

Are Entrepreneurship Theories From Developed Countries Applicable In Developing Countries?

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Abstract: The varied views within the field as to definitions and frameworks suggest that entrepreneurship lacks a universal definition, and it is a paradigm of deliberate behavior. Heterogeneity in definition has permitted borrowing of theories from fields like economics, sociology, and psychology among others to anchor entrepreneurship research. Most of these theories have originated from developed countries, raising questions on their applicability in developing countries. This study sought to test if niche entrepreneurship policy (promotions and resource support) mediate in the relationship between women entrepreneurs' profile and their entrepreneurial activity, anchoring the study on psychological and resource-based theories. It adapted a Positivist Paradigm and used a Quantitative Multi-method approach. Structured questionnaires were used to collect data. Through multi-stage sampling, a sample of 375 adult female entrepreneurs participated in the study. Data was analyzed through correlation coefficient and coefficient of determination. The hypotheses testing results revealed there being significant direct and indirect relationships between and among variables. For example, the correlation coefficient results for the first hypothesis (H_{01}); $R^2=.2374$, $p=.025$ meant that 24% change in the rate of new start-ups initiated was attributed to promotional efforts. Also, the coefficient of determination results for the seventh hypothesis (H_{07}); $k^2=.0766$, 95% BCa CI (.0007, .0633) and $b=.001$, $z=.7134$, $p=.4756$; meant that 8% change in the rate of new start-ups initiated was due to the mediation influence of promotional efforts between the female entrepreneurs' motives and their rate of starting new MSEs.

Keywords: Entrepreneurship theories, developing and developed countries, niche entrepreneurship policy.

I. INTRODUCTION

Different definitions of entrepreneurship have been put forward by specialists, anchoring it on several disciplines including economics, sociology, and psychology. The varied views within the field as to definitions and frameworks suggest that entrepreneurship lacks a universal definition, and it is a paradigm of deliberate behavior. It entails turning knowledge into a money producing business (Mariotti, 2000 in Imakando, 2012 17).

The economists' entrepreneur for example, is an innovator, risk-taker and arbitrageur that contributes to economic growth by introducing new technology, competition and new markets (Imakando, 2012 17 citing Kirzner, 1973, 1979). Drucker (1985), a management expert characterizes entrepreneurs by their ability to learn from mistakes as they discover, evaluate

and exploit of commercial opportunities (Sangurah 2018 citing Fayolle, 2001).

Entrepreneurship is a dynamic, proactive and endogenous force that disturbs the economic status quo through innovation (Sangurah & Tubey 2017 citing Schumpeter, 1983). The definition considers forces within the entrepreneur, endo level of analysis, within a development context. Schumpeter (1934) therefore termed entrepreneurship "a creative destruction process", because its new innovations destroy the old by bringing more value to the market.

This study was about the influence of the Kenya's niche entrepreneurship policy on women entrepreneurial activity. The focal point of the investigative light was on understanding the mediating influence of the policy on female entrepreneurs' profiles and their success in entrepreneurship. Since evolution of women entrepreneurship has not differed from that of general entrepreneurship (Ssendi, 2012 in Sangurah, Omboto & Tubey 2017), it permits different approaches including the above-mentioned ones in women entrepreneurship research.

Theories related to entrepreneurial success therefore would apply to this study. They include but not limited to: Added Value Theory; Innovation Theory; Alertness Theory; Risk Taker Theory; Conducive Economic Conditions Theory; Psychological Theory and; Resource-based Theory. This study adopted the last two; Psychological and Resource-based theories.

Psychologists on the other hand postulate that a combination of factors, rather than any single factor alone, provides the impetus for people to create ventures. Motivations such as achievement, independence, and locus of control have been widely investigated with regard to their influence on new start-ups (Pérez & Hernández, 2016 in Rambe, 2016 98-99). Many entrepreneurship scholars attempt to understand the entrepreneur by his/her traits.

Under the psychological theory, several authors (Brockhaus, 1982; Gartner, 1989; Low & MacMillan, 1988; McClelland & Winter, 1971) have identified a single trait or collection of traits capable of successfully predicting entrepreneurial behavior and patterns of activities (Rambe, 2016 99). With this approach, the entrepreneur is the focus of analysis and their traits are the keys to explaining entrepreneurship as a phenomenon, because the entrepreneur (person) causes entrepreneurship process (Dzis, 2008 22).

Resource-based Theorists postulate that entrepreneurs need both human and financial capital to succeed. Research on this line has proved the importance these capitals to the creation and growth of enterprises. Human capital (capabilities, business skills and knowledge derived from education, previous work experiences, entrepreneurial family background) and financial capital differentiates successful female entrepreneurs from less successful ones (Brush *et al.*, 2006 in Sangurah 2018).

To study the three dimensions of entrepreneurs' profile, niche policy mediation influence and entrepreneurial activity, this study chose the psychological and resource-based theories. The choice was premised on the fact that the niche policy's promotional programs enhance entrepreneur's motives and traits that form her inner drive to succeed. Resource support programs on the other hand facilitate her capabilities development and access to financial capital.

II. MEASURING ENTREPRENEURIAL ACTIVITY

Three approaches have been used to explain entrepreneurial activity in societies. The first focuses on the individual, that is, entrepreneurial action is conceived as a human attribute, such as the willingness to face uncertainty (Kihlstrom & Laffont, 1979 in Alvaro & Rebeiroy nd 4), accepting risks, the need for achievement (McClelland, 1961), which differentiate entrepreneurs from the rest of society. The second fundamental idea emphasizes socio-economic and, culture or societal norms and values that motivate and enable entrepreneurial activity (Tushman & Anderson, 1986 & Acs & Audretsch, 1990). The third factor is linked to the functioning of institutions that facilitate it. These approaches are not exclusive (Eckhardt & Shane, 2003 2), given that entrepreneurial activity is a human activity that does not spontaneously occur (Alvaro & Rebeiroy, nd 4).

Different researchers have therefore measured entrepreneurial activity differently. Crook *et al.*, (2010 71) stress the importance of having an adequate fit between the research design and the method and measures used in entrepreneurship research. Although the GEM approach captures all kinds of entrepreneurial activity including self-employment and part-time activities, many entrepreneurship theories refer to Schumpeter-type innovative, growth oriented start-up activities. Bergmann, Mueller and Schrettle (2013 16) basing on micro data further advise researchers to calculate measures of entrepreneurial activity that better suit their particular research question. Bergmann and Stephan for example (2012 cited in Bergmann, Mueller & Schrettle, 2013 16) calculated a modified business owner-manager rate that captures only very recent start-up attempts because it better fitted their entrepreneurial activity research design.

To suit its research objective, this study defined entrepreneurial activity as the human action in pursuit of the generation of value, through the creation of new or expansion of old economic activities, by identifying and exploiting new opportunities, products, processes or markets. The mediating

variables in this study were the niche policy components; promotion and resource support programs. The dependent variable was entrepreneurial activity components; new start-ups and growth, and the independent variables, entrepreneurs' profile; traits and motives. Table 1.1 below summarizes these elements and how they were measured in this study, linking to psychological and resource-based theories.

Profile	Policy Programs	Measurable Outcomes
Traits	Promotion: public campaigns, role modeling, rewards, advocates in ministries, and network/ association building.	Number of new start-ups
Motives	Resource support: Education curricula; mentoring & incubation; credit; infrastructure; and availing information on & trainings, firm formalization.	<i>Growth:</i> sales, profit, branches & number of employees. <i>Creativity & innovation:</i> new products, new markets and new processes

Source: Sangurah 2018

III. METHODS

This study was a Cross-sectional Survey Design. It suited the vast nature of the project, in the Counties of Bungoma and Trans Nzoia in Kenya. The researcher dealt with events that had already happened and he had no control over the variables (Mouton, 2005 in Sangurah 2019). The research, therefore, utilized an ex-post facto strategy by relying on records of events that had already occurred (Mouton, 2005 55-56). It adopted the positivist philosophy as it worked with an observable social reality and the end product of the research formed a law-like generalizations similar to those produced by the natural scientists' (Remenyi *et al.*, 1998 32). The study was guided by existing theories to develop hypotheses that were tested and rejected in whole, leading to the development of a model to be tested by further research (Saunders *et al.*, 2009 113).

The study population was female entrepreneurs who had accessed the government entrepreneurial development assistance in two counties, and had been operating in the last four years. Respondents were approached through registered groups which most government offices interact with. The study dealt with entrepreneurs in both rural and urban settings, across all sectors. The sampling frame was two thousands four hundred (2400) groups.

Due to lack of statistics on female entrepreneur categories targeted, this study employed multistage sampling to provide more manageable and meaningful data. Simple random sampling was used to acquire the female MSME group leaders to be studied so as to minimize bias (Saunders *et al.*, 2009: 214). Snowballing through group leaders was then applied to access more of the difficult-to-identify hence less studied home-based women-owned MSEs (Sangurah 2018 citing Neuman, 2006). Derived from Cochran (1963 in Israel 2013) sample determination table, 394 respondents participated in this study as respondents. This translated to ninety four registered groups.

Two data collection methods were employed; content analysis for secondary data and survey for primary data. Survey was used in this study because it enabled the researcher administer questionnaires and responses were recorded (Neuman 2006). Literature was reviewed to clarify the topic, identify the gaps and suitable theories and justify research project value (Leedy and Ormrod 2005:142 & Neuman, 2006: 322). It let the researcher unravel the content in different sources, compare content across many texts and analyze the data exhaustively (Neuman (2006: 323). It was important in that it provided the researcher with background information on the topic.

The data collected from the survey was analyzed through correlation/ inferential techniques to establish the joint variation of two or more variables for determining the amount of correlation between and/ or among variables. Correlation coefficient and the coefficient of determination helped assess the strength of relationship between dependent and one or more independent variables. Inferential techniques were useful for testing hypotheses to determine with what validity data can be said to indicate the conclusions (Kothari, 2004: 130). In scientific researches, it is mainly on the basis of inferential analysis that the task of interpretation is performed.

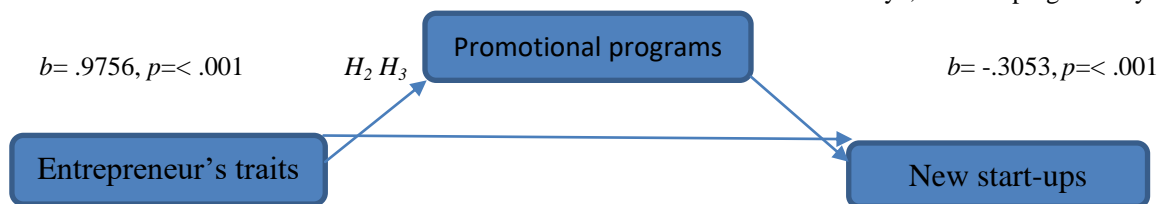
SPSS software was useful for analyzing large data (Dzis, 2008: 39) in this study. It was used to reduce the data into manageable size through factor analysis to identify the structure underlying them. Reliability testing was conducted for each factor to ascertain the degree to which the items making up the scale agreed, thus find out whether all the variables collated on one factor have internal consistency and measure the same underlying constructs (Brace *et al.*, 2003;

Bryman & Cramer, 2004; Hair *et al.*, 2006; Pallant, 2005 in Sangurah 2018).

IV. RESULTS

The question this paper sought to answer was: are theories originating from developed countries working/ applicable in developing ones like Kenya? It tested the following eight alternative hypotheses: *H₁. There is a significant relationship between entrepreneur's traits and the number of new venture start-ups; H₂. There is a significant relationship between women entrepreneurs' traits and promotional efforts; H₃. There is a significant relationship between promotional efforts the number of new venture start-ups; H₄. There is a significant mediating influence of promotional efforts in the relationship between entrepreneurs' traits and the number of new venture start-ups; H₅. There is a significant relationship between entrepreneur's motives and venture growth; H₆. There is a significant relationship between entrepreneur's motives and resource support; H₇. There is a significant relationship between resource support and venture growth and; H₈. There is a significant mediating influence of resource support in the relationship between entrepreneurs' motives and venture growth.*

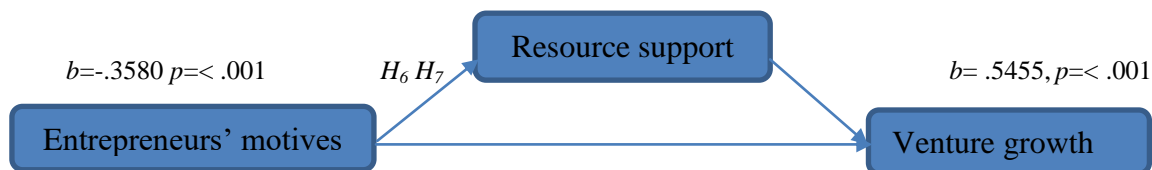
The affirmative answer to the research question above is supported by the hypotheses testing results, which compared well to the earlier findings from developed countries, when entrepreneur profile mediated the influence. The two models below depict the simple regression analyses of hypotheses H₁ – H₃ and H₅ - H₇ and the multiple regression analyses of hypotheses H₀₄ - H₀₈. The results confirm applicability of the theories in Kenya, a developing country.



H1 & H4

Direct effect H₁ b= .9955, p< .001 (.000)
 Indirect effect H₄ b= .0199
 Kelley Kappa-squared, k²=.1755, 95% BCa CL(.1130, .2341)
 Normal theory for indirect effect, b= .0199, z= 4.4065 p= <.001 (.000)

Model 1 Based on the Psychological Theory



H₅ & H₈

Direct effect H₅ b= .6239, p< .001 (.000)
 Indirect effect H₈ b= .0784 (.0443, .1207)
 Kelley Kappa-squared, k²=.0829, 95% BCa CL(.0493, .1227)
 Normal theory for indirect effect, b= .0784, z= 3.8087, p= <.001 (.000)

Model 2 Based on the Resource-Based Theory

Entrepreneur profile contributed strongly to entrepreneurial activity. This was confirmed by regression results for the relationship between entrepreneur's traits and new venture start-ups (H_1) $b = .9955$, $t = 98.4061$, $R^2 = .9629$ and $p < .001$ (.000), and the relationship between entrepreneur's motives and venture growth (H_5) $b = .6239$, $t = 13.3237$, $R^2 = .3225$ and $p < .001$ (.000). The relationship between entrepreneur profile and niche policy was significant as depicted by results for hypotheses two and six. For hypothesis two, $b = .9756$, $t = 95.025$, $R^2 = .9661$ and $p < .001$ (.000) mean strong relationship. The same strong but negative relationship was revealed by regression results for hypothesis six where; $b = -.3580$, $t = -7.3973$, $R^2 = .1279$ and $p < .001$ (.000).

The relationship between niche policy and entrepreneurial activity was also significant. It was tested using hypotheses three and seven. In H_3 , $b = -.3053$, $t = -6.7601$, $R^2 = .1091$ and $p < .001$ (.000) showed strong but negative relationship. Also he H_7 results; $b = .5455$, $t = 11.1533$, $R^2 = .3572$ and $p < .001$ (.000) mean strong relationship between the variables. Finally, there was a significant mediating effect of niche policy in the relationship between entrepreneur profile and entrepreneurial activity, H_4 and H_8 .

From multiple regression results, promotional efforts significantly mediated in the relationship between entrepreneurs' traits and the creation of new venture start-ups (H_4). For example, indirect effect of traits on venture start-ups - $b = .0199$ (.0110, .0304); full standardized indirect effect - $b = .096$ (.0109, .295); $R^2 = .1391$ (.0811, .2049); $K^2 = .1755$ (.1130, .2341); and he normal theory of indirect effect - $b = .0199$, $z = 4.4065$ and $p < .001$ (.000) all showed existence of mediation effect. Regression results for mediation influence of resource support in the relationship in the relationship between entrepreneurs' motives and venture growth, $b = .0784$ (.0443, .1207); full standardized indirect effect - $b = .0714$ (.0400, .1086); $R^2 = .1075$ (.0669, .1527); $K^2 = .0829$ (.0493, .1227); and he normal theory of indirect effect - $b = .0784$, $z = 3.8087$ and $p < .001$ (.000) confirmed mediation effect

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