

**Venture Performance and Motivation of
Business Foundation – An empirical Study in
the Free-state Saxony**

(Unternehmenserfolg und Motive der Existenzgründung - Eine empirische
Untersuchung in Freistaat Sachsen)

Diplomarbeit

Zur Erlangung des ersten akademischen Grades
Diplom-Kauffrau (FH)

am Fachbereich Wirtschaftswissenschaften
der Hochschule für Technik und Wirtschaft Dresden (FH)
im Studiengang International Business Studies

eingereicht von:

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geb. am: 07.04.1975

in: Dresden

eingereicht am:

07.09.1998

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Acknowledgments

I would like to thank Mr. Harold P. Welsch, Ph.D. from the De Paul University, Chicago, Mr. Jianwen Liao, Ph.D. from the Robert Morris College, Chicago, and Professor Dr. Paditz of the Statistics / Mathematics Faculty from the Hochschule für Technik und Wirtschaft Dresden for their support with the analyses of data. I also want to recognize the help of my advisor, Professor Dr. Pohl, of the Business Department from the Hochschule für Technik und Wirtschaft Dresden and Mr. Schnelle of the Marketing Department from the Chamber of Industry and Commerce of Dresden.

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Table of Abbreviations

Dt. Ausgleichsbank	Deutsche Ausgleichsbank
e.g.	for instance
EK-Program	Eigenkapitalhilfsprogramm
ERP-Program	European Reconstruction Program
GDR	German Democratic Republic
Gov.	Government
ind.	industry
no.	number
vs.	versus

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1. Introduction

"Boom of entrepreneurship in Germany: A new generation of entrepreneurs influences the economy."¹ Universities introduce new study programs of entrepreneurship. The Chambers of Industry and Commerce offer seminars about how to start-up a new business and give information about sources of financial assistance. They also help establishing business partnerships. The banks finance the establishment of new firms through loans. The German government focuses their policies on the new era of entrepreneurs to support the realization of new concepts. Institutions like the German Settlement Bank (Dt. Ausgleichsbank) provide loan programs like the European Reconstruction Program (ERP) to help financing new business venturing.

"Politicians and managers welcome the new generation. ...There is a good reason for this euphoria: Germany-once a country of innovators and entrepreneurs- became a nation of civil servants and salaried employees."² The rate of entrepreneurs within the labor force dropped significantly over the last decades. In the 60's, the rate of entrepreneurs in West Germany was 14 %. The rate of entrepreneurs in East Germany was only 2,16 %. Most recently it was 9,9 % putting Germany way behind its neighborhood countries.³

News like that are currently found in our newspapers. The importance of entrepreneurs as innovators, creators of new jobs, or competitors is significant for the effective functioning of the German market economy. The established study programs, seminars, financial aid programs would foster a positive climate for entrepreneurship and therefore, stimulate Germany's economic growth.

¹ Hoffritz, J. & Hornig, F. (1998):
Totaler Kick, in: *Wirtschaftswoche*, (1998), No. 12, p. 220
² Hoffritz, J. & Hornig, F. (1998): p. 220
³ Hoffritz, J. & Hornig, F. (1998): p. 220

1.1 Goals of Research

The establishment of a business is based on the entrepreneur, his or her business plan, and successful entry in the market. The entrepreneur itself plays an important role. To predict the success of a new business venturing is not only of big interest for the entrepreneur itself, but also for investors of the business like banks. However, the lack of past data for a precise forecast make it necessary to focus on the entrepreneur itself, the impulses for the business start-up, the family and educational background, previous work experiences and so on. There are few studies in Germany of the influence of the entrepreneur on the successful foundation of a firm.¹

In addition, the general importance of entrepreneurship for the economic development, especially in the New Länder make it essential and also interesting to find out more about the entrepreneur itself. Who is (s)he? What drives him or her to start an own firm?

The present pilot-study concentrates on the person of the entrepreneur in Saxony. Saxony is the region with the highest population rate and number of business start-ups among the New Länder.² In 1997, 45,484 new firms were registered. From January until May of this year 20,103 new business start-ups took place. Since 1990 a total of 220,000 new firms were founded putting Saxony on the first place among the New Länder.³

The study focuses on the entrepreneur's motivation, level of satisfaction, encountered sacrifices, and views about the own firm. Additionally, the social-psychological and demographic aspects, the type of business, the sector of industry, encountered start-up obstacles, the size of business, and the development of business were of interest.

¹ Barth, S. (1995):
Existenzgründer in den Neuen Bundesländern - Psychologische Dimensionen und wirtschaftlicher Erfolg, Wiesbaden 1995, p. 19-23

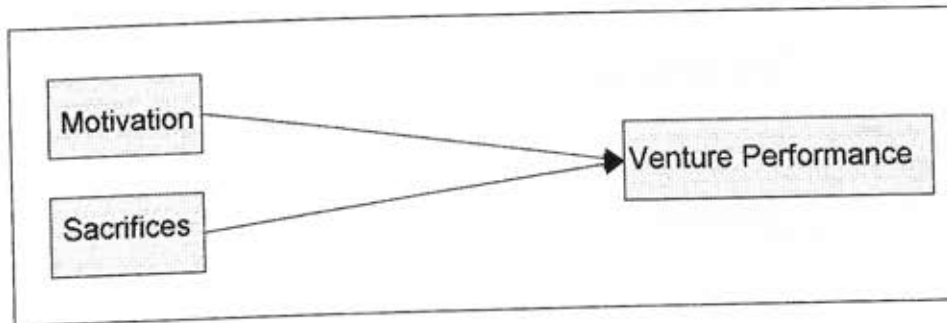
² May-Strobl, E. & Paulini, M. (1993):
Gründungsreport - Laufende Berichterstattung über das Gründungsgeschehen in den NBL, Stuttgart 1993, p. 1-7

³ no author mentioned
Gründerwelle rollt durch Deutschland, in: Sächsische Zeitung, 53. year's issues (1998), No. 163, p. 1

The main focuses of this study were to determine:

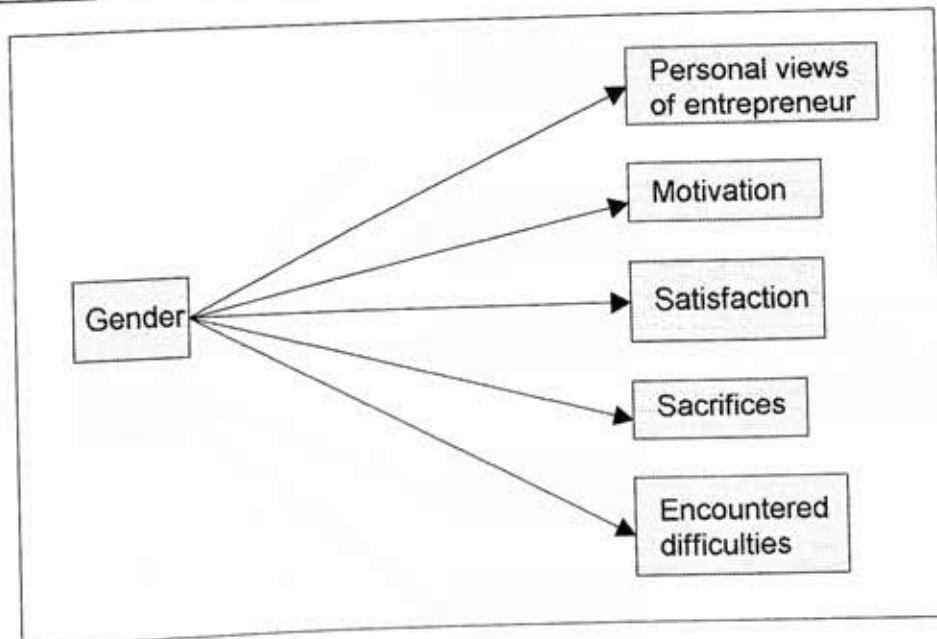
- To what extent, an entrepreneur's motivation and sacrifices affect the performance of the business,
- To what extent, demographic factors such as gender and age influence the entrepreneur's personal views, motivation, sacrifices, and start-up obstacles.

Model 1:



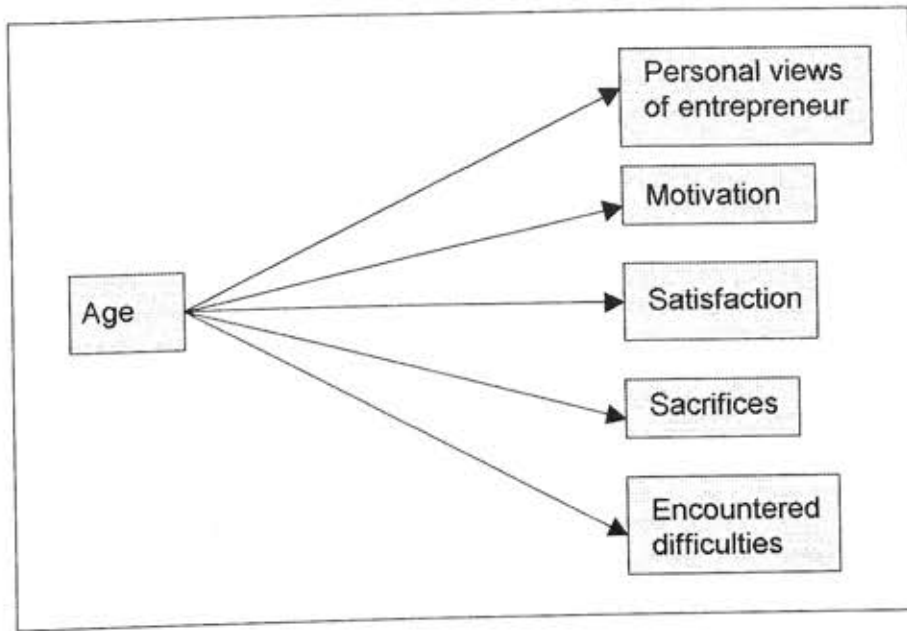
Connection between the social-psychological aspects of the entrepreneur and the success of business

Model 2:



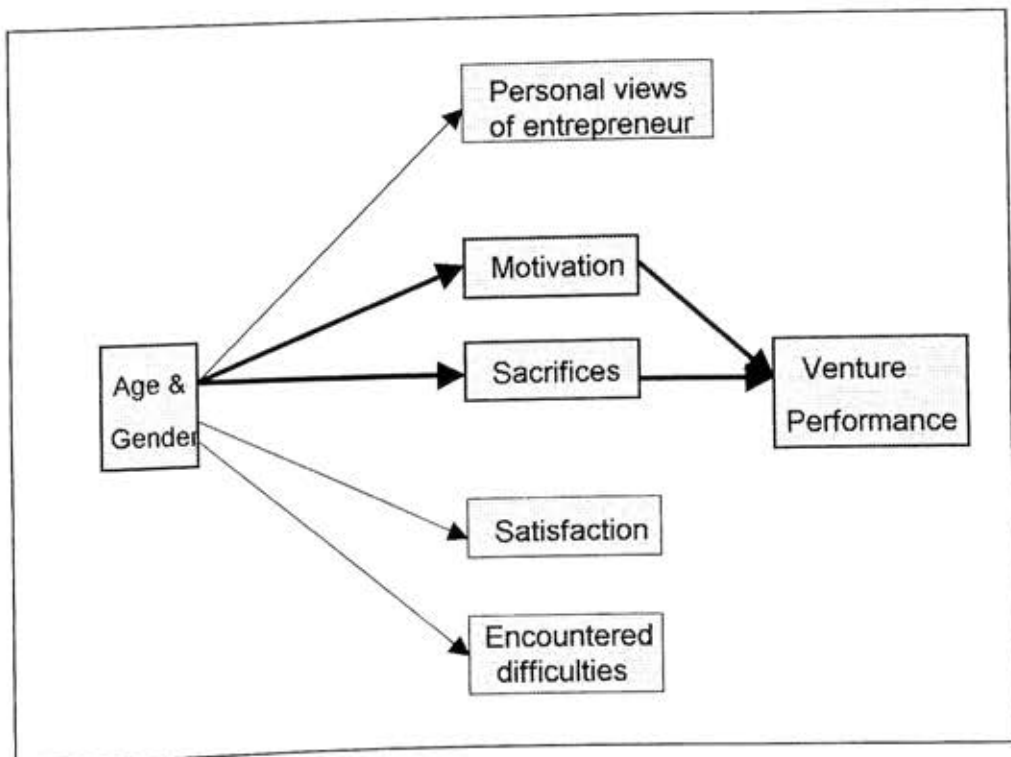
Connection between the gender of the entrepreneur and his / her personal views, motives, sacrifices, and business environment

Model 3:



Connection between the age of the entrepreneur and his / her personal views, motives, sacrifices, and business environment

Model 4:



Connection between demographic and social-psychological aspects of the entrepreneur and the success of business

The goals of this research are:

1. to discuss the importance of entrepreneurship for an economy, especially for the five New Länder,
2. to present research findings regarding the entrepreneur's personality traits in connection with the success of the own business,
3. to test hypotheses regarding the connection between motivation, sacrifices and success of business, and
4. to describe essential characteristics of an entrepreneur.

1.2 Importance of Entrepreneurship

"Entrepreneurship is the ability to create and build a vision from practically nothing: fundamentally a human, creative act. ...It is the application of energy to initiating and building an enterprise or organization... It is the knack for sensing an opportunity where others see chaos, contradiction, and confusion."¹

The sector of small- and medium-sized enterprises plays an important role in an economy. In this sector, many people work more or less independently and can decide with a maximum of personal freedom. The personal freedom allows them to be creative, innovative, and to find self-fulfillment. Through this individuality and creativity, a variety of products and services can be offered. The different areas of work, apprenticeships, and education programs also increase.

The greater flexibility and fast adaptation possibilities of the small- and medium-sized enterprises sector support not only the dynamism but also the stability of an economy during less prosperous times.²

¹ Kuratko, D.F. & Welsch, H.P. (1994):
Entrepreneurial Strategy - Text and Cases, Fort Worth and others 1994, p. 3

² Gruhler, W. (1994):
Wirtschaftsfaktor Mittelstand, 2nd edition., Köln 1994, p. 91-109

Which roles do entrepreneurs hold? What makes them so important for an economy?

There are four main contributions of entrepreneurs to an economy. First of all, new enterprises stimulate the competition in the market. Through their active presence in the market, they prevent large companies from monopolizing the markets.¹ The intense competition stimulates the firms to search for excellence in order to stay in business. Consumers enjoy the positive outcomes of this search for excellence. They can decide among a variety of products and services with the combination of the different prices and features. The search for excellence and the free choice of consumers also means that not all firms will survive in the market. Some of them will go out of business. At the same time, new businesses will enter the market and stimulate the competition.

The second contribution of entrepreneurs can be described through Oscar Wilde's statement: "Progress is the realization of utopias."² Innovations are not only essential for a company's survival but also for the country's economic strength in the world market. The demand of consumers is permanently changing and therefore, asking for new ways to combine means of production. Entrepreneurs and their enterprises foster the progress within an economy through innovations, new technologies, or know-how. A lot of entrepreneurs start their own firm based on the development of an idea into a business concept like Bill Gates and Microsoft. The presence of innovations within a market stimulates the competition among firms and strengthens the competitiveness of an economy.³

Closely linked to the innovative side of new enterprises is the third contribution - the effect on the structure of an economy. Sectors of industries often develop or expand because of the foundation of new businesses and their products and business concepts. A good example is the increasing importance of the telecommunication sector. The launching

¹ Hufner, P. (1993):
Selbständigkeit und Abhängigkeit im Bereich der mittelständischen Wirtschaft,
Stuttgart 1993, p. 1/2

² Gruhler, W. (1994):
Wirtschaftsfaktor Mittelstand, 2. edition, Köln 1994, p. 109

³ Hufner, P. (1993): p. 1/2

of computers in the market and the usage of the Internet was followed by new service demands of the consumers. Closely linked to the new consumer demands were the development and establishment of new occupational fields, such as software application specialists.

Along with the entry of new enterprises in the market, new jobs are created. The amount of new jobs also enlarges the variety of areas to work since new sectors of industries develop. Small and medium-sized firms also train a large proportion of young people for their future profession. The size and working climate in a small firm can be very motivating for an employee. The employee may prefer the family-like atmosphere and the degree of freedom regarding their work approach. (S)he can see the result of the work and the effects on the firm and, therefore, is highly motivated to achieve more. ¹ This last contribution is very important for the current high unemployment rate of 11% (June 1998) in Germany. ²

In general, it is suggested, that entrepreneurs are important for the survival of an economy. The more competitive enterprises are present in the market, the better is the supply of products and services. The economy and the people benefit from the innovative impulses, from the cooperation and competition between small and large companies, and from the creation of employment opportunities. ³

¹ Hufner, P. (1993):
Selbständigkeit und Abhängigkeit im Bereich der mittelständischen Wirtschaft,
Stuttgart 1993, p. 1/2

² Gersemann, O. (1998):
Konjunktur, in: Wirtschaftswoche, No. 31 (1998), p. 133

³ Sautner, M. (1985):
Motive und Probleme der Unternehmensgründung, Wien 1985, p. 1/2

1.2.1 Entrepreneurship in the Five New Länder - Excursion in the former German Democratic Republic (GDR)

The economic structure of the former GDR concentrated on industries such as mining, energy, manufacturing, and construction. Almost half of the labor force were employed in these sectors. The sector of the small- and medium-sized enterprises played no significant role in the GDR. ¹ The government had established restrictions for entrepreneurs on:

- the trade in intermediate products,
- the number of employees (only a maximum of 10 people including family members could be employed), and
- investment opportunities. ²

In addition to those restrictions, the government discouraged private entrepreneurial activities through forced takeover and tax expropriations. The entrepreneurs had a 90 % taxation level on their profits leaving almost nothing for the owner and the further development of his / her business. ³

In 1989, the rate of entrepreneurs was 2.16 % compared to 10.9 % in West Germany. Most entrepreneurial activity was found in the handicraft, trade, or service sectors. ⁴ The reunification with West Germany led to the establishment of a new climate for entrepreneurship through a stable legal and macroeconomic environment. ⁵ The former restrictions were eased. The regulations on the maximal number of employees were lifted, tax allowances and reduction in taxes were introduced as well as freedom of trade established. ⁶

However, the general economic situation in East Germany was characterized by obsolete firms with a low productivity compared to other nations. The closing of firms and restructuring of the economy produced a

¹ Müller, J. (1989):
Conditions for Entrepreneurship in East Germany, in: Abell, F.; Köllermeier, T.(eds.): Dynamic Entrepreneurship in Central and Eastern Europe, The Hague 1989, p. 144/145

² Harhoff, D. & Stahl, K. (1992):
Firm Dynamics in East Germany - First Empirical Results, Mannheim 1992, p. 3/4

³ Müller, J. (1989): p. 144/145

⁴ Hauer, A. Kleinhenz, T. & Schuttenbach, L.von (1992):
Mittelstand im Aufbau: Selbständige in den Neuen Bundesländern, Mannheim 1992, p.4/5

⁵ Harhoff, D. & Stahl, K. (1992): p. 3/4

⁶ Müller, J. (1989): p. 144/145

high unemployment rate and financial burden for the state and communities.¹

Many expectations and hopes regarding a positive stimulation of the economy in the five New Länder have been linked to the development of new enterprises. During the first years of reunification of Germany, a boom of new start-ups took place in the New Länder. Almost 30.000 applications per month for new businesses were registered by the Chambers of Industry and Commerce or Handicraft Chambers. Most new firms were in the handicraft, trade, construction, and service sector. One of the main reasons for starting a private-owned business was the present unemployment.²

A lot of the new firms received subsidies by West German sources, e.g. the German Settlement Bank. Until 1992, a total of DM 20 billion in subsidized loans were granted to 213,000 new firms. More than 50 % of the credit was given to enterprises in Saxony and Thuringia.

Despite the strong support of the young firms, there were still a number of impediments against the formation of new businesses like unsettled property restitution processes and the bad conditions of the public infrastructure. The entrepreneurs had difficulties to find a good location since the ownership of properties was not always identified and required a long period of waiting and paperwork before a final decision was made. Infrastructure aspects like telephone set-ups and linkages to distribution channels were insufficient and hindering the quick establishment of a firm.³ The new entrepreneurs themselves encountered difficulties such as insufficient management skills, lack of capital, and tough competition. A lot of entrepreneurs had no experience in managing a private-owned firm, especially in the new market system. They had to face the market competition and deal with the challenges. Some entrepreneurs chose

¹ Barth, S. (1995):
Existenzgründer in den Neuen Bundesländern - Psychologische Dimensionen und wirtschaftlicher Erfolg, Wiesbaden 1995, p. 10-18

² Hauer, A. Kleinhenz, T. & Schuttenbach, L.von (1992):
Mittelstand im Aufbau: Selbständige in den Neuen Bundesländern, Mannheim 1992, p. 1-5

³ Harhoff, D. & Stahl, K. (1992):
Firm Dynamics in East Germany - First Empirical Results, Mannheim 1992, p.3/4

being self-employed as alternative to being unemployed and hoped the years of working in their field would be enough to start their own firms. The lack of capital was a general problem. People often could not fulfill the required liability criteria to obtain loans from banks.¹

The German government established a concept for the development of the economy in the New Länder. The concept includes four main aspects:

1. - fostering innovations through incentives for the entrepreneurs,
2. - the fast development of the infrastructure,
3. - the removal of investment barriers such as unsettled property restitution processes, administrative obstacles, and
4. - the effective regional and social flanking of the change in structure.²

However, the initial boom of new start-ups slowly vanished over time. In 1991, 139,754 new enterprises were registered in the New Länder. In the same year, 10,984 business were liquidated leaving a total of 128,770 new firms. In comparison to East Germany, West Germany registered 391,347 new businesses in 1991 but had 297,303 firms which went bankrupt leaving a total of 94,044 new firms. The total number of registrations decreased in Germany over the next years. In 1997 a slight increase was noticed again. In East Germany, 11,000 and in West Germany 79.000 new businesses were founded.³

Overall, it is concluded, that the economic power of Germany and especially the development of the economy in the New Länder depend on entrepreneurs and the creation of new business ventures. The entrepreneurs in the New Länder are challenged by a tough competition, by the restructuring of the economy, and by a transitioning economic system (from the planning to the free market economy).

¹ Hauer, A. Kleinhenz, T. & Schuttenbach, L.von (1992):
Mittelstand im Aufbau: Selbständige in den Neuen Bundesländern, Mannheim
1992, p. 1-5

² Würzen, D. (1993):
Wirtschaftspolitische Herausforderungen in den Neuen Bundesländern, in: Albach,
H. (editor): Unternehmen in den Neuen Bundesländern-Erfahrungen mit
Transformationsprozessen, in: Zeitschrift für Betriebswirtschaft, Additional Issue of
No. 1 (1993), p. 29-39

³ IHK Dresden

1.2.2 Environments for Entrepreneurship - Aspects of sponsorship in Germany

The importance of entrepreneurs for the development of an economy makes it necessary to take a closer look at the economic and political framework that would foster a positive climate for new business start-ups. What are the essential environmental features for the development of entrepreneurship? What role does the German government hold? What kinds of supporting programs exist?

Factors that stimulate entrepreneurship include the availability of venture capital, the presence of experienced entrepreneurs and incubator organizations, a technically-skilled labor force, and the accessibility of suppliers. Other important aspects are a good infrastructure, supporting government policies, proximity of universities, availability of land, a receptive population, and good living conditions.

Fogel and Gnyawali (1994), suggested five dimensions of environmental conditions:

- government policies and procedures,
- socioeconomic conditions,
- entrepreneurial and business skills,
- financial support to businesses, and
- non-financial support to businesses. ¹

Government policies and procedures

The government plays an important role in an economy. Through the passing of laws, the government influences the market mechanism. The removal of trade barriers, administrative red-tape and the existence of laws protecting proprietary rights help fostering an entrepreneurial culture. In addition, the government can reduce taxation levels on small- and

¹ Gnyawali, D.R. & Fogel, D.S. (1994): Environments for Entrepreneurship Development: Key Dimensions and Research Implications, in: Entrepreneurship Theory & Practice, Summer (1994), p. 43-59

medium-sized enterprises, take steps against black market and unsound business practices, and establish financial support programs.¹

The German government pursues a certain policy regarding the sector of small- and medium-sized enterprises. The policy focuses for instance on the general improvement of the economic factors influencing the business environment and the establishment of financial aid programs. The transplation of the policy is done through the administrations in the communities, private banking institutions, and public organizations like the Chambers of Industry and Commerce.² The purpose of the policy is to lessen the high unemployment rate, to promote the economic progress, and to cope with the structural change.³

Socioeconomic conditions

One aspect of the entrepreneurial culture is the view of society on entrepreneurship. If most members of a society regard entrepreneurship as negative, entrepreneurship may not prosper. The decision to become self-employed includes a certain level of personal sacrifices, stress, risks, among others. Entrepreneurs may feel isolated since the old working environment and colleagues does not exist anymore. A favorable attitude and widespread support for entrepreneurial are needed to motivate potential entrepreneurs to found a business.

Other attributes of socioeconomic conditions promoting entrepreneurship include the presence of experienced entrepreneurs and successful role models, the recognition of good entrepreneurial performance as well as the diversity of firms within the market.⁴

¹ Thiele, A. (1986):
Existenzgründungen-Chancen und Risiken, Köln 1986, p. 8/9

² Henrich, S. & Kirsch, H. (1994):
Förderung und Hemmnisse mittelständischer Unternehmen durch öffentliche Institutionen, Baden-Baden 1994, p. 23

³ Hüfner, P. (1993):
Selbständigkeit und Abhängigkeit im Bereich der mittelständischen Wirtschaft, Stuttgart 1993, p. 112

⁴ Gnyawali, D.R. & Fogel, D.S. (1994):
Environments for Entrepreneurship Development: Key Dimensions and Research Implications, in: Entrepreneurship Theory & Practice, Summer (1994), p. 43-59

Entrepreneurial and business skills

In order to be a successful entrepreneur certain experiences and knowledge are necessary. Essential qualifications of entrepreneurs include technical and management know-how, interpersonal skills like motivating others and communication skills. Entrepreneurs have to be creative and to be able to think in complex situations. The personal attitude also plays an important role. Entrepreneurs have to be flexible and mobile. As owner and manager of a business, the entrepreneur has to show a high discipline. The management of the business often involves extremely long working hours and strains, therefore requiring a high degree of self-management such as self-determination and self-motivation.¹

The government can help through the establishment of educational and training services. The Chambers of Industry and Commerce for instance offer seminars about all important aspects of being self-employed. In addition, they have courses for instance in accounting, in the usage of the internet, and in self-management.²

Financial support to business

The start-up of a business involves a financial burden on the entrepreneur. Therefore, entrepreneurs often need financial assistance, especially during the first few years of being in business. The financial assistance can help the entrepreneur to diversify the start-up risk, to accumulate start-up capital, and to finance the growth of the firm. Financial assistance may involve low-cost loans, venture capital, and credit guarantee programs for start-up businesses.³

¹ Thiele, A. (1986):
Existenzgründungen-Chancen und Risiken, Köln 1986, p. 39

² Information obtained during a meeting with Mr. Schnelle, IHK Dresden

³ Gnyawali, D.R. & Fogel, D.S. (1994):
Environments for Entrepreneurship Development: Key Dimensions and Research Implications, in: Entrepreneurship Theory & Practice, Summer (1994), p. 43-59

The policy of the German government regarding the sponsorship of small- and medium-sized firms also includes financial assistance programs. The major source of financial support for entrepreneurs beside the regular banking institutions is the German Settlement Bank. The Bank has a variety of low-cost loans for potential entrepreneurs. Two of the most important loan programs are the so called 'Eigenkapitalhilfsprogramm' (EK-Program) and the 'ERP-Existenzgründungsprogramm' (ERP-Program).

The purpose of the EK-Program is to help entrepreneurs by extending the basis of their own capital for business start-ups. The entrepreneurs have to provide a minimum of 15 % of the own capital basis, the rest up to a maximum of 2 million DM is sponsored through the German Settlement Bank. The advantage of the program is that there are no bank securities necessary. Once the application has been approved, the entrepreneur receives the money from the German Settlement Bank. The term of the loan can be extended to a maximum of twenty years. The entrepreneur does not have to do any back payments within the first ten years.

The ERP-Program focuses on the financial help of investment plans of entrepreneurs. Since most investments are long-term projects, the entrepreneur has to provide bank securities. The maximum of the loan is 2 million DM, the term of the loan up to twenty years. There are no back payments necessary within the first five years.¹

Worth of mention is the financial support for unemployed people who decide to start their own firm. Beside the loan programs of the German Settlement Bank, the Arbeitsämter (employment exchanges) and municipal authorities in the Länder established subsidies programs exclusively for this group of people to help financing the start-up of a firm. In Saxony, for instance, the potential entrepreneur receives 500 DM for a maximum of 26 weeks.² The availability of loans and other financial support schemes are essential for the establishment of new businesses.

¹ Dt. Ausgleichsbank (1997):
Wir fördern Zukunft, Bonn 1997, p. 10-25

² Leendertse, J. (1998):
Vogel zeigen, in: Wirtschaftswoche, No. 25 (1998), p. 105-107

Non-financial support to businesses

In addition to the importance of having sufficient capital, the entrepreneur also needs help in non-financial areas like obtaining market information, establishing networks, or preparing business plans. Other non-financial support features include tax incentives and exemptions, incubator facilities, government support for research and development. Business incubators can be very helpful in places where infrastructure is not well developed. They provide office space, common office facilities, faster and efficient means of communication, and counseling and advisory services at low costs. ¹

In Germany, the Chambers of Industry and Commerce offer a variety of services. Information for the conduct of market studies at home or abroad, for potential business partners, for sources of financing, for office space and so on can be obtained in those places. The Chamber of Industry and Commerce in Dresden, for instance, offers different information exchange programs. Potential entrepreneurs can receive information on the supply and demand of entrepreneurs, on partners for founding a business together or on businesses which need a successor. Consultants help answering each question of the entrepreneur. Even in difficult times, the Chambers of Industry and Commerce provide help. The so called 'Round Table' - Program helps the entrepreneurs through meetings with experts, through provision of information, or through the development of a business plan solving the acute problems of the firm. ²

¹ Gnyawali, D.R. & Fogel, D.S. (1994):
Environments for Entrepreneurship Development: Key Dimensions and Research
Implications, in: Entrepreneurship Theory & Practice, Summer (1994), p. 43-59

² Information obtained during a meeting with Mr. Schnelle, IHK Dresden

Summary

The economic and political framework is an important aspect for the development of an entrepreneurial culture. The German policy regarding the small- and medium-sized enterprises fosters the climate for potential entrepreneurs. There is an impressive number of loan programs. However, the variety of loans requires a good network of consulting institutions like the Chambers of Industry and Commerce. The positive view about entrepreneurs has to be more fostered. Entrepreneurs risk a lot when founding their own firms. The courage to risk everything needs to be honored by society. To sum it up it can be said, that it is important to integrate the sponsorship of small-and medium sized enterprise and entrepreneurship in the general economic, social, and political policies of the government. The integration is an essential basis for the development of an entrepreneurial culture.

2. Review of Literature

For a long period of time, the field of entrepreneurship has attracted a lot of interest. The high interest might be the result of the importance of small and medium-sized firms for an economy. Numerous research have been conducted in this area. A lot of studies concentrate on the obstacles and economic conditions for entrepreneurship in order to develop new policies / strategies to foster a positive entrepreneurial climate. Other studies focus on the social-psychological dimensions of the entrepreneur such as personality traits, family background in order to identify typical characteristics of an entrepreneur distinguishing him / her from the others.¹ Some researchers also try to establish a link between the venture performance and the entrepreneur's personality traits.

The following parts discuss research findings regarding the entrepreneur's personality traits in order to develop a definition of who is an entrepreneur. In the last part different measures of business performance are reviewed.

2.1 The Entrepreneur

The word *entrepreneur* derived from the French word *entreprendre*, to undertake. Economists, historians, and researchers have tried to define precisely the term entrepreneur, but each one of them sees something different in the meaning of the word. In the Middle Ages, the entrepreneur was described as an actor or person who was responsible for a large production or project.² Richard Cantillon (1725), economist, saw in the entrepreneur a person who bears risks, "one who buys at a price that is certain and sells at a price that is uncertain".³

Joseph Schumpeter (1934), economist, implemented the innovative aspect of an entrepreneur in the definition. Schumpeter's entrepreneur

¹ Hunsdiek, D. (1987):
Unternehmensgründung als Folgeinnovation - Struktur, Hemmnisse &
Erfolgsbedingungen industrieller innovativer Unternehmen, Stuttgart 1987, p. 8-11

² Hisrich, P. (1998):
Entrepreneurship, 4. edition, USA 1998, p. 1-5

³ Herron, L. & Robinson, R.B. Jr. (1993):

favors change, wants to realize ideas without accepting the boundaries of structured situations. ¹ Peter Drucker (1985) regards an entrepreneur as a person "who shifts economic resources out of an area of lower and into an area of higher productivity and greater yield." ² There are many other definitions about the meaning of the entrepreneur.

In short, an entrepreneur is someone who originates a new business, who uses his / her creativity, visions to find a new way to combine means of production and to launch the new product or service on the market bearing the risk of failure.

2.2 The Archetypal Entrepreneur

The different aspects of entrepreneurs within the definitions are often based on the entrepreneur's personality traits. "Personal traits are human predisposition that are stable across time and setting."³ A lot of researchers e.g. Schumpeter, J. (1934); Brockhaus, R.H. (1982), Liles (1974) tried to find a model or list of certain traits which are characteristic for an entrepreneur and distinguish him / her from the rest of the population. ⁴ Is there an archetypal entrepreneur?

Joseph Schumpeter (1934) indicated that entrepreneurs are pioneers who catch on with innovations in face of competition. Therefore, entrepreneurs embody creativity and joy for innovation. ⁵ Mitton (1988) described following personality traits of entrepreneurs. Entrepreneurs spot unique opportunities since they see ways to combine resources and information in a new way. They have a "strong sense of mission and enjoy mastery...Entrepreneurs are willing to seek out and manage

A Structural Model of the Effects of Entrepreneurial Characteristics on Venture Performance, in: Journal of Business Venturing, Vol. 8 (1993), No. 3, p. 285

¹ Hisrich, P. (1998):
Entrepreneurship, 4.edition, USA 1998, p. 6-9

² Drucker, P.F. (1985):
Innovation and Entrepreneurship, New York 1985, p. 21

³ Baum, R.J. (1995):
The relation of traits, competencies, motivation, strategy, and structure to venture growth, <http://www.babson.edu/entrep/fer/paper95/baum.htm>, Date: 3.11.1997

⁴ Carland, J.W.; Carland, J.A.C; Hoy, F. & Boulton, W.R. (1984):
Differentiating Entrepreneurs from Small Business Owners: A Conceptualization,
in: Academy of Management Review, Vol. 9 (1984), No. 2, p. 356

⁵ Hisrich, P. (1998): p. 6-9

uncertainty...They do not always adhere to conventional morality. In addition, entrepreneurs possess special personal abilities and knowledge. They are not threatened by others more talented than themselves. They rather employ them to their advantage."¹ Brockhaus (1982) explored psychological characteristics such as risk-taking propensity, need for achievement and personal characteristics like age, education to develop a psychological model of the entrepreneur.²

Without going into further detail of other studies and the findings, following entrepreneurial traits have been identified by several researchers (Mill, 1848; McClelland, 1961; Hornaday & Aboud, 1971): Need for Achievement, Locus of Control, and Risk-taking Propensity.³

The *Need for Achievement* of an entrepreneur includes attributes such as being responsible for problem solving, goal setting, and realization of goals through own efforts. The entrepreneur seeks for opportunities to prove his / her abilities to fulfill a task faster, better, more efficient than others. (S)he is motivated by the accomplishment of tasks. The setting of own goals is characterized by difficult but achievable aims. Money or profit is often used as an indicator for how well the task was fulfilled, how satisfied the entrepreneur is about his /her performance.⁴

Locus of Control describes a person's perception whether or not the outcome of an event was influenced or under control of that person. There are two types - an internal and external locus of control. External locus of control contains the perception or belief that the outcome of an event is a result of luck, fate, chance, or under the control of others rather than under the own influence. In contrast, internal locus of control means, that the person believes on the own influence of and effects on events. The

¹ Mitton, D.G. (1988):
The Compleat Entrepreneur, in: Entrepreneurship Theory & Practice, Spring (1988), p. 9-19

² Brockhaus, R.H., Sr. (1982):
The psychology of the entrepreneur, in: Kent, Sexton, Vesper (editors)
Encyclopedia of Entrepreneurship, Englewood Cliffs, NJ, 1982, p. 39-57

³ Carland, J.W.; Carland, J.A.C; Hoy, F. & Boulton, W.R. (1984): p. 356

⁴ Klandt, H. (1990):
Zur Person des Unternehmensgründers, in: Dieterle, W.K.M. & Winckler, E.M.
(editors): Unternehmensgründung: Handbuch des Gründungsmanagements,
München 1990, p. 29-43

entrepreneur is characterized by having internal rather than external locus of control since (s)he determines the way of action.¹

The feature of *Risk-taking Propensity* states, that entrepreneurs have to have a certain level of risk perception. Each action or decision involves a degree of risk. Risk indicates the conflict between striving for security and performance.

There are four areas of risks for an entrepreneur. The first one is the financial risk which involves the loss of his / her assets. Then there is the social risk is like the absence of a relative secure job as employee. The third area of risks includes the family. The high level of stress and irregular and long work hours of the entrepreneur can cause conflicts with the family which then influence the work of the entrepreneur. The last group of psychological risks involve the failure of the business or personal failures which can lessen the entrepreneur's self-confidence and the courage to try again.² Entrepreneurs in general are not more prone to risks than others, but that they have to take into account risks in order to create and manage a business.³

Further general personality traits include a passion for business, a tenacity despite failure, confidence, self-motivation, creativity, a tolerance for ambiguity, initiative, and an ability to have a vision, to see the 'big picture'.

The decision to become self-employed has to be based on high interest for a private-owned firm in order to devote sufficient time for the management of the business. The entrepreneur has to strongly believe in his / her abilities in order to overcome obstacles and failures and not to give up. The importance of self-motivation and tolerance for ambiguity is closely linked to overcome difficulties. To run a business is surrounded by daily threats and uncertainties. The entrepreneur has to be able to handle those uncontrollable factors and motivate himself / herself through new

¹ Brockhaus, R.H., Sr. (1982):

The psychology of the entrepreneur, in: Kent, Sexton, Vesper (editors)
Encyclopedia of Entrepreneurship, Englewood Cliffs, NJ, 1982, p. 39-57

² Barth, S. (1995):

Existenzgründer in den Neuen Bundesländern - Psychologische Dimensionen und wirtschaftlicher Erfolg, Wiesbaden 1995, p. 82-84

³ Hisrich, P. (1998):

Entrepreneurship, 4.edition, USA 1998, p. 70

goals. To have and to use creativity as well as being flexible is essential for the performance of the firm.¹

These aspects of personality do not necessarily distinguish the entrepreneur from others. Managers, for instance, also need to be self-determined, open-minded towards new things in order to run a department, and need to have passion for their business,.

Bartlett (1988) described the entrepreneur very detailed from the psychological aspect in his book 'Machiavellian Management'. He said:

"The profile of an entrepreneur is one of a complete human contradiction using the arena of business as a means of self-satisfaction...There is no such person as the archetypal entrepreneur, but it is possible to identify in each such person the basic characteristics that cause him to be what he is. Entrepreneurs are by definition unique in their achievements. They succeed to varying degrees and have climbed to different heights. Nevertheless, they have all demonstrated the same singleness of mind, determination and capacity for work."²

The citation aptly reflects the nature of an entrepreneur which cannot be clearly defined but only described by certain personality traits which had been explored to be more or less distinctive for this group of people.

¹ Lambing, P. & Kuehl, C. (1997):
Entrepreneurship, Upper Saddle River, NJ, 1997, p. 12-15

² Bartlett, A.F. (1988):
Profile of an entrepreneur or Machiavellian Management, Southampton 1988, p.13

2.3 Advantages and Disadvantages of being an Entrepreneur

To become self-employed has several advantages and disadvantages. Advantages include autonomy, control, challenge of starting a company, and feeling of achievement. To found a business means to realize someone's concept and to make it successful. The way to success is marked by obstacles which challenge entrepreneurs. When success is reached the entrepreneur is satisfied, feeling to have achieved something. To have their own business also means to be solely responsible for the management and organization of the firm. To be their own boss and have control over everything is very satisfying for many entrepreneurs.

Despite the advantages of being independent and doing whatever you want, the status of being self-employed has also negative aspects. First of all, the entrepreneur encounters a lot of personal sacrifices like giving up hobbies, irregular and long work hours, high level of stress, and less time for family events. The status to be the boss includes also solely responsibility for all actions within the firm. The entrepreneur not only bears the entire risk of failure but also the responsibility for his / her employees. The effect of making a wrong decision can be fatal for the continuation of the firm since the entrepreneur often operates on a thin financial cushion. During the first few years of business, the entrepreneur has to manage multiple functions until the business is profitable enough to hire employees with certain expertise.¹

The positive and negative sides of being an entrepreneur show that each person wanting to be self-employed should carefully consider these factors before making a final decision. The daily challenges of running a business require expertise, patience, entrepreneurial spirit, good health, and high self-motivation.

¹ Lambing, P. & Kuehl, C. (1997):
Entrepreneurship, Upper Saddle River, NJ, 1997, p. 16/17

2.4 The Entrepreneur and Venture performance

A lot of studies focused on whether or not the performance of a business depends on or even can be predictable through the entrepreneur's personality traits.¹ One of the goals of this study is to test if there are connections between an entrepreneur's motivation, the level of sacrifices and the performance of his / her business. In order to do that, the meaning of success and the different measures of venture performance are discussed in the following part.

Bartlett (1988) defined success as " a treadmill which requires super human effort to turn, will then free wheel if so desired, and needs inhuman self-control to jump off without damage to oneself or one's possessions." ²

Success can be viewed economically as the difference between output and input. It can also be defined as the achievement of a certain objective like the foundation of the firm, or a plus in sales, or the survival of a business in the market. ³ In short, success is relative and embodies several meanings based on the observer.

The measurement of business performance can be of subjective or objective nature depending on the purpose of the analysis. The subjective measurement of success includes for instance the personal assessment of the business' development within the market over a certain period of time, the level of satisfaction of the employees, or the achievement of a goal. The objective measurement of success is based on characteristic figures such as Return on Investment, Sales growth, Cash flow, Profit development and so on. ⁴

¹ Barth, S. (1995):
Existenzgründer in den Neuen Bundesländern - Psychologische Dimensionen und wirtschaftlicher Erfolg, Wiesbaden 1995, p. 44-51

² Bartlett, A.F. (1988):
Profile of an entrepreneur or Machiavellian Management, Southampton 1988, p.48

³ Korunka, C.; Frank, H. & Becker, P. (1993):
Persönlichkeitseigenschaften von Unternehmensgründern, in: Internationales Gewerbearchiv, 41 year's issues (1993), p. 169

⁴ Pohl, H.-J. (1995):
Einzel- und Gesamtwirtschaftliche Erfolge Mittelständischer Unternehmen, in: Internationales Gewerbearchiv, 43 year's issues (1995), p. 180-195

Klandt (1980) makes the business performance dependable from the entrepreneur and his / her individual situation for a business foundation. Certain personality traits of the entrepreneur like strong self-confidence in his / her abilities and need for achievement in combination with the general economic climate and the personal situation for starting a business determine the performance of the business. ¹

The measurement of venture performance is a difficult task since the view on being successful or unsuccessful is influenced by the personal view of the observer. Each person tries to achieve something or to be successful with their course of action. To say someone is successful is only possible when the achieved goal was known before. A problem with the objective measurement of success is that entrepreneurs hesitate to give details in surveys about their profit or sales revenue. In contrast, the subjective assessment of business performance includes a high probability of errors since a personal opinion is measured. ²

Both, objective and subjective measurement of venture performance have their disadvantages. In agreement with the work of Klandt, the venture performance of a firm should be assessed within the business surrounding to receive a more objective view.

In this study, Return on Investment and Sales growth were used as indicators for the business performance. The entrepreneur was asked to indicate the development of both features within the last five years of being in business.

Sales growth indicates the negative or positive development of sales within a certain period of time. It is an important indicator of success. Sales growth reflects the acceptance of a firm's product and service, provides cash-flow, and is viewed positively by equity investors and creditors. ³

¹ Klandt, H. (1980):
Die Person des Unternehmensgründers als Determinante des Gründungserfolges,
in: Betriebswirtschaftliche Forschung und Praxis, 32. year's issues (1980), p. 322

² Barth, S. (1995):
Existenzgründer in den Neuen Bundesländern - Psychologische Dimensionen und
wirtschaftlicher Erfolg, Wiesbaden 1995, p. 60-66

³ Hunsdiek, D. (1987):
Unternehmensgründung als Folgeinnovation - Struktur, Hemmnisse &
Erfolgsbedingungen industrieller innovativer Unternehmen, Stuttgart 1987, p. 204

The Return on Investment (ROI) displays the yield of the investment of capital of a firm or how much the investment is worth.

$$\text{ROI} = \text{Profit} / \text{Invested Capital} \quad ^1$$

The ROI together with sales growth is a better measurement of entrepreneurial success. The usage of both measures instead of only one should help to better identify whether or not a connection between an entrepreneur's motivation for starting a firm, level of sacrifices and the performance of business exists.

In addition to business-related success variables, there are also person-related aspects. The entrepreneur is the owner of the business and therefore, determining the management of the firm. The performance of business can be directly connected to him / her skills and abilities. The objective measurement of the person-related success includes for instance the comparison of the change of income before and after the business was founded. A subjective measurement can involve for instance the entrepreneur's satisfaction with work and life. The usage of subjective criteria for the differentiation of success / failure has to be carefully considered since those criteria are strongly dependent on the entrepreneur's personality, his / her former standard of living, and demands. ²

In regard of the work of other researchers, there have been no clear links established between personality traits like need for achievement, locus of control, self-motivation and the performance of business. The psychological picture which emerges from the brief review is sometimes conflicting and confusing. Researchers have often speculated that entrepreneurs who are for instance highly motivated and devoted to their firms are more successful than non-founders, that the belief of being responsible for the outcome of a situation rather than blaming luck, fate also correlates positively with the success of a firm. The results of some

¹ Hopfenbeck, W. (1991):
Allgemeine Betriebswirtschafts- und Managementlehre, 4. edition, Landsberg am Lech 1991, p. 780

² Hunsdiek, D. (1987):
Unternehmensgründung als Folgeinnovation - Struktur, Hemmnisse & Erfolgsbedingungen industrieller innovativer Unternehmen, Stuttgart 1987, p. 207

studies, e.g. Klandt (1990), indicate a linkage between the entrepreneur's need for achievement, locus of control and business success while others, e.g. Brockhaus, R.H. (1982), do not.¹

The contrast of the outcomes shows that despite the numerous studies of the linkage between entrepreneurial characteristics and venture performance there is still a high potential for more research.

2.5 Summary

To be an entrepreneur is a challenge including the advantages of independence, flexibility, and control but also the disadvantages of a high level of stress, financial and health risks. In conclusion of the reviewed literature, there is no archetypal entrepreneur. There are traits which describe the nature of an entrepreneur and which are more or less present in each entrepreneur. These traits can be essential for an entrepreneur's performance. If the entrepreneur does not have a majority of these characteristics like need for achievement, self-motivation, passion for business etc., the venture performance is questionable.

Taking the personality traits into account, the initial definition of an entrepreneur has to be broadened.

An entrepreneur is someone who driven by a need for achievement and self-determination originates a new business. (S)he uses his / her creativity, visions, tenacity to find a new way to combine means of production and to launch the new product or service on the market bearing the risk of failure.

¹ please refer to Klandt, H. (1990), Brockhaus, R.H. (1982), Barth, S. (1995)

3. Hypotheses Development

To start a new business venture includes a high degree of uncertainties and risks regarding the present and future time. The entrepreneur has to solve a lot of problems and overcome obstacles. The entrepreneur should therefore carefully consider the positive and negative aspects of becoming self-employed. In addition to the wish to be its own boss and realize an idea or concept successfully, the entrepreneur has to have certain motives for founding an own firm, embody personality traits which help him / her to successfully implement the concept and manage the business, and possess experiences and knowledge of the work / field of business. ¹

Based on the different research findings regarding personality traits, the purpose of this study is to identify if there is a link between the motives of starting a business, the level of sacrifices and venture performance. In order to do that, the factor analysis ² reduced the 28 motivation and 15 sacrifice variables to seven new factors. The following parts include a detailed description of the new identified factors and development of hypotheses regarding each factor's relation to venture performance.

3.1 Motives of business start-up (Hypotheses 1 - 4)

The 28 motives for founding a business of this study were grouped into four new factors which were labeled:

- Level of independence,
- Priority of family,
- Level of self-fulfillment, and
- Political decision motives.

¹ Barth, S. (1995):
Existenzgründer in den Neuen Bundesländern - Psychologische Dimensionen und wirtschaftlicher Erfolg, Wiesbaden 1995, p. 67-68

² please refer to point 4.3.1 Factor Analysis (p.35) for further explanations

The factor *Level of independence* ($\alpha = 0.83$)¹ displays the personal freedom of an entrepreneur regarding his / her work approach, his / her flexibility in personal and family life, the control of time, the choice of whom to employ, and his / her position within the business. The level of independence for instance in decision making influences the performance of a business. The more freedom of decision making an entrepreneur has, the more flexible and creative can (s)he work. (S)he does not have to ask someone first before doing something. A new concept can be faster realized because of short decision making procedures. But being the boss also includes the responsibility for each decision's outcome and their effects on the venture performance. Based on these aspects, the following statement is proposed:

Hypothesis 1: The degree of independence in the work and personal life is positively related to the venture performance.

The second factor *Priority of family* ($\alpha = 0.71$)² includes family related motives such as providing security for family, following the example a person the entrepreneur admires, continuing a family tradition, working in a desirable location for the family, and contributing to the welfare of the community.

The family of an entrepreneur plays an important role in his /her life. The aspects to provide security for family or contributing to the welfare of the community can stimulate the entrepreneur to work hard in order to fulfill those motives. The continuance of a family tradition, the location, or the following the example of an admired person are personal motives of the entrepreneur. They can but not necessarily influence the successful performance of the business. For example, the takeover of the father's firm can be perceived from the son / daughter as having no other choice since it is a tradition in family. (S)he may not be very motivated to put extra effort into that business. On the other hand the proud of owning a business over generations can stimulate the successor to ensure the

¹ please refer to point 4.3.1 Factor Analysis, p.35; α (Cronbach's alpha; $\alpha = 0.70$) indicates inner consistency of scale and displays reliability of factor

² analog to 1

continuance of the family tradition. Despite the contrary aspects, following hypothesis is made:

Hypothesis 2: The importance of the family is positively related to the venture performance.

The third factor *Level of self-fulfillment* ($\alpha = 0.66$)¹ describes the entrepreneur's urgency to develop and realize an idea, to achieve something and get recognized for it, and the thrill to be challenged by the problems and opportunities to start a private-owned business and make it grow. These personal motives are based on personality traits like creativity, tendency to risky actions, self-determination, and self-motivation. Similar to the level of independence, the level of self-fulfillment influences the performance of a business to a great degree. The goal to realize an own concept stimulates the entrepreneur to do its best. (S)he is willing to encounter personal sacrifices and to put a lot of effort into work to achieve the goal. Therefore, the following statement is proposed:

Hypothesis 3: The entrepreneur's urgency to find self-fulfillment is positively correlated with the venture performance.

The fourth factor *Political decision motives* ($\alpha = 0.67$)² consists of the entrepreneur's desire to have influence in the community and to access fringe benefits. These motives of power can be very stimulating to do whatever to reach that influence. However, the connection to the successful business performance is more based on personality traits, experiences, knowledge, and others. Therefore, following assumption is made:

Hypothesis 4: The desire to have power is not significantly correlated to the success of the business.

¹ please refer to point 4.3.1 Factor Analysis, p.35; α (Cronbach's alpha; $\alpha = 0.70$) indicates inner consistency of scale and displays reliability of factor

² analog to 1; factor used because of closeness to $\alpha = 0.70$

3.2 Level of sacrifices (Hypotheses 5 - 7)

The 15 sacrifice variables were grouped into three new factors which were labeled:

- Priority of business,
- Conflict potential, and
- Risks of means of subsistence.

The fifth factor *Priority of business* ($\alpha = 0.79$)¹ includes the entrepreneur's willingness to reduce significant recreation time, to work 60 hours or more for the business, to take any task and responsibility within firm, and to acquire additional skills. The priority of business for an entrepreneur has an impact on the performance of the business. If the business is viewed as most important aspect of life, the entrepreneur is willing to do whatever to make the business successful. If the business does not have the priority, the entrepreneur will consider less work effort to stay in business. The relation between the importance of business and venture performance is following:

Hypothesis 5: The more the entrepreneur is willing to put effort into his / her firm, the more successful is the business.

The sixth factor *Conflict potential* ($\alpha = 0.71$)² consists of family and personal related items such as quality time with children, break-up of marriage, and give up friends, and hobbies. Similar to the importance of business, the family has a high impact on the entrepreneur. If the family does not understand and support the entrepreneur's goals and work, the performance of the business can be influenced to a great extent. The entrepreneur may encounter a lot of conflicts at home despite the high level of stress at the firm. It does not only influence the health of the entrepreneur, it also put the business continuance in danger. Based on those aspects, following connection is assumed:

¹ please refer to point 4.3.1 Factor Analysis, p.35; α (Cronbach's alpha; $\alpha = 0.70$) indicates inner consistency of scale and displays reliability of factor

² analog to 1

Hypothesis 6: The degree of conflicts is negatively related to the venture performance.

The last factor *Risks of means of subsistence* ($\alpha = 0.69$)¹ is based on the financial and personal risks of the entrepreneur like a mortgage on the house, loss of a secure job, usage of all personal savings, give up of other careers, and risk of total failure in business. As mentioned earlier, entrepreneurs are not more prone to risks than others. Their daily decisions and actions involve risks. Investing in a new market or new product can be very risky since the entrepreneur may endanger the continuance of the firm. But without risking something, there is no progress in business.

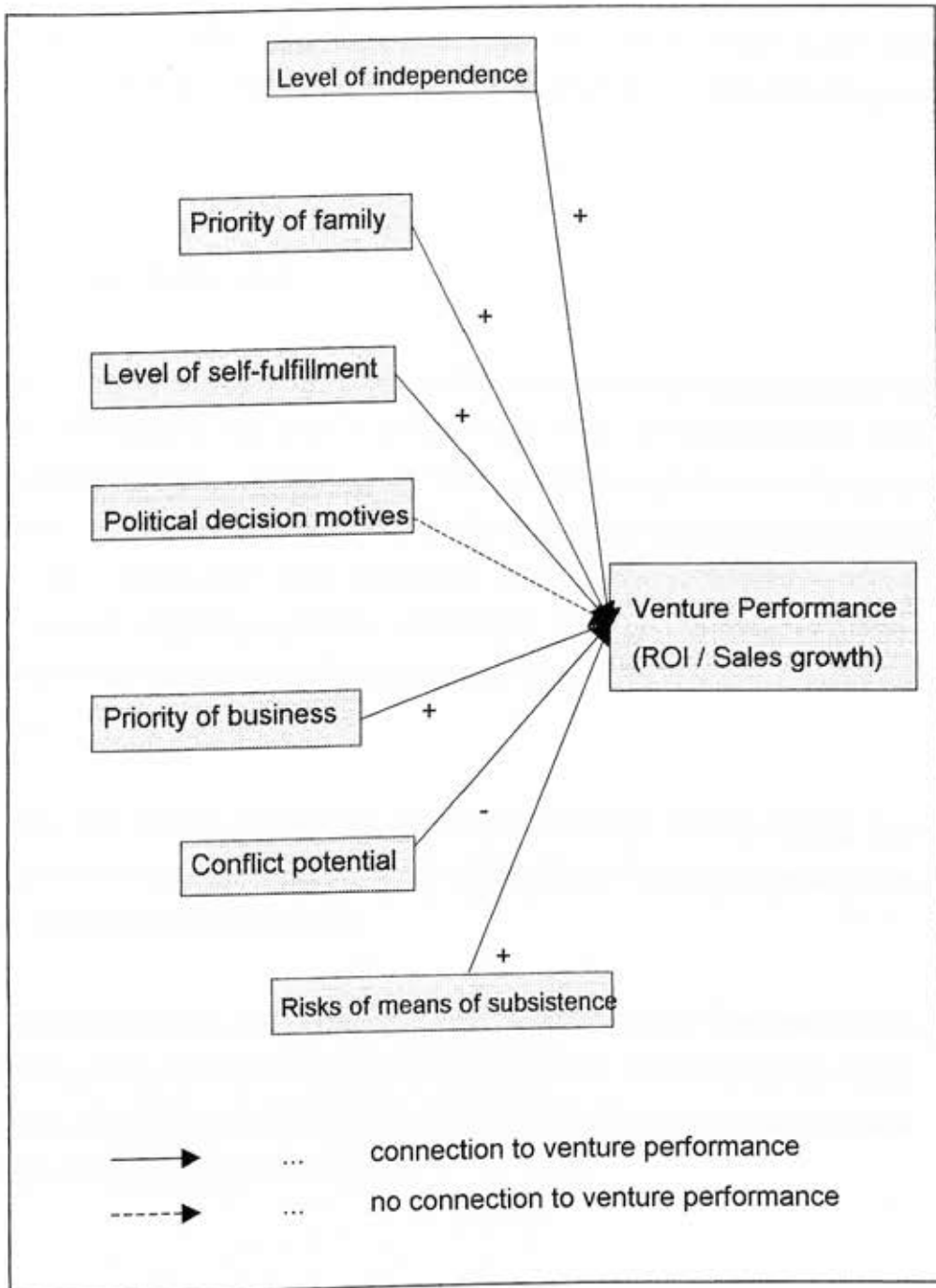
Risks cannot be avoided. Their effects can be lessened when entrepreneurs are well-informed about alternative decisions / actions and the outcomes. The future entrepreneur needs to compare the personal and financial risks involved in a business start-up with the positive effects, personal motives and goals. The fear to lose everything can create conflicts within the family which then influence the decision to found a business as well as the future venture performance itself. The entrepreneur needs to find a right mix of personal and financial risks without fearing to loose everything. Based on the above discussion, it is proposed:

Hypothesis 7: The success of a business is based on the entrepreneur's risk-taking propensity.

Based on the seven identified factors and their assumed relation to venture performance, the initial Model 1 has to be modified:

¹ please refer to point 4.3.1 Factor Analysis, p.35; α (Cronbach's alpha; $\alpha = 0.70$) indicates inner consistency of scale and displays reliability of factor

Model 5:



Hypothetical connections between motives of starting a business, level of sacrifices and venture performance.

4. Research Design

This pilot-study is a cross-section-study of Saxon entrepreneurs which took place in April 1998. The sample does not claim to be representative based on the minimum of data and the type as a cross-section-study. The study is a good base for further research regarding entrepreneurship in Saxony.

4.1 Survey Instrument

The survey instrument, a questionnaire, was designed to collect data for several reasons. First of all, a large number of people can participate. The participants have sufficient time to think about the questions and answer them. The anonymous nature increases the willingness to participate in a survey. People are often suspicious about surveys, especially when questions regarding personal information have to be filled out. The guaranteed anonymity of the respondents also diminishes the distortion of facts.

There are also disadvantages such as relative high cost of mailing and little control over the handling of the questionnaire through the participants in case of misunderstandings.

The questionnaire was developed and validated by the Entrepreneurship Faculty of the De Paul University in Chicago, USA. For the purpose of this study, the original questionnaire was shortened and slightly modified to fit the German business environment.

4.2 Sampling Procedure

500 randomly selected firms in Saxony received a questionnaire at the beginning of April 1998. Addresses were obtained from the 1997 CD-ROM "Landes-Firmenverzeichnisse in Deutschland". The distribution of questionnaires regarding the different sectors of industry was based on the assumption where most business foundations occurred within the last decade. There was no inquiry about the business size of the different firms.

The firms had three weeks time to respond. Due to the initial low return rate, another 30 questionnaires were distributed through direct contact with entrepreneurs at the "Frühjahresmesse" (handicraft fair) at the end of April. Out of the 530 questionnaires, a total of 142 were sent back. The return rate is 26.8 %. From these 142 letters, 35 were immediately returned because of unknown firm. Out of the remaining 107 questionnaires, 102 were used for the data analyses since the other four had missing data or pages.

The different response rates are shown in following table:

Sector of Industry	Number of questionnaires	Responses	Percentage
Retail Trade	60	16	26.7%
Wholesale Trade	50	6	12.0%
Handicraft Trade	80	19	23.8%
Construction	80	15	18.8%
Hotel / Restaurant	40	9	22.5%
Transportation	40	8	20.0%
Ind. of capital goods	30	3	10.0%
Ind. of consumer goods	30	6	20.0%
Service Organization	50	16	32.0%
Finance / Insurance	20	1	5.0%
Others	50	8	16.0%
Sum	530	107	20.2%
Returned letters		35	
Total	530	142	26.8%

Table1

4.3 Statistical Analysis-Methods

The data analysis of the sample can be split into the uni- and multivariate analysis.

The univariate analysis provides the general description of the sample, such as business characteristics and demographic aspects. Another purpose was the calculation of frequencies and means of several variables for the further usage in the multivariate analysis. The univariate analysis was done with the help of the software EXCEL, version 5.0.

The multivariate analysis was used for testing the hypotheses established in the models 1-3 (see page 3/4). With the help of EXCEL, the relation between gender, age and several personal opinions were explored. The correlation of the variables motivation and sacrifices with success of business was performed under the software SPSS, version 6.0.

SPSS is a software designed for statistical tests, such as regression or cluster analysis. Other features like factor and crosstabulation analysis used for the study are further explained in the following parts.

4.3.1 Factor Analysis

The purpose of a factor analysis is the reduction of the number of items for a further bi- or multivariate analysis and the creation of a new system of variables (factors). Each factor combines a number of items that relate to each other. In order to use the factor analysis, all items have to be based on the same scale and determine the same characteristics or aspect.¹ The reliability of the factors is tested through Cronbach's alpha α - an indicator for the inner consistency of the scale. In general it is suitable to use a factor for further analyses, if $\alpha = 0.7$.¹

In the study, the factor analysis was used to reduce the motivation and sacrifices items (please refer to the appendix, p. 116-123). Out of 28

¹ Kähler, W.M. (1993):
Statistische Datenanalyse mit SPSS / PC+, 3rd edition, Wiesbaden 1993, p. 318

motivation items six new factors were created. Out of the six identified motivation factors, four had an $\alpha \geq 0.7$ and were reliable. The 15 sacrifices items were reduced to three factors which were all reliable ($\alpha \geq 0.7$).²

After identifying the reliable factors, the meaning of each factor has to be explored. A new heading based on the various items of the factor is given to each factor. It is important to find a consensus among the items. If the meaning of the several items cannot be grouped under one new name, it is necessary to reconsider the usage of this factor.

4.3.2 Crosstabulation Analysis

There are several statistical methods for identifying the linkages between variables. The data of this survey are nominal-scaled. A nominal scale is a scale using numbers, symbols, or names to designate different subclasses.³ In order to determine a relation between variables of this data type, the crosstabulation analysis is a valid method.⁴

The crosstabulation function of the SPSS program creates crosstables of the variables which display the combined frequencies. In order to see whether or not the variables are connected, several tests can be used within this function. For nominal-scaled data, the so-called Chi-Square (X^2) test is performed. This test evaluates the relationship between two variables by testing whether or not the so-called Null-hypothesis that the two variables are independent can be rejected.⁵

A value of $X^2 = 0$ would indicate a total independence of the variables, the Null-hypothesis is approved. A value $X^2 > 0$ indicates a relation between the variables. Beside the X^2 value, the significance (n) of this value is calculated. The significance indicates the probability of the accidental value of X^2 based on the presence of independence between the

¹ Kähler, W.M (1993): p. 313

² please refer to Appendix

³ Voelker, D.H & Orton, P.Z. (1993):
Statistics, 1st edition, Lincoln, NE, 1993, p. 161

⁴ Kähler, W.M. (1993):

Statistische Datenanalyse mit SPSS / PC+, 3rd edition, Wiesbaden 1993, p. 140

⁵ Voelker, D.H & Orton, P.Z. (1993): p. 128

variables. As an indicative measurement or border between independence and dependency of variables, a certain significance level has to be used. Most researches use 90 % or 95 % as significance level. That means, if the significance of Chi-Square (X^2) $n \leq 0,1$ (100%-90%) or analog to $n \leq 0,05$ (100%-95%), the Null-hypothesis can be rejected, both variables have a connection. If the significance of Chi-Square (X^2) $n \geq 0,1$ or analog to $n \geq 0,05$; the Null-hypothesis is confirmed, both variables are independent. ¹ The level of significance depends on the researchers perception of error probability. For instance, researchers in the medical field use a significance level of 99 %. This means that only 1 % probability of errors ($n \leq 0,01$) is acceptable since a mistake in medical research can have fatal outcomes for the population. In this study, a significance level of 95 % (90 % in exceptions) is used for testing.

The Chi-Square test does not allow for further conclusions about the strength of the relationship between the variables. It only indicates the nature of the relation (dependent, independent) among the variables. ²

In the study, the seven identified factors were correlated with the success measures using the crosstabulation function. Before the creation of the crosstables, each factor received beside a new label also a new range dimension, e.g. not important and important, or low, moderate, high. Then each of the 102 businesses was examined again regarding those dimensions. It is a quiet unusual and unique approach since the examiner has to judge about each business' situation regarding the dimensions and give each firm a new code. In order to avoid statistical problems due to having too many cells with an expected value of less than 5, a number of Chi Square analyses were run amalgamating different columns. ³

¹ Brosius, G. (1988):
SPSS / PC + Basics & Graphics, London 1988, p. 219

² Voelker, D.H & Orton, P. Z. (1993):
Statistics, 1st edition, Lincoln, NE, 1993, p. 131

³ please refer to Appendix

5. Research Findings

In the first part of this chapter, an overview of the general business characteristics, e.g. sectors of industry, methods of business start-up, number of employees, is given. The second part displays the research findings regarding the entrepreneurs themselves such as percentage of male and female entrepreneurs, age, education, marital status. In the last part, the entrepreneur's views about life, the reason for starting a business, the encountered difficulties, the level of sacrifices, and the level of satisfaction are discussed.

5.1 Business Characteristics of Sample

5.1.1 Sector of industry

The majority of the 102 businesses were found in following sectors of industry:

- Handicraft Trade 16 %,
- Service Industry 15 %,
- Construction 15 %, and
- Retail Trade 14 %.

Sector of Industry	Number	
	%	<i>n</i>
<i>Retail Trade</i>	15,7%	16
<i>Wholesale Trade</i>	5,9%	6
<i>Handicraft Trade</i>	16,7%	17
<i>Construction</i>	14,7%	15
<i>Hotel/Restaurant</i>	8,8%	9
<i>Industry of capital goods</i>	2,9%	3
<i>Industry of consumer goods</i>	4,9%	5
<i>Transportation</i>	7,8%	8
<i>Service Organization</i>	13,7%	14
<i>Finance/Insurance</i>	1,0%	1
<i>Other</i>	7,8%	8
<i>Total</i>	100,0%	102

Table 2

5.1.2 Involvement of family members in business

In a lot of businesses family members were either involved as employees (41 %) or investors (49 %):

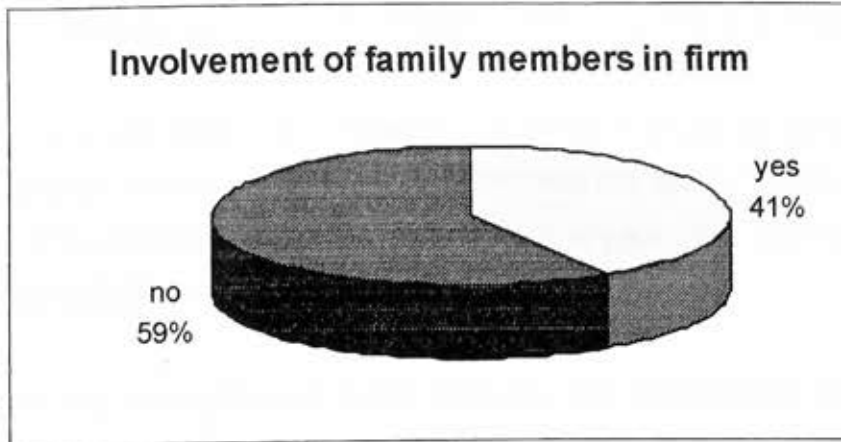


Figure 1

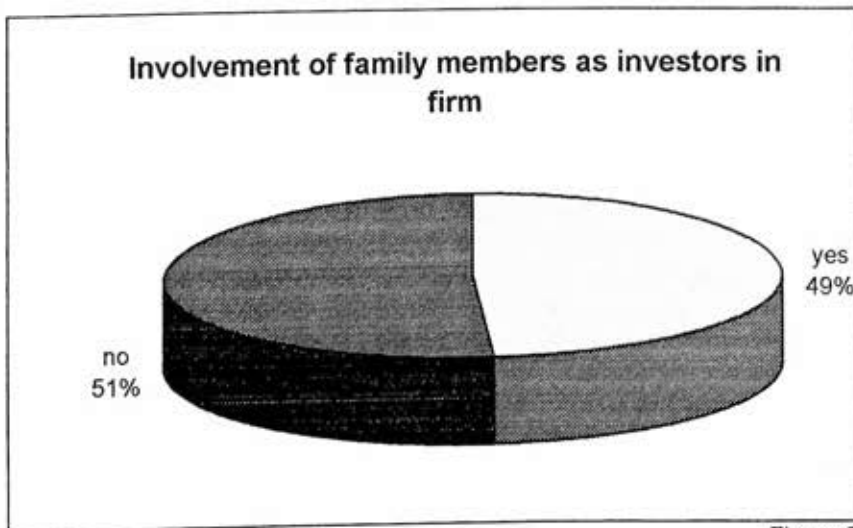


Figure 2

The relative high family participation in the entrepreneur's firm might be on one hand the result of the high unemployment rate, especially in the New Länder. Entrepreneurs establish new work areas and provide new jobs for the family. On the other hand, entrepreneurs need own capital in order to start a business. To obtain a loan from banks can be a difficult task. Therefore, family members are asked for financial support of the business start-up. The financial support from the family can have several advantages. First of all, it enables the entrepreneur to found his / her firm and not to worry about interest rates and payments to the bank during the first years of business. Another positive effect is that the money stays in

family and therefore, the decision-making about further investments can be easier than when having to deal with business partners.

Another reason for the relatively high family involvement can be the tradition within the family. Small hotels or handicraft businesses are often family businesses, where one generation of family replaces the other.

Problems occur when the involvement of family strongly influences the management of the business. Conflicts between the family members can create a less harmonious working climate. The entrepreneur may feel that his / her flexibility is limited.

In short, the involvement of family members has positive and negative effects on the entrepreneur's business start-up and venture performance. The entrepreneur has to consider those effects when deciding whether or not family members should join the firm.

5.1.3 Year of business start-up

Out of the 102 businesses, 61 % were founded between 1990 and 1993, 30 % after 1994, and 9 % before 1990. Regarding the distribution of the sectors of industry within the year of foundation, following trends are noticed. With the exemptions of the Retail Trade and Hotel / Restaurant sector, the majority start-up of the businesses occurred during 1990 and 1993. Most enterprises of the Retail Trade (50 %) and Hotel / Restaurant sector (67 %) were founded after 1993.

Sector of Industry	1994 - 1998	n	1990 - 1993	n	until 1989	n	Total	n
<i>Retail Trade</i>	50,0%	8	43,8%	7	6,3%	1	100%	16
<i>Wholesale Trade</i>	16,7%	1	83,3%	5	0%	0	100%	6
<i>Handicraft Trade</i>	23,5%	4	58,8%	10	17,6%	3	100%	17
<i>Construction</i>	40,0%	6	46,7%	7	13,3%	2	100%	15
<i>Hotel/Restaurant</i>	66,7%	6	33,3%	3	0%	0	100%	9
<i>Ind. of capital goods</i>	33,3%	1	66,7%	2	0%	0	100%	3
<i>Ind. of consumer goods</i>	0%	0	60,0%	3	40,0%	2	100%	5
<i>Transportation</i>	12,5%	1	87,5%	7	0%	0	100%	8
<i>Service Organization</i>	21,4%	3	71,4%	10	7,1%	1	100%	14
<i>Finance/Insurance</i>	0%	0	100%	1	0%	0	100%	1
<i>Other</i>	12,5%	1	87,5%	7	0%	0	100%	8
Total	30,4%	31	60,8%	62	8,8%	9	100%	102

Table 3

A possible explanation for the boom of Retail Trade businesses and Hotels in the recent years is the change in a society followed by a change of social norms. People put more emphasis on flexibility, creativity, independence, leisure time, interesting work with the opportunity to gain more knowledge and experiences and so on. The change of social norms influences the market demand of products and services as well as the market structure. More and more people want to be independent in their work and realize their own ideas. They start their own businesses. The preference of leisure time increases the importance of the tertiary sector of industry - the service industry. Those two facts can be one of the many explanations for this trend.

Another reason could be, that a lot of entrepreneurs favor a business start-up in this sector of industry based on family tradition, the demand of the market or attractiveness of this industry.

5.1.4 Method of business foundation

There are four types of business foundations. A business can be originated or inherited. The expansion of companies and openings of subsidiaries is another form. Finally, the change of ownership through a new formation of an already established business is the fourth type. ¹

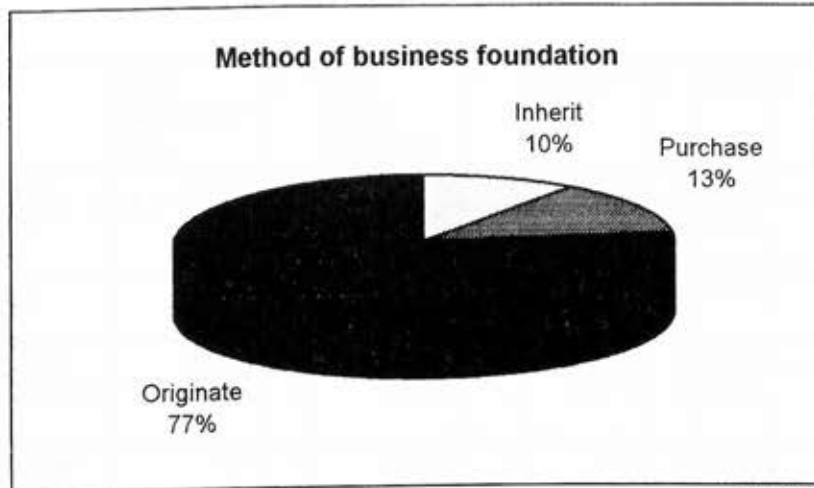


Figure 3

The majority (77 %) of entrepreneurs of this study founded a new business. 13 % of the businesses were purchased and 10 % inherited. The high percentage of originated businesses is a result of the low rate of self-employed people in the former GDR. There were only a few small businesses often owned by family which could be purchased or inherited after the reunification with West Germany. ²

¹ Paulini, M. May-Strobl, E. & Kokalj, L. (1997):
Mittelstand in den Neuen Bundesländern - Die Entwicklung von Gründungen,
privatisierten Unternehmen und MBOs, Stuttgart 1997, p. 5

² Hinz, T. (1996):
Existenzgründungen in Ostdeutschland: Ein erfolgreicher Weg aus der
Arbeitslosigkeit?, in Diewald, M. (editor) :Zwischenbilanz der Wiedervereinigung,
1996, p. 112

5.1.5 Type of business

The legal type of business depends on the size and structure of the new firm. 38 % of the 102 entrepreneurs decided to found their own firm as a Sole Proprietorship (Einzelunternehmen); 33 % of the entrepreneurs preferred a Partnership (Personengesellschaft), and 29 % a Joint Stock Company (Kapitalgesellschaft). The distribution among the different sectors of industry is following:

Sector of Industry	Sole Proprietorship	n	Joint Stock Company	n	Partnership	n	Total	n
<i>Retail Trade</i>	75,0%	12	0%	0	25,0%	4	100%	16
<i>Wholesale Trade</i>	50,0%	3	50,0%	3	0%	0	100%	6
<i>Handicraft Trade</i>	35,3%	6	29,4%	5	35,3%	6	100%	17
<i>Construction</i>	20,0%	3	26,7%	4	53,3%	8	100%	15
<i>Hotel/Restaurant</i>	22,2%	2	11,1%	1	66,7%	6	100%	9
<i>Ind. of capital goods</i>	0%	0	100%	3	0%	0	100%	3
<i>Ind. of consumer goods</i>	20,0%	1	60,0%	3	20,0%	1	100%	5
<i>Transportation</i>	25,0%	2	25,0%	2	50,0%	4	100%	8
<i>Service Organization</i>	42,9%	6	42,9%	6	14,3%	2	100%	14
<i>Finance/Insurance</i>	100%	1	0%	0	0%	0	100%	1
<i>Other</i>	25,0%	2	37,5%	3	37,5%	3	100%	8
Total		38		30		34	100%	102

Table 4

The high number of Sole Proprietorship firms is characteristic for the small- and medium-sized business sector. The manager of a Sole Proprietorship business is the owner of that business. This type of business is very suitable for the realization of own concepts and ideas. Other advantages are:

- no minimum capital required,
- registration in trade register not required until certain size of firm,
- short decision making processes since no partners are involved in the business,
- profit belongs to owner after taxation, and
- high commitment of owner because profit belongs to owner.

There are also disadvantages of this type of business. First of all, a high risk is involved since the owner is liable with his / her private assets. The management of business depends on the qualification of the owner. Problems of succession of business can occur. ¹ In this study, most entrepreneurs in the Retail and Wholesale Trade, the Handicraft Trade, the Finance / Insurance Sector, and the Service Organization chose the Sole Proprietorship form.

The form of Partnership was mainly present in businesses in industries such as Construction , Handicraft Trade, Transportation, and Hotel / Restaurant. The form of a Joint Stock Company was mostly chosen from entrepreneurs in the Wholesale Trade, in the Industry of capital and consumer goods, and in the Service Organization.

The differences between a Partnership firm and a Joint Stock Company include the unlimited liability of the partners of the firm, the relative small number of partners and their intense contact as well as their strong influence on the management and organization of the firm. In a Joint Stock Company, the partners are only liable with their capital share in the firm but not with private assets. In addition, the management and organization of the firm can be performed through a third person who receives the power of representation through the partners. The number of partners is not limited.²

Each form of business has advantages and disadvantages which the entrepreneur has to consider, regarding the nature of the firm, the share of private assets, the management and single ownership of the firm etc., when choosing one of them.

¹ Staudte, W. (1990):
Einzelfirma: Herr im Haus, in dfz wirtschafts magazin, 19 year's issues (1990), No. 10, p. 17

² Hopfenbeck, W. (1991):
Allgemeine Betriebswirtschafts- und Managementlehre, 4. edition, Landsberg am Lech 1991, p. 114-122

5.1.6 Number of employees

The average number, shown in table 5, of employees in the 102 businesses in 1997 was 18. The division into full and part-time employees was less revealing since the majority of entrepreneurs were offering full-time positions.

Employees	1997	<i>n</i>	1995	<i>n</i>	1992	<i>n</i>
Total	18,2	95	16,4	91	15,0	64
full-time	18,4	84	15,9	83	14,3	62
part-time	2,8	49	2,9	41	2,9	22

Table 5

Out of the 102 businesses, 64 have been in business since 1992. The average number of employees in those businesses has increased during 1992, 1995 and 1997. The general growth rate was 46 %. The following figure shows the increase of employees in those 64 businesses divided into the sectors of industry and the rest.

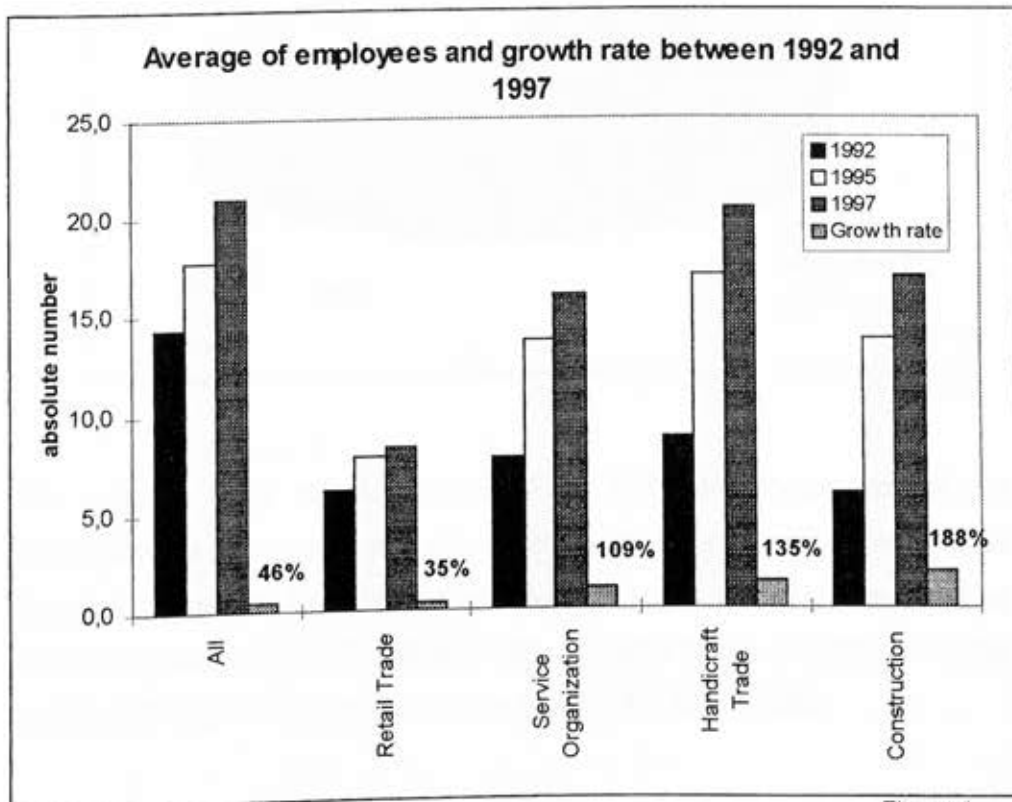


Figure 4

The high growth rate in the handicraft trade and construction sector may be the result of the increased demand of these services in the past few years. For instance, the infrastructure of the New Länder was underdeveloped after the reunification with West Germany in 1990. The increased demand for road construction, home and office buildings, reconstruction of old houses etc. created a boom and fast expansion of firms in those two sectors.

5.1.7 Sales Revenue 1997

Most firms (44 %) had a sales revenue below 1 Million DM in 1997. 26 % of the firms reached a sales revenue between 1 and 3 Million DM and 30 % over 3 Million DM.

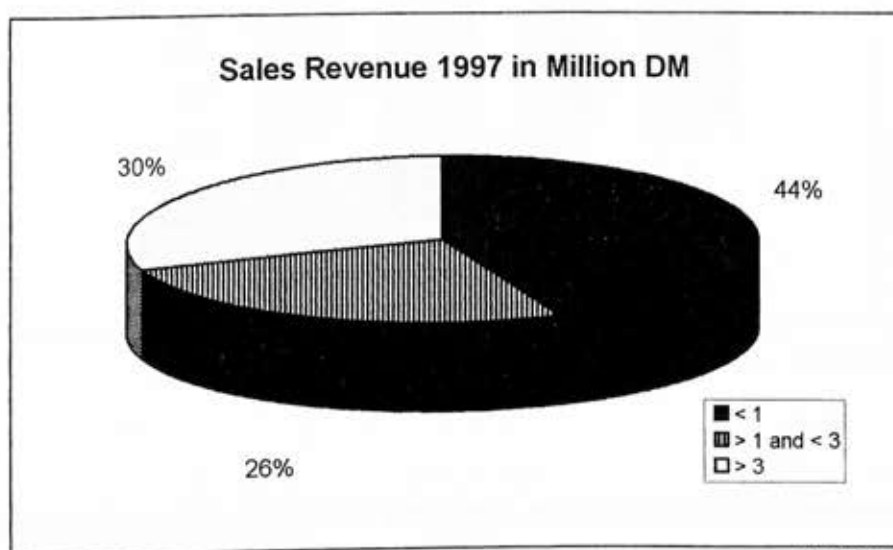


Figure 5

The average sales revenue is 2.8 Million DM. The comparison of the average sales revenue among the several sectors of industry (please refer to appendix) shows that the highest average sales revenue was reached in the Wholesale Trade (7.7 Million DM), followed by the Industry of capital goods (7.3 Million DM) and consumer goods (4.2 Million DM).

5.1.8 Development of business in the market within the last 5 years

In the questionnaire, entrepreneurs were asked to assess the development of their firm regarding their profit, sales growth, return on investment, and return on sales. The answers were based on a 5 point-scale (1...worse, 3...equal, 5...better). The average of the different categories are following:

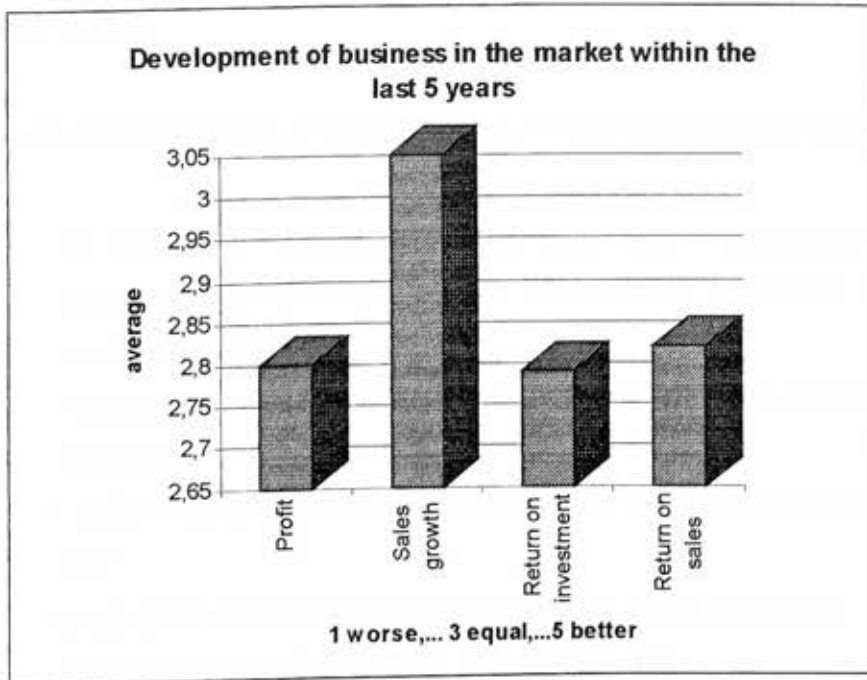


Figure 6

Regarding the profit, return on sales and investment, the entrepreneurs assessed a negative development. The development of sales was assessed as stable over the last five years.

The results are kind of contradictory regarding the growth rate of employment. Despite the negatively assessed development of the business within the market, most entrepreneurs employed more people each year. The negative appraisal may result from the growing competition and changing demand of the consumers. Entrepreneurs have to be flexible and creative to stay in business, especially when competing against large companies.

Another reason for the negative development appraisal may be the end of the initial boom after the German reunification in certain sectors of industry such as construction and handicraft trade. The entrepreneurs of these businesses need to find new markets for their products or new products for the changing demand of consumers. Their investments can lead to an expansion of the firm followed by an increase in employment.

5.1.9 Summary

The main characteristics of the businesses in this study are the following:

- all sectors of industry were represented with a concentration in the sectors construction, service organization, handicraft trade, and retail trade,
- most firms were originated and as Sole Proprietorship enterprise managed,
- family involvement either as employees or investors is relatively high,
- most firms were started between 1990 and 1993 and had a sales revenue below 1 Million DM in 1997, and
- despite a less prosperous appraisal of the own business development, most firms increased their number of employees over the years; the average number of people employed in one firm was 18 in 1997.

5.2 Characteristics of the Entrepreneurs

5.1.2 Gender

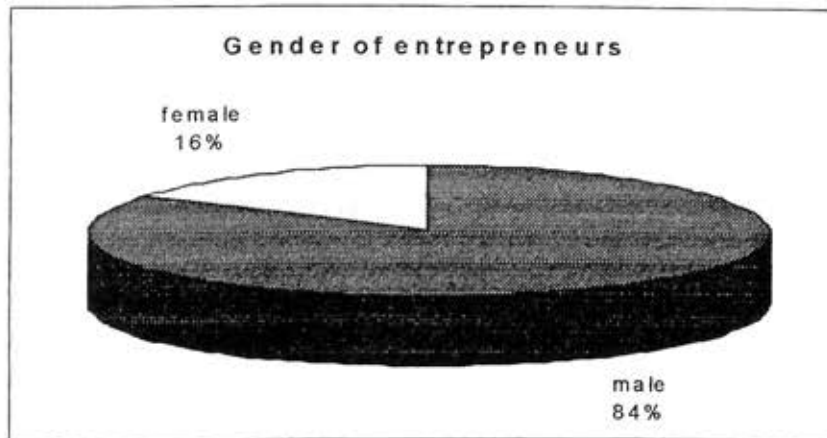


Figure 7

The majority (84 %) of entrepreneurs is male. The dominance of male entrepreneurs is due to the traditional roles of men and women in society or the hesitance of women to start their own business. The traditional role of women was to stay home and take care of the children and household. With the change of the social norms and the equality of man and woman, the role of women has been broadened. Nowadays, women earn degrees in colleges, have jobs, and try to pursue a career to find self-fulfillment.

Despite the various programs and subsidies by the government and banks for potential entrepreneurs, women still hesitate to found their own firms. One of the reasons may be the fear to lose everything. Starting an own firm means to invest own assets, but also stress, long work hours, less time for the family and so on. To have a job and take care of the household puts an immense pressure and work load on the shoulder of women. To start a new business venture would even increase this stress.

However, more women are becoming entrepreneurs since more and more men and women share the duties in the household or switch the traditional role of childcare. More women seek the challenge of being their own boss, realizing their ideas / innovations, and being responsible for a firm and its employees.

Most female entrepreneurs of this study founded their firms in the retail trade (37,5 %), hotel /restaurant (18,8 %), or service sector (12,5 %). The male entrepreneurs were mainly present in the construction (17,4 %), handicraft trade (17,4 %), or service organization (14 %). In comparison of all sector of industries, no female entrepreneurs of this study founded a business in the following areas: construction, transportation, and industry of capital or consumer goods. Women often found small businesses in those areas which do not require a high financial investment for machinery and equipment. ¹

5.2.2 Age

The majority of entrepreneurs (35 %) are between 41 and 50 years old. 31 % were between 31 and 40 years old, 5 % between 20 and 30 years old, and 29 % over 51 years. Compared among male and female entrepreneurs, the average age of men was 47 years and that of women 37 years.

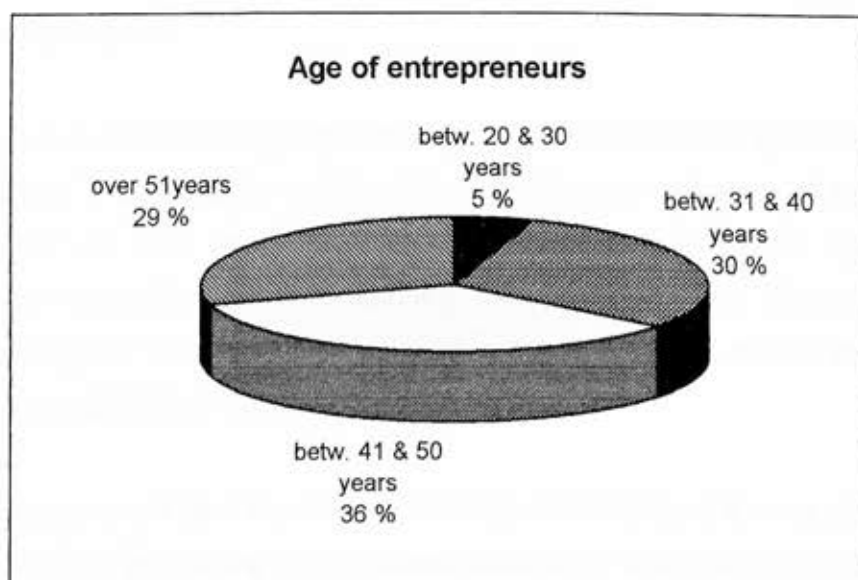


Figure 8

¹ Ambos, I. & Schiersmann, C. (1991):
Qualifizierung und Beratung von weiblichen Führungskräften und
Existenzgründerinnen, Bielefeld 1991, p. 24

Entrepreneurs in the New Länder are characterized by their higher age. There are several causes for this trend. With the reunification of West Germany, people in the New Länder had the opportunity to start-up their own firms. In the former GDR, those possibilities were limited and heavily restricted by administrations.¹ The rising unemployment of the last years, especially among older people, also "forced" a lot of them into being self-employed rather than becoming social-welfare recipients.

Another reason is, that with years of employment, people gain more knowledge and experiences about their area of work and the market. Some of them may feel challenged to manage their own businesses based on those knowledge and experiences or the unsatisfactory situation of their present work status.

Finally, the education of young people lasts longer than years before. More and more students enroll in universities directly after school each year. Others do an apprenticeship and may decide to achieve a Master Craftsman's certificate (Meisterabschluß) or enroll in colleges. So, most people are in their mid twenties before they enter the labor market and gain practical experiences.

The difference of the average age among male and female entrepreneurs is interesting. This could be explained by unemployment situation of men and women or their work situation. Women may want to be more independent regarding the time planning of family and work. Men may have the urge of making a career within a large company before they decide to establish their own firms.

Another cause could be a low security of being self-employed among older women. To start something new is always connected with changes in the personal life as well as effects on the family such as less quality time, further education or financial risks.

¹ Harhoff, D. & Stahl, K. (1992): Firm Dynamics in East Germany - First Empirical Results, Mannheim 1992, p. 3/4

5.2.3 Marital Status

The majority (85 %) of entrepreneurs is married. Only 11 % are single and 4 % divorced. There was no significant difference regarding the marital status among male and female entrepreneurs in this study.

To have a family can be a very supportive source for the entrepreneur. During the start-up of a business, entrepreneurs not only deal with difficulties, e.g. competitors, administration, capital shortage etc., but also with personal stress such as less leisure time, loss of former work colleagues, loss of financial security and so on. The spouse or family of the entrepreneur can help him / her financially, encourage the step to become self-employed, and motivate the partner during difficult times. In short; a strong and supportive family is the backbone of an entrepreneur.

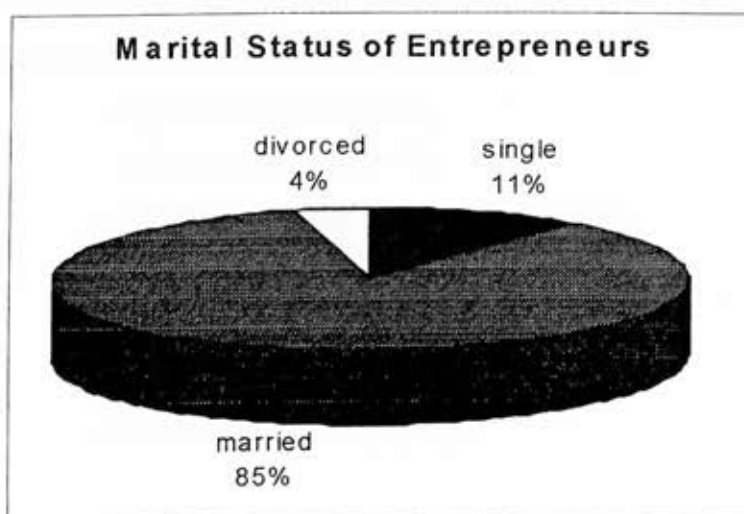


Figure 9

5.2.4 Education

The education level of the entrepreneurs is impressive. The majority (35 %) of the entrepreneurs had a formal education. 33 % of the entrepreneurs did an apprenticeship and some of them also a Master Craftsman's certificate after the regular school time. 32 % of the entrepreneurs did an apprenticeship and earned a higher education degree.

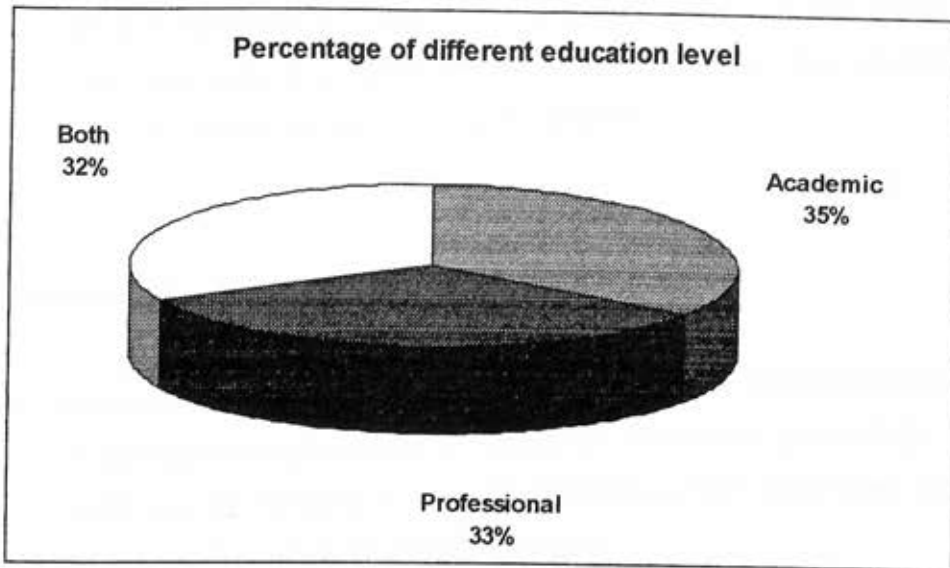


Figure 10

The proportion of the several categories within the academic and professional education shows following ranking:

- apprenticeship 30,39 %,
- college degree 19,61 %,
- Master Craftsman's certificate 18,63 %,
- University degree 18,63 %,
- Regular School degree 7,84 %,
- Graduate degree 2,94 %, and
- others (doctor etc.) 1,96 %.

The comparison of male and female entrepreneurs within the several categories shows only one significant difference in, that men had more college degrees than women. Interesting is the result of the comparison between academic and professional education. Men in general had a higher proportion within the academic education, whereas women had both, academic and professional.

5.2.5 Family Background

The majority of entrepreneurs (61 %) have no family member, e.g. father, sister, who were / are also self-employed. The high percentage is based on the low self-employment rate in the former GDR.

5.2.6 Summary

The entrepreneurs of this study are characterized by a high educational level, a high percentage of family orientation, and a low percentage of other self-employed family members. Most entrepreneurs were male. The average age of all entrepreneurs was 45 years.

5.3 Personal Opinions of the Entrepreneurs

In the second part of the questionnaire, the entrepreneur was asked to indicate how (s)he feels about certain aspects of his / her private life, the new area of work, the encountered sacrifices and difficulties of the foundation of the business as well as the reason for becoming self-employed. All questions were based on a 5-point-scale with 1 the negative and 5 the positive aspect.

5.3.1 Personal views of entrepreneur

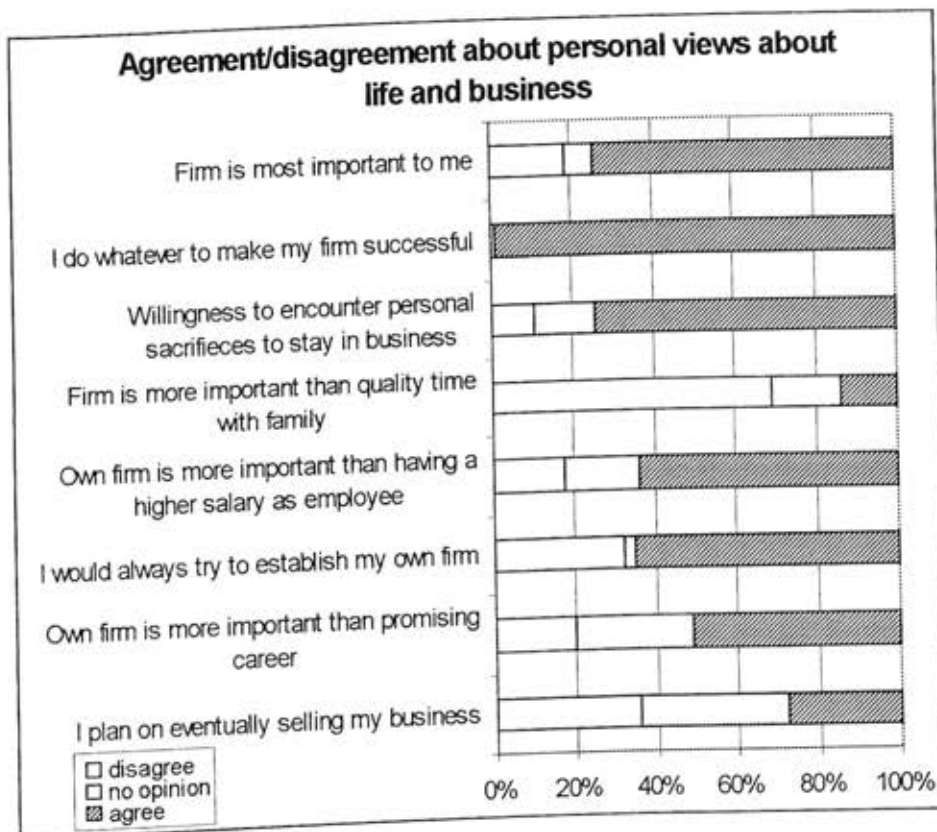


Figure 11

In general it can be said, that most entrepreneurs indicated that the own firm and its success plays an important role in their lives. They are willing to make significant personal sacrifices such as giving up promising careers in order to be self-employed. The yearning for being independent and having an own firm does not imply the reduction of quality time with the family. The majority of entrepreneurs answered that aspect negatively.

5.3.2 Level of sacrifices

The average was calculated for each opinion based on following scale:

- 1...strongly disagree,
- 2...disagree to some extent,
- 3...no opinion,
- 4...agree to some extent, and
- 5...strongly agree.

Sacrifices	Average
attending undesirable responsibilities	4,5
60 hours of working per week	4,5
willing to acquire additional skills	4,5
willing to take any task in business	4,4
recreation time	3,4
give up hobbies	3,3
give up other careers	3,3
use of all savings	3,2
risk of total failure in business	3,1
loss of a secure job	3,1
mortgage on house	2,9
quality time with children	2,9
conflict with family	2,4
give up friends	2,1
break-up of marriage	1,6

Table 6

The entrepreneurs of this study show a high willingness towards work, responsibility, and further education in order to manage their firm. This is identical with the importance of business identified under *Personal views of entrepreneur*.

The entrepreneurs are less willing to reduce the quality time with their children or even to risk the break-up of their marriage. They try to find a balance between private life and business without harming the business activity or family. This is a difficult task. The entrepreneur not only needs a supportive and understanding family, but also a strong self-motivation to deal with the daily stress and work tasks within the firm. The results are also identical with the findings under *Personal views of entrepreneur*.

Regarding the financial aspects of running a business and personal sacrifices such as give up hobbies, careers, the entrepreneurs showed a mixed feeling ranging from no opinion to disagree to some extent. Financial risks and the loss of hobbies, friends and so on are often accompanied with the foundation of a firm and hardly to avoid.

5.3.3 Motives of business start-up

"Motivation is the interaction of various activated motives which determine the behavior in an actual situation. Motives are reasons for purposeful actions of an individual." ¹

Motives of starting a business can be divided into Push- and Pull-Factors. Pull-factors for entrepreneurs are for instance the goal of self-fulfillment, the strive for independence, and the seizing of a business opportunity. A often mentioned Push-Factor is for instance the unemployment which "forces" people into self-employment. ²

Another division of motives is that of positive and negative motives. Examples for positive motives of business foundation are: family tradition, strive for independence, realization of ideas, prestige and status in society and others. Negative motives include being unsatisfied with former work, the political development of a country, but also the opportunity of making a career. In practice, there is often a combination of positive and negative motives found. ³

¹ Sautner, M. (1985):
Motive und Probleme der Unternehmensgründung, Wien 1985, p. 24

² Heinrich, G. B. & Lettmayr, C. F. (1997):
Motive und Barrieren potentieller Unternehmensgründer, in Zeitschrift für Klein- und Mittelunternehmen, Internationales Gewerbearchiv, 45 year's issues, Berlin 1997, p. 60

³ Nathusius, K. & Szyperski, N. (1977):
Probleme der Unternehmensgründung, 1. edition, Stuttgart 1977, p. 35-83

In the study the average was calculated for each motive based on following scale: - 1...to no extent,

- 2...to a little extent,
- 3...to some extent,
- 4...to a great extent, and
- 5...to a very great extent.

Motives	Average
fun at work	4,3
to be my own boss	4,3
freedom to adopt own approach of work	3,9
to lead others	3,8
better use of training / skills	3,8
to work with people of my choice	3,7
flexibility in personal life	3,6
control of my time	3,6
challenges of a new business & its growth	3,6
to develop an idea	3,6
high earnings	3,5
to have security	3,2
to contribute to success of a company	3,1
to use appeared opportunity	3,1
to escape unsafe working conditions	3,1
achievement & recognition	2,9
variety of work	2,9
to earn respect by friends	2,4
disappointment of previous work	2,3
it was only thing I could do	2,2
to work in desirable location	2,1
to contribute to welfare of relatives	2,1
to increase status of family	1,9
access to fringe benefits	1,8
to follow example of a person I admire	1,8
to contribute to the welfare of the community	1,7
to have influence in community	1,7
to continue family tradition	1,6

Table 7

The main motives for starting a private-owned business were the strive for fun at work, for independence regarding the work colleagues, the work itself, and the scheduling of time. The entrepreneurs value the opportunity to lead others rather than be led by someone. They want to better use their skills and knowledge. Most entrepreneurs also indicated a high importance of the challenge to do something new, to develop and realize an idea. Relatively important were aspects such as high earnings, security,

to escape unsafe working conditions, to contribute to the success of a company, or to use an opportunity.

Less motivating for founding a firm were factors like the desire to increase status of family, to get recognition and respect through friends and society, or to have influence in a community and access to fringe benefits. On last position was the aspect to continue a family tradition. This is identical with the result of the method of business start-up. The majority of businesses were originated and not inherited.

These results are consistent with research findings of other studies about German entrepreneurs. A study of 87 entrepreneurs in Magdeburg in 1993 for instance showed following motives (ranked from most important to less important) of business start-ups: realization of own ideas, strive for independence, achievement of personal goals, unemployment, higher earnings, status and prestige and others. ¹

Another study of the Chambers of Industry and Commerce in Dresden, Leipzig, and South-west Saxony of 1660 entrepreneurs in those regions in 1995 found following motives (ranked from most important to less important): imminent unemployment, professional interest, strive for independence, use of appeared opportunity, increase of status and prestige, and family tradition. ²

The impulse to found a private-owned business is not only based on the entrepreneur's goals and visions but also on the joy to change something, to be innovative and creative, and to be challenged by the expecting difficulties during the realization of the visions. The courage and power to do that change are essential requirements for the establishment of a business venture.

¹ Brandkamp; M. (1993):
Erfolgaussichten von Unternehmensgründern in den fünf Neuen Bundesländern,
in: Albach, H. (editor): Unternehmen in den Neuen Bundesländern - Erfahrungen
mit Transformationsprozessen, in Zeitschrift für Betriebswirtschaft, Additional
Issue of No. 1, Wiesbaden 1993, p.109-140

² IHK Dresden (1995):
Studie: Existenzgründer in Sachsen, Dresden 1995, p. 5

5.3.4 Level of satisfaction

The average was calculated for each opinion based on following scale:

- 1...to no extent,
- 2...to a little extent,
- 3...to some extent,
- 4...to a great extent, and
- 5...to a very great extent.



Figure 12

The result shows that the entrepreneurs despite all the sacrifices and problems accompanied with managing a new business venture were satisfied with the step into the self-employment. They could realize their ideas, fulfill their goals, and improve the standards of living.

The aspects to have a job, financial security and to enjoy life were less satisfyingly achieved. To own a firm involves risks. The entrepreneur cannot guarantee the lifelong success of the firm. It depends to a great extent on the entrepreneurs' creativity and flexibility to meet the changing

demands of the consumer as well as their abilities to compete against a growing number of other firms within the market.

The aspects to give family an opportunity to work and to reduce personal stress were achieved to a small degree. The high involvement of the entrepreneur in the firm creates a lot of personal stress for the entrepreneur, such as scheduling of private events and business activities, the daily work load, undesirable responsibilities, new tasks, the challenges of the market and so on. The personal stress may become less over the years when the firm is successfully established in the market, when partners or family members take over certain responsibilities, when the entrepreneur himself / herself is familiar with all the tasks and has a certain routine facing difficulties.

5.3.5 Encountered difficulties of business start-up

The following figure shows the most encountered difficulties out of 21 possible problems (please refer to the appendix for the remaining difficulties) for the entrepreneur and the start-up of the company.

The average was calculated for each problem based on following scale:

- 1...to no extent,
- 2...to a little extent,
- 3...to some extent,
- 4...to a great extent, and
- 5...to a very great extent.

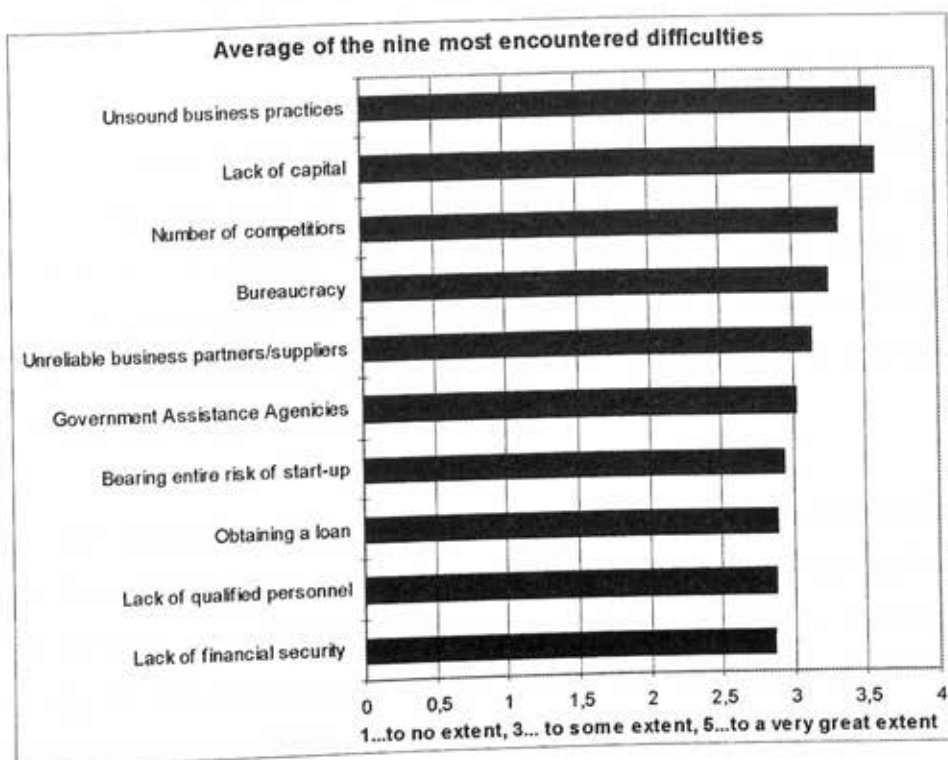


Figure 13

Overall, the entrepreneur has to deal with financial, bureaucratic, and business obstacles. A lot of entrepreneurs do not have assets like houses or ground in order to obtain a loan from banks. The German Settlement Bank has several loan models to support entrepreneurs. However, the entrepreneur has to meet certain criteria in order to be eligible for a program, such as sector of industry, number of employees, and qualification of entrepreneur. In addition, 15 % of the total sum of investment has to be paid by the entrepreneur.¹

Bureaucracy in Germany is characterized by stacks of paperwork to fill out, relatively long periods of waiting for administrative approval, and various administrative restrictions. The Chambers of Industry and Commerce as well as the Chambers of Handicraft help the entrepreneur by providing information about the several administrative approval requirements and laws. For instance, anyone who wants to set up a business as a skilled tradesman must have the relevant master's certificate or employ someone who has. There are a lot of laws

¹ Deutsche Ausgleichsbank (1997):
 Wir fördern Zukunft, in Deutsche Ausgleichsbank, Bonn (1997), p. 6-11

concerning, for example, environmental protection, and levels of local competition.¹

Another problem is the lack of professional managers for administrative problems in small-and medium sized firms. The time effort and cost increase with a growing number of employees in these businesses. Therefore, the entrepreneur needs to be well-informed in order to carefully plan his / her strategy of business foundation with considering the time effort and cost of bureaucracy.²

The other major obstacle for the entrepreneur is the business environment itself. The entrepreneur has to deal with business malpractice such as long defaults in payments, unreliable business partners or suppliers, bearing the risk of business start-up, number of competitors as well as difficulties to find qualified personnel.

The growing competition in the market create barriers for the entry of new entrepreneurs on one side and put a lot of pressure on the already established firms on the other side. Entrepreneurs face the risk of losing everything (financial security, family) when starting their firm as well as managing the daily life of business. The Chambers of Industry and Commerce can help to diminish the risk by providing information about reliable business partners. They also help to prevent bankruptcy of businesses in case of insolvency, e.g. through unsound business practices or long defaults in payments of others, or no extension of credits. The Chambers of Industry and Commerce can lend cash or organize meetings with specialists in certain areas such as financing in order to prevent the business failure.¹

Personal difficulties like scheduling business and family activities or lack of encouragement from family were less difficult for the entrepreneurs. The entrepreneurs also seemed to be well-informed before starting their business. Features like finding right type of business, a good location and

¹ Klandt, H. (1987): Trends in Small Business Start-up in West Germany, in: Goffee, R. & Scase, R. (editors): Entrepreneurship in Europe, London 1987, p. 26-38

² Henrich, S. & Kirsch, H. (1994): Förderung und Hemmnisse mittelständischer Unternehmen durch öffentliche Institutionen, Baden-Baden 1994, p. 79-87

distribution channels, obtaining home and foreign market information were seen as easy-to-overcome problems.

These results are congruent with research findings of other studies. The Institute 'Institut für Mittelstandsforschung', for example, has done a lot of research about entrepreneurship in the New Länder. Their research findings about encountered difficulties of entrepreneurs between 1991 and 1993 included following (in decreasing order): decreasing demand of market, strong competition, long defaults in payments, and bureaucracy.² The already mentioned study of the Chambers of Industry and Commerce in Dresden, Leipzig, and South-West Saxony found following problems among the entrepreneurs (in decreasing order):

- strong competition,
- low rate of own capital,
- defaults in payments,
- market entry,
- decreasing demand, and others.³

Overall, the climate for entrepreneurs in Germany is good. The economy is stable with the DM as a strong currency. Small and medium-sized firms as well as large companies from different countries are present and stimulate the sound competition. There are no threats like red tape, sudden war, or dictatorship. The Chambers of Industry and Commerce and other institutions, like the German Settlement Bank, support a positive climate for entrepreneurs to found their own businesses. However, the shortage of venture capital and the large number of administrative regulations and complicated laws still hinder entrepreneurs to create their own existence and realize their ideas.

¹ The information were obtained during a meeting with Mr. Schnelle, IHK Dresden

² May-Strobl, E. & Paulini, M. (1993):
Gründungsreport-Laufende Berichterstattung über das Gründungsgeschehen in
den Neuen Bundesländern, Bonn 1993, p. 1-7

³ IHK Dresden (1995):
Studie: Existenzgründer in Sachsen, Dresden 1995, p. 6

5.3.6 Enjoyment of self-employment

The path to become self-employed is marked by obstacles, challenges, new areas of work, fun, stress and so on. Despite all the problems and stress encountered with owning a business, the majority of entrepreneurs (90 %) in this study do not regret their decisions. If they have the opportunity again, they would found their own firms.

5.3.7 Summary

The entrepreneurs of this study enjoy their status of being self-employed and independent, of being challenged by daily threats and opportunities of the market and the fun of realizing their own ideas. The foundation of their own business and its success is very important to them. They are willing to put a lot of work, time, and money into their firm but always keeping in mind the highly supportive meaning of their own family.

Each business start-up is unique regarding the motives and therefore, requires different aspects from the entrepreneur. The start-up of a new business venture and the management of the business is marked by difficulties mainly in the business environment itself, but also by financial and bureaucratic obstacles. The realization of the motive to be my own boss has helped the entrepreneurs to improve their standards of living, to develop new concepts and to find self-fulfillment. The majority of entrepreneurs value their status of being an entrepreneur and put up with the stress, personal sacrifices, financial risks, and business obstacles connected with their own firms.

6. The influence of age and gender on the personal opinions of the entrepreneurs

Demographic aspects of an entrepreneur have been subject of many researches. This study focuses on two aspects: age and gender of the entrepreneur. Are there differences among female and male entrepreneurs? Do women encounter more obstacles than men when starting a business? Are men more willing to sacrifice than women? Does the level of satisfaction increase with the age of the entrepreneur? Are younger entrepreneurs less risk averse than older entrepreneurs?

In the first part of this chapter, the influence of gender (please refer to Model 2, p. 3) on the personal views about life, level of sacrifices, motives, level of satisfaction, and difficulties are discussed. The second part shows the result of the comparison of two age groups regarding the personal opinions (please refer to Model 3, p. 4).

6.1 The importance of gender

Although the characteristics of both, male and female entrepreneurs are very similar, female entrepreneurs of this study differentiated in terms of personal views of the entrepreneur, level of sacrifices, and encountered difficulties.

6.1.1 Personal views of entrepreneur

Both male and female entrepreneurs feel it is important to own a business and to be independent. Slight differences occurred at the importance of the firm versus having a promising career, the willingness to encounter personal sacrifices, and the importance of the firm versus the quality time with the children. While the majority of women assessed their own firms as more important than a career, most men either agreed or had no opinion. The female entrepreneurs also showed a higher willingness towards personal sacrifices than men. The fact that the firm has priority towards

the family was strongly rejected by women. Men rejected the fact to a less extent.

6.1.2 Level of sacrifices

Only two major differences appeared by the combination of gender and sacrifices. The majority of men was willing to reduce the quality with their children but not to give up friends. Women would rather give up friends than reducing time with their children.

Slight differences in the assessment of certain aspects occurred at the willingness to encounter conflicts with the family, to take any task in business, and acquire additional skills. While more than half of the women strongly disagreed to having conflicts with the family, men neither agreed nor disagreed. Three-fourth of the female entrepreneurs compared to half of the male entrepreneurs showed a high willingness towards taking over any task in business and further education and training.

6.1.3 Motives of business start-up

There were no significant differences among the male and female entrepreneurs regarding the reasons for founding a private-owned firm. Both, men and women, indicated a high importance of independence concerning work, employees, family life, and personal challenges as the motives for going into self-employment. However, slight but statistically significant differences were obvious regarding the assessment of following motives.

The motives 'fun at work' and 'be my own boss', were assessed by 80 % women as very important compared to 45 % of men. Half of the women viewed the aspects of working with people of the own choice, having flexibility in personal and family life, and having control of time as very important compared to one-fourth of the men.

6.1.4 Level of satisfaction

The level of satisfaction of male and female entrepreneurs was similar in most aspects. The only two major differences occurred at the answers whether or not the entrepreneur could give his / her family an opportunity to work and whether the entrepreneur could reduce the personal stress. The majority of women could give their family an opportunity to work and reduce their personal stress to some extent while most men did not in both aspects. Other slight differences were assessed at the enjoyment of life and fulfillment of personal goals. Both aspects were valued higher by women than by men.

6.1.5 Encountered difficulties of business start-up

There was one major difference among men and women regarding the nine most encountered obstacles. While the majority of men regarded the risk of start-up as a big problem, for most women it was not the case.

Slight differences were observed concerning the lack of capital, the obtaining a loan, the number of competitors, and the dealing with unreliable business partners. Women feel more difficult to obtain a loan and access other financial resources than men. Competition and business partners seem to be less a problem for women than for men.

6.2 The importance of age

The age of the entrepreneurs of this study is widely spread starting from 20 years old till over 51 years. Beside the gender of entrepreneurs, it is interesting to see, if there are significant differences among younger (between 20 & 40 years old) and older entrepreneurs (above 41 years old) regarding their personal opinions.

6.2.1 Personal views of entrepreneur

There were no significant differences regarding the statistical testing of the personal views. Both age groups viewed owning a business and make it successful as well as the willingness to encounter personal sacrifices as important. They valued their independence more than a higher salary as an employee or a promising career in another firm. However, the importance of the firm and its success does not outweigh the importance of the quality time with their own family.

6.2.2 Level of sacrifices

There were two major differences among the two age groups. The majority of entrepreneurs over 41 years of age try to avoid conflicts with the family, while the entrepreneurs of the other age group neither agreed nor disagreed. To give up friends was rejected by the older entrepreneurs, but not by the younger entrepreneurs.

Slight differences occurred in the assessment of certain sacrifice aspects. The younger entrepreneurs in general were more willing to give up hobbies, to reduce their recreation time, to take any task in business, and to acquire additional skills. The older entrepreneurs were more reluctant in those aspects. A possible explanation for this trend is the high proportion of women in the first age group who were willing to encounter a higher level of sacrifices in certain aspects. Another reason could be that the older entrepreneurs may have established a certain standard of living and comfort which they do not want to give up.

6.2.3 Motives of business start-up

There was only one significant difference between both age groups. The younger entrepreneurs valued the flexibility in personal and family life more than the older entrepreneurs. Three-fourth of the entrepreneurs between 20 and 40 years of age viewed the chance of being my own boss as very important compared to 40 % of the older entrepreneurs. In general, the younger entrepreneurs regarded freedom in the work approach, the opportunity to lead others, to work with people of own choice, and to control over time to a higher extent as motives for starting an own firm than did the other age group.

6.2.4 Level of satisfaction

The level of satisfaction was very similar among the age groups. Both age groups enjoyed their life, could fulfill their goals, improve their standard of living, provide financial security, and find means to express themselves. However, the younger entrepreneurs enjoyed their life more and fulfilled personal goals to a greater extent than the older entrepreneurs. Regardless of the age, the reduction of personal stress and the possibility to give the family an opportunity to work was not satisfactory fulfilled for the entrepreneurs.

6.2.5 Encountered difficulties of business start-up

Among the nine most encountered difficulties, the older entrepreneurs encountered more obstacles in dealing with unreliable business partners than did the younger entrepreneurs. Slight differences were observed at obtaining a loan, Government Assistance Agencies, number of competitors, and bureaucracy. The younger entrepreneurs encountered more difficulties with the level of bureaucracy and the obtaining of a loan, while the older entrepreneurs faced more problems with competitors and Government Assistance Agencies.

6.3 Summary

The influence of age and gender of entrepreneurs on their personal opinions is less significant. This can be explained by the fact that regardless of the age or gender of an entrepreneur, (s)he has to have certain personal characteristics such as willingness to work, to take into account personal sacrifices, and to have risk potential in order to manage successfully a private-owned firm. Younger entrepreneurs may be more willing to take personal sacrifices into account than older ones who enjoy a certain standard of living and comfort and have the responsibility for a family.

The importance of owning a business and its success cannot be generalized among all entrepreneurs. Someone who does not value his / her firm and tries to do everything to compete successfully in the market should not choose the step into being self-employed. The motives for starting a business are linked to each individual's goals and wishes. However, the different motives might be assessed differently from men and women, younger and older entrepreneurs.

The level of satisfaction depends heavily on the entrepreneur's goals and their realization rather than on age and gender. Younger entrepreneurs often try to fulfill personal goals such as improvement of standard of living and providing security for their family. Older entrepreneurs may be less satisfied with their situation since they already have a certain standard of living and comfort. They have to find new challenges for themselves.

The only slightly different views regarding the difficulties encountered by men and women show a relative high degree of equality in the society. Regardless of age and gender, the entrepreneur has to overcome obstacles such as a strong competition, a changing demand of consumers, bureaucratic regimentation, financial shortages and so on.

To answer the initial questions of this chapter, there are differences among male and female, younger and older entrepreneurs. However, those differences are less significant for a generalization of certain types of entrepreneurs. Each entrepreneur is unique regarding his / her business start-up, motives, personal sacrifices, encountered difficulties of market entry, and level of satisfaction.

7. The relation between motivation and sacrifice and business performance

Researchers have done a lot of studies to test the connection between the personality traits of an entrepreneur and the business performance. There is no definite answer to the question of whether or not the entrepreneur's traits influence the venture performance. Some researchers, e.g. Klandt (1984), Barth (1988), identified positive links between the need for achievement, flexibility and the success of business. Others like Douglas (1976), Picot, Laub, Schneider (1989) did not find any significant relations between the person of an entrepreneur and the success of the business.¹

The following parts display the research findings regarding the motives of starting a business and level of sacrifices correlated to the performance of business. The method of Crosstables Analysis was used to indicate the nature of relation among the variables. Several crosstables, e.g. through reduction of the number of fields, were created for each pair of variables to see whether or not the indicated relation among the variables is stable and reliable for further conclusions.

¹ Barth, S. (1995):
Existenzgründer in den Neuen Bundesländern - Psychologische Dimensionen und wirtschaftlicher Erfolg, Wiesbaden 1995, p. 44-51

7.1 Motives for starting a business and venture performance

Hypothesis 1: The degree of independence in the work and personal life is positively related to the venture performance.

Level of independence	Sales growth							
	worse	%	equal	%	better	%	Total	%
low	3	41.7	3	41.7	1	16.7	6	6.3
moderate	9	17.3	28	56.1	13	26.5	49	51.0
high	5	12.2	15	36.6	21	51.2	41	42.7
Total	16	16.7	45	46.9	35	36.5	96	100.0

Table 8

Level of independence	Return on Investment							
	worse	%	equal	%	better	%	Total	%
low	3	41.7	3	41.7	1	16.7	6	6.3
moderate	13	26.5	27	54.1	10	19.4	49	51.0
high	12	28.0	18	43.9	12	28.0	41	42.7
Total	27	28.1	47	49.0	22	22.9	96	100.0

Table 9

The level of independence regarding the entrepreneur's work and personal life has no clearly identified influence on the performance of the business.

When looking for instance at Table 8, the row percentages of each cell of the column 'worse' (41.7 %; 17.3 %; 12.2 % etc.) compared with the total column percentages (16.7 %; 46.9 %, 36.5 %) indicate a positive relationship between the development of sales and Level of independence. The more independence an entrepreneur has, the higher are the sales figures and the ROI. If both variables are independent, the distribution of the row percentages of 'worse', or 'equal', or 'better' would be in the proportion of the column percentages 16.7 %; 46.9 %, and 36.5 %. For instance in cell 'worse / low', 41.7 % of the entrepreneurs with a low level of independence assessed a worse development of sales even

so only 16.7 % of the total of 96 entrepreneurs had the same opinion. Considering another example, cell 'high / better', 51.2 % of entrepreneurs with a high level of independence assessed a better development of sales, even so only 36.5 % of the total of 96 entrepreneurs had the same opinion. Therefore, it appears, that the entrepreneur's level of independence positively correlates with the development of sales; both variables have a relationship. Entrepreneurs with a limited independence regard their sales growth as worse or equal, while entrepreneurs with a wider range of independence viewed the development as a positive one. The same conclusion is received when comparing the figures in table 9. The comparison of the percentages within the table and the single columns is a good method to test if a relation exists. However, in order to verify the relation, the Chi-Square value X^2 and especially the significance n of X^2 have to be considered.³

While the Chi-Square value X^2 and its significance n of Level of independence and Sales growth confirm a positive relationship between the two variables, they do not with the Return on Investment.

A reason for the contradictory result could be the data itself. The study is a pilot study and measures only the opinion and situation of Saxon entrepreneurs at a specific time and not over a period of time. The success of business was measured through the subjective assessment of the entrepreneurs. In order to be more accurate and to identify the relationship between both variables, a longitudinal study is necessary. Hypothesis 1, the degree of independence in the work and personal life as motive for starting a private-owned business influences the venture performance of a business positively, can neither be rejected nor confirmed.

² n ...significance of Chi-Square X^2 value; please refer to point 4.3.2 Crosstables Analysis, p. 36, for further details; usage of significance level of 90 %

³ Brosius, G. (1988):
SPSS / PC + Basics & Graphics, London 1988, p. 215-217

Hypothesis 2: The importance of the family is positively related to the venture performance.

Priority of family	Sales growth						Total	
	worse	%	equal	%	better	%		%
none	1	12.5	1	12.5	6	75.0	8	8.2
low	7	17.3	21	54.7	11	28.0	38	38.7
moderate	9	16.5	25	47.6	19	35.9	52	53.1
Total	16	16.5	46	47.4	35	36.1	97	100.0

Table 10

Priority of family	Return on Investment						Total	
	worse	%	equal	%	better	%		%
none	3	37.5	3	37.5	2	25.0	8	8.2
low	11	28.0	21	54.7	7	17.3	38	38.7
moderate	14	26.2	25	47.6	14	26.2	52	53.1
Total	27	27.8	48	49.5	22	22.7	97	100.0

Table 11

The comparison of the row and column percentages in each table indicates a negative relationship between the degree of family priority and venture performance. As tables 10, 11 show, most entrepreneurs with no priority of family have higher sales growth (75 %) and stable ROI (37,5 %). In contrast, most entrepreneurs who went into self-employment based on family related motives viewed the development of sales and ROI as equal. Therefore, the less priority the family of an entrepreneur receives, the more positive influence on the venture performance occurs.

The Chi-Square test does not confirm relationships among the variables. Interesting to mention is the differences of significance of the Chi-Square values of both tables. While the relationship between Return on Investment (ROI) and Priority of family has been rejected definitively, the rejection of the relationship between Sales growth and Priority of family has been weak considering a significance level of 90 % ($n \leq 0,1$). Further testing through amalgamating different columns may confirm a negative relationship among the Priority of family and the Return on Investment. However, a reason for the rejection of both hypotheses could be the problem with the quality of data mentioned under hypothesis 1. Another

explanation could be that family-related motives to start a business do not influence the entrepreneur's work to a degree where the venture performance would be effected.

Hypothesis 2, the importance of the family and venture performance are positively connected, has to be rejected.

Hypothesis 3: The entrepreneur's urgency to find self-fulfillment is positively correlated with the venture performance.

Self-fulfillment	Sales growth						Total	
	worse	%	equal	%	better	%		%
moderate	11	18.0	33	53.3	18	28.7	61	62.9
high	5	13.9	14	37.5	18	48.6	36	37.1
Total	16	16.5	46	47.4	35	36.1	97	100.0

Table 12

Self-fulfillment	Return on Investment						Total	
	worse	%	equal	%	better	%		%
moderate	19	31.1	34	54.9	9	13.9	61	62.9
high	8	22.2	15	40.3	14	37.5	36	37.1
Total	27	27.8	48	49.5	22	22.7	97	100.0

Table 13

The comparison of the row and column percentages in each table indicates a positive relationship between the degree of self-fulfillment and the performance of the business. The majority of entrepreneurs with a high level of self-fulfillment assessed the development of sales and that of ROI as stable or better, while the majority of entrepreneurs with a lower level of self-fulfillment did not. The hypothesized relationship between Level of self-fulfillment and Return on Investment could be confirmed while the relationship to Sales growth could not. But, further testing through amalgamating different columns and rows displayed a strong tendency⁴ towards a linkage between sales and self-fulfillment. Therefore, hypothesis

⁴ Please refer to Appendix "Crosstabulation Analyses"

3, the entrepreneur's urgency to find self-fulfillment is positively correlated with the venture performance, is true.

This result is similar to research findings about the need for achievement which belongs into the category of self-fulfillment and business performance.⁵ Entrepreneurs who founded their businesses based on being challenged through realizing their own concepts, overcoming obstacles on the way to successful business performance, and getting recognition for their achievements, have an influence on the venture performance. They set themselves difficult but achievable targets and prefer situations which give them a direct return for their efforts. They may be more willing to take sacrifices into account, to put more effort in their business than other entrepreneurs because they want to make their business successful.

Hypothesis 4: The desire to have power is not significantly correlated to the success of the business.

Political decision motives	Sales growth							
	worse	%	equal	%	better	%	Total	%
not important	15	19.0	33	42.5	30	38.6	77	78.9
important	2	7.3	14	65.9	6	26.8	21	21.1
Total	16	16.5	46	47.4	35	36.1	97	100.0

Table 14

Political decision motives	Return on Investment							
	worse	%	equal	%	better	%	Total	%
not important	23	29.4	35	45.8	19	24.8	77	78.9
important	5	22.0	13	63.4	3	14.6	21	21.1
Total	27	27.8	48	49.5	22	22.7	97	100.0

Table 15

The relationship between the desire to have power and the business performance was not verified. As tables 14 and 15 show, most entrepreneurs regardless of their desire of power assessed the

development of sales and that of the ROI as equal. The motive of gaining power as a sole impulse for starting a business has no impact on the venture performance. To found a business requires skills, patience, experiences, and others from the entrepreneur. The entrepreneur may gain a certain influence in his / her community or access to fringe benefits if (s)he is successful.

Hypothesis 4, that political decision motives do not significantly influence the performance of the business, is true.

⁵ please refer to Klandt (1990), Barth (1995)

7.2 Level of Sacrifices and business performance

Hypothesis 5: The more the entrepreneur is willing to put effort into his / her firm, the more successful is the business.

Priority of business		Sales growth							
		worse	%	equal	%	better	%	Total	%
moderate		3	11.3	18	66.1	6	22.6	27	27.3
high		13	18.4	29	40.4	29	41.0	71	72.7
Total		16	16.5	46	47.4	35	36.1	97	100.0

Table 16

Priority of business		Return on investment							
		worse	%	equal	%	better	%	Total	%
moderate		6	20.8	20	73.6	2	5.7	27	27.3
high		22	30.5	30	41.8	20	27.7	71	72.7
Total		27	27.8	49	50.5	21	21.6	97	100.0

Table 17

The willingness of the entrepreneur to reduce significant recreation time, to have extremely long work hours, to acquire additional skills, and so on influences the venture performance. Comparing the different cells of tables 16 and 17 shows, that entrepreneurs who value their businesses as most important assessed the development of sales and that of ROI as positive. The Chi-Square values' significance ($n = 0.078$ and $n = 0.012$) confirm the linkage between priority of business and venture performance. It also seems to be very plausible, that the more someone is willing to do in order to achieve something, the better (s)he will perform at the end. To found a business requires a large extent of personal sacrifices. The entrepreneur is responsible for the business performance in the way that (s)he manages the daily tasks, invests in the own firm, looks for new opportunities, and deals with problems. The more effort the entrepreneur puts into the firm, the better the firm runs.

⁶ usage of significance level 90 %

The result is similar to research findings of a study of Klandt (1984). He found a negative relationship between success and the desire for a favorable working environment. He stated that " the more successful entrepreneurs are less inclined to value work without stress, a relaxed and participative atmosphere and possibilities for freedom within working time."⁷

Hypothesis 5, the more the entrepreneur is willing to put effort into his / her firm, the more successful is the business, is true.

Hypothesis 6: The degree of conflicts is negatively related to the venture performance.

Conflict potential	Sales growth							
	worse	%	equal	%	better	%	Total	%
low	4	9.2	23	59.2	12	31.6	38	39.2
moderate	13	21.2	24	39.8	23	39.0	59	60.8
Total	16	16.5	46	47.4	35	36.1	97	100.0

Table 18

Conflict potential	Return on investment							
	worse	%	equal	%	better	%	Total	%
low	8	21.1	23	59.2	8	19.7	38	39.2
moderate	19	32.2	26	43.2	15	24.6	59	60.8
Total	27	27.8	48	49.5	22	22.7	97	100.0

Table 19

The comparison of the column and row percentages indicates a negative connection between the degree of conflicts an entrepreneur encounters and the venture performance. For instance table 18; the entrepreneurs who encountered a higher degree of conflicts were over-represented (21.2 % vs. 16.5 % total) in the negative assessment of sales and ROI. The same occurs at table 19. Most entrepreneurs with a lower degree of conflicts assessed the development of both features as stable. The Chi

⁷ Klandt, H. (1987):

Square Analysis did not confirm the indicated negative relationship among the variables. Interesting to mention is the differences of significance of the Chi-Square values of both tables. While the relationship between Return on Investment (ROI) and Conflict Potential has been rejected definitively, the rejection of the relationship between Sales growth and Conflict Potential has been weak considering a significance level of 90 % ($n \leq 0,1$). The running of a number of Chi Square analyses to avoid statistical problems showed a clear movement of the Chi Square values towards the significance level. Even so this test failed to confirm a linkage, further analyses may establish a negative connection between conflict potential and venture performance.

Hypothesis 6, the degree of conflict potential is negatively related to the venture performance, has to be rejected.

Hypothesis 7: The success of a business is based on the entrepreneur's risk-taking propensity.

Risks of means of subsistence	Sales growth							
	worse	%	equal	%	better	%	Total	%
low	4	20.5	12	59.0	4	20.5	20	20.1
moderate	10	16.5	29	49.6	20	33.9	58	59.3
high	3	12.5	6	30.0	12	57.5	20	20.6
Total	16	16.5	46	47.4	35	36.1	97	100.0

Table 20

Risks of means of subsistence	Return on investment							
	worse	%	equal	%	better	%	Total	%
low	5	23.1	13	66.7	2	10.3	20	20.1
moderate	16	27.0	28	48.7	14	24.3	58	59.3
high	7	35.0	7	35.0	6	30.0	20	20.6
Total	27	27.8	48	49.5	22	22.7	97	100.0

Table 21

The comparison of the entrepreneurs regarding their propensity to risk and assessment of sales growth and ROI shows no significant difference. The majority regardless of their risk-taking propensity assessed a stable development of both features. Interesting to mention is in table 20 the assessment of sales of the entrepreneurs with a high risk-taking propensity. There is a linkage between the more risks someone encounters, the more successful (s)he is. However, the Chi Square analysis rejects a positive relationship between risk-taking propensity and venture performance. The result is similar to research findings indicating that entrepreneurs in general are not more prone to risk than others.⁸

Therefore, hypothesis 7, the success of a business is based on the entrepreneur's risk-taking propensity, has to be rejected.

7.3 Summary

The testing of the relationships between the entrepreneur's motivation and willingness to encounter sacrifices and the performance of a business shows that there are certain characteristics influencing the success. The entrepreneur's motive of self-fulfillment for starting a business and his / her willingness to encounter personal sacrifices are positively correlated with the venture performance. The hypothesis that political decision does not result in a more successful business performance were also confirmed.

Family-related motives, the degree of conflicts encountered by the entrepreneur, and the risk-taking propensity had no influence on the venture performance. The hypothesis about the motive of being independent in the work approach, being flexible in personal and family life and venture performance could not be confirmed nor rejected.

(editors): Entrepreneurship in Europe, London 1987, p. 32

⁸ Hisrich, P. (1998):
Entrepreneurship, 4 th edition, USA 1998, p. 70

What are the causes for the failure of the hypotheses-testing?

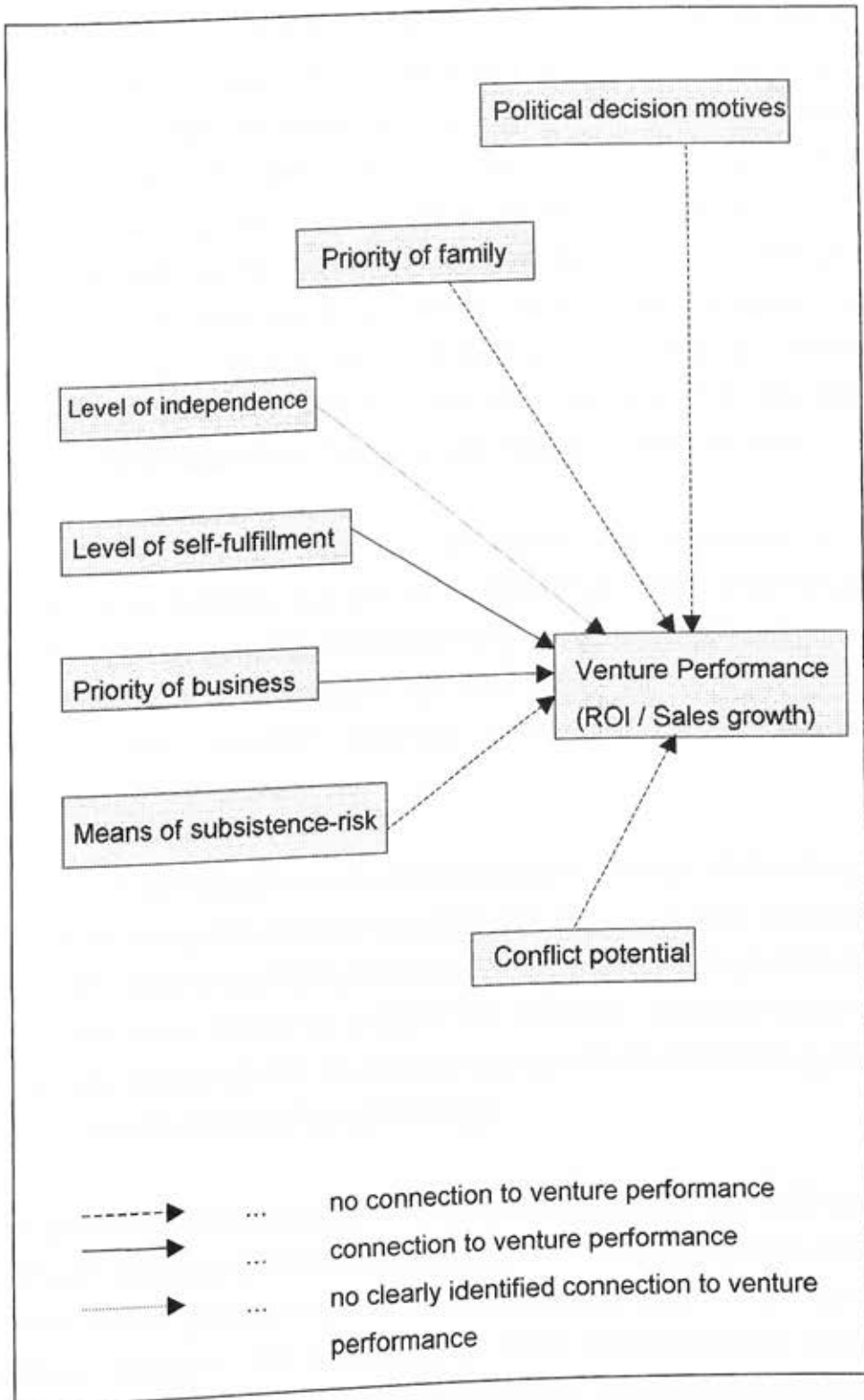
Several explanations are possible. First of all, methodological concerns need to be considered. The results are based on a mailed questionnaire. Poorly performing firms may be underrepresented. The entrepreneurs of those firms may lack both the time and courage to publish perceived shortcomings.

The nature of the questionnaire itself may generate difficulties. Psychological aspects like motivation, satisfaction, level of sacrifices and so on of the entrepreneur were of main interest. Controversy may arise what method of testing is better to assess those psychological aspects. An interview format might be a more valid method than a mailed questionnaire. The interviewer can observe the reaction of the participant to each question, while the filling out of an questionnaire largely depends on the participant's mood and personal views; subjectivity influences the answers.

Finally, the subject scores on the psychological attributes tend to be skewed towards the high end of scales. This uniform response patterns lessens the likelihood of differential associations. The assessment of the venture performance is done through the entrepreneur's opinion. Therefore, subjectivity has to be considered when running the Chi Square analyses. In addition, the study is a pilot study reflecting the situation of Saxon entrepreneurs at a specific time. In order to assess the venture performance of firms more objectively, a longitudinal study is more accurate.

Despite the failure to confirm all hypotheses some of them like the entrepreneur's level of independence or conflict potential were indicating or a trend towards a connection to venture performance. Further testing and the collection of data over a certain period of time from the same entrepreneurs may prove the predicted links between motivation and level of sacrifices and venture performance.

Model 6:



Motivation and level of sacrifices and their identified connection to venture performance.

8. Conclusion

The importance of entrepreneurs for an economy is immense. Entrepreneurs not only increase the supply of different products and services, they also help fostering the progress of an economy through innovations and the development of new sectors of industry. The competition among small and large companies support the functioning of the market systems and the search for excellence. New businesses can enter the market, while less successful firms have to leave. Entrepreneurs also create new jobs and train a large proportion of people. People working in smaller firms often enjoy the family-like working climate, the possibility to be creative and having an individual area of responsibility.

The main goals of this study was to identify relations between the entrepreneur's motivation and level of sacrifices and venture performance in order to derive essential personality traits of successful entrepreneurs and to test if an entrepreneur's age and gender influence his / her personal views, motivation, sacrifices, satisfaction, and encountered difficulties.

In regard of the literature review and the research findings of this study, each entrepreneur is unique regarding his / her business start-up, motivation, level of sacrifices, encountered obstacles, and enjoyment of life. There is no archetypal entrepreneur. However, there are certain personality traits which can be regarded as requirements for becoming an entrepreneur regardless of gender and age.

The challenges of becoming self-employed and managing a firm require a high self-confidence and strong belief on the own abilities and skills. The achievement of goals is not linked to luck or fate but to own efforts and personal sacrifices. The opportunity of being self-employed is often connected with extremely long work hours, stress, problems at home and so on. The entrepreneur has to take and deal with risks without being more prone to them than others. The successful solving of problems and overcoming of obstacles requires emotional stability and self-motivation of the entrepreneur. (S)he needs to balance the priority of business with that of family in order to lessen the potential of conflicts. The family plays an

important role in an entrepreneur's life. The family is a source of courage, energy, ideas, support - in short, the backbone of the entrepreneur. The entrepreneur's personality can be characterized through a high degree of independence, optimism, selfishness, flexibility, open-mindedness, and spontaneity. In addition, the entrepreneur needs to have certain qualifications such as management know-how or technical skills regarding his / her area of work. The health of the entrepreneur plays an important role since (s)he is under enormous work and stress pressure. Previous business experiences can help to lessen conflict potential based on uncertainty and false decision. These essential traits help him / her to manage a firm successfully, to compete against larger companies in the market, and to find self-fulfillment. However, these characteristics do not necessarily predict the business performance.

The entrepreneur's motivation and level of sacrifices can influence the venture performance. If the entrepreneur founded the firm based on self-actualization or being independent, (s)he might be more willing to put effort in the firm and to encounter personal sacrifices such as financial and personal risks. The rather weak link between an entrepreneur's personality traits and venture performance results from the fact that the success of a firm is also influenced by the firm's environment. The economic and political framework are important aspects for the development of new businesses. If the political situation of a country is unstable or rigid, the management of a small firm can be very difficult as well as the establishment of a new firm. The provision of resources, financial and non-financial support is essential for the development of an enterprise culture. In addition, if society itself does not honor the courage and achievements of entrepreneurs, less people are willing to take the risks of being self-employed.

In conclusion it can be stated, that the venture performance of a business is influenced by the entrepreneur's qualifications and personality traits rather than age and gender, but also by the general framework of a country's economy, and by the society's perception about entrepreneurship. The positive effects of entrepreneurs on the economy and society make it necessary to conduct more longitudinal studies about the development of entrepreneurs in Germany, especially in the New

Länder. The results are essential for improving the existing support programs and general framework as well as for identifying loopholes in the support system.

***"We were wild with joy because tomorrow we
would leave the known world behind.
What a wonderful feeling...to be able to decide
your own life and destiny, obeying without
limitations your own mysterious calls, and dreams
and passions."***⁹

Douchan Gersi

⁹ Edwards, P. & Edwards, S. (1991):
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Factor Analyses

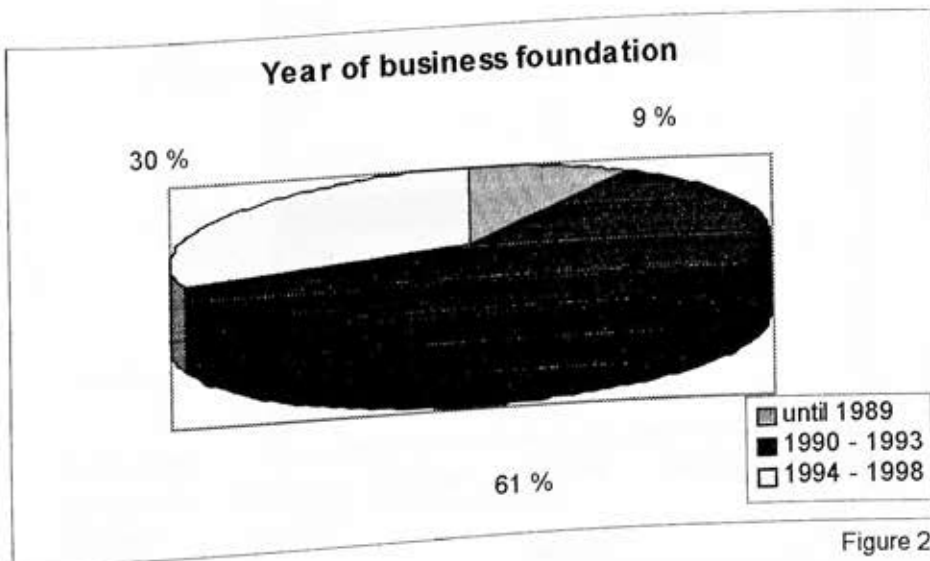
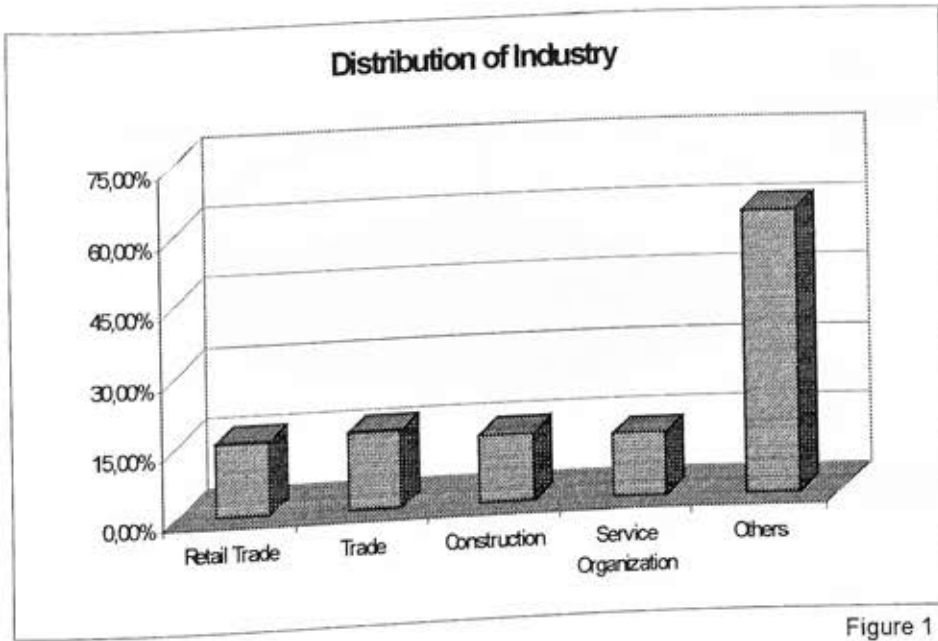
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Business Characteristics



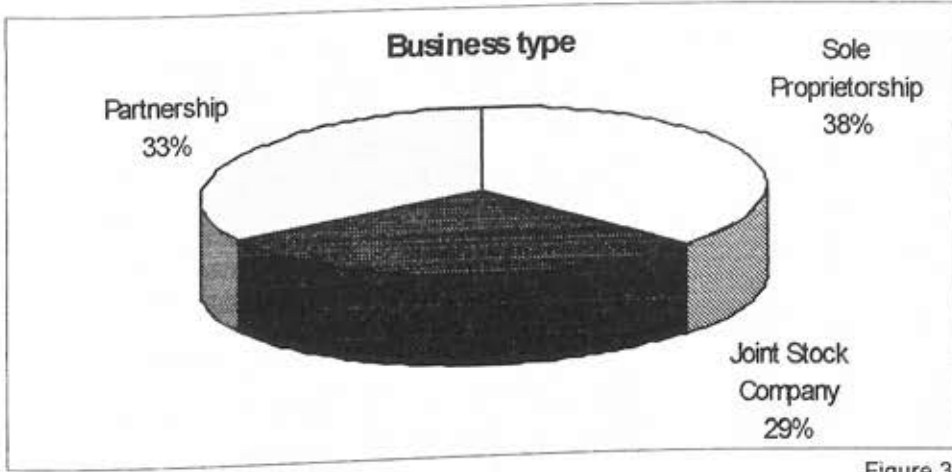


Figure 3

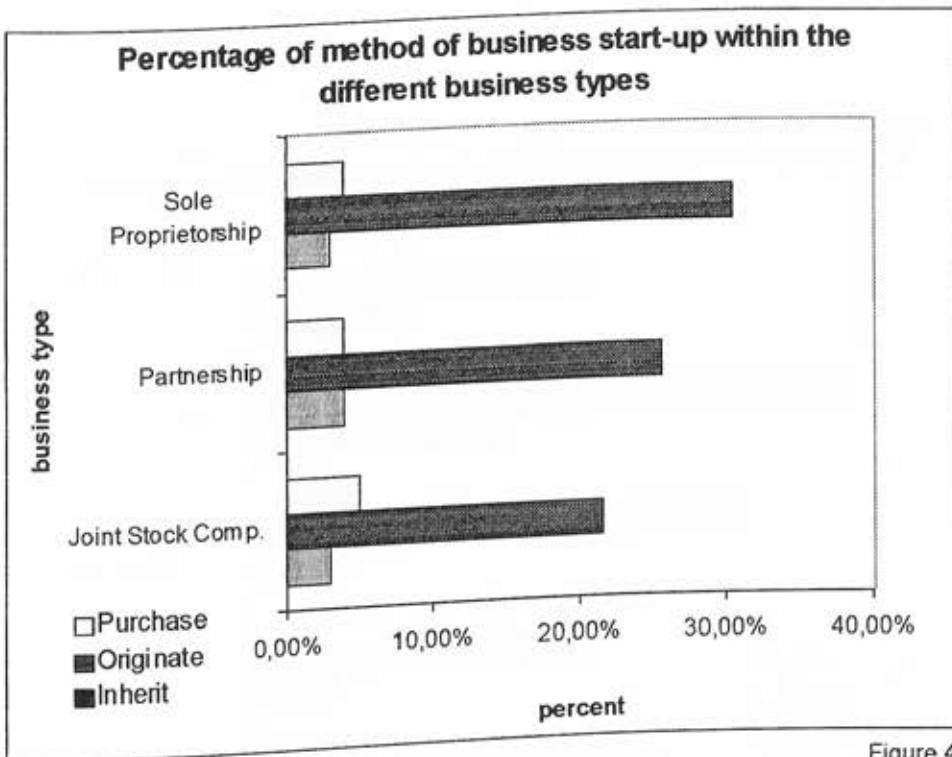


Figure 4

Sales revenue ranges among different sectors of industry in Million DM

Sector of Industry	< 1	n	>1 & < 3	n	> 3	n	total	n	Average
Retail Trade	87,5%	14	6,3%	1	6,3%	1	100%	16	0,8
Wholesale Trade	16,7%	1	0%	0	83,3%	5	100%	6	7,7
Handicraft trade	41,2%	7	17,6%	3	41,2%	7	100%	17	2,6
Construction	20,0%	3	46,7%	7	33,3%	5	100%	15	2,8
Hotel/Restaurant	55,6%	5	33,3%	3	11,1%	1	100%	9	1,4
Ind. of capital goods	0%	0	33,3%	1	66,7%	2	100%	3	7,3
Ind. of consumer goods	20,0%	1	40,0%	2	40,0%	2	100%	5	4,2
Transportation	25,0%	2	50,0%	4	25,0%	2	100%	8	3,6
Service Organization	53,8%	7	30,8%	4	15,4%	2	100%	13	2,6
Finance/Insurance	0%	0	100%	1	0%	0	100%	1	1,5
Other	57,1%	4	0%	0	42,9%	3	100%	7	2,0
Total	44%	44	26%	26	30%	30	100%	100	2,8

Table 1

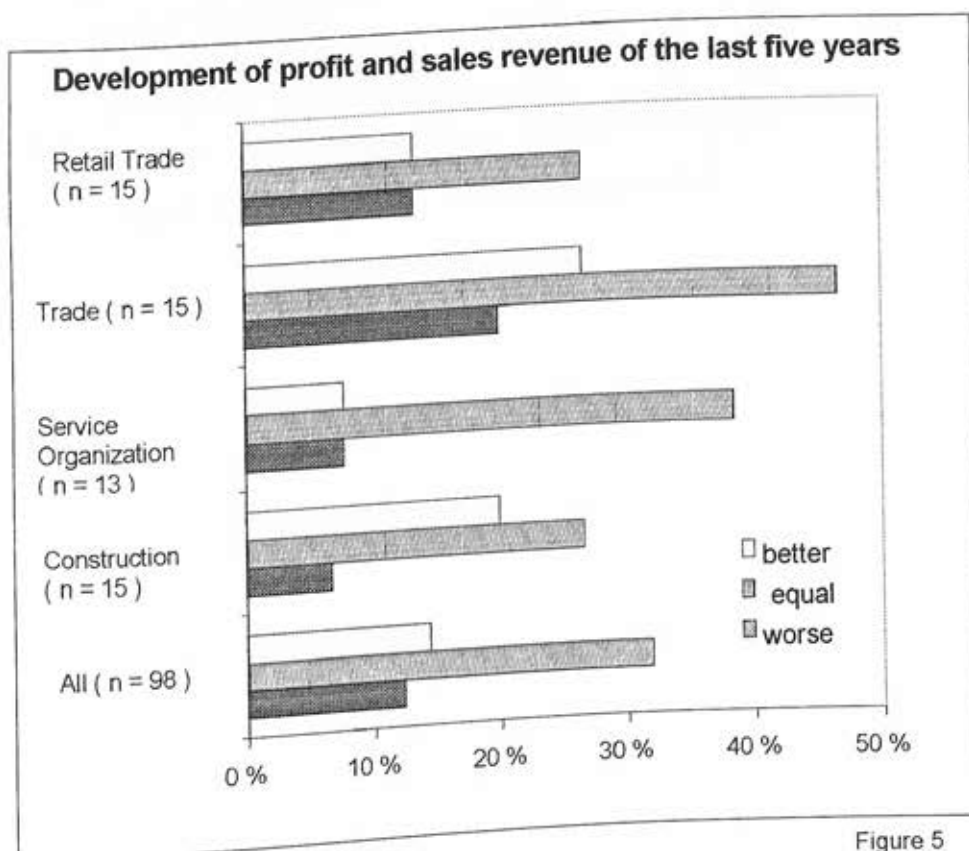


Figure 5

Average of the encountered difficulties during business start-up

Difficulties	Average
Unsound business practices	3,6
Lack of capital	3,6
Number of competitors	3,3
Bureaucracy	3,3
Unreliable business partners/suppliers	3,1
Government Assistance Agencies	3,0
Bearing entire risk of start-up	2,9
Obtaining a loan	2,9
Lack of qualified personnel	2,9
Lack of financial security	2,9
Extension of credit from suppliers	2,8
Scheduling business & family activities	2,8
Knowledge of information sources	2,5
Guidance and counsel	2,5
Finding a good location	2,5
Lack of distribution channels	2,4
Foreign market information	2,3
Home market information	1,6
To find right type of business	1,3
Lack of encouragement from family	1,1
Others	

Table 2

(1...to no extent, 3...to some extent, 5...to a very great extent)

Entrepreneurial Profile

Demographic aspects of the female entrepreneur

Women	%	n
	Business	
	37,5%	6
Retail Trade	6,3%	1
Wholesale Trade	12,5%	2
Handicraft Trade	18,8%	3
Hotel/Restaurant	12,5%	2
Service Org.	6,3%	1
Finance/Insurance	6,3%	1
Other	6,3%	1
total	100%	16
	Martial Status	
	12,5%	2
Single	68,8%	11
Married	18,8%	3
Other	18,8%	3
total	100%	16
	Education	
	31,3%	5
Academic	31,3%	5
Professional	37,5%	6
Both	100%	16
total	100%	16
	Age (years)	
Average		36,6

Table 3

Demographic aspects of the male entrepreneur

Men	%	n
	Business	
Retail Trade	11,6%	10
Wholesale Trade	5,8%	5
Handicraft Trade	17,4%	15
Construction	17,4%	15
Hotel/Restaurant	7,0%	6
Ind. of capital goods	3,5%	3
Ind. of consumer goods	5,8%	5
Service Org.	14,0%	12
Transportation	9,3%	8
Other	8,1%	7
total	100%	86
	Martial Status	
Single	10,5%	9
Married	87,2%	75
Other	2,3%	2
total	100%	86
	Education	
Academic	34,9%	30
Professional	33,7%	29
Both	31,4%	27
total	100%	86
	Age (years)	
Average		47,0

Table 4

Educational background of entrepreneurs

Education	female	male	number	%
Apprenticeship	6	25	31	30,4
Master Craftman's certificate	2	17	19	18,6
High School	4	4	8	7,8
College	2	18	20	19,6
University	2	17	19	18,6
Graduate	0	3	3	2,9
Others	0	2	2	2,0
Total	16	86	102	100

Table 5

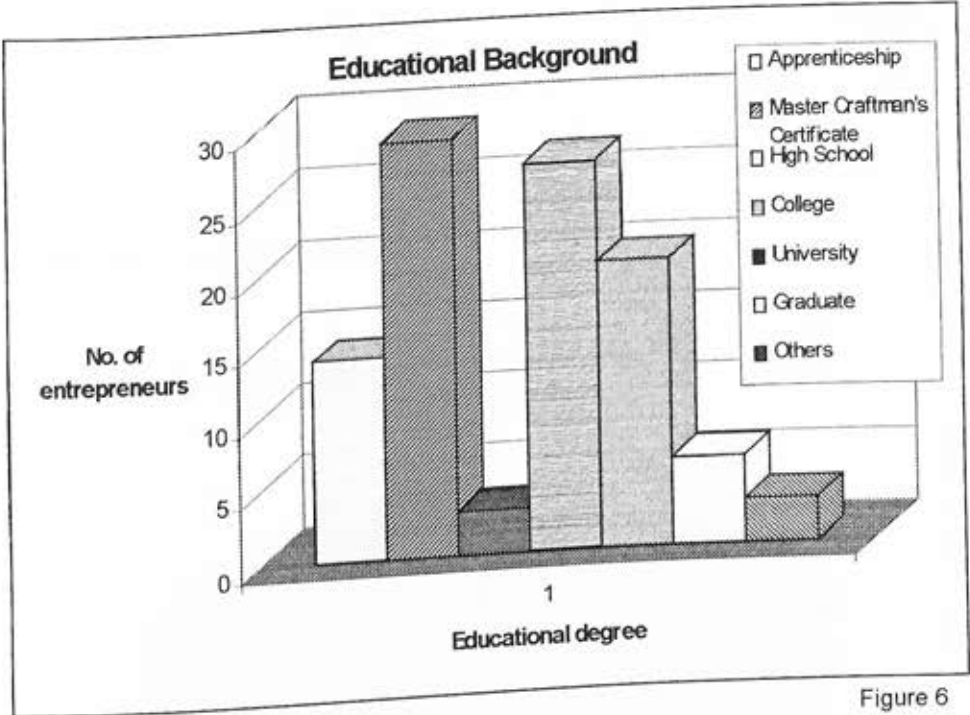
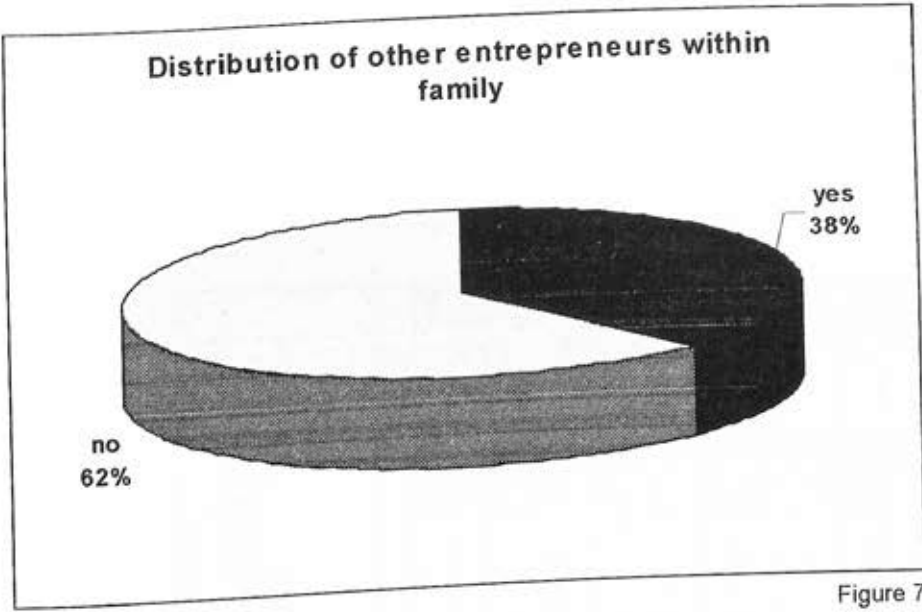
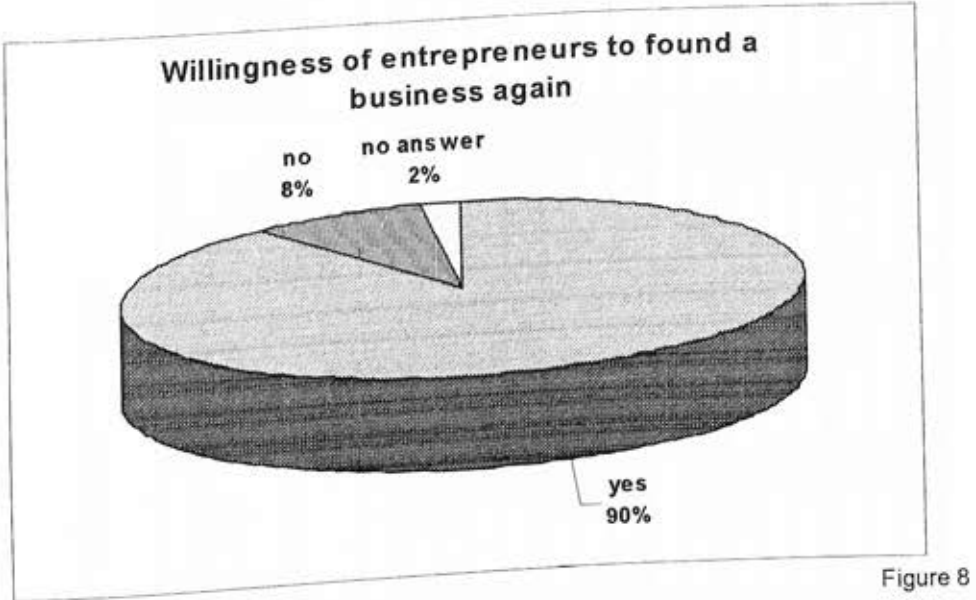


Figure 6

Family background of entrepreneurs



Enjoyment of self-employment



The influence of gender on the personal opinions of the entrepreneurs

Personal views of entrepreneur and gender – Table 6

Personal Opinion (n=102)	Firm is most important to me	I do whatever to make my firm successful	Willingness to encounter personal sacrifices to stay in business	Own firm is more important than quality time with family	Own firm is more important than having higher salary as employee	I would always try to establish my own firm	Own firm is more important than promising career	I plan on eventually sell my business
Female entrepreneurs (n=16)								
strongly agree	25,0%	37,5%	37,5%	6,3%	43,8%	25,0%	43,8%	0%
agree	43,8%	62,5%	25,0%	0%	37,5%	12,5%	6,3%	18,8%
no opinion	0,0%	0%	18,8%	12,5%	0%	37,5%	37,5%	56,3%
disagree	25,0%	0%	18,8%	25,0%	18,8%	12,5%	12,5%	0%
strongly disagree	6,3%	0%	0%	56,3%	0%	6,3%	0%	25,0%
no answer	0%	0%	0%	0%	0%	6,3%	0,0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%
Male entrepreneurs (n=86)								
strongly agree	20,9%	44,2%	29,1%	3,5%	30,2%	22,1%	20,9%	7,0%
agree	54,7%	54,7%	47,7%	11,6%	30,2%	25,6%	30,2%	20,9%
no opinion	8,1%	0%	14,0%	17,4%	22,1%	27,9%	27,9%	31,4%
disagree	11,6%	1,2%	8,1%	39,5%	8,1%	9,3%	8,1%	15,1%
strongly disagree	4,7%	0%	1,2%	26,7%	9,3%	14,0%	12,8%	20,9%
no answer	0%	0%	0%	1,2%	0%	1,2%	0%	4,7%
total	100%	100%	100%	100%	100%	100%	100%	100%

Level of sacrifices and gender – Table 7

Sacrifices (n=102)	Conflicts with family	Quality time with my children	Break-up of my marriage	Significant recreation time	Give up my friends	Give up my hobbies	Usage of all my savings	Mortgage on my house	Risk of total failure in business	Loss of a secure job	Give up other career	60 hours of working per week	Attending undesirable responsibilities in my firm	Willing to take any task in business	Willing to acquire additional skills
Female entrepreneurs (n = 16)															
strongly agree	12,5%	12,5%	6,3%	37,5%	12,5%	12,5%	25,0%	12,5%	25,0%	25,0%	25,0%	62,5%	68,8%	75,0%	75,0%
agree	18,8%	18,8%	6,3%	37,5%	31,3%	43,8%	37,5%	31,3%	43,8%	25,0%	25,0%	31,3%	25,0%	18,8%	25,0%
no opinion	6,3%	6,3%	6,3%	6,3%	18,8%	12,5%	6,3%	6,3%	6,3%	18,8%	37,5%	6,3%	6,3%	0%	0%
disagree	6,3%	37,5%	18,8%	18,8%	18,8%	12,5%	31,3%	37,5%	18,8%	12,5%	0%	0%	0%	0%	0%
strongly disagree	56,3%	25,0%	62,5%	0%	18,8%	18,8%	0%	12,5%	6,3%	18,8%	12,5%	0%	0%	6,30%	0%
no answer	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Male entrepreneurs (n = 86)															
strongly agree	2,3%	5,8%	0%	29,1%	2,3%	15,1%	20,9%	19,8%	11,6%	15,1%	16,3%	55,8%	54,7%	53,5%	52,3%
agree	30,2%	38,4%	3,5%	43,0%	14,0%	46,5%	31,4%	19,8%	37,2%	29,1%	25,6%	37,2%	39,5%	39,5%	39,5%
no opinion	12,8%	14,0%	14,0%	11,6%	17,4%	8,1%	9,3%	12,8%	15,1%	24,4%	33,7%	3,5%	3,5%	4,7%	5,8%
disagree	20,9%	22,1%	18,6%	9,3%	27,9%	15,1%	19,8%	19,8%	15,1%	11,6%	12,8%	2,3%	1,2%	0%	0%
strongly disagree	32,6%	17,4%	64,0%	5,8%	37,2%	15,1%	18,6%	24,4%	19,8%	19,8%	11,6%	1,2%	1,2%	2,3%	2,3%
no answer	1,2%	2,3%	0%	1,2%	1,2%	0%	0%	3,5%	1,2%	0%	0%	0%	0%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Motivation of business start-up and gender – Table 8

Motives (n=102)	fun at work	be my own boss	freedom to adopt own approach to work	lead others	better use of training / skills	work with people of my choice	flexibility in personal & family life	control my time	challenges of a new business & its growth	develop an idea for a product or business	high earnings	have security
Female entrepreneurs (n=16)												
to a very great extent	75,0%	87,5%	50,0%	50,0%	37,5%	50,0%	43,8%	43,8%	31,3%	25,0%	25,0%	0%
to a great extent	25,0%	12,5%	31,3%	31,3%	50,0%	25,0%	43,8%	31,3%	31,3%	43,8%	18,8%	37,5%
to some extent	0%	0%	18,8%	6,3%	6,3%	12,5%	12,5%	25,0%	25,0%	12,5%	50,0%	50,0%
to a little extent	0%	0%	0%	6,3%	0%	12,5%	0%	0%	12,5%	18,8%	6,3%	0%
to no extent	0%	0%	0%	0%	6,3%	0%	0%	0%	0%	0%	0%	12,5%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Male entrepreneurs (n=86)												
to a very great extent	41,9%	48,8%	32,6%	33,7%	37,2%	27,9%	26,7%	24,4%	24,4%	24,4%	20,9%	9,3%
to a great extent	43,0%	24,4%	36,0%	30,2%	33,7%	26,7%	24,4%	27,9%	32,6%	32,6%	25,6%	31,4%
to some extent	12,8%	22,1%	22,1%	19,8%	17,4%	30,2%	30,2%	29,1%	29,1%	23,3%	41,9%	44,2%
to a little extent	0%	3,5%	4,7%	11,6%	5,8%	10,5%	8,1%	9,3%	8,1%	11,6%	7,0%	7,0%
to no extent	2,3%	1,2%	4,7%	4,7%	5,8%	4,7%	9,3%	8,1%	5,8%	7,0%	4,7%	8,1%
no answer	0%	0%	0%	0%	0%	0%	1,2%	1,2%	0%	1,2%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Level of satisfaction and gender – Table 9

Satisfaction (n=102)	Enjoyment of life	Fulfillment of personal goals	Means to express myself	Reduce personal stress	Improve standards of living	Give family opportunity to work	Provide financial security	To have a job
Female entrepreneurs (n=16)								
to a very great extent	31,3%	56,3%	43,8%	6,3%	18,8%	6,3%	25,0%	18,8%
to a great extent	31,3%	37,5%	43,8%	6,3%	68,8%	25,0%	43,8%	62,5%
to some extent	18,8%	6,3%	12,5%	50,0%	12,5%	37,5%	25,0%	6,3%
to a little extent	18,8%	0%	0%	12,5%	0%	0%	0%	0%
to no extent	0%	0%	0%	25,0%	0%	31,3%	6,3%	12,5%
no answer	0%	0%	0%	0%	0%	0%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%
Male entrepreneurs (n=86)								
to a very great extent	17,4%	27,9%	36,0%	3,5%	15,1%	11,6%	8,1%	20,6%
to a great extent	29,1%	47,7%	39,5%	3,5%	55,8%	22,1%	45,3%	44,1%
to some extent	38,4%	19,8%	22,1%	23,3%	25,6%	22,1%	33,7%	20,6%
to a little extent	7,0%	2,3%	0%	30,2%	2,3%	9,3%	5,8%	1,0%
to no extent	8,1%	1,2%	1,2%	39,5%	1,2%	34,9%	5,8%	12,7%
no answer	0%	1,2%	1,2%	0%	0%	0%	1,2%	1,0%
total	100%	100%	100%	100%	100%	100%	100%	100%

Encountered difficulties and gender – Table 10

Difficulties (n=102)	Bureaucracy	Lack of capital	Obtaining loans	Gov. Assistance Agencies	Risk of start-up	No. of competitors	Lack of qualified personnel	Unsound business practices	Unreliable business partners
Female entrepreneurs (n=16)									
to a very great extent	6,3%	37,5%	18,8%	0%	0%	12,5%	6,3%	37,5%	12,5%
to a great extent	37,5%	12,5%	6,3%	31,3%	31,3%	25,0%	25,0%	12,5%	31,3%
to some extent	25,0%	31,3%	43,8%	25,0%	12,5%	50,0%	31,3%	18,8%	31,3%
to a little extent	6,3%	0%	6,3%	18,8%	0%	6,3%	18,8%	12,5%	18,8%
no answer	18,8%	18,8%	25,0%	25,0%	56,3%	6,3%	18,8%	18,8%	6,3%
to no extent	6,3%	0%	0%	0%	0%	0%	0%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Male entrepreneurs (n=86)									
to a very great extent	22,1%	30,2%	23,3%	19,8%	16,3%	18,6%	7,0%	36,0%	25,6%
to a great extent	26,7%	31,4%	14,0%	24,4%	29,1%	34,9%	26,7%	22,1%	14,0%
to some extent	26,7%	18,6%	15,1%	22,1%	18,6%	23,3%	33,7%	18,6%	23,3%
to a little extent	11,6%	8,1%	24,4%	16,3%	18,6%	8,1%	11,6%	16,3%	20,9%
to no extent	11,6%	10,5%	22,1%	12,8%	16,3%	14,0%	19,8%	5,8%	15,1%
no answer	1,2%	1,2%	1,2%	4,7%	1,2%	1,2%	1,2%	1,2%	1,2%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%

The influence of age on the personal opinions of the entrepreneurs

Personal views of entrepreneur and age – Table 11

Personal Opinion (n=102)	Firm is most important to me	I do whatever to make my firm successful	Willingness to encounter personal sacrifices to stay in business	Firm is more important than quality time with family	Own firm more important than having higher salary as employee	I would always try to establish my own firm	Own firm is more important than promising career	I plan on eventually sell my business
Between 20 & 40 years old (n=36)								
strongly agree	25,0%	44,4%	38,9%	2,8%	38,9%	27,8%	36,1%	2,8%
agree	47,2%	52,8%	33,3%	5,6%	30,6%	19,4%	16,7%	19,4%
no opinion	2,8%	0%	8,3%	13,9%	16,7%	36,1%	33,3%	41,7%
disagree	19,4%	2,8%	19,4%	36,1%	11,1%	8,3%	11,1%	8,3%
strongly disagree	5,6%	0%	0%	38,9%	2,8%	2,8%	2,8%	25,0%
no answer	0%	0%	0%	2,8%	0%	5,6%	0,0%	2,8%
total	100%	100%	100%	100%	100%	100%	100%	100%
Above 41 years old (n=66)								
strongly agree	19,7%	42,4%	25,8%	4,5%	28,8%	19,7%	18,2%	7,6%
agree	56,1%	57,6%	50,0%	12,1%	31,8%	25,8%	31,8%	21,2%
no opinion	9,1%	0,0%	18,2%	18,2%	19,7%	25,8%	27,3%	31,8%
disagree	10,6%	0,0%	4,5%	37,9%	9,1%	10,6%	7,6%	15,2%
strongly disagree	4,5%	0,0%	1,5%	27,3%	10,6%	18,2%	15,2%	19,7%
no answer	0%	0%	0%	0%	0%	0%	0%	4,5%
total	100%	100%	100%	100%	100%	100%	100%	100%

Level of sacrifices and age – Table 12

Sacrifices (n=102)	Conflict with family	Quality time with my children	Break-up of my marriage	Significant recreation time	Give up my friends	Give up my hobbies	Use of all my savings	Mortgage on my house	Risk of total failure in the business	Loss of a secure job	Give up other career	60 hours of working per week	Attending undesirable responsibilities in my firm	Willing to take any task in business	Willing to acquire additional skills
Between 20 & 40 years (n=36)															
strongly agree	5,6%	5,6%	2,8%	41,7%	2,8%	13,9%	19,4%	13,9%	13,9%	22,2%	22,2%	61,1%	66,7%	75,0%	66,7%
agree	30,6%	38,9%	5,6%	36,1%	30,6%	63,9%	44,4%	30,6%	44,4%	30,6%	27,8%	33,3%	25,0%	22,2%	30,6%
no opinion	11,1%	8,3%	11,1%	5,6%	16,7%	2,8%	8,3%	11,1%	13,9%	19,4%	33,3%	2,8%	5,6%	0%	0%
disagree	19,4%	36,1%	25,0%	13,9%	25,0%	5,6%	22,2%	33,3%	19,4%	13,9%	8,3%	2,8%	0%	0%	0%
strongly disagree	30,6%	11,1%	55,6%	2,8%	25,0%	13,9%	5,6%	11,1%	8,3%	13,9%	8,3%	0%	2,8%	2,8%	2,8%
no answer	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Above 41 years (n=66)															
strongly agree	3,0%	7,6%	0%	24,2%	4,5%	15,2%	22,7%	21,2%	13,6%	13,6%	15,2%	54,5%	51,5%	47,0%	50,0%
agree	27,3%	33,3%	3,0%	45,5%	9,1%	36,4%	25,8%	16,7%	34,8%	27,3%	24,2%	37,9%	43,9%	43,9%	40,9%
no opinion	12,1%	15,2%	13,6%	13,6%	18,2%	12,1%	9,1%	12,1%	13,6%	25,8%	34,8%	4,5%	3,0%	6,1%	7,6%
disagree	18,2%	18,2%	15,2%	9,1%	27,3%	19,7%	21,2%	16,7%	13,6%	10,6%	12,1%	1,5%	1,5%	0%	0%
strongly disagree	39,4%	22,7%	68,2%	6,1%	39,4%	16,7%	21,2%	28,8%	22,7%	22,7%	13,6%	1,5%	0%	3,0%	1,5%
no answer	0%	3,0%	0%	1,5%	1,5%	0%	0%	4,5%	1,5%	0%	0%	0%	0%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Motivation of business start-up and age – Table 13

Motives (n=102)	fun at work	be my own boss	freedom to adopt own approach to work	lead others	better use of training / skills	work with people of my & family choice life	flexibility in personal & family life	control my time	challenges of a new business & its growth	develop an idea for a product or business	high earnings	have security
Between 20 & 40 years (n=36)												
to a very great extent	58,3%	75,0%	47,2%	47,2%	38,9%	47,2%	50,0%	44,4%	22,2%	25,0%	30,6%	5,6%
to a great extent	38,9%	8,3%	30,6%	25,0%	38,9%	13,9%	22,2%	19,4%	38,9%	36,1%	22,2%	33,3%
to some extent	2,8%	16,7%	13,9%	16,7%	16,7%	33,3%	13,9%	25,0%	27,8%	25,0%	41,7%	44,4%
to a little extent	0%	0%	5,6%	8,3%	2,8%	5,6%	5,6%	5,6%	11,1%	13,9%	2,8%	2,8%
to no extent	0%	0%	2,8%	2,8%	2,8%	0%	5,6%	2,8%	0%	0%	2,8%	13,9%
no answer	0%	0%	0%	0%	0%	0%	0%	2,8%	0%	0%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Above 41 years (n=66)												
to a very great extent	40,9%	43,9%	28,8%	30,3%	36,4%	22,7%	18,2%	18,2%	27,3%	24,2%	16,7%	9,1%
to a great extent	40,9%	30,3%	37,9%	33,3%	34,8%	33,3%	30,3%	33,3%	28,8%	33,3%	25,8%	31,8%
to some extent	15,2%	19,7%	25,8%	18,2%	15,2%	24,2%	34,8%	30,3%	28,8%	19,7%	43,9%	45,5%
to a little extent	0%	4,5%	3,0%	12,1%	6,1%	13,6%	7,6%	9,1%	7,6%	12,1%	9,1%	7,6%
to no extent	3,0%	1,5%	4,5%	0,6%	7,6%	6,1%	9,1%	9,1%	7,6%	9,1%	4,5%	6,1%
no answer	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
total	100%	100%	100%	95%	100%	100%	100%	100%	100%	100%	100%	100%

Level of satisfaction and age – Table 14

Satisfaction (n=102)	Enjoyment of life	Fulfillment of personal goals	Means to express myself	Reduce personal stress	Improve standards of living	Give family opportunity to work	Provide financial security	To have a job
Between 20 & 40 years (n=36)								
to a very great extent	22,2%	47,2%	44,4%	8,3%	22,2%	19,4%	22,2%	16,7%
to a great extent	36,1%	41,7%	47,2%	5,6%	63,9%	19,4%	47,2%	41,7%
to some extent	25,0%	8,3%	8,3%	19,4%	11,1%	19,4%	16,7%	22,2%
to a little extent	11,1%	2,8%	0%	27,8%	2,8%	2,8%	5,6%	2,8%
to no extent	5,6%	0%	0%	38,9%	0%	38,9%	8,3%	16,7%
no answer	0%	0%	0%	0%	0%	0%	0%	0%
total	100%	100%	100%	100%	100%	100%	100%	100%
Above 41 years (n=66)								
to a very great extent	18,2%	24,2%	33,3%	1,5%	12,1%	6,1%	4,5%	22,7%
to a great extent	25,8%	48,5%	36,4%	3,0%	54,5%	24,2%	43,9%	45,5%
to some extent	40,9%	22,7%	27,3%	31,8%	30,3%	27,3%	40,9%	19,7%
to a little extent	7,6%	1,5%	0%	27,3%	1,5%	10,6%	4,5%	0%
to no extent	7,6%	1,5%	1,5%	36,4%	1,5%	31,8%	4,5%	10,6%
no answer	0%	1,5%	1,5%	0%	0%	0%	1,5%	1,5%
total	100%	100%	100%	100%	100%	100%	100%	100%

Encountered difficulties and age – Table 15

Difficulties (n=102)	Bureaucracy	Lack of capital	Obtaining loans	Gov. Assistance Agencies	Risk of start-up	No. of competitors	Lack of qualified personnel	Unsound business practices	Unreliable business partners
Between 20 & 40 years (n=36)									
to a very great extent	19,4%	36,1%	27,8%	13,9%	2,8%	13,9%	13,9%	36,1%	27,8%
to a great extent	36,1%	30,6%	11,1%	36,1%	36,1%	27,8%	22,2%	27,8%	25,0%
to some extent	27,8%	22,2%	30,6%	22,2%	13,9%	41,7%	33,3%	19,4%	25,0%
to a little extent	8,3%	2,8%	16,7%	13,9%	13,9%	2,8%	11,1%	8,3%	16,7%
to no extent	8,3%	8,3%	13,9%	13,9%	33,3%	13,9%	19,4%	8,3%	5,6%
total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Above 41 years (n=66)									
to a very great extent	19,7%	28,8%	19,7%	33,3%	19,7%	19,7%	3,0%	36,4%	21,2%
to a great extent	24,2%	27,3%	13,6%	19,7%	25,8%	36,4%	28,8%	16,7%	12,1%
to some extent	25,8%	19,7%	13,6%	22,7%	19,7%	19,7%	33,3%	18,2%	24,2%
to a little extent	12,1%	9,1%	24,2%	18,2%	16,7%	10,6%	13,6%	19,7%	22,7%
to no extent	15,2%	13,6%	27,3%	15,2%	16,7%	12,1%	19,7%	7,6%	18,2%
no answer	3,0%	1,5%	1,5%	6,1%	1,5%	1,5%	1,5%	1,5%	1,5%
total	100%	100%	100%	115%	100%	100%	100%	100%	100%

Factor Analysis

Factor analysis of motivation variables

Initial Statistics:

V121	Freedom to adopt own approach to my work
V1212	Development of an idea for a product or business
V1213	Challenges of starting a new business
V1214	Taking advantage of an opportunity that appeared
V1215	Disappointed from previous job
V1218	It was the only thing I could do
V1219	To provide security for my family / myself
V122	Flexibility in personal and family life
V1220	To contribute to the welfare of my relatives
V1221	Continuance of a family tradition
V1225	To escape unsafe working conditions
V1227	To have access to fringe benefits
V1228	To have influence in the community
V125	To control my time
V126	To work with people of my choice
V127	To be my own boss
V1216	To follow the example of a person I admire
V1217	To achieve something and get recognition for it
V1223	To work in a desirable location
V1224	To contribute to the welfare of the community I live in

Analysis number 1 Listwise deletion of cases with missing values

Extraction 1 for analysis 1, Principal Components Analysis (PC)

PC extracted 6 factors

Final Statistics:

Variable	Communality *	Factor	Eigenvalue	Pct of Var	Cum Pct
V121	0.70818	* 1	3.78399	18.9	18.9
V1212	0.71231	* 2	2.74076	13.7	32.6
V1213	0.67156	* 3	1.95749	9.8	42.4
V1214	0.63146	* 4	1.64066	8.2	50.6
V1215	0.59263	* 5	1.38540	6.9	57.5
V1218	0.64259	* 6	1.18203	5.9	63.5
V1219	0.67579	*			
V122	0.65155	*			
V1220	0.65037	*			
V1221	0.64954	*			
V1225	0.74780	*			
V1227	0.80019	*			
V1228	0.62649	*			
V125	0.70347	*			
V126	0.56677	*			
V127	0.58083	*			
V1216	0.51055	*			
V1217	0.56438	*			
V1223	0.47023	*			
V1224	0.53362	*			

VARIMAX rotation 1 for extraction 1 in analysis 1 – Kaiser Normalization.

VARIMAX converged in 8 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3
V121	0.79116	0.06169	0.21937
V1212	0.23206	0.13841	0.74737
V1213	0.29746	0.12651	0.72959
V1214	-0.27266	0.12976	-0.04690
V1215	0.17279	0.18906	0.03246
V1218	-0.14614	-0.15071	0.01223
V1219	-0.11396	0.58073	-0.05363
V122	0.80398	0.03984	0.04404
V1220	0.05968	0.67831	-0.26322
V1221	-0.11730	0.73169	0.06953
V1225	-0.05584	0.01767	-0.16008
V1227	-0.00597	-0.01528	0.00402
V1228	0.02942	0.25717	0.10643
V125	0.81672	0.06324	-0.13041
V126	0.69249	-0.01613	0.23599
V127	0.70303	-0.13364	0.20212
V1216	0.11141	0.59439	0.27867
V1217	0.00106	-0.01084	0.65176
V1223	0.04341	0.50582	0.09372
V1224	0.03124	0.56530	0.33494

	Factor 4	Factor 5	Factor 6
V121	0.12082	-0.09697	-0.07944
V1212	-0.07400	-0.13075	-0.24118
V1213	-0.06839	-0.02839	-0.17111
V1214	0.00014	0.60882	-0.40917
V1215	-0.23437	0.68376	0.05942
V1218	0.03157	0.72697	0.26246
V1219	-0.10249	-0.08537	0.55217
V122	0.00192	-0.02971	0.02751
V1220	0.33145	0.08609	-0.01237
V1221	0.02679	-0.24449	-0.18732
V1225	0.00467	0.15682	0.83315
V1227	0.89150	-0.07168	-0.00188
V1228	0.73059	-0.09097	-0.07821
V125	0.06911	-0.09097	-0.10233
V126	-0.15474	0.01363	-0.07880
V127	-0.01750	0.03360	-0.07880
V1216	0.08860	0.03360	0.15858
V1217	0.28598	-0.04906	0.03862
V1223	-0.21935	0.24050	0.18311
V1224	0.21811	0.15541	0.39115
		0.05095	0.11005
		0.20301	

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4
Factor 1	0.83932	0.22114	0.47304	0.08227
Factor 2	-0.28414	0.85011	0.14273	0.27803
Factor 3	0.22508	0.02561	-0.10482	-0.62773
Factor 4	-0.31734	-0.11461	0.64257	-0.25003
Factor 5	0.14607	-0.34297	-0.08168	0.66634
Factor 6	0.20520	0.31143	-0.57036	-0.12394

	Factor 5	Factor 6
Factor 1	-0.08032	-0.09827
Factor 2	0.20578	0.23781
Factor 3	0.50539	0.53687
Factor 4	0.45225	-0.45412
Factor 5	0.62782	0.12728
Factor 6	0.31160	-0.65049

Reliability Analysis – Scale (Alpha)

Reliability Coefficient: Factor 1

N of Cases = 102.0

N of Items = 5

Alpha = 0.8316

Reliability Coefficient: Factor 2

N of Cases = 102.0

N of Items = 6

Alpha = 0.7066

Reliability Coefficient: Factor 3

N of Cases = 102.0

N of Items = 3

Alpha = 0.6599

Reliability Coefficient: Factor 4

N of Cases = 102.0

N of Items = 2

Alpha = 0.6682

Reliability Coefficient: Factor 5

N of Cases = 102.0

N of Items = 3

Alpha = 0.4943

Name of factors:

- Factor 1.....Level of Independence
- Factor 2.....Priority of Family
- Factor 3.....Level of Self-fulfillment
- Factor 4.....Political Decision Motives

Factor analysis of sacrifice variables

Initial Statistics:

V111	Conflict with family
V1110	Loss of a secure job
V1111	To give up other careers
V1112	60 hours of working per week
V1113	Attending undesirable responsibilities in my business
V1114	Willing to take any task in my business
V1115	Willing to acquire additional skills
V112	Quality time with my children
V113	Break-up of my marriage
V114	Significant recreation time
V117	Usage of all my savings
V118	Mortgage on my house
V119	Risk of total failure in this business
V115	Give up my friends
V116	Give up my hobbies

Analysis number 1 Listwise deletion of cases with missing values

Extraction 1 for analysis 1, Principal Components Analysis (PC)

PC extracted 3 factors

Final Statistics:

Variable	Communality	* Factor	Eigenvalue	Pct of Var	Cum Pct
V111	0.59811	* 1	4.17719	27.8	27.8
V1110	0.45799	* 2	2.37710	15.8	43.7
V1111	0.48249	* 3	1.42900	9.5	53.2
V1112	0.61407	*			
V1113	0.61368	*			
V1114	0.65473	*			
V1115	0.75833	*			
V112	0.49298	*			
V113	0.46516	*			
V114	0.36521	*			
V117	0.52057	*			
V118	0.64581	*			
V119	0.34761	*			
V115	0.51736	*			
V116	0.44918	*			

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

VARIMAX converged in 5 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3
V111	-0.16027	0.72878	0.20325
V1110	0.29443	0.11119	0.59911
V1111	0.40308	0.03809	0.56442
V1112	0.72623	0.16871	0.24124
V1113	0.77220	0.03937	0.12588
V1114	0.80618	0.02018	0.06630
V1115	0.85552	-0.13531	0.09001
V112	0.15050	0.65051	0.21719
V113	-0.19271	0.64223	0.12475
V114	0.51496	0.31374	-0.03991
V117	0.18053	0.27741	0.64111
V118	-0.08649	0.21794	0.76865
V119	-0.02926	-0.00783	0.58881
V115	0.24887	0.67281	-0.05241
V116	0.30337	0.58786	0.10757

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3
Factor 1	0.73019	0.45914	0.50598
Factor 2	-0.65440	0.68289	0.32470
Factor 3	0.19645	0.56821	-0.79909

Reliability Analysis – Scale (Alpha)

Reliability Coefficient: Factor 1

N of Cases = 102.0

N of Items = 5

Alpha = 0.7898

Reliability Coefficient: Factor 2

N of Cases = 102.0

N of Items = 5

Alpha = 0.7057

Reliability Coefficient: Factor 3

N of Cases = 102.0

N of Items = 5

Alpha = 0.6924

Name of factors:

Factor 1.....Priority of Business
Factor 2.....Conflict Potential
Factor 3..... Risks of Means of Subsistence

Crosstabulation Analyses

LEVEL OF INDEPENDENCE and SALES GROWTH

Count
Expected Value
Row Percentage

Level of Independence	Sales Growth			Row Total
	Worse	Equal	Better	
Low	3 1,0 41,7 %	3 2,8 41,7 %	1 2,2 16,7 %	6 6,3 %
Moderate	9 8,2 17,3 %	28 23,0 56,1 %	13 17,9 26,5 %	49 51,0 %
High	5 6,8 12,2 %	15 19,2 36,6 %	21 14,9 51,2 %	41 42,7 %
Column Total	16 16,7 %	45 46,9 %	35 36,5 %	96 100 %

Chi-Square Value 9,02982 DF 4 Significance 0,06036
Pearson

Minimum Expected Frequency :
Cells with Expected Frequency < 5: 1,000
3 OF 9 (33,3%)

Number of Missing Observations: 6

Table 16

LEVEL OF INDEPENDENCE and RETURN ON INVESTMENT

Count
Expected Value
Row Percentage

Level of Independence	Return on Investment			Row Total
	Worse	Equal	Better	
Low	3 1,7 41,7 %	3 2,9 41,7 %	1 1,4 16,7 %	6 6,3 %
Moderate	13 13,8 26,5 %	27 24,0 54,1 %	10 11,2 19,4 %	49 51,0 %
High	12 11,5 28,0 %	18 20,1 43,9 %	12 9,4 28,0 %	41 42,7 %
Column Total	27 28,1 %	47 49,0 %	22 22,9 %	96 100 %

Chi-Square	Value	DF	Significance
Pearson	1,81728	4	0,76932

Minimum Expected Frequency: 1,375
Cells with Expected Frequency < 5: 3 OF 9 (33,3%)

Number of Missing Observations: 6

Table 17

PRIORITY OF FAMILY and SALES GROWTH

Count
Expected Value
Row Percentage

Priority of Family	Sales Growth			Row Total
	Worse	Equal	Better	
None	1 1,3 12,5 %	1 3,8 12,5 %	6 2,9 75,0 %	8 8,2 %
Low	7 6,2 17,3 %	21 17,8 54,7 %	11 13,5 28,0 %	38 38,7 %
Moderate	9 8,5 16,5 %	25 24,4 47,6 %	19 18,6 35,9 %	52 53,1 %
Column Total	16 16,5 %	46 47,4 %	35 36,1 %	97 100 %

Chi-Square Value DF Significance
Pearson 6,60331 4 0,15840

Minimum Expected Frequency:
Cells with Expected Frequency < 5: 1,320
3 OF 9 (33,3%)

Number of Missing Observations: 5

Table 18

PRIORITY OF FAMILY and RETURN ON INVESTMENT

Count
Expected Value
Row Percentage

Priority of Family	Return on Investment			Row Total
	Worse	Equal	Better	
None	3 2,2 37,5 %	3 4,0 37,5 %	2 1,8 25,0 %	8 8,2 %
Low	11 10,4 28,0 %	21 18,6 54,7 %	7 8,5 17,3 %	38 38,7 %
Moderate	14 14,3 26,2 %	25 25,5 47,6 %	14 11,7 26,2 %	52 53,1 %
Column Total	27 27,8 %	48 49,5 %	22 22,7 %	97 100 %

Chi-Square Value 1,56639 DF 4 Significance 0,81482
Pearson

Minimum Expected Frequency : 1,814
Cells with Expected Frequency < 5 : 3 OF 9 (33,3%)

Number of Missing Observations: 5

Table 19

SELF-FULFILLMENT and SALES GROWTH

Count
Expected Value
Row Percentage

Self-fulfillment	Sales Growth			Row Total
	Worse	Equal	Better	
Moderate	11 10,1 18,0 %	33 28,9 53,3 %	18 22,0 28,7 %	61 62,9 %
High	5 5,9 13,9 %	14 17,1 37,5 %	18 13,0 48,6 %	36 37,1 %
Column Total	16 16,5 %	46 47,4 %	35 36,1 %	97 100 %

Chi-Square Value DF Significance
Pearson 3,91455 2 0,14124

Minimum Expected Frequency : 5,938

Number of Missing Observations: 5

Table 20

SELF-FULFILLMENT and RETURN ON INVESTMENT

Count
Expected Value
Row Percentage

Self-fulfillment	Return on Investment			Row Total
	Worse	Equal	Better	
Moderate	19 17,0 31,1 %	34 30,2 54,9 %	9 13,8 13,9 %	61 62,9 %
High	8 10,0 22,2 %	15 17,8 40,3 %	14 8,2 37,5 %	36 37,1 %
Column Total	27 27,8 %	48 49,5 %	22 22,7 %	97 100 %

Chi-Square	Value	DF	Significance
Pearson	7,17177	2	0,02771

Minimum Expected Frequency: 8,165

Number of Missing Observations: 5

Table 21

POLITICAL DECISION MOTIVES and SALES GROWTH

Count
Expected Value
Row Percentage

Political Motives	Sales Growth			Row Total
	Worse	Equal	Better	
Not important	15 12,6 19,0 %	33 36,6 42,5 %	30 27,6 38,6 %	77 78,9 %
Important	2 3,4 7,3 %	14 9,7 65,9 %	6 7,4 26,8 %	21 21,1 %
Column Total	16 16,5 %	46 47,4 %	35 36,1 %	97 100 %

Chi-Square	Value	DF	Significance
Pearson	3,80616	2	0,14911

Minimum Expected Frequency :
Cells with Expected Frequency < 5 : 3,381
1 OF 6 (16,7%)

Number of Missing Observations: 5

Table 22

POLITICAL DECISION MOTIVES and RETURN ON INVESTMENT

Count
Expected Value
Row Percentage

Political Motives	Return on Investment			Row Total
	Worse	Equal	Better	
Not important	23 21,3 29,4 %	35 37,9 45,8 %	19 17,4 24,8 %	77 78,9 %
Important	5 5,7 22,0 %	13 10,1 63,4 %	3 4,6 14,6 %	21 21,1 %
Column Total	27 27,8 %	48 49,5 %	22 22,7 %	97 100 %

Chi-Square Value DF Significance
Pearson 2,08459 2 0,35264

Minimum Expected Frequency:
Cells with Expected Frequency < 5: 4,649
1 OF 6 (16,7%)

Number of Missing Observations: 5

Table 23

PRIORITY OF BUSINESS and SALES GROWTH

Count
Expected Value
Row Percentage

Priority of Business	Sales Growth			Row Total
	Worse	Equal	Better	
Moderate	3 4,4 11,3 %	18 12,6 66,0 %	6 9,6 22,6 %	27 27,3 %
High	13 11,6 18,4 %	29 33,4 40,4 %	29 25,4 41,1 %	71 72,7 %
Column Total	16 16,5 %	46 47,4 %	35 36,1 %	97 100 %

Chi-Square	Value	DF	Significance
Pearson	5,08154	2	0,07881

Minimum Expected Frequency:
Cells with Expected Frequency < 5: 1 OF 6 (16,7%)

Number of Missing Observations: 5

Table 24

PRIORITY OF BUSINESS and RETURN ON INVESTEMENT

Count
Expected Value
Row Percentage

Priority of Business	Return on Investment			Row Total
	Worse	Equal	Better	
Moderate	6 7,4 20,8 %	20 13,4 73,6 %	2 5,7 5,7 %	27 27,3 %
High	22 19,6 30,5 %	30 35,6 41,8 %	20 15,3 27,7 %	71 72,7 %
Column Total	27 27,8 %	49 50,5 %	21 21,6 %	97 100 %

Chi-Square	Value	DF	Significance
Pearson	8,80352	2	0,01226

Minimum Expected Frequency : 5,737

Number of Missing Observations: 5

Table 25

CONFLICT POTENTIAL and SALES GROWTH

Count
Expected Value
Row Percentage

Conflict Potential	Sales Growth			Row Total
	Worse	Equal	Better	
Low	4 6,3 9,2 %	23 18,0 59,2 %	12 13,7 31,6 %	38 39,2 %
Moderate	13 9,7 21,2 %	24 28,0 39,8 %	23 21,3 39,0 %	59 60,8 %
Column Total	16 16,5 %	46 47,4 %	35 36,1 %	97 100 %

Chi-Square	Value	DF	Significance
Pearson	4,19144	2	0,12298

Minimum Expected Frequency: 6,268

Number of Missing Observations: 5

Table 26

CONFLICT POTENTIAL and RETURN ON INVESTMENT

Count
Expected Value
Row Percentage

Conflict Potential	Return on Investment			Row Total
	Worse	Equal	Better	
Low	8 10,6 21,1 %	23 18,8 59,2 %	8 8,6 19,7 %	38 39,2 %
Moderate	19 16,4 32,2 %	26 29,2 43,2 %	15 13,4 24,6 %	59 60,8 %
Column Total	27 27,8 %	48 49,5 %	22 22,7 %	97 100 %

Chi-Square	Value	DF	Significance
Pearson	2,46542	2	0,29150

Minimum Expected Frequency: 8,619

Number of Missing Observations: 5

Table 27

RISKS OF MEANS OF SUBSISTENCE and SALES GROWTH

Count
Expected Value
Row Percentage

Subsistence Risk	Sales Growth			Row Total
	Worse	Equal	Better	
Low	4 3,2 20,5 %	12 9,2 59,0 %	4 7,0 20,5 %	20 20,1 %
Moderate	10 9,5 16,5 %	29 27,3 49,6 %	20 20,7 33,9 %	58 59,3 %
High	3 3,3 12,5 %	6 9,5 30,0 %	12 7,2 57,5 %	20 20,6 %
Column Total	16 16,5 %	46 47,4 %	35 36,1 %	97 100 %

Chi-Square Value DF Significance
Pearson 6,19657 4 0,18494

Minimum Expected Frequency :
Cells with Expected Frequency < 5: 3,216
2 OF 9 (22,2%)

Number of Missing Observations: 5

Table 28

RISKS OF MEANS OF SUBSISTENCE and RETURN ON INVESTMENT

Count
Expected Value
Row Percentage

Subsistence Risk	Return on Investment			Row Total
	Worse	Equal	Better	
Low	5 5,4 23,1 %	13 9,6 66,7 %	2 4,4 10,3 %	20 20,1 %
Moderate	16 16,0 27,0 %	28 28,5 48,7 %	14 13,0 24,3 %	58 59,3 %
High	7 5,6 35,0 %	7 9,9 35,0 %	6 4,5 30,0 %	20 20,6 %
Column Total	27 27,8 %	48 49,5 %	22 22,7 %	97 100 %

Chi-Square Value 4,43201 DF 4 Significance 0,35069
Pearson

Minimum Expected Frequency : 4,423
Cells with Expected Frequency < 5: 2 OF 9 (22,2%)

Number of Missing Observations: 5

Table 29

Letter

Firma
Straße

Ort

Existenzgründung - von der Idee zum Erfolg

Dresden, 15.04.1998

Sehr geehrter Herr / Frau...

„Gründerfieber in Deutschland:...In den Labors der Unis, im Umfeld der Konzerne oder einfach in den Garagen der Eltern - überall wird getüftelt, gerechnet und gewartet. Am Ende steht die eigene Firma.“
[Hoffritz, J.; Hörnig, F. (1998): Totaler Kick-Gründerfieber in Deutschland, in: Wirtschaftswoche, (1998), H. 12, S. 220]

Der Fachbereich Wirtschaftswissenschaften, in Kooperation mit der DePaul University in Chicago, führt eine empirische Studie zum Thema „Unternehmenserfolg und Motive der Existenzgründung im Freistaat Sachsen“ durch.

Das Anliegen dieser Untersuchung ist es, neben den unterschiedlichen Beweggründen zur Entscheidung für die Selbständigkeit, Rückschlüsse auf die erforderliche Arbeitsintensität der Unternehmer, den Erfolg und die Schwierigkeiten bei einer Existenzgründung im Freistaat Sachsen ziehen zu können. Die Ergebnisse dieser Studie werden unter anderem an amerikanischen Vergleichsstudien gemessen.

Sie würden uns sehr helfen, wenn Sie sich etwas Zeit nehmen könnten, den beiliegenden Fragebogen zu beantworten und möglichst bald (Einsendeschluß 26.04.1998) zurückzusenden. Im Zentrum des Fragebogens stehen, neben allgemeinen Fragen, Angaben zu Motiven Ihrer Unternehmensgründung. Selbstverständlich werden Ihre Angaben vertraulich behandelt. In den Ergebnisbericht werden ausschließlich zusammengefaßte Daten übernommen, die keine Rückschlüsse auf einzelne Unternehmen erlauben. Gern senden wir Ihnen später eine Zusammenfassung der wichtigsten Ergebnisse zu.

Wenn Sie Fragen bezüglich der Studie oder zum Fragebogen selbst haben, dann können Sie uns wie folgt erreichen:

Tel.: 03 51 / 2 67 85 30

Fax: 03 52 9 / 51 89 78

Email: htw4877@htw-dresden.de

Für Ihre Mitarbeit bedanken wir uns recht herzlich und verbleiben

mit freundlichen Grüßen

Prof. Dr. Hans-Joachim Pohl

Anja Kegel
Diplomandin

Anlage:Fragebogen

Questionnaire

Business Characteristics

1. Which of the following best describes your business?

- | | |
|--|---|
| <input type="checkbox"/> Retail Trade
<input type="checkbox"/> Wholesale Trade
<input type="checkbox"/> Handicraft Trade
<input type="checkbox"/> Construction
<input type="checkbox"/> Hotel / Restaurant
<input type="checkbox"/> Other | <input type="checkbox"/> Transportation
<input type="checkbox"/> Industry of capital goods
<input type="checkbox"/> Industry of consumer goods
<input type="checkbox"/> Service Organization
<input type="checkbox"/> Finance / Insurance |
|--|---|

2. How many family members work in the business?

- 0 1 2 3 >3

3. How many family members are investors in the business?

- 0 1 2 3 >3

4. What year was the business legally started? _____ (year)

5. Check the method that describes how you came to own this business?

- Purchase
 Originate
 Inherit

6. Is your business a:

- | | |
|--|---|
| <input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Joint Stock Company | <input type="checkbox"/> Partnership
<input type="checkbox"/> Corporation? |
|--|---|

7. Please compare the development of your business of the last five years within the market.

Please mark for each alternative the corresponding value.

	worse	→	equal	→	better
Profit	1	2	3	4	5
Sales growth	1	2	3	4	5
Return on investment	1	2	3	4	5
Return on sales	1	2	3	4	5

Ventur Performance and Motivation of Business Foundation - An empirical study in the Free-State Saxony

Please send it back using the Fax-No.: 03 52 9 / 51 89 78

8. What was your sales revenue in 1997? (data in million DM per year)

- less than 1
 betw. 1 & less than 3
 betw. 3 & less than 5
 betw. 5 & less than 10
 betw. 10 & less than 15
 betw. 15 & more

9. How many employees work in your firm?

	at this time	2 years ago	5 years ago
total number			
No. of full-time employees			
No. of part-time employees			

Personal Opinions

10. Please indicate how you feel about following statements (circle the response):

	strongly disagree		no opinion		strongly agree
	1	2	3	4	5
1. My business is the most important activity in my life.					
2. I will do whatever it takes to make my business a success.					
3. I would be willing to make significant personal sacrifices in order to stay in business.					
4. Owning my own business is more important than spending more time with my family.					
5. I would rather own my own business than earn a higher salary employed by someone else					
6. I would go to work somewhere else only long enough to make another attempt to establish my own firm.					
7. I would rather own my own business than pursue another promising career.					
8. I plan to eventually sell my business.					

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11. In establishing my business I would be willing to incur the following:

	strongly disagree		no opinion		strongly agree
1. Conflict with the family	1	2	3	4	5
2. Quality time with my children	1	2	3	4	5
3. The break up of my marriage	1	2	3	4	5
4. Significant recreation time	1	2	3	4	5
5. Give up my friends	1	2	3	4	5
6. Give up my hobbies	1	2	3	4	5
7. Use of all my savings	1	2	3	4	5
8. Mortgage on my house	1	2	3	4	5
9. Risk of total failure in this business	1	2	3	4	5
10. Loss of a secure job	1	2	3	4	5
11. To give up other careers	1	2	3	4	5
12. 60 hours of working per week	1	2	3	4	5
13. Attending to a variety of undesirable responsibilities in my business.	1	2	3	4	5
14. Willing to take any task in my business.	1	2	3	4	5
15. Willing to acquire additional skills at significant personal expense.	1	2	3	4	5

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12. The following were reasons for going into business:

	to no extent	to some extent	to a very great extent		
1. To have considerable freedom to adopt my own approach to my work	1	2	3	4	5
2. To have greater flexibility in my personal and family life	1	2	3	4	5
3. To be respected by friends	1	2	3	4	5
4. To have an element of variety and adventure in the work	1	2	3	4	5
5. To control my own time	1	2	3	4	5
6. To be able to work with people I choose	1	2	3	4	5
7. To be my own boss, to work for myself	1	2	3	4	5
8. To have opportunity to lead, rather than be led by others	1	2	3	4	5
9. To have fun at work	1	2	3	4	5
10. Desire to have high earnings	1	2	3	4	5
11. To make better use of my training or skills	1	2	3	4	5
12. To be able to develop an idea for a product or business	1	2	3	4	5
13. To be challenged by the problems and opportunities of starting a business and making it grow	1	2	3	4	5
14. To take advantage of an opportunity that appeared	1	2	3	4	5
15. Disappointed from previous job	1	2	3	4	5
16. To follow the example of a person I admire	1	2	3	4	5
17. To achieve something and get recognition for it	1	2	3	4	5
18. It was the only thing I could do.	1	2	3	4	5
19. To give myself, my wife/husband and children security.	1	2	3	4	5
20. To contribute to the welfare of my relatives	1	2	3	4	5
21. I wanted to continue a family tradition.	1	2	3	4	5
22. To increase the status and prestige of my family	1	2	3	4	5
23. To be able to work in a desirable location for me and my family	1	2	3	4	5
24. To contribute to the welfare of the community I live in	1	2	3	4	5
25. To escape unsafe working conditions	1	2	3	4	5
26. To make a direct contribution to the success of a company	1	2	3	4	5
27. To have access to fringe benefits	1	2	3	4	5
28. To have influence in my community	1	2	3	4	5

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13. How has your business helped you realize a higher quality of life along the following dimensions?

	to no extent	to some extent	to a very great extent		
1. Enjoyment of life	1	2	3	4	5
2. Fulfillment of personal goals	1	2	3	4	5
3. Means to express myself	1	2	3	4	5
4. Reduce personal stress	1	2	3	4	5
5. Improve standards of living	1	2	3	4	5
6. To give family an opportunity to work	1	2	3	4	5
7. Provide financial security	1	2	3	4	5
8. To have a job	1	2	3	4	5

14. The following difficulties were encountered in starting up my business:

	to no extent	to some extent	to a very great extent		
1. Lack of home market information	1	2	3	4	5
2. Lack of foreign market information	1	2	3	4	5
3. Lack of knowledge of relevant information sources	1	2	3	4	5
4. Lack of guidance and counsel	1	2	3	4	5
5. Bureaucratic restrictions	1	2	3	4	5
6. Finding a good location	1	2	3	4	5
7. Lack of capital	1	2	3	4	5
8. Obtaining a loan	1	2	3	4	5
9. Government Assistance Agencies	1	2	3	4	5
10. To find the right type of business	1	2	3	4	5
11. Lack of distribution channels	1	2	3	4	5

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	to no extent	2	to some extent	3	4	to a very great extent	5
12. Bearing the entire risk of start-up	1	2	3	4	5		
13. Number of competitors	1	2	3	4	5		
14. Lack of qualified personnel	1	2	3	4	5		
15. Extension of credit from suppliers	1	2	3	4	5		
16. Lack of financial security	1	2	3	4	5		
17. Unsound business practice	1	2	3	4	5		
18. Unreliable business partners / suppliers	1	2	3	4	5		
19. Scheduling business and family activities	1	2	3	4	5		
20. Lack of encouragement from family	1	2	3	4	5		
21. Other	1	2	3	4	5		

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Entrepreneurial Profile

1. Age: _____ years
2. Marital Status: _____
3. Sex: male female
4. Education completed:
- Apprenticeship
 - Master Craftman's certificate
 - High School
 - College
 - University
 - Graduate
 - Others
5. Are there entrepreneurs in your family
(parents, sisters, brothers)? yes no
6. Would you found your own business again? yes no

Comments/
Suggestions:

Please send your questionnaire until April 22, 1998 to following address:

Dresden

Hochschule für Technik und Wirtschaft

FB: Wirtschaftswissenschaften
Prof. Dr. H.J. Pohl

RE: Study in the Free-State Saxony
01069 Dresden

or

use the Fax-No.:

03 52 9 / 51 89 78.

Thank you very much for your time and effort!

Fragebogen

Unternehmenscharakteristik (-merkmale)

1. Welche der folgenden Bezeichnungen beschreibt Ihr Unternehmen am treffendsten?

- Einzelhandel
- Großhandel
- Handwerk
- Bau- und Ausbaugewerbe
- Hotel- und Gaststättengewerbe
- Sonstiges
- Transport und Verkehr
- Investitionsgüterindustrie
- Konsumgüterindustrie
- Dienstleistungen
- Kreditinstitute, Versicherungen

2. Wieviele Familienmitglieder arbeiten in dem Unternehmen mit?

- 0 1 2 3 >3

3. Wieviele Familienmitglieder sind Mit-Investoren in dem Unternehmen?

- 0 1 2 3 >3

4. In welchem Jahr wurde das Unternehmen gegründet? _____ (Jahr)

5. Wie kam es zur Gründung Ihres Unternehmens?

- Kauf
- Gründung
- Erbe / Übernahme

6. Ist Ihr Unternehmen ein(e):

- Einzelunternehmen
- Kapitalgesellschaft
- Personengesellschaft
- Genossenschaft?

7. Wie schätzen Sie die Entwicklung Ihres Unternehmens in den letzten fünf Jahren im Vergleich zu Ihrer Branche ein?

Kreuzen Sie bitte für jede Alternative den zutreffenden Wert an!

	viel schlechter	→	gleich	→	viel besser
Gewinn	1	2	3	4	5
Umsatzwachstum	1	2	3	4	5
Eigenkapitalrentabilität	1	2	3	4	5
Umsatzrentabilität	1	2	3	4	5

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8. Wie hoch war Ihr Umsatz im Jahre 1997? (Angaben in Mio pro Jahr)

- unter 1
 ab 1 bis unter 3
 ab 3 bis unter 5
 ab 5 bis unter 10
 ab 10 bis unter 15
 ab 15 und mehr

9. Wieviele Mitarbeiter beschäftigen Sie?

	Gegenwärtig	vor 2 Jahren	vor 5 Jahren
insgesamt (Anzahl)			
davon Vollzeitbeschäftigte			
davon Teilzeitbeschäftigte			

Persönliche Einstellungen

10. Bitte kreisen Sie die Zahl ein, die angibt, wie Sie über nachfolgende Aussagen denken.

	dem stimme ich nicht zu		keine Meinung		dem stimme ich zu
	1	2	3	4	5
1. Mein Unternehmen ist die wichtigste Beschäftigung meines Lebens.	1	2	3	4	5
2. Ich werde tun, was immer auch erforderlich ist, um mein Unternehmen zum Erfolg zu führen	1	2	3	4	5
3. Ich wäre bereit, beträchtliche persönliche Opfer zu bringen, um in der Selbständigkeit zu bleiben	1	2	3	4	5
4. Meine Firma zu besitzen ist wichtiger als Zeit mit der Familie zu verbringen.	1	2	3	4	5
5. Ich möchte eher ein eigenes Unternehmen besitzen, als ein höheres Gehalt als Angestellter zu verdienen.	1	2	3	4	5
6. Ich würde jederzeit wieder woanders so lange zur Arbeit gehen, bis ich einen weiteren Versuch machen kann, eine Firma zu gründen.	1	2	3	4	5
7. Ich möchte lieber eine eigene Firma besitzen, als eine erfolgsversprechende Laufbahn einzuschlagen.	1	2	3	4	5
8. Ich plane, meine Firma einmal zu verkaufen.	1	2	3	4	5

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11. Bei der Gründung meines Unternehmens war ich bereit, folgendes auf mich zu nehmen:

	dem stimme ich nicht zu		keine Meinung		dem stimme ich zu
1. Konflikte mit der Familie	1	2	3	4	5
2. Weniger Zeit für meine Kinder zu haben	1	2	3	4	5
3. Das Scheitern meiner Ehe zu riskieren	1	2	3	4	5
4. Weniger Zeit für Erholung und Entspannung zu haben	1	2	3	4	5
5. Meine Freunde aufzugeben	1	2	3	4	5
6. Hobbys aufzugeben	1	2	3	4	5
7. Einsatz aller persönlichen Ersparnisse	1	2	3	4	5
8. Eine Hypothek auf mein Haus zu nehmen	1	2	3	4	5
9. Risiko des vollständigen Fehlschlages in diesem Geschäft	1	2	3	4	5
10. Abgabe eines sicheren Arbeitsplatzes	1	2	3	4	5
11. Andere Karrieren aufzugeben	1	2	3	4	5
12. 60 oder mehr Arbeitsstunden pro Woche zu arbeiten.	1	2	3	4	5
13. Mich um eine Vielzahl „lästiger“ Verpflichtungen in meiner Unternehmen zu kümmern.	1	2	3	4	5
14. Bereitschaft, jegliche Aufgabe in meinem Unternehmen zu übernehmen	1	2	3	4	5
15. Bereitschaft, zusätzliche Fertigkeiten zu erwerben mit beträchtlichem persönlichen Aufwand	1	2	3	4	5

12. Waren das die Motive für Ihre Geschäftsgründung ?

	in keiner Weise	in gewissem Maße	in sehr großem Maße	4	5
1. Die Freiheit zu haben, mein eigenes Arbeitskonzept zu wählen.	1	2	3	4	5
2. Größere Flexibilität im persönlichen Leben und dem der Familie zu haben	1	2	3	4	5
3. Von seinen Freunden geachtet zu werden	1	2	3	4	5
4. Eine abwechslungsreiche und „abenteuerliche“ Arbeit zu haben	1	2	3	4	5
5. Die eigenen Zeit steuern zu können	1	2	3	4	5
6. Mit Menschen eigener Wahl arbeiten zu können	1	2	3	4	5
7. Sein eigener Chef zu sein, für sich selbst zu arbeiten	1	2	3	4	5
8. Die Möglichkeit zu haben, zu führen, statt von anderen geführt zu werden	1	2	3	4	5
9. Spaß zu haben am Berufsleben	1	2	3	4	5
10. Der Wunsch, einen hohen Verdienst zu haben	1	2	3	4	5
11. Von meiner Ausbildung oder Fertigkeiten besseren Gebrauch machen zu können	1	2	3	4	5
12. Eine Idee für ein Produkt oder ein Unternehmen entwickeln zu können	1	2	3	4	5
13. Von den Problemen und Möglichkeiten der Gründung einer Existenz und ihrer Entwicklung herausgefordert zu werden.	1	2	3	4	5
14. Eine Gelegenheit zu nutzen, die sich ergab	1	2	3	4	5
15. Enttäuscht von der vorhergehenden Stellung	1	2	3	4	5
16. Dem Vorbild einer Person zu folgen, die Sie bewunderten	1	2	3	4	5
17. Etwas zu erreichen und dafür anerkannt werden	1	2	3	4	5
18. Es war das Einzige, was ich tun konnte	1	2	3	4	5
19. Mir, meinem Ehepartner und meinen Kindern mehr finanzielle Sicherheit zu geben.	1	2	3	4	5
20. Zum Wohlergehen meiner Verwandten beizutragen	1	2	3	4	5
21. Ich wollte eine Familientradition fortsetzen	1	2	3	4	5
22. Den Status und das Prestige meiner Familie zu erhöhen	1	2	3	4	5
23. An einem für mich und meine Familie erwünschten Ort arbeiten zu können	1	2	3	4	5

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	in keiner Weise	in gewissem Maße	in sehr großem Maße		
24. Zum Wohlergehen der Gemeinschaft beizutragen, in der ich lebe	1	2	3	4	5
25. Unsicheren Arbeitsplatzbedingungen zu entgehen	1	2	3	4	5
26. Einen direkten Beitrag zum Erfolg eines Unternehmens zu leisten	1	2	3	4	5
27. Zugang zu Sondervergünstigungen & Fördermitteln zu haben	1	2	3	4	5
28. Einfluß in meinem Gemeinwesen / meiner Ortsgemeinde zu haben	1	2	3	4	5

13. Wie hat Ihr Unternehmen Ihnen geholfen, eine höhere Lebensqualität in den folgenden Punkten zu erreichen?

	gar nicht	etwas	ganz erheblich		
1. Mehr Spaß am Leben	1	2	3	4	5
2. Erfüllung persönlicher Ziele	1	2	3	4	5
3. Eine Möglichkeit, sich zu verwirklichen	1	2	3	4	5
4. Persönlichen Streß abzubauen	1	2	3	4	5
5. Den Lebensstandard zu verbessern	1	2	3	4	5
6. Der Familie eine Arbeitsmöglichkeit zu geben	1	2	3	4	5
7. Finanzielle Sicherheit zu gewährleisten	1	2	3	4	5
8. Eine Arbeitsstelle zu haben	1	2	3	4	5

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14. Folgende Schwierigkeiten traten bei der Gründung meines Unternehmens auf:

	gar nicht	etwas			ganz erheblich
	1	2	3	4	5
1. Mangelnde Marktinformation über Inland	1	2	3	4	5
2. Mangelnde Marktinformationen über Ausland	1	2	3	4	5
3. Mangelndes Wissen über einschlägige Informationsquellen	1	2	3	4	5
4. Mangel an Anleitung und Beratung	1	2	3	4	5
5. Bürokratische Hemmnisse	1	2	3	4	5
6. Eine guten Standort zu finden	1	2	3	4	5
7. Fehlendes Eigenkapital	1	2	3	4	5
8. Einen Kredit zu bekommen	1	2	3	4	5
9. Behörden für staatliche Förderung	1	2	3	4	5
10. Geeignete Rechtsform für Unternehmen zu finden	1	2	3	4	5
11. Mangel an Vertriebsstrukturen	1	2	3	4	5
12. Übernahme des gesamten Risikos der Existenzgründung	1	2	3	4	5
13. Anzahl der Konkurrenten	1	2	3	4	5
14. Qualifiziertes Personal	1	2	3	4	5
15. Länge des Kredits von Lieferanten	1	2	3	4	5
16. Mangelnde Kreditsicherheit	1	2	3	4	5
17. Unseriöses Geschäftsverhalten (z.B. Zahlungsmoral)	1	2	3	4	5
18. Unzuverlässige Geschäftspartner / Lieferanten	1	2	3	4	5
19. Zeitliche Planung von geschäftlichen und familiären Aktivitäten	1	2	3	4	5
20. Fehlende Ermutigung durch die Familie	1	2	3	4	5
21. Sonstige	1	2	3	4	5

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Unternehmerisches Profil

Zum Schluß bitte ich Sie, noch einige Angaben zu Ihrer Person zu machen.

1. Alter: _____ Jahre
2. Familienstand: _____
 männlich weiblich
3. Geschlecht:
4. Grad der abgeschlossenen Ausbildung:
 Berufsausbildung
 Meisterausbildung
 Hochschulreife
 Fachhochschule
 Universität
 Promotion
 Sonstige
9. Sind in Ihrer Familie (Eltern, Geschwister) weitere Unternehmer? ja nein
10. Würden Sie wieder ein Unternehmen gründen? ja nein

Kommentare / Anregungen Ihrerseits zu diesem Fragebogen:

Wir bedanken uns recht herzlich für Ihre Mitarbeit.

Ihren ausgefüllten Fragebogen schicken Sie bitte bis zum 22.04.1998 an:

Dieser Abschnitt kann für die Rücksendung des Fragebogens bei Benutzung von Fensterumschlägen genutzt werden.

Hochschule für Technik und Wirtschaft Dresden
Prof. Dr. H. J. Pohl
Kennwort: Studie im Freistaat Sachsen
Friedrich-List-Platz 1
01069 Dresden

Number of business start-ups and liquidations between 1991 and 1997

	1991	1992	1993	1994	1995	1996	1997
New Länder							
Foundations	139,754	95,776	78,923	74,000	76,000	68,000	92,000
Liquidations	10,984	23,860	40,850	44,000	49,000	58,000	81,000
Total of new business start-ups	128,770	71,916	38,073	30,000	27,000	10,000	11,000
Old Länder							
Foundations	391,347	397,500	406,800	419,000	452,000	434,000	439,000
Liquidations	297,303	288,200	297,500	328,000	358,000	373,000	360,000
Total of new business start-ups	94,044	109,300	109,300	91,000	94,000	61,000	79,000
Total of business foundations in Germany	222,814	181,373	147,373	121,000	147,373	71,000	90,000

Source: IHK Dresden, Marketing Department, July 1997

Eidesstaatliche Erklärung (Statutory Declaration)

"Ich versichere an Eides statt, daß ich die vorliegende Diplomarbeit selbständig verfaßt, keine anderen als die angegebenen Quellen und Hilfsmittel benutzt sowie alle wörtlich oder sinngemäß übernommenen Stellen in der Arbeit gekennzeichnet habe.

Ferner gestatte ich der Hochschule für Technik und Wirtschaft Dresden (FH), die vorliegende Diplomarbeit unter Beachtung insbesondere datenschutz- und wettbewerbsrechtlicher Vorschriften für Lehre und Forschung zu nutzen."

Ort: Schönfeld-Weißig

Datum: 07.09.1998