Journal of Applied Management and Entrepreneurship

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The Journal of Applied Management and Entrepreneurship (JAME) include empirical or conceptual articles on areas of general management or entrepreneurship as they relate to socially responsible practice. This would include, but not be limited to, articles in the areas of human resource management, international management, management consulting, health care management, careers, management information systems, organization theory, production management, organizational communications, organizational behavior, organization development and change, technology management, small business management, strategy, and social issues in business. Work regarding new issues in these fields are especially welcomed, although historical perspectives are appropriate. Articles focusing on both public sector and private sector management are encouraged. In-depth organizational case studies will be considered.

Editorial Review Board

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A Message from the Editor

Happy New Year and welcome to the January, 2015 issue of *JAME*. We begin the year by thanking Barry Barnes who is stepping down as Executive Interview Co-Editor and Lam Nguyen who is leaving us as Book Review Editor. Both have graciously agreed to stay on the board and we look forward to their continuing work on our behalf. At the same time, we welcome Mildred Pryor who will be taking over as Executive Interview Co-Editor and will be working along with Jim Cater who continues as Executive Interview Co-Editor. We also welcome Foster Roberts who is our new Book Review Editor. If you are interested in reaching them, Mildred can be reached at Mildred.Pryor@tamuc.edu and Foster is at Froberts@semo.edu. I am sure they would both love to hear from you.

Several other new board members have joined us since the last issue including Miguel Olivas-Lujan from Clarion University of PA, Silvia Ines Monserrat from Universidad Nacional del Centro in Argentina, Jaime Ruiz-Gutierrez from Universidad de los Andes in Colombia and Arnel Onesimo Uy from De La Salle University in the Philippines. We are particularly happy to be diversifying our board with reviewers from around the world.

Before telling you about the articles in this issue, I want to share some especially exciting news. After many years of being published by Nova Southeastern University, we are about to join a major publishing house as of February of 2015. Our new partners, GSE Research and Greenleaf Publishing, will work closely with us to develop the journal, implement new systems to streamline the submission and review processes, and help to disseminate your articles through their networks to increase the visibility of your research. GSE Research and Greenleaf Publishing specialize in entrepreneurship, responsible business management and socially responsible practice which are key areas for the journal. We are developing our editorial objectives and domain statement to complement these areas of expertise.

Our articles in this issue begin with "Manager Behavior, Generation, and Influence on Work-Life Balance: An Empirical Investigation," written by Ann Gilley, Kristen Waddell, Ashley Hall, Sherry Jackson and Jerry Gilley. The authors investigated the correlation of manager's supportive behavior towards work-life balance with their belonging to a specific generational cohort as perceived by 453 full time working professionals who were also masters or PhD students at 4 universities across the United States. Next, Brandon Randolph-Seng, Ronald Mitchell, Alejandra Marin and Jaehwan Lee present "Job Security and Entrepreneurship: Enemies or Allies?" in which the authors explore the relationship between perceptions about entrepreneurship and seeking job security. The authors propose their Steady State Model of Security Seeking in an Imperfect Economy to describe how individuals make decisions regarding their job security.

The third article, "Factors Influencing Female Entrepreneurs in Kuwait," by Abdullah AL Mutairi and Fatema Fayez who describe variables that influence females in Kuwait to undertake entrepreneurial enterprises and examine the marketing avenues they use to connect with their customers. Interestingly, they found that social networking channels such as Instagram and

WhatsApp are the most commonly used marketing methods. Next, Philip Roundy is the author of Tugging at Heartstrings: Narrative-Induced Emotion and Organizational Communication." Roundy adds to the literature suggesting that narrative communication can be influential with stakeholders by looking specifically at how this type of communication impacts the emotions of those stakeholders.

Our final article, entitled "A Social Network Analysis Approach to Strengthening Nonprofit Collaboration," is written by Naim Kapucu and Fatih Demiroz. As a result of their research, the authors recommend that nonprofit managers and incubators spend a significant amount of time and effort on building and maintaining trust through informal relationships.

Thanks to our Executive Interview Co-editor, John James Cater III, for providing us an interesting interview with the current President and owner of Davis-Green Paint & Body Shop located in Tyler, TX. In talking with Darren Davis, Cater explores the history and evolution of this successful family business which is based on ethical business practices and family values.

Thanks also to our outgoing Book Review Editor, Lam Nguyen, for providing us with five book reviews: (1) *On the Edge: The Art of High Impact Leadership* by Allison Levine and reviewed by Paul Bryant, (2) *The Virgin Way: Everything I Know About Leadership,* by Sir Richard Branson and reviewed by Courtney Mitravich, (3) *Lead Positive: What Highly Effective Leaders See, Say and Do* by Kathryn Cramer and reviewed by John Santangelo*, (4) Everything Connects: How to Transform and Lead in the Age of Creativity, Innovation, and Sustainability* by Faisal Hoque and Drake Baer and reviewed by Sharon Crane Siegel, (5) *The Risk Driven Business Model: Four Questions That Will Define Your Company* by Karen Girotra and Serguei Netessine and reviewed by Bahaudin Mujtaba.

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Manager Behavior, Generation, and Influence on Work-Life Balance: An Empirical Investigation

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Executive Summary

Work-life balance issues and generational discourse seem ubiquitous in the corporate landscape. However, little scholarly research exists that combines the two. This study of graduate students (n=463) in MBA and Organizational Development Ph.D. programs explored perceived influences of managerial behaviors and practices on employee perceptions of their managers' abilities to support work-life balance, by manager age (generation). Quantitative analysis revealed that perceptions of work-life balance differed for Baby Boomer, Generation X, and Millennial managers, with encouragement of 'employee growth and development' most influential for Millennial managers, and 'fairness' for the other managerial generations. Overall, results suggest a conflict between employees' work-life balance expectations and perceived managerial support.

Introduction

Work-life balance is a growing topic of interest in the field of management. As the employee landscape changes with the addition of more women in the workplace accompanied by three different generations of employees, management will be forced to pay more attention to the work-life balance needs of employees. The increasing amount of focus on work-life balance and the introduction of more family friendly policies, such as flexible work arrangements, have made managers' responses to work-life balance issues more critical (Cennamo & Gardner, 2008).

Baby Boomers (born between the years of 1946 and 1964), Generation X (born between the years of 1965 and 1979) and Millennials (born between the years of 1980-2000) are the three largest generations found in the current workforce, with a 54-year age gap between the oldest baby boomer and the youngest millennial. The Millennials and the Baby Boomers have the biggest presence among the three (Glass, 2007). With a number of Baby Boomers planning to work beyond retirement, this age gap will continue to grow as younger Millennials enter the workforce (Toosi, 2006).

The current literature reveals no significant difference in the need or desire for work-life balance based on an employee's age. However, a difference does exist when employee age is combined with how the manager affects work-life balance for the individual employee (Darcy, McCarthy, Hill, & Grady, 2012). Consequently, managers must be aware of the types of work-life balance options available and how they personally contribute to their employees' experience of work-life balance.

Despite the recent proliferation of research on work-life balance, gaps in the literature exist relative to managerial demographics and their influence on promotion of work-life balance within organizations. Specifically, current literature fails to address the relationship between a manager's age and corresponding generation relative to an individual employee's experience level of work-life balance. The challenges resulting from the age differences between managers and employees pose the potential for work-life conflict if and when multiple generations lack understanding of each other's wants and needs. The absence of research in this area presents an opportunity to explore how managers of different ages promote work-life balance via their personal behaviors, skills, and characteristics. Identification of trait differences may lead to a greater awareness of the impact of managerial actions on employees' perceptions, and concurrently enhance managers' ability to increase work-life balance. The purpose of this paper is to answer two questions: Does the age of the manager affect employee perceptions of work-life balance within the organization? What behavioral characteristics of managers contribute to employee perceptions of work-life balance?

Theoretical Background

Work-life balance has been defined in numerous ways. Recent definitions include, "how individuals choose to prioritize their work, family, individual, and community responsibilities" (Munn, Rocco, Bowman,& van Loo, 2011, p. 1),"the absence of unacceptable levels of conflict between work and non-work demands" (Ross & Vasantha, 2014, p. 62), or as "a state where the needs and requirements of work are weighed together to create an equitable share of time that allows for work to be completed and a professional's private life to get attention" (Heckerson & Laser, 2006, p. 27).

Munn (2013) later suggested that his definition of work-life balance "supports the notion that work–life balance is individualistic, meaning that each individual may achieve it differently by doing what is meaningful and works best in all aspects of his or her life" (p. 407). This statement points to the complexity of the work-life balance issue and the difficulty for managers who are challenged to respond to each employee's need for work-life balance.

Further, work-life balance can be influenced by factors such as family structure and perceived support from family members, colleagues, and management (Greenhaus & Powell, 2006). A number of studies have focused on how achieving work-life balance differs based on generations (Favero & Heath, 2012; Ng, Schweitzer, & Lyons, 2010), marital and parental status and household structure (Hilbrecht, Shaw, Johnson, & Andrey, 2008; Schneider & Waite, 2005;

Ten Brummelhuis & Van Der Lippe, 2010) and personality type (Bruck & Allen, 2003; Wayne, Musisca & Fleeson, 2004).

Research on work-life balance touts the benefits realized by organizations and their employees. Greenhuas, Collins, and Shaw (2003) found that those who spent more time in their family roles than in work roles experienced a higher quality of life, higher levels of work involvement, and greater life satisfaction. Eversole, Venneberg, and Crowder (2012) and Perlow and Kelly (2014) found a positive correlation for both the organization and employees when flexible work policies were in place, which led to greater work-life balance. These types of policies usually included flexible start/stop times, part time work, telecommuting, job-sharing, child care and leave options (Perlow & Kelly, 2014; Richman, Civian, Shannon, Hill, & Brennan, 2008).

Halpern (2005) also found that work-life balance may have health benefits for employees. Additional research indicates that allowing employees to experience greater work-life balance may lead to positive outcomes for the organization in terms of attendance behaviors (Boyar, Maertz, & Pearson, 2005), retention rates (Ahuja, Chudoba, Kacmar, McKnight, & George, 2007; Kar & Misra, 2013), and overall job satisfaction (Bruck & Allen, 2003; Kelliher & Anderson, 2010).

Conversely, absence of work-life balance, also known as work-life conflict, may lead organizations and individuals to suffer severe consequences (Kumar & Chakraborty, 2013). A qualitative study by Hughes and Bozionelos (2007) found that issues pertaining to work-life balance were cited as sources of concern and dissatisfaction more frequently than other job aspects or company policies. Their research also revealed that respondents perceived a clear link between work-life balance issues and withdrawal and turnover behaviors of themselves and their colleagues. High levels of work-life conflict may increase stress for individuals, which may affect their job performance (Heckerson & Laser, 2006).

Work-Life Balance and Generational Differences

The impact of three different generations in the workplace has become a hot topic of late. The Baby Boomer generation, thought to be loyal and competitive workaholics, currently holds the highest number of leadership positions. The time period in which this generation grew up was one of educational and economic expansion, which many think has led this generation to have a sense of entitlement and an optimistic outlook on life (Brown, 2012; Wong, Gardiner, Lang, & Coulon, 2008). Glass (2007) states, "Because of their large numbers and the times in which they matured, baby boomers were able to make an impact in the societies in which they lived, making them idealistic and driven. Work and personal sacrifice to them equaled financial success" (p. 40).

Despite reaching retirement age, many Baby Boomers are choosing to continue working. Baby Boomers are continuing to work not only to meet financial needs, but also as a way to find continued meaning personally. Enjoying their work and staying active combined with the option

of having flexible working schedules or part-time work are other reasons as to why Baby Boomers are working past retirement (Eversole et al., 2012).

The generation after the Baby Boomers is referred to as Generation X. Unlike the previous generation, members of Generation X are not loyal to their organizations, and instead see work as a way to make the money they need to live. This generation will be more likely to stay with one company throughout their career as long as work does not interfere with their personal life (Crampton & Hodge, 2011).

This lack of organizational loyalty is often attributed to societal trends experienced by Gen Xers; they witnessed a doubling of the divorce rate, economic uncertainties, and more organizations downsizing (Crampton & Hodge, 2007). Xers are often referred to as latch-key children because they were "kids who came home to an empty house, with a key literally on a chain" (Glass, 2007, p. 99). As a result, Generation Xers are more leery of authority and cynical toward organizations, more concerned with their personal career options, and seek to balance their work and non-work lives (Whitney, Gibson, Greenwood, & Murphy, 2009).Moving from job to job is common and skill development is important to this generation (Stanley, 2010; Weston, 2001).

The youngest generation, Millennials, has received increasing amounts of attention in light of work-life balance issues. A recent survey of 482 college business students revealed that Millennials seek employers who offer flexible work arrangements and work-life balance that will enable them to be better employees and experience higher job satisfaction (Smith, 2010). The same study also showed that Millennials will choose a job that allows them a flexible schedule, for example by allowing them to have more vacation time rather than part time work or even a higher paying job.

Workplace expectations of Millennials certainly come from watching their parents go through different experiences throughout their careers. They also come from the fact that the majority of the Millenials have grown up in an environment in which there are no losers and everyone gets a trophy. In fact, the Millennials are often referred to as the "Trophy Generation" (Crompton & Hodge, 2011). Because of this, the Millennials are perhaps the most confident generation, and they are not willing to wait years before being promoted. Instead they are continually looking for career development opportunities that will help them reach the next level as quickly as possible (Burkus, 2010; Downing, 2006; Ware, 2014). At the same time, Millennials are unwilling to sacrifice their personal lives for the sake of their careers, and they are looking for employers who can give them more flexibility between work and play (Ng et al., 2010).

It is clear that firms that want to retain the best employees and gain their commitment will need to meet individual work preferences (Myers & Sadaghiani, 2010). As the studies above reveal, a "one-size fits all" approach does not suffice in today's organization. Darcy et al. (2012) suggest that "organizations may need to re-think their policy in relation to work–life balance and more specifically pay closer attention to the needs of employees at differing career stages" (p. 117).

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By recognizing the differences between the generations, managers can start to react appropriately to the demands for more work-life balance. It is essential that managers recognize the key role they play in the perceived level of work-life balance of their employees. Managers can better promote work-life balance in the workplace through coaching, growth and development opportunities for employees, creating an organizational culture that is conducive to work-life balance and by being perceived as being fair and trustworthy. These aspects of management will now be discussed as they are related to work-life balance.

Manager's Influence on Work-life Balance

Managers may have substantial impact on an individual's work-life balance experience. Sturges and Guest (2004), in their study of new graduates, found that the newly employed felt their level of work-conflict was lessened by the support received from their employer and perceptions of consideration for their non-work lives.

Manager behaviors that support perceived work-life balance include the ability to coach others (Pavur, 2013), encourage employee growth and development (Grawitch, Barber, & Justice, 2010), foster a positive work culture (Ng et al., 2010), treat subordinates fairly (Judge & Colquitt, 2004), and build trust (Gordon, Gilley, Avery, Gilley, & Barber, 2014). Influential managerial behavior factors, including the ability to coach, support employee growth and development, positively impact culture, and behave fairly and trustworthy, will be discussed next.

Coaching. Organizations are turning to different forms of coaching as a means to promote work-life balance. Life coaching, for example, has been defined as a powerful process that encourages people to realize their true potential and to use it to make a positive change in their lives. With a goal of achieving work-life balance in mind, life coaches often work with their clients to assess the current situation and then reflect on how they might use their strengths to change the undesirable aspects of their current state (Hawksley, 2007).

Although the goal of coaching may be more focused on benefitting the organization than the individual employee, executive coaches are still considered to have substantial knowledge of work-life balance issues and typically focus on fostering the personal growth of employees, including addressing work-life balance issues during their coaching sessions (Ennis et al., 2004; Maltbia, Marsick, & Ghosh, 2014). One survey showed that only 3% of coaches were hired to address non-work issues such as work-life balance, yet 75% of the coaches surveyed stated that they addressed personal issues at some point during the coaching sessions (Coutu & Kauffman, 2009).

Pavur (2013) breaks down the purposes of coaching into three distinct categories: training and development; health and self-actualization; and adaptation and resilience. The need to support work-life balance falls under the health and self-actualization category, which is designed to promote personal growth and wellness of the employee. Wales (2002)suggests that

"if a person's work life is improved through coaching, then he is likely to feel more confident generally and better able to deal effectively with issues both at home and work" (p. 281).

Despite the apparent focus on the individual, the organization benefits from coaching in the area of work-life balance. Higher levels of productivity, lower rates of absenteeism, and an improved customer experience are just a few organizational benefits derived from individual work-life balance (Kumari, 2012).With regard to coaching's impact on a company's bottom line, one case study showed that coaching produced a 529% return on investment along with numerous intangible benefits to the firm. Likewise, enhanced employee retention increased the overall return on investment to 788% (Anderson, 2001).

The current literature on coaching centers on managers as the intended target of the coaching exercise, and how managers are able to experience greater work-life balance. Coaching, however, whether personal or executive, is not limited to managers. Some managers are now exhibiting their own coaching characteristics and sharing with their employees. Manager-as-coach, as this practice is called, is defined as "a managerial practice that helps employees learn and improve problem work performance by providing guidance, encouragement, and support" (Ellinger, Ellinger, Hamlin, & Beattie, 2010). The literature connecting coaching to work-life balance suggests that managers who exhibit coaching behaviors will also impact their employees' ability to achieve work-life balance.

Support Employee Growth and Development. Grawitch et al. (2010) highlight the role training, growth, and development may have on an individual in terms of work-life balance. They note that training and development may influence an employee's current resource levels and decisions related to resource allocation. Increasing the mastery of a competency enables employees to allocate their resources (such as time) differently and perhaps more efficiently. Effective career development activities, such as mentoring, also contribute to employee growth, development, and work-life balance. Grawitch et al. (2010) note that as a result of career development training, employees should become more skilled navigators of the workplace.

Ng et al.'s (2010) recent study of Millennials found that they "place a high value on professional growth that enables them to take on high-impact assignments. They have low tolerance for less-than-challenging work, and often perform poorly in high-volume and non-stimulating work" (p. 3). Their respondents indicated that the most desirable work-related attribute was opportunity for advancement. It was also noted that work-life balance plays an integral role in their decisions about job choices, even though they maintain an expectation for advancement and salary increases (Ng et al., 2010).

By providing employees opportunities for professional growth and development, organizations are able to give employees the tools to more efficiently complete their work tasks, which impacts the balance felt between work and non-work activities.

Positively Influence Organizational Culture.Organizational culture plays a key role in work-life balance (Cegarra, Sanchez, & Cegarra, 2012; Nitzsche, Pfaff, Jung, & Driller, 2013). As Gurvis and Patterson (2005) noted, "It wasn't so long ago that few companies acknowledged

that employees even *had* lives outside of work, let alone that it's important for them to balance work and life" (p.4). In today's fast paced, competitive world, work often encroaches on family and personal time. This concern, only recently recognized by businesses, led Gurvis and Patterson (2005) to report that balance issues are often the root causes of workplace retention issues. Although an organization may have policies in place that support work-life balance, of greater importance is whether its culture supports its policies. An employee's perception of the organization's support of work-life balance is largely dependent on his or her supervisor, with immediate supervisors being most influential in communicating organizational values, expectations, and the implementation of policies (Gurvis & Patterson, 2005). Values are sometimes subject to individual interpretation; consequently, the manager's opinion is paramount in the flexibility and understanding exhibited (Gurvis & Patterson, 2005).

It is essential that the organizational culture be supportive of work-life balance if practices are to be successful (McCarthy, Cleveland, Hunter, Darcy, & Grady, 2013). This includes both instrumental and emotional support (Grawitch et al., 2010). Instrumental support, such as policies and procedures, and emotional support, such as exhibiting appropriate expectations or sentiments of understanding, are crucial to the successful implementation of workplace practices to support work-life balance. It has been noted that "many workplace practices … hinge on supervisor and co-worker support to produce desired results" (Grawitch et al., 2010, p. 18).

In their study of the workplace expectations of Millennials, Ng et al (2010) found that individuals typically choose 'making a life' over 'making a living.' Millennials desire a work environment that is nurturing and view the quality of the manager as a top motivating factor. Ng et al. (2010) suggest that employers need to recognize the untapped talent and potential possessed by Millennials, mentor and groom this younger generation, "and provide them with plenty of opportunities for work variety, challenge, and personal development" (p.9). Despite the desire of Millennials for work-life balance, they also want to be part of an organization that challenges them.

An organization with an autonomous culture provides employees with opportunities to control when, where, and how they choose to accomplish their work, which leads to greater work-life balance (Ng et al., 2010). Allowing employees access to flexible work practices such as telecommuting or flexible scheduling affords them more discretion in how they choose to allocate their limited resources, such as time and energy, across life's multiple domains (Allen, Johnson, Kiburz, & Shockely, 2013; Ng et al., 2010). Further, the culture of an organization plays an integral role in an employee's perception of the support for his or her quest for work-life balance. It is important that the actions of management reinforce appropriate policies to send a consistent message to individuals seeking to live a balanced life (de Janasz, Behson, Jonsen, & Lankau, 2013).

Fairness and Trustworthiness. Managers can impact their employees' levels of work-life balance through their actions and how they are perceived by their employees. Employees who view their manager as being fair and trustworthy often experience higher levels of work-life

balance (Siegel, Post, Brockner, Fishman, & Garden, 2005). Managers who are aware of their employee's perceptions of them can help increase levels of work-life balance by ensuring that their actions accurately represent the attitudes and behaviors that they wish to portray.

As it is often the responsibility of a manager or supervisor to approve and implement policies that are work-family friendly, it is important that they are sympathetic to and understand their employees' needs and concerns for work-life balance. Judge and Coquitt (2004) found that employees who believed that work-life policies were developed in a fair way and were inclusive of their needs, reported decreased amounts of perceived work-family conflict. Additionally, Siegel et al. (2005) concluded that high work-life conflict did not greatly impact organizational commitment if employees believed that high levels of procedural justice existed, meaning the policies and procedures are viewed as being fair.

Managers promote a view of fairness by communicating the process and benefits of change, assisting in changing the culture if needed, and taking employees' views into consideration when adopting new policies. This magnifies the important role of the manager with regard to work-life balance in that "fair employers enhance the employee's ability to juggle the role demands of their personal and professional lives" (Judge & Coquitt, 2004, p. 395).

To employees, perceived fairness is often an indicator that they can trust their employers (Colquitt, LePine, Piccolo, Zapata, & Rich, 2012; Gilstrap & Collins, 2012; Siegel et al., 2005). Likewise, employees must be able to trust that their managers will enforce family friendly policies in a fair and consistent manner, and employees will not experience negative consequences by taking advantage of work-life balance policies. Negative consequences include adverse affects on salary as well as false perceptions that those taking advantage of family friendly policies are not as committed to the organization (Manchester, Leslie, & Kramer, 2013).

Gordon et al. (2014) found managers to play a crucial role in establishing work-life balance, and that managers who promote work-life balance are seen as trustworthy. Employees often are more trusting of managers who encourage work-life balance because they feel as though their supervisors are able to understand and help them manage the level of work-life conflict they may be experiencing. Likewise, employees feel they can trust these managers to better understand when work-life conflict adversely affects their job performance (Siegel et al., 2005).

Managers can increase the level of trust among employees by being aware of generational differences and how those differences affect their work values and attitudes toward work-life balance (Collins, Hair, & Rocco, 2009). Communicating the fairness of work-balance policies and taking an interest in the individual needs of employees with regard to work-life balance also helps managers to form trusting relationships. Therefore, it is believed that employees who are perceived as fair and have a trusting reciprocal relationship with their managers will experience greater work-life balance.

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Method

Our study explored organizational practices as manifested in managerial behaviors from the perspective of employees at all levels of a firm (front-line to executive). According to Hogan, Curphy, and Hogan (1994), managerial behaviors as perceived by subordinates are believed to provide the most accurate ratings of manager and leader performance. A total of 463 respondents completed the 'Managerial Practices Survey,' a previously validated instrument (Gilley, Dixon, & Gilley, 2008).

The variables examined in this study were derived from research and literature on managerial behaviors and practices related to work-life balance (Darcy et al., 2011; Gilley & Boughton, 1996; Hughes & Bozionelos, 2007). Respondents indicated the frequency with which specific managerial behaviors were observed within their respective organizations using a 5-point Likert-type scale that ranged from "never" (1) to "always" (5). The dependent variable was the frequency with which "My manager supports work-life balance." Five independent variables suggested by the literature were the frequency with which managers created a positive culture, were trustworthy, encouraged employee growth and development, treated subordinates fairly, and coached employees. Respondents were also asked to provide their manager's age and gender, which was a binary variable (male/female). Managers were then grouped by age into one of four ranges that corresponded to the generations studied; managers who were 35 years of age or less (Millennials), those aged 36-50 (Generation X), 51-60 year olds, and those 61+ years of age. Baby Boomer managers were split into two age groups to further test for potential differences among those closest to traditional retirement.

Participants

Respondents were MBA and Organizational Development (OD) Master's and Ph.D. students from four, four-year universities (three public and one private) in diverse locations across the United States (Midwest, Mountain West, and South) over nine semesters, culminating with the fall semester of 2013. Master's and Ph.D. participants are typically full-time working professionals, which allowed for representation of all organizational levels and industries, from front-line employees to executives in education, government, manufacturing, professional, and service firms. Participants were asked to respond to the survey instrument based on their experiences with their current or most recent organization. Respondents gave their personal ages and those of their managers. Since manager behaviors by generation were the focus of this study, their ages were then further defined by generational co-hort. The use of separate sources mitigated common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

Results

Population characteristics for the four age groups are summarized in Table I. It is interesting to note that employees with younger managers were also proportionately younger than employees with older managers (88.4% were less than 36 years compared to 60.3%, 43.10%

and 40.71%, respectively by age group). Correspondingly, the tenure of employees with younger managers was significantly less than employees with mature managers (90.9% had less than three years of tenure, compared respectively by age group to 71.1%, 43.1% and 40.7%).

Table 1. Sample Population and Manager Characteristics

Description (%)	<36	36 – 50	51 – 60	>60
Respondent's gender				
Male	50.0	50.8	47.4	44.4
Female	50.0	49.2	52.6	55.6
Respondent's Age				
<25	43.6	21.5	14.7	11.1
26-35	44.9	38.8	28.4	29.6
36-45	7.7	26.4	26.7	18.5
46-55	3.8	10.3	22.4	37.0
56-65	0	2.9	7.8	3.7
>65	0	0	0	0
Respondent's Years Employed at Organization				
<1	29.9	23.6	12.9	18.5
1-3	61.0	47.5	41.4	33.3
4-6	7.8	19.8	26.7	14.8
7-10	1.3	5.8	10.3	14.8
11-14	0	2.9	6.9	11.1
<15	0	0.4	1.7	7.4
Industry				
Manufacturing	2.6	8.3	6.0	3.7
Service	30.8	35.1	19.8	37.0
Education	25.6	19.4	30.2	33.3
Professional	20.5	23.6	29.3	3.7
Government	11.5	9.1	8.6	14.8
Non-profit	9.0	4.5	6.0	7.4
Number of employees in organization				
<100	34.6	31.4	24.1	18.5
101-500	24.4	16.9	16.4	29.6

501-1,000	5.1	11.6	13.8	11.1
1,001-2,500	12.8	10.3	19.8	3.7
2,501-5,000	5.1	3.7	3.4	7.4
5,001-10,000	3.8	8.3	6.9	11.1
>10,000	14.1	17.8	15.5	18.5

n=78   n=242   n=116 =27

Table 2 reports employees' perceptions of their managers' support of work life balance, separated by the four age groups of the managers. Respondents indicated that managers in the less than 36 age group "never," "rarely," or only "sometimes" encouraged work-life balance 51.3% of the time, as compared to 48.7% for "usually" or "always" (mean=3.36). Perceptions for support of work-life balance for managers in the 36-50 age group were lower at 57.4% for "never," "rarely," or "sometimes," as compared to 42.6% for "usually" or "always" (mean=3.17). Perceptions for support of work-life balance for managers in the 51-60 age group were 58.6% for "never," "rarely," or "sometimes," as compared to 41.4% for "usually" or "always" (mean=3.13). Perceptions for support of work-life balance for managers in the over 60 age group were the highest at 37.0% for "never," "rarely," or "sometimes," as compared to 63.0% for "usually" or "always" (mean=3.33).Mean scores support the above findings, at 3.35, 3.17, 3.13, and 3.33 respectively. Employees perceive that support for work-life balance by managers were highest in the less than 36 (mean=3.36) and over 60 age group (mean=3.33) as compared to the two groups in the middle of the spectrum. However, the results of a one-way Anova indicated that the differences between the age groups were not statistically significant (F=.75, p=.53).

Table 3 reflects descriptive statistics and between-subject correlations for all five independent variables and the dependent variable for the combined population. Strong correlations indicated by a p< .05 significance level exist between all variables.

Table 2. Frequency with Which Managers Support Work-life Balance, by Age of the Manager

	<36		36-50		51 – 60		>60	
	%	Cum%	%	Cum%	%	Cum%	%	Cum%
Never	5.1	5.1	9.9	9.9	10.3	10.3	14.8	14.8
Rarely	17.9	23.1	22.3	32.2	20.7	31.0	14.8	29.6
Sometimes	28.2	51.3	25.2	57.4	27.6	58.6	7.4	37.0

Usually	33.3	84.6	26.0	83.4	28.4	87.1	48.1	85.2
Always	15.4	100.0	16.5	100.0	12.9	100.0	14.8	100.0
n=	78		242		116		27	
M (SD)	3.36 (1.10)		3.17 (1.23)		3.13 (1.19)		3.33 (1.33)	

Table 3. Means, Standard Deviations, Correlations

Variable	Mean	SD	1	2	3	4	5
Coaches	2.87	1.13					
Growth/Develop.	3.25	1.13	0.70**				
Fair	3.38	0.97	0.65**	0.67**			
Culture	3.30	1.13	0.71**	0.72**	0.73**		
Trust	3.53	1.13	0.60**	0.64**	0.72**	0.81**	
Work-life balance	3.17	1.23	0.61**	0.67**	0.65**	0.76**	0.68**

Table 4. Regression Analysis (by manager age group)

	Model 1 25-35 B(SE)	Model 2 36-50 B(SE)	Model 3 51 – 60 B(SE)	Model 4 >60 B(SE)
Constant	0.13 (0.320)	-0.06 (0.19)	0.13 (0.29)	-0.47 (0.75)
Coaches	0.20 (0.10)**	-0.12 (0.07)	-0.12 (0.11)	0.05 (0.82)
Growth and Development	0.53 (0.11)***	0.06 (0.10)	0.06 (0.10)	0.23 (0.33)
Fair	0.001 (0.13)	0.43 (0.15)**	0.43 (0.15)**	0.50 (0.32)
Trust	0.27 (0.12)**	0.29 (0.12)**	0.29 (0.12)**	0.42 (0.32)

Culture	-0.02 (0.11)	0.23 (0.12)**	0.23 (0.12)**	-0.10 (0.31)
F	31.43***	26.55***	26.56***	6.36**
Adjusted R^2	0.66	0.61	0.53	0.51

*p< .10
**p< .05
***p< .001

Data Analysis

Linear regression was run for each manager age group to assess the relationship between the independent variables (my manager "coaches," encourages "employee growth and development," treats others in a manner that is "fair," creates a "positive culture," and is "trustworthy") and the dependent variable, "work-life balance." The dependent variable exhibited a reasonable normal distribution. Additionally, there was no evidence of collinearity (all VIF factors < 3.0). Results of the regression analysis for all age groups are depicted in Table 4. For the manager age group less than 36, the variables "coaches," "employee growth and development," and "trust" were statistically significant at p<.05. For managers in the age groups 36-50 and 51-60, the variables "fair," "trust," and "positive culture" were statistically significant at p<.05. For managers in the age group over 60, none of the variables were statistically significant. It is interesting to note that "trust" is common to the three age groups less than 60. For younger managers, encouraging employee "growth and development" had the highest impact on work-life balance. For the two age groups in the middle of the age spectrum, managers who were "fair" had the highest impact on work-life balance.

Discussion

This study contributes to the literature on work-life balance in several unique ways. Our findings suggest that managers within the same generational categories exhibit varying degrees of success in promoting work-life balance in their organizations. Statistically, however, no managerial generation is significantly better than the others. Further, differing generations of managers possessed and exhibited differing skills or behaviors that influenced respondent perceptions. There may be many reasons that managers fail to project concern about work-life balance issues in addition to being part of a specific generational cohort.

Millennial managers, those age 35 and under, were perceived by their subordinates as engaging in activities that support work-life balance with slightly greater frequency than any other managerial generation. Further, their encouragement of employee growth and development most heavily influenced perceptions of their subordinates. It is possible that Millennial managers

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are more inclined to support work-life balance due to the nearly ubiquitous discussion of the topic throughout their lives: they have lived it. To our surprise, Baby Boomer managers over the age of 60 were also perceived as being slightly more highly supportive of work-life balance, with 63% rated as "usually" or "always" supportive. Possible explanations may include appreciation of the onset of retirement, need to mentor or 'give back,' quest for volunteer opportunities, and maturity level of this segment of the Baby Boomer generation. However, no particular behavior was perceived as contributing to this perception, and the small population size (27) of this segment makes the results somewhat suspect.

Generation X and Baby Boomer managers age 60 and under were not perceived as supportive of work-life balance as their counterparts, despite the desire of their employees in the same generational categories. Treating subordinates fairly, however, represented the greatest influence on employee perceptions of managerial ability to promote work-life balance for others for these two generations.

Failure to support work-life balance policies and practices may have many roots. Some research has found that managers may perceive a conflict between employee desires for support of non-work concerns and organizational needs for productivity or profits (Friedman, Christensen, & DeGroot, 1998; Kossek, Noe, & DeMarr, 1999). Other studies have revealed that managers do not perceive that they have the authority to allow work-life balance concessions or that no formal organizational policies exist that allow workplace flexibility. In their study of a Fortune 500 firm, Lauzun, Morganson, Major, and Green (2010) found that supervisors made scheduling allowances (e.g., flextime, working remotely) 58% of the time. Those who failed to allow scheduling flexibility cited lack of appropriate authority to do so.

Managerial actions significantly influence the work-life balance experience of employees (Sturges & Guest, 2004), which has been found to positively impact organizational outcomes (Boyar et al., 2005; Bruck & Allen, 2003; Kar & Misra, 2013). Consequently, organizations may need to clearly and overtly publicize their work-life balance policies and empower managers to provide flexibility in the workforce. Organizations intent on improving work-life balance for all levels of employees may need to revise managerial expectations, training and development, coaching, and accountability with regard to work-life balance initiatives. Managers who are Generation X and Baby Boomers may warrant greater attention, particularly in developmental areas, such as the ability to treat all employees fairly.

Limitations and Future Research

All research has limitations warranting consideration. This study, for example, relies on highly perceptual responses and imprecise measures regarding behavior attributes of supervisors and managers in the workplace. Consequently, participant responses may be clouded by bias, stereotypes, resistance to authority, halo and horn influences, inaccurate or incomplete information, or recency effect, to name a few.

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Another potential limitation relates to the measurement of employee work values. Meriac, Woehr, and Banister (2010) suggest that generations may interpret question content about work values differently. Consequently, perceptions of generational differences may be due to differing interpretations of question content, and not to real differences between the generations. Future study may analyze the impact of the employee's generation perceptions of practices that impact work-life balance, and could include an analysis of the interaction effect of employee age and/or generation and the managerial practices on work-life balance.

The relatively small sample sizes of the Millennial and over-60 Baby Boomer categories of managers limit the potential for generalization to the larger population. Additional empirical study with regard to managers' ages and generations is needed to deepen our understanding and expand the foundation of this research stream. Similarly, the absence of literature pertaining to characteristics of managerial effectiveness in promoting work-life balance limits our empirical inquiry, yet offers potential avenues for continued investigation. Further study of the antecedents of work-life balance, and variables that influence requisite managerial knowledge, skills, and behaviors, may yield more robust findings. Manager rank or level within a firm also warrants investigation and may reveal leadership development gaps and opportunities.

Surveys of graduate students in PhD and Master's programs may also limit generalization of the results of this study. Master's and PhD students, by virtue of their reasons for pursuing graduate study and the commitments of time and energy subsequently involved, may be more sensitive to work-life balance issues. Additional studies involving differing sample populations are warranted. Further, the individualized nature and complexity of work-life balance and generational issues highlight the need for a multi-method approach, including both quantitative and qualitative elements, when studying these issues.

Conclusion

The demand for work-life balance is growing, propelled by a myriad of influencers such as increasingly stressful home and work lives due to evolving family roles and obligations, economic forces, rapidly changing technology, limited resources, and increasing competition, to name a few. A proliferation of research on work-life balance, anecdotal evidence, and the media posit that all generations of employees desire work-life balance (Barber, 2014). Our results, however, suggest that few managers are perceived as meeting their employees' unique needs (Gilley, Heames, & Gilley, 2012). Given the multiple, valuable benefits of work-life balance to employees and their organizations, firms are well advised to enhance the work-life capabilities of their management teams.

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Job Security and Entrepreneurship: Enemies or Allies?

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Executive Summary

In a synthesis of the relevant social cognition, human resources, stakeholder, and entrepreneurship literatures, this article explores how perceptions about entrepreneurship affect entrepreneurial behavior and job security seeking. Definitions and reasons for the apparent incompatibility of entrepreneurship and job security are analyzed, with the impact of cognitions about the two terms being addressed. Next, a model of when and how entrepreneurship vs. traditional job seeking may be the chosen method of economic security is proposed. This Steady State Model of Security Seeking in an Imperfect Economy describes a cyclical process in which individuals make three fundamental decisions concerning their economic security. Finally, arguments are presented in support of the conclusion that entrepreneurship can reliably provide an alternative to the traditional job seeking means of obtaining economic security.

"You just felt like the world was unraveling. People started to sell and they sold hard. It didn't matter what you had — you sold." - Ryan Larson (as quoted in Bajaj & Grynbaum, 2008)

For stock market traders like Ryan Larson, the economic crisis of 2008 was life changing. The same could be said of many people throughout the world. One basic human need is a desire for economic security (i.e., Stevens, 2001; De Cuyper, De Witte, Vander Elst, & Handaja, 2010) or, "having provisions in store for an uncertain future" (Durant, 1935, p. 2; see also Greenhalgh & Rosenblatt, 1984; Direnzo & Greenhaus, 2011). Yet, central to all economic activity is transacting in an imperfect economy: one characterized by poor and weak governance structures and institutions (Arrow, Dasgupta, & Maler, 2003) and in which perfect, logical, and deductive rationality rarely prevails (Williamson, 1985; Rumelt, 1987; Arthur, 1994; Mitchell, 2004).

Under the present status quo in developed economies, individuals are most likely to balance their need for economic security in an imperfect economy by getting and keeping a stable job in an established organization (Maslow, 1954; Herzberg, Mausner, & Snyderman, 1959; Mitchell, 2001, 2004). Yet, as the 2008 economic crisis has demonstrated (Garling, Kirchler, Lewis, & van Raaij, 2009; Yunus, 2009), and others have warned (see Mandel, 1996; Hytti, 2005), getting and keeping a stable job in an established organization is becoming a less and less reliable means of fulfilling the human need for economic security (Dominitz & Manski, 1997). If seeking and keeping a stable job increasingly provides uncertain work security, does

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the possibility exist for reliable alternative options? We posit that at least one possibility is emerging as an ever-more reliable alternative method of work security, namely, entrepreneurship.

Entrepreneurship

Entrepreneurship is widely seen as having a positive impact on the world's economy (Ireland & Webb, 2007). Not only do entrepreneurial actions produce new and innovative products and services for consumers and organizations (Covin & Miles, 1999), but also such actions produce new jobs and revitalize economies (Birley, 1986). Historically, entrepreneurship was defined as a means to attain economic security. Since the noun "entrepreneur," first entered language in the 15th century [originating with the French verb "entrepreneur," in the 12th century (Hoselitz, 1951) connoting "to do something"], the notion of "undertaking" independent economic action to attain greater prosperity (and thereby security) was understood (Cantillon, 1964/1755). However in our modern day, entrepreneurship is often associated with risk, ambiguity (Knight, 1921; Venkataraman, 1997; Busenitz, 1999; Shane & Venkataraman, 2000), and failure (Venkataraman, van de Ven, Buckeye, & Hudson, 1990; McGrath, 1999; Shepherd, 2003). How then can something as rare and seemingly risky as entrepreneurship be a candidate for a reliable personal method of economic security? In order to clearly recognize how entrepreneurship can provide economic security, an understanding of the process of economic security seeking by individuals in developed economies is needed, which we discuss next.

Job Security

The desire for economic security has become increasingly salient for many individuals and households since the 2008 economic crisis (see Garling et al., 2009). As mentioned above, in developed economies, individuals are most likely to balance their need for economic security in an imperfect economy by getting and keeping a stable job in an established organization (Maslow, 1954; Herzberg et al., 1959; Mitchell, 2001, 2004). Maslow explained that "we can perceive the expressions of safety needs…as the common preference for a job with tenure and protection" (1954, p. 87), which is usually provided by an organization. Herzberg et al. defined job security "to include those features of the job situation which lead to assurance for continued employment, either within the same company or within the same type of work or profession" (1959, p. 41). These perspectives imply that underlying the need for job security is the pursuit of protection and continued employment within an organization. However, the volatile economy and organizational conditions have led workers in organizations to believe that psychological contracts are increasingly short term, transactional, and characterized by diminished trust in employers (Herriot, Manning, & Kidd, 1997; Smithson & Lewis, 2000). It is argued that because of the decline in job security, individuals have shifted their focus away from the organization toward personal career development, causing employability to replace job security as a primary value and driver behind career management decisions (Waterman, Waterman, & Collard, 1994;

Iles, Forster, & Tinline, 1996; Galunic & Anderson, 2000; Grote & Raeder, 2009; Baruch, 2001; Benson, 2006; Berntson, Naswall, & Sverke, 2010).

Useful in understanding an economic-security-seeking method of obtaining and keeping a stable job is the concept of self-efficacy. The construct of self-efficacy, derived from social cognitive theory (Bandura, 1986), is thought to play a primary role in relating individual perceptions about self, work and others, to consequences such as goal level and persistence, and ultimately to performance (Gist & Mitchell, 1992). Self-efficacy is defined as the, "perceived capability to perform a behavior" (Williams, 2010, p. 417). Therefore, self-efficacy is situation specific and based on past mastery experiences, modeling, verbal persuasion, and emotional states related to that behavior (Bandura, 1997), which can create cross-situational coherence in self-efficacy appraisals (Cervone, 2004). But high self-efficacy, when found to relate positively to job satisfaction, performance and motivation (Judge, 2009), and entrepreneurial intentions (McGee, Peterson, Mueller, & Sequeira, 2009), is context dependent (e.g., Zhao, Seibert, & Hills, 2005); for example, without the needed experiences to build entrepreneurial self-efficacy, economic security is likely to be perceived as best fulfilled through a traditional job seeking path. Hence job security and entrepreneurship as mutually exclusive, appear as enemies, not allies.

Job Security and Entrepreneurship: Enemies

Why is entrepreneurship viewed as a non-viable alternative to a stable job? Entrepreneurship has been defined in many different ways (Shane & Venkataraman, 2000; Busenitz, West, Shepherd, Nelson, Zacharakis, & Chandler, 2003; Rindova, Barry, & Ketchen, 2009). Among these many conceptualizations is the notion of entrepreneurship as "the pursuit of opportunity without regard to resources currently controlled" (Stevenson & Jarillo, 1990, p. 23; Stevenson & Jarillo, 2007). This definition assumes that in a process of firm formation, entrepreneurs do not own or control most of the resources, but it is through their judgment and actions that they achieve resource mobilization (Casson, 1992; Shane & Venkataraman, 2000). Nevertheless, since such decisions are not always correct, the process of firm formation is surrounded by possible errors that can lead to shortages and misallocated resources, and hence to firm failure (e.g., Dunne, Roberts, & Samuelson, 1988; Shepherd, 2003) – worse than a job.

Past research has focused on three common perceptions of entrepreneurship that suggest why entrepreneurship and job security are perceived as being incompatible (Ray, 1994; Hytti, 2005; Wu & Knott, 2006; Fairlie, Kapur, & Gates, 2011). First, many people think that venturing is simply too risky (Knight, 1921; Kolvereid, 1996; Wu & Knott, 2006). Second, many people believe that one must be "born" an entrepreneur (Hisrich, 1990; McMullan & Long, 1990; Stewart, Watson, Carland, & Carland, 1999). Third, many people perceive the maintenance of multiple economic relationship by entrepreneurs, especially in the growth stage of a new venture, to be too demanding and outside their comfort zone (Meyer & Dean, 1990).

The first perception likely has its roots in the potential of business failure and lack of experience in venturing. Business failure can, among other things, have lasting relationship

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repercussions such as damaged reputation, credit, and friendships (Shepherd, Wiklund, & Haynie, 2009). Further, due in part to the potential of business failure, few individuals venture, (Knight, 1921; Kolvereid, 1996; McGrath, 1999). And partly because of this lack of previous experience, of those that do venture many fail (Shepherd, 2003), thus increasing the perception of riskiness.

The second perception arises because it is the de facto belief that one must be "born" an entrepreneur (e.g., Carland, Carland, Hoy, & Boulton, 1988; Hisrich, 1990; Stewart et al., 1999) so that when someone does venture and fail, venturing is often abandoned and the steps needed to overcome that failure are neither investigated nor taken. The common attributions then arise that: (1) most individuals do not have the entrepreneurial personality type needed to venture, and (2) venture success is unlikely for most people. Therefore, failure is often fatalistically attributed to the lack of personal entrepreneurial characteristics and hence to an emphasis on success/avoidance of mistakes (Levinthal & March, 1993; McGrath, 1999; Shepherd, 2003).

The third perception arises because there is an underlying expectation for the entrepreneur to be able to manage a higher number of personal networks (Lipparini & Sobrero, 1994). Yet the formation of the multiple relationships which result in entrepreneurship is often difficult (Meyer & Dean, 1990; Stevenson, Roberts, & Grousbeck, 1994). Hence, many people prefer to engage in single economic relationships. Network theory also supports the assertion that establishing and keeping relationships is demanding and that there is a certain limit that individual can handle (e.g., Granovetter, 1983). Individuals thus focus on finding, keeping, or just tolerating jobs, rather than identifying, prioritizing, and building sound economic relationships with venture stakeholders (Carroll & Mosakowski, 1987; Hytti, 2005). How then can job security and entrepreneurship become allies?

Job Security and Entrepreneurship: Allies

At an abstract level, entrepreneurship can be thought of as creative behavior (Ward, 2004; Ko & Butler, 2007). One model useful for organizing our discussion of aligning perceptions of job seeking with entrepreneurship is a model that explains creative behavior as the interaction among: (1) the individual, (2) the work, and (3) the others who both judge the work and shape the individual creator (Csikszentmihalyi, 1988; Gardner, 1993). Interestingly, where entrepreneurship is considered to be an individual creative behavior, the creation of a venture organization is considered to be the work, and the venture environment is broadly construed to be comprised of others in the social environment (see Figure 1). Information derived from the individual, the work task, and others in the social environment contribute to perceptions of capability, which in turn, are thought—through self-efficacy— to affect behavior . . . especially goal levels set, and persistence (Gist & Mitchell, 1992; Mogilner, Chance, & Norton, 2012).
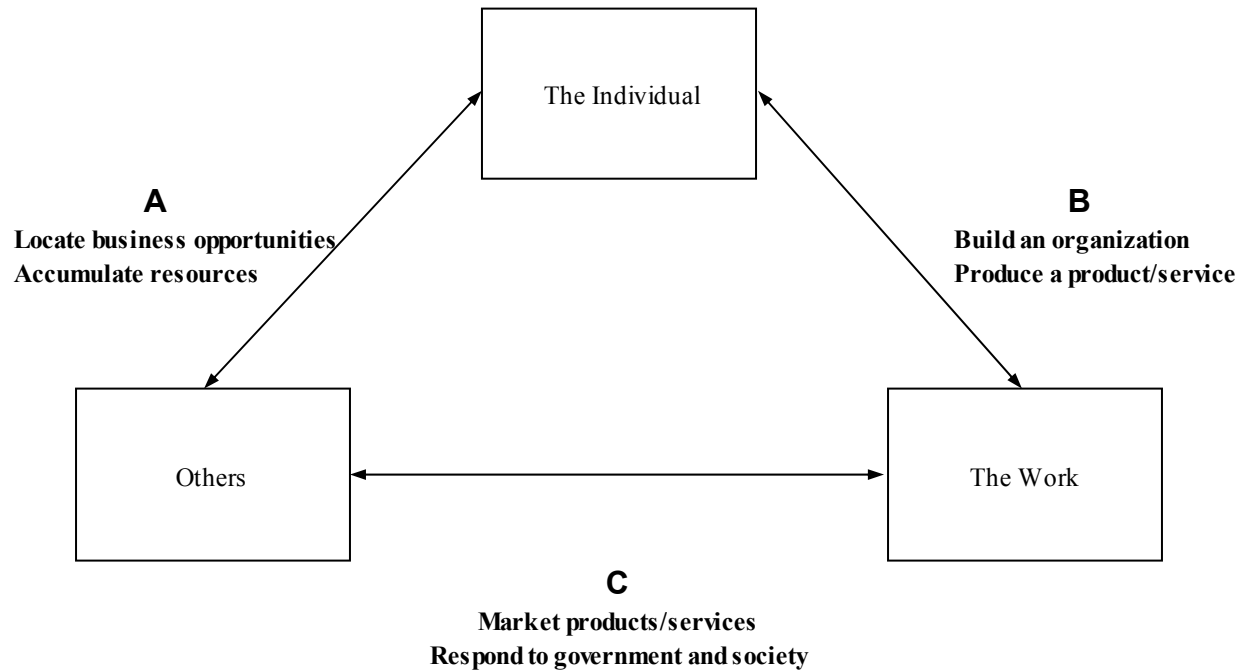
Figure 1. Entrepreneurial Processes as Creative Behavior

Adapted from Gardner, 1993: 9

The perspective that persistent entrepreneurship is cognitively-based creative behavior requires individuals to possess the following knowledge: (1) domain expertise, (2) the capability to readily recognize viable ventures, and (3) skill at building stakeholder relationships. Further, based upon this model, it is to be expected that the acquisition of these three knowledge sets—by affecting perception, self-efficacy, and goal level/persistence—will reduce the disabling effects of prevailing perceptions about venturing, namely: (1) that venturing is too risky, (2) that a person must be a born an entrepreneur to be effective/successful at venturing, and (3) that only one kind of economic relationship (a job) is tenable. Reconciliation between perceptions of job security and entrepreneurship within each of the interactions in our application of the Csikszentmihalyi (1998)/Gardner (1993) creative behavior model (Figure 1) is discussed next.

The "Others—Individual" Interaction

Business failure can risk lasting relationship repercussions including credit problems and damage to one's reputation as well as bad feelings such as damaged friendships or associations with people who matter (Shepherd et al., 2009; Shepherd & Haynie, 2011). Based upon the possibility that business failure could be a possible outcome, venturing is likely perceived to negatively impact Individual—Others interactions. Further, the risk of business failure also directly impacts perceptions of economic security, because most business failures can drastically

reduce provisions in store, and hence the relationship between entrepreneurship and bankruptcy (Lee, Yamakawa, Peng, & Barney, 2011; Shepherd & Haynie, 2011).

Expertise is a specialized knowledge structure (Glaser, 1984; Galambos, 1986) that explains performance differences among individuals in specialized domains (Lord & Kernan, 1987; Lord & Maher, 1990; for an application to Entrepreneurship see Mitchell, 1994, 2005; Dew, Read, Sarasvathy, & Wiltbank, 2009). Expertise can be learned through interaction among the individual and others trained in the domain (Glaser, 1984), and through deliberate practice (Ericsson & Charness, 1994; Ericsson & Kintsch, 1995; Ericsson, Delaney, & Weaver, 2004).

Interestingly, expertise affects risk taking (Heath & Tversky, 1991), because uncertainty in the Others—Individual interaction is reduced (Krueger, 1993). It is therefore in affecting the weights in this trade-off that improvements in individual entrepreneurial activity are made possible, because there is little indication that a person's absolute level of risk adequately explains entrepreneurial activity for that individual (McMullan & Long, 1990; Krueger & Dickson, 1993). As a result, expertise has the effect of decreasing uncertainty, making risk and uncertainty linked through expertise. Expertise thus has a positive effect on self-efficacy, since enactive mastery, through effecting a positive personal assessment, influences individuals' estimation of their capacity to orchestrate desired behaviors, and to persist in those behaviors (Gist & Mitchell, 1992, p. 189). Further, self-efficacy has been shown to increase risk-taking and opportunity recognition (Krueger & Dickson, 1994), influence perceptions of opportunity and threat (Krueger & Dickson, 1993), and shape entrepreneurial intentions and actions (Boyd & Vozikis, 1994). For these reasons, the acquisition of new venture expertise is critical to overcoming the perception that venturing is too risky (see Cervone, 2004).

Importantly, expertise can be acquired by anyone who is willing to put in the time (Chase & Simon, 1973; Ericsson, Krampe, & Tesch-Römer, 1993), have the experiences (Glaser, 1984), and/or practice (Ericsson & Charness, 1994). Further, even failure is a specialized experience which provides critical knowledge that increases expertise (Malone, 1997; McGrath, 1999). It stands to reason, then, that because venture failure is positively related to knowledge, and because of the powerful incentives that ensue from the possession of the expertise that comes from such knowledge (Mitchell, Mitchell, & Smith, 2004, 2008), the development of venture expertise is a direct antidote to the disabling perception that venture failure always increases risk.

The "Individual—Work" Interaction

In most occupations, learning to do the work consists of some type of training wherein the characteristics of a satisfactory performance are communicated to the trainee (Lim, 1996). It is therefore surprising that it is commonly perceived that a person must be born an entrepreneur to succeed in venturing. The prevailing perception is that individual personality characteristics have more effect on the success of the work than does knowledge of the characteristics of the work itself (Turban & Dougherty, 1994; Salgado, 1997; Seibert, Crant, & Kraimer, 1999; Judge, Higgins, Thoresen, & Barrick, 1999; Hogan & Holland, 2003). The effect of belief in the notion

of born entrepreneur on perceptions about the Individual—Work interaction is to dampen entrepreneurial activity, because the erroneous belief leads far too many people to think that they likely don't have, and never can acquire the personal characteristics to venture successfully.

One of the implicit goals of many entrepreneurship researchers has been that wealth creation is one (if not the) foundational goal of entrepreneurial efforts (Rindova et al., 2009). The venture performance stream of entrepreneurship research, as a subunit of business strategy research, has concentrated on this task. New venture performance has been found to be a function of industry structure, venture strategy, the characteristics of the entrepreneurs, and particularly of the interaction effects among these three groups of factors (Sandberg, 1986; McDougall, 1989; Kunkel, 1991; Baum, Robert, & Ken 2001; Amason, Shrader, & Tompson, 2006). We can infer from these findings that the goal of distinguishing viable from less-viable ventures using attributes of the venture is feasible (e.g. creating a screening template), provided that we realize that due to the uniqueness of each venture, the creation of an exhaustive list is unlikely to ever be feasible.

For example, several authors have argued that the business viability of a venture might be assessed by observing the levels of innovation, value and persistence over time. The foundation of a venture is innovation (Drucker, 1985)—new combinations (Schumpeter, 1934), validated by objective (v. subjective) data supporting a match with opportunities in the marketplace (von Hayek, 1937). Value in a venture appears at two levels: to the customer (as net buyer benefit), and to the venture itself (as margins and volume; Ghemawat, 1991). The potential for the venture to persist over time can be observed through the repetitive and long-term purchase patterns that result from commitment (Ghemawat, 1991) and the adequacy of resources (McMullan & Long, 1990; Stevenson et al., 1994) needed for growth.

Other authors have argued that the strategic viability of a venture can be assessed by examining scarcity, non-appropriability, and flexibility. Scarcity in a venture curtails the two conditions that can extinguish opportunity—imitation and substitution (where, in the horizontal relationship among new entrants, rivals, and substitutes in an industry (Porter, 1980, 1981), imitation increases supply, and substitution decreases demand)—making non-imitability (Rumelt, 1987) and non-substitutability (Barney, 1991; Ghemawat, 1991) essential characteristics of viable ventures. Appropriability (Rumelt, 1987)—arising from holdup (Ghemawat, 1991; Williamson, 1985) (which re-distributes gains among economic actors, decreasing the size of the remaining pie slice to the company), and slack (Ghemawat, 1991) (which decreases the rents from a strategic position, making a smaller pie)—occurs in the vertical relationship, between suppliers and customers, and the venture. Viable ventures will have the tools to discourage appropriability, such as norms, bargaining, contracting, and posturing (Ghemawat, 1991) to reduce holdup, and the alignment of incentives (Rubin, 1990), or adjustments in governance (Williamson, 1991) to reduce slack—lest value once created, be plundered. Lastly, flexibility—the management of uncertainty and ambiguity to yield adaptive responses—results in the creation of adaptive organizations (Collins & Porras, 1995). This "new venture template" assessment approach (e.g., Mitchell, 1998), which examines the attributes of the venture vs. the attributes of the entrepreneur, has been shown to triple the "hit rate" in tests of venture screening effectiveness (cf. Mainprize, Hindle, Smith, & Mitchell, 2003).

The "Work—Others" Interaction

In the Work—Others interaction, the venture created is judged within a marketplace comprised of a variety of stakeholders, which includes but is not limited to customers, suppliers, financiers, employees, governments, other entrepreneurs, etc. Despite recent job uncertainty, there are several reasons which make it reasonable to suppose that the formation of multiple economic relationships, which entrepreneurship entails, appears to be more tenuous, than does forming the employee-employer relationship entailed by a job. First, people may limit themselves to the employment relationship because they feel uncomfortable engaging in other types of economic relationships to earn a living. Second, it may seem to be easier to identify and impress one person (an employer) to gain access to money and security, than to develop multiple economic relationships, and to continually be responsible to impress multiple people to secure an income. Third, the skills needed to identify and prioritize venture stakeholders are little understood (Delmar & Shane, 2004; Townsend & Hart, 2008), which may cause further discomfort and lack of confidence in multiple economic relationships as a source of funds. The default perception is therefore widely held, that getting and keeping a job is the behavior that will more certainly lead to economic security (Wial, 1991).

Nevertheless, constructs and methods that can help to identify stakeholders, and to determine their level of salience to organizations have been suggested (Mitchell, Agle, & Wood, 1997). Mitchell et al. (1997) have suggested systematic guidelines to help venturers as well as other managers to effectively identify and prioritize stakeholders, based upon the power, legitimacy, and urgency present in stakeholder-manager relationships. Further, other authors have suggested a variety of practical ways for entrepreneurs to respond to key venture stakeholders (Stevenson et al., 1994). Thus, it now appears to be possible for prospective entrepreneurs to better learn how to effectively identify, prioritize and respond to stakeholders in the venture environment, and to thereby experience directly the powerful incentives of wealth creation through building stakeholder relationships. Attributional analysis of experience is held to affect an individual's estimate of orchestration capacity (self-efficacy), and thereby to affect the persistence of behavior (Gist& Mitchell, 1992, p. 189).

Aristotle said: "There would be no society if there were no exchange; and no exchange if there were no money" (DelMar, 1968/1896, p. 1). According to this logic, money and society are connected through exchange. That is, to the extent that individuals can produce what other people want, and to the extent that an individual believes that other members of society are so producing, then the growth of wealth—the supply of stored value—is, by definition, unbounded.

The understanding that money is created through building stakeholder relationships is a perception that is predicted to make entrepreneurship an ally of economic security, because it is thought to lead to acts that are economically productive: more exchange behavior. It is likely that repeat venturing might be stimulated by greater ability to form effective relationships among venture stakeholders, thereby reducing problems that have their roots in stakeholder angst, such as quitting the pursuit of opportunity upon the failure of a first venture, or withdrawal from the continued pursuit of opportunity once a business is up and operating (McGrath, 1999).

Entrepreneurship and economic security are predicted to be perceived as enemies where the importance of these three factors (O-I, IW, WO) is not understood, where other factors are thought to matter instead, or where the presence or absence of any of the key factors is difficult to verify. The terms are predicted to be perceived as allies where the importance of these key factors is understood, where the impact of other factors is thereby diminished, and where it is thought that these factors are, or can be present. In the next section, a model of when and how entrepreneurship seeking may be the chosen method of economic security is proposed.

Job Security and Entrepreneurship: Enemies and Allies

We propose the Steady State Model of Security Seeking in an Imperfect Economy illustrated in Figure 2. The model describes a cyclical process in which individuals make three fundamental decisions: (1) whether to seek additional economic security, (2) whether to pursue opportunities for additional economic security through an entrepreneurial venture (self-employment) or through a job (other employment), and (3) whether or not it is possible to remain so employed (success or failure).
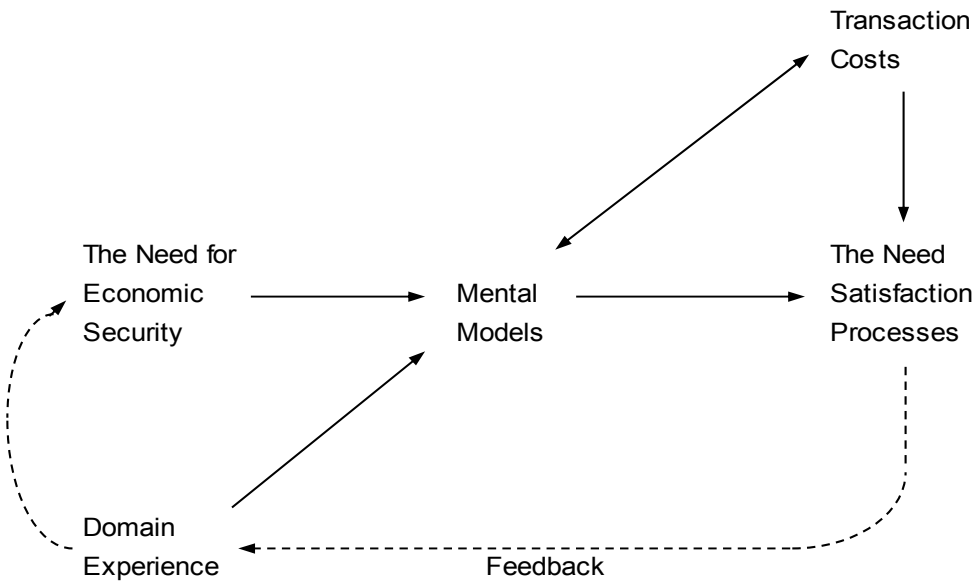
1. Initial Conditions   **2. Pattern Recognitions**   **3. Results Processes**

Economic Security:
- Provisions in store
- Uncertain future

Individuals' Mental Models re:
- Self
- Work
- Others

Estimation of Orchestration Capacity (Self-efficacy) based on:
- Task requirements
- Experience attributions
- Personal analysis

Domain Experience:
- Enactive mastery
- Vicarious experience
- Verbal persuasion
- Anxiety due to changes in environment

Social Commitments:
- job   v.
- self employment

Ability to Produce Productive Exchange Behaviors:
- success   v.
- failure

Figure 2. A Steady State Model of Security Seeking in an Imperfect Economy

Figure 2 presents a simplified view of the social cognitive process that individuals might use to seek economic security in an imperfect economy. The constructs in the model include—on the main axis—the cognition construct: mental models, and the motivation factors: the need for economic security, and the need satisfaction processes; and—at the extreme points on the transverse axis—the two specific person-in-situation factors: domain experience, and transaction costs. We theorize that an individual's mental models evolve through successive feedback cycles that: (1) are stimulated by the need for economic security, (2) involve the several need satisfaction processes, and (3) are subject to imperfections in the economy represented by the relative "friction" resulting from transaction costs (Williamson, 1985, p. 19), and the regulation (increase or decrease) of the need for economic security from changes in domain experience. Discussed next are reasons for the inclusion of each construct in the model, and for the theoretical relationships that are suggested to hold within and among each group of constructs.

Cognition and Motivation Constructs

As portrayed in Figure 2, the mental model construct serves as the fulcrum of the model. The centrality of mental models in the cognition-motivation relationship has been well understood for some time (Maslow, 1954; Heider, 1958; Kelley, 1967). Consistency seeking due to discrepancies in cognitions (Heider, 1958), cognitive resolution of attributional instability (Kelley, 1967), or the arranging of basic needs in a hierarchy (Maslow, 1954), are causal notions in social psychology that explain why mental models are invoked to reconcile person-in-situation problems (see Fiske & Taylor, 2013) such as might occur while an individual is security seeking in an imperfect economy. Accordingly, the cognition and motivation-linked constructs: mental models, the need for economic security, and the need satisfaction processes are next defined.

Mental models. Adapting the definition from Arthur (1994) the construct, mental models, is defined to be: adaptive sets of hypotheses / mental patterns / cognitions possessed by an individual, that work well with each other within a domain to satisfy some criterion, need, or goal. As noted previously, these sets of mental patterns can be grouped into three categories of individual cognitions: cognitions about the self, cognitions about the work itself, and cognitions about others in the social environment[1] (Csikszentmihalyi, 1988; Gardner, 1993). In the organizational context, self-efficacy is thought to play a primary role in relating individual perceptions about self, work and others, to consequences such as goals and persistence, and ultimately to performance (Gist & Mitchell, 1992; Mogilner et al., 2012): in short, to relate

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[1] To avoid later confusion, it is important to note that the constructs and relationships proposed, mental models, etc., should be assessed strictly at the individual level of analysis. That is, mental models, etc. are defined herein as cognitions which occur within an individual, about phenomena at the individual, organizational, and general social/societal levels of analysis. As such, the model being described here is specified at the single, individual level of analysis v. at a mixed level of analysis; being neither composition, cross-level, nor multi-level (Rousseau, 1985: 11).

mental models, to the other cognition and motivation constructs that precede and succeed it (respectively): the need for economic security, and the need satisfaction processes (see Figure 2).

Mental models can be seen to affect in particular ways, cognitions of individuals about themselves, the work, and others in the social environment (see Figure 2). In the model, these mental models are theorized to be influenced by the need for economic security. As illustrated in Figure 2, the need for economic security is expected to change based upon its main source of uncertainty: feedback from domain (economic security seeking) experience, which in turn is the repository of the results of interactions with the environment through need satisfaction processes.

The need satisfaction processes. Figure 2 highlights the three need satisfaction processes that are defined by the self-efficacy process model (Gist & Mitchell, 1992) as adapted to security seeking to be: (1) the process of estimating an individual's capacity to orchestrate desired events (self-efficacy about possible security enhancing actions), (2) the process of making social commitments related to security seeking (the choice of job v. self-employment to satisfy security needs), and (3) the consequences of self-efficacy leading from the ability of an individual to produce security-enhancing exchange behaviors (the success of security seeking attempts). The first of these, self-efficacy, is thought to depend upon a successive and iterative process in which an individual: (a) analyzes a task to produce inferences about what it takes to perform at various levels, (b) examines past experiences to attribute or judge, for that task, why a particular performance level occurred, and (c) assesses personal and situational resources / constraints for performing the task at various levels of achievement (Gist & Mitchell, 1992, pp.189-190).

Person-in-Situation Constructs

The social cognitive field for individuals is constituted by the needs, beliefs, perceptions, etc. of individuals as they act within the environment (Fiske & Taylor, 2013). As they apply to economic security seeking in an imperfect economy, these "person" factors are parsimoniously represented in the steady state model by the construct domain experience, through which the cumulation of individual perceptions and experiences are related to the need for economic security, while cognitions about economic interactions are represented in the model by the construct, transaction costs.

Domain experience. Domain experience is defined to be: the cumulation of individual perceptions about relevant events. If quite discrepant from newly or urgently perceived expectations or requirements domain experience can, through anxiety, act to heighten an individual's desire to acquire additional provisions in store: to stimulate a high need for economic security. Conversely, domain experience can act as a reference point for the personal perception that all-is-well, in which case the need for economic security should be relatively low (for a similar argument, see Mitchell, Mitchell, & Mitchell, 2009). In either case, the effect of domain experience on the need for economic security is predicted to serve as part of the "engine" that drives the iterations of the cyclical model illustrated in Figure 2 (turning up or turning down

the flow of economic transactions undertaken by individuals). Domain experience is suggested to be updated by need-satisfaction-process feedback as satisfaction is more/less hindered by transaction costs.

Transaction costs. Transaction costs are defined to be: the costs of running an economic system (Arrow, 1969, p. 48) and are useful in the development of a steady state model of economic security seeking in an imperfect economy because they provide a means to account for the behavioral features of the economic environment that are not perfect, thereby causing costs. The notion that transaction costs in social systems are thought to be the equivalent of friction in physical systems (Williamson, 1985, p. 19) raises a potentially useful observation for entrepreneurship theory development. Just as friction in physical systems can be harmful in some situations and beneficial in others (e.g., drag v. traction), so transaction costs in imperfect markets can hurt or help. Therefore, transaction costs also are predicted to be another part of the "engine" that drives the iterations of the cyclical model illustrated in Figure 2, turning up or turning down the flow of economic transactions undertaken by individuals as a result of drag or traction depending upon how they are utilized by the individual.

Steady State Economic Security Seeking in an Imperfect Economy

The Steady State Model of Security Seeking in an Imperfect Economy illustrated in Figure 2 describes the positive and negative forces that come to bear as individuals make three fundamental decisions: (1) whether to seek additional economic security, (2) whether to pursue opportunities for additional economic security through an entrepreneurial venture (self-employment) or through a job (other employment), and (3) whether or not it is possible to remain so employed (success or failure).

Level of security seeking. It is predicted that the choice between security seeking and non-security seeking invokes the specialized mental models that individuals possess about competition (i.e., mental models that can create bargaining positions—small or large), because it is at this point in the security seeking process that the decision is made whether to bargain / exchange / transact or not. Where the need for economic security is defined as the desire to have provisions in store for an uncertain future, it is predicted that the reason why an individual may not be seeking economic security may relate to the absence of need. An absence of the need for economic security could arise due to lack of desire, or lack of uncertainty, or both.

In most societies there seem to be individuals who lack the desire to accumulate provisions in store. The economic stance characterized by this lack of desire to accumulate might be due (non-exhaustively) to a specific value choice (e.g. self-denial for a spiritual purpose), due to age (e.g. individuals too young or old to care for themselves), due to a disability (e.g. lack of awareness of need due to developmental difficulties), or merely due to an individual judgment that provisions in store are sufficient given the perceived level of uncertainty (e.g. one is rich, or rich enough), which of course also varies by case. For example, some locations on Earth are so congenial, and the societal norms so structured, that economic uncertainty is virtually irrelevant.

In other instances, the accumulations (such as savings and pension) might be perceived by an individual to be adequate given present uncertainty, but inadequate in times of high inflation, war, or natural disaster (Stark, 2009). Thus in some cases society, parents, or individuals themselves may provide for the economic security of non-security seeking individuals.

Within the domain of "security seeking," the construct, domain experience, or amount of experience in a certain area, is predicted to account for the variations in uncertainty that occur due to perceptions of an individual's circumstances when compared to the environment. Thus, the level of security seeking, and thereby the propensity to "compete" might be higher or lower given specific circumstances, but with the notions of provisions in store, desire, and uncertainty, the model accounts for both positive and negative feedback in the cycle, and thus for security v. non-security seeking decisions. The construct transaction costs, or costs of running an economic system, counts for the alternatives: non-seeking v. seeking. For those who do not seek economic security, it is predicted that the transaction costs of competing for it are just too high. For those seeking economic security, it is predicted that the transaction costs of not seeking it are unacceptable. Thus, security / non-security seeking may be viewed as the substitution of one state of seeking for its alternative, at the margin, due to transaction costs.

Level of venturing. Once the portion of individuals who are not security seeking are accounted for, the status of the remaining individuals[2] may be described using either the level of venturing, or the level of job-holding—since these are alternative states of economic security seeking. Making the choice between venturing or job-holding is predicted to require the use of specialized mental models that individuals possess about promise (mental models that help in identifying and prioritizing stakeholders thereby building trust in economic relationships) to help them to predict which course or action is likely to be more reliable. Promise-based cognitions assist individuals in assessing the likelihood that those with a "stake" (Clarkson, 1993; Mitchell et al., 1997) in their economic well-being will enhance their security.

Several well-known studies define the present state of economic security seeking through venturing. One comprehensive study demonstrates that the rate of entrepreneurship in the U.S. economy has varied over time and that these variations are not random (Shane, 1996, p. 761). Shane's (1996) research supports earlier studies that chronicle levels of entrepreneurship (Steinmetz & Wright, 1989) and in a similar vein identifies a variety of reasons for the variations.

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[2] Admittedly there are those who engage in ventures or jobs who have low levels of security seeking (e.g. they engage for the fun, the challenge, or a passion, more than for the security). Although there is reason to suppose that the theory developed herein would also apply to non-security seeking venture v. job, and success v. failure decisions at the margin, such an analysis is beyond the scope of this article and is therefore left for discussion elsewhere.

The transaction-cognitive model developed in this article sheds additional light on the reasons for these variations. As noted earlier, transaction costs represent the consequences of social friction on economic security seeking. Under the assumptions of the model, the social commitments made by individuals, such as choosing a job v. self-employment, ought to be related to costs that attend the transactions associated with that social choice. For example, if my mental models for security seeking center on "work that I like and can do," and if work that I like and can do involves using highly sophisticated equipment that is only available to people who take jobs in particular organizations, I may have high transaction costs relative to self-employment and see more "promise" in employment with such an organization. Alternatively, if I have been raised in a setting where the mental models of self-employment have been readily available and have been internalized by me with positive self-efficacy, then I may have high transaction costs relative to seeking job employment and see more promise in a venture.

Level of success or failure. Whether an individual chooses a job or self (entrepreneurial / venturing) employment, there remains a third decision that every security seeking individual must make from time to time; that is: whether or not it is possible to remain so employed: a decision we can also term the success or failure decision. Transaction cost theory suggests that an alternative governance system will be invoked when the costs of organizing an extra transaction within the existing governance system become equal to the costs of carrying out the same transaction through an exchange on the open market (Coase, 1937, p. 396). Thus, when exchange behavior is no longer effective, transaction costs will drive the transactions into the open market (i.e. an entrepreneur will fail; a person will be fired, quit, etc.). Thus, transaction failure and venture failure are closely related (Venkataraman et al., 1990). According to the Steady State Model of Security Seeking in an Imperfect Economy, jobs or ventures fail when plans fail, because the specialized mental models that individuals possess about planning are expected to impact the effect of transaction costs on the success of transacting.

Summary and Conclusions

In this paper we have posited that entrepreneurship can reliably provide an alternative to the traditional job seeking means of obtaining economic security. In order for individuals to successfully take advantage of the proposed alterative, we have further argued that perceptions of entrepreneurship as being inconsistent with economic security should be addressed through the creation of specialized and refined mental models. Specifically, we have focused on three common perceptions of entrepreneurship. First, many people believe they must be "born" an entrepreneur; therefore their venture planning mental models appear to be insufficient. Second, many people think that if they try to maintain multiple economic relationships, they will be less economically secure; therefore their venturing promise mental models appear to be underdeveloped. Third, many people see venturing as being too big of a risk for them; therefore their venture competition mental models seem to be lacking.

Accordingly, due to the foregoing three perceptions, there is little demand for venturing, prompting little demand for better mental models, and little likelihood for a change in the status

quo. However, should these perceptions be modified, it is likely that increased demand for better venturing mental models would lead to better venturing outcomes and a more level playing field for choice-making in the search for economic security. It is at this point in the argument that we are now prepared to answer the question: So what does this mean for real people, that is – for potential entrepreneurs, and for the scholars who try to offer explanations to help them?

Implications for Practice

The first implication for practice follows from the idea that effectively making the job vs. entrepreneurship decision is creative at its core: individuals creating works for others. This decision is focused on "the self." That is, the nature and quality of individuals' mental models is at the center of it all. Teaching people entrepreneurship by teaching the business plan, therefore, may therefore be only a tangential activity (see, e.g., Mitchell, 2005). Research shows, and we therefore argue, that expertise-type mental models are better created by direct experience with experts. We thus applaud – and our theory supports – the deeper-engagement approaches that could replace business plan writing in entrepreneurial education: e.g., expert entrepreneurship mentor initiatives, which utilize experiential interaction of learners with mentors.

The second implication for practice follows from the idea that it is the venture attributes rather than the personality attributes that are determinative in venture success. This implication is focused on "the work." Earlier we noted theory and research that demonstrates this point: where use of a new venture "template" can multiply venture creation and decision-screening effectiveness at least threefold (Mainprize et al., 2003). This approach focuses on the venture as the entrepreneurial "work"; and it comports well with the model presented in this paper. By creating a template for the work, we (in effect) create a mental model that itself can be updated and refined as impinged upon by the driving forces in the model: domain experience, and the hurt/ help effects of transaction costs.

The third implication for practice flows from the idea that entrepreneurship is an inherently social undertaking; and thereby it focuses on "the others." The process of identifying and assessing the "salience" of stakeholders (cf, Mitchell et al., 1997) has been working very well in managerial settings as is evidenced by use of this model in most stakeholder-focused textbooks; and in thousands of applied settings (see Google Scholar citations for a sampling of the wide-scope of its influence). But, we argue, the mental models that are possible for application in the case of entrepreneurs have not yet been fully explored (as evidenced by their lack of inclusion in most entrepreneurship textbooks, or popular press publications). We suggest that this lack of focus on "the others" in the present approaches to the creation of entrepreneurship mental models is a place where future implementation could be productive.

Implications for Research

The idea that entrepreneurship can be viewed to be a security-seeking behavior is not intuitive. Yet explanations for entrepreneurship remain focused on the discovery and creation of

new opportunities, on venture capital mechanisms, and even on the various manifestations of entrepreneurial behavior (e.g. social entrepreneurship), while lacking theory to suggest that entrepreneurial action may, in many cases, be effective security seeking behavior; while at the same time, persistent attention to finding and holding jobs, may be much more security-dangerous than has previously been expected. We call for additional research into the mechanisms whereby the use of transaction cognitions to reshape relationships among individuals, their work, and the others, can lower the transaction costs from individuals' bounded rationality, the specificity of the work, and the potential opportunism that can appear in individual-others relationships, such that the creation/discovery of more new value from the creation of new transactions and new ventures can be better explained (cf. Mitchell, 2001).

Conclusion

Simply stated, then, the present situation for the majority of people is that they want security. And, until it can be demonstrated that entrepreneurship can reliably contribute to the economic security of the majority of individuals who engage in it, most people seeking economic security won't venture, a large proportion of those who do venture will fail, and most venture failures will be unwittingly tolerated[3]. In this article, however, we argue that despite common perceptions about entrepreneurship, economic security and entrepreneurship are compatible. Although much empirical work remains to be done, the continued pursuit of opportunity without putting at risk provisions held to secure an uncertain future, while creating the resources necessary for the pursuit, appears to be possible across imperfect market economies. The critical question which then remains for 21st Century society to answer is this: People wanted security—did entrepreneurship deliver?

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[3] The reader is invited to consider the following two questions: Would manufacturers tolerate a situation where 50-80% of the cars produced failed? Why, therefore, should present levels of venture failure be tolerated?

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Factors Motivating Female Entrepreneurs in Kuwait

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Executive Summary

The paper identifies factors that encourage or discourage female entrepreneurship in Kuwait and explores marketing approaches that help get female entrepreneurs in touch with their customers. The paper uses a questionnaire survey to identify challenges that may affect the development of female entrepreneurship such as motivations, challenges in starting businesses, type of economic activities and marketing strategies. The paper found freedom for decision making, desire for financial independence, and interest in additional income to be the main factors that impact decisions by females to become self-entrepreneurs. The paper also demonstrates that the female role in the family and stiff competition in the Kuwaiti marketplace are the major challenges that confront females when starting their own enterprises. Moreover, participants in the survey indicated that tailoring fashion for female entrepreneurs is their main economic activity and that Instagram and WhatsApp social networking services are the most important marketing methods for getting in touch with customers.

Introduction

Kuwait is a small country. According to World Bank statistics for 2013, the Kuwaiti population reached 3.37 million persons. The number of Kuwaitis is 1.039 million, while the rest are non-Kuwaitis. Kuwaiti society shares its Islamic religion, Arabic language, economic status, and identity, but it has maintained a culturally unique position among Arab and Islamic countries with its different social, political, and cultural views. In the last three decades, females have played an active role in the country's economic and social development. Kuwaiti females have become teachers, engineers, doctors, ambassadors, business women, lawyers, managers, administrators, and government ministers at various levels (Tetreault, 2001). In short, it is fair to say that Kuwaiti females have made noticeable progress toward improving their status and attaining gender equality in the political, social, educational, legal, and medical professions. Yet, only a limited number of female entrepreneurs are to be found. Hence, female entrepreneurship is attracting special research attention among scholars. The initial concern in previous research was whether a difference exists between males and females in terms of personal values or strategies that affect their entrepreneurial performance.

Empirical studies have shown that female entrepreneurs play a significant role in fostering the economic and social development of society. They show that women benefit from family support in starting their business. The studies also show that the most significant barriers are lack of financial support and lack of acceptance of the idea by parents. It is shown that

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female entrepreneurs who run small businesses are related to traditional female roles' in the work area.

The purpose of this study is to identify factors that encourage or discourage women entrepreneurship in Kuwait and to explore the marketing approaches that women entrepreneurs use to get in touch with customers. Studying female entrepreneurs in Kuwait is important because of the significant increase in their participation in higher education. Moreover, they are playing a growing role in the social and economic development of Kuwait by offering new jobs, reducing the unemployment rate, and raising incomes. A number of Kuwaiti's females who own small and medium sized firms are expected to grow rapidly as a result of the rapid growth in the higher education of females.

The article is organized as follows: The next section reviews the literature and previous studies. A brief description of the research methodology is presented in section 3. While the findings and results are discussed in section 4, the conclusion, limitations and directions for future research are all offered in the last section.

Literature Review

An entrepreneur is a person who tolerates risks and initiates something new (Hisrich, Peters & Shepherd, 2012) and is the individual who discovers the opportunity for creating profit-making businesses (Pun, 2011). The entrepreneur is responsible not only for making a profit, but also for creating employment opportunities for others (Jesurajan & Gnanadhas, 2011). Entrepreneurship helps in creating employment opportunities and stimulating economic growth (Naser, Mohammad, & Nuseibeh, 2009). However, entrepreneurs are defined here for research purposes as persons who generate a new business for profit and employ at least one paid individual.

Global Research

Several studies conducted outside the United States have examined the start-up and operational constraints of female entrepreneurs and will provide a good comparison context for the current study in Kuwait[4].

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[4] See for example: Norway: Ljunggren & Kolvereid, 1996; Singapore: Lee, 1996; Turkey: Hisrich & Ozturk, 1999; Ince, 2009; India: Das & Halifax, 2001; Jesurajan & Gnanadhas, 2011; Jordan: Ahmed, 2005; Malaysia: Ismail & Zain, 2006; Anantharaman & Jayasingam, 2008; Idris, 2009; Alam, Jani & Omar, 2011; Franck, 2012; Alam, Senik & Jani, 2012; Kenya: Ndemo, 2007; China: Tan, 2008; Ghana: Boohene, Sheridan & Kotey, 2008; Korea: Ahn & Sung, 2009; Bangladesh: Hossain, Naser, Zaman & Nuseibeh, 2009; Tanzania: Jagero & Kushoka, 2011; Nepal: Pun, 2011; Zimbabwe: Mboko & Hunter, 2009; Nigeria: Okafor & Amalu, 2010; Okafor & Amalu, 2012; Iran:Sarfaraz & Faghih, 2011; Gorji & Rahimian, 2011; Javadian & Singh, 2012; Spain: Martinez & Cardone-Riportella, 2012; Kazakhstan: Davis & Abdiyeva, 2012; Pakistan: Zahra, 2013).

Ljunggren and Kolvereid (1996) explored the differences between men and women entrepreneurs in Norway. They found that women entrepreneurs perceived themselves as having a higher internal drive than their male counterparts. The researchers suggest that women go through a more thorough self-screening process than men prior to entering the business formation process.

Lee (1996) examined the motives that stimulate women into becoming business owners in Singapore. He found that women entrepreneurs are motivated by a high need for achievement, a slightly higher need than men for dominance and moderate needs for affiliation and autonomy. He concluded that women's occupational choice is influenced by their psychological needs while business ownership is motivated by a high need for achievement and dominance.

Hisrich and Ozturk (1999) examined women entrepreneurs in Turkey and found that theories regarding women entrepreneurs based on developed economies need to be carefully examined before applying them to developing economies. Ince (2009) found that women can step out of unemployment through their own initiative when they start a business. The researcher added that female owners are also more likely to engage in low risk/low return businesses than men. Ince provided evidence that it is not easy for women to start and sustain their own businesses due to the unstable economic and political environment as well as socio-cultural values in Turkey.

Das and Halifax (2001) examined problems facing Indian women during the setting-up and continued operation of their businesses. They found that initial problems faced by these women appear similar to those faced by women in western countries. In a similar line of research, Jesurajan and Gnanadhas (2011) found that economic independence and challenge are the most important factors that motivate women entrepreneurs. They also found that women entrepreneurs start the enterprise if they possess the qualities of self-interest and prestige. They concluded that funds and experience are important factors encouraging women to become entrepreneurs in India.

Ahmed (2005) explored the reasons behind women's decision to start their own entrepreneurial business. She found the majority of Jordanian women enjoy what they do because it allows them to gain autonomy. She also found that Jordanian women have benefited from family and husband support in influencing them to start a business, managing their businesses, and coping with the demands of running the business. Ahmed concluded that women feel that a network of businesswomen or women in similar fields of business is needed to exchange information, discuss issues, and seek advice on common topics, all of which are vital for business success.

Ismail and Zain (2006) examined the motivation factors that influence female entrepreneurs to start up new businesses in Malaysia. They found that a majority of entrepreneurs had parents who operated their own businesses as well. The researchers concluded that the major problem in conducting a business is the stiff level of competition together with insufficient initial capital. In other studies, Idris (2009) examined how Malaysian female entrepreneurs perceive and manage innovation. He found that relationships and networking are

critical in the start-up phase as well as to the long-term growth of their businesses. He also found that Malaysian women entrepreneurs were strongly influenced by religious values. Sandhu, Sidique, and Riaz (2011) added that barriers for postgraduate students in Malaysia towards entrepreneurship are lack of funds, fear of failure, and lack of social networking. Franck (2012) found that micro-entrepreneurship among females can be motivated by a wide range of factors including: earning an income, interest in doing business, increased flexibility and autonomy, the possibility to combine work with family obligations, and re-negotiating spatial practices.

Ndemo (2007) conducted interviews with nine married women who were owner-managers of small enterprises from different backgrounds in Kenya. He presented evidence to suggest that women lack leadership skills in decision making within their enterprises. He found women have difficulty making independent decisions since these decisions are affected by family and social structures. The study also found that lack of resources tends to make women dependent on their husbands.

Tan (2008) compared the entrepreneurial orientations and venture performance of men and women entrepreneurs in the Chinese electronics industry. He found that women are influenced by the same factors that affect men's decision making and exhibit some similarities. However, they differ from men in their willingness to take more risks and make bolder moves in the pursuit of greater returns and future competitive advantage.

Boohene, Sheridan, and Kotey (2008) examined the influence of gender on small businesses performance in Ghana by exploring the impact of personal values on business owners' choice of strategies. They found that gender differences in personal values lead to different strategies adopted by females and males, which in turn influence performance. These differences are linked to the acculturation and socialization processes within Ghanaian society. The researchers observed that Ghanaian women owner-managers are more risk-averse than Ghanaian men.

Ahn and Sung (2009) examined self-employment of males and females entrepreneurs' performance in Korea. They found that the risk-taking indicator has a statistically significant positive impact on selecting self-employment for both male and female employees. They also found that women's tendency to take risks does not depend on age, education level or marital status, but on health status and the existence of financial assets and loans.

Hossain, Naser, Zaman and Nuseibeh (2009) examined factors that influence the development of female entrepreneurship in Bangladesh. They found that women face problems in establishing their own businesses at every step they take. The researchers also found the desire for decision making and availability of start-up capital are the main factors that impact women's decision to become self-entrepreneurs. They observed, however, that religion does not influence women's entrepreneurial development.

Mboko and Hunter (2009) examined strategy processes employed by Zimbabwean female small business owners. They found that society's lower expectations of women may negatively affect their achievement aspirations. They suggested that Zimbabwean female

entrepreneurs should be supported through the provision of managerial training that emphasizes the need to execute the chosen strategy. The researchers concluded that Zimbabwean female business owners have strong entrepreneurial competence, but they lack the ability and support to develop the full potential of their firms.

Okafor and Amalu (2010) examined the relationship between motivational factors and women entrepreneurial challenges in Nigeria. They found that women are unable to expand their businesses because they lack proper coordinated support, cheap and long-term credit, and sufficient access to new technologies.

Jagero and Kushoka (2011) explored the challenges facing women micro entrepreneurs in Tanzania. They found lack of education and financial infrastructure are the main challenges that face female micro entrepreneurs. They also found the challenge for space being faced by female micro entrepreneurs has two aspects: lack of the prime space (city center) and general lack of space in any area of the city.

Pun (2011) examined socio-demographic characteristics, business characteristics, motivational factors, and other variables that may influence entrepreneurship in Nepal. He found the majority of entrepreneurs are female and that business characteristics have a more significant influence upon entrepreneurship than socio-demographic characteristics. He also observed that non-economic factors are more powerful than economic factors in increasing the ability of the entrepreneurs.

Sarfaraz and Faghih (2011) examined factors affecting women's entrepreneurship in Iran. They found that Iranian women face visible and invisible structural constraints and gender discrimination in respect to social as well as economic factors. They observed that Iran has not been successful in providing an appropriate climate for women's entrepreneurial activities. In another Iranian study, Javadian and Singh (2012) interviewed successful women entrepreneurs to uncover their success factors. They found the possession of personal internal factors such as high levels of self-efficacy and risk taking positively impact women's success. They also found that negative stereotypes and traditions of Iranian society are barriers to the success of Iranian women entrepreneurs. The study concluded that Iranian women entrepreneurs need family's support, especially male support, in order to overcome the challenges they face.

Davis and Abdiyeva (2012) examined female entrepreneur characteristics in Kazakhstan. They found that female entrepreneurs generally lack sufficient support networks in the form of professional associations and government agencies. They also found the majority of women who are attracted to entrepreneurship seek to exploit an opportunity or are searching for self-fulfillment.

Martinez and Cardone-Riportella (2012) examined the impact of postgraduate studies on the entrepreneurial activity developed by MBA graduates in Spain. They found that entrepreneurial culture, family, and individual personality characteristics are the most important factors for becoming entrepreneurs. The authors pointed to a positive relationship between entrepreneurial intention and the female student with a family with entrepreneurial experience.

Zahra (2013) examined the demographic antecedents shaping the motivational drives among women entrepreneurs in Pakistan. The researcher found that women are labeled as risk-averse so male counterparts are also needed for making critical risk taking decisions related to important business operations. Zahra observed that single women, divorced or widowed, engage their male family members in their businesses to avoid unpleasant social or business pressures.

Gulf Co-operation Council Region

The Gulf Co-operation Council (GCC) was established in 1981 and consists of six countries, namely Bahrain, Kuwait, Saudi Arabia, Qatar, Oman, and United Arab of Emirates (UAE). A number of studies conducted in the GCC region have been undertaken to examine the challenges of female entrepreneurs. The studies will be summarized with the objective of identifying the key factors that motivate women to become entrepreneurs.

McElwee and Al-Riyami (2003) used face to face meetings to understand the experience of Omani female entrepreneurs. They found the majority of these women are concentrated in the services industry and their businesses are small in size. The women prefer entrepreneurships where they have previous experience acquired from education or the nature of venture started off as a hobby. The researchers also found the majority of women enjoy what they are doing for personal reasons such as to gain autonomy rather than for money. They concluded that female entrepreneurs lacked a network with businesswomen or women in a similar field with whom they could exchange information and seek advice on common topics. Similarly, Khan, Ghosh and Myers (2005) found the need for a network where Oman women can share their knowledge and exchange information. Zeidan and Bahrami (2011) proposed establishing mentoring centers at each GCC country to provide women with services such as specialized training on the start-up process.

Al-Sadi, Belwal and Al-Badi (2012) examined the factors inhibiting female entrepreneurship in the Al-Batinah region of Oman. They found a number of barriers that affect female entrepreneurship including lack of financial support, knowledge to collaborate, access to technology, industrial support, pressure to achieve, interacting with males, training opportunities, information about opportunities, and the time for training. They observed that despite these constraints, women in Oman are emerging as entrepreneurs and have revealed increased self-confidence and a positive outlook for their work.

McKenna (2009) conducted open-ended interviews to identify the problems confronting female entrepreneurs in Saudi Arabia. He found that women experience the same problems that entrepreneurs around the world face, but local government regulations and religious traditions act as additional barriers. Interestingly, the study provided evidence that lack of support from other women is a serious problem in Saudi Arabia.

Sadi and Al-Ghazali (2010) examined the courage it takes for women to do business in Saudi Arabia. They found that self-achievement is the most important motivational factor for businesswomen in Saudi Arabia. They provided evidence that Saudi businesswomen face a

number of operational barriers such as the lack of coordination between various government departments, lack of laws protecting their investments and customers, lack of community support and socio-cultural restrictions.

Ahmad (2011) conducted interviews with Saudi female entrepreneurs to explore their personal characteristics, motivation factors, business challenges and perception on entrepreneurial behaviors in Saudi Arabia. He found some similarity between Saudi female entrepreneurs and their counterparts in other Middle East and North Africa (MENA) region countries in terms of their personality traits. However, Saudi women differed in other aspects such as their educational backgrounds and the manner in which they acquired entrepreneurial skills. The study found that Saudi female entrepreneurs are generally confident, educated, optimistic about the future and resourceful. However, Saudi female entrepreneurs face several challenges such as gender-specific obstacles in the regulatory environment, limited access to and use of formal capital and financing mechanisms and greater availability of key support services.

Danish and Smith (2012) found that female entrepreneurs in Saudi Arabia are now establishing and managing more small and medium sized entities than at any time in the past and this trend is increasing. Sadi and Al-Ghazali (2012) added that self-achievement was the most prominent factor motivating Saudi women to start their own businesses. They also found the profit motive to be the most prominent motivational factor for Bahraini women. These researchers concluded that government regulations must be revised to encourage greater involvement of women in businesses and in the work place.

Dechant and Al-Lamky (2005) analyzed the business start-up experiences of ten Arab women from Bahrain and Oman. They found the experiences of the Arab women entrepreneurs generally paralleled those of their counterparts from other parts of the world with a few distinct differences. Most notably, Islamic values and the unique cultural milieu play a major role in shaping the entrepreneurial experiences of the Bahraini and Omani business owners studied. Dechant and Al-Lamky (2005) provided evidence that gender discrimination is not a problem for women from Bahrain and Oman either in establishing or operating their businesses despite encountering many of the very same obstacles as their female counterparts elsewhere.

Haan (2004) surveyed UAE female entrepreneurs actively running their own small enterprise, along with interviews with Emirati female entrepreneurs and staff of small and medium sized enterprise (SME) support organizations. He found that Emirati women are hesitant to go into business because of the perceived risks, and they are less engaged in networking than their male counterparts. He also found the social status of women and prevailing socio-cultural factors inhibit women from going into business. Moreover, female entrepreneurs have less access to capital than men, especially from commercial banks.

Naser, Nuseibeh and Al-Hussaina (2009) examined the factors that motivate women in the UAE to become self-employed. They found that financial support from the government, especially in start-up capital, is an important factor that motivates women to establish their own businesses. They also found that self-fulfillment, knowledge, skills and experience, including the

relationship they have with their husband or father, play a significant role in the development of female entrepreneurs.

Itanik, Sidani and Baalbaki (2011) used interviews to examine the characteristics of UAE women entrepreneurs. They found that Emirati women are unlikely to experience conflicts between their entrepreneurial life and their personal, family, social, leisure, and friendship lives. They concluded that lack of support, society and traditions, as well as personal and family reasons are barriers at the startup of their venture.

Abu Talib, El Barachi, Khelifi, Obaid and Sultan (2012) examined the factors that encourage females in UAE to become entrepreneurs. They found that female owners of businesses have similar ideas, and that a high level of competition exists in some business fields. They also found that starting a business is the main challenge for Emirati women who need to depend on themselves and manage their own businesses to ensure success. Another challenge that female entrepreneurs face is the marketing of their products and services may conflict with their family responsibilities.

Alowaihan (2004) examined the performance of Kuwaiti small firms with specific attention paid to gender as a differentiating factor. He found that women had less business experience, higher education levels, and were older than their male counterparts. He also observed that female-owned firms suffered from liability of newness and their financial performance was significantly lower than male-owned firms. Alowaihan concluded that better opportunities are needed for Kuwaiti women entrepreneurs to obtain equal access to management, technical, and financial skills. Naser, Nuseibeh and Al-Hussaina (2012) examined the personal and external factors that might influence women's decisions to become entrepreneurs in Kuwait. The study concluded that religious bindings, together with family responsibilities, inhibit women from becoming entrepreneurs. They found that women's interests and hobbies, together with the availability of business ideas, encourage Kuwaiti women to develop their own businesses. They also found that getting involved in developing a self-run business enhances women's social position and assists them in making independent decisions.

The limited number of empirical studies that have been undertaken to assess the role of females to become entrepreneurs in the GCC region suggests the need for additional empirical investigation. Hence, this study will be the first study concerning female entrepreneurs in Kuwait. Given that Kuwait hosts 9 out 100 most powerful women in the Arab world (according to Arabian Business.com, 2013), this study is expected to add a new dimension to the literature.

Methodology

Data collection

A structured questionnaire was used to collect data about the factors affecting female entrepreneurship in Kuwait. The questionnaire consists of two parts. The first part is related to

general background information; the second part is focused on the motivators, challenges, business activities, and marketing tools that are the key factors expected to influence the decision by women to become entrepreneurs. The questionnaire developed by the researchers was reviewed by five academic specialists at the AOU-Kuwait branch and Kuwait University to reach the highest level of validity and was modified according to their suggestions and recommendations.

The questionnaire was tested among female entrepreneurs to make sure it would be understood by the participants. Consequently, new questions were added and others were modified based on the feedback. The modified questionnaire allowed the participants to rate each item on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5) where (3) stood for a neutral response. The questionnaire was distributed to 500 businesswomen located in six governances in the state of Kuwait[5]. The choice of these women was based on the fact that each runs a business. Out of the 500 distributed questionnaires, 350 were returned completed resulting in a 70 percent useable response rate.

To measure the reliability of the collected data, a reliability test was performed. The Cronbach's Alpha for the collected data was 0.81. The Cronbach's alpha was used to test the reliability of the participants' answers to all sections of the questionnaire, rather than specific sections of the questionnaire. According to Hossain, Naser, Zaman, and Nuseibeh (2009), a Cronbach's Alpha value of 0.70 or more is sufficient to ensure data reliability. Finally, descriptive statistics were calculated to examine the significance of differences in the respondents' opinions about the factors that may affect female entrepreneurs in Kuwait.

Findings

Respondents' background

Table 1 summarizes background statistics of the participants who took part in the survey. The majority of the participants (64 percent) are Kuwaitis and the rest (36 percent) are non-Kuwaitis. It is important to point out that the aim of this study is to explore factors affecting women entrepreneurs in Kuwait. Hence, non-Kuwaiti women are expected to face the same problems confronted by Kuwaiti women since both are operating within the same legal and cultural environment. Table 1 also shows the majority of the participants (80 percent) are not married, 16 percent of the respondents are married and the rest (4 percent) are divorced. This statistic provides clear evidence that marriage does not encourage women to become entrepreneurs.

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[5] Kuwait has six governances in which Kuwaitis as well as non-Kuwaitis reside.

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Table 1. Informational background about the respondents

Characteristics	Frequency	Percent
Nationality		
Kuwaiti	224	64
Non-Kuwaiti	126	36
Marital status		
Married	56	16
Single	280	80
Divorced	14	4
Occupation		
Employed	154	44
Non- Employed	196	56
Level of education		
less than high school	70	20
high school	70	20
Diploma	84	24
University Degree	98	28
Master level	14	4
Doctorate level	14	4
Women experience in business		
less than one year	42	12
from 1 to 3 years	140	40
from 3 to 7 years	70	20
More than 7 years	98	28
Participant age		
less than 25 year old	28	8
from 25 to 30 year old	112	32
from 31 to 35 year old	98	28
from 35 to 40 year old	42	12

from 41 to 50 year old	42	12
More than 50 year old	28	8

Table I also shows that more than 80 percent of participants' age is below 40 years suggesting the dominance of the younger generation on the Kuwait economy in pursuing entrepreneurship. There are a large number of the participants (36 percent) who have a university degree suggesting the high academic qualifications in business-related studies for the female entrepreneurs in Kuwait.

Table 2: Factors Motivating Women to be Entrepreneurs

	Item	Mean	Std. Dev.
1	Freedom for decisions making	4.76	2.4
2	The desire for financial independence	4.56	.77
3	Interesting market opportunity	4.52	.65
4	Interested in additional income	4.20	1.2
5	Gaining business experience	4.08	1.1
6	Business is hobby	3.96	1.2
7	Encouraged by others	3.80	1.5
8	Having a good communication network	3.72	1.4
9	Lack of jobs	2.48	2.8
10	Government support for Small Business	1.64	1.3
11	The capital than business women start with	1.36	.86

A number of motivational factors may influence women to become entrepreneurs. The respondents were asked to give their degree of agreement about each one of them. The result of the analysis was that freedom for decision making, the desire for financial independence, the availability of market opportunity, and interest in additional income were the main reasons behind the respondents' decision to become entrepreneurs. The possible explanation for this finding is attributed to the fact that women, like men, are looking for profitable projects to enhance their economic and social positions. The findings are consistent with the results reached by previous empirical studies which reported that the desire for financial independence had received a high degree of agreement among businesswomen in Bangladesh (Hossain, Naser, Zaman, & Nuseibeh, 2009), Tirunelveli District (Jesurajan & Gnanadhas, 2011), Saudi Arabia, and Bahrain (Sadi & Al-Ghazali, 2012).

The challenges and problems facing females to become entrepreneurs reviewed in the literature were included in the questionnaire. The participants were requested to present their

level of agreement with these factors. Table 3 summarizes the analysis of the respondents' answers.

Table 3: Challenges Facing Women to becoming Entrepreneurs

	Items	Mean	Std. Dev.
1	High competition	3.56	1.50
2	My role in my family	3.52	1.66
3	Getting in touch with clients	3.40	1.53
4	Norms or customs	3.24	1.79
5	Finding relevant information	3.08	1.55
6	Recruiting workers	3.08	1.87
7	The impact of gender	3.08	1.80
8	The comments of relative or friends	3.00	1.83
9	Obtaining trade licenses	2.96	1.72
10	Securing initial capital	2.96	1.4
11	Religious binding/ orthodoxy	2.00	1.50

It can be noticed from the table that the participants believe that high competition and their role in the family are the main challenges or problems facing women entrepreneurs in Kuwait. The possible explanation for this finding is attributed to the fact that women entrepreneurship is limited to businesses that cater to meeting women's needs; therefore, competition is at a high level. The findings are consistent with the result reached by Danish and Smith (2012) who reported that understanding competition and markets is one of the major factors facing female entrepreneurs in Saudi Arabia. It is also in line with the result reached by Ismail and Zain (2006) in Malaysia and Okafor and Amalu (2010) in Nigeria.

Furthermore, the finding is consistent with results reached by Abu Talib, El Barachi, Khelifi, Obaid, and Sultan (2012) who reported that women's participation in business growth is less than that of men. This finding is due to women's family commitments in the UAE. According to Javadian and Singh (2012), women are not only responsible for house work and rearing children, but they are also tied to social norms such as visiting friends and relatives during special occasions. Thus, such social norms are likely to reduce the participation of women in entrepreneurship.

Al-Sadi, Belwal, and Al-Badi (2012) provided evidence that women would find it difficult to rationalize their time between their work and family. Hossain, Naser, Zaman, and Nuseibeh (2009) reported that women's responsibility towards children is the main factor that may deter women in Bangladesh from launching their own businesses. Itani, Sidani, and Baalbaki (2011) demonstrated that social attitudes and traditions represent a major obstacle for women's advancement in the UAE. In addition, female entrepreneurs' failure to maintain a

balance between their personal and professional lives makes them an easy target for criticism from the community.

Furthermore, Sadi and Al-Ghazali (2012) reported that social restrictions are the main business start-up barriers for Saudi female entrepreneurs. Dechant and Al-Lamky (2005) provided evidence that Islamic religion is not an encouragement factor for female entrepreneurs in Bahrain and Oman. Omair (2008) stated that Islam does not forbid women from pursuing work. The findings are not consistent with the result reached by McKenna (2009) who reported that women in Saudi Arabia suffer from religious traditions that act as a major barrier.

The economic activities of entrepreneurship revealed in the literature review to be adopted by female entrepreneurs were included in the questionnaire. The participants were requested to provide their level of preference for these factors. Table 4 summarizes the respondents' answers.

Table 5: Marketing tools adopted by businesswomen in Kuwait

	Items	Mean	Std. Dev.
1	Instagram	4.24	1.51
2	Using the Internet / Website	4.12	1.42
3	WhatsApp	4.08	1.63
4	Through family and friends	3.92	1.38
5	Social websites	3.40	1.89
6	Advertisements in mass media	3.36	2.98
7	Keek	3.16	3.09
8	Through word of mouth publicity	2.63	1.76
9	Personal indoor visits	2.48	1.81

Table 5 shows the Internet to be the main tool used by female entrepreneurs for customer contact in Kuwait. The questionnaire further asked participants what Internet sites they used. Participants reported that Instagram and WhatsApp are the most commonly used Internet sites. The possible explanation for this finding is that Internet access is free and available for almost all customers in Kuwait. This finding is consistent with the result reached by Chettiar (2013) who reported that Omani women traders established a group on the Internet as a marketing channel for their products to their customers. However, the finding is not consistent with the result reached by Idris (2009) who found that none of the Malaysian women entrepreneurs used formal methods of promotion. They preferred to rely on word-of-mouth, repeat purchases, and door-to-door marketing. Furthermore, this finding is not consistent with the results reached by other empirical studies reported by Ahmad (2011) who provided evidence that Saudi businesswomen were found to rely mostly on family and friends as marketing methods to reach customers. Haan

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(2004) reported that the most common method used to contact customers was through family and friends in the UAE.

Conclusion

In light of relative lack of research into factors affecting female entrepreneurs in the GCC countries, this study aimed to provide a better understanding of the factors that encourage or discourage female entrepreneurship in Kuwait. It also sought to identify the marketing approaches that entrepreneurial women use to stay in touch with their customers.

The literature has shown that several factors challenge women in starting their entrepreneurial business. The most notable factors were put into a questionnaire that was distributed to women entrepreneurs in Kuwait and formed the basis for the empirical part of this study. It was evident from the analysis that freedom for decision making is an important factor that motivated Kuwaiti women to establish their own businesses. The desire for financial independence, interesting market opportunity and interest in additional income are all important factors in the development of women entrepreneurs.

The analysis revealed that high levels of competition and the role of women in the family are the most prominent barriers that negatively affect females in Kuwait from becoming entrepreneurs. Another important problem facing females in becoming entrepreneurs is the difficulty of getting in touch with clients. Despite these problems, women in Kuwait are emerging as entrepreneurs since business ownership provides them with freedom for decision making. They have learned to deal with some of the barriers especially those which are connected to the cultural tradition and family structure.

Participants reported that tailoring of traditional female clothing is the main entrepreneurship activity of Kuwaiti businesswomen. Other important types of economic activity of interest to women are catering and women's beauty parlors and spas. These small businesses do need feasibility studies and the hiring of consultants. This finding is expected since women in Kuwait are very realistic in seeking out areas of economic activity in which to get involved.

Previous research undertaken in developing countries indicated that female entrepreneurs used word-of-mouth, repeat purchases and door-to-door communication as their primary marketing tools. The current study confirmed that women entrepreneurs in Kuwait preferred the Internet as a main tool to get in touch with their customers. It is evident that technology allows female entrepreneurs in Kuwait to conduct their business from their own homes. This finding can be explained on the grounds that most of the reported studies were conducted a few years ago. It is worth mentioning that the Internet based social networking services are a relatively inexpensive tool in marketing. It also provides an affordable and convenient means of trading through such sites as Instagram and the WhatsApp. These tools help them to create modern marketing channels to communicate with their customers.

In conclusion, the results of this study point to factors that impact Kuwaiti women in deciding to become entrepreneurs. Thus, the government needs to support these efforts through

policies that will help to empower women entrepreneurs to start business enterprises, introduce a list of successful small businesses to women entrepreneurs, and reduce the bureaucratic procedures for female entrepreneurs starting up businesses. The government can also conduct training programs for female entrepreneurs to increase their business competence and skills.

The current study focused only on female entrepreneurs in small and medium sized firms and excluded the larger ones. Perhaps, large entrepreneurs run by women face challenges that are quite different from those experienced by small ones. Therefore, it is recommended for future research that a number of successful, well known women entrepreneurs be interviewed to identify the factors behind their success. This knowledge will then give a clearer picture of the factors that impact successful business development among Kuwaiti women. Such studies might help women to solve the challenging problems they face in the business world. It might encourage government agencies to provide effective help and support to female entrepreneurs.

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Tugging at Heartstrings:
Narrative-Induced Emotion and Organizational Communication

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Executive Summary

Management scholars increasingly recognize that narrative communication can have a pivotal influence on organizational stakeholders. However, studies have yet to examine narrative's influence on stakeholders' emotional responses. The lack of attention to the complex linkages between narrative and emotion is puzzling given that the ability to influence emotion is a hallmark of the narrative form. This conceptual paper aims to address this omission in prior work. A theory is proposed that details the characteristics and mechanisms involved in organizational narratives' influence on stakeholder emotion. Specifically, propositions are developed which argue that narrative's ability to transmit and inspire emotional responses is attributable to characteristics of narrative content and structure and to four general processes residing in stakeholders: sympathy, identification, emotion recall, and transportation. Implications for managers and opportunities for future research are also discussed.

Introduction

Organizational communication plays a key role in shaping stakeholders' evaluations of firms (e.g. Massey, 2001; Deephouse, 2000). Indeed, such communication is often used strategically by corporate leaders to influence the attention, perceptions, and actions of several groups, including customers, employees, investors, and the media (Morsing, 2006; Higgins & Bannister, 1992). For instance, leaders attempt to influence stakeholders through traditional forms of communication contained in press releases (Henry, 2008), speeches (Den Hartog & Verburg, 1998), and annual reports (Yuthas, Rogers, & Dillard, 2002) and through more modern channels, such as company websites and social media (Mangold & Faulds, 2009).

One form of communication that has a particularly potent influence on stakeholder perceptions is narratives, defined as communication consisting of a collection of actions and events arranged in a temporal sequence and possessing a causal explanation or plot (Onega and Landa, 1995). A vibrant body of research has demonstrated that narratives influence key stakeholder processes, such as sensemaking (Boyce, 1995; Boje, 1991), identification (Humphreys & Brown, 2002), and legitimation (Brown, 1998). For example, Martens, Jennings, and Jennings (2007) studied narratives in the corporate communication used during initial public offerings (IPOs) and found that the complexity and ambiguity of firm narratives contained in a venture's IPO prospectus had an impact on investors' resource decisions that was net of the influence of other, non-narrative information. However, virtually all work on narratives in management literature, including Martens and colleagues (2007), has focused on narratives'

ability to influence stakeholders through cognitive mechanisms, such as categorization and legitimacy. Prior work has devoted almost no attention to how organizational leaders use narratives to influence stakeholders' *emotional* responses.

The lack of attention to a narrative's connection to emotion is surprising because both the comprehension of narratives and the impact they have on audiences is not purely cognitive (Coplan, 2004). Work in disciplines outside of management, such as cognitive science (Hogan, 2003), film studies (Tan, 1995), and psychology (Miall & Kuiken, 2002), has found that emotion is one of the primary means through which narratives can impact audiences. Yet, the mechanisms by which narrative communications influence the emotions of organizational stakeholders remain unexplored.

To address this omission in prior work, this conceptual paper explores the following research question, "How can narrative communication produce emotional reactions in organizational stakeholders?" In examining this question, the goal of this paper is to develop a preliminary theory detailing the precise mechanisms involved in narratives' influence on stakeholder emotion. It is argued that narratives will elicit emotion in organizational stakeholders through several specific elements of their content and structure. In addition, four general processes through which a narrative can impact stakeholder emotion are identified. Thus it is argued that a narrative can induce emotion through factors and processes residing in both the narrative itself and in stakeholders. In addressing the unexplored link between organizational narratives and emotion, this conceptual paper draws from several streams of research in management, spanning from organizational behavior to strategic management, and also from a wide range of non-business disciplines. The paper also represents a contribution to theory and to the practice of management as it uncovers novel ways in which organizational leaders may change the persuasiveness of their communications.

The remainder of the paper is organized as follows. First, before theorizing about the relationship between narratives and stakeholder emotion, it is important to establish conceptual clarity regarding what is meant by the terms "narrative" and "emotion." In the next section, brief reviews of the literature examining both concepts are presented. Next, propositions are developed regarding the influence of narratives on stakeholder emotions through (1) characteristics of the narratives and (2) processes internal to stakeholders. Finally, managerial implications, directions for future research, and recommendations for empirically testing the propositions are presented.
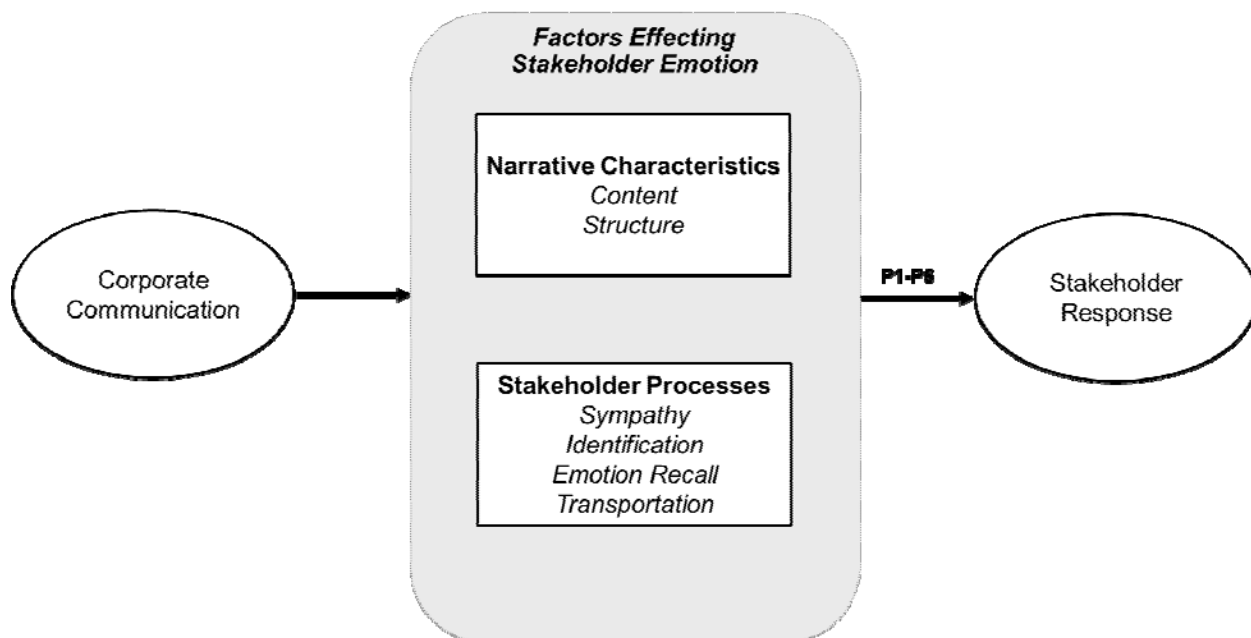
Figure 1

The role of narrative communication in stakeholders' emotional responses

Theoretical Background

What Is a Narrative?

As stated previously, communication is classified as a "narrative" if it has two co-occurring elements: temporality and causal explanation or plot (Onega & Landa, 1995). Temporality means that a sequence to the actions, episodes, and events is communicated and the order of presentation matters. In contrast, a plot structures the events and actions and represents the theme by which they contribute to the creation of the overarching narrative (Ellis, 2005). Communication requires both elements to be classified a narrative. However, there are several nuances to this requirement.

First, it is important to note that temporality of narratives does not imply linearity (Wentzel, Tomczak, Herrmann, 2010). The events communicated in a narrative must be sequentially connected and must cohere in terms of their antecedents and outcomes, but they do not have to follow a linear progression (Hoshmand, 2005). For instance, the conclusion can be communicated first and then followed by the events that brought it about (Polyorat, Alden, & Kim, 2007). As will be described in the next section, this characteristic of narratives can create emotional reactions in audiences, such as suspense, anticipation, and surprise.

Second, causal explanation (plot) and causality are also not the same. For instance, for two events, A and B, causality represents "A causes B." In contrast, causal explanation is

represented by "A causes B, because…" In other words, a narrative is teleological; it provides reasons not just causes (Rudd, 2009).

Finally, although narrative literature is replete with lists describing the elements that communication must contain to be considered a story, there is little debate about whether temporality and plot are necessary elements; in fact, they are recognized by virtually all narrative theorists as foundational. Thus, for the purposes of this paper, a definition focusing on the most agreed upon, and least contested, elements is adopted.

The study of narratives is not a recently established academic endeavor (Connelly & Clandinin, 1990). Indeed, the first "narrative theorist" is often identified as Aristotle, who provides a detailed analysis of narrative structure in *Poetics*. However, the recent "discursive turn" in philosophy and the social sciences, which places language and rhetoric at the forefront of theorizing and analysis, has resulted in growing attention to the influence of narratives (Harre, 2008). Disciplines as disparate as law (e.g. Maynard, 1988), medicine (e.g. Greenhalgh, 1999), public health (e.g. Greene & Brinn, 2003), and agriculture (e.g. Morgan, Cole, Struttmann, & Piercy, 2002) have found that narratives and non-narrative communication has a dissimilar influence on processes such as decision making, persuasion, and evaluation.

Increased interest in the narrative form has produced several statements about the elemental importance of stories. For instance, French philosopher Jean-Francois Lyotard posits that stories are the "quintessential form of customary knowledge" (1984, p. 19) and Schank and Abelson (1995) insist that "all of our knowledge is contained in stories and the mechanisms to construct and retrieve them" (p. 2). The strength of these assertions suggests that there is a primeval quality to narratives and the role they play in human existence. In fact, the use of stories is thought to be so central to being human and, in particular, so critical to the preservation and transmission of human culture that it has been argued a more accurate name for our species is *homo narrans,* that is, "narrative human" (Fisher, 1985; Niles, 1999).

The growing attention to narratives has spurred management researchers to consider the role of stories in the organizational context. Although narratives have yet to receive as much attention in management as in other fields, beginning in the 1980s and continuing to the present, a "narrative turn" of sorts has occurred in the study of organizations (Barry & Elmes, 1997). For instance, the role of narratives in micro-phenomena, such as employee-level sensemaking (e.g. Brown, Stacey, & Nandhakumar, 2008), as well as in more macro-oriented phenomena, such as organizational change and legitimation (e.g. Driver, 2009), has been examined. This work finds that organizational leaders construct narratives for many reasons, including communicating to stakeholders about significant events, such as mergers or acquisitions (Roundy, 2010), downsizing (Rhodes, Pullen, & Clegg, 2010), and organizational scandals (Boje & Rosile, 2003), and when "pitching" a firm in an attempt to garner stakeholder resources (Pollock, Rutherford & Nagy, 2012). Leaders construct narratives to communicate with several groups, such as employees, investors, customers, and the media (e.g. Carriger, 2010; Fleming, 2001; Vendelø, 1998). Moreover, they can do so through formal communication mechanisms, such as press releases, CEO statements, internal memos, and business plans, or informally through "water

cooler"-type conversations and interactions that occur during the course of the workday (Fayard & Weeks, 2007).

As an example, in an inductive study of a Fortune 500 firm implementing a significant change (a restructuring), Sonenshein (2010) found that managers explained the change to their subordinates by communicating ambiguous narratives, which emphasized how the organization was both changing and staying the same. These narratives featured themes of stability and change, which allowed managers to "freeze" and "unfreeze" the meanings employees attributed to the change. Moreover, employees used the narratives (often embellishing them) in communication with one another in order to make sense of the change and to align with three types of responses: resisting, championing, and accepting the change.

In sum, statements explicating the importance of narratives, the increased focus on narratives in several disciplines, and the prevalence of stories in all forms of discourse (including organizational communication), begs the question: why are narratives so influential? As will be described, one of the most potent but under-examined influences of narratives is derived from its impact on human emotion.

What is Emotion?

Affect is an overarching construct that includes a broad range of feelings such as emotions and moods (Arnold, 1960; Park, Sims, & Motowidlo, 1986). These feelings can be both states, which are transient, short-term experiences, and traits, which are stable tendencies (Watson & Clark, 1984; Barsade & Gibson, 2007). States include emotions, defined as intense but relatively short-lived, affective reactions elicited by a particular target or cause (Frijda, 1993).

In addition to classifying different emotional responses (e.g. anger, joy, concern), a framework has been developed that describes the typical *process* of an emotional reaction. According to this model, when individuals are confronted with a stimulus, they first engage in emotion *registration*, consisting of three steps: granting the stimulus attention, making sense of it, and applying 'feeling rules,' which are chronic goals of the registration process, such as trying to experience the most positive emotion possible (Elfenbein, 2007). After the emotion is registered, an individual engages in emotional *experience*, which consists of the mental awareness of the feeling state and the body's physiological response to the emotion. Finally, in emotional *expression*, the emotion is shared with others, for instance, in verbal and written communication, facial expressions, and body language (Elfenbein, 2007).

Emotions have been shown to have a strong influence on several key outcomes and processes in organizations, such as employee creativity (e.g. Amabile, Barsade, Mueller, & Staw, 2005), decision making (Elsbach & Barr, 1999), language use (e.g. Lutz & Abu-Lughod, 1990), and psychological well-being (Zapf, 2002). Nevertheless, despite extensive work on emotion, the role it plays in narrative-structured communication and in narrative's ability to influence stakeholders is not clear.

Narratives and Stakeholders Emotion

A fundamental quality of narratives is the ability to elicit an emotional response in audiences (Schneider, 2004). This response may be the result of a multitude of factors including the narrative's imagery, characters, intent, diction, and plausibility. Yet, the most common way to organize these factors is by using the distinction between emotional responses tied to the *structure* of a story, commonly referred to as "artifact emotions," and emotional responses that are the result of the *content* of a narrative, commonly referred to as "fiction emotions" (Kneepkens & Zwann, 1995). Although the structure and content of a narrative can work together to produce an emotional response in an audience, the two types of narrative-induced emotions can also occur independently. In other words, a narrative can produce artifact-related (i.e. structure-related) emotion without fiction (i.e. content-related) emotion and vice versa (Oatley, 1994).

The sources of the two types of emotion roughly correspond to the distinction drawn in the literary criticism of the Russian formalists between a narrative's *fabula* and *syuzhet* (e.g. Propp, 1928/1968). The *fabula* is the objective storyline (i.e. the event structure, or "what happens"); whereas the *syuzhet* is a narrative's plot (i.e. the discourse structure, or "how the story is told") (Brewer & Lichtenstein, 1982; Oatley, 1994). What happens in a narrative and how it is told, as well as the interaction of the two, stand to influence stakeholders' emotional responses to a story. Each of these sources of emotion – content and structure – is examined in turn.

Emotional Responses to Narrative Content

Stakeholders' emotional reactions to an organizational narrative can stem from the content of the narrative (Tan, 1995) of stakeholders are identified, that is, what happens in the fictional or non-fictional "world" of a story can spur emotional responses. The most emotionally salient aspect of narrative content is often the characters or, more generally, the "agents." Characters can be individuals, groups, organizations, or any other entity that can take on a primary role (Dijkstra, Zwaan, Graesser, & Magliano, 1995). Stakeholders can react with emotion directly to the qualities of the characters or to the actions, situations, and events in which they are engaged (Schneider, 2004).

The extent to which stakeholders have an emotional response to the content in an organizational narrative will depend on several factors, including the audience's empathy and the narrative's "imagability" and plausibility (Dijkstra et al., 1995). First, emotional reactions will be more likely if stakeholders are able to empathize with the characters and the situations they face (Schneider, 2004). Empathy results from vicarious responses to the perceived emotional experiences and contexts of the characters (Eisenberg & Strayer, 1987).

Empathic responses will be largely dependent on another characteristic of narrative content, its imagery (Goetz, Sadoski, Stowe, Fetsco, & Kemp, 1993). In particular, empathy will be a function of the stakeholders' ability to represent mentally what takes place in a narrative, such as the agents and the situations they face (Zillmann, 1991). The more that stakeholders can

form mental images of narrative content, the more likely they will be to respond to characters, their situations, and the outcomes, which will influence the level of empathy they possess.

Finally, a narrative's ability to convey plausibility will also influence its likelihood of producing an emotional response in an organization's stakeholders (Hall, 2003). Plausibility is the extent to which a story agrees with the pre-existing, extra-textual beliefs held by an audience about what is reasonable and accurate (Leerssen, 1991). Put simply, a plausible narrative is one that "rings true" (Connelly & Clandinin, 1990). Communication lacking plausible content will be difficult to imagine and generate empathy (Dijkstra et al., 1995. Thus, it will be less likely to engender an emotional response.

Taken together, the "imagability" of narrative content and its ability to inspire empathy and plausibility, suggests the following proposition.

Proposition 1. The content of narrative organizational communication can produce an emotional response in stakeholders.

Emotional Responses to Narrative Structure

In addition to narrative content, stakeholders can also respond emotionally to a story's structural components. Variations in structure fall into two categories: stylistic features and plot structure (Tan, 1995). The stylistic (or formal) characteristics of a narrative are often referred to as foregrounding (Miall & Kuiken, 1994) These characteristics can exist at the phonetic, grammatical, or semantic levels (Miall & Kuiken, 1999). For instance, in laboratory studies, Dijkstra and colleagues (1995) and Miall and Kuiken (1994) found that variation in the literary devices used, such as deviations in language, metaphors, repetition, and syntax, influenced audiences' emotional responses to narratives. One mechanism underlying the relationship between emotion and stylistic features is "defamiliarization." Novelty in the stylistic components of a narrative, such as unusual syntax, can be defamiliarizing. When this is coupled with attempts at "refamiliarizing," it will elicit emotion (Miall & Kuiken, 1994).

The plot structure of a story will also influence a narrative's ability to create an emotional response in stakeholders. More specifically, structural affect theory (Brewer & Lichtenstein, 1982) would suggest that particular patterns in the structure of corporate stories will relate to distinct emotional responses. For instance, if an event that can lead to significant consequences (either good or bad) for one of the primary characters is presented early, and if the consequences are not immediately presented, then this will create suspense (Brewer & Lichtenstein, 1982). Similarly, if a critical event is initially omitted and then inserted later in the narrative, this will often lead to surprise. Other variations in the temporal presentation of a narrative's structure will evoke different emotions, such as curiosity, dread, or uncertainty. Together, the structural properties of narratives suggest the following:

Proposition 2. The structure of narrative organizational communication can produce an emotional response in stakeholders.

To summarize, the characteristics of stories can influence audiences' emotional responses in several ways. The content of narratives, and particularly the characters and the situations they face, and the structural properties of narratives, including their stylistic features and how the plot is presented, can all interact to influence stakeholder emotion.

The Processes of Narrative-Induced Emotion

The previous section describes elements of organizational narratives that can produce emotional responses. These characteristics reside in the narratives themselves and are tied to the content and structure of a given piece of communication. However, in addition to these characteristics there also appear to be four processes, internal to stakeholders, by which they can interact with organizational narratives: sympathy, identification, emotion recall, and transportation.

Sympathy can be a primary means of transmitting emotion and is fundamental to the narrative form (Pinney, 1963). It involves the tendency to feel "near" the characters of a narrative, to express support for their goals, and to share in their accomplishments and failures (Tan & Fasting, 1996). Many types of emotion, such as pity and sorrow, have sympathy as their base (Tan, 1995).

Stories can elicit sympathy primarily through the actions and circumstances of their characters. For instance, if the characters fail to achieve a significant goal, or experience a grave misfortune, an audience is likely to sympathize with this outcome (Dijkstra et al., 1995. In general, a positive relationship will exist between the amount of sympathy invoked by a story and the likelihood that stakeholders will appraise it positively. As Andringa (1996) and others (e.g. Cupchik, Oatley, Vorderer, 1998) have found, feelings of sympathy are often a positive predictor of a story's persuasiveness because they represent the extent an audience feels "moved" by a narrative.

Proposition 3. Narrative communication can produce emotion in stakeholders through sympathy.

A related process that is also capable of prompting emotion is *identification*. With identification stakeholders go beyond merely sympathizing with the goals and plans of narrative agents. Instead, they begin to imagine what it is like *to be* the agent in a story (Tan, 1995). The distinction between identification and sympathy can be further clarified by using the analogy that to sympathize with the agents of a narrative is to become like a spectator in the narrative, whereas, to identify with the agents is to become like a participant (Oatley, 1999). Several reasons explain why a stakeholder might identify with an organizational narrative. For example, they may desire to feel, and thereby to share in, the power, prestige, or notoriety of the characters (Cupchik et al., 1998). Or, stakeholders may simply relate to characters, for instance, because they are facing a similar work situation (Oatley, 1995). The outcome of identification is that stakeholders will be more likely to see the agents' "physical and social world as if through [their] eyes" (Cupchik et al., 1998, p. 365) and, hence, to experience the same emotions as the

characters with which they identify (Tan, 1995). In other words, a narrative's ability to get stakeholders to identify with the emotions of its characters can result in the stakeholders experiencing the same emotions.

Proposition 4. Narrative communication can produce emotion in stakeholders through identification.

As stakeholders make sense of an organizational narrative, they will respond to it through processes – such as sympathizing and identification – that are conjured in the moment or through processes that are the result of an interaction between the story and emotional memories (Cupchik et al, 1998). The latter set of processes involves drawing on memories of situations where an individual has experienced emotions similar to those displayed by the characters in the narrative (Oatley, 1999). In this way, stakeholders' memories serve as a mediator between the emotions displayed by the agents in a narrative and their emotional reactions. Thus, the emotions in a story act as a cue for recalling similar emotions from memory (Oatley, 1999). Moreover, a narrative's personal resonance (i.e. the extent that narrative content is related to an audience's prior experiences) is intimately tied to the evaluation of the story. For instance, the pleasantness, relevance, and aggressiveness of the memories produced by a story have been found to influence an audience's assessment of its persuasiveness and their emotional reactions (Larsen & László, 1990). This process suggests:

Proposition 5. Narrative communication can produce emotion in stakeholders through the recall of prior emotions.

A final process through which stories can invoke stakeholder emotions, which often underlies sympathy, identification, and emotional recall, is narrative *transportation*. Transportation is based on the metaphor that when audiences process stories they undertake a "mental journey" into the world of the narrative. In this process, "mental systems and capacities become focused on the events occurring in the narrative" (Green & Brock, 2000: 701). The immersive mental state that results from this process relies on an integration of attention, imagery, and emotions (Appel & Richter, 2010).

Several experiences can occur when stakeholders are transported into an organizational narrative. First, they temporarily lose awareness of their surroundings as their mental processing becomes focused on the events in the narrative (Murphy, Frank, Moran, & Patnoe-Woodley, 2011). Second, the emotions elicited – in conjunction with their identification, sympathy, or memories – are heightened (Green & Brock, 2000). Finally, when stakeholders "emerge" they will feel changed by having been deeply engrossed in the story (Murphy et al., 2011). This process suggests that a narrative's ability to transport stakeholders will be a strong predictor of its influence on stakeholder emotion.

Proposition 6. Narrative communication can produce emotion in stakeholders through transportation.

Discussion

As described, prior work on narratives in organizational communication has focused on the impact of stories in shaping stakeholders' cognitive responses. But, in overlooking the influence of narratives on emotion, prior research has neglected one of the primary ways in which human beings understand and react to new events and actions. More specifically, according to dual-process models, individuals make sense of experiences in two dominant ways (Slovic, Finucane, Peters, & MacGregor, 2002). Analytical processing is grounded in deliberate cognition and is reason-oriented, logical, and abstract (Epstein, 1994; Slovic et al., 2002). In contrast, experiential processing is intuitive, automatic, and concrete. The latter type of processing is heavily dependent on emotion because it relies on "subtle feeling of which people are often unaware" (Epstein, 1994: 716). Experiential processing is often referred to as "narrative" processing (e.g. Escalas, 2007) because when individuals respond to a new event experientially they automatically search their memory for a narrative containing a related event. This related event is emotionally charged and influences how the individual responds to the new event (Epstein & Pacini, 1999). Even though analytical and experiential processing are both important for decision making and evaluation (Slovic et al., 2002), the preponderance of research has focused on the cognitive side of dual-processing rather than on affective processing and its link to narratives.

In addition, it is important to understand the role of emotion in organizational communication because the characters of such communication (whether they be top managers or stakeholders) are often individuals. When we interact with individuals, emotion plays a central role in helping us to understand their actions (e.g. Francis, 1994). In the same way, we also rely on emotion to understand the actions and experiences of the characters of a narrative (Oatley, 1999). Thus, emotions represent a key manner in which stakeholders can respond to narrative-structured communication.

The goal of this paper was to develop an introductory theoretical model that explains how narrative-structured organization communication can influence the emotional responses of stakeholders. In particular, it is proposed that the relationship between narratives and stakeholder emotion is a function of characteristics of the narratives themselves, such as features of their content and structure, and processes inherent to the audiences of the narratives, such as transportation and sympathy. Together, these factors can produce powerful emotional responses in stakeholders that stand to influence the persuasiveness of organizational communication and how it is received by audiences.

Managerial Implications

In the same way that management academics are demonstrating an increasing interest in narrative communication, there has also been an explosion of interest in narratives by business practitioners. For instance, a vibrant industry of narrative consultants and "coaches" and a growing number of corporate retreats, workshops, and seminars are now dedicated to improving

managers' use of narratives (Smith, 2012). The attention to "corporate storytelling" has produced a proliferation of books on the topic – with titles such as "Around the Corporate Campfire" (Clark, 2004) and "Whoever Tells the Best Story Wins" (Simmons, 2007) – as well as articles in outlets such as the *Wall Street Journal*, *Forbes*, *Fast Company*, and the *Economist*, extolling the ability of narratives to influence organizational stakeholders.

Practitioner-oriented work, however, rarely delves into the particular psychological factors underlying narrative's influence on audiences. Consequently, by identifying the specific mechanisms through which narratives can influence emotion, this paper provides useful direction for leaders seeking to construct impactful and persuasive organizational narratives. Specifically, if the theorizing in the paper is empirically verified, it would suggest that in crafting organizational communications leaders should be purposeful about the manner in which they construct the content and structure of any narrative elements of their communication. Moreover, the theory presented would suggest that such leaders should also pay heed to the influence that narratives can have on emotion, and emotion-related processes, which is separate from their impact on more cognition-focused processes, such as legitimacy, categorization, and learning.

Finally, leaders should note that simply because narratives can be crafted to appeal to and to impact stakeholder emotion, this does not mean that to construct such narratives is tantamount to engaging in deceptive or illusory communication. Attempting to persuade audiences by appealing to their emotions is a strategy common not only to marketers, but to speakers and orators of all types. Indeed, philosophers and rhetoricians since antiquity have acknowledged the persuasiveness of emotional appeals[6]. This being said, leaders also should not underestimate the power narratives' hold to impact stakeholder emotion and, thus, should guard against using narratives for manipulation and exploitation.

Directions for Future Research

The theory and propositions offered in this paper represent a "first cut" at understanding the role narratives can play in the emotions of an organization's stakeholders. However, the theoretical model presented is far from exhaustive. Thus a number of opportunities remain for future work.

First, the theorizing in this paper is agnostic about the extent to which emotional narratives are more *effective* at persuading stakeholders than communication without these qualities. Rather, the aim of this paper was to understand the process by which narratives can influence stakeholder emotion, not to examine whether such communication will be associated with greater communicative "success" or with higher organizational performance. Future research could conduct a variance-, rather than process-, focused study that compares the persuasiveness of emotional and non-emotional narrative communication.

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[6] For instance, in *On Rhetoric,* Aristotle separated arguments appealing to "logos" (i.e. logic or reason) from those appealing to "pathos" (i.e. emotion).

Similarly, following work in other disciplines (e.g. Angus & Greenberg, 2011), it may be the case that some organizational narratives are (or become) "maladaptive" in that they produce emotional responses in stakeholders that are not beneficial to the organization. For instance, emotional stories (e.g. a narrative communicated by a CEO in response to a corporate scandal or product recall) may not inspire sympathy or admiration, but rather generate anger, suspicion, or disgust. If this is the case, it would be important to examine how leaders and organizations can get locked into communicating (and living) maladaptive narratives, which produce emotions in stakeholders that result in negative appraisals and sentiments.

Future work is also necessary to determine the structural features and content of narratives associated with inspiring specific emotions in stakeholders. For instance, work on individual-level narratives has found that stories containing rich descriptions and relatively little dynamic action are more effective at triggering happiness in audiences than other narratives (Hudson, Gebelt, Haviland, & Bentivegna, 1992). In contrast, narratives more closely resembling traditional stories, in which dynamic actions rise to a climax and then are followed by "falling" actions and finally a resolution, were more effective at communicating emotions such as fear and anger. Similar research is needed in an organizational content to uncover the narrative characteristics associated with particular stakeholder emotions.

Finally, a key opportunity for future research involves empirically testing the propositions put forth. Although many possible designs are available for verifying the predictive power of the theory, a straightforward, experimental method would be the following. Scholars could begin by constructing a corpus of organizational texts aimed at delivering a persuasive message to a group of stakeholders (e.g. CEO statements, internal memos, press releases). Texts would be chosen for analysis based on the type of stakeholders that are the focus of the study. For instance, if researchers are concerned with investors' emotional responses, narratives contained in pitches or business plans would be collected. Since not all of the communication will be structured as a narrative, the texts would then be coded to extract the narrative portions[7]. Once the narratives are isolated, computer-automated text analysis (CATA) techniques could be used to assess the level of emotion contained in the narratives (e.g. using standard CATA programs such as LIWC or DICTION). Finally, study participants could be assigned the role of "stakeholder" (e.g. employee, investor, customer) and be asked to read the texts. Their emotional reactions could then be assessed using traditional survey-based methods. Although rudimentary, a study following these steps could represent an illuminating first-attempt at testing the proposed relationships.

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[7] Coding texts as narrative or non-narrative and extracting narrative portions of texts are tasks that, unfortunately, must be completed using hand-, rather than automated-, coding systems.

Concluding Remarks

The power of stories to inspire emotion, and "tug at heartstrings," is long- recognized by scholars in the humanities. However, despite the growing interest in narratives in the social sciences, and particularly in management, organizational research has been slow to incorporate the robust connection between narratives and emotion. By not doing so, management scholars have overlooked one of the primary means through which stakeholders attempt to make sense of the world around them and, specifically, the communication they receive from organizations. Thus, a more nuanced understanding of the inter-relationship between narratives, emotion, and stakeholders may be central to developing an accurate model of how leaders influence stakeholders through organizational communication.

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A Social Network Analysis Approach to Strengthening Nonprofit Collaboration

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Executive Summary

Nonprofit incubators spend valuable resources for helping small nonprofits to build capacity for their survival. Alliances and collaborations with their peers also play an important role in nonprofit capacity building process. In this article, we examine factors determining how nonprofits build collaborative ties from incubators' perspective. We collected data from nonprofits that participated in a Strengthening Communities Funds project supported by the U.S. Department of Health and Human Services in Florida. The project provided equipment, financial, and educational support to community based small nonprofits. Findings show organizations are likely to revitalize their past collaborative ties due to a high level of trust and positive reputations. However, their past friendship relationships are almost as equally important as their past collaborative ties. We recommend both nonprofit managers and incubators spend a significant effort to maintain trust via informal relationships (i.e. social capital).

Introduction

Building capacity and expanding services are difficult tasks for nonprofits, particularly if they are younger and smaller. The administrative and financial tasks and delivery of services can easily overwhelm administrators and volunteers. Nonprofits can be established and dissolved easily especially when they lack the human, intellectual, social, and physical capitals necessary to develop and sustain an organization. Capacity building efforts help them reach the missing components for their survival and growth; yet, most of the time they need external support for building capacity (Kapucu, 2012; Kapucu, Augustin, & Krause, 2007).

There are different capacity building opportunities for nonprofits helping for better service delivery. Federal, state, and local governments act as nonprofit incubators and provide financial and physical resources, and management consulting via various programs (Hu, Kapucu, & O'Bryne, 2014). Furthermore, nonprofits develop capacity through the collaborative ties they build with their environment. There is a rich literature on the relationship between nonprofits and their environment. Nonprofit organizations' formal and informal ties with the public organizations and other nonprofits help them gain legitimacy, access additional resources, and build capacity over time (Gazley, 2008; Guo & Acar, 2005).

Collaborative ties are not formed in a vacuum and understanding the factors influencing how nonprofits build collaborative ties can set the ground work for devising better managerial

decisions. There are studies examining the collaboration between government agencies and nonprofits (Gazley & Brudney, 2007), preferential attachments patterns of nonprofits (Guo & Acar, 2005; Harrow, 2011), and collaborative dyadic tie building patterns of nonprofits in general, or relationship between bigger nonprofits and smaller ones (Guo & Acar, 2005). In this study, we concentrate on the collaborative relationships among small nonprofits and try to explain some of the predictors of their collaborative tie building. The literature on collaborative tie building highlights two major predictors: past collaborations and friendships (Isset & Provan, 2005). Following the footsteps of the earlier studies, we examine the role of past collaborations and friendship on new collaborations for small and younger nonprofits. Specifically, in this study, we try to answer the following research question: what relative roles do informal (friendship) ties and past collaboration ties play in the formation of new ties between small nonprofits and their environment? Given the study's focus on collaborative network ties, practitioners and researchers of nonprofit managers could use the findings in understanding how to foster organizational ties with the environment and enhance organizational capacity.

We examined small nonprofit organizations in Florida that participated in Strengthening Communities Funds (SCF), a federally funded project aiming to increase the capacities of small nonprofits in economically depressed regions. The program was conducted by the Center for Public and Nonprofit Management (CPNM) at the University of Central Florida (UCF). The purpose of the program was to provide technical, managerial, and financial trainings, as well as financial support in the form of small grants ($30,000 total) to the participants. In other words, the center served as a nonprofit incubator. This research also contributes understanding of how small nonprofits build collaborative ties. Findings of the study can guide policy makers and nonprofit managers nurture their organizations, avoid their demise, and help them grow successfully.

The paper is organized as follows: section one presents the theoretical rationale behind this research and the hypotheses being tested; section two provides an overview of the Strengthening Communities Funds and context of the study; and section three provides a detailed explanation of the methodology and the statistical procedures we followed in this research. The last section discusses findings and results.

Literature Review and the Theoretical Rationale

Recent economic crises created additional challenges for nonprofits to already existing ones. As funding opportunities shrink and the demand for nonprofit services increase, they have to be more effective and possess the capacity to operate under changing conditions. Organizational survival can be considered a function of adaptive capacity, which is highly associated with the initial design of an organization as well as the networks it is embedded in. Organizational structure and flexibility play large roles in the capacity of networks and early consideration may be a key component to success (Aldrich, 1999; Boin, Kuipers, & Steenberger, 2010; Hu, Kapucu, & O'Bryne, 2014; Kapucu, & Demiroz, 2013; Kapucu & Garayev, 2012).

The level of adaptive capacity of a nonprofit determines how they can handle change in their environment. Staber and Sydow (2002) clearly differentiate between organizational adaptation and adaptive capacity. Adaptation is a relatively predictable move aiming to create the best fit to the conditions for maximum exploitation. On the other hand, adaptive capacity occurs "when learning takes place at a rate faster than the rate of change in the conditions that require dismantling old routines and creating new ones" (Staber & Sydow, 2002, p. 410-411).

Strichman, Bickel, and Marshood (2008) conceptualize adaptive capacity for nonprofits in a more comprehensive way. They identify vision, inquisitiveness/openness, evaluative thinking/system thinking, social capital, and external focus/network connectedness as necessary attributes. Each of these attributes relates to a wide range of theories and can be the focus of separate studies. We specifically examined the external focus/network connectedness aspects of adaptive capacity. External focus/network connectedness refers to an "awareness of interdependence with the surrounding environment" and the "understanding of potential to create systematic change through strategic alliances and joint efforts with other organizations, construction of partnerships or affiliations with other organizations and colleagues and understanding the needs of clients or other organizational stakeholders" (Strichman et al., 2008, p. 226). External focus implies formal and informal ties and social capital among organizations.[1]

Interorganizational ties cover a wide range of relation types. Organizations can be connected via informal ties, like friendship and boundary spanning agents, or formal ties, such as contracts and collaboration. Formal relationships (i.e. collaboration) create greater outcomes than the informal ones since formal ties are goal based and help organizations accomplish tasks that cannot be accomplished otherwise. On the other hand, informal ties may generate intangible outcomes such as trust; however, these outcomes are usually intermediary for reaching organizational goals. The literature on the impacts of network ties on nonprofit organizations shows positive outcomes.

The type and structure of interorganizational relationships impact the capacity of organizations, communities, and the capacity of service delivery networks. For example, Galaskiewicz, Bielefeld, and Dowell (2006) found nonprofit organizations' network ties led to a faster growth rate of donative nonprofits. They compare donative (relying on donations and gifts) and commercial (relying on fees and/or sales) nonprofits with regard to the impact of network ties on organizational growth. Their results show donative nonprofits, with ties to urban elites, higher status, and more central positions in their network, have a faster growth rate. Commercial nonprofits with greater interorganizational connectedness, on the other hand, do not have a similar pattern of organizational growth. In short, their results show interorganizational social capital can help organizations which rely on donations and gifts[2]. In another study, Paarlberg and Varda (2009) found that interorganizational networks might expand a community's carrying capacity (scope of resources to feed organizations) and allow a greater number of organizations to function within a community. Interorganizational networks catalyze the flow of information, development of confidence, and publicity for smaller organizations, which helps them survive and gain resource flexibility.

Several other studies emphasize social capital's role in building organizational capacity, reducing transaction costs, strengthening connectedness of actors in a network, and building adaptive capacity (Kapucu, & Demiroz, 2013; Pelling & High, 2005; Backer, Bleeg, & Groves, 2004). For example, Backer et al. (2004) identify nonprofit organizations' peer network as a tool for organizational capacity building. In another study, Kraatz (1998) examined 230 private colleges over 16 years to see how their ties impact their adaptation to turbulent environments. His findings indicated organizations learned through their social ties. Also, smaller, more homogeneous, and older networks promote high capacity information links between participating organizations and social learning occurs as a way of intra-network imitation. Studies conducted by Larson (1992), Lazerson (1995), Uzzi (1997), and Isset and Provan (2005) show similar results. Strengthening ties between members of a network increases trust, interaction, communication, information sharing, and diffusion of innovative ideas, which translates into increased adaptive capacity (Bouty, 2000; Tsai & Ghoshal 1998).

The interorganizational ties discussed in this article are twofold. One is informal relationships (i.e., social capital) and the other is formal relationships (formal collaborative ties). According to the aforementioned literature, both relationship types lead to positive outcomes and even overlap to a certain extent. In this study, we aim to explore the extent one is influencing the other (i.e. past ties predict future ties).

The design of this study goes as follows: building new collaborative ties are considered as the dependent variable since they create the tangible positive outcomes (i.e. help them adaptive capacity) for organizations. The study identifies social capital as the first independent variable that predicts collaborative ties. Preexisting friendship ties are used as an indicator of the existence of social capital. We assume organizations identify others as a friend if a certain level of social capital exists between them and we admit this approach is somewhat simplistic for assessing social capital among organizations; however, it is practical in the context of this study. Moreover, the literature, cited earlier, is consistent with this perspective. Pre-established friendships are considered indicators of trust and respect, which strengthens overtime. With regard to these arguments, we state the two following hypotheses:

Hypothesis 1: Friendship ties between organizations lead to collaborative relationships.

Hypothesis 2: Past collaboration between organizations leads to collaborative relationships in the future.

Connectedness in interorganizational networks and the social capital among institutions play important roles in the distribution of information and establishment of a cognitive structure. This statement implies a causal relationship between social capital and learning at the organizational and network levels. Furthermore, interorganizational social capital and network learning encourage organizations to increase their connectedness with each other and create a denser network. They help organizations build adaptive capacity via operating on a common ground and share resources (e.g., physical, human, and knowledge).

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Although developing adaptive capacity is critical for organizations, collaborative ties are not necessarily built solely for it. This means organizations develop adaptive capacity alongside other relationships and it is nurtured through tacit knowledge and naturally developed network ties. Therefore, it is recommended to examine the factors motivating organizations to build collaborative ties.

In addition to abovementioned variables, we consider homophily as an important factor in developing relationships between organizations. The fundamental idea of homophily, as Gulati (1995) explains, is familiarity breeds trust. Different types are mentioned in the literature, particularly for individuals, such as age, gender, ethnicity etc. (see McPherson, Smith-Lovin, & Cook, 2001 for a thorough overview of homophily). Our idea is organizations providing similar services are more likely to be engaged in collaboration with each other than the organizations providing different services. These two organizational attributes might have a confounding effect. In other words, alongside past friendship and collaboration, organizational similarities might have a lurking effect on collaborative tie building among nonprofits.

We use convergence of services and motives for collaboration as sources of homophily. The logic behind this proposition is the organizations providing common services are more likely to meet the needs of each other than the ones with no common services. The second aspect of homophily mentioned is the motives for collaboration. We propose organizations having similar needs (i.e. motives for collaboration) are likely to engage in collaborative relationships. The motives for collaboration considered are: economic recovery, common missions, financial development, service / program compatibility, writing joint grant proposals, and searching for advice. We hypothesized the following propositions:

Hypothesis 3: Organizations that provide common services will establish collaborative relationships with each other.

Hypothesis 4: Organizations that have a common motive for collaboration will establish collaborative relationships with each other.

Hypotheses three and four serve as control variables in the study. They can be influential on nonprofits' decision making on tie building, particularly at a nascent stage. Therefore, while examining the association between collaborative tie building patterns (dependent variable) and past collaborative ties and friendship ties (independent variables), we would like to control the impact of homophily variables.

Context of the Study

The data for this research was collected through the Strengthening Communities Funds program.[3] The SCF program was funded by the U.S. Department of Health and Human Services Agency (HSS). The aim of the program was to assist nonprofit organizations in increasing sustainability and effectiveness, enhancing their ability to provide economic recovery social services, and creating collaborative service delivery mechanisms to better serve those most in need. The program aimed to assist nonprofits in improving their performance in critical areas

including organizational development, community engagement, and evaluation of success. It was carried out by CPNM at UCF, which is in the same region with the program participants. The SCF offers a set of organizational capacity building trainings and technical assistance to participating nonprofits. Unemployment and poverty rates in the service area of the participating organizations are the prominent aspects of the distressed communities.

Through a structured, but customized program, faculty members and graduate assistants at CPNM at UCF, along with expert practitioners in the community, provided over 30 hours of capacity building training to a total of 40 organizations. The organizations that were selected by the CPNM and two leading funding nonprofit organizations in the region received the funding. The documented needs for improving nonprofit organization performance are in the critical areas of: organization development, collaboration and community engagement, and evaluation of success. Unemployment and poverty rates in the service area are two aspects of the distressed communities.

Methodology

The data for this study comes from the 19 organizations that participated in the SCF program. The center announced the program to nonprofits in the region and received their applications. A total of 40 applications were admitted to the program. Apparently, there is no random sampling in choosing program participants; instead, the method for choosing the participants can be considered convenience sampling.

SCF project participants were surveyed before and after the program. 39 organizations responded to the pre-program survey (March 2010) and a total of 25 responses were collected for the post program survey (October 2010). Due to some organizations dropping out of the program and others joining the trainings after the program had started, there were an end total of 19 organizations that participated in both the pre and post program surveys. Participants were asked questions pertaining to their organizational demographics, homophily variables, and past and current interorganizational ties (i.e. friendship and collaboration). For the dependent variable, we asked participants to identify the organizations they recently collaborated with (post-program collaboration). With regard to friendship and past collaborative ties (independent variables), participants were asked to identify the organizations they were friends with and collaborated with in the pre-program survey. For common services provided (first homophily variable)[4], participants were asked to choose the types of services provided from a given seven-item list. For the common motives for collaboration (second homophily variable), participants were asked to select the reasons why they collaborated with other organizations from a given eight-item list[5].

The respondents from participating organizations were the highest-level officials in agencies (executive directors or chairperson of the board of directors). We obtained organizational demographics data in order to identify any significant outlier organization in terms of size and capacity among the program participants, as such an outlier can result in preferential attachment (i.e. smaller organizations may prefer to connect to bigger organizations

in order to gain legitimacy and access additional resources). More than half of the organizations (10 organizations) in the program had an annual budget of less than $100,000 and nearly 84.2% (16 organizations) had a budget of less than $300,000 (see Table 1). Only three organizations had annual budgets of more than $500,000.

Table 1. Budget size and executive director tenure of the participating organizations

Budget Size*	Freq.	%	Cum. %	Exec. Director Tenure	Freq.	%	Cum. %
$0-$100,000	10	52.6	52.6	0-3 years	9	47.4	47.4
$100,001-$300,000	5	16.3	78.9	4-6 years	5	26.3	73.7
$300,001-$500,000	1	5.3	84.2	7-10 years	4	21.1	94.7
$500,000+	3	15.8	100	10+ years	1	5.3	100.0
Total	19	100.0		Total	19	100.0	

(* 2010-2011 Fiscal Year)

The participating organizations, mostly, have less than 10 staff (paid and unpaid combined). Figure 1 shows boxplot results for the distribution of staff size of the organizations. There are three organizations representing extreme values (16, 27, and 48). We did not exclude organizations with extreme values from our analyses in order to preserve the number of observations in the dataset. Both the budgetary and staff size statistics show the organizations in this study are fairly small. Results for executive director tenure in Table 1 show nearly half of the participants have executive directors with three or less years of tenure and almost three quarters of all the participants have worked in their organizations six or less years. Five executive directors have been working in their organizations for seven or more years and only one executive director has tenure more than 10 years. These figures coincide with the fact that most of these nonprofits are at the early stages of their existence. This means these executive directors are also the founders of these organizations.
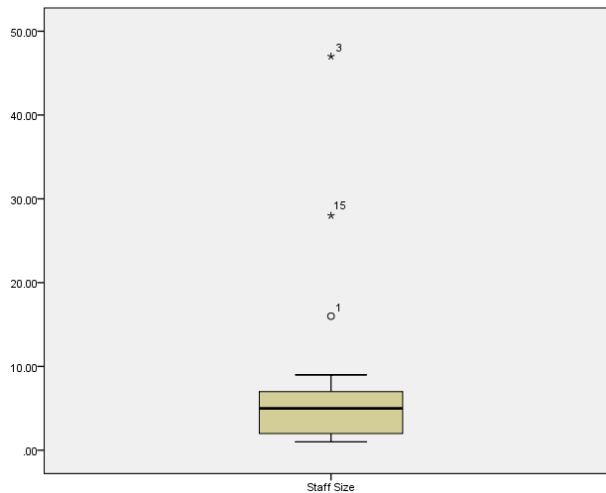
Figure 1. Descriptive Statistics for Staff Size of Survey Participants

In the SCF program, participants utilized joint trainings and opportunities for socializing and networking (e.g. coffee and social in the morning, session breaks used for informal discussions). Nonetheless, SCF administrators spent limited effort on socialization of the program participants and there was no direct intervention for making formal collaborative agreements in the program. When organizations built collaborative relationships, the process was based on their own needs rather than a third party (i.e. SCF administrators) forcing them to do so. When organizations were given opportunities to interact and build collaborative ties, they used traces of past collaborative relationships. Social capital also played a supportive, but important, role for building collaborative ties in the absence of past ties.

Data pertaining to interorganizational networks were put into square matrices. The relationships between organizations were coded as either absent or present (i.e. 0 for absence, 1 for presence), because the data lacks details for the number of collaborations. A value of 1 was given to the appropriate cell if an organization had identified others -from a given roster- as a friend, past collaborator, and current collaborator. For the number of common services provided and common motives for collaboration, we created valued matrices. For the common services variable, if two organizations provided a certain number of services in common, we put that value in the appropriate cell. For example, if the organizations i and j stated they both provide services A, B, and C, then we put 3 in their corresponding cell. We repeated the same procedure for the common motives of collaboration. If organizations i and j stated they have the same motives for collaboration (e.g. seeking advice, submitting a joint grant proposal), then we put the numerical value (in this case 2) of the common motives in the appropriate cell.

We used the quadratic assignment procedure (QAP) for analyzing the data collected. QAP analyzes the level of association among different matrices of the same actors by randomly permuting each matrix and calculating standard errors for testing significance (Hanneman & Riddle, 2005). Unlike conventional statistical estimation methods such as OLS, QAP accepts dependence of observations and analyzes the association according to this assumption making it an appropriate tool for analyzing network data. We used UCINET, a widely used social network

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analysis software developed by Borgatti, Everett, and Freeman (2002), for analyzing the data. UCINET is capable of providing visual and numerical representations of network relationships including descriptive statistics, such as cliques and subgroups, and network centrality measures, like degree and betweenness, and inferential statistics, such as QAP. We implemented multiple regression with QAP (MRQAP) procedures, which enabled us to test the level of association between the dependent variable (formulated as collaborative dyadic ties in the analyses) and independent variables (formulated as past collaborations, preexisting friendship, common motives, and common services) (Krackhardt, 1988; Prell, 2012; van Duijn & Huisman, 2011). In order to avoid autocorrelation and collinearity problems in our analysis, we used the Double Dekker Semi-Partialing method (Dekker, Krackhardt, & Snijders, 2003, 2007).

Results

The results for MRQAP are presented in Table 2. The dependent variable in this statistical procedure is the collaborative ties organizations created by the end of the SCF program. The independent variables are pre-existing friendship and collaborative ties. We used common services and motives for collaboration (i.e. indicators of homophily) as control variables. First, we entered the main predictive variables to the model (model 1) and then entered all variables to the model (model 2). The first model shows both *preexisting friendship* and *past collaboration* has statistically significant association to the dependent variable with standardized regression coefficients of .328 and .377 respectively. For this model, R^2 and adjusted R^2 are .399 and .395 respectively (p=.001).

Table 2. MRQAP Results

	Model 1				Model 2			
	Un-Stdized	Stdized Coef	P-value	Std Err	Un-Stdized	Stdized Coef	P-value	Std Err
Preexisting friendship	0.3199	0.3281	**0.0005***	0.0562	0.3028	0.3106	**0.0005***	0.0525
Past collaboration	0.5342	0.3770	**0.0005***	0.0858	0.5424	0.3828	**0.0005***	0.0851
Common motives					0.0468	0.1495	**0.003***	0.0176
Common services					0.0044	0.0149	0.3638	0.0137
Intercept	.0407				-.0045			
Model	R^2/Adj R^2		P-value		R^2/Adj R^2		P-value	
	0.399/0.395		0.001		0.420/0.413		0.001	

In the second model we added the control variables in addition to model 1. The results show all variables, but *common services* have statistically significant results at p=.01 level. *Common services* have a p value beyond the conventional acceptable level (.363). The regression coefficients and p values for the main variables have not changed substantially in the second model. The regression coefficient for *preexisting friendship* has a slight drop to .310 (5.6%

decrease). The regression coefficient for *past collaboration* has a slight increase to .382 (1.7%). *Common motives* has a smaller standardized coefficient (.149). R^2 and adjusted R^2 for the second model are .420 and .413, respectively (p=.001).

The impact of the homophily variables on the dependent variable is considerably limited given *common motives* has a relatively small standardized regression coefficient and *common services* has a considerably high p value. Also, the results have not found a confounding effect of homophily variables in this study. When model 1 and 2 are compared, their impacts on the main predictive variables are unremarkable.

Discussion

The results show that past collaborative ties have the highest predictive power for program participants' current collaborative dyadic ties. Preexisting friendship ties are a slightly weaker predictor of collaborative dyadic ties. Finding statistically significant relationships between past collaboration ties and preexisting friendship ties, as well as collaborative dyadic ties, is not surprising (confirming hypotheses 1 and 2). However, what is interesting is the relative importance of the independent variables, both friendship ties and collaborative ties, for predicting the dependent variable. Pre-existing friendship and past-collaborative ties have very close regression coefficients. The primary reason for this result can be the age of the organizations or the network ties. A majority of the organizations are fairly young (three organizations were established before 2000 – 1971, 1977, 1996-, five of them were established between 2001- 2004, and ten of them were established in 2005 or later)[6] therefore, they had a very limited experience in building collaborative ties when the first survey was conducted. When these factors are taken into consideration, it is understandable that informal ties had a nearly equal importance in building collaborative ties.

The results of the MRQAP confirmed what Isset and Provan (2005) found for publicly funded nonprofits. In their study, Isset and Provan examined the nature of the relationships between nonprofits and their public funders. If trust and a positive reputation are developed throughout a contractual relationship, it reinforces the continuation of these ties and increases multiplexity in their relationships. A similar situation is observed in our case as program participants preferred to revitalize their past collaborative ties. However, we do not have data to confirm whether multiplexity has increased between these organizations. Secondly, preexisting friendship ties are also a statistically significant predictor of collaborative dyadic ties and its relative importance is close to that of past collaborative ties. Friendship ties enable organizations to build trust, share knowledge and develop collaborative ties (Larson, 1992; Lazerson, 1995). Nonetheless, one could argue friendship ties do not necessarily generate a positive reputation; thus, cultivating collaboration from friendship ties is more costly and risky than reactivating a past collaboration tie. Findings of this study show friendship ties and past collaborative ties were almost equally influential (collaborative ties hold slightly more weight) in building collaborative ties, particularly when organizations are in their early ages.

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Among the two homophily variables we used in our model, only common motives had a statistically significant regression coefficient of .149. They do not have a confounding effect. Furthermore, *common motives* and *common services* have a small prediction on the dependent variable. This is an interesting finding, because two homophily variables do not influence an organizations' decisions in collaborative tie building[7]. In other words, similarity in motives and services do not provide as much trust as past friendship and collaboration.

This research provides useful information about adaptive capacity attributes of small nonprofit organizations. Social capital and interorganizational collaborative networks are the two aspects of adaptive capacity we used in this study. Developing interorganizational social capital and collaborative ties with organizations in their environment help nonprofits accomplish their goals and overcome the challenges they encounter. Social capital has significant importance, particularly during the early years of organizations since their relationships with the environment are not well established. Social capital can also help organizations eliminate duplication of services. For example, two SCF program participants were located in the same community, providing very similar services to similar clientele without knowing about each other. This inevitably creates duplication services and waste of resources.

One important outcome of collaborative tie building is it helps propel the organizational survival of small nonprofits. Bielefeld (1994) mentions youth and size are liabilities for a nonprofit. Younger and smaller organizations are more susceptible to the influence of external forces particularly when resources are scarce. Collaboration might help organizations to reach additional resources through applying for joint funding projects. Also, building ties (be it formal or informal) with other organizations may help partners to eliminate duplication of services. Nonprofit managers and decision makers might consider the findings useful for devising better tools for avoiding the demise of their organizations.

This study provides important insights for organizations serving as the broker or administrator in nonprofit networks. For example, in this study, the research team at UCF served as the broker between program participants. Different organizations may carry out the same role in different settings. In these networks, brokers may consider conducting policies for eliminating network closure in order to foster social capital among nonprofits. Strichman et al.'s (2008) findings show organizations may experience fatigue in managing their external ties. In order to eliminate such negative developments, network brokers and administrative organizations may carry out programs along with incentives to foster social capitals.

Conclusion and Recommendations

Our starting point in this study was to examine the factors influencing collaborative dyadic ties between nonprofits. The main argument was developing collaborative network relationships among local nonprofits enable organizations to build adaptive capacity, which, in turn, enhances community capacity particularly for dealing with economic hardships. We take the interorganizational social capital dimension of nonprofit adaptive capacity as the theoretical

rationale for our study. In our analysis, we only used friendship ties as an indicator of social capital and excluded the other dimensions of adaptive capacity Strichman et al. (2008) conceptualized. Although our measure for social capital seems simplified, it is consistent with the literature surveyed.

We found participants of the SCF program are likely to revitalize their past collaborative ties. The primary reason for this situation is the positive reputation and trust between dyadic partners. Preexisting friendship ties are also helpful in establishing collaborative ties since they contain trust to a certain level. Interestingly, the relative importance of preexisting relationships is almost as equally important as the past collaborative ties in predicting collaborative dyadic ties. This is a somewhat unexpected finding of this study. This result shows informal ties are quite important for forming collaborative ties, particularly in the early times of nonprofits (i.e. when they are small). Having common motives for collaboration and providing similar services does not considerably effect whom an organization chooses to collaborate with. Also we could not find any results showing a confounding effect of homophily variables.

We believe this research provides a unique angle to study nonprofit collaboration with a network approach when focusing on small nonprofit organizations. We recommend nonprofit incubators encourage their clients to build formal and informal ties with their peers. Social capital and trust play a significant role in building especially informal ties; nonetheless, informal ties can disappear if they are not institutionalized overtime. Despite the challenges facing small nonprofits on a daily basis, nonprofits need to manage their relationships with stakeholders and explore collaborative opportunities (i.e. formal ties).

Acknowledgement: We are grateful for the representatives of the nonprofit organizations who participated in this research.

Endnotes

[1] The social capital that is implied by the external focus/network connectedness aspect is different than social capital aspect of adaptive capacity. The former refers to interorganizational social capital while latter is about intra-organizational social capital.

[2] In this study, all the organizations we surveyed were also donative nonprofits.

[3] In 2010 and 2011, the University of Central Florida's Center for Public and Nonprofit Management strengthened communities and changed lives by providing a no-cost program of training, technical assistance, and funding for nonprofit capacity building. Eight-two nonprofits serving Orange, Lake, and Sumter Counties participated in the program. Grant support totaling $1.25 million funded monthly training workshops, weekly one-on-one assistance, and purchases of services and supplies to help nonprofits build their capacity ($1 million was granted to UCF by the U.S. Department of Health and Human Services, and the university matched the award with another $250,000).

Eight-two organizations can now better address the broad economic recovery issues present in their communities. They are helping low-income individuals secure and retain employment, earn higher wages, obtain better-quality jobs, and gain greater access to state and federal benefits. The program was led by project director Dr. Naim Kapucu.

[4] These items are economic recovery, economic development, educational, health and rehabilitation, religious, cultural, and other

[5] These items are economic recovery programs, common mission, finance, service/program compatibility, statutory, grant proposal, advice (help), and others

[6] Bielefeld's (1994) study on the demise of nonprofits show that majority of the nonprofits that couldn't survive were less than ten years old. Following Bielefeld's findings, we classified the nonprofits in three age categories: ones older than ten years old (established before 2000), between five and ten years old (established between 2001 and 2004), and less than five years old (established 2005 or later)

[7] One can argue that common services provided can be a source of competition rather than a similarity, nonetheless program participants were asked if they compete with other organizations for any reason such as volunteers, funding, visibility etc. Most of the program participants (17 out of 19) said they do not compete with others for any reason. Responses to this question might be biased since competition may have negative connotations for nonprofits; therefore participants might avoid identifying themselves as competitors. On the other hand, if common services provided was a source of competition we would expect to see a negative regression coefficient.

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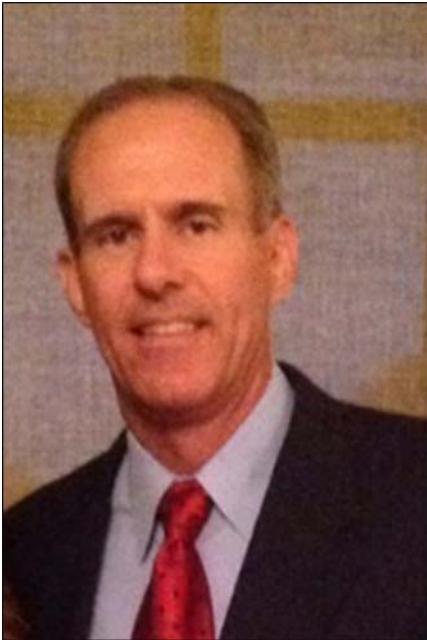
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Doing Things the Right Way in the Family Business: A Conversation with Darren Davis of Davis-Green Paint & Body Shop, Inc.

John James Cater III,
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Executive Summary

Davis-Green Paint & Body Shop was started in 1952 by William O. Davis Sr. and his brother-in-law, Doug Green, who began repairing damaged cars out of a small garage in downtown Tyler, Texas. After a few years, Green retired from the business, but Davis continued operating the company into the late 1970s. The business grew but remained small until 1978 when William O. Davis Jr. (Bill) and his wife Barbara returned to Tyler and purchased the company.

The second generation of the Davis family expanded and grew the business, earning an excellent reputation in the community for high quality work and honest business practices. In 1982, the Davis's built a brand new facility on the loop in Tyler behind Cavender's Boot City.

Following the maxim of "doing things the right way," the company grew steadily and the Davis's invested in state-of-the –art equipment to stay ahead of the competition and provide excellent service for customers throughout east Texas.

In 2001, the Davis's again moved the operation and expanded to a new 37,000 square foot facility on Old Jacksonville Highway in the heart of the economic growth area of Tyler. Intended to inspire trust among customers, this first class facility is kept sparkling clean and looks like a brand new car dealership.

In 2004, Bill and Barbara's son, Darren Davis, returned home to Tyler after serving in the Air Force as a pilot in the wars in Iraq and Afghanistan. Darren diligently applied himself to the business and learned all the facets of daily operations. After 10 years, Darren has become president and owner of the business and his wife Pam has assumed the marketing duties for the company. About 75 percent of all family businesses are owned or controlled by one person or a

married couple, another 20 percent of family businesses are controlled by siblings, and the final 5 percent are owned by groups of cousins (Gersick, Davis, Hampton, & Lansberg, 1997).

One issue discussed in this interview is the question, "Should a successor work for another company before entering the family business?" In this article, the interviewee states the case for working elsewhere first. However, the family business literature is mixed on this subject. According to Barach et al., (1988), working for another company may broaden the experiences of the successor in the family business. Yet, valuable time may be lost while successors work outside the family business. It takes time to acquire firm-specific knowledge concerning company procedures and personnel and the successor needs to be present in the family business to accomplish this (Morris et.al, 1997; Ward, 1987). Further, Barach et al., (1988) reported that 85 percent of all successors go to work directly for the family business upon graduation from college. Successors' time is very limited and they have their hands full learning about their own business and industry. By working their way up "through the ranks," successors learn the processes of their family's company and the people in their family firm. Also, successors' time may be well spent in their family business if they avoid learning improper methods and bad habits from other businesses.

Now in the third generation of family ownership and management, Davis-Green is a credit to the community and a prime example of diligence, hard work, and family values. Research shows that only 30 percent of all family firms successfully complete the succession from the first generation to the second, only 10 to 15 percent of family businesses survive to the third generation, and only 3 to 5 percent continue into the fourth generation and beyond (Lansberg, 1988; Handler, 1994; Shanker & Astrachan, 1996).

Author: Please tell me a little bit about yourself and your background.

Darren Davis: I grew up in Tyler (Texas) and graduated from Whitehouse High School and then I went to Austin College in Sherman, Texas to play football. I got a bachelor's degree in education and then a master's degree also in education. I did not have a business background in college. I took all the tests and was certified to be a teacher in the state of Texas. Then, I went to work coaching football and teaching high school, which I did for four years in Celina and then back to Whitehouse.

During this time, I had been flying planes in general aviation and I had my pilot's license from the age of 17. So, I had also been pursuing a slot in the Air Force for pilot training. This was right after Desert Storm when the military was downsizing. I finally got the opportunity to go to Air Force officers' school and flight training with the Air Force. That was in 1994 and I jumped at the opportunity. Also, I got married and my wife, Pam, works here at Davis-Green now. I am still in the reserves and will retire next year. I have 21 years in the service.

I would love to tell you that I had a grand plan, but I really did not. Once I got involved in flying, I became aware of some opportunities in commercial airlines. So, I pursued a job with American Airlines and was hired there in 1999. I was in the reserves, flew for American, and we

lived in Fort Worth. Obviously, the terrorist attacks of 9-11 changed all of that. I went off and deployed to the war in 2003 and 2004 over in Iraq and Afghanistan.

I came back from the war and we were living in the Fort Worth area. We had some time to think. We were not big fans of the Metroplex and having the kids growing up there. Also, the airlines were in a downward spiral. So, we decided to form a plan B before we had to. I approached my parents about coming back here to learn the business side of this company. As a child, I had worked here in the summers sweeping floors and that sort of thing. I took a leave of absence from American Airlines and I am still in the military reserves. We moved back here in 2004 and have lived here ever since. I came back to work in this business. I have been on and off with leaves from American Airlines. My daughter is a freshman at Texas Tech and we have a son who is a sophomore in high school.

Author: What is your position with the company?

Darren Davis: As time has progressed, it ended up being a great situation for all parties involved. I did not come back here as the son who takes over the business and spends all of his time on the golf course. I dove in and got my hands dirty and I am here every day in the thick of things. Through some succession plans, I am now the president of the company and I own the majority of the stock. The company is a C Corporation. I have a great relationship with my parents who continue to own the real estate property. The company leases the property from my parents.

Author: Very good. I imagine that you face tough competition in your industry?

Darren Davis: We are a traditional family business. We treat our employees like a family. This business is completely built on reputation. We do all the extra things. Customers are worried about being cheated in our industry. We just don't do that. My dad said a long time ago that we have to live with ourselves and that we are not going to cheat anyone. We would close our doors before doing anything like that. Because of that, it takes us a little longer to repair the vehicles and we have to fight a little more with the insurance companies.

Author: How many employees do you have?

Darren Davis: We are up to 38 now. That has varied from 36 to 41 in the last 10 years.

Author: How large is your property?

Darren Davis: It is about 37,000 square feet of service area and we have about four acres of land. We have land in the front for future expansion and then land in the back that has not been cleared. At the time my dad bought this property, we did not know what was going to happen with the growth on Old Jacksonville Highway and the expansion of Brookshire's Fresh Market. We are sitting in the prime hot spot of Tyler for real estate. Property values are increasing tremendously.

Author: So, do you enjoy the business here?

Darren Davis: I do. It is hard to make this business fun though. Let me tell you why. People do not wake up one day and say that they are going to swing by Davis-Green. They come to us because something bad has happened. People are happy to save money on their insurance policy, but when they have to file a claim, they realize why they saved the money. Insurance companies are becoming harder to deal with as they transition from a customer focus to more of a bottom line focus. So, when people walk in our door, they are already upset. They have either wrecked their car or somebody has run into them. Typically, they have already had at least one conversation with the insurance company that did not go the way they thought it would. The insurance company tells them where they can take their car and whether they can have a rental car. It is tough to make it fun because typically folks are not excited about being here.

So, we have done a few things. I hope that when you walked in our lobby, you thought that this did not look like a body shop.

Author: No, it did not look like a typical body shop. It was very clean and professional – more like a doctors' office or a car dealership.

Darren Davis: We have a television and coffee for customers. We don't have a dog in the lobby. Nobody is walking through with grease on their hands. The image of the office is designed to tell customers that things will be okay.

Getting back to your question, I do enjoy the daily, sometimes hourly challenge of our business. One of the biggest challenges is that we have a third party payment system in this industry. So, you wreck your car. You may have the car paid off and you own it. You may love your car and you may know what you want to have done to your car to repair it, but there is a third party that says, "Well, that is real nice, but here is what we are going to pay for." That creates an immediate antagonistic dynamic. We are caught in between. It is easy for the insurance company to put us in between. We will tell a customer what the manufacturer, such as Toyota, recommends in a particular situation. Then, the insurance company may say that we, the repair shop, are trying to get more money and they will only pay for so much. There are constant issues with insurance representatives. The representatives are under tremendous pressure to pay the lowest claim possible.

Author: Please explain a bit more about how the industry operates. For example, who are the appraisers?

Darren Davis: A lot of the appraisers are independent field appraisers representing a particular company. They are local field appraisers. Insurance companies want to collect premiums and pay out as little as possible in claims – that is how they make money. They make money off investing the premiums they collect. The industry has a natural antagonistic dynamic because of people like us who want to fix the car like we are going to put our wife and child in the car and insurance companies that want to pay as little as possible and have the customer go away and think everything is all right.

I am not just trying to take shots at insurance companies. The insurance companies used to put original equipment manufacturers' (OEM) parts on repaired cars, such as GM parts, but

now they have transitioned to after-market fenders or bumpers on your car – non-OEM parts. It is cheaper for a reason – made of thinner metal, made overseas not exactly to specification.

Author: Let's talk a little bit about the company. It was started in 1952. Tell me how the company got started and grew.

Darren Davis: My grandfather and my great uncle started the company after returning to Tyler from the Korean War. They got together and started a car repair facility. Green was my great uncle. They started in downtown Tyler, off of Erwin St. It was more of an old repair shop. My uncle left the business fairly quickly, but the name stayed the same.

My dad worked for Farmers' Insurance Company in management down in Austin, Texas until we moved back here. In 1978, Farmers' wanted to transfer my dad to Los Angeles. I was 10 years-old and my brother was 7. However, my parents did not want to go to LA. My dad came up with the idea of moving back to Tyler. Then, my dad made a proposal to my grandfather to purchase the business. My parents jumped into the business with both feet and really started growing the company. By 1982, they built the first new facility behind Cavender's Boot City and moved there. They had modern equipment with proper paint booths. From there, the company just exploded business-wise because of the reputation that we were going to do things right.

Author: Please describe Tyler, Texas and what it is like to own a business here.

Darren Davis: Tyler is an interesting little city. The population is listed at 100,000 people, but on any given week day, there are over 200,000 people in this town. People from the surrounding towns come into Tyler to work, shop, and eat in the restaurants. They all drive. You have to be very careful as a business owner in this town because the small town part of Tyler is still alive and well when it comes to word-of-mouth. If you treat someone wrong from a business perspective, before the day is out word will spread across the town.

We always talk about fixing the part of the car that you will never see. The business grew because of the fact that we are honest. It may take longer to repair the car, but we are fixing it correctly. As Tyler grew, the business grew along with the city. When I came into the business, I did not feel that I had to do something new or have some new ideas for the company. I came in and looked at all the little things that we are already doing great and fine-tuned and tweaked. It has gone well. In 2004, we had around $4 million in annual sales and now we are close to $6 million. This has to do with our excellent employees and the fact that Tyler has continued to grow. Tyler is very resilient with the medical services base and oil industry base. There is a major legal presence as well.

Author: Describe the transition from your parents managing the company to you becoming president and handling daily operations.

Darren Davis: My mother did the bookkeeping for the company, doing the payroll every Friday and my dad was here all the time. This is a business that can burn you out because of that dynamic I was telling you about. It wears on you daily. My parents were not ready to step down when I got here, but about my fifth year was when my dad started to believe that he

could step back and that things would be okay. He had always been very hands-on so that if he left for an hour that the place might burn down. My parents have been able to step back on their own call. Now, they can travel around and do things outside the business. They do not come in at all anymore. My mother has not been coming in to work for about two years now. My dad almost three years. I think that is good. They are in their seventies now. It has been a great transition and the money has been maintained.

Author: Is your brother involved in the family business?

Darren Davis: No, he is not. He has a great talent on the design or art side. He got a degree and went to work for a big advertising agency as a creative director. Clients included Southwest Airlines and Chili's and Brinker. He is now in Virginia working as a vice president on the creator-director side of a major agency. He is a couple of years younger than I am. It is a tough job, but that is where he needs to be because he is good at that.

Author: What do you think is the future on the family side of your business?

Darren Davis: I don't know. I do not want to burden my kids and tell them that this is what they have to do. We went to several seminars on generational transitions and they said that the worst thing to do is have your child go to college and come right back in to the family business and start working. They claim that things go better when the child has gone out and done other things. For instance, I was in the military and then worked for American Airlines. I think that this helped to broaden my horizons. We are not going to burden our children with the thought that they have to come and take over this business.

Owning a family business provides a lot of benefits that are not just salary. We are very conservative. We do not have company boats or company condos, but the business owns my car and pays our health insurance. We have long term employees like our general manager who has been here over 30 years. They have invested their families in Davis-Green. They are part of our family that we are taking care of as well. We also may allow some of our long term employees to come in as owners with a small percentage of the stock. There are also consolidators in our industry like Service King. The more Tyler grows, the more appealing it will be for them to come into Tyler. We also might need to expand for defense against them. We do not want to cannibalize our customer base, but we also might need to expand to fend off big box competition. The capital investment on equipment alone would be huge for us. For example, a down-draft paint booth costs $70,000.

Author: Very good. Is there anything else that you would like to add to the discussion?

Darren Davis: Let me emphasize one more time. We have a long term, loyal, dedicated employee base that are here day in and day out in the trenches.

Author: For a family business, quality products and service are very important. The differentiation strategy or selling a better product seems to be a common thread among many family businesses.

Darren Davis: It gets tougher as the world becomes more used to the low cost Wal-Mart type strategy. We are no different than the Mom-and-Pop hardware stores when Home Depot moves in. It is a tough fight and makes me nervous because ultimately we are relying on the customer to care and prefer a better product and service. Stores like Wal-Mart have created a culture in which customers want the product right now and they want it to be cheap. People are less concerned with how long the product lasts. For example, people will search online for an hour to save $5 on an airline ticket and then stand in line at the airport to pay $7 for a Starbucks cup of coffee. How do you explain that? It is a tough fight, but we have a great deal of repeat and referral business with our customers.

Author: I remember that a couple of years ago Davis-Green won an award from the Tyler Chamber of Commerce for small business of the year.

Darren Davis: That was a great honor. My parents accepted that award and it was quite an honor. There are lots of small family businesses in this town, so that was a neat thing. We were very excited and kept that banner up for a year and a half.

Author: Thank you for your time today.

Darren Davis: Drive safely and don't have a wreck, but if you do, come by and let me know that you are here. Believe it or not, the average driver nation-wide has some sort of incident once every seven years. That is really not so bad.

Author: Okay. Thanks.

About the Author

Jim Cater is an associate professor in the Department of Management and Marketing and the Director of the Center for Family and Small Enterprises at The University of Texas at Tyler. He managed his family's retail furniture business in south Florida before returning to school for his doctoral studies in Management at Louisiana State University. Jim's major research interests are in family business studies, small business, entrepreneurship, and case studies. He has published articles in the Family Business Review, Business Horizons, Management Research Review, Journal of Family Business Strategy, Journal of Family Business Management, Human Resource Development Quarterly, and other journals. He may be contacted at jcater@uttyler.
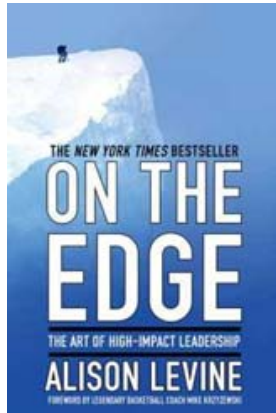
On The Edge: The Art of High Impact Leadership

Authors: Allison Levine – Forward by: Mike Krzyzewski (Duke
Basketball Coach)

Grand Central Publishing
Hard cover $17.55, 2014, 272 pages

Reviewed by: Paul A. Bryant, Virginia College

In *On the Edge*, *The Art of High Impact Leadership,* Allison Levine provides a context of what it takes to lead under extreme conditions.   The book chronicles Allison Levine's quest to conquer the summit of Mount Everest and demonstrates the types of critical leadership skills required to not only build a winning team but to manage and lead such a team under the most daunting conditions.   These skills are translated into the business world as the author makes a most credible case toward managing day to day operations when key business decisions are at stake.   The book begins with a wonderful forward by esteemed Duke University basketball coach Mike Krzyzewski who speaks eloquently about building a winning team, filled with individuals with high amounts of "performance egos" which must then be transformed into a "team ego" that significantly enhances an organizations probability of success.   The forward makes the point that often times a winning team is filled with "stars" displaying some of the highest levels of competence and personal accomplishments.   Such egos are to be embraced and not thwarted. Translating such talent into a winning team takes a very strong leader capable of synergizing such talent in way that generates a common focus toward group success.

The author covers a series of variables required to ensure leadership success under extreme conditions that include:

Hardcore Preparation

Why Backward is Often the Right Direction?

Choosing Your Team

Get Your Network On

Making the Most of Weaknesses

Building Trust and Loyalty

Do the Right Thing, Always

What's Your Mantra?

Embracing Failure

As presented, these carefully selected areas provide an outstanding overlay of how to succeed in leadership under extreme conditions. Individuals in leadership positions will be able to incorporate these skills, strengthen their decision making processes, and enhance future leadership endeavors. The leadership skills that enhance one's ability to succeed under extreme conditions are predicated upon first building a winning team. Team membership selection seems an important component that any manager or leader can relate. Although leaders may be more apt to choose individuals we know and trust, these close colleagues and friends may not always be the best team members required to effectively complete a particular task. This behooves leaders to reach out to others within the company or industry (although we may not be personally familiar with them initially) whose skills and experiences better match present circumstances and goals. The big picture the author makes in the book is about learning to be a leader with the shear fortitude to make tough decisions under extreme conditions that lead to success.

The book *On the Edge*, *The Art of High Impact Leadership,* by Allison Levine is presented in a way that not only tells an incredible story of personal triumph and perseverance but also offers important leadership advice for both seasoned and new leaders at various levels of organizational management. The book demonstrates the importance of team building, networking, trust, and leading beyond ones present circumstances. The author makes the point that, under extreme conditions, everyone must perform at peak capacity and leaders need to think outside normal perimeters and remained focused at all times.

The author speaks eloquently about the significance of leading an all women's team on a quest to the summit of Mt. Everett. This is no small accomplishment and learning that intricacies of what she went through to build and lead such a team is remarkable. The team consisted of some of the top climbers in the world, only some of whom the author was unacquainted with beforehand. Thus, the challenges included not only building her own skills but also leading a team of unknown women under extreme circumstances.

The only weakness to this book is that the reader may become so fixated on the compelling story that the author describes as she forges through some of the most unusual conditions in her personal quest, that important lessons on leadership may be unnoticed. Extracting the business lessons from these stories of personal resiliency and accomplishment may require an occasional chapter review. However, such a review will certainly be well worth the reader's time.

The book concludes by emphasizing the importance of learning from failure. Many leaders may be apt to revel in failure, quit, and never return. However, the author makes the point that often times the best lessons in leadership are revealed not through success but through failures. Leaders must review and discover the crucial lessons that exist as a result of previous failures. It was through failure that the author learned how to succeed and eventually reach her goal of not only summiting Mt. Everett, but being one of only a few women in the world to conquer the highest peaks of seven continents. Such an accomplishment is worthy of the upmost considerations when it comes to leadership lessens under extreme circumstances.
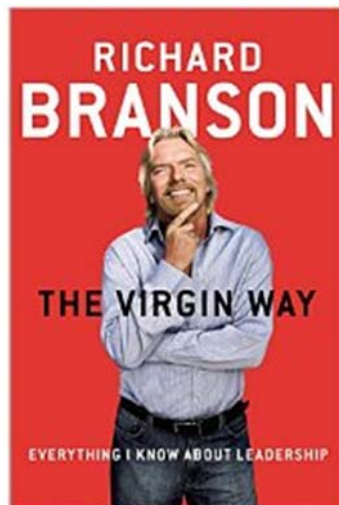
The Virgin Way: Everything I Know about Leadership

Sir Richard Branson

Penguin Group (USA) LLC (2014)

352 Pages, Hardcover, $29.95

**Reviewed by: Courtney Mitravich,
Jones Lang LaSalle**

Have you ever envisioned working for a company where the sky is literally the limit, and your boss is standing next to you encouraging you to jump head first into the unknown? Do you thrive on unconventional approaches to business, people management, and organizational leadership? Do you dare to dream big? If you answered yes to any, or all, of these questions, then this book may be the motivation that you need to take the next step. "Screw it, let's do it!" is the approach that the ingenious Sir Richard Branson takes in his brilliantly entertaining handbook for leadership and management *The Virgin Way: Everything I Know about Leadership*. Author of more than a dozen books on business and entrepreneurship, Sir Richard Branson has no qualms about openly discussing some of his most legendary successes, epic failures, and all of the vitally important lessons that he learned along the way.

Branson began to build his commercial empire at the age of sixteen after dropping out of school to pursue his entrepreneurial dreams. More than four decades later, his reign extends over more than one hundred entities that comprise the Virgin Group. *The Virgin Way: Everything I Know about Leadership* provides the reader with an inside look at Branson's unconventional approach to leadership which can be summed up into four major categories that have impacted the way that he has triumphantly conducted business. Part One, entitled LISTEN, begins with and introduction to Branson's early history as an entrepreneur and discusses how his upbringing encouraged him to pursue his dreams and never question his instincts. He then transitions to topics of great importance such as the art of active listening, customer service and satisfaction, the finely honed craft of "K-I-S-S" (keep it simple stupid) – why less is often more, and ends the section with a candid discussion on why the majority of all corporate mission statements are anything but inspirational on virtually all levels. This section is a phenomenal icebreaker for this book, and really gets the reader prepped for the underlying issues that Mr. Branson raises throughout the remainder of the book. Section Two (LEARN), Section Three (LAUGH), and Section Four (LEAD) all follow suit using Branson's real life anecdotes to further explore topics that are essential to leadership in the 21st century. He delves into meaningful issues in such areas as hiring the "right employees", creating a strong corporate culture, collaboration, and decision-making.

The Virgin Way: Everything I Know about Leadership is a very straightforward and lighthearted management and leadership guide that is overflowing with valuable narratives and real life experiences from the well-known Sir Richard Branson. Branson's charismatic personality and zest for life added a personal touch to this book that few business periodical authors are able to capture, and his smooth conversational writing style kept me, as the reader, on my toes and always wondering what he would come up with next. Finally, the greatest strength of this book, in my opinion, is the fact that it is part entertaining autobiography of one of the greatest entrepreneurs of the 20th/21st centuries, and part guidebook for understanding the basics of leadership, management, and entrepreneurship. Branson may not be the stereotypical academic management textbook author, but his life lessons coupled with his gregarious personality and no holds barred approach to business are what have made him one of the most renowned leaders of this century, and a real life leadership "expert".

Although Branson's work is brilliantly entertaining, it is noticeably ambiguous in nature and touches on a great number of different topics, but does not elaborate of any one specific area. I also felt that *The Virgin Way: Everything I Know about Leadership* was really more geared toward management and entrepreneurship skills and practices than true leadership principles. Although this book may be a fun and interesting read for more experienced professionals, it lacks the substance necessary for them to gain new knowledge and further develop their leadership skill set. Finally, Branson's brash personality is definitely geared toward a younger and more free-spirited audience. At times, it lacks the couth and professionalism that seasoned professionals typically look for when choosing motivational or inspirational business related reading materials.

Due to the whimsical and lighthearted nature of this book, it would be easy for me to recommend it to any individual who is looking to get a "quick glimpse" into what makes and inspires a true leader. With that being said, I believe that the target audience that would benefit most from this book would be open-minded young adults (25 to 40 years old) who have some business experience but have not yet reached the pinnacle of their careers. Branson's advice is practical and provides a solid foundation so there is definitely a great deal to be learned from this book, but the lack of detail and theory would prevent me from recommending it to a more sophisticated and professional audience. I believe that Branson's laidback writing style and use of humorous anecdotes would provide Millennials and younger Gen-Xers with the perfect combination of entertainment and education, without inducing boredom and immediate disinterest.

Sir Richard Branson is an entrepreneurial genius with an exceptional sense of humor and a zest for life that is undeniably mesmerizing. I would recommend this memoire to anyone interested in "secretly" learning valuable business lessons, leadership skills, and entrepreneurial nuances while being thoroughly amused. Although this book, is by far, not your average textbook variety leadership manual, it is sure to open your eyes to some of the skills needed to successfully lead a team or organization without all of the monotonous rigidity of many "motivational" business related manuscripts.
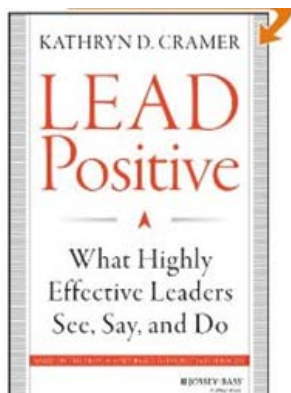
Lead Positive: What Highly Effective Leaders See, Say, and Do

Author: Kathryn D. Cramer

Josey-Bass
Kindle Edition $15.49, 2014

Reviewed by:
John Santangelo, Cleveland Clinic Florida

In *Lead Positive: What Highly Effective Leaders See, Do, and Say,* author Kathryn Cramer teaches us about the value of focusing our thoughts and energies on the positive aspects of a given situation or challenge. She teaches the fundamentals of Asset Based Thinking (ABT) and how, if practiced effectively, it can change the way we approach difficult and challenging situations both at work and home. In the beginning of the book she explains how humans have developed the tendency to be more focused on the negative than the positive. While focusing on the negative aspect of a problem can allow us to solve the problem at the same time it truly prevents us from seeing the opportunities that often exist when facing a challenging situation. The book uses findings from the scientific fields of neuroscience and cognitive and social psychology to explain how our thoughts direct our actions and stimulate specific regions of our brain. When you perform a leadership act, the same neurons fire in your brains as in your team members. This truly put in perspective for me the importance of positive thinking.

Per the title, the book is broken down into 3 primary areas of focus:

What Highly Effective Leaders See

What Highly Effective Leaders Say

What Highly Effective Leaders Do

The book *Lead Positive* is definitely not just for leaders; it is for anyone who truly wants to expand on their ability to take on life's challenges from a new perspective. The author explains how we see with our brain not with our eyes. People follow people not ideas. This book, for me, has become an instruction manual for how to inspire and lead through my thoughts, my words, and my actions. The first example of ABT in action had me captivated to the point where I could not put the book down and anticipated each page with excitement. Right from the start, Cramer shows us an example of ABT during a press conference given by New York City Mayor Rudy Giuliani in the aftermath of the 9/11 tragedy. At the start of the conference the Mayor was asked how many people were killed. He responded by stating "I don't think we want to speculate on the number of casualties. The effort now has to be to save as many people as possible." Within two hours he had more volunteers show up than they could handle and had to turn some people away. As you continue to read chapter-by-chapter author Kathryn Cramer gives example

after example of how corporations throughout the world have taken this positive thinking thought process and worked to instill it within the culture of their leadership. This book teaches the importance of constantly monitoring the conscious intentions behind your actions to ensure that what you do remains aligned with what you see and say. The book teaches us as leaders to take the time to digest what is happening, especially in high stress situations. Taking the time to step back and take stock of what is occurring allows us to exude high energy and excitement as opposed to fear and stress. By reacting too quickly to certain situations our brains by default go into emergency mode and that panic is fed to others. This book teaches us to adapt our behavior patterns so we respond in a way that allows members of our teams to constructively address a given situation.

This book gives you the tools you need to be an authentic and effective leader. It has taught me how to always look for the positive in everything I do and to project that to my team. By doing this I can become a source of inspiration to those around me. I found no real limitations to the skills and information explained throughout this book. My only minor criticism is I would have loved to read more examples of how applying ABT in our personal lives can help us through difficult situations with our friends, families, and loved ones. With that said, it was very easy for me to take the positive thinking techniques taught in this book and apply them to everything I do in life. I learned that I don't see things as they are but rather how I am. Understanding that and applying it to my life has changed the way I approach every situation and everyone I meet.

This book should become mandatory reading for anyone in a leadership role. from CEO's, to managers and supervisors. For coaches, teachers, and parents, this book teaches us to reverse the pattern of focusing 80% of our thought on the negative and 20% on the positive. By flipping that focus around, you will see the world in a new way to the benefit of not only yourself, but also everyone you come into contact with thereafter.
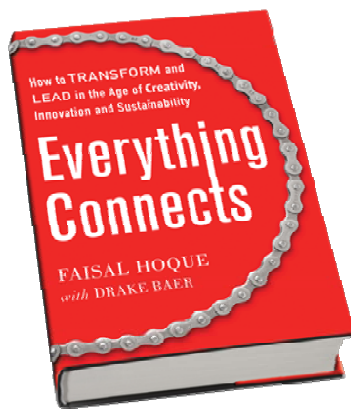
Everything Connects: How to Transform and Lead in the Age of Creativity, Innovation and Sustainability

Faisal Hoque and Drake Baer

McGraw-Hill Education, 2014
269 pages, Hardcover, $30.00

Reviewed by:
Sharon Crane Siegel, D.D.S., M.S.
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Everything Connects: How to Transform and Lead in the Age of Creativity, Innovation and Sustainability proposes the overarching premise that if leaders and their organizations want to do well in the long term, they must have a clear path for orientation to the long term. This book is a guide for reaching this goal. The text begins with a forward by Marshall Goldsmith commenting that its cover sports a bicycle chain that metaphorically likens the ideas in the book as being challenging, self powered and sustainable just as a bicycle chain is self powered and sustainable in nature. The book describes holistic solutions to problems in organizations and in our lives. In doing so, the authors demonstrate with philosophically, organizational and leadership examples that "everything connects*".*

In our ever changing environment, leaders are continuously challenged to provide a context for followers and their organizations to keep creating, innovating and "untying the knots inside and outside the organization" that stop progress. Faisal Hoque, a self described "serial entrepreneur" and creative thinker, who with journalist, Drake Baer present the reader with a holistic approach to problem solving and creative solutions for their businesses and for their lives in *Everything Connects: How to Transform and Lead in the Age of Creativity, Innovation and Sustainability*. The authors combine organizational behavior and management theory, Eastern philosophy, neuroscience, psychology, self-improvement and spirituality to connect the understanding of ourselves and our businesses. The journey that the reader takes in *Everything Connects* leads to a discovery of what psychological practices predict creativity, what behaviors predict innovation and which organizational structures initiate continuous sustainability. Organizations must continually adapt and its leaders need to understand and embrace the "holistic" nature of its people.

Hoque and Baer begin the book with the metaphor of an organization being like a Russian "matryoshka" or nesting doll, with layer upon layer found within. The wise leader is one who understands all the layers of the "matryoshka " doll or the organization and all the layers of his/her people. The role of the leader is to provide alignment of the humanity of their employees and the business. This is what *Everything Connects* is about and what holistic business is about; to show leaders how to provide alignment to propel those human beings in their organizations to

accomplish something together by understanding our collective humanity. These layers all connect. In understanding and nurturing that connection, long term value is provided in our organizations.

The book is divided into three sections, which sequentially show how being holistic, humanistic and oriented toward others is "pro-business." This leads to long term value for the organization. The first section looks at the mental experiences, social interactions and the mindset to focus on this holistic, long term view. This sets the stage for the overarching theme of the book which is "if leaders and their organizations want to do well in the long term, they must have a clear path to be oriented toward the long term."   The next section delves into the structures that lead to long-term innovation with leaders encouraging followers along this path. The final section shows how to arrange our organizations and lives to create long-term value.

Part I of the book, entitled "When, Who and How are You?" has four chapters which map out the fluid landscape that business leaders and entrepreneurs encounter in the world. Chapter 1 sets the scene of this world, as described by Schumpeter, as a "cult of disruption" that must be thoroughly understood by leaders in order for businesses to flourish. Leaders not only need to understand their industry, and how it functions in the ecosystem of the global economy, but they need to understand how their people work individually and in groups in this disruptive world. Chapter 2 discusses the process of leaders using mindfulness to develop a vision for the future that must be connected to the present. The leader needs to be devoted to practicing daily mindfulness and authenticity to improve their teams and the planet. Chapter 3 elaborates on the keystones to building partnerships with the people in organizations to be successful in the long term. These six keystones are to be honest, be direct, think ahead, inspire and influence, create a community and think long term. "Volatility" must be embraced by being mindful. Chapter 4 speaks to the vision of working for the long term and not having the immediate gratification of short term profits. Overall Part I establishes that as leaders we must establish "holistic" businesses by establishing in ourselves productive, sustainable and positive internal relationships that can be translated to the people with whom we work.

Part II, entitled "Personal Experiences, Shared Cultures and Other Rhythms" is comprised of three chapters. Chapter 5 deals with the structures of innovation. The premise of the chapter is that innovation may be obstructed if leaders allow what develops naturally as an organizational structure. Naturally like people connect with like. But organizations must have a culture of openness to encourage cross-pollination between partners. A company should allow "cluster" creation that produces a diverse mindset to create value and innovation. Chapter 6 discusses how people in organizations need an "open autonomy-oriented culture" but leaders must still provide the structure to nurture that culture. The structure should be a culture of shared confidences generated from mindful connections between members. Chapter 7 is a key chapter in the book for leaders. The authors believe that the leader is a "curator" who must constantly nurture the resources and people in order for the organization to become exceptional. It starts with the motivation of each member of the team and connecting with them emotionally.

Part III is entitled "Flowing Ideas, Grounded Decisions and Long-Burning Value." Chapters 8, 9 and 10 look at the accomplishment of work in a volatile world. Chapter 8 discusses the concept that leaders need to be curators of ideas and strategies in their organizations. This can be accomplished by being intentional about curiosity and being rigorous in generating ideas. Recording ideas results in creating more value from those ideas. Chapter 9 introduces the concept of "blueprinting." This is the mapping of decisions by writing down what is expected to happen, why it is expected to happen, and how one feels about the situation. Mapping out decisions will help to better attend to the way one makes decisions so that there is better understanding of mistakes and successes. Chapter 10 takes us full circle to the idea that value is both immediate and long term. But, short term values are quantitative and long term values are qualitative. The best way to create value is to continually invest in individuals and in the organization. This can be done by understanding ourselves and others. The text ends with a final story about the "matryoska" doll and how we are just passing through this life. By understanding each other and the layers of our organizations we know that "Everything Connects."

There is much more value in reading the book than just understanding the central theme of the book that organizations and leaders need to be oriented to the long term. The stories, the analogies, the quotes from authors of numerous books are incredibly enlightening, educational, interesting and humorous. The authors draw simple pictures to illustrate points. They provide food for thought beyond the value for improving sustainability in a business. They provide a guidepost for how to live our personal life and how to conduct ourselves in a business. They keep the reader interested through the numerous real life analogies used to illustrate various points. The authors bring in a wide range of successful business leaders and entrepreneurs to make their central theme very real for the reader. They use organizational leader examples of Paul Slatkey of Linked In, former Disney CEO, Michael Eisner, Jack Dorsey, cofounder of Twitter, Jeff Bezos of Amazon, Adam Pisoni, Yammer, CTO as well as artistic genius, Leonardo da Vinci, and dozens of others to illustrate his points in the book.   Numerous specific companies are used to make the author's points including Nike, P & G, Yammer and Amazon. At the end of each chapter, the authors summarize the takeaway points from the reading. There is an excellent note section at the end of the text that includes the references to which the book refers as well as a recommended reading list. The authors provide a list of related Web links that add value to the book itself in that the reader can further explore some of the concepts in the volume. Additionally the comprehensive index in the book helps the reader to easily go back to concepts or references in the book.

One of the criticisms of the book is that Hoque and Baer have a penchant for using complex vocabulary to explain their concepts when simpler language would help the reader understand the hypotheses and philosophy. At times, I needed a dictionary to fully comprehend the specific vocabulary to ensure I fully understood the points the authors were trying to drive home.

This book is highly recommended to anyone in a leadership position or seeking to be in a leadership position. The book is a must read for anyone in the business world that is evaluating

their company and looking to make it exceptional. CEOs or those with a passion for entrepreneurship embarking on a start-up would greatly benefit from reading *Everything Connects: How to Transform and Lead in the Age of Creativity, Innovation and Sustainability.* The fact that the book is philosophical and historical in its story telling, and provides rich examples from companies and successful business leaders and entrepreneurs make it a valuable read for anyone in business including managers and MBA students. Whether you are a successful, well established leader or someone who aspires to leadership, *Everything Connects: How to Transform and Lead in the Age of Creativity, Innovation and Sustainability* will be a valuable addition to your book collection.
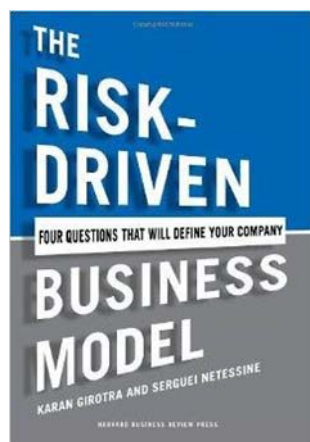
The Risk Driven Business Model: Four Questions That Will Define Your Company

Karan Girotra and Serguei Netessine

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It is a known fact that organizational success is not necessarily final or long-lasting. Similarly, failure in business does not always have permanency as things can change at any time. Ultimately, it is the courage to continue, move on, and reinvent one's business model that counts because both personal and organizational success can be seen as the progressive realization of worthwhile goals. Each morning, entrepreneurs and professionals have a choice to get up, take action, and move ahead toward worthwhile destinations by making incremental or radical changes in their business models to serve their customers better than their competitors. *The Risk Driven Business Model: Four Questions That Will Define Your Company ,* by Karan Girotra and Serguei Netessine, helps companies outsmart risks that they face in their ongoing operations by making incremental innovations for success in the short-term and long-term horizons.

Risk is typically defined as the potential for losing valuable assets or opportunities for increasing future investment returns. Sadly, many firms increase their risk of failure by becoming complacent due to their past successes. "It's impossible to overstate how easily businesses can become hostages of their own success, looking to the past for keys to their future" (Girotra and Netessine, 2014, p. 26) and we know past success does not guarantee continuity in the future as variables change and competitors catch up. In today's world of international business, we need to learn to selectively forget past successes and develop a discipline for experimentation and adjusting. Therefore, successful businesses must develop ways of continually questioning what they do, when they do it, who does it, and why they do it. Risks should be proactively tracked and planned for strategically; otherwise, damaging risks can announce their presence sooner or later in a reactive, urgent, or crisis manner. According to Girotra and Netessine, "The damage they cause is at times apparent in well-recognized pain points—phenomenon that drive down demand, margins, sales, and asset utilization, or just lead to waste", and, at other times, "the impacts of risks on our business models are apparent only as wild variations in performance, which is often misconstrued as good or bad fortune" (2014, p. 41). As such, through an auditing process, managers should start with a systematic process of searching for evidence of how value is reduced and lost from risk-driven inefficiencies.

Girotra and Netessine focus specifically on helping companies design their business models to manage risks associated with information risk and incentive-alignment risk.

Information risk is similar to the concept of "satisfying" where you make management decisions without having all the needed information; and incentive-alignment risk is when those who are making strategic decisions have incentives that are at odds with the strategic long-term or broader goals of the company. It is mentioned that "the costlier it is to reverse the consequences of a decision, the more intensely its timing will affect the level of risk…the time between when you make a decision and when you have sufficient information to make the decision defines its information risk" (Girotra and Netessine, 2014, p. 17). When entrepreneurs can modify their business models for when decisions are made, then they can reduce information risk along with any inefficiencies created by it. Managers and leaders who can effectively manage information risk and incentive-alignment risk will be in a better position to create wealth for their stockholders, to revolutionize operations in their industries, and to build a pathway toward a better world in society. For example, when companies can regularly and quickly align what they want to sell with what customers want to buy then they can enjoy a sustainable competitive advantage over their competitors.

Girotra and Netessine show readers their decision model (known as business model innovation or BMI) so managers can audit their firms to see what key strategic decisions are made, when the key decisions were made, who actually is involved in making the key decisions, and why everyone makes the decisions that have been made. So the book focuses on analyzing the what, when, who, and why aspects of decisions in modern businesses. Business model innovations often require changes that are not apparent to the competitors in the industry; therefore, it would be difficult and impossible for them to quickly benchmark it. As such, the application of the concepts in the business model innovation framework can be more sustainable and fairly long-lasting.

The Greek mathematician Archimedes once said, "Give me a lever long enough, and a fulcrum strong enough on which to place it, and I will move the world." This concept can also be used for reducing risks and making major improvements by "applying a relatively lesser force to produce an outsized change" (Girotra and Netessine, 2014, p. 1). It is claimed that "by making seemingly small modifications to your business models in a programmatic way, you will find that you can create significant—even game-changing—competitive differences" (Girotra and Netessine, 2014, p. 1). By adjusting and changing what decisions are made, when key decisions are made in business, who makes the key choices, and why the specific decisions are made, managers "will be able to come up with business models that better manage information and incentive risks, and, as a result, outperform existing business models, disrupt established ways of doing business and lead to a sustainable competitive advantage" (Girotra and Netessine, 2014, p. 2).

We know that success in business is not guaranteed. Even successful and innovative firms have gone bankrupt, especially when they become happy with their past success and status quo. The reality is that "Even innovators often fail to recognize a wider opportunity lurking beyond their expedient response to a business crisis," but "there is plenty to learn both from bygone successes and from interesting experiments whose fate remains uncertain (Girotra and Netessine, 2014, pp. 7-8). Companies that practice business model innovation can eventually

make it a scientific, reliable, repeatable, and predictable discipline in order to sell their customers what they want in a timely manner and, as a result, earn a fair margin of profit. According to Girotra and Netessine, "Fast-followers can profit from the lessons of first-movers' missteps by building a better, lower risk model" (2014, p. 17). Ultimately, success in business model innovation depends on eliminating existing inefficiencies by changing the what, when, why, and who elements of key decisions leading to the final operational structure of how the product or service is obtained.

Since the purpose of every organization is to create value for its intended stakeholders, they must begin business model innovations by auditing themselves to determine where they are now and how big the gap is in getting to their ideal destination. So the business model innovation begins with a clear description of how the company is currently creating value for their customers, employees, and others in the value chain. Ultimately, "Your business models need to be strong enough to meet the demands of the present, flexible enough to respond to the changing near-term conditions, and monitored over time to make sure to position your business to seize the new opportunities the will ensure its competitive future" (Girotra and Netessine, 2014, p. 29). It is recommended that business model innovation become part of each organization's culture for their continual rejuvenation and survival in the twenty-first century's competitive global world of international business (Girotra and Netessine, 2014, p. 210).

The book is written in such a way that it is fairly easy to read and understand as it is full of practical examples. In terms of organization, after introducing the purpose and business model in the first two chapters, the next few sections deal with the what, when, who, and why of strategy, and the last two chapters deal with the application of the model in innovation and future business revolutions. Each chapter ends with a summary of the main points under the subheading of "Takeaways" which are written clearly in short sentences.

Overall, the book provides a great discussion of the risk-driven model for risk management and those who are doing research on this topic. There are many examples of effective risk management and even ineffective risk mismanagement from well-known firms such as Amazon, Zipcar, Apple, Wal-Mart, Benetton, Kickstarter, Blockbuster, and many others that demonstrate the application of the model regarding what, when, why and who elements of key decisions. Besides being a good read for public and private sector managers and trainers, *The Risk Driven Business Model* book will be especially useful to students in business and management consultants as they try to audit and help companies gain a competitive advantage in their search for incremental or continuous improvements. This book is a valuable tool for students, entrepreneurs, as well as academicians who want to help modern organizations become better and more competitive.