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Ethnic Entrepreneurship: Do Values Matter?

Michael Morris
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While considerable attention has been devoted to the personality traits of entrepreneurs, less attention has been given to their values, especially outside of a Western context. Values are instrumental in the decision to pursue entrepreneurship, and have implications for the entrepreneur's approach to creating and managing the venture. The role of values would seem especially relevant in the context of ethnic subcultures. Values traditionally associated with entrepreneurship, such as risk, individualism, competitiveness, wealth generation, and growth, may be more consistent with Western cultures, and may conflict with closely held values within various ethnic subcultures the world over. This article examines the values of entrepreneurs in two ethnic subcultures within South Africa. Findings are reported from interviews with cross-sectional samples of black and colored entrepreneurs. The results indicate entrepreneurs tend to embrace common values regardless of their individual ethnic heritage, but with different underlying patterns. In addition, the entrepreneurial path itself gives rise to certain shared values; and the overarching country culture has a strong influence on value orientations. Implications are drawn from the results, and suggestions made for ongoing research.

Entrepreneurship is the driving force in economic development throughout the world. Yet, some have argued that entrepreneurship is fundamentally a values-driven activity (Berger 1991; Lipset 2000). Kilby (1993) notes that values are instrumental in advancing constructive understanding of human behavior and consequent change. Thus, it would seem that personal values should have important implications not only for the decision to pursue entrepreneurship, but the way in which the entrepreneur approaches a venture (Gasse 1977; Bird 1989; Bryan 1999).

A notable lack of attention has been devoted to the role of values in successful entrepreneurial endeavors. Typically, such Western values as individualism, competitiveness, material gain, and a strong work ethic are implied or explicitly integrated into discussions of entrepreneurship, regardless of where it occurs (Cauthorn 1989; Hebert and Link 1988; Schumpeter 1950). However, these values are not pervasive in a number of cultures and ethnic communities, and may be less prevalent in some developing economies. Given that ethnic communities are increasingly participating in the global entrepreneurial renaissance, what are the implications of their unique value systems?

Values reflect the entrepreneur's conscious view of himself or herself (Feather 1990). Moreover, the conscious

view (or belief) that one has about himself or herself directly shapes movement toward action, or one's motives (McClelland 1961). For members of ethnic groups, it would seem that values of the subculture could become internalized to the point that they affect entrepreneurial motives and behaviors. Thus, values of bravery, wisdom, or respect for earth shared by Native Americans might manifest themselves not only in career choices, but in the entrepreneur's approach to opportunity identification or network building. For an indigenous Australian, a value of community sharing of assets could significantly constrain the ability of the entrepreneur to grow a venture.

This current study explores the personal and business-related values of entrepreneurs from different ethnic groups in South Africa, a developing economy. The extant literature is reviewed to identify relevant issues surrounding values and their potential implications for entrepreneurial behavior. Based on this background, survey research is directed at samples of black and colored entrepreneurs based in South Africa. Results are reported for each of these ethnic groups, and differences between them are assessed. Implications are drawn for theory and practice, and suggestions made for ongoing research.

Literature Review

A review of the literature addressed the nature of values, values and culture, and the culture's consequences on values and entrepreneurship.

The Nature of Values

Value is "a broad tendency to prefer certain states of affairs over others" (Hofstede 2001, 5). Rokeach (1972, 159) explains that "to have a value" is to maintain an enduring belief that a specific mode of conduct or end-state of existence is preferable to the alternatives. Schwartz (1992, 4) characterizes values as: (1) concepts or beliefs that (2) pertain to desirable end-states or behaviors and (3) transcend specific situations in (4) guiding selection or evaluation of behavior and events, and (5) are ordered by relative importance.

Values are related to but different from personality. A common approach to personality is trait theory, and this has been applied extensively in the entrepreneurship research. Thus, entrepreneurial behavior has been associated with having an internal locus of control, being a calculated risk-taker, and having a higher tolerance of ambiguity, among other traits (e.g., Bird 1989). A *trait* is a

characteristic or typical pattern of individual behavior, where combinations of traits are often used to distinguish personality types (Eysenck and Rachman 1965). Unlike values, traits can be inherited as well as learned. However, many traits imply the development of certain values. For instance, because of his or her sense of self-responsibility for events, a person with a strong internal locus of control might be expected to more highly value individualism. Further, traits can acquire values, such as the person who values being adventurous or being independent.

There is also a close relationship between values and motives. Motivation has received considerable attention in the entrepreneurship literature, ranging from McClelland's (1961) work on the central role of achievement motivation to the importance of "push" versus "pull" factors in triggering the pursuit of self-employment (Morris 1998). A motive leads one to act. All motivation involves valuing, at least implicitly, but only certain motives are consciously felt. The experience one has in carrying out a motive is what tends to produce conceived values, or values of which a person is aware and attaches importance. Higgins (2000) argues that values provide regulatory focus for motivated or goal-directed action. When a person has certain values (e.g., life excellence, social conformance), he or she strives to be internally consistent through their motives and actions, and uses values to guide these motives and actions. Heider (1958), in his seminal work on attribution theory, notes that the inability to "balance" values and motives is discomforting.

To understand the role of values in motivating behavior, one must first sort through the range of possible values, a challenging task. Bales and Couch (1969), in considering close to 900 different values used in various questionnaires, reduced the set to four clusters: authority, self-restraint, equality, and individuality. Muek (1993) conducted similar work with 54 values, identifying four underlying categories: hedonistic, moral, achievement, and fulfillment. Using 56 commonly cited values and over 25,000 respondents, Schwartz (1992) noted the existence of 10 basic categories: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security.

Values can be preferred modes of conduct (instrumental) or they can be desirable end-states of existence (terminal) (Rokeach 1967). For instance, honesty might be an instrumental value, while a sense of self-fulfillment would be a terminal value. Rokeach (1967) believed most people had roughly 18 terminal values and 60 instrumental values.

Finally, values exist at different levels. Hence, certain values are thought to be more universal, such as those that relate to such fundamental questions as the temporal focus of human life. Others might relate to the political structuring of a nation, behaviors of a social class, or a particular institution such as marriage and the family. An especially relevant value context for the current study is one's work life. Kilby (1993) distinguishes between values realized in one's occupation and values assigned to

occupations. Thus, such values as accomplishment, personal growth, warm relationships, and high income might be realized in one's occupation, while "challenging", "fun", "boring," and "dangerous" represent types of values associated with different occupations.

Values and Culture

Values are learned predispositions. They represent learned mechanisms for bringing about positive consequences or avoiding negative ones with respect to the surrounding environment (Hofstede 2001). Moreover, values are held by individuals as well as by collectives (Kilby 1993; Kluckhohn 1951). Where a collective is involved, values become a component of culture together with such other components as symbols, rituals, artifacts, and heroes.

Culture occurs within the context of a social unit or group. It consists of patterned ways of thinking, feeling, and reacting (Kluckhohn 1951). Cultural values are widely held and kept intact through pressure from the unit or group. Hence, the existence of a norm implies a value that is shared by a collective. In an entrepreneurial context, where a value associated with economic innovation or individual success is inconsistent with the conventional traditions of a culture, the entrepreneur is likely to be frowned upon or even hated by others belonging to the cultural group (Lipset 2000).

Cultures exist at multiple levels, from broad macrocultures (e.g., nation, gender, ethnic, racial group) to more narrow microcultures (e.g., corporation, neighborhood, family). While typically at a relatively slow pace (especially for macrocultures), cultural values evolve over time. Cultures are need-gratifying, and as hierarchies of needs change, the ability of particular aspects of a culture to help individuals satisfy those needs lessens. The culture adapts to better serve its members.

At a national level, seminal research on value differences among cultures can be found in the work of Hofstede (2001). He provides evidence to support the existence of five underlying dimensions of national culture. Differences among nations in terms of these dimensions are then associated with such variables as occupational mobility, press freedom, and economic development. Extensive work has also been done at the level of the subculture. An example can be found in the work of Aberle (1967), who noted among the Hopi American Indian prevailing values of harmony with nature, peacefulness, cooperation, self-control, conservatism, and collectivism.

Values and Entrepreneurship: Culture's Consequences

Research on economic development has focused extensively on the critical role of environmental conditions, including such factors as capital accumulation, the political and economic infrastructure, availability of skilled labor, and other structural aspects of a community or society

(e.g., Davidsson 1993; Morris 1998). As a case in point, Davidsson and Wiklund (1997) found that local economic structural conditions explained more of the variation in new firm formation rates in Sweden than did cultural factors.

Alternatively, sociologists have stressed the importance of cultural factors, and especially values, in facilitating development. Perhaps the most noted work in this regard is McClelland (1961), who demonstrated a relationship between the need for achievement in a society and the rate of economic development. Lipset (2000, 110) summarizes the prevalent thinking in claiming that "structural conditions make development possible; cultural factors determine whether the possibility becomes an actuality." Looking historically, Berger (1991) concludes that culture and economy are "twin-born," and argues that cultural modernization, as reflected in changes in key values, beliefs, and behaviors, more often than not has preceded economic development.

To the extent that values matter, how do they specifically relate to entrepreneurship? Historically, the phenomenon of entrepreneurship itself has been associated with values of innovation and change (Schumpeter 1950; Mueller and Thomas, 2000), individualism (e.g., Holt 1997; Komives 1972), independence (Hornaday and Aboud, 1971), achievement (McClelland, 1961), personal gain and profit (Cauthorn 1989; Knight 1942), competition, hard work (Weber 1930), success (Bird 1989), risk (Knight 1921), and private ownership (Hebert and Link 1988).

Beyond McClelland's work on achievement, there have been limited attempts in the literature to determine if entrepreneurs have common values or value sets. For instance, Hornaday and Aboud (1971) found that entrepreneurs tended to value achievement, independence, and effective leadership more than did the general population. Others have found entrepreneurs score lower on support, conformity, and religious value scales (Komives 1972), and are no different than others in their value for money and fame (Hull et al. 1980.)

A small number of studies have attempted to link values, entrepreneurship, and culture, with the latter examined both at the societal and subcultural levels. At a societal level, differences in underlying value systems have been associated with varying rates of new business formation across nations (Huisman 1985; Shapero and Sokol 1982). For example, development of North America is attributed in part to the Protestant ethic, while the slower development in Latin America has been associated with family particularism, dislike for impersonal over personal arrangements, preference for social prestige over money, and disinclination to sacrifice personal authority to group decisions, among other values (Cochran 1959; Lipset 2000). Mueller and Thomas (2000) were able to demonstrate that national cultures that were higher on Hofstede's dimension of individualism and lower on uncertainty avoidance tended to produce young people who are stronger on traits associated with entrepreneurship (internal locus of control and innovativeness). Alternatively, McGrath, MacMillan, and Scheinberg (1992) determined that

entrepreneurs scored significantly higher on values of power distance, individualism, masculinity, and lower on uncertainty avoidance, than did nonentrepreneurs, and that these results held regardless of national culture.

With some exceptions, values of entrepreneurs at the subcultural level have received scant attention. Foley (2000) examined indigenous Australian entrepreneurs and found little regard for money, but high values for maintaining their culture, creating a better life for children, and religion. He also noted that they struggled with a traditional value of sharing business assets with the community, and tended to do so only after making a success of the venture.

In the United States, DeCarlo and Lyons (1979) demonstrated that minority female entrepreneurs differed from nonminority females in that the former scored higher on values of conformity and benevolence, while the latter scored higher on values of achievement, support, recognition, and independence. Both groups scored higher than did the general female population on achievement, autonomy, and aggression. Research by Watson and Simpson (1978) was not able to identify significant differences in the personal values of black versus white entrepreneurs. However, a subsequent study demonstrated more strongly held values of collectivism, duty, rationality, novelty, materialism, and power among minority entrepreneurs compared to nonminority entrepreneurs (Enz, Dollinger, and Daily 1990). Of relevance is the fact that these authors did not find differences among subcultures within the minority sample, which included blacks, Hispanics, Asians and Native Americans. Separately, Garsombke and Garsombke (1999) note a strong community orientation among Native American entrepreneurs when compared to other entrepreneurs. Gasse (1977) uncovered a tendency for English-Canadian entrepreneurs to value open-mindedness and tolerance more than did French-Canadians.

It would seem that an individual's values affect not only his or her decision to pursue entrepreneurship, but the nature of the entrepreneurial pursuits. The latter would include not only the types of ventures pursued but also the manner in which the entrepreneur approaches the venture creation process. Other than Gasse's (1977) finding that value for open-mindedness affected the tendency to innovate and grow faster, no empirical evidence exists regarding such a relationship. However, Bryan's (1999) case studies involving Sioux Indians provides illustrations of ways in which traditional tribal values manifest themselves in various aspects of the new venture creation and growth process.

The Study

This review of the literature illustrates our limited understanding of the role of values in economic development outside of a Western context. The area of ethnic entrepreneurship is of special concern, as subcultures within countries are likely to become an increasing source of entrepreneurial activity in the years ahead. Accordingly, a

critical need arises for richer insights into cultural values and their implications for the successful pursuit of entrepreneurship.

To assess the nature of value structures of entrepreneurs from different subcultures, an exploratory study was conducted in South Africa. The South African context is one that has experienced significant turbulence and transformation in recent years. The dismantling of apartheid and transition to a majority government resulted in the reinstatement of fundamental economic and civil rights to the non-white population. The past decade has witnessed the reintroduction of global competition, rapid technological change, and emergence of a powerful labor movement. Further, the economy can be characterized in terms of high interest rates, significant levels of unemployment, and an ongoing devaluation of the rand.

South Africa is both a “first world” economy with a well-developed infrastructure and technologically advanced business environment, and a “third world” economy with a sizeable informal sector, large numbers of undereducated and unskilled workers, and high rates of poverty and crime. It is also a highly diverse society, with sizeable black, white, colored, and Indian communities, and various subcultures within these communities. Today, the country faces the unique economic development challenge of attempting to correct past wrongs while also becoming globally competitive. Entrepreneurship is a key element in addressing this challenge.

While the political struggle over apartheid largely focused on white versus non-white South Africans, the non-white population is anything but homogeneous. As a case in point, significant differences exist between the black and colored communities. Each of these groups has a unique South African history, including their experiences before and during apartheid. They differ in terms of language, observed rituals, and political issues. They frequently attend different schools, live in different neighborhoods, belong to different churches, and work in different places.

In terms of the cultural underpinnings of the black community, the concept of *ubuntu* is meant to capture a pervasive set of beliefs, values, and behaviors among blacks. It centers on humaneness, which encompasses a strong sense of caring and community, harmony, hospitality, respect for others, and responsiveness (Mangaliso 2001). Others have suggested that members of the black community place a primacy on the importance of ancestors, sharing, warm relationships with others, a circular perspective on time, and an external locus of control (Comaroff and Comaroff 1989). The vestiges of apartheid have certainly influenced black culture, and this influence is manifested in attitudes toward entrepreneurship. The black community is one in which business has not enjoyed a high status. In times past, those who succeeded in business could be viewed as collaborating with the white minority. There is some evidence to suggest that when blacks have succeeded in business it has been more a function of individual effort and less the result of supportive networks

(Godsell 1991). Moreover, the main justification for starting a business has tended to be creation of employment, with the majority of black-owned small businesses found in the informal sector.

The colored population is one that has long been caught in between, as reflected in the observation, “under apartheid, we were not white enough, today we are not black enough” (*The Economist* 2001). Many of the forbearers of today’s colored community were brought to South Africa as servants or slaves. It is a community that evolved from the melding of peoples imported from Madagascar, Ceylon, Bengal, and the East Indies, together with the local Khoisan people and transplanted Europeans. A strong sense of identification with their community exists among the 3.8 million colored South Africans. It is a group that remains geographically concentrated in the Western Cape Province. Religion especially resonates in the colored community, where association with the Muslim faith features prominently. Sport also resonates within this community, with great pride taken in colored athletes who succeed professionally or on national teams. In a commercial context, there is significant small business activity, much of it in the formal sector, and a significant ethnic economy. Members of the colored population are more likely than blacks to rely on networks within their community in building their businesses.

In a very real sense, then, each of these groups lives in a different world, each with its own distinctive array of attitudes and perceptions, opportunities, and constraints. While contemporary data are unavailable regarding levels of entrepreneurship within these ethnic communities, it would seem that entrepreneurial activity would be influenced by the underlying values and norms shared by members of the respective groups (Aberle 1967; Berger 1991; Bryan 1999; Godsell 1991). At the same time, there is evidence to suggest that entrepreneurs are fairly consistent in value orientations across countries (McGrath, MacMillan, and Scheinberg 1992). Accordingly, a study was designed to test the following central hypothesis:

H1: There are no differences in the personal and business value priorities of black versus colored entrepreneurs.

H2: Black and colored entrepreneurs will differ significantly in terms of their key personal and business values.

Methodology

Cross-sectional survey research was conducted with entrepreneurs from each of the two ethnic communities. The study sought to assess both the general values held by these entrepreneurs and any values affecting the running of their businesses. Accordingly, four key variables were measured:

1. value priorities in the entrepreneur’s personal life and business,

2. motives for starting the business,
3. values associated with “good” and “bad” businesses, and
4. perspectives on personal and citizen responsibilities.

Motives for starting the business were included as various researchers have stressed the linkage between values and motives, while motives have also received considerable attention in the entrepreneurship literature (Heider 1958; Higgins 2000; McClelland 1961). Perspectives on personal and citizen responsibilities help in ascertaining the larger purpose of the venture from a value perspective.

Measurement of these variables was accomplished using a structured-format questionnaire consisting mostly of open-ended questions, with response categories created after the fact based on similarity of answers. The approach is consistent with Kilby’s (1993) recommended reliance on sensitive interviewing when attempting to measure real values and the respondent’s strength of commitment, especially with subjects having varying levels of literacy and familiarity with survey instruments.

To measure value orientations, a hybrid approach was adopted. Existing work tends to have subjects respond to questions relating to established value inventories, usually employing fixed-format response scales. In the current study, subjects were asked a series of open-ended questions regarding the values with which they most identified, and for which their businesses stood. In addition, they were presented with an inventory of 26 values and asked to prioritize the 5 values with which they most closely identify. These values were selected to reflect an equal mix of values associated with African culture (e.g., tradition/history, respect for earth, extended family, community responsibility, respect, ancestors, harmony) and those associated with entrepreneurship, at least from a Western perspective (e.g., achievement, individualism, freedom, hard work, competitiveness, wealth) (Godsell 1991; Hebert and Link 1998; Lipset 2000; Mangaliso 2001; McClelland 1961). In each of these two areas, the values chosen were those receiving the most mentions in the extant research.

The data collection relied on self-reports in a personal interview format. Interviews averaged 45 minutes in length and were conducted in English. Interviewers were conversant in the native tongue of the respondents (typically Xhosa for blacks and Afrikaans for coloreds) and were able to translate when interpretive difficulties arose with any of the questions. The questionnaire was pretested with six entrepreneurs not included in the final samples. Interviews were conducted at the entrepreneur’s place of business.

Findings

The study employed two separate convenience samples of black and colored entrepreneurs based in townships within the Cape Town metropolitan area. As no single database exists of small firms categorized by race of the entre-

preneur, one had to be constructed. The sampling frames consisted of lists of 145 colored and 95 black entrepreneurs generated through referrals from community agencies and organizations devoted to the development of entrepreneurship among historically disadvantaged groups. To be included in the final sample, respondents had to be entrepreneurs originally from South Africa with their established business in operation for a minimum of two years, and having at least five employees not including the entrepreneur. A total of 37 black and 62 colored entrepreneurs agreed to participate in the study and produced useable responses.

General Descriptors

The average respondent in the study was 41 years of age, married (68%), and had completed high school (75%), with 34% earning a technikon/college diploma or university degree. The business had been in operation for 8 years, had 10 employees, of which 8 were nonfamily employees, with an annual turnover of just under R 2 million (the rand:dollar exchange rate was 7:1 at the time of the research). The typical business was started with R71000, although there was considerable variance in this figure. A diverse mix of industry categories was represented, with services and retail businesses the most prevalent, and no manufacturing firms.

The two samples were fairly similar in terms of these descriptors, with some exceptions. No statistically significant differences were identified for education levels, gender, marital status, number of years in operation, annual turnover, number of nonfamily employees, or start-up funds used. In addition to native language and region of origin, the two groups differed in terms of respondent age, with black entrepreneurs being older ($t = 9.85$, $p = .002$); type of business, with black entrepreneurs more likely to own retail and consumer service ventures ($\chi^2 = 42.5$, $p = .000$); and number of family employees, with colored entrepreneurs employing more ($t = 2.02$, $f = .046$).

Sample of Black Entrepreneurs

Chief motivations among black entrepreneurs for going into business were serving the community, followed by a desire for independence, wanting to achieve or create something, and then personal wealth creation. The emphasis on community may indicate a true value, but may also reflect an appropriate public position for one to advocate in the contemporary political and social environment in South Africa. When asked to indicate the most important items in life, these entrepreneurs indicated family, followed by quality of life, their business, and happiness (see Table 1). Alternatively, when provided with a list of 26 values and asked to select the 3 most important ones, hard work, warm relationships, community responsibility, discipline, and achievement received the most mentions. Respondents were also asked about their single greatest

Table 1
Comparing the Samples in Terms of Key Values

	<i>Number of Mentions</i>	
	<i>Colored Sample</i>	<i>Black Sample</i>
Most important things personally in life (open-ended question)	Family (31) Religion/spiritual life (28) Happiness (23) My business (15) Money/wealth (13) My health (10) Community (9)	Family (21) Quality of life (20) My business (16) My health (8) Happiness (6) Money/wealth (6)
Words with which I personally most identify (list of values provided)	Hard work (38) Warm relationship (28) Individualism (21) Tolerance/others (18) Being respected (17) Humanity (16) Personal security (15) Human rights (14) Achievement (14) Fun/enjoyment (14)	Hard work (22) Warm relationship (17) Community responsibility (17) Discipline (15) Achievement (14) Human rights (11) Personal security (9) Humanity (9) Being respected (9) Excellence (7)
Single greatest responsibility as a citizen (open-ended question)	Job creation (21) Community upliftment (12) Relationship building (9) Role model (8) Support family (6) Education (4) Generosity (12) Gratitude (12) Wealth/power (10) Excellence (9) Dignity/honor (9) Extended family (7)	Job creation (14) Community upliftment (9) Education (5) Role model (2) Relationship building (2) Support family (2) Freedom (7) Dignity/honor (6) Wealth/power (6) Ancestors/rituals (4) Tolerance of others (3) Respect for earth (2)

responsibility as a citizen. Frequently cited duties included job creation, community upliftment, education and awareness, and serving as a role model.

The most commonly mentioned core values for their businesses were customer friendliness/relations, service/product excellence, honesty, and proper treatment of employees. When asked for a single word describing what their business stands for, leading answers were community development, service, customer satisfaction, and professionalism. In the elapsed time since they started their ventures, respondents noted that customer service and good management had become more important values than they previously had been, while financial gain and desire for success had become less important values. Key traits sought by black entrepreneurs in a new employee were personality/communication skills, honesty, and reliability. A majority of respondents believed in sharing their business profits with others in the community, primarily through charitable donations and help for the needy.

Looking to the future, the best evidence of success within their own businesses five years from now would be growth in revenues, improved facilities, new products, and more employees.

Businesses admired by the respondents were those having good products, satisfied customers, profitability, and happy employees. Consistent with these responses, characteristics of "bad" businesses were poor customer service, lack of profitability, dishonesty, poor product quality, and weak management. An alternative question asked if there were aspects of business with which respondents were uncomfortable, or that conflicted with their values and beliefs. The top answers were dishonesty/deception, demands of competition, and dealing with money issues.

Sample of Colored Entrepreneurs

For colored entrepreneurs, leading motives for going into business included ambition/desire to create something,

independence, service to the community, and building personal wealth. Responding to an open-ended question, the most important things in life for these entrepreneurs in order of importance were family, religion, happiness, their business, and money/wealth. When provided with a list of personal values, hard work, warm relationships, individualism, tolerance (of others), and being well-respected were prioritized. With regard to citizen responsibilities, this sample placed greatest emphasis on job creation, community upliftment, and relationship building.

Core business values mentioned most frequently were service/product excellence, customer friendliness/relations, reliability/hard work, treatment of employees, and honesty. Words that best describe what respondent businesses stood for included excellence, success, service, and community responsibility. Values that have become more important since starting the business were family, customer service, growth, and good management; less important values included money, family, and desire for success. When hiring new employees, attributes of greatest importance were honesty, personality/communication skills, willingness to work hard, and job skills/qualifications. Colored entrepreneurs were less apt to share their business profits with the community. Rather, they believed the business itself was responsible for creating value for the community by creating jobs, producing goods, and so

forth. In considering what would be signs or evidence of business success five years hence, the most commonly cited responses were improved products and facilities, enhanced profitability, growth and diversification, and improvement of staff.

The colored sample tended to most admire businesses that offered high quality products/services, those with happy employees, firms with highly satisfied customers, and those demonstrating excellent management skills. Least admired businesses exhibited inferior product/service quality, poor management, inability to meet promises, and tendencies toward unethical/dishonest behavior. Business practices that may be related to success but with which they were uncomfortable included dishonesty/corruption, practices that violated religious precepts, and ruthlessness/backstabbing.

Comparing the Samples

Both sets of entrepreneurs got into business for the same reasons, although the relative emphasis on achievement was greater for colored entrepreneurs, and serving their community was more prevalent among black entrepreneurs. The two samples did not differ significantly in terms of their perceived responsibilities as citizens. When hiring employees the samples differed marginally, with black

Table 2
Examples of Specific Practices that Illustrate Key Values of the Business

1. Selection of staff; someone who can fit with company values.
2. Fixed prices for all clients irrespective of who they are.
3. Producing consistently good quality products.
4. I respect my customers; I have a polite way of dealing with my customers; I always smile.
5. I know my customers' names.
6. Hospitality; I transport an old lady who is a customer to her house; If people have not been in for a while I make inquiries.
7. I treat customers with honesty at all times, no matter what.
8. Success is important to me, and I am very selective in choosing staff so as to ensure business success.
9. I work alongside my workers; I'm not a "big boss"; I spend time with them and talk with them; If they make mistakes I help them learn how to do it right.
10. I get involved with the community, including not just providing good service, but helping to develop youngsters an putting up an internet facility for them.
11. I render extra service for the community, such as chopping up a beast for a funeral.
12. We clean up our premises before we open for customers; We set up the shelves neatly, for good appearance.
13. We do tests such as blood pressure for free, give free advice even if people are not buying, look at a long-term relationship.
14. We help the crèche and old people's home by supplying vegetables for free.
15. Honesty—return money from client's pockets; lead by example.
16. Open door policy to ensure people get fair treatment.
17. The way I talk to my customers.
18. Money back guarantee if people are not satisfied.
19. To service the customer well I have tags that say "thank you."
20. I ensure that, even if money is tight, my staff are paid on time every week.
21. We reward the staff for good service, being on time, or neatness.
22. High professional standards.
23. Appearance is important and my staff and I always look smart and our environments shows this.

respondents placing more emphasis on reliability, and colored respondents placing more emphasis on hard work and skills/qualifications (chi sq.=20.7, p = .004). Black entrepreneurs were more likely to perceive a greater obligation for the business to give back to the community (chi sq. = 12.4, p=.03). With regard to measures of future success, black respondents put more emphasis on revenues while colored respondents placed greater weight on profitability (chi sq.=21.1, p=.003).

The values and priorities of respondents' personal lives demonstrate some interesting patterns, with clear differences between the two samples (see Table 1). In terms of the three most important things in their lives (open-ended response), both samples emphasized similar things, but with different priorities. Family was stressed by both samples more than any other factor. Both samples placed the same relative emphasis on happiness, health, and wealth. However, the colored sample placed significantly more emphasis on religion/spiritual life, while the black sample was more concerned with quality of life (as reflected in security, education, etc.) and they placed a higher priority on the business itself.

In the area of business values, significant differences were not identified between the two samples, with the exception that hard work received greater priority among colored entrepreneurs (chi sq. = 12.5, p = .03). Changes in the saliency of different values since starting their ventures were strikingly similar between the two samples. Also interesting are the ways in which the entrepreneurs attempted to manifest these values in the operations of their businesses. Twenty-three examples of specific business practices that illustrate core business values are summarized in Table 2. In both samples, the greatest emphasis was on interactions with customers and approaches to managing employees.

When asked to select five words (values) with which respondents most identified (from a set of 26 words), again there were interesting parallels and differences. Hard work and warm relationships with people received the most mentions among both samples. The colored sample

stressed individualism, tolerance of others, and fun/enjoyment more so than did the black sample. Alternatively, the black sample placed greater weight on community responsibility and discipline. Relatively equal weight was placed on such values as humanity (compassion), human rights, personal security, being well-respected, and achievement. Justice, respect for the earth, democracy, hospitality, and consensus/harmony received little or no mention by either sample. Respondents tended to view their primary responsibilities as citizens in a similar manner. While presented as an open-ended question, both samples stressed job creation, community upliftment, serving as role model for others, educating others, and taking care of one's family.

Further insights were obtained by applying exploratory principle components factor analysis to the values of the two samples of entrepreneurs. Table 3 summarizes the factor structures that emerge for both groups based on their ratings of the importance of 26 values. With both groups, 4 multi-item factors were retained, and these explained 43.3 percent and 63 percent of the variance, respectively, in each of the samples. For black entrepreneurs, the first factor was labeled "social relatedness." It consists of community responsibility, warm relationships with others, and extended family. Both excellence and hard work have high negative loadings on this factor. The second factor, labeled "social awareness" included high loadings for human rights, respect for earth, and concern for democracy. Negatively associated items included being well-respected and fun and enjoyment. It may be that a perceived lack of respect leads these respondents to value human rights highly. The third factor was "economic security" (with being secure and achieving wealth loading highly) and the fourth factor was "achievement" (with achievement and tradition/history loading highly).

Leading factors for the sample of colored entrepreneurs were quite different. The first of these was labeled "collective work ethic," as highly loading factors included hard work and discipline, but with individualism loading negatively. A second factor was termed "sense of well-being." It included values of warm relationships, excellence, and

freedom. Ryan and Deci (2001) have argued that relatedness, autonomy, and perceived competence (excellence) are the core dimensions of an integrated positive sense of well-being and optimal human functioning. Other factors included "personal enjoyment" (with fun and enjoyment and dignity loading highly) and "material achievement" (with wealth and competitiveness loading highly).

Conclusions and Implications

If we consider the phenomenon of entrepreneurship on a global scale, the dominant trend of the 21st century will be ethnic entrepreneurship. As economies the world over more fully embrace free enterprise and free trade, as technology enables countries to develop local infrastructure more rapidly, and as microfinance and venture capital funding becomes increasingly available, the large majority of new ventures, products, and markets will derive from ethnic ventures. At the same time, we can expect the degree and amount of entrepreneurial activity emitting from any one ethnic group to be influenced by the nature and strength of the values held by its members.

This study was conducted with two diverse subcultures in a society that is relatively modernized. The results suggest that:

1. Entrepreneurs tend to embrace common values regardless of their individual ethnic heritage, but with different underlying patterns.
2. The entrepreneurial path itself gives rise to certain shared values.
3. The larger South African culture has a strong influence on value orientations.

The two samples were quite similar in their responses to many of the values questions. Notable differences in terms of individual values that appear to directly relate to their ethnic backgrounds include the strong emphasis on religion among the colored respondents, and quality of life among black respondents. Yet, results from the factor analysis indicate differences in terms of underlying value patterns, supporting the central research hypothesis.

Leading factors for colored entrepreneurs had to do with a collective work ethic and positive sense of well-being, suggesting the importance both of the group working together to get ahead and of personal fulfillment. Alternatively, the value structure for black entrepreneurs appears to be built first around social relatedness, or a desire for community. While consistent with the African concept of ubuntu, or humaneness (Mangaliso 2001), the fact that excellence and hard work both had high negative loadings suggests the factor may reflect Maslow's social needs rather than being a genuine motivator of entrepreneurial success. The second factor associated with these entrepreneurs consisted of socio-political concerns, such as human rights, respect for earth, and democracy. Yet, high negative loadings indicate that these individuals may not feel respected or express enjoyment. This conclusion is consistent with Godsell's (1991) findings that entrepre-

neurship is given low status within black communities. Combined with the legacy of apartheid, a lack of respect and less enjoyment may drive blacks to place a higher value on human rights. Regardless, they appear to have less of a positive integrated sense of well-being, at least relative to the colored entrepreneurs.

Godsell (1991) also concluded, contrary to expectations, that black entrepreneurs in South Africa were tenacious individualists. This finding is interesting in light of the tendency in the current study for black respondents to place very little emphasis on individualism as a value. One of the reasons that blacks must be so tenacious is the lack of organic networks within their communities to support their entrepreneurial efforts. The entrepreneur is very much on his or her own. In spite of this, they clearly retain a cultural value of giving back to the community. It may also be that contributions to the community are viewed as a means of elevating their status and gaining respect. Further, the contemporary South African environment finds many new social and community expectations placed on successful black entrepreneurs.

It is also useful to juxtapose values often associated with entrepreneurship against those associated with African cultures. Both samples emphasized hard work and achievement, and their businesses represented one of the most important things in life, suggesting that those who pursue the entrepreneurial path either bring to it or develop certain values not necessarily associated with their ethnic background. The decision to pursue entrepreneurship as a chosen form of work reflects certain values to the extent that a person feels it to be a worthy way of spending their life and is dedicated to that form of work. At the same time, it is interesting to note that neither of the samples placed much emphasis on wealth generation.

Alternatively, such African or South African values as warm relationships, humanity, human rights, and personal security were important to both samples, indicating that the overarching culture does play a significant role. An examination of the examples provided by respondents of the ways in which their values are manifested in the businesses reinforces this conclusion, as many examples were provided of efforts to build friendly, warm, honest and fair relationships with customers, suppliers, and others. This conclusion suggests that a growing global emphasis on entrepreneurship does not necessarily represent an outside influence that undermines or markedly changes cultural groups.

Financiers, suppliers, customers, public officials, and others would be well served to consider their interactions with ethnic entrepreneurs in light of these findings. Understanding the entrepreneur's values is a critical beginning point in building trust-based relationships. The ability to affect positive outcomes when selling to, purchasing from, negotiating and working with, or otherwise trying to influence ethnic entrepreneurs is likely to be enhanced if one recognizes (1) the shared values they hold as entrepreneurs, and (2) their unique values based on their ethnicity. Thus, the strong emphasis both groups place on family, hard work, product quality, and achieving wealth is

Table 3
Differences Between Ethnic Groups Based on Factor Analysis of 26 Values

<i>Colored Entrepreneurs</i>	<i>Black Entrepreneurs</i>
Factor 1: Collective Work Ethic _ hard work _ discipline _ individualism (negative)	Factor 1: Social Relatedness _ community responsibility _ extended family _ warm relationships _ hard work (negative) _ excellence (negative)
Factor 2: Positive Sense of Well-being _ warm relationships _ excellence _ freedom	Factor 2: Collective Needs and Rights _ desire for human rights _ respect for earth _ concern for democracy _ negative scores for fun, enjoyment, being well-respected

an important beginning point in formulating sales approaches, communication efforts, negotiation strategies, and educational programs. Perhaps of greater importance is the need to rely on tactics that reinforce, or at least do not conflict with, such ethnically distinct values as social relatedness among blacks, or religion and personal fulfillment among coloreds.

These findings also provide direction in terms of future research priorities. The current study has identified patterns of values as they relate to ethnic subcultures and entrepreneurship. However, additional work is needed to determine the relative importance of cultural values, sub-cultural values, and values related to other aspects of life (e.g., institutions with which one has been affiliated such as schools, labor unions, civic organizations, prisons) as they relate to entrepreneurial activity. Further work should also address the relationship between personal values, business values, and the manifestation of values in the workplace. In this study, there was no clear relationship between the personal values of the entrepreneurs and the values they ascribed to their businesses, but the ability to uncover such a relationship was limited by the open-ended structure of the questions. In a related vein, additional insights are needed into the relationship between values and particular aspects of entrepreneurship, such as the entrepreneur's resource acquisition strategy, financial

structuring of the venture, growth strategy of the firm, and so forth. A shortcoming of the current research is that it did not consider entrepreneurs who failed. To the extent that values play a role in success or failure, it is important to include unsuccessful entrepreneurs in future studies. Moreover, failure itself may well affect the entrepreneur's values, determining not only whether he or she pursues subsequent ventures, but the way in which those ventures are approached.

Finally, any interpretation of the research results should consider the methodological limitations inherent in the current study. Most prominent among these is the process of reporting values to researchers. Values have saliency not only for the individual, but within larger cultural contexts. As such, it is possible that respondents might indicate certain values are more important simply because those values are thought to be politically correct or are more salient in the larger social milieu. In addition, the samples were limited both in terms of size and the selection process. The representativeness of the sample is also constrained by the lack of dependable data regarding the total number of ventures in the region studied that are owned by black and colored entrepreneurs, especially with the large number of informal sector businesses, and because the current government discourages reporting of racial identifiers.

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