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# EXPERIENCES OF FOREIGN ENTREPRENEURS IN VAASA REGION

Business Economic and Tourism  
2010

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Degree Programme of International Business

ABSTRACT

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Title	Experiences of Foreign Entrepreneurs in Vaasa Region
Year	2010
Language	English
Pages	63 + 2 Appendices
Name of Supervisor	Satu Lautamäki

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Entrepreneurship has been the most available means for economical and social survival for foreigners who are faced with different challenges in a new geographical location; in spite of these challenges, the numbers of foreigners migrating to Finland is on the increase. This project examines the determinants factors which are responsible for motivating foreigners to becoming entrepreneurs and as well as factors that determines the success or failure of business start-up. The understanding of external, internal and motivational factors, barriers facing small business in all entrepreneurship stages and assistance or advices available to foreign entrepreneurs is very important and plays crucial role.

This project is aiming at exploring the experiences of successful foreign entrepreneurs in determining factors that are responsible for their motivation and successful business operation in Vaasa region of Finland. Seven successful foreign-entrepreneurs were chosen as sampling size from which data were collected by interview and observation. The result analysis shows that most foreign entrepreneurs were pull into entrepreneurship by their background and few were push as a result of economic disadvantages. And most of the barriers facing business start-up can be overcome by acquiring basic style skill such as knowing, planning and cognitive skill.

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Keywords      Entrepreneurship, Entrepreneurs, Cognitive, Internal and External Factor

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TIIVISTELMÄ

Tekijä	Ilugbo Gbenga Adeyemi
Opinnäytetyön nimi	Kokemuksia ulkomaalaisten yrittäjyydestä Vaasan seudulla
Vuosi	2010
Kieli	englanti
Sivumäärä	63 + 2 liitettä
Ohjaaja	Satu Lautamäki

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Yrittäjyys on tarjonnut maahanmuuttajille eniten keinoja taloudelliseen ja sosiaaliseen selviytymiseen tilanteessa, jossa he ovat törmänneet erilaisiin haasteisiin uudessa maantieteellisessä sijainnissaan. Näistä haasteista huolimatta Suomeen muuttavien ulkomaalaisten määrä on kasvussa. Tässä työssä tutkitaan niitä vaikuttimia, jotka motivoivat maahanmuuttajia ryhtymään yrittäjiksi, sekä niitä tekijöitä, jotka ratkaisevat uuden yrityksen menestymisen tai epäonnistumisen. Sisäisten, ulkoisten ja motivationaalisten tekijöiden, sekä pientä yritystä sen eri vaiheissa kohtaavien esteiden ymmärtäminen on tärkeää. Samoin maahanmuuttajille tarjottava apu ja neuvot ovat tärkeässä roolissa.

Tässä työssä pyritään tutkimaan Vaasan seudulla menestyneiden maahanmuuttajayrittäjien kokemuksia määrittelemällä ne ratkaisevat tekijät, jotka ovat heidän motivaationsa sekä menestyksellisen yrittäjyyden takana. Otokseksi valittiin seitsemän menestyvää maahanmuuttajayrittäjää, joita haastatteleamalla ja tarkkailemalla tutkimusdata kerättiin. Analyysin tuloksena voidaan todeta, että suurempi osa yrittäjistä ryhtyi yrittäjäksi taustansa perusteella, ja pienempi osa pakon sanelemana taloudellisista syistä. Suurin osa uutta yritystä kohtaavista haasteista voidaan voittaa yrittäjän päättäväisyydellä, joten sisäiset tekijät vaikuttavat menestykseen enemmän kuin ulkoiset. Menestyvät maahanmuuttajayrittäjät hallitsevat myös hyvin monet perustaidot, kuten tietotaidon, suunnittelutaidon ja kognitiivisen ajattelun taidon.

## ACKNOWLEDGEMENTS

Straight from my sincere heart of gratitude and happiness that I warmly appreciate all who have contributed in one way or the other to the success of another phase in this journey to success. Though the journey has not been smooth all the way but great and unforgettable lessons have been learnt.

All the success and accomplishments is dedicated to Almighty God who is the master planner of all things. He has given me the wisdom and understandings for me to thrive admit of challenges. I am also extending arms of appreciation to family, friends and foes for their impacts.

Special thanks go to Osman Nalbantoglu who has been a special friend, teacher, mentor and coach during my period of studying at the Vaasa University of Applied Sciences as a student and an entrepreneur and Satu Lautamäki who is a teacher of the student. I am so humbled with your support, co-operation and understanding during my stay in the school and also in the course of this project. All my teachers and coaches know that you have made a great impact in my life and I really appreciate your efforts.

Finally, special thanks to my heartbeat who has supported with love, patience and sweet words that keep me going when the road get tough. I will forever love you. I will not conclude by not saying big thanks to the school authorities that has given us the opportunities to develop our skills and also equip us in the competitive world.

Thank you all and God bless you.

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## INTRODUCTION

The world population is on the increase, projection indicates that the global population is expected to reach seven (7) billion in 2011 (CNN 2010). Most of the growth will occur in the developing and poor countries of the world whose citizens are migrating to other nations in search for greener pastures. Noticeably, these emigrants are coming into the developed countries and most especially to the western world to countries such as Germany, Norway, Finland, and Sweden.

The populations of these countries have also surge, which is having both positive and a negative impact on the economies of these nations. As the populations of these countries increase, so do also do government expenditures, severe rate of competitions for limited available resources and unemployment rate is on the increase. Consequently, these have created lots of economical, social and geographical pressures for the citizens of these countries whose available resources are relatively limited in meeting their unending needs.

How then these immigrants are able to survive in foreign lands where competition has been the order of daily activities among citizens? These immigrants contribute positively to the number of available potential human resources of such a country if put to rightful use and given the support by the society and government. However, the fact still remain that employment opportunities are being streamlined on daily basis as many companies are trying to minimize costs during historical and future inevitable economical and financial crisis. (Yleisradio Oy 2010).

Job security, which had been a solid rock for decade has turned out to become a taboo in this present continuous change where productivity is being rewarded rather than punctuality. The rate of unemployment is increasing in different countries as a result of increase in fertility rate coupled with increase in the number of immigrants to the Western countries.

Most Scandinavian Countries are relatively feminine in culture according to Hofstede's cultural dimension, that care for the social well being of their citizens



and also making a provision for foreigners when the need arises. Research has also indicated that during company downturn and economic turbulence, the foreigners who have not integrated themselves into the company's culture entrepreneurially are mostly affected. (Yleisradio Oy 2009).

Entrepreneurship has been identified as the safest way/method of employment and cultural integration of foreigners. However, there are different concepts/definitions of entrepreneurs and entrepreneurship which shall be viewed in the subsequent chapter. Establishing a small business is also a vehicle for Schumpeterian entrepreneurs who introduce new products or services and processes of change into any industry or organisation for people running and owning business (Mehralizadeh & Sajady 2006). There are factors which influence the success or failure of small business operations and also every stage of the entrepreneurship process. These factors could be categorised as internal (endogenous) and external (exogenous) factors which will be discussed later. The understanding and analysis of these factors might motivate or de-motivate the decision of becoming an entrepreneur or establishing, operating and managing a successful business (Jennings 1994, 159-163).

The success of every foreign entrepreneurial business largely depends on overcoming a series of potential barriers e.g. cultural differences of which language is the most prominent blockage factor and others are for example: lack of capital, inadequate and inappropriate guidance. As entrepreneurial activity rate increases and the economy growth and development increases. There has been little research into the experiences of success and failure of foreign entrepreneurs in Vaasa regions.

Vaasa is known to be one of most international cities in Finland. It is located in the western part and it is the largest city in the west coast of Finland. Today the population of Vaasa is over 57 000, 72% of whom speak Finnish, 25% Swedish and 3% other languages (City of Vaasa 2010). See appendix 2 for Vaasa location in Finland's map.

## 1.1 Research background

Entrepreneurship is an emerging area of interest in the Nordic countries where policies are reviewed periodically to encourage the practice of entrepreneurship among citizens as well as foreigners (Lundström 2005). The impacts of entrepreneurship can never be overemphasized on both micro-economy and macro-economy of a nation as well as on standard of living of the citizens. It has long been recognized that the entrepreneurship functions are a vital component in the process of economic growth, development, and bringing innovation to the market, creating new jobs and sustaining employment level (Jennings 1994, 78-81). The significant difference between successful and relatively stagnant economies is the availability of entrepreneurial talent and motivational mechanism which drives them on. However, there have been limited and various understanding of the factors and decision processes that lead an individual to become an entrepreneur. (Casson, Yeung, Basu & Wadeson 2006, 91).

Entrepreneurship has also been viewed as the easiest and the most effective means through which foreigners can survive and integrate into another culture rather than chasing seemingly available or unavailable employment opportunities. Researchers have begun to evaluate and analyze the processes of innovation, small business development, venture creation, creativity and entrepreneurship activities within organizations as determining factors(s) responsible for becoming an entrepreneur. From the sociologists, culture is also assumed to have impacts on the facets of entrepreneurship (Casson et al. 2006) (read more in 2.4.2 and 2.6.2 about social factor). Cognitive psychologists claim that psychological characteristics such as risk- propensity and need for achievement are the responsible factors (more detail under 2.5.1). Also, venture capitalists believe that personal characteristics were important factors in assessing new ventures (Jennings 1994, 159).

It is essential to broaden our scope of knowledge beyond regarding entrepreneurs as business-owners only; research has shown that anybody who possesses distinct qualities such as risk-dealing, goal-setting, decision-making, information-seeking,

problem-solving, time-planning, and maintaining good interpersonal relations in addition to other set of special characteristics of innovativeness, creativity, communication skills, high-level of confidence, perception, team-building, trustworthiness, hard-work, consistency and analytical strengths can be regarded as entrepreneur. (Jennings 1994).

Research has been carried out to find out the problems associated with the start-up of new businesses and with the existing one which are stagnant or unsuccessful. Most of these researches tried to find out if there are any clear characteristics which distinguish successful entrepreneurs from others. These questions still remain in the mind of every intending individual, governing body and institution as to why some entrepreneurs succeed and other failed (Mehralizadeh & Sajady 2006).

## **1.2 Research Problems Identification and Objective**

Personal observation and inter personal-relationship with other foreign students has indicated that many students have a narrow and stereotypic view of knowing who is an entrepreneur and a narrow understanding of entrepreneurship. This results in low or little practise of their entrepreneurial skills. However, entrepreneurship education is being included in the curriculum, yet the majority of students only partake in it for credit reasons and see those who practise such skills as exceptional.

Also, Finnish culture is known to be individualism culture, so assumed not to encourage entrepreneurship activities. Due to all these problems above many foreigners both students and non-students settle for an indent job or wasting away and hoping for seemingly available employment opportunity. In achieving the objective of this thesis the following questions shall guide the empirical study:

- a) What is the conceptual definition of entrepreneur and entrepreneurship?
- b) What factors motivate an individual to become an entrepreneur?
- c) What are the challenges a foreigner as an entrepreneur faces in establishing a small business?

d) How can these challenges be overcome? This part shall discuss how the problem to which this thesis is written was being identified, the process through which the thesis will be conducted, the research area, and the set objectives.

The main research problem of this thesis is that how have some foreigners become entrepreneurs and what are the factors responsible for their success or failure of a small business operation.

The specific objective of this thesis is to know the factors which are responsible for motivations and success or failure of a business start-up among foreigners living within the demographical region of Vaasa area in Finland.

#### Extended Objectives

Other view of this thesis is to serve as a manual guide for existing foreign students who are still searching for job opportunities or on the waiting list for over long period of time to start harnessing every opportunity and benefits of entrepreneurship. Also, this thesis serves as a manual guide to prospective future foreign entrepreneur students on how to perceive opportunities others ignore and integrate into the society via entrepreneurship. In the same vein, this thesis will also be of useful reference material for institutions who wish to improve, develop and encourage entrepreneurship among the foreign students.

### **1.3 Limitations of the study**

The scope of this thesis is limited to only foreigners who are involved in entrepreneurial activities in Vaasa region. Also, this thesis should be viewed as a guide but not as a final solution to solving inevitable entrepreneurial future challenges. Different convenient sampling groups were selected within the academic and non-academic scope in providing a valid and reliable result. Entrepreneurship and entrepreneurs are defined from different perspectives such as economic, sociological and psychological; this research shall focus on the business venturing and operational perspective.

In regard to time frame, it is known that we live in a changing world and policies changes even over night; therefore, all the policies regarding entrepreneurship in

Finland are limited within the time frame of this thesis. Therefore, every intending entrepreneur should check for the update concerning entrepreneurship policies.

#### **1.4 Research methodology**

This survey is an explorative research method which combines both the secondary and primary sources of information retrieval. Secondary data which will provide solid foundation for this thesis will be sourced from related literatures, journals, the internet, and other publications, while the primary data retrieval will be sourced by semi-structured questionnaire techniques either via e-mail or face-to-face interview. The result's validity and reliability will be based on the connection between these two sources and conclusions will be made with a good sense of judgment from the respondents' point of view.

This research will basically be qualitative as a result of its explorative approach which will provide clear view of the subject in identifying the needs and motivations of all the respondents, the barriers and problems associated with entrepreneurship (business venturing) and how they had solved these challenges at different stages, and sources of supports available to them. Also, the sampling size will be convenient sampling i.e. the available and interested respondents.

## 2 CONCEPTUAL ANALYSIS OF ENTREPRENEURSHIP

This chapter shall look into the analysis of different concepts and definitions of entrepreneurship from various perspectives since scholars, researchers, and theorists have indicated that it is impossible to get a unified definition of entrepreneurship and hence, regard the subject as “Heffalump”. The Heffalump is a rather large and very important animal which has been hunted by individuals using different ingenious trapping devices, but yet to be captured by someone. Those who claimed to have caught sight of it reported that it is enormous, but disagreed on its particularities, so the search continues (Jennings 1994, 9-14). This will help users of this project to broaden their scopes and understanding of entrepreneurship and also recognising an entrepreneur from different perspectives. Also, stimulating, cognitive, behavioural and personality factors of entrepreneurs will be discussed.

Entrepreneur and entrepreneurship are two inseparable words which mean an attempt in defining one will absolutely result in the definition of the other. Therefore, readers should watch out for the intertwining of the two words in the course of definitions. An entrepreneur is a person while entrepreneurship is the act or the process of performing entrepreneurial activities. According to the online dictionary (Cambridge), an entrepreneur is someone who starts new business as a result of opportunity existence. Entrepreneur is a word that was derived from French verb “entreprendre” which mean to undertake (Casson et al. 2006). Different economic-scholars have tried to define an entrepreneur from their own respective, economic view and functions.

Richard Cantillon an Irish defined an entrepreneur as anyone who takes pleasure in venturing into the unknown (risk taker) that others are being conscious about. Cantillon saw any person who is involved or responsible for exchange and circulation of economic resources from a surplus area to a deficit area as entrepreneur. Adam Smith a great economist referred to an entrepreneur as an enterpriser “who undertook the formation of organisation for commercial purpose”. Joseph A. Schumpeter is another economist who perceived

entrepreneurship from the point of innovation as he defined entrepreneur as innovator in his book titled “The Theory of Economic Development”. Anyone who always concerns him/herself with finding better or new methods or finding solution to a problem rather than conforming to the usual method is an entrepreneur (Anderson & Woodcock 1996)

Schumpeter defined entrepreneurship as the act of an entrepreneur to reform or revolutionize pattern of production by exploiting an invention, devising new way/methods of using old invention which will increase productivity, or trying new technological possibility for production or additional value. The distinguishing feature of Schumpeter’s theory of entrepreneurship is that entrepreneurship is viewed as disequilibrating phenomenon rather than equilibrating forces. Schumpeter believes that the activities of continuous inquiry, finding and researching into any new invention for further development will absolutely increase any economic growth and development of a nation. This was the idea behind his theory of “creative destruction” (Jennings 1994).

Knightian theory of entrepreneurship is a refinement of Cantillon’s theory. Cantillon argued that entrepreneurship is closely related to risk/uncertainty, but did not recognise the vital distinction between the two. An important contribution of Knight was to recognise the distinction between risk and uncertainty. Knight described uncertainty as uninsurable since it relates to unique event(s). According to him he believed that events which occurrence cannot be ascertained are categorised as uncertainty. For instance, a shift in consumers’ taste is uncertainty which whoever called entrepreneur should assume and shield other from such event. That is, an entrepreneur exercises good sense of judgement over any form of uncertainty in the economy and also functions as an insurance agent. (Casson et al. 2006).

Therefore, Knight’s theory defined entrepreneurship as the act of assuming uncertainty and also protecting others from such uncertainty. Here he argued explicitly that entrepreneurs are owners of companies, i.e. residual claimant (shareholders) and, thus, receive profit. But, in order to receive profits such entrepreneurs must carry out three tasks: 1) initiate useful changes or innovation,

2)adopt to changes in economic environment; and 3) assume consequences of uncertainty related to the company. (Casson et al. 2006, 45).

From different definitions given by scholars, it is quite obvious that entrepreneurship can be viewed from two broad perspectives: economic and management. Economists expressed that any act of supply of financial capital, innovation, allocation of resources among alternative uses and decision-making is considered as entrepreneurial activities. While the management perspective distinguished entrepreneurs from managers in the following definition “entrepreneurship is way of managing that involves pursuing opportunity without regard to the resources currently controlled. In this context, an entrepreneur “identifies opportunities, assembles required resources, draws-up a practical action plans for implementation, and anticipates the reward in a timely and flexible way” (Casson et al. 2006, 34-38).

Abstractly, from the above definitions, entrepreneurship is the process of change by which new opportunities are perceived and the subsequent introduction of ideas in the market by the agent of change known as entrepreneurs. These definitions really conform to OECD, “Entrepreneurs are agents of change and growth in a market economy and they can act to accelerate the generation, dissemination and application of innovative ideas. Entrepreneurs not only seek out and identify potentially profitable economic opportunities but are also willing to take risks to see if their hunches are right” from OECD (1998, in Casson et al. 2006)

Scharme and Christian said that “Entrepreneurship encompasses actions conducive to the formation of organisations, renewal, or innovation within or outside an existing organisation”. From this context, the important factor is the ‘action’ taken by individual or group of individual that determines if they are entrepreneur or not. Scharme and Christian believe that there are many people who only wish for things to happen or change but never take any action. Entrepreneurs are driven by actions with aim of achieving worthwhile goals (Casson et al. 2006).



Davidson (2005, in Casson et al. 2006) defined entrepreneurship as “the creation of economic activity that is new to the market”. This definition conforms to the earlier definition given by Joseph A. Schumpeter. What Davidson tried to buttress is the point of introduction of a new product or service into the market which could emanate from imitation (Casson et al. 2006). That is, an individual could imitate an existing company product or service and act as a new competitor in the market.

Another scholar defined entrepreneurship as “the process of company creation, company takeover and as synonymous with movement and change for an individual and an organisation”. This scholar also describes the process of merging and acquisition of firm as entrepreneurial activities. That is, any individual who engages in purchasing an existing company or an idea which leads to business creation is an entrepreneur and the process is regarded as entrepreneurship (Casson et al. 2006)

## **2.1 Entrepreneurship stages**

Entrepreneurship activities involve three different stages which every successful entrepreneur must recognise and makes proper planning at each stage before venturing or pursuing a business idea (Jennings 1994). It is very vital for every entrepreneur to know that not all business ideas that surface are a viable or profitable business opportunity. Analysis must be made to each of the stages because each of the stages brings with it different challenges which require different solutions, but the stages are interconnected.

Initiation stage is the stage where business opportunity is perceived or identified. This opportunity cannot be identified without paying attention and thinking about the current problem(s) which carry with it equal business opportunity. Psychological school of thought identified that entrepreneurs’ cognitive reasoning is responsible at this stage in identification and assessment of business opportunity (see chapter 2.5.1 for details of psychological schools of thought). The cognitive aspect is what makes every entrepreneur to think differently and also having a different view of possible related risks to such business idea(s).

Take for instance, if most of the foreigners in Finland are complaining about lack of employment and being turned back on the very few available jobs, then, it take good sense of reason to identify an opportunity in the midst of this problem. That is, getting an idea of starting or creating employment opportunity for other foreigners.

Having identified an opportunity, then the entrepreneur should move to the second stage called start-up activities stages. This stage involves identification, sourcing, and gathering of resources for the raised business ideas. One thing is to recognise an opportunity but another thing is to know the necessary resources and how to source and supply the required resources. This is the stage where most of the “would have been successful entrepreneurs” quit. This stage will involve more efforts in equilibrating demand with supply on paper in form of action plan(s).

Activation stage is the last stage when all the diligently documented plans will be activated and appropriate action is being taken. All these stages are connected together in the entrepreneurial process (Jennings 1994).

## **2.2 Minority entrepreneurship**

Globalisation is turning the world into a global village and individuals are gaining more access to migrate from one location to the other. Immigrants’ migration is also on the increasing side as the evidence is shown that more than 100 000 immigrants are now presently residing in Finland. (Cortes-Tellez 2010).

These foreigners also form a minor ethnic group in Finland which has instigated minority entrepreneurship. Minority entrepreneurship has been a new area of studies for scholars because of its economic significance which tends to result in high self-employment rates and a large proportion of small enterprises ownership among the minority in most western industrialised countries (Casson et al. 2006). According to statistics carried out in the United Kingdom (ONS 2004, in Casson et al. 2006), average self-employment rate among ethnic minority groups is at least 2 percent higher than 11 percent rate among the white population. During 1997 in US, minorities owned 15 percent of the small businesses out of which

615,222 had paid employees and also generated on an average over US \$591 billion in revenues, created 4.5 million jobs. (U.S Department of Commerce 2001, in Casson et al. 2006).

Minority entrepreneurship, ethnic entrepreneurship and immigrant entrepreneurship are words which were used interchangeably in some literatures and as well differently in other literatures. The variances in the usage have attracted different definitions from scholars who tried to differentiate these words. From the view of ethnic entrepreneurship “ethnic is a set of connections and regular patterns of interaction among people sharing common national background or migrating experiences”. Immigrant entrepreneurs are recent arrivals in a country who often enter business as a means of economic survival. These two set of groups are categorised as minority whose population are relatively small when compared to the majority. Therefore, Minority Entrepreneurship is business owners who do not belong to the majority population. Both ethnic and immigrant entrepreneurs are classified as minority entrepreneurs in most of the developed countries. US government categorised the following as minorities: Black, Hispanic, Asian, Pacific Islander, American Indian, or Alaska native descent. (Casson et al. 2006, 508).

Minority entrepreneurship has been associated with most of the foreigners or immigrants who always have an increasing number of self-employment through small or medium-sized of business ownership in an economy due to either ‘Pull’ or ‘Push’ factors (Casson et al. 2006). These businesses have served as means of economic survival and a fast method to social integration. In the following paragraphs, three main factors which explain business entry of minority group shall be discussed: economic disadvantage, cultural preferences, and contextual factors. These are the factors which influence or motivate any foreigner to engage in entrepreneurship activity through small business venturing.

### **2.3 Economic disadvantage (Push factors)**

A research indicated that a predominant racial discrimination in a labour market of any particular country will inevitably result in an increase in entrepreneurship

among the minority group who will prefer self-employment rather than any incentive employment opportunity. The research revealed that if the racial prejudices lessen the rewards of the paid employment, minorities will definitely search for alternatives. Take for instance where a dark-skinned employee is always being discriminated among the other fair-skinned employees in terms of task allocation, payment, communication etc, such a discriminated employee will be forced to seek alternatives either in another employment or starting his/her own business. An empirical research which buttresses this point was the confirmation of 'discrimination' as a contributing factor to minorities increased self-employment in Britain between 1973 and 1995. (Casson et al. 2006, 583).

The same research also indicated that not all minorities who opted for self-employment faced racial discrimination. There are other factors outside discrimination which stimulate minority groups into self-employment, such as the so called 'necessity-driven factor'. Necessity-driven factor is the penchant for accustomed needs of such a minority group. For example, an increasing number of Chinese in Finland has also increased the need for Chinese food which has driven some Chinese to start businesses in meeting those needs. It was also implied that the lack of required education, skills, knowledge about the industry and language were also a contributing factors which most minorities see as great obstacles to employment while having the notion that it is easier to be self-employed which only has few requirements such as expertise or knowledge, access to capital and finance with little entry barriers. (Casson et al. 2006).

Another point of view of the research was that some of the minorities entered self-employment not because they did not find employment as a matter of fact; they were fully employed with better remuneration but because of monotonous nature of the job which quickly leads to early-over-saturation or a hit of an idea. Examples were the mostly, Indian entrepreneurs who started high-tech businesses in Silicon Valley, California during late 1970s and early 1980s. The respondents of that research said that it was difficult for Indians to move beyond technical management positions in those days. Therefore, discrimination may not be the

only factor which influences minority decision-making toward entrepreneurship others factor are also influential. (Casson et al. 2006, 584)

#### **2.4 Cultural predisposition (Pull factors)**

As already explained above, culture plays a significant role in the process of entrepreneurship and its impacts in minority entrepreneurship cannot be underestimated. Minority groups choose entrepreneurship because of cultural predilection i.e. a strong liking towards self-employment instead of working for someone else. That is, the cultural predisposition of any minority group will also influence practices of entrepreneurial activities. A person with entrepreneurial background whose parents are self-employed is more likely to take after the parents. In such a case, the parents have either directly or indirectly influenced the entrepreneurship orientation of such a person. Entrepreneurship orientation of an individual is subjective to the external factors such as education, real life experiences and environment. (Casson et al. 2006, 584-585)

This point was buttressed in research by Sombart (1951, in Casson 2006) who tried to establish the link between entrepreneurship and culture with great emphasis on the role of Jewish rationalism in stimulating Jewish entrepreneurialism. According to Dobbin (1996), some cultures have a strong tradition in business and trading which instigates them to value entrepreneurship to any other paid employment. These cultures have a high sense of locus of control that believe in and encourage hard work, self-sufficiency, thrift, determination and they also help one another during the stages of entrepreneurship (Casson et al. 2006, 629).

#### **2.5 Contextual factors**

There are other contextual factors which may induce an individual of a minority group to entrepreneurship: geographical clusters, market conditions, and institutional structure.

Residential clustering of a particular ethnic or minority group in a certain geographical location also known as 'ethnic enclave' creates entrepreneurial

opportunities. According to the ethnic enclave's theory, minority enclave always creates niche market opportunities for serving the enclave members of the local. The opportunities in this niche market are easily sited because of the homogeneous nature of needs which the prospective entrepreneurs are craving for. These markets are always protected markets which other competitors from the majority cannot go into and subsequently offer a 'captive price'. Captive price is the price at which the buyer has no other opinion or close alternative of the product and, therefore, the seller can sell at his/her own desired price. (Casson et al. 2006).

Opportunities out the enclave ethnic might also induce minority entrepreneurship which they (minority) have analysed and seen the potentiality of such a niche market. These markets are neglected, abandoned or under-served markets. The majority group sees such a market as unattractive and, thus, shows no interest or invested little to absolute no capital in such markets or the major players of such a market only focus on a particular sector of the market like upper class (the rich citizens). This also is an igniting factor to entrepreneurship among the minority group who can see such opportunity. For example, business taxi operation in major cities like New York and London is operated by the minorities. Also most of the small groceries stores in Britain were owned by minority groups who are willing to work long hour with little rewards. (Casson et al. 2006).

Another research tried to view from a different angle that minority entrepreneurship depends on the 'mixed embeddedness' or interaction between socio-economic and ethno-social characteristics of the immigrant group. It indicated that an immigrant with lower socio-economic resources tends to be pushed towards entrepreneurship at the lower end of opportunity structure where entry is almost or absolutely free. Also, the research argued that immigrant entrepreneurs always start business operations very close to their relatives or within co-ethnic neighbourhoods in order to gain access to relevant information, capital and labour needed during the ethnic entrepreneurship process and stages. (Casson et al. 2006).

## 2.6 Internal factors

Every business both new and existing ones have an equal chance of succeeding or failing in every given environment. However, the success or failure is also influenced by the internal factors of the entrepreneur. A research showed that many new businesses failed within the first year of operation due to lack of understanding of the vital factors. Researchers ascribed that business size plays a significant role in the success or failure and growth rate with micro businesses experiencing higher rate, if these factors are well understood. According to Clark (1997, in Mehralizadeh & Sajady 2006), in Puget Sound Business Journal, the reason for failure of small businesses could be classified as 3M's factors which are three critical issues: Money, Management and Marketing (Mehralizadeh & Sajady 2006). The following internal factors are responsible for success or failure in small businesses and will be analyzed in detail in the following subchapters:

- Personal characteristics
- Psychological factors
- Cognitive factors
- Planning and organising
- Financial management

### **2.6.1 Personal characteristic**

Many researchers have tried to discover if there are any clear personality/characteristics which differentiate entrepreneurs. There seems to be no simple pattern but a set of complex interrelated factors which increases or decreases the probability of success or failure of all entrepreneurs. (Jennings 1994). The following personality characteristics are attributes of successful entrepreneurs:

**Self-confidence:** This is self assurance or belief in success in spite of any challenge in starting a new business without need for external recognition or appraisal. Successful entrepreneurs are confident in knowing and facing the likely problem associated with the creating or managing business ventures.

**Opportunism:** Entrepreneurs are the individuals who make use of their cognitive aspect in discerning or extracting opportunities amidst challenges. Successful entrepreneurs are regarded as opportunist. Opportunists in economic sense are the people who take advantage of economic opportunity.

**Ambition:** This is the intense desire of an individual to achieve a set objective which could be for recognition or distinction purpose. Entrepreneurs are known to be ambitious and energetic in creating successful business ventures. Demographic factors have also been identified to have influence over these personalities of entrepreneurs such as educational background, age, or gender (Jennings 1994, 159-160)

### **2.6.2 Psychological factors**

The psychological school of thought are of the opinion that the success or failures of any business venture is influenced by the following psychological factors of the entrepreneur:

**Need for Achievement:** The need for material wealth or recognition has been a strong driving force in this new 21st century where material gain is the scaling



factor for public acceptance. Therefore, majority of these new businesses started with this purpose in focus without knowledge of other factors which might cause the business to fail or succeed.

**Locus of control:** This is the self-belief of an individual that his/her life is either controlled from within or outside. Entrepreneurs are described to be masters of their own destiny with a sense of internal locus of control. They believe that they are the direct determinants of their own success while unsuccessful entrepreneurs believe that external locus of control is the determinant of their situation.

**Propensity for risk:** This is the degree to which any individual is willing to take risks. Entrepreneurs are those who have the capacity to take risks. They are willing to risk their money, reputation and also they risk the present for the future.

**Tolerance for ambiguity:** This is the ability to tolerate unfathomable situations which are surrounding the creation or managing of a business entity. Entrepreneurs are reported to have tolerance for ambiguity without experiencing psychological discomfort or threat (Jennings 1994, 160)

### **2.6.3 Cognitive factors**

The cognitive aspect of an entrepreneur has been an area of interest to researchers who have carried out many studies aiming at differentiating between the cognitive psychology of an entrepreneur and non-entrepreneurs. It is a fact that most successful entrepreneurs make efficient use of their cognitive capacities when it comes to making a crucial decision at any stage of the entrepreneurship process. This factor is very vital to every entrepreneur and must be developed because it is responsible for opportunity recognition, understanding of individual behaviour so as to have mutual relationship which is very essential to the success of entrepreneurship and also to solving daily challenges of entrepreneurship. (Ward 2004)

Creative thinking has been a source of great ideas that has brought positive changes such as new market discovery, new product or service, new technology

which have also enhance the standard of living by equilibrating demand with supply. Successful entrepreneurs are known to be creative thinkers who think outside the box in finding or analysing any confronting problem in identifying the hidden business opportunity. Cognitive psychologists have identified illogical arrangement of information based on past experience as the reason for people who could be innovative are not being innovative. (Ward 2004).

Creative and successful entrepreneurs manifest a good propensity to store information about their experiences in organised and logical knowledge structure which can be easily identified and applied in solving subsequent tasks. Experiences which constitute our knowledge base may sometime be a bridge to new development or a fence which blocks our path to creativity. Therefore, every successful entrepreneur must be able to know how to use a cognitive process and structure it in a creative ways so as to build bridges rather than fences. (Ward 2004).

There are models which have described creativity as a result of the application of mental operation to store information. Take for instance, the process of evaluating and analyzing an environment so as to determine a problem, ideation and with knowledge and motivation to determine creative outcome as an act of creativity (Ward 2004). The followings are ways creativity can be generated:

Many creativity accomplishments emerged as a result of conceptual combination which has special relationship to creativity. Conceptual combination is the process by which previously separated ideas, concepts and experiences are merged mentally to sprout creativity. The combination may not necessarily be similar or identical concepts; in-fact research indicated that combination of two opposing concepts or meanings is evocative and source of novel ideas. Entrepreneurs have also used this concept in creating new ventures in a different geographical location. For example, in the developing countries, it is a concept known that most of the food are not hygienically packed. So, this concept can be merged mentally in providing solution in form of a business opportunity in this area (Ward 2004).

Analogical reasoning has been another avenue via which creativity is developed or enhanced. Analogical reasoning is the application or projection of structured knowledge from a familiar domain to a novel or less familiar one. An example of analogical reasoning is Edison's development of electric light distribution system and the Wright brothers' efforts to craft a workable flying machine. This is the method by which an already existing theory or model is being analysed in order to discover a new method or theory from it. It is extractive in nature (Ward 2004)

The cognitive style approach is a research into the cognitive style of the people in identification of the factors which distinguish entrepreneurs from non-entrepreneurs. Cognitive style is very fundamental in knowing individual and organisational behaviours which always manifest in working environment and organisational settings" Cognitive Style is a fairly stable characteristic of people that are related to their habitual way of information processing". Three cognitive styles factors were used in determining the internal consistency and homogeneity of the sampled population: knowing, planning and creating style (Cool and Van den Broeck 2007). The result indicted the following outcome:

People who scored high on knowing style always search for fact and figure rather than assumption. These are the people who always want to know exactly the way things are and also search for solution. A foreigner who seeks after knowing the fact about employment rate, unemployment rate, what are the government policies on entrepreneurship and other relevant information before venturing into entrepreneurial activities are said to score high on knowing cognitive style and such a foreigner can conduct his/her business without violating political, environmental and social laws (Cool and Van den Broeck 2007).

Planning cognitive style is the ability of an individual to plan his/her course of action in a well structured method. People who scored high in this style are more effective and efficient who prefer to work in a well structured environment and attached great priority to preparation and planning (Cool and Van den Broeck 2007).

Creating style is the ability of individual to experiment or take risk. People who score high in this like experimentation and out-of-the-box thinking are known to be creative. These people are not afraid to risk failure; they always have the ideology that inside every failure there exist potential opportunity. It does not mean that they have the mind set of failing but always take the risk of trying the untried. Below is the description of cognitive model in a table:

Table 1: Description of three-dimension cognitive style model (Cools and Van den Broeck 2007)

Knowing style	Planning style	Creating style
Facts	Sequential	Possibilities
Details	Structured	Ideas
Logical	Conventional	Impulsive
Reflective	Conformity	Flexible
Objective	Planned	Open-ended
Impersonal	Organised	Novelty
Rational	Systematic	Subjective
Precision	Routine	Inventive

Many researches indicated that there are several reasons new business venture fail within a couple of five years. One major cause of small businesses failure is the wrong allocation/ mismatching of personality structure to wrong task structure. Emotional stability and locus of control is held by the research to be of

importance in the success or failure of a new small business. Every successful entrepreneur knows his/her ability and has developed a strategic approach in multiplying him/herself by delegating properly to other people the work which is not of interest (Cool and Van den Broeck 2007). That is, successful small business owners practise specialisation.

#### **2.6.4 Management, planning and organising**

A research carried out in Troy State University (2003) indicated that majority of the small businesses fail due to lack of management skills and planning. There are twelve management mistakes which always led to business failure:

1) Going into business for the wrong reasons, 2) Advice from family and friends, 3) being in the wrong place at the wrong time (Location), 4) Entrepreneur gets worn-out by underestimating the time requirement (lack of proper delegation), 5) Family pressure on time and money, 6) Pride, 7) Lack of market awareness, 8) Entrepreneur falls in love with the product/idea of the business which blocks other sense of reasoning in doing the proper SWOT analysis of the business, 9) Lack of financial responsibility and awareness, 10) Lack of a clear focus, 11) Too much money, 12) Optimistic/Realistic/Pessimistic (Mehralizadeh & Sajady 2006).

Cromie and John (1983, in Mehralizadeh & Sajady 2006)) specified that there are different skills required at different stage of entrepreneurship which every entrepreneur must familiarize him/herself with if success is the focus. Hisrich (1990, in Mehralizadeh & Sajady 2006) buttressed this view by saying ‘as an organisation enters a growth stage, there is a need for an entrepreneur to have ‘managerial skill’.

The establishment of small business in the area/sector where the entrepreneur has foreknowledge or understanding, for example as a previous employee could be the major reason for success. There is a citation which says that ‘he who fails to plan plans to fail’. In spite of what seems to be a promising idea which success can be conceptualised, most businesses still fail. This has been a very crucial question in the mind of business owners whose businesses hit the rock. They cannot just explain what, why, and how the failure occurred because what they had was such

a very good ideas at the first stage of business venturing. Research has indicated that having very good ideas is not the only requirement for small business to succeed; planning and organising are most important. Planning on how to make judicious use of resources, logistics, market and marketing research, and making a financial plan of cash flow analysis, financing, business entering strategy for the future (5 to 10 years projection) is very important (Mehralizadeh & Sajady 2006). After the initialisation stage of the business idea, the entrepreneur is to do what is called “Pre-start-up planning”. This is the process whereby the entrepreneur creates a vision, goals, objective, steps and approaches in achieving the vision. This represents what is called ‘business plan’ which outline all the purposes and future activities of the business. In the recent years, a majority of the financing institutions require a business plan as very important criteria for getting a loan or finance for a business idea. Business plan has been classified into four-level categories according to Bracker and Pearson (1986, in Melhralizadeh & Sajady 2006): (1) Unstructured plans, (2) Intuitive plans, (3) Structured operational plans, and (4) Structured strategic plans. This study and others have shown some strong link between the planning and business success while others also do not find any link between the two. Also, it is assumed that the importance of planning is contextual-dependent, so the benefits will be influenced by contexts (Mehralizadeh & Sajady 2006).

### **2.6.5 Financial management**

Finance is a very key factor in determining the involvement in entrepreneurial activities of an individual. Many research studies indicate that lack of availability of finance resulted into low or non-participation in entrepreneurship (Kamshad 1994, in Mehralizadeh & Sajady 2006). Finance is the bed rock of any entrepreneurial activities and mostly lack of it resulted into early-death of business idea or innovation. As commerce is assumed to be the life-blood of a nation so also is the finance to entrepreneurship. All enterprises need finance in all of the above stated stages of entrepreneurship. Entrepreneurs need good reputation to get finance and good reputation is based on trust. An entrepreneur who cannot easily

gain trust cannot attract investors, and must accumulate all the capital needed him/herself. The following are the strategies for capital accumulation or sources of finance (Calvin 2002):

**Inheritance:** the prospective entrepreneur's parent or relative maybe wealthy and may apportion or will some money to an entrepreneur or they may die at early age after which the entrepreneur automatically assumes their wealth. Note, some entrepreneurs also augment their wealth by strategic marriage. For example, an entrepreneur from poor background who got married to wealthy family can easily have access to capital.

**Working and Saving:** Though this is a very slow but steady method for capital accumulation during which the entrepreneur works as an employee in either related or separate field. During this period the entrepreneur is enlightened about working life and also faced with practical working experiences.

**Risk Taking:** This is risky and illegal business, but some merchants started as result of failure to secure a loan from authorised authorities or bureaucratic procedures for securing such loan and by smuggling, gun-running, or piracy accumulated the capital needed for legitimate business.

**Borrowing:** Many entrepreneurs started their respective businesses with borrowed capital either from a relative or friends. Such an entrepreneur gathers funds from different people without any form of interest payment on it. This form of capital accumulation is based on personal relationship and trust.

**Loans:** An entrepreneur can also accumulate his/her capital by seeking loans from financial institutions which requirements always set a road block to entrepreneurs as a source of finance. However, many of these financial institutions have lessened and reviewed their lists of requirement for granting loans, so as to encourage young entrepreneurs not to see finance as hindrance to entrepreneurship.

Joint Venture: This is a strategic means of sourcing for finance for a business idea. In this case, the entrepreneur who cannot provide funds for such impressive business opportunity can come into joint agreement with another person (sleeping partner) who can provide the funding for the start-up. Under this, great care must be taken in defining both the profitability sharing ratio and liability of each partner to avoid or minimise future disputes.

Grants: Most of the immigrant entrepreneurs are being given grants from government of the particular geographical location so to encourage these young prospective entrepreneurs whose impact in the economic development and growth can never be undermined. Before these grants are given, the authorised authorities encourage individuals in developing and analysing their respective business plans which can stand the test of time. The authorized authorities also provide support during the early stage of entrepreneurial activities.

## **2.7 External factors**

These factors are exogenous in nature. They influence the process of entrepreneurship as well as motivation for becoming an entrepreneur. The availability of these factors will push an individual to become an entrepreneur. An understanding of these factors will result in successful adaptation into the opportunities and constraints in the environment of operation (Mehralizadeh & Sajady 2006).

These factors are so important that without them any entrepreneur with internal factors cannot operate successful business. It is the combination of both the internal and external factors that account for successful operation of any small business venture. The external factors are as follows: a) economic factors. b) social factors. c) government support.

### **2.7.1 Economic factors**

Research indicates that many small and micro businesses started in the location where their founders already live and in which they have better understanding of



the geographical location. Thus, the success of such an entrepreneur is closely related to the geographical location. Not only do they have the understanding of geographical location but the understanding of the other key factors within such a location is of paramount. Other key factors are: population composition, demand-level, competition, and supply of the raw materials needed during the process of entrepreneurial activities. The analysis of the population will give better and structured production to a particular market segment whose demand level will indicate the quantity of production so as to avoid any additional inventory cost. Also, well industrialised areas with high-plant-industries rate, tend to be less suitable for small and micro businesses start-up and operation. Though there may exist economics of scale benefit which the small businesses might gain from, yet the level of competition might sniff any traces of success out of the business (Mehralizadeh & Sajady 2006).

### **2.7.2 Social factors**

Human beings are a social element through which entrepreneurial activities can be encouraged or discouraged (especially among the minority groups such as foreign entrepreneurs with a relationship factor). Entrepreneurs are often connected in social networks for extraction and as well as marketing their respective business opportunities. Societal support plays an important role in success or failure of entrepreneurial activities. For instance, lack of family support poses great difficulties to success of any entrepreneurial activities which is more pronounced in women's limitation to entrepreneurship. That is, a limitation on the number of hours female entrepreneurs can work compared to their male counterparts has resulted in a low rate of entrepreneurship participation among women who own and operate very little businesses ((Mehralizadeh & Sajady 2006).

It is quite undisputable that culture is a social factor that plays a significant role and has a profound impact on all the facets of entrepreneurship in societies. According to psychologists human beings are born as a tabula rasa-a blank tablet-and then shaped by their environment. The subconscious mind is subjective to the conscious mind which is influenced by the senses (eyes, nose, ears, mouth and body) that are responding to the external factor, our environment. Therefore, the

prevailing culture in any society influences entrepreneurial activities, behaviours, and motivation of an individual, organisation and society. Schwartz's (1992, in Casson et al. 2006) model indicated that culture has an impact on personality attributes, personal values and cognitive aspects of an individual. Culture is defined as set shared values and beliefs (Hofstede 2009). It is the predominant belief of any society which forms the basis of societal activities. Though every society is confronting similar basic issues or problems when they come to regulating human activity, variance of responses to these issues or problem from different cultural orientation is the distinguishing element (Casson et al. 2006).

Culture in any given society can either motivate or de-motivate entrepreneurial activities and in understanding cultural distinctiveness, scholars have used Hofstede's original four cultural value dimensions: Collectivism/individualism, power distance, uncertainty avoidance, and masculinity/femininity. Researchers such as Meuller and Thomas (2000, in Casson et al. 2006) indicated in their research that innovativeness and internal locus of control were founded among the students coming from culture with high level of individualism and low-level of uncertainty avoidance. Another researcher was also of the opinion that high individualism, high masculinity, low uncertainty avoidance and low power distance are suitable and conducive for entrepreneurship (Casson et al. 2006)

Other studies also indicated similar but a little different view that business ownership is obvious in a culture with low uncertainty avoidance and low power distance but not with high individualism. An empirical research into organizational setting also indicated that high uncertainty level pushes enterprising individual to create their own businesses. Major and similar researches have associated entrepreneurship with a particular cultural profile-in particular, high individualism and uncertainty avoidance. These cultural dimensions are more pronounced in the western countries that score high on these dimensions. Schumpeterian entrepreneur is usually demonstrated as important element in western region: an independent individual striving against the mainstream to take advantage of his or her uniqueness (Casson et al. 2006, 229-235)

Then does it mean that an individual with a relatively opposite cultural profile such as collectivism cannot operate a successful enterprise in these regions, if possible how successful are they compared to other indigenous entrepreneurs? Some researchers argued that cultural-relativism is very important in determining success or failure of immigrant entrepreneurs. A research conducted by McGrath et al (1992) surveyed entrepreneurs from the United States, mainland China, and Taiwan with items related to Hofstede's dimensions. On individualism/collectivism dimensions, the research specified that "fifty years of exposure to very different ideologies have done little to break down the traditional collectivist Chinese culture" among the Chinese and Taiwanese; though there were changes in power distance and uncertainty avoidance. The result is consistent with the view that cultural values may induce entrepreneurial activities among immigrants (Casson et al. 2006)

Communication plays a very vital role in the lives of all human beings, in that human being cannot survive without communicating with one another. Life is all about communication, consumers communicate with the producers in term of needs or wants, producers communicate with suppliers for resources in meeting these needs/wants and suppliers communicate with government for regulations/rules guiding these limited resources. Communication plays a significant role in the development of any society, region or country. Lack of it may stagnate economic growth and development. In an organisation, the role of communication can never be underestimated to the growth and profitability level of such an organisation. Communication as a determinant of profitability level of any organisation indicates that when there is good communication among the vital sectors of any company, such company will know what to produce, how to produce, where to produce and to whom to produces. Therefore, communication is an inevitable factor in entrepreneurship and also to a small business venture, because knowing how to communicate will help the process of entrepreneurship and entrepreneurs to explore opportunities around establishing bonds, networks and relationships with other people. (Gesteland 1999).

“Communication is any act by which one person gives to or receives from another person, information about a person’s needs, desires, perceptions, knowledge, or affective state. Communication may be intentional or unintentional, may involve conventional or unconventional signals, may take linguistic or non-linguistic forms, and may occur through spoken or other modes”. (Valenzuela 2002). Language as means of communication is the only way through which an immigrant can be integrated which comes with the opportunity of conducting a successful business in any society/culture. The importance of language can never be underestimated in small businesses, large corporation and society and lack of understanding of it hampers employment opportunity of foreigners (Helsingin Sanomat Internation Edition 2000).

Lack of interest in learning the required language has posed lot of barriers to cultural and economical integration which has resulted in low or non participation of foreigners in entrepreneurship and also contributed to success or failure of business ventures. The lack of language skills does not only put any foreigner at the mercy of any employer who can terminate employment contract at any time or deny the employment opportunity due to one reason or the other; it also affects the economical and social skills of an immigrant and might render them outdated in the labour market. Language skills are a basic criterion to the success or failure of any foreign-entrepreneur in foreign countries. (Helsingin Sanomat Internation Edition 2000).

## **2.8 The role of government**

The role of entrepreneurship in any economy can never be underestimated. Economic growth and development is fast and easily achieved in an economy where entrepreneurship is fully supported. The objective of every government is to achieve economic growth and development which provide better standard of living for the citizens. In attaining this, it is the responsibility of the government to provide both economically and socially enabling environment for the operations of entrepreneurship to thrive. Government should instigate economic policies which will motivate the establishment of small businesses and other

entrepreneurial activities such as minimum regulations, fair taxation that is easy for compliance, liberalisation of trade, both domestic and external, in order to extend market capacity, easy access to finance, advisory services on how to start and finance a start-up businesses and also making funds available in form of grants to prospective entrepreneurial ideas (Lundström 2005). For instance, according to Saxenian (2000, in Casson et al. 2006) US policy changed on immigration system between 1965 and 1990 really motivated many of the Chinese and Indian immigrants to start their own hi-technology businesses (Casson et al. 2006).

It is also mandatory for the government to provide the social-physical infrastructures such as good roads, electricity, water, transportation links, telecommunication, industrial land, estates, basic skill training, and satisfactory educational system at all levels. The availability of these elements may serve as pulling- factors which instigate entrepreneurial activities among individuals. Also, decentralisation of support service system to the regional and local level will improve the process and encourage regional initiatives which will foster local development at a cost- effective rate. Thus, the availability of these economical and social elements is a very important external factor which will motivate entrepreneurial activities (Casson et al. 2006)

Finnish government has tried to encourage entrepreneurship through its policies, the responsible agents and also compare the policies to the other European Union countries. The rationale behind this chapter is to provide every reader with knowledge of government policies and area of applicability (Lundström 2005).

Aside from providing all the basic infrastructures for small and medium scale businesses to thrive, it is also the responsibility of the government to make the business atmosphere and environment conducive for operations. Government make this happen through the policies which regulates business environment. These policies either encourage or de- motivates the practise of entrepreneurial activities.

Finnish government has integrated entrepreneurship policy programmes in the economic and industrial policy. The reason for these policies is to safeguard a stable and predictable operational environment for enterprises as well as to ensure that the limited available resources for the promotion of entrepreneurship in various administrative branches are judiciously utilised. These programmes emphasise the importance of entrepreneurs and the enterprises which they create in construction of economic growth and employment (Lundström 2005).

The focus of these policies is to create a concrete projects that support entrepreneurship and the programme consist of five sub-sectors:

- a) Entrepreneurship education, training and consultancy services for intending or existing entrepreneurs and enterprises.
- b) Set-up, growth and internationalisation of enterprises
- c) Payments and taxes which can affect entrepreneurial activities
- d) Development of regional entrepreneurship
- e) Legislation governing entrepreneurship and the functioning of markets.

All the stakeholders (both the private and public sector) come together annually in reviewing and reforming of these policies. The Minister of Trade and Industry is responsible for the management and coordination of Entrepreneurship Policy Programme while Ministerial group is responsible for the implementation (Lundström 2005).

Ministerial group consist: Minister of Trade and Industry (chairman), Minister of Defence, Minister of Education, Minister of Labour and Minister of Environment

The government knows that for entrepreneurship to thrive, it is very important to educate and train the people about what entrepreneurship is all about and show the benefits of becoming entrepreneurs to themselves, community and the economy at large. Also, advisory or guidance services are set in place to foster the participation of entrepreneurial activities. Finland is a country that is technologically driven, so the need for education, training and advisory services is very important in entrepreneurship development (Lundström 2005).

Not only do the government want to foster start-up and growth of small and medium scale businesses, but also want to encourage the internationalisation of enterprises whose foreign earning contribute to the development and growth of the country at large. (Finnish government 2010).

Finland has shown a very positive index according SBA policy radar in promotion of entrepreneurship through policies. When compare to other countries, Finland government have provided support which have increased the numbers of entrepreneurs, small and medium scale and family business within the region. In entrepreneurship, Finland's performance is higher than the EU average. That is, Finland has an increased number of her citizens who are involve in entrepreneurship as 87 percent of the population strongly believe in establishing and running a successful business compare to 69 percent EU average. Therefore, the society holds in high-esteem every successful entrepreneurs and this has also push many to becoming entrepreneurs. The introduction of entrepreneurship education into the school curriculum has helped majority (62%) of the young entrepreneurs in developing entrepreneurial attitudes when compare to EU average (50%). However, indication also specified that the survival rate of new businesses is very low and also the growth rate of enterprises. That has prompted Finnish government to introduce many programmes, advisory services and as well as follow-up services to sustain the growth and development of these enterprises (European Commission 2005).

Another motivating factor is that in-spite of the first failure of any entrepreneur or enterprise, the Finnish government has created an avenue and atmosphere for the failed businesses to have another chance of business operation. These have even make majority of the citizen to be supportive in spite of the failure. From my personal observation and experience, most Finns will patronise or buy product that are made in Finland (European Commission 2005).

Finnish government has created an atmosphere under which the procedures and the time frame required for registration of new businesses are not complex and time consuming. According to the European Commission Enterprise and Industry report, it indicated that Finland performed better in 'responsive administration'

than EU average in term of easy and cheap start-up procedures. The data specified that it takes almost two weeks to start a business in Finland while 20 days on the average in other EU. The cost of setting up business is relatively lower (1%) compare to almost 7% on average in other EU regions and so is the cost of closing business. Almost 69% of the population are in support of the existing administrative rules compare to 29% on the EU level (European Commission 2005).

Public procurement and State aids are signals which indicate that despite the low proportion of state aid to SMEs (6%) compare to EU average (11%), the government increases the chances of these SMEs in securing the public contract. This serves as motivational factor which has inspire intending entrepreneurs to start-up business with the chance of procuring public contract. Many new businesses have started on this platform and many have also won the competition-battle of public contract procurement with other big competitors. In Finland the share of SMEs in public procurement contract is more than 50% compare to EU average which is 49% (European Commission 2005).

The availability of finances for small businesses and entrepreneurial activity has made entrepreneurship participation increased. Finnish government score above other EU counter in providing funds and finances during the stages of entrepreneurship. The interest rate charge on loans is relatively small compare to other EU countries. Thus, access to finance is less costly for smaller entrepreneurs and small businesses. Finland has made provision in making fund available through the appropriate authorities for the period 2007- 2013 in stimulation of entrepreneurial activities and SMEs (European Commission 2005).

Finnish government and its agencies have increased the level of entrepreneurship participation in the country as result of adequate training and education. As a matter of fact, entrepreneurship education has been included into the school curriculum which every student must study. Consequently, the participation in entrepreneurship has increased which has resulted in increase in innovations. More than 80 percent of SMEs always provide training and allow their staff to acquire more entrepreneurial skill or knowledge. Research indicated that more



than 78, 5 per cent of micro enterprises participate in learning activities (European Commission 2005).

### **3 EMPIRICAL STUDY**

This empirical part shall be divided into two chapters. The first chapter will focus on the general information about the empirical study. Under this chapter the reader will familiarize with research aim, purpose, method, design, sampling, methods of data collection, validity and reliability. And the next chapter will be focusing on the result analysis and findings before conclusions and recommendations are made. The reasons for choosing any of the research methods during the course of this research will be explained and also an extensive analysis of the interview will be done so as to reach a valid and reliable conclusion.

#### **3.1 What is research?**

“Research is the systematic and objective identification, collection, analysis and dissemination of information for improving decision-making related to the identification and solution of problems and opportunities” (Sabel 2009). Systematic approach is very important rather than common sense in research because it leads to better decisions and results than those decisions made exclusively through intuition or personal likes and dislikes.

The purpose of every research is to find out a better truth about an existing knowledge or phenomena in social science. Such finding is either to describe, explain, explore, understand, foresee, criticize and/or analyze such phenomena. So, this thesis has taken a systematic process and explorative research method among other methods to reach its objectives. Reason for choosing explorative research method is to collect practical and professional information from the sample size which will give a clear and current view of the subject. Also, the explorative method show if there is connect between the theoretical studies and practical working experiences (empirical study).

## **3.2 Research method**

It is very important for every researcher to identify and determine the methods by which relevant information will be collected in order to suit the purpose of research. Though, there are researchers who have tried to compare research methods in determining the best method(s) to use during research; it was argued that no particular method should be set as standard or most suitable method but the research problem and purpose should be considered as determinant factor in choosing research method.

Research method is the systematic focused approach through which relevant data is collected in orderly manner for the purpose of obtaining information that will be used in solving/answering our research problems. There are two main types of research methods namely-qualitative and quantitative under which different techniques such as structured, semi-structured or unstructured interviews, surveys and observations are used in collection of data (Ghauri, Gronhaug & Kristianslund 1995, 83)

### **3.2.1 Qualitative vs Quantitative methods**

Qualitative methods is an unstructured and flexible method of data collection which allow the respondents to reflect upon and express their views in order to get a deep insight and better understanding of a phenomenon or research problem. The common techniques through which data is collected under qualitative methods are observation and unstructured or semi-structured interview. In doing qualitative research which is a mixture of rational, explorative and intuitive, a researcher must be able to think abstractly, have a sense of critical analysis of situation or phenomenon, having the ability to recognise and avoiding biases, having theoretical and social sensitivity, and ability to keep analytical distance in order to obtain valid and reliable information.

Qualitative research method is applied when a researcher seeks new or further, better or deeper understanding of person's experiences or behaviour, or phenomenon (Ghauri et al. 1995, 86).

A quantitative research method is a structured method of data collection which use structured questionnaire as a techniques to collect data or elicit information from respondents of sample. In quantitative methods the data is always grouped and analyzed in a statistical numerical form which always gives predetermined responses from the respondents. In doing quantitative research method, researcher need to acquire statistical knowledge in order to correctly categorized data that will be easily understood to respondents and also acquiring relevant information.

Quantitative research method is implored when there is a need of very specific information in a particular study. Quantitative research method is holistic in nature because it guides consciously the area of study so as to acquire the specific required information (Ghauri et al. 1995).

Though are differences between qualitative and quantitative methods which are more than just quantification (the difference will be outlined in the subsequent table). In spite of the difference researchers argued that both qualitative and quantitative methods can be combined in the same study but at different stage. During the first stage of a research, the problem seems to be in an unstructured nature during which the method applied is qualitative. The second stage is when the research problem become clearer and can be structured, and then the method applied is quantitative research. There are situation where the research problem is already clear, then the researcher can only apply quantitative method. The combination of the two methods is called 'multi-method' or 'triangulation' (Ghauri et al. 1995, 85-86). Below are the differences between qualitative and quantitative research methods:

Table 2: Difference between qualitative and quantitative research methods  
(Ghauri et al. 1995, 84)

Qualitative Methods	Quantitative Methods
Emphasis on understanding	Emphasis on testing hypothesis and verification
Focus on understanding from the respondents' point of view	Focus on facts and /or reasons of social events
Interpretation and rational approach	Logical and critical approach
Observation and measurement in natural setting	Controlled measurement
Subjective 'insider view' and closeness to data	Objective 'outsider view' distant from data
Explorative orientation	Hypothetical-deductive, focus on hypothesis testing
Process oriented	Result oriented
Holistic perspective	Particularistic and analytical
Generalization by comparison of properties and contexts of individual organism	Generalization by population membership

This thesis has implored quantitative research method in achieving its objective because it explores the personal experiences of successful foreign-entrepreneurs in solving major problems foreign-entrepreneurs faced in all stages of entrepreneurship in Finland. A semi-structured questionnaire is prepared to guide the respondents on the area on which their knowledge, opinions and thoughts are seek.

### 3.2.2 Qualitative data collection

Data can be collected in either qualitative or quantitative method. Data which can be statistically expressed, presented, measured and analyzed with numbers are regarded as quantitative data, while data which cannot be expressed, presented, measured and analyzed statistically with numbers are referred to qualitative data. One of the benefits of qualitative method of data collection is that it provides the in-depth knowledge and understanding upon which the researcher can be able to draw a valid and reliable conclusion (Ghauri et al. 1995, 95). Collection and analysis of data in qualitative research is often collected under a friendly and interactive atmosphere where the data collected are analyzed, new questions are being initiated which leads to further collection of relevant data. Below are the differences between qualitative and quantitative data in a table:

Table 3: Qualitative and quantitative data (Ghauri & Gronhaug 2005, 204)

Qualitative data	Quantitative data
Based on meanings expressed	Based on the meaning derived from numbers
Collection of results in non-standardized data requiring classification into categories	Collection of results in numerical and standardized data

Analysis is conducted through the use of conceptualization	Analysis is conducted through the use of diagrams and statistics
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Analysis of quantitative data follows sequentially after the data collection but in qualitative data such analysis requires other process which is illustrated under the results analysis with a diagram.

### **3.3 Research design**

This is a planned framework or structure which serves as guide to every researcher in getting all the necessary required information during the course of research within the given or figured constraints. It is very important to all researchers to have or design a master plan or approach on how to effectively gather and connect both theoretical and empirical required information within the constraints. There are three major constraints faced by researchers during the course of research- time, budgetary and skill constraints (Ghauri et al. 1995, 26-27). Time constraint is the limitation of period during which the research must be done or carried out. Every business student has a limited period of time to produce a research report before earning his/her degree.

Budgetary constraint is the financial constraint which limits the scope of research during the course of research. Most of the degree students have no or little funds available during their course of research and therefore, effective and efficient plans must be put in place before embarking on proposed research.

Skill constraint is the limitation of the researcher's knowledge and ability or know-how. Every researcher is limited by his/her ability to manage information and research design helps in gathering the information suitable and that which is within the ability of researcher to manage. There are three main forms of research designs as illustrated in the following diagram:

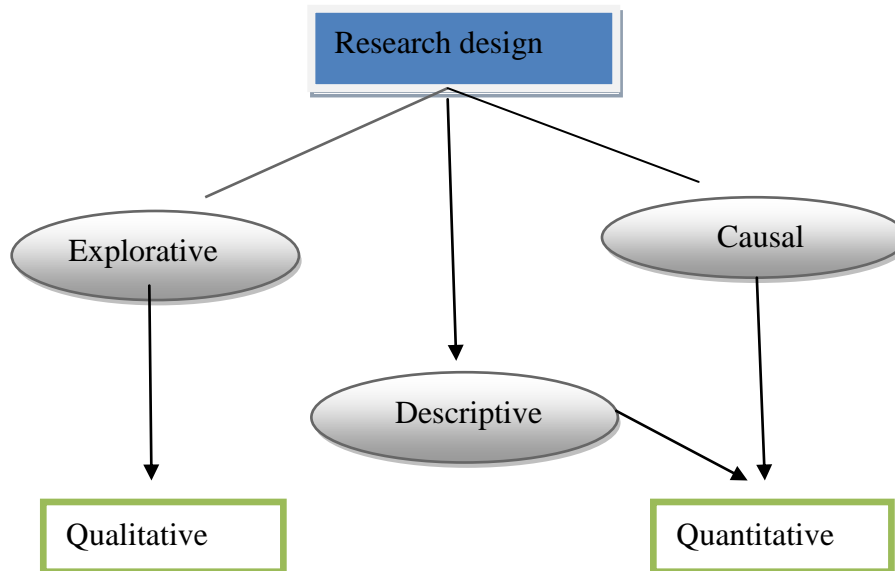


Figure 1: Research design (see Ghauri et al. 1995, 27- 28).

The figure above showed diverse ways into which research can be conducted. The research design is also influenced by the nature of the research or what the researcher intend to find out. Below are explanations of the three main forms of research design:

### 3.3.1 Explorative research

This is a kind of research where the researcher has little or no understanding of the research problem on which further understanding is seek. The question of the research might be vague and badly understood, and it is very difficult for the researcher to draw conclusion, so the researcher is trying to dig deep and investigate the phenomenon so as to come out with valid and reliable information. Example of this type of research is what the detectives engage in to find out the truth and real issues concerning a criminal situation. In doing explorative research, the researcher must possess some certain skills such as ability to observe, deduce

or induce information and construct a theorizing explanation (Ghauri & Gronhaug 2005, 58)

### **3.3.2 Descriptive research**

A descriptive research is a research with a structured and understandable research problem or question. Under this research, the researcher is clear about what information is needed for the research and plans methods of collecting the information. This research always describes a phenomenon or situation whose process might look so complicated or unclear, but in order to get further or broaden the understanding, a descriptive research is applied (Ghauri & Gronhaug 2005). One literature describe descriptive research has a study which answers the questions such as who, what, why and how. Though, this is related to marketing research where consumer's behaviour is the focus. These questions describe who the customer is, what sort of product or service that will satisfy his/her need, why does it need or in need of such product or service and how this need can be met and also how the product or service can be made available within the reach of the customer (Ghauri & Gronhaug 2005, 58)

In a situation where researcher wants to use primary source of information through interview, the researcher must give and have a clear definition and concepts that can be easily communicated and understood by the respondents. The researcher must establish a sample size upon which the research will be conducted with precise rules and procedures. So, the main feature of descriptive research is that the research must be structured with precise rules and procedures (Ghauri et al. 1995, 28).

### **3.3.3 Causal research**

Causal research is a research with a structured problems that many researchers are using in finding out the correlation/relationship between cause and effect of an event or phenomenon in order to give/predict future result or occurrence. Under this form of research, the researcher's function is to separate cause(s) and being



able to diagonalise the extent to which the causes have brought about certain effect(s).

The major form of research problem is a problem of 'cause and effect'. There are factors which determine the level of validity and reliability of casual research method. Since the major focus of this form of research is to establish the relationship between the cause and effect of a particular outcome, then the analysis of the causes is very important. In order to achieve validity and reliability under this form of research, the variation must be concomitant. i.e covariation between the cause and effect must exist. The cause must precedes the effect which can be used in making future predictions. Also, in order to achieve a very good valid and reliable result, alternative causes must be eliminated. i.e researcher needs to discover the cause which is in concomitant with the result and then rule out all other causes (Ghauri & Gronhaug 2005, 59-61).

### **3.4 Sampling and Sample size**

In every research it is very important to all researchers to have a sampling size(s) upon which the intending research will be conducted. Because, it is extremely difficult if not impossible to carry out research on the whole population and also the cost and time constraints pose a lot of barriers; sampling is inevitable in all research. There are two forms of sampling strategies which every researcher can use for the process of selecting samples: probability and non-probability samples.

Probability samples is a sampling process where an individual member of a population stands the chance of being selected into the sample size. Inference can be drawn from the sample size and generalise it upon the whole population. While non-probability sample indicates that an individual member of population do not stand the chance of being selected into sample size. So, inference can not be made from the outcome of such research upon the whole population, because of representation inadequacy. Representation inadequacy means that not all parts of the whole population is fully represented. Though inference can not be made on the whole population from the sampling size in non-probability, but there exist a revelation of common factor which can be further investigated (Ghauri &

Gronhaug 2005, 146-148). The following are the steps to sampling in an empirical study which serves as a guide in the course of this research:

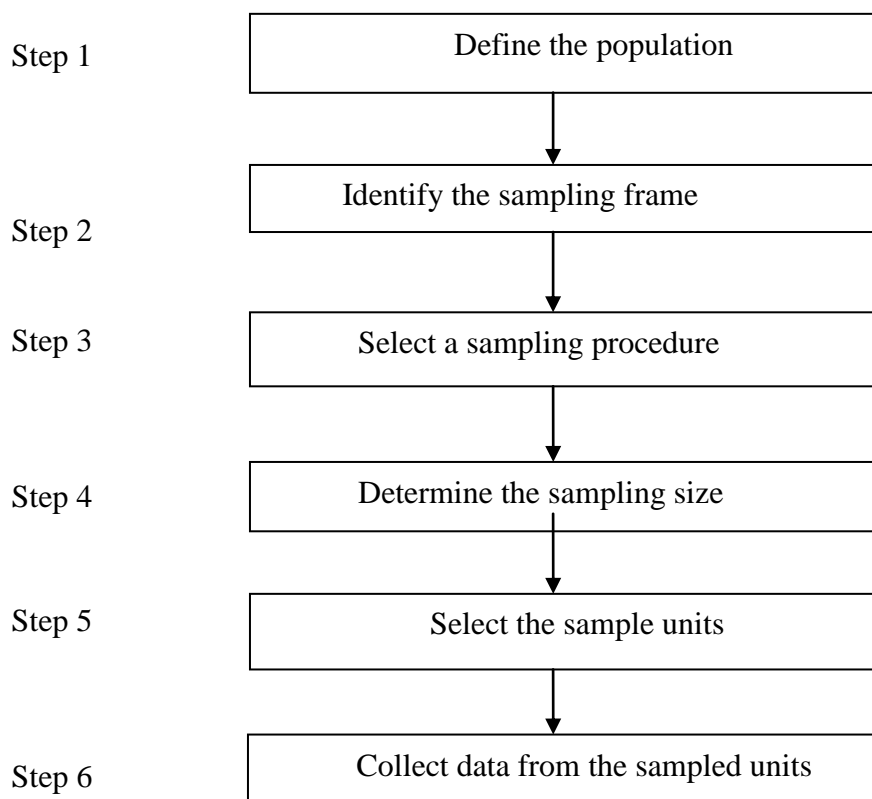


Figure 2, Procedures for drawing a sample (see Ghauri & Gronhaug 2005, 146)

This research has taken the non-probability sampling where the whole population is defined as foreigners living in the Vaasa region of Finland. But not all the foreigners stand the chances of being selected into the sampling size, because of the objective of the research. So, foreigners who own businesses or are involved in entrepreneurial activities are identified as the sampling frame. The sampling procedure has been through personal contact to foreigners and trade registrar in knowing and getting the contacts of those who have or had established a business

in the region. The sampling size of this project was determined based on the list of references gotten who were then contacted via phone calls and email but the unit was selected base on the responses and willingness to grant the interview.

### **3.5 Case studies**

Case studies are a very important aspect of any project or thesis, as it helps researcher during the course of research to intensify study that gives necessary information and expand knowledge or insight of a subject. Another feature of case study is that it helps to establish characteristics which are common in several cases by which an integrative interpretation can be drawn (Ghauri et al. 1995, 88).

However, many researches use single case study during the course of research due to the nature of such research; it also possible to study different organizations or individuals as case studies with a set of variables that is already assumed. This type of case studies is known as ‘comparative case studies’. During this study, the same questions are being asked in different organization or from individual which results will be compared before conclusion is drawn (Ghauri et al. 1995, 88). This project uses comparative case studies in order to achieve its objectives. Below are brief introduction of the case studies which comprise both businesses and individual who owns, had owned a business before or involve in entrepreneurship training. The reason for involving all spectrum of entrepreneurship is to expand our conceptual knowledge and understanding as rightly defined in the theoretical part.

#### **Case study 1**

This is a food market store own by a male foreigner who came to Finland from south-east Asia from Burma. The business specializes in selling Oriental foods which are imported from Asian countries. The business was established in 2002 and moved to Vaasa in 2003. It was quite interesting that he came to Finland in year 2000 as refugee with only two pairs of clothes and could not get a job within

the period of 3 to 4 months. He got part-time job in a farm and also worked as cleaner for Vaasa city in the year 2006. But, today he is a graduate of Vaasa University of Applied Sciences (2007) and also an employer with desire, determination, discipline and goals for the future.

#### Case study 2

This company operates in the same line of business as the first case study explained above: but the owner happens to be the first foreign entrepreneur who started an Oriental food shop in Vaasa region, according to him. He came to Finland in 1993 and he decided not to look for any job but to start his own business. Today, he owns his own company; he is an employer and also has goals for the future

#### Case study 3

The next case study is a cleaning service provider company that provides cleaning services for households, offices and companies. This company is owned by two foreigners who have joined forces, experiences and resources together as a team. One of the owners came to Finland in 2003 while the other came in 2006. Today, the company is doing very well and the two entrepreneurs were interviewed separately in order to get different point of view of their opinions regarding entrepreneurship in Finland.

#### Case study 4

This particular case study is chosen to be part of the case studies because of his vast experience in entrepreneurship in Finland. He is Turkish by origin who had entrepreneurship background from his grandfather between 1977- 78. He moved to Finland in 1979. He started his business in the same year called 'Käyttötaitetta'. He produced then small elephants which were used as a necklace. These items were produced under his roof. That product were sold both in Finland and also exported to country like Germany. Later, he also produced glass-cups that were sold in many parts of Finland; as a matter of fact his name became known for his tenacity and determination in producing product with

Finland's label. That got him free advertisement from the media houses who published his name and products. He has also become an icon, adviser, and mentor for both foreigners and citizens who are interested in entrepreneurship because of his experiences and know-how of entrepreneurial activities. Today, he is a lecturer and coach at the Vaasa University of Applied Science and at a practical learning environment of VAMK called Business Factory.

#### Case study 5

Case study 5 is also a foreigner who has made an indelible impression on both the foreigners and citizens of Finland. She is in her middle forties and from Indonesia. She arrived into Finland in 1986. She could not find a job though she searched because of language barrier. According to her, she applied for a job at ABB in her first year but due to the language barrier, she was turned down. Two years later, she got the job when she had learned the language. She is into consulting business which was established in 1994 and as at today she is a lecturer at Vaasa University of Applied Sciences. She also has vast experiences of entrepreneurship from her background and education.

#### Case study 6

Case study 6 is a lecturer at Vaasa University of Applied Sciences who teaches entrepreneurship. He was chosen to be part of the sample unit because of his conceptual knowledge. He claims not to have established any form of business in Finland but he has seen to the successful establishment of many foreign businesses in Finland. Presently, he is involved in an entrepreneurship projects which are encouraging Finnish companies to take and explore the business opportunities in West Africa countries.

### **3.6 Validity and Reliability**

In every research there exists hypothesis or phenomenon which all researchers intend to find or measure. This hypothesis or phenomenon is known to be observed score which variance is measure from the true score. In other words, validity is the measurement of distance of the observed phenomenon from the

actual or true score phenomenon; and for any research to be valid, the observed score must be equal or close to the true score. The two forms of validity that is taken into consideration in this project is the internal and external validity (Ghauri & Gronhaug 2005, 85-86)

Internal validity simply refers to the length to which one can infer that a casual relationship exists among measured variables. Under this explorative form of research, internal validity can be viewed in the sense of factors which motivate foreigners to take or involve in entrepreneurial activities in a foreign land. These factors are common to all and are explained under the internal factors illustrated above. The external validity refers to the extent the finding can be generalised on all the population from which the sample is being drawn. As rightly mentioned that demography and some other factors play role in either encouraging or discouraging foreigners to becoming entrepreneurs which was explained in the external factors and also government policies which might be different in all region in Finland; so, generaliability might not be possible out the area of research of this project (Vaasa).

Reliability is the test of the consistency or stability of measure in a similar field of research (Ghauri & Gronhaug 2005, 81). Let take for instance, if ten (10) different researches were conducted in the marketing industry in order to determine what factor was responsible for sales increase in company, and price seems to be the constant factor in all the researches while other factors varies; then the result can be concluded to be reliable if price is taking as the final result.

This thesis can be said to be valid and reliable because the observed score is close to the true score and the consistency of one common factor which motivate foreigners to becoming entrepreneur in foreign land. And, coupled with the background literature of this project which laid the foundation upon which the empirical part stands in order to conduct a coherent and simple research. At the empirical level, data were retrieved from the primary sources without any external influence which will help in exercising a very good sense of judgement during the result analysis in order to draw a valid and reliable conclusion.

## 4 ANALYSIS OF RESULTS

Analysis plays a crucial role in all forms of research because its purpose is to give or gain better understanding of a phenomenon or hypothesis from all the collected data of research. A great scholar described data analysis ‘as the process of bringing order, structure and meaning to the mass of collected data’. Qualitative data seems to be more complex and over whelmed than the quantitative data by mass of data, but it is the responsibility of researcher to be able to dissect, reduces, sorts and reconstitutes data in more understandable and comprehensive way (Ghauri & Gronhaug 2005, 206). Though, there is no agreed method of data analysis in qualitative research, Miles and Huberman (1994, in Ghauri & Gronhaug 2005) gave a very easy model through which data can be analyzed in qualitative research. The next figure shall illustrate the model through which data gotten from this research is analyzed.

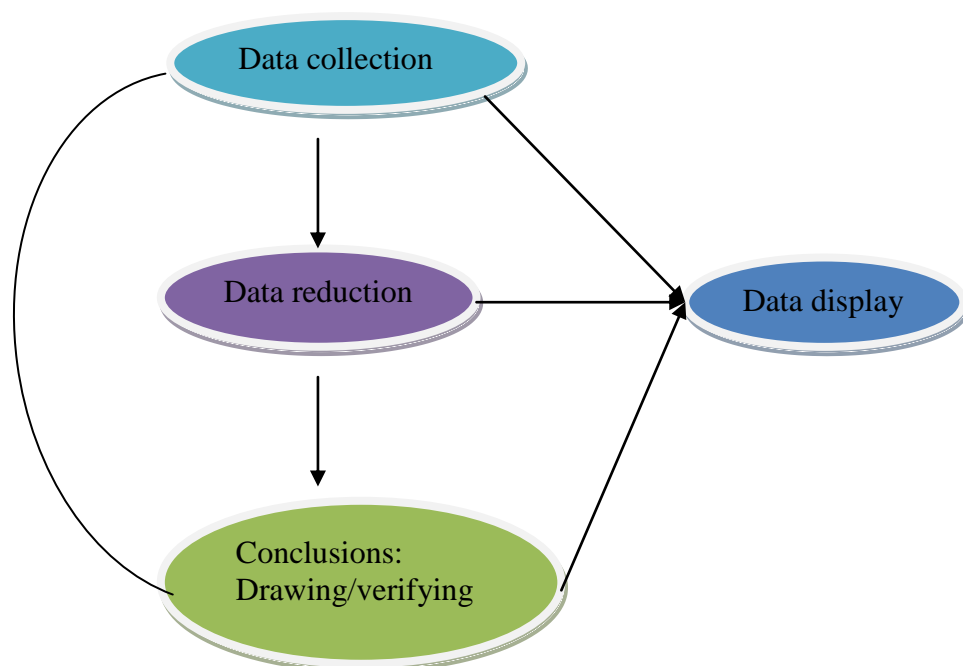


Figure 3: Components of data analysis (Miles and Huberman, 1994, in Ghauri & Gronhaug 2005, 207)



In qualitative research, researchers are being overwhelmed with mass of data during the collection stage. Researcher must have a very good analytical skill that will help to filter the whole mass data collected in order to be able to reduce such data to the relevant or required information which will be displayed. It is quite easy and convenient to draw good, viable and reliable conclusion with this due process known as interactive model under qualitative research. Data reduction is the way of “selecting, focusing, simplifying, abstracting and transforming the data that appear in writing up field notes or transcription”. While data display is “an organised, compressed assembly of information that permits drawing conclusions and taking actions” (Ghauri & Gronhaug 2005, 207).

Based on the explorative nature of this research, seven foreign entrepreneurs were chosen as samples units out of the sampling size because of their wiliness to grant the interview for this project. These sampling units represent a very good proportion of population as they all are involved in entrepreneurial activities. In the subsequent paragraphs the finding during the course of this project shall be analysed in detail according to the structure in the theoretical part and layout of the questionnaire. Note that some of the questions have already been answered in the introductory part of the case studies, so those questions will not be repeated.

#### **4.1.1 Conceptual definition**

During the course of this research, different conceptual definitions were given by different respondents. Three respondents defined entrepreneur as risk-taker, while other gave different definitions such as someone who thinks creatively, someone who sees opportunity to make money and goes for it, someone who looks for idea and converts it into solution for solving human problems and someone who makes thing happen. These conceptual definitions are in conformity with the different definitions given in the theoretical part of the study.

From this research it is quite obvious and clear that conceptual definition also plays crucial role in entrepreneurship participation of foreigners. These definitions have really formed the bases upon which entrepreneurial activities involvement is based. These have formed the thoughts through which the business opportunities

are being analysed. For instance, those who see an entrepreneur as risk-taker never take initiative of starting new business but always wait for already existing business idea/opportunities which might involve risk before venturing or taking advantages.

These conceptual definitions are also influenced by some factors such as: Family background, education, culture and environment. Family background plays a crucial in forming what constitutes entrepreneurship orientation which influences the definition of entrepreneur or entrepreneurship of an individual. As revealed by one of the respondents that his father always looks for opportunity to make extra income and that has constitutes his definition of an entrepreneurs as ‘someone who sees opportunity to make money and go for it’.

#### **4.1.2 Internal factors**

Four respondents (over 50%) said they never or barely ever looked for any employment when they arrived Finland while the remaining three did search for a job and got one after a long period of searching. Some stated the reasons for not searching for job to be internal factors such as locus of control and propensity for risk (internal factor which can be regarded as ‘Pull’) coupled with their confidence and determination. They believe to be the masters of their own fates and do not like to let people tell them what to do. The other three who searched for employment and got a job which did not last for long said it took them a long period of waiting and searching before they eventually got a job and the reason for searching for employment opportunity was because of economic needs such as food, clothes and shelter (external factor also regarded as ‘Push’).

#### **4.1.3 Minority group**

In the context of minority, all the respondents agreed that they belong to the minority group in Finland who are faced with many challenges. However, five respondents revealed that though they belong to the minority group, they are not constrained with minority mentality which hinders many foreigners from achieving their dreams in this geographical location. The remaining two see

belonging to minority as a great challenge that is responsible for none participation of many foreigners in entrepreneurship and they believe it still affect the success of foreign- entrepreneurs.

#### **4.1.4 Entrepreneurship background**

It is quite worth noting that all the respondents have an entrepreneurial background and education in their respective countries before arriving in Finland which made entrepreneurship participation easier. The avenues through which the entrepreneurial knowledge was acquired were different; some got their experience from their immediate family such as father and mother or relatives who operated their own personal business while other acquired such experiences from their own personal involvement due to economical needs. One of the respondents specified that her entrepreneurship background could be traceable to her childhood experience which really encouraged her to become involved in entrepreneurship in Finland. So, all the respondents who traced their entrepreneurship motivation to their respective background claimed that they got started at the starting stage of entrepreneurship where the idea already existed only to just put all the necessary factors together. The others with personal motivation from experiences stated that they had to start from the beginning of entrepreneurship the initiation stage. One respondent with personal experience revealed that he got his idea while working as an employee with a construction company.

#### **4.1.5 Opportunity recognition**

From the theoretical study it is stated that various means through which an opportunity can be recognised and the empirical study shows that most of the respondents with entrepreneurship background from their respective families used more of conceptual combination in analysing and recognition of opportunities. What this means is that they analysed opportunity based on an already known concept to them which is influenced by the conceptual definitions. Some of them also use an analogical reason to recognise opportunities, i.e. analysing any occurring situation so as to bring out business opportunity.

However, the respondents with personal experiences used more of creative thinking and abstraction. They believe in thinking outside of the box is the only means of recognising business opportunities. The opinion of these people is that problems are meant to be solved, so all problems should be diagnosed to abstract the opportunity in them. All respondents believe that though there might be thousands of opportunities that might be appealing to entrepreneurs, not all are worth venturing but only the ones which the entrepreneur can benefit from within a specified time should be pursued. So, the cognitive style is very important in the success of any entrepreneurial activities.

#### **4.1.6 Entrepreneur and management**

All the respondents stated a need for management skills in the success of all entrepreneurial activities to be very important. It was induced in three respondents' responses that not having managerial skill should not hinder an individual from becoming involved in entrepreneurship, but if success is the goal and the business is to grow, then, management skills must be learnt along the process. One explicit respondent explained the importance of management to entrepreneurs in relation to resources, labour and capital. An entrepreneur needs to have or develop some basic knowledge and understanding about management before and after venturing. From the explanation one can deduce a sentence that goes 'every good manager is an entrepreneur but not every entrepreneur is a good manager'.

#### **4.1.7 Start-up capital**

The question about start-up capital tried to find out the best means of getting start-up capital. The answers showed that six respondents got their start-up capital from their savings. It might be surprising that four out of these respondents never worked as employee and were able to get start-up capital. Their responses indicated that out of the money they came to Finland with was used as their first capital. They revealed that they were prudent in their spending and never indulged in luxuries. With that they were able to save little money which was used when the need arose. Only one of the respondents got his start-up capital from Finnvera

a financing company that is owned by the state government in Finland. It was discovered that there is a need for the understanding of some basic economical factors before venturing into any entrepreneurial activities by foreigners because such understanding determines the extent of success or failure of such a venture. All the respondents made adequate finding of the crucial factors if not all the necessary factors such as demand and supply level.

#### **4.1.8 Marketing**

Marketing related question in the questionnaire is to find out the best means which are available to foreigners in marketing their product or services. During the course of research, two respondents who operate in the same business stated that they advertise in the newspaper, the internet and phone book which indicate addresses of business in Vaasa location but the outcome was very low compared to personal selling which generates most of their sales income. This fact was buttressed by other respondents that the most effective and efficient means of marketing for entrepreneurs is personal selling.

#### **4.1.9 Cultural differences and language**

The question under this is an open question which is trying to get another point of view from the respondents about some salient cultural differences that might affect the success of foreign entrepreneur or entrepreneurship. All the respondents acknowledge that there are cultural differences apart from language which might determine either the success or failure of foreign-entrepreneurship. The differences include business culture and personal relationship culture.

Language is identified as the major barrier to both entrepreneurship participation and success of foreign entrepreneurs, but the respondents have shown diverse ways by which they have come over this challenge. It is quite revealing and interesting that one of the respondents received lectures in the language (Swedish) she did not understand during her first year in Finland, yet she came out the best in class and also received a scholarship after she graduated. It was mind-blowing when she said that and the question was how. The how was through early study

and translation of the whole lecture notes into another understandable language. Three respondents said they started understanding the language by social interaction and listening to Finnish language music.

From the responses of the interviewees it is clear that the Finnish language is not as difficult as assumed by most foreigners and that the difficulty only exist in the mind of an individual who is not ready to discipline him/herself to learn the language.

#### **4.1.10 Finland's entrepreneurship policies**

The question regarding Finland's entrepreneurship policies aims to find out how the government and its agencies have tried to motivate a foreigner in becoming an entrepreneur with their policies. The theoretical study provided a foundation and revealed the platform that the Finnish government and its agencies have made provision for entrepreneurship to thrive. The fact remain that though the environment is conducive and accommodating, some of the government policies such as tax policy rather discourage foreigners from becoming entrepreneurs.

During the course of this research, five of respondents during the course of research indicated that they have never gotten any benefit from the government being entrepreneurs and they pay tax as every other citizen. Other two were of a strong opinion that Finnish government policies have really helped foreigners in succeeding in becoming entrepreneurs due to the creation of equality environment for all business and establishment of government financing agencies who are willing to help at any stage of entrepreneurship.

From the last two questions it was discovered that the biggest challenge facing foreign-entrepreneurs is language but experiences have shown how the language problem can be solved. Respondents have identified ways by which the language problem was solved but they emphasized the role of discipline and determination as the combination keys in unlocking every opportunity that language barrier tend to have locked.

## **5 Conclusions**

The quest to gain a better understanding and also increase my knowledge about the practise of foreign entrepreneurship as well as also learning the reason(s) some foreigners become entrepreneurs and others do not together with discovering the factors which could be responsible for the success or failure of small business or entrepreneurial activities have been the motivation for embarking on this research project.

It is my great delight to provide the theoretical background and as well as to explore practical experiences from the spectrum of foreign entrepreneurs which has now been documented and can be used as a guide for any foreigners who intend to start a small business or enter any entrepreneurial activities.

### **5.1 Summary of results**

During the theoretical study, various conceptual definitions were considered so as to broaden our understanding of the entrepreneurship from different perspectives and also create other avenue through which foreigners can see and analyze opportunities at different identified stages of the entrepreneurship process. It is quite clear that all foreigners belong to a minority group in Finland but those who have thriven as foreign entrepreneurs did not constraint themselves with minority mentalities which other see as barrier to becoming entrepreneurs in foreign lands.

In the course of this research, the theoretical part outlines three factors which are categorised as 'Pull or Push' that motivate or stimulate foreigners to become entrepreneurs, namely: economic disadvantage, cultural predisposition and contextual factor. Any of these factors could stimulate or motivate an individual to become an entrepreneur and as the empirical study revealed that most of the respondents were pull into entrepreneurship because of their background which goes under cultural predisposition. Also, two of the respondents started their businesses because they saw that there is a need for Asian foods due to the increasing number of Asian immigrants into the country (geographical cluster).

So, every foreigner has one stimulating or motivating factor which could serve as the reason for becoming an entrepreneur or starting a small business.

Having become an entrepreneur, whose goal is to make reasonable profit and also ensure the continuity of the newly established business; there are identified factors which could jeopardise the goals and aspirations of such business. These factors are classified as internal and external which every foreigner must take seriously to ensure the success of any entrepreneurial activities. There are skills which must be developed and learnt at the beginning or during the process of entrepreneurship. The success of every business can be traced to the personal characteristics of the owner(s). So, before venturing into any business or entrepreneurial activities the intending entrepreneur must have positive mental and physical attitudes, make good and achievable plans and develop or acquire some managerial skills.

Communication is very essential in entrepreneurial marketing as the most effective and efficient means of marketing available to entrepreneurs is through personal selling. An entrepreneur cannot embark on personal selling without good understanding of the language. So, the learning and understanding of the language must be taken seriously and every required price must be paid to learn the language.

In a nutshell, this research has been an eye-opener in understanding the factors which stimulate or motivate foreigners to become an entrepreneur and as well as factors responsible for the success of small businesses.



## 5.2 Recommendations

This research focused on exploring the practical experiences of foreign entrepreneurs in determining the factors which either stimulate or motivate foreigners to becoming entrepreneurs and also in knowing the practical factors that are responsible for the success of their respective businesses or entrepreneurship. However, little is said in the empirical part of the study of entrepreneurial marketing, I think it is worthwhile to also research into entrepreneurial marketing after encouraging foreigners to participate in entrepreneurship through business operation.

Finally, the theoretical finding indicated that Finnish government has created enabling environment and putting all the necessary effort in encouraging entrepreneurship participation among the foreigners, while the empirical finding revealed that no benefits so far has been accrued to those who have taken the courage and initiative of becoming entrepreneurs as indicated by the respondents; Therefore, it will be great advantage if further research should be conducted to find out on these benefits.

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## **APPENDICES**

Appendix 1: Questionnaire for the thesis

Appendix 2: Location of Vaasa on Finland's Map

## Questionnaires for Foreign entrepreneurs in Vaasa

Dear Sir/Madam,

My name is Ilugbo Gbenga Adeyemi. I am a foreign student of Vaasa University of Applied Science and also an entrepreneur. I am currently writing my thesis on "Foreign Entrepreneurs' Experiences in Finland". I would like to hear your professional and practical experiences of being an entrepreneur in Finland. By answering these questions, you are also helping many other foreign entrepreneurs to know about entrepreneurship in Finland. All information given will be strictly confidential and anonymous.

- 1) Background information: Name, age, native country, company name, year of foundation, and what branch of industry is your company into?
- 2) When did you arrive in Finland?
- 3) Did you search for employment opportunity? Why/why not?
- 4) How would you define an entrepreneur and entrepreneurship?
- 5) Did you see yourself as belonging to minority population?
- 6) What motivated you to become entrepreneur?
- 7) Do you have any entrepreneurial background from your country or education?
- 8) How did you start as entrepreneur?
- 9) What is the role of your personal characteristic in the success of your business?
- 10) Do you think any of the following has motivated you to become entrepreneur?
  - a) Desire to become somebody in the society (Need for Achievement)
  - b) Being in charge of your life and situation (Locus of control)
  - c) Willing to take any risk (Propensity for risk)

- d) Ability to tolerate any unfriendly situation (Tolerance for ambiguity)
- 11) As entrepreneur, how do recognize and analyze opportunities?
  - 12) Is every opportunity worth venturing?
  - 13) Do entrepreneurs need to acquire management skill and is it important to the success of the business?
  - 14) How did you get start-up capital for your business and which was the best source?
  - 15) Did you seek understanding of economic factors such as population, demand-level, competition and suppliers before venturing?
  - 16) As a foreigner, how do you market your products or services?
  - 17) Are there any cultural differences between your country and Finland? If yes, what types of difference?
  - 18) Language has been identified as a major barrier to entrepreneurship in foreign country, how did you come over this and do you have any recommendation for other foreign entrepreneurs?
  - 19) Do you think the entrepreneurship policies in Finland have encouraged foreigners to become entrepreneurs? If yes, How?
  - 20) Can you please state some other challenges you have faced as foreign-entrepreneur in Finland and also how did you overcome them?
  - 21) Your suggestions for present and future foreign-entrepreneurs in Vaasa and Finland.
  - 22) Can I publish your company/business' basic information in my thesis?

Also, you can see and comment my description before publishing it?

## Appendix 2



Source: <http://www.mapsofworld.com/Finland.jpg>