the influence on entrepreneurship of societal changes, such as increased immigration, changing consumer attitudes and the degree of entrepreneurial legitimacy;
- Investigating the role of the media, in highlighting experiences and identifying challenges and influences on micro-enterprises;
- Seeking recommendations for new institutional structures, to address the needs and challenges of micro-enterprises;
- Identifying the links between the supports available in enterprise-supporting organisations and supports desired by micro-entrepreneurs;
- Identifying the significance of I.T. is it a lack of desire to integrate technology or a lack of need for this resource?;
- Identifying methods to make Ireland more attractive for micro-entrepreneurs and establishing it as a good place to set up an enterprise.

In light of the well-documented significance of micro-enterprises across world economies, it was considered important to contribute to research in the field of entrepreneurship and in particular micro-entrepreneurship. This research sought to provide a better understanding of the nature of micro-entrepreneurship and the factors influencing individuals in becoming an entrepreneur. The specific focus was on identifying the factors influencing the interaction between entrepreneurs and external enterprise-supporting organisations.

Although the research project has come to some overall conclusions, a number of research questions still remain. Therefore it is recommended that research of this nature continue, as academics can give voice to the many issues and challenges facing entrepreneurs, as well as identifying the significance and efficacy of government supports to this sector.

Whilst it is accepted that understanding the entrepreneur may be impossible without having been an entrepreneur, nonetheless it is important that research continues in this field, not only to contribute to the understanding of entrepreneurs but to highlight the many factors influencing the levels of entrepreneurship in society. Ireland's most valuable resource is its human resources and more specifically its entrepreneurs, and in this regard policy should be focused on developing and influencing entrepreneurial behaviour, and discovering better methods of providing supports, to encourage more individuals to consider entrepreneurship and to contribute to a favourable entrepreneurial environment.

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# - Strictly Confidential -

'Micro-Enterprises and their External Institutional Environment'

Questionnaire: This survey information will be used solely for compiling data for academic purposes. All information will be treated confidentially and no individual response will be identified.

(If any of the following questions do not apply to your particular situation, please write 'N/A' beside the question, but please answer as many questions as you can).

This project is own	ned by: (Pleas	e place a tick in t	he approp	riate box)		
Private individual/	S					
Community Group	)					
Co-operative						
Company Ltd.						
Other						
			J			
Please indicate the	appropriate s	ector into which	your enter	prise falls		
Crafts						
Food & Fisheries						
Forestry & Horticu	ılture					
Service (please spe	ecify)					
Manufacturing (ple	ease specify)					
Tourism						
Other (Specify)						
A: Please state the	year in which	n the enterprise w	as establis	shed?		
B: Please state the	year in which	ı you became inv	olved in the	ne enterprise if	different f	rom above.
Numbers employed	d by your ent	ernrise (including	owner/ov	vners).		
1 tallioers employed	a by your circ	orprise (merading	, owner/ov	viicisj.		
		Family	N	on-Family		Total
	Paid	Voluntary	Paid	Voluntary	Paid	Voluntary
Full-time						
Part-time						
Part-time Seasonal Total						

6. Please state where percentage distribution of your main market is:

In home region Elsewhere in Ireland International

418

7.	Please describe your view of the market for this enterprise over the last five years?
8.	Do you intend to alter the enterprise over the next five years? (If yes state how)
9.	What are the main constraints or threats facing your business at present?
10.	What are the main opportunities facing your business at present?
11.	Do you view your project as innovative in terms of contributing something <b>new</b> to the region?
12.	Yes No  If yes, please specify what features you view as being most innovative?
13.	What are the main advantages of the region/county/local area for your type of enterprise?
14.	What are the main <b>disadvantages</b> of the region/county/local area for your type of enterprise?
	Section two: Supports for business development
15.	How did you first become aware of the LEADER/ County Enterprise Board (CEB)/ Partnership supports? (Please tick more then one box if applicable)  Personal contacts  Local media/public meetings etc.  Other businesses  Direct approach from the organisation
	Other (Please specify)

	business: 1 = most	important etc.							
Ad	vice		Public r	elations					
	istance in training		Use of p						
	oney			al Assistance					
	al information		Marketi	ng advice/assis	stance				
17.		year, 2 = once	per year 3 = one		the organisation: $(0 = neve)$ per six months $4 = one$ or				
Γ	Written documents	3							
-	Face-to-face discus	ssions							
	Telephone/Fax cal	ls							
-	E-mail								
L									
18.	A: Please specify whether it was:	A: Please specify the amount and sources of initial <b>funding</b> you have received since 1994. State whether it was:							
	Start up funding			For existing	enterprise				
	D. Dlagge amonify a	11 other funding	g you have received	since 1004					
	b. Please specify a	ii other funding	g you have received	since 1994					
10	D1:C41		41	1					
19.	Please specify the	sources of all of	ther assistance and	advice you n	ave received in the past six	ears.			
20.	Have you attended yes, please state ho		CEB/Partnership o	rganised traini	ng courses/workshops etc?	ſf			
	Yes	No		Number					
2.1	A vous actions du	with the execuell	11 - f		ist on otherwise you have				
21.			al agency? (Please t		cial or otherwise, you have riate box)				
	Very Satisfied	Satisfied	Dissatisfied	l Ver	y Dissatisfied				
22.	Would this project	have gone ahea	ad <b>without</b> financia	l assistance fro	om the external agency?				
	Very likely I	Likely	Not sure	Unlikely	Highly Unlikely				

16. What was the greatest **help** you received from this/these organisations in developing/maintaining your business? Choose **three** from the following list and rank in order of importance to your

	following provided by the LEADER/CE	Very		Dissatisfied	Very diss.	None Rec.	n/a
nfor	rmation and advice to business	T					T
Γraiı	ning Courses						
	ialist consultancy services						
	ness start-up and support						+
	ct financial support					1	+
	oing support for business dev.						+
	keting advice/assistance						
Busi	ness centres/managed workshops						
	Other (Please specify)						
24.	What was/were the greatest obstacle(s) or in the development of your enterprise?		tered in you	ır relationshi	p with th	e organisa	tion
25.	Are there any type(s) of support or assista introduced?	ance, which	is absent at	present, that	you wou	ld like to s	ee
		ecoming a	ı entrepren	<u>eur</u>		ld like to s	eee
	introduced?  Motivation for b	ecoming an	ı entrepren	<u>eur</u>		ld like to s	eee
	Motivation for b  Please indicate the main reason for startin  Previous employment ceased (out of wor Lack of skills for other jobs	ecoming an	ı entrepren	<u>eur</u>		ld like to s	eee
	Motivation for b  Please indicate the main reason for startin  Previous employment ceased (out of wor Lack of skills for other jobs  Provide better income	ecoming an	ı entrepren	<u>eur</u>		ld like to s	eee
	Motivation for b  Please indicate the main reason for startin  Previous employment ceased (out of wor Lack of skills for other jobs  Provide better income  A supplementary source of income	ecoming an	ı entrepren	<u>eur</u>		ld like to s	eee
	Motivation for b  Please indicate the main reason for startin  Previous employment ceased (out of wor  Lack of skills for other jobs  Provide better income  A supplementary source of income  Inheritance	ecoming an	ı entrepren	<u>eur</u>		ld like to s	eee
	Motivation for b  Please indicate the main reason for startin  Previous employment ceased (out of wor Lack of skills for other jobs  Provide better income A supplementary source of income Inheritance Wish to be own boss	ng your pres	1 entrepren	<u>eur</u>		ld like to s	eee
	Motivation for b  Please indicate the main reason for startin  Previous employment ceased (out of wor  Lack of skills for other jobs  Provide better income  A supplementary source of income  Inheritance	ng your pres	1 entrepren	<u>eur</u>		ld like to s	eee
	Motivation for b  Please indicate the main reason for startin  Previous employment ceased (out of wor Lack of skills for other jobs  Provide better income A supplementary source of income Inheritance Wish to be own boss	pecoming and an appear of the second	1 entrepren	<u>eur</u>		ld like to s	eee

	Owner but not manager of the business	
	Owner and manager of the business	
	Partner but not manager of the business	
	Partner and manager of the business	
	Manager of the business	
	Manager of a particular section of the business	
	Member of the business, if it is a co-operative	
	Leasee of the business (franchise)	
29.	Previous job experience Family business Hobby or personal interest Media Personal contacts From CEB, LEADER or Partnership initiative  Other / or expansion of above (Please specify)	propriate
	Please rank in order of importance, those factors which most influenced the choice of loc your business: (1 = [most important] up to 8)  home of owner	cation for
Near l	your business: (1 = [most important] up to 8)	eation for
Near l	your business: (1 = [most important] up to 8) home of owner	eation for
Near l Local Availa	your business: (1 = [most important] up to 8)  home of owner  labour supply	eation for
Near I Local Availa	your business: (1 = [most important] up to 8)  home of owner labour supply ability of raw materials	eation fo
Near I Local Availa Availa Proxir	your business: (1 = [most important] up to 8)  home of owner labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers	eation fo
Near I Local Availa Availa Proxir	home of owner  labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers	eation for
Near I Local Availa Availa Proxir Proxir Enviro	home of owner  labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers commental reasons	eation for
Near I Local Availa Availa Proxin Proxin Environ Better	your business: (1 = [most important] up to 8)  home of owner  labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers conmental reasons r business growth opportunities	eation for
Near I Local Availa Availa Proxin Proxin Enviro Better Site/av	home of owner  I labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers commental reasons r business growth opportunities availability of buildings	eation for
Near I Local Availa Availa Proxin Proxin Enviro Better Site/av	your business: (1 = [most important] up to 8)  home of owner  labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers conmental reasons r business growth opportunities	eation fo
Near I Local Availa Availa Proxin Proxin Enviro Better Site/a Other	home of owner  I labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers commental reasons r business growth opportunities availability of buildings	
Near I Local Availa Availa Proxin Proxin Enviro Better Site/a Other	home of owner  I labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers commental reasons r business growth opportunities availability of buildings r advantages for present operation (Please specify)  . In hindsight if you had to make a location decision again, would you choose the same Yes No	
Near I Local Availa Availa Proxin Proxin Enviro Better Site/a Other	home of owner  I labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers commental reasons r business growth opportunities availability of buildings r advantages for present operation (Please specify)  . In hindsight if you had to make a location decision again, would you choose the same Yes No	
Near I Local Availa Availa Proxin Proxin Enviro Better Site/a Other	home of owner  I labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers commental reasons r business growth opportunities availability of buildings r advantages for present operation (Please specify)  . In hindsight if you had to make a location decision again, would you choose the same Yes No	
Near I Local Availa Availa Proxin Proxin Enviro Better Site/a Other	home of owner  I labour supply ability of raw materials ability of good communications/infrastructure mity to market/customers mity to suppliers commental reasons r business growth opportunities availability of buildings r advantages for present operation (Please specify)  . In hindsight if you had to make a location decision again, would you choose the same Yes No	

28. What is your position in the business: (please tick the appropriate box)

33.	Please rank the main factors	, which you	consider, are	important	for people	setting up	a busine	ess
	enterprise from 1 (most impo	rtant) to 10.						

Having your own capital available for investment	
Eligibility to borrow capital from the bank	
Availability of skilled/qualified labour	
Good location for enterprise	
Availability of government financial assistance	
Availability of training courses for enterprise development	
An existing market	
Availability of advice/information	
Having a personal interest in the enterprise	
Other factors (Please specify)	

Personal characteris	stics of entrepreneurs: (n	please place a tick in the appropriate boxes)	
A: Gender: Male	sites of endepreneurs. (p	Female	
B: Age: <30	30-45	>45	
C: Marital Status:	Married	Single	
D: At what age did	you start your enterprise	e?	
DI 11	4.1		1
the establishment o	f your business.	e lived elsewhere please state where you lived	1 prior
a) Birthplace			
b) Present pia	of residence		

39. Which of the following is your highest educational qualification: (please tick the appropriate box)

Primary Level	
Junior/Inter Certificate	
Leaving Certificate	
Third Level – Diploma/Certificate	
Third Level – Primary Degree	
Third Level – Post Graduate Degree	
Other specify	

40. Have you undertaken any of the following:

	Yes	No
Business/Managerial training		
Vocational and Technical training		
Marketing Training		

	What in your education and training has contributed the most, to whatever success you have achieved as ntrepreneur?
	Had you any previous business experience before becoming involved with this enterprise?  Yes No
If Y	es please outline this experience
44. F	Please describe briefly in you own words, why and how you became an entrepreneur?
45.	Please indicate the size of business which you have worked most often with (as an employee):  Small business (employing less then ten people)
46.	Medium sized business (employing 10 to 50 people Large Business (employing > 50 people)  Please rank those of the following factors, which you would consider to be your goals from 1(Highest goal) up to 8. (Only rank the factors, which apply to you).
Pro	nit maximisation
Inco	ome finance or security
	rovement of enterprise quality
Enl	argement of business
	rovement of local employment opportunities
	rovement of status in the local community
	nily security
Oth	er (please specify)
47.	Currently are there any family members excluding yourself but including for e.g. mother, father, broth sister, aunt, cousin, grandfather, grandmother involved in the business (if yes please state who)
Yes No	
48.	Are there any comments you would like to make concerning your project or LEADER/CEB/Partnersh: Groups?

Many thanks for your co-operation in completing this questionnaire!

Department of Geography, Trinity College, Dublin 2. July 12, 2000

Tel: 01-6082355 Mobile: 086 8875451 E-mail: carneys@tcd.ie

Dear \*.

# 'Micro-enterprises and their External Institutional Environment'

Your name has been randomly selected from a list of \* clients, for inclusion in a **pre-test** survey on the above title. I am asking you to participate in this research, by completing the enclosed questionnaire. Your name will not be selected again for inclusion in the final survey, however I would greatly appreciate any comments or suggestions you may have concerning the research or the enclosed questionnaire.

This research aims to highlight the factors influencing individuals in becoming entrepreneurs and the benefits and hindrances of current small business policy in Ireland. The main focus is on identifying the impacts of the institutional environment (the \* organisation) on small business development by focusing on the interaction between entrepreneurs and enterprise-supporting organisations. It is in no way related to any government or other official organisation. The success of this research is dependent on a full response to the questionnaires, so your help will be greatly appreciated and valued.

I would appreciate your co-operation in completing this questionnaire and returning it to me on or before **Friday**, **July 28' 2000**. No stamp is required on the enclosed self-addressed envelope. The majority of the questions contained on the survey can be answered with a 'tick', and it should not take more then 10-15 minutes to complete. Your answers will be treated with strict **confidentiality** and no respondent will be identified in the final written thesis. The identification number on the first page of the survey is used to check whether your questionnaire has been returned.

Thank you	for your co-operation
	Yours sincerely

Department of Geography, Museum Building, Trinity College, Dublin 2

Tel: 01 6082355 Mobile: 086 8875451 E-mail: carneys@tcd.ie

Dear \*.

# 'Micro-enterprises and their External Institutional Environment'

I am writing to inform you of my research studies, which I am currently involved with. I am hoping that you will be able to help me in my request for the data, which I require. Please find enclosed a draft copy of the questionnaire I am hoping to send as part of my Ph.D studies in enterprise development. This data will be used solely for academic purposes and no individual will be identified in the final written thesis.

The title of my thesis is 'Micro-enterprises and their External Institutional Environment'. For the purposes of this study, I am hoping to survey clients who have received funding, advice, training etc. from LEADER, County Enterprise Boards and Partnership Companies. I am interested in those who have or are hoping to set up a micro-enterprise and the factors which have influenced them in this process. My research sites are Counties Monaghan, Mayo and Wicklow. The information, which I request from you, is the names and addresses of all clients who have received support since the organisation was established. I do not need a description of projects or amount of grant aid received as this is covered in my survey and is optional to the promoter if they would like to provide this data.

I would be very grateful if you would have a look at my proposed survey and I would welcome any comments or suggestions. I appreciate that you are very busy, but if you would like to discuss or clarify any matter, I can meet with you at your convenience. I can be contacted at the above address and phone number.

I look forward to hearing from you soon,

Yours sincerely,
------------------

Department of Geography, Trinity College, Dublin 2.

Tel: 01-6082355 Mobile: 086 8875451 E-mail: <u>carneys@tcd.ie</u>

Dear Owner/Manager,

### 'Micro-Enterprises and their External Institutional Environment'

Your name was randomly selected from a list of enterprise clients, for inclusion in a survey on the above title. I am asking you to participate in this research, by completing the enclosed questionnaire please. The success of this research is dependent on a full response to the questionnaires, so your help is vital and it will be greatly appreciated and valued.

This research aims to highlight the relationships between micro-enterprises and organisations such as County Enterprise Boards, LEADER Companies and Partnership Groups. The main focus is on identifying the impacts of the enterprise-supporting organisations on small business development. I am also hoping to investigate individual motivations for setting up micro-enterprises. This research is in no way related to any government or other official organisation.

I would appreciate your co-operation in completing this questionnaire and returning it to me on or before **September 28<sup>th</sup> 2001**, or at your earliest convenience. No stamp is required on the enclosed self-addressed envelope. The majority of the questions contained on the survey can be answered with a 'tick', and it should not take more then 10-15 minutes to complete. Your answers will be treated with strict **confidentiality** and no respondent will be identified in the final written thesis. The identification number on the first page of the survey is used only to check whether your questionnaire has been returned, so that I should not be troubling you again.

Thank you very much	n for your co-operation,
	Yours sincerely,

Department of Geography, Trinity College, Dublin 2.

Tel: 01-6082355 Mobile: 086 8875451 E-mail: <u>carneys@tcd.ie</u>

Dear Owner/Manager,

# 'Micro-Enterprises and their External Institutional Environment'

I apologise for having to approach you again, but I must do this, as I have not received the completed questionnaire, which I sent to you. The success of my research is dependent on a full response to the questionnaires, so your help is vital and it will be greatly appreciated and valued. The questionnaire is simpler and will take much less time to complete than might appear at a first glance. I am hoping to highlight factors which both hinder and support the development of small enterprises and self-employment. I am also hoping to investigate individual motivations for becoming an entrepreneur.

My research is for the purpose of a Ph.D thesis. It is in no way related to any government or other official organisation and complete confidentiality is guaranteed. Without financial support from such sources, I am trying to avoid the costs of travel to see non-respondents. Thus your cooperation in completing and returning the questionnaire by post will be of great help to my studies. In turn, I hope that the experiences of yourself and others will enable me to make suggestions for the improvement of the environment for micro-enterprises in Ireland.

I would appreciate your co-operation in completing this questionnaire and returning it to me on or before **February 26<sup>th</sup> 2001**, or at your earliest convenience. No stamp is required on the enclosed self-addressed envelope. The majority of the questions contained on the survey can be answered with a 'tick', and it should not take more then 10-15 minutes to complete. Your answers will be treated with strict **confidentiality** and no respondent will be identified in the final written thesis. The identification number on the first page of the survey is used only to check whether your questionnaire has been returned, so that if I receive it I should not be troubling you again.

Thank you	very	much	for	your	co-operation

Yours sincerely,

Department of Geography, Trinity College, Dublin 2. August 20<sup>th</sup> 2001 Tel: 01 6082355

Mobile: 086 8875451 E-mail: <u>carneys@tcd.ie</u>

Dear \*,

## 'Micro-enterprises and their External Institutional Environment'

Some time ago, I sent you a questionnaire survey as part of my Ph.D studies on micro-enterprise supports. The questionnaires which I received back were of great benefit to my research and I welcome the interesting comments and suggestions. In total I am looking at 288 micro-enterprises in Counties Mayo, Monaghan and Wicklow.

At this stage of my work I am hoping to meet with a sample of respondents in order to gain a better understanding of their enterprise development. My eventual hope is to compile research based on the factors which both hinder and support the creation of micro-enterprises and the factors influencing people in becoming entrepreneurs.

I would be grateful if you would meet with me to discuss such issues at your convenience. I can be contacted at the above address/e-mail/telephone number. I wish to assure you that your comments/suggestions will be treated with strict confidentiality — my aim is only to develop a better understanding of micro-enterprise supports at 'ground level'.

I thank you in advance for your consideration of my request, and I look forward to hearing from you soon.

Yours	sincerely,
Siobh	án Carney

Department of Geography, Trinity College, Dublin 2. August 8<sup>th</sup> 2001

Tel: 01 6082355 Mobile: 086 8875451 E-mail: carneys@tcd.ie

Dear \*,

# 'Micro-enterprises and their External Institutional Environment'

I am a Ph.D student in Geography and I am currently conducting research on *Micro-enterprises and their External Institutional Environment*. For the purposes of this study, I have surveyed clients who have received funding, advice, training etc. from LEADER Companies, County Enterprise Boards and Partnership Companies. I am interested in those who have or are hoping to set up a micro-enterprise. My research sites are Counties Monaghan, Mayo and Wicklow, and I am currently focusing on 288 such micro-enterprises in the aforementioned counties.

At this stage of my work I am hoping to meet with enterprise officers in such agencies, in order to gain a better understanding of enterprise supports. I would be grateful if you would meet with me to discuss your work for \* at your convenience. I can be contacted at the above address/e-mail/telephone number. I wish to assure you that your comments/suggestions will be treated with strict confidentiality — my aim is only to develop a better understanding of micro-enterprise supports at 'ground level'.

I thank you in advance for your consideration of my request, and I look forward to hearing from you soon.

	Yours	sincerely
-	Siobh	án Carney

# Interview questions to the entrepreneurs

## **Development of your business**

- 1. Why did you become an entrepreneur?
- 2. What were the factors which supported you in this process?
- 3. What were the factors which hindered you in this process?

## Interaction with the enterprise-supporting organisations

- 1. Describe the initial contact made with the organisation/s.
- 2. Explain the application and approval process.
- 3. How important was this support for your enterprise?
- 4. Have you maintained contact with the agency? (e.g. training, additional supports).

## Suggestions for improvements in supports to micro-enterprises

- 1. Can you suggest any additional supports which you would like to see available for micro-entrepreneurs in the future?
- 2. Are there any further comments you would like to make concerning your microenterprise and/or your interaction with the organisation/s.

Thank you for your time.

# Interview questions to the organisations

# The role of the organisation in supporting micro-enterprises

- 1. Outline the role of the Partnership/CEB/LEADER Companies in supporting micro-enterprises.
- 2. What types of enterprises are supported and not supported by the organisation?
- 3. Has the role of the agency changed in the past number of years?

### The main challenges/issues facing micro-enterprises

- 1. What have you identified as the main challenges/issues facing microenterprises?
- 2. What helps the entrepreneurs in their interaction with the organisation?
- 3. What hinders them in this process?
- 4. Form a 'users' point of view do you think that there is a good level of understanding of the supports available to entrepreneurs within their external environment?

### The level of co-operation and co-ordination with other organisations

- 1. Is there a good level of co-operation with other organisations in the county?
- 2. Is there a good level of co-ordination of activities between the organisations in the county?

## Suggestions for improvements in supports to micro-enterprises

- 1. Are there any additional supports you would like to see available for micro-entrepreneurs in the future?
- 2. Are there any further comments you would like to make concerning micro-enterprises and/or your interaction with entrepreneurs?

Thank you for your time.

# Entrepreneurs interviewed

	<b>Enterprise description</b>	Sector/Category	Location	Agency
1	Sales promotions	Business service	Mayo	CEB/LEADER
2	Education	Educational service	Mayo	CEB/LEADER
3	Pottery	Craft	Mayo	CEB/LEADER
4	Cosmetic distribution	Business service	Mayo	CEB/LEADER
5	Healing service	Healing centre	Mayo	LEADER
6	Self-catering cottages	Tourism accommodation	Mayo	LEADER
7	Textile manufacturing	Craft	Mayo	LEADER
8	Magazine company	Business service	Mayo	CEB/LEADER
9	Community group	Food services	Mayo	LEADER
10	Club	Childcare/IT	Mayo	CEB/LEADER
11	Community enterprise	Community group	Mayo	LEADER
12	Engineering	Manufacturing	Monaghan	CEB
13	Woodcarving	Craft	Monaghan	LEADER
14	Weaving	Craft	Monaghan	CEB/LEADER
15	Manufacturing	Manufacturing	Monaghan	CEB/LEADER
16	Design	Craft	Monaghan	Partnership
17	B&B	Accommodation	Monaghan	CEB
18	Consultation	Professional service	Monaghan	CEB
19	Manufacturing	Manufacturing	Wicklow	CEB
20	Consultation	Other service	Wicklow	Partnership
21	I.T. centre	IT/Community	Wicklow	LEADER
22	I.T. centre/playgroup	IT/Community	Wicklow	LEADER
23	Art studio	Art	Wicklow	LEADER
24	Pottery	Craft	Wicklow	Partnership
25	Woodcarving	Craft	Wicklow	Partnership
26	Healing	Other service	Wicklow	Partnership

# Organisations interviewed

	Organisation	Location
1	CEB	Mayo
2	CEB	Wicklow
3	CEB	Monaghan
4	LEADER Comhar Iorrais (LEADER) Teoranta	Mayo
5	LEADER South West Mayo Development Co.	Mayo
6	LEADER Western Rural Development Co. Ltd.	Mayo
7	LEADER Cavan-Monaghan Rural Development Ltd.	Cavan
8	LEADER Wicklow Rural Partnership Ltd.	Wicklow
9	Monaghan Partnership	Monaghan
10	Meitheal Mhaigheo	Mayo
11	Bray Partnership (2)	Wicklow

# Other organisations and personnel interviewed

	Organisation	Location
1	County Development Board	Mayo
2	Community Enterprise Officer	Monaghan
3	Mentor (Partnership)	Monaghan
4	Peace & Reconciliation	Monaghan
5	PLATO	Monaghan
6	Dublin Regional Authority	Dublin
7	Get Tallaght Working (chairperson)	Dublin
8	Get Tallaght Working (manager)	Dublin
9	Young Entrepreneurs Scheme/mentor Forbairt	Dublin
10	Latvian development agency	Latvia
11	Polish development officers	Dublin
12	U.S. Score	U.S.
13	Public Relations Officer	Monaghan
14	Finnish development Officer	Finland
15	Teacher: Training course 'Start Your Own Business'	Dublin
16	Academic/Author	E-mail
17	Academic	University of Limerick

# List of enterprise categories in the sample

### **Animal service**

Equestrian holidays

Development of riding club from new size after disposal of old grounds

A cross-country course for horses and ponies comprising 75 jumps ranging in height from 2 feet to 3 feet 6 inches high. 15 jumps are placed on all weather lanes.

Wildlife educational centre catering for everyone interested in the conservation of wildlife in general mainly for primary and secondary school, conservation groups and tourists.

Saddlery

Irish Sport Horse Breeding

Stud farm, riding school, livery and training

Racehorse training yard

Dog boarding kennels

Building of an all-weather exercise arena for horses, purchase of an engraving machine for a mobile unit for producing animal nameplates.

Dog and Cat grooming parlour and kennels

Enterprise involves artificial insemination in sheep and ram semen freezing

### Art and craft

Initially home based business, manufacturing tapestry needlepoint kits of \* – aimed at large tourist gift shops i.e. Ireland and members of the public via internet.

Irish jewellery manufacturer

Hand forged crafts- lamps, curtain-rails, beds, mirrors, wine-racks, candlesticks

Manufacture of hand-painted jewellery

The design and manufacture of custom furnishings using hardwoods and stained glass \*

Pottery studio, craft shop, coffee café

Craft hand tufted rugs

To preserve 'special event' bouquets – mainly wedding flowers using 16<sup>th</sup> century art of preservation 'pressing' to present finished product in range of sizes, frames to suit clients etc.

Artist studio for professional artist, art classes given

Design and making of one-off furniture to commission, with an emphasis on combining, contemporary design with traditional high quality joinery and finishing techniques.

Premium giftware collection designed by geographical locations

Artist working from home

Purpose built quality artists studio and shared facilities

Designers and manufacturers of cross stitch (embroidery) kits and charts, specialising in Irish Celtic designs.

Self-employed artist

Design and manufacture of decorative functional items in turned wood

Pottery workshop

The nature of my business is to make sculptures statues and design models from clay. Then decorate objects can become all kinds of objects.

Leather craft manufacturing i.e. craft sector everything is handmade.

Framing studio art gallery

Irish craft enterprise

Pottery - sell to shops around the country

Residential arts centre

Painting holidays

Hand weaving studio

### Building construction and repair services

Spray polishing of furniture pine furniture sales

Cottage refurbishment

Interior design and creative paint effects

Painting and decorating contracting

House cleaning and cleaning rented apartments

Property maintenance repair work. Room makeovers and things to do with the home, new floors painting etc.

Reed bed design and installation

To provide a power washing/steam cleaning service

Floor finishing i.e. sanding and varnishing floors

General bricklaying, stonemasonry (specialised)

Window cleaning business catering for commercial and domestic market.

Re-upholstery and frame making

Painting and decorating

General house maintenance and electrical

Maintenance work

Building work

Production of custom made picture frames through a retail outlet

Handyman services

Electrical contracting and electronic security

Domestic maintenance

General plastering domestic and industrial

Tiling service tiles supplied and fitted and measuring service

Carpenter

Building

Line clearance contractors

Tiling service

Plasterer

### **Community groups**

New Community Hall

Stage play writing and research

Community enterprise and training

Heritage centre genealogy museum forge tearooms ornamental gardens organic garden.

Food unit (Fish, salmon, mussels)

Building extension to community hall to accommodate new IT centre, renovating hall and providing new hard court for tennis and basketball.

Community group who got together formed an official committee.

In home support service for Alzheimer patients and an 11 bed residential service

Installation of heating and refurbishment of community centre

It is a community based voluntary run youth orchestra

IT training centre - to narrow the technological skills gap and ultimately create employment by providing training

\*\* Park

Community pipe and drum band

Development of Lough \*

Oyster farming

Rural community tourism project

Community employment scheme

We are a group set up in 1997 to make our area a better place to live in. We had little if any sports fields in the area, and lots of people interested in sports e.g. football soccer and running.

Community council ltd.

Promotion of sea-angling and tourism

Sports complex incorporating international size basketball court, badminton indoor football, gym, dressing room, kitchen, office, referees room, storeroom, balcony area. This facility will cater for the young and old, male and female, the elderly and the handicapped.

Information and resource centre for unemployed, lone parents, disabled and the general community of \*

Community owned computer training centre

Handball racquetball court

A community council – to help all aspects of community life upkeep of our centre for use by all community, organising our annual festival.

Community IT centre

Computer training for people with learning disabilities

Community based company ltd

Youth orchestra

FAS community employment project; promotion of Irish language –Irish language preschool playgroups; sales of children's books (in Irish); research publications – place names; support for local voluntary Irish language groups

Parent and toddler baby group meet twice a week for social and play run and organised by group of parents

Tidy towns CE scheme FAS improving cleaning tree plantage in \* and surrounding areas

Heritage visitor centre coffee shop and small craft facilities information point.

Enterprise centre, which offers workspace for start-up, offers advice and information to the community and helps investigate the viability of business ideas.

Development of community services in a small rural setting

#### Childcare

Childcare i.e. pre-school playgroup facility

Sessional Pre-school

Computer training and childcare business

Providing full day-care service for children from 0-10yrs also playschool and after school service.

Pre-school playgroup

Crèche and Montessori school caters for 18 children at any one time

Parent and toddler baby group meet twice a week for social and play run and organised by group of parents

#### Education

Tuition for children and adults with dyslexia and other learning differences

Language school

Provision of English language tuition and cultural and recreational activities for adults and teenagers from Europe and Asia and others.

### Environmental / landscape service

Landscape gardening business specialising in clean-ups, patios and garden designs.

Groundwork and environmental consultancy

A scrap merchant business

Landscape company servicing both commercial and private sector with a high quality professional service

Recycling waste from building sites

Firewood sales tree surgery and gardening

Gardening

Forestry and environmental – consultants and contractors

Recyclers manufacturers and converters of plastic bags and film

Garden centre/nursery

### Food service

Boardroom catering service

Suppliers of packaging and packaging machinery to food industry

Convenience food manufacturing i.e. pie and savouries

Franchise of bar food

Food unit (Fish, salmon, mussels)

Food distribution

Sweet vender

Bakery providing local hotels and shops with freshly made deserts and cakes.

Fish wholesales

### Garage service

Small garage provide servicing and maintenance of cars and light commercial van.

Garage servicing and bodywork

Tyres and car wash

Car dismantling yard selling second hand car parts

Workshop specialising in the service and maintenance of cars and light commercials

Service to the auto motors trade in particular commercial vehicles and machinery plant and equipment

### Health service

Holistic retreat centre offering courses in spirituality and personal development

A manual healing centre - homeopathy acupuncture and massage. I do the homeopathy treatments, give classes in it and talks to local people.

Alternative (holistic) health clinic with 3 craft workshops and a proposed coffee shop/bistro

Physiotherapy (chartered)

Natural healing centre provides alternative medical therapies

### LT.

Internet, Intranet and helpdesk consultancy

Computer training/ childcare business

To narrow the technological skills gap and ultimately create employment by providing training

Delivery of computer training using a fleet of mobile classrooms

Computer training and web designs

Community based centre providing computer training access, also local facility for general training crafts etc., provide local facilities secretarial, meeting place etc.

Computer sales and training.

Computer training course for parents keeping the environs of the school tidy

Community owned computer training centre

Computer training to advanced level for executives

Community IT training

Computer training for people with learning disabilities

NETS Networking systems ltd.

Software development

Computer training company

Computer training centre

### Marketing and other business services

Supplying demonstrations for companies for in-store promoting of products in supermarkets and general recruitment and career counselling (car preparation)

Telephone sales, advertising

Electronic publishing service

Transport of magazines throughout Dublin and Ireland

Cosmetics distribution

\* workshop company is a service based company which runs courses of all size and content

Employment agency

Selling window blinds

The \* centre is a dedicated conference and town building centre for the corporate world both home and abroad

Labour supply company

Marketing and distribution of perfumes and toiletries

\* \* Publications Ltd.

# Manufacturing

Wrought iron - gates to ornaments

Manufacture of medical bags and tactical webbing

Precision engineering auto-turning and manufacture of heat exchange coils

Making wrought iron products

Light manufacturing

Promotion of mountain blackface scotch sheep

Manufacture of cereal based dry dog food

Bridal ware - design, manufacturing and sales wedding stationary - design and small

Stove manufacturer

Design and manufacture of fibre optic interconnect devices for the global telecom market

Manufacture of pine furniture

Designer knitwear, design manufacture and sales.

Manufacturing kitchen and bedroom units

Distribution of poultry, game and ingredients to companies

Machine for feeding \*

The manufacturing of truck components and horseboxes

Wholesale of recycle \*

Steel fabrication

Workshop – furniture manufacturer for fitted furniture for second level schools i.e. science/laboratory/fume cupboards etc.

Stainless steel fabrication of stairs balustrades, spiral stair case

Furniture manufacturing

Manufacturer of featherbeds

Precision engineering tool making

Metal twisting and metal fabrication

Building decks houses American style decks made of wood.

Making pine furniture to order also some stock in showroom occasionally oak and beech.

Production of custom made picture frames through a retail outlet

Assembly and retailing of trophies cups medals plaques and presentation awards also engraving and sign writing

Stair manufacturing (straight, winders, curved)

Structural steel manufacturing farm machinery

Clothing design and manufacturing

Clothing design and small quantity production

Manufacture plastic mouldings

Make solid wood kitchens

Toolmakers

Engineering (making trailers)

Light engineering workshop

The design manufacture and installation of wrought iron

### Other services

Horse-drawn wedding carriage – corporate and festival promotions

Haulage Company

Visitors centre/prayer centre

Publish diaries/journals

Soft furnishings to the funeral trade

Genealogy business

Restoration, tuning, refurbishing and sales of second-hand pianos

Cold storage and distribution

Hackney and mini bus service

Refrigeration air conditioning

Genealogical research

Pest control

Taxi

Video production and editing

Contract cleaning

Film processing

Missing (service)

Repairing brass instruments

National and international refrigerated transport company

Hackney - mini bus hire

## Other professional services

Architectural photographer

Counselling, psychotherapy

Accountancy and taxation

Shiatsu practitioner

Consultant – mostly community groups/voluntary organisations. Facilitation, needs analysis, development plans, business plans, feasibility studies, marketing of strategies etc.

Violin teacher

Public relations consultant press and PR consultancy. Press campaigns, press releases, contract publications, preparations of presentations, editorial services.

Freelance journalism and research

Health and safety training and consultancy service

Architectural and engineering services

Counselling and facilitation service

Consultancy service (missing)

\* ltd.

### Primary and food production activities

Production of egg and sales to outlets

Fresh flower growing and supplying

Oyster farming

Blueberry farming

Supplying organic produce directly to peoples homes

Turkey production and sales

Organic vegetable growing

Mushroom production unit

Poultry farm

# Shop

Convenience shop i.e. souvenirs

Ladies retail shop and knitting tarns and knitwear

Home bakery and tearoom

Craft shop

Seamstress – curtain shop

Second-hand bookshop I also sell albums tapes and cds plus arts and crafts

### Tourism accommodation

Self-catering accommodation

Hotel – small hotel (14 bedrooms) focusing on quality accommodation and food.

10 bedroom guest house with full restaurant

Caravan/camping park

Cookery school, amenity combined with holiday accommodation [in professional services]

Self-catering house located in a scenic village (with farm)

Self catering apartments

High standard Bed and Breakfast in a rural area

Self catering apartment

Wooded estate with a large eighteenth century house into a sustainable tourist entity from a declining agricultural unit but at all times maintaining the integrity of the heritage objects – house landscape garden and trees.

Development of agri-tourism aspects of a tourism based business within a family base

Specialist accommodation - angling

B & B

B & B

Youth hostel

Self-catering cottages

Farmhouse B&B

Seasonal bed and breakfast

Self-catering accommodation

Self catering cottage to bring extra tourists to a disadvantaged area

Guesthouse

Self catering house

B & B

Self catering to cater for 7 people for holiday breaks

3 self-catering stone cottage national agri-tourism award winners 1996

Guest house

#### Tourism and recreational services

Archaeological/ historical tours of Ireland aimed at overseas market

Surf school offering lessons and equipment hire to the public

Central tourism marketing organisation

Travel agency

\* county tourism brochure production – consumer holiday shows

Travel tape

Party hire

Rally driving

IRD project museum within a building, which has an old workhouse.

Steam Railway

Sculpture trail and historical publications

Missing (tourism sector)

Stop over facility for horse drawn caravans

Angling services

15 site specific sculpture trail