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FACTORS OF SUCCESS FOR A SAMPLE OF LEBANESE

ENTREPRENEURS

FACTORS OF SUCCESS FOR A SAMPLE OF LEBANESE
ENTREPRENEURS

BY

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Dany Charbel Barbour

A thesis

Submitted in partial fulfillment of the requirements for the degree of
Master of Business Administration

To the faculty of Business Administration and Economics
At Haigazian University

Dr. Sami Jorjjan, Assistant Professor

First Reader

School of Business, Lebanese American University

Beirut, Lebanon

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HAIGAZIAN UNIVERSITY

FACTORS OF SUCCESS FOR A SAMPLE OF LEBANESE ENTREPRENEURS

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First of all I would like to thank my father, mother, sister, and fiancé with all my heart for all their support and constant encouragement.

PROJECT RELEASE FORM

I would also like to express my sincere appreciation and deep recognition to Dr. Sona Jerejian and Dr. Abdel Nasser Kassar for their continuous support, guidance and help in this project.

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Entrepreneurship in Lebanon is gaining more importance. Its role is becoming crucial in the development of the Lebanese community. Entrepreneurial activity is becoming a vital one to any country in terms of creating jobs, invigorating markets, and generating innovation. Generally to become an entrepreneur, an individual must follow a certain path called "entrepreneurial process". To become a successful entrepreneur, there are certain factors of success an individual should possess. I will be studying whether the successful Lebanese entrepreneurs possess these factors of success that are revealed in literature related to entrepreneurship.

The methodology used to study my research question was through the analysis of data obtained by administering a questionnaire that pertained to the major factors of entrepreneurship. The sample of my study was 71 entrepreneurs, all clients of a major international bank in Lebanon. The data was analyzed using statistical techniques such as cross-tabulations, hypothesis testing, analysis of variance, correlation & regression.

Our results indicate that Lebanese successful entrepreneurs are similar in many ways to successful entrepreneurs described in literature but that they also show many idiosyncrasies.

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Introduction

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hours to work, as well as what to pay and whether to take vacations. Entrepreneurship offers a greater possibility of achieving significant financial rewards than working for someone else. It provides the ability to be involved in the total operation of the business, from concept to design and creation, from sales to business operations and customer response. It offers the prestige of being the person in charge. It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation.

An entrepreneur is a businessperson who not only conceives and organizes ventures but also frequently takes risks in doing so. Not all independent business people are true entrepreneurs, and not all entrepreneurs are created equal. Different degrees or levels of entrepreneurial intensity and drive depend upon how much

Introduction

I chose this subject because it is becoming more and more essential to the development of a society. Entrepreneurship leads to job creation which in turn leads to lower unemployment rate and a better society life. Economically, entrepreneurship invigorates markets. Entrepreneurship empowers citizens, generates innovation and changes mindsets. Entrepreneurship creates an opportunity for a person to make a contribution. Most new entrepreneurs help the local economy, and through their innovations – contribute to society as a whole.

I also chose this subject because I felt attracted to entrepreneurship given the advantages it provides. Entrepreneurs are their own bosses. They make the decisions. They choose whom to do business with and what work they will do. They decide what hours to work, as well as what to pay and whether to take vacations. Entrepreneurship offers a greater possibility of achieving significant financial rewards than working for someone else. It provides the ability to be involved in the total operation of the business, from concept to design and creation, from sales to business operations and customer response. It offers the prestige of being the person in charge. It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation.

An entrepreneur is a businessperson who not only conceives and organizes ventures but also frequently takes risks in doing so. Not all independent business people are true entrepreneurs, and not all entrepreneurs are created equal. Different degrees or levels of entrepreneurial intensity and drive depend upon how much

independence one exhibits, the level of leadership and innovation one demonstrates, how much responsibility one shoulders, and how creative one becomes in envisioning and executing his/her business plans. Also personal, sociological, organizational, and environmental factors will have an impact on entrepreneurship.

1.1. Who is the Entrepreneur?

The paper will be divided into two parts: the theoretical part and the practical part where we will be testing the theory. In the theoretical part we will first be describing the entrepreneur and the entrepreneurial process and define the characteristics of successful entrepreneurship. We will also discuss the financial needs of a company, the necessity for obtaining subsidized and commercial loans, and describe the evolution of subsidized loans in Lebanon and its effect on business expansion and development.

To prepare the second part we will administer a questionnaire to entrepreneurs. Our aim is to find if our hypothesis of successful entrepreneurship prevails when testing this sample of Lebanese entrepreneurs.

occur – and fail to occur – in new firms and in old; in small firms and large; in fast and slow growing firms; in the private, not-for-profit, and public sectors; in all geographic points; and all stages of a nation's development, regardless of politics”².

An individual, while making a career choice, has three options: to work for someone, be self-employed in a profession or become an entrepreneur.

An entrepreneur can be defined as one who initiates and establishes an economic activity. As an entrepreneur, you work for yourself, establish yourself and set high

¹ (Timmons, Muzyla, Swenson, & Bygrave, 1987)

² (Timmons J. A., 1999)

Chapter 1: Literature Review

1.1. Who is the Entrepreneur?

A literature review on entrepreneurship reveals that in general, entrepreneurship relies largely on the existence of business opportunities and on the will to take advantage of these opportunities.¹ The success of the entrepreneur depends on the idea that one possess and whether this idea is in the right place and comes at the right time. According to Victor Hugo, *“There is one thing stronger than all the armies in the world, and that is an idea whose time has come”* for innovation.

Timmons in his paper states: “entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach and leadership balanced. At the heart of this process is the creation and/or recognition of opportunities, followed by the will and initiative to seize these opportunities...it can occur – and fail to occur – in new firms and in old; in small firms and large; in fast and slow growing firms; in the private, not-for-profit, and public sectors; in all geographic points; and all stages of a nation’s development, regardless of politics”².

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targets or goals to achieve them. In entrepreneurship, the individual is the most important element. It is he/she who takes the decision to start an enterprise, and who strives to make it a success. Three main factors influence his/her behavior, they are, knowledge, skill and motivation. Entrepreneurship is not limited to any class, community or religion. There is no age bar, for any person who possesses certain behavioral traits and attitudes to become an entrepreneur.

In literature, we find ample description of the different charms of being an entrepreneur, and this is what is attracting people to this field. An entrepreneur is an independent human being. An entrepreneur makes his/her own decisions and acts on them. Entrepreneurship provides an opportunity for self-expression and realization of one's passion for doing something new and different; it provides path for innovation. An entrepreneur with better educational background can introduce modern technology, develop substitutes for imported components. Opportunities for self-development are many. Monetary rewards can be more than commensurate with one's capacity and capabilities. Working on one's own and getting rewards for that, gives immense satisfaction and pleasure than what he/she gets in his/her job. An entrepreneur can make significant contribution to the development of the country. An entrepreneur generates employment for others. Above all he/she can be an achiever, realize his/her goal and prove his/her achievements to the world. An entrepreneur achieves double fulfillment. So being an entrepreneur allows the human being a set of opportunities; provides means to gain control over one's own destiny and to reach the full potential, and to contribute to society and be recognized for his/her efforts.

Moreover, we read that some of the essential qualities that entrepreneurs must possess are: a strong desire to be a winner, perseverance, moderate and calculated risk-taking, ability to find and explore opportunities, ability to initiate ideas, ability to

form a plan and organize resources, analytical ability, ability to use feedback, to cope with stress, and have positive self concept and hope.

No entrepreneur has all these qualities. But most of them possess at least some of them. Self-awareness analysis represents the first stage of becoming an entrepreneur.

In entrepreneurship studies, researchers explain that an entrepreneur can go into four different modes: have self-employed mindsets, have managerial perspective, have the attitude of owner/leader, be the entrepreneurial investor, and finally exhibit “true entrepreneurship”.

The emotional driving force behind the self-employed person is not security but a desire for greater control over his or her life, career, and destiny. Relinquishing that control to a boss every day from nine to five is not their idea of happiness, and they believe that they could do their job just as well without an employer – and perhaps without the need for other employees. They want more autonomy. They want to do things their own way. And they usually begin by creating a situation where they do the same type of work they did while an employee, but they figure out how to do it by themselves and for themselves.

Unfortunately, many of the primary objectives of the person setting off to become an entrepreneur with the self-employment mindset are pitfalls or traps. Because they want to go it alone, they often do so at their own peril. By not taking help from others they not only cut themselves off from valuable talent, intelligence, feedback, and experience that others could offer in the form of assistance, but they also create a situation where they will never experience freedom.

Many small business owners with a strong do-it-yourself attitude only succeed at creating a new job for themselves, not a new career or profitable company. And as a solo performer, their job becomes all-consuming. They never get a day off, they always bring work home with them, and they work overtime with no financial compensation. Their motto is “Why have someone else do it when you can do it better yourself?” and you only deal directly with me.” Soon they get burned-out, and a great majority of these self-employed people fail in a short amount of time and wind up going back to work for someone else.

The premise of designing a business that works for its owner – rather than the owner working for it all the time – is vital for becoming a real entrepreneur versus becoming simply the most important employee of one’s own self-employed venture. Those who understand that fact can rise to the next level of entrepreneurship.

Those with a managerial outlook are often in a great position to succeed as entrepreneurs, except for two big misconceptions that lead to massive problems. Many managers believe that if a business is not working, the solution lies in hiring more employees. They throw extra bodies at the problem, but this only aggravates the situation because it fails to address the underlying root cause of the difficulty or lack of profitability. Another mistaken belief that is common to this mindset is that the route to success is through growth – not profit growth but overall structural growth of the enterprise itself. A third misstep common to the managerial attitude is that the entrepreneur wants to be the boss, even if that means sacrificing the talent or potential of employees.

By getting the most out of employees, managers themselves are able to delegate aspects of their business to others and set higher goals. Those who say they

can't find good employees usually mean they lack what it takes to attract or create good employees – and as a consequence they also lack what it takes to succeed as an entrepreneur. But those who not only manage but also lead can rise to the next level and become owner/leaders – one step closer to the real definition of an entrepreneur.

The entrepreneur who attains the level of an owner/leader enjoys remarkable benefits by knowing how to step aside and let the business – and those employees working in it – operate as a profit center not reliant upon the owner's constant hands-on participation. This kind of entrepreneur has created an organization that is more self-sufficient and self-sustaining, and by doing so has created more wealth, personal freedom, and free time.

Rather than being the only person who could get the job done the best, this leader has passed that torch of responsibility and expertise along to others who now enjoy for themselves a greater level of career achievement. The owner/leader can therefore focus not so much on sales and revenues, but on net profits. While the business continues to run smoothly – and generate more transactions – the owner/leader concentrates on fine tuning it for increased profitability while letting others handle the day-to-day operational details.

By franchising the original venture or buying other healthy businesses, the investor can get into the career of not just selling basic products and services, but of selling entire businesses. The goal, of course, is still to turn a profit. So rather than remaining at the helm of these companies the investor will buy them, ensure that they have valuable equity or attractive allure and potential, and then sell them to other entrepreneurs or would-be entrepreneurs. The focus becomes finding, buying (and

perhaps refurbishing) businesses, in the same way that a real estate investor locates homes, rehabs them, and then flips them for a profit.

The challenge is to avoid falling back into the role of running a business as an administrator or manager, and to meet this problem with a viable solution the entrepreneur will typically appoint someone else to take the reins of the company as the president or CEO. Then the investor becomes more of a director or silent partner who shares in the profits while enjoying the relief of not having to share the routine responsibilities of running the business from the inside.

Having learned new things every step of the way and evolved through various stages of entrepreneurial accomplishment and insight, it is possible to reach the ultimate goal and realize one's dreams in a really life-changing way. The true entrepreneur experiences a paradigm shift that involves a four-step process of changed thinking: idealization, visualization, verbalization, and materialization.

The true entrepreneur is a dreamer whose dreams come true, and an income earner whose income is passive. Money comes automatically from profitable ventures that feed success with more success but do not require extraneous work. The money made does all the work for the entrepreneur to create more money with a snowballing effect. These women and men profit in all situations and add to their wealth by acquiring more paper assets, more profit centers, and more entrepreneurial power.

The entrepreneurial literature enlightens us more about the nature of true entrepreneurship and the challenging entrepreneurial process.

³ Bygrave, W. and Zacharakis, A. (2008).

⁴ http://money.com.com/money/fish/fish_archive/2006/03/01/0370301/index.htm

1.2. The Entrepreneurial Process

“An entrepreneur is someone who perceives an opportunity and creates an organization to pursue it, and the entrepreneurial process includes all the functions, activities, and actions that are part of perceiving opportunities and creating organizations to pursue them³.” But is the birth of a new enterprise just happenstance, and its subsequent success or failure a chance process? Or can the art and science of entrepreneurship be taught? Clearly, professors and their students believe that it can be taught and learned, because entrepreneurship is one of the fastest growing new fields of study in higher education. A study by the Kauffman Foundation in 2002 found that 61%, 1,992 two-and four-year colleges and universities, offer at least one course in entrepreneurship, up from about 300 in the 1984-85 school year⁴. It is possible to study entrepreneurship in certificate, associate, bachelor, master and PhD programs.

This transformation in higher education, is itself a wonderful example of entrepreneurial change, and has come about because a whole body of knowledge about entrepreneurship has developed during the past two decades or so. The process of creating a new business is well understood. Yes entrepreneurship can be taught. No one is guaranteed to become Bill Gates or Donna Karan, any more than a physics professor can guarantee to produce an Albert Einstein or a tennis coach can guarantee a Venus Williams. But students with the aptitude to start a business can become better entrepreneurs.

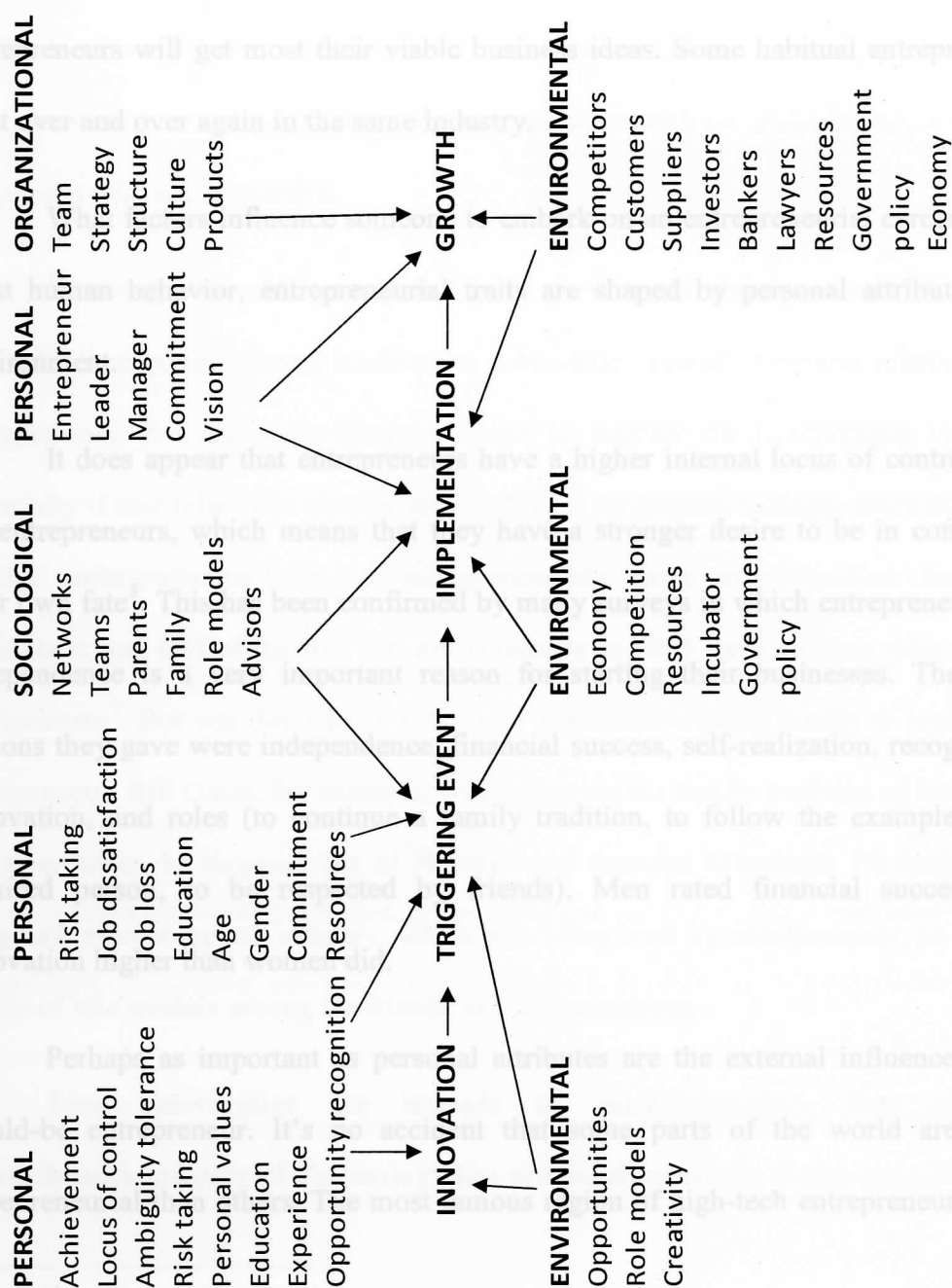
We will begin by examining the entrepreneurial process in the figure below. These are the factors – personal, sociological, organizational, and environmental –

³ Bygrave, W. and Zacharakis, A. (2008).

⁴ http://money.cnn.com/magazines/fsb/fsb_archive/2006/03/01/8370301/index.htm.

that give birth to a new enterprise and influence how it develops from an idea to a viable enterprise. A person gets an idea for a new business, either through a deliberate search or a chance encounter. Whether or not he or she decides to pursue that idea depends on factors such as alternative career prospects, family, friends, role models, the state of the economy, and the availability of resources.





Source: based on Carol Moore's Model (Moore 1986).

Where do would-be entrepreneurs get their ideas? More often than not it is through their present line of employment or experience. A 2002 study of Inc. 500 – America's 500 fastest growing companies – found that 57% of the founders got the idea of their new venture in the industry they worked in and a further 23% in a related industry. Hence 80% of all new high-potential businesses are founded in industries that are the same as, or closely related to, the one which the entrepreneur has previous experience with. That is not surprising, because it is in their present employment that entrepreneurs will get most their viable business ideas. Some habitual entrepreneurs do it over and over again in the same industry.

What factors influence someone to embark on an entrepreneurial career? Like most human behavior, entrepreneurial traits are shaped by personal attributes and environment.

It does appear that entrepreneurs have a higher internal locus of control than nonentrepreneurs, which means that they have a stronger desire to be in control of their own fate⁵. This has been confirmed by many surveys in which entrepreneurs say independence is a very important reason for starting their businesses. The main reasons they gave were independence, financial success, self-realization, recognition, innovation, and roles (to continue a family tradition, to follow the example of an admired person, to be respected by friends). Men rated financial success and innovation higher than women did.

Perhaps as important as personal attributes are the external influences on a would-be entrepreneur. It's no accident that some parts of the world are more entrepreneurial than others. The most famous region of high-tech entrepreneurship is

⁵ Brockhuas (1980).

Silicon Valley. Because everyone in Silicon Valley knows someone who has made it big as an entrepreneur, role models abound. This situation produces what Stanford University sociologist Everett Rogers called Silicon Valley fever⁶. It seems as if everyone in the valley catches that bug sooner or later and wants to start a business. To facilitate the process, there are venture capitalists who understand how to select and nurture high-tech entrepreneurs, bankers who specialize in lending to them, lawyers who understand the importance of intellectual property and how to protect it, landlords who are experienced in renting real estate to fledgling companies, suppliers who are willing to sell goods on credit to companies with no credit history and even politicians who are supportive.

Knowing successful entrepreneurs at work or in your personal life makes becoming one yourself seem much more achievable. Indeed, if a close relative is an entrepreneur, you are more likely to want to become an entrepreneur yourself, especially if that relative is your mother or father. At Babson College, more than half of the undergraduates studying entrepreneurship come from families that own businesses, and half of the Inc. 500 entrepreneurs in 2005 have a parent who was an entrepreneur⁷. But you don't have to be from a business-owning family to become an entrepreneur. Bill Gates, for example, was following the family tradition of becoming a lawyer when he dropped out of Harvard and founded Microsoft. He was in the fledgling microcomputer industry, which was being built by entrepreneurs, so he had plenty of role models among his friends and acquaintances.

Some universities are hotbeds of entrepreneurship. For example, Massachusetts Institute of Technology has produced numerous entrepreneurs among

⁶ Roger, E. and Larsen, J. (1984)

⁷ Inc. 500 (2005).

its faculty and alumni. Companies with an MIT connection transformed the Massachusetts economy from one based on decaying shoe and textile industries into one based on high technology.

Besides role models, entrepreneurs are influenced by other sociological factors. Family responsibilities play an important role in the decision to start a company. It is a relatively easy career decision to start a business when you are 25 years old, single, and without many personal assets and dependents. It is a much harder decision when you are 45 and married, with teenage children preparing to go to college, a hefty mortgage, car payments, and a secure, well-paying job. A 1992 survey of European high-potential entrepreneurs, for instance, found that on average they had 50% of their net worth at risk because it was tied up in their businesses. And at 45+, if you fail as an entrepreneur, it will not be easy to rebuild a career working for another company. But despite the risk, plenty of 45-year-olds are taking the plunge; in fact, the median age of the CEOs of the 500 fastest-growing small companies, the Inc.500 in 2004 was 43 (range 26-54) and the median age of their companies was six years⁸.

Another factor that determines the age at which entrepreneurs start businesses is the trade-off between the experience that comes with age and the optimism and energy of youth.

As you grow older you gain experience, but sometimes when you have been in an industry a long time, you know so many pitfalls that you are pessimistic about the chance of succeeding if you decide to go out on your own. Someone who has just enough experience to feel confident as a manager is more likely to feel optimistic about an entrepreneurial career. Perhaps the ideal combination is a beginner's mind with the

⁸ Inc 500, (2004).

experience of an industry veteran. A beginner's mind looks at situations from a new perspective, with a can-do spirit.

Before leaving secure, well-paying, satisfying jobs, would-be entrepreneurs should make a careful estimate of how much sales revenue their new business must generate before they will be able to match the income they presently earn. Also they will be working much longer hours and bearing much more responsibility if they become self-employed.

When they actually start a business, entrepreneurs need a host of contacts, including customers, suppliers, investors, bankers, accountants and lawyers. So it is important to understand where to find help before embarking on a new venture. A network of friends and business associates can be of immeasurable help in building the contacts an entrepreneur will need. They can also provide human contact, which is important because opening a business can be a lonely experience for anyone who has worked in an organization with many fellow employees.

Fortunately, today there are more organizations than ever before to help fledgling entrepreneurs. Often that help is free or costs very little. Many colleges and universities also provide help. Some are particularly good at writing business plans, usually at no charge to the entrepreneur. There are hundreds of incubators where fledgling businesses can rent space, usually at a very reasonable price, and spread some of their overhead by sharing facilities such as copying and FAC machines, secretarial help, answering services, and so on. Incubators are often associated with universities, which provide free or inexpensive counseling. There are numerous associations where entrepreneurs can meet and exchange ideas.

When an entrepreneur decides to set up his/her enterprise, he/she has a choice of setting up: a manufacturing unit, a service enterprise and a trading enterprise.

Setting up a manufacturing unit means that one has to organize many things like, acquiring land, building and machinery, arranging for technical know-how, purchasing raw material, recruiting employees and very importantly, arranging for finance. Some examples of industry sectors are chemicals, pharmaceuticals, plastics, electronics, electrical, textile, food, mineral-based, ceramics, paper, glass, among others.

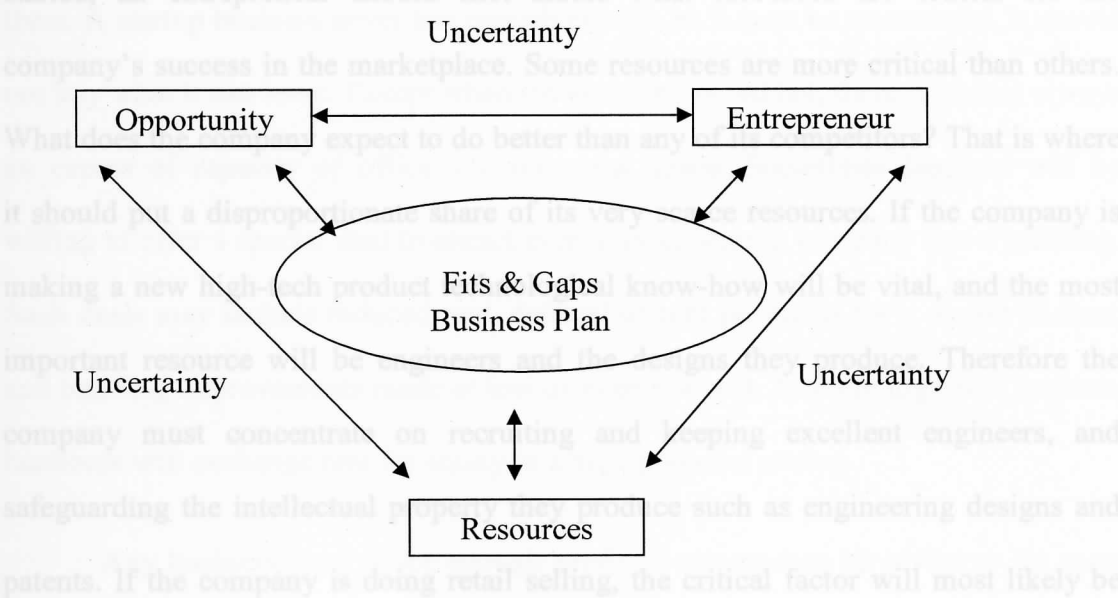
Let's assume that an entrepreneur has found a great opportunity for starting a new business. How should he evaluate his prospects? Or, perhaps more importantly, how will an independent person such as a potential investor or a banker rate his chances of success? The odds of succeeding appear to be stacked against you, because according to small business folklore, only one business in ten will ever reach its tenth birthday. This doesn't mean that 90% of the estimated three million businesses that are started every year go bankrupt⁹.

Survival may not spell success. Too many entrepreneurs find that they can neither earn a satisfactory living in their businesses nor get out of them easily because they have too much of their personal assets tied up in them. The happiest day in an entrepreneur's life is the day doors are opened for business. For unsuccessful entrepreneurs, an even happier day may be the day the business is sold – especially if most personal assets remain intact. What George Bernard Shaw said about a love affair is also apt for a business: Any fool can start one, but it takes a genius to end one successfully.

⁹ Dennis William

Source: How can an entrepreneur stack the odds in his favor so that the new business is a success? Professional investors, such as venture capitalists, have a talent for picking winners. True, they also pick losers, but a startup company funded by venture capital has, on average, a four in five chance of surviving five years – better odds than for the population of startup companies as whole. Very few businesses – perhaps no more than one in a thousand – will ever be suitable candidates for investments from professional venture capitalists. But would-be entrepreneurs can learn a lot by following the evaluation process used by professional investors.

There are three crucial components for a successful new business: the opportunity, the entrepreneur (and the management team), and the resources needed to start the company and make it grow. These are shown schematically in the figure below in the basic Timmons framework. At the center of the framework is a business plan, in which the three basic ingredients are integrated into a complete strategic plan for the new business. The parts must fit together well. It's no good having a first-rate idea of a new business if you have a second-rate management team. Nor are ideas and management any good without the appropriate resources.



¹⁴ Bygrave, W. and Zacharakis, A. (2008).

Source: based on Jeffrey Timmons framework.

The crucial driving force of any new venture is the lead entrepreneur and the funding management team. Georges Doriot, the founder of modern venture capital, used to say something like this: “Always consider investing in a grade-A man with a grade-B idea. Never invest in a grade-B man with a grade-A idea”¹⁰. He knew what he was talking about. Over the years he invested in about 150 companies, including Digital Equipment Corporation (DEC), and watched over them as they struggled to grow. But Doriot made his statement about business in the 1950s and 1960s. During that period there were far fewer startups; U.S. firms dominated the marketplace, markets were growing quickly, there was almost no competition from overseas, and most entrepreneurs were male. Today, in the global marketplace with ever-shortening product life cycles, and low growth or even no growth for some of the world’s leading industrial nations, the crucial ingredients for entrepreneurial success are a superb entrepreneur with a first-rate management team and an excellent market opportunity.

In order to determine the amount of capital that a company needs to get started, an entrepreneur should first assess what resources are crucial for the company’s success in the marketplace. Some resources are more critical than others. What does the company expect to do better than any of its competitors? That is where it should put a disproportionate share of its very scarce resources. If the company is making a new high-tech product technological know-how will be vital, and the most important resource will be engineers and the designs they produce. Therefore the company must concentrate on recruiting and keeping excellent engineers, and safeguarding the intellectual property they produce such as engineering designs and patents. If the company is doing retail selling, the critical factor will most likely be

¹⁰ Bygrave, W. and Zacharakis, A. (2008).

location. Choosing the wrong initial location for a retail store just because the rent is cheap can be a fatal mistake, because it's unlikely there will be enough resources to relocate.

A complete set of resources include everything the business will need, but a business does not have to do all of its work in-house with its own employees. It is often more effective to subcontract the work. That way it need not own or lease its own manufacturing plant and equipment, nor worry about recruiting and training production workers. Often it can keep overhead lower by using outside firms to do work such as payroll, accounting, advertising, mailing promotions, janitorial services and so on.

Even startup companies can get amazingly good terms from outside suppliers. An entrepreneur should try to understand the potential supplier's marginal costs. Marginal cost is the cost of producing one extra unit beyond what is presently produced.

Smart entrepreneurs find ways of controlling critical resources without owning them. A startup business never has enough money, so it must be resourceful. It should not buy what it can lease. Except when the economy is red hot, there is almost always an excess of capacity of office and industrial space. Sometimes landlord will be willing to offer a special deal to attract even a small startup company into a building. Such deals may include reduced rent, deferral of rent payments for a period of time, and building improvements made at low or even not cost. In some high-tech regions, landlords will exchange rent for equity in a high-potential startup.

Any business must make enough profit to recompense its investors (in most cases that is the entrepreneur) for their investment. This must be the profit after all

normal business expenses have been accounted for, including a fair salary for the entrepreneur and any family members who are working in the business. A common error in assessing the profitability of a new venture is to ignore the owner's salary.

What are the factors that distinguish winning entrepreneurial businesses from the also-rans? Rosabeth Kanter prescribed Four Fs for a successful business¹¹, and a list has been expanded into the Nine Fs for entrepreneurial success.

Founders	Every startup company must have a first-class entrepreneur
Focused	Entrepreneurial companies focus on niche markets. They specialize.
Fast	They make decisions quickly and implement them swiftly.
Flexible	They keep an open mind. They respond to change.
Forever-innovating	They are tireless innovators.
Flat	Entrepreneurial organizations have as few lawyers of management as possible
Frugal	By keeping overhead low and productivity high, entrepreneurial companies keep costs down.
Friendly	Entrepreneurial companies are friendly to their customers, suppliers, and employees.
Fun	It's fun to be associated with an entrepreneurial company.

¹¹ Kanter, R. (1985).

First and foremost, the founding entrepreneur is the most important factor. Next comes the market. This is the “era of the other”, in which as Regis McKenna observed, the fastest-growing companies in an industry will be in a segment labeled “others” in a market-share pie chart. By and large, they will be newer entrepreneurial firms rather than large firms with household names, hence, specialization is the key. A successful business should focus on niche markets.

The rate of change in business gets ever faster. The advanced industrial economies are knowledge based. Product life cycles are getting shorter. Technological innovations progress at a relentless pace. Government rules and regulations keep changing. Communications and travel around the globe keep getting easier and cheaper. And consumers are better informed about their choices. To survive, let alone succeed, a company has to be quick and nimble. It must be fast and flexible. It cannot allow inertia to build up.

Small entrepreneurial firms are great innovators. Big firms are relying increasingly on strategic partnerships with entrepreneurial firms in order to get access to desirable R&D. the trend is well under way.

But no matter what the entrepreneur does, he probably won't be able to attain much success unless he has happy customers, happy workers, and happy suppliers. That means the entrepreneur must have a friendly company. It means that everyone must be friendly, especially anyone who deals with customers. “The most fun six-month period I've had since the start of Microsoft” is how Bill Gates described his astonishing accomplishment in reinventing his 20-year-old company to meet the threat posed by Internet upstarts in the mid-1990s. in not much more than six months of

Herculean effort, Microsoft had developed an impressive array of new products to match those of Netscape. Having fun is one of the keys to keeping a company entrepreneurial. If Microsoft's product developers had not been having fun, they would not have put in 12-hour days and sometimes overnights to catch up with Netscape.

Most new companies have the Nine Fs at the outset. Those that become successful and grow pay attention to keeping them and nurturing them. The key to sustaining success is to remain an entrepreneurial gazelle and never turn into a lumbering elephant and finally a dinosaur, doomed to extinction.

It is easy to start a business; anyone can do it. That distinguishes successful entrepreneurs from less successful ones is the ability to spot opportunities for high-potential businesses and then to develop their new venture into a thriving business. As the business grows, the successful entrepreneur is able to attract key management team members, motivate employees, find more and more customers and keep them coming back, and develop increasingly sophisticated relationships with financiers.

1.3 Financial means as Resources and Opportunity

In this section we will discuss the financial resources available to the entrepreneur as an opportunity; and since the entrepreneurs subject to our study are Lebanese, we will focus here on subsidized loans in Lebanon.

The subsidized loans in Lebanon are gaining more importance. Their role is becoming crucial in the development of small and medium enterprises and especially in the low-developed sectors. I will be studying how subsidized loans have evolved in the last few years in Lebanon and their effect on developing and helping

entrepreneurs in Lebanon. In my study I will be emphasizing Kafalat loans since they are the most exhaustive subsidized loans for the time being in Lebanon. Kafalat guaranties loans in different sectors such as agriculture, technology, industries.

If a company is mismanaged it may, at any time, find itself in situations of insolvency which would result in a reversal of its business and liquidation. The term insolvency here indicates the failure of a company at a given time to perform due to lack of liquidity. This situation can happen to any company that is not sufficiently aware of the importance of sound management of its finances, even in case where the company is well performing in the market.

To avoid being unable to honor its debt, the company must be aware of its financial needs and must take the appropriate actions, it should be able to meet deadlines imposed by its creditors and therefore avoid finding itself in an insolvent situation.

A firm faces two types of financing needs; the need of long term financing, the need for short term financing and the need for immediate financing.

To stay in business, a company must first acquire a certain number of assets that will be used over a long period such as a land to build a factory, premises where the machines used in the production process will be stored. The financing of these assets should logically be done through the resources that the firm holds for a long period.

Once the company has acquired the necessary assets, it will have to fund its daily activity, among other things, finance the establishment of stocks of raw

materials to be used throughout a given period and to be integrated into the production process.

Moreover, throughout the year, the company may have to grant its customers delays in their payments. These receivables are considered from the accounting perspective as a kind of loan granted by the company to its customers. It must therefore be able to finance or at least be able to fund its current operations without a compelling need of amounts not yet been received. There represent the current assets of a company. Generally, the holding period of such assets does not exceed a few weeks. The company must therefore be able to find short-term financing that can meet these funding needs in the short term.

A company must have the financial resources mobilized immediately to meet the daily operating expenses. These funding needs on the very short term represent to the company the cash needs. In other words, the cash represents the share of financial resources available to the company that have been used neither to acquire assets nor to finance current assets.

A new business searching for capital has no track record to present to potential investors and lenders. All it has a plan – sometimes written, sometimes not – that projects its future performance. It means that it is very difficult to raise debt financing from conventional banks because they require as many as three years of actual – not projected – financial statements and assets that adequately cover the loan. Hence, almost every new business raises its initial money from the founders themselves and what we call informal investors; family, friends, neighbors, work colleagues, and strangers; a few raise it from lending institutions, primarily banks; and a minuscule number raise it from venture capitalists, who are sometimes called formal investors.

Conventional banking is based on the principle that the more you have, the more you can borrow. It relies on the collateral, which means that a bank loan must be adequately covered by assets of the business or its owner, or in many cases both.

Self funding by entrepreneurs, along with funding from informal investors, is the lifeblood of an entrepreneurial society. Founders and informal investors are sometimes referred to as the 4 Fs: founders, family, friends, and foolhardy investors. One of the most noteworthy findings of the Global Entrepreneurship Monitor (GEM) studies is the amount and extent of funding by the 4Fs. The prevalence rate of informal investors among the adult population of all the GEM nations combined is 3.6% and the total sum of money they provide to fund entrepreneurship is equal to 1.2% of the combined GDP of those nations. The entrepreneurs themselves provide 65.8% of the startup capital for their new ventures, so assuming that the remainder of the funding comes from informal investors, the funding from entrepreneurs and informal investors combined amounts to 3.5% of the GDP of all the GEM nations.

The amount of capital that entrepreneurs need to start their ventures depends, among other things, on the type of business, the ambitions of the entrepreneur, the location of the business, and the country where it is started. In the United States, the average amount required to start a business is \$62,594, with entrepreneurs providing 67.9% of the funding. For all the GEM nations combined, the average amount needed to start a business is \$53,673 and, as expected, more is needed for an opportunity-pulled venture (\$58,179) than a necessity-pushed one (\$24,467). The amount needed to start a business is highest in the business services sector (\$76,263) and lowest in the customer-oriented sector (\$39,594). The businesses that need the most startup capital are those created with the intent to grow and hire employees.

1.3.1 Definition of Subsidized Loans and Commercial Loans

“A loan on which the borrower is not required to pay interest during the deferment period is referred to as a subsidized loan. The interest that accrues during this period is paid by the disburser, the govt. or some other charitable organization. Once the deferment period elapses, the principal starts accruing interest that has to be paid by the borrower” (Buzzle, 2009).

“An unsubsidized loan is one that accrues interest from the time the loan is disbursed till it is repaid in full. In some cases, people may be allowed to defer their interest payment for a certain length of time. However, since the interest is capitalized, it is added to the principal balance of the loan and the borrower is then forced to pay interest on the amount of principal as well as interest” (Buzzle, 2009).

1.3.2 The Evolution of the Subsidized Loans in Lebanon

The Central Bank compiled figures that show that the cumulative amount of subsidized interest loans to productive sectors in Lebanon reached \$2.55 billion at end-June 2009, as reported by Lebanon This Week¹². The industrial sector accounted for \$1.52 billion, or 60 percent of the total, followed by tourism with \$744 million (29.1 percent), agriculture with \$234m (9.2 percent), specialized technology with \$50 million (1.9 percent) and handicrafts with \$1 million (0.1 percent). Subsidized interest loans extended in 2008 totaled \$473 million relative to \$248m in 2007.

Subsidized medium and long-term loans reached \$1.69 billion, equivalent to 66.1 percent of the total at end-June 2009. Industry accounted for 60.4 percent of the total,

¹² Issue 146, December 2009.

followed by tourism with 34.5 percent, agriculture with 4.1 percent and specialized technologies with 1 percent. The program was established in the first quarter of 1997 and consists of a 5 percent to 7 percent subsidy on the interest for loans extended in foreign currencies to productive sectors.

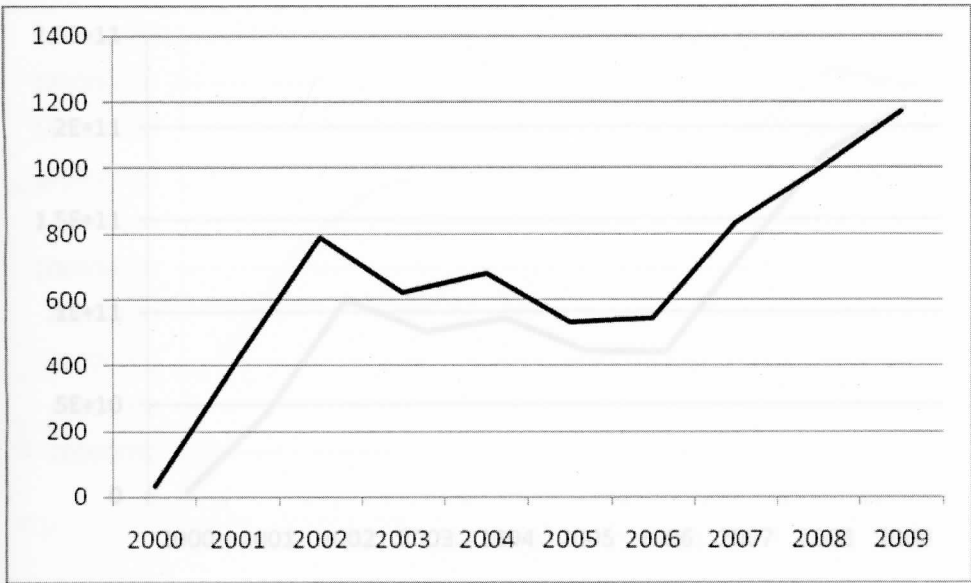
Also, subsidized interest loans guaranteed by the Kafalat Corporation totaled \$571.8 million, or 22.4 percent of the total. Industry accounted for 53.6 percent of Kafalat-backed subsidies, followed by agriculture with 27.6 percent, tourism with 15.6 percent, special technologies with 3 percent and handicrafts with 0.2 percent. Kafalat provides financial guarantees for loans of up to \$400,000 for small and medium-sized enterprises in productive sectors.

Further, interest subsidized under the protocol signed with the European Investment Bank totaled \$146.3 million, or 5.7 percent of the total, with industry accounting for 53.3 percent of the total, followed by tourism with 34.4 percent, specialized technologies with 10.9 percent, and agriculture with 1.4 percent.

In addition, subsidized interest loans granted by leasing companies totaled \$78.1 million at the end of June-2009, or 3.1 percent of the total, with industry accounting for 97.1 percent, tourism with 2.8 percent and specialized technologies with 0.1 percent of such subsidies.

Finally, subsidized interest loans granted by the International Finance Corporation totaled \$56.2 million, or 2.2 percent of the total, with industry accounting for 72.8 percent, tourism for 18.6 percent and agriculture for 8.6 percent, while subsidized interest loans to finance working capital totaled \$10.3 million, or 0.4 percent of the total with tourism accounting for 100 percent of the total.

Figure 2.1: Kafalat Guarantees from 2000 until 2009



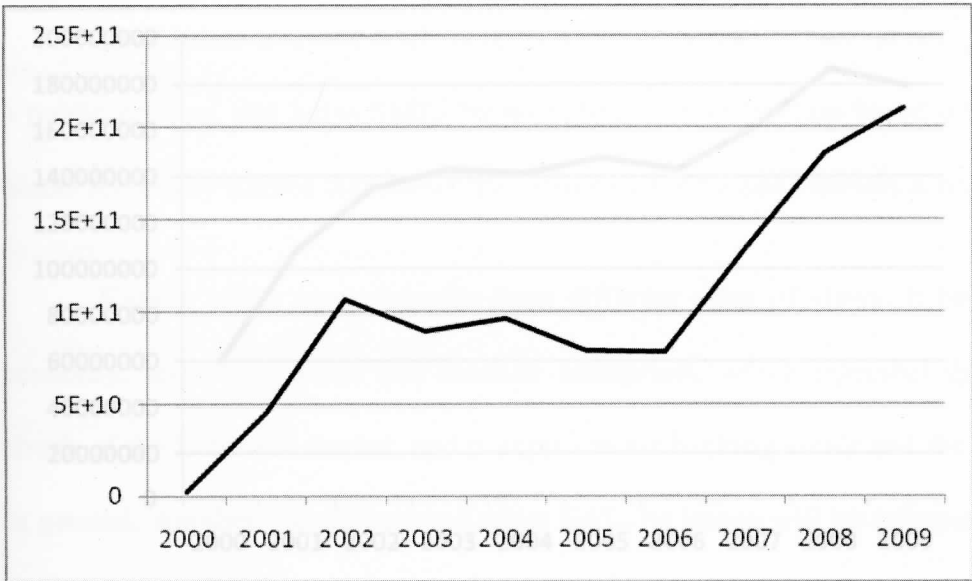
Source: Kafalat SAL, 2009.

Kafalat began offering guarantees to the private sector in 1999. The series indicates an increasing general trend.

The guarantees given increased sharply in the first two years but then dropped until after the end of July 2006 war where investments were very low and increased again after the war indicating increase in the trust in the business sector in Lebanon.

It is after July 2006 war with Israel that the Lebanese investors trusted more the economy and were looking for new opportunities on the market or wanted to expand their existing industries so asked for more loans.

Figure 2.2: Consolidated Value of Kafalat Loans from 2000 until 2009.



Source: Kafalat SAL, 2009.

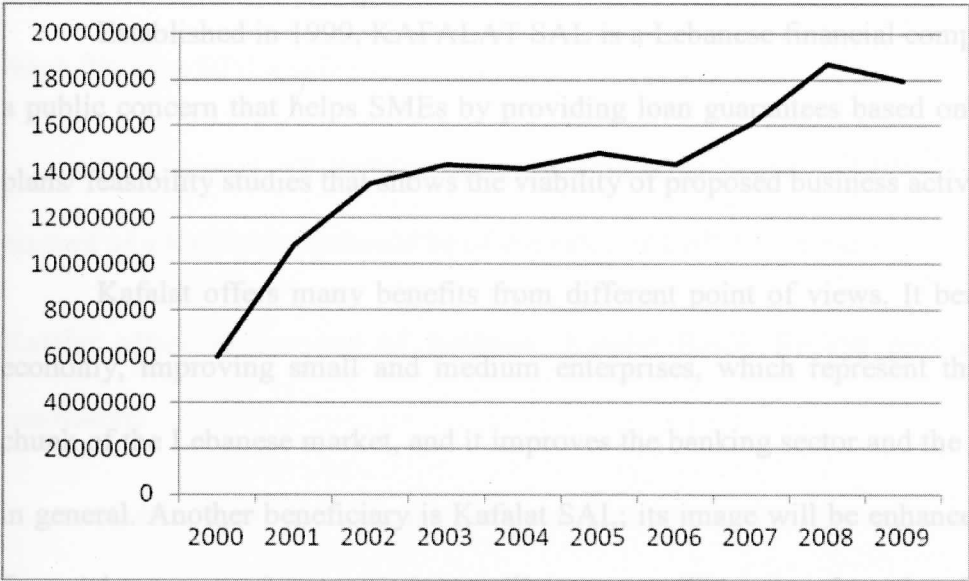
The average amount of the loans has also increased throughout the period examined.

The consolidated value of the loans granted to the private sector has also an increasing trend over the period ranging between 2000 and 2009.

The series has also the same characteristics as the number of guarantees offered, they are obviously correlated.

It is after July 2006 war with Israel that the Lebanese investors trusted more the economy and were looking for new opportunities on the market or wanted to expand their existing industries so asked for more loans.

Figure 2.3: Average Amount of the Loans from 2000 to 2009.



Source: Kafalat, 2009.

The average amount of the loans has also increased throughout the period examined.

The series slows down in the period between 2002 and 2006 then picks up again and slows down again towards the end of 2009.

This indicates that the loans offered by Kafalat during the stable period are of low value.

1.3.3 The Kafalat loan in Lebanon

Established in 1999, KAFALAT SAL is a Lebanese financial company with a public concern that helps SMEs by providing loan guarantees based on business plans/ feasibility studies that shows the viability of proposed business activity.

Kafalat offers many benefits from different point of views. It benefits the economy, improving small and medium enterprises, which represent the biggest chunk of the Lebanese market, and it improves the banking sector and the economy in general. Another beneficiary is Kafalat SAL; its image will be enhanced and its financial revenues & commissions will increase. Clients on the other hand will benefit from low interest rates, subsidized loans and grace periods. The banks will have a commission, monthly interests, credit movement, new accounts and exemption from legal reserves. These benefits make Kafalat loans attractive to all parties.

Kafalat targets specific sectors in the Lebanese economy: agricultural, apicultural, industrial, touristic and specialized technology services and handcraft.

Sole proprietorship (i-e individuals) and companies employing not more than 40 people are eligible to borrow Kafalat loans to establish a new production capacity or to sustain current production.

Kafalat loans cover purchases of machinery, the completion of the construction costs (i-e last phase of construction), installation & rehabilitation of sites including business premises in order to be operative, working capital (i-e purchases of gold, wood, seeds), any other expenses linked to business development (i-e rent fees, electricity, etc).

When the borrower is accorded a Kafalat loan he will financially benefit from a guarantee of Kafalat up to 75%/ 85%/ 90% on credit line, and interest rates that can reach 0% after BDL's subsidies.

Furthermore, all Kafalat loans are granted at banks in LBP. The minimum amount of a Kafalat loan should be of the value of LBP 7.5 millions.

Kafalat offers three types of facilities: Kafalat Basic, Kafalat plus and Kafalat innovative.

Kafalat Basic is characterized by a limit of the loan that can reach LBP 300 millions or its equivalent of USD 200 K, the guarantee offered by Kafalat can reach up to 75% of credit line, the loan's duration varies between 5 or 7 years including 6 or 12 months grace period, the borrowers that can apply to the loan are sole proprietorship or all categories of companies.

Kafalat plus' limit of the loan can reach LBP 600 millions or its equivalent of USD 400 K. The first 300 million will be guaranteed by Kafalat can reach up to 75% of credit line and the guarantee of European Union can reach up to 10% of credit line. For the second 300 million the European Union's guarantee can reach up to 85% of credit line. The loan's duration varies between 5 or 7 years including 6 or 12 months grace period. The applicants that can benefit from this loan are companies of SARL or SAL identities.

Kafalat Innovative is the third type of facilities offered to the public, the limit of the loan can reach LBP 300 millions or its equivalent of USD 200 K, Kafalat's guarantee can reach up to 45% of credit line, whereas the European Union's Guarantee can reach up to 45% of credit line. The loan's duration is limited to 5 years

including 6 months grace period. Borrowers can be companies of the identity SARL or SAL and innovative start ups who demonstrate the potential to create added value through innovation.

In summary, a service enterprise can either be simple or complex, depending on what kind of service the entrepreneur intends to provide.

Trading may not be as complicated as manufacturing. It involves planning, purchase of goods, stock control, personnel and financial management.

Therefore the first thing a potential entrepreneur has to do is to decide what area of business the entrepreneur would like to undertake; industry, service enterprise or trading.

Thus the process of identifying opportunities requires intensive efforts and specialized skills.

While identifying and selecting a business opportunity, the entrepreneur should take into consideration different factors. First he should assess his own qualifications: his strengths, weaknesses, resources, skills, education, qualifications, attitudes, aptitudes, reasons for setting up an enterprise, and expectation about returns. The existing springboards for his idea. The government policy for the particular industry he will be investing in. The entrepreneur should finally compare all the advantages and disadvantages of his idea. These factors play an important role in the implementation of the project idea of the entrepreneur. The project idea may look good, but it cannot always be developed into a saleable product.

Business opportunity and entrepreneurial response to it together form the foundation on which the superstructure of a new venture rests. If the foundation is

weak or defective, the super structure may well collapse or require extensive repairs and support efforts in course of time. So, all the care and efforts, time and trouble taken to select the right business opportunities will repay themselves multifold in course of time.

A new entrepreneur must take special care in selecting a business opportunity as it is a one-time decision for him and all his subsequent efforts and plans will be decided on the basis of his decision about the product selected. For an entrepreneur, selecting the right product is as good as answering half the questions before he reaches the final decision of selecting a product.

Identifying the business opportunity is the most critical part in the process¹³. An entrepreneur is said to be an opportunity seeker. For the potential entrepreneur, the first task is to identify, explore and then select an attractive and viable business opportunity.

Chapter 2: Research Question, Research Methodology

2.1 Research Question

This study aims at identifying how well the Lebanese entrepreneurs reflect the characteristics of the successful entrepreneurs as described in Literature related to entrepreneurship. In other words what are the factors of success for an entrepreneur in the Lebanese context?

¹³ (Singh, Hybels, & Lumpkin, 1999)

2.2 Research Methodology

The independent & dependent variables: Based on our literature review we have identified 31 factors, our independent variables, which have an impact on the success of an entrepreneur. We grouped these variables into four categories:

- 1- Personal attributes: Taking risks, being knowledgeable about local market conditions, being “opportunity obsessed”, recognizing opportunities, tolerating ambiguity, having higher internal locus of control, being achievement oriented, being hard working, driven & dedicated, being fast i.e. making decisions quickly & implementing them swiftly, being flexible i.e. keeping an open mind and responding to change, being forever innovating, ability to initiate ideas, and being fun.
- 2- Organizational/Managerial attributes: Being knowledgeable about gaining competitive advantage, understanding the potential supplier’s marginal costs, being able to gather critical resources without owning them, being able to adapt to changing governmental rules & regulations, ability to plan & structure strategy that will work effectively in the culture, having managerial competence including strong control system, being focused i.e. working on niche markets, specialization. Being flat i.e. working with as few layers of management as possible, being frugal i.e. keeping overhead low & productivity high, being friendly with customers, suppliers, employees, ability to develop a plan, and ability to delegate responsibilities.
- 3- Sociological attributes: Knowing successful entrepreneurs as role models, having a network of friends & business associates, and having good relations with bankers, lawyers, and investors.

4- Environmental attributes: Availability of business opportunities, availability of financial resources, and availability of human resources.

In addition to the independent variables described above, we considered the entrepreneur's self perception of success as an independent variable. For each category, we formed an index of attributes by averaging the scores obtained individual components. In addition to the index, we formed a categorical variable based on quartiles. Indices with scores higher than the median are placed in the upper categories.

We defined the measures of success i.e. the dependent variables as follows: number of years in business, company's sales revenue, number of employees, and company's capital structure.

2.3 Research Hypotheses

We formulated our research hypotheses as follows:

H1: Entrepreneurs with higher score on the personal attributes index are more successful.

H2: Entrepreneurs with higher score on the organizational/managerial attributes index are more successful.

H3: Entrepreneurs with higher score on the sociological attributes index are more successful.

H4: Entrepreneurs with higher score on the environmental attributes index are more successful.

H5: Entrepreneurs with higher score on all the attributes taken together are more successful.

H6: Entrepreneurs with higher score on their perception of success are more successful.

Note: H6 was not stated based on literature review. It was added to see whether personal perception could also relate to measures of success.

Thus the main objective of this study is to evaluate the success factors of entrepreneurship for our Lebanese sample of entrepreneurs. Are these factors as significant for entrepreneurial success in Lebanon as they are in general in other contexts as our literature review suggests?

To find answers to our research question and test our hypotheses, we designed a questionnaire to tackle the objectives of our study. The questionnaire asked the entrepreneur to state how high they score on the factors of success. This was done by asking them to identify their agreement or disagreement with statements that depicted factors of success.

We pretested this questionnaire with a small group of entrepreneurs to reveal problems in the questionnaire direction &/or design.

The questionnaire consisted of 3 parts: the first part addresses the background of the respondent, while the second part addresses the measures of success, whereas the third part addresses the factors of success.

The scale used in this survey focused on the degree of agreement with the questions/statements and it offered 5 possibilities: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1).

Our sample consisted of 71 Lebanese entrepreneurs who were mostly the clients of a major international bank in Lebanon. This represented 89% of the original list of the entrepreneurs available. These were people that the bank management had identified as active entrepreneurs. The entrepreneurs filled out the questionnaire in their one on one meeting with the author of this study.

The following statistical techniques were applied to analyze the results obtained from the questionnaires.

First, we performed some descriptive analyses where we constructed different charts and graphs to describe our sample.

Next, we conducted cross-tabulations testing in order to test relationships between attributes and measures of success.

Then, hypothesis testing as well as analysis of variance techniques are conducted to compare means.

Finally, correlation and regression analysis are performed to determine the interdependencies among the variables and determine the significant factors.

Computations of statistical techniques were done using the SPSS software as well as the Megastat For Excel software provided by “Basic Statistics of Business & Economics” book.

Chapter 3: Analysis

3.1 Reliability Tests

First we tested for reliability using the Cronbach's Alpha test. The SPSS output given below shows an acceptable alpha values. Therefore, we can conclude that the data is reliable and further analysis can be conducted.

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	71	100.0
	Excluded ^a	0	.0
	Total	71	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.824	31

Scale: ALL VARIABLES

Case Processing Summary		N	%
Cases	Valid	71	100.0
	Excluded ^a	0	.0
	Total	71	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.814	12

Scale: ALL VARIABLES

Case Processing Summary		N	%
Cases	Valid	71	100.0
	Excluded ^a	0	.0
	Total	71	100.0

Case Processing Summary

		N	%
Cases	Valid	71	100.0
	Excluded ^a	0	.0
	Total	71	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.731	13

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	71	100.0
	Excluded ^a	0	.0
	Total	71	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.812	3

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	71	100.0
	Excluded ^a	0	.0
	Total	71	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.775	3

The number years in business for entrepreneurs ranged from a minimum of 2 years to a maximum of 40 years, so the range was equal to 38 years. The average number of years in business was equal to 10.93 (approximately 11 years). The sample standard deviation from the mean was equal to 6.73. The number of years in business were categorized into four categories: below 6 years was the first quartile, below 10 years

3.2 Descriptive Analysis

Descriptive analysis for measures of success:

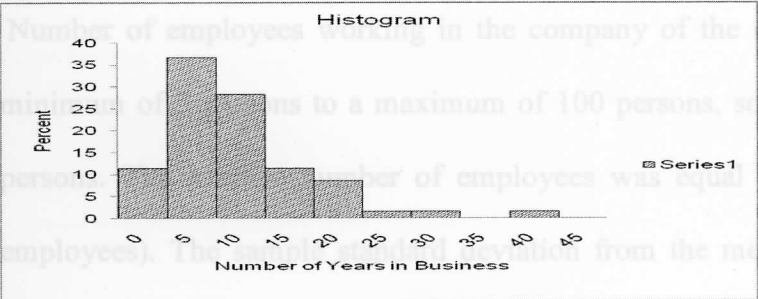
Descriptive statistics	
<i>Years in Business</i>	
Count	71
Mean	10.93
sample variance	45.27
sample standard deviation	6.73
Minimum	2
Maximum	40
Range	38
1st quartile	6.00
Median	10.00
3rd quartile	14.00
interquartile range	8.00
Mode	10.00
low extremes	0
low outliers	0
high outliers	1
high extremes	1

The number years in business for entrepreneurs ranged from a minimum of 2 years to a maximum of 40 years, so the range was equal to 38 years. The average number of years in business was equal to 10.93 (approximately 11 years). The sample standard deviation from the mean was equal to 6.73. The number of years in business were categorized into four categories: below 6 years was the first quartile, below 10 years

and above or equal to 6 years was the second quartile, below 14 years and above or equal to 10 years was the third quartile, and above or equal to 14 years was the fourth quartile. The value that occurred most frequently was 10 years in business which is the mode. Also we had 1 high outlier and 1 high extreme which were equal to 40 years in business.

A frequency distribution and the corresponding histogram for number of years in business are given in the following charts.

Number of Years in Business						Cumulative		
Lower	Upper	Midpoint	Width	Frequency	Percentage	Frequency	Percentage	
0	< 5	3	5	8	11.3	8	11.3	
5	< 10	8	5	26	36.6	34	47.9	
10	< 15	13	5	20	28.2	54	76.1	
15	< 20	18	5	8	11.3	62	87.3	
20	< 25	23	5	6	8.5	68	95.8	
25	< 30	28	5	1	1.4	69	97.2	
30	< 35	33	5	1	1.4	70	98.6	
35	< 40	38	5	0	0.0	70	98.6	
40	< 45	42	5	1	1.4	71	100.0	



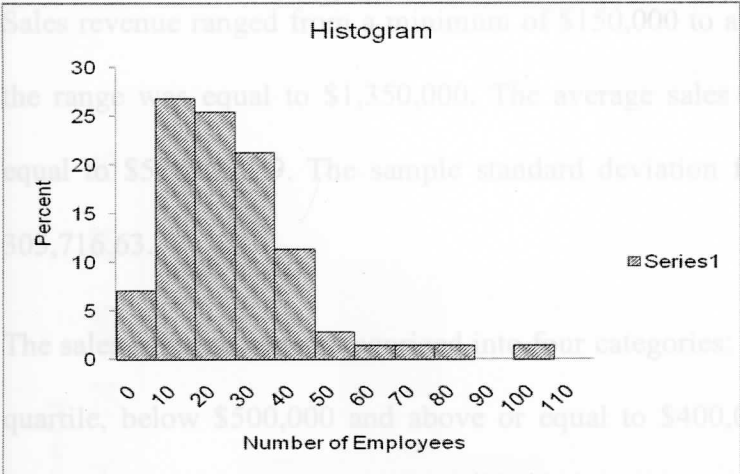
Descriptive statistics	
	<i>Number of Employees</i>
Count	71
Mean	26.72
sample variance	297.95
sample standard deviation	17.26
Minimum	5
Maximum	100
Range	95
1st quartile	15.00
Median	25.00
3rd quartile	32.50
interquartile range	17.50
Mode	15.00
low extremes	0
low outliers	0
high outliers	3
high extremes	1

Number of employees working in the company of the entrepreneur ranged from a minimum of 5 persons to a maximum of 100 persons, so the range was equal to 95 persons. The average number of employees was equal to 26.72 (approximately 27 employees). The sample standard deviation from the mean was equal to 17.26. The

number of employees was categorized into four categories: below 15 employees was the first quartile, below 25 employees and above or equal to 15 employees was the second quartile, below 33 employees and above or equal to 25 employees was the third quartile, and above or equal to 33 was the fourth quartile. The value that occurred most frequently was 15 employees which is the mode. Also we had 3 high outliers and 1 high extreme.

A frequency distribution and the corresponding histogram for number of employees are given in the following charts.

Number of Employees					Cumulative				
lower		upper	midpoint	width	frequency	percent	frequency	Percent	
0	<	10	5	10	5	7.0	5	7.0	
10	<	20	15	10	19	26.8	24	33.8	
20	<	30	25	10	18	25.4	42	59.2	
30	<	40	35	10	15	21.1	57	80.3	
40	<	50	45	10	8	11.3	65	91.5	
50	<	60	55	10	2	2.8	67	94.4	
60	<	70	65	10	1	1.4	68	95.8	
70	<	80	75	10	1	1.4	69	97.2	
80	<	90	85	10	1	1.4	70	98.6	
90	<	100	95	10	0	0.0	70	98.6	
100	<	110	105	10	1	1.4	71	100.0	
					71	100.0			



SALES REVENUE	
Count	71
Mean	578,732.39
sample variance	93,462,655,935.61
sample standard deviation	305,716.63
Minimum	150000
Maximum	1500000
Range	1350000
1st quartile	400,000.00
Median	500,000.00
3rd quartile	650,000.00
interquartile range	250,000.00
Mode	600,000.00
low extremes	0
low outliers	0
high outliers	3
high extremes	2

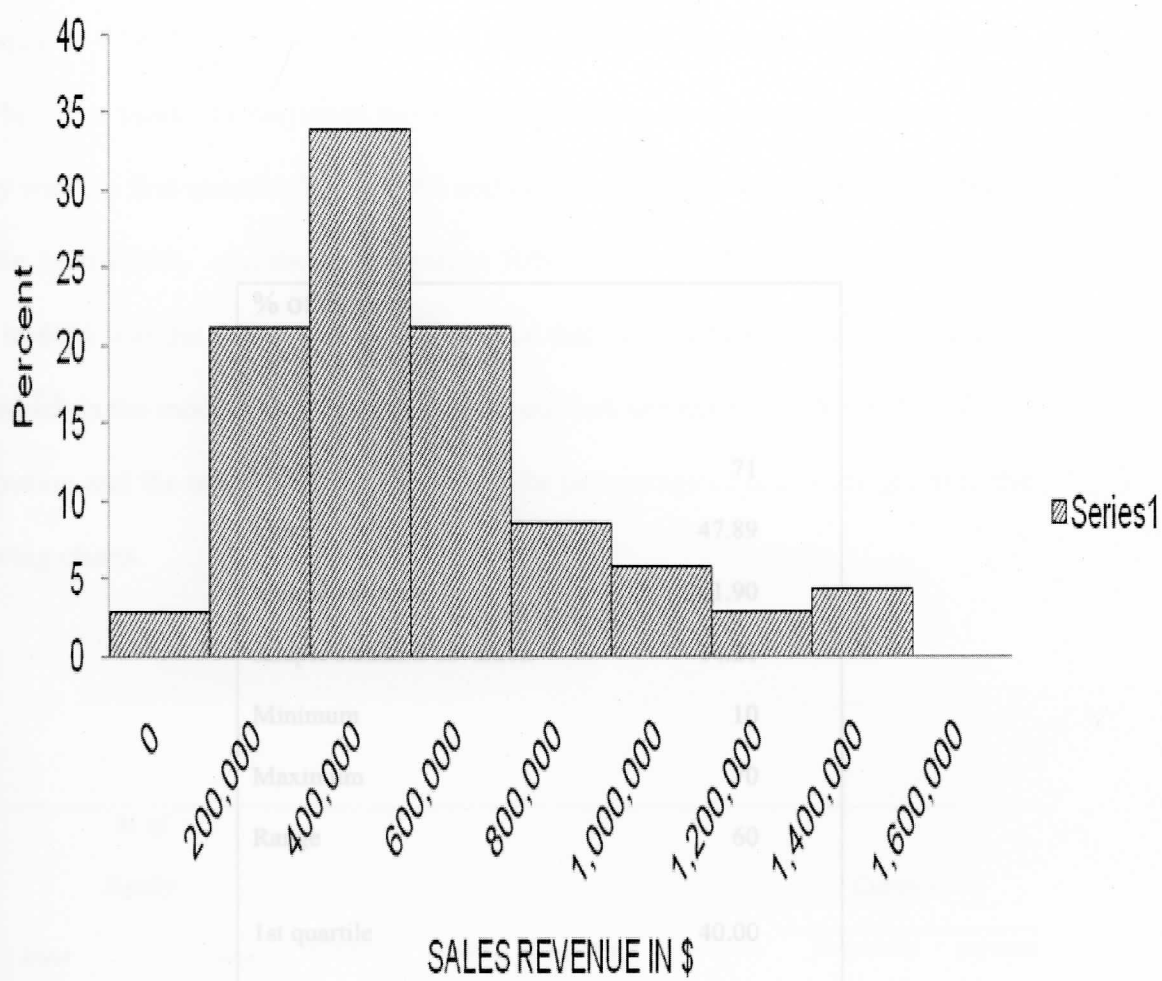
Sales revenue ranged from a minimum of \$150,000 to a maximum of \$1,500,000, so the range was equal to \$1,350,000. The average sales revenue for a company was equal to \$578,732.39. The sample standard deviation from the mean was equal to 305,716.63.

The sales revenue were categorized into four categories: below \$400,000 was the first quartile, below \$500,000 and above or equal to \$400,000 was the second quartile, below \$650,000 and above or equal to \$500,000 was the third quartile, and above or equal to \$650,000 was the fourth quartile. The value that occurred most frequently was \$600,000 which is the mode. Also we had 3 high outliers and 2 high extremes. A frequency distribution and the corresponding histogram for number of employees are given in the following charts.

A frequency distribution and the corresponding histogram for sales revenue in dollars are given in the following charts.

SALES REVENUE IN \$							
Lower		upper	midpoint	width	frequency	percent	cumulative frequency
0	<	200,000	100,000	200,000	2	2.8	2
200,000	<	400,000	300,000	200,000	15	21.1	17
400,000	<	600,000	500,000	200,000	24	33.8	41
600,000	<	800,000	700,000	200,000	15	21.1	56
800,000	<	1,000,000	900,000	200,000	6	8.5	62
1,000,000	<	1,200,000	1,100,000	200,000	4	5.6	66
1,200,000	<	1,400,000	1,300,000	200,000	2	2.8	68
1,400,000	<	1,600,000	1,500,000	200,000	3	4.2	71
						71	100.0

SALES REVENUE

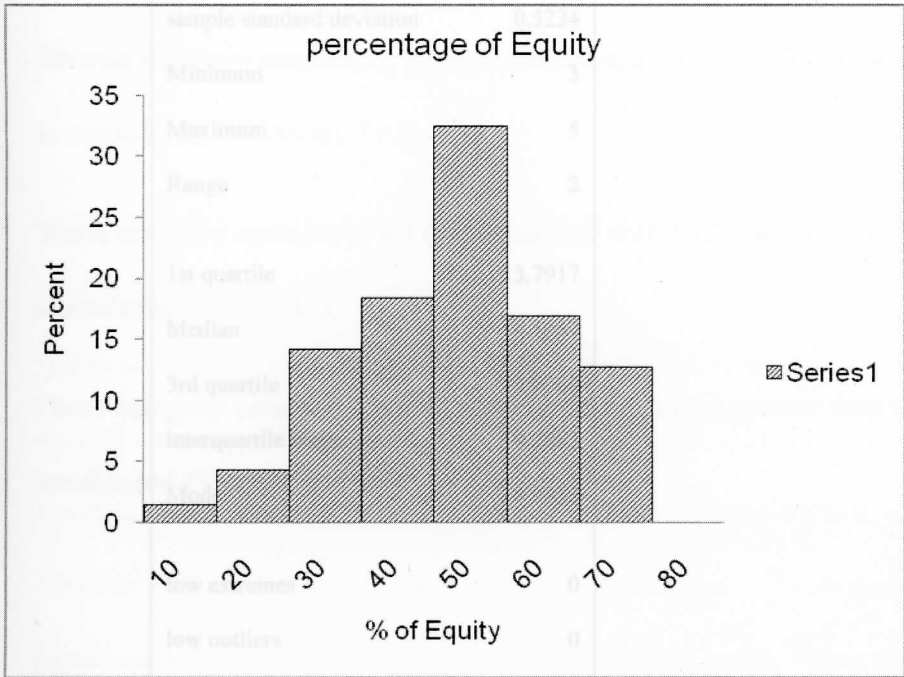


Percentage of Equity for the companies ranged from a minimum of 10% to a maximum of 70%, so the range was equal to 60%. The average percentage of equity was equal to 47.89%. The sample standard deviation from the mean was equal to 14.21%. The years of experience were categorized into four categories: below 40% equity was the first quartile, below 50% and above or equal to 40% was the second quartile, below 60% and above or equal to 50% was the third quartile, and above or equal to 60% was the fourth quartile. The value that occurred most frequently was 50% which is the mode. Also, we had neither outliers nor extremes. A frequency distribution and the corresponding histogram for percentage of equity are given in the following charts.

% of Equity	
Count	71
Mean	47.89
sample variance	201.90
sample standard deviation	14.21
Minimum	10
Maximum	70
Range	60
1st quartile	40.00
Median	50.00
3rd quartile	60.00
interquartile range	20.00
Mode	50.00
low extremes	0
low outliers	0
high outliers	0
high extremes	0

Percentage of Equity for the companies ranged from a minimum of 10% to a maximum of 70%, so the range was equal to 60%. The average percentage of equity was equal to 47.89%. The sample standard deviation from the mean was equal to 14.21%. The years of experience were categorized into four categories: below 40% Equity was the first quartile, below 50% and above or equal to 40% was the second quartile, below 60% and above or equal to 50% was the third quartile, and above or equal to 60% was the fourth quartile. The value that occurred most frequently was 50% which is the mode. Also, we had neither outliers nor extremes. A frequency distribution and the corresponding histogram for percentage of equity are given in the following charts.

% of								
Equity							Cumulative	
lower		upper	midpoint	width	frequency	percent	frequency	percent
10	<	20	15	10	1	1.4	1	1.4
20	<	30	25	10	3	4.2	4	5.6
30	<	40	35	10	10	14.1	14	19.7
40	<	50	45	10	13	18.3	27	38.0
50	<	60	55	10	23	32.4	50	70.4
60	<	70	65	10	12	16.9	62	87.3
70	<	80	75	10	9	12.7	71	100.0
					71	100.0		



Descriptive analysis for factors of success:

The personal attributes index was obtained by averaging the scores of questions related to the different components of the personal attributes.

Descriptive statistics are shown below:

Personal Attributes Index	
	<i>PAI</i>
Count	71
Mean	4.1408
sample variance	0.2729
sample standard deviation	0.5224
Minimum	3
Maximum	5
Range	2
1st quartile	3.7917
Median	4.1667
3rd quartile	4.5000
interquartile range	0.7083
Mode	4.0833
low extremes	0
low outliers	0
high outliers	0
high extremes	0

Personal Attributes questions had an average score of 4.1408, the minimum average score was equal to 3 and the maximum average score was equal to 5. The range was equal to 2. The first quartile was equal to 3.80; the second quartile was equal to 4.17; and the third quartile was equal to 4.50. The average that occurred most frequently was equal to 4.0833 which is the mode. Personal Attributes Index (PAI) is obtained by averaging all values of the questions related to personal attributes.

Using the quartiles obtained from the descriptive statistics we constructed the personal attribute category.

First category consists of all entrepreneurs with PAI less than first quartile, and is considered (Low PAI).

Second category consists of all entrepreneurs with PAI less than second quartile, and is considered (Moderate PAI).

Third category consists of all entrepreneurs with PAI less than third quartile, and is considered (High PAI).

Fourth category consists of all entrepreneurs with PAI greater than third quartile, and is considered (Very High PAI).

Organizational/Managerial Index	
	<i>OMI</i>
Count	71
Mean	3.8407
sample variance	0.3132
sample standard deviation	0.5596
Minimum	2.923
Maximum	5
Range	2.077
1st quartile	3.3846
Median	3.7692
3rd quartile	4.2308

interquartile range	0.8462
Mode	3.1538
low extremes	0
low outliers	0
high outliers	0
high extremes	0

Organizational/Managerial Attributes questions had an average score of 3.8407, the minimum average score was equal to 2.923 and the maximum average score was equal to 5. The range was equal to 2.077. The first quartile was equal to 3.38; the second quartile was equal to 3.77; and the third quartile was equal to 4.23. The average that occurred most frequently was equal to 3.1538 which is the mode. Organizational/Managerial Index (OMI) is obtained by averaging all values of the questions related to Organizational/Managerial attributes. Using the quartiles obtained from the descriptive statistics we constructed the organizational/managerial attributes category.

First category consists of all entrepreneurs with OMI less than first quartile, and is considered (Low OMI).

Second category consists of all entrepreneurs with OMI less than second quartile, and is considered (Moderate OMI).

Third category consists of all entrepreneurs with OMI less than third quartile, and is considered (High OMI).

Forth category consists of all entrepreneurs with OMI greater than third quartile, and is considered (Very High OMI).

Sociological Attributes	
	<i>SAI</i>
Count	71
Mean	3.6620
sample variance	0.8778
sample standard deviation	0.9369
Minimum	1.666667
Maximum	5
Range	3.333333
1st quartile	3.0000
Median	3.6667
3rd quartile	4.3333
interquartile range	1.3333
Mode	5.0000
low extremes	0
low outliers	0
high outliers	0
high extremes	0

Sociological Attributes questions had an average score of 3.6620, the minimum average score was equal to 1.67 and the maximum average score was equal to 5. The range was equal to 3.33. The first quartile was equal to 3.00; the second quartile was equal to 3.67; and the third quartile was equal to 4.33. The average that occurred most frequently was equal to 5 which is the mode. Sociological Attributes Index (SAI) is obtained by averaging all values of the questions related to sociological attributes.

Using the quartiles obtained from the descriptive statistics we constructed the sociological attributes category.

First category consists of all entrepreneurs with SAI less than first quartile, and is considered (Low SAI).

Second category consists of all entrepreneurs with SAI less than second quartile, and is considered (Moderate SAI).

Third category consists of all entrepreneurs with SAI less than third quartile, and is considered (High SAI).

Fourth category consists of all entrepreneurs with SAI greater than third quartile, and is considered (Very High SAI).

Enviromental Attributes	
	<i>EAI</i>
Count	71
Mean	3.6197
sample variance	0.6041
sample standard deviation	0.7772
Minimum	2
Maximum	5
Range	3
1st quartile	3.0000
Median	3.6667
3rd quartile	4.3333
interquartile range	1.3333
Mode	2.6667

low extremes	0
low outliers	0
high outliers	0
high extremes	0

Environmental Attributes questions had an average score of 3.6197, the minimum average score was equal to 2 and the maximum average score was equal to 5. The range was equal to 3. The first quartile was equal to 3.00; the second quartile was equal to 3.67; and the third quartile was equal to 4.33. The average that occurred most frequently was equal to 2.6667 which is the mode. Environmental Attributes Index (EAI) is obtained by averaging all values of the questions related to environmental attributes. Using the quartiles obtained from the descriptive statistics we constructed the environmental attributes category.

First category consists of all entrepreneurs with EAI less than first quartile, and is considered (Low EAI).

Second category consists of all entrepreneurs with EAI less than second quartile, and is considered (Moderate EAI).

Third category consists of all entrepreneurs with EAI less than third quartile, and is considered (High EAI).

Forth category consists of all entrepreneurs with EAI greater than third quartile, and is considered (Very High EAI).

Descriptive statistics	
Perception of Successfulness	
Count	71
Mean	1.99
sample variance	0.67
sample standard deviation	0.82
Minimum	1
Maximum	3
Range	2
1st quartile	1.00
Median	2.00
3rd quartile	3.00
interquartile range	2.00
Mode	1.00
low extremes	0
low outliers	0
high outliers	0
high extremes	0

All entrepreneurs who perceived themselves as “definitely successful” were given a grade of 3, “to some extent” were given a grade of 2, “not yet” were given a grade of “1”.

Out of the 71 entrepreneurs, 23 believed that they are definitely successful entrepreneurs, 24 believed they are to some extent successful, and 24 believed they are not yet successful.

3.3 Cross Tabulations: We ran several cross tabulations to determine the various relationships. We cross tabulated number of years in business, number of employees, sales revenue, equity, with the four attributes (personal, organizational/managerial sociological, and environmental) and with the perception of successfulness. We started by cross tabulating personal attribute category (PAC) and number of years in business. Since the first category of PAC contains small number of cases, we combined the first two into one category. The computer output is given below.

Number of years in Business category	Personal Attribute Category (PAC)					
			1	2	3	Total
	1		5	0	8	13
	2		1	10	10	21
	3		6	5	7	18
	4		6	6	7	19
	Total		18	21	32	71
			12.59	chi-square		
			6	Df		
			.05	p-value		

P-value=0.05 indicates that there is a strong relationship between years in business and personal attribute. Also we used the Cramer’s V test to measure the strength of association used in tables larger than 2*2. In this case the Cramer’s V was equal to 0.300 which is considered a moderate association.

From the calculated chi square value below and the corresponding P-value, we don’t have evidence that there is a relationship between number of years in business and organizational/managerial category.

Table2: Number of years in business/ Organizational Managerial Category						
		Organizational/Manageria I Category (OMC)				
		1	2	3	4	Total
1		3	1	4	5	13
2		5	3	7	6	21
3		4	6	4	4	18
4		4	7	4	4	19
Total		16	17	19	19	71
		6.12	chi-square			
		9	Df			
		.72	p-value			

We repeated the cross tabulations for the various attributes & measures of success. The summary of the results is given below.

Attributes	Chi-square	P-value
PAI	7.64	0.5705
OMI	7.92	0.5417
SAI	8.06	0.5286
EAI	8.81	0.4550
Perception of Success (POS)	10.31	0.1123

Sales Revenue

According to chi-square tests obtained from cross tabulations, we can conclude that sales revenue has no significant relationships with any of the attributes.

Attributes Chi-square P-value

PAI	7.64	0.5705
OMI	7.92	0.5417
SAI	10.82	0.2882
EAI	12.8	0.047*
POS	16.20	0.0127*

Equity

In the table above we have a P-value= 0.047<0.05. The Cramer’s V was equal to 0.300 which is considered a moderate association. There is a significant relationship between equity and environmental attributes. The more the availability of financial resources and business opportunities, the more the equity % available for an entrepreneur.

Also in the table above we have a P-value=0.0127<0.05. The Cramer’s V was equal to 0.338 which is considered a moderate association. There is a significant relationship between equity and perception of successfulness.

Attributes	Chi-square	P-value
PAI	12.59	0.05*
OMI	6.12	0.7280
SAI	10.95	0.2789
EAI	4.19	0.8988
POS	25.28	0.0003*

Number of Years in Business

According to chi-square tests obtained from cross tabulations, we can conclude that number of years in business has a significant relationship with PAI and POS . In this case the Cramer's V was equal to 0.337 which is considered a moderate association. The higher an entrepreneur personal attribute score is, the higher the entrepreneur's number of years in business. P-value=0.05=0.05. In this case the Cramer's V was equal to 0.300 which is considered a moderate association.

We ran the one way Anova test and comparison of means for samples. And here are

The higher the perception of success for an entrepreneur, the higher the entrepreneur's number of years in business. P-value= 0.0003<0.05. In this case the Cramer's V was equal to 0.422 which is considered a moderate association.

For Personal Attribute Index (PAI): One way Anova test was used to determine if the mean sales revenue is different for the various Personal Attribute categories. This is done by testing whether the mean value of a measure of performance is not the same across the various personal levels. The personal levels are determined by the median of the personal attribute index.

The computer output is given below.

Attributes	Chi-square	P-value
PAI	6.52	0.6874
OMI	8.38	0.4961
SAI	6.85	0.6528
EAI	6.84	0.6534
POS	16.14	0.0130*

Number of Employees

According to chi-square tests obtained from cross tabulations, we can conclude that number of employees has significant relationship with POS. P-value=0.0130<0.05. In this case the Cramer’s V was equal to 0.337 which is considered a moderate association.

3.4 Anova and Comparing Means

We ran the one way Anova test and comparison of means for samples. And here are the results:

The P-value for the test is 0.1646. This does not indicate that there is a difference in For Personal Attribute Index (PAI): One way Anova test was used to determine if the mean sales revenue is different for the various Personal Attribute categories. This is done by testing whether the mean value of a measure of performance is not the same across the various personal levels. The personal levels are determined by the median of the personal attribute index.

The computer output is given below.

Sales

Revenue/PAI

One factor ANOVA

	Mean	n	Std. Dev	
				Moderate
	462,777.8	18	152,037.36	PAI
	638,095.2	21	304,919.97	High PAI
				Very High
	605,000.0	32	357,039.80	PAI
	578,732.4	71	305,716.63	Total

ANOVA table

Source	SS	df	MS	F	val
Treatment	338,100,994,858.04	2	169,050,497,429.018	1.85	.164
Error	6,204,284,920,634.92	68	91,239,484,126.984		
Total	6,542,385,915,492.96	70			

The P-value for the test is 0.1646. This does not indicate that there is a difference in the means of sales revenue for the personal attribute categories.

Further comparison of the two means of sales revenue corresponding to the two categories with PAI above the median and PAI below the median.

Hypothesis Test: Independent Groups (t-test, pooled variance)

Low PAI/sales

revenue

High PAI/Sales revenue

462,777.78	618,113.21
152,037.36	334,698.81
18	53

Mean

std. dev.

N

69 Df

-155,335.430 difference (Low - High)

90,118,441,041.534 pooled variance

300,197.337 pooled std. dev.

81,895.836 standard error of difference

0 hypothesized difference

-1.90 T

.0310 p-value (one-tailed, upper)

Mean		
50.0	18	Moderate PAI
48.6	53	High PAI
46.3	32	Very High PAI
47.9	71	Total

ANOVA table

Source	SS	df	MS	F	p-value
Treatment	175.96	2	87.978	0.43	.6331
Error	13,937.14	68	203.252		
Total	14,133.10	70			

the P-value is $0.0310 < 0.05$, indicates that the mean value of the “high group” PAI/sales revenue is significantly greater than the “Low group” PAI/sales revenue. Therefore we can conclude from this that the group of entrepreneurs who had higher scores on the personal attribute had a higher mean sales revenue.

Another example is given below where both the Anova test and the test comparing the means corresponding to the higher and lower personal attributes categories are not significant.

Low PAI/Equity	High PAI/Equity
50.00	47.17
16.80	13.32
18	33

One factor ANOVA

Equity/PAI (Low - High)			
Mean	n	Std. Dev	
			Moderate
50.0	18	16.80	PAI
48.6	21	11.08	High PAI
			Very High
46.3	32	14.70	PAI
47.9	71	14.21	Total

ANOVA table

Source	SS	df	MS	F	p-value
Treatment	175.96	2	87.978	0.43	.6531
Error	13,957.14	68	205.252		
Total	14,133.10	70			

P-value for the test is 0.6531, it does not indicate that there is a difference in the means.

Attributes	F value	P-value
PAI	1.85	0.1646
OMI	0.28	0.8398
SAI	0.63	0.5358
POS	1.63	0.0004*

Low PAI/Equity	High PAI/Equity	
50.00	47.17	Mean
16.80	13.32	std. dev.
18	53	N

69 Df

2.830 difference (Low - High)

203.268 pooled variance

14.257 pooled std. dev.

3.889 standard error of difference

0 hypothesized difference

0.73 T

.2346 p-value (one-tailed, upper)

The P-value is $0.2346 > 0.05$. It does not indicate that the mean value of the “High group”

PAI/Equity is greater than the “Low group” PAI/Equity.

Attributes T value P-value

Attributes F value P-value

PAI	1.85	0.1646
OMI	0.28	0.8398
SAI	0.63	0.5358
EAI	0.27	0.7614
POS	8.65	0.0004*

Sales Revenue

According to P-values obtained from one-factor Anova tests, we can conclude

that there is no difference in the mean of sales revenue for the different attribute categories, except for POS.

However if we combine the categories to obtain only high & low categories some significant results are observed see table below.

PAI	0.43	0.6531
OMI	0.30	0.4218
SAI	0.62	0.5407
EAI	3.15	0.0492*
POS	0.06	0.9385

Equity

Attributes T value P-value

PAI	-1.90	0.03*
OMI	0.76	0.22
SAI	0.30	0.38
EAI	0.48	0.31

Sales Revenue

The P-value is $0.03 < 0.05$, indicates that the mean value of the “high group” PAI/sales revenue is significantly greater than the “Low group” PAI/sales revenue. Therefore we can conclude from this that the group of entrepreneurs who had higher scores on the personal attribute had higher mean sales revenue.

Attributes F value P-value

PAI	0.43	0.6531
OMI	0.95	0.4218
SAI	0.62	0.5407
EAI	3.15	0.0492*
POS	0.06	0.9385

Equity

According to P-values obtained from one-factor Anova tests, we can conclude that there is no difference in the mean of Equity for the different attribute categories, except for EAI.

However if we combine the categories to obtain only high & low categories some significant results are observed see table below.

Attributes T value P-value

PAI	0.73	0.23
OMI	-0.17	0.43
SAI	1.10	0.13
EAI	-2.48	0.0079*

Equity

The P-value is $0.0079 < 0.05$, indicates that the mean value of the “high group” EAI/Equity is significantly greater than the “Low group” EAI/Equity. Therefore we can conclude from this that the group of entrepreneurs who had higher scores on the environmental attributes had higher percentage of Equity.

Attributes F value P-value

PAI	0.29	0.7456
OMI	1.09	0.3594
SAI	0.03	0.9751

EAI	0.54	0.5834
POS	11.82	3.93E-05*

Years in Business		
According to P-values obtained from one-factor Anova tests, we can conclude that there is no difference in the mean of years in business for the different attribute categories, except for POS.		

Moreover, if we combine the categories to obtain only high & low categories no significant results are observed see table below.

Attributes	T value	P-value
PAI	0.01	0.49
OMI	1.29	0.10
SAI	0.22	0.41
EAI	-0.03	0.48

Years in Business		
PAI	0.01	0.49
OMI	1.29	0.10
SAI	0.22	0.41
EAI	-0.03	0.48

Attributes	F value	P-value
PAI	0.40	0.6721
OMI	0.31	0.8177
SAI	1.02	0.3674
EAI	0.07	0.9326
POS	1.74	0.1830

Number of Employees

According to P-values obtained from one-factor Anova tests, we can conclude that there is no difference in the mean of number of employees for the different attribute categories.

Also if we combine the categories to obtain only high & low categories no significant results are observed see table below.

Attributes	T value	P-value
PAI	-0.77	0.22
OMI	0.90	0.18
SAI	0.01	0.49
EAI	-0.25	0.40

Number of Employees

3.5 Correlation and Regression Analysis

between -0.7 & +0.7.

Correlation and regression analysis were conducted to determine the effects of the independent variables, i.e., the attributes of the entrepreneurs on the dependent variable, i.e. successful performance of the entrepreneurs. In addition to the attributes, the perception of successfulness category (whether the entrepreneurs view themselves as successful) is also used as an independent variable.

The regression analysis shown below indicates that the model is significant (P-value is 0.0067) so that we can conclude that at least one of the attributes is significant. The regression verified the result obtained in correlation analysis. However, the regression output shows an additional significance case of a PAI with a P-value of 0.056.

Correlation Matrix

company's sales					Perception of Successfulness	
	revenue/year	PAI	OMI	SAI	EAI	Category
company's sales						
revenue/year	1.000					
PAI	.097	1.000				
OMI	-.089	.664	1.000			
SAI	-.104	.407	.579	1.000		
EAI	-.046	.205	.256	.255	1.000	
Perception of Successfulness Category	.393	-.054	-.084	-.099	.171	1.000

sample

71 size

± .234	critical value .05 (two-tail)
± .304	critical value .01 (two-tail)

None of the correlations among the personal attributes should cause problems. All are between -0.7 & +0.7.

The correlation matrix shows that there is a correlation between company’s sales revenue and perception of successfulness. From this we can conclude that when the entrepreneurs perceive themselves as successful, their sales revenue is high.

Regression analysis was conducted to further study the relationship. The regression analysis shown below indicates that the model is significant (P-value is 0.0067) so that we can conclude that at least one of the attributes is significant. The regression verified the result obtained in correlation analysis. However, the regression output shows an additional significance case of a PAI with a P-value of 0.056.

Variables	coefficients	std. error	t (df=65)	value	95% lower	95% upper
Intercept	196,708.0344	303,210.2608	0.645	.5213	-412,838.9408	806,254.9996
PAI	167,282.8104	86,178.8113	1.941	.0566	-4,828.1587	339,943.7795
OMI	-104,826.8166	90,533.3703	-1.158	.2511	-285,634.4409	75,980.8077
SAI	-12,926.1412	44,609.6709	-0.290	.7729	-102,017.8051	76,165.5227
EAI	-45,126.5103	46,218.4251	-0.976	.3325	-137,431.0783	47,178.0577
Constant	152,383.5301	42,186.5396	3.612	.0006	68,133.1936	236,633.8666

ion Analysis

R ²	0.215		
Adjusted R ²	0.154	n	71
R	0.463	k	5
Std. Error	281136.976	Dep. Var.	company's sales revenue/year

Source	SS	df	MS	F	p-value
Regression	1,404,915,968,482.2100	5	280,983,193,696.4420	3.56	.0067
Residual	5,137,469,947,010.7500	65	79,037,999,184.7807		
Total	6,542,385,915,492.9600	70			

Variables	coefficients	std. error	t (df=65)	p-value	95% lower	95% upper
Intercept	196,708.0344	305,210.2608	0.645	.5215	-412,838.9408	806,254.9106
PAI	167,282.8104	86,178.8113	1.941	.0566	-4,828.1587	339,343.7795
OMI	-104,826.8166	90,533.3705	-1.158	.2511	-285,634.4409	75,980.8077
SAI	-12,926.1412	44,609.6709	-0.290	.7729	-102,017.8051	76,165.5227
EAI	-45,126.5105	46,218.4251	-0.976	.3325	-137,431.0783	47,178.0573
Perception of Business Category	152,385.5301	42,186.5396	3.612	.0006	68,133.1936	236,637.8666

analyze the model further, we conducted a stepwise analysis, see output below.

Regression Analysis -- Stepwise Selection displaying the best model of each size

71 observations

company's sales revenue/year is the dependent variable

				Perception of successfulness	Category	s	Adj R ²	R ²	Cp	p- value
					.0007	283085.377	.143	.155	2.960	.0007
.2890					.0006	282794.862	.144	.169	3.804	.0019
.0621	.1056				.0007	279342.109	.165	.201	3.147	.0017
.0558	.1579		.3029		.0005	279179.156	.166	.214	4.084	.0029
.0566	.2511	.7729	.3325		.0006	281136.976	.154	.215	6.000	.0067

The correlation matrix shows that there is a correlation between entrepreneur's years

From the output we see that in step I the model considers the perception of
 successfulness only which is significant. In step II when PAI is added the perception
 of successfulness is still significant but not the PAI. In step III when OMI is added
 PAI becomes significant and OMI is almost significant.

This indicates that the attribute that contribute to the success of the company in terms
 of sales revenue are the PAI and OMI to some extent.
 analysis shown below indicates that the model is significant (P-value is 0.0003) so

Correlation Matrix

		Perception of Successfulness				
	Years in business	PAI	OMI	SAI	EAI	Category
Years in business	1.000					
PAI	-.129	1.000				
OMI	-.067	.664	1.000			
SAI	-.075	.407	.579	1.000		
EAI	-.073	.205	.256	.255	1.000	
Perception of Successfulness Category	.505	-.054	-.084	-.099	.171	1.000

Total 3,168.6479 71 sample size

± .234 critical value .05 (two-tail)

± .304 critical value .01 (two-tail)

The correlation matrix shows that there is a correlation between entrepreneur’s years in business and perception of successfulness. From this we can conclude that the higher the entrepreneurs perceive themselves as successful, the more years in business they have.

Regression analysis was conducted to further study the relationship. The regression analysis shown below indicates that the model is significant (P-value is 0.0003) so

that we can conclude that at least one of the attributes is significant. The regression verified the result obtained in correlation analysis.

Regression Analysis

R ²	0.293		
Adjusted R ²	0.239	n	71
R	0.542	k	5
Std. Error	5.869	Dep. Var.	Years in business

ANOVA table

Source	SS	df	MS	F	p-value
Regression	929.4213	5	185.8843	5.40	.0003
Residual	2,239.2266	65	34.4496		
Total	3,168.6479	70			

Regression output

					confidence interval	
			t		95%	95%
variables	Coefficients	std. error	(df=65)	p-value	lower	upper
Intercept	9.6858	6.3720	1.520	.1333	-3.0399	22.4115
PAI	-1.8513	1.7992	-1.029	.3073	-5.4445	1.7419
OMI	1.2783	1.8901	0.676	.5012	-2.4964	5.0531
SAI	0.1279	0.9313	0.137	.8912	-1.7321	1.9879
EAI	-1.4422	0.9649	-1.495	.1398	-3.3693	0.4848
Perception of Successfulness Category	4.4071	0.8807	5.004	4.54E-06	2.6481	6.1661

To analyze the model further, we conducted a stepwise analysis, see output below.

Regression Analysis -- Stepwise Selection displaying the best model of each size

71 Observations										
Years of expeience is the dependent variable										
Perception of										
successfulness										
Adj										
Nvar	PAI	OMI	SAI	EAI	Category	s	R ²	R ²	Cp	p-value
1					.0000	5.848	.244	.255	1.504	7.02E-06
2				.1213	.0000	5.787	.260	.281	1.111	1.33E-05
3	.5098			.1720	.0000	5.811	.254	.286	2.680	4.61E-05
4	.3053	.4155		.1378	.0000	5.826	.250	.293	4.019	.0001
5	.3073	.5012	.8912	.1398	.0000	5.869	.239	.293	6.000	.0003

From the output we see that in step I the model considers the perception of
successfulness only which is significant. In step II when EAI is added the perception
of successfullness is still significant but not the EAI. In step III when PAI is added
neither PAI nor EAI becomes significant.

Correlation Matrix						Perception of successfulness
	Number of Employees	PAI	OMI	SAI	EAI	Category
Number of Employees	1.000					
PAI	-.080	1.000				
OMI	-.147	.664	1.000			
SAI	-.075	.407	.579	1.000		
EAI	.027	.205	.256	.255	1.000	
Perception of successfulness Category	.197	-.054	-.084	-.099	.171	1.000

71 sample size

Source	SS	df	MS	F	p-value
Regression	1.20	± .234	critical value .05 (two-tail)	0.80	.5561
Residual	1.20	± .304	critical value .01 (two-tail)		

The correlation matrix shows that there is no correlation between number of employees and the independent variables.

The regression analysis shown below indicates that the model is not significant (P-value is 0.5561) so that we can conclude that at none of the attributes is significant.

The regression verified the result obtained in correlation analysis.

PAI	0.9534	5.3300	0.179	.8386	-9.6914	11.3982
OMI	-5.3247	5.5994	-0.951	.3452	-16.5074	5.8580
SAI	0.4497	2.7390	0.163	.8710	-3.0605	5.9599
EAI	0.6331	2.8385	0.221	.8254	-3.0758	6.3420
Perception of successfulness Category	3.8195	2.6092	1.464	1480	-1.3914	9.0304

Regression Analysis

R² 0.058
Adjusted R² 0.000 n 71
R 0.240 k 5

ANOVA table	Std. Error	17.388	Dep. Var.	Number of Employees		
	Source	SS	df	MS	F	p-value
	Regression	1,204.2309	5	240.8462	0.80	.5561
	Residual	19,652.1353	65	302.3405		
	Total	20,856.3662	70			

Regression output

confidence interval

variables	coefficients	std. error	t (df=65)	p-value	95% lower	95% upper
Intercept	31.6976	18.8768	1.679	.0979	-6.0021	69.3972
PAI	0.9534	5.3300	0.179	.8586	-9.6914	11.5982
OMI	-5.3247	5.5994	-0.951	.3452	-16.5074	5.8580
SAI	0.4497	2.7590	0.163	.8710	-5.0605	5.9599
EAI	0.6331	2.8585	0.221	.8254	-5.0758	6.3420
Perception of successfulness Category	3.8195	2.6092	1.464	.1480	-1.3914	9.0304

Regression Analysis -- Stepwise Selection displaying the best model of each size
Correlation Matrix

71 observations

Number of Employees is the dependent variable

Nvar	PAI	OMI	SAI	EAI	Perception of successfulness	s	Adj		Cp	p-value
					Category		R ²	R ²		
1					.1002	17.046	.025	.039	.000	.1002
2		.2695			.1211	17.017	.028	.056	.127	.1414
3		.2604		.7944	.1448	17.134	.015	.057	2.060	.2667
4	.8537	.3296		.8030	.1474	17.259	.000	.057	4.027	.4119
5	.8586	.3452	.8710	.8254	.1480	17.388	.000	.058	6.000	.5561

From the output we see that in step I the model considers the perception of
 successfulness only which is almost significant. In step II when OMI is added the
 perception of successfulness is not anymore significant and OMI also not significant.
 In step III when EAI is added neither OMI nor EAI is significant.

The correlation matrix shows that there is a correlation between company's
 percentage of equity and EAI.

	Company's % Equity	PAI	OMI	SAI	EAI	Perception of successfulness Category
Company's % Equity	1.000					
PAI	-.094	1.000				
OMI	-.026	.664	1.000			
SAI	-.104	.407	.579	1.000		
EAI	.250	.205	.256	.255	1.000	
Perception of successfulness Category	.028	-.054	-.084	-.099	.171	1.000

± .234	critical value .05 (two-tail)
± .304	critical value .01 (two-tail)

The correlation matrix shows that there is a correlation between company’s percentage of equity and EAI.

Regression Analysis

session output confidence interval

Regression Analysis -- Stepwise Selection displaying the best model of each size

71 observations
Company's sales is the dependent variable
% Equity variable

Nvar	TOTAL AVERAGE SCORE				Perception of					
					successfulness	Adj			p-	
	PAI	OMI	SAI	EAI	Category	s	R ²	R ²	Cp	value
1				.0358		13.859	.049	.062	1.221	.0358
2			.1371	.0159		13.734	.066	.093	1.024	.0369
3	.4408		.2751	.0135		13.774	.060	.101	2.436	.0671
4	.3439	.5772	.2233	.0163		13.845	.051	.105	4.127	.1154
5	.3464	.5922	.2162	.0162	.7231	13.938	.038	.107	6.000	.1866

From the output we see that in step I the model considers EAI only which is significant. In step II when SAI is added to EAI is still significant but SAI is not significant. In step III when PAI is added and neither PAI nor SAI is significant but EAI is still significant.

Also, correlation analysis was conducted to determine the effects of the attributes of the entrepreneurs combined together on the dependent variable, i.e. successful performance of the entrepreneurs. In addition to the attributes, the perception of successfulness category (whether the entrepreneurs view themselves as successful) is also used as an independent variable. The correlation tables below show that there is

no correlation between the attributes combined together and any of the measures of success.

correlation Matrix

	company's sales revenue/year	TOTAL AVERAGE SCORE	Successfulness Category
company's sales revenue/year	1.000	-.017	1.000
TOTAL AVERAGE SCORE	-.064	1.000	
Successfulness Category	.393	-.017	1.000

71 sample size

± .234 critical value .05 (two-tail)

± .304 critical value .01 (two-tail)

correlation Matrix

	Company's % Equity	TOTAL AVERAGE SCORE	Successfulness Category
Company's % Equity	1.000		
TOTAL AVERAGE SCORE	.016	1.000	
Successfulness Category	.028	-.017	1.000

71 sample size

± .234 critical value .05 (two-tail)

± .304 critical value .01 (two-tail)

Conclusion:

Correlation

Matrix

In this thesis, we studied whether for the Lebanese entrepreneurs the same factors of success, as the Literature suggested, prevailed. This was done by interviewing 71 entrepreneurs and asking them to state their level of agreement with the factors of success. The results were analyzed using various statistical techniques such as hypothesis testing, correlation, cross regressions and regression analysis. Our analysis revealed the following:

	Years of experience	TOTAL AVERAGE SCORE	Successfulness Category
Years of experience	1.000		
TOTAL AVERAGE SCORE	-.112	1.000	
Successfulness Category	.505	-.017	1.000

71 sample size

± .234	critical value .05 (two-tail)
± .304	critical value .01 (two-tail)

Correlation Matrix

	Number of Employees	TOTAL AVERAGE SCORE	Successfulness Category
Number of Employees	1.000		
TOTAL AVERAGE SCORE	-.084	1.000	
Successfulness Category	.197	-.017	1.000

71 sample size

± .234	critical value .05 (two-tail)
± .304	critical value .01 (two-tail)

Conclusion:

In this thesis, we studied whether for the Lebanese entrepreneurs the same factors of success, as the Literature suggested, prevailed. This was done by interviewing 71 entrepreneurs and asking them to state their level of agreement with the factors of success. The results were analyzed using various statistical techniques such as hypothesis testing, correlation, cross tabulations and regression analysis. Our analysis revealed the following:

- H1 stated that: entrepreneurs with higher score on the personal attributes index are more successful. For H1 we have found a relationship between PAI and three of the measures of success, which are sales revenue, equity, and years in business. This is based on the cross tabulation and regression analysis.
- H2 stated that: entrepreneurs with higher score on the organizational/managerial attributes index are more successful. For H2 we have found a relationship between OMI and two of the measures of success, which are sales revenue and years in business. This is based on the cross tabulation and regression analysis.
- H3 stated that: entrepreneurs with higher score on the sociological attributes index are more successful. For H3 we have not found a relationship between SAI and any of the measures of success.
- H4 stated that: entrepreneurs with higher score on the environmental attributes index are more successful. For H4 we have found a relationship between EAI and one of the measures of success, which is equity. Equity depends on

environmental attributes. The more the availability of financial resources and business opportunities, the more the equity % available for an entrepreneur.

This is based on the cross tabulation and regression analysis.

- H5 stated that: entrepreneurs with higher score on all the attributes taken together are more successful. For H5 we have not found a relationship between all the attributes taken together and any of the measures of success.
- H6 stated that: entrepreneurs with higher score on their perception of success are more successful. For H6 we have found a relationship between perception of success and **all** the measures of success, which are sales revenue, equity, years in business, and number of employees. This is based on the cross tabulation, one factor Anova, and regression analysis.

So, overall there are only some significant relationships between personal attributes index (PAI), organizational/managerial index (OMI), environmental attributes index (EAI), and perception of successfulness index (POS) and some measures of entrepreneurial success. This may mean that the Lebanese entrepreneurs have their idiosyncrasies and some further research, quantitative and/or qualitative could clarify these idiosyncrasies. Further research could focus more on their driving forces, their specific mindsets, qualifications and skills, their entrepreneurial accomplishments and insights, the sources for their ideas, influences on them, how do they develop their business plans and put together management teams, how do they obtain their financial resources, how do they spot opportunities and the challenges they need to overcome.

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Appendix A

EN TREPREENEURSHIP

Dear Entrepreneur

I am asking you to please give me some support by filling this questionnaire. I am writing an MBA thesis on entrepreneurship and need to use your response in my statistical analysis. Your frank response will be appreciated. The questionnaire is anonymous and your response will be kept confidential.

I truly and greatly appreciate your support which is essential for the completion of my thesis.

Type of your business:	
Years of experience in this business:	
Number of employees in this business:	
Your field of education:	
The degree(s) you have received:	

Are you a successful entrepreneur?	<input type="radio"/> Yes: <input type="radio"/> To some extent: <input type="radio"/> Not Yet:
Your company's sales revenue:	
Your company's capital structure:	

<u>Scale used in this survey:</u>	Strongly Agree	5
	Agree	4
	Neutral	3
	Disagree	2
	Strongly Disagree	1

Please read each one of the statements below and then answer by ticking the box that expresses best your level of agreement.
Note that you can only give one answer for each item.

	<u>Strongly</u> <u>Agree</u>	<u>Agree</u>	<u>Neutral</u>	<u>Disagree</u>	<u>Strongly</u> <u>Disagree</u>
1- You are not afraid of taking risks.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
2- You are knowledgeable about market condition in Lebanon.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
3- You are "opportunity obsessed" (think opportunity all the time.)	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
4- You recognize opportunities.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
5- You tolerate ambiguity.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
6- You have a higher internal locus of control than non entrepreneurs, which means that you believe that you control your own fate.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
7- You are achievement oriented.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1

8- You are hard working, driven & dedicated.	Strongly Agree ○ 5	Agree ○ 4	Neutral ○ 3	Disagree ○ 2	Strongly Disagree ○ 1
9- You're Fast: (You make decisions quickly and implement them swiftly.)	○ 5	○ 4	○ 3	○ 2	○ 1
10- You're Flexible: (You keep an open mind. You respond to change.)	○ 5	○ 4	○ 3	○ 2	○ 1
11- You're Forever innovating: (You are tireless innovator.)	○ 5	○ 4	○ 3	○ 2	○ 1
12- You have the ability to initiate ideas.	○ 5	○ 4	○ 3	○ 2	○ 1
13- It's fun to be with you.	○ 5	○ 4	○ 3	○ 2	○ 1
14- You know what to do to gain competitive advantage over your competitors.	○ 5	○ 4	○ 3	○ 2	○ 1
15- You understand the potential supplier's marginal costs.	○ 5	○ 4	○ 3	○ 2	○ 1

16- You can find ways of gathering critical resources without owning them. You do not buy when you can lease.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
17- You can adapt to changing Government rules and regulations.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
18- You are able to plan and structure a strategy that will work effectively in the culture where you are operating.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
19- You have managerial competence including strong control system.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
20- You're Focused: (You focus on niche markets. You specialize.)	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
21- You're Flat: (You work with as few lawyers of management as possible.)	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
22- You're Frugal: (By keeping overhead low and productivity high, you keep costs down.)	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
23- You're Friendly: (You are friendly to your customers, suppliers, and employees.)	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
24- You have the ability to develop a plan.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
25- You have the ability to delegate responsibilities.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
26- Knowing successful entrepreneurs at work or in your personal life made it easier for you to become one.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
27- A network of friends and business associates can be of immeasurable help in building the contacts an entrepreneur will need to succeed.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
28- You value your relation with the bankers, lawyers, and investors.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
29- Business opportunities were available in your case.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
30- Financial resources were available in your case.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1
31- Human resources were available in your case.	<input type="radio"/> 5	<input type="radio"/> 4	<input type="radio"/> 3	<input type="radio"/> 2	<input type="radio"/> 1